

May 12, 2004

H 1414. 2004 APPROPRIATIONS ACT-1. *TO MODIFY THE CURRENT OPERATIONS AND CAPITAL APPROPRIATIONS ACT OF 2003 AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATIONS OF THE STATE.* Blank bill.

Intro. by Sherrill, Crawford.

Ref. to Rules

APPROP

June 8, 2004

H 1414. 2004 APPROPRIATIONS ACT. Intro. 5/12/04. House committee substitute adopted 6/7/04 makes the following changes to 1st edition. Replaces blank bill with the following.

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 adjusted for the fiscal year ending June 30, 2005, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 2004-2005 fiscal year.

**Current Operations – General Fund
2004-2005**

Education

Community Colleges System Office	28,407,571
Department of Public Instruction	127,395,755
University of North Carolina System	46,548,176

Health and Human Services

Department of Health and Human Services	
Office of the Secretary	(7,440,839)
Division of Aging	3,681,000
Division of Blind Services/Deaf/HH	(30,000)
Division of Child Development	1,925,000
Division of Education Services	10,873
Division of Facility Services	(450,000)
Division of Medical Assistance	(81,879,913)
Division of Mental Health	(10,713,000)
Division of Public Health	4,696,000
Division of Social Services	(5,011,948)
Division of Vocation Rehabilitation	(1,479,294)
Total	(96,692,121)

Natural and Economic Resources

Department of Agriculture and Consumer Services	75,538
Department of Commerce	
Commerce	1,161,000
Commerce State-Aid	1,750,000
NC Biotechnology Center	5,000,000
Rural Economic Development Center	144,000
Department of Environment and Natural Resources	
Environment and Natural Resources	(218,339)
Department of Labor	364,216

Justice and Public Safety

Department of Correction	(11,444,276)
Department of Crime Control and Public Safety	3,414,793
Judicial Department	7,760,075
Judicial Department – Indigent Defense	10,500,000
Department of Justice	361,923
Department of Juvenile Justice and Delinquency Prevention	2,326,114
General Government	
Department of Administration	2,448,330
Office of Administrative Hearings	90,476
Department of State Auditor	(200,000)
Office of State Controller	(99,429)
Department of Cultural Resources	
Cultural Resources	5,622,311
Roanoke Island Commission	(32,731)
State Board of Elections	1,472,412
General Assembly	(779,579)
Office of the Governor	
Office of the Governor	(99,037)
Office of State Budget and Management	148,427
OSBM – Reserve for Special Appropriations	350,000
Department of Insurance	
Insurance	4,062,654
Insurance – Volunteer Safety Workers' Compensation	(1,734,000)
Office of Lieutenant Governor	0
Department of Revenue	(2,161,737)
Rules Review Commission	(3,185)
Department of Secretary of State	(110,389)
Department of State Treasurer	
State Treasurer	424,708
State Treasurer – Retirement for Fire and Rescue Squad Workers	370,000
Transportation	
Department of Transportation	(228,056)
Reserves, Adjustments, and Debt Service	
Reserve for Compensation Increases	237,900,000
State Health Plan Reserve	(7,800,000)
Escheats Fund Repayment – Global Transpark	19,654,487

Retirement System Payback	16,000,000
Salary Adjustment Fund	(376,576)
Job Development Incentive Grants Reserve	4,000,000
Senate Bill 100 Compliance	(11,813,949)
Mental Health, Developmental Disabilities and Substance Abuse Services Trust Fund	8,500,000
Debt Service	
General Debt Service	(83,648,480)
Federal Reimbursement	460,432
Total Current Operations – General Fund	320,024,666

General Fund Availability Statement

The General Fund availability used in adjusting the 2004-2005 budget is shown below:

Unappropriated Balance from FY 2003-2004	145,664,254
Emergency Appropriation	(24,100,000)
Projected Reversions from FY 2003-2004	198,300,000
Projected Overcollections from FY 2003-2004	150,000,000
Beginning Unreserved Credit Balance	469,864,254
Credit to Savings Reserve Account	(117,466,064)
Credit to Repairs and Renovation Reserve Account	(100,000,000)

Adjusted Beginning Unreserved Credit Balance **252,398,190**

Revenues Based on Existing Tax Structure **14,716,866,500**

Nontax Revenues

Investment Income	86,020,000
Judicial Fees	136,730,000
Disproportionate Share	100,000,000
Insurance	53,900,000
Other Nontax Revenues	261,517,607
Highway Trust Fund Transfer	242,586,830
Highway Fund Transfer	16,166,400
Subtotal Nontax Revenues	896,920,837

Total General Fund Availability **15,866,185,527**

Adjustments to Availability: 2004 Session

Internal Revenue Code Conformity	(2,600,000)
Tobacco Payments Decline-Tobacco Trust Fund	(5,000,000)
Tobacco Payments Decline-Health and Wellness Trust Fund	(5,000,000)
Adjustment to 911 Wireless Fund	(3,720,573)
Reserve for Tax Law Revisions	(2,950,000)
Transfer from Fire Safety Loan Fund	250,000
Transfer from Veteran's Home Trust Fund	500,000
Transfer from Information Technology Services Internal Service Fund	2,180,000
Subtotal Adjustments to Availability: 2004 Session	(16,340,573)

Revised General Fund Availability for 2004-2005 Fiscal Year **15,849,844,954**

Less: Total General Fund Appropriations for 2004-2005 Fiscal Year **15,849,844,954**

Notwithstanding GS 143-16.4(a2), of the funds credited to the Tobacco Trust Account from the Master Settlement Agreement pursuant to Section 6(2) of S.L. 1999-2 during the 2004-2005 fiscal year, the sum of thirty-five million dollars (\$35,000,000) shall be transferred from the Department of Agriculture and Consumer Services, Budget Code 23703 (Tobacco Trust Fund), to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2004-2005 fiscal year.

Notwithstanding GS 143-16.4(a1), of the funds credited to the Health Trust Account from the Master Settlement Agreement pursuant to Section 6(2) of S.L. 1999-2 during the 2003-2004 year, the sum of twenty million dollars (\$20,000,000) that would otherwise be deposited in the Fund Reserve established by GS 147-86.30(c) and five million (\$5,000,000) of the funds that are not reserved pursuant to GS 147-86.30(c) shall be transferred from the Department of State Treasurer, Budget Code 23460 (Health and Wellness Trust Fund), to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2003-2004 fiscal year.

Notwithstanding GS 143-16.4(a1) and GS 147-86.30, of the funds credited to the Health Trust Account from the Master Settlement Agreement pursuant to Section 6(2) of S.L. 1999-2 during the 2004-2005 fiscal year, the sum of twenty million dollars (\$20,000,000) shall be transferred from the Department of State Treasurer, Budget Code 23460 (Health and Wellness Trust Fund), to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2004-2005 fiscal year. Any funds remaining after the transfer to the General Fund, shall be deposited in the Nonreserve Fund, not to exceed a total deposit of twenty million dollars (\$20,000,000). If the total amount deposited to the Nonreserve Fund equals twenty million dollars (\$20,000,000) and there are additional remaining funds, then those funds shall be deposited in the Reserve Fund.

It is the intent of the General Assembly that the transfer of funds to the General Fund shall have first priority, over both the Nonreserve Fund and the Reserve Fund. It is the further intent of the General Assembly that any funds remaining after the transfer to the General Assembly shall not be divided equally between the Nonreserve Fund and the Reserve Fund, but that the Nonreserve Fund shall have priority over the Reserve Fund.

Notwithstanding GS 143-15.2 and GS 143-15.3A, the State Controller shall transfer one hundred million dollars (\$100,000,000) from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2004. Transfer effective June 30, 2004.

Notwithstanding the provisions of GS 62A-22(c), 62A-24(d), 62A-25, and 62A-26, the following shall be transferred from Wireless Fund created in GS 62A-22(c) to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2003-2005 fiscal biennium: (i) all service charges remitted to the Wireless Fund during the 2003-2004 fiscal year; and (ii) the sum of twenty-one million two hundred seventy-nine thousand four hundred twenty-seven dollars (\$21,279,427) from the services charges remitted to the Wireless Fund during the 2004-2005 fiscal year.

Current Operations and Expansion/Highway Fund

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, 2005, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Fund appropriations for the 2004-2005 fiscal year.

Current Operations – Highway Fund	2004-2005
Transportation Administration	\$ 1,227,072
Operations –	
Match for Federal Aid	–
Construction Program:	
State Secondary System	410,000
State Urban System	–
Discretionary Funds	5,000,000
Spot Safety Improvements	–

Access and Public Service Roads	—
Maintenance	32,559,191
Capital Improvements	—
Ferry Operations	—
State Aid to Municipalities	410,000
State Aid to Railroads	—
State Aid for Public Transportation	563,521
Asphalt Plant Cleanup	—
Governor's Highway Safety Program	—
Division of Motor Vehicles	2,405,121
Appropriations to Other State Agencies	(569,511)
Reserves and Transfers	17,370,191
Total	\$59,375,585

Highway Fund Availability Statement

Highway Fund Budget Reform Statement	2004-2005
Beginning Credit Balance	—
Estimated Revenue	\$ 1,390,900,000
Estimated Reversions	—
Total Highway Fund Availability	\$ 1,390,900,000

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, 2005, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Trust Fund appropriations for the 2004-2005 fiscal year.

Current Operations – Highway Trust Fund	2004-2005
Intrastate System	(15,851,965)
Urban Loops	(6,409,875)
Aid to Municipalities	(1,663,241)
Secondary Roads	(640,670)
Administrative Expense	(439,736)
Leaking Underground Storage Tank Fund	13,500,000
Transfer to General Fund	(66,513)
GRAND TOTAL CURRENT OPERATIONS AND EXPANSION	(11,572,000)

Block Grants

DHHS Block Grants

COMMUNITY SERVICES BLOCK GRANT	
01. Community Action Agencies	\$ 15,266,973
02. Limited Purpose Agencies	848,165
03. NC Interagency Council for Homeless Programs	262,472
04. 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	\$ 17,225,775

SOCIAL SERVICES BLOCK GRANT

01.	County departments of social services (Transfer from TANF – \$4,500,000)	\$ 28,868,189
02.	Allocation for in-home services provided by county departments of social services	2,101,113
03.	Division of Services for the Blind	3,105,711
04.	Division of Facility Services	426,836
05.	Division of Aging – Home and Community Care Block Grant	1,840,234
06.	Child Care Subsidies	6,269,309
07.	Division of Vocational Rehabilitation – United Cerebral Palsy	71,484
08.	State administration	1,693,368
09.	Child Medical Evaluation Program	238,321
10.	Adult day care services	2,155,301
11.	Comprehensive Treatment Services Program	422,003
12.	Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly	203,198
13.	Division of Vocational Rehabilitation Services – Easter Seals Society	116,779
14.	UNC-CH CARES Program for training and consultation services	247,920
15.	Office of the Secretary – Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly persons	41,302
16.	Division of Social Services – Child Caring Agencies	1,500,000
17.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services – Developmentally Disabled Waiting List for services	5,000,000
18.	Transfer to Preventive Health Services Block Grant for HIV/AIDS education, counseling, and testing	145,819
19.	Division of Facility Services – Mental Health Licensure	213,128
20.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	3,234,601
TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 57,894,616
LOW-INCOME ENERGY BLOCK GRANT		
01.	Energy Assistance Programs	\$ 12,775,323
02.	Crisis Intervention	9,192,927
03.	Administration	2,957,339
04.	Weatherization Program	4,212,740
05.	Department of Administration – N.C. State Commission of Indian Affairs	54,840
06.	Heating Air Repair and Replacement Program	1,966,153
TOTAL LOW-INCOME ENERGY BLOCK GRANT		\$ 31,159,322
MENTAL HEALTH SERVICES BLOCK GRANT		
01.	Provision of community-based services for severe and persistently mentally ill adults	\$ 6,307,035

02.	Provision of community-based services to children	3,921,991
03.	Comprehensive Treatment Services Program for Children	1,500,000
04.	Administration	568,911
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT		\$ 12,297,937

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	\$ 20,441,082
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	4,816,378
04.	Child Substance Abuse Prevention	5,835,701
05.	Provision of services to children and adolescents	4,940,500
06.	Juvenile Services – Family Focus	851,156
07.	Allocation to the Division of Public Health for HIV/STD Risk Reduction Projects	383,980
08.	Allocation to the Division of Public Health for HIV/STD Prevention by County Health Departments	209,576
09.	Allocation to the Division of Public Health for the Maternal and Child Health Hotline	37,779
10.	Administration	2,596,307
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		\$ 48,181,983

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

01.	Child care subsidies	\$154,163,120
02.	Quality and availability initiatives	17,764,577
03.	Administrative expenses	7,163,654
04.	Transfer from TANF Block Grant for child care subsidies	81,292,880
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		\$260,384,231

TEMPORARY ASSISTANCE TO NEEDY FAMILIES
(TANF) BLOCK GRANT

01.	Work First Cash Assistance	\$119,841,508
02.	Work First County Block Grants	94,653,315
03.	Transfer to the Child Care and Development Fund Block Grant for child care subsidies	81,292,880
04.	Child Care Subsidies for TANF Recipients	33,512,238
05.	Child Welfare Workers for local DSS	11,452,391
06.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000

07.	Support Our Students – Department of Juvenile Justice and Delinquency Prevention	3,521,056
08.	Domestic Violence Services for Work First Families	1,200,000
09.	After-School Services for At-Risk Children YWCA Central Carolinas Youth Development Programs \$176,000	2,249,642
10.	Division of Social Services – Administration	400,000
11.	Child Welfare Training	2,550,000
12.	TANF Automation Projects	592,500
13.	Boys and Girls Clubs	1,000,000
14.	Work Central Career Advancement Center	550,000
15.	WCH-Teen Pregnancy Prevention	1,000,000
16.	Transfer to Social Services Block Grant for Child Caring Institutions	1,500,000
17.	Special Children's Adoption Fund	3,000,000
18.	NC Fast Implementation	2,717,298
19.	Maternity Homes	838,000
20.	Individual Development Accounts	180,000
21.	Reduction of Out-of-Wedlock Births	1,000,000
22.	After-School Programs for At-Risk Youths in Middle Schools	1,000,000
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		\$368,550,828
MATERNAL AND CHILD HEALTH BLOCK GRANT		
01.	Healthy Mothers/Healthy Children Block Grants to Local Health Departments	9,565,205
02.	High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education, and Technical Assistance to Local Health Departments	2,207,273
03.	Adolescent Pregnancy Prevention Coalition of NC	150,000
04.	Office of Minority Health	159,000
05.	Services to Children With Special Health Care Needs	4,280,987
06.	School Health Nurse Initiative	3,250,000
	School Health Nurse Initiative Reserve 2005-2006	3,250,000
07.	Administration and Program Support	2,434,303
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT		\$ 25,296,768
PREVENTIVE HEALTH SERVICES BLOCK GRANT		
01.	Statewide Health Promotion Programs	\$2,810,294
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.	Administration and Program Support	661,092

05. Osteoporosis Task Force Operating Costs	150,000
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,964,317

NER Block Grants

COMMUNITY DEVELOPMENT BLOCK GRANT

01. State Administration	\$1,000,000
02. Urgent Needs and Contingency	50,000
03. Scattered Site Housing	13,200,000
04. Economic Development	10,960,000
05. Community Revitalization	12,200,000
06. State Technical Assistance	450,000
07. Housing Development	2,000,000
08. Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – 2005 Program Year	45,000,000

General Provisions

Preference given to American made products. Enacts new GS 143-59.1A to provide that if the Sec'y of Administration or state agency cannot give preference to NC products or services as provided in GS 143-59, then preference shall be given, as far as may be practicable without loss of price or quality, to American services or products.

Rules Review Comm'n transferred to Office of Administrative Hearings; authorization for Rules Review Comm'n to obtain outside counsel. Effective Oct. 1, 2004, Rules Review Comm'n personnel and equipment are transferred to the Office of Administrative Hearings by a Type I transfer. The Chief Administrative Law Judge shall be responsible for hiring the director and other staff of the Comm'n. Effective July 1, 2004, the Rules Review Comm'n is authorized to hire outside counsel, expenses to be paid from the Reserve Fund.

Extend local government hold harmless. Amends GS 105-521 to extend the hold harmless provisions of that statute to 2012 (now, 2004).

Legislative Commission on State Property/State Property Office duties. Enacts new Art. 30, GS Ch. 120, to create a 15-member Comm'n as title indicates. Comm'n shall consist of the Speakers, or their designees; President Pro Tem., or designee; 4 Representatives; 4 Senators; and 4 members of the public; at least 2 members shall be realtors and 2 members shall be real estate appraisers. The purpose of the Comm'n is to identify state-owned real property that is suitable for sale on the private market and to make recommendations to the General Assembly, to the Governor, and to the Council of State concerning the disposition of state property suitable for sale. The Comm'n shall involve realtors, real estate appraisers, and other knowledgeable persons in determining its recommendations. In particular, the Comm'n shall adopt guidelines to assure the participation of realtors in identifying state real property suitable for sale.

Change effective date-private plates on public vehicles. Amends various session laws to change effective dates regarding private plates to May 1, 2005.

Escheat Fund repayment. Funds appropriated in this act to the Reserve for Global TransPark Debt Repayment shall be remitted to the State Treasurer for deposit in the Escheat Fund on July 1, 2004. This deposit will satisfy the intent expressed by the General Assembly in GS 147-69.2 to hold the Escheat Fund harmless from loss.

Veterans' home trust fund transfer. Notwithstanding GS-65-48, \$500,000 of the cash balance remaining in the NC Veterans Home Trust Fund (Budget Code 64106, Fund 6771) on

July 1, 2004, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be used to support the General Fund appropriation for the 2004-2005 fiscal year for the start-up cost of the State Veterans Nursing Home in Salisbury.

Fire safety loan fund transfer. Transfers \$250,000 remaining in Fire Safety Loan Fund to State Controller to support General Fund Appropriations for 2004-05.

ITS budget transfer. Transfers \$2,180,000 from ITS budget code 74460 to nontax budget code 19978 to support General Fund appropriations for 2004-05.

Repair and Renovation Reserve allocation. Of the funds in the Reserve for Repairs and Renovations for the 2004-2005 fiscal year, 46% shall be allocated to the UNC Board of Governors for repairs and renovations pursuant to GS 143-15.3A, in accordance with guidelines developed in the UNC Funding Allocation Model for Reserve for Repairs and Renovations, as approved by the Board of Governors, and 54% shall be allocated to the Office of State Budget and Management for repairs and renovations pursuant to GS-143-15.3A.

Dorothea Dix property master plan. Directs State Property Office, in consultation with the City of Raleigh, to develop a master plan for the Dorothea Dix Campus in the event all or part of the property is sold to a nongovernmental entity. The plan shall be submitted to the Dorothea Dix Property Study Comm'n no later than April 1, 2005, and the Comm'n shall review the plan and make recommendations to the 2005 General Assembly.

JDIG appropriation structure. Establishes the JDIG Reserve in the General Fund from which funds are to be expended in accordance with new GS 143B-437.63 to meet the cash requirements of the Job Development Investment Grant Program.

Pottery highway signs. Directs Dep't of Transportation not to prohibit off-premises signs located on private property for potteries on NC 705 in Moore and Randolph counties.

No median on part of NC 64 in Randolph County. As title indicates.

Dep't of Transportation to erect informational signs for historic district in the City of Kings Mountain. As title indicates.

No elected state officials in public service announcements paid for by state funds, federal funds, or funds received from settlement of litigation. As title indicates.

Public Schools

Teacher salary schedules. Effective for the 2004-2005 school year, the Director of the Budget shall transfer from the Reserve for Experience Step Salary Increase for Teachers and Principals in Public Schools for the 2004-2005 fiscal year funds necessary to implement the teacher salary schedule for 2004-05, including funds for the employer's retirement and social security contributions and funds for annual longevity payments at 1.5% of base salary for 10 to 14 years of state service, 2.25% of base salary for 15 to 19 years of state service, 3.25% of base salary for 20 to 24 years of state service, and 4.5% of base salary for 25 or more years of state service, commencing July 1, 2004, for all teachers whose salaries are supported from the state's General Fund. These funds shall be allocated to individuals according to rules adopted by the State Board of Education. The longevity payment shall be paid in a lump sum once a year. The salary schedule contains 30 steps and ranges from \$2,538 a month for A teachers with no experience to \$5,619 a month for M teachers with NBPTS certification and 30 or more years experience. Monthly salary supplements are awarded based on certain academic qualifications or specialties.

School-based administrator salary schedule. For 2004-05 enacts a salary schedule for principals and assistant principals that ranges from \$3,242 a month for an assistant principal with 0-4 years experience to \$7,529 a month for a Principal VIII with 41 or more years experience.

Central office salaries. For 2004-05 enacts a salary schedule that ranges from a minimum of \$2,932 a month for a School Administrator I to a maximum of \$8,072 a month for a School Administrator VII, and a minimum of \$4,187 a month for a Superintendent I to a maximum of \$10,499 a month for a Superintendent V.

Noncertified personnel salary. For 2004-05 increases salaries of noncertified personnel by \$83.34 per month, beginning July 1, 2004.

Appropriations for continually low-performing schools. Amends SL 2003-284, sec. 7.5 to reduce the appropriation to low-performing schools for 2004-05 from \$1,956,115 to \$602,975.

Children with disabilities. Directs State Board of Education to allocate funds for children with disabilities on the basis of \$2,773.96 per child for a maximum of 166,500 children for the 2004-05 school year.

Funds for academically gifted children. Directs State Board of Education to allocate funds for academically gifted children on the basis of \$914.95 per child for no more than 54,762 children for the 2004-05 school year.

LEA assistance program. Amends SL 2003-284, sec. 7.17 to allocate from State Aid to Local School Administrative Units \$500,000 for 2004-05 to provide assistance to low-performing Local School Administrative Units and to assist schools in meeting adequate progress in each subgroup identified in the No Child Left Behind Act.

Local education agency flexibility. Amends SL 2003-284, sec. 7.23, to require that within 14 days of the date this act becomes law the State Board of Education shall notify each local school administrative unit of the amount it must reduce from General Fund appropriations for 2004-05, and requires that within 30 days of the date the act becomes law each local unit must report to the Dep't of Public Instruction the reductions it has identified. Deletes provision in that section that required the State Board of Education, for 2005-06 and subsequent years, to determine the changes to the allotment categories to make the reductions permanent.

Replacement school buses funds. Amends SL 2003-284, sec. 7.25(a), to reduce the allocation for the purchase of replacement school buses for 2004-05 from a maximum of \$47,752,813 to a maximum of \$37,239,912.

K-2 assessment. Amends Gs 115C-174.11 to provide that standardized tests shall not be used except as required as a condition of receiving a federal grant.

Evaluate validity of ABC accountability system. Amends GS 115C-105.35(a) to provide that at least once every 5 years, the State Board of Education shall evaluate the accountability system and modify the testing standards to assure the standards reasonably reflect the level of performance necessary to be successful at the next grade level or for more advanced study in the content area.

Funds to implement the ABCs of public education. Directs State Board of Education to use funds appropriated for State Aid to Local School Administrative Units for 2004-05 as follows: incentive awards in schools that achieve higher than expected improvements may be up to \$1,500 for each teacher and certified personnel and \$500 for each teacher assistant; in schools that meet the expected improvements, the awards may be up to \$750 for each teacher and certified personnel and \$375 for each teacher assistant. For 2005-06 the incentive funding in schools that achieve higher than expected improvements may be up to \$1,500 for each teacher and certified personnel and \$500 for each teacher assistant. Authorizes State Board to use funds appropriated to State Aid to Local School Administrative Units for assistance teams to low-performing schools.

Discontinue ineffective program. Repeals SL 2003-284, sec. 7.20(a), which allocated \$2,890,000 to provide annual bonuses of \$1,800 for teachers certified in and teaching in the fields of mathematics, science, or special education in certain schools.

Restore vocational education funding. Amends SL 2003-284, sec. 7.15, as title indicates.

Expedited allotments from the ADM Contingency Reserve. Amends SL 2003-284, sec. 7.27, to provide that the State Board of Education shall expedite requests for allotments from the Contingency Reserve. The Board shall either grant such a request and allot the funds, reject, or require additional information to support the request, within 5 business days of the later of (1) the day the Board receives the request, or (2) the day the Board receives from the unit the official ADM for the month relevant to the request.

Healthful school food choices/pilot program. Directs the State Board of Education, with the assistance of the NC School Food Service Ass'n and the Academy of Family Physicians, to develop pilot programs in up to 8 local school administrative units to provide only healthful, nutritious food choices to students. If, at the end of the 2004-05 school year, the Board finds that a pilot unit experienced a decrease in food service revenues because students chose not to purchase the healthy foods, the Board shall reimburse the unit for that decrease in revenues.

Visiting international faculty. Amends SL 2003-284, sec. 7.41, to extend the program for the 2004-05 fiscal year.

State Board of Education authority to set certification standards for teachers. Makes clarifying changes to GS 115C-296 and –296.1(c).

Maintain 12-month vocational agriculture teacher positions. Amends GS 115C-302.1(b) to provide that local boards shall not reduce the term of employment for any vocational agriculture personnel position that was 12 calendar months for the 2003-04 school year for any school year thereafter.

Additional teacher positions for third grade. Reduces maximum class size limits for third grade by 4.23 based on an allotment ratio of one teacher for every 18 students. Local school administrative units must use additional teacher positions for 2004-05 school year to reduce class size in third grade.

High school workforce development program. Appropriates funds for program to identify students unprepared to or not planning to attend a two- or four-year degree program and to assist those students in obtaining an associate degree. Funds will establish five pilot projects in which local school administrative unit, colleges and universities and local employers collaborate on high school and community college curricula. State Board of Education shall evaluate program annually.

Funds for the testing and implementation of the new student information system. Amends sec. 7.21 of S.L. 2003-284 by adding new subsection (d) transferring funds used by DPI for support and maintenance of existing reporting systems to Accountability and Technology Services Fund 1500 and requiring that funds be budgeted at a sufficient level of detail to report budget and expenditures at the four digit account level. Requires funds used by DPI for development and implementation of NC WISE to be maintained in a unique center and budgeted at same level of detail described above. Imposes same requirements for funds used by DPI to develop reporting systems other than NC WISE.

Experience step increase for teachers and principals in public schools. Provides one-time bonus equivalent to average increase of the 26 to 29 year steps to permanent certified personnel employed on July 1, 2004, and paid on the teacher salary schedule with 29+ years of experience. Awards one-time two percent bonus to permanent personnel employed on July 1, 2004, and paid at the top of the principal and assistant principal salary schedule. Adjusts bonus for permanent part-time employees on a pro-rata basis. Retired teachers are not eligible for bonus. Effective July 1, 2004.

Charter school facility funds. Enacts GS 153A-451 authorizing counties to appropriate capital outlay funds for charter schools located in the county and prescribing procedures for such appropriation.

New school bus equipment requirements. Rewrites GS 115C-240(c) to provide that State Board of Education rules for school buses shall not require that buses be air-conditioned. Requires State's 2005 request for bids on school buses to include pricing for buses with and without air-conditioning.

Community Colleges

Use of funds for the college information system project. Permits Community Colleges System Office to use funds appropriated for College Information System Project for 2004-05 to establish new personnel positions to support the project. Provides, effective June 30, 2004, that funds appropriated for the project shall not revert at end of 2003-04 fiscal year but shall remain available until expended. Requires Community Colleges System Office to report quarterly to the Joint Legislative Education Oversight Committee on the project's implementation.

Carryforward for equipment. Permits NC Community Colleges System to carry forward no more than \$10 million of the operating funds held in reserve that were not reverted in fiscal year 2003-04. Distributes funds to colleges consistent with GS 115D-31. Effective June 30, 2004.

Salaries of community college faculty and professional staff. Establishes community college faculty salary plan to move community college faculty and professional staff salaries to the national average. Estimates cost of plan as \$33,289,371 for 2004-05, \$21,092,066 for 2005-06, \$21,574,503 for 2006-07, \$22,095,532 for 2007-08, and \$12,427,531 for 2008-09. Bases minimum salaries for faculty on education level. Minimum faculty salaries for 2004-05 range from \$26,973 for faculty members with a vocational diploma or less to \$33,210 for faculty members with a doctoral degree. Sets sliding scale permitting colleges to transfer two to ten percent of

state funds allocated for faculty salaries depending upon the relationship of the college's faculty salaries to the national average. Requires State Board of Community Colleges to report on implementation of faculty salary plan by December 1, 2004, and every year thereafter until December 1, 2009. Funds are allocated to colleges with faculty below minimum salaries and must be used to implement minimum salaries and to increase faculty and professional staff salaries by an average of two percent.

Modify reporting requirement for new and expanding industry training program. Amends GS 115D-5(i) to set reporting date of September 1 (currently, March 1 and October 1) on expenditures for new and expanding industry program.

New and expanding industries training program funds. Provides that available program funds shall not revert at end of 2003-04 fiscal year. Effective June 30, 2004.

NCCATT to operate as the North Carolina Center for Applied Textile Technology at Gaston College. Amends GS 115D-68 to transfer, effective July 1, 2004, the NC Center for Applied Textile Technology ("NCCATT") to the Community Colleges System Office. Effective January 1, 2005, transfers NCCATT from the system office to Gaston College. Renames NCCATT the North Carolina Center for Applied Textile Technology at Gaston College. Establishes advisory committee to NCCATT. Also directs State Board of Community Colleges ("State Board") to develop a transfer plan and to determine the most effective method for serving the NC textile industry. Plan must address: (1) implementation of proposed changes to NCCATT's organization and funding structure, mission and purpose, and programs or services currently offered; (2) appropriate staffing levels based on model of Hosiery Technology Center at Catawba Valley Community College and provisions for current staff; and (3) funding necessary for repair and renovation of existing structures. Requires State Board to report results of study on or before October 15, 2004. Permits State Board to use 2004-05 funds appropriated for operation of NCCATT for maintenance and operation of plant. Directs State Board, effective January 1, 2005, to transfer \$300,000 of funds appropriated for NCCATT for 2004-05 to Hosiery Technology Center to assist in transfer of NCCATT and to offset loss of funds from Worker Training Trust Fund. Provides that funds may be used only for operation of Hosiery Technology Center. Amends definition of "institution" in GS 115D-2 to include NCCATT. Repeals, effective January 1, 2005, GS 115D-69, 115D-70, and 115D-71, which related to powers of board of NCCATT and eligibility requirements for NCCATT enrollment. Amends GS 115D-58.14 to remove listing of NCCATT as an institution eligible for the purchasing flexibility provided by that statute. Amended statute provides purchasing flexibility for "community colleges" only.

Funds for the Bureau of Training Initiatives. Permits Community Colleges System Office to carry forward in the Bureau of Training Initiatives unexpended 2003-04 funds appropriated for the Worker Training Trust Fund. Designates funds for use in pilot programs supporting the retraining of existing workforce in new skills related to specific industries. Unexpended funds revert to Worker Training Trust Fund on June 30, 2005. Effective June 30, 2004.

Funds for the comprehensive articulation agreement study. Amends sec. 8.12(h) of SL 2003-284 to provide that unexpended funds shall not revert on June 30, 2004, but shall remain available for 2004-05 to pay costs associated with study

Report on adequacy of multicampus funds. Requires multicampus colleges to report annually, beginning September 1, 2005, to the Community Colleges System Office on expenditures used to support their multicampuses. Requires Community Colleges System Office to report on expenditures to the Education Appropriation Subcommittee of the House and Senate, the Office of State Budget and Management, and the Fiscal Research Division by October 1 of each year.

Community college funding flexibility. Amends sec. 8.1 of SL 2003-284 by eliminating provisions relating to approval process for transfer of more than two percent systemwide from faculty salaries.

Middle college start-up funds. Provides that funds appropriated for middle college program at Edgecombe Community College shall not revert at end of 2003-04 fiscal year, but shall remain available until expended.

Matching funds for career start project. Permits community colleges to use funds earned through the continuation education enrollment allotment for Human Resource Development Programs to match federal grants for the Career Start Project.

Study of FTE funding formula. Requires State Board to study funding formulas to ensure that sufficient funds exist to serve students when enrollment increases. Requires State Board to report results of study to General Assembly by January 15, 2005.

Funding for significant FTE increases. Appropriates funds for 2004-05 to create a contingency reserve fund for community college enrollment increases. Funds shall be used to increase FTE allotment for spring semester of 2004-05 school year at colleges with a 2004-05 fall semester enrollment growth of more than ten percent.

Contingency reserve for colleges experiencing high rates of unemployment. Creates a contingency reserve fund to assist colleges in counties with high rates of unemployment due to manufacturing job losses. Requires State Board to provide training and assistance to workers displaced as a result of the closing or relocation of a manufacturing company. Requires State Board to report on implementation of program to General Assembly by May 1, 2005.

Universities

Need-based financial aid from escheat funds. Appropriates for 2004-05 \$21,344,000 from the Escheat Fund to the Board of Governors of The University of North Carolina and \$718,396 to the State Board of Community Colleges for need-based student financial aid. Directs Director of the Budget to include General Fund appropriations in these amounts in the proposed 2005-07 fiscal biennium continuation budget. Appropriates for 2004-05 \$195,000 from the Escheat Fund to the Board of Governors of The University of North Carolina for scholarship loans to NC high school seniors interested in preparing to teach in NC public schools who enroll at any of the three historically black universities without teaching fellows. Provides for ten grants of \$6,500 each.

Area Health Education Center (AHEC) Funds. Requires Board of Governors of The University of North Carolina to allocate every fiscal year \$24,000 of funds each to the Wilmington AHEC program and to the Region L AHEC program for information highway line charges.

UNC bond project modifications. Amends sec. 2 of SL 2000-3 to reduce allocations to certain university capital improvements projects and transfers funds to other projects. For NC A&T University, amendments (1) substitute "New School of Education" for "Central Cooling Plant Phase 1", (2) cancel "New Student Housing" and "Curtis Residence Hall-Replacement," transferring \$5,621,400 in funds to "Scott Residence Hall-Replacement" to create a total allocation of \$31,874,700; and (3) cancel "Holland Residence Hall-Comprehensive Renovation," transferring \$856,800 in funds to "Zoe Barbee Residence Hall-Comprehensive Renovation," to create a total allocation of \$4,550,600. For East Carolina University, the scope of "Expansion & Renovation of the Old Nursing Building" is reduced by \$3 million to create a total allocation of \$11,685,500. The unused funds are transferred to "'Old Cafeteria' Office Building-Comprehensive Renovation for Student Services/Academic Use" to create a total allocation of \$7,442,100. For the University of North Carolina at Wilmington, the scope of renovations to "Alderman Hall Classroom Building" and "Kenan Auditorium" are reduced, and these funds are transferred to comprehensive renovations of the "King Hall Classroom Building," with a budget increase from \$2,697,400 to \$3,527,400, "James Hall Classroom Building," with a budget increase from \$1,468,000 to \$2,845,025, and "Kenan Hall Classroom Building," with a budget increase from \$3,056,600 to \$4,218,552. For Fayetteville State University, amendments (1) retitle "Comprehensive Renovation and Conversion of Spaulding (Old Infirmary) for Public Safety Facilities" to "Comprehensive Renovation of Spaulding for Student Health Services and Student Counseling" and change the project's scope accordingly, and (2) reduce funding for "William Collins Building-Comprehensive Renovation" by \$300,000 and reallocate funds to new project entitled "Mitchell Building-Comprehensive Renovation for use by Public Safety \$300,000." For North Carolina State University, amendments substitute "Harrelson Classroom Building-Replacement Classroom Facility Construction" for "Harrelson Classroom Building-Comprehensive Renovation." For UNC-Chapel Hill, amendments delete "Community Health Building-Consolidation of Programs" and disburse funds to other health affairs bond projects as follows: (1) \$10,625,747 to "School of Medicine-Medical Research Building-Comprehensive Renovation of Classroom & Laboratory Space," for a total of \$23,520,747; (3) \$1,040,600 to "Burnett Womack Building Research

Laboratory-Comprehensive Renovation, for a total of \$25,888,600; and (4) \$6,673,653 to "Berryhill Hall Laboratory Building-Comprehensive Renovation" for a total of \$17,373,653.

Fayetteville State University and North Carolina School of the Arts retain real property proceeds. Permits Fayetteville State University and School of the Arts to retain proceeds from sale of their respective chancellors' residences and appurtenant land for construction or acquisition of new chancellors' residences.

North Carolina School of Science and Math carryover/onetime expenditures. Amends GS 116-30.2 to include GS 116-30.3 in list of statutes for which School of Science and Math is designated as a special responsibility constituent institution.

Evaluate science & math school tuition grants. Calls for study of need to continue providing four-year tuition grants pursuant to GS 116-238.1 to NC residents who graduate from the School of Science and Math and enroll in a constituent institution in The University of North Carolina. Directs School of Science and Math to collect data on median family income of students attending the school. Requires president of school and Board of Governors of The University of North Carolina to report to Joint Legislative Education Oversight Committee information collected and findings and recommendations of the Board of Governors. Requires committee to report to the 2005 General Assembly the information and findings it receives and its own findings and recommendations.

UNC-Chapel Hill continue to operate Horace Williams Airport. As title indicates. Requires UNC-CH to continue air transportation support for AHEC from Horace Williams Airport until a replacement facility becomes operational. Requires UNC-CH to report to Joint Legislative Commission on Governmental Operations by July 1, 2006, and biannually thereafter, on progress in locating a replacement facility for AHEC.

Restore bonds used for mold remediation. Allocates, from funds appropriated to Reserve for Repairs and Renovations for 2004-05, \$8,906,642 to NC Central University to restore bond funds transferred for mold remediation.

Department of Health and Human Services

Centralize criminal record check functions. Requires DHHS to centralize activity related to coordination and processing of criminal record checks, including transfer of positions and funding, beginning January 1, 2005. DHHS must report details of centralization to General Assembly by January 1, 2005.

Study issues related to mentally ill residents of long-term care facilities. Instructs DHHS to work with long-term care providers and advocates for the elderly and mentally ill to study the care mentally ill individuals receive in long-term care facilities. The study shall include: (1) examining whether current statutes and DHHS rules address people served by long-term care facilities; (2) exploring development of licensure categories within the adult care home and nursing home designations to address populations served; (3) examining adult care home rules; (4) determining how best to identify mentally ill individuals with mental health treatment needs; (5) examining criteria for admission of mentally ill persons to long-term care facilities; (6) recommending ways to improve quality of care for mentally ill individuals in such facilities along with the costs of those improvements; and (7) identifying specific problems caused by mixing elderly and mentally ill persons. Requires DHHS to report findings and definition of "mentally ill" for purposes of study to NC Study Commission on aging by October 1, 2005. Permits DHHS to use \$150,000 in funds appropriated for 2004-05 to contract for study.

Community health grant funds. Allocates to Office of Research, Demonstrations, and Rural Health Development ("Office") \$5 million of funds appropriated to DHHS for 2004-05. Requires Office to allocate funds as grants to federally qualified community health centers, state-designated rural health centers, and public health departments for care of uninsured or medically indigent patients. Prohibits expenditure of grant funds for compensation or benefits, to supplant federal funds or to finance or satisfy existing debt. Requires Office to work with NC Community Health Center Association to establish process for awarding grants, to develop auditing and accountability procedures, and to study the expansion of health centers and departments to serve the uninsured and indigent. Requires grant recipients to provide a written report of additional uninsured and medically indigent patients cared for and the services provided.

Medicaid. Amends provisions of schedule of services and payment bases set forth in sec. 10.19 of SL 2003-284. Sets payment basis for hearing aids at wholesale cost (was actual) plus a dispensing fee to the provider. For optical supplies, provides that payment for materials is to be made in accordance with 42 CFR 431.54(d) and that fees paid to dispensing providers are negotiated fees established by the state agency based on industry charges. Amends subdivision 22(a) of sec. 10.19(a) to provide for referral of Medicaid-eligible children by Community Care of North Carolina primary care physicians (was Carolina ACCESS primary care physicians). Eliminates requirement in sec. 10.19(o) that the income of a minor's parents be considered in determining whether a pregnant woman qualifies for Medicaid benefits. Deletes sec. 10.19(p), which provided one-year of continuous Medicaid enrollment for categorically needy families regardless of changes in income or assets.

Medicaid reserve fund transfer. Amends sec. 10.20 of SL 2003-294 to allocate \$79,204,251 (was \$62,500,000) for Medicaid programs for 2004-05.

Transfer of property to qualify for Medicaid/technical correction. Deletes subsection (i) of GS 108A-58, which provided that section applied only to transfers made before July 1, 1988.

Medicaid assessment program for ICF/MR facilities. Directs Secretary of HHS to implement a Medicaid assessment program for state ICF/MR facilities and ICF/MR facilities licensed under GS Ch. 122C. Imposes assessment effective October 1, 2004. Permits use of assessment funds only to draw down federal Medicaid matching funds or increase private ICF/MR facility rates. Assessment funds may not supplant state funds for private ICF/MR services, but must be used to reduce state funds for public ICF/MR services. Designates funds from assessment on licensed ICF/MR facilities to payment of increasing rates for such facilities.

Community Alternatives Programs. Requires DHHS to ensure that (1) expenditures for CAP programs do not exceed budgets; (2) CAP slots are fully allocated and filled; and (3) budgeted expenditures are not limited by nonallocation or delays in filling CAP slots. Provides that CAP for Disabled Adults shall be provided for 2004-05 to any eligible person who entered a nursing home before June 1, 2004, within the existing availability of the county allocation or services.

Disease management pilot programs. Instructs DHHS to work with managed care and other health care providers to establish a plan to identify and evaluate Medicaid enrollees at risk for chronic kidney disease. Calls for determination of whether early identification and management of risk factors can improve health and delay disease progression. Requires DHHS to prepare information regarding generally accepted standards of clinical care in the clinical management of high risk individuals and to report on cost savings and health outcomes resulting from early identification and clinical management of those at highest risk for chronic kidney disease.

Pilot program to test new approaches to managing access to and utilization of health care services to Medicaid recipients. As title indicates. Requires DHHS to implement at least two such pilot programs to determine if additional cost savings can be achieved. Directs DHHS to develop a payment methodology and to contract with a physician-owned and managed network with demonstrated success in improving cost-effectiveness of Medicaid services outside NC. DHHS must report to General Assembly on implementation of programs not later than February 1, 2005.

PACE pilot program funds. Requires DHHS's Division of Medical Assistance ("Division") to develop pilot program to implement the Program for All-Inclusive Care for the Elderly ("PACE"). Directs Division to plan one pilot site for southeastern NC and the other for western NC. Pilot program must be designed to access federal Medicaid and Medicare funds to provide acute and long-term care services for older patients through interdisciplinary teams. Allocates \$123,156 of funds appropriated to Division in 2004-05 for two positions in Division to develop pilot programs or for actuarial analysis used to develop the program. Requires DHHS to report to General Assembly on March 1, 2005 on PACE pilot program development.

DHHS study Medicaid institutional bias. Directs DHHS to contract with independent entity to study whether state's Medicaid program favors support for individuals in institutional settings over support for those living at home, and, if so, to recommend ways to alleviate this bias. Directs DHHS to report results to North Carolina Study Commission on Aging by January 2005. Permits DHHS to use up to \$150,000 of funds available for 2004-05 to fund study.

NC Health Choice eligibility; premium contribution. Amends GS 108A-70.21 by: (1) eliminating subsection (a)(4) provision making enrollment in program continuous for one year;

(2) amending subsection (a)(4) to state that only medical expenditures incurred after the date the family has applied for program enrollment are covered and to provide for a prorated premium rate for the first month of coverage; and (3) adding subsection (e)(1), effective January 1, 2006, which provides for a minimum premium contribution of \$10 per child per month, not to exceed \$20 per family per month, for children whose family income is above 150 percent of the federal poverty level. Directs DHHS to develop system for premium payment by such families.

NC Health Choice administration and claims processing. Instructs DHHS to issue a Request for Proposal to contract for administration and claims processing of the NC Health Choice program. Requires a signed contract with selected contractor not later than July 1, 2005, and full implementation of administration and claims processing not later than January 1, 2006. Repeals Part 5 of Art. 3 of Ch. 135 effective January 1, 2006.

NC Health Choice enrollment management. Limits state funds expended for NC Health Choice in 2004-05 to amount of state funds appropriated to match federal funds for program for 2004-05. Requires DHHS to maximize number of children served within existing funds.

Foster care and adoption assistance payments. Amends maximum rates set forth in sec. 10.46(a) of SL 2003-284 as follows: (1) for children 5 and under, \$415 per month (was \$365); (2) children aged 6 through 12, \$465 per month (was \$415); and (3) children aged 13 through 18, \$515 per month (was \$465).

Special Children Adoption Fund. Adds subdivision (c) to sec. 10.47 of SL 2003-284 requiring DSS to monitor expenditures in Special Children Adoption Fund and redistribute unspent funds to ensure that funds are used according to established guidelines. Requires DSS to report to General Assembly on activities and expenditures of program no later than December 1, 2004, and June 30, 2005.

Funds for child protective services staff. Allocates \$5 million of DHHS-appropriated funds to be used to hire additional child protective services staff for 2004-05. Directs DSS to distribute funds based on formula that considers needs of counties with high caseloads for child protective services workers. Requires DHHS to report on use of funds to General Assembly no later than January 1, 2005.

Child welfare system reform. Directs DHHS to transfer funds to the General Assembly to hire an independent consultant to evaluate the state's child welfare system and provide recommendations for reform. Directs Fiscal Research Division to issue a request for proposal for independent consultant. Requires consultant to present final report to General Assembly no later than October 1, 2005.

Adult day services training and reimbursement methodology. Directs DHHS to use up to \$250,000 for 2004-05 to contract with national adult day services resource center for training and consultation for adult day services providers and consultants. Requires consultant to study reimbursement for adult day services and make recommendations regarding changes to reimbursement methodology. Requires that final report be submitted to Study Commission on Aging by January 1, 2005.

Administration of reduction in funds to area authorities. Establishes procedures for administering \$10 million reduction in funds. Instructs Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to: (1) apply the reduction to area authority funds that have reverted in each of the past two fiscal years; and (2) apportion the reduction across disability groups based on the proportion of funds reverted for each disability fund code in 2003-04.

Funds for PATH Program residence purchase. Permits DHHS to use \$500,000 from the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs ("mental health trust fund") to purchase a residence for use by the PATH Program at the Murdoch Center.

Use of mental health trust fund monies for capital improvements and expansions at ADACT Centers. Permits DHHS to use up to \$3,500,000 from mental health trust fund for purposes indicated in title.

Study financing of mental health, developmental disabilities, and substance abuse services. Directs DHHS to perform study as title indicates. Requires DHHS to report findings and recommendations to General Assembly no later than July 1, 2005.

Area program and county program transition flexibility. Amends GS 122C-115(a) to permit a county that belongs to an area authority and decides to provide its services through a county- or multicounty-program to remain a member of the area authority through the end of the subsequent fiscal year. Expires July 1, 2005.

Mental health treatment courts. Requires that the Admin. Office of the Courts (AOC) establish pilot programs that add mental health treatment component aimed at providing treatment to repeat adult offenders to the existing drug treatment courts in judicial districts 15B, 26, and 28. Directs AOC and the DHHS to collaborate in establishing a plan for the court process, treatment services, and the administration of the pilot programs. Requires that AOC report on program implementation to General Assembly on or before March 1, 2005. Appropriates \$36,161 from the Trust Fund for Mental Health Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs to the Judicial Dep't for 2004-05 for administrative costs associated with programs, \$20,000 of which shall be used to obtain an independent evaluation of the effectiveness of the pilot programs; and \$137,940 from the Trust Fund to DHHS for 2004-05 for mental health treatment services.

Public Health Task Force reporting requirement. Requires that DHHS provide a detailed report on recommendations made by the Public Health Task Force to House and Senate Appropriations subcommittee on Health and Human Services, including an implementation schedule with fiscal impact on state and county governments.

Early Intervention reporting requirement. Requires that DHHS report to General Assembly by Jan. 30, 2005, on the number of children referred to the Early Intervention program and the number and types of services provided to the children and the fiscal impact of the program.

Aids drug assistance program. Amends SL 2003-284, Sec. 10.31, to require that DHHS make an interim report on program utilization by Jan. 1, 2005, and a final report on May 1, 2005.

Maximize ADAP program funding and AIDS/HIV testing. Requires that DHHS budget all 340B rebates received from pharmaceutical purchases for ADAP for use in the ADAP program and place a priority on the use of funds for testing. Provides that DHHS shall consider changing the ADAP program to a six-month eligibility process and implement that change if a cost savings is shown, Dep't to report its findings to the House and Senate HHS Appropriations subcommittees in its Jan. report.

North Carolina Public Health Department incubators. Appropriates \$2.25 million from the General Fund to DHHS for 2004-05 to be allocated to the NC Institute for Public Health at UNC-CH to coordinate the development of "public health incubators." Requires that DHHS report to the General Assembly on the use of funds no later than Jan. 12, 2005.

Funds for school nurses. Requires that DHHS use \$1.75 million of appropriated funds for a school nurse initiative to fund 35 school nurses in communities that establish need according to prescribed criteria. Requires that DHHS report to the General Assembly on the use of the funds allocated by Dec. 1, 2004.

Hospital emergency department data reporting. Effective Jan. 1, 2005, repeals GS 130A-476(f) and enacts new GS 130A-480 requiring that the State Health Director develop a syndromic surveillance program for hospital emergency dep'ts designed to detect and investigate health threats resulting from a terrorist incident using chemical, nuclear or biological agents, or an epidemic or infectious, communicable, or other disease. Establishes type of data to be reported and provides for privacy protections for certain patient data.

Authorize Child Care Commission to adopt rules for child care facilities for medically fragile children. Enacts new GS 110-88(13) as title indicates.

Criminal history record checks for local child care centers. Provides that it is the General Assembly's intent that the Div'n of Child Development conduct criminal history record checks for local child care centers during 2004-05 and authorizes Div'n to use lapsed salary funds to support up to three additional temporary positions during 2005 to eliminate backlog, position approval process to be expedited.

Increase North Carolina Partnership for Children Board membership. Amends GS 143B-168.12(a)(1) as title indicates, increasing membership from 25 to 26 members, new member to be the Director of the More at Four Pre-Kindergarten Program or designee.

More at Four Program. Amends SL 2003-284, Sec. 10.40, to require that DHHS use \$50,979,002 (was, \$41,921,800) in the 2004-05 fiscal year to implement Program. Deletes

provision requiring that Dep't use nonobligated funds for 2003-04 fiscal year to reduce waiting list and replaces it with provision requiring that unfilled slots be shifted to counties with waiting lists through Jan. 30, 2005. Requires that progress report be submitted by DHHS to General Assembly by Jan. 1, 2005, and May 30, 2005. Enacts new Sec. 10.40.(f), requiring that beginning with 2004-05 fiscal year the Program shall establish income eligibility requirements for the program of 75% of state median income.

Department of Agriculture and Consumer Services

Sale of Umstead Farm dairy herd and use of proceeds. Authorizes the Dep't of Agriculture and Consumer Services (DACS) to sell Umstead Farm dairy herd and place sale proceeds in nonreverting special revenue fund within Dep't and establishes purposes for which funds can be used. Provides that beginning with the 2005-07 biennium the special revenue fund shall be included in the Governor's recommended budget.

Study funding for DACS research stations. Requires that DACS and the Agricultural Research Service, NCSU, study the manner in which the 18 DACS research stations are funded and submit a final joint report to House and Senate Appropriations Subcommittees on Natural and Economic Resources by Dec. 15, 2004.

Department of Environment and Natural Resources

Grassroots Science Program. Amends SL 2003-284, Sec. 11.1(a), to require that funds appropriated to Dep't of Environment and Natural Resources (DENR) for the Grassroots Science Program be increased to \$2,717,707 (was, \$2,551,760) for 2004-05. Further requires that of those funds, \$250,020 be allocated for 2004-05 as grants-in-aid of \$41,670 to listed unfunded members of the Grassroots collaborative and that DENR modify the grant appropriations formula to add museum attendance as a factor. Provides that no more members shall be added to the Grassroots collaborative.

No new funds for statewide beaver damage control program. Amends SL 2003-284, Sec. 11.2, to delete provision requiring that Wildlife Resources Fund use \$449,000 for 2004-05 for beaver damage control program. Adopts new provision appropriating same amount from Wildlife Resources Fund to Wildlife Resources Comm'n for same purpose.

Twenty-four hour access to Fort Fisher State Recreation Area/funds for department activities at Fort Fisher. Enacts new GS 113-35(b1) requiring twenty-four hour access upon fee payment as title indicates. Requires that of funds appropriated to DENR, \$25,000 shall be used for education, conservation, and enforcement activities at Fort Fisher.

Wildlife Resources Commission fiscal responsibility and accountability. Amends GS 113-306(b) to require that funds be credited by the State Treasurer to a separate account within the Wildlife Resource Fund and that account shall not be commingled with other funds in Fund. Amends GS 143-250 to establish the Wildlife Resources Fund as a special revenue fund within the Dep't of the State Treasurer and makes technical and conforming changes.

Wildlife Resources Commission subject to service charge for sale of surplus property/recyclable material. Makes Comm'n subject to GS 143-64.05 as title indicates.

Cost share funds for limited resource/new farmers clarification. Amends GS 143-215.74(b)(9) to provide that a beginning farmer may include an entity as long as each member of entity has not operated a farm for more than 10 years and each member will materially participate in farm's operation. Further amends definition of "limited-resource farmer" to impose additional eligibility requirement that farmer have gross household income in prior two years that is below the greater of the county median household income or two times the national poverty level.

Authorize the use of available funds for purchase of Bertie County Forestry Headquarters building/construction of McDowell County Forestry Headquarters building. Authorizes Div'n of Forest Resources to use available funds for 2004-05 as title indicates.

State match for federal safe drinking water act funds and for federal water quality act funds. Authorizes DENR to transfer up to \$6.9 million from the General Water Supply Revolving Loan Account to DENR to match the federal grant funds authorized by sec. 1452 of Safe Drinking Water Act amendments of 1996.

Expand Express Review Pilot Program. Requires that DENR continue Express Review Pilot Program and expand Program to two additional regional offices within the Dep't. Further requires

that Dep't continue and support the eight positions authorized by SL 2003-284, Sec. 11.4A to administer Program and authorizes Dep't to establish eight additional positions. Requires that DENR report on success of Program to Environmental Review Comm'n no later than March 1, 2005.

Leaking Petroleum Underground Storage Tank Cleanup Fund solvency. Appropriates \$13.5 million from the Clean Water Management Trust Fund (CWMTF) and \$13.5 million from the Highway Trust Fund to the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund for 2004-05 to be used for the assessment and cleanup of discharges and releases of petroleum from commercial underground storage tanks. Appropriates \$1.5 million from CWMTF and \$1.5 million from the Highway Trust Fund to the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund for 2004-05 to be used for assessment and cleanup of discharges and releases of petroleum from noncommercial underground storage tanks. Appropriates \$52,000 from the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund to DENR for 2004-05 to establish an Accounting Tech IV position to expedite processing of Fund claims and \$76,000 for 2004-05 as needed to cover the cost of any legislative salary increase for personnel administering underground storage tank program.

Amends GS 143-215.94E(e2) (pre approval of tank cleanup by owner) to prohibit DENR from preapproving claims that will be paid from the Commercial or Noncommercial Funds unless Dep't determines that sufficient funds are available. Amends SL 2003-352, Sec. 10, to require that in assessing the degree of risk posed by a petroleum leak, DENR should give priority to the releases that pose the greatest risk. Further provides that in paying claims, Dep't shall consider the availability of funds and the order in which the discharge or release was reported. Makes technical corrections.

Onetime grants to Swain County. Authorizes the Board of Trustees of the CWMTF to provide a grant up to \$35,706 and the Ecosystem Enhancement Program to provide a grant up to \$40,264 to Swain County for 2004-05 to compensate for the loss of ad valorem taxes associated with the purchase of the Needmore game lands by the Wildlife Resources Comm'n.

Expand one-stop permit assistance program statewide. Enacts new GS 143B-279.12 requiring that DENR establish a one-stop environmental permit application assistance program for all its regional offices. Requires that upon receipt of permit application, Dep't must provide a time frame within which final decision will be issued and provides that if decision is not issued within 60 days of application's receipt, permit shall be automatically granted, except where applicant agrees to a revised time frame or where applicant submits a substantial amendment to its application. Further requires that no later than Oct. 1, 2004, DENR shall report to General Assembly on the number of permits which took longer than 90 days to issue and the reasons for the delay. Requires that DENR expand the one-stop permit pilot program established under SL 200-67, Sec. 13.7 statewide.

Prohibit certain grants from the Clean Water Management Trust Fund. Provides that no grant may be made from CWMTF to the Wildlife Resources Comm'n unless the balance in the Wildlife Resources Fund established by GS 143-250 plus other funds available to Comm'n fall below \$10 million.

Monitoring and emergency cleanup funds for TEXFI site contamination. Authorizes transfer of up to \$50,000 from CWMTF to DENR for 2004-05 to be used to monitor TEXFI site contamination and emergency cleanup activities.

Department of Commerce

Council of Government Funds. Amends SL 2003-284, Sec. 12.2(c), to provide that funds appropriated for the 2004-05 fiscal year shall be paid in installments, the first no later than Sept. 1, 2004 (was, Sept. 1, 2003).

One North Carolina Fund. Substantially similar to H 1400, introduced 5/12/04, except amends new GS 143B-437.71(b) to provide that fund may be used for construction of new buildings or expansion and that program guidelines developed by Dep't of Commerce for the One North Carolina Industrial Recruitment Competitive Fund shall apply to One North Carolina Fund until its own guidelines are adopted. Requires that One North Carolina guidelines be adopted on or before Aug. 1, 2004.

Tourism promotion funds. Repeals SL 2003-284, Sec. 12.3 (tourism promotion funds), and replaces it with new sec. requiring that funds be allocated, after matching requirements are met, as follows: (1) counties with 30 lowest tourism expenditures: up to \$7,500 yearly; (2) counties with 31st to 60th highest expenditures: up to \$3,500 for two of next three years; (3) remaining counties: \$3,500 in alternating years.

One NC Funds to retain traditional industries. Requires that the Dep't of Commerce use \$43,500 from One North Carolina Fund for 2004-05 for economic development grants to municipalities to retain traditional manufacturing employers with substantial investments in machinery and equipment, upon dollar-to-dollar match by municipality.

Industrial Development Fund. Amends SL 2003-284, Sec. 12.5 (reducing cash balance of Industrial Development Fund), to change effective date to June 30, 2004 (was, June 30, 2003).

Regional Partnerships Vision Plans. Repeals SL 2002-126, Sec. 8.3 (requiring the development of five-year vision plan), and replaces it with new sec. appropriating \$1.75 million from the General Fund to the North Carolina Partnership for Economic Development, Inc. for 2004-05 to be used to implement a strategic economic development plan that determines existing business clusters, develops ways to strengthen clusters, develops economic development initiatives, provides continuous monitoring of the regional economy, and integrates the NC Community College System and UNC into economic development efforts.

Regional Economic Development Commission allocations. Amends SL 2003-284, Sec. 12.7(b), to require that \$125,681 of funds allocated to the Global TransPark Development Comm'n in 2004-05 be redistributed to the seven Regional Economic Development Comm'ns.

Rural Economic Development Center. Amends SL 2003-284, Sec. 12.11(d)(1), to provide that for 2004-05 Center shall allocate \$997,410 for direct grants to local community development corporations. Deletes provisions that made a distinction between amount of funds to be allocated to corporations that have and have not received state funds.

Opportunities Industrialization Center Funds. Amends SL 2003-284, Sec. 12.12(a), to provide that funds appropriated for 2004-05 shall be equally distributed among certified centers (was, divided funds amongst four specific centers).

Judicial Department

Increase maximum magistrate authorizations/study magistrate funding. Amends GS 7A-133(c) to increase by one the maximum number of magistrate authorizations for Durham, Forsyth, and Davie counties. Requires AOC to evaluate the statewide need for magistrates and reexamine the caseload formula it uses to determine that need and report to the General Assembly by March 15, 2005.

Collection of Worthless Check Funds. Amends SL 2003-284, Sec. 13.2, to authorize the Judicial Dep't to use balance remaining in Fund on June 30, 2004, for the purchase or repair of office or information technology equipment. Further authorizes Dep't to use up to \$500,000 from Fund during 2004-05 to create up to 10 positions and provide equipment for district attorney's offices establishing or expanding programs for the collection of worthless checks. Requires that Dep't report to General Assembly by March 1, 2005, on the districts in which expansion has been implemented.

Office of Indigent Defense Services/expansion funds/juvenile defender. Authorizes Office to use up to \$1,250,637 in appropriated funds for the expansion of existing offices currently providing legal services to the indigent population under the oversight of the Office of Indigent Defense Services, to create up to 12 new attorney positions and six new support staff positions. Further authorizes Office to use up to \$262,407 for the creation of an Office of the Juvenile Defender, including one attorney and one support staff position.

Establish a public defender's office in the first defender district. Identical to H 1597, introduced 5/20/04.

Pilot program for provision of courtroom testimony of lab analysts by video conference/direct judicial department to study feasibility of a statewide program for providing testimony in that manner. Substantially similar to H 1740, introduced 5/27/04, except establishes pilot program in Superior Court and decreases amount of fund Judicial Dep't shall use for expenses of pilot program to \$93,229 (was, \$118,870).

Domestic violence reserves. Requires that \$1,728,244 of funds appropriated to the Judicial Dep't for 2003-04 and \$121,756 of funds appropriated to the Dep't of Justice (DOJ) for 2003-04 be placed in reserve and released if H 1354 or a substantially similar bill becomes law.

Department of Justice

Study cost of the DCI-PIN system. Requires the Office of State Budget and Management study the cost of the DCI-PIN system and report its findings to the General Assembly by March 1, 2005.

Reduce backlog of rape kits. Authorizes DOJ to contract with private entities to reduce the backlog of rape kits in storage in local law enforcement agencies as of July 1, 2004, and requires that DOJ report to General Assembly on the number of kits analyzed by private entities and whether the analyses resulted in arrests or convictions by May 1, 2005.

Department of Juvenile Justice and Delinquency Prevention

State funds may be used as federal grant matching funds. Amends SL 2003-284, Sec. 15.4, to authorize funds appropriated for 2004-05 to be used as matching funds for Juvenile Accountability Incentive Block Grants.

Operation of Buncombe Youth Detention Center. Amends SL 2003-284, Sec. 15.8, to require that the Dep't of Juvenile Justice and Delinquency Prevention continue to operate the Buncombe Youth Detention Center at its current site during 2004-05 and maintain the same average population, staffing levels and budget as in 2003-04.

Planning for new youth development centers. Directs Dep't of Juvenile Justice and Delinquency Prevention and the State Construction Office to continue planning and design for up to 512 youth development centers beds. Directs Dep't to submit a plan for new youth development centers by Dec. 1, 2004, to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, the chairs of the House and Senate Appropriations Committees and the chairs of the House and Senate Appropriations subcommittees on Justice and Public Safety. Lists elements plan must contain.

Youth development center staffing. Authorizes Dep't of Juvenile Justice and Delinquency Prevention to reclassify vacant positions to establish up to 18 new positions: 14 youth counselors, 2 youth counselor supervisors, and 2 mental health clinicians. New positions to be assigned to Stonewall Jackson and Samarkand Youth Development Centers. Directs Dep't to prepare a long-range plan for establishing a therapeutic staffing model to be used in all youth development centers. Dep't is to report by Feb. 1, 2005, to the chairs of the House and Senate Appropriations subcommittees on Justice and Public Safety on the long-range plan and its costs. Authorizes Dep't to use up to \$100,000 in salary reserves to reallocate existing positions to youth counselor and youth counselor supervisor positions.

Juvenile recidivism. Directs the NC Sentencing and Policy Advisory Comm'n to prepare biennial reports on juvenile recidivism in NC.

Electronic monitoring of juveniles. Directs Dep't of Juvenile Justice and Delinquency Prevention, in consultation with the Fiscal Research Division, to study the issue of electronic monitoring of juveniles and report to the chairs of the House and Senate Appropriations subcommittees on Justice and Public Safety by March 1, 2005, regarding such programs.

Alternatives to juvenile commitment/juvenile crime prevention councils. Directs that of the funds appropriated to the Dep't of Juvenile Justice and Delinquency Prevention \$500,000 be used for demonstration projects of the Juvenile Crime Prevention Councils to identify effective alternative community programs for juvenile offenders who would otherwise have been committed to youth development centers.

Education of juveniles committed to the Dep't of Juvenile Justice and Delinquency Prevention. Directs Dep't to develop a report on the assessment of juveniles committed to the Dep't and the curricula, education plans, and alternative education programs for those juveniles and submit the report to the chairs of the House and Senate Appropriations Committees and the chairs of the House and Senate Appropriations subcommittees on Justice and Public Safety by March 1, 2005.

Department of Correction

Shift pay for security staff. Amends sec. 16.3 of 2003 budget act to allow Dep't of Correction (DOC) to use funds available for both years of 2003-2005 biennium for shift pay for security staff. Postpones deadline for Dep't of Correction report to Appropriations subcommittees on Justice and Public Safety from April 1, 2004, to March 1, 2005.

Security staffing formulas. Amends sec. 16.4(c) of 2003 budget act to postpone deadline for Dep't of Correction to report to Appropriations subcommittees on Justice and Public Safety on DOC implementation of staffing recommendations of National Institute of Corrections from Feb. 1, 2004, to Feb. 1, 2005. Directs that report must provide an updated staffing relief formula as well as methodology used to develop it.

Inmate costs/clothing and laundry services. Amends sec. 16.6(c) of 2003 budget act to allow funds available for both years of 2003-2005 biennium for certain clothing and laundry services for inmates.

Federal grant matching funds. Amends sec. 16.10 of the 2003 budget act to allow DOC to use up to \$900,000 in fiscal 2003-2004 and \$650,000 in fiscal 2004-2005 for matching funds to receive federal grants.

Contract with "Energy Committed to Offenders." Amends sec. 16.13 of 2003 budget act to direct DOC, after consultation with the Sentencing and Policy Advisory Comm'n and with Energy Committed to Offenders, to recommend to the 2005 General Assembly the best way of determining the effectiveness of the program involving the purchase of certain prison beds.

Inmate custody and classification system. Directs DOC to review the current inmate custody and classification system, with assistance from National Institute of Corrections and report its recommendations to the chairs of the Appropriations subcommittees on Justice and Public Safety by April 15, 2005.

Nonprofit programs. Amends sec. 16.17 of 2003 budget act to require annual reports prepared by Harriet's House, Summit House, and Women at Risk, respectively, for Joint Legislative Comm'n on Governmental Operations to include number of clients who have been rearrested within three years after successfully completing program.

Electronic monitoring program. Directs DOC to issue a request for proposal (RFP) for electronic monitoring equipment and monitoring services for Div. of Community Corrections' electronic house arrest and monitoring programs. Requires DOC to provide Fiscal Research Division with copy of draft RFP. Directs that RFP be issued by Dec. 31, 2004, for a term to begin July 1, 2005. Requires DOC to report by March 1, 2005, to chairs of the Appropriations Committees and Appropriations subcommittees on Justice and Public Safety on responses to RFP.

Inmates eligible for parole. Amends sec. 16.20 of 2003 budget act to direct that the Post-Release Supervision and Parole Comm'n report made by Jan 15 and July 15 of each year to Appropriations subcommittees on Justice and Public Safety and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee concerning inmates eligible for parole must include the projected number of parole-eligible inmates to be paroled or released by the end of the 2003-2004 fiscal year and each of the next five fiscal years, beginning with the 2004-2005 fiscal year.

Report by Post-Release Supervision and Parole Comm'n. Amends sec. 16.21 of 2003 budget act to direct Comm'n to report by Oct. 1, 2004, to chairs of the Appropriations Subcommittees on Justice and Public Safety on the implementation of a plan for restructuring the organization and operation of the Comm'n and implementing staff reductions to reflect changes in workload. Directs that report must include the number of parole reviews, paroles, and post-release supervision reviews conducted per analyst per year for the last five years.

Criminal Justice Partnership Program. Amends sec. 16.16 of the 2003 budget act to require that DOC report on the status of the State-County Criminal Justice Partnership Program must include an evaluation based on standards designed by the Div. of Community Corrections in consultation with the Fiscal Research Division and the DOC Division of Research and Planning. Directs the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee to review the program funding formula and recommend any necessary changes to the 2005 General Assembly.

Collection of offender fees. Amends sec. 16.51(a) of the 2003 budget act to require that the annual report on the collection of offender fees must include, for each judicial district, a series of

statistics concerning offender fees, total fines, and restitution collected, distinguished by whether the offender's probation is supervised or not, and including a determination whether the district enters offender information for all offenders or only when the offender makes a payment. Adds new sec. 16.15(b) to require the Judicial Dep't to use new deputy clerk positions to ensure that offender accounts payable information is entered into the financial management system within a reasonable time after sentencing.

Department of Crime Control and Public Safety

Victims' compensation and medical treatment. Amends GS 15B-2(1) concerning compensation under the North Carolina Crime Victims Compensation Act to provide that allowable expenses for medical care, counseling, rehab, medically-related property, and other medical treatment is limited to 66 2/3% of the customary amount charged by the provider for the treatment or care and that the provider must accept that compensation as payment in full.

Department of Administration (DOA)

Allocation of petroleum violation escrow funds. Appropriates \$5 million from Special Reserve for Oil Overcharge Funds (from case of U.S. v. Stripper Well) to Dep't of Administration for fiscal 2004-2005 for projects approved by State Energy Policy Council in April 2004. Appropriates \$1 million from same reserve (from case of U.S. v. Exxon) to Dep't of Health and Human Services for fiscal 2004-2005 for the Weatherization Assistance Program.

Burial services for veterans on weekends. Adds new GS 65-44 to direct state veteran cemeteries to conduct burial services for veterans on any day of the week, except when the day falls on a state holiday.

Study of state-funded advertising. Directs the Office of State Budget and Management (OSBM) to conduct a study, with the Dep't of Administration, of state agency requirements for advertisements and public service announcements, including the extent to which the North Carolina Agency for Public Telecommunications can provide services at a savings to the state. Directs OSBM to report recommendations to the chairs of the Appropriations Subcommittees on General Government by Dec. 1, 2004.

Escheat funds for veterans' scholarships. Amends sec. 18.5(c) of 2003 budget act to appropriate \$3.9 million for fiscal 2004-2005 from Escheat Fund to the Dep't of Administration for veterans scholarships (now, \$3.7 million for fiscal 2003-2005).

Proceeds from sale of Polk Building in Charlotte. Establishes a reserve fund in OSBM for fiscal 2004-2005 of \$890,634 from proceeds of sale of James K. Polk Building in Charlotte. Reserves \$730,533 for rental expenses incurred by state agencies as a result of their relocation and \$160,101 for the relocation of the offices of certain state agencies still housed in the building.

Study of advocacy programs in Dep't of Administration. Amends sec. 18.2 of 2003 budget act to direct Sec'y of DOA to continue study completed in fiscal 2003-2004 concerning the functioning of advocacy programs housed in DOA. Directs that the study consider both the advocacy and service functions of the Division of Veterans Affairs, the Council for Women and the Domestic Violence Comm'n, the Comm'n of Indian Affairs, the Governor's Advocacy Council for Persons with Disabilities, the Human Relations Comm'n, and Youth Advocacy and Involvement Office. Extends deadline for study to May 1, 2005 (now, May 1, 2004).

State veterans cemetery. Allocates up to \$300,000 of DOA appropriation to fund the design and advance planning cost for the expansion of the state veterans cemetery located in Jacksonville.

Light Ground Pocosin Property to Wildlife Resources. Reallocates property in Pamlico County from DOA to the Wildlife Resources Comm'n.

Blount Street Property Sale. Authorizes DOA to use \$500,000 to implement Blount Street Property sale.

Office of the State Auditor

Auditor to reduce span of control. Directs State Auditor to eliminate two senior management positions, effective Jan. 1, 2005, so that the office includes no more than two Deputy Auditor positions.

Department of Insurance (DOI)

Sunset removed for use of Insurance Regulatory Fund monies. Removes expiration date (June 30, 2004) from provisions expanding the purposes for which Insurance Regulatory Fund monies may be used by Dep't of Insurance and crediting various fees into the fund.

Informational Technology

Multiyear maintenance contracts. Amends sec. 21.2(a) of 2003 budget act to allow information technology infrastructure maintenance agreements to be entered into prior to July 1, 2005 (now, July 1, 2004) and removes requirement that the Office of Information Technology Services refund certain excess revenues to its customers in the same manner as is required by the federal government.

Information technology oversight. Establishes 16-member Joint Legislative Oversight Committee on Information Technology to examine system-wide information technology issues affecting state government. Includes eight members of Senate appointed by Pres. Pro Tem., two of whom must be members of Senate Appropriations Committee. Includes eight House members appointed by House Speaker, two of whom must be members of the House Appropriations Committee. Directs Pres. Pro Tem and House Speaker to each appoint a co-chair. Provides that committee members serve two-year terms, beginning at the convening of the General Assembly in each odd-numbered year, with no prohibitions against being reappointed. Directs committee to submit annual reports to the General Assembly on or before the convening of the regular session of the General Assembly each year.

Department of Revenue (DOR)

Call center fee use. Amends sec. 22.6(a) of 2002 budget act to provide that \$3 million designated for fiscal 2003-2005 to pay for and equip a central taxpayer telecommunications service center does not revert at end of 2004-2005 fiscal year but remains available until June 30, 2006, for operating costs of the service center.

Fee for taxpayer locator services and collection. Amends GS 105-243.1(e) to provide that DOR debt fee revenues may not be used for any purpose not directly and primarily related to collecting overdue tax debts, including the payment of contractors for collecting overdue tax debts, the payment for setoff fees charged by the U.S. Dep't of Treasury to recover tax owed to North Carolina, and to pay for taxpayer locator services, up to \$100,000 per year.

Modify DOR Reporting to General Assembly. Amends sec. 22(c) of 2002 budget act to require DOR to report semiannually to the Joint Legislative Comm'n on Governmental Operations (LGCO) on the use of tax collection assistance fee revenues and the establishing of a central taxpayer telecommunication service center. Repeals GS 105-256(e) (requiring Sec'y of DOR to distribute reports he prepares to certain state entities). Amends GS 105-243.1(f) to require DOR to report semiannually (was, quarterly through June 30, 2005) to LGCO and Revenue Laws Study Committee.

Rules Review Commission

Payment of attorneys' fees. Provides that if a state agency files a petition for judicial review of a final decision of the Rules Review Comm'n and the Comm'n prevails in the action, the state agency must deposit in a special reserve fund a sum equal to the Commission's actual attorneys' fees.

Secretary of State

Transfer of business license information office. Transfers the Business License Information Office from Sec'y of State to the Community Colleges System Office, effective July 1, 2004.

State Board of Elections

Increase match funds for Help America Vote Act (HAVA). Amends sec. 25.1 of SL 2003-284 to allocate from funds of State Board of Elections \$1,521,918 for fiscal 2004-2005 to the Election Fund to meet the 5% matching requirement for Title II of HAVA (federal legislation). Allocates \$1,232,508 for fiscal 2003-2004 and \$2,211,625 for fiscal 2004-2005. Provides unexpended

remainder of allocations for 2003-2004 and 2004-2005 reverts to the General Fund if the amount available to the state is less than projected. Updates estimates of amounts of funds North Carolina will need to meet its obligatory 5% match.

Office of State Budget and Management

North Carolina Humanities Council reporting. Amends sec. 26.1 of SL 2003-284 to require council to provide certain reports to the Joint Legislative Comm'n on Governmental Operations and the Fiscal Research Division by Jan. 15, 2005 (was, Jan. 1, 2004) with respect to activities and finances for fiscal 2004-2005.

Office of the State Controller

Overpayment audit. Provides for the disposition into special reserve account of receipts generated by the collection of inadvertent overpayments by state agencies as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid taxes and the like. Directs the State Controller to report quarterly to the Joint Legislative Comm'n on governmental Operations and the Fiscal Research Division concerning this revenue deposited into the special reserve account and the disbursement of that revenue.

Department of the State Treasurer

Reestablish state investment officer position. Directs that the position of state investment officer be reestablished in the Investment Division of the Dep't of State Treasurer. Directs that the compensation of such officer shall be \$150,000 per year. Authorizes the State Treasurer to award an annual performance-based incentive bonus, not to exceed 30% of salary, based on the officer's achievement. Directs the State Treasurer to report the incentive bonus paid to the Joint Legislative Comm'n on Governmental Operations by Oct. 1 of each year.

Department of Transportation (DOT)

Small Urban Contingency Fund. Allocates \$14 million for fiscal 2004-2005 for small urban construction projects located within a two-mile radius of municipal corporate limits, the amount to be reallocated equally among the highway divisions. Allocates \$15 million for fiscal 2004-2005 to be used statewide for rural or small urban highway improvements and related transportation enhancements, as approved by the Sec'y of Transportation. Directs DOT to report to members of the General Assembly on projects funded under this section in each member's district and to do so before the Board of Transportation's action. Also directs DOT to make a quarterly comprehensive report on the use of the funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

Anticipated revenues. Authorizes and certifies anticipated revenues for both the Highway Fund and the Highway Trust Fund for each fiscal year from 2005-2006 to and including fiscal 2008-2009 and repeals corresponding authorization and certification from the 2003 budget act.

Cash flow. Amends GS 136-176(a1) to provide that allocation of funds from the Highway Trust Fund for fiscal 2001-2002, 2002-2003, and 2003-2004 (\$687 million in total) for various purposes (e.g., primary route pavement preservation, preliminary engineering studies, computerized traffic signal systems, and public transportation) are available to DOT until expended. Also provides that allocation from the Highway Fund for fiscal 2003-2004 and 2004-2005 (\$700 million in total) for various transportation purposes are also available to DOT until expended.

Western North Carolina passenger rail service. Authorizes Rail Division to use \$1.066 million from Western North Carolina Reserve for property acquisition and infrastructure improvements in the Biltmore Village area of Asheville to develop a terminus for western North Carolina passenger rail service.

Indian Culture Center. Authorizes DOT to pave certain areas inside the North Carolina Indian Culture Center.

Salaries and Employee Benefits

Salary increases for Governor and Council of State. Establishes the following salaries, effective July 1, 2004. Amends GS 147-11(a) to set the annual salary of the Governor at \$119,430 (now, \$118,430).

Salary increases for elected members of Council of State. Amends sec. 30.1(b) of SL 2003-284 to set the salaries for elected members of the Council of State (Lieutenant Governor, Attorney General, Secretary of State, State Treasurer, State Auditor, Superintendent of Public Instruction, Agricultural Commissioner, Insurance Commissioner, and Labor Commissioner) at \$105,523 (now, \$104,523).

Salary increases for nonelected department heads. Amends sec. 30.2 of the 2003 budget act to set salaries for nonelected department heads (secretaries of Administration, Correction, Crime Control and Public Safety, Cultural Resources, Commerce, Environment and Natural Resources, Health and Human Services, Juvenile Justice and Delinquency Prevention, Revenue, and Transportation) at \$103,119 (now, \$102,119).

Salary increases for executive branch officials. Amends sec. 30.3 of the 2003 budget act to set salaries of the following executive branch officials:

Chairman, Alcoholic Beverage Control Commission	\$93,946
State Controller	131,078
Commissioner of Motor Vehicles	93,946
Commissioner of Banks	105,523
Chairman, Employment Security Commission	130,913
State Personnel Director	103,119
Chairman, Parole Commission	85,871
Members of the Parole Commission	79,356
Chairman, Utilities Commission	117,405
Members of the Utilities Commission	105,523
Executive Director, Agency for Public Telecommunications	79,356
Director, Museum of Art	96,240
Executive Director, North Carolina Agricultural Finance Authority	91,470
State Chief Information Officer	131,000

Salary increases for judicial branch officials. Amends sec. 30.4 of the 2003 budget act to set the salaries of the following judicial branch officials:

Chief Justice, Supreme Court	\$119,430
Associate Justice, Supreme Court	116,336
Chief Judge, Court of Appeals	113,452
Judge, Court of Appeals	111,530
Judge, Senior Regular Resident Superior Court	108,527
Judge, Superior Court	105,523
Chief Judge, District Court	95,912
Judge, District Court	92,909
Administrative Officer of the Courts	108,527
Assistant Administrative Officer of the Courts	99,216

Amends sec. 30.4(b) of the 2003 budget act to direct that the average salary of assistant district attorneys or assistant public defenders in the judicial district shall not exceed \$61,191, and that the minimum salary of any assistant district attorney or assistant public defender is at least \$32,035. Increases the salaries of other permanent, full-time employees by \$83.34 per month and permanent part-time employees by pro rata amounts of \$83.34 per month.

Salary increases for clerks of superior court. Amends sec. 30.5 of 2003 budget act to set salaries for clerks of superior court based on the population of the county according to the following schedule:

Population	Annual Salary
Less than 100,000	\$70,911
100,000 to 149,999	79,452
150,000 to 249,999	87,994
250,000 and above	96,537.

The salary schedule in this subsection is intended to represent the following approximate percentage of the salary of a chief district court judge:

Population	Annual Salary
Less than 100,000	73%
100,000 to 149,999	82%
150,000 to 249,999	91%
250,000 and above	100%.

Salary increases for assistant and deputy clerks of superior court.

Amends sec. 31.6(b) to provide that a full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$27,515
Maximum	47,464
Deputy Clerks	Annual Salary
Minimum	\$23,565
Maximum	36,934.

Salaries for magistrates. Amends GS 7A-171.1(a) to establish salaries for full-time magistrates as follows:

Table of Salaries of Full-Time Magistrates

Step Level	Annual
Salary	
Entry Rate	\$27,889
Step 1	30,525
Step 2	33,393
Step 3	36,523
Step 4	39,952
Step 5	43,721
Step 6	47,864

Amends GS 7A-171.1(a)(3) to provide that a magistrate who is licensed to practice law in North Carolina or any other state shall received a salary indicated in step 4. Deletes provisions concerning special salary arrangements for part-time magistrates holding law degrees and full-time magistrates who acquire licenses to practice law while holding the office of magistrate. Amends GS 7A-171.1(a1), governing the salaries of magistrates who on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect on that date, to set salary levels as follows:

Less than 1 year of service	\$22,325
1 or more but less than 3 years of service	23,389
3 or more but less than 5 years of service	25,530.

Salaries for General Assembly principal clerks. Amends GS 120-37(c) to set salary of principal clerks at \$89,306.

Salaries for sergeant-at-arms and reading clerks. Amends Gs 120-37(b) to set salaries of sergeant-at-arms and the reading clerk in each house at \$311 per week.

Salaries for legislative employees. Directs the Legislative Services Officer to increase salaries of nonelected employees of the General Assembly by \$83.34 per month.

Salaries for community college personnel and University of North Carolina personnel exempt from the State Personnel Act (EPA employees). Directs the transfer of funds to the North Carolina Community College System Office and the Board of Governors of The University of

North Carolina, respectively, necessary to provide for an annual salary increase of \$83.34 per month, including funds for the employer's retirement and social security contributions.

Salaries for most state employees. Amends sec. 30.13 of the 2003 budget act to provide for an increase of \$83.34 per month in the salaries of all permanent full-time state employees subject to State Personnel Act or paid from the General Fund or the Highway Fund and all permanent part-time State employees by pro rata amounts of such increase.

Salary of the director of the Housing Finance Agency. Amends GS 122A-4(f) to provide that salary of the executive director of the North Carolina Housing Finance Agency shall be fixed by the Board of Directors of the agency, not by the General Assembly.

Salary adjustment fund. Authorizes the transfer of up to \$5 million in the Reserve for Compensation Increase to the Salary Adjustment Fund for use in revising salary ranges to provide competitive salary rates for affected classifications and reallocation of positions to higher-level job classifications. Transfers \$15,200 to fund in-range salary adjustments for certain positions in the Dep't of Environment and Natural Resources, Division of Water Quality, involving hydrogeological drilling testing.

Cost of living adjustments. Adds new GS 135-5(mmm) to provide a cost-of-living increase of 1.32% to the retirement allowances of those retiring under the Teachers' and State Employees Retirement System. Adds GS 120-4.22A(s) to provide same increase to those under the Legislative Retirement System. Adds new GS 135-65(y) to provide for a cost-of-living increase of 0.3% to the retirement allowances of those under the Judicial Retirement System.

Miscellaneous pension increases. Amends GS 58-86-55 to increase the monthly pension for members of the Firemen's and Rescue Squad Workers' Pension Fund from \$158 per month to \$160 per month.

State Health Plan

State Retirement System Retiree Health Benefit Fund. Adds new GS 135-7(f) to provide for a fund in which accumulated contributions from employers and any earnings on those contributions are to be used to provide health benefits to retired and disabled employees and their beneficiaries. Provides that employer contributions are irrevocable. Provides that assets of fund are not subject to claims of creditors of the employees making contributions to the fund.

North Carolina Symphony under State Health Plan. Amends GS 135-40.1(6) and GS 135-40.2(a2) to make employees of the North Carolina Symphony Society, their eligible spouses, and their eligible dependent children eligible for coverage under the State Health Plan on a partially contributory basis. Effective July 1, 2004.

State Health Plan Prescription Drug Program. Provides that if a prescription drug program is developed that differs from the one in effect on May 10, 2004, the new program shall provide Plan members access to pharmacies located in and throughout the state and shall encourage the use of generic drugs. Prohibits the new program from being implemented until it has been approved by the General Assembly.

Preferred providers of emergency medical care. Amends GS 135-40.8(e) to provide that where qualified preferred providers are not reasonably available in medical emergencies, the Plan pays a negotiated amount (now, required where qualified out-of-state providers are not reasonably available). Deletes language that provides that if a Plan member is not capable of making a decision about choosing an in-state qualified preferred provider and emergency services personnel transport the Plan member to a provider outside the Plan network, then the coverage amount is negotiated with the provider.

Capital Appropriations

Capital appropriations/General Fund. For 2004-05 appropriates \$22,492,000 to Dep't of Environment and Natural Resources for water resources development projects and \$2,000,000 to Dep't of Commerce for State Ports Authority replacement of Port of Wilmington crane rail.

Water resources development project funds. Allocates DENR capital appropriations among the following projects:

<u>Name of Project</u>	2004-2005
(1) Wilmington Harbor Deepening	\$9,300,000

(2)	Morehead City Harbor Maintenance	1,000,000
(3)	Manteo (Shallowbag) Bay Channel Maintenance	2,000,000
(4)	B. Everett Jordan Water Supply Storage	100,000
(5)	John H. Kerr Reservoir Operations Evaluation	600,000
(6)	Beaufort Harbor Maintenance Dredging (Carteret County)	80,000
(7)	Bogue Banks Shore Protection Study (Carteret County)	129,000
(8)	Surf City/North Topsail Beach Protection Study	350,000
(9)	West Onslow Beach (Topsail)	117,000
(10)	Swan Quarter (Hyde County) Flood Control Dikes	100,000
(11)	Hurricane Isabel Emergency Stream Cleanup – NE NC	2,000,000
(12)	Cape Fear River Basin Water Management Study	161,000
(13)	State Local Projects	2,339,000
(14)	Lower Lockwoods Folly Dredging	336,000
(15)	Currituck Sound Water Management Study	210,000
(16)	Aquatic Weed Control, Lake Gaston and Statewide	275,000
(17)	Deep Creek (Yadkin County) Water Management	2,000,000
(18)	Neuse River Basin Feasibility Study	400,000
(19)	Environmental Restoration Projects	700,000
(20)	Projected Feasibility Studies	200,000
(21)	Planning Assistance to Communities	<u>95,000</u>

Total \$22,492,000

Miscellaneous Provisions

Executive Budget Act applies. As title indicates.

Committee report. The House Appropriations Committee Report accompanying this act and dated June 4, 2004, shall be used to construe this act and shall be considered a part of this act.

Effective date. Unless otherwise provided, this act is effective July 1, 2004.

H 1414. 2004 APPROPRIATIONS ACT. Intro. 5/12/04. House amendments adopted 6/7/04 make the following changes to 2nd edition: (1) change adjusted appropriations from Highway Trust Fund as follows: Interstate System-(16,781,215), Urban Loops-(6,785,625), Aid to Municipalities-1,760,741), Secondary Roads-(738,170), Administrative Expense-(439,736), Leaking Underground Storage Tank Fund-15,000,000, Transfer to General Fund-(66,513); (2) increases minimum salaries for certain community college faculty as follows: Vocational Diploma/Certificate or Less-\$28,512, Associate's Degree or Equivalent-\$28,944, Bachelor's Degree-\$30,817, Master's Degree or Education Specialist-\$32,478, Doctoral Degree-\$38,874; (3)(a) change appropriation for community health grant funds to provide that of funds appropriated to DHHS, \$5 million in nonrecurring funds shall be used for federally qualified health centers and \$3 million in nonrecurring funds are to be used for state-designated rural health centers and public health departments; (b) direct Rural Health Development Office to work with NC Public Health Ass'n as well as the NCCHCA in establishing an advisory committee to award grant funds; (c) reduce percentage of funds that may be used for administrative expenses in grant program from 1.5 to 1;(4) add new provision *DHHS policies and procedures in At Risk Children's Program and Multiply Diagnosed Adults Program*, which directs DHHS to identify and eliminate administrative and fiscal barriers created by existing state and local policies in the 2 programs; (5) change the reduction in appropriation to DHHS for area mental health programs from \$10 million to \$5 million, increase the reduction in the DHHS Div. of Medical Assistance line to (\$86,879,913), and decrease the reduction in the DHHS Div. of Mental Health line to (\$5,713,000); (6) add new provision *State/county special assistance*, which provides that effective Oct. 1, 2004, the maximum monthly rate for residents in adult care home facilities shall be \$1,096 unless adjusted by DHHS, transfer \$5 million from institutional receipts in Div. of Mental Health, Dev. Disabilities, and Substance Abuse Services to the Div. of Social Services to cover the rate increase, and increase the reduction in the DHHS Div. of Mental Health line by \$5 million and decrease the reduction in the DHHS Div. of Social Services line by \$5 million; (7) amend provision on preferred providers of

emergency medical care to state that the plan's use of "Cost-Wise" contract services is considered to be qualified preferred provider services; (8) make technical changes.

House amendment adopted 6/8/04 adds to the provision directing the State Board of Community Colleges to study the FTE funding formula a direction that the Board also consider modifications to its funding formulas to ensure that adequate funding is provided for high-cost programs.

June 15, 2004

H 1414. CREATE NEW JOBS/RECRUIT NEW BUSINESS (NEW). Intro. 5/12/04. Senate committee substitute makes the following changes to 3rd edition. Amends bill to make it substantially similar to S 1423 with the following exceptions: Amends GS 105-130.3 effective 1/1/05 to provide that applicable exemption amount for corporation varies according to state net income as follows: (1) \$100,000 or less - \$25,000; (2) over \$100,000 to \$200,000 - \$15,000; (3) over \$200,000 - 0 (was, \$10,000 for all corporations). Amends GS 115C-546.1(b) to provide that fraction or percentage credited to Public School Building Capital Fund for 10/1/00 to 9/30/05 shall be 5/69ths (was, 5/69ths to 9/30/04 and 7/36% to 9/30/05), and after 9/30/05 shall be 7.43% (was, 7.44%). Deletes Parts 2 and 3 (One NC Fund, Job Development Investment Grant Program). Deletes amendment to GS 105-164.14(j)(1). Amends GS 105-164.13(1) to exempt plastic mulch and plant bed covers from retail sales and use tax. Enacts new GS 105-164.13(49a) and (53), exempting delivery charges for delivery of direct mail and certain sales to professional land surveyors. Amends GS 105-129.50 to delete requirement that research university be located in NC. Deletes sec. 6.3, part 7 (industrial revenue bonds), part 8 (update internal revenue code reference), Part 9 (site development and recruitment), and part 10 (infrastructure program at Rural Center). Enacts new GS 147-69.2(12) providing that with respect to assets of the Escheat Fund, State Treasurer shall select among investments in certain limited partnership interests, obligations guaranteed by the Small Business Administration, and by issuing letters of credit to provide credit enhancements for loans made by banks to NC businesses. Enacts new GS 58-58-86(b) defining "entity" which may have an insurable interest in a person's life. Makes technical changes.

June 23, 2004

H 1414. 2004 APPROPRIATIONS ACT. Intro. 5/12/04. Senate committee substitute adopted 6/22/04, makes the following changes to 3rd edition. The third edition of this bill (House version of the 2004 budget) was summarized in the Daily Bulletin of 6/8/04.

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

Appropriations from the General Fund for the maintenance of state departments, institutions, and agencies, and for other purposes as enumerated are adjusted for the fiscal year ending June 30, 2005, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 2004-2005 fiscal year.

Current Operations – General Fund

2004-2005

EDUCATION

Community Colleges System Office	32,702,234
Department of Public Instruction	18,976,723
University of North Carolina - Board of Governors	51,389,926

HEALTH AND HUMAN SERVICES

Department of Health and Human Services	
Office of the Secretary	(3,771,398)
Division of Aging	3,381,000
Division of Blind Services/Deaf/HH	(30,000)
Division of Child Development	7,925,000
Division of Education Services	(152,927)

Division of Facility Services	(450,000)
Division of Medical Assistance	(85,679,913)
Division of Mental Health	(2,462,273)
NC Health Choice	8,800,000
Division of Public Health	7,551,581
Division of Social Services	(7,111,948)
Division of Vocational Rehabilitation	(1,479,294)
Total	(73,480,172)

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	1,135,538
Department of Commerce	
Commerce	(1,106,550)
Commerce State-Aid	950,000
NC Biotechnology Center	5,000,000
Rural Economic Development Center	2,169,000

Department of Environment and Natural Resources	
Environment and Natural Resources	532,721
Clean Water Management Trust Fund	0

Department of Labor	364,216
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JUSTICE AND PUBLIC SAFETY

Department of Correction	(11,184,897)
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Department of Crime Control and Public Safety	4,052,681
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Judicial Department	4,795,779
Judicial Department - Indigent Defense	11,500,000

Department of Justice	692,508
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Department of Juvenile Justice and Delinquency Prevention	1,813,673
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GENERAL GOVERNMENT

Department of Administration	776,330
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Office of Administrative Hearings	90,476
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Department of State Auditor	(200,000)
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Office of State Controller	(99,429)
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Department of Cultural Resources	
Cultural Resources	6,692,414
Roanoke Island Commission	0

State Board of Elections	2,222,412
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General Assembly	(921,318)
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Office of the Governor	
Office of the Governor	42,702

Office of State Budget and Management	148,427
OSBM – Reserve for Special Appropriations	4,375,000
Housing Finance Agency	2,250,000
Department of Insurance	
Insurance	4,062,654
Insurance – Volunteer Safety Workers' Compensation	(1,734,000)
Office of Lieutenant Governor	29,657
Department of Revenue	(1,161,794)
Rules Review Commission	(3,185)
Department of Secretary of State	260,000
Department of State Treasurer	
State Treasurer	424,708
State Treasurer – Retirement for Fire and Rescue Squad Workers	665,000

TRANSPORTATION

Department of Transportation	(228,056)
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RESERVES, ADJUSTMENTS AND DEBT SERVICE

Reserve for Compensation Increases	257,200,000
Reserve for Salary Adjustment Fund	1,370,649
Reserve for LEO Salary Adjustments	2,007,385
Reserve for State Health Plan	(7,800,000)
Reserve for Teachers' and State Employees' Retirement Rate Adjustment	16,065,000
Reserve for Consolidated Judicial Retirement	410,000
Retirement System Payback	10,000,000
Job Development Incentive Grants Reserve	4,000,000
Mental Health, Developmental Disabilities, and Substance Abuse Services Trust Fund	10,000,000
Senate Bill 100 Compliance	(11,813,949)
Debt Service	
General Debt Service	(82,888,480)
Federal Reimbursement	460,432

TOTAL CURRENT OPERATIONS - GENERAL FUND **267,006,415**

GENERAL FUND AVAILABILITY STATEMENT

The General Fund availability used in adjusting the 2004-2005 budget is shown below:

	2004-2005
Unappropriated Balance Remaining from FY 2003-2004	145,664,254
Projected Reversions from FY 2003-2004	150,000,000
Projected Over Collections from FY 2003-2004	222,150,000
Additional FY 2003-2004 Appropriations (HB 1352, 3rd Ed.)	(44,100,000)
Year-End Unreserved Credit Balance	473,714,254
Credit to Savings Reserve	(100,000,000)

Credit to Repairs and Renovations Reserve Account	(18,370,649)
Credit for ABC Bonuses Earned in FY 2003-2004	(108,000,000)
Beginning Unreserved Credit Balance FY 2004-2005	247,343,605

Revenues Based on Existing Tax Structure	14,742,028,250
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Nontax Revenues

Investment Income	86,020,000
Judicial Fees	136,730,000
Disproportionate Share	100,000,000
Insurance	53,900,000
Other Nontax Revenues	261,517,607
Highway Trust Fund Transfer	242,586,830
Highway Fund Transfer	16,166,400
Subtotal Nontax Revenues	896,920,837

Total General Fund Availability	15,869,663,341
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Adjustments to Availability: 2004 Session

Internal Revenue Code Conformity HB 1430	(2,600,000)
Reserve for Finance Provisions of HB 1414	(25,700,000)
Tobacco Payments Decline - Tobacco Trust Fund	(5,000,000)
Surplus Property Sales - 2004 Adjustment	10,000,000
Additional Credit to the R&R Reserve Account from	
Sale of Surplus Property	(40,000,000)
Transfer from Fire Safety Loan Fund	250,000
Transfer from Veterans' Home Trust Fund	500,000
Transfer from Information Technology Services	
Internal Service Fund	2,180,000
Adjust Reimbursement from Insurance Regulatory Fund	4,062,654
Adjust Reimbursement for Department of State Treasurer	424,708
Subtotal Adjustments to Availability: 2004 Session	(55,882,638)

Revised General Fund Availability for 2004-2005 Fiscal Year	15,830,410,054
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Less: Total General Fund Appropriations for 2004-2005 Fiscal Year	(15,813,780,703)
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Unappropriated Balance	0
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Notwithstanding GS 143-16.4(a2), of the funds credited to the Tobacco Trust Account from the Master Settlement Agreement pursuant to Section 6(2) of S.L. 1999-2 during the 2004-2005 fiscal year, the sum of thirty-five million dollars (\$35,000,000) shall be transferred from the Department of Agriculture and Consumer Services, Budget Code 23703 (Tobacco Trust Fund), to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2004-2005 fiscal year.

Notwithstanding GS 143-16.4(a1), of the funds credited to the Health Trust Account from the Master Settlement Agreement pursuant to Section 6(2) of S.L. 1999-2 during the 2003-2004 fiscal year, the sum of twenty million dollars (\$20,000,000) that would otherwise be deposited in the Fund Reserve established by GS 147-86.30(c) and five million dollars (\$5,000,000) of the funds that are not reserved pursuant to GS 147-86.30(c) shall be transferred from the Department of State Treasurer, Budget Code 23460 (Health and Wellness Trust Fund), to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2003-2004 fiscal year.

Notwithstanding GS 143-16.4(a1) and GS 147-86.30, of the funds credited to the Health Trust Account from the Master Settlement Agreement pursuant to Section 6(2) of S.L. 1999-2 during the 2004-2005 fiscal year, the sum of twenty-five million dollars (\$25,000,000) shall be transferred from the Department of State Treasurer, Budget Code 23460 (Health and Wellness Trust Fund), to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2004-2005 fiscal year. Any funds remaining after the transfer to the General Fund shall be deposited in the Nonreserve Fund, not to exceed a total deposit of twenty million dollars (\$20,000,000). If the total amount deposited to the Nonreserve Fund equals twenty million dollars (\$20,000,000) and there are additional remaining funds, then those funds shall be deposited in the Reserve Fund.

Notwithstanding GS 143-15.2 and GS 143-15.3A, the State Controller shall transfer thirty-five million dollars (\$35,000,000) from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2004. This subsection becomes effective June 30, 2004.

Funds transferred under this section to the Repairs and Renovations Reserve Account or otherwise credited to the Repairs and Renovations Reserve Account by this act are hereby appropriated for the 2004-2005 fiscal year to be used in accordance with GS 143-15.3A.

If funds anticipated by this act from over collections in General Fund revenue for the 2003-2004 fiscal year or from the sale of surplus property during the 2004-2005 fiscal year are under realized, the Director of the Budget shall reduce the amount transferred or otherwise credited to the Repairs and Renovations Reserve Account pursuant to this act by a corresponding amount.

Notwithstanding GS 143-15.2 and GS 143-15.3, the State Controller shall transfer only one hundred million dollars (\$100,000,000) from the unreserved credit balance to the Savings Reserve Account on June 30, 2004. This is not an "appropriation made by law", as that phrase is used in Article V, Section 7(1) of the North Carolina Constitution. This subsection becomes effective June 30, 2004.

The State Controller shall transfer one hundred eight million dollars (\$108,000,000) from the General Fund unreserved credit balance to the Department of Public Instruction on June 30, 2004. These funds are hereby appropriated to the Department of Public Instruction for the 2003-2004 fiscal year and shall be used to provide ABC bonuses for schools that met or exceeded projected levels of improvement in student performance during the 2003-2004 school year.

These funds shall not revert at the end of the 2003-2004 fiscal year, but shall remain available until expended for this purpose. This subsection becomes effective June 30, 2004.

Section 6.23(a1) of S.L. 2003-284, as enacted by Section 2 of S.L. 2003-283, is repealed.

Notwithstanding GS 165-48, five hundred thousand dollars (\$500,000) of the cash balance remaining in the NC Veterans Home Trust Fund (Budget Code 64106, Fund 6771) on July 1, 2004, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be used to support the General Fund appropriation for the 2004-2005 fiscal year for the start-up cost of the State Veterans Nursing Home in Salisbury.

Notwithstanding GS 116-44.8, two hundred fifty thousand dollars (\$250,000) of the cash balance remaining in the Fire Safety Loan Fund (Budget Code 63414, Fund 6510) on July 1, 2004, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be used to support General Fund appropriations for the 2004-2005 fiscal year.

On July 1, 2004, the State Controller shall transfer two million one hundred eighty thousand dollars (\$2,180,000) from Information Technology Services Budget Code 74660, to Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for information technology programs and activities across State government for the 2004-2005 fiscal year.

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

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, 2005, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Fund appropriations for the 2004-2005 fiscal year.

Current Operations – Highway Fund	2004-2005
Transportation Administration	\$ 1,227,072
Operations –	
Match for Federal Aid	–
Construction Program:	
State Secondary System	410,000
State Urban System	14,000,000
Discretionary Funds	5,000,000
Spot Safety Improvements	–
Access and Public Service Roads	–
Maintenance	17,438,991
Capital Improvements	–
Ferry Operations	1,000,000
State Aid to Municipalities	410,000
State Aid to Railroads	–
State Aid for Public Transportation	(436,479)
Asphalt Plant Cleanup	–
Governor's Highway Safety Program	–
Division of Motor Vehicles	1,218,921
Appropriations to Other State Agencies	1,030,489
Reserves and Transfers	
18,076,591	
Total	\$59,375,585

HIGHWAY FUND AVAILABILITY STATEMENT

The Highway Fund appropriations availability used in developing modifications to the 2004-2005 Highway Fund budget contained in this act is shown below.

Highway Fund Budget Reform Statement	2004-2005
Beginning Credit Balance	–
Estimated Revenue	\$ 1,390,900,000
Estimated Reversions	–
Total Highway Fund Availability	\$ 1,390,900,000

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, 2005, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Trust Fund appropriations for the 2004-2005 fiscal year.

Current Operations – Highway Trust Fund	2004-2005
Intrastate System	(7,488,716)
Urban Loops	(3,028,125)
Aid to Municipalities	(785,741)
Secondary Roads	236,830
Administrative Expense	(439,735)
Transfer to General Fund	66,513

**GRAND TOTAL CURRENT OPERATIONS AND
EXPANSION**

(11,572,000)

BLOCK GRANTS

DHHS BLOCK GRANTS

Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2005, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT

01.	Community Action Agencies	\$ 15,266,973
02.	Limited Purpose Agencies	848,165
03.	NC Interagency Council for Homeless Programs	262,472
04.	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 **\$ 17,225,775**

SOCIAL SERVICES BLOCK GRANT

01.	County departments of social services (Transfer from TANF – \$4,500,000)	\$ 28,868,189
02.	Allocation for in-home services provided by county departments of social services	2,101,113
03.	Division of Services for the Blind	3,105,711
04.	Division of Facility Services	426,836
05.	Division of Aging – Home and Community Care Block Grant	1,840,234
06.	Child Care Subsidies	6,269,309
07.	Division of Vocational Rehabilitation – United Cerebral Palsy	71,484
08.	State administration	1,693,368
09.	Child Medical Evaluation Program	238,321
10.	Adult day care services	2,155,301
11.	Comprehensive Treatment Services Program	422,003
12.	Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly	203,198
13.	Division of Vocational Rehabilitation Services – Easter Seals Society	116,779
14.	UNC-CH CARES Program for training and consultation services	247,920
15.	Office of the Secretary – Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly persons	41,302
16.	Division of Social Services – Child Caring Agencies	1,500,000
17.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services – Developmentally Disabled Waiting List for services	5,000,000

18.	Transfer to Preventive Health Services Block Grant for HIV/AIDS education, counseling, and testing	145,819
19.	Division of Facility Services – Mental Health Licensure	213,128
20.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	3,234,601
TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 57,894,616

LOW-INCOME ENERGY BLOCK GRANT

01.	Energy Assistance Programs	\$ 12,775,323
02.	Crisis Intervention	9,192,927
03.	Administration	2,957,339
04.	Weatherization Program	4,212,740
05.	Department of Administration – N.C. State Commission of Indian Affairs	54,840
06.	Heating Air Repair and Replacement Program	1,966,153
TOTAL LOW-INCOME ENERGY BLOCK GRANT		\$ 31,159,322

MENTAL HEALTH SERVICES BLOCK GRANT

01.	Provision of community-based services for severe and persistently mentally ill adults	\$ 6,307,035
02.	Provision of community-based services to children	3,921,991
03.	Comprehensive Treatment Services Program for Children	1,500,000
04.	Administration	568,911
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT		\$ 12,297,937

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	\$ 20,441,082
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	4,816,378
04.	Child Substance Abuse Prevention	5,835,701
05.	Provision of services to children and adolescents	4,940,500
06.	Juvenile Services – Family Focus	851,156
07.	Allocation to the Division of Public Health for HIV/STD Risk Reduction Projects	383,980
08.	Allocation to the Division of Public Health for HIV/STD Prevention by County Health Departments	209,576
09.	Allocation to the Division of Public Health for the Maternal and Child Health Hotline	37,779

10.	Administration	2,596,307
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		\$ 48,181,983

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

01.	Child care subsidies	\$154,163,120
02.	Quality and availability initiatives	17,764,577
03.	Administrative expenses	7,163,654
04.	Transfer from TANF Block Grant for child care subsidies	81,292,880
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		\$260,384,231

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT

01.	Work First Cash Assistance	\$119,841,508
02.	Work First County Block Grants	94,653,315
03.	Transfer to the Child Care and Development Fund Block Grant for child care subsidies	81,292,880
04.	Child Care Subsidies for TANF Recipients	34,512,238
05.	Child Welfare Workers for local DSS	12,452,391
06.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
07.	Support Our Students – Department of Juvenile Justice and Delinquency Prevention	2,249,642
08.	Domestic Violence Services for Work First Families	1,200,000
09.	After-School Services for At-Risk Children	2,249,642
	YWCA Central Carolinas Youth Development Programs \$176,000	
10.	Division of Social Services – Administration	400,000
11.	Child Welfare Training	2,550,000
12.	TANF Automation Projects	592,500
13.	Boys and Girls Clubs	1,000,000
14.	Work Central Career Advancement Center	550,000
15.	WCH-Teen Pregnancy Prevention	1,500,000
16.	Transfer to Social Services Block Grant for Child Caring Institutions	1,500,000
17.	Special Children's Adoption Fund	3,000,000
18.	NC Fast Implementation	2,717,298
19.	Maternity Homes	838,000
20.	Individual Development Accounts	180,000
21.	Reduction of Out-of-Wedlock Births	1,000,000
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		\$368,599,414

MATERNAL AND CHILD HEALTH BLOCK GRANT

01.	Healthy Mothers/Healthy Children Block Grants to Local Health
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	Departments	9,565,205
02.	High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education, and Technical Assistance to Local Health Departments, Office of Women's Health	2,207,273
03.	Adolescent Pregnancy Prevention Coalition of NC	150,000
04.	Office of Minority Health	159,000
05.	Services to Children With Special Health Care Needs	4,280,987
06.	School Health Nurse Initiative	3,250,000
	School Health Nurse Initiative Reserve 2005-2006	3,250,000
07.	Administration and Program Support	2,434,303
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT		\$ 25,296,768

PREVENTIVE HEALTH SERVICES BLOCK GRANT

01.	Statewide Health Promotion Programs	\$2,772,294
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.	Administration and Program Support	699,092
05.	Osteoporosis Task Force Operating Costs	150,000
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		\$3,964,317

NER BLOCK GRANTS

Appropriations from federal block grant funds are made for fiscal year ending June 30, 2005, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	\$ 1,000,000
02.	Urgent Needs and Contingency	50,000
03.	Scattered Site Housing	13,200,000
04.	Economic Development	10,960,000
05.	Community Revitalization	12,200,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,000,000
08.	Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – 2005 Program Year		\$ 45,000,000

General Provisions

Preference given to American made products. Adopts House provision.
Rules Review Comm'n transferred to Office of Administrative Hearings; authorization for Rules Review Comm'n to obtain outside counsel. Deletes House provision.

Extend local government hold harmless. Adopts House provision but extends hold harmless to 2009 rather than 2012.

Legislative Commission on State Property/State Property Office duties. Deletes House provision.

Change effective date-private plates on public vehicles. Deletes House provision.

Escheat Fund repayment. Deletes House provision.

Veterans' home trust fund transfer. Adopts House provision.

Fire safety loan fund transfer. Adopts House provision.

ITS budget transfer. Adopts House provision.

Modify Global Transpark debt. Amends GS 147-69.2(b)(11) to extend maturity date of obligations from Sept. 1, 2004, to Sept. 1, 2009.

JDIG appropriation structure. Substantially adopts House provision.

Pottery highway signs. Deletes House provision.

Dep't of Transportation to erect informational signs for historic district in the City of Kings Mountain. Deletes House provision.

No elected state officials in public service announcements paid for by state funds, federal funds, or funds received from settlement of litigation. Deletes House provision.

Proceeds from sale of surplus property credited to the Repairs and Renovations Reserve Account. Directs that unless otherwise provided by law, the clear proceeds of the sale of state-owned surplus property shall be credited to the repairs and Renovations Reserve Account established by GS 143-15.3A.

Study budgeting of occupational licensing boards. Authorizes Legislative Research Comm'n to undertake study as title indicates.

Revise report of budget director. Amends SL 2003-284, sec. 6.2A(b), to direct that the report of Office of State Budget and Management to be made no later than Jan. 15, 2005, rather than as soon as practicable.

Special funds, federal receipts, appropriations. Amends SL 2003-284, sec. 6.1, which deals with the subject of the title, to remove the June 30, 2004, sunset.

Transfers between line items. For 2004-05 only, authorizes departments and agencies to transfer General Fund appropriations between personal service and nonpersonal service line items provided transfer has been approved by the department or agency head and has received prior approval from the Office of State Budget and Management.

Contingency and Emergency Fund allocations. Amends SL 2003-284, sec. 6.4, to allow use of up to \$2 million for purposes related to the Base Realignment and Closure Act for 2004-05, and up to \$250,000 for statutory purposes other than those set out in GS 143-23(a1)(2) for 2004-05.

Authorization to establish receipt-supported positions. Authorizes departments and agencies to establish receipt-supported positions authorized in this act upon approval by the Director of the Budget.

Reporting of non-state entities. Makes following amendments to GS 143-6.1: (1) provides that if the Director of the Budget finds that a non-state entity (as defined) has spent or encumbered funds for an unauthorized purpose, the director shall take appropriate administrative action to see that no further irregularities occur and shall report to the Attorney General any apparent violation of a criminal law; (2) a grantee of state funds must ensure that the funds are spent in accordance with the purposes for which they were granted, be accountable for their expenditure, and maintain such records and reports as may be required; (3) grantees shall ensure that work papers in the possession of their auditors are available to the State Auditor and provide the work papers upon request; such papers are not public records within the meaning of GS 132-1.

Establish North Carolina economic infrastructure program. Appropriates from General Fund \$20 million for 2004-05 to the Rural Economic Development Center, Inc., as title indicates. Section effective only if H 1352, or similar legislation appropriating funds for the NC Economic Infrastructure Program, does not become law.

Authorize acquisition of options for site development and authorize consultant contracts for recruitment. Amends GS 143B-437.02 and 143B-431 as title indicates.

Appropriation for One North Carolina Fund and the New and Expanding Industry Training Program. Appropriates from General Fund \$20 million for 2004-05 as title indicates and states it is the General Assembly's intent that there be a recurring annual appropriation to the Fund of \$10 million beginning in 2006-07. Appropriates from General Fund \$4,100,000 to Community Colleges System Office for 2004-05 for new and expanding industry training. Incorporates the substantive provisions of S 1117, introduced 5/17/04, which codifies the One North Carolina Fund provision in GS Ch. 143B.

William Friday Institute for Higher Education Leadership. Substantially similar to the Senate Committee Substitute for H 1136, adopted 6/21/04.

Limit use of impervious parking surfaces for sale of nursery stock. Effective Jan. 1, 2005, and applicable to retail premises first opened for business on or after that date, enacts new GS 143-214.7(d1) to provide that a retail merchant shall not use more than 200 square feet of impervious surface area within the portion of the merchant's premises that is designed to be used for vehicular parking and for vehicular and pedestrian ingress and egress to the parking lot for the display and sale of nursery stock.

Town of Cornelius median cuts. Directs Dep't of Transportation to construct 6 median cuts on Catawba Ave. in Cornelius at locations designated by the town.

Funds for farmland preservation projects. Provides that for 2004-05 only, the Board of Trustees of the Clean Water Management Trust Fund may allocate up to \$4,100,000 to match federal, state, local, and private funds to acquire permanent conservation easements on working farms and forests. Directs Dep't

of Ag. And Consumer Services to prepare a master plan for farmland preservation in NC.

Public Schools

Teacher salary schedules. For 2004-05, adopts monthly salary schedule ranging from \$2,548 for an A teacher with 0 years experience to \$5,642 for an M teacher with 30 or more years experience and NBPTS certification.

School-based administrator salary schedule. For 2004-05, adopts monthly salary schedule ranging from \$3,256 for an assistant principal with 0-4 years experience to \$7,561 for a principal VIII with 41 or more years experience.

Experience step increase for teachers and principals in public schools. Provides teachers with twenty-nine years or more experience with a one-time bonus equal to the average increase of the twenty-six to twenty-nine year steps. Provides a one-time bonus of 2 percent to principals and assistant principals who are paid at the top of the salary schedule.

Central office salaries. Adopts House provision with the following changes to the monthly salary ranges for assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2004-2005 fiscal year, beginning July 1, 2004.

School Administrator I	\$2,932	\$5,411
School Administrator II	\$3,112	\$5,740
School Administrator III	\$3,303	\$6,088
School Administrator IV	\$3,436	\$6,331
School Administrator V	\$3,574	\$6,586
School Administrator VI	\$3,792	\$6,986
School Administrator VII	\$3,945	\$7,266

Makes the following changes to the monthly salary ranges for public school superintendents for the 2004-2005 fiscal year, beginning July 1, 2004.

Superintendent I	\$4,187	\$7,709
Superintendent II	\$4,445	\$8,175
Superintendent III	\$4,716	\$8,673
Superintendent IV	\$5,005	\$9,199
Superintendent V	\$5,312	\$9,760

Changes sec. 7.23(f) to provide that all other permanent full-time personnel shall receive a salary increase of the greater of \$1000 or 2.75 percent.

Noncertified personnel salary. Adopts the House provision with the following change. Provides that personnel shall receive a salary increase of the greater of \$1000 or 2.75 percent.

Appropriations for continually low-performing schools. Adopts House provision.

Children with disabilities. Adopts House Provision

Funds for academically gifted children. Adopts House Provision

Disadvantaged student supplemental funding. Appropriates \$10 million from the General Fund to State Aid to Local School Administrative Units for the 2004-05 fiscal year to provide funding for local school administrative units with the lowest capacity to help disadvantaged students enhance their academic performance. Authorizes the State Board to use any funds that remain after it

determines the funding level for each eligible local school district to establish an LEA Assistance Team Reserve.

LEA assistance program. Adopts House provision with the following change. Provides that funds will not revert at the end of each fiscal year.

Local education agency flexibility. Adopts House provision

Small school system supplemental funding. Directs the State Board of Education to allocate funds appropriated for small school system supplemental funding (1) to each county school administrative unit with an average daily membership of fewer than 3,175 students and (2) to each county school administrative unit with an average daily student membership between 3,175 and 4,000 if the county's adjusted property tax base per student is below the state-adjusted property tax base per student and the total average daily membership of all school administrative units in the county is from 3,175 to 4,000.

Replacement school buses funds. Adopts House provision.

K-2 assessment. Adopts House provision with the following change. Clarifies that standardized test may be used to assess children in the first and second grades if required to receive a federal grant under the Reading First Program.

Evaluate validity of ABC accountability system. Adopts House provision

Funds to implement the ABCs of public education. Adopts House provision with the following change. Deletes provisions authorizing the State Board of Education to use funds appropriated for State Aid to Local Administrative School Administrative Units for the 2005-06 to provide incentive funding (1) for schools that exceed the projected levels of improvement in student performance during the 2004-05 school year and (2) for assistance teams to low performing schools.

Discontinue ineffective program. Adopts House provision.

Restore vocational education funding. Adopts House provision.

Expedite allotments from the ADM Contingency Reserve. Deletes House provision.

Healthful school food choices/pilot program. Deletes House provision.

Visiting international faculty. Adopts House provision.

State Board of Education authority to set certification standards for teachers. Deletes House provision.

Maintain 12-month vocational agriculture teacher positions. Deletes House provision.

Accountability assessment for agricultural education. Directs the State Board of Education to submit an amended State Career-Technical Education Plan to the U.S. Dep't of Education to permit the State Board to field test and collect data on the Agricultural Education Program Standards for two years. Provides that the Dep't of Public Instruction and the Dep't of Agriculture must report on the field test to the Joint Legislative Oversight Committee by October 15, 2005.

Additional teacher positions for third grade. Adopts House provision with following change. Reduces by two (House provision reduced by 4.23) the teacher student ratio for third grade classes.

High school workforce development program. Adopts House provision.

Funds for the Education of Students at Eckerd Youth Camp. Directs local school administrative units to pay Eckerd Youth Alternatives for educational

services it provides to school-age students. Sets the maximum payment for each child at 1/180 of the annual amount a charter school located in that unit would receive per child for a maximum of 180 days in the fiscal year.

Funds for the testing and implementation of the new student information system. Adopts House provision with the following change. Provides that the Office of State Budget and Management must, after consultation with the Dep't of Public Instruction, modify the budget structure for funds budgeted for the Uniform Education Reporting System to separate funds for the development and implementation of NC Wise from funds for other reporting systems. Deletes other provisions of House version.

Experience step increase for teachers and principals in public schools. Deletes House provision.

Charter school facility funds. Deletes House provision.

New school bus equipment requirements. Deletes House provision.

Implementation of Alternative Competency Tests. Requires the State Board of Education to adopt or develop and validate the alternative tests required under GS 115C-174.11(b)(3) by April 15, 2005, and implement these tests in the 2005-06 school year.

Teachers for geographically isolated schools. Authorizes the allotment of additional classroom teachers to a school with an average daily membership of fewer than 100, when consolidation is not feasible.

Enhance nutrition in school food program. Prohibits the use of cooking oils that contain trans fatty acids in the operation of public school food programs.

Encourage LEAS to apply for E-rate reimbursements. As title indicates.

Study the efficacy of providing for staff development through regional education service alliances. Authorizes the Joint Legislative Oversight Committee to consider the efficacy of providing for staff development in the core curricular areas through teacher on loan positions at Regional Education Service Alliances and report the results of the study to the 2005 General Assembly.

Local school construction financing study. Establishes a Local School Construction Financing Study Comm'n with 18 members, one appointed by the Governor, eight appointed by the President Pro Tem., eight appointed by the Speaker, and the State Treasurer or his designee. Directs the Comm'n to examine the present system of local financing of school facilities and alternative options.

Children's Trust Fund. Directs the Dep't of Public Instruction to collaborate with the Div. of Social Services and with statewide child abuse and neglect prevention experts to determine best practices in child abuse and neglect prevention, explore additional revenue sources for child protection, and ensure statewide awareness of the Trust Fund and its mission. Requires the Dep't to report annually on revenues and expenditures of the Trust Fund to the Joint Legislative Commission on Governmental Operations.

Community Colleges

Use of funds for the college information system project. Adopts House provision with the following change. Deletes provision authorizing the Community

Colleges System Office to use funds other than personal service funds, appropriated for the College Information System Project, to establish new personnel positions to support the project.

Carryforward for equipment. Adopts House provision.

Salaries of community college faculty and professional staff. Adopts House provision with the following change. Decreases to eight percent (from ten percent) the percentage of state funds that community colleges with faculty salaries at 100 percent or more of national average can transfer to support salaries. Decreases to six percent (from eight percent) the percentage of state funds that community colleges with faculty salaries at 95 percent or more of national average can transfer to support salaries. Decreases to five percent (from six percent) the percentage of state funds that community colleges with faculty salaries at 90 percent or more of national average can transfer to support salaries. Decreases to three percent (from four percent) the percentage of state funds that community colleges with faculty salaries at 100 percent or more of national average can transfer to support salaries..

Modify reporting requirement for new and expanding industry training program. Adopts House provision.

New and expanding industries training program funds. Adopts House provision.

NCCATT to operate as the North Carolina Center for Applied Textile Technology at Gaston College. Deletes House provision.

Center for Applied Textile Technology/modify board. Replaces House changes in *NCCATT to operate as the North Carolina Center for Applied Textile Technology at Gaston College.* Amends GS 115D-68 to delete requirement that the President of the Community Colleges System be a member of the board of trustees.

Study of the North Carolina Center for Applied Textile Technology. Authorizes the State board of Community Colleges to study whether the North Carolina Center for Applied Textile technology should remain an independent institution under the Community College System, be administered by a community college, be dissolved and the property transferred from state ownership to county ownership, or be otherwise administered. Directs the State Board to report the results of the study to the Office of State Budget and Management and the Joint Legislative Education Oversight Committee no later than Nov. 30, 2004.

Funds for the Bureau of Training Initiatives. Adopts House provision.

Funds for the comprehensive articulation agreement study. Adopts House provision.

Report on adequacy of multicampus funds. Adopts House provision with the following change. Provides that \$20,000 of the funds appropriated for off-campus centers must be used by the State Board to assist approved centers with less than 50 FTE.

Community college funding flexibility. Deletes House provision

Middle college start-up funds. Adopts House provision.

Matching funds for career start project. Adopts House provision.

Study of FTE funding formula. Adopts House provision.

Funds for significant FTE increases. Adopts House provision with the following changes. Changes title to *Contingency reserves*. Adds provision requiring that funds also be used to provide one-time grants to colleges in areas with high unemployment due to manufacturing job losses.

Contingency reserve for colleges experiencing high rates of unemployment. Deletes House provision.

State Board reserve allocation for maintenance of plant. Authorizes State Board of Education to use up to \$100,000 from the State Board Reserve for 2004-05 to assist small rural low-wealth community colleges to assist new or expanding industries with plant operation and maintenance.

Statewide military business center and homeland security business incubator. Requires that of funds appropriated for a military business center, \$200,000 shall be used by the NC Electronics and Information Technologies Assoc. to develop a proposal for the development of a homeland security business incubator and that NCEITA shall report on proposal to General Assembly no later than Feb. 28, 2005. Requires that remainder of funds be used for the development and operation of a military business center by Fayetteville Technical Community College to develop a statewide business assistance center to facilitate the award of military contracts to small- and medium-sized businesses and to plan and implement the development of an industrial park to house military contractors. Makes technical corrections.

Nursing scholarships for worthy and needy students. Enacts new GS 115D-40.2, establishing the Nursing Scholarship Program. Appropriates \$5 million from the Escheat Fund to the Community Colleges System Office for 2004-05 to provide scholarships. Requires that the State Board of Community Colleges develop criteria for award of Program funds and that scholarships be granted in the form of a loan. Provides that loan is subject to forgiveness if recipient practices nursing in NC upon graduation, one year of a scholarship loan to be forgiven for each year worked.

Universities

UNC flexibility guidelines. Adopts House provision.

Need-based financial aid from escheat funds. Adopts House provision with the following changes. Increases appropriation to the Board of Governors to \$41,344,000 for 2004-05 (was, \$21,344,000). Increases appropriation for scholarship loans to NC high school seniors enrolled at Historically Black Colleges and Universities to \$390,000 (was, \$195,000), increasing number of grants to 20 (was, 10).

Area Health Education Center (AHEC) Funds. Deletes requirement that Board of Governors shall allocate \$24,000 annually to the Wilmington AHEC program.

UNC bond project modifications. Adopts House provision.

Fayetteville State University and North Carolina School of the Arts retain real property proceeds. Adopts House provision.

North Carolina School of Science and Math carryover/onetime expenditures. Deletes House provision.

Evaluate science & math school tuition grants. Adopts House provision with the following changes. Deletes requirement that students be informed of the possible discontinuance of the grant program. Makes technical corrections.

UNC-Chapel Hill continue to operate Horace Williams Airport. Adopts House provision with the following changes. Requires that UNC-CH also continue airport air transportation support for the public.

UNC construction specifications. Enacts new GS 133-3(b) authorizing constituent institutions of UNC to establish construction specifications for building components, including specifying the components by brand in construction bid documents, if this will further efficiency in the operation, maintenance, or upkeep of buildings. Establishes procedure for component specification.

UNC personnel mediation/inadmissibility in litigation and clarification regarding the practice of law. Enacts new GS 116-17.3, providing that any evidence of the “mediation of a personnel matter” pursuant to UNC policies is not subject to discovery, is inadmissible in any subsequent proceeding (except for a proceeding to enforce a settlement agreement), and is not a public record under GS Ch. 132. Further provides that the mediator or a person participating in a mediation may not be compelled to testify concerning mediation in any civil proceeding for any purpose. Amends GS 84-2.1 to provide that “practice of law” does not include preparation of memoranda or mediation summaries at UNC mediations.

Teaching scholarships for worthy and needy students. Enacts new GS 116-209.36, establishing the Teaching Scholarship Program. Appropriates \$2.5 million from the Escheat Fund to the Board of Governors for 2004-05 to provide for 384 scholarships and another \$500,000 for planning money to increase the number of teacher education classes required by increase in attendance. Requires that the Board of Governors develop criteria for award of Program funds and that scholarships be granted in the form of a loan. Provides that loan is subject to forgiveness if recipient teaches at a NC public school or a U.S. government school operated in NC, one year of a scholarship loan to be forgiven for each year worked.

North Carolina School of the Arts exempt from the Umstead Act. Enacts new GS 66-58(b)(8)k. to provide that agreements to use the NC School of the Arts facilities may be unrelated to educational purposes as long as the proceeds from those agreements are used for the benefit of the School's educational mission. Makes technical corrections.

Department of Health and Human Services

Centralize criminal record check functions. Adopts House provision.

Study issues related to mentally ill residents of long-term care facilities. Adopts House provision with the following changes. Deletes sec. 10.2.(c) authorizing DHHS to use up to \$150,000 to contract for study.

Transfer of funds in Camp Butner Water and Sewer Utility Enterprise Fund for purchase of fire truck. Requires that DHHS transfer \$280,000 for 2004-05 to Dep't of Crime Control and Public Safety, Butner Public Safety Div'n as title indicates.

Automatic enrollment Medicare Prescription Drug Discount Card. Authorizes DHHS to automatically enroll senior citizens who are in the state program and whose income is not more than 135% of the federal poverty level in the federal Medicare Prescription Drug Discount Program. Requires that DHHS give those eligible an opportunity to decline enrollment.

Consolidation of management of IT operations, services, and functions within DHHS. Requires that DHHS begin implementation of its plans to consolidate IT services and to restrict the future creation or filling of any IT-related position when the position's function is properly placed within the consolidated IT function. Further requires that DHHS's consolidation plan be submitted to the General Assembly no later than Oct. 1, 2004, and that Dep't report on implementation on or before March 1, 2005.

DHHS payroll deduction for child care services. Requires that DHHS allow employees to authorize the deduction of the cost of child care services from salary.

Regulation of physician assistants and nurse practitioners receiving, prescribing, or dispensing free prescription drugs. Enacts new GS 90-18.2A giving NC Medical Board sole jurisdiction to regulate activities as title indicates. *No state funds for rebirthing technique performed in another state.* Enacts new GS 14-401.21(c), prohibiting the use of state funds as title indicates.

Community health grant funds. Deletes House provision.

Medicaid. Adopts House provision with the following changes. Amends sec. 10.19.(a)(22)b., adding licensed psychological associates, licensed professional counselors, licensed marriage and family therapists, certified clinical addictions specialists, and certified clinical supervisors to the list of services for which coverage may be obtained. Further amends subsection to change reference to Carolina ACCESS to Community Care of NC and to provide that a Medicaid-enrolled psychiatrist or a local management entity may also refer Medicaid-eligible children to these services. Enacts new sec. 10.19.(a)(22)c., providing same coverage for Medicaid-eligible adults as is authorized in subsection (22)b. for children. Enacts new sec. 10.19.(a)(22)e. prohibiting DHHS from enrolling specialists added above until it confirms that the fiscal impact of payments to providers has been projected; funding has been identified in excess of budgeted Div'n of Medical Assistance funding; and approval has been obtained from the Office of State Budget and Management. Amends sec. 10.19.(a)(23) to provide that medically necessary orthotics and prosthetics are subject to prior approval and utilization review. Reinserts sec. 10.19.(p). Makes technical corrections.

Medicaid reserve fund transfer. Adopts House provision with the following changes. Increases to \$84,204,251 (was, \$79,204,251) amount allocated for Medicaid programs in 2004-05.

Transfer of property to qualify for Medicaid/technical correction. Adopts House provision.

Medicaid assessment program for ICF/MR facilities. Adopts House provision with the following changes. Makes technical corrections.

Community alternatives programs. Adopts House provision with the following changes. Deletes sec. 10.9.(a) requiring that DHHS ensure that expenditures do

not exceed the budget for programs and that CAP slots are fully allocated and filled in a timely manner.

Disease management pilot programs. Deletes House provision.

Pilot program to test new approaches to managing access to and utilization of health care services to Medicaid recipients. Adopts House provision.

PACE pilot program funds. Deletes House provision.

DHHS study Medicaid institutional bias. Deletes House provision.

NC Health Choice eligibility; premium contribution. Deletes House provision.

NC Health Choice administration and claims processing. Deletes House provision

NC Health Choice enrollment management. Deletes House provision.

Foster care and adoption assistance payments. Deletes House provision.

Special Children Adoption Fund. Adopts House provision.

Funds for child protective services staff. Adopts House provision with the following changes. Decreases amount DHHS shall use to hire additional child protective services staff at the local level to \$4 million (was, \$5 million) for 2004-05.

TANF benefit implementation. Adds provision stating that the elimination of payment-after-performance as a benefit delivery method for two-parent families contained in the NC TANF State Plan FY 2003-2005 will only be implemented if the federal two-parent work participation rate is eliminated.

IV-E child caring institutions. Directs DHHS to work with the federal government and child caring institutions to ensure that adequate funds are available to support child caring institutions operations.

Adult care home criminal record check pilot. Incorporates the provisions of H 1522, introduced 5/19/04, but increases appropriation to DHHS to implement the program from \$150,000 to \$450,000 for 2004-2005, and directs that \$250,000 be transferred to the Dep't of Justice to be used to expedite the processing of criminal record checks by upgrading the billing system.

Child welfare system reform. Deletes House provision.

Adult day services training and reimbursement methodology. Deletes House provision.

State/county special assistance. Reduces maximum monthly rate for residents in adult care home facilities from \$1,096 to 1,081 per month per resident. Deletes provision transferring funds from institutional receipts in Div'n of MH/DD/SA to Div'n of Social Services to provide for rate increase.

Administration of reduction in funds to area authorities. Deletes House provision.

DHHS policies and procedures in at risk children's program and multiply diagnosed adults program. Changes title and internal references to delete "At Risk Children's Program" and substitutes "Comprehensive Treatment Services Program for Children." Requires area authorities and county programs to use all funds appropriated for and necessary to provide services to meet the need for these services. Provides that excess funds shall not revert, but shall be transferred to the Trust Fund for MH/DD/SA Services and Bridge Funding

Needs, except that excess funds appropriated for the Comprehensive Treatment Services Program for Children that are unexpended and unencumbered shall be carried forward and used only for services for children and adolescents.

Funds for PATH Program residence purchase. Deletes House provision.

Use of mental health trust fund monies for capital improvements and expansions at ADACT Centers. Deletes House provision.

Study financing of mental health, developmental disabilities, and substance abuse services. Deletes House provision.

Area program and county program transition flexibility. Adopts House provision.

Dorothea Dix master Plan. Adopts House provision.

DHHS Central Office Contracts Reduction. Provides that the reductions in funds for DHH for technical assistance, training, and service contracts through the Central Office of Div'n of MH/DD/SA Services shall not apply to the contract with NC High School Athletics Ass'n.

Mental health treatment courts. Deletes House provision.

Public Health Task Force reporting requirement. Adopts House provision.

Public Health Improvements. Allocates \$50,000 of the DHHS appropriation to accredited local public health agencies to be used for one or more of several listed purposes, and requires report on the accreditation process to the House and Senate appropriations subcommittees on HHS and Fiscal Research Div'n no later than Jan. 1, 2005. Requires expansion of the accreditation process to include additional unspecified counties. Establishes the Pilot Accreditation Advisory Board to evaluate the pilot accreditation process, allocates funds for the activities of the board, and requires the board to report its findings no later April 1, 2005. Requires Dep't to contract with the Institute for Public Health to implement the accreditation process. Provides that the NC Public Health Task Force 2004 shall continue work on the Public Health Improvement Plan and its final report shall include comparisons of the recommendations of the task Force with the Model State Public Health Act, Public Health Statute Modernization National Excellence Collaborative, Sept. 2003.

Early Intervention reporting requirement. Adopts House provision.

AIDS drug assistance program. Adopts House provision.

Maximize ADAP program funding and AIDS/HIV testing. Adopts House provision.

North Carolina Public Health Department incubators. Deletes House provision.

Funds for school nurses. Increases appropriation from \$1,750,000 to \$4,000,000 and increases number of permanent local nurses from 35 to 80.

Hospital emergency department data reporting. Adopts House provision.

Authorize Child Care Commission to adopt rules for child care facilities for medically fragile children. Adopts House provision.

Criminal history record checks for local child care centers. Adopts House provision.

Increase North Carolina Partnership for Children Board membership. Adopts House provision.

Study Smart Start Funding. Directs the NC Partnership for Children to study its funding, including specific aspects specified in the provision, and to report to the legislature by March 1, 2005.

More at Four Program. Reduces the funds for implementation of the program from \$50,979,002 to \$46,450,402. Provides that "More at Four" funding shall not supplant any funding for classrooms serving four-year-olds during 2003-2004. Allocates \$150,000 of the "More at Four" funds to fund the Center for the Acquisition of Spoken Language Through Listening Enrichment (CASTLE), and \$150,000 to contract with Prevent Blindness of NC, Inc., to provide vision screenings.

AGAPE of NC, Inc, on list of agencies eligible to receive funding from State Funds Program. Adds provision as title indicates.

Department of Agriculture and Consumer Services

Sale of Umstead Farm dairy herd and use of proceeds. Adopts House provision.

Study funding for DACS research stations. Adopts House provision.

Provide critical support for NC dairy farmers. Creates the NC Dairy Stabilization and Growth Fund as a nonreverting account in the Dep't of Ag. And Consumer Services to be funded through legislative appropriations, grants, and donations. Funds to be used to provide assistance to NC Dairy Farmers in accordance with program enacted in new G.S. 106-814. New statute creates a base price/subsidy program for milk producers that meet criteria set forth in the statute. New program expires June 30, 2014. Requires the Agriculture and Forestry Awareness Study Comm'n to study and report on the condition of the dairy industry in the state.

Department of Labor

Department of Labor/Apprenticeship Program. Authorizes Dep't to use up to \$499,612 of indirect cost receipts in the IDA Fund for 2004-2005 to partly restore funding for the Apprenticeship Program.

Department of Environment and Natural Resources

Grassroots Science Program. Deletes section from 2003 budget and replaces it with new allocation of funds totaling \$3,167,727 (was \$2,717,707). Expresses intention of legislature that allocations shall be recurring and made in subsequent years based on the allocation formula for the Grassroots Science Program.

No new funds for statewide beaver damage control program. Deletes House provision.

Twenty-four hour access to Fort Fisher State Recreation Area/funds for department activities at Fort Fisher. House Provision deleted.

Wildlife Resources Commission fiscal responsibility and accountability. Deletes House provision.

Wildlife Resources Commission not subject to service charge for sale of surplus property/recyclable material. Amends G.S. 143-64.05 to exempt the Comm'n. from charge as amended title indicates.

Cost share funds for limited resource/new farmers clarification. Deletes House provision.

Authorize the use of available funds for purchase of Bertie County Forestry Headquarters building/construction of McDowell County Forestry Headquarters building. Adopts House provision.

Partnership for the Sounds funds. Transfers to Pamlico County all funds remaining in the Partnership for the Sounds Funds for the Pamlico County education initiative.

Under Dock Oyster Culture Program. Enacts G.S. 113-210 to establish a permit authorizing the owner of a dock or pier to attach up to 90 square feet of oyster cultivation containers to the dock or pier. Permit is issued by the Director of the Div'n of Marine Fisheries and is valid for one year. Holder of permit is prohibited from selling oysters cultivated pursuant to the permit. Requires Div'n to develop and adopt rules for training of individuals who cultivate oysters under this section.

Animal water management systems technical specialists not required to be professional engineers. Amends G.S. 139-4(d)(11) to add provision as title indicates, and amends G.S. 89C-25 (licensing requirements for engineers) to list applicable activities not prohibited by that Chapter.

State match for federal safe drinking water act funds and for federal water quality act funds.

Adds provision requiring Dep't of Comm. to transfer \$776,680 from the Industrial Development Fund to DENR to be used to match specified federal grant moneys authorized under the Safe Drinking Water Act and Title VI of the Water Quality Act for this fiscal year.

Expand Express Review Pilot Program. Adopts House provision but limits expansion of program to one office (was two) and specifies Asheville regional office (was, to be chosen by the Dep't) and reduces new positions from eight to four.

Leaking Petroleum Underground Storage Tank Cleanup Fund solvency. Adopts House provision and moved to Part XXX Dep't of Transportation.

Onetime grants to Swain County. Deletes House provision.

Expand one-stop permit assistance program statewide. Deletes provision creating new G.S. 143B-279.12 to establish one-stop permits statewide and provides for expansion of pilot project to Winston-Salem and Fayetteville regional offices.

Prohibit certain grants from the Clean Water Management Trust Fund. Deletes House provision.

Monitoring and emergency cleanup funds for TEXFI site contamination. Deletes House provision.

Department of Commerce

Council of Government Funds. Adopts House provision.

One North Carolina Fund. Deletes House provision.

Tourism promotion funds. Deletes House provision.

One NC Funds to retain traditional industries. Deletes House provision.

Industrial Development Fund. Adopts House provision but changes amount by which Dep't of Commerce shall reduce the cash balance of the Industrial Development Fund from \$182,154 to \$2,182,154.

Regional Partnerships Vision Plans. Deletes House provision.

Regional Economic Development Commission allocations. Adopts House provision.

Rural Economic Development Center. Adopts House provision and also amends sec. 12.11(a) and adds a new sec.12.11(a1) to SL 2003-284 so as to make the following additions: (1) increases from \$1,881,697 to \$4,050,697 the funds allocated for fiscal 2004-2005 to the Rural Economic Development Center, increasing from to \$370,000 to \$2,395,000 the funds allocated for research and demonstration grants and adding \$144,000 for the Institute for Rural Entrepreneurship; (2) authorizes \$2 million of the fiscal 2004-2005 money allocated for research and demonstration grants to be allocated still further to the e-NC Authority to establish up to four Business and Technology Telecenters; (3) authorizes the e-NC Authority to contract with state agencies, universities, community colleges, and nonprofits to assist with program development and evaluation and to use up to 5% of the allocated funds for program development; (4) directs the e-NC Authority to report to the 2005 General Assembly on the activities necessary to allow residents of distressed urban areas to access high-speed Internet, including a training plan for such residents, and the technological and digital literacy training needed to create new technology-based enterprises in these communities and to use the Internet to enhance the productivity of their businesses; and (5) directs the authority to report by Jan. 31, 2005, and quarterly thereafter, to the Joint Legislative Comm'n on Governmental Operations on program development and program evaluation.

Opportunities Industrialization Center Funds. Adopts House provision.

Wanchese Seafood Industrial Park. Adds new provisions prohibiting funds appropriated to the Dep't of Commerce for fiscal 2003-2004 for the Oregon Inlet Project and funds appropriated prior to fiscal 2003-2004 that are unexpended and unencumbered as of June 30, 2004 from reverting and allows them to be expended by the NC Seafood Industrial Park Authority for operations, maintenance, expansion, repair, and capital improvements pursuant to GS Ch. 113, Art. 23. Effective June 30, 2004.

Trade Jobs for Success. Adds new sec. 13.7(a) to substantially incorporate provisions of S 1344, introduced 5/27/04, but deletes the appropriation in S 1344 of \$1.5 million for fiscal 2004-2005 to the Dep't of Commerce to undertake the initiative and the appropriation of \$750,000 to the Community Colleges System Office to help fund participation of local community colleges in the initiative.

Omnibus Changes to Employment Security Laws/Funds to Support Local ESC Offices. Adds new sec. 13.7B to incorporate provisions of Senate Committee Substitute for S 1388, adopted 6/17/2004.

Judicial Department

Increase maximum magistrate authorizations/study magistrate funding. Deletes House provision.

Collection of Worthless Check Funds. Adopts House provision.

Office of Indigent Defense Services/expansion funds/juvenile defender. Adopts House provisions but deletes authorization for the Office of Indigent Defense Services to use up to \$262,407 to create an Office of the Juvenile Defender to be comprised of one attorney position and one support staff position.

Establish a public defender's office in the first defender district. Adopts House provision but changes funds to be used by the Office of Indigent Defense Services for fiscal 2004 –2005 from \$600,000 to establish a public defender's office in the First Defender District to \$4.4 million to establish public defenders' offices in the First and Tenth Defender Districts.

Pilot program for provision of courtroom testimony of lab analysts by video conference/direct judicial department to study feasibility of a statewide program for providing testimony in that manner. Deletes House provision.

Domestic violence reserves. Deletes House provision.

Mediation Funding Study. Adds new sec. 14.2A directing Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee to study the funding formula used for providing State funding to community mediation centers and to report to the 2005 General Assembly.

Plan to continue drug court services. Adds new sec. 14.B directing the Administrative Office of the Courts to develop a plan to continue providing drug treatment court services in districts offering those services through time-limited non-state funding and to plan to offer these services in any district where feasible and needed. Directs the Administrative Office of the Courts to report on the plan to the chairs of the House and Senate Appropriations subcommittees on Justice and Public Safety by March 1, 2005.

Department of Justice

Study cost of the DCI-PIN system. Adopts House provision but directs that study shall include an assessment of the Division's operational, personnel, and overhead costs related to the DCI-PIN system on a per-unit basis and include a survey of the funding sources used by other states for their DCI-PIN systems (House version, study is to determine "how those costs have changed since the prior fiscal year.").

Reduce backlog of rape kits. Adopts House provision directing report on the number of rape kits analyzed by private entities and how many of those analyses resulted in arrests or convictions. Specifies that \$250,000 shall be used to contract with private entities to reduce the backlog of rape kits in storage in local law enforcement agencies as of July 1, 2004. (House version, dept. may use "available funds"). Adds new GS 58.20 ("Admissibility of Forensic Evidence") that provides as follows: (1) in any criminal prosecution, a laboratory report of a written forensic analysis (including an analysis of the defendant's DNA or forensic sample alleged to be the defendant's DNA) that states the result of the analysis and that is signed and sworn to by the person performing the analysis is

admissible in evidence so long as the affidavit is attached to the report; (2) requires that forensic analysis, to be valid, must be performed in accordance with rules of the State Bureau of Investigation (SBI) governing submission, identification, analysis, and storage of forensic analyses; (3) provides that the affidavit of the analyst that analyzes the forensic sample must be on a form developed by the SBI and includes statements concerning the analyst's qualifications; the identification of the lab where the analysis was performed, that the analysis is part of the person's regular duties, that scientifically accepted tests were performed with due caution and that the evidence was handled in accordance with accepted procedures while in the lab's custody; (4) provides that the attached affidavit and lab report shall be provided to the charging officer and the clerk of the superior court where criminal charges are pending; (5) provides that the district attorney shall serve copy of the lab report and affidavit on the attorney of record before the proceeding in which the report is to be used; (6) provides that the lab report is not prima facie evidence if the defendant or the defendant's attorney demands the testimony of the person who signed the lab report and issues a subpoena within three days from the date the proceeding is calendared; (7) provides that the defendant may examine the person who signed the lab report as if the person were an adverse witness; and (8) provides the act does not limit the introduction of other competent evidence of forensic analyses. Makes forensic evidence provisions effective Dec. 1, 2004. Also directs the Dep't of Justice to hire no sworn personnel to fill all vacant positions in the SBI lab for which the regular duties do not include serving warrants, responding to crimes prior to the crime scene being secured or entering hazardous situations that may require use of force.

Department of Juvenile Justice and Delinquency Prevention

State funds may be used as federal grant matching funds. Adopts House provision.

Operation of Buncombe Youth Detention Center. Deletes House provision.

Planning for new youth development centers. Adopts House provision along with following additions: (1) requires plan to include an explanation of the security components of the new facilities, including internal and perimeter security; and (2) provides that the Dep't of Administration and the Dep't of Juvenile Justice and Delinquency Prevention may not solicit bids for construction of new youth development centers until either Feb. 1, 2005, or at least 30 days after submission of the plan, which is later (House version, no solicitation until at least 30 days after plan submission).

Youth development center staffing. Reorganizes and edits House version making following changes: (1) requires the long-range plan for implementation of the therapeutic staffing model to be reported by Dec. 1, 2004, to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, the Chairs of the House and Senate Appropriations Committees, and the Chairs of the House and Senate Appropriations subcommittees on Justice and Public Safety (House version, report by Feb. 1, 2005 to only the last two subcommittees) and (2) specifically deletes authorization for Dep't of

Juvenile Justice and Delinquency to use up to \$100,000 to reallocate existing positions to youth counselor and youth counselor supervisor positions for youth development centers.

Juvenile recidivism. Adopts House provision.

Electronic monitoring of juveniles. Adopts House provision.

Alternatives to juvenile commitment/juvenile crime prevention councils.

Deletes House provision.

Education of juveniles committed to the Dep't of Juvenile Justice and Delinquency Prevention. Deletes House provision.

Department of Correction

Shift pay for security staff. Adopts House provision.

Security staffing formulas. Adopts House provision.

Inmate costs/clothing and laundry services. Adopts House provision.

Federal grant matching funds. Adopts House provision.

Energy committed to offenders/contract and report. Adopts House provision but deletes requirement that the Dep't of Correction, after consultation with the Sentencing and Policy Advisory Comm'n and Energy Committed to Offenders, Inc., recommend the best approach for determining the program's effectiveness to the 2005 General Assembly.

Inmate custody and classification system. Adopts House provision.

Confidentiality of identities of persons Involved with state executions. Adds new GS 15-190 to provide that the identities, including the names, residential addresses, residential telephone numbers, and social security numbers, of witnesses or persons designated to carry out a state execution shall be confidential and exempt from disclosure under the public records law (GS Ch. 132) and are not subject to discovery or introduction as evidence in any proceeding. Authorizes Senior Resident Superior Court Judge for Wake County to order disclosure of names made confidential after making findings of fact that support a conclusion that disclosure is necessary to the proper administration of justice.

Provide that Columbus County Prison shall be constructed in accordance with the same North Carolina State Building Code under which the prisons in Scotland, Anson, Alexander, Greene, and Bettie counties were constructed. Adds provision that a 1000-cell close-security prison to be constructed in Columbus County may be constructed in accordance with the 1996 North Carolina State Building Code as amended through 1999, if construction begins before July 1, 2005. Provides that section applies only if construction documents have been reviewed and approved by the Dep't of Insurance, the State Construction Office, and the Dep't of Corrections.

Reserve for increasing prison beds at Pamlico Correctional Center. Adds provision that allocates \$216,126 for a reserve as title indicates. Allows funds to be used for various other types of equipment if it is feasible to increase bed capacity at Pamlico by 336 beds by double-celling medium custody inmates. Directs Dep't of Correction to work with Dep't of Environment and Natural Resources and the Bay River Metro Sewage Authority to determine if there is

current sewage and wastewater capacity for adding 336 inmates and up to 50 staff members and, if there is not, what the costs and possible funding sources might be to add required capacity. Directs the Dep't of Correction to make a progress report to the Joint Legislative Corrections, Crime Control and Juvenile Justice Oversight Committee by Oct. 1, 2004. Directs dep't before using reserve money or establishing positions, to report to the Joint Legislative Comm'n on Governmental Operations, or to the Chairs of the House and Senate Appropriations Committees and the Chairs of the House and Senate Appropriations subcommittees on Justice and Public Safety, if the General Assembly is in session at the time, concerning the sewage treatment and disposal alternatives, the recommended alternative, funding needs and sources, and time line for implementation of increased bed capacity, including staffing and inmate occupancy.

Nonprofit programs. Adopts House provision but provides that the report to the General Assembly must address "the long-term success of (Harriet's House) program graduates" (House version, report must address the number of clients who have been rearrested within three years of successfully completing the program.)

Electronic monitoring program. Adopts House provision but deletes requirement that in evaluating the responses to the RFP the Dep't of Correction shall give preference to proposals making use of equipment manufactured and serviced in the United States.

Inmates eligible for parole. Adopts House provision.

Report by Post-Release Supervision and Parole Comm'n. Adopts House provision with the following changes: (1) requires report by the Post-Release Supervision and Parole Comm'n to be made by Dec. 1, 2004, (House version, by Oct. 1, 2004) and requires that it include the percentage of each analyst's time devoted to post-release supervision cases during each of the last five-years; (2) directs the Dep't of Correction, in consultation with the Comm'n, to review alternatives for transferring the responsibility for setting conditions of post-release supervision to another division within the dep't or to the Judicial Dept. Directs the dep't to report in writing to the Chairs of the House and Senate Appropriations Committees, the Chairs of the House and Senate Appropriations subcommittees on Justice and Public Safety, and the Joint Legislative Comm'n on Governmental Operations by Dec. 1, 2004.

Criminal Justice Partnership Program. Adopts House provision, but adds declaration that notwithstanding GS 143B-273.15, funding to programs for the fiscal 2004-2005 shall be established according to the amounts appropriated for fiscal 2003-2004.

Collection of offender fees. Adopts House provision.

Provide that the unlawful distribution of methamphetamine that proximately results in the death of a person is second degree murder, make it an aggravating factor to manufacture methamphetamine in a location that endangers a child, increase the criminal penalty for the unlawful manufacture of methamphetamine, increase the criminal penalty for the possession of precursor substances for methamphetamine, and require the Commission for Health Services to establish

decontamination standards for property used for the manufacture of methamphetamine. Adds new sec. 17.13 incorporating provisions of Senate Committee Substitute for S 1054, adopted 5/27/04.

Department of Crime Control and Public Safety

Victims' compensation and medical treatment. Adopts House provision but rewrites acceptance-of-compensation language by declaring that by accepting the compensation paid as an allowable expense, the provider agrees that the compensation is payment in full for the treatment of care and may not charge or otherwise hold a claimant financially responsible for the cost of services in addition to the amount of allowable expense.

Abolish the State Boxing Commission. Repeals GS Ch. 143, Art. 68, as title indicates and makes conforming changes to GS 90-18.3.

Clarify the authority of the State Highway Patrol to operate weigh stations. Amends GS 20, Art. 3B, as title indicates. Provides that both sworn and unsworn personnel are authorized to weigh vehicles and assess civil penalties but sworn personnel of the State Highway Patrol are empowered to supervise all nonsworn personnel assigned to weigh stations.

Report on VIPER System. Adds provision requiring the Criminal Justice Information Network (CHIN) Governing Board and Dep't of Crime Control and Public Safety to report to the Joint Legislative Transportation Oversight Committee and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the Voice Interoperability Plan for Emergency Responders (VIPER) System by Dec. 1, 2004. Requires the report to include a detailed project plan for the system, the projected costs to the state, the revenue sources to fund the system, and the amount of total state funding, including Highway Fund support, recommended by the CHIN Board and the dep't. Requires that the report also address the potential cost to, and any other impact on, county and local governments.

Department of Administration

Allocation of petroleum violation escrow funds. Adopts House provision with added requirement that any appropriated funds that are unexpended or unencumbered at the end of the 2004-2005 fiscal year revert to the special fund from which they were appropriated.

Burial services for veterans on weekends. Adopts House provision but deletes limitation that Veterans Burial Fund monies may be used to cover costs of weekend funerals only if they are not covered by General Fund appropriations for that purpose.

Study of state-funded advertising. Adopts House provision.

Escheat funds for veterans' scholarships. Adopts House provision.

Proceeds from sale of Polk Building in Charlotte. Adopts House provision with editing.

Study of advocacy programs in Dep't of Administration. Adopts House provision.

State veterans cemetery. Adopts House provision but requires that any monies reimbursed by the U.S. Dept. of Veterans Affairs for the design and advance planning of the cemetery expansion project is to be deposited into the General Fund (House version, retained by the Dep't of Administration).

Light Ground Pocosin Property to Wildlife Resources. Adopts house provision.

Blount Street Property Sale. Adopts House provision.

Storm water management for State facilities. Adds new GS 143-214.7(b1) to provide that whenever a state facility is constructed or undergoes a major renovation, either (1) the storm water must be collected and treated on-site; (2) the storm water must be filtered prior to discharge; or (3) the facility must be included in a local or regional storm water collection and treatment system. Amends GS 143-341(3) to provide that in the review of plans by the Office of State Construction, in order for a project to be "feasible," the site development plan and detailed design plans must include plans that demonstrate which of the three alternatives above is proposed.

Office of the State Auditor

Auditor to reduce span of control. Adopts house provision.

Housing Finance Agency

Housing Finance Agency shall create the North Carolina Home Protection Pilot Program and Loan fund in order to assist North Carolina workers who have lost jobs as a result of changing economic conditions in North Carolina when the workers are in need of temporary assistance to avoid losing their homes to foreclosure. Adds new sec. 20A.1 directing the NC Housing Finance Agency to develop and administer a pilot program for those workers indicated in title. Authorizes agency to (1) provide loans to those at risk of foreclosure; (2) designate and approve nonprofit counseling agencies in each participating county that provide direct services and lender negotiations on behalf of unemployed workers; (3) develop methods by which workers may be notified of foreclosure mitigation services; and (4) report to the General Assembly on the effectiveness of the program by May 1, 2005. Directs the Agency to convene meetings of experts for the purpose of developing required report. Requires report to include recommendations regarding (i) the problem of increasing foreclosure filings; (ii) improvements to the laws regarding foreclosure proceedings; and (iii) the benefits and feasibility of creating a foreclosure avoidance loan fund. Authorizes the Agency to use no more than \$25,000 to prepare the study, which is also due by May 1, 2005.

Equity-building homes. Directs the Legislative Research Comm'n to study methods of increasing the number of North Carolinians who own "equity-building" homes and report to the 2005 General Assembly. Authorizes Comm'n (1) to determine the extent to which the public is knowledgeable about housing products likely to build equity; (2) identify state, federal, and local barriers to constructing such homes; and (3) investigate the adequacy and funding of programs and counseling programs to educate consumers about home financing products, credit remediation, home maintenance, and foreclosure prevention strategies.

Department of Insurance

Sunset removed for use of Insurance Regulatory Fund monies. Adopts House provision.

Handbooks on Building Code not required. Amends GS 143-138(d) to delete requirement that handbooks describing the NC Building Code be issued.

Continuing education requirements for bail bondsmen. Amends GS 58-71-71(b) to decrease to three (was, six) hours of continuing education required for bail bondsmen.

Information Technology

Multiyear maintenance contracts. Adopts House provision with the following changes. Adopts new sec. 21.2(b) requiring that State Controller provide full justification for authorizations granted under sec. to General Assembly within 60 days after the authorization is granted.

Information technology oversight. Deletes House provision.

Department of Revenue

Call center fee use. Deletes House provision and replaces it with provision appropriating \$650,000 from the collection assistance fee account to DOR for the 2004-05 fiscal year for operating costs of a central taxpayer telecommunications service center.

Fee for taxpayer locator services and collection. Adopts House provision.

Modify DOR Reporting to General Assembly. Adopts House provision.

Rules Review Commission

Payment of attorneys' fees. Deletes House provision.

Secretary of State

Transfer of business license information office. Replaces House provision with new provision entitled *Repeal of transfer of consultation requirement under Business License Information Office to Small Business Centers*. Repeals SL 2003-284, Sec. 24.1, as title indicates.

State Board of Elections

Increase match funds for Help America Vote Act (HAVA). Adopts House provision.

State Board of Elections funds to finance judicial campaigns. Provides that those funds appropriated to Board of Elections for 2003-04 that are remaining as of June 30, 2004, shall not revert to the General Fund and shall remain available to finance judicial campaigns.

Office of State Budget and Management

North Carolina Humanities Council reporting. Adopts House provision.

Office of the State Controller

Overpayment audit. Adopts House provision.

State Business Infrastructure Project. Authorizes Office of the State Controller to use up to \$1.8 million for 2004-05 from Flexible Benefits Funds to develop an RFP to replace or improve state human resources and payroll systems, RFP to be presented to 2005 Session of General Assembly. Sec. inapplicable to institutions of UNC or Community College System.

Office of State Personnel

Study State Personnel Act. Requires that General Assembly establish a comm. to study act and make a final report to the General Assembly during the 2006 Regular Session.

Department of the State Treasurer

Reestablish state investment officer position. Adopts House provision.

Department of Transportation

Small Urban Contingency Fund. Deletes House provision

Cash flow. Adopts House provision.

Insure cash-flow Fund availability.

Western North Carolina passenger rail service. Adopts House provision.

Indian Culture Center. Deletes House provision.

Visitor center funds. Amends GS 20-79.7(c)(2) to increase to \$800,000 (was, \$525,000) annual appropriation from the Special Registration Account to Visitor Centers, increase to be distributed to various visitor centers as listed. Enacts new subsection h., appropriating \$100,000 to visitor center at the intersection of Highway 701 and NC 904 in Columbus County.

Amend the Highway Trust Fund Act descriptions of intrastate improvement projects. Amends GS 136-179 to revise description of US-74 project to include Shelby Bypass and Cleveland County.

Urban loops. Amends GS 136-180(a) to add Gastonia Loop and modify description of Raleigh Outer Loop.

Small urban contingency funds. Adopts sec. 30.3D.(a) to require that of funds appropriated to DOT, \$28 million shall be allocated in 2004-05 for small urban construction projects, funds to be allocated equally among the 14 highway divisions; and \$15 million shall be allocated in 2004-05 to be used statewide for rural or small urban highway improvements that enhance highway safety. Requires that DOT report to members of General Assembly on projects funded in each member's district prior to DOT action and report quarterly to the General Assembly on the use of funds. Repeals SL 2003-284, Sec. 29.2 (small urban contingency funds).

Annual overwidth vehicle movement permits and escort driver training for agricultural vehicles. Enacts new GS 20-119(g) requiring that DOT issue annual overwidth permits for vehicles 14 feet and under carrying agricultural equipment or machinery from the dealer to the farm or farm to dealer. Amends GS 20-119(f) to require that DOT implement an in-house training program for agricultural machinery escorts by Sept. 1, 2004.

Currituck County Airport land conveyance. Requires that state convey to Currituck County title to land on which Currituck County Airport is situated for \$1.00.

Airport grants for imminent safety threats. Requires that of funds appropriated to DOT for Airport Grants, Dep't shall give priority in making grants to facilities facing imminent safety threats.

DOT shall pave areas in NC Indian Cultural Center. As title indicates.

Passenger vehicles towing other vehicles to keep right. Enacts new GS 20-147.1 as title indicates.

Senator Ollie Harris Highway and Kings Mountain Historic District signage. Requires that DOT correct signage designating Senator Ollie Harris Highway and erect signage informing travelers of the Kings Mountain Historic District.

Funds from Dep't of Revenue's Fuel Tax Action Plan. Requires that DOT distribute funds remaining during 2004-05 equally among the 14 Highway Divisions, one-half for contract resurfacing and one-half for highway maintenance. Requires that DOT report to General Assembly before distributing funds.

Leaking Petroleum Underground Storage Tank Cleanup Fund solvency. Adopts House provision.

Stormwater Pilot Project. Requires that \$2.5 million of DOT funds available for the Ecosystem Enhancement Program be used for a stormwater pilot project in Dare County.

State dredge study by Joint Legislative Transportation Oversight Committee (JLTOC). As title indicates, Comm. to study the feasibility and cost of constructing and establishing a dredge to be used to clear channels not maintained by the Corps of Engineers and to be used for beach renourishment. Authorizes Comm. to hire an outside consultant in conducting study.

JLTOC to study transportation related drug and alcohol tests. Requires that Comm. study advisability of instituting requirement that employers report to DMV when employee fails a drug or alcohol test.

DOT Project Delivery Study implementation. Requires that DOT implement provisions of the JLTOC Highway Construction Project Delivery Study and report quarterly to JLTOC beginning Oct. 15, 2004 on implementation.

Salaries and Employee Benefits

Salary increases for Governor and Council of State. Increase salary to \$121,687 (was, \$119, 430)

Salary increases for elected members of Council of State. Increase salaries to \$107,397 (was, \$105,523).

Salary increases for nonelected department heads. Increases salaries to \$104,927 (was, \$103,119).

Salary increases for executive branch officials. Increases salaries as follows.

Chairman, Alcoholic Beverage Control Commission	
\$95,502	
State Controller	133,655
Commissioner of Motor Vehicles	95,502
Commissioner of Banks	107,397
Chairman, Employment Security Commission	133,486
State Personnel Director	104,927
Chairman, Parole Commission	87,205
Members of the Parole Commission	80,511
Chairman, Utilities Commission	119,606
Members of the Utilities Commission	107,397
Executive Director, Agency for Public Telecommunications	80,511
Director, Museum of Art	97,859
Executive Director, North Carolina Agricultural Finance Authority	92,958

Salary increases for judicial branch officials. Increases salaries as follows.

Chief Justice, Supreme Court	\$121,687
Associate Justice, Supreme Court	118,508
Chief Judge, Court of Appeals	115,544
Judge, Court of Appeals	113,570
Judge, Senior Regular Resident Superior Court	110,484
Judge, Superior Court	107,397
Chief Judge, District Court	97,522
Judge, District Court	94,436
Administrative Officer of the Courts	110,484
Assistant Administrative Officer of the Courts	100,917

Provides that average salary of assistant district attorneys or assistant public defenders in the judicial district shall not exceed \$61,846 (was, \$61,191).

Maintains minimum salary of assistant district attorney or assistant public defender at \$32,035. Increases the annual salaries of other permanent, full-time employees by the greater of \$1,000 or 2.75% (was, \$83.34 per month) and permanent part-time employees by pro rata amounts.

Salary increases for clerks of superior court. Increases salaries as follows:

Population	Annual
Salary	
Less than 100,000	\$71,834
100,000 to 149,999	80,609
150,000 to 249,999	89,386
250,000 and above	98,164

Salary increases for assistant and deputy clerks of superior court. Adopts House provision.

Salaries for magistrates. Adopts House provision, but increases salaries at following steps.

Step 4	40,023
Step 5	43,896
Step 6	48,153

Reinserts deleted provisions in GS 7A-171.1(a)(3).

Salaries for General Assembly principal clerks. Increases salaries to \$90,734 (was, \$89,306).

Salaries for sergeant-at-arms and reading clerks. Adopts House provision.

Salaries for legislative employees. Provides that annual salaries shall be increased by the greater of \$1,000 or 2.75% (was, \$83.34 per month).

Salaries for community college personnel and University of North Carolina personnel exempt from the State Personnel Act (EPA employees). Provides that annual salaries shall be increased by the greater of \$1,000 or 2.75% (was, \$83.34 per month). Requires that Director of the Budget transfer to Board of Governors sufficient funds from the Reserve for Compensation Increases to provide an average annual salary increase of 2.75% commencing July 1, 2003, for all teaching employees of the NC School of Science and Mathematics. Amends SL 2003-284, sec. 30.12(b), to delete 1.81% salary increase for teaching employees of School for 2004-05.

Salaries for most state employees. Provides that annual salaries shall be increased by the greater of \$1,000 or 2.75% (was, \$83.34 per month).

Salary of the Director of the Housing Finance Agency. Adopts House provision with the following changes. Requires that Board of Directors report to Jt. Legis. Comm'n on Governmental Operations on the amount of annual compensation fixed for Executive Director.

Salary adjustment fund. Adopts House provision with the following changes. Provides that \$1,370,649 is appropriated in sec. 2.1 of this act to the Salary Adjustment Fund. Deletes sec. 31.16(c).

Temporary sales tax transfer for Wildlife Resources Comm'n salary increases. Requires that Sec'y of Revenue transfer sales and use tax net collections received under Ch. 105, Art. 5, as title indicates.

Insurance benefits for state employees. Enacts new GS 58-31-60(c2), authorizing Employee Insurance Committees to enter into an agreement with one or more other committees to issue joint requests for proposals. Establishes procedure for issuance of such proposals.

Report on proposed UNC unified leave policy. Requires that the Board of Governors report to the General Assembly by Feb. 1, 2005, on the Board's recommendation to implement a unified leave policy, and delineates items that should be addressed.

Salary-related contributions/employer. Amends GS SL 2003-284, sec. 30.16(c) to increase employer contribution rates as follows effective July 1, 2004.

Teachers and State Employees	5.98% (was, 5.77%)
State Law Enforcement Officers	10.98% (was, 10.77%)
Consolidated Judicial Retirement System	15.93% (was, 15.12%)

Cost of living adjustments. Increases all cost of living adjustments to 2%.

Miscellaneous pension increases. Increases monthly pension to \$161 (was, \$160) per month.

Retired teachers returning to classroom without loss of retirement benefits/option extended. As title indicates, amends SL 1998-212, Sec. 28.24; SL 1998-217, Sections 67 and 67.1 ; and SL 2001-424, Sec. 32.25; to extend option to June 30, 2005. Requires that Retirement Systems Div'n conduct analysis of postretirement reemployment issue and report findings to General Assembly by Feb. 1, 2005. Further requires that effective July 1, 2004, local school administrative units shall pay employer contribution rate of 13.64% for retirement and other benefits for all employees under the age of 59 ½ and who have retired from TSERS and continue to work.

Change District Court judge retirement age. Enacts new GS 7A-4.20(b) providing that a district court judge who reaches age 72 during a term of office may continue in office until the expiration of judge's term. Makes technical corrections.

Clarify that probation and parole officers are covered by the Law-Enforcement Officer's,

Firemen's, Rescue Squad Workers' and Civil Air Patrol Members' Death Benefits Act. Amends GS 143-166.2(d) as title indicates.

Retiree Health Benefit Fund. Adopts House provision.

North Carolina Symphony under State Health Plan. Adopts House provision with the following changes. Amends GS 135-39.6A(d) to require that in setting

premiums for employees of the NC Symphony Society, Inc., and their dependents, rates established shall be separate from those affecting active teachers and state employees.

State Health Plan Prescription Drug Program. Deletes House provision.

Preferred providers of emergency medical care. Deletes House provision.

Tricare supplemental health insurance. Adopts House provision.

State Health Plan; Liability of Third Parties; Right of Subrogation; Right of First Recovery. Enacts new GS 135-40.13A providing that Plan shall be subrogated, with a right of first recovery, to Plan member's rights of recovery against liable third parties.

Local governments provided optional coverage under Teachers' and State Employees' Comprehensive Major Medical Plan. Effective July 1, 2004, amends and adds additional provisions to GS Ch. 135, Art. 3, to provide optional health insurance coverage to employees of local governments as title indicates. Applicable only to Bladen, Cherokee, Dare, Halifax, Randolph, and Wilkes Counties.

State Health Plan Executive Administrator and Deputy Executive Administrator exempt from State Personnel Act. Amends GS 135-39.4A and enacts new GS 126-5(c1) as title indicates. Further amends GS 135-39.4A(f) to require Executive Administrator to appoint the Deputy Executive Administrator.

Residential treatment centers/State Health Plan coverage. Amends GS 135-40.7B(b)c. to require that licensed residential treatment facilities must have 24-hour on-site care provided by a registered nurse and that hold current accreditation by a national accrediting body in order that services will be covered by State Health Plan.

State Health Plan coverage limitation. Amends GS 135-40.5(g) to limit prescription drug coverage for erectile dysfunction drugs to three doses per month for each member of the Plan.

Capital Appropriations

Capital appropriations/General Fund. Adopts House provision with the following changes. Appropriates \$27,446,000 (was, \$22,492,000) to DENR for Water Resources Development Projects. Replaces appropriation for replacement of Port of Wilmington Crane Rail with appropriation of \$2 million to Radio Island Development and Improvements. Appropriates following amounts to UNC System: Center for Design Innovation - \$2 million; Winston-Salem State University Dep't of Life Sciences - \$2 million; N.C. A&T and UNC-Greensboro Millennium Campus - \$4 million; NC Motor Sports Testing and Research Complex - \$4 million.

Water resources development project funds. Adopts House provision with the following changes. Increases amount allocated to State Local Projects to \$3,339,000 (was, \$2,339,000). Adds four additional projects as follows:

(1) Neuse Water and Sewer Project

\$3,500,000

(2) Silver Lake Harbor (Ocracoke, Hyde County)

280,000

(3) Far Creek Channel Maintenance (Engelhard, Hyde County)
120,000

(4) Walters Slough Maintenance Dredging
54,000

Repair and renovation reserve allocation. Adopts House provision.

Restore bond funds used for mold remediation. Adopts House provision.

Parts XXXII-A through F (Tax Provisions)

Incorporates provisions of Senate Comm. Substitute for H 1414, adopted 6/15/04.

Job Development Investment Grant Program

Job Development Investment Grant Program. Amends GS 143B-437.62 to extend expiration date to enter into new agreements to Jan. 1, 2006 (was, Jan. 1, 2005). Amends GS 143B-437.52(b) to increase cap on agreements to 25 (was, 15). Amends GS 143B-437.52(c) to increase maximum annual liability for grants to \$15 million (was, \$10 million), effective Jan. 1, 2005. Effective Oct. 31, 2002, amends GS 143B-437.58(a) to require that tax returns be submitted by March 1 (was, Feb. 1) and to provide that payroll and tax information submitted under this subsection is tax information subject to GS 105-259. Enacts new GS 143B-437.57(c), effective Oct. 31, 2002, providing that a community economic development agreement is a binding obligation of the state and is not subject to funds being appropriated. Enacts new GS 143B-437.57(a)(25) requiring that each community economic development agreement include a provision encouraging the business to contract with small businesses headquartered in the state. Encourages Dep't of Commerce and Economic Investment Comm. to give priority under Program to projects in less economically developed areas.

Miscellaneous Provisions

Executive Budget Act applies. Adopts House provision.

Committee report. Adopts House provision with the following changes. Provides that Senate Comm. Report on the budget dated June 22, 2004 (was, House Comm. Report) shall be used to construe act.

Effective date. Adopts House provisions

June 24, 2004

H 1414. 2004 APPROPRIATIONS ACT. Intro. 5/12/04. Senate amendments adopted 6/23/04 make the following changes to 4th edition. Deletes Sec. 31.18A.(g), which required that school administrative units pay employer contribution rates of 13.64% for certain TSERS retirees. Enacts new GS 15A-1340.16D, which imposes an enhanced sentence for conviction of manufacture of methamphetamine that results in serious injury to a law enforcement officer or firefighter. Inapplicable to offense of packaging of methamphetamine or labeling of container. Effective for offenses committed after Dec. 1, 2004. Deletes amendments to GS 133-3, which authorized UNC constituent institutions to establish construction specifications for building components. Makes technical corrections to Sec. 29.2.

July 17, 2004

H 1414. 2004 APPROPRIATIONS ACT. Intro. 5/12/04. Conference report recommends the following changes to 6th edition to reconcile matters in controversy. The third edition of this bill

(House version of the 2004 budget) was summarized in the Daily Bulletin of 6/8/04. The sixth edition (Senate version) was summarized in the Daily Bulletin of 6/23/04.

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

Appropriations from the General Fund for the maintenance of state departments, institutions, and agencies, and for other purposes as enumerated are adjusted for the fiscal year ending June 30, 2005, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 2004-2005 fiscal year.

Current Operations – General Fund

2004-2005

EDUCATION

Community Colleges System Office	31,612,319
Department of Public Instruction	122,269,724
University of North Carolina – Board of Governors	56,386,840

HEALTH AND HUMAN SERVICES

Department of Health and Human Services	
Office of the Secretary	5,319,802
Division of Aging	3,151,000
Division of Blind Services/Deaf/HH	(30,000)
Division of Child Development	7,925,000
Division of Education Services	10,873
Division of Facility Services	(450,000)
Division of Medical Assistance	(88,729,913)
Division of Mental Health	(5,962,273)
NC Health Choice	6,600,000
Division of Public Health	8,226,581
Division of Social Services	(5,561,948)
Division of Vocational Rehabilitation Services	(1,479,294)
Total	(70,980,172)

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	100,538
Department of Commerce	
Commerce	(452,263)
Commerce State-Aid	1,950,000
NC Biotechnology Center	5,000,000
Rural Economic Development Center	1,144,000
Department of Environment and Natural Resources	
Environment and Natural Resources	1,021,957
Clean Water Management Trust Fund	0
Department of Labor	364,216

JUSTICE AND PUBLIC SAFETY

Department of Correction	(11,309,897)
Department of Crime Control and Public Safety	3,912,627

Judicial Department	6,741,918
Judicial Department – Indigent Defense	11,000,000
Department of Justice	754,467
Department of Juvenile Justice and Delinquency Prevention	1,734,069

GENERAL GOVERNMENT

Department of Administration	2,476,330
Office of Administrative Hearings	90,476
Department of State Auditor	(200,000)
Office of State Controller	(99,429)
Department of Cultural Resources	
Cultural Resources	14,944,032
Roanoke Island Commission	0
State Board of Elections	2,197,412
General Assembly	(921,318)
Office of the Governor	
Office of the Governor	42,702
Office of State Budget and Management	401,427
OSBM – Reserve for Special Appropriations	2,213,382
Housing Finance Agency	1,725,000
Department of Insurance	
Insurance	4,062,654
Insurance – Volunteer Safety Workers' Compensation	(1,734,000)
Office of Lieutenant Governor	29,657
Department of Revenue	(1,661,794)
Rules Review Commission	(3,185)
Department of Secretary of State	(110,389)
Department of State Treasurer	
State Treasurer	424,708
State Treasurer – Retirement for Fire and Rescue Squad Workers	665,000

TRANSPORTATION

Department of Transportation	(228,056)
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RESERVES, ADJUSTMENTS AND DEBT SERVICE

Reserve for 2003 Compensation Increases	(900,000)
Reserve for 2004 Compensation Increases	260,800,000
Reserve for LEO Salary Adjustments	2,007,385
Reserve for State Health Plan	(900,000)
Reserve for Retiree Health Benefits	(6,900,000)
Reserve for Contributions to Benefit Plans	(6,230,100)
Reserve for Teachers' and State Employees' Retirement System	9,180,000
Reserve for Consolidated Judicial Retirement System	339,000
Job Development Incentive Grants (JDIG) Reserve	4,500,000
Mental Health, Developmental Disabilities and Substance	
Abuse Services Trust Fund	10,000,000
Reserve for Senate Bill 100 Compliance	(11,813,949)
Debt Service	
General Debt Service	(78,268,480)
Federal Reimbursement	460,432

TOTAL CURRENT OPERATIONS – GENERAL FUND	367,839,240
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GENERAL FUND AVAILABILITY STATEMENT

Section 2.2.(a) of S.L. 2003-284 is repealed. The General Fund availability used in adjusting the 2004-2005 budget is shown below:

	2004-2005
Unappropriated Balance Remaining from FY 2003-04	145,664,254
Projected Reversions from FY 2003-2004	150,000,000
Projected Over Collections from FY 2003-2004	235,100,000
Additional FY 2003-2004 Appropriations (HB 1352)	(64,100,000)
Year-End Unreserved Credit Balance	466,664,254
Credit to Savings Reserve	(116,666,064)
Credit to Repairs and Renovations Reserve Account	(78,797,361)
Beginning Unreserved Credit Balance FY 2004-2005	271,200,829
Revenues Based on Existing Tax Structure	14,755,690,500
Nontax Revenues	
Investment Income	86,020,000
Judicial Fees	136,730,000
Disproportionate Share	100,000,000
Insurance	53,900,000
Other Nontax Revenues	261,517,607
Highway Trust Fund Transfer	242,586,830
Highway Fund Transfer	16,166,400
Subtotal Nontax Revenues	896,920,837
Total General Fund Availability	15,923,812,166
Adjustments to Availability: 2004 Session	
HB 1430 (Internal Revenue Code Conformity) Conference Report	(2,600,000)
HB 1303 (Reduce Privilege and Excise Taxes) Conference Report	(2,950,000)
Sales Tax Refunds and Exemptions	(5,200,000)
Research and Development Tax Credit	(4,500,000)
Qualified Business Investment Tax Credit	0
Tobacco Payments Decline – Tobacco Trust Fund	(5,000,000)
Transfer from Fire Safety Loan Fund	250,000
Transfer from Veteran's Home Trust Fund	500,000
Transfer from Office of State Controller, Budget Code 24160	2,180,000
HB 1264 (Finance Vital Projects)	
Conference Report, Reimburse Debt Service	5,380,000
Adjust Transfer from Insurance Regulatory Fund	4,062,654
Adjust Transfer from Treasurer's Office	424,708
Subtotal Adjustments to Availability: 2004 Session	(7,452,638)
Revised General Fund Availability for 2004-2005 Fiscal Year	15,916,359,528
Less: Total General Fund Appropriations for 2004-2005 Fiscal Year	(15,916,359,528)
Unappropriated Balance Remaining	0

Notwithstanding GS 143-16.4(a2), of the funds credited to the Tobacco Trust Account from the Master Settlement Agreement pursuant to Section 6(2) of S.L. 1999-2 during the 2004-2005 fiscal year, the sum of thirty-five million dollars (\$35,000,000) shall be transferred from the Department of Agriculture and Consumer Services, Budget Code 23703 (Tobacco Trust Fund), to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2004-2005 fiscal year.

Notwithstanding GS 143-16.4(a1), of the funds credited to the Health Trust Account from the Master Settlement Agreement pursuant to Section 6(2) of S.L. 1999-2 during the 2003-2004 fiscal year, the sum of twenty million dollars (\$20,000,000) that would otherwise be deposited in the Fund Reserve established by G.S. 147-86.30(c) and five million (\$5,000,000) of the funds that are not reserved pursuant to GS 147-86.30(c) shall be transferred from the Department of State Treasurer, Budget Code 23460 (Health and Wellness Trust Fund), to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2003-2004 fiscal year.

Notwithstanding GS 143-16.4(a1) and GS 147-86.30, of the funds credited to the Health Trust Account from the Master Settlement Agreement pursuant to Section 6(2) of S.L. 1999-2 during the 2004-2005 fiscal year, the sum of twenty-five million dollars (\$25,000,000) shall be transferred from the Department of State Treasurer, Budget Code 23460 (Health and Wellness Trust Fund), to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2004-2005 fiscal year. Any funds remaining after the transfer to the General Fund shall be used in accordance with GS 147-86.30.

Notwithstanding G.S. 143-15.2 and GS 143-15.3A, the State Controller shall transfer seventy-eight million seven hundred ninety-seven thousand three hundred sixty-one dollars (\$78,797,361) from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2004. This subsection becomes effective June 30, 2004.

Funds transferred under this section to the Repairs and Renovations Reserve Account are appropriated for the 2004-2005 fiscal year to be used in accordance with GS 143-15.3A.

Section 6.23(a1) of S.L. 2003-284, as enacted by Section 2 of S.L. 2003-283, is repealed.

Notwithstanding GS 165-48, five hundred thousand dollars (\$500,000) of the cash balance remaining in the NC Veterans Home Trust Fund (Budget Code 64106, Fund 6771) on July 1, 2004, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be used to support the General Fund appropriation for the 2004-2005 fiscal year for the start-up cost of the State Veterans Nursing Home in Salisbury.

Notwithstanding GS 116-44.8, two hundred fifty thousand dollars (\$250,000) of the cash balance remaining in the Fire Safety Loan Fund (Budget Code 63414, Fund 6510) on July 1, 2004, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers). These funds shall be used to support General Fund appropriations for the 2004-2005 fiscal year.

On June 30, 2004, the Office of Information and Technology shall transfer two million one hundred eighty thousand dollars (\$2,180,000) from the Information Technology service Budget Code 74660 to the Office of State Controller's Budget Code 24160. On July 1, 2004, the State Controller shall transfer two million one hundred eighty thousand dollars (\$2,180,000) from Budget Code 24160, to Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for information technology programs and activities across state government for the 2004-2005 fiscal year. This subsection becomes effective June 30, 2004.

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

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, 2005, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Fund appropriations for the 2004-2005 fiscal year.

Current Operations – Highway Fund
Transportation Administration

2004-2005
\$ 1,227,072

Operations –	
Match for Federal Aid	–
Construction Program:	
State Secondary System	410,000
Small Construction	7,000,000
Contingency Funds	5,000,000
Spot Safety Improvements	–
Access and Public Service Roads	–
Maintenance	24,672,591
Capital Improvements	–
Ferry Operations	1,000,000
State Aid to Municipalities	410,000
State Aid to Railroads	–
State Aid for Public Transportation	(436,479)
Asphalt Plant Cleanup	–
Governor's Highway Safety Program	–
Division of Motor Vehicles	1,218,921
Appropriations to Other State Agencies	1,030,489
Reserves and Transfers	17,842,991
Total	\$59,375,585

HIGHWAY FUND AVAILABILITY STATEMENT

The Highway Fund appropriations availability used in developing modifications to the 2004-2005 Highway Fund budget contained in this act is shown below.

Highway Fund Budget Reform Statement	2004-2005
Beginning Credit Balance	–
Estimated Revenue	\$ 1,390,900,000
Estimated Reversions	–
Total Highway Fund Availability	\$ 1,390,900,000

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, 2005, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Trust Fund appropriations for the 2004-2005 fiscal year.

Current Operations – Highway Trust Fund	2004-2005
Intrastate System	(7,488,716)
Urban Loops	(3,028,125)
Aid to Municipalities	(785,741)
Secondary Roads	236,830
Administrative Expense	(439,735)
Transfer to General Fund	66,513
GRAND TOTAL CURRENT OPERATIONS AND EXPANSION	(11,572,000)

BLOCK GRANTS

DHHS BLOCK GRANTS

Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2005, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT

01.	Community Action Agencies	\$ 15,266,973
02.	Limited Purpose Agencies	848,165
03.	NC Interagency Council for Homeless Programs	262,472
04.	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	\$ 17,225,775
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SOCIAL SERVICES BLOCK GRANT

01.	County departments of social services (Transfer from TANF – \$4,500,000)	\$ 28,868,189
02.	Allocation for in-home services provided by county departments of social services	2,101,113
03.	Division of Services for the Blind	3,105,711
04.	Division of Facility Services	426,836
05.	Division of Aging – Home and Community Care Block Grant	1,840,234
06.	Child Care Subsidies	6,269,309
07.	Division of Vocational Rehabilitation – United Cerebral Palsy	71,484
08.	State administration	1,693,368
09.	Child Medical Evaluation Program	238,321
10.	Adult day care services	2,155,301
11.	Comprehensive Treatment Services Program	422,003
12.	Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly	203,198
13.	Division of Vocational Rehabilitation Services – Easter Seals Society	116,779
14.	UNC-CH CARES Program for training and consultation services	247,920
15.	Office of the Secretary – Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly persons	41,302
16.	Division of Social Services – Child Caring Agencies	1,500,000
17.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services – Developmentally Disabled Waiting List for services	5,000,000
18.	Transfer to Preventive Health Services Block Grant for HIV/AIDS education, counseling, and testing	145,819

19.	Division of Facility Services – Mental Health Licensure	213,128
20.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	3,234,601
TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 57,894,616
LOW-INCOME ENERGY BLOCK GRANT		
01.	Energy Assistance Programs	\$ 12,775,323
02.	Crisis Intervention	9,192,927
03.	Administration	2,957,339
04.	Weatherization Program	4,212,740
05.	Department of Administration – N.C. State Commission of Indian Affairs	54,840
06.	Heating Air Repair and Replacement Program	1,966,153
TOTAL LOW-INCOME ENERGY BLOCK GRANT		\$ 31,159,322
MENTAL HEALTH SERVICES BLOCK GRANT		
01.	Provision of community-based services for severe and persistently mentally ill adults	\$ 6,307,035
02.	Provision of community-based services to children	3,921,991
03.	Comprehensive Treatment Services Program for Children	1,500,000
04.	Administration	568,911
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT		\$ 12,297,937
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	\$ 20,441,082
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	4,816,378
04.	Child Substance Abuse Prevention	5,835,701
05.	Provision of services to children and adolescents	4,940,500
06.	Juvenile Services – Family Focus	851,156
07.	Allocation to the Division of Public Health for HIV/STD Risk Reduction Projects	383,980
08.	Allocation to the Division of Public Health for HIV/STD Prevention by County Health Departments	209,576
09.	Allocation to the Division of Public Health for the Maternal and Child Health Hotline	37,779
10.	Administration	2,596,307
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		\$ 48,181,983

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

01.	Child care subsidies	\$158,518,189
02.	Quality and availability initiatives	17,946,038
03.	Administrative expenses	7,163,654
04.	Transfer from TANF Block Grant for child care subsidies	81,292,880
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		\$264,920,761

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT

01.	Work First Cash Assistance	\$119,841,508
02.	Work First County Block Grants	94,653,315
03.	Transfer to the Child Care and Development Fund Block Grant for child care subsidies	81,292,880
04.	Child Care Subsidies for TANF Recipients	34,512,238
05.	Child Welfare Workers for local DSS	12,452,391
06.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
07.	Support Our Students – Department of Juvenile Justice and Delinquency Prevention	2,749,642
08.	Domestic Violence Services for Work First Families	1,200,000
09.	After-School Services for At-Risk Children	2,249,642
	YWCA Central Carolinas Youth Development Programs	\$176,000
10.	Division of Social Services – Administration	400,000
11.	Child Welfare Training	2,550,000

12.	TANF Automation Projects	592,500
13.	Boys and Girls Clubs	1,000,000
14.	Work Central Career Advancement Center	550,000
15.	WCH-Teen Pregnancy Prevention	1,500,000
16.	Transfer to Social Services Block Grant for Child Caring Institutions	1,500,000
17.	Special Children's Adoption Fund	3,000,000
18.	NC Fast Implementation	2,717,298
19.	Maternity Homes	838,000
20.	Individual Development Accounts	180,000
21.	Reduction of Out-of-Wedlock Births	1,000,000
22.	After-School Programs for At-Risk Youth in Middle Schools	500,000

TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES
(TANF) BLOCK GRANT \$369,779,414

MATERNAL AND CHILD HEALTH BLOCK GRANT

01.	Healthy Mothers/Healthy Children Block Grants to Local Health Departments	9,565,205
02.	High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education, and Technical Assistance to Local Health Departments, Office of Women's Health	2,207,273
03.	Adolescent Pregnancy Prevention Coalition of NC	150,000
04.	Office of Minority Health	159,000
05.	Services to Children With Special Health Care Needs	4,280,987
06.	School Health Nurse Initiative	3,250,000
	School Health Nurse Initiative Reserve 2005-2006	3,250,000
07.	Administration and Program Support	2,434,303

TOTAL MATERNAL AND CHILD
HEALTH BLOCK GRANT \$ 25,296,768

PREVENTIVE HEALTH SERVICES BLOCK GRANT

01.	Statewide Health Promotion Programs	\$2,772,294
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.	Administration and Program Support	699,092
05.	Osteoporosis Task Force Operating Costs	150,000

TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT \$3,964,317

NER BLOCK GRANTS

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	\$ 1,000,000
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Limit use of impervious parking surfaces for sale of nursery stock. Adopts Senate provision but increases number of square feet for parking from 200 to 400 and provides exemptions for merchants who collect and treat stormwater, collect stormwater for reuse, or collect and discharge stormwater to a treatment system.

Town of Cornelius median cuts. Deleted.

Funds for farmland preservation projects Adopts Senate provision.

Expansion of the SBI crime lab. Directs that up to \$4,500,000 of unspent and unencumbered capital projects funds shall be used to expand the SBI crime laboratory in Raleigh.

Public Schools

Teacher salary schedules. Adopts monthly salary schedule for teachers ranging from \$2,542 for “A” teachers without any years of experience to \$5,628 for NBPTS-certified teachers with 30+ years of experience.

School-based administrator salary schedule. Adopts monthly salary schedule for principal and assistant principals ranging from \$3,248 for assistant principals with 0-4 years of experience to \$7,542 for Principal VII (supervising 100+ State paid-teachers and assistant principals) with 41 years of experience.

Central office salaries. Adopts monthly salary ranges for assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers.

School Administrator I	\$2,932 to \$5,398
School Administrator II	\$3,112 to \$5,726
School Administrator III	\$3,303 to \$6,073
School Administrator IV	\$3,436 to \$6,316
School Administrator V	\$3,574 to \$6,570
School Administrator VI	\$3,792 to \$6,969
School Administrator VII	\$3,945 to \$7,249

Adopts monthly salary ranges for school superintendents.

Superintendent I	\$4,187 to \$7,691
Superintendent II	\$4,445 to \$8,155
Superintendent III	\$4,716 to \$8,652
Superintendent IV	\$5,005 to \$9,177
Superintendent V	\$5,312 to \$9,736

Noncertified personnel salary. Raises annual salary for permanent, full-time noncertified public school employee supported from the General Fund by the greater of \$1,000 or 2.5%.

Appropriations for continually low-performing schools. Adopts Senate provision.

Children with disabilities. Not in controversy.

Funds for academically gifted children. Not in controversy.

Disadvantaged student supplemental funding. Deletes Senate provision.

LEA assistance program. Adopts Senate provision.

Local education agency flexibility. Not in controversy.

Small school system supplemental funding. Adopts Senate provision with the following changes. Increases base consolidated funds allotment from at least \$684,518 to at least \$740,074 for 2004-2005.

Replacement school buses funds. Not in controversy.

K-2 assessment. Adopts Senate provision.

Evaluate validity of ABC accountability system. Not in controversy. Adds provision that, to the extent the historical trend data suggest that current standards for student performance may not be appropriate, State Board must adjust standards to assure that they continue to reflect state's high expectations for student performance.

Funds to implement the ABCs of public education. Adopts Senate provision.

Discontinue ineffective program. Not in controversy.

Restore vocational education funding. Not in controversy.

Expedited allotments from the ADM Contingency Reserve. Deleted.

Healthful school food choices/pilot program. Adopts House provision.

Visiting international faculty. Not in controversy.

State Board of Education authority to set certification standards for teachers. Adopts House provision.

Study strategies for facilitating student participation in teacher preparation programs. Adds new provision directing Joint Legislative Education Oversight Committee to study strategies for facilitating student participation in teacher preparation programs. Requires recommendation to 2005 General Assembly by Jan. 15, 2005.

Maintain 12-month vocational agriculture teacher positions. Adopts House provision.

Accountability assessment for agricultural education. Adopts Senate provision.

Additional teacher positions for third grade. Adopts House provision.

High school workforce development program. Not in controversy.

Funds for the Education of Students at Eckerd Youth Camp. Adopts Senate provision with the following changes. Provides that if child in therapeutic camp is a child with special needs, payment to camp will be the state per pupil allocation for children with special needs. Requires Dep't of Public Instruction to reduce allotment to school unit in which child resides by appropriate amount and remit funds to Eckerd Youth Alternatives.

Funds for the testing and implementation of the new student information system. Adopts Senate provision.

Experience step increase for teachers and principals in public schools. Adopts House provision.

Charter school facility funds. Adopts House provision with the following changes. Deletes amendment to GS 153A-451 and adopts provision applying only to Mount Airy City School Administrative Unit and Surry County. Requires charter school, before July 1, 2005, to adopt a resolution requesting funds for construction of school facilities and present resolution to local board of education. Provides that if the local board approves request, charter school's request must be submitted to board of county commissioners along with school board's budget request. Allows county to approve charter school's request under specified conditions.

New school bus equipment requirements. Deletes House provision.

Implementation of Alternative Competency Tests. Adopts Senate provision.

Teachers for geographically isolated schools. Adopts Senate provision with the following changes. Requires State Board to modify its policy on allotment of additional classroom teachers to small schools when consolidation is not feasible due to geographic isolation. Raises average daily membership for schools to qualify under provision from 100 to 110.

Enhance nutrition in school food program. Adopts Senate provision with the following changes. Provides that schools may not sell processed foods containing trans-fatty acids that were formed during the commercial processing of the foods in addition to not using cooking oils that contain trans-fatty acids in school lunch programs. Changes effective date from Jan. 1, 2005, to Aug. 1, 2005.

Encourage LEAS to apply for E-rate reimbursements. Adopts Senate provision.

Study the efficacy of providing for staff development through regional education service alliances. Adopts Senate provision.

Local school construction financing study. Adopts Senate provision.

Children's Trust Fund. Adopts Senate provision.

Community Colleges

Use of funds for the college information system project. Adopts Senate provision.

Carryforward for equipment. Not in controversy.

Salaries of community college faculty and professional staff. Adopts Senate provision.

Modify reporting requirement for new and expanding industry training program. Not in controversy.

New and expanding industries training program funds. Not in controversy.

NCCATT to operate as the North Carolina Center for Applied Textile Technology at Gaston College. Deleted.

Center for Applied Textile Technology/modify board. Adopts Senate provision.

Study of the North Carolina Center for Applied Textile Technology. Adopts Senate provision with the following changes. Deletes requirement that study results be reported no later than Nov. 30, 2004. Now requires State Board of Community Colleges to implement study results by Jan. 1, 2005.

Funds for the Bureau of Training Initiatives. Not in controversy.

Funds for the comprehensive articulation agreement study. Not in controversy.

Report on adequacy of multicampus funds. Adopts Senate provision with the following changes. Reduces the amount State Board of Community Colleges must use to assist State Board approved centers with less than 50 FTE from \$20,000 to \$10,000.

Community college funding flexibility. Deleted.

Middle college start-up funds. Not in controversy.

Matching funds for career start project. Not in controversy.

Study of FTE funding formula. Not in controversy.

Funds for significant FTE increases. Deletes House provision, but adopts substantially similar Senate provision (*Contingency reserves*).

Contingency reserve for colleges experiencing high rates of unemployment. Deletes House provision, but adopts similar Senate provision (*Contingency reserves*), which directs the State Board to use the enrollment increase contingency reserve fund to provide grants to community colleges in areas with high unemployment due to manufacturing job losses (House version would have created separate contingency reserve fund for that purpose).

Contingency reserves. Adopts Senate provision.

State Board reserve allocation for maintenance of plant. Adopts Senate provision.

Statewide military business center and homeland security business incubator. Adopts Senate provision with the following change. Adds provision requiring Fayetteville Technical Community College to report to the Jt. Legis. Oversight Comm. on expenditures of funds.

Nursing scholarships for worthy and needy students. Deletes Senate provision.

Universities

UNC flexibility guidelines. Not in controversy.

Need-based financial aid from escheat funds. Adopts House provision with the following changes in amounts appropriated from the Escheat Fund to the UNC Board of Governors for allocation by the State Educational Assistance Authority. Appropriates \$28.61 million to be used for need-based student-financial aid (was \$21.34 million in House, \$41.34 million in Senate). Appropriates \$390,000 to provide scholarship loans to NC high school seniors interested in teaching in NC public schools who enroll at any of the historically black colleges and universities that do not have Teaching Fellows (was \$195,000 in House, \$390,000 in Senate).

Area Health Education Center (AHEC) Funds. Adopts House provision.

UNC bond project modifications. Not in controversy.

Fayetteville State University and North Carolina School of the Arts retain real property proceeds. Not in controversy.

North Carolina School of Science and Math carryover/onetime expenditures. Adopts House provision.

Evaluate science & math school tuition grants. Adopts Senate provision.

UNC-Chapel Hill continue to operate Horace Williams Airport. Adopts Senate provision with the following change. Directs the Dep'ts of Administration and Transportation to assist the University in securing a replacement facility.

UNC personnel mediation/inadmissibility in litigation and clarification regarding the practice of law. Deletes Senate provision.

Teaching scholarships for worthy and needy students. Deletes Senate provision.

North Carolina School of the Arts exempt from the Umstead Act. Adopts Senate provision with the following change. Senate provision exempted from the Act agreements regarding the use of facilities for the creation of commercial materials and productions. Adds agreements regarding the use of equipment and services of students, faculty, and staff for the creation of commercial materials and productions.

Restore bond funds used for mold remediation. Adopts House provision with the following addition. Requires the Board of Governors to repay the Reserve for Repairs and Renovations from the proceeds of any recovery resulting from litigation, a legal settlement, or an insurance settlement.

University system and community college system study. Directs the Board of Governors to use up to \$2 million of the funds appropriated to it for 2004-05 for the comprehensive study of the mission and educational program needs for the University System and the Community College System provided for in House Bill 1264, if it becomes law.

Department of Health and Human Services

Centralize criminal record check functions. Not in controversy.

Study issues related to mentally ill residents of long-term care facilities. Adopts Senate provision.

Transfer of funds in Camp Butner Water and Sewer Utility Enterprise Fund for purchase of fire truck. Deletes Senate provision.

Automatic enrollment Medicare Prescription Drug Discount Card. Adopts Senate provision.

Consolidation of management of IT operations, services, and functions within DHHS. Adopts Senate provision.

DHHS payroll deduction for child care services. Adopts Senate provision.

Regulation of physician assistants receiving, prescribing, or dispensing free prescription drugs. Adopts Senate provision with the following change. Makes new GS 90-18.2A applicable to physicians assistants only (was, physician assistants and nurse practitioners).

No state funds for rebirthing technique performed in another state. Adopts Senate provision.

Community health grant funds. Adopts House provision with the following changes. Decreases from \$3 million to \$2 million the amount to be used for state-designated rural health centers and public health departments. Deletes provision requiring the funds to be allocated from institutional receipts in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

Medicaid. Adopts Senate provision with the following change. Requires providers seeking reimbursement for medically necessary prosthetics or orthotics to be Board-certified by July 1, 2005.

Medicaid reserve fund transfer. Adopts House provision with the following change. Allocates \$86.95 million for Medicaid programs in 2004-05 (was \$79.20 million in House, \$84.20 million in Senate).

Transfer of property to qualify for Medicaid/technical correction. Not in controversy.

Medicaid assessment program for ICF/MR facilities. Adopts Senate provision.

Community Alternatives Programs. Adopts House provision.

Disease management pilot programs. Deletes House provision.

Pilot program to test new approaches to managing access to and utilization of health care services to Medicaid recipients. Not in controversy.

PACE pilot program funds. Adopts House provision.

DHHS study Medicaid institutional bias. Adopts House provision.

NC Health Choice eligibility; premium contribution. Deletes House provision.

NC Health Choice administration and claims processing. Deletes House provision.

NC Health Choice enrollment management. Deletes House provision.

Foster care and adoption assistance payments. Adopts House provision increasing monthly per-child maximum rates in the foster care and adoption assistance programs, but adopts lower rates than those proposed by House, as follows:

For children birth through age 5, \$390 per month (was \$415 in House budget)

For children age 6 through 12, \$440 per month (was \$465 in House budget)

For children age 13 through 18, \$490 per month (was \$515 in House budget).

Adopts House provisions regarding board payments to foster and adoptive families of HIV-infected children.

Special Children Adoption Fund. Not in controversy.

Funds for child protective services staff. Adopts Senate provision.

TANF Benefit Implementation. Adopts Senate provision.

IV-E Child Caring Institutions. Adopts Senate provision.

Adult Care Home Criminal Record Check Pilot. Deletes Senate provision.

Long-term care facility criminal record checks. New provision requires Dep't of Justice to return the results of national criminal history record checks for employment in a nursing home, home care agency, adult care home, or mental health, development disabilities and substance abuse authority to the Dep't of Health and Human Services. Dep't of Health and Human Services must provide the results to the employing entity within five business days of receipt. Allocates \$200,000 to the Dep't of Health and Human Services to carry out these duties, \$250,000 to the Dep't of Justice to upgrade its billing system, and \$34,000 to the Dep't of Justice for additional office space. Allocations effective July 1, 2004; remainder effective January 1, 2005.

Child welfare system reform. Deletes House provision.

Adult day services training and reimbursement methodology. Substantially adopts House provision.

State/county special assistance. Adopts Senate provision with the following change. Increases the maximum monthly rate for residents in adult care home facilities to \$1,084 per month per resident (was \$1,081).

Administration of reduction in funds to area authorities. Adopts House provision with the following changes. Deletes provision transferring \$5 million from institutional receipts in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to the Division of Social Services. Makes conforming change.

DHHS policies and procedures in at risk children's program and multiply diagnosed adults program. Adopts Senate provision with the following change. Provides that one-half of excess funds will not revert to the General Fund (was, all excess funds).

Funds for PATH Program residence purchase. Adopts House provision.

Use of mental health trust fund monies for capital improvements and expansions at ADAPT Centers. Adopts House provision.

Study financing of mental health, developmental disabilities, and substance abuse services. Deletes House provision.

Area program and county program transition flexibility. Not in controversy.

Dorothea Dix master plan. Adopts Senate provision with the following changes. Deletes provision requiring City of Raleigh to share the cost of the planning process. Makes conforming changes.

DHHS Central Office Contracts Reduction. Adopts Senate provision.

Mental health treatment courts. Adopts House provision.

Public Health Task Force reporting requirement. Deletes House provision.

Public Health Improvements. Adopts Senate provision.

Pilot process for local health departments. Adopts Senate provision.

Early Intervention reporting requirement. Not in controversy.

AIDS drug assistance program. Not in controversy.

Maximize ADAP program funding. Adopts Senate provision.

North Carolina Public Health Department incubators. Substantially adopts House provision but decreases allocation to the NC Institute for Public Health to \$1.125 million (was, \$2.25 million).

Funds for school nurses. Adopts Senate provision with the following change. Adopts House's criteria to be considered in determining which communities receive funds to hire school nurses.

Hospital emergency department data reporting. Not in controversy.

Authorize Child Care Commission to adopt rules for child care facilities for medically fragile children. Not in controversy.

Criminal history record checks for local child care centers. Not in controversy.

Increase North Carolina Partnership for Children Board membership. Not in controversy.

Study Smart Start Funding. Deletes Senate provision.

More at Four Program. Adopts House provision with the following changes. Provides that up to 20% of children enrolled may have family incomes in excess of 75% of the median income if they have other designated risk

factors. Provides that "More at Four" funding shall not supplant any funding for classrooms serving 4-year-olds as of the 2003-04 fiscal year.

AGAPE of NC, Inc, on list of agencies eligible to receive funding from State Funds Program. Adopts Senate provision.

Child care allocation formula. Provides that funds appropriated to the Dep't in 2004-05 for subsidized child care services may be allocated to prevent termination of services, notwithstanding the allocation formula established in the 2003 Budget Act.

Department of Agriculture and Consumer Services

Sale of Umstead Farm dairy herd and use of proceeds. Not in controversy.

Study funding for DACS research stations. Not in controversy.

Provide critical support for NC Dairy Farmers. Deleted.

Department of Labor

Department of Labor/Apprenticeship Program. Adopts Senate provision.

Department of Environment and Natural Resources

Grassroots Science Program. Makes small changes in Senate version, with total appropriation of \$3,097,762.

No new funds for statewide beaver damage control program. Deleted.

Twenty-four hour access to Fort Fisher State Recreation Area/funds for department activities at Fort Fisher. Substantially adopts House provision, but allows access only for period from Sept. 15 to March 15.

Accounting for Wildlife Resources Commission revenue. Directs State Budget Director and Controller to review accounts of Comm'n and make recommendations to Fiscal Research Div. by April 1, 2005, of any changes needed.

Wildlife Resources Commission not subject to service charge for sale of surplus property/recyclable material. Adopts Senate provision.

Cost share funds for limited resource/new farmers clarification. Substantially adopts House provision.

Authorize the use of available funds for purchase of Bertie County Forestry Headquarters building/construction of McDowell County Forestry Headquarters building. Not in controversy.

Partnership for the Sounds Funds. Adopts Senate provision but directs that 50% of funds remaining shall provide a budget reduction for DENR.

Under Dock Oyster Culture Program. Adopts Senate provision.

Animal water management systems technical specialists not required to be professional engineers. Modifies Senate provision to state that before July 1, 2006, the requirements and qualifications for animal waste management systems technical specialists shall not be changed and the scope of the work that animal waste management systems technical specialists are authorized to perform shall not be decreased.

State match for federal safe drinking water act funds and for federal water quality act funds. Adopts Senate provision.

Expand Express Review Pilot Program. Adopts Senate provision.

Leaking Petroleum Underground Storage Tank Cleanup Fund solvency. Transferred to DOT section.

Onetime grant to Swain County. Adopts House provision but deletes subsection (b), which made an additional grant of \$40,264.

Expand one-stop permit assistance program statewide. Adopts House provision.

Prohibit certain grants from the Clean Water Management Trust Fund. Deleted.

Monitoring and emergency cleanup funds for TEXFI site contamination. Adopts House provision.

Transfer six vacant positions within the Department of Environment and Natural Resources to Museum of Natural Sciences. As title indicates.

Modify appropriation to Saltwater Fishing Fund. Repeals sec. 13 of H 831, if that bill becomes law. Also, if H 831 becomes law, authorizes Div. of Marine Fisheries to use up to \$450,000 of DENR appropriated funds to implement law; and Board of Trustees of NC Saltwater Fishing Fund may use up to \$300,000 to implement law.

Museum of Natural Sciences Funds. If DENR receives non-state matching funds on a dollar-for-dollar basis, Dep't may use up to \$500,000 during 2004-05 to conduct a feasibility study and develop a schematic site plan for expansion of the Museum of Natural Sciences and for the expansion of office space.

Department of Commerce

Council of Government Funds. Not in controversy.

One North Carolina Fund. Deleted.

Tourism promotion funds. Deletes House provision and directs Dep't of Commerce to study methods for ranking counties in an effort to direct tourism promotion funds to counties most in need.

One NC Funds to retain traditional industries. Deleted.

Industrial Development Fund. Directs reduction of \$2,11,667.

Regional Partnerships Vision Plans. Not in controversy.

Regional Economic Development Commission allocations. Not in controversy.

Rural Economic Development Center. Adopts Senate provision but reduces amount to be allocated to e-NC Authority from \$2 million to \$1 million.

Opportunities Industrialization Center Funds. Not in controversy.

Wanchese Seafood Industrial Park. Adopts Senate provision and adds section directing the Office of State Budget and Management to reduce the carry forward for Wanchese Seafood Industrial Park by \$300,00.

Trade Jobs for Success. Adopts Senate provision.

Omnibus Changes to Employment Security Laws/Funds to Support Local ESC Offices. Adopts Senate provision.

Transfer Business License Information Office functions and duties to the Department of Commerce. Adopts Senate provision.

Judicial Department

Increase maximum magistrate authorizations/study magistrate funding.
Adopts House provision but deletes increases for Durham and Macon and adds increase of 1 for Forsyth.

Collection of Worthless Check Funds. Not in controversy.

Office of Indigent Defense Services/expansion funds/juvenile defender.
Adopts House provision but changes appropriation for creation of Office of the Juvenile Defender to \$177,500.

Establish a public defender's office in the first and tenth defender districts.
Adopts Senate provision but delays creation of 10th district office until July 1, 2005.

Pilot program for provision of courtroom testimony of lab analysts by video conference/direct judicial department to study feasibility of a statewide program for providing testimony in that manner. Adopts Senate provision.

Domestic violence reserves. Deleted.

Mediation Funding Study. Adopts Senate provision.

Plan to Continue Drug Court Services. Adopts Senate provision.

Additional superior court judges, district court judges, and assistant district attorneys to enhance enforcement of domestic violence laws, prosecution of methamphetamine cases, and enforcement of other recent changes in criminal penalties. Enacts new GS 7A-45.1(a6), effective Dec. 1, 2004, to authorize the Governor to appoint a special superior court judge for a 5-year term. Adds 1 additional resident superior court judge in Judicial Districts 3B and 15B and 1 additional district court judge in districts 5, 17B, 21, and 29. Adds 1 assistant district attorney in each of the following districts: 1, 2, 7, 9, 10, 13, 16B, 18, 25, 26, 27B, 28, and 30. Adds 1 additional investigatorial assistant in district 16A.

Department of Justice

Study cost of the DCI-PIN system. Not in controversy.

Reduce backlog of rape kits. Adopts Senate provision.

Department of Juvenile Justice and Delinquency Prevention

State funds may be used as federal grant matching funds. Not in controversy.

Operation of Buncombe Youth Detention Center. Adopts House provision.

Planning for new youth development centers. Substantially adopts Senate provision.

Youth development center staffing. Adopts Senate provision.

Juvenile recidivism. Not in controversy.

Electronic monitoring of juveniles. Not in controversy.

Alternatives to juvenile commitment/juvenile crime prevention councils.
Adopts House provision.

Education of juveniles committed to the Dep't of Juvenile Justice and Delinquency Prevention. Adopts House provision.

Communities in Schools reduction. Appropriation to Communities in Schools of NC, Inc. is reduced by \$75,000 fro 2004-05.

Department of Correction

Shift pay for security staff. Not in controversy.

Security staffing formulas. Not in controversy.

Inmate costs/clothing and laundry services. Not in controversy.

Federal grant matching funds. Adds provision authorizing Dep't to use up to \$290,000 to match certain listed federal grants.

Energy committed to offenders/contract and report. Adopts Senate provision.

Inmate custody and classification system. Not in controversy.

Confidentiality of identities of persons Involved with State executions. Adopts Senate provision.

Provide that Columbus County Prison shall be constructed in accordance with the same North Carolina State Building Code under which the prisons in Scotland, Anson, Alexander, Greene, and Bettie counties were constructed. Adopts Senate provision.

Reserve for increasing prison beds at Pamlico Correctional Center. Adopts Senate provision.

Nonprofit programs. Adopts House provision.

Electronic monitoring program. Substantially adopts House provision.

Inmates eligible for parole. Not in controversy.

Report by Post-Release Supervision and Parole Comm'n. Substantially adopts Senate provision.

Criminal Justice Partnership Program. Adopts Senate provision.

Collection of offender fees. Adopts Senate provision.

Provides that the unlawful distribution of methamphetamine that proximately results in the death of a person is second degree murder, make it an aggravating factor to manufacture met amphetamine in a location that endangers a child, increase the criminal penalty for the unlawful manufacture of methamphetamine, increase the criminal penalty for the possession of precursor substances for methamphetamine, and require the Commission for Health Services to establish decontamination standards for property used for the manufacture of methamphetamine. Deleted.

Department of Crime Control and Public Safety

Victims' compensation and medical treatment. Not in controversy.

Transfer Boxing Commission duties to the Alcohol Law Enforcement Division. As title indicates.

Clarify the authority of the State Highway Patrol to operate weigh stations. Adopts Senate provision.

Report on VIPER System. Adopts Senate provision.

Department of Administration

Allocation of petroleum violation escrow funds. Not in controversy.
Burial services for veterans on weekends. Adopts Senate provision.
Study of state-funded advertising. Not in controversy.
Escheat funds for veterans' scholarships. Not in controversy.
Proceeds from sale of Polk Building in Charlotte. Not in controversy.
Study of advocacy programs in Dep't of Administration. Not in controversy.
State veterans cemetery. Not in controversy.
Light Ground Pocosin Property to Wildlife Resources. Not in controversy.
Blount Street Property Sale. Not in controversy.
Storm water management for State facilities. Deleted.
North Carolina Youth Advocacy and Involvement Fund. Adopts Senate provision.

Office of the State Auditor

Auditor to reduce span of control. Not in controversy.

Housing Finance Agency

Housing Finance Agency shall create the North Carolina Home Protection Pilot Program and Loan fund in order to assist North Carolina workers who have lost jobs as a result of changing economic conditions in North Carolina when the workers are in need of temporary assistance to avoid losing their homes to foreclosure. Adopts Senate provision with the following changes. Provides that in certain circumstances, upon the filing of an application for loan assistance by a mortgagor, a mortgagee shall not do the following: accelerate the maturity of any mortgage covered by this section; commence or continue any legal action to recover the mortgage obligation; take possession of any security of the mortgagor for the mortgage obligation; procure or receive a deed in lieu of foreclosure; enter judgment by confession pursuant to a note accompanying a mortgage; proceed to enforce the mortgage obligation pursuant to applicable rules of civil procedure for a period of 120 days following the date of the mortgagor's properly filed application.

Equity-Building Homes. Deleted.

Department of Insurance

Sunset removed for use of Insurance Regulatory Fund monies. Not in controversy.

Handbooks on Building Code not required. Adopts Senate provision.

Continuing education requirements for bail bondsmen. Adopts Senate provision.

Informational Technology

Multiyear maintenance contracts. Adopts Senate provision.

Information technology oversight. Deletes House provision.

Office of Administrative Hearings

Rules Review Comm'n transferred to Office of Administrative Hearings; authorization for Rules Review Commission to obtain outside counsel.
Substantially adopts House provision.

Department of Revenue (DOR)

Call center fee use. Adopts House provision.

Fee for taxpayer locator services and collection. Not in controversy.

Modify DOR reporting to General Assembly. Not in controversy.

Revenue law enforcement officers. Amends GS 105-236.1 to authorize Sec'y of Revenue to appoint up to 11 employees of the Motor Fuels Div'n to serve as revenue law enforcement officers responsible for enforcing motor fuels taxes imposed by Ch. 105 and Ch. 119.

Business taxation study. Authorizes DOR to use up to \$259,000 of its 2004-05 funds for information technology necessary to estimate the revenue impact of proposals to improve state business taxation, and to create computer-modeling capability to predict the fiscal effect of proposed changes.

Rules Review Commission

Payment of attorneys' fees. Deletes House provision.

Secretary of State

Repeal of transfer of consultation requirement under Business License Information Office to Small Business Centers. Deletes Senate provision.

State Board of Elections

Increase match funds for Help America Vote Act (HAVA). Not in controversy.

State Board of Elections funds to finance judicial campaigns. Adopts Senate provision.

Office of State Budget and Management

North Carolina Humanities Council reporting. Not in controversy.

Exploris Museum. Requires that as a condition of receiving state funds, Museum Board of Directors shall review resource management and develop a plan to make Museum self-sustaining.

Marine Corps Museum of the Carolinas. Provides that if any funds are allocated to Museum under act, funds shall only be used for planning a museum to honor NC men and women who have served in Marine Corps in the Carolinas and funds shall be maintained in a separate account. Further provides that the Public Records Law applies to that fund and requires that the Museum shall provide quarterly reports to the Office of State Budget and Management on fund expenditures.

Office of the State Controller

Overpayments audit. Not in controversy.

State Business Infrastructure Project. Adopts Senate provision with the following changes. Requires that funds be used to secure contractual services

and project management to review current Human Resources/Payroll processes and recommend new processes, document new system requirements, and to prepare an RFP for software licenses, design, and implementation of a new integrated system. Further requires that RFP be submitted to the 2005 General Assembly session for funding. Provides that sec. is inapplicable if S 991, 2003 Regular Session, becomes law.

Employment reporting: federal compliance. Authorizes the Office of the State Controller to use up to \$300,000 in budget code 24172, OSC Recovery Fund, 2004-05, to acquire software to be used by all state agencies to ensure compliance with federal laws requiring the reporting of employment of and payments to aliens. Requires OSC to transfer up to \$100,000 in budget code 24172, OSC Recovery Fund, 2004-05, for model training and for contract position to ensure compliance with such federal laws. Appropriates necessary funds from the OCS Recovery Fund to comply with sec. Further requires that UNC Board of Governors use budgeted funds to ensure compliance with these federal laws.

Office of State Personnel

Study State Personnel Act. Deletes Senate provision.

Department of the State Treasurer

Reestablish state investment officer position. Not in controversy.

Escheat Fund report on principal. Deletes Senate provision.

Department of Transportation

Small Construction and Contingency Funds. Adopts House provision with the following changes. Provides that \$21 million (was, \$14 million) shall be allocated for small (was, small urban) construction projects recommended by the member of the Board of Transportation representing the div'n in which the project is to be constructed, in consultation with the div'n engineer and as approved by DOT. Makes technical changes.

Anticipated revenues. Not in controversy.

Cash flow. Not in controversy.

Western North Carolina passenger rail service. Not in controversy.

Indian Culture Center. Deletes House provision.

Visitor Center funds. Adopts Senate provision with the following changes. Appropriates an additional \$100,000 for operating assistance for Visitor Center on U.S. Highway 221 in McDowell County.

Intrastate improvement projects. Adopts Senate provision with the following changes. Amends GS 137-178(a) to provide that route segments shall have four lanes except those for which projected traffic volumes and environmental considerations dictate fewer lanes. Further provides that if Intrastate Trust Funds cannot be used for GS 136-79 projects, then they may be used for projects on listed route segments or corridors. Amends GS 136-179 to change description of US 321 project to require 4-laning from Tennessee line (was, Boone) to South Carolina line and US 421 from US 321 west of Boone (was, Tennessee line) to I-40. Makes technical changes.

GTP Fund repayment and restrictions. Requires that NC Global TransPark Authority shall pay \$2.5 million to the Escheat Fund from funds borrowed from fund and that all interest on borrowed funds may only be used to repay loan. Amends GS 147-69.2(b)(11) to change maturity date of obligations to July 1, 2005 (was, Sept. 1, 2004).

Urban loops. Adopts Senate provision with the following changes. Amends GS 136-180(a) to provide that Charlotte Outer Loop shall encircle City of Charlotte and shall include 6-laning of the portion from Johnston Road/US 521 south to I-77 south of Charlotte. Changes description of Wilmington Bypass to provide that it shall continue from US 421 in southern Wilmington northeast along Independence Blvd., and extending to Martin Luther King, Jr. Parkway.

Annual overwidth vehicle movement permits and escort driver training for agricultural vehicles. Adopts Senate provision.

Currituck County Airport land conveyance. Adopts Senate provision.

Airport grants for imminent safety threats. Adopts Senate provision.

DOT shall pave areas in NC Indian Culture Center. Adopts Senate provision.

Passenger vehicles towing other vehicles to keep right. Adopts Senate provision.

Ollie Harris Highway and Kings Mountain Historic District signage. Delete Senate provision.

Funds from Dep't of Revenue's Fuel Tax Action Plan. Adopts Senate provision with the following changes. Requires that DOR submit periodic reports to the Jt. Legis. Transportation Oversight Comm. and Jt. Legis. Comm'n on Governmental Operations on plan implementation, initial report due Aug. 1, 2004 and subsequent reports to be made every three months beginning Nov. 1, 2004. Provides that revenue shall not be distributed until revenue has been reported on under sec.

Leaking Petroleum Underground Storage Tank Cleanup Fund solvency. Adopts House provision.

Stormwater Pilot Project. Adopts Senate provision with the following changes. Requires that DOT use up to \$15 million in 2004-05 for a stormwater pilot project to clean up state-maintained ocean outfalls and associated outlets (was, required that \$2.5 million of DOT funds from EEP be used for stormwater pilot project in Dare County).

State dredge study by Joint Legislative Transportation Oversight Committee (JLTOC). Adopts Senate provision.

JLTOC to study transportation related drug and alcohol tests. Adopts Senate provision.

DOT Project Delivery Study implementation. Adopts Senate provision.

Pottery highway signs. Adopts House provision.

No median on part of U.S. Highway 64 in Randolph County. Adopts House provision.

Town of Cornelius Median Cuts. Adopts Senate provision.

State Infrastructure Bank. Requires that DOT collect repayments from State Infrastructure Bank loans by reducing funds allocated to the borrowers under GS 136-41.1.

Salaries and Employee Benefits

Salary increases for Governor and Council of State. \$121,391

Salary increases for elected members of Council of State. \$107,136

Salary increases for nonelected department heads. \$104,672

Salary increases for executive branch officials. Increases salaries as follows:

Chairman, Alcoholic Beverage Control Commission	\$
95,270	
State Controller	133,330
Commissioner of Motor Vehicles	95,270
Commissioner of Banks	107,136
Chairman, Employment Security Commission	133,161
State Personnel Director	104,672
Chairman, Parole Commission	86,993
Members of the Parole Commission	80,315
Chairman, Utilities Commission	119,315
Members of the Utilities Commission	107,136
Executive Director, Agency for Public Telecommunications	80,315
Director, Museum of Art	97,621
Executive Director, North Carolina Agricultural Finance Authority	92,732
State Chief Information Officer	133,250

Salary increases for judicial branch officials. Increases salaries as follows.

Chief Justice, Supreme Court	\$121,391
Associate Justice, Supreme Court	118,219
Chief Judge, Court of Appeals	115,263
Judge, Court of Appeals	113,293
Judge, Senior Regular Resident Superior Court	110,215
Judge, Superior Court	107,136
Chief Judge, District Court	97,285
Judge, District Court	94,207
Administrative Officer of the Courts	110,215
Assistant Administrative Officer of the Courts	100,671

Provides that average salary of assistant district attorneys or assistant public defenders in the judicial district shall not exceed \$61,696. Increases minimum salary of assistant district attorney or assistant public defender to \$32,035. Increases the annual salaries of other permanent, full-time employees by the greater of \$1,000 or 2.5% and permanent part-time employees by pro rata amounts.

Salary increases for clerks of superior court. Increases salaries as follows:

Population	Annual
Salary	
Less than 100,000	\$71,659

	100,000 to 149,999	80,413
	150,000 to 249,999	89,169
	250,000 and above	97,925
<i>Salary increases for assistant and deputy clerks of superior court.</i>		
Assistant Clerks and Head Bookkeeper		Annual
Salary	Minimum	
\$27,515		
	Maximum	
47,626		
	Deputy Clerks	
	Minimum	
23,565		
	Maximum	
36,934		

Salaries for magistrates. Increases salaries as follows:

Entry Rate	\$27,889
Step 1	30,525
Step 2	33,393
Step 3	36,523
Step 4	39,952
Step 5	43,789
Step 6	
48,036	

Adopts House amendment to GS 7A-171.1(a)(3). Amendments to GS 7A-171.1(a1) not in controversy

Salaries for General Assembly principal clerks. Increases salaries to \$90,514.

Salaries for sergeant-at-arms and reading clerks. Establishes rate of \$311 per week.

Salaries for legislative employees. Provides that annual salaries shall be increased by the greater of \$1,000 or 2.5%.

Salaries for community college personnel. Provides that Director of Budget shall transfer funds necessary to provide annual salaries increases of \$1,000 or 2.5%.

University of North Carolina personnel exempt from the State Personnel Act (EPA employees). Directs the Director of the Budget to transfer to the Board of Governors and the NC School of Science and Mathematics sufficient funds to provide an annual salary increase by the greater of \$1,000 or 2.5% for EPA employees. Authorizes Board of Governors and Board of Trustees to determine the salary increases of EPA employees but prohibits Boards from using salary funds for any other purpose. Strongly encourages Board of Governors to give each affected employee that would otherwise be eligible for a 2.5% increase a minimum \$1,000 salary increase.

Salaries for most state employees. Provides that annual salaries of shall be increased by the greater of \$1,000 or 2.5%. Provides that permanent full-

time employees who work a nine-eleventh month work year shall received the greater of \$1,000 or a 2.5% increase.

Salary of the director of the Housing Finance Agency. Adopts House provision.

Salary adjustment fund. Adopts Senate provision.

Temporary sales tax transfer for Wildlife Resources Comm'n salary increases. Adopts Senate provision.

Insurance benefits for state employees. Deletes Senate provision.

Report on proposed UNC unified leave policy. Adopts Senate provision with the following changes. Require that UNC Board of Governors report jointly with State Personnel Comm'n. Provides that no policy shall be implemented without an act of the General Assembly expressly authorizing its implementation. Not applicable to NC Health Care System.

Salary-related contributions/employer. Amends GS SL 2003-284, Sec. 30.16(c), to increase employer contribution rates as follows effective July 1, 2004.

Teachers and State Employees	5.815%
State Law Enforcement Officers	10.815%
University Employees' Optional Retirement	10.485% (decrease from 10.56%)
Community College Optional Retirement	10.485% (decrease from 10.56%)
Consolidated Judicial Retirement System	15.79%

Cost of living adjustments. Increases all cost of living adjustments to 1.7%.

Miscellaneous pension increases. Increases monthly pension to \$161 (was, \$160) per month.

Retired teachers returning to classroom without loss of retirement benefits/option extended. Adopts Senate provision with the following changes. Enacts new Sec. 31.18A(g) to require that effective July 1, 2004, each local school administrative unit shall pay to the Teachers' and State Employees' Retirement System a Reemployed Teacher Contribution Rate of 11.70% of salaries paid to retired teachers. Makes Sec. 31.18A effective June 30, 2004.

Change District Court judges retirement age. Deletes Senate provision and replaces it with provision requiring that Administrative Office of the Courts study the mandatory retirement age for judges and report its findings to the General Assembly by Feb. 1, 2005.

Clarify the probation and parole officers are covered by the Law-Enforcement Officer's,

Firemen's, Rescue Squad Workers' and Civil Air Patrol Members' Death Benefits Act. Adopts Senate provision.

Retiree Health Benefit Fund. Not in controversy.

North Carolina Symphony under State Health Plan. Adopts Senate provision.

State Health Plan Prescription Drug Program. Deletes House provision.

Preferred providers of emergency medical care. Deletes House provision.

Tricare supplemental health insurance. Not in controversy.

State Health Plan; Liability of Third Parties; Right of Subrogation; Right of First Recovery. Adopts Senate provision.

Local governments provided optional coverage under Teachers' and State Employees' Comprehensive Major Medical Plan. Adopts Senate provision with following changes. Deletes amendments to GS 135-6A(d) and adds expiration date of June 30, 2006.

State Health Plan Executive Administrator and Deputy Executive Administrator exempt from State Personnel Act. Adopts Senate provision.

Residential treatment centers/State Health Plan coverage. Adopts Senate provision.

State Health Plan coverage limitation. Deletes Senate provision.

Capital Appropriations

Capital appropriations/General Fund. For 2004-05 appropriates \$26,492,000 to Dep't of Environment and Natural Resources for water resources development projects. Appropriates \$2,000,000 to Dep't of Commerce for State Ports Authority replacement of Port of Wilmington crane rail and of \$2 million to Radio Island Development and Improvements. Appropriates \$2.2 million to North Carolina Museum of Art for expansion planning funds. Appropriates following amounts to UNC System: Center for Design Innovation - \$2 million; Winston-Salem State University Dep't of Life Sciences - \$2 million; N.C. A&T and UNC-Greensboro Millennium Campus - \$4 million; NC Motor Sports Testing and Research Complex - \$2 million. Appropriates \$500,000 to the UNC-Wilmington School of Nursing.

Water resources development project funds. Allocates DENR capital appropriations among the following projects:

<u>Name of Project</u>	<u>2004-2005</u>
(1) Wilmington Harbor Deepening	\$9,300,000
(2) Morehead City Harbor Maintenance	1,000,000
(3) Manteo (Shallowbag) Bay Channel Maintenance	2,000,000
(4) B. Everett Jordan Water Supply Storage	100,000
(5) John H. Kerr Reservoir Operations Evaluation	600,000
(6) Beaufort Harbor Maintenance Dredging (Carteret County)	80,000
(7) Bogue Banks Shore Protection Study (Carteret County)	129,000
(8) Surf City/North Topsail Beach Protection Study	350,000
(9) West Onslow Beach (Topsail)	117,000
(10) Swan Quarter (Hyde County) Flood Control Dikes	100,000
(11) Hurricane Isabel Emergency Stream Cleanup – NE NC	2,000,000
(12) Cape Fear River Basin Water Management Study	161,000
(13) State Local Projects	2,339,000
(14) Lower Lockwoods Folly Dredging	336,000
(15) Currituck Sound Water Management Study	210,000
(16) Aquatic Weed Control, Lake Gaston and Statewide	275,000
(17) Deep Creek (Yadkin County) Water Management	2,000,000
(18) Neuse River Basin Feasibility Study	400,000
(19) Neuse Water and Sewer Project	3,500,000
(20) Environmental Restoration Projects	700,000
(21) Projected Feasibility Studies	200,000
(22) Planning Assistance to Communities	
<u>95,000</u>	

Total \$26,492,000
Adopts House non-monetary provisions with the following changes. Provides that if additional funds are available they should be allocated to Silver Lane Harbor, Far Creek Channel Maintenance, and Walters Slough Maintenance Dredging.

Repair and renovation reserve allocation. Not in controversy.

UNC-Wilmington School of Nursing facility. Provides that of the funds appropriated in act to the UNC Board of Governors, the sum of \$500,000 shall be used for the planning and design of a facility for the School of Nursing.

Restore bond funds used for mold remediation. Deletes Senate provision.

Parts XXXII-A through F

Reduce corporate income tax. Deletes Senate provision.

Sales tax refunds and exemptions. Adopts Senate provision with the following changes. Adds definition of computer manufacturing.

Qualified Business Investment Credit. Adopts Senate provision with the following changes. Decrease cap on tax credits to \$7 million (was, \$9 million). Changes repeal date to Jan. 1, 2008 (was, Jan. 1, 2009).

Research and Development Tax Credit. Amends GS 105-129.50(6) to clarify that qualified expenses are other than NC university research expenses. Amends GS 105-129.51 to change repeal date to Jan. 1, 2009 (was, 2014). Amends GS 105-129.55(a) to provide that only one credit is allowed under subsection for same expenses. Repeals GS 105-129.10 and -129.51(c) effective Jan. 1, 2006. Makes remainder of act effective for business activities occurring after May 1, 2005 (was, Jan. 1, 2005).

Escheat Fund investments. Deletes Senate provision.

Insurable interest of charitable organizations. Adopts Senate provision with the following changes. Provides that sec. expires Oct. 1, 2007.

Job Development Investment Grant Program

Job Development Investment Grant Program. Adopts Senate provision with the following changes. Provides that the Chairs of the House and Senate Finance Comm. shall conduct a study of the Program, results to be submitted to the General Assembly no later than April 1, 2005.

Miscellaneous Provisions

Executive Budget Act applies. Not in controversy.

Committee report. Provides that the Jt. Conference Comm. Report shall be used to construe act.

Effective date. Effective July 1, 2004 unless otherwise indicated.
July 23, 2004

SL 2004-124 (H 1414). 2004 APPROPRIATIONS ACT. AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL APPROPRIATIONS ACT OF 2003 AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATIONS OF THE STATE. Summarized in *Daily Bulletin* 5/12/04, 6/8/04, 6/23/04, 6/24/04, and 7/18/04. Enacted July 20, 2004. Effective July 1, 2004, except as otherwise provided.