

March 17, 2005

S 622. 2005 APPROPRIATIONS ACT (=H 719). TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES. Identical to H 719, introduced 3/17/05.

Intro. by Garrou.

Ref. to Appropriations

GS 58, 90, 96, 105, 108A, 115C, 115D, 120, 128,
135, 142, 143, 143B, 147, 148, APPROP

May 3, 2005

S 622. 2005 APPROPRIATIONS ACT. Intro. 3/17/05. Senate committee substitute makes the following changes to 1st edition.

Current Operations And Expansion/General Fund

Rewrites provision as follows:

State Agency or Division	FY 2005-2006 Appropriation	FY 2006-2007 Appropriation
EDUCATION		
Community Colleges System Office	\$ 792,784,715	\$ 746,844,357
Department of Public Instruction	6,686,828,445	6,694,525,352
University of North Carolina – Board of Governors		
Appalachian State University	97,985,189	98,017,482
East Carolina University		
Academic Affairs	163,117,460	165,825,346
Health Affairs	45,236,835	45,199,318
Elizabeth City State University	27,836,223	27,945,857
Fayetteville State University	42,457,022	42,888,221
NC Agricultural and Technical University	76,760,995	77,033,079
North Carolina Central University	58,670,213	58,651,761
North Carolina School of the Arts	19,903,778	19,887,953
North Carolina State University		
Academic Affairs	298,649,068	303,604,023
Agricultural Extension	35,806,488	35,806,688
Agricultural Research	45,270,285	45,549,731
University of North Carolina at Asheville	28,616,607	29,645,303
University of North Carolina at Chapel Hill		
Academic Affairs	212,811,809	221,386,937
Health Affairs	163,536,496	165,717,793
Area Health Education Centers	44,519,506	44,519,506
University of North Carolina at Charlotte	125,946,379	132,426,616
University of North Carolina at Greensboro	112,494,664	113,358,313
University of North Carolina at Pembroke	40,978,831	41,646,390
University of North Carolina at Wilmington	74,233,617	76,212,723
Western Carolina University	71,221,796	71,938,286
Winston-Salem State University	48,827,490	48,923,209
General Administration	47,357,834	47,356,334
University Institutional Programs	24,985,466	28,970,466
Related Educational Programs	112,128,293	113,991,033
North Carolina School of Science and Mathematics	13,840,377	13,840,377
UNC Hospitals at Chapel Hill	39,231,482	39,231,482

Total University of North Carolina – Board of Governors	2,072,424,203	2,109,574,227
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HEALTH AND HUMAN SERVICES

Department of Health and Human Services		
Office of the Secretary	114,180,919	130,744,045
Division of Aging	29,495,139	29,495,139
Division of Blind Services/Deaf/HH	9,636,797	9,681,220
Division of Child Development	264,750,017	267,356,799
Division of Education Services	33,852,267	34,281,895
Division of Facility Services	16,045,403	17,795,105
Division of Medical Assistance	2,461,281,279	2,606,201,525
Division of Mental Health	600,373,655	602,298,655
NC Health Choice	62,035,981	62,035,981
Division of Public Health	139,796,232	141,314,496
Division of Social Services	185,339,061	186,973,442
Division of Vocation Rehabilitation	41,755,526	42,142,193
Total Health and Human Services	\$ 3,958,542,276	\$ 4,130,320,495

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	49,829,113	49,456,901
Department of Commerce		
Commerce	44,407,935	36,759,201
Commerce State-Aid	11,222,085	11,222,085
NC Biotechnology Center	12,083,395	10,583,395
Rural Economic Development Center	24,802,607	24,802,607
Department of Environment and Natural Resources	171,187,401	163,712,105
Department of Labor	14,154,785	14,169,511

JUSTICE AND PUBLIC SAFETY

Department of Correction	\$ 1,023,193,451	\$ 1,041,825,169
Department of Crime Control and Public Safety	33,509,206	33,899,206
Judicial Department	338,914,267	341,627,255
Judicial Department – Indigent Defense	90,879,188	85,879,188
Department of Justice	76,555,200	77,190,756
Department of Juvenile Justice and Delinquency Prevention	135,174,503	135,774,503

GENERAL GOVERNMENT

Department of Administration	62,419,016	58,783,228
Office of Administrative Hearings	2,987,410	2,969,712
Department of State Auditor	10,850,737	10,840,918
Office of State Controller	10,043,268	10,044,511
Department of Cultural Resources		
Cultural Resources	63,541,449	61,950,582
Roanoke Island Commission	1,783,374	1,783,374
State Board of Elections	5,067,543	5,069,307
General Assembly	42,984,588	46,965,432
Office of the Governor		

Office of the Governor	5,324,590	5,344,528
Office of State Budget and Management	5,019,735	5,021,795
OSBM – Reserve for Special Appropriations	4,430,000	4,180,000
Housing Finance Agency	5,750,945	4,750,945
Department of Insurance		
Insurance	28,088,214	28,110,582
Insurance – Volunteer Safety Workers' Compensation	2,500,000	4,500,000
Office of Lieutenant Governor	754,737	753,037
Department of Revenue	78,238,895	77,858,775
Department of Secretary of State	8,657,943	8,638,857
Department of State Treasurer		
State Treasurer	8,690,595	8,295,843
State Treasurer – Retirement for Fire and Rescue Squad Workers	8,551,457	8,551,457

TRANSPORTATION

Department of Transportation	0	0
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RESERVES, ADJUSTMENTS AND DEBT SERVICE

Reserve for Compensation Increases	192,876,000	499,876,000
Salary Adjustment Fund: 2005-2007 Biennium	4,500,000	4,500,000
Salary Adjustment Fund: 2004-2005 Fiscal Year	4,500,000	4,500,000
Reserve for Teachers' and State Employees' Retirement Contribution	14,617,000	14,617,000
Reserve for Retirement System Payback	25,000,000	0
Reserve for Death Benefit Trust	12,899,200	12,899,200
Reserve for Disability Income Plan	6,586,500	6,586,500
Reserve for State Health Plan	125,000,000	167,000,000
Contingency and Emergency Fund	5,000,000	5,000,000
Reserve for Information Technology Rate Adjustments	(2,300,000)	(2,300,000)
Information Technology Fund	24,375,000	8,025,000
MH/DD/SAS Trust Fund	5,000,000	0
Health and Wellness Trust Fund	10,000,000	0
Reserve for Job Development Investment Grants (JDIG)	8,000,000	12,400,000
Reserve for Healthy NC	2,000,000	0
Reserve for Increased Fuel Costs	3,000,000	0
Debt Service		
General Debt Service	489,544,211	619,291,140
Federal Reimbursement	1,616,380	1,616,380

TOTAL CURRENT OPERATIONS – GENERAL FUND

\$ 16,824,391,562 \$ 17,416,590,416

GENERAL FUND AVAILABILITY STATEMENT

Rewrites provision as follows:

The General Fund availability used in developing the 2005-2007 biennial budget is shown below:

FY 2005-2006 FY 2006-2007

Unappropriated Balance Remaining from Previous Year	\$ 0	\$ 247,722,490
Projected Over Collections FY 2004-2005	428,400,000	0

Projected Reversions FY 2004-2005	75,000,000	0
Less Earmarkings of Year End Credit Balance	0	0
Savings Reserve Account	(125,850,000)	0
Repairs and Renovations	(50,000,000)	0
Beginning Unreserved Credit Balance	\$ 327,550,000	\$ 247,722,490
 Revenues Based on Existing Tax Structure	 \$ 15,250,100,000	 \$ 15,903,000,000
Nontax Revenues		
Investment Income	75,300,000	78,500,000
Judicial Fees	142,200,000	147,900,000
Disproportionate Share	100,000,000	100,000,000
Insurance	56,600,000	58,800,000
Other Nontax Revenues	150,400,000	161,800,000
Highway Trust Fund/Use Tax Reimbursement		
Transfer	252,558,117	252,663,009
Highway Fund Transfer	16,200,000	16,200,000
Subtotal Nontax Revenues	793,258,117	815,863,009
 Total General Fund Availability	 \$ 16,370,908,117	 \$ 16,966,585,499
Adjustments to Availability: 2005 Session		
Streamlined Sales Tax Changes	72,200,000	87,800,000
Maintain 4.5% Sales Tax Rate	413,400,000	458,700,000
Other Sales Tax Changes		
Apply Sales Tax to Service Contracts and		
Warranties	9,100,000	16,800,000
Apply Sales Tax to Candy	11,000,000	15,800,000
Exempt Potting Soil for Farmers	(200,000)	(300,000)
Tobacco Tax Rate Changes	201,300,000	229,900,000
Reduce Highest Marginal Individual		
Income Tax Rate to 7.75% Over Two Years	20,100,000	24,600,000
Continue Use Tax Line on Individual Returns	3,200,000	3,200,000
Conform Estate Tax to Federal Sunset	30,700,000	121,600,000
Reduce Corporate Income Tax Rate	0	0
Corporate Tax "Throwout" Rule	9,800,000	10,300,000
Film Industry Jobs Incentives	(4,800,000)	(4,800,000)
IRC Update – Partial Conformance	(8,000,000)	(10,700,000)
Increase Earmarking for NC Grape Growers Council	(150,000)	(150,000)
Justice and Public Safety Fees	20,428,271	20,428,271
Transfer from Tobacco Trust Fund	34,000,000	30,000,000
Transfers from Special Revenue and Other Funds	8,953,950	0
 Reimburse Debt Service for Certain Capital Facilities		
and Land Acquisition per SL 2004-179	5,958,723	21,060,827
Adjust Transfer from Insurance Regulatory Fund	256,513	243,813
Adjust Transfer from Treasurer's Office	68,478	67,478
Subtotal Adjustments to Availability:		
2005 Session	\$ 827,315,935	\$ 1,024,550,389
 Revised General Fund Availability	 \$ 17,198,224,052	 \$ 17,991,135,888
 Less: General Fund Appropriations		
SB 622 (2005 Appropriations Act)	(16,850,501,562)	(17,416,590,416)

G.S. 143-15.3B: Clean Water Management Trust Fund	(100,000,000)	(100,000,000)
Total General Fund Appropriations 2005-2007 Biennium	<u>(\$16,950,501,562)</u>	<u>(\$17,516,590,416)</u>

Unappropriated Balance Remaining	\$ 247,722,490	\$ 474,545,472
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Transfer from Tobacco Trust Fund. Notwithstanding G.S. 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 2005-2007 fiscal biennium, the sum of thirty-four million dollars (\$34,000,000) for the 2005-2006 fiscal year and the sum of thirty million dollars (\$30,000,000) for the 2006-2007 fiscal year 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 (Intrastate Transfers) to support General Fund appropriations for the 2005-2006 and 2006-2007 fiscal years.

Savings Reserve Account transfer. Effective June 30, 2005, amends GS 143-15.3 to provide that a transfer to the Savings Reserve Account is not an "appropriation made by law", under Article V, Section 7(1) of the NC Constitution.

Repairs and Renovations transfer. Notwithstanding G.S. 143-15.2 and G.S. 143-15.3A, the State Controller shall transfer fifty million dollars (\$50,000,000) from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2005. Funds transferred under this section to the Repairs and Renovations Reserve Account are appropriated for the 2005-2006 fiscal year to be used in accordance with G.S. 143-15.3A. This subsection becomes effective June 30, 2005.

Highway Trust Fund transfers. When the Highway Trust Fund was created in 1989, the revenue from the sales tax on motor vehicles was transferred from the General Fund to the Highway Trust Fund. To offset this loss of revenue from the General Fund, the Highway Trust Fund was required to transfer one hundred seventy million dollars (\$170,000,000) to the General Fund each year, an amount equal to the revenue in 1989 from the sales tax on motor vehicles. This transfer did not, however, make the General Fund whole after the transfer of the sales tax revenue because no provision has been made to adjust the amount for the increased volume of transactions and increased vehicle prices. The additional eighty million dollars (\$80,000,000) transferred from the Highway Trust Fund to the General Fund by this act is an effort to recover a portion of the sales tax revenues that would have gone to the General Fund over the last 16 years.

Notwithstanding G.S. 105-187.9(b)(1), the sum to be transferred under that subdivision for the 2005-2006 fiscal year and for the 2006-2007 fiscal year is two hundred fifty million dollars (\$250,000,000).

Section 2.2(g) of S.L. 2002-126 is repealed.

Special funds cash balances. Notwithstanding any other provision of law to the contrary, effective July 1, 2005, cash balances remaining in special funds on June 30, 2005, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intrastate Transfers) according to the schedule that follows. These funds shall be used to support General Fund appropriations for the 2005-2006 fiscal year.

Fund	Amount Transferred
Department of Environment and Natural Resources	
Budget Code 24300, Fund Code 2338 (DAQ-Inspections and Maintenance – Air Pollution)	\$ 300,000
Budget Code 24300, Fund Code 2106 (DEH – Sleep Products)	200,000
Budget Code 24300, Fund Code 2735 (DLR – Sedimentation Fees)	200,000
Budget Code 24306, Fund Code 2127 (DWQ – Clean-Up Dry Cleaning Solvent)	3,000,000
Budget Code 24300, Fund Code 2130 (DWQ – Well Construction Fund)	100,000
Budget Code 24300, Fund Code 2335 (DWQ – Lab Certification Fees)	100,000

Budget Code 24300, Fund Code 2341 (DWQ – Water Permits)	500,000
Budget Code 64306, Fund Code 6341 (DWQ – WW Treatment Maintenance and Repair)	100,000
Budget Code 24304, Fund Code 2982 (DWQ – Riparian Buffer Restoration)	2,000,000
Department of Commerce	
Budget Code 24600, Fund Code 2711 (Industrial Development Fund)	500,000
Department of Corrections	
Budget Code 24502, (Inmate Canteen/Welfare Fund)	440,000
Judicial Department	
Budget Code 22005, Fund Code 2263 (Worthless Check Fund)	100,000
Department of Administration	
Budget Code 24160, Fund Code 2000 (NC Flex)	913,950

Prison enterprises transfer. The transfer of cash from Department of Correction, Budget Code 74500, Fund Code 7100 (Prison Enterprises) to Nontax Budget Code 19978 (Intrastate Transfers) shall be increased by five hundred thousand dollars (\$500,000), effective July 1, 2005, for the 2005-2006 fiscal year.

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

Rewrites provision as follows:

Current Operations – Highway Fund	2005-2006	2006-2007
Department of Transportation		
Administration	\$ 93,888,317	\$ 95,100,980
Division of Highways		
Administration	30,621,612	30,632,164
Construction	140,470,000	143,080,000
Maintenance	715,895,029	665,722,211
Planning and Research	4,280,000	4,280,000
OSHA Program	425,000	425,000
Ferry Operations	21,264,811	21,264,811
State Aid		
Municipalities	93,370,000	95,980,000
Public Transportation	66,466,447	89,866,447
Railroads	16,531,153	15,531,153
Governor's Highway Safety	293,118	293,118
Division of Motor Vehicles	95,447,914	95,268,137
Other State Agencies	237,392,745	230,530,729
Reserves and Transfers	20,798,052	36,958,052
TOTAL	\$1,537,144,198	\$ 1,524,932,802

HIGHWAY FUND AVAILABILITY STATEMENT

The Highway Fund availability used in developing the 2005-2007 biennial budget is shown below:

Highway Fund Availability Statement	2005-2006	2006-2007
Beginning Credit Balance	-	-
Estimated Revenue	\$ 1,631,640,000	\$ 1,661,240,000
Estimated Reversions	-	-
Total Highway Fund Availability	\$ 1,631,640,000	\$ 1,661,240,000

HIGHWAY TRUST FUND APPROPRIATIONS

Current Operations – Highway Trust Fund	2005-2006	2006-2007
Intrastate System	\$469,925,196	\$486,590,730
Urban Loops	190,018,179	196,757,026
Aid to Municipalities	49,306,114	51,054,717
Secondary Roads	86,596,114	89,274,717
Program Administration	41,156,280	42,259,800
Transfer to General Fund	252,558,117	252,663,009
GRAND TOTAL CURRENT OPERATIONS AND EXPANSION	\$1,089,560,000	\$1,118,600,000

BLOCK GRANTS

Rewrites provision as follows:

DHHS BLOCK GRANTS

Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2006, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT

01. Community Action Agencies	\$ 15,071,666
02. Limited Purpose Agencies	837,315
03. Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	837,315
TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 16,746,296
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. Adult day care services	2,155,301
04. Child Protective Services/CPS Investigative Services/Child Medical Evaluation Program	238,321
05. Foster Care Services – CCIS	1,500,000
06. Division of Aging and Adult Services – Home and Community Care Block Grant	1,834,077
07. UNC-CH CARES Program for training and consultation services	247,920
08. Mental Health Services Program	422,003

09.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services – Developmentally Disabled Services Program	5,000,000
10.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	3,234,601
11.	Division of Services for the Blind – Independent Living Program	3,182,987
12.	Division of Vocational Rehabilitation Services – Easter Seals Society/UCP	188,263
13.	Office of the Secretary – Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly persons	41,302
14.	Child Care Subsidies	3,356,063
15.	Division of Facility Services – Adult Care Licensure Program	411,897
16.	Division of Facility Services – Mental Health Licensure	205,668
17.	State administration	1,706,017
18.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services – Administration	18,098
19.	Division of Facility Services	37,204
20.	Office of the Secretary – NC Interagency Council for Coordinating Homeless Programs	250,000
21.	Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly	203,198
22.	Transfer to Preventative Health Services Block Grant for HIV/AIDS education, counseling, and testing	145,819
TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 55,348,041
LOW-INCOME ENERGY BLOCK GRANT		
01.	Energy Assistance Programs	\$ 13,208,740
02.	Crisis Intervention	9,592,387
03.	Administration	3,186,258
	County DSS \$1,930,734	
	Division of Social Services \$300,000	
	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services \$7,146	
	Local Residential Energy Efficiency Service Providers \$353,820	
	Office of the Secretary \$594,558	
04.	Weatherization Program	4,343,072
05.	Department of Administration – N.C. State Commission of Indian Affairs	54,840
06.	Heating Air Repair and Replacement Program	2,025,687
TOTAL LOW-INCOME ENERGY BLOCK GRANT		\$ 32,410,984
MENTAL HEALTH SERVICES BLOCK GRANT		

01.	Provision of community-based services for severe and persistently mentally ill adults	\$ 6,983,202
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		\$ 12,974,104

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	\$158,708,393
02.	Quality and availability initiatives	33,059,644
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		\$280,224,571

TEMPORARY ASSISTANCE TO NEEDY FAMILIES
(TANF) BLOCK GRANT

01.	Work First Cash Assistance	\$107,794,365
02.	Work First County Block Grants	94,653,315
03.	Child Protective Services – Child Welfare Workers for local DSS	12,452,391
04.	Support Our Students – Department of Juvenile Justice and Delinquency Prevention	2,749,642
05.	Family Violence Prevention	1,200,000
06.	Work First – After-School Services for At-Risk Children	2,249,642
07.	Division of Social Services – Administration	356,291
08.	Office of the Secretary – Administration	60,249
09.	Child Welfare Training	2,550,000
10.	Boys and Girls Clubs	1,000,000
11.	Work Central Career Advancement Center	550,000
12.	Special Children's Adoption Fund	3,000,000
13.	Maternity Homes	838,000
14.	After-School Programs for At-Risk Youth in Middle Schools	500,000
15.	Teen Pregnancy Prevention Initiatives	2,500,000
16.	Subsidized Child Care Program	36,601,205
17.	TANF Automation Projects	592,500
18.	NC FAST Implementation	1,447,640
19.	Transfer to the Child Care and Development Fund Block Grant for child care subsidies	81,292,880
20.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000

TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES
(TANF) BLOCK GRANT

\$356,888,120

MATERNAL AND CHILD HEALTH BLOCK GRANT

01.	Healthy Mothers/Healthy Children Block Grants to Aid-to-County	9,359,236
02.	Children's Health Services Aid-to-County	7,364,216
03.	Healthy Beginnings Aid-to-County	404,559
04.	Maternal Health Aid-to-County	397,761
05.	Children's Health Services	2,878,883
06.	Office of Women's Health and Maternal Health Activities	114,063
07.	State Center for Health Statistics	28,874
08.	Local Technical Assistance & Training	46,866

09.	Injury and Violence Prevention	149,438
10.	Office of Minority Health	99,352
11.	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	25,713
12.	Immunization Program – Vaccine Distribution	819,997
13.	Administration	518,137

TOTAL MATERNAL AND CHILD
HEALTH BLOCK GRANT \$ 22,207,095

PREVENTIVE HEALTH SERVICES BLOCK GRANT

01.	Statewide Health Promotion Programs	\$3,637,771
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.	Adolescent Pregnancy Prevention Coalition of NC	150,000
05.	Administration and Program Support	121,271
06.	Osteoporosis Task Force Operating Costs	150,000

TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT \$4,401,973

General Provisions

Block Grants Administered by Dept. of Health and Human Services (HHS). Requires department to submit a separate plan for each Block Grant received and administered, including a delineation of proposed allocation by program, a delineation of proposed State and local expenditures an identification of new positions, a comparison of proposed allocations by program with that for prior two years, a projection of current year expenditures, and a projection of Block Grant funds available, including unspent federal funds from the current and prior fiscal years. Requires reductions in federal fund availability for any Block Grant to be allocated proportionally across the program. Proposed allocations must be approved by the Office of State Budget and Management. Directs department to report any adjusted allocation to the Joint Legislative Committee on Governmental Operations, the House Appropriations Subcommittee on Health and Human Services (HHS), the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division. Directs the department to develop a monitoring and oversight plan for all recipients, both public and private, and to provide the plan to the Fiscal Research Division by January 1, 2006. Requires the department to report by December 1, 2005, to the House Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on positions funded from federal Block Grant funds.

Social Services Block Grant. Exempts social services Block Grant funds appropriated to the NC Inter-Agency Council for Coordinating Homeless Programs are exempt from 10A NCAC 71R.0201(3).

Low-income Home Energy Assistance Program. Allows HHS to allocate Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Comm'n on Governmental Operations, but the additional funds received must be reported to the Joint Legislative Comm'n on Governmental Operations and the Fiscal Research Division upon award notification.

Mental Health Block Grant. Directs HHS (Division of Mental Health, Developmental Disabilities, and Substance Abuse Services) to use \$1.5 million appropriated in the Mental Health

Block Grant for 2005-06 and \$422,003 in the Social Services Block Grant for 2005-06 for a Comprehensive Treatment Services program for children in accordance with section 10.25 of act. Directs HHS to contract with UNC – Chapel Hill to provide \$50,000 for 2005-06 for psychology student stipends, with \$25,000 of the contract to be paid from the Mental Health Block Grant.

Child Care and Development Fund Block Grant. Allocates \$400,000 to HHS in the Child Care and Development Fund Block Grant for operations of the Medical Child Care Pilot. Requires payments for subsidized child care services provided by federal TANF funds to comply with all state subsidized child care regulations.

Temporary Assistance for Needy Families (TANF) Block Grants. Allocates \$416,540 in the TANF Block Grant to HHS, Division of Social Services (DSS), for 2005-06 to administer TANF-funded programs. Allocates \$2,749,642 to be transferred to the Dept. of Juvenile Justice and Delinquency Prevention to support existing Support Our Students Program to expand program statewide, focusing on low-income communities in unserved areas. Allocates \$1.2 million to DSS for 2005-06 for domestic violence services to Work First recipients. Directs county and local domestic violence shelter programs to develop a plan for using funds, due to DSS by December 1, 2005. Directs \$5,000 to be allocated to each county, plus an allocation based on county portion of statewide total of Work First caseload and portion of statewide total of individuals receiving domestic violence services. Directs HHS to report on use of funds no later than March 1, 2006, to House Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division. Allocates \$2,249,642 to DSS to expand after-school program and services for at-risk children. Directs that grants to be awarded to programs with demonstrated ability to reach needy children and develop links with other governmental agencies and programs. Allocates \$12,452,391 to DSS for Child Welfare improvements to counties to engage staff to provide services to Child Protective Services, to provide foster care and support services, to train and support prospective foster parents, and to provide interstate adoption services for eligible families. Allocates \$2,550,000 to DSS for regional child welfare training center in southeastern North Carolina, for support of the Master's Degree in Social Work/Baccalaureate Degree in Social Work Collaborative, for training for residential child care facilities, and for various other child welfare training initiatives. Allocates \$838,000 to DHH for services at maternity homes. Allocates \$3 million to DSS for Special Children Adoption Fund. Directs DSS with NC Ass'n of County Directors of Social Services and representative of licensed private adoption agencies to develop guidelines for awards of funds to public and private adoption agencies upon the adoption of these special children. Allocates \$1.5 million to DSS for State Private Child Caring Agencies Fund. Allocates \$1 million for Boys and Girls Clubs. Allocates \$550,000 to HHS for Work Central, Inc. Directs Work Central to report on the number of people serviced and the services received to the three groups (House Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division) by May 1, 2006. Allocates \$1,447,640 to HHS for the creation and implementation of a statewide automated child welfare information system. Directs HHS to report to three groups cited above by January 1, 2006. Allocates \$500,000 to DSS to expand after-school programs for at-risk children attending middle school. Directs that funds be distributed to community-based programs. Directs HHS to report to three groups cited above by May 1, 2006.

Maternal and Child Health Block Grant. Provides that if federal funds received under the Maternal and Child Health Block Grant for 2005-06 for abstinence education, then these funds allocated through State Board of Education to the Department of Public Instruction for establishment of an Abstinence Until Marriage Education program. Directs HHS to ensure that there will be follow-up testing in the Newborn Screening Program. Allocates \$3,250,000 for funding approximately 65 time-limited school nurses, the funding to be allocated to areas with the greatest need for nurses and the greatest inability to pay for them. Directs HHS to report to three groups cited above by December 1, 2005.

Community Development Block Grant. Appropriates \$45 million for fiscal year ending June 30, 2006, as follows: (1) State Administration, \$1 million; (2) Urgent Needs and Contingency, \$1 million; (3) Scattered Site Housing, \$13.2 million; (4) Economic Development, \$8.7 million; (5) Community Revitalization, \$13.5 million; (6) State Technical Assistance, \$450,000; (7) Housing Development, \$2 million, and (8) Infrastructure, \$5.14 million. Provides that assistance to non-

profit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with local governments is an eligible activity under any program category. Directs the Department of Commerce with the Rural Economic Development Center to award \$2.25 million in demonstration grants to local governments in very distressed rural areas of the state for critical infrastructure and small business assistance. Directs Department of Commerce to consult with Joint Legislative Comm'n on Governmental Operations before reallocating Community Development Block Grant Funds, but with several exceptions.

Transportation services for trade shows. Deleted

Contingency and Emergency Fund allocations. Identical.

State money recipients/conflict of interest policy. Codifies as GS 143-6.2 the language of this provision, but with some technical modification. Makes conforming change to GS 143-6.2(d). Makes section applicable to non-State entities that receive State funds on or after July 1, 2005, and State funds shall not be distributed to those entities on or after July 1, 2005, until the entity files the policy required by this provision with the disbursing agency or department (see section 6.9(a) of committee substitute).

Budget flexibility for State agencies. Deleted

Budget reporting. Amends GS 143-11(a) to provide that budget reports from the Director of the Budget must include accurate projections for all accounts. Directs that estimated receipts from universities and community colleges must generally be adjusted to reflect actual collections from the previous fiscal year.

Receipt-supported positions consultation requirement. Reinstates GS 143-34.1(a1) requiring consultation with Joint Legislative Commission on Governmental Operations, but provides that a state agency or department may establish receipt-supported positions upon approval by the Director of the Budget. Gives Director flexibility to establish such a position at a salary different from salary amount set out in act under certain conditions.

Overhead cost recovery. Directs the Office of State Budget and Management to study the collection of overhead receipts and develop an overhead cost recovery program from receipt-supported programs and boards, including the reversion of redirected receipts into the General Fund and the establishment of an indirect cost allocation system for redirecting a portion of future receipts for overhead. Directs that the system be implemented by 2006-07 fiscal year. Directs the Office of State Budget and Management (OMB) to report on its progress in this regard to the Chairs of the Senate of the Senate Committee on Appropriations/Base Budget, the Chairs of the House Committee on Appropriations, and the Fiscal Research Division by April 1, 2006. Exempts overhead cost reimbursements collected under any grant agreement by The University of North Carolina and its affiliated institutions.

Prior consultation with the Joint Legislative Commission on Governmental Operations. Amends GS 120-76.1 to provide that any agency, board, or other entity that is required to consult with the Commission prior to taking an action must submit a detailed report of the action under consideration to the Chairs of the Commission, the Commission Assistant, and the Fiscal Research Division. Provides that if the Commission fails to hold a meeting to consult within 60 days of receiving the submission of the detailed report, the consultation requirement is satisfied. Makes conforming changes to GS 143-23(a1). Provides that consultation not required for an agency prior to establishing or increasing fees in accordance with the 2005 Budget Act.

Grantees may have no outstanding tax bills. Amends new GS 143-6.2(c1) to provide that no grantee or subgrantee may receive a grant of State funds from a State entity if the grantee or subgrantee has any overdue tax debts (as defined in GS 105-243.1) at the federal, State, or local level.

Reserve for small employer health insurance. Establishes in the Office of State Budget and Management a nonreverting Reserve for Healthy NC. Directs that funds appropriated to this reserve shall be allocated by the Commissioner of Insurance exclusively for the purpose of reimbursing insurers providing health insurance to small employees under GS 58, article 50, part 5A, the Healthy NC Program. Makes provisions effective only if program is enacted and funds are appropriated.

Amend the tobacco reserve fund to promote the health and wellness of the state's citizens and economic development. Substantially identical to Section 18.1 of the first edition.

Statewide information technology projects. Appropriates \$5.1 million for fiscal 2005-06 and \$3.3 million for fiscal 2006-07 from the Information Technology Fund to the Office of Information Technology Services to continue Fund activities for project management assistance, security assessment remedial action, asset management related legal support, and legacy system assessment. Appropriates \$1.6 million for 2005-06 and \$12.4 million for 2006-07 for three positions and for the purchase and maintenance of asset management software and enterprise licenses. Appropriates \$6.3 million for 2005-06 and \$5.8 million for 2006-07 to provide certain services previously supported by cross-subsidies in the information technology rate structure. Appropriates \$500,000 for 2005-06 to facilitate consolidation of information technology in State agencies. Appropriates \$20,875,000 for fiscal 2005-06 and \$2,525,000 for fiscal 2006-07 from the fund to the office of State Controller to begin the replacement of the State's personnel and payroll information systems. Directs the Office of Information Technology Services to deposit \$5 million for each year of the fiscal 2005-07 biennium from the information technology enterprise fee into the Information Technology Fund. Also directs the State Controller to transfer \$5 million to the Fund from the cash balance remaining in the Office of Information Technology Internal Service Fund on June 30, 2005, to support statewide information technology initiatives.

General fund appropriations cap. Deleted

Require voter approval for debt exceeding twenty-five million dollars. Deleted

Establish total debt cap. Deleted

Public Schools (to be digested in tomorrow's bulletin)

Community Colleges

Use of funds for the College Information System Project. Requires that funds appropriated for project shall not revert at the end of 2004-05 and requires that Community College System Office (NCCCS) report quarterly to Joint Legislative Education Oversight Committee on Project implementation.

Carryforward for equipment. Authorizes NCCCS to carry forward up to \$15 million of operating funds held in reserve and that were not reverted in 2004-05 to be reallocated to its Equipment Reserve Fund (original bill, \$10 million).

Salaries of community college faculty and professional staff. Provides that minimum salaries for community college faculty are to be based on five education levels: (1) vocational diploma or less; (2) an associate degree; (3) bachelor's degree; (4) master's degree or education specialist; and (5) doctoral degree. Establishes minimum salaries ranging for 2005-06 from \$29,652 for a vocational certificate or less to \$36,269 for a faculty member with a doctorate and for 2006-07 ranging from \$30,542 for a member with vocational certificate to \$37,357 for someone with a doctorate. Sets up a sliding scale to allow a college to transfer up to 8% of the State funds allocated to it for faculty salaries if the average salary is 100% or more of the national average Community College faculty salary and up to 2% if the average salary is 85% or less than the national salary average. Requires that the State Board of Community Colleges report to the appropriations subcommittees on education, the House Speaker, the President Pro Tem of the Senate, the Fiscal Research Division, and the Office of State Budget and Management by December 1, 2005, and every year thereafter on the program to increase salaries. Allows colleges to transfer a greater portion of State funds than formula would allow with the approval of the State Board of Community Colleges. Authorizes a college to use all State funds allocated to it for salaries except Literacy Funds and Funds for New and Expanding Industry Training.

Focused Industrial Training and New and Expanding Industry Training combined into Customized Industry Training. Reorganizes concept as Workforce Development Program codified as GS 115D-5.1 and makes other conforming changes. Adds new GS 115D-5.1(d) to provide that funds available to the New and Expanding Industry Training Program shall not revert at the end of the fiscal year but shall remain available until expended. Establishes within the NCCCS the Customized Industry Training Program (CIT). Directs it to offer programs and training services as new options for assisting existing business and industry. Deletes the requirement that the President of NCCCS must determine that the average wage of the workers receiving the training will increase measurably in order for the business or industry to qualify for assistance under the program. Deletes requirement that program funds not revert at end of 2004-05 and that amount

available not exceed \$10 million, but authorizes the State Board to use funds appropriated for the New and Expanding Industry Training Program to operate programs under Customized Industry Training.

Report on Adequacy of Multicampus Funds. Directs multicampus colleges and colleges with off-campus centers to report annually, beginning September 1, 2005, to the NCCCS on all expenditures by line item used to support their multicampuses and off-campus centers. Directs NCCCS to report on these expenditures to the Education Appropriation Subcommittees of the House and the Senate, the Office of State Budget and Management, and the Fiscal Research Division by October 1 of each year. Prohibits the transfer of funds from one multicampus college or off-campus center to another.

Education Program Auditing Function. Amends GS 115D-5(m) to provide that the State Board of Community Colleges shall maintain an education program auditing function that conducts an annual audit of each college to ensure that college program and related fiscal operations comply with State laws and regulations, State Board policies, and System Office guidance. Requires auditors to use a statistically valid sample size in performing audits. Directs that audit findings be forwarded to the college president, local board of trustees, the State Board of Community Colleges, and the State Auditor. Directs the State Board to assess a 25% fiscal penalty in addition to the audit exception on all audits of both dollars and student membership hours, except when the audit exceptions result from nonprocessing errors.

Ferry Boat Operator Training Feasibility Study. Directs the State Board, in consultation with the Ferry Division of the Department of Transportation, to study the need for training for ferry boat operators. Directs the study to consider, among other things, the types of training needed and whether it is feasible for the community colleges to provide such training and the start-up costs for the program and the resources for those costs.

Extend Sunset on Training and Reemployment Contributions. Amends section 8 of SL 1999-321, as amended by section 30.5(f)0 of SL 2001-424, to advance the repeal on such employer contributions so that it is repealed with respect to calendar quarters beginning on or after January 1, 2011 (was, repealed with respect to calendar quarters beginning on or after January 1, 2006).

Community College Innovative Learning Fund. Establishes The Innovative Learning Fund within NCCCS to assist colleges with infrastructure needs. Allows NCCCS President, in consultation with the State Board of Community Colleges, to make grants to qualified colleges of up to \$1 million for planning, equipment, or technology for lifelong learning centers. Allows the President and the State Board to consider, among other things, the Vision Plan of the Economic Development Partnership where the project will be located; the ability of the county to fund the projects, and the impact the center will have on economic development in the region. Provides that funds appropriated for this purpose for 2005-06 shall not revert but shall remain available until expended.

No reversion for colleges in economically disadvantaged counties. Allows a college to retain its General Fund current operations credit balance remaining at end of fiscal year, if the county is a Tier 1 or Tier 2 county; had an unemployment rate greater than or equal to 7% in calendar 2004; and is designated as a Low-Wealth County such that the county's wealth is 80% or less than the state average. Allows prorating of carry forward for colleges whose main campuses are not located in the county, based on the percentage of total full-time equivalent students served in the low-wealth county. Effective June 30, 2005.

Defense Technology Innovation Center. Directs that funds appropriated for the North Carolina Electronics and Information Technologies Association's Defense Technology Innovations Center shall be used for certain uses, including a site selection and acquisition for the center or the improvement of existing infrastructure at the facility, the acquisition of equipment, the employment of staff, the development of a tenant screening process and a marketing and sustainable business plan for the center.

Community College Capital Funds. Provides that notwithstanding GS 115D-31 or any other provision of law, funds appropriated in the act for community college capital projects do not have to be matched by local funds.

Reauthorization of House Bill 275 – Employment Security Commission funds. Deleted
Transfer of the North Carolina Center for Applied Textile Technology to Gaston College. Deleted

State Board of Community Colleges management flexibility. Deleted

Universities (to be digested in tomorrow's bulletin)

Department of Health and Human Services

Central Management

School-based child and family support teams. Deleted.

Reserve for information technology. Deleted.

Information technology. Requires Dep't of Health and Human Services (DHHS) to support technology initiatives by developing a detailed business plan, an information technology (IT) plan, and an IT architecture. Establishes review and reporting requirements. Provides that Dep't may not allocate funds appropriated for one information technology project to any other project, and requires DHHS to use funds appropriated for 2005-06 and 2006-07 for the NC Families Accessing Services through Technology (NC FAST) only for program-specific costs associated with that program.

Senior care program administration. Adds authority for DHHS to use funds appropriated in the act to administer the program.

Medical Care Comm'n temporary rule-making authority extended. Deleted.

Liability insurance. Substantially identical.

DHHS payroll deduction for child care services. Retains substance but codifies previously uncoded provision as GS 143B-139.6B.

More At Four Program. Makes numerous changes, including the following: Specifies funding amounts for the voluntary pre-K program for at-risk four-year-olds at \$66,546,653 for 2005-06 and \$79,109,779 for 2006-07. Deletes provisions relating to creation of a More At Four Pre-K Task Force, requires curricula recommended by the NC Child Development and School Readiness Task Force, and deletes requirement that curricula facilitate implementation of the NC Early Learning Standards. Requires the program to review the number of slots filled by counties on a monthly basis and shift unfilled slots to counties with waiting lists through December 30, 2005, at which time any remaining funds for unfilled slots shall be used to meet the needs of the waiting list for subsidized child care. Rewrites eligibility requirements to require the program to establish income eligibility not to exceed 75% of the state median income. Adds requirements that the program (1) contract with Prevent Blindness of NC to \$150,000 for vision screenings and (2) provide a grant of \$177,000 to the Carolina Children's Communicative Disorders Program at UNC at Chapel Hill. Adds provisions renaming the Division of Child Development the Division of Child Development and School Readiness, and transferring the More at Four Prekindergarten Program from the Office of the Governor to that Division. Makes comparable change in name of the More at Four Task Force. Requires the Task Force to study integration of public funds and programs relating to school readiness and report by April 1, 2006.

More At Four transportation. Deleted.

Office of Policy and Planning. Identical in substance, but codifies previously uncoded provisions as GS 143B-216.70.

Senior Prescription Drug Access Program funding. Authorizes Director of Budget to use available funds up to \$7 million in 2005-06 to fully fund the Senior Prescription Drug Access program through December 31, 2005.

Non-Medicaid reimbursement changes. Identical.

Provider reimbursement rates. Requires DHHS to maintain reimbursement rates paid to service providers at 2004-05 levels during 2005-06, except for exceptions made on a case-by-case basis and approved by the Office of the Sec'y.

Residential schools reporting. Requires Office of Education Services to report by December 1, 2005, on enrollment numbers, budgets, and academic status of the Eastern NC School for the Deaf at Wilson, the NC School for the Deaf at Morganton, and the Governor Morehead School for the Blind.

Division of Aging

Special assistance in-home program. Adds requirement that DHHS report by January 1, 2006, and again by January 1, 2007, regarding specified aspect of the program.
Senior center outreach. Substantively identical.

Division Of Child Development

Criminal history record checks. Deleted.
Child care subsidy payments. Adds as a category of eligibility of non-citizen families, a child who is receiving protective services or foster care services.
Child care study subsidy reimbursement system. Requires DHHS Division of Child Development and School Readiness to conduct analysis of the child care subsidy reimbursement system and report by January 30, 2006.
Child care allocation formula. Identical allocation methodology.
Child care revolving loan. Identical.
Child care funds matching requirement. Provides that DHHS may not require local matching funds as a condition of a locality's receiving state child care funds appropriated by the act, unless federal law requires a match.
Early Childhood Education and Development Initiatives enhancements. Sets out typical provisions relating to Smart Start programs, and prohibits capital expenditures and expenditure of state funds for advertising and promotional activities for 2005-06 and 2006-07.
Smart Start funding study. Requires the NC Partnership for Children, Inc., to study its allocation of funds to local partnerships and report findings and recommendations by March 1, 2006.

Division of Public Health

AIDS drug assistance program (ADAP). Rewrites to prohibit increase in the eligibility for the ADAP Program above 125% of the federal poverty level and to require DHHS to make an interim report on ADAP program utilization by January 1, 2006.
Public health improvements. Deleted.
Community health center funds. Authorizes use of \$2 million in nonrecurring funds for federally qualified health centers that meet criteria for federally qualified health centers and for state-designated rural health centers and public health departments and other clinics for specified purpose.
Accreditation for local health departments. Deleted.
Immunization program funding. Identical.
Funds for school nurses. Allocates \$2.5 million for 2005-06 and \$2.5 for 2006-07 for the school nurse funding initiative. Requires DHHS to report on use of the funds by December 1, 2005.
Early intervention reporting and evaluation. Requires DHHS Division of Public Health to report on Early Intervention services, to analyze reimbursement rates and adjust if appropriate, to analyze program funding for the Children with Special Needs program, and to report by December 1, 2005.
Contracting for more effective combination vaccines. Authorizes DHHS to contract for the purchase of more expensive new combination vaccines only if they are more effective than those used currently.
Chronic disease prevention activities inventory. Requires DHHS to create an inventory of all chronic disease prevention activities, funding, staffing, and resources; create a plan to combine activities; and report by February 1, 2006.
Pilot program for automatic external defibrillators (AED) in public buildings. Requires DHHS to develop a pilot program to place AED in public buildings, including public gymnasiums. Allocates \$17,000 for 2005-06 and \$6,000 for 2006-07 for the pilot, and requires DHHS to report by March 1, 2006.

Division Of Social Services

Intensive family preservation services funding and performance enhancements. Deleted.
Funds for food banks. Deleted.
Foster care and adoption assistance payments. Identical.

Special children adoption fund. Identical, except adds requirement that DHHS report on program activities and expenditures by December 1, 2005, and June 30, 2006.

Child welfare system study. Requires DHHS to conduct a study to document variations in the implementation of the child welfare system in NC counties, make recommendations for correcting disparities, and report by January 1, 2006.

Study to identify adoption incentives for children who are difficult to place. Requires DHHS to conduct a study to identify potential incentives for adoption of children who are hard to place and to report by October 1, 2005.

Multiple Response System. Authorizes DHHS to expand this project using state appropriations and any available non-state funding, and authorizes counties to implement the system using existing resources.

Child caring institutions. Requires the Office of the State Auditor to conduct an audit to evaluate overhead rates and reimbursements for child caring institutions that receive state funding and report by March 1, 2006. Requires DHHS to establish standardized rates for child caring institutions, effective January 1, 2006, and update them annually on July 1. Provides that minimum reimbursement for foster parents providing services through child caring institutions shall not be lower than the rates established by the General Assembly.

Child support program/enhanced standards. Identical, but adds requirement that DHHS report by May 1, 2006.

State/County Special Assistance. Sets out eligibility requirements and benefit levels. Requires DHHS to review activities and costs related to care in adult care homes and determine whether any funds should be transferred to the Division of Medical Assistance to maximize the draw down of federal Medicaid funds.

Limitation on State Abortion Fund. Continues existing limitations on the State Abortion Fund.

TANF benefit implementation. Approves the state TANF Plan for 2005-07, and identifies as electing counties Beaufort, Caldwell, Catawba, Iredell, Lenoir, Lincoln, Macon, McDowell, Sampson, and Stokes.

Plan for star-rating system for adult care homes. Requires DHHS to develop a plan for implementing a star-rating system for adult care homes and to report on the plan by March 1, 2006.

Division Of Medical Assistance

Medicaid cost containment. Rewrites the provision retaining most of the substance, but deleting authorization for adoption of temporary rules.

Pharmacy cost containment. Deleted.

Medicaid. Retains most of the eligibility and service provisions with these differences: (1) allows DHHS to override the 6-prescription limit by allowing up to 8 prescriptions per month pursuant to an override policy, and makes 8 a firm limit; (2) allows DHHS to pay an enhanced fee for pharmacy services; (3) requires DHHS, by October 1, 2005, to apply Medicaid medical policy to Medicare claims for dually eligible recipients; (4) establishes a \$50 co-payment for inpatient hospitalization services; (5) sunsets the provision requiring DHHS to provide Medicaid coverage to all elderly, blind, and disabled people who have incomes equal to or less than 100% of the federal poverty guidelines effective December 31, 2005; (6) provides that dental services shall be provided on a restricted basis according to rules adopted by DHHS; (7) prohibits imposition of prior authorization requirements or other restrictions on prescribed medications for treatment of mental illness, HIV/AIDS, life-threatening respiratory conditions due to chronic obstructive pulmonary disease or stroke; (8) adds authorizations relating to volume purchase plans and cost-containment programs; (9) deletes provisions raising the family income limits for certain children effective January 1, 2006; (10) deletes requirement for quarterly reports on expenditures for acute and long-term care services; and (11) adds provisions relating to (a) mitigation of hardship resulting from application of the SSI method for considering equity value of income producing property; (b) limitations on changes in medical policy; (c) development, amendment, and adoption of medical coverage policy; and (d) investigating and reducing client fraud and abuse.

County Medicaid cost-share. Identical.

Disposition of disproportionate share receipts. Identical.

Expand Community Care of NC Management to additional Medicaid recipients. Requires DHHS to expand the scope of this management model to Medicaid recipients and dually eligible individuals with a chronic condition and long-term care needs, and report by March 1, 2007.

Ticket to Work/Medicaid eligibility. Adds new GS 108A-54.1 setting out provisions for Medicaid buy-in for workers with disabilities, to become effective January 1, 2007, and authorizes the expenditure of \$150,000 for 2006-07 to support this Medicaid eligibility expansion.

Medicaid personal care services limitations. Requires DHHS to apply specified minimum criteria for eligibility for personal care services under Medicaid and authorizes use of additional criteria. Requires Division of Medical Assistance to study appropriate utilization and prior authorization systems for personal care services and other home/community-based services and report by May 1, 2006.

CAP-DA changes. Requires DHHS to develop a new system for reimbursing for the CAP-DA program, report not later than May 1, 2006, and implement a new system by January 1, 2007.

DMA access to health insurance information to ensure recoupment of Medicaid funds spent on medical care covered by insurance. Adds new GS 58-50-46 and 108A-70(c) to make clear that insurers must provide certain information to DHHS, and to provide immunity to an insurer that complies with the section.

NC Health Choice. Adds requirement that DHHS issue a Request for Proposal to contract for administration and claims processing of the NC Health Choice Program and select a contractor by July 1, 2006, for full implementation of the system by July 1, 2007. Makes related changes to GS 108A-70.20 and 108A-70.21.

Transfer eligible children under five from Health Choice to Medicaid. Deleted.

Division of Mental Health

Long-term plan for meeting mental health, developmental disabilities, and substance abuse services needs. Requires Secretary of HHS, in consultation with advocacy groups and affected agencies, to develop a long-range plan for addressing these needs. Requires that the plan be consistent with the plan developed pursuant to GS 122C-102 and that it address subjects specified in the act. Provides that funds shall not be transferred from the Trust Fund for MH/DD/SAS and Bridge Funding Needs until the Secretary has consulted with specified legislative committees, and that moneys in the Trust Fund established by GS 143-15D shall be used to establish or expand community-based services only if sufficient recurring funds can be identified. Requires DHHS to report by January 1, 2006.

Comprehensive Treatment Services Program. Requires DHHS to continue the program for at-risk children and to submit reports by December 1, 2005, and April 1, 2006. Provides for provisions to expire July 1, 2006.

Multiple diagnosed adults. Requires DHHS to implement specified principles and cost-reduction strategies with respect to adults with multiple diagnoses, requires DHHS to submit a progress report by February 1, 2006, and final report by May 1, 2006, and provides for the provisions to expire July 1, 2006.

Extend mental health consumer advocacy program contingent upon funds appropriated by the 2007 General Assembly. Makes program's effectiveness contingent on funding.

Physician services. Deleted.

Private agency uniform cost finding requirement. Identical.

DHHS policies and procedures in delivering community mental health, developmental disabilities, and substance abuse services. Adds requirement that reports be submitted October 1, 2005, and February 1, 2006.

Transition planning for state psychiatric hospitals. Adds provisions (1) providing for placement of nonrecurring savings in state appropriations that result from reductions in beds or services in the Trust Fund for MH/DD/SAS and Bridge Funding Needs, for use to facilitate transition of clients into appropriate community based services and (2) requiring DHHS to submit reports on December 1, 2005, and May 1, 2006.

Mental retardation center downsizing. Changes reporting deadlines and addresses use of savings from downsizing occurring on and after July 1, 2005.

Immunity for reporting abuse and neglect. Adds new GS 122C-66(a1), providing that an individual who witnesses or has knowledge of abuse, neglect, or exploitation of a client of a residential facility may report the incident to an authorized employee of the facility.

Rules pertaining to conflict of interest in referrals to provider agencies. Adds new GS 122C-26(5)e, requiring the MH/DD/SAS Commission to adopt rules requiring facility personnel who refer clients to provider agencies to disclose any pecuniary interest in the provider agency, or other interest that may give rise to the appearance of impropriety.

Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services to study oversight and monitoring by Department of Health and Human Services of services to mental health consumers. Requires the Oversight Committee to study the oversight and monitoring roles of the DHHS Divisions of Social Services, Facility Services, Medical Assistance, and MH/DD/SAS, with a focus on how the activities benefit consumers of MH/DD/SAS services in residential settings, and to report by April 1, 2006.

Appeals process for clients of Mental Health, Developmental Disabilities, and Substance Abuse Services programs. Adds new GS 122C-151.2(b1), requiring the MH/DD/SAS Commission to adopt rules governing an appeals process for clients.

Controlled substances reporting. Adds new Article 5D to GS Chapter 90, the North Carolina Controlled Substances Reporting Act, requiring DHHS to establish and maintain a reporting system of prescriptions for all Schedule II through V controlled substances. Authorized Dep't to issue waiver allowing a dispenser that is unable to submit prescription information electronically to submit it by other means. Provides for confidentiality of the information and authorizes use of nonidentifying information for statistical, research or educational purposes. Requires Commission to adopt rules necessary to implement the act.

Licensure of residential treatment facilities. Adds new GS 122C-23.1, authorizing DHHS to license new residential treatment facilities if the applicant submits with the application a letter of support from the local management entity, specifying the number of existing beds in the same type of facility in the catchment area and the projected need for additional beds of the same type of facility. Defines "residential treatment facility" to mean facilities that are licensed but not subject to Certificate of Need requirements.

Department of Agriculture and Consumer Services (to be digested in tomorrow's bulletin)

Department of Environment and Natural Resources (to be digested in tomorrow's bulletin)

Department of Commerce (to be digested in tomorrow's bulletin)

Administrative Office Of The Courts

Establish Conference of Clerks of Superior Court. Adds GS 7A-805 to =808 to establish a Conference of Clerks of Superior Court, similar to the Conference of District Attorneys, to coordinate efforts of various clerks by assisting them in the administration of their offices. Authorizes Conference to appoint executive secretary.

Divide District Court District 20 and Prosecutorial District 20 into 20A and 20B and realign Superior Court Districts 20A and 20B/divide Superior Court, District Court, and Prosecutorial Districts 29 into Districts 29A and 29B. Amends various sections of Chapter 7A of the General Statutes to divide District Court District 20 into 20A (Stanly, Anson and Richmond counties) with 4 judges, and 20B (Union County) with 3 judges; to divide Prosecutorial District 20 in the same manner; and to move Stanly County from Superior Court District 20B to 20A to match district court and prosecutorial districts. Superior Court District 20A will have 2 superior court judges and District 20B will have 1 judge. Divides Superior Court, District Court, and Prosecutorial Districts 29 into 29A (McDowell and Rutherford counties) and 29B (Henderson, Polk, and Transylvania counties) with each new district having 1 superior court judge and District 29A having 3 district court judges and 29B, 4. Provides that current judges continue terms and that Governor is to appoint new district judge for District 29A until 2006 general election and that district attorneys to be elected in 2006 general election. Changes to judicial districts effective December 1, 2005, or for District 20 when approved under Voting Rights Act if later. Prosecutorial district changes effective January 1, 2007, or, for District 20, when approved under Voting Rights Act, if later.

Collection of worthless check funds. Authorizes Judicial Dep't to use funds remaining in Collection of Worthless Checks Fund on June 30, 2005, for purchase or repair of office or information technology equipment during 2005-06 fiscal year.

Transfer of equipment and supply funds. Requires that funds appropriated to Judicial Dep't in 2005-07 biennium for equipment and supplies certified into reserve account and authorizes Dep't to transfer to programs and between programs as need for equipment and supplies occur.

Study electronic payment. Requires Judicial Dep't to study feasibility of implementing electronic and online payment options for court fees and other funds collected by the courts and to report findings to Appropriations Subcommittees on Justice and Public Safety by May 1, 2006.

Federal grant funds. Identical.

Increase charges for appellate division reports to actual cost. Requires Judicial Dep't to charge full cost of appellate division reports that are sold.

North Carolina State Bar Funds. Authorizes NC State Bar to use up to \$501,500 for each year of the 2005-07 biennium from funds appropriated as grant-in-aid to NC State Bar to contract with Center for Death Penalty Litigation to provide training and assistance to attorneys representing indigent capital defendants.

Transfer responsibility for providing legal assistance to inmates from the Department of Correction to the Office of Indigent Defense Services. Amends GS 7A-498.3, effective October 1, 2005, as title indicates and transfers \$1,883,865 for fiscal 2005-06 and \$2,511,820 for fiscal 2006-07 from Dep't of Correction to Office of Indigent Defense Services to implement provision.

Wake County public defender office funds. Provides that of funds appropriated to Office of Indigent Services, Office must use up to \$2,300,534 for fiscal 2005-06 and \$2,181,323 for fiscal 2006-07 to establish public defender's office in District 10 (Wake County).

Office of Indigent Defense Services expansion funds. Authorizes Office to use up to \$1,069,645 of funds appropriated for fiscal 2005-06 and \$1,023,135 for fiscal 2006-07 for expansion of existing offices by creating 10 new attorney positions and 5 support staff positions.

Office of Indigent Defense Services report. Requires Office to report to Appropriations Subcommittees on Justice and Public Safety by March 1 of each year on volume and cost of cases handled in each district by assigned counsel or public defenders, actions taken to approve cost-effectiveness and quality of indigent defense, and recommended changes in law or funding procedures.

Clarify that fees paid to attorneys representing indigent clients shall be fixed in accordance with the rules adopted by the Office of Indigent Defense Services and may not be set at higher rates without the approval of the Office of Indigent Defense Services. Amends GS 7A-458 as title indicates.

Department of Justice

Use of seized and forfeited property transferred to state law enforcement agencies by the federal government. Provides that assets transferred to Dep'ts of Justice, Correction, and Crime Control and Safety from federal government seizures during 2005-07 biennium be credited to budgets of dept's and result in increase in law enforcement resources for those dep'ts. Dept's prohibited from using assets for personnel positions, new projects, acquisition of real property, or certain repairs of buildings.

Private protective services and alarm systems licensing boards pay for use of state facilities and services. As title indicates.

Certain litigation expenses to be paid by clients. Requires client departments, agencies and boards to reimburse Dep't of Justice for reasonable court fees, attorney travel, and subsistence and other costs directly related to litigation in which Dep't of Justice is representing state dep't, agency, or board.

Reimbursement for UNC Board of Governors legal representation. Requires UNC Board of Governors to reimburse Dep't of Justice for 2 Attorney III positions to provide representation to The University of North Carolina System.

Report on criminal record checks conducted for concealed handgun permits/study fee adjustment for criminal record checks. Requires Dep't of Justice to report to General Assembly by January 15 of each year on receipts, costs for, and number of criminal record checks performed

in connection with applications for concealed weapons permits. Requires Office of State Budget and Management, in consultation with Dep't of Justice, to study feasibility of adjusting fees as a result of the increase in receipts from criminal record checks and report to General Assembly by March 1, 2006.

NC Legal Education Assistance Foundation report on funds disbursed. Requires NC Legal Education Assistance Foundation to report to General Assembly by March 1 of each year on expenditures from State funds, number of attorneys receiving funds, average amount of loan, and other specified information.

Reduce backlog of rape kits. Requires Dep't of Justice to contract with private entities to reduce backlog of rape kits in storage in local law enforcement agencies; requires Dep't to report by February 1 of each year on number of kits analyzed by private entities and how many analyses resulting in arrests or convictions. Requires Dep't of Justice to hire nonsworn personnel to fill vacant positions in SBI laboratory unless the position is a promotion for a sworn agent employed in laboratory before July 1, 2005, or is a forensic drug chemist position that has as a primary duty responding to clandestine methamphetamine laboratories.

Study DNA testing and analysis costs. Requires Office of State Budget and Management, in consultation with Dep't of Justice, to study costs of testing and analyzing DNA samples and report findings to General Assembly by March 1, 2006.

Department of Juvenile Justice and Delinquency Prevention

S.O.S. administrative cost limits. Provides that of funds appropriated to Dep't of Juvenile Justice and Delinquency Prevention, up to \$450,000 in each year of 2005-07 biennium may be used to administer S.O.S. Program, to provide technical assistance to and evaluate local programs.

JCPC grant reporting certification. Requires Dep't before May 1 of each year to give General Assembly a list of recipients of grants awarded from funds appropriated to Dep't for local Juvenile Crime Prevention Council (JCPC) grants. Requires each county receiving JCPC grants to certify annually to Dep't that funds are not used to duplicate or supplant other programs within the county.

Reports on certain programs. Requires Project Challenge North Carolina, Inc., Juvenile Assessment Center, and Communities in Schools to report to General Assembly by April 1 of each year regarding their programs.

Annual evaluation of community programs. Requires Dep't to evaluate Eckerd and Camp Woodson wilderness camp programs, teen court programs, programs that grants funds to local organizations of the Boys and Girls Clubs, Save Our Students program, Governor's One-On-One Programs, and multi-purpose group homes and report to General Assembly by March 1 of each year.

State funds may be used as federal matching funds. Allows funds appropriated to Dep't to be used as a match for Juvenile Accountability Incentive Block Grants and provides that if State receives those block grants, Office of State Budget and Management and Governor's Crime Comm'n are to consult with Dep't regarding criteria for awarding federal funds.

Implementation of treatment staffing model at youth development centers. Requires Dep't to make quarterly reports to General Assembly on treatment staffing model being piloted at Samarkand and Stonewall Jackson Youth Development Centers and on implementation of treatment staffing model at Dobbs, Dillon, and the Juvenile Evaluation Youth Development Centers.

Progress reports on youth development center capital projects. Requires Dep't to make quarterly reports to General Assembly on progress in planning, design and construction of new youth development centers.

Department Of Correction

Federal grant reporting. Requires Dep'ts of Correction, Justice, Crime Control and Public Safety, Juvenile Justice and Delinquency Prevention, and Judicial Dep't to report by May 1 of each year to General Assembly on federal grant funds received.

Reimburse counties for housing and extraordinary medical costs for inmates, parolees, and post-release supervisees awaiting transfer to state prison system. Authorizes Dep't to use

from appropriations \$40 per day as reimbursement to counties for cost of housing convicted inmates, parolees, and post-release supervisees awaiting transfer to State prison system and requires Dep't to report quarterly to General Assembly on expenditure of funds for this purpose.

Holiday pay for Department of Correction staff. Provides that Dep't staff entitled to holiday pay at 150% of regular pay during 2005-07 biennium, but authorizes Dep't to use available funds to pay up to 175% of regular pay.

Department of Correction security staffing formulas. Amends GS 143B-262.5 to require Dep't to conduct on-site post-audits of every prison at least once every three years and regular audits of post-audit charts through automated post-audit system and other staffing audits as necessary (now, conduct security staffing post-audits at least biennially). Requires Dep't to update security staffing relief formula at least every three years instead of biennially. Requires Dep't to implement current post-audit by July 1, 2005, and report progress on implementing staffing recommendations of National Institute of Corrections to General Assembly by April 1, 2006.

Federal grant matching funds. Identical in substance.

Medium custody road crew compensation/community work crews. Medium custody road crew compensation is identical. Adds provision authorizing Dep't of Correction to use up to 39 work crews for Dep't of Transportation litter control projects and transfers \$1,300,00 per year for 2005-07 biennium from Highway Fund to Dep't of Correction to cover costs.

Limit use of operational funds. Modifies Governor's provision by providing that funds may not be expended for new personnel positions until new facilities are within 120 instead of 180 days of completion.

Use of closed prison facilities. Identical.

Shift pay for security staff. Deleted.

Inmate costs/food, health care, prescription drugs, inmate clothing, and laundry services. Identical in substance.

Conversion of contracted medical positions. Authorizes Dep't to convert contract medical positions to permanent State medical positions if it can document that total savings generated will exceed cost of new positions for each facility. Requires Dep't to report by April 1, 2006, regarding conversions.

Computer/data processing services funds. Modifies Governor's budget by limiting provision to 2005-06 fiscal year rather than biennium.

Inmate custody and classification system. Requires Dep't, with assistance from National Institute of Corrections, to review current inmate custody and classification system and report findings to General Assembly by April 15, 2006.

Extend limits of confinement/terminally ill and permanently and totally disabled inmates. Amends GS 148-4 to provide that Sec'y of Correction may extend limits of place of confinement for terminally ill inmate or permanently and totally disabled inmate who poses no significant public risk (now, threat to society); to define "terminally ill" as illness that did not exist at time of sentencing, that is likely to produce death in 6 months (now, 12) and that is so debilitating that it is highly unlikely that inmate poses a significant public safety risk; to define permanently and totally disabled as a condition that did not exist at sentencing and that is so incapacitating that it is highly unlikely that the inmate poses a significant public safety risk.

Partial reimbursement/inmate community work crews and inmate labor contracts. Adds GS 148-26(e1) to require state agencies and institutions, local governments, and other political subdivisions of State that use inmate community work crews or inmate labor contracts to reimburse Dep't of Correction for portion of costs of operating work crews and administrative expenses of managing inmate labor contracts. Allows Dep't to consider requiring smaller amount from entities that have limited ability to pay but specifies that Dep't should attempt to recoup at least \$600,000 for each year of 2005-07 biennium. Requires Dep't to report to General Assembly by March 1, 2006.

Provider rates for inmate health services not to exceed provider rates under Teachers' and State Employees' Comprehensive Major Medical Plan. Amends GS 149-19 and =22 as title indicates. Requires claim approved by Sec'y of Correction to be submitted to Teachers' and State Employees' Comprehensive Major Medical Plan for rate verification and requires Dep't to transfer to Plan funds necessary to cover Plan's administrative costs for verifying claim rates. Adds GS 135-43 requiring Plan to verify rates.

Replacement of Umstead Laundry. Requires Dep't to develop plan for replacement of Correction Enterprises laundry operation upon closing of Umstead Hospital and report plan to General Assembly by May 1, 2006.

Staffing study of unit management. Requires Dep't to conduct an organization and staffing study of unit management in State prison system and report to General Assembly by March 1, 2006.

Study expansion at Cleveland Correctional Center. As part of update of long-range prison housing plan, requires Dep't to consider feasibility of expanding minimum custody bed capacity at Cleveland Correctional Center and report to General Assembly by April 1, 2006.

Report on electronic monitoring costs. Requires Dep't to report to General Assembly by March 1 of each year on its efforts to increase use of electronic monitoring as an alternative to incarceration of probation violators.

Report on probation and parole caseloads. Requires Dep't to report to General Assembly by March 1 of each year on caseload averages for probation and parole officers. Requires Dep't to conduct study of probation/parole officer workload at least biannually and to report results of study and recommendations for adjustments to General Assembly by January 1, 2007.

Community Service Work Program. Requires Dep't to report to General Assembly by February 1 of each year on integration of Community Service Work Program into Division of Community Corrections.

Reports on nonprofit programs. Requires Harriet's House, Summit House, and Women at Risk to report by February 1 of each year to Joint Legislative Comm'n on Governmental Operations on use of state-appropriated funds. Authorizes Harriet's House to use funds for program operating costs, purchase of equipment, and rental of real property to serve women released from prison with children in their custody.

Energy committed to offenders/contract and report. Deleted.

Criminal justice partnership program. Modifies by adding following provisions: (1) states that intent of General Assembly is that Criminal Justice Partnership Program funds not be used for case manager positions when those services can be reasonably provided by Division of Community Corrections personnel or by Treatment Alternatives to Street Crime Program; (2) prohibits Dep't from denying funds to county to support both residential program and day reporting center if county has demonstrated need and fully developed plan for each type of sanction; (3) requires Dep't to report to General Assembly by February 1 of each year regarding specified information about criminal justice partnership programs; (4) amends GS 143B-273.4 to delete offenders awaiting trial from eligibility under program; (5) changes the grant formula to 25% (now, 20%) based on equal dollar amount for each county, 50% (now, 60%) on county share of State population, and 25% on intermediate punishment entry rate for the county, using total of three most recent years divided by average county population for period (now, 20% based on supervised probation admissions rate for county), but provides that for 2005-06 fiscal year, each county's formula is capped at no less than 95% and no more than 120% of the funds allocated for 2004-05 and for fiscal 2006-07 funds are capped at no less than 90% nor more than 130% of funds allocated for 2004-05.

Provide that the terms of members of the Post-Release Supervision and Parole Commission serving on June 30, 2005, expire on that date and restructure the Commission to consist of one full-time member and two half-time members. Amends GS 143B-267 as title indicates (now, 3 full-time members).

Post-Release Supervision and Parole Commission/report on staffing reorganization and reduction. Requires Comm'n to report by October 1 of each year to General Assembly on plan for restructuring organization and operation of Comm'n and implementing staff reductions.

Mutual agreement parole program. Requires Dep't and Post-Release and Parole Comm'n to make good faith effort to enroll at least 10% of program-eligible, pre-Structured Sentencing felons in the Mutual Agreement Parole Program by January 1, 2006, and report to General Assembly by March 1 of each year on progress.

Department of Crime Control and Public Safety (to be digested in tomorrow's bulletin)

Department of Administration (to be digested in tomorrow's bulletin)

Office of the Governor (to be digested in tomorrow's bulletin)

Department of Insurance (to be digested in tomorrow's bulletin)
Department of Revenue (to be digested in tomorrow's bulletin)
Secretary of State (to be digested in tomorrow's bulletin)
Office of State Budget and Management (to be digested in tomorrow's bulletin)
Office of the State Controller (to be digested in tomorrow's bulletin)
Office of State Personnel (to be digested in tomorrow's bulletin)
Department of the State Treasurer (to be digested in tomorrow's bulletin)
Department of Transportation (to be digested in tomorrow's bulletin)

Salaries And Benefits

Modifies salary and benefits provisions as follows and includes an additional salary increase of 3%, effective July 1, 2006, unless otherwise indicated.

Governor and council of state. Sets salary of Governor at \$123,819 and council of state at \$109,279.

Nonelected department head/salary increases. Sets salary of nonelected department heads at \$106,765.

Certain executive branch officials/salary increases. Chairman, ABC—\$97,175; State Controller—\$135,997; Comm'r of Motor Vehicles—\$97,175; Comm'r of Banks—\$109,279, Chairman; ESC—\$135,824; State Personnel Director—\$106,765, Chairman, Parole Comm'n—\$88,733, Members, Parole Comm'n—\$40,960, Chairman, Utilities Comm'n—\$121,701; Members, Utilities Comm'n—\$109,279; Executive Director, Agency for Public Telecommunications—\$81,921; Director, Museum of Art—\$99,573; Executive Director, NCAFA—\$94,587; and Chief Information Officer—\$135,915. Deletes salary increases for General Manager, Ports Railway Comm'n and Executive Director, NCHFA.

Judicial branch officials/salary increase. Chief Justice, Supreme Court—\$123,819; Assoc. Justice—\$120,583; Chief Judge, Court of Appeals—\$117,568; Appeals Court Judge—\$115,559; Judge, Sr. Regular Resident Superior Court—\$112,419; Superior Court Judge—\$109,279; Chief Judge, District Court—\$99,231; District Court Judge—\$96,091; Administrative Officer of the Courts—\$112,419; and Asst. Administrative Officer of the Courts—\$102,684. Establishes minimum salary of Asst. District Attorney or Public Defender, at \$32,676 effective July 1, 2005, and provides that average salaries of those positions shall not exceed \$62,930 in each district. Provides that effective July 1, 2005, the annual salaries of other permanent employees of the Judicial Dep't will be increased by the greater of \$500 (prorated for part-time employees) or 2%, and effective July 1, 2006, by 3%.

Clerk of superior court salary increases. Amends GS 7A-101(a) to establish annual salary of clerk of superior court in each county, based upon population of county, as follows: less than 100,000: \$73,092; 100,000 to 149,999: \$82,021; 150,000 to 249,999: \$90,952; 250,000 and above: \$99,884.

Assistant and deputy clerks of court/salary increases/eliminate deputy clerk hiring rate. Amends GS 7A-102(c1) to establish salary range of Asst. Clerk and Head Bookkeeper from \$28,065 to \$48,579, and of Deputy Clerks from \$24,065 to \$37,673.

Magistrates' salary increases. Amends GS 7A-171(a) to establish salary range for full-time magistrate judges of \$28,477 to \$48,997 and a prorated amount for part-time magistrates. Further amends GS 7A-171.1(a1) to establish ranges for magistrates who were credited with less than five years of service as of June 30, 1994.

General assembly principal clerks. Amends GS 120-37(c) to establish salary of principal clerk at \$92,324.

Sergeant-at-arms and reading clerks. Amends GS 120-37(b) to set salary of sergeant-at-arms and reading clerk at \$321 per week.

Legislative employees. Provides that salaries of nonelected General Assembly employees shall be increased by the greater of \$500 or 2% effective July 1, 2005, and by 3% effective July 1, 2006.

Community colleges personnel/salary increases. Provides salary increase of the greater of \$500 or 2% effective July 1, 2005, for all community college employees supported by state funds.

University of North Carolina System/Epa salary increases. Provides for salary increases of 2% for University employees and nonteaching employees of NC School of Science and Mathematics. Provides for 2% for teaching employees of School of Science and Mathematics to be allocated according to rules adopted by Board of Trustees of School. Transfers from Reserve for Experience Step Increase for Teachers to Board of Governors amount equal to average salary increase of 2% for teaching employees of School of Science and Mathematics to be allocated according to the rules adopted by the Board of Trustees of the School.

All state-supported personnel. Provides for a pay increase of the greater of \$500 (prorated for part-time employees) or 2% for all permanent state employees.

Temporary sales tax transfer for wildlife resources commission salaries. Identical.

Salary adjustment fund. Modifies provision to allow any remaining appropriations in the Reserve for Compensation Increases to be used to supplement Salary Adjustment Fund (was, up to \$5 million in Reserve). Specifies purposes for which Fund may be used and requires that the Director of the Budget consult with the Joint Legislative Comm'n on Governmental Operations prior to transferring any salary adjustment funds for any State agency.

State agency teachers' compensation. Allows funds in the Reserve to be used for experience step increases for employees of school operated by the various state agencies.

State government employment fair minimum wage. Requires that all permanent, full-time employees subject to the State Personnel Act be paid a minimum salary of \$20,112 per year (prorated for employees working less than 12 months per year). Allocates \$156,000 for 2005-06 and \$156,000 for 2006-07 from the General Fund to the Reserve for Compensation Increases for this purpose. Authorizes state agencies to make adjustments to supervisor salaries to correct salary compression and pay equity determinations and requires that the Office of State Budget and Management use up to \$750,000 for 2005-06 and \$750,000 for 2006-07 from the Reserve for this purpose. Requires that any adjustments made as a result of section be calculated and awarded after any across-the-board salary increases authorized by act.

Salary supplements for personnel employed in certain state agencies. Enacts new GS 143B-146.21(e), 143B-516(b)(17a), and 148-22.1(c) to require that the Secretary of Health and Human Services and the Secretary of Corrections set the salary supplement paid to personnel employed in programs operated by the Dep't of Health and Human Services and the Div'n of Prison and licensed by the State Board of Education and to require that supplement be at least 5%, but no more than the percentage supplement they would receive if they were employed in the LEA where the job site is located.

Industrial Commission in-range salary adjustments. Authorizes the Industrial Comm'n to use up to \$171,900 of the revenue generated by implementing a fee for the required review of Form 21 Agreements for 2005-06 and 2006-07 to provide in-range salary adjustments for Comm'n staff.

Coastal Management Division salary increases. Authorizes the Dep't of Environment and Natural Resources to provide employees of the Div'n of Coastal Management an increase in the annual salary of 5%, in addition to any other increase authorized by act.

NCSU salary increases for agricultural program employees. Requires that of funds appropriated to the UNC Board of Governors, \$2 million for 2005-06 and \$2 million for 2006-07 be used to support salary increases for Agricultural Program EPA employees of NCSU.

Longevity service definition. Amends GS 7A-10(c), 7A-18(b), 7A-44(b), and 7A-144(b) to define "service" for purposes of calculating judicial longevity pay to include service as a member of the General Assembly.

Salary-related contributions/employer. Modifies act to change contribution rates for retirement and related benefits as follows: Teachers and State Employees—6.83%; State Law Enforcement Officers—11.83%; University Employees' Optional Retirement System—11.16%; Community College Optional Retirement Program—11.16%; Consolidated Judicial Retirement System—16.39%; and Legislative Retirement System—3.8%. Effective for 2005-06 and 2006-07.

Provide cost-of-living increases for retirees of the teachers' and state employees' retirement system, the judicial retirement system, and the legislative retirement system. Adopts retirement allowance increases of 2% effective July 1, 2005, and states that it is the General Assembly's intent to provide comparable cost-of-living increases effective July 1, 2006.

Increase the monthly pension for members of the firemen's and rescue squad workers' pension fund. Amends GS 58-86-55 to increase monthly pension to \$163 (was, \$161) effective July 1, 2005.

Increase the maximum monthly pension benefits for retired members of the North Carolina National Guard. Amends GS 127A-40(a) to increase to \$75 (was, \$50) the monthly pension for 20 years' service and to \$7.50 (was, \$5.00 per month for each additional year of service).

Conform retiree return to teaching benefit to IRS guidelines/clarify definition of retirement. As title indicates, amends various Session Laws to change sunset from June 30, 2005, to June 30, 2006, amends GS 115C-325(a)(5a) to delete provision excluding certain substitute teachers or part-time tutors from the definition of retired teacher, to require that school districts pay a Reemployed Teacher Contribution Rate of 11.70% of the percentage that retired teachers are being paid to the Teachers' and State Employees' Retirement System, and amends GS 135-1(20) to modify the definition of "retirement."

Optional retirement program vesting. Amends GS 135-5.1(b)(5) to provide that a participant with less than one year (was, five) of coverage under the Optional Retirement Program who leaves UNC employment will forfeit participant's interest attributable to Program contributions.

Increase benefit/sheriff's supplemental pension fund. Amends GS 143-166.85(a) to increase maximum monthly pension from \$1,200 to \$1,500 and GS 7A-304(a)(3a) to increase from 75 cents to \$1.25 the costs assessed in criminal actions for the supplemental pension benefits of sheriffs.

State health plan changes. Amends GS 135-40.59(e) to require that Plan pay 100% of allowable charges from one mammogram per year for individuals age 40 and over, and once every three years for individuals to age 39 years and under and to increase prescription drug copayments. Amends GS 135-40.6 to increase maximum coinsurance cost per individual from \$1,500 to \$2,000 per year and from \$4,500 to \$6,000 per family per year. Limits chiropractic services to Plan members over age five. Amends GS 135-40.8 to provide that the Plan will not pay the first \$150 (was, \$100) for the first day of hospitalization or emergency room charges or the first \$150 (was, \$50) of the facility fees. Enacts new GS 135-40.8(c4) to provide that the Plan does not pay for the first \$25 of allowable charges for services provided by medical specialists.

Forest City employees in state health plan. To add Forest City to the list of local governments participating in the Plan.

General Capital Appropriations/Provisions

Capital appropriations/general fund. Adds appropriations as follows:

Department of Commerce-State Ports Authority	
Port of Wilmington-Container Cranes	\$ 5,000,000
Department of Environment and Natural Resources	
Water Resource Projects	14,760,000
Department of Health and Human Services	
Division of Public Health	100,000
University of NC System-Board of Governors	
UNC-CH – Renaissance Computing Institute	500,000
UNC-Greensboro and NCA&T	
Joint Millennium Campus	5,000,000
Winston-Salem State University-Laboratory	
Facility Planning Funds	750,000
TOTAL CAPITAL APPROPRIATION	\$26,110,000

Procedures for disbursement of capital funds. Identical.

Encumbered appropriations and project reserve funds. Identical

Repair and renovation reserve allocation. Requires that direct appropriations be encumbered to include all costs

Capital improvement projects/supplemental funding approval/reporting requirement.
Deletes provision.
Project cost increase. Identical.
New project authorization. Identical
Advance planning of capital improvement projects. Deletes provision prohibiting the UNC-CH Board of Governors or the State Board of Community Colleges from using the revolving fund.
Appropriations limits/reversion or lapse. Identical.

Lottery (to be digested in tomorrow's bulletin)

Streamlined Sales Tax Changes

Comply with streamlined sales tax agreement. Expanding provisions in original bill, makes numerous technical and conforming changes related to the Streamlined Sales Tax Agreement and makes the following substantive changes (1) Defines the terms 'computer supplies' and 'school supplies' for purposes of the sales tax holiday in GS 105-164.13C and, as in original bill, includes computer supplies worth up to \$250 within the scope of the holiday. (2) Taxes telecommunications service at the combined general rate of 7% (was, 6%), effective July 1, 2005. (3) Taxes satellite television at the combined general rate of 7% (was, 5%), effective July 1, 2005. (4) Taxes spirituous liquor at the combined general rate of 7% (was, 6%), effective October 1, 2005. (5) Similar to original bill, exempts items sold to farmers for use by the farmer; central office equipment sold to telephone companies; broadcasting equipment sold to radio or television stations; sales of fuel and machinery sold to commercial laundries; and certain sales to an interstate air courier for use at its hub, effective October 1, 2005. (6) Taxes railway cars and locomotives (but allows refunds), effective October 1, 2005. (7) Similar to original bill, imposes a privilege tax of 1% on manufacturing fuel and recycling equipment, effective October 1, 2005, in lieu of differential sales tax rate. (8) Similar to original bill, exempts funeral services and taxes tangible personal property, effective October 1, 2005. (8) Provides an amnesty provision, as required by the Agreement, for sellers who register with the State within 12 months after the State becomes a member of the Agreement, effective October 1, 2005. (9) Retains the use tax line item on the individual income tax return for an additional five years, until 2010.

Sales Tax Changes

Maintain state sales tax rate to protect education. Substantively identical to original bill.
Cable service and digital satellite service. Provides that these services are taxed the same as direct to home satellite service, at the combined general rate of 7%, effective October 1, 2005. Cable providers are allowed a credit for any local franchise tax paid.
Broadening the sales tax base. Corrects technical error in original bill to subject candy to State and local sales tax. Also subjects personal property repair services to sales tax. Provides that voicemail is telecommunications service for sales tax purposes. Changes effective October 1, 2005.

Tobacco Tax Rate Changes

Increase tobacco tax for health care. Like original bill, increases cigarette tax from 5 cents to 40 cents a pack but effective July 1, 2005, and with no subsequent increase. Increases the tobacco products tax from 2% to 4% of the cost price, effective July 1, 2005. Caps at \$12,500 a year the discount for cigarette and tobacco products distributors.

IRC Update

Update IRC code reference. Like the original bill, conforms the definition of Internal Revenue Code to federal changes made from May 2004 to January 1, 2005, except does not conform to the qualified production activities deduction. Also conforms to federal provision allowing 2004 deduction for certain charitable contributions made in January 1, 2005. Does not conform to tonnage tax in lieu of income tax on qualified shipping activities or to deduction for state sales taxes in lieu of state income taxes. Delays until January 1, 2005, conformity to any federal changes that would increase NC taxable income for the 2004 tax year.

Individual Income Tax Changes

Phase down upper income tax rate to eight percent in 2006. Substantively identical to original bill.

Eliminate upper income tax rate in 2007 tax year. Substantively identical to original bill.

Conform Estate Tax To Federal Sunset

Adjust estate tax. Substantively identical to original bill.

Corporate Income Tax Changes

Reduce corporate income tax rate. Amends GS 105-130.3 to reduce corporate tax rate from 6.9% to 6.4% effective January 1, 2007; makes conforming changes to Public School Building Capital Fund in GS 115C-546.1.

Amend corporate apportionment formula. Amends the property factor to exclude from the numerator and denominator of the property factor outer-jurisdictional property (tangible property not located in any state, such as orbiting satellites and undersea transmission cables). Also applies the throwout rule to the sales factor of the apportionment formula by removing from the denominator of the sales factor sales attributable to a state in which the taxpayer does not have nexus ("nowhere sales").

Film Industry Jobs Incentive

Enacts new GS 105-130.47 and 105-151.29 to provide a refundable income tax credit equal to 15% of the qualifying expenses totaling at least \$1 million spent by a production company in connection with certain film and television productions. Effective January 1, 2005, and sunsets January 1, 2010.

Set Rates for Insurance Regulatory Charge and Public Utilities Fees

Increases insurance regulatory charge under GS 58-6-25 from 5% to 5.5%; retains the public utility regulatory fees in GS 62-302 at the current rates of 0.12% of each public utility's jurisdictional revenues and \$200,000 for electric membership corporations.

Newborn Screening Fee

Amends GS 130A-125(c) to set the newborn screening fee at \$14 (was, Department of Health and Human Resources sets fee based on actual cost of testing).

Natural and Economic Resources Fees

Increases various agricultural fees, some uncodified and some in GS Chapters 106 and 81A. Enacts new GS 74-24.7(h) to impose an annual inspection and investigation fee of \$1,230 on operators of mines subject to inspection by the Department of Labor under that section.

Justice and Public Safety Fees

Amends various sections of GS Chapters 7A and 15A to increase the criminal and civil court of justice fees by \$10; increase the expunction fee from \$65 to \$125, increase the cap on probate fees from \$3,000 to \$6,000; and increase the court cost for a seat belt violation from \$50 to \$75. Enacts new GS 15A-1343(c2) to impose a \$90 fee on electronic monitoring devices used for house arrests. Increases the property tax rate for Butner from 20 cents to 25 cents. Amends GS 114-10.1 to set the fee schedule for participation in the Police Information Network and, effective January 1, 2006, increases the monthly fee assessed for mobile terminals from \$6 to \$12.

DOT Fee Increases

Amends various sections in GS Chapter 20 to increase fees payable to the Department of Transportation, including increases in the General Fund fees for the following: copies of drivers licenses, Class C operator licenses, restoration of a license after revocation, commercial operators licenses and endorsements, registration tags for automobiles and light trucks, licenses

for property-hauling vehicles, and international plan registration for interstate motor carriers. Also increases various Highway Trust Fund fees for certificates of title and registration.

Industrial Commission Fees

Amends GS 97-73 to authorize the Industrial Commission to adopt a fee for documents filed and agreements reviewed under the Workers' Compensation Act.

Effective Date

Except as otherwise provided, effective July 1, 2005.

May 4, 2005

S 622. 2005 APPROPRIATIONS ACT. Note: Most of the provisions of the committee substitute for Senate Bill 622, 2005 Appropriations Act, adopted 5/3/05, were digested in yesterday's Bulletin. The following summary includes the remaining provisions.

May 4, 2005

S 622. 2005 APPROPRIATIONS ACT. Intro. 3/17/05. Senate committee substitutes make the following changes to 1st edition.

Current Operations And Expansion/General Fund (digested in yesterday's Bulletin)

Current Operations And Expansion/Highway Fund (digested in yesterday's Bulletin)

Highway Trust Fund Appropriations (digested in yesterday's Bulletin)

Block Grants (digested in yesterday's Bulletin)

General Provisions (digested in yesterday's Bulletin)

Public Schools

Teacher salary schedules. Same as original bill and also adopts salary schedule for teachers for 2006-07 as follows: "A" teachers, \$2,574 per month to \$4,626 per month; NBPTS certified "A" teachers, \$3,156 per month to \$5,181 per month; "M" teachers, \$2,832 per month to \$5,088 per month; NBPTS certified "M" teachers, \$3,470 per month to \$5,699 per month.

School-based administrator salary schedule. Same as original bill and also adopts salary schedules for principals for 2006-07 as follows: principals (\$3,762 to \$7,507 per month) and assistant principals (\$3,297 to \$5,361 per month) and classifies assistant principals and principals for salary purposes according to number of teachers supervised.

Experience step increase for teachers and principals in public schools. Changes short title to "Bonus for certified personnel at the top of their salary schedules" and makes experience step increase applicable to personnel employed on July 1, 2003 (original bill, those employed on July 1, 2005). Also provides for such an increase effective July 1, 2006, for personnel employed on July 1, 2003.

Retired teachers returning to the classroom without loss of retirement benefits/option extended. Deleted.

Central office salaries. Same as original bill and also adopts salary schedule for school administrators for 2006-07 as follows (\$2,932 to \$7,616 per month) and Superintendents (\$4,187 to \$10,229 per month). Provides that annual salary increase for all permanent full-time personnel paid from Central Office Allotment shall be the greater of \$500 or 2% for fiscal 2005-06 and 3% for fiscal 2006-07.

Noncertified personnel salary. Provides for a salary increase of the greater of \$500 or 2% for 2005-06 and 3% for 2006-07.

Funds to implement the ABCs of Public Education. Same as original bill, but adds provision authorizing use of appropriated funds for assistance teams for low-performing schools.

Funds for children with disabilities. Identical.

Funds for academically gifted children. Identical.

Discrepancies between anticipated and actual ADM. Identical.

Local education agency flexibility. Deleted.

LEA assistance program. Rewrites provision to authorize State Board to use \$500,000 in each fiscal year to provide assistance to low performing Local Administrative Units, and to help schools comply with No Child Left Behind Act of 2001. Requires State Board to report to State Budget Office, Fiscal Research, and the Joint Legislative Education Oversight Committee on the criteria, budget, and uses of the funds on May 15, 2006, and December 15, 2007.

Mentor teacher funds may be used for full-time mentors. Requires State Board to allow local units to have flexibility in use of mentor funds if local board submits a plan on how it will use the funds. State Board to adopt standards for mentor training. State Board to report to Legislative Education Oversight Committee by October 15, 2006. Separate report on the effectiveness of a sample of the programs due by December 15, 2006

Disadvantaged student supplemental funding. Requires each administrative unit to develop plan to use funds allocated to it in budget for disadvantaged students, and plan must be approved by State Board of Education. Limits uses of funds to purposes specified in bill. Specifies how funds allocated for evaluation of these funding initiatives must be used. State Board to report to State Budget Office, Legislative Education Oversight Committee and Fiscal Research by February 15, 2006, and each January 15 thereafter on the evaluation's findings. Deletes provisions in original bill specifying that \$22.5 million must be used to address the capacity needs of LEAs to meet the needs of disadvantaged students and requires that for 2005-06 these funds will continue the nonrecurring funding provided in 2004-05.

Flexibility for the highest priority elementary schools. Authorizes State Board to allow high priority schools that have made high growth for three consecutive years to be removed from list; schools removed from list lose additional funding providing for high priority funding.

Use of funds in at-risk and improving student accountability allotments. Deleted.

At-risk student services/alternative schools. Same as original bill.

Supplemental funding in low-wealth counties. Same as original bill except as follows: Restricts use of all funds to certain categories of instructional and instructional support positions and salary supplements for them and to pay an amount not to exceed \$10,000 of the plant operation contract cost charged by the Dept. of Public Instruction for services (original bill, at least 15% of funds must be so used). Encourages local boards of education to improve the academic performance of children who are performing at level I or II on either reading or mathematics end-of-grade tests in grades 3—8 and children who are performing at level I or II on the writing tests in grades 4 and 7. Provides that the formula for distribution of supplemental funding is not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties (original bill, not intended to reflect any measure of the adequacy of the educational program or funding for public schools).

Small school system supplemental funding. Provides that the consolidated funds allotment of at least \$740,074 excludes textbooks for the 2005-06 fiscal year. Establishes an allotment of the same amount without excluding textbooks for 2006-07. Adds nonsupplant requirements for State Board of Education to administer during the 2005-07 biennium and requires the Board to report to the Joint Legislative Education Oversight Committee, by May 1, 2006, if it determines that counties have supplanted funds. Establishes "phase-out" provisions for units that become ineligible for funding solely because of an increase in the county-adjusted property tax base per student, providing that funding is to be phased out over a two-year period so that in the second year the unit receives only one-half of the prior year's amount. Adds definitions for "average daily membership," "county-adjusted property tax base per student" and other key terms. Encourages local boards to use at least 20% of the funds to improve academic performance of children performing at level I or II in reading or mathematics in grades 3-8 and children who are performing at level I or II on the writing tests in grades 4 and 7. Directs local boards to report to the State Board of Education annually on funds used for this purpose and that Board must report the information to the Oversight Committee.

Students with limited English proficiency. Same as original bill but deletes requirement that DPI assess those with limited proficiency every three years to determine proficiency levels.

Expenditure of funds to improve student accountability. Same as original bill but adds provision allocating the funds to school units within 30 days of the budget's effective date.

Learn and Earn High Schools. Rewrites provision to require that funds appropriated for the Learn and Earn high school workforce development program be used to identify students who are

not prepared to attend college program and to assist students in earning Associate Degree or two-years of college credit by the year after their senior year in high school by establishing new high schools that incorporate community college and high school curricula. State Board to work with Education Cabinet and New Schools Project. Funds may not be allotted to new high schools until they are certified as operational. Allocates a principal to these schools in first year regardless of number of students or teachers. Requires that State Board annually evaluate program and report results to the State Budget Office, Fiscal Research, and the General Assembly by January 15 of each year.

Base Budget Reduction to Department of Public Instruction. Authorizes Department to use any funds available and to transfer funds as necessary to implement budget reductions in 2005-06 fiscal year.

Small specialty high schools pilot program. Deleted.

Teaching Fellows Program for science and mathematics. Deleted

Transfer Prospective Teacher Scholarship Loan and Teacher Assistant Scholarship Loan to the NC State Education Assistance Authority. Deleted.

Visiting international faculty. Amends GS 115C-105.25(b) to authorize State Board to convert teaching positions for dollars for Visiting International Faculty Program teachers for fiscal biennium on the basis of the allotted average teacher salary and benefits. Funds may be used only to cover costs associated with bringing teachers in state approved programs. Designates Visiting International Faculty Program as state approved program.

Funds for teacher recruitment initiatives. Deleted .

Charter school advisory committee/charter school evaluation. Same as original bill.

Replacement school buses funds. Deletes authority in original bill to transfer up to \$55,106,092 for 2005-06 and \$57,388,367 for 2006-07 to LEAs for replacement school buses under GS 115C-249(c) and (d). Retains other provisions, but requires Department of Administration to establish statewide term contract for use by State Board and local units if they choose to.

Litigation reserve funds. Same as original bill.

Funds for the testing and implementation of the new student information system. Same as original bill.

Expenditures for driving eligibility certificates. Codifies provision in original bill as amendment to GS 115C-12.

Public school building capital fund. Changes title of Article 38A of GS Chapter 115C to include both buildings and technology. Specifies that for 2005-06, Secretary of Revenue must remit to State Treasurer amount equal to 5/69th's of collections received in previous quarter under GS 105-130.3, with first \$25 million to go to State Public School Fund and remainder to Capital Building and Technology Fund. Makes similar provision for 2006-07, but amount to go to Public School Fund is \$20.5 million.

Standards review of MSA programs. Same as original bill.

Evaluation of school principals. Rewrites provision as a new GS 115C-286.1. Specifies that superintendent or an assistant superintendent conduct evaluation. Local units must use evaluation instruments adopted by State Board or one that is properly validated as similar to State Board's.

Planning time for teachers. Same as original bill, but also requires report to Legislative Education Oversight Committee.

LEA sales tax refund reporting. Amends GS 105-164.14(c) to require Secretary of Revenue to make annual report to Department of Public Instruction and Fiscal Research of amount of refunds by January 1. Also requires report of refunds claimed in previous three fiscal years.

Online Professional Development Resource Center for Teachers and Principals. As title indicates. State Board and Department of Public Instruction to develop website.

Flexibility for high school innovation. Amends GS 115C-238.50 through 115C-238.53 to allow local school board to cooperate with both community colleges and universities to develop innovative high school programs under Part 9 of Article 16 of GS Chapter 115C, instead of just limiting the cooperation to the community college systems.

Funds for education of students at Eckerd Youth Alternatives Therapeutic Camp. If student is placed in cited camp on recommendation of school unit, the unit must pay the camp the funds a charter school would receive for the amount of time the student is in the camp. Camp to receive additional special needs children's funds if child is eligible.

Fund one local school administrative unit per county. As title indicates. Provides exceptions for Nash-Rocky Mount, Edgecombe County, Cleveland County, and Gaston County units. Effective July 1, 2006.

Minimized time devoted to standardized tests. Amends GS 115C-174.12(a) to specify that policy on standardized tests must include limits of no more than two days of instructional time per year on practice tests, that two week period before end-of-course tests or exams must not include field tests or national tests, and that no school participate in more than two field tests in one year, subject to limited exceptions.

Education Cabinet. Amends GS 116C-1 to include Secretary of Health and Human Services in Education Cabinet.

The Center for 21st Century Skills. Transfers funds appropriated for cited center to Governor's Office, to establish the center within the NC Business Committee for Education, Inc. That entity is to cooperate with NC New Schools Project, and to work on specified math and science enrichment programs with NC School of Math and Science.

Teacher working conditions initiative. Directs State Board to use funds to continue Governor's Teaching Working Conditions Survey.

Plan and funding for a virtual high school. Directs State Board, UNC Board of Governors, Community Colleges Board, and private colleges to develop E-Learning standards that provide learning opportunities for NC citizens. States legislative intent to give public schools highest priority for new funding in this area. Authorizes State Board to use funds appropriate to it to implement pilot virtual high school in each year of the biennium. If pilot is successful, intent of legislature is to implement program statewide.

Feasibility study for developing regional education networks. Directs Rural Economic Development Center and the e-NC Authority, with collaboration from numerous other groups, to conduct feasibility study on developing regional education networks that are centrally managed and provide broadband connectivity to students and teachers at all educational levels. Report to legislature due by 2006 session.

Plan for projecting school technology funding needs. Amends GS 115C-102.6A to require state school technology plan to include baseline template for technology infrastructure and evaluation component. Amends GS 115C-102.7 to require department to conduct random checks of local technology plans for compliance. State Board to provide costs for state's technology needs (personnel and infrastructure) for next three to five years. Report to legislature due by 2006 session.

Annual report that highlights the impact of education preparation on economic growth. As title indicates. Report to be done by NC Board of Science and Technology. Report due by 2006 session of the legislature.

Process for more assistance for E-Rate. Directs Department of Public Instruction to assign one full time coordinator to the task of assisting local school units in obtaining E-Rate, which is the mechanism to obtain discount rates to support universal telecommunications services for use by schools and libraries.

Planning for a state central infrastructure office. Directs State Budget Office to study feasibility of establishing State Central Infrastructure Office to collect and manage information to assist communities in becoming and remaining economically viable. Report due by 2006 session of the legislature.

School employee salary study. Directs Legislative Education Oversight Committee to study current salary structure for teachers and other school employees. Report due by 2006 session of the legislature.

Commission for a Sound Basic Education. Creates cited 12-member commission, with members appointed equally by House and Senate leaders, and in addition authorizes appointment of an advisory committee. Report due by January 15, 2006. Appropriates \$200,000 to General Assembly to support the work of the Commission.

Community Colleges (digested in yesterday's Bulletin)

Universities

UNC flexibility guidelines. Substantially identical.

Enrollment Growth Fund/Encourage partnerships for New 2 + 2 Programs. Modifies provision to delete directive to use funds appropriated to UNC for enrollment increases for planning and reporting on increasing growth in teacher education programs and provision authorizing Office of President to reallocate up to five percent of the total enrollment growth funding of campuses that do not meet their goals. Adds provision directing the UNC Board of Governors (BOG) and the State Board of Community Colleges to encourage those constituent institutions and community colleges that do not have 2 + 2 programs to design and enter into partnerships to offer them, and to report on their progress to the Education Oversight Committee by February 1, 2006.

UNC-NCCCS joint initiative for teacher education and recruitment. Substantively identical.

Enrollment growth funding model. Identical.

UNC-NCCCS 2+2 E-Learning Initiative. Identical.

Use of Escheat Fund for need-based financial aid programs. Increases the appropriation from Escheat Fund income from \$39,562,679 to \$67,248,016 for 2005-06 and from \$26,375,120 to \$67,638,016 for 2006-07 to the BOG; from \$8,235,901 to \$13,981,202 for 2005-06 and from \$8,235,901 to \$13,981,202 for 2006-07 to State Board of Community Colleges. Deletes appropriation to the Dep't of Administration, Div'n of Veterans Affairs. Also allocates from the Escheat Fund to the BOG \$780,000 for 2005-06 and \$1,170,000 for 2006-07 to be allocated to the State Educational Assistance Authority (SEAA) for scholarship loans to students preparing to teach in the state's public schools who also enroll at any historically black colleges and universities that do not have teaching fellows. These funds are to be administered by the Authority in accordance with GS 116B-7. Authorizes the use of principal from the Escheat Fund to pay the appropriations set forth in this section if the interest income is insufficient to do so, provided that the Escheat Fund principal is not to be reduced below \$400 million.

Aid to students attending private colleges procedures. Deletes provision.

Study of distance education. Substantively identical.

Information technology procurement. Substantively identical.

Board of Governors' dental scholarships. Modifies provision to provide that any dental scholarship awarded prior to July 1, 2005, will not be converted to a scholarship loan without the recipient's consent.

Board of Governors' medical scholarships. Modifies provision to provide that any medical scholarship awarded prior to July 1, 2005, will not be converted to a scholarship loan without recipient's consent.

Teacher scholarship funds. Establishes the Future Teachers of North Carolina Scholarship Loan Fund to provide 100 two-year scholarship loans of \$6,500 per year to any North Carolina student pursuing a college degree to teach in the NC public schools. The scholarship loan is available for students enrolled in any institution of higher education located in NC that has an accredited teacher preparation program. The SEAA is to administer the fund. Directs the BOG to develop criteria for awarding the scholarship loans in accordance with criteria set forth in the act. Also provides that any student who fails to comply with the relevant provisions of the act or terms of agreement awarding the scholarship loan shall repay the full amount. Directs the BOG, the State Board of Education and the State Board of Community Colleges to develop and provide information about the scholarship loans to counselors in the local school systems. Directs the BOG to report to the Education Oversight Committee on the Fund by March 1 of each year. Directs that of funds appropriated to SEAA, \$650,000 for 2005-06 and \$1.3 million for 2006-07 shall be used to implement the provisions section.

UNC-Asheville retain sale proceeds. Authorizes UNC-Asheville to retain the proceeds from the sale of the chancellor's residence to construct a new chancellor's residence. Proceeds from the sale not used for that purpose within two years of the sale will revert to the General Fund.

UNC Bond Project Modifications. (1) Expands the scope of a residence hall project at Elizabeth City State University to be a replacement rather than renovation project. Changes the title of the project to "Mitchell-Lewis Residence Hall-Comprehensive Renovation. (2) Cancels

renovation of Latham Residence Hall at NCCU and transfers unused monies to renovation of Eagleson Residence Hall. Reduces the amount of money allocated to the Latham renovation to \$1,038,143 and increasing the amount of money allocated to the Eagleson renovation to \$9,242,957. (3) Cancels the renovation of the King Hall Classroom Building at UNC-Wilmington and transfers unused funds to other UNC-Wilmington renovation projects. Reduces the allocation for the King Hall renovation to \$358,711, and increases the allocation to the General Classroom Building to \$13,326,778, to Academic & Classroom Facilities to \$34,023,223; to Hinton James Hall to \$2,806,561; to Kenan Auditorium to \$2,073,724; and to Friday Hall Laboratory to \$8,862,830. (4) Cancels the West Residence Hall renovation at UNC-Pembroke and transfers the unused funds to the North and Belk Residence Hall renovations, and cancels the Campuswide Infrastructure Improvements project and transfers those unused funds to the Biotechnology Teaching Labs and Classroom Building project. Reduces the allocation to the West Residence Hall renovation to \$98,000 and the allocation to the infrastructure improvement project to \$266,218, adds a new project entitled "North and Belk Residence Hall – Fire Safety Improvements and Renovations \$879,300," and adds a new project entitled "Biotechnology Teaching Labs and Classroom Building \$1,730,382."

Amend NC School of Science and Math tuition grant. Amends GS 116-238.1(f) by substituting the phrase "cost of attendance" for the phrase "cost of tuition." Also provides that the cost of attendance shall be determined by the SEAA.

UNC-Chapel Hill continue to operate Horace Williams airport. Directs UNC-Chapel Hill to continue to operate Horace William Airport and to continue air transportation support for Area Health Education Centers and the public until AHEC has sufficient access to RDU to serve its program and activity needs.

North Carolina Agricultural and Technical State University Funds. Directs the BOG to allocate \$1,088,941 to NC Agricultural and Technical State University for agricultural and research extension programs. Expresses intent of General Assembly to fully fund those programs in 2006-07.

Transfer Prospective Teacher Scholarship Loan and Teacher Assistant Scholarship Loan to the NC State Education Assistance Authority. (1) Transfers the Scholarship Loan Fund for Prospective Teachers from the Dep't of Public Instruction to the SEAA as a Type I transfer. (2) Recodifies GS 115C-468 as GS 116-209.33. (3) Repeals GS 115C-469, 115C-470 and 115C-472.1. (4) Recodifies GS 115C-471 as GS 116-209.34. (5) Amends recodified GS 116-209.33 to reflect the transfer to the SEAA and by directing the SEAA to develop criteria for awarding scholarship loans in accordance with criteria set forth in the act. (6) Amends recodified GS 116-209.34 to reflect transfer of Loan Fund to SEAA. Adds new provisions limiting loan amount to not more than \$4,000 per academic year for a maximum of four years, authorizing SEAA to forgive a four-year loan if the recipient teaches at a NC public school for four years within the seven-year period following graduation, and to forgive loans of fewer than four years on a pro-rata basis, authorizing SEAA to forgive or reduce any loan payment where extenuating circumstances exist, and directing SEAA to place all repayments back into the Fund. Effective January 1, 2006.

University System and Community College System joint study of higher education strategy/amend reporting requirement. Amends section 6.2 of SL 2004-179 by extending the date by which the preliminary results of the Joint Study of Higher Education Strategy are due to the Education Oversight Committee from April 15, 2005 to June 15, 2005, and by extending the date by which the final report is due from December 1, 2005, to December 31, 2006.

UNC research institutions may increase tuition. Enacts new GS 116.143.6 providing that notwithstanding statutory provisions requiring that tuition consistent with General Assembly actions, the Board of Trustees of a UNC constituent institution designated as a Doctoral/Research University-Extensive campus may set undergraduate tuition for an academic year, considering the NC Constitution's requirements. Provides that additional revenue derived from tuition increase may be used by campus and are in addition to the operating budget approved by the General Assembly. (3) Directs the UNC Board of Trustees to report any increase in tuition to the BOG, the office of State Budget and Management, and Fiscal Research.

NC Space Grant Consortium Funds. Limits allocation of funds appropriated to the NC Space Grant Consortium to UNC system institutions participating in the Consortium.

Distinguished Professors Endowment Trust Fund. (1) Enacts new GS 116-41.15(a)(3) to provide that institutions other than focused growth institutions and special needs institutions may pursue one challenge grant of up to \$667,000 to match funds raised from private sources in twice that amount and clarifying that challenge grant funds shall be matched by funds from private sources on the basis of two dollars of private funds for every dollar of state funds and new GS 116-41.15(b)(3) providing that focused growth institutions and special needs institutions may pursue one challenge grant of up to \$1 million for funds raised from private sources in the same amount and clarifying that challenge grant funds shall be matched by funds from private sources on the basis of one dollar of private funds for every dollar of state funds. (2) Enacts new GS 116-41.16(a)(3) to provide that constituent institutions other than focused growth institutions and special needs institutions may also be eligible for matching if there is a commitment from a private source to make a donation in excess of \$666,000 and an initial payment of one-sixth of the committed amount, provided that the other provisions of subsection (a) are also met, and new subsection GS 116-41.16(b)(3) to provide that focused growth institutions and special needs institutions may also be eligible for matching if there is a commitment from a private source to make a donation in excess of \$500,000 and an initial payment of one-sixth of the committed amount, provided that the other provisions of subsection (b) are also met. (3) Amends GS 116-41.17 by changing the name of the Scholars' Endowment Trust Fund to the Distinguished Professors Endowment Trust Fund and making conforming changes.

UNC may encourage the establishment of private, nonprofit corporations to support the university system and assign unc employees to assist with those corporations. Enacts new GS 116.30.20 directing the BOG to encourage the establishment of private, nonprofit corporations to support the constituent institutions of the UNC system and authorizing the President of UNC and the chancellors to assign employees to assist with the establishment and operations of a nonprofit corporation and make available to the corporation office space, equipment, supplies and other resources.

Eliminate reporting requirement for school administrator training programs. Amends GS 116-74.21 to delete requirement that BOG report annually by December 1 on act's implementation.

Continue Academic Common Market program. Amends section 31.2 of SL 2001-424 to delete all references to UNC's participation in the Southern Regional Education Board's Academic Common Market as a "pilot program" and providing for continued UNC participation in the program. Extends the date by which the BOG must provide a report to the education Oversight Committee to September 2007, with further reports each biennium thereafter.

Tuition waiver program expansion. Enacts new GS 116-143.1(m) to provide that a full-time UNC employee or spouse or dependent of a full-time UNC employee who is a legal resident of NC qualifies as a resident for tuition purposes without having maintained that legal residence for at least 12 months immediately prior to his or her classification as a resident for tuition purposes. Directs the UNC BOG and the State Board of Community Colleges to study the feasibility of a tuition waiver exchange program whereby full-time employees of UNC institutions could take a specified number of community college courses tuition-free and full-time community college employees could take a specified number of course at a UNC institution tuition-free. Boards are to report the results to the Education Oversight Committee by April 1, 2006.

Brody School of Medicine at ECU/Medicare Receipts/Family Medicine Center. Amends GS 116-36.6 by (1) replacing references to the "East Carolina University School of Medicine" with the name "Brody School of Medicine at East Carolina University" and replacing references to the "School of Medicine" with references to the "Brody School of Medicine." (2) Deletes sections (2) and (3) and replaces them with new section (2a) providing that Medicare reimbursement funds received prior to July 1, 2005, that were transferred to a special fund account on deposit with the State Treasurer are to be appropriated to the Brody School of Medicine to be expended for the family medicine center and related purposes. (3) Repeals subsections (b) and (c) of Sec. 87 of Chapter 321 of the 1993 Session Laws. (4) Provides that BOG may authorize the design and construction of a family medicine center on the Health Sciences Campus of the Brody School of Medicine at ECU to replace the existing family medicine facility and the financing of the project with funds available to the Brody School of Medicine at East Carolina University from Medicare reimbursements, but not including funds appropriated from the General Fund of the State. (5)

Effective July 1, 2005, no longer requires the Brody School of Medicine Medical Faculty Practice Plan to reimburse the General Fund for use of outpatient facilities built with General Fund monies, but instead requires the Practice Plan to pay for all operating costs currently paid for by the General Fund.

Scholarship student. Enacts new GS 116-143.6 providing that effective for students accepting admission on or after July 1, 2005, any student receiving a full scholarship to a UNC institution and who attends the institution as an undergraduate shall be considered and treated as a resident of North Carolina. Defines the terms "full scholarship and "full cost." Further provides that no state funds are to be expended to offset any fiscal impact of this new section.

Enhance nutrition in university and community college food programs. Directs the UNC BOG and the State Board of Community Colleges to adopt policies prohibiting the use of cooking oils containing trans-fatty acids and the sale of processed foods containing trans-fatty acids in any food programs operated by their constituent institutions.

Grant-in-Aid/fireTruck for Cullowhee Volunteer Fire Dept. to help ensure adequate fire protection services to Western Carolina University. Directs the UNC BOG to allocate \$715,000 of the funds appropriated to it from the General Fund for 2005-06 to WCU as a grant-in-aid for the Cullowhee Volunteer Fire Dep't to purchase a 95-foot platform truck and other equipment needed to service WCU.

Waive tuition for a person of a certain age who is or was a ward of the state and who attends classes at any constituent institution of the University of North Carolina or any community college. Enacts new GS 115B-2(5) providing that any child between 17 and 23 years of age, who is or was a ward of the state at the time the child reached age 18, and who is a resident of the state will also be eligible for a tuition waiver at any UNC institution or community college. Enacts new GS 115B-5(c) allowing officials of a UNC institution or community college to require proof that a person applying for a tuition waiver as a ward or former ward of the state is entitled to such a waiver.

Aid to students attending private colleges procedures. Deleted.

Enrollment growth funds. Deleted.

Department of Health and Human Services (digested in yesterday's Bulletin)

Department of Agriculture and Consumer Services

Pesticide disposal program. Amends GS 143-468(b) to allow Dep't to also use 75% of the Pesticide Environmental Trust Fund for the costs of the administration and salaries associated with the pesticide disposal program.

Timber Sales Receipts. Transfers \$1,033,100 from timber sales capital improvement account for certain listed capital improvements projects at agricultural research stations and farms.

Plant Conservation Program Funds. Transfers \$20,000 from funds received from sale of timber to Dep't for use in plant conservation program.

Increase Funds for North Carolina Grape Growers Council. Amends GS 105-113.81A by raising the cap on the amount of the net proceeds of the excise tax collected on unfortified wine bottled in North Carolina credited to the Dep't from \$350,000 to \$500,000.

Department of Environment And Natural Resources

State match for federal safe drinking water act funds. Identical.

Expand express review program statewide. Enacts new GS 143B-279.13, to direct the Dep't to develop an express permit and certification review program in certain listed areas, to establish maximum fees for express review, and to require that DENR report on the success of the program to the Environmental Review Comm'n and Fiscal Research. Enacts new GS 143B-279.14, creating the Express Review Fund as a special nonreverting fund. Also authorizes the Dep't to use funds from the Express Review Fund to continue and expand positions to administer the statewide express review program.

Sedimentation education funds. Specifies the purposes for which sedimentation education funds may be used.

Funds to Implement fishing license requirements legislation/contingent repeal of saltwater fishing license requirement. Authorizes transfer of up to \$1 million from Wildlife Resources Fund to implement S1126 or H1092 if either becomes law and an equal amount from the Marine Resources Fund to the Wildlife Resources Fund on July 1, 2010. Repeals section 1-4 and section 6-12 of SL 2004-187 and section 12.16 of SL 2004-124 unless S1126 or H1092 is enacted.

Grassroots science program. Directs the appropriation of \$3,197,762 of the funds appropriated to the Grassroots Science Program as grants-in-aid to specified institutions.

Moratorium on new lease purchase contracts for forestry equipment for division of forest resources. Prohibits the Div'n of Forest Resources from entering into any new lease purchase contracts for the purchase of forestry equipment.

Extend and expand pilot program for inspection of animal waste management systems. Amends section 15.4(a) of SL 1997-443, as amended by prior session laws to extend the termination date of the pilot program for the inspection of animal waste management systems from September 1, 2005, to September 1, 2007, and to add Pender County to the pilot program. Also amends section 3.3 of SL 1999-329, as amended by prior session laws, to delete provision requiring a final report on the pilot program by October 15, 2005, and to add the General Assembly Appropriations Subcommittees on Natural and Economic Resources to the bodies to whom semiannual interim reports on the pilot program are to be made. Requires that the Dep't to recommend to the Environmental Review Commission and the General Assembly no later than October 15, 2005, whether to continue or expand the program.

Clean Water Management Trust Fund. Deletes appropriation to Clean Water Management Trust Fund.

Department of Commerce

Wanchese seafood industrial park/Oregon Inlet funds. Provides that unexpended or unencumbered funds appropriated for the Wanchese Seafood Industrial Park shall not revert to the General Fund but shall remain available to the Dep't of Commerce for use in connection with the Park. Also provides that unexpended or unencumbered funds appropriated for the Oregon Inlet Project shall not revert to the General Fund.

Council of Government funds. Provides that \$832,150 of the funds allocated to the Dep't for the 2005-06 fiscal year and \$832,150 of the funds allocated to the Dep't for the 2006-07 fiscal year are to be used by regional councils of government for specific purposes. Each regional council of government is to receive up to \$48,950 in each of fiscal years 2005-06 and 2006-07 for these purposes.

Tourism promotion grants. Amends the needs-based formula to be used in allocating appropriated funds to counties based on need.

Employment security commission. Identical, except that it amends previous version by adding an effective date of July 1, 2005.

Trade Jobs for Success reporting. Directs the Employment Security Commission, Dep't of Commerce, and Community College System Office to report on their progress in implementing the Trade Jobs for Success initiative to the Governmental Operations Commission and to the Chairs of the Appropriations Committees of both chambers by August 1, 2005. Also amends GS 143B-438.17 by requiring the Dep't of Commerce to publish monthly, quarterly, and comprehensive annual reports on the initiative.

Industrial Development Fund. Amends GS 143B-437.01 to include construction of or improvements to transportation infrastructure among the purposes for which funds from the Industrial Development Fund and the Industrial Development Fund Utility Account for enterprise tier one, two or three areas may be used.

One North Carolina fund. Identical.

Regional economic development commission allocations. Directs how funds appropriated for regional economic development commissions are to be allocated.

Regional economic development commission reports. Requires the seven regional economic development commissions to report to the Governmental Operations Commission and Fiscal Research by February 15 of each fiscal year on the preceding year's activities, expenditures, funding and other issues specified in act. Also requires each commission to provide to Fiscal Research a copy of their annual audited financial statement within 30 days of issuance,

and for the commissions to receive quarterly allocations of funds appropriated by act for regional commissions.

Nonprofits reporting requirements. Requires specified nonprofit organizations set forth in the act to make certain specified reports to the Governmental Operations Commission and the Fiscal Research Division by January 15, 2006 and January 16, 2006 respectively, to provide to the Fiscal Research Division a copy of their annual audited financial statement within 30 days of issuance.

Biotechnology center. Identical.

Rural Economic Development Center-1. Directs how funds appropriated in the act to the Rural Economic Development Center, Inc., are to be allocated and requires the Center to report on certain matters to the office of State Budget and Management and to the Governmental Operations Commission and Fiscal Research. Provides that no funds shall be released to a community development organization if there are outstanding or proposed assessments or collection actions for any state or federal taxes.

Rural Economic Development Center-2. Provides that \$20 million of the funds appropriated to the Rural Economic Development Center for 2005-06 and \$20 million for 2006-07 shall be allocated to continue the North Carolina Infrastructure Program and to provide grants for other specified economic development activities. Authorizes the Center to contract with various state agencies to assist with Program, to use up to two percent of the funds to cover expenses in administering the Program, and to require that Center report to the Governmental Operations Commission on the Program by January 15 of each year. Directs that \$500,000 of the funds to the Center for 2005-06 and 2006-07 respectively be allocated to the e-NC Authority. Authorizes the Center to contract with various state agencies to assist with Authority activities and programs, to use up to five percent of funds for program development and implementation, and to require that Authority report to the 2006 General Assembly on specified matters.

Opportunities Industrialization Center Funds. Provides that \$361,000 of the funds appropriated in the act to the Rural Economic Development Center for 2005-06 and 2006-07 be equally distributed among the certified Opportunities Industrialization Centers for ongoing job training programs. Requires that Center report to the Governmental Operations Commission and Fiscal Research on certain specified matters, to file an annual financial statement with the State Auditor, and to provide to Fiscal Research a copy of each Opportunities Development Center's annual audited financial statement within 30 days of issuance.

Film incentive funds do not revert. Deletes provision that unexpended and unencumbered funds will not revert.

Motorsports promotion. Deletes provision transferring \$250,000 from UNC-Charlotte, NC Motorsports Testing and Research Complex project to Division of Film, Tourism, and Sports for promotion of motorsports in NC.

Administrative Office of the Courts (digested in yesterday's bulletin)

Department of Justice (digested in yesterday's Bulletin)

Department of Juvenile Justice and Delinquency Prevention (digested in yesterday's Bulletin)

Department of Correction (digested in yesterday's Bulletin)

Department of Crime Control and Public Safety

Annual evaluation of Tarheel challenge program. Directs Department to report on effectiveness of program to appropriations committees by April 1 of each year of biennium. Specific items to be included in report listed in bill.

Victims assistance network report. Directs Department to report on expenditures of funds allocated to cited network, and on network's efforts to gather data on crime victims, act as clearinghouse, coordinate training efforts and advocacy efforts, and provide automated bulletin board. Report to be made by December 1 of each year of biennium to appropriations committees.

Transfer the Statewide Floodplain Mapping Unit. Transfers cited unit to Department of Environment and Natural Resources.

Department of Administration

Continuation of the study of advocacy programs in the Dep't of Administration. Directs Secretary to continue study of the functions of the advocacy programs housed in the Dep't to determine the appropriate organizational placement of the programs within state government and to report findings and recommendations to the Governmental Operations Commission and Appropriations Committees by April 1, 2006.

Veterans scholarships partially funded from Escheat Fund. Amends provision by raising appropriation from Escheat Fund to Dep't of Administration for veterans scholarships for 2005-06 from \$2,806,438 to \$4,297,544 and from \$1,678,667 to \$4,358,046 for 2006-07.

State veterans cemeteries. Authorizes use of funds credited to the Veterans Burial Fund for the 2005-07 biennium to cover costs incurred as a result of burials on Saturday or Sunday.

Allocation of petroleum violation escrow funds. Appropriates unallocated balance of funds received from certain specified lawsuits that remain in the Special Reserve for Oil Overcharge Funds to the Dep't for State Energy Policy Council projects.

Increased fuel efficiency of state motor fleet. Directs Motor Fleet Management to develop and implement a plan to improve and increase the overall fuel efficiency of the State's motor fleet by twenty percent by July 1, 2005, and to report to the Governmental Operations Commission on the plan by January 1, 2006.

Nonpublic education. Deletes provision.

Fire protection grant fund. Deletes provision.

Office of the Governor

Housing Finance Agency HOME matching funds. Directs Housing Finance Agency to use matching funds for federal HOME program in following priority: (1) For projects located in tier one, two or three enterprise counties under tax incentives program; (2) For projects that benefit families with incomes less than 50% of the median family income. Agency must report to Governmental Operations Commission by April 1 of each year on its activities. Specifies that funds do not revert if not used.

Housing Finance Agency shall continue the North Carolina home protection pilot program and loan fund. Directs agency to continue program for displaced workers in Cabarrus, Cleveland, Cumberland, Edgecombe, Forsyth, Guilford, Rowan, and Rutherford counties, and report on its progress to General Assembly by May 1, 2006.

Department of Insurance

Insurance Regulatory Fund Transfer to General Fund. Substantially identical.

Strengthen Requirements for Issuing Building Permits. Directs North Carolina Code Officials Qualification Board to enforce the requirements of GS 87-14.

Department of Revenue

Department of Revenue debt fee for taxpayer locator services and collection. Amends GS 105-243.1 to specify that use of collection assistance fees must be accounted for using accounting methods that clearly distinguish costs allocable to collecting overdue tax debts, and must demonstrate that funds generated by the fee are used solely for that purpose. Allows proceeds to be used for postage, operating expenses of the Taxpayer Assistance Call Center and Project Collection Tax, and to pay for expenses of Examination and Collection Division that are directly related to collecting overdue debts. Requires annual report to Revenue Laws Study Commission and Fiscal Research Division on use of the funds.

Change Property Tax Commission compensation. Amends GS 105-288(d) to raise compensation of Chair of Commission to \$450 per day and \$400 per day for other commissioners (was, \$200).

Positions for Revenue tax evasion project. Converts 10 time-limited positions in project to permanent positions.

Secretary of State

Secretary Of State to reassign vacant position. Directs Secretary to transfer position described in bill to General Administration Division to work with violations of trademark laws and

of charitable solicitation licensing act. Secretary to report to appropriations committee by December 1, 2005.

Office of State Budget and Management

NC Humanities Council. Directs Council to report to Governmental Operations Commission and Fiscal Research Division by January 15, 2006, and 2007 on program activities, expenditures, and accomplishments and on current plans and estimates of expenditures and fund sources for the current fiscal year. Council to provide copy of annual audit to Fiscal Research Division within 30 days of its issuance.

Office of the State Controller

Overpayments audit. Directs Office to transfer funds generated by collections of overpayments to vendors, neglected rebates, and similar collections to a special reserve account. Authorizes Office to use up to \$200,000 in each year of 2005-07 biennium for data processing, debt collection, and e-commerce costs. Any remaining money to be transferred to General Fund on July 1 in each year of biennium. Requires quarterly reports to Governmental Operations Commission and Fiscal Research Division.

Office of State Personnel

Study Career-Banding/fair pay. Authorizes Office to use \$100,000 to pay for cited study to determine if it should recommend a career-banding personnel system for all state employees. Office to report to appropriations committees by April 1, 2006.

Department of the State Treasurer

Report of the status of the technology infrastructure enhancements. Report due each October 1 and April 1 until enhancements resulting in an integrated information system are in place.

Staffing analysis follow-up. Requires Department to provide staffing analyses semiannually (October and April) to ensure that staffing levels are appropriate as technology upgrades are implemented. Department to maintain monthly workload statistics and productivity data and report those to Fiscal Research Division and State Budget Office each quarter.

Treasurer report on State Investment Officer Position incentive bonus. Amends GS 147-69.3 to require Treasurer to report amount of incentive bonus paid to Chief Investment Officer to Governmental Operations Commission on October 1 of each year.

Department of Transportation

Remove Gov Ops Consultation on Federal-Aid Acts. Amends GS 136-44.2 to delete requirement that Department consult with Governmental Operations Commission before a federally eligible construction project may be funded entirely with state funds.

Transportation services for trade shows. Allows Department to use up to \$1.2 million to provide transportation services for trade shows of international significance. Department must report to Legislative Transportation Oversight Committee by March 1 on each year of the biennium on its use of these funds.

Cash-Flow Highway Fund and Highway Trust Fund appropriations. Authorizes and certifies anticipated revenues of the Highway Fund and Highway Trust Fund for each fiscal year from 2007-08 to 2010-11. Estimate for Highway Fund in 2007-08 is 1,551 million and \$1716 million in 2010-11. Comparable figures for Trust Fund are \$1,136 million and \$1,283 million.

Small construction and Contingency Funds. Authorizes Department to use \$21 million in each fiscal year for small construction projects and \$15 million in each year for rural and small urban highway improvements. Construction projects to be allocated equally to each of 14 highway divisions, and improvement projects must be approved by the Transportation Board member representing the area served by the improvement. Department must report to any member of legislature before Board of Transportation may take action on the project. Requires quarterly reports to Legislative Transportation Oversight Committee and Fiscal Research Division.

Use of excess overweight/oversize fees. Enacts new GS 20-119.1 to direct that funds generated by overweight and oversized permit fees not necessary to administer the program must be used for highway and bridge maintenance to repair damage caused by oversized vehicles.

Funds for unsafe or obsolete field facilities. Authorizes Department to use 0.75% of its maintenance and construction funds to repair and replace field facilities that fail to meet safety standards or are obsolete. Department must submit its budget for these projects to Legislative Transportation Oversight Committee and Fiscal Research Division before spending funds.

State use of North Carolina Railroad dividends. Directs that stock dividends from railroad company to be used for track and signal improvements.

Analysis and approval of rules, policies, or guidelines affecting Department of Transportation projects. Enacts new GS 150B-21.4 to require any agency that adopts rule affecting environmental permitting of transportation projects must determine if the rule will increase costs of Department. Gives Department notice of proposed rule and chance to comment, as well as right to object to rule to Rules Review Commission. Enacts new 136-44.7C to require Department to make similar analysis of any proposed departmental policy or guideline and report its findings to the Board of Transportation.

Department of Transportation productivity pilot programs. Allows Department to continue pilot projects in road oil and bridge inspection programs and to establish two more pilots to test incentive pay. One pilot must be in the Pavement Markings Unit. Up to 0.25% of program budget may be used to provide incentive payments. Department must report on any pilot program to Legislative Transportation Oversight Commission at least 30 days before implementation.

Department of Transportation performance-based contracts. Department may implement two performance based contracts in areas other than resurfacing, using a best-value procurement process. Department must report to Transportation Oversight Commission on its selection criteria before advertising program.

Department of Transportation reorganization. Transfers Program Development Branch to Chief Financial Officer; eliminates positions vacant as of April 15, 2005. Transfers Transportation Planning branch and Project Development and Environmental Analysis branch to State Highway Administrator. Eliminates deputy secretary and special assistant positions for Environmental, Planning and Local Governmental Affairs.

Continuing aviation appropriations. Amends GS 136-16.4 to appropriate \$11.2 million for 2005-06 and \$12.9 million for 2006-07 from Highway Fund for aviation purposes.

Transitional training for motor carrier enforcement officers. Authorizes Highway Patrol to complete transitional training for 149 Motor Carrier Enforcement Officers so they may become State Troopers. These positions must still be devoted to motor carrier enforcement duties. No other enforcement positions may be converted to State Trooper positions, the 59 positions vacant on April 28, 2005, may not be reclassified, and the lapsed salary funds in those positions may not be spent.

Department of Transportation authority to provide way-finding signs for the Roanoke Voyages Corridor Commission. As title indicates.

Revenue Tax Evasion Project. Allocates \$548,633 in 2005-06 and \$470,701 in 2006-07 from Highway Trust Fund Administer to support nine positions in Revenue Department to implement Revenue Tax Evasion Project.

Visitor center funds. Amends GS 20-79.7(c)(2) to authorize use of \$100,000 per year to operate Visitor Center on Staton Road in Transylvania County.

Modify Global TransPark debt. Amends GS 147-69.2(b)(11) to extend maximum maturity date on investments authorized by that subdivision to October 1, 2007, and to provide that if Global TransPark property is divested, proceeds to be used to fulfill any unmet obligation on these investments.

Beaver damage control program funds. Authorizes Department to use \$900,000 in maintenance funds for each year of biennium to support beaver control program, if federal share of at least \$25,000 is available.

Salaries And Benefits (digested in yesterday's Bulletin)

General Capital Appropriations/Provisions (digested in yesterday's Bulletin)

Lottery

Provides that if H 1023, introduced 3/31/05, becomes law, GS Chapter 18C (NC State Lottery) is amended as follows:

Lottery Commission/Director. (1) Provides that NC Lottery Comm'n will be located in the Dep't of Administration (was, Commerce). (2) Increases from three to five the number of Comm'n members to be appointed by the Governor, reduces from three to two number of members to be appointed by the Speaker and by the President Pro Tem., deletes limitation on the appointment of more than two members from the same political party as the appointing official, and requires that appointing official consider the geographic representation of the Comm'n. (3) Modifies Comm'n duties to include certain hiring restrictions applicable to Comm'n employees and to authorize Comm'n to charge lottery vendors a fee up to the cost of the criminal record check. (4) Requires that Comm'n (was, Director) hire independent security and auditing firms.

Lottery Games/Tickets/Prizes. (1) Deletes provision limiting Lottery advertising to advertising at the point-of-sale or on the premises of Lottery retailers. (2) Provides that Lottery prizes are subject to the State income tax. (3) Amends definitions section to provide that terms 'game' or 'lottery game' do not include games that utilize a video gaming machine.

Lottery Retailers/Contractors. (1) Provides that the contract between Lottery retailers and Comm'n will be a permit under GS Chapter 18B. (2) Prohibits Director from recommending that Comm'n contract with a retailer that has not filed all required State tax returns or paid all taxes, interest, and penalties owed the State and requires that the Dep't of Revenue provide this information to the Comm'n. Also prohibits contracting with a person who resides with a Comm'n member or employee. (3) Increases compensation payable to Lottery game retailers from 6% to 7% of the retail price of tickets or shares sold for each Lottery game and deletes incentive bonus. (4) Prohibits retailers, vendors, or applicants for those positions from giving Lottery Comm'n members, employees, or their family members a gift, loan, or other benefit of \$100 or less per calendar year. (5) Imposes additional requirements that must be satisfied by the Comm'n before it awards Lottery contracts for services, materials, or equipment of \$75,000 or more. (6) Requires that Comm'n obtain periodic updates of information contractors are required to disclose. (7) Lists additional information that must be disclosed by Lottery vendors, including the identities of officers and directors or partners of a corporation or partnership and the jurisdictions in which vendor does business, including lottery activities, and the status of the vendor's permit in those states.

North Carolina State Lottery Fund. (1) Requires that Comm'n allocate Lottery revenues as follows: at least 50% to be allocated for Lottery prizes (same as House bill); at least 35% (was, 34%) to be transferred for educational purposes detailed in GS 18C-164(b); no more than 8% (was, 16%) for payment of Lottery expenses; and no more than 7% for compensation paid to Lottery retailers. (2) Requires that net revenues of the Fund be transferred at the end of each fiscal year as follows: \$70 million for 2005-06 (was, 50%) to the Public School Building Capital and Technology Fund; \$150 million annually beginning in 2006-07 to a special revenue fund to be known as the County Assistance Fund, to be used to pay for school construction projects in local school districts (was, 25% to the State Educational Assistance Authority for new college scholarships program); and, beginning in 2005-06 and annually thereafter, the remainder of net Fund receipts (was, 25%) to the Education Enhancement Fund, to be used to support class size reduction, prekindergarten programs for at-risk four-year-olds, and other educational priorities identified by the General Assembly. (3) Clarifies that only those State or local laws and ordinances that specifically apply only to the Lottery are preempted. (4) Requires criminal record checks on lottery vendors (was, prospective lottery retailers and contractors).

Miscellaneous. Enacts new GS 105-163.2B to require that Comm'n deduct State income taxes from the payment of Lottery winnings in the amount of 7% of the winnings, less the amount wagered. Makes technical changes. Makes conforming changes to GS 18B-101, 18B-500(b) and (d), 105-134.5(b), and 105-259(b)(32).

Prohibit the possession or operation of video gaming machines except by a federally recognized Indian tribe as authorized by the Indian Gaming Regulatory Act and a valid tribal-state compact. Substantially similar to H 29, introduced 2/2/05.

Streamlined Sales Tax Changes (digested in yesterday's Bulletin)
Sales Tax Changes (digested in yesterday's Bulletin)
Tobacco Tax Rate Changes (digested in yesterday's Bulletin)
IRC Update (digested in yesterday's Bulletin)
Individual Income Tax Changes (digested in yesterday's Bulletin)
Conform Estate Tax To Federal Sunset (digested in yesterday's Bulletin)
Corporate Income Tax Changes (digested in yesterday's Bulletin)
Film Industry Jobs Incentive (digested in yesterday's Bulletin)
Set Rates for Insurance Regulatory Charge and Public Utilities Fees (digested in yesterday's Bulletin)
Newborn Screening Fee (digested in yesterday's Bulletin)
Natural and Economic Resources Fees (digested in yesterday's Bulletin)
Justice and Public Safety Fees (digested in yesterday's Bulletin)
DOT Fee Increases (digested in yesterday's Bulletin)
Industrial Commission Fees (digested in yesterday's Bulletin)

Effective Date

Except as otherwise provided, effective July 1, 2005.

May 4, 2005

S 622. 2005 APPROPRIATIONS ACT. Intro. 3/17/05. Senate amendments make the following changes to 3rd edition. Amendment #1 increases funding for the NC Health Choice program by \$14.6 million for 2005-06 and by \$35.4 million for 2006-07 to continue enrolling children in the program. Deletes requirement that DHHS issue a request for proposal for administration of the program and related changes to GS Chapter 108A, substituting requirement that DHHS develop a plan for changes to administration and claims processing and report to the appropriations committees and the Fiscal Research Division by January 1, 2006.

Amendment # 3 amends GS 115D-39 to clarify that in-state community college tuition for aliens is limited to those lawfully in the United States. Amendment # 6 modifies proposed changes to the State Health Plan in various sections of GS Chapter 135 and the related appropriations by reducing the premium increase for dependent coverage from 15.2% to 14% and by deleting the proposed copay increase. Amendment #7 (1) deletes provision that would have allotted state funds for most counties on a formula based on only one local school administrative unit per county, (2) transfers the administration of the NC Transportation Museum to the Department of Transportation, and (3) makes technical and conforming changes.

June 14, 2005

S 622. 2005 APPROPRIATIONS ACT. Intro. 3/17/05. House committee substitute makes the following changes to 4th edition. Except as provided below, deletes all provisions of 4th edition and replaces them with *AN ACT TO INCREASE FEES FOR LICENSING OF PROPRIETARY SCHOOLS AS RECOMMENDED BY THE STATE BOARD OF COMMUNITY COLLEGES; TO EXPAND THE EXPRESS REVIEW PROGRAM UNDER THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES STATEWIDE; TO INCREASE THE CHARGE FOR APPELLATE DIVISION REPORTS TO THE ACTUAL COST; TO INCREASE COURT COSTS IN CRIMINAL ACTIONS FOR THE BENEFIT OF THE SUPPLEMENTAL PENSION BENEFITS FOR SHERIFFS; TO PERMANENTLY INCREASE THE EXCISE TAX ON CIGARETTES BY TWENTY-FIVE CENTS A PACK BEGINNING JULY 1, 2005; TO PERMANENTLY INCREASE THE EXCISE TAX RATE ON TOBACCO PRODUCTS OTHER THAN CIGARETTES AND CIGARS TO SIX PERCENT BEGINNING JULY 1, 2005; TO EQUALIZE THE GROSS PREMIUMS TAX RATES BY SETTING THE RATE FOR HEALTH MAINTENANCE ORGANIZATIONS AT ONE AND NINE-TENTHS PERCENT BEGINNING JANUARY 1, 2006; TO SET THE PRIVILEGE TAX ON ENTERTAINMENTS AND MOVIES AT SEVEN PERCENT; TO PROVIDE A TAX CREDIT EQUAL TO FIFTEEN PERCENT OF QUALIFYING EXPENSES FOR CERTAIN FILM PRODUCTIONS OCCURRING IN THIS STATE; TO PROVIDE FOR A TAX CREDIT OF UP TO FOUR HUNDRED DOLLARS PER EMPLOYEE*

FOR SMALL BUSINESSES WHO PROVIDE HEALTH INSURANCE COVERAGE FOR THEIR EMPLOYEES; TO SET THE INSURANCE REGULATORY CHARGE AT FIVE AND FIVE-TENTHS PERCENT; TO SET THE REGULATORY FEE FOR UTILITIES COMMISSION AT TWELVE HUNDREDTHS PERCENT; TO SET THE NEWBORN SCREENING FEE AT FOURTEEN DOLLARS; TO SET NUMEROUS FEES IN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES, DIVISION OF FACILITY SERVICES; TO INCREASE VARIOUS AGRICULTURAL FEES; TO INCREASE THE CAP FOR CAMA PERMIT FEES TO EIGHT HUNDRED DOLLARS; TO INCREASE GENERAL COURT OF JUSTICE FEES FOR CRIMINAL CASES BY NINE DOLLARS AND FIFTY CENTS; TO INCREASE GENERAL COURT OF JUSTICE FEES FOR CIVIL CASES BY TEN DOLLARS; TO INCREASE THE MAXIMUM COURT FEE FOR THE ADMINISTRATION OF ESTATES AND TRUSTS TO SIX THOUSAND DOLLARS; TO INCREASE THE FEE FOR EXPUNCTION TO ONE HUNDRED TWENTY-FIVE DOLLARS; TO INCREASE THE FEES FOR ELECTRONIC MONITORING; TO INCREASE THE COURT COSTS FOR FAILURE TO WEAR A SEAT BELT TO SEVENTY-FIVE DOLLARS; TO INCREASE BUTNER PROPERTY TAXES TO A RATE OF TWENTY-FIVE CENTS PER ONE HUNDRED DOLLARS VALUATION; TO SET FEES FOR THE POLICE INFORMATION NETWORK; TO INCREASE VARIOUS DEPARTMENT OF TRANSPORTATION FEES; AND TO ALLOW THE INDUSTRIAL COMMISSION TO ESTABLISH FEES BY RULE.

Community Colleges

Implement proprietary schools licensing fee increase. Authorizes State Board of Community Colleges to increase certain proprietary schools license fees.

Environment and Natural Resources

Expand express review program statewide. Identical to 4th edition.

Judicial Department

Increase charges for Appellate Division reports to actual cost. Identical to 4th edition.

Salaries and Employee Benefits

Increase benefit/Sheriffs' Supplemental Pension Fund. Same as 4th edition, except deletes increase in cap on retired sheriffs' pensions.

Tobacco Tax Rate Changes

Tobacco tax rate changes. Amends GS 105-113.5 to increase cigarette tax from 5 cents to 30 cents a pack (4th edition, increased to 40 cents). Amends GS 105-113.35(a) to increase tax on other tobacco products from 2% to 6%, except retains 2% rate on cigars (4th edition, increased from 2% to 4% for tobacco products including cigars). Effective July 1, 2005. Deletes provisions in 4th edition that would have capped at \$12,500 the discount for cigarette and tobacco products distributors.

Corporate, Excise, and Insurance Tax Changes

Equalize tax on entertainment. Repeals GS 105-38.1 and amends GS 105-37.1 to tax entertainment at a rate that equals the combined State and local sales and use tax rate, effective September 1, 2005.

Equalize gross premiums tax. Repeals GS 105-228.5(d)(6), the special 1% tax rate for HMOs, so that HMOs will be subject to the general gross premiums tax rate of 1.9% effective beginning with the 2006 tax year. Makes conforming changes to GS 58-6-25(a) and provides for estimated taxes for the 2006 and 2007 tax years.

Tax Incentives

Film Industry Jobs Incentive. Same as 4th edition, except the minimum level of qualifying expenses a production company must spend to qualify for the credit is \$250,000 rather than \$1 million, and commercial advertising productions are eligible for the credit. Same as 4th edition, credit is effective January 1, 2005, and sunsets January 1, 2010.

Small business health insurance tax credit. Similar to H 20, introduced 1/31/05. Enacts new GS 105-129.16E to provide that small business (taxpayer employing no more than 25 employees throughout taxable year) providing health benefits (as specified in bill) for all of its eligible employees during taxable year is allowed credit to offset costs in providing health benefits. Credit is equal to \$400 per eligible employee, not to exceed taxpayer's costs of providing health benefits. Effective beginning with the 2006 tax year and sunsets January 1, 2010. Provides that taxpayer cannot take a deduction for expenses for which the credit is taken. Reorganizes existing sunset provisions of Article 3B of GS Chapter 105 and makes technical changes.

Set Rates for Insurance Regulatory Charge and Public Utilities Fees

Identical to 4th edition.

Health and Human Services Fees

Newborn screening fee. Identical to 4th edition.

Division of Facility Services fees. Doubles numerous licensure fees of the Division of Facility Services, including those applicable to adult care homes; general acute hospitals; nursing homes; home care agencies; ambulatory surgical facilities; cardiac rehabilitation programs; abortion facilities; facilities for the mentally ill, developmentally disabled, and substance abusers; and continuing care retirement communities. Also doubles fees for review of health care facility construction projects.

Natural and Economic Resources Fees

Increase various agricultural fees. Identical to 4th edition, except specifies that fee amounts are maximums.

Increase cap for CAMA permit fees. Amends GS 113A-119.1(a) to increase maximum fee for Coastal Area Management Act permit review to from \$400 to \$800.

Justice and Public Safety Fee Changes

General Court of Justice fee increases. Identical to 4th edition, except sets court costs for criminal convictions or guilty pleas at \$85.50 for district court (current law is \$76.00 and 4th edition is \$86.00) and at \$92.50 for superior court (current law is \$83.00 and 4th edition is \$93.00).

Device fee for house arrest with electronic monitoring. Identical to 4th edition.

Increase Butner taxes. Identical to 4th edition.

Fee for Police Information Network. Identical to 4th edition.

Department of Transportation Fee Changes

DOT fee increases. Same as 4th edition, except makes a conforming change and sets the fee for licenses for sales representatives under GS 20-291 at \$10.00 (current law is \$5.00 and 4th edition is \$7.50).

Industrial Commission Fees

Industrial Commission fees. Identical to 4th edition.

Effective Date

Except as otherwise provided, effective July 1, 2005.

June 15, 2005

S 622. 2005 APPROPRIATIONS ACT. Intro. 3/17/05. House committee substitute makes the following changes to 5th edition. Adds numerous provisions making base budget appropriations for current operations of state departments, institutions, and agencies, and for other purposes as described below, conforms the title accordingly, and makes technical changes.

Current Operations and Expansion/General Fund

Current Operations – General Fund

2005-2006

2006-2007

EDUCATION

Community Colleges System Office	\$ 775,206,482	\$ 763,366,425
Department of Public Instruction	6,664,813,995	6,638,750,147
University of North Carolina – Board of Governors		
Appalachian State University	95,723,206	96,112,508
East Carolina University:		
Academic Affairs	149,258,329	152,405,105
Health Affairs	45,314,949	45,321,933
Elizabeth City State University	28,557,992	28,159,455
Fayetteville State University	42,743,828	42,798,406
North Carolina Agricultural and Technical State University	75,302,121	75,127,553
North Carolina Central University	58,325,133	58,083,922
North Carolina School of the Arts	21,316,022	20,853,451
North Carolina State University:		
Academic Affairs	295,194,174	300,333,788
Agricultural Extension	35,497,987	35,384,433
Agricultural Research	44,884,495	44,952,506
University of North Carolina at Asheville	29,194,226	29,733,101
University of North Carolina at Chapel Hill:		
Academic Affairs	207,951,612	216,911,650
Health Affairs	161,817,995	164,024,559
Area Health Education Centers	44,743,422	44,743,422
University of North Carolina at Charlotte	128,872,610	130,553,102
University of North Carolina at Greensboro	111,426,487	112,582,103
University of North Carolina at Pembroke	38,515,524	38,823,063
University of North Carolina at Wilmington	73,563,667	75,855,057
Western Carolina University	69,533,618	69,947,116
Winston-Salem State University	47,760,006	47,489,842
General Administration	48,864,530	48,926,344
University Institutional Programs	35,866,059	34,174,482
Related Educational Programs	115,329,807	116,360,229
North Carolina School of Science and Mathematics	14,355,420	14,313,392
UNC Hospitals at Chapel Hill	38,670,494	38,634,764
Total University of North Carolina – Board of Governors	\$ 2,058,583,713	\$ 2,082,605,286

HEALTH AND HUMAN SERVICES

Department of Health and Human Services		
Office of the Secretary	\$ 114,593,090	\$ 113,593,090
Division of Aging	29,595,139	29,495,139
Division of Blind Services/Deaf/HH	9,561,797	9,681,220
Division of Child Development	265,981,736	268,588,518
Division of Education Services	33,852,267	34,281,895
Division of Facility Services	13,102,629	13,569,760
Division of Medical Assistance	2,553,639,668	2,817,546,300
Division of Mental Health	601,583,655	602,869,039

NC Health Choice	76,706,650	97,511,380
Division of Public Health	150,273,266	144,475,524
Division of Social Services	190,384,693	193,664,285
Division of Vocational Rehabilitation	41,755,526	42,142,193
Total Health and Human Services	\$ 4,081,030,116	\$ 4,367,418,343

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	\$ 51,021,684	\$ 50,616,509
Department of Commerce		
Commerce	49,265,070	35,278,265
Commerce State-Aid	29,472,085	12,222,085
NC Biotechnology Center	12,083,395	10,583,395
Rural Economic Development Center	25,852,607	25,552,607
Department of Environment and Natural Resources	170,428,004	163,019,324
DENR Clean Water Management Trust Fund	62,000,000	62,000,000
Department of Labor	14,684,807	14,700,179

JUSTICE AND PUBLIC SAFETY

Department of Correction	\$ 1,029,449,707	\$ 1,050,558,023
Department of Crime Control and Public Safety	35,576,632	35,974,945
Judicial Department	341,682,284	343,820,429
Judicial Department – Indigent Defense	94,402,142	89,431,697
Department of Justice	78,990,095	79,060,076
Department of Juvenile Justice and Delinquency Prevention	141,010,329	138,610,329

GENERAL GOVERNMENT

Department of Administration	\$ 58,934,261	\$ 58,818,473
Office of Administrative Hearings	2,987,410	2,969,712
Department of State Auditor	10,850,737	10,840,918
Office of State Controller	10,043,268	10,044,511
Department of Cultural Resources		
Cultural Resources	66,834,719	61,883,584
Roanoke Island Commission	1,783,374	1,783,374
State Board of Elections	5,067,543	5,069,307

General Assembly	42,984,588	46,965,432
Office of the Governor		
Office of the Governor	5,324,590	5,344,528
Office of State Budget and Management	5,019,735	5,021,795
OSBM – Reserve for Special Appropriations	5,636,429	4,311,429
Housing Finance Agency	4,750,945	4,750,945
Department of Insurance		
Insurance	28,088,214	28,110,582
Insurance –		
Volunteer Safety Workers' Compensation	2,500,000	4,500,000
Office of Lieutenant Governor	754,737	753,037
Department of Revenue	82,128,036	81,245,969
Department of Secretary of State	8,784,018	8,764,932
Department of State Treasurer		
State Treasurer	8,690,595	8,295,843
State Treasurer – Retirement for		
Fire and Rescue Squad Workers	8,551,457	8,551,457

TRANSPORTATION

Department of Transportation	\$ 0	\$ 0
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RESERVES, ADJUSTMENTS, AND DEBT SERVICE

Reserve for Compensation Increases	\$ 237,728,000	\$ 229,728,000
Salary Adjustment Fund: 2005-2007 Biennium	4,500,000	4,500,000
Salary Adjustment Fund: 2004-2005 Fiscal Year	4,500,000	4,500,000
Reserve for Teachers' and State Employees'		
Retirement Contribution	13,810,800	13,810,800
Reserve for Retirement System Payback	25,000,000	0
Reserve for Death Benefit Trust	12,899,200	12,899,200
Reserve for Disability Income Plan	6,586,500	6,586,500
Reserve for State Health Plan	137,400,000	183,200,000
Contingency and Emergency Fund	5,000,000	5,000,000
Reserve for Information Technology Rate Adjustments	(2,300,000)	(2,300,000)

Information Technology Fund	24,375,000	8,025,000
MH/DD/SAS Trust Fund	10,000,000	0
Health and Wellness Trust Fund Senior Rx Program	14,000,000	0
Reserve for Job Development Investment Grants (JDIG)	9,000,000	9,000,000
Reserve for Housing Finance	5,000,000	0
Reserve for HB 1048 – DWI Task Force Recommendations	1,000,000	0
Reserve for Increased Fuel Costs	3,000,000	0
Debt Service		
General Debt Service	489,544,211	619,291,140
Federal Reimbursement	1,616,380	1,616,380
TOTAL CURRENT OPERATIONS – GENERAL FUND	\$ 17,077,927,894	\$ 17,417,450,912

General Fund availability statement.

The General Fund availability used in developing the 2005-2007 biennial budget is shown below:

	FY 2005-2006	FY 2006-2007
Unappropriated Balance Remaining from Previous Year	\$ 0	\$ 146,394,939
Projected Over Collections FY 2004-2005	527,200,000	0
Projected Reversions FY 2004-2005	75,000,000	0
Less Earmarkings of Year-End Credit Balance		
Savings Reserve Account	(170,000,000)	0
Repairs and Renovations	(102,955,000)	0
Beginning Unreserved Credit Balance	\$ 329,245,000	\$ 146,394,939
Revenues Based on Existing Tax Structure	\$ 15,250,100,000	\$ 15,903,000,000
Nontax Revenues		
Investment Income	75,300,000	78,500,000
Judicial Fees	142,200,000	147,900,000
Disproportionate Share	100,000,000	100,000,000
Insurance	56,600,000	58,800,000
Other Nontax Revenues	150,400,000	161,800,000
Highway Trust Fund/Use Tax		
Reimbursement Transfer	252,558,117	252,663,009
Highway Fund Transfer	16,200,000	16,200,000
Subtotal Nontax Revenues	\$ 793,258,117	\$ 815,863,009
Total General Fund Availability	\$ 16,372,603,117	\$ 16,865,257,948

Adjustments to Availability: 2005 Session

Streamlined Sales Tax Changes	61,700,000	89,500,000
Extend 4.5% Sales Tax Rate	413,400,000	458,700,000
Other Sales Tax Changes:		
Apply Sales Tax to Service Contracts and Warranties	10,100,000	16,800,000
Apply Sales Tax to Candy	11,000,000	15,800,000
Excise Tax on Cigarettes and Other Tobacco Products	142,000,000	165,000,000
Extend Marginal Individual Income Tax Rate of 8.25%	40,200,000	91,700,000
Continue Use Tax Line on Individual Returns	3,200,000	3,200,000
Conform Estate Tax to Federal Sunset	30,600,000	121,600,000
Film Industry Jobs Incentives	(6,000,000)	(6,000,000)
IRC Update – Partial Conformance	(8,000,000)	(10,700,000)
Small Business Tax Credit for Health Insurance Coverage	(17,700,000)	(39,800,000)
Privilege Tax on Entertainment	18,000,000	30,000,000
Gross Premium Tax Rate on Health Maintenance Organizations	14,300,000	14,300,000
Increase Earmarking for NC Grape Growers Council	(150,000)	(150,000)
Justice and Public Safety Fees	20,428,271	20,428,271
Transfer from Tobacco Trust Fund	34,000,000	30,000,000
Transfers from Special Revenue and Other Funds	9,803,950	0
Reimburse Debt Service for Certain Capital Facilities and Land Acquisition per S.L. 2004-179	5,958,723	21,060,827
Adjust Transfer from Insurance Regulatory Fund	256,513	243,813
Adjust Transfer from Treasurer's Office	468,478	67,478
DOR-Revenue Enhancement Initiative	97,500,000	97,500,000
Proceeds from the Sale of Polk Building	4,977,781	0
Subtotal Adjustments to Availability: 2005 Session	\$ 886,043,716	\$ 1,119,250,389
Revised General Fund Availability	\$ 17,258,646,833	\$ 17,984,508,337
Less: General Fund Appropriations	(\$17,112,251,894)	(\$17,417,450,912)
Unappropriated Balance Remaining	\$ 146,394,939	\$ 567,057,425

Transfer from Tobacco Trust Fund. Identical to 4th edition.

Savings Reserve Account Transfer. Same as 4th edition except adds a provision providing that notwithstanding GS 143-15.2 and 143-15.3, the State Controller shall transfer only \$170 million from the unreserved credit balance to the Savings Reserve Account on June 30, 2005.

Repairs and Renovations Transfer. Same as 4th edition except that amount to be transferred is increased from \$50,000,000 to \$102,955,000.

Highway Trust Fund Transfers. Identical to 4th edition.

Special funds transfers. Identical to 4th edition except that the transfer from Fund 2127 (Clean-Up Dry Cleaning Solvent) is \$4,350,000 (was, \$3 million) and the transfer from the Inmate Canteen/Welfare Fund is \$440,000 (was, \$500,000).

Prison enterprises transfer. Identical to 4th edition.

Clean Water Management Trust Fund appropriation. Notwithstanding GS 143-15.3B(a), the appropriation to the Clean Water Management Trust Fund (Trust Fund) for the 2005-2006 and 2006-07 fiscal years is only \$62,000,000 as provided by this act. The funds appropriated to the Trust Fund must be used as provided by GS 143-15.3B(b).

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

Current Operations – Highway Fund	2005-2006	2006-2007
Department of Transportation		
Administration	\$ 93,888,317	\$ 95,100,980
Division of Highways		
Administration	30,621,612	30,632,164
Construction	139,010,000	139,750,000
Maintenance	832,457,458	830,423,288
Planning and Research	4,280,000	4,280,000
OSHA Program	425,000	425,000
Ferry Operations	21,264,811	21,264,811
State Aid		
Municipalities	91,910,000	92,650,000
Public Transportation	66,466,447	89,866,447
Railroads	16,531,153	15,531,153
Governor's Highway Safety	293,118	293,118
Division of Motor Vehicles	96,047,914	95,468,137
Other State Agencies	236,639,318	231,279,392
Reserves and Transfers	23,174,852	25,274,852
TOTAL	\$ 1,653,010,000	\$ 1,672,239,342

Highway Fund availability statement. The Highway Fund availability used in developing the 2005-2007 biennial budget is shown below:

Highway Fund Availability Statement	2005-2006	2006-2007
Beginning Credit Balance	\$ 10,490,000	\$ -
Estimated Revenue	1,642,520,000	1,712,940,000
Estimated Reversions	-	-
Total Highway Fund Availability	\$ 1,653,010,000	\$ 1,712,940,000

HIGHWAY TRUST FUND APPROPRIATIONS

Current Operations – Highway Trust Fund	2005-2006	2006-2007
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Intrastate System	\$ 472,112,366	\$ 496,924,658
Urban Loops	190,902,579	200,935,637
Aid to Municipalities	49,535,599	52,138,988
Secondary Roads	86,825,599	90,358,988
Program Administration	41,295,740	42,918,720
Transfer to General Fund	252,558,117	252,663,009

**GRAND TOTAL CURRENT OPERATIONS
AND EXPANSION**

\$ 1,093,230,000 \$ 1,135,940,000

Block Grants

DHHS Block Grants. Identical to the 4th edition with the following exceptions:

SOCIAL SERVICES BLOCK GRANT

...		
05.	Foster Care Services – CCI's	1,706,063 (was, 1,500,000)
...		
14.	Child Care Subsidies	3,150,000 (was, 3,356,063)
...		

**TEMPORARY ASSISTANCE TO NEEDY FAMILIES
(TANF) BLOCK GRANT**

...		
16.	Subsidized Child Care for TANF Recipients	35,331,547 (was, 36,601,205)
...		
18.	NC FAST Implementation	2,717,298 (was, 1,447,640)
...		

MATERNAL AND CHILD HEALTH BLOCK GRANT

01.	Healthy Mothers/Healthy Children Block Grants to Aid-to-County	9,189,236 (was, 9,359,236)
...		

PREVENTIVE HEALTH SERVICES BLOCK GRANT

01.	Statewide Health Promotion Programs	\$3,653,520 (was, \$3,637,771)
04.	Oral Health	134,251
(was, 04.	Adolescent Pregnancy Prevention Coalition of NC	150,000)

General Provisions. Same as 4th edition except modifies provisions in sec. 5.1(c) to provide that if there is a decrease in federal fund availability, DHHS must reduce state administration by at least the percentage of the federal funds decrease.

Social Services Block Grant. Identical to 4th edition.

Low-income Home Energy Assistance Program. Identical to 4th edition.

Mental Health Block Grant. Identical to 4th edition.

Child Care and Development Fund Block Grant. Same as 4th edition except limits funds for pilot to no more than \$400,000.

Temporary Assistance for Needy Families Block Grant (TANF). Same as 4th edition except modifies sec. 5.1(o) to provide that funds may be used to support gang prevention. Amends secs. 5.1(q) and (z) to include programs that demonstrate the ability to reach children at risk of gang participation in the list of those eligible for grants. Increases amount allocated to the State Private Child Caring Agencies Fund to \$1,706,063. Provides that funds for Boys and Girls Clubs in sec. 5.1(w) may be used for programs to reduce gang participation. Rewrites sec. 5.1(y) pertaining to funds for NC Fast to now provide that \$2,717,298 appropriated to the DHHS in the TANF Block Grant shall be used to implement NC FAST, that the initiative shall be implemented in order to ensure federal financial participation in the project, and for reporting.

Maternal and Child Health Block Grant. Identical to 4th edition.

NER Block Grants. Identical to 4th edition.

General Provisions

Contingency and Emergency Fund allocations. Same as 4th edition, except that up to \$500,000 (was, \$2 million) may be used for purposes related to Base Realignment and Closure Act for 2005-06.

Expenditures of funds in reserves limited. Identical to 4th edition.

Budget reports accurately reflect projected receipts, expenditures, fund balances, and actual collections. Identical to 4th edition.

Authorization to establish receipt-supported positions. Identical to 4th edition.

Develop and implement overhead cost recovery. Same as 4th edition, except deletes exemption for overhead cost reimbursements collected under any grant agreement by the University of North Carolina and its affiliated institutions. Makes technical changes.

Prior consultation with the Joint Legislative Commission on Governmental Operations. Identical to 4th edition.

Consultation not required prior to establishing or increasing fees in accordance with Budget Act. Makes technical changes.

State money recipients/conflict of interest policy/vendor fraud. Same as 4th edition, except adds new provisions to GS 143-6.2 providing that vendors of goods or services that receive payment from State agencies or departments are not required to file a conflict of interest policy. Requires Director of the Budget to report facts pertaining to any alleged fraud by vendor. Makes technical changes.

Non-state entities shall not have outstanding tax assessments/applicability of reporting requirements. Substantively identical to 4th edition.

Information Technology Fund availability statement. Identifies source of funds used to support appropriations made in act.

Information technology appropriations. Substantively identical to 4th edition. Appropriates \$34,375,000 for 2005-06 and \$13,025,000 for 2006-07 from Information Technology Fund for specified purposes.

Monitor and evaluate lease purchase activity. Requires Office of State Budget and Management, in consultation with Office of State Treasurer, Office of State Controller, and Department of Administration, to develop and implement management process for purposes identified in title and to submit annual report summarizing, by State agency, all lease purchase expenditures for current year and all planned lease purchase expenditures for upcoming year. Exempts University of North Carolina from requirements of section.

Private license plates on publicly owned motor vehicles. Repeals Section 6.14(b) of SL 2001-424 (which eliminated exemption, for motor vehicles used by state officials for specified law enforcement purposes, from requirement that car be marked with statement that car belonged to government). Effective April 30, 2005.

Uniform payroll system. Amends GS 143B-426.39(6) to require that State Controller prescribe, develop, operate, and maintain a uniform payroll system designed to assure compliance with all legal and constitutional requirements. Permits Controller to authorize State agencies to operate payroll systems in compliance with requirements adopted by Controller.

Study state construction inspections. Creates Legislative Study Commission on State Construction Inspections (Commission), to consist of 14 members, including five voting members

appointed by Speaker, five voting members appointed by President Pro Tempore, and four nonvoting, ex officio members, or their designees, including the Commissioner of Labor, Commissioner of Insurance, Secretary of the Administration, and Secretary of Health and Human Services. Describes powers of Commission. Requires Commission to submit report by May 1, 2006.

Clean Water Management Trust Fund Board of Trustees/study stewardship of conservation easements. Requires study and report, by December 1, 2005, as indicated in title.

Commission On State Property Funds. Directs transfer of \$200,000 to Commission on State Property from funds appropriated to Department of Administration for 2005-06.

Collaboration among Departments of Administration, Health and Human Services, Juvenile Justice and Delinquency Prevention, and Public Instruction on school-based child and family team initiative. Establishes School-Based Child and Family Team Initiative (Initiative) to identify and coordinate community services for children at risk of school failure or out-of-home placement. Specifies principles on which Initiative is based. Establishes NC Child and Family Leadership Council (Council) within Department of Administration to review and advise Governor in development of Initiative and to ensure participation in Initiative by all State agencies and local counterparts. Identifies members of Council and permits Governor to appoint other members. Specifies powers of Council and requires semiannual reports by Council on progress of Initiative. Requires local school board, in coordination with Council, to establish Initiative at designated schools, provides for appointment of personnel to implement program at local level, and allocates responsibility for implementing Initiative at local level among school personnel, local management entities, Department of Public Health, Department of Social Services, and representatives from district court or juvenile justice. Requires School-Based Child and Family Team Leaders to provide data to Council for inclusion in report to General Assembly. Provides for Local Advisory Committee to monitor and support local implementation of Initiative. Establishes standards for services provided by State and local agencies. Requires Secretaries of Department of Health and Human Services and Department of Juvenile Justice and Delinquency Prevention to ensure that all agencies within the respective departments collaborate in development and implementation of Initiative.

Limit sale of Dorothea Dix and Blue Ridge Road properties. Amends GS 146-27 to require approval of General Assembly prior to sale of properties identified in title.

AHEC study/Horace Williams Airport. Requires Legislative Research Commission to study continued viability of Area Health Education Centers (AHEC) program if Horace Williams Airport is not available and to report findings no later than reconvening of 2005 Regular Session of General Assembly. Requires University of North Carolina at Chapel Hill to operate airport and continue air transportation support for AHEC and public until 30 days after sine die adjournment of 2005 Regular Session.

No funds budgeted for replaced equipment. Prohibits State agencies that have purchased and installed equipment that performs same function as leased equipment from budgeting funds for leased equipment.

Right of insured to redeem health care or prescription drug benefit. Amends GS 58-50-30 to provide that an insured beneficiary under a health benefit plan may redeem a health care or prescription drug benefit at any provider or pharmacy. Requires insurers and specified other entities to redeem the health care or prescription drug benefit and to reimburse the provider or pharmacy in the same manner whether or not the provider or pharmacy is a party to a provider or pharmacy provider contract.

Health benefit plan co-payments. Amends GS 58-50-30(a3) to prohibit insurers from requiring co-payments for chiropractic services that are higher than co-payments for services of licensed primary care physician for the same medically necessary treatment or condition.

Training Retirement Systems Division personnel. Authorizes use of up to \$128,350 in each year of 2005-07 biennium for training for Retirement Systems Division employees. Requires Division to report annually to General Assembly on training.

Amend the Tobacco Reserve Fund to promote the health and wellness of the state's citizens and economic development. Identical to 4th edition.

Public Schools

Teacher salary schedules. Same as 4th edition, except deletes 2006-07 salary schedule and revises the 2005-06 salary schedule as follows: "A" teachers, \$2,558 per month to \$4,596 per month; NBPTS certified "A" teachers, \$3,136 to \$5,148 per month; "M" teachers, \$2,814 per month to \$5,056 per month; NBPTS certified "M" teachers, \$3,450 per month to \$5,663 per month.

School-based administrator salary schedule. Same as 4th edition, except deletes 2006-07 salary schedule and revises the 2005-06 salary schedule as follows: assistant principals, \$3,267 to \$5,313 per month; principals, \$3,728 to \$7,589 per month.

Central office salaries. Same as 4th edition, except deletes 2006-07 salary schedule and revises the 2005-06 salary schedule as follows: school administrators, \$2,932 to \$7,430 per month; superintendents, \$4,187 to \$9,980 per month. Amends increase for permanent full-time central office personnel from 2 to 2.5 percent.

Noncertified personnel salary. Same as 4th edition, except deletes 2006-07 salary schedule and revises the 2005-06 salary schedule to provide for 2.5 percent increase.

Bonus for certified personnel at the top of their salary schedules. Same as 4th edition, except deletes 2006-07 salary schedule.

Supplemental funding in low-wealth counties. Same as 4th edition.

Small school system supplemental funding. Same as 4th edition.

Disadvantaged student supplemental funding. Same as 4th edition, except adds provision that State Board of Education may require districts receiving funding to purchase the Education Value Added Assessment System and deletes authorization to use this funding to evaluate Low-Wealth Initiatives.

Students with limited English proficiency. Same as 4th edition.

Flexibility for the highest priority elementary schools. Same as 4th edition.

At-risk student services/alternative schools. Same as 4th edition.

Funds for children with disabilities. Same as 4th edition, except reduces the maximum number of children for whom an allocation can be made from 169,164 to 168,602.

Funds for academically gifted children. Same as 4th edition.

Expenditure of funds to improve student accountability. Same as 4th edition.

Litigation reserve funds. Same as 4th edition.

Base budget reduction to Department of Public Instruction. Same as 4th edition.

Replacement school buses funds. Same as 4th edition.

Expenditures for driving eligibility certificates. Same as 4th edition.

Discrepancies between anticipated and actual ADM. Same as 4th edition.

Charter school advisory committee/charter school evaluation. Same as 4th edition.

Mentor teacher funds may be used for full-time mentors. Same as 4th edition.

Visiting international exchange teachers. Same as 4th edition.

Funds to implement the ABCs of Public Education. Same as 4th edition.

LEA assistance program. Same as 4th edition.

Funds for the testing and implementation of the new student information system. Same as 4th edition.

Public School Building Capital and Technology Fund. Same as 4th edition except deletes provision regarding fund transfers for 2006-07. Sets amount transferred each quarter to the State Public School Fund at \$2,762,500, with provision that this amount for the first quarter of 2005-06 is set at \$4,762,500.

LEA sales tax refund reporting. Same as 4th edition.

Review of standards for MSA programs. Same as 4th edition.

Evaluation of school principals. Same as 4th edition, except deletes specific items mandated to be included in evaluation.

Planning time for teachers. Same as 4th edition, except changes date for mandated report from December 31, 2005, to January 15, 2006.

Learn and Earn High Schools. Same as 4th edition, except adds provision that the budget flexibility authorized by GS 115C-105.25 does not apply to the principal positions authorized by this section.

Flexibility for high school innovation. Same as 4th edition.

Funds for education of students at Eckerd Youth Alternatives Therapeutic Camp. Provides that of funds appropriated for at-risk student services/alternative schools, the State Board of Education is to transfer to the Dep't of Juvenile Justice the sum of \$600,000 in 2005-06 and in 2006-07 to provide for education of North Carolina students referred by public schools to Eckerd Youth Alternatives therapeutic camps.

Minimize time devoted to standardized tests. Same as 4th edition.

Plan and funding for a virtual high school. Same as 4th edition.

Feasibility study for developing regional education networks. Same as 4th edition, except adds direction to include collaboration with providers of broadband services and private colleges, to include review of newer technologies in study, and to make recommendations on supporting growth in broadband service access.

Assistance with school technology needs. Substantially similar to provisions in 4th edition regarding State school technology plan and state assistance for e-rate applications.

School employee salary study. Same as 4th edition, except adds provisions for consideration of school psychologists salary schedule, of personal leave and other fringe benefits, and of pay scales for teacher assistants and noncertified personnel.

Zero-based budget review of the Department of Public Instruction. Creates ten-member Legislative Study Commission on the Budget of the Dep't of Public Instruction with five members appointed by the Speaker of the House of Representatives and five members appointed by the President Pro Tem. of the Senate. Provides directions for the Study Comm'n's zero-based budget review of the Dep't, including review of statutory goals, implications of the Leandro decision, No Child Left Behind Act, the efficiency and effectiveness of departmental programs, an evaluation of each program within the Dep't, and a determination of the level of funding and staff necessary to accomplish departmental goals. A report is to be submitted to the 2006 session of the General Assembly upon its convening, at which time the Comm'n terminates.

Facilitate hiring of teachers. Revises GS 115C-296 regarding certification requirements for teachers. Requires all applicants for certification to meet the "highly qualified teacher" standards under the No Child Left Behind Act. Provides standards for certification of beginning in-state and out-of-state teachers, teachers from other states with less than three year's experience, teachers with at least three year's experience, and visiting international faculty. Allows alternative certificate of up to three years for lateral entry teachers. Allows provisional licenses and temporary and emergency permits that are valid through June 30, 2006.

Redirect refundable sales to State Public School Fund. Repeals provisions in GS 105-164.14(c) regarding annual refund of sales and use taxes paid by schools. Enacts GS 105-164.44H effective July 1, 2006, to provide for quarterly transfer to the State Public School Fund of one-fourth of the amount transferred the preceding fiscal year, adjusted by the amount the total collection of state sales and use taxes changed during the preceding year. Provides that for the 2006-07 fiscal year, the amount transferred each quarter is equal to one-fourth of the adjusted amount refunded under the repealed provisions during the 2005-06 fiscal year.

Small specialty high schools pilot program. Allows a pilot program to create eleven small specialty high schools within existing schools. Directs State Board of Education to conduct an evaluation of this program. Requires report on program by November 15, 2006.

Ensure DHHS schools receive federal funds. Expresses intent that schools operated by Dep't of Health and Human Services participate in federal funding to the same degree as other public schools in the state, amends GS 115C-66 to same end, and requires Dep't report on this matter by January 31, 2006.

Establish the Office of School Readiness in the Department of Public Instruction. Directs establishment of Office of School Readiness in the Dep't of Public Instruction to have oversight of public prekindergarten programs serving three- and four-year-olds. Transfers More at Four program and Head Start Collaboration Office to this office. Reconstitutes More at Four Task Force as the North Carolina School Readiness Task Force. Requires State Board of Education to develop an organizational plan for the Office and to submit a progress report by January 15, 2006, and a final report by April 1, 2006. This section is effective July 1, 2006, for organization and budgetary changes.

Purchases for the student transportation system. Amends GS 115C-522(a) to require that tires for the student transportation system be purchased from the statewide term contract.

Study of school transportation. Directs that \$200,000 of the funds appropriated for Low Wealth Supplemental Funding for 2005-06 be used by the Dep't of Public Instruction for a study of the allotment formula for school transportation. Report by independent consultant is to be made to the State Board of Education by December 1, 2005, and the Board's recommendations to the Joint Legislative Education Oversight Committee by March 15, 2006.

Authorization for additional charter schools. Amends GS 115C-238.29D to increase permissible number of charter schools statewide to 110 in 2005-06, 120 in 2006-07, and 130 in 2007-08 and subsequent years. Effective only if North Carolina receives federal grant under the Public Charter Schools Program for the 2005-06 fiscal year.

Schools must spend up to 60% of expansion funds in the classroom. Expresses intent that each local administrative unit spend at least 60% of the state expansion budget funding it receives in the classroom. Directs State Board of Education to monitor expenditures and report September 15 of 2006 and 2007 on units that do not comply.

Community Colleges

Use of funds for the College Information System Project. Identical to 4th edition.

Carryforward for equipment. Identical to 4th edition.

Salaries of community college faculty and professional staff. Same as 4th edition except modifies sec. 8.3(b) by deleting minimum salaries for 2006-07 and changing minimum salaries for 2005-06.

Workforce development programs. Identical to 4th edition.

Report on the adequacy of multicampus funds. Identical to 4th edition.

Education program auditing function. Identical to 4th edition.

Ferry boat operator training feasibility study. Identical to 4th edition.

Extend the sunset on training and reemployment contributions made by employers. Identical to 4th edition.

Defense Technology Innovation Center. Identical to 4th edition.

Community College capital funds. Identical to 4th edition.

Implement proprietary schools licensing fee increase. Identical to 5th edition.

Exempt Community College massage and bodywork therapy programs from licensure by the North Carolina Board of Massage and Bodywork Therapy. Enacts GS 90-631(b) providing that a massage and bodywork therapy program operated by an accredited NC community college is exempt from Board approval and licensure process. Requires annual certification by the college to the Board. Students who complete the program qualify for licenses as if the program were approved and licensed by the Board. Amends GS 90-631(a) to provide that the Board shall maintain a list of community college programs operating pursuant to GS 90-631(b).

Universities

UNC budget reduction report. Rewrites 4th edition to now provide that the Chancellor of each constituent institution shall report to the UNC Board of Governors on the reductions made to the General Fund budget codes in order to meet the reduction amounts for that institution. Requires the President of UNC to report to the Board of Governors on the reductions made to the General Fund budget codes controlled by the Board in order to meet the reduction amounts for those entities. Requires reporting by the Board of Governors to the Office of State Budget and Management and the Fiscal Research Division.

Enrollment Growth Fund/encourage partnerships for new 2 + 2 programs. Substantially the same as 4th edition except adds a section providing that of the funds appropriated to the UNC Board of Governors, \$18,087,463 for fiscal years 2005-06 and 2006-07 shall be held in reserve to be used for distance education programs. Requires reporting.

Enrollment growth funding model. Identical to 4th edition.

UNC-NCCCS 2+2 E-Learning Initiative. Identical to 4th edition.

Use of Escheat Fund for need-based financial aid programs. Identical to 4th edition.

Study of distance education. Changes 4th edition to now provide that the Joint Legislative Education Oversight Committee shall contract with a consultant to analyze the distance education programs at University System institutions. Sets parameters for the study and requires reporting. Also provides that of the funds appropriated to the UNC Board of Governors for General

Administration, \$150,000 for the 2005-06 fiscal year shall be transferred to the General Assembly to be allocated to the Joint Legislative Education Oversight Committee to implement the study of distance education.

Information technology procurement. Identical to 4th edition.

Board of Governors' dental scholarships. Identical to 4th edition.

Board of Governors' medical scholarships. Same as 4th edition except changes reference to SAT scores to MCAT scores.

Teacher scholarship funds. Same as 4th edition except changes qualification requirement in GS 116-209.38(b)(2) to require the student to agree to teach full-time in a NC public school for four years within five years after graduation.

UNC-Asheville retain sale proceeds. Identical to 4th edition.

UNC bond project modifications. Same as 4th edition except adds a new provision amending sec. 2(a) of SL 2000-3 in the portion under Western Carolina University by reducing the allocation to Killian Education & Allied Professional Bldg.-Partial Renovation by \$1,297,924 to a total allocation of \$248,376; reducing the allocation to Conversion of Old Student Health Center to Residential & Academic Space by \$1,496,945 to a total allocation of \$390,155; and increasing the allocation to Stillwell Lab Bldg-Comprehensive Renovation by \$2,794,869 to a total allocation of \$17,852,369.

Repeal NC School of Science and Math tuition grant. Rewrites 4th edition to now provide for repeal of GS 116-238.1. Effective July 1, 2005, but shall not apply to any student who was eligible for a legislative tuition grant before the 2006-07 academic year. A student who was eligible for the legislative tuition grant before the 2006-07 academic year shall continue to be eligible for the grant, provided the student continues to meet the GS 116-238.1 criteria.

North Carolina Agricultural and Technical State University funds. Identical to 4th edition.

Transfer Prospective Teacher Scholarship Loan and Teacher Assistant Scholarship Loan to the NC State Education Assistance Authority. Identical to 4th edition.

University System and Community College System joint study of higher education strategy/amend reporting requirement. Identical to 4th edition.

Distinguished Professors Endowment Trust Fund. Identical to 4th edition.

UNC may encourage the establishment of private, nonprofit corporations to support the university system and assign UNC employees to assist with those corporations. Identical to 4th edition.

Eliminate reporting requirement for school administrator training programs. Identical to 4th edition.

Continue Academic Common Market program. Completely rewrites 4th edition, enacting new GS 116-43.10 authorizing the UNC Board of Governors to continue participation in the Southern Regional Education Board's Academic Common Market program at the graduate level, with certain requirements. Specifies when out-of-state tuition waivers apply and when in-state rates apply for participating students. Requires reporting.

Brody School of Medicine at ECU/Medicare Receipts/Family Medicine Center. Same as 4th edition except deletes sec. 9.26(e).

Enhance nutrition in University and Community College food programs. Same as 4th edition except adds new section providing that the required policies must be implemented by August 1, 2007.

Scholarship loan for prospective coaches. Enacts new GS 116-209.36 establishing Coaching and Assistant Coaching Scholarship Fund to provide scholarship loans to students who pursue college degrees to become public schoolteachers and coaches. Provides for development of criteria for awarding the scholarship loans. The State Education Assistance Authority must prepare information about the fund and provide it to school counselors and shall administer the Fund, ensuring that the loan amount is limited to \$4,000 per recipient per year. Provides for loan cancellations and repayment schedules. Requires rules and reporting.

Limit out-of-state enrollment in the North Carolina School of the Arts. Amends GS 116-64, adding a subsection providing that in the Fall of 2007, the NC School of the Arts shall limit the proportion of nonresident students in the entering freshman class to 40%. By the fall of 2008, and

continuing each year thereafter, the proportion of nonresident entering students shall be limited to 35%.

Nursing Scholars Program. Amends GS 90-171.61, adding a subsection providing that if a recipient is awarded a scholarship loan and is enrolled, or accepted for enrollment, in a nursing program, but is unable to pursue study of nursing for a semester due to limited faculty resources, then the recipient shall continue to receive the scholarship loan.

Professional development programs for public school employees. Rewrites GS 115C-12(26) to provide that the State Board of Education, in collaboration with the UNC Board of Governors, must identify and make recommendations regarding professional development programs for professional public school employees. Requires annual evaluation and recommendations regarding programs. Makes conforming changes to GS 116-11(12a).

Study in-state teacher tuition benefit. Requires the Joint Legislative Education Oversight Committee to study the current law regarding the in-State tuition rate available to certain teachers for courses relevant to teacher certification or professional development as a teacher. Requires reporting.

Prorate legislative tuition grant for part-time students in education and nursing. Amends GS 116-21.2, adding a new subsection granting to each NC student enrolled as a part-time undergraduate in a course of study for nursing or teaching at an approved institution, a pro rata share of the tuition grant provided for in GS 116-21.2(a). Makes conforming changes.

Center for Craft, Creativity, and Design. Provides that of the funds appropriated to the UNC Board of Governors for the Center for Craft, Creativity, and Design at UNC-Asheville, \$200,000 in recurring funds for fiscal year 2005-06 shall be held in reserve for the Center at UNC-Asheville. Provides for fund disbursement.

Department of Health and Human Services

Central Management

Information technology. Identical to 4th edition.

Provider tracking database. Requires that the Department of Health and Human Services (DHHS) develop and implement a provider tracking database to monitor the performance of all provider facilities serving vulnerable populations. Requires that DHHS submit a final report on the project's status to the House and Senate Appropriations Committees on Health and Human Services and to Fiscal Research by June 1, 2006.

Office of Policy and Planning. Identical to 4th edition.

Senior Cares Program administration. Substantively identical to 4th edition.

Non-Medicaid reimbursement changes. Identical to 4th edition.

Physician Services. Identical to 4th edition.

Liability insurance. Identical to 4th edition.

DHHS payroll deduction for child care services. Identical to 4th edition.

Community Health Centers Funds. Same as 4th edition, except deletes provision directing that funds be used for federally qualified health centers and those health centers that meet the criteria for federally qualified health centers and makes a conforming change.

Provider reimbursement rates. Substantively identical to 4th edition.

Division of Medical Assistance

Medicaid. Same as 4th edition, except makes the following changes. (1) Requires that reimbursement be available for up to five brand-name prescription drugs per recipient per month, including refills, and for an unlimited number of generic prescription drugs per recipient, per month (was, required reimbursement for up to six prescriptions per recipient per month and an additional two prescriptions upon DHHS approval) and defines "brand name." (2) Deletes provision limiting coverage of other mental health services to those approved by the Centers for Medicare and Medicaid Services (CMS). (3) Deletes provision setting co-payment for inpatient hospitalization services at \$50. (4) Deletes expiration date of December 31, 2005, for Medicaid coverage to elderly, blind, and disabled people at certain income level. (5) Deletes provision requiring that most prescriptions for trade or brand name drugs be considered as a prescription for a generic drug. (6) Deletes provision prohibiting DHHS from placing restrictions, in addition to prior

authorization requirements authorized, on medications prescribed for the treatment of mental illness or HIV/AIDS. (7) Requires that DHHS provide Medicaid coverage for family planning services to individuals at certain income levels under the family planning demonstration waiver approved by the federal government and that implementation be made by October 1, 2005 (was, DHHS may provide coverage upon federal approval of waiver). Authorizes Dep't to use up to \$675,000 of the Women's Health Services Fund to provide State matching funds for waiver and requires that the remainder of Fund be used only for community-based organizations that are currently receiving these funds. (8) Clarifies that requirement that DHHS require release of a Medicaid applicant's medical records is inapplicable if prohibited by federal law.

Disposition of disproportionate share receipts. Identical to 4th edition.

County Medicaid cost-share. Identical to 4th edition.

Medicaid cost containment activities. Identical to 4th edition.

Medicaid reserve fund transfer. Identical to 4th edition.

Expand Community Care of NC Management to additional Medicaid recipients. Same as 4th edition, except requires that Community Care of NC, Inc., also review the prescribing of diagnostic testing by physicians and makes a technical correction.

Ticket to Work/Medicaid eligibility study. Deletes proposed GS 108A-54.1 and appropriation, and instead requires that DHHS study and develop an implementation plan for the Ticket to Work Program and report to the House and Senate Appropriations Committees on Health and Human Services and Fiscal Research by May 1, 2006.

Medicaid personal care services limitations. Same as 4th edition, except makes the following changes. Deletes requirement that Div'n of Medical Assistance apply listed minimum criteria for personal care service eligibility. Requires that Div'n reduce the cost of providing personal care services under the Medicaid program by \$6 million for 2005-06 and \$8 million for 2006-07 by implementing a utilization management system for those services.

DDA group home funding. Authorizes DHHS to develop a plan to use State funds to support group homes for persons with developmental disabilities to expand the funding available under the CAP-MR/DD waiver and to use the waiver funds to pay for group home services. Requires that DHHS ensure that group home funding is not reduced. If DHHS develops plan, authorizes it to submit a final report by May 1, 2006, to the House and Senate Appropriations Committees on Health and Human Services, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and Fiscal Research.

Implement Electronic Quality Prescription Management Program. Requires that Div'n of Medical Assistance implement an Electronic Quality Prescription Management program for prescription drugs through the use of personal data assistance technology.

Community Alternative Programs reimbursement system. Requires that Div'n study developing a new system for reimbursing programs and report to the House and Senate Appropriations Committees on Health and Human Services and Fiscal Research by May 1, 2006. Requires full implementation of system by January 1, 2007.

DMA access to health insurance information to ensure recoupment of Medicaid funds spent on medical care covered by insurance. Substantively identical to 4th edition.

Verification of State residency for medical assistance. Enacts new GS 108A-55.3 to require that applicants for medical assistance provide proof of NC residency before receiving medical assistance. Sets forth forms of identification required. Amends GS 108A-24(6) to provide that a person who is declared ineligible for medical assistance is not considered to be a resident of State.

Medicaid transfer of assets policy applicable to transfer of life estates. Authorizes DHHS to apply federal transfer of assets policies to certain life estates and other listed real property for the purposes of determining eligibility for Medical Assistance. Requires that federal transfer of assets policies to "income producing" real property under the Social Security Act become effective no earlier than October 1, 2001; November 1, 2002, for other real property listed; and October 1, 2005, for life estates.

Medicaid estate recovery to include liens on real property. Amends GS 108A-70.5 to authorize DHHS to impose liens against real property, including the home, of a recipient of medical assistance. Amends definition of "medical assistance" to add listed medical care services and defines "home." Enacts new GS 108A-70.6 to require that DHHS postpone estate recovery in

cases of undue hardship as defined in section, new GS 108A-70.7 to require that DHHS notify applicants of claims or liens under circumstances listed, and new GS 108A-70.8 to authorize DHHS to require that county dep't of social services administering medical assistance provide DHHS with assistance required to recover medical assistance and pay county 20% of the State share of the recovery collected.

Medicaid waiver/transfer of assets look-back. Requires that Div'n of Medical Assistance request a waiver from CMS in order to increase the look-back period for determining transfer of assets for the purpose of establishing or retaining eligibility for Medicaid from three to five years, and from five to eight years for purposes of estate recovery. Requires that DHHS report on the waiver's status by April 1, 2006, to the House and Senate Appropriations Committees on Health and Human Services and to Fiscal Research.

NC Health Choice appropriations/claims processing. Deletes all provisions of the 4th edition and requires that the total amount of State funds expended for the Health Insurance Program for Children in the 2005-06 fiscal year and the 2006-07 fiscal year not exceed the amount of State funds appropriated to match federal funds for the Program for 2003-04 and 2004-05. Also requires that DHHS amend an existing contract or issue a Request for Proposal to contract for administration and claims processing of Program and sets forth requirements for contract. Repeals GS 108A-70.22, 108A-70.24, and Part 5 of Article 3 of GS Chapter 135. Amends GS 108A-70.21(b) to require that dental care providers providing services to Program enrollees accept the maximum allowable charges under the Teachers' and State Employees' Comprehensive Major Medical Plan for payment, less co-payments, and makes technical changes.

Division of Mental Health

Long-term plan for meeting mental health, developmental disabilities, and substance abuse services needs. Identical to 4th edition.

Comprehensive Treatment Services Program. Same as 4th edition except deletes expiration date.

Child and family teams/Integrated Services Program for Children and Families. Establishes Program as title indicates. Purpose of Program is to identify and coordinate appropriate community services and supports for children "at risk" and their families. Sets forth Program principals and establishes NC Child and Family Leadership Council to develop policies and programs applicable to children. Establishes local level responsibilities and requires that a Local Child and Family Team Advisory Committee develop a plan for integrating children's services and report annually to Council. Requires that Council submit final report by January 1, 2007, to the House and Senate Appropriations Committees on Health and Human Services, the House Appropriations Subcommittee on Justice and Public Safety, the Joint Legislative Oversight Committee, and Fiscal Research.

Services to multiply diagnosed adults. Identical to 4th edition.

Extend mental health consumer advocacy program contingent upon funds appropriated by the 2007 General Assembly. Identical to 4th edition.

Transition planning for state psychiatric hospitals. Identical to 4th edition.

Mental retardation center downsizing. Same as 4th edition, except requires that DHHS ensure that downsizing of regional mental retardation facilities is continuously based upon residents' needs and the availability of community-based services with a targeted goal of 4% each year. Provides that notwithstanding GS 122C-181(c), the Secretary of DHHS must close one mental retardation center effective July 1, 2006.

Private agency uniform cost finding requirement. Same as 4th edition, except incorporates provisions into new GS 122C-147.2(b) and amends GS 122C-147.2(a)(1) to delete reference to GS 122C-134.2(a).

DHHS policies and procedures in delivering community mental health, developmental disabilities, and substance abuse services. Same as 4th edition, except deletes provision directing transfer of excess funds to the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs and makes a technical change.

Rules pertaining to conflict of interest in referrals to provider agencies. Same as 4th edition, except modifies proposed GS 122C-26(5)e. to prohibit facility personnel with a pecuniary interest

in any agency that provides services to facility clients from referring facility clients to provider agencies (was, required personnel to disclose pecuniary interest).

Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services to study oversight and monitoring by Department of Health and Human Services of services to mental health consumers. Identical to 4th edition.

Appeals process for clients of Mental Health, Developmental Disabilities, and Substance Abuse Services programs. Same as 4th edition, except adds new GS 122C-151.2(b2) to require that by January 1, 2006, DHHS consult with the State Consumers and Families Advisory Council to develop and implement a standardized appeals process to be followed by each local management entity.

DHHS study of accreditation of residential treatment facilities. Requires that DHHS study the feasibility of establishing accreditation requirements for residential treatment facilities and consider issues set forth in section. Requires that DHHS report its findings to the House and Senate Appropriations Committees on Health and Human Services and to Fiscal Research by March 1, 2006.

Division of Aging

Senior center outreach. Identical to 4th edition.

State/County Special Assistance. Same as 4th edition, except increases the maximum monthly rate for residents in adult care home facilities to \$1,124 (was, \$1,084) and makes increase effective October 1, 2005 (was, July 1, 2005). Deletes provision establishing minimum standard of need level for coverage eligibility for individuals not enrolled or recipients of the program on September 30, 2003. Requires that the Div'n of Medical Assistance apply income disregards for current recipients so that cost and rate adjustments made under subsection do not make otherwise eligible recipients ineligible for services. Authorizes DHHS to implement less restrictive income methodology subject to the approval of CMS. Sets forth additional requirements for an income disregard. Makes conforming change.

Special assistance in-home. Same as 4th edition, except increases standard monthly payment from 50% to 75% of the monthly payment individual would receive if individual resided in an adult care home and qualified for Special Assistance.

Licensure of residential treatment facilities. Identical to 4th edition.

Regulatory changes to improve quality and safety in home care services, mental health facilities, adult care homes, and certain hospital facilities. Amends GS 131E-140(b) to require that DHHS conduct an inspection of home care agencies at least every three years, GS 122C-23(e) to provide that licenses of mental health facilities that have not served clients during the previous 12 months are ineligible for renewal, GS 122C-25 to require that residential mental health facilities be inspected at least annually, and GS 122C-21 to require that DHHS ensure that licensable facilities for the mentally ill are inspected every two years to determine compliance with physical plant and life-safety requirements. Enacts new GS 122C-25(d) and GS 131D-2(j) to require that mental health facilities and adult care homes ensure that the DHHS Care Line number is posted conspicuously in a public place in the facility. Amends GS 131D-2(b)(1a) to require that the Div'n of Facility Services inspect all adult care homes and adult care units in nursing homes annually and inspect adult care homes every two years to determine compliance with physical plant and life-safety requirements. Amends GS 131E-140 to require that the NC Medical Care Comm'n adopt rules defining geographic services areas for in-home aide services and staffing qualifications for home care agencies, prohibiting licensed home care agencies from hiring individuals listed on the Health Care Personnel Registry, and requiring applicants for home care licensure to receive training on licensure requirements and rules relating to operation of a home care agency. Makes conforming changes to GS 131E-136. Enacts new Part 3A of Article 6 of GS Chapter 131E setting forth Home Care Clients' Bill of Rights, which is similar to the second edition of H 175, adopted 3/16/05, except deletes appropriation and requires that no later than March 1, 2006, DHHS report to the House and Senate Appropriations Committees on Health and Human Services and to Fiscal Research on the number of calls received by the DHHS Care Line that had to be referred to the Div'n of Facility Services complaint hotline.

Validate certain certificates of need. Validates certificates of need issued by DHHS for the development of a health care facility that has been completed and licensed prior to the effective date of act (July 1, 2005).

Use of unlicensed health care personnel to perform technical aspects of medication administration in nursing homes. Enacts new GS 131E-114.2 to authorize licensed facilities to use unlicensed health care personnel to perform the technical aspects of medication administration and to require that Comm'n adopt rules to implement section that include provisions listed. Enacts new GS 90-171.56 to require that the Board of Nursing establish standards for faculty requirements for medication aide training and provide ongoing review of those requirements and new GS 131E-270(a) to require that DHHS establish and maintain a Medication Aide Registry containing the names of all health care personnel who have completed a medication aide training program. Effective October 1, 2005, requires that the NC Board of Nursing and DHHS report on the implementation of act to the House and Senate Appropriations Committees on Health and Human Services and to Fiscal Research by March 1, 2006, and annually thereafter.

DHHS and Community Colleges study use of medication aides to perform technical aspects of medication administration. Requires that a study group be convened by the Secretary of DHHS and the President of the Community Colleges System to consider the use of medication aides to perform the technical aspects of medication administration and requires that study group's recommendations be reported to the 2006 Regular Session of the 2005 General Assembly and to the 2007 General Assembly upon its convening. Enacts new GS 115C-47(45) to authorize local boards of education to use unlicensed health care personnel to administer medication.

Division of Social Services

Social Services Commission Technical Correction. Identical to 4th edition.

Child support program/enhanced standards. Identical to 4th edition.

Multiple Response System. Same as 4th edition, except authorizes DHHS to allocate funds to the counties for multiple response system implementation and makes a technical correction.

Foster care and adoption assistance payments. Identical to 4th edition.

Child caring institutions. Identical to 4th edition.

Special children adoption fund. Identical to 4th edition.

Study to identify adoption incentives for children who are difficult to place. Identical to 4th edition.

Limitation on State Abortion Fund. Identical to 4th edition.

TANF benefit implementation. Identical to 4th edition.

Intensive Family Preservation Services funding and performance enhancements. Requires that the Intensive Family Preservation Services Program provide intensive services to children and families in cases of abuse, neglect, and dependency. Requires that the Program be implemented statewide and that DHHS require that any program that receives governmental funding to provide services give DHHS information listed in act. Requires that DHHS report on section's implementation by February 1, 2006, to the House and Senate Appropriations Committees on Health and Human Services and to Fiscal Research.

Residential schools reporting. Identical to 4th edition.

Division of Public Health

Funds for school nurses. Same as 4th edition, except requires that \$1.5 million for 2005-06 and \$1.5 million for 2006-07 be used for school nursing funding (was, \$2.5 million each fiscal year). Decreases number of local nurses funded to 30 (was, 50). Requires that DHHS and the Dep't of Public Instruction review the responsibilities of school nurses and consider substituting licensed practical nurses for registered nurses in order to fund additional nurses.

Early intervention reporting and evaluation. Identical to 4th edition.

Early Intervention Program rules adopted by Commission for Health Services. Enacts new GS 130A-126 to transfer the three-year-old early intervention program through Part C of the Individual with Disabilities Act (IDEA) from the Comm'n for Mental Health, Developmental Disabilities, and Substance Abuse Services to the Comm'n for Health Services.

Children's Developmental Services Agency of the Smokies. Requires that Western Carolina University continue to operate Agency.

Chronic disease prevention activities inventory. Identical to 4th edition.

Pilot program for automatic external defibrillators in public buildings. Identical to 4th edition.

Immunization program funding. Identical to 4th edition.

AIDS drug assistance program. Identical to 4th edition.

Health information systems development funds. Appropriates \$4,065,469 for 2005-06 from Budget Code 24430, Fund Code 2117, to DHHS, Div'n of Public Health, to be used for the development and implementation of the Health Information Systems for 2005-06. Requires that DHHS report on the use of funds to the House and Senate Appropriations Committees on Health and Human Services and to Fiscal Research by March 1, 2006.

Funds for pilot program to recruit minority students into pharmacy schools. Requires that of the funds appropriated to DHHS, \$300,000 for 2005-06 be used to develop a pilot program for the recruitment of minority students into pharmacy schools and that DHHS report on pilot program to the House and Senate Appropriations Committees on Health and Human Services and to Fiscal Research by March 1, 2006.

Health-related initiatives funds. Appropriates \$68 million from Budget Code 23460, Fund Code 2120, to the Health and Wellness Trust Fund for 2005-06 for health-related initiatives approved by Fund Comm'n, other projects authorized by GS 147-86.30, and line items allowed under GS 143-23.

Public health incubators. Requires that of the funds appropriated to the Div'n of Public Health, \$1 million be used to fund new public health incubators, funds to be administered by the Div'n through contracts. Provides that no more than 8% of funds may be used for program support and administration. Requires that Div'n report on the use of funds to the House and Senate Appropriations Committees on Health and Human Services and to Fiscal Research by December 1, 2005.

Community-Focused Eliminating Health Disparities Initiative. Requires that of the funds appropriated to DHHS for 2005-06, \$5 million be allocated for the Initiative to build capacity of faith-based and community-based organizations to close the gap in the health status of African-Americans, Hispanics/Latinos, and American Indians as compared to white persons.

Governor's Vision Care Program established. As title indicates. Establishes Program in the Div'n of Public Health to provide funds for early detection and correction of vision problems in children enrolled in grades K through 3 who meet eligibility requirements as set forth in act. Enacts new GS 143B-216.67 to establish the six-member Governor's Comm'n on Early Childhood Vision Care to implement and administer Program. Requires that DHHS report on section's implementation to the House and Senate Appropriations Committees on Health and Human Services and to Fiscal Research by May 1, 2006. Enacts new GS 130A-440.1 to require that all children obtain a comprehensive eye examination at least six months prior to entering kindergarten in the public schools. Sets forth requirements of eye examination.

LRC study school-based and school-linked health centers. Authorizes the Legislative Research Comm'n to study and evaluate the number of school-based and school-linked health centers to determine the centers' impact on providing health care. Sets forth issues to be considered by Comm'n in conducting study and requires that Comm'n make final report to the 2007 General Assembly upon its convening.

Division of Child Development

Child care funds matching requirement. Identical to 4th edition.

Child care allocation formula. Same as 4th edition, except requires that DHHS allocate up to \$22 million in federal block grant funds and State funds appropriated for 2004-05 and 2005-06 for child care services.

Child care subsidy rates. Identical to 4th edition.

Child care revolving loan. Identical to 4th edition.

Early Childhood Education and Development Initiatives enhancements. Same as 4th edition, except requires that for 2005-06 and 2006-07 the local partnerships spend an amount for child care subsidies that provides at least \$52 million for the TANF maintenance of effort requirement and the Child Care Development Fund and Block Grant match requirement.

Smart Start funding study. Identical to 4th edition.

Analyze child care subsidy reimbursement system. Same as 4th edition, except deletes provision requiring that the impact of NC Partnership for Children, Inc., funding on child care market rates and quality of child care be analyzed.

More At Four. Same as 4th edition, except changes funding to \$66,646,653 for 2005-06 (was, \$66,546,653) and \$66,646,653 for 2006-07 (was, \$79,109,779) and makes technical correction.

Department of Agriculture and Consumer Services

Pesticide disposal program. Identical to 4th edition.

Timber sales receipts for capital improvements at agricultural research stations and farms. Identical to 4th edition.

Plant Conservation Program funds. Identical to 4th edition.

Increase funds for North Carolina Grape Growers Council. Identical to 4th edition.

Department of Environment and Natural Resources

State match for federal Safe Drinking Water Act funds. Identical to 4th edition.

Expand express review program statewide. Identical to 5th edition.

Sedimentation education funds. Identical to 4th edition.

Funds to Implement fishing license requirements legislation/contingent repeal of saltwater fishing license requirement. Identical to 4th edition.

Report on Natural Heritage Program. Requires Department to report on Natural Heritage Program to General Assembly and Fiscal Research Division no later than March 1, 2006.

Grassroots Science Program. Same as 4th edition, except modifies allocations and institutions to receive funds.

Beaver Damage Control Program Funds. Same as Section 28.18 of 4th edition, except requires \$700,000 to be used (was, \$900,000) from funds available to Wildlife Resources Commission (was, Department of Transportation) for each of 2005-06 and 2006-07 fiscal years.

Monitoring and emergency cleanup funds for Texfi site contamination. Authorizes Department of Environment and Natural Resources, Division of Waste Management, to use up to \$50,000 for 2005-06 for purposes indicated in title.

Department of Commerce

Council of Government funds. Identical to 4th edition.

Tourism promotion grants. Requires that tourism promotion funds appropriated to Department of Commerce be allocated to counties based on need as determined in accordance with tier formula provided in GS 105-129.3. Modifies allocation amounts.

Employment security funds. Identical to 4th edition.

Trade Jobs for Success reporting. Identical to 4th edition.

Industrial Development Fund. Identical to 4th edition.

One North Carolina Fund. Same as 4th edition, except requires Department of Commerce to allocate \$1 million for 2005-06 to Johnson and Wales University in Charlotte for purpose of providing financial assistance.

Study alternate funding of Industrial Commission. Requires Department of Commerce and Industrial Commission jointly to study feasibility of terminating General Fund support for Industrial Commission and increasing existing Commission fees or establishing new fees. Requires Department and Commission to report results of study no later than April 1, 2006.

Roanoke Rapids music/entertainment complex. Appropriates \$750,000 from General Fund for 2005-06 for allocation to Roanoke Rapids Entertainment District (District) for construction of music and entertainment complex in Roanoke Rapids. Prohibits release of funds until Office of State Budget and Management determines that District has entered into contracts necessary for successful completion of complex. Requires District to make quarterly reports beginning September 1, 2005.

Regional Economic Development Commissions. Appropriates \$1,750,000 from General Fund for 2005-06 for allocation in equal amounts to seven regional economic development commissions to develop and implement strategic economic development plan. Amends GS 143B-437.21(6)d and various provisions of Article 4 of Chapter 158 of the General Statutes to substitute "Eastern North Carolina Regional Economic Development Commission" for "Global

TransPark Development Commission" as name of governing body of Global TransPark Development Zone.

Regional economic development commission allocations. Identical to 4th edition.

Regional economic development commission reports. Identical to 4th edition.

Northeastern North Carolina Regional Economic Development Commission. Appropriates \$7.5 million from General Fund for allocation to Northeastern North Carolina Regional Economic Development Commission (Commission) for construction and operation of Advanced Vehicle Research Center. Prohibits release of funds until Office of State Budget and Management determines that Commission has entered into contracts necessary for successful completion of Center. Requires Commission to make quarterly reports beginning September 1, 2005.

Nonprofits reporting requirements. Identical to 4th edition.

Biotechnology center. Identical to 4th edition.

Rural Economic Development Center-1. Same as 4th edition, except increases amount of funds to be allocated for specified purposes by Rural Economic Development Center, Inc.

Rural Economic Development Center-2. Same as 4th edition except deletes provision authorizing e-NC Authority to use up to five percent of allocated funds to cover specified expenses. Amends GS 143B-437.46(b) to provide that Commission governing e-NC Authority consists of 15 voting (was, 9 voting, 6 non-voting) members.

Rural Economic Development Center funds for water projects. Appropriates \$4 million from Dry-Cleaning Solvent Cleanup Fund to Rural Economic Development Center, Inc. (Center), for 2005-06, to be allocated, as Center determines appropriate, between Neuse Regional Water and Sewer Authority and Town of Farmville for Farmville-Greene County Greenville Utilities water project.

Opportunities Industrialization Center funds. Identical to 4th edition.

Judicial Department

Establish Conference of Clerks of Superior Court. Identical to 4th edition.

Divide District Court District 20 Into 20A and 20B And Realign Superior Court Districts 20A and 20B. Same as 4th edition with respect to division of District Court District 20 into 20A and 20B and realignment of Superior Court Districts 20A and 20B. Deletes provisions relating to division of Prosecutorial District 20 into 20A and 20B and provisions relating to division of Superior Court, District Court, and Prosecutorial Districts 29 into 29A and 29B.

Collection of worthless check funds. Makes only technical changes to 4th edition.

Transfer of equipment and supply funds. Identical to 4th edition.

Study electronic payment. Same as 4th edition, except also requires Judicial Department to evaluate feasibility and costs of requiring all court-ordered payments to be entered into Department's financial management system and to provide options for ensuring that this data is entered.

Grant funds. Identical to 4th edition.

Increase charges for Appellate Division reports to actual cost. Identical to 5th edition.

North Carolina State Bar funds. Identical to 4th edition.

Wake County Public Defender Office funds. Identical to 4th edition.

Office of Indigent Defense Services expansion funds. Identical to 4th edition.

Office of Indigent Defense Services report. Same as 4th edition, except also requires Office of Indigent Defense Services to consult with specified groups in formulating proposals to reduce future costs.

Clarify that fees paid to attorneys representing indigent clients shall be fixed in accordance with the rules adopted by the Office of Indigent Defense Services and may not be set at higher rates without the approval of the Office of Indigent Defense Services. Identical to 4th edition.

Establish Public Defender's Office in the Fifth Defender District. Amends GS 7A-498.7(a) to establish office of public defender as title indicates. Authorizes Office of Indigent Defense Services to use up to \$1,385,584 of appropriated funds for each of 2005-06 and 2006-07 to establish office.

Subsistence expenses of superior court judges. Amends GS 7A-44(a) to delete provision authorizing payment of \$7,000 subsistence expenses. Makes technical changes.

Reallocation of mediation funds. Reallocates \$87,212 in mediation funds designated for Carolina Dispute Settlement Services, Inc., to Women-in-Action for the Prevention of Violence and Its Causes, Inc.

Establish a new district court judge in District 14, a new assistant district attorney in District 14, and a new assistant district attorney in District 24. Amends various sections of GS Chapter 7A as title indicates. Provides that Governor appoints additional district court judge and that judge's successor will be elected in 2006 general election for a four-year term beginning the first Monday of December 2006. Effective October 1, 2005.

Study Wake County Family Court. Directs Administrative Office of Courts to study feasibility of establishing a family court in Wake County and to report results of study.

Juvenile recidivism report. Enacts new GS 164-48 directing NC Sentencing and Policy Advisory Commission to conduct biennial recidivism studies of juveniles and to report results. Requires state agencies to provide data as requested by Commission. Repeals Article 33 (computation of recidivism rates) of GS Chapter 7B.

Travel allowance for appellate judges who reside fifty miles or more from Raleigh. Amends GS 7A-10(b) and 7A-18(a) to provide weekly travel allowance as title indicates. Specifies formula for computing allowance. Effective January 1, 2006.

Reimbursement for use of personal vehicles. Authorizes Judicial Department, notwithstanding GS 138-6(a)(1), to establish a lower per-mile reimbursement rate for transportation by privately owned vehicles.

Department of Justice

Use of seized and forfeited property transferred to state law enforcement agencies by the federal government. Identical to 4th edition.

Private protective services and alarm systems licensing boards pay for use of state facilities and services. Identical to 4th edition.

Certain litigation expenses to be paid by clients. Identical to 4th edition.

Reimbursement for UNC Board of Governors legal representation. Identical to 4th edition.

Report on criminal record checks conducted for concealed handgun permits/study fee adjustment for criminal record checks. Identical to 4th edition.

NC Legal Education Assistance Foundation report on funds disbursed. Identical to 4th edition.

Reduce backlog of rape kits. Same as 4th edition except rewrites sec. 15.7(a) to provide that of the funds appropriated to the Dep't of Justice, \$250,000 in recurring funds and \$250,000 in nonrecurring funds for fiscal year 2005-06 and \$250,000 in recurring funds for fiscal year 2006-07 are to be used to contract with private entities to reduce the backlog of rape kits in storage at local law enforcement agencies and to expedite other forensic DNA analysis. Requires Dep't to contract with private entities to analyze bodily fluids, DNA evidence as "DNA" is defined in GS 15A-266.2, or both, in cases in which a suspect has not been identified. The Dep't must maximize the use of federal grant funds to expedite the elimination of the backlog. Modifies sec. 15.7(c) to provide that forensic impressions analyst positions that have as a primary duty responding to clandestine methamphetamine laboratories may be filled with sworn agents.

Study DNA testing and analysis costs. Identical to 4th edition.

Statewide Automated Fingerprint System replacement. Requires Dep't of Justice to continue to plan for the upgrade and replacement of the NC Statewide Automated Fingerprint Identification System. Prior to any determination to pursue sole-source procurement for the project, the Dep't must issue a request for proposals from qualified vendors on a competitive basis and must negotiate with the current vendor to develop an agreement regarding maintenance of the current equipment until the new system becomes operational. By November 1, 2005, the Dep't must provide a plan to the Subcommittee for Justice and Public Safety of the Joint Legislative Comm'n on Governmental Operations.

Department of Juvenile Justice and Delinquency Prevention

S.O.S. administrative cost limits. Identical to 4th edition.

JCPC grant reporting and certification. Identical to 4th edition.

Reports on certain programs. Identical to 4th edition.

Annual evaluation of community programs. Identical to 4th edition.

State funds may be used as federal matching funds. Identical to 4th edition.
Implementation of treatment staffing model at youth development centers. Substantially identical to 4th edition.

Progress reports on youth development center capital projects. Identical to 4th edition.

JCPC grants to prevent gang violence. Provides that of the funds appropriated to the Dep't of Juvenile Justice and Delinquency Prevention for Juvenile Crime Prevention Council grants, \$3 million must be used to provide grants to Juvenile Crime Prevention Councils to use for street gang violence prevention and intervention programs. Requires a competitive grant award process and requires that criteria include a matching requirement of 25% and a written plan for the services. No individual program grant may exceed \$100,000. Requires reporting.

Study of local detention centers. Requires the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee to study specified juvenile detention centers. Study must be conducted in conjunction with the local detention centers, the Office of State Budget and Management, the Office of State Construction of the Dep't of Administration, and the Dep't of Juvenile Justice and Delinquency Prevention. Requires reporting.

Plan, design, and construction of youth development centers. Provides that the Dep't of Juvenile Justice and Delinquency Prevention and the Dep't of Administration, State Construction Office, must continue the planning, design, and construction of up to 224 youth development center beds. Provides for allocation and location of the beds.

Department of Correction

Federal grant reporting. Identical to 4th edition.

Reimburse counties for housing and extraordinary medical costs for inmates, parolees, and post-release supervisees awaiting transfer to state prison system. Identical to 4th edition.

Holiday pay for Department of Correction staff. Identical to 4th edition.

Department of Correction security staffing formulas. Same as 4th edition except modifies provisions in subsecs. 17.4(b) and (c) pertaining to postaudits.

Use of closed prison facilities. Identical to 4th edition.

Inmate costs/medical budget for prescription drugs and inmate clothing, and laundry services. Identical to 4th edition.

Conversion of contracted medical positions. Identical to 4th edition.

Limit use of operational funds. Identical to 4th edition.

Federal grant matching funds. Identical to 4th edition.

Computer/data processing services funds. Identical to 4th edition.

Medium custody road crew compensation/community work crews. Identical to 4th edition.

Inmate custody and classification system. Identical to 4th edition.

Extend limits of confinement/terminally ill and permanently and totally disabled inmates. Same as 4th edition except modifies definitions of "terminally ill" and "permanently and totally disabled" in GS 148-4(8).

Report on inmate community work crews and inmate labor contracts. Modifies provision in 4th edition by deleting amendment to GS 148-26 and related section pertaining to determining reimbursement amounts. Modifies reporting requirements.

Reimbursement rates for health services to prison inmates. Modifies 4th edition's amendment to GS 148-22(b), eliminating the requirement that claims be submitted to the Teachers' and State Employees' Comprehensive Major Medical Plan (Plan) for verification and related provision requiring reimbursement of administrative costs. Adds a provision providing that the Secretary of Correction has access to rate information held by the Plan. Deletes section enacting new GS 135-43. Makes conforming amendments to GS 135-37 (Confidentiality) and GS 135-40.4 (Benefits in General). Requires reporting. Requires the Plan's Executive Administrator to work with the NC Association of County Commissioners to determine the potential savings and cost of authorizing local confinement facilities to reimburse health care providers for inmate medical services rendered at a rate not to exceed that paid for the same or similar services or diagnostic related groupings under the Plan.

Correction enterprises long-range plan/replacement of Umstead laundry. Requires the Dep't of Correction to update its long-range business plan in specified respects. Requires submission of the plan and modifies 4th edition provision on reporting.

Staffing study of unit management. Substantially identical to the 4th edition.

Energy Committed to Offenders/contract and report. Allows the Dep't of Correction to continue to contract with Energy Committed to Offenders, Inc., for the purchase of prison beds for minimum security female inmates during the 2005-07 biennium. Requires reporting.

Report on electronic monitoring costs. Same as 4th edition except requires the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee to study the use of global positioning monitoring devices for released felons convicted to crimes of "sexual predation."

Report on probation and parole caseloads. Identical to 4th edition.

Community Service Work Program. Identical to 4th edition.

Reports on nonprofit programs. Identical to 4th edition.

Criminal justice partnership program. Same as 4th edition except changes reporting requirements in sec. 17.23(d). Deletes amendment to GS 143B-273.4 (Eligible population). Amends GS 143B-273.14(c) to provide that no county may use more than 25% of its funds to serve offenders released from jail prior to trial. Modifies provision in sec. 17.23(g) pertaining to formula allocations.

Report on inmates eligible for parole. Identical to 4th edition.

Provide that the terms of members of the Post-Release Supervision and Parole Commission serving on June 30, 2005, expire on that date and restructure the Commission to consist of one full-time member and two half-time members. Identical to 4th edition.

Post-Release Supervision and Parole Commission/report on staffing reorganization and reduction. Identical to 4th edition.

Mutual agreement parole program. Same as 4th edition except increases enrollment goal from 10% to 20% of eligible felons.

Parole eligibility report. Requires the Post-Release Supervision and Parole Comm'n to analyze the amount of time each parole-eligible inmate has served compared to the time served by offenders under Structured Sentencing for comparable crimes and determine if the person has served more time than he or she would have served if sentenced to the maximum sentence under GS Chapter 15A, Article 81B. Sets forth rules for calculating the "maximum sentence." Requires reporting and that the Comm'n reinstate the parole review process for each offender who has served more time than that person would have served under Structured Sentencing.

Payment of court costs, fines, and restitution by probationers. Amends GS 15A-1343(b) to provide that a defendant must not pay costs associated with a substance abuse monitoring program or any other special condition of probation in lieu of, or prior to, the required payments for court costs, fines, and restitution.

Department of Crime Control and Public Safety

Annual evaluation of Tar Heel Challenge Program. Identical to 4th edition.

Victims assistance network report. Same as 4th edition except modifies reporting requirements.

Department of Administration

Continuation of the study of advocacy programs in the Dep't of Administration. Identical to 4th edition.

Veterans scholarships partially funded from Escheat Fund. Identical to 4th edition.

State veterans cemeteries. Identical to 4th edition.

Allocation of petroleum violation escrow funds. Same as 4th edition, except appropriates \$1.5 million of unallocated balance (was, entire unallocated balance) to Dep't.

Office of the Governor

Housing Finance Agency HOME matching funds. Identical to 4th edition.

Information Technology

Multiyear maintenance contracts. Permits State Controller to authorize Office of Information Technology Services (ITS), notwithstanding cash management provisions of GS 147-86.11, to purchase up to four infrastructure maintenance agreements, for periods not exceeding three years, that require payment of full purchase price at beginning of maintenance period. Specifies conditions for Controller's grant of authority, including (1) agreement must be entered between June 30, 2005, and July 1, 2007; (2) Controller must receive conclusive evidence that agreement would be more cost-effective than any similar agreement that complied with GS 147-86.11; (3) Office of State Budget and Management (OSBM) must verify that savings will be passed on in form of lower rates for ITS Internal Service Fund services (and reduce the appropriate State agency budgets by the amount of the projected rate reductions); (4) purchase must comply in other respects with applicable statutes and rules; and (5) ITS must make adjustments of excess revenue, based on rates approved by OSBM, over allowable costs. Requires OSBM to report on budget reductions, and justify authorizations, within 30 days after authorization is granted.

Department of Insurance

Insurance Regulatory Fund transfer to General Fund. Identical to 4th edition.

Department of Revenue

Department of Revenue debt fee for taxpayer locator services and collection. Identical to 4th edition.

Positions for revenue tax evasion project. Identical to 4th edition.

Report on enhanced compliance, enforcement, and collection efforts. Requires Dep't, on or before April 1, 2006, to report to Joint Legislative Comm'n on Governmental Operations and to Revenue Laws Study Committee as indicated in title. Specifies contents of report.

Secretary of State

Secretary of State to reassign vacant position. Identical to 4th edition.

Office of State Budget and Management

NC Humanities Council. Identical to 4th edition.

Office of the State Controller

Overpayments audit. Identical to 4th edition.

Department of the State Treasurer

Report of the status of the technology infrastructure enhancements. Identical to 4th edition.

Staffing analysis follow-up. Identical to 4th edition.

Treasurer report on state investment officer position incentive bonus. Identical to 4th edition.

State Treasurer/reallocation of existing portfolio manager position. Directs State Treasurer to reallocate 25% of time and effort of one existing Portfolio Manager position to oversee investment performance of third-party administration for 401(k) Supplemental Retirement Plan.

Department of Transportation

Remove Gov Ops Consultation on Federal-Aid Acts. Same as 4th edition except adds back and slightly modifies provision pertaining to funding federally eligible projects with State funds. New provision provides that no federally eligible construction project may be funded entirely with State funds unless the Dep't of Transportation has first reported to the Joint Legislative Comm'n on Governmental Operations.

Transportation services for trade shows. Identical to 4th edition.

Cash-Flow Highway Fund and Highway Trust Fund appropriations. Identical to 4th edition.

Small construction and contingency funds. Identical to 4th edition.

Use of excess overweight/oversize fees. Identical to 4th edition.

State use of North Carolina Railroad dividends. Same as 4th edition except modifies amendment to GS 124-5.1(a) to expand the permissible improvements to include track installation in high traffic areas.

Analysis and approval of rules, policies, or guidelines affecting Department of Transportation projects. Identical to 4th edition.

Department of Transportation productivity pilot programs. Substantially the same as the 4th edition except provides that the Dep't of Transportation may expend up to 0.5% of the budget allocation for the pilot programs for employee incentive payments.

Department of Transportation performance-based contracts. Identical to 4th edition.

Department of Transportation reorganization. Same as 4th edition except that transfers of the Program Development Branch, Transportation Planning Branch, and Project Development and Environmental Analysis Branch are as they existed on May 1, 2005.

Continuing aviation appropriations. Rewrites 4th edition. New provision repeals GS 136-16.4 and 136-16.5, which provide aviation appropriations.

Department of Transportation authority to provide way-finding signs for the Roanoke Voyages Corridor Commission and the Blue Ridge National Heritage Area Partnership. Substantially identical to 4th edition as to provision regarding Roanoke Voyages Corridor Comm'n. Adds provision providing that the Dep't may manufacture and install similar signs for the Blue Ridge National Heritage Area.

Revenue Tax Evasion Project. Identical to 4th edition.

Modify Global TransPark debt. Identical to 4th edition.

Report on stormwater pilot project. Identical to 4th edition.

Establishing tollways on federally funded highways designated as interstates. Requires the Dep't of Transportation to apply to the US Dep't of Transportation for a permit to allow tolling on established interstate highways in NC. Enacts new GS 136-89.198 providing that the Authority may collect tolls on any existing interstate highway for which the US Dep't of Transportation has granted permission to do so. Revenue generated will be used to repair and maintain the relevant interstate and may not be used to repair, maintain, or upgrade any State primary or secondary road adjacent to or connected with the interstate highways.

Funding for condemnation projects. Provides that the Dep't of Transportation must not expend any federal or State funds or any private or donated funds as a deposit for, or for the condemnation of, any land in a specified area in Randolph County. The Dep't must cause any pending condemnation actions affecting the specified property to be dismissed.

Salaries and Employee Benefits

Deletes those provisions of 4th edition that granted an additional salary increase of 3%, effective July 1, 2006, and makes the following additional changes.

Governor and Council of State. Sets salary of Governor at \$124,426 and council of state at \$109,814.

Nonelected department head/salary increases. Sets salary of nonelected department heads at \$107,289.

Certain executive branch officials/salary increases. Chair, ABC—\$97,652; State Controller—\$136,663; Comm'r of Motor Vehicles—\$97,652; Comm'r of Banks—\$109,814, Chair; ESC—\$133,161; State Personnel Director—\$107,289, Chair, Parole Comm'n—\$89,168, Members, Parole Comm'n—\$41,161, Chair, Utilities Comm'n—\$122,298; Members, Utilities Comm'n—\$109,814; Executive Director, Agency for Public Telecommunications—\$82,323; Director, Museum of Art—\$100,062; Executive Director, NCAFA—\$95,050; and Chief Information Officer—\$136,581. As with 4th edition, deletes salary increases for General Manager, Ports Railway Comm'n, and Executive Director, NCHFA.

Judicial branch officials/salary increase. Chief Justice, Supreme Court—\$124,426; Assoc. Justice—\$121,174; Chief Judge, Court of Appeals—\$118,145; Appeals Court Judge—\$116,125; Judge, Sr. Regular Resident Superior Court—\$112,970; Superior Court Judge—\$109,814; Chief Judge, District Court—\$99,717; District Court Judge—\$96,562; Administrative Officer of the Courts—\$112,970; and Asst. Administrative Officer of the Courts—\$103,188. Establishes minimum salary of asst. district attorney or public defender, at \$32,836 effective July 1, 2005, and

provides that average salaries of those positions shall not exceed \$63,238 in each district. Provides that effective July 1, 2005, the annual salaries of other permanent employees of the Judicial Dep't will be increased by the greater of \$500 (prorated for permanent, part-time employees) or 2.5%.

Clerk of superior court salary increases. Amends GS 7A-101(a) to establish annual salary of clerk of superior court in each county, based upon population of county, as follows: less than 100,000: \$73,450; 100,000 to 149,999: \$82,423; 150,000 to 249,999: \$91,398; 250,000 and above: \$100,373.

Assistant and deputy clerks of court/salary increases/eliminate deputy clerk hiring rate. Amends GS 7A-102(c1) to establish salary range of Asst. Clerk and Head Bookkeeper from \$28,203 to \$48,817, and of Deputy Clerks from \$24,154 to \$37,857.

Magistrates' salary increases. Amends GS 7A-171(a) to establish salary range for full-time magistrate judges of \$28,586 to \$49,237 and a prorated amount for part-time magistrates. Further amends GS 7A-171.1(a1) to establish ranges for magistrates who were credited with less than five years of service as of June 30, 1994.

General Assembly principal clerks. Amends GS 120-37(c) to establish salary of principal clerks at \$92,777.

Sergeant-at-arms and reading clerks. Amends GS 120-37(b) to set salary of sergeant-at-arms and reading clerk at \$321 per week.

Legislative employees. Provides that salaries of nonelected General Assembly employees shall be increased by the greater of \$500 or 2.5% effective July 1, 2005.

Community colleges personnel/salary increases. Requires that the Director of the Budget transfer funds necessary to provide a salary increase of the greater of \$500 or 2.5% effective July 1, 2005, for all community college employees supported by state funds.

University of North Carolina System/EPA salary increases. Requires that the Director of the Budget transfer to the Board of Governors funds necessary to provide a salary increase of the greater of \$500 or 2.5% for University employees and EPA nonteaching employees of the NC School of Science and Mathematics and for a salary increase of 2.5% for all EPA teaching employees of School of Science and Mathematics.

Most State employees/salary increases. Provides for a pay increase of the greater of \$500 (prorated for part-time employees) or 2.5% for all permanent state employees.

All State-Supported personnel/salary increases. Same as 4th edition, except deletes provision specifically requiring that permanent full-time employees who work nine to twelve months per year receive a salary increase of the greater of \$500 or 2%.

Salary adjustment fund. Identical to 4th edition.

State agency teachers' compensation. Identical to 4th edition.

State government employment fair minimum wage. Same as 4th edition, except deletes allocation from the General Fund to the Reserve for Compensation Increases to provide fair minimum wage. Authorizes the Director of the Budget to transfer funds required to support salary adjustments authorized by section from the Reserve for Compensation Increases, except requires that the University of North Carolina use available funds to make salary adjustments. Deletes provision authorizing state agencies to make adjustments to supervisor salaries to correct salary compression and pay equity determinations and requirement that the Office of State Budget and Management use up to \$750,000 for 2005-06 and \$750,000 for 2006-07 from the Reserve for this purpose.

Salary supplements for personnel employed in certain state agencies. Same as 4th edition, except requires that supplement be no more than the lesser of 10% or the percentage supplement they would receive if employed in the LEA where the job site is located (was, maximum equal to percentage supplement).

Industrial Commission salaries in-range salary adjustments. Same as 4th edition, except authorizes the Industrial Comm'n to use up to \$465,000 (was, \$171,900) of the revenue generated by implementing a fee for the required review of Form 21 and 26 Agreements (was, Form 21 Agreements only) for 2005-07 biennium to provide in-range salary adjustments for Comm'n staff. Amends GS 97-78(b1) to set the executive secretary's salary at 90% (4th edition set at 85%) of the salary of a comm'r. Enacts new GS 97-78(b2) – (b5) to provide for the

appointment of a chief deputy comm'r, and to establish guidelines for the salaries of the chief and senior deputy comm'r and agency legal specialist.

ESC Chair prospective salary change. Requires that the salary of the Employment Security Comm'n Chair be the same as the salary established for the Secretary of Commerce.

NCSU Agricultural Program employees. Deletes appropriation for salary increases and instead requires that Board of Governors use up to \$3.75 million from tuition receipts to support additional salary increases.

Longevity service definition. Same as 4th edition, except amends provision to provide that judges will receive longevity pay of 24% of their annual salary after 25 years of service.

Resource prosecutor longevity. Amends GS 7A-65(d) to provide that "service" for purposes of calculating assistant district attorney longevity pay includes service as a resource prosecutor, defined as a former district attorney who has left the employment of the district attorney's office to serve with the Conference of District Attorneys in a specific, time-limited position.

Salary-related contributions/employer. Same as 4th edition except sets contribution rates for retirement and related benefits as follows: Teachers and State Employees—6.82% (was, 6.83%) and State Law Enforcement Officers—11.82% (was, 11.83%). Provides that the maximum annual employer contribution payable to the Teachers' and State Employees' Comprehensive Major Medical Plan for Medicare eligible employees is \$2,922 (was, \$2,892) for 2005-06 and \$3,024 for 2006-07; and for non-Medicare eligible employees \$3,838 (was \$3,800) for 2005-06 and \$3,974 (was, \$3,922) for 2006-07.

Provide cost-of-living increases for retirees of the teachers' and state employees' retirement system, the judicial retirement system, and the legislative retirement system. Same as 4th edition except provides that retirement allowance for individuals retiring under the NC Local Government Employees' Retirement System on or after July 1, 2004 shall be increased by 2.5% (was, 2%). Deletes provision stating General Assembly's intent to provide a cost-of-living increase to certain retirees effective July 1, 2006.

Increase the monthly pension for members of the firemen's and rescue squad workers' pension fund. Identical to 4th edition.

Increase the maximum monthly pension benefits for retired members of the North Carolina National Guard. Identical to 4th edition.

Conform retiree return to teaching benefit to IRS guidelines/clarify definition of retirement. Same as 4th edition, except provides that postretirement earnings do not include earnings while beneficiary is employed to teach on a permanent, full-time (was, permanent) basis.

Increase benefit/sheriff's supplemental pension fund. Same as 5th edition, except deletes amendment to GS 143-166.85(a) that would have increased the maximum monthly pension from \$1,200 to \$1,500.

Longevity service definition for members of the Utilities Commission/Utilities Commission Members in Consolidated Judicial Retirement System/transfer of contributions to Consolidated Judicial Retirement System/retirement allowance limitation for members of the Legislative Retirement System. Amends GS 62-10(h) to provide that "service" for purposes of calculating longevity pay for the Utilities Comm'n includes service as a member of the General Assembly. Amends Article 4 of GS Chapter 135, the Consolidated Judicial Retirement Act, to extend Act's retirement benefits to all members of the Utilities Comm'n who are serving on Comm'n on September 1, 2005, and who become members of the Comm'n after that date. Enacts new GS 135-58(a5) to set the retirement benefit rate for members of the Judicial Retirement System who retire on or after September 1, 2005, after attaining their 65th birthday or completing 24 years or more of creditable service, new GS 135-70.1(a1) to provide that any accumulated contributions, creditable service, and reserves of a Utilities Comm'r serving on September 1, 2005, will be transferred from the Teachers' and State Employees' Retirement System to the Consolidated Judicial Retirement System for service rendered as a Utilities Comm'r, and new GS 135-71(d) to provide that an individual retired under the Judicial or Teachers' Retirement System whose retirement allowance ends upon a return to the Judicial System will be permitted to transfer accumulated contributions from the Teachers' System to the Judicial System if the member attains five or more years or total membership service in Judicial System and completes at least three years of membership service after member's return. Amends GS 120-4.21(c) to prohibit a

member of the Legislative Retirement System from receiving a retirement allowance while employed in a position that makes member a contributing member of the Teachers' Retirement System or the Consolidated Judicial Retirement System, effective September 1, 2005.

State Health Plan changes to screening mammogram coverage. Includes amendment to GS 135-40.5(e) contained in 4th edition, which required that Plan pay 100% of allowable charges for one mammogram per year for individuals age 40 and over, and once every three years for individuals to age 39 years and under. Deletes increase in prescription drug, emergency room, and medical specialist copayments, maximum coinsurance costs, and limitations on chiropractic services.

Capital Appropriations

Capital appropriations/General Fund. Appropriates the following from the General Fund for 2005-06 for capital improvements:

Department of Cultural Resources	
Capitol Area Visitor's Center	\$ 250,000
Department of Commerce-State Ports Authority	
Port of Wilmington and Morehead City	
For equipment, capital, and infrastructure	9,000,000
Department of Environment and Natural Resources	
Water Resources Development Projects	12,424,000
Department of Agriculture	
Agricultural Laboratory	10,000,000
University of NC System-Board of Governors	
UNC-Wilmington School of Nursing	2,650,000
 TOTAL CAPITAL IMPROVEMENTS-GENERAL FUND	 \$34,324,000

Water resources development project funds. Modifies the projects and amounts that Dep't of Environment and Natural Resources is required to allocate from funds appropriated for projects.

Procedures for disbursement of capital funds. Identical to 4th edition.

Encumbered appropriations and project reserve funds. Identical to 4th edition.

Repair and renovation reserve allocation. Identical to 4th edition.

Project cost increase. Identical to 4th edition.

New project authorization. Identical to 4th edition.

Advance planning of capital improvement projects. Identical to 4th edition.

Appropriations limits/reversion or lapse. Identical to 4th edition.

Tobacco Tax Rate Changes

Tobacco tax rate changes. Identical to 5th edition.

Corporate, Excise, and Insurance Tax Changes

Equalize tax on entertainment. Identical to 5th edition.

Equalize gross premiums tax. Identical to 5th edition.

Tax Incentives

Film industry jobs incentive. Identical to 5th edition.

Small business health insurance tax credit. Identical to 5th edition.

Set Rates for Insurance Regulatory Charge and Public Utilities Fees

Insurance regulatory charge. Identical to 5th edition.

Regulatory Fee for Utilities Commission. Identical to 5th edition.

Health and Human Services Fees

Newborn screening fee. Identical to 5th edition.
Division of Facility Services fees. Identical to 5th edition.

Natural and Economic Resources Fees

Increase various agricultural fees. Identical to 5th edition.
Increase cap for CAMA permit fees. Identical to 5th edition.

Justice and Public Safety Fees

General Court of Justice fee increases. Identical to 5th edition.
Court fee increases to benefit judicial branch. Enacts GS 7A-321 requiring increased revenue from fee increases enacted after January 1, 2007, to specified provisions of Chapter 7A of the General Statutes to be used to support the General Court of Justice and the Judicial Branch.
Device fee for house arrest with electronic monitoring. Identical to 5th edition.
Increase Butner taxes. Identical to 5th edition.
Fee for Police Information Network. Identical to 5th edition.

Department of Transportation Fee Changes

DOT fee increases. Identical to 5th edition.

Industrial Commission Fees

Industrial Commission fees. Identical to 5th edition.

Miscellaneous Provisions

Executive Budget Act applies. Identical to 4th edition.
Committee report. Same as 4th edition except changes references from Senate to House.
Most text applies only to the 2005-07 fiscal biennium. Identical to 4th edition.
Effect of headings. Identical to 4th edition.
Severability clause. Identical to 4th edition.

Effective Date

Except as otherwise provided, effective July 1, 2005.

June 15, 2005

S 622. 2005 APPROPRIATIONS ACT. Intro. 3/17/05. House amendments make the following changes to 6th edition.

Amendment #2 provides that funds are appropriated in Section 3.1 of Act for the operation of the Piedmont and Carolinian Rail Services. Reduces appropriation to the Div'n of Highways, Maintenance, by \$777,000 for 2005-06 and by \$1,570,000 for 2006-07 and increases appropriation to State Aid, Railroads, by an equal amount in order to fund operation of Piedmont and Carolinian Rail Services.

Amendment #3 reduces by \$4 million the minimum portion of the funds appropriated to the Rural Economic Development Center, Inc., for 2005-06 that must be used to provide grants under the NC Infrastructure Program and adds requirement that \$4 million of the funds appropriated to the Center for 2005-06 be used for the Farmville-Greene County Greenville Utilities water project. Deletes provision appropriating \$4 million from the Dry-Cleaning Solvent Cleanup Fund to the Center for Neuse Regional Water and Sewer Authority and Farmville-Greene County water projects.

Amendment #4 authorizes use of \$39,500 from funds appropriated to the Community College System Office for the State Board Reserve in 2005-06 to start a Truck Driver Training Program at the Davie Campus of Davidson County Community College. Beginning in 2006-07, Training Program will be included in the Special Allotments line item at same level as other Truck Driver Training Programs. Requires reporting.

Amendment #5 provides that funds are appropriated in Section 3.1 of act for a total of 25 additional Trooper positions in the Dep't of Crime Control and Public Safety, Div'n of State Highway Patrol. Reduces appropriation to the Dep't of Transportation, Administration by

\$2,302,505 for 2005-06 and by \$1,066,569 for 2006-07 and increases appropriation to other State agencies by an equal amount in order to fund additional Trooper positions.

Amendment #7 reduces by an additional \$40,000 in 2005-06 and 2006-07 the reduction for the Office of Conservation and Community Affairs for shifting the remainder of the Natural Heritage Program to the Natural Heritage Trust Fund. Provides that funds will be credited to the NC Farmland Preservation Trust. Provides that if House Bill 347, 2005 Session, becomes law, the \$40,000 must be used towards cost of NC Agricultural Development and Farmland Preservation Trust Advisory Committee created by House Bill 347 and that, if House Bill 347 does not become law, funds must be used as provided in GS 106-744.

Amendment # 8 moves \$215,000 for 2005-06 and \$290,000 for 2006-07 from Western Carolina University to the Department of Public Instruction to be used to administer the Governor's Teacher Working Conditions Survey Initiative. Permits State Board of Education to supplement funds with gifts or other private funds. Amendment also provides that \$1,285,000 for 2005-06 and \$1,210,000 for 2006-07 are appropriated in expansion funds for the NC Center on the Advancement of Teaching.

Amendment # 10 increases to \$2,812,500 (was, \$2,762,500) funds remitted quarterly by Secretary of Revenue to State Treasurer for credit to State Public School Fund. Increases to \$4,812,500 (was, \$4,762,500) the amount to be remitted for first quarter of 2005-06 only. Specifies that \$200,000 for 2005-06 and \$200,000 for 2006-07 are appropriated in act to recruit additional teachers through Teach for America Program.

Amendment # 12 deletes salary increases set forth in act and instead provides that all permanent state employees are entitled to a salary increase in the amount of \$1,086 (prorated for part-time permanent state employees), except for Community College personnel and teaching employees of the NC School of Mathematics, who will be eligible for a salary increase of the greater of \$500 or 2.5%. Also increases minimum and maximum salaries for district attorney and public defenders, superior court clerks, assistant and deputy clerks of court and magistrates by \$1,086. Provides that Sergeants-At-Arms and Reading Clerks will be paid a salary of \$332.

June 16, 2005

S 622. 2005 APPROPRIATIONS ACT. Intro. 3/17/05. House amendment makes the following changes to 6th edition, as amended. Shifts a nonrecurring appropriation of \$50,000 for 2005-06 from the General Assembly to the Office of State Budget and Management, Reserve for Special Appropriations. Adds a provision directing that the funds be allocated to the North Carolina Humanities Council Teachers Institute.

August 8, 2005

S 622. 2005 APPROPRIATIONS ACT. Intro. 3/17/05. Conference report rewrites the bill as follows to reconcile matters in controversy between the Senate budget (4th edition) and the House budget (7th edition). Except as otherwise provided, the bill is effective July 1, 2005. Today's Bulletin covers appropriations and availability for the General Fund, Highway Fund, and Highway Trust Fund, block grants, and special provisions relating to the Department of Agriculture and Consumer Services, the Department of Environment and Natural Resources, the Department of Commerce, the Judicial Department, salaries and employee benefits, the lottery, taxes, and fees. The remaining provisions will be digested in tomorrow's Bulletin.

Current Operations and Expansion/General Fund.

**Current Operations – General Fund
EDUCATION**

	2005-2006	2006-2007.
Community Colleges System Office	\$ 787,685,943	\$ 767,295,886
Department of Public Instruction	6,607,998,945	6,579,807,097
University of North Carolina - Board of Governors Appalachian State University	97,708,514	98,114,232

East Carolina University		
Academic Affairs	165,132,181	168,098,010
Health Affairs	45,624,110	45,671,394
Elizabeth City State University	28,376,210	28,173,367
Fayetteville State University	42,540,261	42,778,425
North Carolina Agricultural and Technical State University	76,497,695	76,533,207
North Carolina Central University	59,223,437	58,883,106
North Carolina School of the Arts	21,173,905	20,698,614
North Carolina State University		
Academic Affairs	299,773,341	304,775,818
Agricultural Extension	36,389,142	35,668,328
Agricultural Research	45,200,460	45,281,347
University of North Carolina at Asheville	29,211,816	29,705,695
University of North Carolina at Chapel Hill		
Academic Affairs	212,164,735	220,475,219
Health Affairs	162,938,570	164,709,561
Area Health Education Centers	44,743,422	44,743,422
University of North Carolina at Charlotte	125,613,588	132,319,883
University of North Carolina at Greensboro	112,318,841	113,459,797
University of North Carolina at Pembroke	41,277,854	41,754,482
University of North Carolina at Wilmington	74,161,294	76,371,666
Western Carolina University	71,404,729	71,990,778
Winston-Salem State University	48,726,028	48,658,641
General Administration	48,804,831	48,890,151
University Institutional Programs	24,610,415	28,278,415
Related Educational Programs	112,937,512	114,905,552
North Carolina School of Science and Mathematics	14,555,420	14,513,392
UNC Hospitals at Chapel Hill	44,944,579	43,944,579
Total University of North Carolina – Board of Governors	\$ 2,086,052,890	\$ 2,119,397,081

HEALTH AND HUMAN SERVICES

Department of Health and Human Services		
Office of the Secretary	\$ 113,855,919	\$ 118,880,919
Division of Aging	29,975,639	29,495,139
Division of Blind Services/Deaf/HH	9,676,797	9,681,220
Division of Child Development	268,350,017	267,356,799
Division of Education Services	33,852,267	34,281,895
Division of Facility Services	13,608,838	15,959,466
Division of Medical Assistance	2,509,772,054	2,751,209,159
Division of Mental Health	603,315,155	602,556,655
NC Health Choice	68,169,765	51,882,902
Division of Public Health	152,391,232	150,814,496
Division of Social Services	188,512,693	190,679,285
Division of Vocational Rehabilitation Services	41,755,526	42,142,193
Total Health and Human Services	\$ 4,033,235,902	\$ 4,264,940,128

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	\$ 52,040,846	\$ 51,032,884
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Department of Commerce		
Commerce	49,686,999	36,728,265
Commerce State-Aid	26,512,085	11,722,085
NC Biotechnology Center	12,083,395	10,583,395
Rural Economic Development Center	25,277,607	25,052,607
Department of Environment and Natural Resources	177,197,119	167,451,089
Department of Labor	14,419,553	14,434,925
JUSTICE AND PUBLIC SAFETY		
Department of Correction	\$ 1,029,924,421	\$ 1,048,492,502
Department of Crime Control and Public Safety	34,793,934	35,153,488
Judicial Department	342,604,760	345,726,582
Judicial Department - Indigent Defense	94,037,973	88,648,414
Department of Justice	77,322,567	78,697,271
Department of Juvenile Justice and Delinquency Prevention	140,377,666	138,873,166
GENERAL GOVERNMENT		
Department of Administration	\$ 62,039,261	\$ 58,818,473
Office of Administrative Hearings	2,987,410	2,969,712
Department of State Auditor	10,850,737	10,840,918
Office of State Controller	10,043,268	10,044,511
Department of Cultural Resources		
Cultural Resources	73,433,514	62,917,147
Roanoke Island Commission	1,783,374	1,783,374
State Board of Elections	5,107,543	5,069,307
General Assembly	42,934,588	46,965,432
Office of the Governor		
Office of the Governor	5,324,590	5,344,528
Office of State Budget and Management	5,019,735	5,021,795
OSBM – Reserve for Special Appropriations	11,358,429	5,111,429
Housing Finance Agency	10,450,945	4,750,945
Department of Insurance		
Insurance	28,220,714	28,110,582
Insurance – Volunteer Safety Workers' Compensation	2,000,000	4,500,000
Office of Lieutenant Governor	754,737	753,037

Department of Revenue	81,447,475	80,630,250
Department of Secretary of State	8,934,063	9,269,633
Department of State Treasurer		
State Treasurer	8,690,595	8,295,843
State Treasurer – Retirement for Fire and Rescue Squad Workers	8,651,457	8,651,457

TRANSPORTATION

Department of Transportation	\$ 200,000	\$ 0
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RESERVES, ADJUSTMENTS AND DEBT SERVICE

Reserve for Compensation Increases	\$ 243,181,327	\$ 235,185,705
Salary Adjustment Fund: 2005-2007 Biennium	4,500,000	4,500,000
Salary Adjustment Fund: 2004-2005 Fiscal Year	4,500,000	4,500,000
Reserve for Teachers' and State Employees' Retirement Contribution	13,810,800	13,810,800
Reserve for Retirement System Payback	25,000,000	0
Reserve for Death Benefit Trust	12,899,200	12,899,200
Reserve for Disability Income Plan	6,586,500	6,586,500
Reserve for State Health Plan	108,648,000	142,728,000
Contingency and Emergency Fund	5,000,000	5,000,000
Reserve for Information Technology Rate Adjustments	(2,300,000)	(2,300,000)
Information Technology Fund	24,375,000	8,025,000
MH/DD/SAS Trust Fund	10,000,000	0
Health and Wellness Trust Fund	10,000,000	0
Reserve for Job Development Investment Grants (JDIG)	9,000,000	12,400,000
Reserve for Increased Fuel Costs	3,000,000	0
Reserve for Contingent Appropriations	85,000,000	85,000,000
Debt Service		
General Debt Service	489,544,211	619,291,140
Federal Reimbursement	1,616,380	1,616,380

**TOTAL CURRENT OPERATIONS –
GENERAL FUND**

\$ 17,025,846,458 \$ 17,293,127,963

General Fund availability statement.

The General Fund availability used in developing the 2005-2007 biennial budget is shown below:.

	FY 2005-2006	FY 2006-2007
Unappropriated Balance Remaining from Previous Year	\$ 0	\$ 117,227,875
Projected Over Collections FY 2004-2005	681,500,000	0
Projected Reversions FY 2004-2005	115,000,000	0
Less Earmarkings of Year End Credit Balance		0
Savings Reserve Account	(199,125,000)	0
Repairs and Renovations	(125,000,000)	0
Beginning Unreserved Credit Balance	\$ 472,375,000	\$ 114,345,875
 Revenues Based on Existing Tax Structure	 \$ 15,417,300,000	 \$ 16,993,257,284
 Nontax Revenues		
Investment Income	74,800,000	78,700,000
Judicial Fees	144,800,000	148,300,000
Disproportionate Share	100,000,000	100,000,000
Insurance	49,500,000	51,300,000
Other Nontax Revenues	138,000,000	151,300,000
Highway Trust Fund/Use Tax		
Reimbursement Transfer	252,558,117	252,663,009
Highway Fund Transfer	16,166,400	16,166,400
Subtotal Nontax Revenues	\$ 775,824,517	\$ 798,429,409
 Total General Fund Availability	 \$ 16,665,499,517	 \$ 16,990,375,284
 Adjustments to Availability: 2005 Session		
Streamlined Sales Tax Changes	40,000,000	61,700,000
Maintain 4.5% Sales Tax Rate	417,100,000	462,700,000
Other Sales Tax Changes		
Apply Sales Tax to Candy	9,800,000	15,800,000
Apply General Sales Tax Rate to Cable	10,900,000	26,100,000
Exempt Potting Soil for Farmers	(200,000)	(300,000)
Tobacco Tax Rate Changes	118,800,000	189,400,000
Extend 8.25% Individual Income		
Tax Rate for 2 years	39,800,000	89,700,000
Continue Use Tax Line on Individual Returns	3,200,000	3,200,000
Conform Estate Tax to Federal Sunset	29,100,000	115,600,000
Film Industry Jobs Incentives	(3,500,000)	(3,500,000)
IRC Update – Partial Conformance	(8,000,000)	(10,700,000)
Adjust Rates for Health Maintenance		
Organizations	0	14,300,000
Increase Earmarking for		
NC Grape Growers Council	(150,000)	(150,000)
Proceeds from the Sale of the Polk Building	4,977,781	0
Justice and Public Safety Fees	17,028,271	20,428,271
Transfer from Tobacco Trust Fund	34,000,000	30,000,000

Transfers from Special Revenue and Other Funds	5,453,950	0
Reimburse Debt Service for		
Certain Capital Facilities and		
Land Acquisition per S.L. 2004-179	5,958,723	21,060,827
Transfer to Civil Penalty and Forfeiture Fund	(80,000,000)	(85,000,000)
Suspend Highway Fund Transfer	(16,166,400)	(16,166,400)
Adjust Transfer from Insurance Regulatory Fund	389,013	243,813
Adjust Transfer from Treasurer's Office	468,478	67,478
Subtotal Adjustments to Availability:		
2005 Session	\$ 628,959,816	\$ 934,483,989
Revised General Fund Availability	\$ 17,294,459,333	\$ 17,927,741,273
Less: General Fund Appropriations		
SB 622 (2005 Appropriations Act)	(17,077,231,458)	(17,293,127,963)
G.S. 143-15.3B: Clean Water		
Management Trust Fund	(100,000,000)	(100,000,000)
Total General Fund Appropriations		
2005-2007 Biennium	(\$17,177,231,458)	(\$17,393,127,963)
Unappropriated Balance Remaining	\$ 117,227,875	\$ 534,613,310

Transfer from Tobacco Trust Fund. Section 2.2(b): No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Savings Reserve Account Transfer. Deletes House provision, Section 2.2(b1) of 7th edition. No change to Section 2.2(c), identical in House and Senate versions.

Repairs and Renovations Transfer. Section 2.2(d): Adopts compromise provision transferring \$125 million from the unreserved credit balance to the Repairs and Renovations Reserve Account.

Highway Trust Fund Transfers. No change – House and Senate provisions identical (Section 2.2 (e)-(g)).

Special funds transfers. Adopts House provision, Section 2.2(h) of 7th edition, except deletes transfer from the Clean-Up Dry Cleaning Solvent fund.

Prison enterprises transfer. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin* (Section 2.2(i)).

Clean Water Management Trust Fund appropriation. Deletes House provision.

Governor address teacher pay disparity. Authorizes the Governor to use funds available from the Reserve for Contingent Appropriations, after consulting with the Speaker of the House of Representatives and the President Pro Tem of the Senate, to devise and execute a plan to reduce the disparity between North Carolina teacher pay and the national average.

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND.

Current Operations – Highway Fund	2005-2006	2006-2007.
Department of Transportation		
Administration	\$ 93,888,317	\$ 95,100,980
Division of Highways		
Administration	30,621,612	30,632,164
Construction	167,010,000	139,750,000
Maintenance	804,714,539	714,793,288
Planning and Research	4,280,000	4,280,000

OSHA Program	425,000	425,000
Ferry Operations	21,264,811	21,264,811
State Aid		
Municipalities	91,910,000	92,650,000
Public Transportation	66,466,447	89,866,447
Railroads	17,308,153	17,101,153
Governor's Highway Safety	293,118	293,118
Division of Motor Vehicles	96,047,914	95,468,137
Other State Agencies	222,948,237	214,860,979
Reserves and Transfers	20,831,852	22,422,852
TOTAL	\$1,638,010,000	
\$1,538,908,929		

Highway Fund availability statement. The Highway Fund availability used in developing the 2005-2007 biennial budget is shown below:

Highway Fund Availability Statement	2005-2006	2006-2007.
Beginning Credit Balance	\$ 10,490,000	—
Estimated Revenue	1,627,520,000	1,697,940,000
Estimated Reversions	—	—
Total Highway Fund Availability	\$ 1,638,010,000	\$ 1,697,940,000

HIGHWAY TRUST FUND APPROPRIATIONS.
Current Operations – Highway Trust Fund

	2005-2006	2006-2007
Intrastate System	472,112,366	496,924,658
Urban Loops	190,902,579	200,935,637
Aid to Municipalities	49,535,599	52,138,988
Secondary Roads	86,825,599	90,358,988
Program Administration	41,295,740	42,918,720
Transfer to General Fund	252,558,117	252,663,009
GRAND TOTAL CURRENT OPERATIONS AND EXPANSION	\$1,093,230,000	\$1,135,940,000

Block Grants.

DHHS Block Grants.

COMMUNITY SERVICES BLOCK GRANT

01.	Community Action Agencies	\$ 15,071,666
02.	Limited Purpose Agencies	837,315
03.	Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	837,315

TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 16,746,296
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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.	Adult day care services	2,155,301
04.	Child Protective Services/CPS Investigative Services/Child Medical Evaluation Program	238,321
05.	Foster Care Services – CCIs	1,706,063
06.	Division of Aging and Adult Services – Home and Community Care Block Grant	1,834,077
07.	UNC-CH CARES Program for training and consultation services	247,920
08.	Mental Health Services Program	422,003
09.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services – Developmentally Disabled Services Program	5,000,000
10.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	3,234,601
11.	Division of Services for the Blind – Independent Living Program	3,182,987
12.	Division of Vocational Rehabilitation Services – Easter Seals Society/UCP	188,263
13.	Office of the Secretary – Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly persons	41,302
14.	Child Care Subsidies	3,150,000
15.	Division of Facility Services – Adult Care Licensure Program	411,897
16.	Division of Facility Services – Mental Health Licensure	205,668
17.	State administration	1,706,017

18.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services – Administration	18,098
19.	Division of Facility Services	37,204
20.	Office of the Secretary – NC Interagency Council for Coordinating Homeless Programs	250,000
21.	Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly	203,198
22.	Transfer to Preventative Health Services Block Grant for HIV/AIDS education, counseling, and testing	145,819
TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 55,348,041

LOW-INCOME ENERGY BLOCK GRANT

01.	Energy Assistance Programs	\$ 13,208,740
02.	Crisis Intervention	9,592,387
03.	Administration	3,186,258
	County DSS	\$1,930,734
	Division of Social Services	\$ 300,000
	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	\$ 7,146
	Local Residential Energy Efficiency Service Providers	\$ 353,820
	Office of the Secretary	\$ 594,558
04.	Weatherization Program	4,343,072
05.	Department of Administration – N.C. State Commission of Indian Affairs	54,840
06.	Heating Air Repair and Replacement Program	2,025,687
TOTAL LOW-INCOME ENERGY BLOCK GRANT		\$ 32,410,984

MENTAL HEALTH SERVICES BLOCK GRANT

01.	Provision of community-based services for severe and persistently mentally ill adults	\$ 6,983,202
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		\$ 12,974,104

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	\$161,058,393
02.	Quality and availability initiatives	33,059,644
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	\$282,574,571
	TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT	
01.	Work First Cash Assistance	\$114,625,680
02.	Work First County Block Grants	94,653,315
03.	Child Welfare Workers for local DSS	12,452,391
04.	Support Our Students – Department of Juvenile Justice and Delinquency Prevention	2,749,642
05.	Family Violence Prevention	1,200,000
06.	Work First – After-School Services for At-Risk Children YWCA Central Carolinas Youth Development Programs \$176,000	2,249,642
07.	Division of Social Services – Administration	356,291
08.	Office of the Secretary – Administration	60,249
09.	Child Welfare Training	2,550,000
10.	Boys and Girls Clubs	1,500,000
11.	Work Central Career Advancement Center	550,000
12.	Special Children's Adoption Fund	3,000,000
13.	Maternity Homes	838,000
14.	After-School Programs for At-Risk Youth in Middle Schools	500,000
15.	Pregnancy Prevention Initiatives	2,500,000
16.	Subsidized Child Care for TANF Recipients	36,563,266
17.	TANF Automation Projects	592,500
18.	NC FAST Implementation	2,717,298
19.	Transfer to the Child Care and Development Fund Block Grant	

	for child care subsidies	81,292,880
20.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		\$365,451,154

MATERNAL AND CHILD HEALTH BLOCK GRANT

01.	Healthy Mothers/Healthy Children Block Grants to Aid-to-County	9,359,236
02.	Children's Health Services Aid-to-County	7,364,216
03.	Healthy Beginnings Aid-to-County	404,559
04.	Maternal Health Aid-to-County	397,761
05.	Children's Health Services	2,836,028
06.	Office of Women's Health and Maternal Health Activities	114,063
07.	State Center for Health Statistics	28,874
08.	Local Technical Assistance & Training	46,866
09.	Injury and Violence Prevention	149,438
10.	Office of Minority Health	99,352
11.	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	25,713
12.	Immunization Program – Vaccine Distribution	819,997
13.	Administration	475,282
14.	Adolescent Pregnancy Prevention Coalition of NC Total of \$150,000 grant-in-aid	85,710
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT		\$ 22,207,095

PREVENTIVE HEALTH SERVICES BLOCK GRANT

01.	Statewide Health Promotion Programs	\$3,653,520
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.	Oral Health	134,251
05.	Administration and Program Support	121,271
06.	Osteoporosis Task Force Operating Costs	150,000
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		\$4,401,973

General Provisions. Adopts House provision, Section 5.1(b)-(f) of 7th edition.

Social Services Block Grant. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Low-income Home Energy Assistance Program. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Mental Health Block Grant. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Child Care and Development Fund Block Grant. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Temporary Assistance for Needy Families Block Grant (TANF). Adopts House provision with conforming changes and adds two new provisions to: (1) require DHHS to ensure that its programs support and strengthen men as fathers involved in their children's lives and (2) require DHHS to reallocate to Adoption and Foster Care Programs up to \$8,208,931 from 2005-06 General Fund appropriations for Work First Cash Assistance Payments. Designates source of funds, sets limitations on reallocation, and requires reporting.

Maternal and Child Health Block Grant. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

NER Block Grants. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

General Provisions. To be digested in tomorrow's Bulletin.

Public Schools. To be digested in tomorrow's Bulletin.

Community Colleges. To be digested in tomorrow's Bulletin.

Universities. To be digested in tomorrow's Bulletin.

Department of Health and Human Services. To be digested in tomorrow's Bulletin.

Department of Agriculture and Consumer Services.

Pesticide disposal program. No change – House and Senate provisions identical.

Timber sales receipts for capital improvements at agricultural research stations and farms. No change – House and Senate provisions identical.

Plant Conservation Program funds. No change – House and Senate provisions identical.

Increase funds for North Carolina Grape Growers Council. No change – House and Senate provisions identical.

Uniform Regulation of Animal Shelters. Deletes House provision, Section 11.5 of 7th edition (entitled *Funds for North Carolina Farmland Preservation Trust Fund*), and adds new provision with indicated title. Revises definition of animal shelter GS 19A-23 and amends GS 19A-24 to require Board of Agriculture to adopt rules on euthanasia of animals in custody of licensees. Also adds new GS 19A-41 to require Attorney General to represent Commissioner and Dept. of Agriculture in actions in connection with the Animal Welfare Act.

Department of Environment and Natural Resources.

State match for federal Safe Drinking Water Act funds. No change – House and Senate provisions identical.

Expand express review program statewide. No change – House and Senate provisions identical.

Sedimentation education funds. No change – House and Senate provisions identical.

Funds to Implement fishing license requirements legislation/contingent repeal of saltwater fishing license requirement. No change – House and Senate provisions identical.

Report on Natural Heritage Program. Adopts House provision, Section 12.4A of 7th edition.

Grassroots Science Program. Adopts new provision stating that of funds appropriated to DENR for Grassroots Science Program, \$3,197,762 for FY 2005-06 is allocated to specified museums in amounts indicated. Requires DENR to report by March 1, 2006, to Fiscal Research Division regarding operating budget of each listed museum for FY 2004-05 and 2005-06 and attendance at museum during calendar year 2005.

New lease purchase/installment contracts for forestry equipment for Division of Forest Resources. Revises Senate provision, Section 12.6 of 4th edition, which had placed moratorium on purchases of forestry equipment for Division of Forest Resources. Provides instead that before Division of Forest Resources or Dept. of Administration may enter into new lease purchase or installment contract for this equipment, they must consult with the Joint Legislative Commission on Governmental Operations.

Extend and expand pilot program for inspection of animal waste management systems. Adopts Senate provision, Section 12.7 of 4th edition.

Beaver Damage Control Program Funds. Adopts compromise provision specifying that of funds appropriated to DENR, \$349,000 each fiscal year of the 2005-07 biennium must be allocated to the Wildlife Resources Commission to provide the state share for the beaver damage control program in GS 113-291.10. Provides that funding is contingent on at least \$25,000 in federal funds being available each fiscal year of biennium. Section 12.8 of 7th edition/Section 28.18 of 4th Edition

Monitoring and emergency cleanup funds for Texfi site contamination. Adopts House provision, Section 12.9 of 7th edition, providing that of funds appropriated to Division of Waste Management of DENR for FY 2005-06 for cleanup of Superfund sites, up to \$50,000 may be used for FY 2005-06 for monitoring groundwater and other contamination at Texfi site in Fayetteville and for any emergency cleanup activities needed at that site.

Use of North Carolina Aquariums Fund for debt service of aquarium expansions. Adopts new provision revising GS 143B-289.44(b) as title indicates.

Department of Commerce.

Wanchese Seafood Industrial Park/Oregon Inlet funds. Adopts Senate provision, Section 13.1 of 4th edition, providing that unexpended funds appropriated to Dept. of Commerce for FY 2004-05 for the Wanchese Seafood Industrial Park do not revert to the General Fund and remain available for that purpose. Also provides that unexpended funds appropriated to Dept. of Commerce for FY 2004-05 for the Oregon Inlet Project do not revert to the General Fund.

Council of Government funds. No change – House and Senate provisions identical.

Tourism promotion grants. Adopts House Provision, Section 13.3 of 7th edition.

Employment security funds. No change – House and Senate provisions identical, except adds provision stating that funds from ESC reserve fund shall be available to ESC as collateral to secure federal funds and pay administrative costs of collecting ESC reserve fund surcharge. Provides that these administrative costs may not exceed administrative costs paid in FY 2004-05.

Trade Jobs for Success reporting. No change – House and Senate provisions identical.

Industrial Development Fund. No change – House and Senate provisions identical.

One North Carolina Fund. Adopts House provision, Section 13.6 of 7th edition, except clarifies that expenditures are from funds appropriated in this act (was, S.L. 2004-188).

Study alternate funding of Industrial Commission. Adopts House provision, Section 13.6A of 7th edition.

Roanoke Rapids music/entertainment complex. Adopts House provision, Section 13.6B of 7th edition, except reduces appropriation from \$750,000 to \$500,000.

Regional Economic Development Commissions/vision plans. Adopts House provision, Section 13.6C of 7th edition, except adds the term “vision plans” to title and deletes all statutory amendments.

Regional economic development commission allocations. No change – House and Senate provisions identical.

Regional economic development commission reports. No change – House and Senate provisions identical.

Advanced Vehicle Research Center/Reserve Funds. Deletes House provision, Section 13.8A of 7th edition (entitled *Northeastern North Carolina Regional Economic Development Commission*) and adds new provision with indicated title. Establishes in Office of State Budget and Management a reserve known as Advanced Vehicle Research Center Reserve. Provides that of funds appropriated to Center, OSBM may transfer \$7.5 million, in up to four installments, for FY 2005-06 to Dept. of Commerce to be allocated to Center. Requires Center to make various reports to OSBM, Dept. of Commerce, Governor, Joint Legislative Commission on Governmental Operations, and Fiscal Research Division.

Nonprofits reporting requirements. No change – House and Senate provisions identical.

Biotechnology center. No change – House and Senate provisions identical.

Rural Economic Development Center-1. Adopts compromise provision as follows. Of funds appropriated to Center, allocates \$370,000 each fiscal year of 2005-07 biennium for research and demonstration grants; \$363,278 for FY 2005-06 for additional administration of supplemental funding, of which \$75,000 each may be allocated to Pitt, Martin, and Hertford counties; \$1,297,410 for each fiscal year of 2005-07 biennium for community development grants, of which \$1,247,412 is allocated for direct grants to local community development corporations to support operations and projects. Remaining House and Senate provisions identical.

Rural Economic Development Center-2. Adopts Senate provision, Section 13.12 of 4th edition, except as follows: deletes provision limiting e-NC authority from using up to 5% of appropriated funds for expenses of program development and implementation of activity areas; and adds amendments to GS 143B-437.46(b) from House provision, Section 13.12 of 7th edition.

Opportunities Industrialization Center funds. No change – House and Senate provisions identical.

One North Carolina Small Business Program. Establishes within One North Carolina Fund the One North Carolina Small Business Account to be used for North Carolina SBIR/STTR Incentive and Matching Funds Programs created in new GS 143B-437.80 and 143B-437.81. Provides that up to \$3 million of moneys in Fund may be allocated to new Account. Directs NC Board of Science and Technology to administer Incentive and Matching Funds Programs. Regarding Incentive Program, authorizes Board to award eligible business up to 50% of cost, up to maximum of \$3,000, of submitting Phase I proposal to US Small Business Administration for Small Business Innovative Research (SBIR) or Small Business Technology Transfer Research (STTR) grants. Regarding Matching Funds Program, authorizes Board to award up to \$100,000 grant to match funds received by business through SBIR/STTR Phase I proposal. Limits these grants to one per year and five for life of business. Directs Dept. of Commerce to develop guidelines for administration of One North Carolina Small Business Program and to publish report on use of funds during each fiscal quarter.

Judicial Department.

Establish Conference of Clerks of Superior Court. Deletes identical House and Senate provisions.

Divide District Court District 20 Into 20A and 20B And Realign Superior Court Districts 20A and 20B. Adopts Senate provision, Section 14.2 of 4th edition, except adopts new provision, effective Jan. 1, 2011, adding one superior court judge to District 20B (Union county), to be filled in 2010 general election. Also provides that no election shall be held in 2006 for superior court judge currently serving District 20B and residing in Union County and that this judge will serve until a successor is elected in 2010 general election.

Collection of worthless check funds. Adopts Senate provision, Section 14.3 of 4th edition.

Transfer of equipment and supply funds. No change – House and Senate provisions identical.

Study electronic payment. Adopts House provision, Section 14.5 of 7th edition.

Grant funds. No change – House and Senate provisions identical.

Increase charges for Appellate Division reports to actual cost. No change – House and Senate provisions identical.

North Carolina State Bar funds. No change – House and Senate provisions identical.

Transfer responsibility for providing legal assistance to inmates from the Department of Correction to the Office of Indigent Defense Services. Adopts Senate provision, Section 14.9 of 4th edition, except requires Office of Indigent Defense Services (IDS) to contract with Prisoner Legal Services (PLS) to provide legal services and access to courts for inmates for period from October 1, 2005, through September 30, 2007, during which time IDS must evaluate services provided by PLS. Requires IDS to submit interim report of evaluation to Chairs of Senate and House Appropriations Committees and Appropriations Subcommittees on Justice and Public Safety by May 1, 2006, and final report by May 1, 2007.

Wake County Public Defender Office funds. No change – House and Senate provisions identical.

Office of Indigent Defense Services expansion funds. No change – House and Senate provisions identical. Section 14.12

Office of Indigent Defense Services report. Adopts House provision, Section 14.12 of 7th edition.

Clarify that fees paid to attorneys representing indigent clients shall be fixed in accordance with the rules adopted by the Office of Indigent Defense Services and may not be set at higher rates without the approval of the Office of Indigent Defense Services. No change – House and Senate provisions identical.

Establish Public Defender's Office in the Fifth Defender District. Adopts House provision, Section 14.14 of 7th edition.

Subsistence expenses of superior court judges. Deletes House provision, Section 14.15 of 7th edition.

Mediation funds. Adopts House provision, Section 14.16 of 7th edition, except provides that of funds appropriated to Judicial Department for community mediation centers for FY 2005-06, \$134,031 is allocated to Carolina Dispute Settlement Services, Inc., and \$65,000 is allocated to Women-in-Action for the Prevention of Violence and Its Causes, Inc.

Establish a new district court judge in District 14, a new assistant district attorney in District 14, and a new assistant district attorney in District 24. Deletes House provision, Section 14.17 of 7th edition.

Study Wake County Family Court. Adopts House provision, Section 14.18 of 7th edition.

Juvenile recidivism report. Adopts House provision, Section 14.19 of 7th edition.

Travel allowance for appellate judges who reside fifty miles or more from Raleigh. Deletes House provision, Section 14.20 of 7th edition.

Reimbursement for use of personal vehicles. Adopts House provision, Section 14.21 of 7th edition.

Drug Treatment Court Funds. Adopts new provision specifying that funds appropriated in act to Judicial Dept. for Drug Treatment Court may be used only to provide treatment and case coordination to offenders sentenced to intermediate punishment and to community punishment if at risk of revocation.

Department of Justice. To be digested in tomorrow's Bulletin.

Department of Juvenile Justice and Delinquency Prevention. To be digested in tomorrow's Bulletin.

Department of Correction. To be digested in tomorrow's Bulletin.

Department of Crime Control and Public Safety. To be digested in tomorrow's Bulletin.

Department of Administration. To be digested in tomorrow's Bulletin.

Office of the Governor. To be digested in tomorrow's Bulletin.

Information Technology. To be digested in tomorrow's Bulletin.

Department of Insurance. To be digested in tomorrow's Bulletin.

Department of Revenue. To be digested in tomorrow's Bulletin.

Secretary of State. To be digested in tomorrow's Bulletin.

Office of State Budget and Management. To be digested in tomorrow's Bulletin.

Office of the State Controller. To be digested in tomorrow's Bulletin.

Department of the State Treasurer. To be digested in tomorrow's Bulletin.

Department of Transportation. To be digested in tomorrow's Bulletin.

Salaries and Employee Benefits.

Generally provides for employee salary increase of the greater of \$850 or 2%.

Governor and Council of State. Sets salary of Governor at \$123,819 and council of state at \$109,279.

Nonelected department head/salary increases. Sets salary of nonelected department heads at \$106,765.

Certain executive branch officials/salary increases. Chair, ABC—\$97,175; State Controller—\$135,997; Comm'r of Motor Vehicles—\$97,175; Comm'r of Banks—\$109,279, Chair; ESC—\$133,161; State Personnel Director—\$106,765, Chair, Parole Comm'n—\$88,733, Members, Parole Comm'n—\$40,960, Chair, Utilities Comm'n—\$121,701; Members, Utilities Comm'n—\$109,279; Executive Director, Agency for Public Telecommunications—\$81,921; Director, Museum of Art—\$99,573; Executive Director, NCAFA—\$94,587 and Chief Information Officer—\$135,915. As with 4th edition, deletes salary increases for General Manager, Ports Railway Comm'n, and Executive Director, NCHFA.

Judicial branch officials/salary increase. Chief Justice, Supreme Court—\$123,819; Assoc. Justice—\$120,583; Chief Judge, Court of Appeals—\$117,568; Appeals Court Judge—\$115,559; Judge, Sr. Regular Resident Superior Court—\$112,419; Superior Court Judge—\$109,279; Chief Judge, District Court—\$99,231; District Court Judge—\$96,091; Administrative Officer of the Courts—\$112,419; and Asst. Administrative Officer of the Courts—\$102,684. Establishes minimum salary of asst. district attorney or public defender, at \$32,885 effective July 1, 2005, and provides that average salaries of those positions shall not exceed \$62,930 in each district. Provides that effective July 1, 2005, the annual salaries of other permanent and part-time employees of the Judicial Dep't will be increased by the greater of \$850 or 2%.

Clerk of superior court salary increases. Amends GS 7A-101(a) to establish annual salary of clerk of superior court in each county, based upon population of county, as follows: less than 100,000: \$73,092; 100,000 to 149,999: \$82,021; 150,000 to 249,999: \$90,952; 250,000 and above: \$99,884. Provides for increases as county population changes to new category.

Assistant and deputy clerks of court/salary increases/eliminate deputy clerk hiring rate. Amends GS 7A-102(c1) to establish salary range of Asst. Clerk and Head Bookkeeper from \$28,365 to \$48,579, and of Deputy Clerks from \$24,415 to \$37,784.

Magistrates' salary increases. Amends GS 7A-171(a) to establish salary range for full-time magistrate judges of \$28,739 to \$48,997 and a prorated amount for part-time magistrates. Also amends GS 7A-171.1(a1) to establish ranges for magistrates who were credited with less than five years of service as of June 30, 1994.

General Assembly principal clerks. Amends GS 120-37(c) to establish salary of principal clerks at \$92,324.

Sergeant-at-arms and reading clerks. Amends GS 120-37(b) to set salary of sergeant-at-arms and reading clerk at \$327 per week.

Legislative employees. Provides that salaries of nonelected General Assembly employees will be increased by the greater of \$850 or 2%.

Community colleges personnel/salary increases. Requires that the Director of the Budget transfer for 2005-06 and 2006-07 funds necessary to provide a salary increase of the greater of \$850 or 2%, including employer's retirement and social security contributions, effective July 1, 2005, for all community college employees supported by state funds.

University of North Carolina System/EPA salary increases. Requires that the Director of the Budget transfer to the Board of Governors 2005-06 and for 2006-07 funds for necessary to provide a salary increase, including employer's retirement and social security contributions, of the greater of \$850 or 2% for all EPA employees. The \$850 increase is to be made to all employees whose annual salary is \$42,500 or less. Provides for increase of 2.24% for 2005-06 and 2006-07 for all teaching employees of the School of Science and Mathematics.

Most State employees/salary increases. Provides for a pay increase of the greater of \$850 or 2% for all permanent state employees.

All State-Supported personnel/salary increases. Adopts House provision, Section 29.14 of 7th edition, except adds provision that permanent full-time employees who work a nine-, ten-, or eleven-month work year schedule will receive the greater of \$850 or 2%.

Special annual leave bonus. Adopts new provision to provide a one-time additional five days of annual leave for any person who is: (1) a full-time permanent employee of the State, a community college institution, or a local board of education on September 1, 2005; and (2) is eligible to earn annual leave. Public school employees and State employees paid on the Teacher or School Based Administrator salary schedules are not eligible.

Salary adjustment fund. No change – House and Senate provisions identical.

Temporary sales tax transfer for Wildlife Resources Commission salary increase. Adopts Senate provision, Section 29.16 of 4th edition.

State agency teachers' compensation. No change – House and Senate provisions identical.

State government employment fair minimum wage. Adopts Senate provision, Section 29.18 of 4th edition, except deletes provision for transfer of funds for SPA employees.

Salary supplements for personnel employed in certain state agencies. Adopts compromise provision to provide salary supplement paid to teachers, instructional support personnel, and school-based administrators who are employed in programs operated by State agencies and are licensed by the State Bd. of Education of at least 5%, but not more than the percentage supplement they would receive if employed in the local school unit where the job site is located. Supplements are not to be paid to central office staff.

Industrial Commission salaries in-range salary adjustments. Adopts compromise provision providing that the Industrial Comm'n may use up to \$171,900 generated by implementing a fee for required review of Form 21 and Form 26 Agreements for in-range salary adjustments. Sets formula for salary of deputy commissioners and provides for longevity pay for specified employees.

ESC Chair prospective salary change. Adopts House provision, Section 29.20A of 7th edition, except adds provision that effective September 1, 2005, until the appointment of the next chair, the chair does not accrue longevity pay.

Coastal Management Division salary increases. Provides for increase of 10% in addition to any other increase authorized by this act.

NCSU Agricultural Program employees. Provides for allocation of \$3,700,000 in each year of the biennium to support salary increases for Agricultural Program employees of NCSU and \$300,000 each year to support salary increases for Agricultural Program employees of NCA&T.

Longevity service definition. Deletes provision.

Resource prosecutor longevity. Adopts House provision, Section 29.23A of 7th edition.

Longevity pay/clerks of superior court. Adopts new provision to amend GS 7A-101(c) to allow longevity pay for magistrates.

Salary-related contributions/employer. Adopts House provision, Section 29.24 of 7th edition, except sets maximum annual employer contribution for each covered employee for 2005-06 at \$2,853 for Medicare-eligible employees and \$3,748 for other employees and for 2006-07 at \$2934 for Medicare-eligible employees and \$3,854 for other employees.

Provide cost-of-living increases for retirees of the teachers' and state employees' retirement system, the judicial retirement system, and the legislative retirement system. Adopts House provision, Section 29.25 of 7th edition.

Increase the monthly pension for members of the firemen's and rescue squad workers' pension fund. No change – House and Senate provisions identical.

Increase the maximum monthly pension benefits for retired members of the North Carolina National Guard. No change – House and Senate provisions identical.

Conform retiree return to teaching benefit to IRS guidelines/clarify definition of retirement. Deletes from House and Senate provisions extension of sunset; otherwise identical.

Optional retirement program vesting. Senate provision deleted.

Increase benefit/sheriff's supplemental pension fund. No change – House and Senate provisions identical, except adds provision making increase in fees remitted under Article 12G of GS Chapter 143 effective September 1, 2005, and applicable to costs assessed or collected on or after that date.

Utilities Commission Members in Consolidated Judicial Retirement System/transfer of contributions to Consolidated Judicial Retirement System/retirement allowance limitation for members of the Legislative Retirement System. Adopts House provision, Section 29.30A of 7th edition, except deletes amendment to GS 62-10 allowing longevity credit for time served as member of the General Assembly.

Change disability plan amendment effective date. Adopts new provision to change the effective date for disability plan amendments in S.L. 2004-78 from August 1, 2005, to August 1, 2006.

Death Benefits Act definition. Adopts new provision amending GS 143-166.2(c) to extend death benefits for work-related heart attacks from firemen only to include law enforcement officers, rescue squad workers, and senior Civil Air Patrol members.

State Health Plan changes. Adopts Senate provision, Section 29.31 of 4th edition, except: changes copay for branded prescription to \$30, deletes provision limiting chiropractic services to persons over the age of five, and sets out-of-pocket payment at \$75 for outpatient services and \$200 for emergency room charges. Adds provision that Section 31.21 of S.L. 2004-124 (relating to coverage of employees of the NC Symphony Society, Inc. under the State Health Plan) expires June 30, 2006.

Forest City Employees in State Health Plan. Adopts Senate provision, Section 29.32 of 4th edition.

State Health Plan/Optional programs. Adopts new provision amending GS 135-39.5B to allow adoption of optional hospital and medical benefits program that may be one purchased or underwritten by the State and may be a PPO program. Makes other conforming statutory changes. Authorizes negotiation of extension of current claims processing contract of up to three years beyond June 30, 2007.

State Health Plan/exempt positions. Adopts new provision allowing Executive Administrator to designate managerial, professional, or policy-making positions as exempt from the State Personnel Act and allows establishment and filling of up to three additional such positions.

Capital Appropriations. To be digested in tomorrow's Bulletin.

Lottery.

Lottery. Adopts Senate provision, Section 31.1 of 4th edition, except:

Provides that if H 1023, introduced 3/31/05, becomes law, the title is revised to read, "AN ACT TO ESTABLISH A STATE LOTTERY TO GENERATE FUNDS TO FURTHER THE GOAL OF PROVIDING ENHANCED EDUCATIONAL OPPORTUNITIES SO THAT ALL STUDENTS IN THE PUBLIC SCHOOLS CAN ACHIEVE THEIR FULL POTENTIAL, TO SUPPORT SCHOOL CONSTRUCTION, TO FUND COLLEGE AND UNIVERSITY SCHOLARSHIPS AND TO MAKE CONFORMING CHANGES TO THE GENERAL STATUTES." Makes additional amendments to H 1023, if it becomes law, as set forth below.

Amends proposed GS 18C-102 to delete provision specifying that lottery funds shall supplement and not supplant moneys previously allocated for the public purposes described in the chapter.

Lottery Commission/Director. Deletes change to proposed GS 18C-110 that would have located Lottery Commission in the Dep't of Administration rather than Dep't of Commerce. Provides in GS 18C-111 that Governor appoints chair of Comm'n (was, Governor appoints initial chair to serve for one year, thereafter selected by Comm'n from its membership). Deletes provision in GS 18C-112 that General Assembly appointee recommended by Speaker of the House have at least five years experience in specified field. Amends proposed GS 18C-114 to require limitations on lottery advertising, including that all advertising include sources of information for responsible gaming information, no advertising may intentionally target specific groups or economic classes, no advertising may be misleading or present the lottery as a means of relieving any person's financial or personal difficulties, and no advertising may have as its primary purpose inducing people to play the lottery. Adds provisions that statutory provisions of Article 3D of GS Chapter 143 (relating to information technology services) do not apply to the Comm'n.

Lottery Games/Tickets/Prizes. Amends proposed GS 18C-130 to allow lottery tickets to depict cartoon characters whose primary appeal is not to minors and to require that all advertising be tasteful. Amends proposed GS 18C-132 to provide that if valid claim for prize is not made within applicable period, the unclaimed prize money must be handled in accordance with provisions establishing college scholarships. Revises proposed GS 18C-134 to provide for setoff of debts against lottery prizes. Requires Comm'n to establish debt set-off program for debts of at least \$50 owed or collected by state and local claimant agencies. Requires Comm'n to match information submitted by claimant agencies with winning prizes of \$600 or more. Establishes procedures for notification of debt, making set-offs and imposition of collection assistance fees; provides that confidentiality statutes do not preclude exchange of information among Comm'n, claimant agencies, the organization submitting claims, and the debtor.

Lottery Retailers/Contractors. Amends proposed GS 18C-151 to provide that Article 8 of GS Chapter 143, including minority participation goals, apply to contracts entered into by the Comm'n unless otherwise specifically provided. Sets additional requirements for contracts requiring an estimated aggregate expenditure of \$90,000 (was, expenditure of \$75,000 in public money).

North Carolina State Lottery Fund. Adds provision to proposed GS 18C-162 that advertising expenses must not exceed 1% of total annual revenues. Provides that of unclaimed prize money, 50% is allocated to enhance prizes and 50% is allocated to the Education Lottery Fund. Adds provision to proposed GS 18C-163 to provide that expenses of the Lottery may include a transfer of \$1 million annually to Dep't of Health and Human Services for gambling addiction education and treatment programs. Amends proposed GS 18C-164 to provide for periodic transfer of net revenues of the State Lottery Fund to the Education Lottery Fund. Directs Comm'n to transfer 5% of the net revenue of the prior year to the Education Lottery Reserve Fund, which is capped at \$50,000,000. Provides that if actual net revenues in a given year are less than the appropriation to the Education Lottery Fund for that year, the Reserve Fund is to be used to make up the shortfall; also sets priority for allocation of funds if the Reserve is insufficient to meet the shortfall. Provides that remaining net revenue of the Education Lottery Fund is to be allocated as follows: (1) 50% to support class size reduction in early grades and to support academic pre-kindergarten programs for at-risk four-year olds; (2) 40% to the Public School Building Capital Fund; and (3) 10% to the State Educational Assistance Authority to fund college and university scholarships. If actual net revenues exceed the appropriated amount in a fiscal year, 50% of the excess net revenues are to be transferred to the Public School Building Capital Fund and 50% to the State Educational Assistance Authority. Restores provision of proposed H 1023 establishing Article 35A of GS Chapter 115C regarding College Scholarships. Adds provisions that minimum scholarship to be awarded is \$100, that the State Educational Assistance Authority may use up to 1.5% of the lottery funds it receives for administrative purposes, and that any unexpended scholarship funds will remain available for future scholarships.

Miscellaneous. Adds provision to GS 150B-1(c) exempting State Lottery from state Administrative Procedure Act. Provides that funds are not to be transferred to Education Lottery Reserve Fund in 2005-06. Adds provision amending GS 115C-546.2 to set priority for allocation of lottery funds transferred to the Public School Building Capital Fund as follows: (1) 65% allocated on the basis of average daily membership; and (2) 35% to those local school units located in counties in which the effective county tax rate as a percentage of the effective State average tax

rate is greater than 100%. Provides that these funds do not require county matching funds, may be used for school construction and for indebtedness incurred on or after January 1, 2003, and may not be used for school technology needs. Provides that unclaimed prize money is transferred to the Escheat Fund in an amount equal to the principal transferred from the Escheat Fund for scholarships in fiscal years 2003-04 through 2006-07 until the Escheat Fund is repaid those amounts transferred.

Makes other stylistic and technical changes.

Sales Tax Changes.

Sales tax changes. Adopts compromise provision to extend to July 1, 2007, the July 1, 2005, sunset on the additional half-cent state sales tax.

Adopts additional compromise provisions to do the following. (1) Apply the combined general rate of tax (7%) to spirituous liquor, satellite television, and telecommunications effective October 1, 2005, and to cable service effective January 1, 2006. Exempts cable service providers' broadcasting equipment and enacts new GS 105-164.21B allowing a sales tax credit for local franchise taxes paid by cable service providers, effective January 1, 2006. Conforms the formula for distribution of telecommunications sales tax to cities in GS 105-164.44F. (2) Apply state and local sales taxes to satellite radio, effective January 1, 2006. (3) Include voice mail within the definition of telecommunications for sales tax purposes, effective October 1, 2005. (4) Repeal special sales tax rates and caps effective January 1, 2006, subjecting manufacturing fuel and recycling equipment to an equivalent excise tax, subjecting railway cars to the general rate of tax (refundable in proportion to operations outside of the state), and exempting other items formerly taxed at special rates. (5) Exempt from sales tax potting soil sold to farmers, effective January 1, 2006. (6) Remove funeral services from the sales tax and delete the \$1,500 exemption that applied to funeral services and goods combined, effective October 1, 2005. (7) Remove candy from the category of food that is not subject to State sales tax, effective October 1, 2005. (8) Add to the sales tax holiday effective October 1, 2005, computer supplies with a sales price of up to \$250. (9) Extend until 2010 the line on the individual income tax for paying use tax. (10) Reenact and limit to Dare County 2004 legislation authorizing local sales tax for beach nourishment. (11) Make numerous definition and administrative changes related to the Streamlined Sales Tax Agreement, effective October 1, 2005.

Tobacco Tax Rate Changes.

Tobacco tax rate changes. Adopts compromise provision increasing cigarette tax from 5 cents a pack to 30 cents a pack effective September 1, 2005, and to 35 cents a pack effective July 1, 2006. Increases tax on other tobacco products from 2% to 3% effective September 1, 2005. Enacts new GS 143-16.6 to authorize a tobacco product manufacturer that elects to make escrow payments under GS 66-291(a)(2) to assign to the state its interest in the funds. Provides that the new statute is repealed and any assignment under it is void if (1) a court finds the new statute invalid or unenforceable or (2) if a court finds that the new statute would subject participating manufacturers to a nonparticipating manufacturer adjustment under the Master Settlement Agreement. Section 34.1.

IRC Update.

IRC Update. Substantively identical to Senate provision, Section 35.1 of 4th edition. See digest in May 5, 2005, *Daily Bulletin*.

Individual Income Tax Changes.

Individual income tax rate. Adopts compromise provision to extend from January 1, 2006, to January 1, 2008, the sunset of the 8.25% individual income tax bracket.

Corporate, Excise, and Insurance Tax Changes.

Equalize tax on entertainment. Deletes House provision, Section 38.3 of 7th edition.

Equalize gross premiums tax. Adopts House provision, Section 38.4 of 7th edition, digested in the June 14, 2005, *Daily Bulletin*, except changes the effective date from 2006 to 2007 tax year and modifies the formula and schedule for estimated tax payments for the 2007 tax year.

Tax Incentives/Film Industry Jobs Incentive.

Film Industry Jobs Incentive. Adopts House provision, Section 39.1 of 7th edition, digested in the May 3 and June 14, 2005, *Daily Bulletins*, except (1) limits a taxpayer's credit for a feature film to \$7.5 million per production; (2) requires that, for goods costing \$25,000 or more, qualifying expenses are determined by subtracting the fair market value of the goods at the end of the production; (3) requires a taxpayer to add back to income the amount of expenses for which a credit is claimed; (4) deletes requirement of certification by film office and substitutes a detailed accounting from the taxpayer and consulting between the Secretary of Revenue and the film office; (5) limits credit to expenses incurred on or after July 1, 2005, and (6) makes technical changes.

Small business health insurance tax credit. Deletes House provision, Section 39.2 of 7th edition, digested in the June 14, 2005, *Daily Bulletin*.

Set Rates for Insurance Regulatory Charge and Public Utilities Fees. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Health and Human Services Fees.

Newborn screening fee. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Division of Facility Services fees. Adopts House provision, Section 41.2 of 4th edition, digested in the June 14, 2005, *Daily Bulletin*, except makes conforming changes.

Natural and Economic Resources Fees.

Increase various agricultural fees. Adopts Senate provision, Section 42.1 of 4th edition, digested in May 3, 2005, *Daily Bulletin*, except specifies that fees for agronomic services are maximums and sets effective date at September 1, 2005.

Establish fee for mine safety education/training programs. Adopts compromise provision enacting new GS 74-24.16(d) to authorize the Commissioner of Labor to establish fees of up to \$50 for persons participating in education and training programs for occupational safety and health, effective September 1, 2005.

Increase cap for CAMA permit fees. Deletes House provision, Section 42.3 of 4th edition, digested in June 14, 2005, *Daily Bulletin*.

Justice and Public Safety Fees.

General Court of Justice fee increases. Adopts House provision, Section 43.1 of 7th edition, except specifies effective date of September 1, 2005.

Court fee increases to benefit judicial branch. Deletes House provision, Section 43.1A of 7th edition, digested in the June 15, 2005, *Daily Bulletin*.

Device fee for house arrest with electronic monitoring. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Increase Butner taxes. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Fee for Police Information Network. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Department of Transportation Fee Changes.

DOT fee increases. Adopts House provision, Section 44.1 of 7th edition.

Industrial Commission Fees.

Industrial Commission fees. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

August 9, 2005

S 622. 2005 APPROPRIATIONS ACT. Intro. 3/17/05. Conference report adopted 8/8/05 rewrites the bill as follows to reconcile matters in controversy between the Senate budget (4th edition) and

the House budget (7th edition). Except as otherwise provided, the bill is effective July 1, 2005. Yesterday's Bulletin covers appropriations and availability for the General Fund, Highway Fund, and Highway Trust Fund, block grants, and special provisions relating to the Department of Agriculture and Consumer Services, the Department of Environment and Natural Resources, the Department of Commerce, the Judicial Department, salaries and employee benefits, the lottery, taxes, and fees. The remaining provisions are digested below.

Current Operations and Expansion/General Fund. Digested in yesterday's Bulletin.

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND. Digested in yesterday's Bulletin.

HIGHWAY TRUST FUND APPROPRIATIONS. Digested in yesterday's Bulletin.

Block Grants. Digested in yesterday's Bulletin.

General Provisions.

Appropriation of cash balances and receipts. Adopts House provision, Section 6.1 of 7th edition.

Contingency and Emergency Fund allocations. Adopts Senate provision, Section 6.2 of 4th edition, digested May 3, 2005, *Daily Bulletin*, except reduces from \$1 million to \$2 million the maximum allocation for BRAC.

Expenditures of funds in reserves limited. No change – House and Senate provisions identical (provides that funds in a reserve may be spent only for purposes for which the reserve was established).

Budget reports accurately reflect projected receipts, expenditures, fund balances, and actual collections. No change- House and Senate provisions identical. See digests in the May 3, 2005, and June 15, 2005, *Bulletins*

Authorization to establish receipt-supported positions. No change – House and Senate provisions identical. See digests in the March 17 and May 3, 2005, *Bulletins*

Overhead cost recovery. Adopts Senate provision, Section 6.6 of 4th edition, digested in the May 3, 2005, *Daily Bulletin*, except: directs the Office of State Budget and Management to (1) determine a methodology appropriate for the calculation and allocation of overhead receipts;(2) ensure that future overhead cost reimbursements for programs, with overhead costs borne by the General Fund, revert to the General Fund; (3) establish an indirect cost allocation methodology, for programs not recovering costs from other funding sources, to reimburse the General Fund; and (4) estimate the anticipated reimbursement to the General Fund. Also deletes provision extending the requirements of the section to all receipts credited to a State agency, special revenue fund, enterprise fund, internal service fund or trust fund.

Prior consultation with the Joint Legislative Commission on Governmental Operations. Adopts identical provisions. See digests in the May 3 and June 15, 2005, *Daily Bulletins*. Also adds new provision to exempt from the consultation requirement new fees and charges and the increase of existing fees as authorized by G.S. 21-3.

Consultation not required prior to establishing or increasing fees in accordance with Budget Act and clarification of the law providing legislative oversight of agency fees and charges. Adopts Senate provision, Section 6.8 of 4th edition, digested in the May 3, 2005, *Daily Bulletin*. Also adds new provision amending GS 12-3.1 to provide that an agency rule adopted to establish or increase a fee or charge may not take effect until the agency has consulted with the Joint Legislative Comm'n on Governmental Operations. Requires the agency to submit a request for consultation to all members of the Comm'n, the Comm'n Assistant, and the Fiscal Research Division of the General Assembly on the same date that the notice of the text of the rule is published. Provides that if the Comm'n fails to hold a meeting to hear the consultation within 90 days after the request has been made, the consultation requirement will be deemed to have been satisfied. Makes other technical changes.

State grant recipients/conflict of interest policy/no overdue tax debts/other technical and clarifying changes. Adopts compromise provision that also covers Senate provision in Section 6.10 of 4th edition. Provides that every non-state entity that receives, uses or expends state funds

(including federal funds that flow through the state) may use those funds only for the purposes for which they were appropriated. Directs grantees to file a copy of a conflicts of interest policy with the state agency or department disbursing the funds. Requires that the policy address situations in which individuals may directly or indirectly benefit, except as employees or members of the governing body, from the funds. Also requires that the policy address the actions the grantee will take to both avoid conflicts of interest and the appearance of impropriety. Further requires that grantees file, with the state agency or department disbursing the funds, a written statement verifying that the grantee does not have any overdue federal, state or local tax debts. Authorizes the Director of the Budget to take administrative action, including suspending or withholding the disbursement of funds, if a non-state entity spends or encumbers funds for an unauthorized purpose or fails to submit or falsifies any information required by this section. Makes other technical changes.

Amend the Tobacco Reserve Fund to promote the health and wellness of the state's citizens and economic development. Adopts House provision, Section 6.32 of 7th edition, but rennumbers it as Section 6.12. Amends GS 66-291(b)(2) to require that any funds revert to a tobacco product manufacturer if the manufacturer can establish that the amount it was required to place into escrow as a result of units sold in the state in a particular year was greater than would have been required if the manufacturer had participated in the Master Settlement Agreement. Provides that if the sections, "or any part of the amendment made to G.S. 66-291(b)(2) by this section, is held by a court of competent jurisdiction to be unconstitutional, then G.S.-66-291(b)(2) shall be deemed to be repealed in its entirety. If G.S. 66-291(b) shall thereafter be held by a court of competent jurisdiction to be unconstitutional, then this act shall be repealed, and G.S. 66-291(b)(2) shall be restored as if no amendments had been made by this act. Neither any judicial holding of unconstitutionality nor the repeal of G.S. 66-291(b)(2) shall affect, impair, or invalidate any other portion of Part 1 of Article 37 of Chapter 66 of the General Statutes or the application of Part 1 of Article 37 of Chapter 66 of the General Statutes to any other person or circumstance, and the remaining portions of Part 1 of Article 37 of Chapter 66 of the General Statutes shall at all times continue in full force and effect."

Information Technology Fund availability statement. Adopts House provision, Section 6.13 of 7th edition, digested in the June 15, 2005, *Daily Bulletin*, except adds provisions (1) allocating \$5 million for each fiscal year from the information technology enterprise fee proceeds to the Information Technology Fund in GS 147-3372H and (2) transferring to the Information Technology Fund \$5 million from the cash balance as of June 30, 2005, in the Office of Information Technology Services Internal Service Fund.

Information technology appropriations. Adopts House provision, Section 6.13 of 7th edition, digested in the June 15, 2005, *Daily Bulletin*.

Monitor and evaluate lease purchase activity. Adopts House provision, Section 6.17 of 7th edition, as digested in the June 15, 2005, *Daily Bulletin*, except adds requirement that lease purchase and installment purchase agreements contain provisions to protect the interests of the state against nonperformance or insolvency. Also adds requirement that the consolidated report include all current installment purchase expenditures.

Private license plates on publicly owned motor vehicles. Adopts House provision, Section 6.18 of 7th edition, as digested in the June 15, 2005, *Daily Bulletin*.

Uniform payroll system. Adopts House provision, Section 6.19 of 7th edition, as digested in the June 15, 2005, *Daily Bulletin*.

Study state construction inspections. Deletes House provision, Section 6.20 of 7th edition, as digested in the June 15, 2005, *Daily Bulletin*.

Clean Water Management Trust Fund Board of Trustees/study stewardship of conservation easements. Adopts House provision, Section 6.22 of 7th edition, as digested in the June 15, 2005, *Daily Bulletin*.

Commission On State Property Funds. Adopts House provision, Section 6.23 of 7th edition, as digested in the June 15, 2005, *Daily Bulletin*.

Collaboration among Departments of Administration, Health and Human Services, Juvenile Justice and Delinquency Prevention, and Public Instruction on school-based child and family team initiative. Adopts most of House provision, Section 6.24 of 7th edition, digested in the June 15, 2005, *Daily Bulletin*. Expands section on program goals and services. Amends reporting

requirements to delete requirements regarding the number of children diverted from care and a description of the services provided. Requires, rather than authorizes, the Council to engage in its enumerated activities. Adds the Chair of the State Board of Education to the membership of the Council. Sets forth the responsibilities for the Director of the Administrative Office of the Courts and Superintendent of Public Instruction. Requires that the Council report on January 1 and July 1.

Limit disposition of Dorothea Dix and Blue Ridge Road properties. Adopts House provision, Section 6.25 of 7th edition, as digested in the June 15, 2005, *Daily Bulletin*, except adds new provision to make conforming changes to GS 143-341(4)g. Sunsets on September 1, 2007.

AHEC study/Horace Williams Airport. Deletes House provision, Section 6.26 of 7th Edition,

No funds budgeted for replaced equipment. Adopts House provision, Section 6.27 of 7th edition, as digested in the June 15, 2005, *Daily Bulletin*.

Right of insured to redeem health care or prescription drug benefit. Deletes House provision, Section 6.28 of 7th edition, as digested in the June 15, 2005, *Daily Bulletin*.

Health benefit plan co-payments. Adopts House provision, Section 6.29 of 7th edition, as digested in the June 15, 2005, *Daily Bulletin*.

Training Retirement Systems Division personnel. Deletes House provision, Section 6.30 of 7th edition, as digested in the June 15, 2005, *Daily Bulletin*.

Planning for better collection of infrastructure information. Adopts new provision requiring Office of State Budget and Management to study issue identified in title and to report the results of the study to 2006 regular session of 2005 General Assembly. Report must include legislative proposals, including proposal to define "infrastructure" to include modern communication technologies.

Zero-based budget review. Adopts new provision authorizing Legislative Services Comm'n to undertake no more than two zero-based budget reviews before convening of 2007 General Assembly. Directs Senate President Pro Tem. of the Senate and Speaker of the House to select two departments for review.

Payroll deduction for employees' associations. Adopts new provision extending provisions of GS 143-3.3(g) to employees of political subdivisions of State and makes statute applicable to employees' associations that have at least 2,000 members and at least 500 members who are employees of the State, political subdivisions of the State, or public schools.

Study consolidation of state laboratories. Adopts new provision requiring Office of State Budget and Management to hire an independent consultant to develop a plan to consolidate certain State-funded laboratories. Specifies requirements for plan. Report must be submitted to General Assembly and Fiscal Research Division by May 1, 2006.

Civil Penalty and Forfeiture Fund. Adopts new provision setting forth availability statement for Fund totaling \$120.5 million for 2005-06 and \$125.5 million for 2006-07. Appropriates \$18 million from Fund to School Technology Fund for each year of the biennium and remainder of Fund to State Public School Fund. Funds will be allotted to local school administrative units on a per-pupil basis. Provides that GS 105-164.44D does not apply in the 2005-06 or 2006-07 fiscal years. Provides that overrealized revenues from Dep't of Transportation will offset Highway Fund appropriations to Public School Fund. Rewrites GS 115C-457.3 to authorize appropriation of Civil Penalty and Forfeiture Fund to Public School Fund and allocation of funds to local school administrative units. Amends other statutes to require that clear proceeds of civil penalties be remitted to Civil Penalty and Forfeiture Fund. Makes conforming changes to other statutes. Effective July 1, 2006, amends GS 115C-457.2 to define "clear proceeds" as the full amount of all civil penalties, etc., minus the actual cost of collection, not to exceed 20% of the amount collected. Requires Office of State Budget and Management to develop a methodology for computing the actual costs of collecting civil penalties by state departments and agencies. New methodology will apply to all state agencies and departments effective July 1, 2006.

Reports on personal services contracts. Adopts new provision amending GS 143-64.70 to require annual, rather than quarterly, reports; to make reporting requirements applicable only to personal services contracts that have an annual expenditure of more than \$5,000; to require identification of the budget code, etc. from which contract funds were disbursed; and to require annual, rather than biannual, compilation of information

Public Schools.

Teacher salary schedules. Modifies House provision, Section 7.1 of 7th edition, digested in June 15, 2005, *Daily Bulletin* (which does not include the 2006–2007 salaries contained in the Senate version), to provide an average salary increase of 2.4% for 2005–06 based on adjusting the salary schedule and increasing the experience step increase. Revises the salary schedule as follows: “A” teachers, \$2,551 to \$4,584 per month; NBPTS certified “A” teachers, \$3,128 to \$5,134 per month; “M” teachers, \$2,806 to \$5,042 per month; NBPTS certified “M” teachers, \$3,441 to \$5,647 per month.

School-based administrator salary schedule. Modifies House provision, Section 7.2 of 7th edition, digested in June 15, 2005, *Daily Bulletin* (which does not include the 2006–2007 salaries contained in the Senate version) to provide a 2005–06 salary schedule as follows: assistant principals, \$3,259 to \$5,299 per month; principals, \$3,719 to \$7,568 per month.

Central office salaries. Adopts compromise provision using Senate position on salary ranges for 2005–2006 (see Section 7.3 of the 4th edition, digested in March 17, 2005, *Daily Bulletin*) but does not include salaries for 2006–2007. Includes salary increase for all full-time personnel who work a 9-, 10-, 11-, or 12-month work year of \$850 or 2%, whichever is greater.

Noncertified personnel salary. Adopts compromise provision for increase of \$850 or 2%, whichever is greater. Does not include provisions for 2006–2007 increases.

Bonus for certified personnel at the top of their salary schedules. No change – House and Senate provisions identical. See digests in March 17 and May 4, 2005, *Daily Bulletins*.

Supplemental funding in low-wealth counties. No change - House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Small school system supplemental funding. Adopts House and Senate provisions digested in May 4, 2005, *Daily Bulletin*, which were nearly identical except for the phase-out provisions in Section 7.7(c). Conference report changes phase-out provision to limit program to five years after ineligibility due to increase in population or tax base.

Disadvantaged student supplemental funding. Substantially the same as Senate provision digested in May 4, 2005, *Daily Bulletin*. Adds limitation on use of data specified in Section 7.8(a).

Students with limited English proficiency. No change – Adopts identical House and Senate provisions which require that State Board develop guidelines for identifying and providing services to students with limited English language proficiency and allocate funds to districts based upon average daily membership of such students, to a maximum of 10.6% of average daily membership.

Flexibility for the highest priority elementary schools. No change – House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

At-risk student services/alternative schools. No change – House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Funds for children with disabilities. Adopts House provision, which requires that SBE allocate \$2,838.39 per child for a maximum of 168,602 children for 2005–06 school year and that school districts receive funds for lesser of all children identified with disabilities or 12.5% of the 2005–06 allocated average daily membership of district.

Funds for academically gifted children. No change – House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Expenditure of funds to improve student accountability. No change – House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Litigation reserve funds. No change – House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Base budget reduction to Department of Public Instruction. No change – House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Replacement school buses funds. No change – House and Senate provisions identical. Digested in May 4, 2005, *Daily Bulletin*. Requires purchase of buses from state contract vendors and exempts term contract for the purchase or lease-purchase of buses from payment of electronic procurement transaction fee.

Expenditures for driving eligibility certificates. No change – House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Discrepancies between anticipated and actual ADM. No change – House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Charter school advisory committee/charter school evaluation. No change – House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Mentor teacher funds may be used for full-time mentors. No change – House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Visiting international exchange teachers. No change – House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Funds to implement the ABCs of Public Education. No change – House and Senate provisions identical. See digests in March 17 and May 4, 2005, *Daily Bulletins*.

LEA assistance program. No change – House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Funds for the testing and implementation of the new student information system. No change – House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Public School Building Capital and Technology Fund. Deletes provision.

LEA sales tax refund reporting. Adopts identical provision digested in May 4, 2005, *Daily Bulletin* but changes date for required annual report by Secretary from January 1 to March 1.

Review of standards for MSA programs. No change – House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Evaluation of school principals. Adopts Senate version, Section 7.29 of 4th edition, digested in May 4, 2005, *Daily Bulletin*.

Planning time for teachers. Adopts House version, Section 7.30 of 7th edition, digested in March 17, 2005, *Daily Bulletin*, and includes report date of January 15, 2006.

Learn and Earn High Schools. Adopts House version, Section 7.32 of 7th edition, digested in May 4, 2005, *Daily Bulletin*, with provision excluding positions created from budget flexibility.

Flexibility for high school innovation. Adopts House version, Section 7.33 of 7th edition, digested in May 4, 2005, *Daily Bulletin*.

Funds for education of students at Eckerd Youth Alternatives Therapeutic Camp. Provision deleted.

Minimize time devoted to standardized tests. No change – House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Education Cabinet. Adopts Senate provision, Section 7.38 of 4th edition, digested in May 4, 2005, *Daily Bulletin*.

Teacher working conditions survey. Adopts House provision, Section 7.4 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

The Center for 21st Century Skills. Adopts Senate provision, Section 7.39 of 4th edition, digested in May 4, 2005, *Daily Bulletin*.

Plan and funding for a virtual high school. No change – House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Feasibility study for developing regional education networks. Substantially the same as House provision, Section 7.42 of 7th edition, digested in May 4, 2005, and June 15, 2005, *Daily Bulletins*.

Assistance with School Technology Needs. Adopts House Provision, Section 7.43 of 7th edition, (substantially similar to Senate provisions, Sections 7.43 and 7.45 of 4th edition), digested in May 4, 2005, *Daily Bulletin*.

School employee salary study. Adopts compromise provision limiting study to teachers (was teachers and other school employees) and setting out revised list of issues to be studied.

Zero-based budget review of the Department of Public Instruction. Deletes House provision, Section 7.49 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Facilitate hiring of teachers. Deletes House provision, Section 7.50 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Redirect refundable sales to State Public School Fund. Adopts House provision, Section 7.51 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Small specialty high schools pilot program. Adopts House provision, Section 7.52 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Ensure DHHS schools receive federal funds. Adopts House provision, Section 7.54 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Establish the Office of School Readiness in the Department of Public Instruction. Provision deleted.

Purchases for the student transportation system. Deletes House provision, Section 7.56, digested in June 15, 2005, *Daily Bulletin*.

Study of school transportation. Adopts provision substantially similar to House provision, Section 7.57 of 7th edition, digested in June 15, 2005, *Daily Bulletin*, but changes source of funds from Low-Wealth Supplemental Funding to funds for Student Transportation and decreases amount from \$200,000 to \$150,000.

Authorization for additional charter schools. Deletes House provision, Section 7.58 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Schools must spend up to 60% of expansion funds in the classroom. Deletes House provision, Section 7.59 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Teach for America. Deletes House provision, Section 7.60 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Review of internal controls. Adopts new provision, which adds a new subsection to GS 115C-447 authorizing the State Board to require audits and corrective plans to address incidents of fraud, embezzlement, theft, or management failures in local school administrative units.

Teach financial literacy in public schools. Adopts new provision, which adds new subsection G.S. 115C-81 requiring that personal financial literacy be included in the Basic Education Program during the high school years. Gives the State Board two years to develop the curriculum.

Reports on the expenditure of supplemental funds for low-wealth counties. Adopts new provision which requires local boards to submit an annual report by August 31 to State Board as title indicates. Requires State board to report annually by October 31 to Office of State Budget and Management, Joint Legislative Education Oversight Committee, and Fiscal Research Division.

Provide for new accountability for the use of funds in the At-Risk and Improving Student Accountability allotments. *Adopts new provision that sets priorities for use of specified funds. Makes continued local eligibility contingent on report to State Board detailing expenditures and impact on student achievement, and requires annual report by State Board to Office of State Budget and Management, Joint Legislative Education Oversight Committee, and Fiscal Research Division.*

Community Colleges.

Use of funds for the College Information System Project. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Carryforward for equipment. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Salaries of community college faculty and professional staff. Adopts compromise provision to require that the minimum nine-month, full-time community college faculty salary be as follows:

Vocational Diploma/Certificate or Less	\$29,932
Associate Degree or Equivalent	30,373
Bachelors Degree	32,283
Masters Degree of Education Specialist	33,978
Doctoral Degree	36,421

Workforce development programs. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Report on the adequacy of multicampus funds. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Education program auditing function. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Ferry boat operator training feasibility study. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Extend the sunset on training and reemployment contributions made by employers. House and Senate provisions identical. See digest in May 3 2005, *Daily Bulletin*.

Carryforward for colleges in economically disadvantaged counties. Adopts Senate provision, Section 8.10 of 4th edition, digested in May 3, 2005, *Daily Bulletin*.

Defense Technology Innovation Center. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Community College capital funds. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Implement proprietary schools licensing fee increase. Adopts House provision, Section 8.14 of 7th edition, digested in June 14, 2005, *Daily Bulletin*.

Exempt Community College massage and bodywork therapy programs from licensure by the North Carolina Board of Massage and Bodywork Therapy. Adopts House provision, Section 8.15 of 7th edition, digested in June 15, 2005 *Daily Bulletin*, except makes provision effective July 1, 2006.

Davidson County Community College truck driver training. Deletes House provision, Section 8.16 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Universities.

UNC budget reduction report. Adopts House provision, Section 9.1 of 7th edition, digested in June 15, 2005, *Daily Bulletin*, except makes technical changes and requires that except for funds specifically allocated by act, the Office of State Budget and Management must certify all University of North Carolina expansion budget items to UNC-GA Institutional Programs for allocation by the Board of Governors in accordance with GS 116-11(9)a. and 116-11(9)b.

Enrollment Growth Fund/encourage partnerships for new 2 + 2 programs. Adopts Senate provision, Section 9.2 of 4th edition, digested in May 4, 2005, *Daily Bulletin*.

UNC-NCCCS joint initiative for teacher education and recruitment. Adopts Senate provision, Section 9.3 of 4th edition, digested in March 17, 2005, *Daily Bulletin*.

Enrollment growth funding model. Adopts House provision, Section 9.4 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

UNC-NCCCS 2+2 E-Learning Initiative. House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Use of Escheat Fund for need-based financial aid programs. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Study of distance education. Adopts Senate provision, Section 9.7 of 4th edition, digested in March 17, 2005, *Daily Bulletin*.

Information technology procurement. House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Board of Governors' dental scholarships. House and Senate provisions identical. See digests in March 17 and May 4, 2005, *Daily Bulletins*.

Board of Governors' medical scholarships. Adopts House provision, Section 9.10 of 7th edition.

Teacher scholarship funds. Adopts Senate provision, Section 9.11 of 4th edition, digested in May 4, 2005, *Daily Bulletin*, except requires that student agree to teach full-time in a NC public school for three years within five years after graduation (House required that student teach four out of five years, Senate required three out of four years).

UNC-Asheville retain sale proceeds. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

UNC bond project modifications. Adopts House provision, Section 9.13 of 7th edition, digested in May 4 and June 15, 2005, *Daily Bulletins*.

Repeal NC School of Science and Math tuition grant. Adopts Senate provision, Section 9.14 of 4th edition, digested in May 4, 2005, *Daily Bulletin*.

UNC-Chapel Hill continue to operate Horace Williams Airport. Adopts Senate provision, Section 9.15 of 4th edition, digested in May 4, 2005, *Daily Bulletin*, except requires that the Legislative Research Comm'n study the continued viability of the Area Health Education Centers (AHEC) program if the Airport is not available and report its findings to the General Assembly no later than the reconvening of the 2005 Regular Session of the General Assembly in 2006. Also requires that UNC-CH operate the Horace Williams Airport and continue air transportation support for the AHEC program and public from that Airport until 30 days after sine die adjournment of the 2005 Regular Session of the General Assembly.

North Carolina Agricultural and Technical State University funds. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Transfer Prospective Teacher Scholarship Loan and Teacher Assistant Scholarship Loan to the NC State Education Assistance Authority. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

University System and Community College System joint study of higher education strategy/amend reporting requirement. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*

Distinguished Professors Endowment Trust Fund. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

UNC may encourage the establishment of private, nonprofit corporations to support the university system and assign UNC employees to assist with those corporations. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Eliminate reporting requirement for school administrator training programs. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Continue Academic Common Market program. Adopts House provision, Section 9.24 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Tuition waiver program expansion. Adopts Senate provision, Section 9.25 of 4th edition, digested in May 4, 2005, *Daily Bulletin*.

Brody School of Medicine at ECU/Medicare Receipts/Family Medicine Center. Adopts House provision, Section 9.26 of 7th edition, digested in May 4, 2005, and June 15, 2005, *Daily Bulletin*.

Scholarship student. Adopts Senate provision, Section 9.27 of 4th edition, digested in May 4, 2005, *Daily Bulletin*, except revises proposed GS 116-143.6 to give the Board of Trustees of each UNC constituent institution the authority to consider as NC residents for all purposes all persons who receive full scholarships to the institution from entities recognized by the institution and who attend the institution as undergraduate students (was, required that institutions treat person with full scholarships as NC residents for all purposes). Also requires that section be administered so as to have no fiscal impact (was, required that State funds be expended to offset any fiscal impact of this section) and requires that electing constituent institution maintain at least the current number of NC residents admitted to that institution.

Enhance nutrition in University and Community College food programs. Adopts House provision, Section 9.28 of 7th edition, digested in June 15, 2005, *Daily Bulletin*, except requires that policies in compliance with section be implemented by August 1, 2006 (was August 1, 2007).

Grant-in-aid/fire truck for Cullowhee Volunteer Fire Dept. to help ensure adequate fire protection services to Western Carolina University. Adopts Senate provision, Section 9.29 of 4th edition, digested in May 4, 2005, *Daily Bulletin*.

Waive tuition for a person of a certain age who is or was a ward of the state and who attends classes at any constituent institution of the University of North Carolina or any community college. Adopts Senate provision, Section 9.30 of 4th edition, digested in May 4, 2005, *Daily Bulletin*, except also requires that person be eligible for services under the Chaffee Education and Training Vouchers Program in order to be eligible for the tuition waiver and provides that the waiver will only be to the extent that tuition is due after student's receipt of other financial aid.

Scholarship loan for prospective coaches. Adopts House provision, Section 9.31 of 7th edition, digested in June 15, 2005, *Daily Bulletin*, except renames Fund as the Coaching Scholarship Loan Fund, deletes provision requiring that the State Education Assistance Authority consider the appropriate number of minority applicants to receive scholarships and makes technical changes.

Limit out-of-state enrollment in the North Carolina School of the Arts. Deletes House provision, Section 9.32 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Nursing Scholars Program. Adopts House provision, Section 9.33 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Professional development programs for public school employees. Adopts House provision, Section 9.34 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Study in-state teacher tuition benefit. Adopts House provision, Section 9.35 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Prorate legislative tuition grant for part-time students in education and nursing. Deletes House provision, Section 9.36 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.
Center for Craft, Creativity, and Design. Adopts House provision, Section 9.37 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Department of Health and Human Services.

Central Management.

Information technology. No change—House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Office of Policy and Planning. No change—House and Senate provisions identical. See digests in March 17 and May 3, 2005, *Daily Bulletins*.

Senior prescription drug access program funding. Adopts Senate provision, Section 10.3 of 4th edition, digested in May 3, 2005, *Daily Bulletin*, but reduces funding authorization from \$7 million to \$1.5 million.

Senior Cares Program administration. Modifies substantively identical provision, digested in May 3, 2005, *Daily Bulletin*, by adding provisions authorizing DHHS to enroll senior citizens in a federally approved Medicare prescription drug plan if their income does not exceed 135% of the federal poverty level and they are given the opportunity to decline automatic enrollment, and prohibiting the use of state funds for enrollment of senior citizens in a Medicare drug plan. Allows DHHS to conduct administrative activities after December 31, 2005, related to closing the Senior Cares program.

NonMedicaid reimbursement changes. No change—House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Physician services. No change—House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Liability insurance. No change—House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

DHHS payroll deduction for child care services. No change—House and Senate provisions identical. See digest in March 17, 2005, and May 3, 2005, *Daily Bulletin*.

Community Health Centers Funds. Section 10.9. Adopts Senate provision digested in May 3, 2005, *Daily Bulletin*, but adds provision requiring DHHS to distribute funds based on availability of other funds for these agencies and on the basis of incidence of poverty or percentage of indigent clients served.

Provider reimbursement rates. Section 10.10. Adopts House provision digested in June 15, 2005, *Daily Bulletin*, but makes provision applicable to 2005-06 and 2006-07 fiscal years.

Provider tracking database system. Section 10.10A. Requires that the Department of Health and Human Services (DHHS) develop and implement a provider tracking database to monitor the performance of all provider facilities serving vulnerable populations. Requires that DHHS submit a final report on the project's status to the House and Senate Appropriations Committees on Health and Human Services and to Fiscal Research by June 1, 2006.

Funds for Jim "Catfish" Hunter chapter of the ALS Association. Section 10.10B. Adopts new provision to provide that funds appropriated for the chapter may be expended only for services provided within North Carolina.

Division of Medical Assistance.

Medicaid. Section 10.11. Adopts compromise provision that is same as 7th edition except as noted. (1) Allows DHHS to establish authorizations, limitations, and reviews for specific drugs, drug classes, brands, or quantities in order to manage effectively the Medicaid pharmacy program, but prohibits DHHS from imposing limitations on brand-name medications for which there is a generic equivalent if prescriber determines that the brand-name drug is medically necessary. Requires DHHS to report to Fiscal Research Division, Joint Legislative Comm'n on Governmental Operations, and specified appropriations subcommittees by May 1, 2006, regarding Medicaid drug limitations. Adopts additional provisions requiring the dispensing of generic drugs, including special provisions regarding dispensing of atypical antipsychotic drugs and drugs listed in the narrow therapeutic index (substantially identical to provisions of 4th edition). Requires Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance

Abuse Services to provide interested advocacy organizations an opportunity to comment on proposed Medicaid drug limitations and allows Committee to report its findings and recommendations to specified appropriations subcommittees and Fiscal Research Division by April 30, 2006. (2) Effective January 1, 2006, extends Medicaid eligibility to infants and children aged one through five living in families with family incomes equal to or less than 200% of the federal poverty level. (3) Increases funding authorization for family planning services under demonstration waiver from \$675,000 to \$750,000. (4) Incorporates House provision, Section 10.21B of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Disposition of disproportionate share receipts. No change—House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

County Medicaid cost-share. No change—House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Medicaid cost containment activities. No change—House and Senate provisions identical. See digest in March 17, 2005, and May 3, 2005, *Daily Bulletin*.

Medicaid reserve fund transfer. No change—House and Senate provisions identical. Allocates \$50 million for 2005-06 and \$50 million for 2006-07 of funds transferred to DHHS for Medicaid programs pursuant to GS 143-23.2 as prescribed in GS 143.23.2(b) but provides that these funds will be used to replace reduction in general revenue funding.

Expand Community Care of NC Management to additional Medicaid recipients. Section 10.17. Compromise version makes technical change only.

Ticket to Work/Medicaid eligibility study. Section 10.18. Adopts Senate provision, Section 10.18 of 4th edition, digested in May 3, 2005, *Daily Bulletin*, with one exception: provides that new GS 108A-54.1 becomes effective January 1, 2007, or within 30 days after date on which Medicaid Management Information System becomes operational, whichever is later, and that client enrollment must begin within 6 months of effective date.

Medicaid personal care services limitations. Section 10.19. Compromise provision increases funding reduction to \$13,711,542 in 2005-06 and \$16,115,389 in 2006-07.

DDA group home funding. Section 10.19A. Adopts House provision, Section 10.19A of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Implement Electronic Quality Prescription Management Program. Section 10.19B. Adopts House provision, Section 10.19B of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Community Alternative Programs reimbursement system. Section 10.20. Adopts House provision, digested in June 15, 2005, *Daily Bulletin*, except provides that RUG-III will not be used to determine level of need for CAP-MR/DD services.

DMA access to health insurance information to ensure recoupment of Medicaid funds spent on medical care covered by insurance. Deletes provision. See House version, Section 10.21 of 7th edition, digested in June 15, 2005, *Daily Bulletin*, and Senate version, digested in May 3, 2005, *Daily Bulletin*.

Verification of State residency for medical assistance. Adopts House provision, Section 10.21A of 7th edition, digested in June 15, 2005, *Daily Bulletin*, with the following changes: (1) revises and expands the types of identification that may be used to verify residency status for Medicaid eligibility; (2) adds special provisions for persons applying for emergency Medicaid benefits; (3) provides that new GS 108A-55.3 does not establish North Carolina residency for a nonqualified alien who is present in NC for a temporary or unspecified period of time unless the applicant is legally admitted for employment purposes; (4) deletes proposed amendment to GS 108A-24(6); (5) makes new GS 108A-55.2 effective Jan. 1, 2006.

Medicaid estate recovery to include liens on real property. Adopts House provision, Section 10.21C of 7th edition, digested in June 15, 2005, *Daily Bulletin*, with the following changes: (1) adds provision regarding filing of liens; (2) exempts hospice care from lien and estate recovery provisions; (3) allows DHHS to enforce its claim if property owner sells or transfers property that is subject to claim; (4) adopts statutory provisions regarding waiver of claims when estate recovery is not cost effective; (5) rewrites provisions regarding notice of estate recovery; (6) makes section effective January 1, 2006, and applicable to persons receiving Medicaid on or after that date.

Medicaid waiver/transfer of assets look-back. Deletes House provision, Section 10.21D of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Medicaid study. Adopts new provision directing DHHS to study Medicaid services for individuals who are dually eligible for Medicare and Medicaid, the impact of Medicare Part D of these services, the financial impact on the State of Medicare clawback provisions, etc. Requires DHHS to report the results of the study to specified appropriations subcommittees and the Fiscal Research Division by May 1, 2006.

NC Health Choice. Adopts compromise provision (1) allowing up to 3% enrollment growth every six months; (2) limiting eligibility to children between the ages of six through 18; (3) rewriting provisions regarding payment for services to require prescription drug providers to accept Medicaid payment rate for outpatient prescriptions and requiring other providers to accept rate equal to 115% of Medicaid payment rate effective January 1, 2006 and 100% of Medicaid rate effective July 1, 2006; (3) requiring DHHS to provide services through Community Care of North Carolina and make payments as allowed under Medicaid. Effective January 1, 2006, except as otherwise noted.

Division of Mental Health.

Long-term plan for meeting mental health, developmental disabilities, and substance abuse services needs. Adopts House provision, Section 10.24 of 7th edition, digested in June 15, 2005, *Daily Bulletin*, with the following changes: (1) adds provision requiring DHHS to use not less than 50% of moneys in trust fund established under GS 143-15D for 2005-06 for nonrecurring start-up funds for community-based services; (2) requires DHHS to submit report by March 1, 2006, rather than December 31, 2006.

Comprehensive Treatment Services Program. Adopts House provision, Section 10.25 of 7th edition, digested in June 15, 2005, *Daily Bulletin*, with one change: incorporates provisions regarding children's services work group and Coordination of Children's Services Study Comm'n substantially identical to those included in H 222, digested in February 15, 2005, *Daily Bulletin*.

Child and family teams/Integrated Services Program for Children and Families. Deletes House provision, Section 10.25A of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Services to multiply diagnosed adults. Adopts House provision, Section 10.26 of 7th edition, digested in June 15, 2005, *Daily Bulletin*, with the following change: requires DHHS to report on implementation of section on May 1, 2006, and May 1, 2007.

Extend mental health consumer advocacy program contingent upon funds appropriated by the 2007 General Assembly. No change—House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Transition planning for state psychiatric hospitals. No change—House and Senate provisions identical. See digest in March 17, 2005, and May 3, 2005, *Daily Bulletin*.

Mental retardation center downsizing. Adopts House provision, Section 10.29 of 7th edition, digested in June 15, 2005, *Daily Bulletin*, with the following changes: (1) deletes provision directing DHHS to close one mental retardation center effective July 1, 2006, and to maintain downsizing of mental retardation centers during 2006-07; (2) adds provision requiring DHHS to develop a plan to ensure that there are sufficient developmental disability/mental retardation centers to correspond with service catchment areas and to report on plan by April 1, 2006, and April 1, 2007, to specified appropriations subcommittees and Fiscal Research Division.

Private agency uniform cost finding requirement. Adopts House provision, Section 10.30 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

DHHS policies and procedures in delivering community mental health, developmental disabilities, and substance abuse services. Adopts House provision, Section 10.31 of 7th edition, digested in June 15, 2005, *Daily Bulletin*, with the following change: provides that one-half of any unexpended funds appropriated for the Comprehensive Treatment Services Program for Children must be carried forward and used only for services for children and adolescents and that one-half of any other unexpended funds must be transferred to the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs.

Rules pertaining to conflict of interest in referrals to provider agencies. Adopts Senate provision, Section 10.33 of 4th edition, digested in May 3, 2005, *Daily Bulletin*.

Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services to study oversight and monitoring by Department of Health and

Human Services of services to mental health consumers. No change—House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Appeals process for clients of Mental Health, Developmental Disabilities, and Substance Abuse Services programs. Adopts compromise provision requiring Comm'n on Mental Health, Developmental Disabilities, and Substance Abuse Services to adopt rules establishing a process for non-Medicaid eligible clients to appeal decisions made by an area authority or county program that affect the client. Provides that state agency's review of decisions of area authority or county program is not a final agency decision for purposes of GS Chapter 150B.

Controlled substance reporting. Adopts Senate provision, Section 10.36 of 4th edition, digested in May 3, 2005, *Daily Bulletin*, with the following changes: (1) states legislative intent to stop abuse and misuse of prescription drugs in a manner that will not impede the appropriate utilization of licit controlled substances; (2) specifies frequency of reporting requirements applicable to dispensers; (3) specifies information that must be reported; (4) rewrites provisions regarding confidentiality to allow use of information for additional law enforcement and administrative purposes; (5) adds criminal and civil penalties regarding unauthorized use or disclosure of confidential information; and (6) makes additional technical changes.

DHHS study of accreditation of residential treatment facilities. Adopts House provision, Section 10.35A of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Approval of rules governing residential treatment for children or adolescents. Adopts new provision allowing DHHS to adopt, as temporary rules, specified rules previously adopted by the Comm'n for Mental Health, Developmental Disabilities, and Substance Abuse Services and approved by the Rules Review Comm'n.

Division of Aging.

Senior center outreach . No change—House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

State/County Special Assistance. Adopts House provision, Section 10.38 of 7th edition, digested in June 15, 2005, *Daily Bulletin*, with the following changes: (1) effective October 1, 2005, makes maximum monthly rate for adult care home residents \$1,118 (was, \$1,124); (2) deletes provisions allowing DHHS to implement less restrictive income methodology; (3) deletes provision regarding effective date of adjusted payments; (4) deletes "hold harmless" provision regarding adjusted payments and replaces it with provision allowing adoption, adoption, with federal approval, of limited income disregard for individuals whose income exceeds the adjusted payment rate.

Special assistance in-home. Adopts House provision, Section 10.39 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Licensure of residential treatment facilities. No change—House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Regulatory changes to improve quality and safety in home care services, mental health facilities, adult care homes, and certain hospital facilities. Adopts House provision, Section 10.40A of 7th edition, digested in June 15, 2005, *Daily Bulletin*, with the following changes: (1) enacts new GS 122C-23.1 allowing licensure of new residential treatment facilities if local management entity provides letter of support; (2) rewrites provision allowing adoption of rules regarding staff qualifications for adult care homes, mental health facilities, and home care agencies and specifies that rules may require licensure or certification of staff; (3) adds provision requiring home care agencies to provide clients with written notice of state hotline number; (4) rewrites GS 122C-23(e) to provide that initial licenses are valid for period of 15 months, that licenses for facilities that have not served clients during prior 12 months are not eligible for renewal, and that six-month provisional license may be issued to initial applicant for license; (5) doubles the penalties under GS 122C-24.1 and GS 131D-34 and makes higher penalty amount applicable to facilities that serve seven or more persons (compared to ten or more persons under current law); (6) deletes a proposed amendment to GS 122C-25(a) allowing more frequent routine, follow-up, and complaint based inspections; (7) amends GS 131D-2(b)(1) to provide an initial six-month license for an adult care home that is not currently licensed; (8) rewrites GS 131D-2(b)(1a) to specify requirements for licensure monitoring of adult care homes by state and county social services agencies, including state oversight of county monitoring and training requirements for county adult home specialists;

(9) enacts new GS 131D-34(d1) imposing a civil penalty on applicants who provide false information regarding the owners, etc., of facilities seeking licensure; (10) rewrites GS 131D-34(h) to specify procedures that must be followed by penalty review committee; (11) add provisions requiring development of a Quality Improvement Consultation Program for Adult Care Homes; (12) deletes amendment to GS 131E-140 requiring inspection of home health agencies every three years; (13) deletes amendment to GS 131E-140 allowing adoption of rules defining scope of permissible advertising and promotional activities by home care agencies; (14) deletes requirement regarding report regarding number of calls to DHHS care line.

Authorization for health care facilities to remain in operation under certain circumstances. Rewrites House provision, Section 10.40B, as title indicates if facility is in operation on July 1, 2005, and previously issued certificate of need is invalidated based on procedural defect in awarding of the certificate of need. Facility may apply for new certificate of need. Authorization expires 30 days from date of decision regarding new certificate of need or adjournment sine die of 2005 General Assembly, whichever is later.

Use of unlicensed health care personnel to perform technical aspects of medication administration in nursing homes. Adopts House provision, Section 10.40C, digested in June 15, 2005, *Daily Bulletin*, with the following changes: (1) requires cross-listing of specified medication aides; (2) excludes intravenous or injectable medication services from the term "medication administration;" (3) requires specified employers to check Medication Aide Registry and prohibits employment of medication aide if registry shows any "substantiated action;" (4) makes section effective July 1, 2006.

DHHS and Community Colleges study use of medication aides to perform technical aspects of medication administration. Adopts House provision, Section 10.40D, digested in June 15, 2005, *Daily Bulletin*.

Plan for star-rating system for adult care homes. Adopts Senate provision, Section 10.41 of 4th edition, digested in May 3, 2005, *Daily Bulletin*, with the following change: requires that report be submitted by January 1, 2007.

Division of Social Services.

Social Services Commission Technical Correction. No change. House and Senate provisions identical. See digest in June 15, 2005, *Daily Bulletin*.

Child support program/enhanced standard. No change. House and Senate provisions identical. See digests in March 17 and May 3, 2005, *Daily Bulletins*.

Multiple Response System. Adopts House provision, Section 10.45 of 7th edition. See digest in May 3, 2005, *Daily Bulletin*.

Foster care and adoption assistance payments. No change. House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Child caring institutions. No change. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Special children adoption fund. No change. House and Senate provisions identical. See digests in March 17 and May 3, 2005, *Daily Bulletins*.

Study to identify adoption incentives for children who are difficult to place. No change. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Limitation on State Abortion Fund. No change. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

TANF benefit implementation. No change. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Intensive Family Preservation Services funding and performance enhancements. Adopts House provision, Section 10.51A of 7th edition. See digests in March 17 and June 15, 2005, *Daily Bulletins*.

Residential schools reporting. No change. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Division of Public Health.

Funds for school nurses. Adopts Senate provision, Section 10.53 of 4th edition. See digest in May 3, 2005, *Daily Bulletin*.

Early intervention reporting and evaluation. No change. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Early Intervention Program rules adopted by Commission for Health Services. Adopts House provision, Section 10.54A of 7th edition. See digest in June 15, 2005, *Daily Bulletin*.

Children's Developmental Services Agency of the Smokies. Deletes House provision, Section 10.54B of 7th edition. See digest in June 15, 2005, *Daily Bulletin*.

Chronic disease prevention activities inventory. No change. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Pilot program for automatic external defibrillators in public buildings. No change. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Immunization program funding. No change. House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

AIDS drug assistance program. No change. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Health information systems development funds. Adopts House provision, Section 10.59A of 7th edition. See digest in June 15, 2005, *Daily Bulletin*.

Funds for pilot program to recruit minority students into pharmacy schools. Adopts House provision, Section 10.59B of 7th edition. See digest in June 15, 2005, *Daily Bulletin*.

Health-related initiatives funds. Adopts House provision, Section 10.59C of 7th edition. See digest in June 15, 2005, *Daily Bulletin*.

Public health incubators. Deletes House provision, Section 10.59D of 7th edition. See digest in June 15, 2005, *Daily Bulletin*.

Community-Focused Eliminating Health Disparities Initiative. Adopts House provision, Section 10.59E of 7th edition, except reduces funding amount to \$2 million (was \$5 million). See digest in June 15, 2005, *Daily Bulletin*.

Governor's Vision Care Program established. Adopts House provision, Section 10.59F of 7th edition, except (1) adds requirement that commission develop alternative ways to provide services to eligible children when program funding is exhausted; (2) requires that chair of the commission be an ophthalmologist or optometrist, alternating year to year; (3) requires that report by DHHS include number of children exempt from the eye examination requirement; (4) adds statutory provision to address compliance with respect to children who move into the state; and (5) makes the section effective beginning with the 2006–07 school year. See digest in June 15, 2005, *Daily Bulletin*.

LRC study school-based and school-linked health centers. Adopts House provision, Section 10.59G of 7th edition. See digest in June 15, 2005, *Daily Bulletin*.

Funds for Rural Hospital Operations. Adopts new provision allocating \$3 million of funds appropriated to DHHS for 2005–06 to rural hospitals that need assistance with operations. Requires dep't to (1) convene advisory group to establish distribution criteria and (2) report on the distribution by March 1, 2006.

Division of Child Development.

Child care funds matching requirement. No change. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Child care allocation formula. Adopts House provision, Section 10.61 of 7th edition. See digest in June 15, 2005, *Daily Bulletin*.

Child care subsidy rates. Technical change only. House and Senate provisions identical. See digests in March 17 and May 3, 2005, *Daily Bulletins*.

Child care revolving loan. No change. House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Early Childhood Education and Development Initiatives enhancements. Adopts House provision, Section 10.64 of 7th edition. See digest in June 15, 2005, *Daily Bulletin*.

Smart Start funding study. No change. House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Analyze child care subsidy reimbursement system. Adopts compromise provision that (1) includes Senate provision requiring examination of impact of Partnership funding on market rates

and quality of child care and (2) requires Division to submit its report by April 30, 2006. See digest in May 3, 2005, *Daily Bulletin*.

More At Four. Adopts House provision, Section 10.67 of 7th edition, except deletes requirements for a contract with Prevent Blindness of North Carolina and a grant to Carolina Children's Communicative Disorders Program at UNC-Chapel Hill. See digest in June 15, 2005, *Daily Bulletin*.

Office of School Readiness. Adopts new provision requiring the Dep't of Health and Human Services, the Dep't of Public Instruction, and the Office of the Governor to establish a study group to (1) develop a plan for creating an Office of School Readiness, (2) develop a recommendation for the structure of the state's prekindergarten and early childhood programs; and (3) report on the study by March 1, 2006.

Department of Agriculture and Consumer Services. Digested in yesterday's Bulletin.

Department of Environment and Natural Resources. Digested in yesterday's Bulletin.

Department of Commerce. Digested in yesterday's Bulletin.

Judicial Department. Digested in yesterday's Bulletin.

Department of Justice.

Use of seized and forfeited property transferred to state law enforcement agencies by the federal government. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Private protective services and alarm systems licensing boards pay for use of state facilities and services. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Certain litigation expenses to be paid by clients. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Reimbursement for UNC Board of Governors legal representation. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Report on criminal record checks conducted for concealed handgun permits/study fee adjustment for criminal record checks. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

NC Legal Education Assistance Foundation report on funds disbursed. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Reduce backlog of rape kits. Compromise provision eliminates authorization to spend \$250,000 in nonrecurring funding for 2005-06.

Study DNA testing and analysis costs. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Statewide Automated Fingerprint System replacement. Adopts House provision, Section 15.9 of 7th edition, digested in June 15, 2005, *Daily Bulletin*, with the following changes: (1) requires Dep't of Justice to consult with Criminal Justice Information Network Board; (2) requires that report include inventory of locally owned SAFIS equipment and address issues regarding compatibility of with new state-level hardware; (3) requires Dep't of Justice to consult with specified legislative committee by March 1, 2006, and before entering into contract for services or equipment; (4) provides that \$1,495,000 of Department's 2004-05 funding does not revert and must be placed in reserve to support replacement of SAFIS system and equipment but may not be used to expand SAFIS system capacity or usage for noncriminal justice agencies or to purchase equipment for non-State entities; and (5) specifies procedures for release of funds from reserve.

Department of Juvenile Justice and Delinquency Prevention.

S.O.S. administrative cost limits. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

JCPC grant reporting and certification. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Reports on certain programs. Adopts Senate provision, Section 16.3 of 4th edition, digested in May 3, 2005, *Daily Bulletin*.

Annual evaluation of community programs. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

State funds may be used as federal matching funds. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Implementation of treatment staffing model at youth development centers. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Progress reports on youth development center capital projects. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

JCPC grants to prevent gang violence. Adopts House provision, Section 16.8 of 7th edition, digested in June 15, 2005, *Daily Bulletin*, with the following change: reduces appropriation from \$3 million to \$2 million.

Study of local detention centers. Adopts House provision, Section 16.9 of 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Construction of youth development centers. Adopts House provision, Section 16.10 of 7th edition, digested in June 15, 2005, *Daily Bulletin*, with the following change: requires construction of four 32-bed facilities and one 96-bed facility as recommended by capital plan presented on November 23, 2004.

Alternatives to Juvenile Commitment/Juvenile Crime Prevention Councils. Adopts new provision (1) authorizing \$250,000 in funding to expand demonstration projects to reduce commitments to youth development centers; (2) specifying requirements for these projects; (3) requiring Dep't of Juvenile Justice and Delinquency Prevention to submit report on these projects to specified oversight committee by March 1, 2006; (4) requiring Department to report to specified appropriations subcommittees on results of alternatives to commitment demonstration programs.

Juvenile Justice Advisory Council Meetings. Adopts new provision amending GS 143B-556 to allow Council to meet as needed (current law requires Council to meet at least four times per year).

Department of Correction.

Federal grant reporting. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Reimburse counties for housing and extraordinary medical costs for inmates, parolees, and post-release supervisees awaiting transfer to state prison system. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Holiday pay for Department of Correction staff. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Department of Correction security staffing formulas. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Use of closed prison facilities. No change – House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Inmate costs/medical budget for prescription drugs and inmate clothing, and laundry services. No change – House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Conversion of contracted medical positions. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Limit use of operational funds. No change – House and Senate provisions identical. See digests in March 17 and May 3, 2005, *Daily Bulletins*.

Federal grant matching funds. No change – House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Computer/data processing services funds. No change – House and Senate provisions identical. See digests in March 17 and May 3, 2005, *Daily Bulletins*.

Medium custody road crew compensation/community work crews. No change – House and Senate provisions identical. See digests in March 17 and May 3, 2005, *Daily Bulletins*.

Inmate custody and classification system. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Extend limits of confinement/terminally ill and permanently and totally disabled inmates. Adopts House provision, Section 17.13 of the 7th edition, digested in May 3 and June 15, 2005, *Daily Bulletins*.

Report on inmate community work crews and inmate labor contracts. Adopts House provision, Section 17.14 of the 7th edition, digested in May 3 and June 15, 2005, *Daily Bulletins*.

Study cost containment of inmate health care. Adopts new provision, directing Dep't of Correction to study and develop new approaches to reducing the cost of inmate medical services while continuing to provide adequate care for and maintain the basic health of inmates. Requires the Dep't to report its initial findings by April 1, 2006, and submit a final report to the General Assembly by December, 2006. Specifies that if the Dep't is unable to achieve a total reduction of \$4.6 million in hospital and physician services line items, it may use salary and nonsalary funds from other programs to reach the reductions.

Reimbursement rates for health services to prison inmates. Deletes House provision, Section 17.15 of the 7th edition, digested in the May 3 and June 15, 2005, *Daily Bulletins*.

Correction enterprises long-range plan/replacement of Umstead laundry. Adopts House provision, Section 17.16 of the 7th edition, digested in the May 3 and June 15, 2005, *Daily Bulletins*.

Staffing study of unit management. Adopts House provision, Section 17.17 of the 7th edition, digested in the May 3, and June 15, 2005, *Daily Bulletins*.

Energy Committed to Offenders/contract and report. Adopts House provision, Section 17.17A of the 7th edition, as digested in the March 17 and June 15, 2005, *Daily Bulletins*

Study conversion to minimum security/ Cleveland Correctional Center. Adopts compromise provision, directing Dep't of Correction to study the feasibility of (1) converting Cleveland Correctional Center from a medium to minimum custody facility or operating it as a medium custody facility with a minimum custody component and (2) expanding the facility as a minimum or medium custody facility, or some combination of the two. Dep't must report its findings to the General Assembly by April 1, 2006.

Report on electronic monitoring costs. Adopts Senate provision, Section 17.19 of the 4th edition, and House provision 17.19(b) of the 7th edition. See May 3 and June 15, 2005, digests in the *Daily Bulletin*. Revises House provision, Section 17.19(b), to require Dep't of Correction to report to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee by October 1, 2005, on (1) its evaluation of the 2004 pilot program for monitoring sex offenders and domestic violence offenders using global positioning technology; (2) the results of the request for proposal issued in the 2004–05 fiscal year for GPS monitoring of offenders supervised by the Division of Community Corrections; and (3) recommendations for implementing GPS monitoring of sex offenders. Also requires the Dep't to explore funding options through grants and other sources, including the possibility of charging a fee to the offenders, to partially offset the costs of the program.

Report on probation and parole caseloads. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Community Service Work Program. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Reports on nonprofit programs. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Criminal justice partnership program. Adopts House provision, Section 17.23 of the 7th edition, digested in the March 17, May 3, and June 15, 2005, *Daily Bulletins*; except, amends GS 143B-273.4, effective July 1, 2006, to make ineligible those offenders who are in confinement awaiting trial. Prior to July 1, 2006, permits a county to use no more than 25 percent of its funds to serve offenders released from jail prior to trial. Provides that no 2005-06 funds may be used to fund programs that did not participate in the Criminal Justice Partnership Program in 2004–05. Revises funding formula to decrease, for 2006–07, the cap of each county's formula allocation to 120 percent of the funds allocated to that county for 2004–05 year.

Report on inmates eligible for parole. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Provide that the terms of members of the Post-Release Supervision and Parole Commission serving on June 30, 2005, expire on that date and restructure the Commission to consist of one full-time member and two half-time members. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Post-Release Supervision and Parole Commission/report on staffing reorganization and reduction. No change – House and Senate provisions identical. See digest in May 3, 2005, *Daily Bulletin*.

Mutual agreement parole program. Adopts House provision, Section 17.27 of the 7th edition, digested in June 15, 2005, *Daily Bulletin*, except adds May 1, 2006, as a second reporting date.

Parole eligibility report. Adopts House provision, Section 17.28 of the 7th edition, digested in June 15, 2005, *Daily Bulletin*, except adds requirement that the North Carolina Sentencing and Policy Advisory Comm'n and the Dep't of Correction assist in the analysis of parole. Also adds requirement that Comm'n report the class of the offense for which each parole-eligible inmate was convicted and whether the inmate had multiple criminal convictions. Makes other technical changes.

Payment of court costs, fines, and restitution by probationers. Makes technical changes to House provision, Section 17.29 of the 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Increase bed capacity for residential substance abuse treatment. Adopts new provision allowing Dep't of Correction to adjust contract for female residence substance abuse beds to guarantee a 100% occupancy rate. Dep't may use existing funds for contract adjustment. Contract adjustments must be effective no later than October 1, 2005, and extend only through June 30, 2006.

Department of Crime Control and Public Safety.

Annual evaluation of Tar Heel Challenge Program. No change – House and Senate provisions identical. See digest in May 4 *Daily Bulletin*.

Victims assistance network report. Makes technical changes to House provision, Section 18.2 of the 7th edition, digested in June 15, 2005, *Daily Bulletin*.

Department of Administration.

Continuation of the study of advocacy programs in the Dep't of Administration. No change. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Veterans scholarships partially funded from Escheat Fund. No change. See digest in May 4, 2005, *Daily Bulletin*.

State veterans cemeteries. No change. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Allocation of petroleum violation escrow funds. Adopts neither House nor Senate provision, Section 19.4 of 4th and 7th editions. Provides instead that of funds in the Special Reserve for Oil Overcharge Funds, \$1 million is allocated for the Weatherization Assistance Program and the balance is appropriated to the Dep't of Administration for 2005-2006 to be allocated for projects approved by the State Energy Policy Council.

State fleets shall develop and implement plans to improve use of alternative fuels, synthetic lubricants, and efficient vehicles. Expands and rewrites Senate provision, Section 19.5 of 4th edition, to cover all state-owned vehicle fleets; require plans that achieve 20% reduction or displacement of current petroleum products consumed by January 1, 2010; require Sec'y of Administration to collect agency plans and report to the Joint Legislative Comm'n on Governmental Operations; require agencies to implement their plans by January 1, 2006; and require agencies to report by September 1, 2006, and annually thereafter to the Dep't of Administration on their efforts and Sec'y to compile and forward a report to Joint Legislative Comm'n on Governmental Operations by November 1, 2006, and annually thereafter.

Department of Cultural Resources.

Tryon Palace Historic Sites and Gardens Fund. Adopts new provision adding new GS 121-21.1 creating the Tryon Palace Historic Sites and Gardens Fund for repair, renovation, expansion, and maintenance of the palace and gardens, providing for all entrance fees to be credited to the fund, and requiring annual report on fund revenues and expenditures.

General Assembly.

Principal clerk's compensation. Adopts new provision rewriting GS 120-37(c) to provide that each principal clerk shall receive such additional compensation as approved by the Speaker of the House of Representatives and the President Pro Tempore of the Senate for employment duties beyond those provided by the rules of their House.

Office of the Governor.

Housing Finance Agency HOME matching funds. No change. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Housing Finance Agency shall continue and expand the NC Home Protection Pilot Program and Loan Fund. Completely rewrites Senate provision, Section 20.2 of 4th edition, to make the program statewide; set out specific duties of the agency; specify actions a mortgagee may not take after proper filing of an application for loan assistance by a mortgagor pursuant to the program; provide for rulemaking; and limit the section's applicability to the 2005–06 fiscal year.

Information Technology.

Multiyear maintenance contracts. Adopts House provision, Section 20A.1 of 7th edition, but rewrites it to (1) modify conditions under which the State Controller may authorize agreements; (2) revise related responsibilities of the Office of State Budget and Management (OSBM); and (3) require OSBM to report to the chairs of the Senate and House of Representatives Appropriations Committees and the Fiscal Research Division annually on or before May 1. See digest of House provision in June 15, 2005, *Daily Bulletin*.

Department of Insurance.

Insurance Regulatory Fund transfer to General Fund. No change. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Strengthen requirements for issuing building permits. Adopts Senate provision, Section 21.2 of 4th edition, except deletes requirement that the board bring disciplinary action against any inspector who willfully or negligently issues a building permit in violation of GS 87-14. See digest in May 4, 2005, *Daily Bulletin*.

Department of Revenue.

Department of Revenue debt fee for taxpayer locator services and collection. No change. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Positions for revenue tax evasion project. No change. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Report on enhanced compliance, enforcement, and collection efforts. Adopts House provision, Section 22.4 of 7th edition. See digest in June 15, 2005, *Daily Bulletin*.

Property Tax Commission per diem. Adopts new provision amending GS 105-288(d) to provide that members of the Property Tax Comm'n shall receive a salary as provided for by the Comm'n. Effective September 1, 2005.

Collection assistance fee. Adopts new provision rewriting GS 105-243.1(d), with respect to fees collected on or after October 1, 2005, to specify that the amount of the collection assistance fee is the actual cost of collection, not to exceed 20% of the amount of the overdue tax.

Secretary of State.

Secretary of State to reassign vacant position. No change. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

State Board of Elections.

Amend the statutes concerning the North Carolina Public Campaign Fund and related statutes. Adopts new provision rewriting GS 84-34 to require every active member of the State Bar to pay a \$50 surcharge for implementation of the Public Campaign Financing Fund, effective January 1, 2006, and makes conforming amendments.

HAVA funds for training. Adopts new provision amending GS 163-82.28 to authorize use of Help America Vote Act funds for purposes permitted by HAVA to comply with state law. Authorizes State Board of Elections to use a portion of Election Fund funds allocated for voting systems, for training and support of voting systems. Requires Board to develop a plan for training and support of voting systems in specified counties and to report to chairs of appropriations committees by April 1, 2006.

State Board of Elections appointments. Adopts new provision amending GS 163-19 to provide that the Governor may (instead of "shall") appoint members or fill vacancies from a list of nominees submitted by the state party chairman of the two major political parties.

Office of State Budget and Management.

NC Humanities Council. No change. House and Senate versions identical. See digest in May 4, 2005, *Daily Bulletin*.

NC Humanities Council Teachers Institute. Deletes House provision, Section 24.2 of 7th edition. See digest in June 16, 2005, *Daily Bulletin*.

Office of the State Controller.

Overpayments audit. No change. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Department of the State Treasurer.

Report of the status of the technology infrastructure enhancements. No change. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Staffing analysis follow-up. No change. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Treasurer report on state investment officer position incentive bonus. No change. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

State Treasurer/reallocation of existing portfolio manager position. Deletes House provision, Section 27.4 of 7th edition. See digest in June 15, 2005, *Daily Bulletin*.

Department of Transportation.

Remove Gov Ops Consultation on Federal-Aid Acts. Adopts House provision, Section 28.1 of 7th edition. See digest in May 4, 2005, *Daily Bulletin*.

Transportation services for trade shows. No change. House and Senate provisions identical. See digests in March 17 and May 4, 2005, *Daily Bulletins*.

Cash-Flow Highway Fund and Highway Trust Fund appropriations. No change. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Small construction and contingency funds. No change. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Use of excess overweight/oversize fees. No change. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Funds for unsafe or obsolete field facilities. Adopts Senate provision, Section 28.6 of 4th edition. See digest in May 4, 2005, *Daily Bulletin*.

State use of North Carolina Railroad dividends. Adopts House provision, Section 28.7 of 7th edition, except deletes effective date provision. See digest in May 4, 2005, *Daily Bulletin*.

Analysis and approval of rules, policies, or guidelines affecting Department of Transportation projects. No change. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Department of Transportation productivity pilot programs. Adopts House provision, Section 28.9 of 7th edition. See digest in June 15, 2005, *Daily Bulletin*.

Department of Transportation performance-based contracts. No change. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Department of Transportation reorganization. Adopts revision of House and Senate provisions, Section 28.11 of 4th and 7th editions. Differs from those by (1) deleting provision for elimination of several positions; (2) authorizing the dep't to fill up to 196 existing or vacant positions in the Project Development and Environmental Analysis branch; (3) requiring dep't to

study and adjust salaries in that branch; and (4) requiring dep't to develop (but not implement) an incentive pay pilot program for employees of that branch and report to the Joint Legislative Transportation Oversight Committee by March 30, 2006. See digests in May 4, 2005, and June 15, 2005, *Daily Bulletins*.

Continuing aviation appropriations. Adopts Senate provision, Section 28.1 of 4th edition. See digest in May 4, 2005, *Daily Bulletin*.

Transitional training for motor carrier enforcement officers. Adopts Senate provision, Section 28.13 of 4th edition, except (1) authorizes completion of transitional training for all Motor Carrier Enforcement Officers to become State Troopers and (2) deletes provision relating to lapsed salaries. See digest in May 4, 2005, *Daily Bulletin*.

Department of Transportation authority to provide way-finding signs for the Roanoke Voyages Corridor Commission and the Blue Ridge National Heritage Area Partnership. Adopts House provision, Section 28.14 of 7th edition. See digest in June 15, 2005, *Daily Bulletin*.

Revenue Tax Evasion Project. No change. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Visitor Center Funds. Adopts Senate provision, Section 28.16 of 4th edition. See digest in May 4, 2005, *Daily Bulletin*.

Modify Global TransPark debt. No change. House and Senate provisions identical. See digest in May 4, 2005, *Daily Bulletin*.

Beaver damage control program funds. Adopts Senate provision, Section 28.18 of 4th edition, except reduces funding amount to \$300,000 (was \$900,000) for each year of the 2005-2007 biennium. See digest in May 4, 2005, *Daily Bulletin*.

Report on stormwater pilot project. No change. House and Senate provisions identical. See digest in June 15, 2005, *Daily Bulletin*.

Capital improvements to transportation museum. Adopts Senate provision, Section 28.20 of 4th edition, except reduces authorized expenditures to \$2 million in 2005-2006 and \$3 million in 2006-2007 and deletes provision transferring administration and oversight of the museum to the Dep't of Transportation. See digest in May 4, 2005, *Daily Bulletin*.

Establishing tollways on federally funded highways designated as interstates. Adopts House provision, Section 28.21 of 7th edition, and adds a reference to federal guidelines, criteria for placement, and a severability clause. See digest in June 15, 2005, *Daily Bulletin*.

Funding for condemnation projects. Deletes House provision, Section 28.22 of 7th edition. See digest in June 15, 2005, *Daily Bulletin*.

Funds for Piedmont and Carolinian Operations. Deletes House provision, Section 28.23 of 7th edition. See digest in June 15, 2005, *Daily Bulletin*.

Additional Troopers for the State Highway Patrol. Deletes House provision, Section 28.24 of 7th edition. See digest in June 15, 2005, *Daily Bulletin*.

Study online dealer registration enhancement. Adopts new provision requiring the Joint Legislative Transportation Oversight Committee to study the feasibility and cost of enhancing the Online Dealer Registration System and requiring the Division to report to the committee before making expenditures for that purpose.

Moving ahead projects. Adopts new provision authorizing Dep't of Transportation to expend an addition \$44 million in 2005-2006 to accelerate highway construction projects and requiring Dep't to report to the Joint Legislative Transportation Oversight Committee by October 1, 2005, and May 1, 2006 on use of the funds. Requires Dep't to design and construct an extension of an existing roadway facility in Wake County linking U.S. Highway 70 and S.R. 1839, Leesville Road. Requires that of funds appropriated to the Dep't for general maintenance, up to \$6 million be used for improvements to Lawyers Road in Mecklenburg and Union Counties.

Establish pilot program for motor carrier enforcement civilian inspection support teams. Adopts new provision directing State Highway Patrol Motor Carrier Enforcement Section to establish a pilot program of two civilian data collection teams to supplement portable weight and inspection operations and to study potential remote operations. Requires report and recommendations to Joint Legislative Transportation Oversight Committee by August 1, 2006.

Department of Transportation to share real-time weigh-in-motion data and periodic summaries of data collected at existing DOT weigh-in-motion sites. Adopts new provision requiring Dep't of Transportation to provide the State Highway Patrol, Motor Carrier Enforcement Section, access to

all real-time data collection efforts at all existing weigh-in-motion sites by October 1, 2005, and requires report to Joint Legislative Transportation Oversight Committee by August 1, 2006.

Preliminary assessment of port development and rail support services. Adopts new provision authorizing Rail Division of the Dep't of Transportation in association with the State Ports Authority to expend up to \$25,000 to contract for an assessment of the need to create a deep channel port, an inland ocean cargo terminal, and a logistics operations center, as well as to identify collateral rail requirements to serve the functions. Requires report to Joint Legislative Transportation Oversight Committee by May 1, 2006.

Funds for economic development, spot safety, and transportation improvement program projects. Adopts new provision allocating \$28 million of funds appropriated to the Dep't of Transportation for 2005-2006 to the 14 Highway Divisions for economic development transportation projects recommended by the member of the Board of Transportation representing the Division in which a project is to be constructed, in consultation with the Division Engineer and approved by the Board. Authorizes use of funds not needed for economic development for other specified purposes.

Maritime Museum/Tall Ships Event. Adopts new provision directing that up to \$1.65 million of funds available to the Dep't of Transportation be used in 2005-06 to enhance transportation infrastructure for the Friends of the N.C. Maritime Museum/Tall Ships Event in Beaufort.

Salaries and Employee Benefits. Digested in yesterday's Bulletin.

Capital Appropriations.

Capital appropriations/General Fund. Appropriates the following from the General Fund for 2005-06 for capital improvements:

Capital Improvements – General Fund	2005-2006
Department of Commerce – State Ports Authority	
Ports of Wilmington and Morehead City	\$ 9,000,000
Department of Cultural Resources	
Capitol Area Visitor's Center	250,000
NC Museum of Art	10,000,000
Department of Environment and Natural Resources	
Division of Forest Resources – District 9	300,000
Water Resources Development Projects	15,260,000
University of North Carolina System - Board of Governors	
North Carolina Agricultural and Technical State University –	
Visual and Performance Arts Building	25,000
North Carolina State University – Engineering Complex III	8,700,000
University of North Carolina at Chapel Hill –	
Renaissance Computing Institute	500,000
University of North Carolina at Chapel Hill –	
School of Dentistry	2,000,000
University of North Carolina at Greensboro	
and North Carolina Agricultural and	
Technical State University – Joint Millennium Campus	2,000,000
University of North Carolina at Wilmington –	
School of Nursing	2,600,000

Winston-Salem State University –
Laboratory Facility Planning Funds

750,000

TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND

\$ 51,385,000

Water resources development project funds. Provides for allocation of \$15,260,000 appropriated for water resources development project funds.

Nursing Education and Resource Center at Fayetteville State University. Adopts new provision amending SL 2004-179, which authorized \$10 million of special indebtedness for pre-construction expenses for a Center of Excellence of Teaching and Nursing, to authorize use of the funds for construction and to change the project to the Southeastern North Carolina Nursing Education and Research Center.

Procedures for disbursement of capital funds. No change – House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Encumbered appropriations and project reserve funds. No change – House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Repair and renovation reserve allocation. Adopts identical House and Senate provision (digested in the May 3, 2005, *Daily Bulletin*) and also provides that (1) at least \$1.5 million of the funds allocated to the Office of State Budget and Management must be used for the Charlotte Hawkins Brown State Historic Site and (2) up to \$700,000 of the funds allocated to the Board of Governors must be used for the chancellor's residence at Fayetteville State University.

Project cost increase. No change – House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

New project authorization. No change – House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Advance planning of capital improvement projects. No change – House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Appropriations limits/reversion or lapse. No change – House and Senate provisions identical. See digest in March 17, 2005, *Daily Bulletin*.

Lottery. Digested in yesterday's Bulletin.

Sales Tax Changes Digested in yesterday's Bulletin.

Tobacco Tax Rate Changes. Digested in yesterday's Bulletin.

IRC Update. Digested in yesterday's Bulletin.

Individual Income Tax Changes. Digested in yesterday's Bulletin.

Corporate, Excise, and Insurance Tax Changes. Digested in yesterday's Bulletin.

Tax Incentives/Film Industry Jobs Incentive. Digested in yesterday's Bulletin.

Set Rates for Insurance Regulatory Charge and Public Utilities Fees. Digested in yesterday's Bulletin.

Health and Human Services Fees. Digested in yesterday's Bulletin.

Natural and Economic Resources Fees. Digested in yesterday's Bulletin.

Justice and Public Safety Fees. Digested in yesterday's Bulletin.

Department of Transportation Fee Changes. Digested in yesterday's Bulletin.

Industrial Commission Fees. Digested in yesterday's Bulletin.

August 15, 2005

SL 2005-276 (S 622). 2005 APPROPRIATIONS ACT. AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES. Summarized in *Daily Bulletin* 3/17/05, 5/3/05, 5/4/05, 6/14/05, 6/15/05, 6/16/05, 8/8/05, and 8/9/05. Enacted August 13, 2005. Effective July 1, 2005, except as otherwise provided.