2001

HOUSE APPROPRIATIONS SUBCOMMITTEE ON CAPITAL

MINUTES

HOUSE APPROPRIATIONS SUBCOMMITTEE ON CAPITAL

2001 SESSION, BOOK 1 OF 1

Rep. Thomas E. Wright
Chair

Vanda Wilson-Wormack
Committee Assistant

HOUSE APPROPRIATIONS SUBCOMMITTEE ON CAPITAL
2001-2002 SESSION

MEMBER	ASSISTANT	PHONE	OFFICE	SEAT
Wright, Thomas **Chairman**	Vanda Wilson-Wormack Committee Assistant	733-5754	523 LOB	5
Allred, Cary	Jean Allred	733-5607	609 LOB	26
Arnold, Gene	Mary Hayes	733-5806	1420 LB	102
Boyd-McIntyre, Flossie	Mia Bailey	733-5905	507 LOB	18
Brubaker, Harold	Cindy Coley	715-4946	1229 LB	39
Crawford, James	Linda Winstead	733-5824	1301 LB	24
Daughtry, Leo	Bernice Bullard	733-5868	510 LOB	42
Earle, Beverly	Ann Raeford	733-5747	535 LOB	95
Ellis, Sam	Alice Falcone	733-5755	607 LOB	116
Fox, Stanley	Mary Capps	733-5757	1217 LB	46
Gillespie, Mitch	Cindy Hobbs	733-5987	1201 LB	111
Grady, Robert	Peggy Murray	715-9644	616 LOB	62
Haire, Phillip	Sara Jane Lennard	715-3005	419 B	47
Holmes, George	Glenda Jacobs	733-5771	2119 LB	41
Howard, Julia	Gail Stewart	733-5904	1023 LB	104
Jeffus, Margaret	Mary Lee Robinson	733-5191	1013 LB	4
Justus, Larry	Carolyn Justus	733-5956	640 LOB	13
Kiser, Joe	Marilyn Holder	733-5782	1317 LB	100
Miner, David	Susan Phillips	733-5861	1006 LB	76
Nesbitt, Jr. Martin	Jan Lee	733-5872	2204 LB	20
Sherrill, Wilma	Rosa Kelley	715-4466	602 LB	37
Shubert, Fern	Carol Wilson	733-5602	1426 LB	417 A
Tolson, Joe	Gayle Christian	715-3024	402 LOB	59
Lynn Muchmore, Fiscal Research		733-4910		
Karen Hammonds-Blanks Fiscal Research		733-4910		

ATTENDANCE

House Appropriations Subcommittee on Capital

(2001 Session)

(Name of Committee)

DATES	6-25-01														
Wright, Thomas, Chairman	X														
Allred, Cary	X														
Arnold, Gene	X														
Boyd-McIntyre, Flossie	X														
Brubaker, Harold															
Crawford, James	X														
Daughtry, Leo	X														
Earle, Beverly	X														
Ellis, Sam															
Fox, Stanley	X														
Gillespie, Mitch	X														
Grady, Robert															
Haire, Phillip	X														
Holmes, George	X														
Howard, Julia															
Jeffus, Margaret	X														
Justus, Larry	X														
Kiser, Joe	X														
Miner, David	X														
Nesbitt Jr., Martin	X														
Sherrill, Wilma	X														
Shubert, Fern	X														
Tolson, Joe	X														

10-25-9

Ex Officio Members															
Hackney, Joe	X														
Baddour, Phillip	X														
Dedmon, Andrew	X														
Earle, Beverly															
Cunningham, Pete	X														

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

June 25, 2001

Appropriations Subcommittee on Capital
Meeting After Session

1. Department of Environment and Natural Resources
   a. Water Resources Development Projects

2. Statewide Capital Reserves
   a. Repairs and Renovations Reserve Account

MINUTES

House Appropriations Subcommittee on Capital
Monday, June 25, 2001
7:50PM ROOM 643 LOB

The House Appropriations Subcommittee on Capital met on Monday, June 25, 2001 at 7:50pm in Room 643 LOB. A silent roll was taken, (roll list denotes members present).

Chairman Wright called the meeting to order.

Charles Perusse, Fiscal Staff, explained the Capital Report document. Rep. Daughtry asked about the terminology "Other Projects" on page 268, line 9. Chairman Wright responded. Rep. Daughtry followed up with a question about how the money was spent in the past, the number of applications and the carry over amount each year. John Morris, Director of the Division of Water Resources responded and was available for questions and answers regarding the grant money. Rep. Daughtry asked what agency took the money for Hurricane relief. John Morris responded that the budget office took $5 million from the Division of Water Resources Capital fund to meet the Hurricane relief emergency. Rep. Daughtry followed up with a question about the $1.2 million. John Morris responded that the $1.2 million was used to operate the program and make grants to the local governments that apply. Rep. Daughtry asked about the amount of money the Division needs for the water resources grant program. John Morris responded that the amount varies depending on weather conditions, but typically for the program the range is from $ 1 million to $ 2 million dollars. Rep. Justus asked about the funds from the Clean Water Revolving funds. Chairman Wright responded that the money was direct appropriations that require a federal match. Rep. Justus asked if the money could be spent from the Clean Water Revolving funds for any other projects. Rick Dridus, from the Department of Environment and Natural Resources, responded. Rep. Justus asked about what the funds would be used for. Jennifer Hoffman, fiscal staff, also responded. Rep. Justus asked if clean water funds could be used for the purchase of parks and recreational areas. Jennifer Hoffman responded. Jennifer Willis, fiscal staff, further explained the explanation. Rep. Shubert asked about the Board of Governor's Provision on page 270. Charles Perusse, fiscal staff, responded. Rep. Shubert asked about the provision on Equity Funding on Highway projects. Charles Perusse responded. Rep. Shubert asked about the authority of the Department to transfer funds. Jennifer Willis responded. Chairman Wright responded that the provision has to be authorized by the NC General Assembly. Rep. Shubert asked about page 269, unencumbered direct appropriation remaining in the project budget. Charles Perusse responded. Rep. Shubert asked the definition of "Emergency" for the money to be used. Charles Perusse responded. Rep. Shubert asked to receive a list of the federal funding matches. John Morris responded that he would provide a list of the matches for each member. Rep. Arnold asked about Item 7-13, on page 267, which refers to a local option tourism tax for Renourishment. Rep. David Redwine responded. Rep. Arnold asked about Shell Island. Chairman Wright responded. Rep. Nesbitt asked about the federal matches and if the money "lay" until a

match is presented by the state. John Morris responded. Rep. Nesbitt asked about projects for the Western portions of the state. John Morris responded. Rep. Nesbitt asked if the Western portions of North Carolina submitted applications for water projects. John Morris responded. Rep. Nesbitt requested a list of the water projects, west of the Yadkin River. John Morris responded. Rep. Tolson asked if the other project money could be used for snagging rivers, Pongo Rivers and others. John Morris responded.

Rep. Daughtry sent forth an amendment to amend the bill on page 268, line 9 and moved for adoption.

Rep. Thompson asked about the portion of the money that would be cut from the agency. Rep. Daughtry responded that money could go in a 'rainy day fund'. Rep. Haire responded that the money should remain in the water resources development projects.

Rep. Daughtry sent forth a perfecting amendment that would send the funds to a 'rainy day fund'. The perfecting amendment was adopted.

Rep. Daughtry moved for adoption of the original amendment.

Rep. Redwine commented on the amendment. Rep. Thompson asked about the application process for the projects in the Western part of North Carolina. John Morris responded. Rep. Daughtry reiterated on the funds being place in the rainy day fund. Rep. Allred commented on the amendment. Rep. Cunningham commented on having the placed in the rainy day fund. Rep. Easterling asked about line 9 of the bill. John Morris responded. Rep. Easterling followed up with a question. John Morris responded. Rep. Nesbitt commented on leaving the money in the department. Rep. Haire commented on defeating the amendment. Rep. Gillespie commented on the amendment. Rep. Redwine commented.

Chairman Wright called the question. Division was called. A vote was taken by a show of hands at the request of Chairman Wright. The amendment failed 17-11.

Rep. Miner moved to amend the bill on page 271, line 37.

Rep. Miner explained the amendment and moved for adoption.

Rep. Hackney asked Rep. Miner about the language of the amendment. Chairman Wright further commented on the amendment. Rep. Daughtry commented on the amendment.

Chairman Wright called the question. The amendment passed.

Rep. Tolson moved to give the Capital Committee Report a favorable report. So moved.

The meeting adjourned at 8:30pm

Rep. Thomas E. Wright, Chairman

Vanda Wilson-Wormack, Committee Assistant

Capital

	GENERAL FUND	
	FY 2001-02	FY 2002-03
Department of Environment and Natural Resources		
1 Water Resources Development Projects		
Provide state funds to match federal and local funds for water resources development projects as outlined in the state's Water Resources Development Plan.	$32,936,000 NR	
Statewide Capital Reserves		
2 Repairs and Renovations Reserve Account		
Provide funds for repairs and renovations of the UNC System and State facilities throughout North Carolina.	$100,000,000 NR	
Total Capital Appropriation		
	$132,936,000 NR	

~~expense of handling which shall be determined by the Board of Trustees and receive credit for the creditable service forfeited at the time of withdrawal.~~ interest compounded annually at the rate of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to the year of repayment plus a fee to cover expense of handling which shall be determined by the Board of Trustees, and receive credit for the service forfeited at time of withdrawal. The retirement benefit shall be increased the month following the receipt of payment. The retirement benefit shall not include any benefit as a result of retirement adjustments or cost-of-living increases granted since the date of retirement. The retirement benefit will be calculated based in the accrual rate at the time of purchase."

SECTION 32.32.(b) G.S. 135-4(m) reads as rewritten:

"(m) Notwithstanding any language to the contrary of any provision of this section, or of any repealed provision of this section that was repealed with the inchoate and accrued rights preserved, all repayments and purchases of service credits, allowed under the provisions of this section or of any repealed provision of this section that was repealed with inchoate and accrued rights preserved, must be made within three years after the member first becomes eligible to make such repayments and purchases. Any member who does not repay or purchase service credits within said three years after first eligibility to make such repayments and purchases may, under the same conditions as are otherwise required, repay or purchase service credits provided that the repayment or purchase equals the full cost of the service credits calculated on the basis of the assumptions used for purposes of the actuarial valuation of the system's liabilities and shall take into account the additional retirement allowance arising on account of such additional service credit commencing at the earliest age at which such member could retire on an unreduced retirement allowance as determined by the Board of Trustees upon the advice of the consulting actuary. Notwithstanding the foregoing provisions of this subsection that provide for the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement allowance increases, as determined by the Board of Trustees, from the earliest age at which a member could retire on an unreduced service allowance. Notwithstanding the foregoing, on and after July 1, 2001, the provisions of this subsection shall not apply to the repayment of contributions withdrawn pursuant to subsection (k) of this section."

SECTION 32.32.(c) G.S. 135-4(x) is repealed.

SECTION 32.32.(d) This section becomes effective July 1, 2001.

PART XXXIII. CAPITAL APPROPRIATIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION

SECTION 33.1. The appropriations made by the 2001 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, and acquiring buildings and land for State government purposes.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 33.2.(a) Appropriations are made from the General Fund of the State for the 2001-2002 fiscal year for use by the State departments, institutions, and agencies to provide for capital improvement projects according to the following schedule:

Capital Improvements - General Fund	**2001-2002**

Department of Environment and Natural Resources	$32,936,000
Repairs and Renovations Reserve Account	100,000,000
TOTAL	$132,936,000.

SECTION 33.2.(b) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3A, for the 2000-2001 fiscal year only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2001.

This subsection becomes effective June 30, 2001.

TOTAL CAPITAL APPROPRIATION – GENERAL FUND

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 33.3.(a) The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

	Name of Project		**2001-2002**
(1)	Wilmington Harbor Deepening		$22,000,000
(2)	Morehead City Harbor Maintenance		500,000
(3)	Wilmington Harbor Maintenance		200,000
(4)	Manteo (Shallowbag) Bay Channel Maintenance		2,500,000
(5)	B. Everett Jordan Lake Water Supply		100,000
(6)	John H. Kerr Reservoir Operations Evaluation		400,000
(7)	Brunswick County Beaches Nourishment Supplement		927,000
(8)	Wrightsville Beach Nourishment		518,000
(9)	Dare County Beaches design		338,000
(10)	Indian Beach – Salter Path Nourishment		900,000
(11)	Bogue Banks Beach Protection Study		350,000
(12)	Surf City/North Topsail Beach Protection Study		150,000
(13)	West Onslow Beach Protection Re-analysis (Topsail Beach)		116,000
(14)	Currituck Sound Water Management Study		200,000
(15)	Deep Creek Yadkin County		500,000
(16)	State Local Projects		2,000,000
	a. Town of Washington Park Maple Branch Water Management, Beaufort County	3,000	
	b. Pungo River Snagging, Hyde County	22,000	
	c. Muddy Creek Stream Restoration, McDowell County	50,000	
	d. Town of Chadbourn Water Management, Columbus County	38,000	
	e. Perquimans River and Mill Creek Drainage, Perquimans County	38,000	
	f. Mitchell River Restoration, Surry County	111,875	
	g. Town of Candor Park Drainage, Montgomery County	18,000	

	h.	Chowan River Restoration and Pembroke and Rocky Hock Creeks Drainage, Chowan County	67,000	
	i.	Town of Pine Knoll Shores Westport Marina Maintenance Dredging, Carteret County	25,000	
	j.	Town of Kenly Flood Control, Wilson and Johnston Counties	268,100	
	k.	Southern Pines Drainage Improvements, Moore County	118,575	
	l.	Other Projects	1,240,450	
(17)		Aquatic Weed Control Lake Gaston and Statewide		200,000
(18)		Adkin Branch Flood Control		120,000
(19)		Neuse River Basin Flood Control Feasibility Study		100,000
(20)		Little Sugar Creek Restoration Projects		360,000
(21)		Emergency Flood Control Projects		187,000
(22)		Projected Feasibility Studies		120,000
(23)		Planning Assistance to Communities		150,000
Total				$32,936,000

SECTION 33.3.(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 2001-2002 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

(1) Corps of Engineers project feasibility studies.

(2) Corps of Engineers projects whose schedules have advanced and require State-matching funds in fiscal year 2001-2002.

(3) State-local water resources development projects. Funds not expended or encumbered for these purposes shall revert to the General Fund at the end of the 2002-2003 fiscal year.

SECTION 33.3.(c) The Department shall make quarterly reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

(1) All projects listed in this section.

(2) The estimated cost of each project.

(3) The date that work on each project began or is expected to begin.

(4) The date that work on each project was completed or is expected to be completed.

(5) The actual cost of each project.

The quarterly reports shall also show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

SECTION 33.3.(d) Notwithstanding G.S. 143-23, if additional federal funds that require a State match are received for water resources projects or for beach renourishment projects for the 2001-2002 fiscal year, the Director of the Budget may, after consultation with the Joint Legislative Commission on Governmental Operations, transfer funds from General Fund appropriations to match the federal funds.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS

SECTION 33.4. The appropriations made by the 2001 General Assembly for capital improvements shall be disbursed for the purposes provided by this act. Expenditure of funds shall not be made by any State department, institution, or agency until an allotment has been approved by the Governor as Director of the Budget. The allotment shall be approved only after full compliance with the Executive Budget Act, Article 1 of Chapter 143 of the General Statutes. Prior to the award of construction contracts for projects to be financed in whole or in part with self-liquidating appropriations, the Director of the Budget shall approve the elements of the method of financing of those projects including the source of funds, interest rate, and liquidation period. Provided, however, that if the Director of the Budget approves the method of financing a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting.

Where direct capital improvement appropriations include the purpose of furnishing fixed and movable equipment for any project, those funds for equipment shall not be subject to transfer into construction accounts except as authorized by the Director of the Budget. The expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and approved by the Director of the Budget prior to commitment of funds.

Capital improvement projects authorized by the 2001 General Assembly shall be completed, including fixed and movable equipment and furnishings, within the limits of the amounts of the direct or self-liquidating appropriations provided, except as otherwise provided in this act. Capital improvement projects authorized by the 2001 General Assembly for the design phase only shall be designed within the scope of the project as defined by the approved cost estimate filed with the Director of the Budget, including costs associated with site preparation, demolition, and movable and fixed equipment.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ENCUMBERED APPROPRIATIONS AND PROJECT RESERVE FUNDS

SECTION 33.5. When each capital improvement project appropriated by the 2001 General Assembly, other than those projects under the Board of Governors of The University of North Carolina, is placed under a construction contract, direct appropriations shall be encumbered to include all costs for construction, design, investigation, administration, movable equipment, and a reasonable contingency. Unencumbered direct appropriations remaining in the project budget shall be placed in a project reserve fund credited to the Office of State Budget and Management. Funds in the project reserve may be used for emergency repair and renovation projects at State facilities with the approval of the Director of the Budget. The project reserve fund may be used, at the discretion of the Director of the Budget, to allow for award of contracts where bids exceed appropriated funds, if those projects supplemented were designed within the scope intended by the applicable appropriation or any authorized change in it, and if, in the opinion of the Director of the Budget, all means to award contracts within the appropriation were reasonably attempted. At the discretion of the Director of the Budget, any balances in the project reserve fund shall revert to the original source.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXPENDITURES OF FUNDS FROM THE RESERVE FOR REPAIRS AND RENOVATIONS

SECTION 33.6. Of the funds in the Reserve for Repairs and Renovations for the 2001-2002 fiscal year, forty-six percent (46%) shall be allocated to the Board of Governors of The University of North Carolina for repairs and renovations pursuant to G.S. 143-15.3A, in accordance with guidelines developed in The University of North Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as

approved by the Board of Governors of The University of North Carolina, and fifty-four percent (54%) shall be allocated to the Office of State Budget and Management for repairs and renovations pursuant to G.S. 143-15.3A.

Notwithstanding G.S. 143-15.3A, the Board of Governors may allocate funds for the repair and renovation of facilities not supported from the General Fund if the Board determines that sufficient funds are not available from other sources and that conditions warrant General Fund assistance. Any such finding shall be included in the Board's submission to the Joint Legislative Commission on Governmental Operations on the proposed allocation of funds.

The Board of Governors and the Office of State Budget and Management shall submit to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office, for their review, the proposed allocations of these funds. Subsequent changes in the proposed allocations shall be reported prior to expenditure to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CAPITAL IMPROVEMENT PROJECTS/SUPPLEMENTAL FUNDING APPROVAL/REPORTING REQUIREMENT

SECTION 33.7. Each department receiving capital improvement appropriations from the Highway Fund under this act shall report quarterly to the Director of the Budget on the status of those capital projects. The reporting procedure to be followed shall be developed by the Director of the Budget.

Highway Fund capital improvement projects authorized in this act that have not been placed under contract for construction due to insufficient funds may be supplemented with funds identified by the Director of the Budget, provided:

(1) That the project was designed and bid within the scope as authorized by the General Assembly;

(2) That the funds to supplement the project are from the same source as authorized for the original project;

(3) That the department to which the project was authorized has unsuccessfully pursued all statutory authorizations to award the contract; and

(4) That the action be reported to the Fiscal Research Division of the Legislative Services Office.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PROJECT COST INCREASE

SECTION 33.8. Upon the request of the administration of a State agency, department, or institution, the Director of the Budget may, when in the Director's opinion it is in the best interest of the State to do so, increase the cost of a capital improvement project. Provided, however, that if the Director of the Budget increases the cost of a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting. The increase may be funded from gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, or direct capital improvement appropriations to that department or institution.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

NEW PROJECT AUTHORIZATION

SECTION 33.9. Upon the request of the administration of any State agency, department, or institution, the Director of the Budget may authorize the construction of

a capital improvement project not specifically authorized by the General Assembly if such project is to be funded by gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, or self-liquidating indebtedness. Prior to authorizing the construction of a capital improvement project pursuant to this section, the Director shall consult with the Joint Legislative Commission on Governmental Operations.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ADVANCE PLANNING OF CAPITAL IMPROVEMENT PROJECTS

SECTION 33.10. Funds that become available by gifts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, federal or private grants, receipts becoming a part of special funds by act of the General Assembly, or any other funds available to a State department or institution may be utilized for advance planning through the working drawing phase of capital improvement projects, upon approval of the Director of the Budget. The Director of the Budget may make allocations from the Advance Planning Fund for advance planning through the working drawing phase of capital improvement projects, except that this revolving fund shall not be utilized by the Board of Governors of The University of North Carolina or the State Board of Community Colleges.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

APPROPRIATIONS LIMITS/REVERSION OR LAPSE

SECTION 33.11. Except as permitted in previous sections of this act, the appropriations for capital improvements made by the 2001 General Assembly may be expended only for specific projects set out by the 2001 General Assembly and for no other purpose. Construction of all capital improvement projects enumerated by the 2001 General Assembly shall be commenced, or self-liquidating indebtedness with respect to them shall be incurred, within 12 months following the first day of the fiscal year in which the funds are available. If construction contracts on those projects have not been awarded or self-liquidating indebtedness has not been incurred within that period, the direct appropriation for those projects shall revert to the original source, and the self-liquidating appropriation shall lapse; except that direct appropriations may be placed in a reserve fund as authorized in this act. This deadline with respect to both direct and self-liquidating appropriations may be extended with the approval of the Director of the Budget up to an additional 12 months if circumstances and conditions warrant such extension.

PART XXXIV. NOT APPLICABLE

PART XXXV. NOT APPLICABLE

PART XXXVI. MISCELLANEOUS PROVISIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXECUTIVE BUDGET ACT APPLIES

SECTION 36.1. The provisions of the Executive Budget Act, Chapter 143, Article 1 of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

COMMITTEE REPORT

SECTION 36.2.(a) The House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets, dated June 25, 2001, which was

distributed in the Senate and House of Representatives and used to explain this act, shall indicate action by the General Assembly on this act and shall therefore be used to construe this act, as provided in G.S. 143-15 of the Executive Budget Act, and for these purposes shall be considered a part of this act and as such shall be printed as a part of the Session Laws.

SECTION 36.2.(b) The budget enacted by the General Assembly for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2001-2003 fiscal biennium is a line item budget, in accordance with the Budget Code Structure and the State Accounting System Uniform Chart of Accounts set out in the Administrative Policies and Procedures Manual of the Office of the State Controller. This budget includes the appropriations made from all sources including the General Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental receipts.

The Director of the Budget submitted the itemized budget requests to the General Assembly on March 12, 2001, in the document, "The North Carolina State Budget, Summary of Recommendations for 2001-2003". The beginning appropriation for the 2001-2002 fiscal year and the 2002-2003 fiscal year for the various departments, institutions, and other spending agencies of the State is referenced in this document as the recurring baseline budget. The recurring baseline budget was derived from the December 31, 2000, authorized budget by applying adjustments for nonrecurring items, building reserves, enrollment and entitlement changes, and transfers between budget codes.

The General Assembly revised the recurring baseline budget for the 2001-2002 fiscal year and the 2002-2003 fiscal year submitted by the Director of the Budget, in accordance with the steps that follow, and the line item detail in the budget enacted by the General Assembly may be derived accordingly:

(1) The recurring baseline budget was revised in accordance with reductions and additions that were set out in the House Appropriations Committee Report on the Continuation, Expansion and Capital Budget, dated June 25, 2001, together with any accompanying correction sheets.

(2) Transfers of funds supporting programs were made in accordance with the House Appropriations Committee Report on the Continuation, Expansion and Capital Budget, dated June 25, 2001, together with any accompanying correction sheets.

SECTION 36.2.(c) The budget enacted by the General Assembly shall also be interpreted in accordance with the special provisions in this act and in accordance with other appropriate legislation.

In the event that there is a conflict between the line item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

MOST TEXT APPLIES ONLY TO THE 2001-2003 FISCAL BIENNIUM

SECTION 36.3. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2001-2003 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2001-2003 fiscal biennium.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EFFECT OF HEADINGS

SECTION 36.4. The headings to the parts and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SEVERABILITY CLAUSE

SECTION 36.5. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EFFECTIVE DATE

SECTION 36.6. Except as otherwise provided, this act becomes effective July 1, 2001.

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT Failed by Division

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE _____

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

(Rep.) Daughtry
(Sen.)

moves to amend the bill on page 268, line 9

( ) WHICH CHANGES THE TITLE

by reducing the amount in the column 2001-2002 by $620,225 ~~00~~.

amend the Committee report by making the same change on page N-1, Item 11;

and by adjusting the appropriate totals accordingly.

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

perfecting amdt

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

adopted by voice vote

EDITION No. _____

H. B. No. _____ DATE _____

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

(Rep.) Sen.) Daughtry

moves to amend the bill on page 7, line 9

( ) WHICH CHANGES THE TITLE

by increasing the amount on that line by $620,225; and

on page 5, 135,

by increasing the ~~amount or reduction~~ transfer amount by $620,225; +

by amending the money report ~~or~~ on the budget reference statement page by increasing the figure for Transfer to the Savings Reserve Account by $620,225 for the 2001-02 fiscal year.

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

adopted
voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1005-ALB-70 [v.1]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Miner

moves to amend the bill on page 271, line 37 by adding the following:
"Requested by: Representative Miner

SECTION 33.12. The Department of Juvenile Justice and Delinquency Prevention shall harvest and sell a portion of the timber on the real property at Samarkand Youth Academy. Notwithstanding Chapter 146 of the General Statutes, G.S. 66-58, and any other provision of law, the net proceeds derived from the sale of the timber in an amount not to exceed two hundred fifty thousand dollars ($250,000) shall be deposited with the State Treasurer in a capital improvement and repair and renovation account to the credit of the Department of Juvenile Justice and Delinquency Prevention. The Department shall use the funds for major repair to the streets and parking lots at the Samarkand Youth Academy and for additional street lighting and repairs of buildings at the Academy.

The remainder of the net proceeds from the sale of the timber at Samarkand Youth Academy, if any, shall revert to the General Fund."

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S1005-ALB-70 [v.1]

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Handout from John Morris DENR Water Resources Div.

Table 1: Water Resources Development Projects Approved by Congress

STATE FISCAL YEAR
(Amounts in thousands)

Name of Project	Type	2001 - 2002		2002 - 2003		2003 - 2004		2004 - 2005		2005 - 2006		2006 - 2007	
		State	Federal	State	Federal	State	Federal	State	Federal	State	Federal	State	Federal
ADKIN BRANCH FLOOD CONTROL (Kinston)	CONST	120	743		1,037								
AQUATIC PLANT CONTROL (State, L. Gaston & Roanoke Rapids L.)	CONST.	200		200		200		200		200		200	
AVON HARBOR DREDGING	O&M			150	1,500								
BEAUFORT HARBOR MAINTENANCE DREDGING	O&M (Const. Dikes)			80			250	80			250	80	250
B. EVERETT JORDAN LAKE WATER SUPPLY	CONST. & O&M	100		90		80		80		80		80	
BOGUE BANKS BEACH PROTECTION	PLANNING & CONST	350	700	150	300	50	300	75	450	923	3,200	1,840	3,200
BURLAW CREEK	PLANNING		20										
CAPE FEAR RIVER ABOVE WILMINGTON NAVIGATION	O&M			100	360								
CAROLINA BEACH RENOURISHMENT (New Hanover County)	CONST. (Renourish.)					661	2,400					661	2,400
CAROLINA BEACH/SOUTH RENOURISHMENT (New Hanover County)	CONST. (Renourish.)					1,110	2,720					1,110	2,720
CURRITUCK SOUND WATER QUALITY & FISHERY	PLANNING	200	200	600	600	300	300						
DARE COUNTY BEACHES	CONST.	338	1,350	100	400	37	150	1,988	8,000	6,076	16,000	1,912	6,300
EMERGENCY FLOOD CONTROL PROJECTS (Sec. 14)	CONST.	187	620	187	620	187	620	187	620	187	620	187	620
FAR CREEK MAINTENANCE DREDGING	O&M					200	1,000						
HOMINY SWAMP FLOOD CONTROL (Wilson)	CONST.		30		30	130		130	878		612		
IRWIN CREEK FLOOD CONTROL (Mecklenburg County)	CONST.		60		60	330	1,160						
JOHN H. KERR DAM AND RESERVOIR	PLANNING	800	800	600	600	100	100						
LITTLE SUGAR CREEK ECOSYSTEM RESTORATION (Mecklenburg County)	CONST.	180	635	70	275		10		10	100	390		
LITTLE SUGAR CREEK HABITAT RESTORATION (Mecklenburg County)	CONST.	180	1,100	130	830		10		10	118	703		
LOCKWOODS FOLLY RIVER	PLANNING		83										
MANTEO (SHALLOWBAG) BAY MAINTENANCE DREDGING	O&M	2,500	4,863	400	4,700	50	3,000	400	4,700	50	3,000	400	4,700
MOREHEAD CITY HARBOR DREDGING	O&M	50	6,000		6,000	50	3,000		6,000	50	3,000		6,000
MOREHEAD CITY WEST TURNING BASIN	CONST.	450											
NEUSE RIVER BASIN	PLANNING	100	100	500	500	400	400						
NEWPORT RIVER DREDGING	CONST.		60	60	35		800						
OCEAN ISLE BEACH RENOURISHMENT (Brunswick County)	CONST.					866	2,150					866	2,150
OREGON INLET JETTIES	CONST.		300	3,100	18,500	2,590	23,310	3,050	27,950	2,123	20,064		
PLANNING ASSISTANCE TO NORTH CAROLINA	PLANNING	150	300	150	300	150	300	150	300	150	300	150	300
PROSPECTIVE FEASIBILITY STUDIES (Sec. 107 and 205)	PLANNING	120	660	120	660	120	660	120	660	120	660	120	660
ROLLINSON CHANNEL	O&M			80	100		500	80	100		500	80	100
SILVER LAKE HARBOR (Ocracoke)	O&M					160	750			160	750		
SNOW'S CUT (Sec. 216)	PLANNING				100	150	300	200	400	150	300		
STUMPY POINT BAY (Dare County)	O&M		2,000										
SURF CITY BEACH PROTECTION (Pender County)	PLANNING	150	300	200	400	150	300						
WALTER SLOUGH MAINTENANCE DREDGING	CONST.			58	496								
WANCHESE MARSH CREATION AND PROTECTION (Dare County)	CONST.	300	610	5	10	60	160	44	20	23	123		
WEST ONSLOW BEACH (Topsail Beach, Pender County)	CONST.	116	700	18	105	25	150	33	245	3,019	12,702		
WHITE OAK RIVER BASIN	PLANNING				100	300	300	400	400	300	300		
WILMING. HARBOR 38-FT. PROJECT	O&M	200	5,105	200	4,700	200	4,700	200	4,700	200	4,700	200	4,700
WILMING. HARBOR DEEPENING & LONG TERM DISPOSAL (Includes Sec. 933)	CONST.	22,927	76,000	15,000	47,200	9,000	27,600	5,243	15,627	470	1,405	1,380	4,140
WILSON BAY RESTORATION (Jacksonville)	PLANNING & CONST.		120	340	455	339	701						
WRIGHTSVILLE BEACH	CONST. (Renourish.)	518	1,270							573	1,418		
	TOTAL	$30,236	$106,849	$22,608	$89,773	$17,898	$77,991	$12,660	$67,970	$15,068	$69,797	$9,166	$37,140

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Table 1: Water Resources Development Projects Approved by Congress

STATE FISCAL YEAR
(Amounts in thousands)

Name of Project	Type	2001 - 2002		2002 - 2003		2003 - 2004		2004 - 2005		2005 - 2006		2006 - 2007	
		State	Federal	State	Federal	State	Federal	State	Federal	State	Federal	State	Federal
ADKIN BRANCH FLOOD CONTROL (Kinston)	CONST.	120	743		1,037								
AQUATIC PLANT CONTROL (State, L. Gaston & Roanoke Rapids L.)	CONST.	200		200		200		200		200		200	
AVON HARBOR DREDGING	O&M			150	1,500								
BEAUFORT HARBOR MAINTENANCE DREDGING	O&M (Const. Dikes)			80			250	80			250	80	250
B. EVERETT JORDAN LAKE WATER SUPPLY	CONST. & O&M	100		90		80		80		80		80	
BOGUE BANKS BEACH PROTECTION	PLANNING & CONST.	350	700	150	300	50	300	75	450	923	3,200	1,840	3,200
BURGAW CREEK	PLANNING		20										
CAPE FEAR RIVER ABOVE WILMINGTON NAVIGATION	O&M			100	360								
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EMERGENCY FLOOD CONTROL PROJECTS (Sec. 14)	CONST.	187	520	187	520	187	520	187	520	187	520	187	520
FAR CREEK MAINTENANCE DREDGING	O&M					200	1,000						
HOMINY SWAMP FLOOD CONTROL (Wilson)	CONST.		30		30	130		130	878		512		
IRWIN CREEK FLOOD CONTROL (Mecklenburg County)	CONST.		80		60	333	1,150						
JOHN H. KERR DAM AND RESERVOIR	PLANNING	800	800	600	600	100	100						
LITTLE SUGAR CREEK ECOSYSTEM RESTORATION (Mecklenburg County)	CONST.	180	535	70	275		10		10	100	390		
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MOREHEAD CITY HARBOR DREDGING	O&M	50	8,000		5,000	50	3,000		5,000	50	3,000		5,000
MOREHEAD CITY WEST TURNING BASIN	CONST.	450											
NEUSE RIVER BASIN	PLANNING	100	100	500	500	400	400						
NEWPORT RIVER DREDGING	CONST		60	60	35		800						
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PROSPECTIVE FEASIBILITY STUDIES (Sec. 107 and 205)	PLANNING	120	660	120	660	120	660	120	660	120	660	120	660
ROLLINSON CHANNEL	O&M			60	100		500	80	100		500	80	100
SILVER LAKE HARBOR (Ocracoke)	O&M					160	750			160	750		
SNOWS CUT (Sec. 216)	PLANNING				100	150	100	200	400	150	300		
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WRIGHTSVILLE BEACH	CONST. (Renourish.)	518	1,270							573	1,418		
	TOTAL	$30,336	$106,649	$22,608	$89,773	$17,696	$77,991	$12,660	$87,970	$15,068	$89,797	$9,168	$37,140

2002

HOUSE APPROPRIATIONS SUBCOMMITTEE ON CAPITAL

MINUTES

HOUSE APPROPRIATIONS SUBCOMMITTEE ON CAPITAL

2002 INTERIM and 2002 SESSION, BOOK 1 OF 2

Rep. Thomas E. Wright
Chair

Vanda Wilson-Wormack
Committee Assistant

HOUSE APPROPRIATIONS SUBCOMMITTEE ON CAPITAL
2001-2002 SESSION

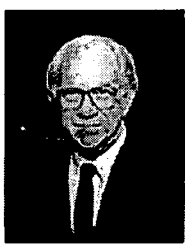
MEMBER	ASSISTANT	PHONE	OFFICE	SEAT
Wright, Thomas **Chairman**	Vanda Wilson-Wormack Committee Assistant	733-5754	523 LOB	5
Allred, Cary	Jean Allred	733-5607	609 LOB	26
Arnold, Gene	Mary Hayes	733-5806	1420 LB	102
Boyd-McIntyre, Flossie	Mia Bailey	733-5905	507 LOB	18
Brubaker, Harold	Cindy Coley	715-4946	1229 LB	39
Crawford, James	Linda Winstead	733-5824	1301 LB	24
Daughtry, Leo	Bernice Bullard	733-5868	510 LOB	42
Earle, Beverly	Ann Raeford	733-5747	535 LOB	95
Ellis, Sam	Alice Falcone	733-5755	607 LOB	116
Fox, Stanley	Mary Capps	733-5757	1217 LB	46
Gillespie, Mitch	Cindy Hobbs	733-5987	1201 LB	111
Grady, Robert	Peggy Murray	715-9644	616 LOB	62
Haire, Phillip	Sara Jane Lennard	715-3005	419 B	47
Holmes, George	Glenda Jacobs	733-5771	2119 LB	41
Howard, Julia	Gail Stewart	733-5904	1023 LB	104
Jeffus, Margaret	Mary Lee Robinson	733-5191	1013 LB	4
Justus, Larry	Carolyn Justus	733-5956	640 LOB	13
Kiser, Joe	Marilyn Holder	733-5782	1317 LB	100
Miner, David	Susan Phillips	733-5861	1006 LB	76
Nesbitt, Jr. Martin	Jan Lee	733-5872	2204 LB	20
Sherrill, Wilma	Rosa Kelley	715-4466	602 LB	37
Shubert, Fern	Carol Wilson	733-5602	1426 LB	417 A
Tolson, Joe	Gayle Christian	715-3024	402 LOB	59
Lynn Muchmore, Fiscal Research		733-4910		
Karen Hammonds-Blanks Fiscal Research		733-4910		

NORTH CAROLINA GENERAL ASSEMBLY

APPROPRIATIONS SUBCOMMITTEE ON CAPITAL
2001 – 2002 SESSION



Rep. Wright
(Chair)



Rep. Allred



Rep. Arnold



Rep. Boyd-McIntyre



Rep. Brubaker



Rep. Crawford



Rep. Daughtry



Rep. Earle



Rep. Ellis



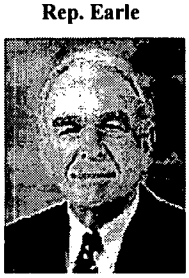
Rep. Fox



Rep. Gillespie



Rep. Grady



Rep. Haire



Rep. Holmes



Rep. Howard



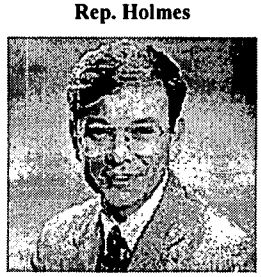
Rep. Jeffus



Rep. Justus



Rep. Kiser



Rep. Miner



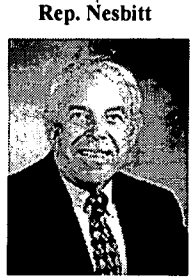
Rep. Nesbitt



Rep. Sherrill



Rep. Shubert



Rep. Tolson

ATTENDANCE

House Appropriations Subcommittee on Capital

(2002 Interim & 2002 Session)

(Name of Committee)

DATES	5-1-02	5-8-02	7-10-02	7-17-02											
Wright, Thomas, Chairman	X	X	X	X											
Allred, Cary	X	X													
Arnold, Gene	X	X	X												
Boyd-McIntyre, Flossie															
Brubaker, Harold	X	X													
Crawford, James	X	X		X											
Daughtry, Leo	X		X	X											
Earle, Beverly															
Ellis, Sam															
Fox, Stanley	X		X	X											
Gillespie, Mitch	X	X	X												
Grady, Robert	X	X													
Haire, Phillip		X	X	X											
Holmes, George	X		X	X											
Howard, Julia	X	X													
Jeffus, Margaret	X	X	X												
Justus, Larry		X	X	X											
Kiser, Joe															
Miner, David	X	X	X	X											
Nesbitt Jr., Martin	X	X	X	X											
Sherrill, Wilma	X	X													
Shubert, Fern	X	X	X	X											
Tolson, Joe	X		X	X											

	5-1-02	5-8-02													
Ex Officio Members															
Hackney, Joe															
Baddour, Phillip															
Dedmon, Andrew															
Earle, Beverly															
Cunningham, Pete	X	X													

Bill	Introducer	Short Title		Latest Action	In Date	Out Date
$ H0690	Cox	VETERANS MEMORIAL FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H0691	Wright	NEW HANOVER LIBRARY FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H0693	Wright	NEW HANOVER COMM. ACTION FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H0770=	Hill	CERRO GORDO TOWN HALL FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H0776	Morris	CAPE FEAR AQUARIUM PLANNING FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H0787=	Wainwright	TRYON PALACE FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H0847	Davis	HARNETT INDUSTRIAL SITE FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H0858=	Davis	APPROPRIATION FOR GET SMART PROGRAM.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H0952=	Culpepper	WANCHESE MARINE INDUSTRIAL PARK FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H0960=	Davis	AVERASBORO BATTLEFIELD FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H0961=	Davis	INDUSTRIAL PARK FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H0962	Davis	ERWIN TEXTILE MUSEUM FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H0963=	Davis	WILLIAM C. LEE MUSEUM FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H1000	Cox	STEVENS FOUNDATION FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H1180=	Hill	AMERICAN LEGION POST 139 FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H1221=	Nesbitt	CLARIFY PURPOSE/ ASHEVILLE-BUNCOMBE TECH. FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H1353	Tolson	EASTERN N.C. LIVESTOCK FACILITY FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H1355	Buchanan	AFRICAN-AMERICAN CULTURAL CENTER FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H1356	Gray	CHILDREN'S MUSEUM OF WINSTON-SALEM FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H1361	Smith	ABC COMPLEX DESIGNATION/FUNDS.	HF	Postponed Indefinitely	06-13-01	09-30-02
$ H1364	Nesbitt	WESTERN N.C. FARMERS' MARKET FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H1366=	Jeffus	ANIMAL DISCOVERY FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H1368	Blue	MLK RESOURCE CENTER FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H1377	Wright	WILMINGTON FIREBOAT FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H1400	Rayfield	ESTABLISH MOUNTAIN ISLAND STATE FOREST.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H1414	Goodwin	IMPERIAL FOODS DEMOLITION FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02
$ H1418	Blue	CENTRAL CHILDREN'S HOME FUNDS.	HF	Postponed Indefinitely	06-11-01	09-30-02

'$' indicates the bill is an appropriation bill.
A bold line indicates the bill is an appropriation bill.
'*' indicates that the text of the original bill was changed by some action.
'=' indicates that the original bill is identical to another bill.

2001-2002 Biennium

Leg. Day: H-257/S-243

Bill	Introducer	Short Title		Latest Action	In Date	Out Date
$ H1726=		**UNC NONAPPROPRIATED CAPITAL.**	***HR**	**Ch. SL 2002-173**	**07-09-02**	**07-17-02**

'$' indicates the bill is an appropriation bill.
A bold line indicates the bill is an appropriation bill.
'*' indicates that the text of the original bill was changed by some action.
'=' indicates that the original bill is identical to another bill.

2002 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES

FOR RECOMMENDING BILLS TO STANDING COMMITTEE OR TO THE FLOOR OF THE HOUSE
The following report(s) from permanent sub committee(s) is/are presented:

By Representative **Wright** (Chair) for the Permanent Subcommittee on **CAPITAL** of the Standing Committee on **APPROPRIATIONS**.

THE FOLLOWING BILLS ARE RE-REFERRED TO THE STANDING COMMITTEE ON APPROPRIATIONS.

HOUSE BILL	SHORT TITLE
HB 22	JOHN WILKINSON BUILDING FUNDS.
HB 40	BLACKBEARD MUSEUM FUNDS.
HB 46	CAMDEN COURTHOUSE FUNDS.
HB 70	SCOTLAND NECK LIBRARY FUNDS.
HB 82	MILITARY MUSEUM STUDY FUNDS.
HB 136	CHILDREN'S PSYCHIATRIC UNIT FUNDS.
HB 160	MATTHEWS COMMUNITY CTR. FUNDS.
HB 197	SALE OF TIMBER AT SAMARCAND.
HB 206	NORTH CAROLINA AQUARIUMS FUNDS.
HB 223	NORTH CAROLINA AQUARIUMS FUNDS.
HB 240	CONTEMPORARY ART MUSEUM FUNDS.
HB 292	MOTOR FUELS LABORATORY/FUNDS.
HB 295	PLANT INDUSTRY DIVISION COMPLEX FUNDS.
HB 296	STATE FAIRGROUNDS BUILDING FUNDS.
HB 297	AGRONOMIC SERVICES LABORATORY/FUNDS.
HB 298	GRAHAM BUILDING IMPROVEMENT FUNDS.
HB 299	AGRICULTURE BUILDING RENOVATION FUNDS.
HB 365	RENNERT FIRE DEPARTMENT FUNDS.
HB 388	ROBESON AFRICAN AMERICAN CULTURAL CTR. FUNDS.
HB 512	POPLAR COMMUNITY BLDG. FUNDS.
HB 546	CLUB NOVA FUNDS.
HB 574	FFA CAPITAL IMPROVEMENT FUNDS.
HB 580	WILSON INFRASTRUCTURE EXTENSION FUNDS.
HB 632	MAXTON REVITALIZATION FUNDS.
HB 653	TOBACCO FARM LIFE MUSEUM FUNDS.
HB 677	IREDELL LIVESTOCK EXPOSITION CTR. FUNDS.
HB 690	VETERANS MEMORIAL FUNDS.
HB 691	NEW HANOVER LIBRARY FUNDS.
HB 693	NEW HANOVER COMM. ACTION FUNDS.
HB 770	CERRO GORDO TOWN HALL FUNDS.
HB 776	CAPE FEAR AQUARIUM PLANNING FUNDS.
HB 787	TRYON PALACE FUNDS.
HB 847	HARNETT INDUSTRIAL SITE FUNDS.
HB 858	APPROPRIATIONS FOR GET SMART PROGRAM.
HB 952	WANCHESE MARINE INDUSTRIAL PARK FUNDS.
HB 960	AVERASBORO BATTLEFIELD FUNDS.
HB 961	INDUSTRIAL PARK FUNDS.
HB 962	ERWIN TEXTILE MUSEUM FUNDS.
HB 963	WILLIAM C. LEE MUSEUM FUNDS.
HB 1000	STEVENS FOUNDATION FUNDS.
HB 1180	AMERICAN LEGION POST 139 FUNDS.
HB 1221	CLARIFY PURPOSE/ASHEVILLE-BUNCOMBE TECH FUNDS.
HB 1353	EASTERN N.C. LIVESTOCK FACILITY FUNDS.
HB 1355	AFRICAN-AMERICAN CULTURAL CENTER FUNDS.
HB 1356	CHILDREN'S MUSEUM OF WINSTON-SALEM FUNDS.
HB 1361	ABC COMPLEX DESIGNATION/FUNDS.
HB 1364	WESTERN N.C. FARMER'S MARKET FUNDS.
HB 1366	ANIMAL DISCOVERY FUNDS.
HB 1368	MLK RESOURCE CENTER FUNDS.
HB 1377	WILMINGTON FIREBOAT FUNDS.
HB 1400	ESTABLISH MOUNTAIN ISLAND STATE FOREST.
HB 1414	IMPERIAL FOODS DEMOLITION FUNDS.
HB 1418	CENTRAL CHILDREN'S HOME FUNDS.

AGENDA

HOUSE APPROPRIATIONS SUBCOMMITTEE ON CAPITAL
WEDNESDAY, MAY 1, 2002
12:00 NOON ROOM 643 LOB

Introduction & Opening Remarks
Rep. Thomas E. Wright, Chairman

Capital Assessment/ Planning
Charles Perusse, Deputy Budget Officer
Office of State Budget & Management

FCAP Overview
Speros Fleggas
Director of the Office of State Construction

Committee Discussion

Adjournment

MINUTES

HOUSE APPROPRIATIONS SUBCOMMITTEE ON CAPITAL

WEDNESDAY, MAY 1, 2002

12:00 NOON ROOM 643 LOB

The House Appropriations Subcommittee on Capital met on Wednesday, May 1, 2002 at 12:00 Noon in Room 643 LOB. A silent roll was taken, (roll list denotes members present.)

Chairman Wright called the meeting to order.

CAPITAL ASSESSMENT/ PLANNING
Charles Perusse, Deputy Budget Officer
Office of State Budget & Management

Charles Perusse, Deputy Budget Officer, presented the North Carolina Capital Improvement Program and the Executive Summary to the Committee. Rep. Shubert asked Mr. Perusse to clarify the $3 billion in bonds in the Education area and does it include the prison construction. Mr. Perusse responded that the prison construction was excluded. Rep. Shubert responded that the document presented to the members of the committee wasn't a complete picture of the spending. Mr. Perusse responded. Chairman Wright responded. Mr. Perusse continued his presentation to the committee. Rep. Allred asked how much space was rented or leased from private individuals. Mr. Perusse responded. Rep. Allred asked if it was cost effective for the state to lease rather than own the building. Mr. Perusse responded. Rep. Allred commented on the leasing of buildings as political payoffs for people who make significant contributions to political campaigns and requested a list from Mr. Perusse of all political contributors. Mr. Perusse responded.

FCAP OVERVIEW
Speros Fleggas, Director of the Office of State Construction

Speros Fleggas presented the FCAP Overview to the Committee. Chairman Wright asked about the evaluation of all buildings throughout the state. Mr. Fleggas responded. Rep. Shubert asked if the request was supported by the FCAP Program and have they been reviewed. Mr. Fleggas responded. Rep. Allred asked if the request were an increase. Mr. Fleggas responded. Rep. Allred asked about the requested amount for Repair and Renovations. Charles Perusse responded. Chairman Wright commented on the Capital needs of the state and asked the committee to think about ways to address those needs and goals.

The meeting adjourned at 12:50pm.

Rep. Thomas E. Wright, Chair

Vanda Wilson-Wormack, Committee Assistant

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

S D

SENATE BILL 1005
Appropriations/Base Budget Committee Substitute Adopted 5/28/01
Appropriations/Base Budget Committee Substitute No. 2 Adopted 5/29/01
Third Edition Engrossed 5/31/01
PROPOSED HOUSE COMMITTEE SUBSTITUTE S1005-PCS3873-LH-20

Short Title: The Appropriations Act of 2001. (Public)

Sponsors:

Referred to:

April 5, 2001

A BILL TO BE ENTITLED

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

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

INTRODUCTION

SECTION 1.1. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes and, except as allowed by the Executive Budget Act, or this act, the savings shall revert to the appropriate fund at the end of each fiscal year.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

TITLE OF ACT

SECTION 1.2. This act shall be known as the "Current Operations and Capital Improvements Appropriations Act of 2001."

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated are made for the biennium ending June 30, 2003, according to the following schedule:

Current Operations - General Fund	**2001-2002**	**2002-2003**
EDUCATION		
Community Colleges System Office	$650,511,683	$650,511,683
Department of Public Instruction	5,877,926,964	5,927,594,010

University of North Carolina - Board of Governors		
Appalachian State University	85,569,474	85,832,474
East Carolina University		
Academic Affairs	121,199,264	122,462,332
Health Affairs	46,244,925	46,244,925
Elizabeth City State University	21,735,417	21,735,417
Fayetteville State University	30,918,567	30,918,567
North Carolina Agricultural and		
Technical University	59,749,184	59,749,183
North Carolina Central University	44,557,545	44,557,545
North Carolina School of the Arts	16,474,086	16,747,705
North Carolina State University		
Academic Affairs	266,433,642	266,918,593
Agricultural Extension Service	37,584,776	37,584,776
Agricultural Research Service	46,891,919	46,865,803
University of North Carolina at Asheville	25,580,238	25,736,337
University of North Carolina at Chapel Hill		
Academic Affairs	200,318,613	200,828,130
Health Affairs	154,802,003	156,782,218
Area Health Education Centers	46,072,336	46,072,336
University of North Carolina at Charlotte	96,039,883	96,511,109
University of North Carolina at Greensboro	93,617,446	93,694,770
University of North Carolina at Pembroke	24,689,034	24,630,347
University of North Carolina at Wilmington	59,821,472	60,172,854
Western Carolina University	52,094,143	52,362,402
Winston-Salem State University	28,207,075	28,630,664
General Administration	43,052,753	44,048,177
University Institutional Programs	41,714,602	41,714,602
Related Educational Programs	103,637,912	103,637,912
North Carolina School of Science		
and Mathematics	11,487,156	11,839,342
UNC Hospitals at Chapel Hill	38,587,322	38,587,322
Total	$1,797,080,787	$1,804,865,842

HEALTH AND HUMAN SERVICES

Department of Health and Human Services		
Office of the Secretary	47,011,912	46,911,912
Division of Aging	29,519,886	29,519,886
Division of Child Development	289,583,672	289,583,672
Division of Education Services	69,940,433	69,940,433
Division of Public Health	109,587,801	107,312,801
Division of Social Services	192,262,288	198,335,582
Division of Medical Assistance	1,990,794,503	2,262,823,239
NC Health Choice	32,987,142	37,487,142
Division of Blind Services/Deaf	10,184,019	10,184,019
Division of Mental Health	581,548,722	581,548,722
Division of Facility Services	13,908,874	14,104,141
Division of Vocational Rehabilitation	42,468,956	41,768,956
Total	$3,409,798,208	$3,689,520,505

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	55,545,270	55,194,468
Department of Commerce		
Commerce	45,395,692	44,315,050
Commerce State-Aid	7,700,000	5,200,000
NC Biotechnology Center	5,270,468	6,270,468
Rural Economic Development Center	4,470,777	5,470,471
Department of Environment and Natural Resources		
Environment and Natural Resources	158,306,149	157,833,822
Clean Water Management Trust Fund	20,000,000	20,000,000
Office of the Governor - Housing Finance Agency	5,300,000	5,300,000
Department of Labor	16,023,147	15,992,906
JUSTICE AND PUBLIC SAFETY		
Department of Correction	932,202,382	939,699,999
Department of Crime Control and Public Safety	31,999,903	28,726,357
Judicial Department	305,323,643	305,235,016
Judicial Department - Indigent Defense	71,635,967	71,635,967
Department of Justice	72,955,782	73,528,600
Department of Juvenile Justice and Delinquency Prevention	141,276,263	143,030,250
GENERAL GOVERNMENT		
Department of Administration	60,292,909	59,740,890
Office of Administrative Hearings	2,795,155	2,795,155
Department of State Auditor	11,864,673	11,864,673
Office of State Controller	11,523,868	11,523,868
Department of Cultural Resources		
Cultural Resources	60,638,520	59,763,520
Roanoke Island Commission	1,859,463	1,859,463
State Board of Elections	3,186,269	3,186,269
General Assembly	39,553,848	39,553,848
Office of the Governor		
Office of the Governor	5,452,905	5,452,905
Office of State Budget and Management	5,283,596	4,933,066
Mapping and Surveying	1,187,845	1,187,845

Reserve for Special Appropriations	3,530,000	3,080,000
Department of Insurance		
Insurance	23,579,288	23,129,288
Insurance – Volunteer Safety Workers' Compensation	2,000,000	2,500,000
Office of Lieutenant Governor	669,545	669,545
Department of Revenue	77,563,436	77,955,704
Rules Review Commission	325,795	325,795
Department of Secretary of State	8,554,507	8,554,507
Department of State Treasurer		
State Treasurer	2,830,600	2,830,600
State Treasurer – Retirement for Fire and Rescue Squad Workers	10,301,897	12,379,780
TRANSPORTATION		
Department of Transportation	10,030,000	13,393,341
RESERVES AND DEBT SERVICE		
Contingency and Emergency Fund	5,000,000	5,000,000
Reserve for Compensation Increases	193,842,000	193,842,000
Reserve for Salary Adjustments	500,000	500,000
Reserve for State Health Plan	150,000,000	200,000,000
Teachers' and State Employees' Retirement Rate Adjustment	(239,568,180)	(239,568,180)
Judicial Retirement Rate Adjustment	(2,265,000)	(2,265,000)
Hurricane Floyd Reserve Fund		150,629,172
Reserve to Implement HIPPA	10,000,000	
Mental Health System Reform Reserve	7,525,675	
Information Technology Rate Adjustment	(4,000,000)	(4,000,000)
Payroll Turnover Adjustment	(52,000,000)	(52,000,000)
Debt Service		
General Debt Service	250,822,092	352,266,860
Federal Reimbursement	1,155,948	1,155,948
GRAND TOTAL CURRENT OPERATIONS –		

GENERAL FUND **$14,272,759,739** **$14,902,166,276**

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) The General Fund availability used in developing the 2001-2003 biennial budget is shown below:

General Fund Budget Reform Statement	**2001-2002 ($ Millions)**	**2002-2003 ($ Millions)**
1. Composition of the 2001-2002 beginning availability:		
a. Unappropriated balance	0.0	--
b. Revenue collections in fiscal year 2000-2001 in excess of authorized estimates	0.0	--
c. Unexpended appropriations during fiscal year 2000-2001 (Reversions)	0.0	--
Beginning Unreserved Credit Balance	0.0	--
2. Revenues Based on Existing Tax Structure	13,473.8	14,451.2
3. Non-Tax Revenues:		
Investment Income	152.0	167.0
Judicial Fees	109.5	111.7
Disproportionate Share	107.0	107.0
Insurance	43.9	45.8
Other Non-Tax Revenues	105.0	106.2
Highway Trust Fund Transfer	170.0	170.0
Highway Fund Transfer	14.5	15.3
Subtotal	14,175.7	15,174.2
4. Other Adjustments		
North Carolina Railroad General Fund Repayment	19.0	--
Senate Bill 353 Enhance Department of Revenue Collections	50.0	50.0
House Bill 232 Implementation	116.5	2.7
Scrap Tire/White Goods Transfer	3.4	
Transfer of Cash from Special, Trust, Internal Service, and Reserve Funds	167.5	0.5
Transfer to the Savings Reserve Account	(125.0)	--
Subtotal	231.4	53.2
TOTAL GENERAL FUND AVAILABILITY	**$14,407.1**	**$15,227.4**

SECTION 2.2.(b) Notwithstanding the provisions of Section 7.2.(a) of S.L. 2000-67, nineteen million dollars ($19,000,000) of the North Carolina Railroad Company dividends received by the State during the 2000-2001 fiscal year and the 2001-2002 fiscal year shall: (i) be applied to increase the capital of the North Carolina Railroad Company, (ii) reduce the obligations described in subsection (c) of Section 32.30 of S.L. 1997-443, as amended by subsection (d) of Section 27.11 of S.L. 1999-237, and (iii) be deposited in the General Fund.

SECTION 2.2.(c) Of the balance of Budget Code 19930, the Hurricane Floyd Reserve Fund established pursuant to S.L. 1999-463 (Extra Session), the sum of one hundred fifty million six hundred twenty-nine thousand one hundred seventy-two dollars ($150,629,172) shall be transferred to the General Fund on July 1, 2001. Funds are appropriated in this act for the 2002-2003 fiscal year to the Office of State Budget and Management, Hurricane Floyd Reserve Fund, in an amount equal to the amount transferred under this section. These funds shall be expended only for Hurricane Floyd

recovery according to the purposes, procedures, and requirements provided in S.L. 1999-463 (Extra Session).

SECTION 2.2.(d) Effective July 1, 2001, cash balances remaining in special funds on June 30, 2001, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) according to the schedule that follows. These funds shall be used to support General Fund appropriations for the 2001-2002 fiscal year.

Fund	**Amount Transferred**
Department of Agriculture and Consumer Services	
Budget Code 23701, Fund Code 2201 (Warehouse Investment Fund)	$500,000
Department of Environment and Natural Resources	
Budget Code 24300, Fund Code 2106 (DEH - Sleep Products)	46,437
Budget Code 24300, Fund Code 2331 (DAQ - Air Permits)	77,889
Budget Code 24300, Fund Code 2735 (DLR - Sedimentation Fees)	148,562
Budget Code 24300, Fund Code 2620 (DLR - Land Env Controls)	111,261
Budget Code 24300, Fund Code 2740 (DLR - Dam Safety Account)	18,522
Budget Code 64305, Fund Code 6372 (DWM - Inactive Hazardous Sites Cleanup)	499,263
Budget Code 64305, Fund Code 6373 (DWM - Emergency Response Fund)	49,771
Budget Code 24300, Fund Code 2341 (DWQ - Water Permits)	371,682
Budget Code 64306, Fund Code 6341 (DWQ - WW Treatment Maintenance & Repair)	43,256
Budget Code 24300, Fund Code 2335 (DWQ - Lab Certification Fees)	16,371
Budget Code 24300, Fund Code 2130 (DWQ - Well Construction Fund)	18,134
Budget Code 24300, Fund Code 2310 (DWQ - Oil Pollution Control)	8,170
Budget Code 24303, Fund Code 2980 (DWQ - Wetlands Restoration)	3,400,000
Department of Commerce	
Budget Code 24610, Fund Code 2431 (International Trade Show Fund)	75,000
Department of Correction	
Budget Code 24502 (Inmate Canteen/Welfare Fund)	380,000

SECTION 2.2.(e) Effective October 1, 2001, the sum of one million two hundred thousand dollars ($1,200,000) shall be transferred from the Department of Administration, Budget Code 74100, Fund Code 7211 (Motor Fleet Management) to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2001-2002 fiscal year.

Effective April 1, 2002, the sum of two million dollars ($2,000,000) shall be transferred from the Department of Administration, Budget Code 74100, Fund Code 7211 (Motor Fleet Management) to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2001-2002 fiscal year.

SECTION 2.2.(f) The transfer of cash from Department of Correction, Budget Code 74500, Fund Code 7100 (Prison Enterprises) to Nontax Budget Code 19978 (Intra State Transfers) shall be increased by one million dollars ($1,000,000), effective July 1, 2001, for the 2001-2002 fiscal year.

The transfer of cash from Department of Correction, Budget Code 74500, Fund Code 7100 (Prison Enterprises) to Nontax Budget Code 19978 (Intra State Transfers) shall be increased by five hundred thousand dollars ($500,000), effective July 1, 2002, for the 2002-2003 fiscal year and for subsequent fiscal years.

SECTION 2.2.(g) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3, for the 2000-2001 fiscal year only, funds shall not be reserved to the Savings Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Savings Reserve Account on June 30, 2001. The State Controller shall transfer the sum of one hundred twenty-five million two hundred thousand dollars ($125,200,000) from the General Fund to the Savings Reserve Account on July 1, 2001. This is not an "appropriation made by law", as that phrase is used in Article V, Section 7(2) of the North Carolina Constitution.

This subsection becomes effective June 30, 2001.

SECTION 2.2(h) Notwithstanding G.S. 143-15.3B(a) for the 2001-2003 fiscal biennium only, the appropriation to the Clean Water Management Trust Fund for the 2001-2002 fiscal year is only twenty million dollars ($20,000,000) as provided by this act and is only twenty million dollars ($20,000,000) for the 2002-2003 fiscal year as provided by this act. The funds appropriated by this act to the Clean Water Management Trust Fund shall be used as provided by G.S. 143-15.3B(b).

SECTION 2.2.(i) Effective November 1, 2001, the sum of three million dollars ($3,000,000) shall be transferred from the Office of Information Technology Services, Budget Code 74660, Fund Code 7100 to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2001-2002 fiscal year.

Effective February 1, 2002, the sum of four million dollars ($4,000,000) shall be transferred from the Office of Information Technology Services, Budget Code 74660, Fund Code 7100 to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2001-2002 fiscal year.

SECTION 2.2.(j) Notwithstanding the provisions of G.S. 105-187.19(b), effective for taxes levied during the 2001-2002 fiscal year, the Secretary of Revenue shall credit to the General Fund the net tax proceeds that G.S. 105-187.19(b) directs the Secretary to credit to the Scrap Tire Disposal Account.

Notwithstanding the provisions of G.S. 105-187.24 effective for taxes levied during the 2001-2002 fiscal year, the Secretary of Revenue shall credit to the General Fund the net tax proceeds that G.S. 105-187.24 directs the Secretary to credit to the White Goods Management Account.

PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

SECTION 3.1. Appropriations from the Highway Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the biennium ending June 30, 2003, according to the following schedule:

Current Operations - Highway Fund	**2001-2002**	**2002-2003**
(1) Transportation admin. (84210)	$69,195,895	$69,195,895
(2) Transportation operations (84220)	28,801,650	28,801,650
(3) Transportation programs (84230)		
State construction		

	Primary	-	-
	Secondary	87,462,000	89,387,000
	Urban	14,000,000	14,000,000
	Public access	2,000,000	2,000,000
	Spot safety	9,100,000	9,100,000
	Contingency	12,000,000	10,000,000
	Federal aid match	5,212,266	5,212,266
	Maintenance	585,841,175	575,818,204
	Asphalt plant/OSHA	425,000	425,000
	Capital	1,634,000	
	Ferry operations	19,747,132	19,747,132
	Aid to municipalities	87,462,000	89,387,000
	Rail	31,095,000	10,575,000
	Public transit	62,178,682	61,794,456
	Airports	3,000,000	
(4)	Governor's highway safety (84240)	266,693	266,693
(5)	Transportation regulation (84260)	98,654,012	98,649,802
(6)	Reserves and transfers (84270)	200,584,495	205,158,048
	GRAND TOTAL CURRENT OPERATIONS AND EXPANSION	**$1,318,660,000**	**$1,289,518,146**

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. The Highway Fund availability used in developing the 2001-2003 biennial budget is shown below:

Highway Fund Budget Reform Statement	**2001-2002**	**2002-2003**
Beginning Credit Balance	$ 14,860,000	-
Estimated Revenue	1,303,280,000	$1,311,720,000
Additional Reversions	520,000	-
Total Highway Fund Availability	**$1,318,660,000**	**$1,311,720,000**

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SECTION 4.1. Appropriations from the Highway Trust Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the biennium ending June 30, 2003, according to the following schedule:

Current Operations - Highway Trust Fund	**2001-2002**	**2002-2003**
Intrastate System	$464,295,516	$489,403,290
Urban Loops	187,741,771	197,894,308
Aid to Municipalities	48,715,429	51,349,821
Total for Secondary Roads	83,827,858	87,445,392
Program Administration	34,142,426	36,181,189
Transfer to General Fund	170,000,000	170,000,000
GRAND TOTAL CURRENT OPERATIONS		

AND EXPANSION	$988,723,000	$1,032,274,000

PART V. BLOCK GRANTS

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DHHS BLOCK GRANTS

SECTION 5.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2002, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT		
01.	Community Action Agencies	$ 14,160,375
02.	Limited Purpose Agencies	979,017
03.	Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	500,000
TOTAL COMMUNITY SERVICES BLOCK GRANT		$ 15,639,392
SOCIAL SERVICES BLOCK GRANT		
01.	County departments of social services (Transfer from TANF - $4,500,000)	$ 27,395,663
02.	Allocation for in-home services provided by county departments of social services	2,101,113
03.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	3,234,601
04.	Division of Services for the Blind	3,105,711
05.	Division of Facility Services	426,836
06.	Division of Aging - Home and Community Care Block Grant	1,840,234
07.	Child Care Subsidies	3,000,000
08.	Division of Vocational Rehabilitation - United Cerebral Palsy	71,484
09.	State administration	1,693,368
10.	Child Medical Evaluation Program	238,321
11.	Adult day care services	2,155,301

12.	Comprehensive Treatment Services Program	606,364
13.	Transfer to Preventive Health Services Block Grant for emergency medical services	213,128
14.	Transfer to Preventive Health Services Block Grant for HIV/AIDS Prevention Activities	606,364
15.	Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly	203,198
16.	Division of Vocational Rehabilitation - Easter Seals Society	116,779
17.	UNC-CH CARES Program for training and consultation services	247,920
18.	Office of the Secretary - Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly persons	41,302
19.	Transfer from TANF Block Grant for Division of Social Services - Child Caring Agencies	1,500,000
20.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services - Developmentally Disabled Waiting List for services	5,000,000
21.	Transfer to Maternal and Child Health Block Grant for Newborn Screenings	90,611
TOTAL SOCIAL SERVICES BLOCK GRANT		$ 53,888,298

LOW-INCOME ENERGY BLOCK GRANT

01.	Energy Assistance Programs	$ 8,092,113
02.	Crisis Intervention	5,795,825
03.	Administration	1,984,934
04.	Weatherization Program	2,684,116
05.	Department of Administration - N.C. State Commission of Indian Affairs	39,765
06.	Heating Air Repair and Replacement Program	1,252,588

TOTAL LOW-INCOME ENERGY BLOCK GRANT	$ 19,849,342
MENTAL HEALTH SERVICES BLOCK GRANT	
01. Provision of community-based services in accordance with the Mental Health Study Commission's Adult Severe and Persistently Mentally Ill Plan	$ 5,192,826
02. Provision of community-based services to children	2,378,540
03. Establish Child Residential Treatment Services Program	1,500,000
04. Administration	783,911
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	$ 9,855,277
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	$ 14,501,711
02. Continuation of services for pregnant women and women with dependent children	6,007,303
03. Continuation of services to IV drug abusers and others at risk for HIV diseases	5,209,934
04. Provision of services to children and adolescents	6,839,190
05. Juvenile Services - Family Focus	774,414
06. Child Residential Treatment Services Program	700,000
07. Administration	2,423,049
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	$ 36,455,601
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
01. Child care subsidies	$148,343,839

02.	Quality and availability initiatives	17,259,661
03.	Administrative expenses	6,550,000
04.	Transfer from TANF Block Grant for child care subsidies	76,675,000
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		$248,828,500
TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		
01.	Work First Cash Assistance	$114,181,958
02.	Work First County Block Grants	92,018,855
03.	Transfer to the Child Care and Development Fund Block Grant for child care subsidies	76,675,000
04.	Allocation to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for Work First substance abuse screening, diagnostic, and support treatment services and drug testing	3,500,000
05.	Cash Assistance Reserve	9,347,631
06.	Allocation to the Division of Social Services for staff development	500,000
07.	Reduction of out-of-wedlock births	1,600,000
08.	Substance Abuse Services for Juveniles	1,182,280
09.	Special Children Adoption Fund	2,811,687
10.	Business Process Reengineering Project Reserve	3,000,000
11.	Work First Job Retention – NC Rural Center ($300,000) Work Central Career Advancement Center ($500,000)	800,000
12.	Allocation to the Division of Public Health for teen pregnancy prevention	2,239,261
13.	Transfer to Social Services Block Grant for Child Caring Agencies	1,500,000

14.	Child Care Subsidies for TANF Recipients	26,621,241
15.	Work First Housing Initiative	3,000,000
16.	Allocation to the Division of Social Services for Domestic Violence Prevention and Awareness	1,000,000
17.	County Child Protective Services, Foster Care, and Adoption Workers	2,727,550
18.	Intensive Family Preservation Program	2,000,000
19.	Work First/Boys and Girls Clubs	1,000,000
20.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
21.	Support Our Students – Department of Juvenile Justice and Delinquency Prevention	2,750,674
22.	Residential Substance Abuse Services for Women With Children	5,000,000
23.	Domestic Violence Services for Work First Families	2,000,000
24.	After-School Services for At-Risk Children	3,000,000
25.	Division of Social Services - Administration	500,000
26.	Child Welfare workers and services for local departments of social services	7,654,841
27.	Child Welfare Training	2,000,000
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		$373,110,978

MATERNAL AND CHILD HEALTH BLOCK GRANT

01.	Healthy Mothers/Healthy Children Block Grants to Local Health Departments	9,838,074
02.	High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education,	

	Technical Assistance to Local Health Departments, and Duke University Medical Center Contract for Universal Newborn Screening Services	2,102,713
03.	Services to Children With Special Health Care Needs	5,078,647
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT		$ 17,019,434
PREVENTIVE HEALTH SERVICES BLOCK GRANT		
01.	Statewide Health Promotion Programs	$3,061,182
02.	Dental Services/Fluoridation	100,800
03.	Rape Crisis/Victims' Services Program - Council for Women	190,134
04.	Rape Prevention and Education Program - Division of Public Health and Council for Women	1,139,869
05.	Transfer from Social Services Block Grant - HIV/AIDS Prevention Activities	606,364
06.	Transfer from Social Services Block Grant - Emergency Medical Services	213,128
07.	Office of Minority Health	159,459
08.	Administrative Costs	108,546
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		$5,579,482

SECTION 5.1.(b) Decreases in Federal Fund Availability. – If the United States Congress reduces federal fund availability in the Social Services Block Grant below the amounts appropriated in this section, then the Department of Health and Human Services shall allocate these decreases giving priority first to those direct services mandated by State or federal law, then to those programs providing direct services that have demonstrated effectiveness in meeting the federally and State-mandated services goals established for the Social Services Block Grant. The Department shall not include transfers from TANF for specified purposes in any calculations of reductions to the Social Services Block Grant.

If the United States Congress reduces the amount of TANF funds below the amounts appropriated in this section after the effective date of this act, then the Department shall allocate the decrease in funds after considering any underutilization of the budget and the effectiveness of the current level of services. Any TANF Block Grant fund changes shall be reported to the Senate Appropriations Committee on Health

and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Decreases in federal fund availability shall be allocated for the Maternal and Child Health and Preventive Health Services federal block grants by the Department of Health and Human Services after considering the effectiveness of the current level of services.

SECTION 5.1.(c) Increases in Federal Fund Availability. – Any block grant funds appropriated by the United States Congress in addition to the funds specified in this act shall be expended by the Department of Health and Human Services, with the approval of the Office of State Budget and Management, provided the resultant increases are in accordance with federal block grant requirements and are within the scope of the block grant plan approved by the General Assembly.

SECTION 5.1.(d) Changes to the budgeted allocations to the block grants appropriated in this act and new allocations from the block grants not specified in this act shall be submitted to the Joint Legislative Commission on Governmental Operations for review prior to the change and shall be reported immediately to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(e) The Department of Health and Human Services may allow no-cost contract extensions for up to six months for nongovernmental grant recipients under the TANF Block Grant.

SECTION 5.1.(f) Limitations on Preventive Health Services Block Grant Funds. – Twenty-five percent (25%) of funds allocated for Rape Prevention and Rape Education shall be allocated as grants to nonprofit organizations to provide rape prevention and education programs targeted for middle, junior high, and high school students.

If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2001-2002 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an Abstinence Until Marriage Education Program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

SECTION 5.1.(g) The Department of Health and Human Services, Division of Social Services, shall do the following:

(1) Continue the current evaluation of the Work First Program to assess former recipients' earnings, barriers to advancement to economic self-sufficiency, utilization of community support services, and other longitudinal employment data. Assessment periods shall include six and 18 months following closure of the case.

(2) Continue the current evaluation of the Work First Program to profile the State's child-only caseload to include indicators of economic and social well-being, academic and behavioral performance, demographic data, description of living arrangements including length of placement out of the home, social and other human services provided to families, and other information needed to assess the needs of the child-only Work First Family Assistance clients and families.

(3) Continue the current evaluation to profile clients and families exempted from federal and State work participation requirements. The

evaluation shall include an assessment of the client and family needs including why clients and families have been exempted.

The Department of Health and Human Services shall make a report on its progress in complying with this subsection to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than September 30, 2001, and shall make a final report no later than September 30, 2002.

SECTION 5.1.(h) The sum of two million eight hundred eleven thousand six hundred eighty-seven dollars ($2,811,687) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Special Children Adoption Fund, for the 2001-2002 fiscal year shall be used to implement this subsection. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

SECTION 5.1.(i) The sum of one million five hundred thousand dollars ($1,500,000) appropriated in this act in the TANF Block Grant and transferred to the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for child caring agencies for the 2001-2002 fiscal year shall be allocated to the State Private Child Caring Agencies Fund. These funds shall be combined with all other funds allocated to the State Private Child Caring Agencies Fund for the reimbursement of the State's portion of the cost of care for the placement of certain children by the county departments of social services who are not eligible for federal IV-E funds. These funds shall not be used to match other federal funds.

SECTION 5.1.(j) The sum of three hundred thousand dollars ($300,000) appropriated in this section to the Department of Health and Human Services in the Child Care and Development Fund Block Grant shall be used to develop and implement a Medical Child Care Pilot open to children throughout the State.

SECTION 5.1.(k) The sum of one million dollars ($1,000,000) appropriated in this section to the Department of Health and Human Services in the TANF Block Grant for Boys and Girls Clubs shall be used to make grants for approved programs. The Department of Health and Human Services, in accordance with federal regulations for the use of TANF Block Grant funds, shall administer a grant program to award funds to the Boys and Girls Clubs across the State in order to implement programs that improve the motivation, performance, and self-esteem of youths and to implement other initiatives that would be expected to reduce school dropout and teen pregnancy rates. The Department shall encourage and facilitate collaboration between the Boys and Girls Clubs and Support Our Students, Communities in Schools, and similar programs to submit joint applications for the funds if appropriate.

SECTION 5.1.(l) Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program.

SECTION 5.1.(m) The sum of three million dollars ($3,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the Work First Housing Initiative shall be used to provide direct housing support to Work First clients. Direct housing support includes using funds for rental assistance, loans, moving expenses, and other financial assistance. No more than ten percent (10%) of these funds may be used for

administration. These funds may be used for counseling or similar services only if it is demonstrated that those services are not otherwise available in the community.

SECTION 5.1.(n) The sum of five hundred thousand dollars ($500,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2001-2002 fiscal year shall be used to support administration of TANF-funded programs.

SECTION 5.1.(o) The sum of five million dollars ($5,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2001-2002 fiscal year shall be used to provide regional residential substance abuse treatment and services for women with children. The Department of Health and Human Services, the Division of Social Services, and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, in consultation with local departments of social services, area mental health programs, and other State and local agencies or organizations, shall coordinate this effort in order to facilitate the expansion of regionally based substance abuse services for women with children. These services shall be culturally appropriate and designed for the unique needs of TANF women with children.

In order to expedite the expansion of these services, the Secretary of the Department of Health and Human Services may enter into contracts with service providers.

The Department of Health and Human Services, the Division of Social Services, and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall report on their progress in complying with this subsection no later than October 1, 2001, and March 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. These reports shall include all of the following:

(1) The number and location of additional beds created.
(2) The types of facilities established.
(3) The delineation of roles and responsibilities at the State and local levels.
(4) Demographics of the women served, the number of women served, and the cost per client.
(5) Demographics of the children served, the number of children served, and the services provided.
(6) Job placement services provided to women.
(7) A plan for follow-up and evaluation of services provided with an emphasis on outcomes.
(8) Barriers identified to the successful implementation of the expansion.
(9) Identification of other resources needed to appropriately and efficiently provide services to Work First recipients.
(10) Other information as requested.

SECTION 5.1.(p) The sum of two million seven hundred fifty thousand six hundred seventy-four dollars ($2,750,674) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services and transferred to the Department of Juvenile Justice and Delinquency Prevention for the 2001-2002 fiscal year shall be used to support the existing Support Our Students Program and to expand the Program statewide, focusing on low-income communities in unserved areas. These funds shall not be used for administration of the program.

SECTION 5.1.(q) The sum of two million dollars ($2,000,000) appropriated under this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2001-2002 fiscal year shall be used to

provide domestic violence services to Work First recipients. These funds shall be used to provide domestic violence counseling, support, and other direct services to clients. These funds shall not be used to establish new domestic violence shelters, for State-level administration, or to facilitate lobbying efforts.

Each county department of social services and the local domestic violence shelter program serving the county shall jointly develop a plan for utilizing these funds. The plan shall include the services to be provided and the manner in which the services shall be delivered. The county plan shall be signed by the county social services director or the director's designee and the domestic violence program director or the director's designee and submitted to the Division of Social Services by October 1, 2001. The Division of Social Services, in consultation with the Council for Women, shall review the county plans and shall provide consultation and technical assistance to the departments of social services and local domestic violence shelter programs, if needed.

The Division of Social Services shall allocate these funds to county departments of social services according to the following formula: (i) each county shall receive a base allocation of ten thousand dollars ($10,000) and (ii) each county shall receive an allocation of the remaining funds based on the county's proportion of the statewide total of the Work First caseload as of July 1, 2001, and the county's proportion of the statewide total of the individuals receiving domestic violence services from programs funded by the Council for Women as of July 1, 2001. The Division of Social Services may reallocate unspent funds to counties that submit a written request for additional funds.

The Department of Health and Human Services shall report on the uses of these funds no later than March 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(r) The sum of two million two hundred thirty-nine thousand two hundred sixty-one dollars ($2,239,261) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Public Health, for the 2001-2002 fiscal year for adolescent pregnancy prevention shall be used in accordance with this subsection.

The Department of Health and Human Services shall administer the adolescent pregnancy prevention programs and the adolescent parenting programs pursuant to the provisions of this subsection.

The programs shall include primary prevention efforts, secondary prevention efforts, and special initiatives.

The Commission for Health Services may adopt rules necessary to implement the programs.

State-level administrative costs for programs shall not exceed ten percent (10%) of the total funds.

In awarding grants, the Department of Health and Human Services shall target counties with the highest teen pregnancy rates, increasingly higher rates, high rates within demographic subgroups, or greatest need for parenting programs. Grants will be awarded on an annual basis.

Programs are not required to provide a cash match for these funds; however, the Department may require an in-kind match.

Local adolescent pregnancy prevention councils are encouraged but not required for program funding. State funds shall not be used for these activities.

The Department shall maintain the adolescent pregnancy prevention and adolescent parenting program database created for the program via contract and shall not continue to contract for database management, development, or analysis. Of the funds appropriated to the Department in this act, the Department shall not spend more than twenty-five thousand dollars ($25,000) to transition the database from the

contractor to the Department. The Department shall continue to collect and manage program data in order to conduct longitudinal studies in the future. Notwithstanding any other provision of law, the Department shall not continue to have the behavioral/attitudinal evaluation completed annually for all programs.

Of funds appropriated to the Department of Health and Human Services, the Department shall not spend more than twenty-five thousand dollars ($25,000) to complete the longitudinal adolescent parenting program evaluation. The Department shall not contract for additional evaluations or assessments of the adolescent pregnancy prevention program or the adolescent parenting program during the 2001-2002 fiscal year.

The Department of Health and Human Services shall plan an outcome-based evaluation of the adolescent pregnancy prevention programs. In doing so, the Department shall address how to properly evaluate all programs and may issue a request for proposals to select an organization that has expertise in this area to assist with this evaluation.

The Department shall report on activities conducted pursuant to this subsection to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by March 1, 2002.

SECTION 5.1.(s) The sum of three million dollars ($3,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used to expand after-school programs and services for at-risk children. The Department shall develop and implement a grant program to award grants to community-based programs that demonstrate the ability to reach children at risk of teen pregnancy and school dropout. The Department shall award grants to community-based organizations that demonstrate the ability to develop and implement linkages with local departments of social services, area mental health programs, schools, and other human services programs in order to provide support services and assistance to the child and family. These funds may be used to establish one position within the Division of Social Services to coordinate at-risk after-school programs and shall not be used for other State administration. The Department shall report no later than March 1, 2002, on its progress in complying with this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(t) The sum of seven million six hundred fifty-four thousand eight hundred forty-one dollars ($7,654,841) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2001-2002 fiscal year for Child Welfare Improvements shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families.

SECTION 5.1.(u) The sum of one million five hundred thousand dollars ($1,500,000) appropriated in this section in the Mental Health Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2001-2002 fiscal year and the sum of seven hundred thousand dollars ($700,000) appropriated in this section in the Substance Abuse Prevention and Treatment Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2001-2002 fiscal year shall be used to continue a

Comprehensive Treatment Services Program in accordance with Section 21.60 of this act.

SECTION 5.1.(v) The sum of two million dollars ($2,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for fiscal year 2001-2002 shall be used to support various child welfare training projects as follows:

(1) Provide a regional training center in southeastern North Carolina.
(2) Support the Masters Degree in Social Work/Baccalaureate Degree in Social Work Collaborative.
(3) Provide training for residential child care facilities.
(4) Provide for various other child welfare training initiatives.

SECTION 5.1.(w) The sum of nine million three hundred forty-seven thousand six hundred thirty-one dollars ($9,347,631) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services for a Cash Assistance Reserve may only be used for cash assistance payment if the funds appropriated in this act for cash assistance payments are not sufficient to pay Work First cash assistance in the 2001-2002 fiscal year. Prior to the use of these funds, the Office of State Budget and Management shall review all proposals for expenditure of these funds in order to ensure compliance with this subsection.

SECTION 5.1.(x) The sum of three million dollars ($3,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services for a Business Process Reengineering Project Reserve may only be used for the project if funds appropriated in this act for Business Process Reengineering are not sufficient to continue the project through the 2001-2002 fiscal year. Prior to the use of these funds, the Office of State Budget and Management shall review all proposals for expenditure of these funds in order to ensure compliance with this subsection.

SECTION 5.1.(y) If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

SECTION 5.1.(z) The sum of one million dollars ($1,000,000) appropriated under this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2001-2002 fiscal year for Domestic Violence Prevention and Awareness shall be used for grants to support initiatives by local domestic violence programs to prevent domestic violence. Prevention activities shall include efforts to reach under-served populations and shall be culturally sensitive and multilingual. The Department shall award grants to community-based organizations that demonstrate the ability to collaborate and coordinate services with other local human services agencies and organizations in order to serve children and families where domestic violence has occurred or is occurring. The Department shall report on the use of these funds no later than May 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(aa) The sum of six hundred six thousand three hundred sixty-four dollars ($606,364) appropriated in this section in the Social Services Block Grant and transferred to the Preventive Health Service Block Grant to the Department of Health and Human Services for the 2001-2002 fiscal year for HIV/AIDS Prevention Activities shall be used to create a position in the Office of the Secretary and to enhance activities for HIV/AIDS awareness and education. The position shall be responsible for all planning, programming, and budgeting for compliance with HIV/AIDS Prevention

Initiative, Section 21.18D of this act. These prevention activities shall be targeted to the general public and programs identified in HIV/AIDS Prevention Initiative, Section 21.18D of this act, and shall not be used to augment the current grant programs that target high-risk populations through the community-based organizations.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

NER BLOCK GRANT FUNDS

SECTION 5.2.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2002, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	$1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	13,200,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,000,000
08.	Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2002 Program Year		$45,000,000

SECTION 5.2.(b) Decreases in Federal Fund Availability. – Decreases in federal fund availability for the Community Development Block Grants. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION 5.2.(c) Increases in Federal Fund Availability for Community Development Block Grant. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION 5.2.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State administration; up to one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million two hundred thousand dollars ($13,200,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to two million dollars ($2,000,000) may be used for Housing Development; up to

five million one hundred forty thousand dollars ($5,140,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

SECTION 5.2.(e) Increase Capacity for Nonprofit Organizations. – Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

SECTION 5.2.(f) Study. – The Department of Commerce shall study the development of a training program designed to provide a minimum level of knowledge and skills for Community Development Block Grant administrators. In conducting the study, the Department shall consult the North Carolina League of Municipalities, the North Carolina Association of County Commissioners, the North Carolina Community Development Association, and the Institute of Government at the University of North Carolina at Chapel Hill. The Department may use unencumbered and unspent State Technical Assistance funds from previous program years to conduct the study. The Department shall report its findings to the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by February 1, 2002.

PART VI. GENERAL PROVISIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SPECIAL FUNDS, FEDERAL FUNDS, DEPARTMENTAL RECEIPTS, AND CASH BALANCES/AUTHORIZATION FOR EXPENDITURES

SECTION 6.1.(a) There is appropriated out of the cash balances, federal receipts, and departmental receipts available to each department, sufficient amounts to carry on authorized activities included under each department's operations. All these cash balances, federal receipts, and departmental receipts shall be expended and reported in accordance with provisions of the Executive Budget Act, except as otherwise provided by statute, and shall be expended at the level of service authorized by the General Assembly. If the receipts, other than gifts and grants that are unanticipated and are for a specific purpose only, collected in a fiscal year by an institution, department, or agency exceed the receipts certified for it in General Fund Codes or Highway Fund Codes, then the Director of the Budget shall decrease the amount he allots to that institution, department, or agency from appropriations from that Fund by the amount of the excess, unless the Director of the Budget finds that the appropriations from the Fund are necessary to maintain the function that generated the receipts at the level anticipated in the certified Budget Codes for that Fund.

Funds that become available from overrealized receipts in General Fund Codes and Highway Fund Codes may be used for new permanent employee positions or to raise the salary of existing employees only as follows:

(1) As provided in G.S. 116-30.1, 116-30.2, 116-30.3, 116-30.4; or

(2) If the Director of the Budget finds that the new permanent employee positions are necessary to maintain the function that generated the receipts at the level anticipated in the certified budget codes for that Fund. The Director of the Budget shall notify the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the chairmen of the appropriations committees of the Senate and the House of Representatives, and the Fiscal Research Division of the Legislative Services Office that he intends to make such a finding at

least 10 days before he makes the finding. The notification shall set out the reason the positions are necessary to maintain the function.

The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office within 30 days after the end of each quarter the General Fund Codes or Highway Fund Codes that did not result in a corresponding reduced allotment from appropriations from that Fund.

SECTION 6.1.(b) There is appropriated from the Reserve for Reimbursements to Local Governments and Shared Tax Revenues for each fiscal year an amount equal to the amount of the distributions required by law to be made from that reserve for that fiscal year.

SECTION 6.1.(c) The Director of the Budget shall develop necessary budget controls, regulations, and systems to ensure that these funds and other State funds subject to the Executive Budget Act are not spent in a manner that would cause a deficit in expenditures.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

INSURANCE AND FIDELITY BONDS

SECTION 6.2. All insurance and all official fidelity and surety bonds authorized for the several departments, institutions, and agencies shall be effected and placed by the Department of Insurance, and the cost of placement shall be paid by the affected department, institution, or agency with the approval of the Commissioner of Insurance.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CONTINGENCY AND EMERGENCY FUND ALLOCATIONS

SECTION 6.3.(a) Funds in the amount of five million dollars ($5,000,000) for the 2001-2002 fiscal year and five million dollars ($5,000,000) for the 2002-2003 fiscal year are appropriated in this act to the Contingency and Emergency Fund. Of the funds:

(1) The sum of three million eight hundred seventy-five thousand dollars ($3,875,000) for the 2001-2002 fiscal year and the sum of three million eight hundred seventy-five thousand dollars ($3,875,000) for the 2002-2003 fiscal year shall be used only to respond to an unanticipated disaster such as a fire, hurricane, or tornado;

(2) The sum of nine hundred thousand dollars ($900,000) for the 2001-2002 fiscal year and the sum of nine hundred thousand dollars (900,000) for the 2002-2003 fiscal year shall be used only (i) for the purposes set out in subdivision (1) of this subsection, (ii) as required by a court, Industrial Commission, or administrative hearing officer's order or award, or (iii) to match unanticipated federal funds; and

(3) The sum of two hundred twenty-five thousand dollars ($225,000) for the 2001-2002 fiscal year and the sum of two hundred twenty-five thousand dollars ($225,000) for the 2002-2003 fiscal year shall be used for the purposes set out in subdivisions (1) and (2) of this subsection or for other allocations from the Contingency and Emergency Fund.

SECTION 6.3.(b) Funds appropriated to the Contingency and Emergency Fund shall not be used to lease office space unless the expenditure is for a purpose set out in subdivisions (1) or (2) of subsection (a) of this section.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

AUTHORIZED TRANSFERS FROM SALARY ADJUSTMENT RESERVES

SECTION 6.4. The Director of the Budget may transfer to General Fund budget codes from the General Fund Salary Adjustment Reserves appropriation and may transfer to Highway Fund budget codes from the Highway Fund Salary Adjustment Reserve appropriation, amounts required to support approved salary adjustments made necessary by difficulties in recruiting and holding qualified employees in State government. The funds may be transferred only when salary reserve funds in individual operating budgets are not available.

The Director of the Budget shall report to the Fiscal Research Division prior to approving salary adjustments and transferring funds pursuant to this section.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXPENDITURES OF FUNDS IN RESERVES LIMITED

SECTION 6.5. All funds appropriated by this act into reserves may be expended only for the purposes for which the reserves were established.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

STATE MONEY RECIPIENTS/CONFLICT OF INTEREST POLICY

SECTION 6.6. Each private, nonprofit entity eligible to receive State funds, either by General Assembly appropriation, or by grant, loan, or other allocation from a State agency, before funds may be disbursed to the entity, shall file with the disbursing agency a notarized copy of that entity's policy addressing conflicts of interest that may arise involving the entity's management employees and the members of its board of directors or other governing body. The policy shall address situations in which any of these individuals may directly or indirectly benefit, except as the entity's employees or members of the board or other governing body, from the entity's disbursing of State funds, and shall include actions to be taken by the entity or the individual, or both, to avoid conflicts of interest and the appearance of impropriety.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

DISBURSEMENTS TO NONPROFITS

SECTION 6.7. G.S. 143-26 reads as rewritten:

"**§ 143-26. Director to have discretion as to manner of paying annual appropriations.**

(a) ~~Unless otherwise provided,~~ Except as provided in subsection (b) of this section or as otherwise provided by law, it shall be discretionary with the Director of the Budget whether any annual appropriation shall be paid in monthly, quarterly or semiannual installments or in a single payment.

(b) Except as otherwise provided by law, an annual appropriation of one hundred thousand dollars ($100,000) or less to or for the use of a nonprofit corporation shall be paid in a single annual payment. An annual appropriation of more than one hundred thousand dollars ($100,000) to or for the use of a nonprofit corporation shall be paid in quarterly or monthly installments, in the discretion of the Director of the Budget."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

BUDGETING OF PILOT PROGRAMS

SECTION 6.8.(a) Any program designated by the General Assembly as experimental, model, or pilot shall be shown as a separate budget item and shall be considered as an expansion item until a succeeding General Assembly reapproves it.

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

SECTION 6.8.(b) The Governor shall submit to the General Assembly with his proposed budget a report of which items in the proposed budget are subject to the provisions of this section.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

APPROPRIATIONS EFFICIENCY REVIEW

SECTION 6.9. The Appropriations Committees of the Senate and House of Representatives shall convene at least once a month during the interim period between the 2001 General Assembly and the 2002 Regular Session of the 2001 General Assembly to study the structure, duties, and functions of the various agencies and programs of State government. The review by the Appropriations Committees shall focus on ways to ensure that State government functions efficiently and to generate cost savings to the citizens of the State. The Appropriations Committees shall apply zero-base budgeting principles in evaluating the fiscal functions and funding needs of State agencies. The Appropriations Committees shall consider the recommendations of the Governor's Efficiency Commission and shall evaluate the feasibility of consolidating, eliminating, transferring, or privatizing certain State programs, operations, or entities where there is duplication of services or functions or where the functions being performed are not cost-effective.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

LIMITATIONS ON AGENCY LEGISLATIVE LIAISON

SECTION 6.10. Article 9A of Chapter 120 of the General Statutes is amended by adding the following new section to read:

"**§ 120-47.12. Limitations on agency legislative liaisons.**

No principal State department may use State funds to contract with persons who are not employed by the State to serve as legislative liaisons or otherwise lobby the General Assembly."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

RESERVE TO IMPLEMENT THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

SECTION 6.11.(a) Funds in the amount of ten million dollars ($10,000,000) are appropriated in this act to the Reserve to Implement HIPAA. This reserve shall be located in the Office of State Budget and Management.

SECTION 6.11.(b) The federal Health Insurance Portability and Accountability Act (HIPAA) was enacted in 1996 and set many goals for the health care industry. The act's primary purpose is to protect health insurance coverage for workers and their families when workers change or lose jobs. This new protection requires major administrative changes for health care programs. The most comprehensive changes include: (i) moving from paper-based transactions to electronic transactions, (ii) establishing national identifiers for providers, payers, and employers, and (iii) upgrading security and privacy of health care information. Failure to implement HIPAA requirements may result in denied or delayed reimbursements and severe civil and criminal penalties.

SECTION 6.11.(c) The Office of State Budget and Management, in consultation with the State Chief Information Officer and the Secretary of Health and Human Services, shall develop a strategic plan to implement the requirements outlined in HIPAA. Specifically, the plan shall:

(1) Identify and document all requirements outlined in the federal HIPAA legislation as they relate to State agencies;

(2) Include an assessment of the State's existing administrative systems, policies, and information technology systems, as they relate to the requirements of HIPAA;

(3) Include a timeline for implementing all necessary administrative, policy, and technology changes to ensure compliance; and

(4) Provide a detailed cost and cash flow analysis for each State agency subject to compliance. The analysis shall include personnel requirements, information technology equipment needs, and other operating and start-up expenses needed to implement HIPAA requirements.

SECTION 6.11.(d) The Office of State Budget and Management shall report on the strategic plan developed pursuant to this section to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Information Technology, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division by October 1, 2001.

SECTION 6.11.(e) Funds spent to implement this section shall not exceed one million five hundred thousand dollars ($1,500,000) until the Office of State Budget and Management reports to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Information Technology, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division on actual and proposed expenditures and actual and projected monthly cash requirements for the 2001-2002 fiscal year and beyond. After making this report, the Office of State Budget and Management shall report quarterly on its progress in implementing this section to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Information Technology, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ATTORNEY GENERAL REPORTING OF PENDING LAWSUITS

SECTION 6.13.(a) Article 1 of Chapter 114 is amended by adding a new section to read:

"**§ 114-2.6. Attorney General to report on pending lawsuits in which State is a party.**

By April 1 and October 1 of each year, the Attorney General shall submit a written report to the Chairs of the Joint Legislative Commission on Governmental Operations, the Chairs of the Appropriations Committees of the Senate and House of Representatives, the Chairs of the Finance Committees of the Senate and House of Representatives, and the Fiscal Research Division of the Legislative Services Office on all pending lawsuits against the State and the status of those lawsuits. In addition, the Attorney General shall submit a written report to the Joint Legislative Commission on Governmental Operations, the Chairs of the Appropriations Committees of the Senate and House of Representatives, the Chairs of the Finance Committees of the Senate and House of Representatives, and the Fiscal Research Division of the Legislative Services Office within 30 days of a final judgment that orders the State to pay the sum of one million dollars ($1,000,000) or more."

SECTION 6.13.(b) This section becomes effective April 1, 2002.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PRIVATE LICENSE PLATES ON PUBLICLY OWNED MOTOR VEHICLES

SECTION 6.14.(a) Pursuant to the provisions of G.S. 14-250, for the 2001-2003 fiscal biennium, the General Assembly authorizes the use of private license tags on State-owned motor vehicles only for the State Highway Patrol and for the following:

Department	Exemption Category	Number

Motor Vehicles	License and Theft	97
Justice	SBI Agents	277
Correction	Probation/Parole Surveillance Officers (intensive probation)	25
Crime Control and Public Safety	ALE Officers	92
Revenue		24
Capitol Area Police		2
Wildlife Resources Commission	Wildlife Enforcement Officers	12.

SECTION 6.14.(b) The 92 ALE vehicles authorized by this section to use private license tags shall be distributed as follows:

(1) 54 among Agent I officers;
(2) 20 among Agent II officers;
(3) 1 to the Deputy Director;
(4) 12 to the District Offices/Extra Vehicles; and
(5) 5 to the Director, to be distributed at the Director's discretion.

SECTION 6.14.(c) Except as provided in this section, all State-owned motor vehicles shall bear permanent registration plates issued under G.S. 20-84.

SECTION 6.14.(d) G.S. 14-250 reads as rewritten:

"**§ 14-250. Publicly owned vehicle to be marked.**

It shall be the duty of the executive head of every department of the State government, and of any county, or of any institution or agency of the State, to have painted on every motor vehicle owned by the State, or by any county, or by any institution or agency of the State, a statement that such car belongs to the State or to some county, or institution or agency of the State. Provided, however, that no automobile used by any municipal or county officer or municipal or county official for the purpose of transporting, apprehending or arresting persons charged with violations of the laws of the State of North Carolina, shall be required to be lettered. Provided, further, that in lieu of the above method of marking motor vehicles owned by any agency or department of the State government, it shall be deemed a compliance with the law if such vehicles have imprinted on the license tags thereof, above the license number, the words "State Owned" and that such vehicles have affixed to the front thereof a plate with the statement "State Owned". Provided, further, that in lieu of the above method of marking vehicles owned by any county, it shall be deemed a compliance with the law if such vehicles have painted or affixed on the side thereof a circle not less than eight inches in diameter showing a replica of the seal of such county. Provided, further, that no county-owned motor vehicle used for transporting day or residential facility clients of area mental health, developmental disabilities, and substance abuse authorities established under Article 4 of Chapter 122C of the General Statutes shall be required to be lettered; provided, further, notwithstanding this sentence, each vehicle shall bear the distinctive permanent registration plate pursuant to G.S. 20-84. Provided, further, that in lieu of the above method of marking vehicles owned by the State and permanently assigned to members of the Council of State, it shall be deemed a compliance with the law if such vehicles have imprinted on the license tags thereof the license number assigned to the appropriate member of the Council of State pursuant to ~~G.S. 20-81(4);~~G.S. 20-79.5, a member of the Council of State shall not be assessed any registration fee if he elects to have a State-owned motor vehicle assigned to him designated by his official plate number.

The General Assembly recognizes the need to allow the limited use of private license plates on publicly owned vehicles, and may authorize exemptions from the provisions of this section for each fiscal year. Each agency shall submit requests for private tags to the Division of Motor Fleet Management of the Department of Administration. The Division shall report the requests to the Appropriations Committees of the General Assembly by June 1. The total number of private license plates authorized by the General Assembly for each agency is inclusive of all confidential license plates issued to the agency pursuant to G.S. 20-56 and all fictitious license plates issued to the agency pursuant to G.S. 20-39(g) and G.S. 20-39(h).

For purposes of this section, the term "private license plate" refers to a license plate that would normally be issued to a private party and therefore lacks any markings indicating that it has been assigned to a publicly owned vehicle. "Confidential" license plates are a specialized form of private license plate for which a confidential registration has been authorized under G.S. 20-56. "Fictitious" license plates are a specialized form of private license plate for which a fictitious registration has been issued under G.S. 20-39(g) or G.S. 20-39(h)."

SECTION 6.14.(e) G.S. 20-39 reads as rewritten:

"**§ 20-39. Administering and enforcing laws; rules and regulations; agents, etc.; seal; fees; licenses and plates for undercover officers.**

(a) The Commissioner is hereby vested with the power and is charged with the duty of administering and enforcing the provisions of this Article and of all laws regulating the operation of vehicles or the use of the highways, the enforcement or administration of which is now or hereafter vested in the Division.

(b) The Commissioner is hereby authorized to adopt and enforce such rules and regulations as may be necessary to carry out the provisions of this Article and any other laws the enforcement and administration of which are vested in the Division.

(c) The Commissioner is authorized to designate and appoint such agents, field deputies, and clerks as may be necessary to carry out the provisions of this Article.

(d) The Commissioner shall adopt an official seal for the use of the Division.

(e) The Commissioner is authorized to cooperate with and provide assistance to the Environmental Management Commission, or appropriate local government officials, and to develop, adopt, and ensure enforcement of necessary rules and regulations, regarding programs of motor vehicle emissions inspection/maintenance required for areas in which ambient air pollutant concentrations exceed National Ambient Air Quality Standards.

(f) The Commissioner is authorized to charge and collect the following fees for the verification of equipment to be used on motor vehicles or to be sold in North Carolina, when that approval is required pursuant to this Chapter:

(1) When a federal standard has been established, the fee shall be equal to the cost of verifying compliance with the applicable federal standard; or

(2) When no federal standard has been established, the fee shall be equal to the cost of verifying compliance with the applicable State standard. Any motor vehicle manufacturer or distributor who is required to certify his products under the National Traffic and Motor Vehicle Safety Act of 1966, as from time to time amended, may satisfy the provisions of this section by submitting an annual written certification to the Commissioner attesting to the compliance of his vehicles with applicable federal requirements. Failure to comply with the certification requirement or failure to meet the federal standards will subject the manufacturer or distributor to the fee requirements of this subsection.

(g) The Commissioner, notwithstanding any other provision of this Chapter, but subject to the limitations on private license plates established by the General Assembly under G.S. 14-250, may lawfully to the extent necessary provide law-enforcement officers of the Division on special undercover assignments with motor vehicle operator's licenses and motor vehicle registration plates under assumed names using false or fictitious addresses. The Commissioner shall be responsible for the request for issuance and use thereof. The Commissioner may direct the immediate return of any operator's license or registration plate issued pursuant to this section.

(h) The Commissioner, notwithstanding any other provision of this Chapter, but subject to the limitations on private license plates established by the General Assembly under G.S. 14-250, may lawfully and to the extent necessary, provide local, State or federal law-enforcement officers on special undercover assignments with motor vehicle drivers licenses and motor vehicle registration plates under assumed names using false or fictitious addresses. Such registration plates shall only be used on publicly owned or leased ~~vehicles.~~ vehicles and shall not be used on privately owned vehicles under any circumstances. Requests for these licenses and registration plates shall be made to the Commissioner by the head of the local, State or federal law-enforcement agency and be accompanied by approval in writing from the Director of the State Bureau of Investigation upon a specific finding by the Director that the request is justified and necessary. The Director shall keep a record of all such licenses, registration plates, assumed names, false or fictitious addresses, and law-enforcement officers using the licenses or registration plates, and shall request the immediate return of any license or registration plate that is no longer necessary. Licenses and registration plates provided under this subsection shall expire six months after initial issuance or subsequent validation after the request for extension has been approved in writing by the Director of the State Bureau of Investigation. The head of the local, State or federal law-enforcement agency shall be responsible for the use of the licenses and registration plates and shall return them immediately to the Commissioner for cancellation upon either (i) their expiration, (ii) request of the Director of the State Bureau of Investigation, or (iii) request of the Commissioner. Failure to return a license or registration plates issued pursuant to this subsection shall be punished as a Class 2 misdemeanor. At no time shall the number of valid licenses and registration plates issued under this act exceed one hundred twenty-five, and those issued shall be strictly monitored by the Director. All of the private registration plates issued to special agents of the State Bureau of Investigation under the Department of Justice and to alcohol law enforcement agents under the Department of Crime Control and Public Safety, pursuant to G.S. 14-250, may be fictitious plates and shall not be counted in the total number of fictitious plates authorized by this subsection.

(i) Notwithstanding the requirements of G.S. 20-7.1 and G.S. 20-67(a), the Commissioner may correct the address records of drivers license and registration plate holders as shown in the files of the Division to that shown on notices and renewal cards returned to the Division with new addresses provided by the United States Postal Service.

(j) The Commissioner shall administer the issuance of private plates to State-owned vehicles under the provisions of G.S. 14-250, G.S. 20-56, and subsections (g) and (h) of this section to ensure that the limitations placed on the issuance of private license plates by the General Assembly are complied with, that confidential and fictitious license plates are not used on private vehicles, that confidential plates are issued only to those persons whose personal safety is demonstrably at risk, and that all other laws governing the issuance of private license plates are strictly complied with."

SECTION 6.14.(f) G.S. 20-56 reads as rewritten:

"**§ 20-56. Registration indexes.**

(a) The Division shall file each application received, and when satisfied as to the genuineness and regularity thereof, and that the applicant is entitled to register such vehicle and to the issuance of a certificate of title, shall register the vehicle therein described and keep a record thereof as follows:

(1) Under a distinctive registration number assigned to the vehicle;
(2) Alphabetically, under the name of the owner;
(3) Under the motor number or any other identifying number of the vehicle; and
(4) In the discretion of the Division, in any other manner it may deem advisable.

(b) The Division ~~shall~~ may maintain a separate registration file for vehicles bearing private tags which are owned or leased for use by individuals who comply with the provisions of this subsection and who are in the following categories:

(1) Members of federal, State, and local law enforcement agencies if the vehicles are used for the purpose of transporting, apprehending, or arresting persons charged with violations of the laws of the United States or the State of North Carolina;
(2) Agents for the Internal Revenue Service;
(3) Public officials.

Individuals in the aforementioned categories ~~must provide satisfactory evidence~~ shall demonstrate to the ~~Commissioner~~ Director of the State Bureau of Investigation that their personal safety is at ~~risk.~~ risk and provide details supporting that claim. The fact that a person is a law enforcement officer is not sufficient by itself to establish that the person's safety is at risk. The Commissioner shall adopt strict verification procedures to ensure the integrity of the registration system. This file shall be confidential for the use of the Division.

Upon the annual renewal of the registration of a vehicle for which a confidential file has been established under this section, the information placed in that file shall lose its confidential status unless the Commissioner is supplied with information demonstrating that the person's safety remains at risk at the time of renewal.

Private tags issued pursuant to this section are subject to the limitations on private license plates established by the General Assembly under G.S. 14-250 and shall not be placed on privately owned vehicles under any circumstances. The number of confidential license plates issued under this section shall not exceed 500 at any time unless the Commissioner finds that exceptional circumstances exist that justify exceeding that number."

SECTION 6.14.(g) The Division of Motor Vehicles shall report to the Joint Legislative Commission on Governmental Operations by January 1 and July 1 of each year on the number of private plates issued to State-owned vehicles. The report shall show the total number of private plates issued to each agency, the total number of confidential plates issued to each agency, the total number of fictitious plates issued to each agency, and any additional information necessary for an assessment of the agency's compliance with G.S. 14-250.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

FUND SALARIES AND RELATED EMPLOYER CONTRIBUTIONS AT LESS THAN 100% OF BUDGETED REQUIREMENTS

SECTION 6.15.(a) The purpose of the Payroll Turnover Adjustment reduction set out in Section 2.1 of this act is to adjust the amount of funds appropriated to the General Fund for State-paid salaries and wages to more accurately reflect actual salary and wage requirements for full-time and part-time State-paid personnel. The Office of State Budget and Management shall allocate to State departments and agencies funds necessary to support salaries and wages and related employer

contributions for social security and retirement at an average rate of ninety-eight and one-half percent (98.5%) of budgeted requirements for salaries and related employer contributions. The provisions of this subsection do not apply to salary and related employer contributions funded by the State for the Public School System and the North Carolina Community Colleges System.

SECTION 6.15.(b) The provisions of G.S. 143-23 shall not apply to overexpenditures of funds other than salary funds that are necessary to implement this section. Funds other than salary funds shall not be used to offset expenditures of salary funds for new personnel positions or to reclassify or otherwise increase the salary of existing employees.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXTEND THE COMMISSION TO ADDRESS SMART GROWTH, GROWTH MANAGEMENT, AND DEVELOPMENT ISSUES

SECTION 6.16. Section 16.7(g) of S.L.1999-237 reads as rewritten:

"Section 16.7.(g) Report. – The Commission shall submit an interim report to the 2000 Regular Session of the 1999 General Assembly and shall submit a final report of its findings and recommendations by ~~January 15, 2001,~~September 1, 2001, to the General Assembly, the Governor, and the citizens of the State. The report may include recommendations to (i) enact and implement a program of comprehensive planning, supportive infrastructure development, and growth management and (ii) address the issue of continued oversight of growth and development in the State, including whether a permanent commission should be established. The Commission shall terminate upon filing its final report."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

MASTERS LEVEL INTERNSHIPS IN STATE AGENCIES

SECTION 6.17. Each State department, agency, and institution may establish paid internships for recent graduates of in-State Masters of Public Administration and Masters of Public Policy programs in an effort to attract and retain qualified State employees.

Requested by: Representative Easterling, Oldham, Redwine, Thompson

APPLICATION OF TORT CLAIMS ACT TO BUS DRIVERS

SECTION 6.18.(a) G.S. 143-300.1(d) reads as rewritten:

"(d) Except as otherwise provided in this subsection, the ~~The~~ Attorney General ~~may~~ may, upon the request of an employee or former employee, defend any civil action brought against the driver, transportation safety assistant, or monitor of a public school bus or school transportation service vehicle or school bus maintenance mechanic when the driver or mechanic is employed and paid by the local school administrative unit, when the monitor is acting in accordance with G.S. 115C-245(d), when the transportation safety assistant is acting in accordance with G.S. 115C-245(e), or when the driver is an unpaid school bus driver trainee under the supervision of an authorized employee of the Department of Transportation, Division of Motor Vehicles, or an authorized employee of a county or city board of education or administrative unit. The Attorney General may afford this defense through the use of a member of his staff or, in his discretion, employ private counsel. The Attorney General is authorized to pay any judgment rendered in the civil action not to exceed the limit provided under the Tort Claims Act. The funds necessary to cover the first one hundred fifty thousand dollars ($150,000) of liability per claim shall be made available from funds appropriated to the State Board of Education. The balance of any liability owed shall be paid in accordance with G.S. 143-299.4. The Attorney General may compromise and settle any claim covered by this section to the extent that he finds the same to be valid, up to the limit

provided in the Tort Claims Act, provided that the authority granted in this subsection shall be limited to only those claims that would be within the jurisdiction of the Industrial Commission under the Tort Claims Act.

The Attorney General shall refuse to provide for the defense of a civil action or proceeding brought against an employee or former employee on the grounds set out in G.S. 143-300.4."

SECTION 6.18.(b) Of the funds appropriated to the State Board of Education in Section 2 of this act, the sum of two hundred fifty thousand dollars ($250,000) for the 2001-2002 fiscal year and the sum of two hundred fifty thousand dollars ($250,000) for the 2002-2003 fiscal year shall be used to implement subsection (a) of this section.

PART VII. DEPARTMENT OF ADMINISTRATION

Requested by: Representatives Jeffus, Sherrill, Walend, Easterling, Oldham, Redwine, Thompson

VETERANS' SCHOLARSHIP PROGRAM

SECTION 7.1.(a) G.S. 165-20(3) reads as rewritten:

"**§ 165-20. Definitions.**

As used in this Article the terms defined in this section shall have the following meaning:

...

(3) "Child" means a ~~person~~ person: (i) who is a domiciliary of North Carolina and is a resident of North Carolina when applying for a scholarship, (ii) who is a senior in high school or its equivalent and who will graduate at the end of the academic year or a person who has completed high school or its ~~equivalent prior to receipt of a scholarship as may be awarded under this Article,~~ equivalent, (iii) who has complied with the requirements of the Selective Service System, if applicable, and (iv) who further meets one of the following requirements:

a. A person whose veteran parent was a legal resident of North Carolina at the time of said veteran's entrance into that period of service in the armed forces during which eligibility is established under G.S. 165-22.

b. A veteran's child who was born in North Carolina and has lived in North Carolina continuously since birth. Provided, that the requirement in the preceding sentence as to birth in North Carolina may be waived by the Department of Administration if it is shown to the satisfaction of the Department that the child's mother was a native-born resident of North Carolina and was such resident at the time of her marriage to the veteran and was outside the State temporarily at the time of the child's birth, following which the child was returned to North Carolina within a reasonable period of time where said child has since lived continuously.

c. A person meeting either of the requirements set forth in subdivision (3)a or b above, and who was legally adopted by the veteran prior to said person's reaching the age of 15 years."

SECTION 7.1.(b) G.S. 165-21 reads as rewritten:

"**§ 165-21. Scholarship.**

(a) A scholarship granted pursuant to this Article shall consist of the following benefits in either a State or private educational institution:

(1) With respect to State educational institutions, unless expressly limited elsewhere in this Article, a scholarship shall consist of:
a. Tuition,
b. A reasonable board allowance,
c. A reasonable room allowance,
d. Matriculation and other institutional fees required to be paid as a condition to remaining in said institution and pursuing the course of study selected, excluding charges or fees for books, supplies, tools and clothing.

(2) With respect to private educational institutions, a scholarship shall consist of a monetary allowance as prescribed in G.S. 165-22.1(d).

(3) Only one scholarship may be granted pursuant to this Article with respect to each child and it shall not extend for a longer period than four academic years, which years, however, need not be consecutive.

(4) No educational assistance shall be afforded a child under this Article after the end of a 10-year period beginning on the date the scholarship is first awarded. Those persons who have been granted a scholarship under this Article prior to the effective date of this act shall be entitled to the remainder of their period of scholarship eligibility if used prior to August 1, 1999. Whenever a child is enrolled in an educational institution and the period of entitlement ends while enrolled in a term, quarter or semester, such period shall be extended to the end of such term, quarter or semester, but not beyond the entitlement limitation of four academic years."

(b) If a child is awarded a scholarship under this Article and the child is a senior in high school or its equivalent, then the scholarship shall be awarded pending the graduation of the child."

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson, Gibson

MODIFICATIONS TO THE STATE EMPLOYEE INCENTIVE BONUS PROGRAM

SECTION 7.2.(a) G.S. 143-340(1) reads as rewritten:

"(1) To establish the State Employee Incentive Bonus Program pursuant to Article 36A of this Chapter, with the authority to adopt all rules necessary to implement the program. The Secretary shall serve ex officio on all program committees and shall designate an executive secretary to administer the program."

SECTION 7.2.(b) G.S. 143-345.20 reads as rewritten:

"**§ 143-345.20. Definitions.**

The following definitions apply in this Article:

(1) Baseline reversion. – The two-year historical average of reversions by a State department, agency, or institution.

~~(2) Employing unit. – Any of the following:~~

~~a. The principal Council of State office or department enumerated in G.S. 143A-11 for which a State employee works.~~

~~b. The principal State department enumerated in G.S. 143B-6 for which a State employee works.~~

~~c. The constituent institution of The University of North Carolina or the General Administration of The University of North Carolina for which a State employee works.~~

~~d. The local school administrative unit for which a State employee works.~~

~~e. The board, commission, or agency and its staff for which a State employee works, if that agency is not organizationally housed in any of the other offices, departments, or institutions listed in this subdivision.~~

(2a) Participating agency. – Any State department, agency, or institution, or any local school administrative unit that employs State employees eligible to participate in the State Employee Incentive Bonus Program. The term includes the North Carolina Community Colleges System, The University of North Carolina and its constituent institutions, and charter schools. The term does not include federal or local government agencies.

(2b) SEIBP. – Acronym for the State Employee Incentive Bonus Program.

(3) State employee. – Any of the following:

a. A person who is a contributing member of the Teachers' and State Employees' Retirement System of North Carolina, the Consolidated Judicial Retirement System of North Carolina, or the Optional Program.

b. A person who receives wages from the State as a part-time or temporary worker, but is not otherwise a contributing member of one of the retirement programs listed in sub-subdivision a. of this subdivision."

SECTION 7.2.(c) G.S. 143-345.21 reads as rewritten:

"**§ 143-345.21. State employee incentive bonus.**

(a) A State employee or team of State employees may receive an incentive bonus or bonuses in reward for suggestions or innovations resulting in monetary savings to the State, increased revenues to the State, or improved quality of services delivered to the public.

~~(b) In addition to any bonuses paid directly to individual State employees, a portion of the cost savings associated with any savings realized from permanent efficiencies implemented pursuant to this Article may be contributed to a reserve fund for State employee performance bonuses. Funds for State employee incentive bonuses shall only come from savings including reversions above the baseline reversion of the employing State department, agency, or institution.~~

(b1) The amount of savings generated by suggestions and innovations shall be determined after a 12-month period of implementation. No incentive bonus shall be paid prior to the expiration of 12 months, and payment may be delayed further as reasonably required to ensure that a complete cost implementation cycle is evaluated fully.

(c) ~~Savings generated by suggestions and innovations shall be determined at the end of the fiscal year in which the suggestion or innovation is implemented or the determination may be carried over for one full fiscal year after implementation before making an award if the actual savings cannot be verified before the end of the fiscal year.~~ Any savings are to be calculated using the actual expenditures for a program, activity, or service compared to the budgeted amount for the same, if an amount has been budgeted for the program, activity, or service. The savings calculation shall include the amount of any reversions in excess of the baseline reversion. ~~The savings or revenue increases realized from any suggestion or innovation implemented for less than one full fiscal year shall be annualized.~~ Any savings realized through the State Employee Incentive Bonus Program shall be weighed against continued service to the ~~public.~~public and the assurance that there is not a negative impact on State programs.

(d) If a suggestion or innovation affects a program, activity, or service for which no separate budgeted amount has been made, the State Coordinator, in conjunction with the agency evaluator or agency fiscal officer, or both for that suggestion or innovation, shall determine the budgetary impact of the suggestion or innovation.

(e) Federal and local government funds and corporate and foundation grant funds are excluded from the SEIBP.

(f) The Department of Administration shall establish the SEIBP reserve fund in which all savings for all suggestions shall be deposited as earned. Each participating agency shall be responsible for transferring savings to the SEIBP reserve fund. The funds may be encumbered as needed to ensure payment to the General Fund, to the suggester, and for distribution as required by G.S. 143-345.22. The Department of Administration shall provide the SEIBP reserve fund summary at the close of each fiscal year to the Office of State Budget and Management and to the participating agencies. The Office of State Budget and Management shall have oversight responsibility for ensuring that the required reversions and transfers are made to the General Fund, and that all encumbered funds are accounted for and paid as required by law.

(g) No distribution of suggester awards shall occur until reversion requirements to the General Fund are met and distributions as required by G.S. 143-345.22 are satisfied and verified by the Office of State Budget and Management. When all of the requirements of G.S. 143-345.22 are fulfilled, the Department of Administration shall transfer to the suggester's agency funds required to award the suggester. The suggester's agency shall make the suggestion award and ensure that all taxes and withholding requirements are met.

(h) Implementation costs may be prorated over a maximum of three years for suggestions or innovations that are capital intensive, involve leading-edge technology, or involve unconventional processes that require longer than 12 months for implementation. The amount of the average annual savings minus the average annual implementation cost shall be used as the basis for the agency to recommend a suggester award. The State Review Committee shall consult the Office of State Budget and Management to make the final award determination in these cases.

(i) There is established in the Department of Administration a nonreverting fund to be administered by the Office of State Personnel for the training and education of permanent State employees to address specific mission critical needs and objectives. Funds shall be credited from the SEIBP to the fund as provided by this Article."

SECTION 7.2.(d) G.S. 143-345.22 reads as rewritten:

"**§ 143-345.22. Allocation of incentive bonus funds; nonmonetary recognition.**

(a) If a State employee's suggestion or innovation results in a monetary savings or increased revenue to the State, the funds saved or increased shall be distributed according to the following scale or subject to guidelines as set forth by the funding source:

(1) Twenty percent (20%) of the annualized savings or increased revenues, up to a maximum of twenty thousand dollars ($20,000) for any one State employee, to constitute gainsharing. If a team of State employees is the suggester, the bonus provided in this subdivision shall be divided equally among the team members, except that no team member ~~may~~ shall receive in excess of twenty thousand dollars ($20,000), nor ~~may~~ shall the team receive an aggregate amount in excess of one hundred thousand dollars ($100,000). These funds shall not revert.

(2) Thirty percent (30%) ~~for all current employees in the work unit, as designated by the agency head, of the employing unit of the suggester.~~ allocated as follows:

a. Ten percent (10%) to the implementing agency for nonrecurring budget items to be used (i) by the implementing agency to provide equipment, supplies, training, and limited but appropriate recognition for the division, section, or group

responsible for the implementation of the cost-saving measure and (ii) to meet other similar needs within the agency.

b. Ten percent (10%) to the Department of Administration for augmenting funding for the management and administration of the SEIBP. These funds shall not revert.

c. Ten percent (10%) to the State employee education and training fund administered by the Office of State Personnel under G.S. 143-342.21(i). These funds shall not revert.

(3) The remainder to the General Fund for nonrecurring budget items.

(a1) Of the pool of funds identified in subsection (a) of this section, only the General Fund appropriations shall be subject to reversion, except during declared budget emergencies. Under nonemergency budget conditions, SEIBP funds arising from savings at The University of North Carolina, the North Carolina Community Colleges System, the Highway Trust Fund, enterprise funds, and receipt-supported organizations shall be exempt from the General Fund reversion requirements.

(b) The budget of a State agency shall not be reduced in the following fiscal year by an amount similar to the monetary savings or increased revenues realized by the State Employee Incentive Bonus Program. The agency budget shall be reduced in subsequent years only if structural or organizational changes are made that warrant the reductions, including the transfer of responsibility for an activity or service to another agency or the elimination of some function of State government.

(c) If a suggestion or innovation results in improved quality of services to the public or to other State agencies, departments, and institutions, but not in monetary savings to the State, the suggester shall receive a nonmonetary award in the form of a certificate, leave with pay, or other similar recognition."

SECTION 7.2.(e) G.S. 143-345.23 reads as rewritten:

"**§ 143-345.23. Suggestion and review process; role of agency coordinator and agency evaluator.**

(a) The process for a State employee or team of State employees to submit a cost-saving or revenue-increasing proposal shall begin ~~by~~ with the employee or team of employees submitting the suggestion or innovation to an agency ~~coordinator designated by the State department, agency, or institution impacted by the suggestion or innovation.~~coordinator. The agency coordinator, in conjunction with an agency evaluator, shall review the suggestion or innovation for submission to the State Review Committee established in ~~G.S. 143-345.14.~~G.S. 143-345.24.

(b) An agency coordinator shall be appointed by the head of each participating agency to serve as liaison between the agency, the suggester, the agency evaluator, and the SEIBP office. The duties of the agency coordinator shall include:

(1) Serving as an information source and maintaining sufficient forms necessary to submit suggestions.

(2) ~~Responsibility for presenting,~~ Presenting, in conjunction with the agency evaluator, the ~~plan of implementation for a suggestion or innovation~~ recommendation for an award to the State Review Committee.

(3) Working in conjunction with the agency evaluator ~~designated by the Agency Coordinator for~~ to process a particular suggestion or ~~innovation.~~innovation within 180 days, except when there are extenuating circumstances.

An agency may have more than one coordinator if required to provide sufficient services to State employees.

(c) An agency evaluator shall be designated by the management of the implementing agency to evaluate one or more suggestions. The duties of an agency evaluator shall include:

(1) ~~Reviewing~~ Receiving from the agency coordinator and reviewing within 90 days, when possible, the feasibility and effectiveness of cost-saving or revenue-increasing measures suggested by State employees.
(2) Being knowledgeable of the subject program, activity, or service.
(3) Determining, in conjunction with the agency fiscal officer, the budgetary impact of a suggestion or innovation.
(4) Judging impartially both the positive and negative effects of a suggestion or innovation on the current functions of the subject program, activity, or service.

~~The specific assignments of the agency evaluator shall be determined by the agency coordinator.~~

(d) The ~~State Coordinator~~ executive secretary shall be responsible for general oversight and coordination of the State Employee Incentive Bonus Program. The State ~~Coordinator~~ coordinator shall be ~~a State~~ an employee ~~working in~~of the Department of Administration. The State coordinator shall be responsible for day-to-day SEIBP program management and administration of the technical aspects of the program. The State coordinator shall be an ex officio voting member of the State Review Committee."

SECTION 7.2.(f) G.S. 143-345.24 reads as rewritten:

"**§ 143-345.24. Incentive Bonus Review Committee.**

(a) The Incentive Bonus Review Committee, hereinafter "State Review Committee", shall consist of nine members, as follows:
(1) The State Coordinator.
(2) A representative of the Office of State Budget and Management.
(3) A representative of the Office of State Personnel.
(4) A representative of The University of North Carolina.
(5) A representative of the Department of Justice.
(6) A representative of the Department of Labor.
(7) One State employee appointed by the Speaker of the House of Representatives.
(8) One State employee appointed by the President Pro Tempore of the Senate.
(9) One State employee appointed by the Governor upon the recommendation of the State Employees Association of North Carolina, Inc.

(b) The duties of the State Review Committee shall include:
(1) ~~Responsibility for receiving~~ Receiving from the various agency coordinators recommendations on ~~suggestion and innovation implementation plans.~~suggestions and innovations.
(2) Determining the impact of a suggestion or innovation on State government services by judging the monetary savings, increased revenues, or improved quality of services generated by a suggestion or innovation.
(3) Ensuring that the State employee incentive bonus process does not result in a negative impact on services provided to taxpayers by State government.

(c) All administrative, management, clerical, and other functions and services required by the State Review Committee shall be supplied by the Department of Administration. The Department of Administration and the State Review Committee shall report annually to the Joint Legislative Commission on Governmental Operations on the administration of the State Employee Incentive Bonus Program."

SECTION 7.2.(g) G.S. 143-345.25 reads as rewritten:

"**§ 143-345.25. ~~Effect~~ Innovations deemed property of the State; effect of decisions regarding bonuses.**

(a) All suggestions or innovations submitted by State employees pursuant to this Article are the property of the ~~State.~~State, and all related intellectual property rights shall be assigned to the State. By January 1, 2002, the Office of State Personnel shall establish a policy regarding intellectual property rights that arise from the SEIBP.

(b) Decisions regarding the award of bonuses by the agency coordinator and the State Review Committee are final and are not subject to review under the contested case procedures of Chapter 150B of the General Statutes."

SECTION 7.2.(h) This section becomes effective July 1, 2001, and applies to State employee suggestions and innovations approved or awarded on or after that date.

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

STUDY OF MOTOR FLEET MANAGEMENT

SECTION 7.3. The Office of State Budget and Management shall study the operations of the State motor fleet management system and shall consider the feasibility of privatizing the function. The Office of State Budget and Management shall report the results of this study to the 2002 Regular Session of the 2001 General Assembly.

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

MOTOR POOL OPERATIONS AND ASSIGNMENT OF VEHICLES

SECTION 7.4. G.S. 143-341(8)(i) reads as rewritten:

"**§ 143-341. Powers and duties of Department.**

The Department of Administration has the following powers and duties:

...

(8) General Services:

...

i. To establish and operate a central motor pool and such subsidiary related facilities as the Secretary may deem necessary, and to that end:

...

4. To maintain, store, repair, dispose of, and replace state-owned motor vehicles under the control of the Department. The Department shall ensure that state-owned vehicles are not normally replaced until they have been driven for ~~90,000~~ 110,000 miles or more.

5. Upon proper requisition, proper showing of need for use on State business only, and proper showing of proof that all persons who will be driving the motor vehicle have valid drivers' licenses, to assign economically suitable transportation, either on a temporary or permanent basis, to any State employee or agency. An agency assigned a motor vehicle may not allow a person to operate that motor vehicle unless that person displays to the agency and allows the agency to copy that person's valid driver's license. Notwithstanding G.S. 20-30(6), persons or agencies requesting assignment of motor vehicles may photostat or otherwise reproduce drivers' licenses for purposes of complying with this subpart.

As used in this subpart, "economically suitable transportation" means the most cost-effective standard vehicle in the State motor fleet, unless special towing provisions are required by the ~~employee or~~ agency. The Department may not assign any employee or agency a motor vehicle that is not economically suitable. The Department shall not approve requests for vehicle assignment or reassignment when the purpose of that assignment or reassignment is to provide any employee with a newer or lower mileage vehicle because of his or her rank, management authority, or length of service or because of any non-job-related reason. The Department shall not assign "special use" vehicles, such as four-wheel drive vehicles or law enforcement vehicles, to any agency or individual except upon written justification, verified by historical data, and accepted by the Secretary. The Department may provide law enforcement vehicles only to those agencies which have statutory pursuit authority."

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

STUDY STATE CAPITOL SECURITY SERVICES

SECTION 7.5. The Legislative Research Commission shall study the provision of security services in the State Capitol area. The Commission shall report its recommendations to the 2001 General Assembly no later than its reconvening in 2002.

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

TRANSFER BOARD OF SCIENCE AND TECHNOLOGY

SECTION 7.6. The statutory authority, power, duties, functions, records, personnel, property, unexpended balances of appropriations, allocations, or other funds, including the functions of budgeting and purchasing, of the North Carolina Board of Science and Technology, as established in G.S. 143B-426.30, are transferred to the Department of Commerce. Part 27 of Article 9 of Chapter 143B of the General Statutes is recodified as Part 18 of Article 10 of Chapter 143B of the General Statutes and the Revisor of Statutes shall substitute the term "Commerce" for the term "Administration" everywhere that term appears in Part 18 of Article 10 of Chapter 143B of the General Statues.

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

DOMESTIC VIOLENCE COMMISSION STAFFING

SECTION 7.7. G.S. 143B-394.15 is amended by adding a new subsection to read:

"(l) Staffing. – The Secretary of the Department of Administration shall be responsible for staffing the Commission. To that end, the Secretary shall, at a minimum, assign an employee to serve as a Deputy Director within the North Carolina Council for Women whose primary duties shall be to staff the Commission."

PART VIII. OFFICE OF ADMINISTRATIVE HEARINGS

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

OFFICE OF ADMINISTRATIVE HEARINGS RECLASSIFICATION OF POSITIONS

SECTION 8.1. The Office of Administrative Hearings shall reclassify positions in the Rules Division, Civil Rights Division, Hearings Division, and Administration Division of the Office of Administrative Hearings in accordance with the findings and recommendations of the Office of State Personnel submitted to the General Assembly on January 30, 2001.

PART IX. OFFICE OF THE STATE AUDITOR

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

ELECTRONIC DISTRIBUTION OF AUDITOR'S REPORTS

SECTION 9.1.(a) G.S. 147-64.6(c) reads as rewritten:

"(c) The Auditor shall be responsible for the following acts and activities:

...

(12) The Auditor shall provide ~~in a written statement~~ a report to the Governor and Attorney General, and other appropriate officials, of such facts as are in his possession which pertain to the apparent violation of penal statutes or apparent instances of malfeasance, misfeasance, or nonfeasance by an officer or employee.

...

(14) The Auditor shall ~~provide copies of each audit report to~~ notify the General Assembly, the Governor, the Chief Executive Officer of each agency audited, and other persons as the Auditor deems ~~appropriate.~~ appropriate that an audit report has been published, its subject and title, and the locations, including State libraries, at which the report is available. The Auditor shall then distribute copies of the report only to those who request a report. The copies shall be in written or electronic form, as requested. He shall also file a copy of the audit report in the Auditor's office, which will be a permanent public record; Provided, nothing in this subsection shall be construed as authorizing or permitting the publication of information whose disclosure is otherwise prohibited by law.

...."

SECTION 9.1.(b) G.S. 147-64.5(a) reads as rewritten:

"(a) Joint Legislative Commission on Governmental Operations. – The Auditor shall furnish copies of any and all audits only when requested by the Joint Legislative Commission on Governmental Operations. The copies shall be in written or electronic form, as requested. Accordingly, the Auditor shall, upon request by the chairmen, appear before the Commission to present findings and answer questions concerning the results of these audits. The Commission is hereby authorized to use these audit findings in its inquiries concerning the operations of State agencies and is empowered to require agency heads to advise the Commission of actions taken or to be taken on any recommendations made in the report or explain the reasons for not taking action."

PART X. OFFICE OF THE STATE CONTROLLER

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

OVERPAYMENTS AUDIT

SECTION 10.1.(a) During the 2001-2002 fiscal year, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors as required by G.S. 147-86.22(c) are to be deposited in the Special Reserve Account 24172.

SECTION 10.1.(b) For the 2001-2002 fiscal year, two hundred thousand dollars ($200,000) of the funds transferred from the Special Reserve Account 24172 shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs.

SECTION 10.1.(c) All funds available in the Special Reserve Account 24172 on July 1, 2001, are transferred to the General Fund on that date.

SECTION 10.1.(d) Any unobligated funds in the Special Reserve Account 24172 that are realized above the allowance in subsection (b) of this section are subject to appropriation by the General Assembly in the 2002 Regular Session of the 2001 General Assembly.

SECTION 10.1.(e) The State Controller shall report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into the Special Reserve Account and the disbursement of that revenue.

PART XI. DEPARTMENT OF CULTURAL RESOURCES

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

COMPLETION OF THE INFORMATION TECHNOLOGY EXPANSION PROJECT AND THE INFORMATION RESOURCE MANAGEMENT COMMISSION PROJECT CERTIFICATION

SECTION 11.1. Of the funds appropriated to the Department of Cultural Resources, the sum of fifty thousand dollars ($50,000) shall be used to complete the planning for the Information Technology Expansion Project and the Information Resource Management Commission (IRMC) Project Certification. The Department shall not expend any additional funds for information technology expansion prior to review of the IRMC Project Certification by the Joint Select Committee on Information Technology. The results of the IRMC Project Certification shall be presented to the Joint Select Committee on Information Technology no later than December 31, 2001.

PART XII. OFFICE OF THE GOVERNOR

Requested by: Representatives Jeffus, Sherrill, Baddour, Easterling, Oldham, Redwine, Thompson

ADVISORY COMMISSION ON MILITARY AFFAIRS

SECTION 12.1. The General Statutes are amended by adding a new Chapter to read:

"Chapter 127C.

"Advisory Commission on Military Affairs.

"**§ 127C-1. Creation of the North Carolina Advisory Commission on Military Affairs.**

There is created in the Office of the Governor the North Carolina Advisory Commission on Military Affairs to advise the Governor and the Secretary of Commerce on protecting the existing military infrastructure in this State and to promote new military missions and economic opportunities for the State and its citizens.

"**§ 127C-2. Membership.**

(a) The North Carolina Advisory Commission on Military Affairs shall consist of 21 voting members, who shall serve on the Executive Committee, and nine nonvoting, ex officio members who shall serve by reason of their positions.

(b) The Executive Committee shall be appointed as follows:

(1) Three members appointed by the Speaker of the House of Representatives, one of whom shall be a member of a recognized veterans' organization.

(2) Three members appointed by the President Pro Tempore of the Senate, one of whom shall be a member of a recognized veterans' organization.

(3) Fifteen members appointed by the Governor, consisting of:

a. Three representatives from the Jacksonville community.

b. Three representatives from the Havelock community.

c. Three representatives from the Goldsboro community.

d. Three representatives from the Fayetteville community.

e. Three public members from across the State.

(c) The following members shall serve ex officio:

(1) Secretary of Crime Control and Public Safety, or a designee.

(2) Secretary of Commerce, or a designee.

(3) Commanding General 18th Airborne Corps, Fort Bragg.

(4) Commanding General Marine Corps Base, Camp Lejeune.

(5) Commanding General Marine Corps Air Station, Cherry Point.

(6) Commander 4th FW, Seymour Johnson Air Force Base.

(7) Commander 43rd Airlift Wing, Pope Air Force Base.

(8) Commander of the U.S. Coast Guard Support Center, Elizabeth City.

(9) Adjutant General of the North Carolina National Guard.

(d) The Executive Committee appointed pursuant to subsection (b) of this section shall choose a Chairman and four Vice-Chairmen from amongst its membership.

"**§ 127C-3. Military Advisor.**

The Military Advisor within the Office of the Governor shall serve as the administrative head of the Commission and be responsible for the operations and normal business activities of the Commission, with oversight by the Executive Committee.

"**§ 127C-4. Purposes.**

The Commission shall have the following responsibilities and duties:

(1) Advise the Governor and Secretary of Commerce on how to strengthen the State's relationship with the military to protect the installations of this State from the results of any future defense budget cuts or military downsizing by providing a sound infrastructure, affordable housing, and affordable education for military members and their families, working to be viewed by national military leaders as the most military-friendly State in the nation.

(2) Develop a strategic plan to provide initiatives to support the long-term viability and prosperity of the military of this State that shall include, at least:

a. A comprehensive Economic Impact Study of Military Activities in North Carolina to be conducted by the North Carolina State University Department of Economics and the East Carolina University Office of Regional Development.

b. A Strengths/Weaknesses/Opportunities/Threats (SWOT) Analysis conducted by a professional strategic planning group on the current status of the military in North Carolina.

(3) Study ways to improve educational opportunities for military personnel in North Carolina.

(4) Assist in coordinating the State's interests in future activities of the Department of Defense.

(5) Promote initiatives to improve the quality of life for military personnel in this State."

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

ELIMINATE STATE PLANNING UNIT AND RENAME BUDGET OFFICE

SECTION 12.2.(a) G.S. 143-10.3, 143-10.4, 143-10.5, and 143-10.6 are repealed.

SECTION 12.2.(b) The phrase "Office of State Budget, Planning, and Management" is deleted and replaced by the phrase "Office of State Budget and Management" wherever it occurs in each of the following General Statutes:

G.S. 7A-101.	Compensation.
G.S. 7A-113.	Bookkeeping and accounting systems equipment.
G.S. 18B-1009.	In-stand sales.
G.S. 20-7.	Issuance and renewal of drivers licenses.
G.S. 47-30.	Plats and subdivisions; mapping requirements.
G.S. 58-6-25.	Insurance regulatory charge.
G.S. 58-85A-1.	Creation of Fund; allocation to local fire districts and political subdivisions of the State.
G.S. 62A-25.	Use of funds.
G.S. 96-4.	Administration.
G.S. 96-32.	Common follow-up information management system created.
G.S. 96-35.	Reports on common follow-up system activities.
G.S. 97-80.	Rules and regulations; subpoena of witnesses; examination of books and records; depositions; costs.
G.S. 105-130.5.	Adjustments to federal taxable income in determining State net income.
G.S. 105-134.6.	Adjustments to taxable income.
G.S. 105-262.	Rules.
G.S. 108A-27.8.	Standard Program Counties – Duties of Department.
G.S. 115C-457.1.	Creation of Fund; administration.
G.S. 115C-457.2.	Remittance of moneys to the Fund.
G.S. 115C-457.3.	Transfer of funds to the State School Technology Fund.
G.S. 115C-546.1.	Creation of Fund; administration.
G.S. 115D-31.	State financial support of institutions.
G.S. 116-220.	Establishment and administration of self-insurance trust funds; rules and regulations; defense of actions against covered persons; application of § 143-300.6.
G.S. 120-30.45.	Fiscal note on legislation.
G.S. 120-30.49.	Compiling federal mandates; annual report.
G.S. 120-36.8.	Certification of legislation required by federal law.
G.S. 120-131.1.	Requests from legislative employees for assistance in the preparation of fiscal notes.
G.S. 120-166.	Additional criteria; nearness to another municipality.
G.S. 122A-16.	Oversight by committees of General Assembly; annual reports.
G.S. 122C-112.	Powers and duties of the Secretary.
G.S. 122C-185.	Application of funds belonging to State facilities.

G.S. 131D-4.2.	Adult care homes; family care homes; annual cost reports; exemptions; enforcement.
G.S. 131E-13.	Lease or sale of hospital facilities to or from for-profit or nonprofit corporations or other business entities by municipalities and hospital authorities.
G.S. 135-39.3.	Oversight team.
G.S. 138-6.	Travel allowances of State officers and employees.
G.S. 138-8.	Moving expenses of State employees.
G.S. 143-1.	Scope and definitions.
G.S. 143-2.	Purposes.
G.S. 143-3.5.	Coordination of statistics; fiscal analysis required for any bill proposed by a State agency that affects the budget.
G.S. 143-4.	(For applicability see note) Advisory Budget Commission.
G.S. 143-6.	Information from departments and agencies asking State aid.
G.S. 143-6.1.	Report on use of State funds by non-State entities.
G.S. 143-10.1A.	Same – Continuation and expansion costs.
G.S. 143-10.2.	Limit on number of State employees.
G.S. 143-10.3.	Strategic planning process.
G.S. 143-10.4.	Departmental operations plans.
G.S. 143-10.5.	Development of performance measures for major programs.
G.S. 143-10.7.	Review of department forms and reports.
G.S. 143-12.1.	Vending facilities.
G.S. 143-15.4.	General Fund operating budget size limited.
G.S. 143-19.	Help for Director.
G.S. 143-20.1.	Annual financial statements.
G.S. 143-27.	Appropriations to educational, charitable and correctional institutions are in addition to receipts by them.
G.S. 143-28.1.	Highway Fund appropriation.
G.S. 143-31.1.	Study and review of plans and specifications for building, improvement, etc., projects.
G.S. 143-34.2.	Information as to requests for nonstate funds for projects imposing obligation on State; statement of participation in contracts, etc., for nonstate funds; limiting clause required in certain contracts or grants.
G.S. 143-34.41.	Legislative intent; purpose.
G.S. 143-34.43.	Capital improvement needs criteria.
G.S. 143-34.44.	Agency capital improvement needs estimates.
G.S. 143-138.	North Carolina State Building Code.
G.S. 143-215.94P.	Groundwater Protection Loan Fund.
G.S. 143-299.4.	Payment of State excess liability.
G.S. 143-345.24.	Incentive Bonus Review Committee.
G.S. 143B-133.1.	Powers of Commission.
G.S. 143B-336.1.	Special Zoo Fund.
G.S. 143B-372.3.	Staff.
G.S. 143B-426.39.	Powers and duties of the State Controller.
G.S. 146-30.	Application of net proceeds.
G.S. 147-33.78.	Information Resource Management Commission.

G.S. 147-33.87.	Financial reporting and accountability for information technology investments and expenditures.
G.S. 147-86.22.	Statewide accounts receivable program.
G.S. 150B-21.	Agency must designate rule-making coordinator; duties of coordinator.
G.S. 150B-21.4.	Fiscal notes on rules.
G.S. 150B-21.9.	Standards and timetable for review by Commission.
G.S. 150B-21.28.	Role of the Office of State Budget and Management.
G.S. 153A-230.1.	Definitions.
G.S. 153A-230.2.	Creation of Satellite Jail/Work Release Unit Fund.
G.S. 153A-230.5.	Satellite jails/work release units built with non-State funds.
G.S. 159I-25.	Disbursement.
G.S. 159I-28.	Rules.
G.S. 159I-29.	Annual reports to Joint Legislative Commission on Governmental Operations.
G.S. 160A-486.	Estimates of population.
G.S. 163-132.5.	Cooperation of State and local agencies.

SECTION 12.2.(c) G.S. 147-33.85(b) reads as rewritten:

"(b) The Office shall coordinate with the ~~Office of State Budget, Planning, and Management~~ Office of State Budget and Management to integrate agency strategic and business planning, technology planning and budgeting, and project expenditure processes into the Office's information technology portfolio-based management. The Office shall provide recommendations for agency annual budget requests for information technology investments, projects, and initiatives to the ~~Office of State Budget, Planning, and Management.~~Office of State Budget and Management."

PART XIII. OFFICE OF STATE PERSONNEL

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

ABOLISH OFFICE OF STATE PERSONNEL PREPARE PROGRAM

SECTION 13.1. The General Assembly encourages the Department of State Treasurer to include the model of the PREPARE program in its current delivery of retirement services. The PREPARE program in the Office of State Personnel is abolished.

PART XIV. GENERAL GOVERNMENT

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

USE OF INTERNET FOR AGENCY PUBLICATIONS

SECTION 14.1.(a) Each of the State agencies listed in subsection (b) of this section shall review its printing and publication requirements and schedules and develop a plan to reduce the cost of printing, publishing, and distributing agency information and materials, including documents, reports, and other publications by using computer technology and the Internet, in particular, to distribute information and materials to the public. In developing the plan, each State agency shall review the statutory and regulatory requirements of the agency with regard to publishing and distributing information to the public and make recommendations on any statutory revisions needed to publish and distribute agency information over the Internet or by other computer-related means. Each agency shall submit a written report to the Fiscal

Research Division of the General Assembly by April 1, 2002, outlining the required information and the recurring adjustments in the agency budget.

SECTION 14.1.(b) This section applies to the Office of the Governor, the Office of the Lieutenant Governor, the Department of Administration, the Office of the State Auditor, the Office of State Budget and Management, the Board of Elections, the Department of Insurance, the Office of the Secretary of State, the Office of the State Treasurer, the Office of Administrative Hearings, the Office of the State Controller, the Department of Cultural Resources, the General Assembly, the Office of State Personnel, the Department of Revenue, and the Rules Review Commission.

PART XIV-A. GENERAL ASSEMBLY

Requested by: Representatives Jeffus, Sherrill, Tolson, Easterling, Oldham, Redwine, Thompson

REDUCE JOURNAL PRINTING/SESSION LAWS TECHNICAL CORRECTIONS

SECTION 14A.1. G.S. 147-45 reads as rewritten:

"**§ 147-45.Distribution of copies of State publications.**

The Secretary of State shall, at the State's expense, as soon as possible after publication, provide such number of copies of the Session Laws and Senate and House Journals to federal, State, and local governmental officials, departments and agencies, and to educational institutions of instruction and exchange use, as is set out in the table ~~below:~~ below. These publications shall be made available in hardbound and electronic format. Each agency or institution entitled to more than one copy in the table below shall receive only one of the copies in hardbound format with the remainder in electronic format, unless such agency or institution requests additional hardbound copies by August 1. The Principal Clerks of the House of Representatives and Senate, in consultation with the Secretary of State, shall determine the total number of volumes to be printed each year.

Agency or Institution	Session Laws	Assembly Journals
Governor, Office of the	~~3~~ 2	2
Office of State Budget and Management	1	0
Lieutenant Governor, Office of the	1	1
Secretary of State, Department of the	3	3
Auditor, Department of ~~the~~ State	~~3~~ 1	~~1~~ 0
Treasurer, Department of ~~the~~ State	3	1
~~Local Government Commission~~	~~2~~	~~0~~
State Board of Education	1	0
Department of Public Instruction	~~3~~ 2	1
~~Controller~~	~~1~~	~~0~~
~~Technical Assistance Centers~~	~~1 ea.~~	~~0~~
~~Department of Community Colleges~~		
Community Colleges System Office	~~3~~ 1	1
Justice, Department of		
Office of the Attorney General	~~25~~ 5	~~3~~ 2
Budget Bureau (Administration)	1	0
Property Control (Administration)	1	1
~~State Bureau of Investigation~~	~~1~~	~~0~~
Agriculture and Consumer Services, Department of	~~3~~ 1	1
Labor, Department of	~~5~~ 4	1

Insurance, Department of	~~5~~ 2	1
Administration, Department of	1	1
~~Budget Bureau~~	~~2~~	~~1~~
Controller	1	0
~~Property Control~~	~~1~~	~~0~~
~~Purchase and Contract~~	~~2~~	~~0~~
~~Policy and Development~~	~~1~~	~~0~~
Veterans Affairs Commission	1	0
Environment and Natural Resources, Department of	6	0
Wildlife Resources Commission	2	0
Revenue, Department of	5	1
Health and Human Services, Department of	~~6~~ 1	0
Mental Health, Developmental Disabilities, and Substance Abuse Services, Division of	1	0
Social Services, Division of	3	0
~~Facilities~~Facility Services, Division of	1	0
Hospitals and Institutions	1 ea.	0
Juvenile Justice and Delinquency Prevention, Department of	3	0
Transportation, Department of	1	0
Board of Transportation	3	0
Motor Vehicles, Division of	1	0
Commerce, Department of	~~1~~ 0	0
Economic Development, Division of	2	0
State Ports Authority	1	0
Alcoholic Beverage Control Commission, North Carolina	2	0
Banking Commission	~~2~~ 1	0
Utilities Commission	~~8~~ 3	1
Industrial Commission	~~7~~ 1	0
Labor Force Development Council	1	0
~~Milk Commission~~	~~5~~	~~0~~
~~Employment Security Commission~~	~~1~~	~~1~~
Correction, Department of	1	0
~~Department of Correction~~	~~2~~	~~0~~
Post-Release Supervision and Parole Commission	~~2~~ 1	0
~~State Prison~~	~~1~~	~~0~~
Correctional Institutions	1 ea.	0
Cultural Resources, Department of	~~1~~ 0	0
Archives and History, Division of	~~5~~ 3	1
State Library	5	5
Publications Division	1	1
Crime Control and Public Safety, Department of	~~2~~ 1	1
North Carolina Crime Commission	1	0
Adjutant General	2	0
Elections, State Board of	~~2~~ 1	0
Office of Administrative Hearings	~~2~~ 1	0
State Personnel Commission	1	0
~~Office of State Personnel~~	~~1~~	~~1~~
Legislative Branch		
State Senators	1 ea.	1 ea.

State Representatives	1 ea.	1 ea.
Principal Clerk – Senate	1	1
Principal Clerk – House	1	1
Reading Clerk – Senate	1	~~1~~ 0
Reading Clerk – House	1	~~1~~ 0
Sergeant at Arms – House	1	~~1~~ 0
Sergeant at Arms – Senate	1	~~1~~ 0
Enrolling Clerk	1	0
~~Engrossing Clerk~~	~~1~~	~~0~~
~~Indexer of the Laws~~	~~1~~	~~0~~
Legislative Building Library	35	~~15~~ 7
Judicial System		
~~Justices of the Supreme Court~~	~~1 ea.~~	~~1 ea.~~
~~Judges of the Court of Appeals~~	~~1 ea.~~	~~1 ea.~~
~~Judges of the Superior Court~~	~~1 ea.~~	~~0~~
~~Emergency and Special Judges of the Superior Court~~	~~1 ea.~~	~~0~~
~~District Court Judges~~	~~1 ea.~~	~~0~~
~~District Attorneys~~	~~1 ea.~~	~~0~~
~~Clerk of the Supreme Court~~	~~1~~	~~1~~
~~Clerk of the Court of Appeals~~	~~1~~	~~1~~
Administrative Office of the Courts	~~4~~ 3	1
Supreme Court Library ~~AS MANY AS REQUESTED~~	16	3
Colleges and Universities		
The University of North Carolina System		
Administrative Offices	3	0
University of North Carolina, Chapel Hill	~~65~~ 33	~~25~~ 9
University of North Carolina, Charlotte	~~3~~ 2	1
University of North Carolina, Greensboro	~~3~~ 1	1
~~University of North Carolina, Asheville~~	~~2~~	~~1~~
University of North Carolina, Wilmington	~~2~~ 1	1
North Carolina State University, Raleigh	~~5~~ 1	~~3~~ 1
Appalachian State University	2	1
East Carolina University	~~3~~ 1	~~2~~ 1
Elizabeth City State University	2	1
Fayetteville State University	~~2~~ 1	1
North Carolina Agricultural and Technical University	2	1
North Carolina Central University	~~5~~ 1	~~5~~ 1
Western Carolina University	~~2~~ 1	1
University of North Carolina, Pembroke	2	1
Winston-Salem State University	2	1
North Carolina School of the Arts	1	1
Private Institutions		
Duke University	~~6~~ 4	~~6~~ 3
Davidson College	~~3~~ 1	~~2~~ 1

Wake Forest University	5	5
Lenoir Rhyne College	1	1
Elon ~~College~~ University	1	1
~~Guilford College~~	~~1~~	~~1~~
Campbell University	~~5~~ 2	~~5~~ 2
Wingate ~~College~~ University	1	1
~~Pfeiffer College~~	~~1~~	~~1~~
Barber Scotia College	1	1
Barton College	1	1
Shaw University	1	1
St. Augustine's College	1	1
Johnson C. Smith University	1	1
~~Belmont Abbey College~~	~~1~~	~~1~~
Bennett College	1	1
~~Catawba College~~	~~1~~	~~1~~
Gardner-Webb ~~College~~ University	1	1
Greensboro College	1	1
High Point University	1	1
Livingstone College	1	1
Mars Hill College	1	1
Meredith College	1	1
Methodist College	1	1
~~North Carolina Wesleyan College~~	~~1~~	~~1~~
Peace College	1	0
~~Queens College~~	~~1~~	~~1~~
~~Sacred Heart College~~	~~1~~	~~1~~
~~St. Andrews Presbyterian College~~	~~1~~	~~1~~
Salem College	1	1
Warren Wilson College	1	1
County and Local Officials		
Clerks of the Superior Court	1 ea.	1 ea.
Register of Deeds	1 ea.	~~1 ea.~~ 0
Federal, Out-of-State and Foreign		
Secretary to the President	1	0
Secretary of State	1	1
Secretary of Defense	1	0
Secretary of Agriculture	1	0
Secretary of the Interior	1	0
Secretary of Labor	1	~~1~~ 0
Secretary of Commerce	1	~~1~~ 0
Secretary of the Treasury	1	0
Secretary of ~~Health, Education and Welfare~~ Health and Human Services	1	0
Secretary of Housing and Urban Development	1	0
Secretary of Transportation	1	0
Attorney General	1	0
~~Postmaster General~~ United States Postal Service	1	0
Bureau of Census	1	0
~~Bureau of Public Roads~~	~~1~~	~~0~~
Department of Justice	1	0
~~Department of Internal Revenue~~ Internal Revenue Service	1	0

~~Veterans' Administration~~ Department of Veterans Affairs	1	0
Farm Credit Administration	1	0
Securities and Exchange Commission	1	0
~~Social Security Board~~	~~1~~	~~0~~
Environmental Protection Agency	1	0
Library of Congress	8	2
Federal Judges resident in North Carolina	1 ea.	0
Federal District Attorneys resident in North Carolina	1 ea.	0
Marshal of the United States Supreme Court	1	0
Federal Clerks of Court resident in North Carolina	1 ea.	0
Supreme Court Library exchange list	1 ea.	0

One copy of the Session Laws shall be furnished the head of any department of State government created in the future.

State agencies, institutions, etc., not found in or covered by this list may, upon written request from their respective department head to the Secretary of State, and upon the discretion of the Secretary of State as to need, be issued copies of the Session Laws on a permanent loan basis with the understanding that should said copies be needed they will be recalled.

State Senators and State Representatives are entitled to the Journal of a house only if requested in writing to the Principal Clerk of that house no later than August 1 of the year of the Journal."

PART XIV-B. STATE BOARD OF ELECTIONS

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson, Baddour, Nesbitt

EARLY VOTING FUNDS/GRANTS

SECTION 14B.1.(a) The State Board of Elections shall make grants as specified in subsection (b) of this section to certain counties that provided additional one-stop absentee voting sites in the 2000 General Election at locations other than the county board of elections office or the county courthouse. The funds for such grants shall come from funds previously appropriated, but not granted, to the State Board of Elections by S.L. 2000-136, for grants to counties to provide additional one-stop absentee voting sites. Under no circumstances shall any new grants by the State Board, under this act, be funded by any new appropriations. No other grants from funds previously appropriated, but not granted, to the State Board of Elections by S.L. 2000-136, for grants to counties to provide additional one-stop absentee voting shall be made other than those specified in subsection (b) of this section. Any funds from the fiscal year 2000-2001 appropriation remaining on June 30, 2001, shall not revert to the General Fund until the grant awards are made.

SECTION 14B.1.(b) The State Board of Elections shall make grants to the following county boards of elections in the amounts specified:

(1) Buncombe in the amount of fifteen thousand dollars ($15,000).
(2) Chatham in the amount of five thousand dollars ($5,000).
(3) Durham in the amount of ten thousand dollars ($10,000).
(4) Edgecombe in the amount of five thousand dollars ($5,000).
(5) Lenoir in the amount of ten thousand dollars ($10,000).

(6) Orange in the amount of five thousand dollars ($5,000).
(7) Wake in the amount of ten thousand dollars ($10,000).

PART XIV-C. DEPARTMENT OF STATE TREASURER

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

INVESTMENT AND BANKING DIVISION OF DEPARTMENT OF STATE TREASURER/RECEIPT SUPPORTED

SECTION 14C.1.(a) G.S. 147-68.1 reads as rewritten:

"**§ 147-68.1. Banking operations.**

The cost of administration, management, and operations of the banking operations of the Department of State Treasurer shall be apportioned equitably among the funds and programs using these services, and the costs so apportioned shall be deposited with the State Treasurer as a ~~general fund nontax revenue.~~ receipt to the budget of the Department of State Treasurer. ~~The cost of administration, management and operations of the banking operations of the Department of State Treasurer shall be covered by an appropriation to the State Treasurer for this purpose in the Current Operations Appropriations Act.~~"

SECTION 14C.1.(b) G.S. 147-69.3(f) reads as rewritten:

"(f) The cost of administration, management, and operation of investment programs established pursuant to this section shall be apportioned equitably among the programs in such manner as may be prescribed by the State Treasurer, such costs to be paid from each program, and to the extent not otherwise chargeable directly to the income or assets of the specific investment program or pooled investment vehicle, shall be deposited with the State Treasurer as a ~~General Fund nontax revenue.~~ receipt to the budget of the State Treasurer. ~~The cost of administration, management, and operation of investment programs established pursuant to this section and not directly paid from the income or assets of such program shall be covered by an appropriation to the State Treasurer for this purpose in the Current Operations Appropriations Act.~~"

PART XIV-D. DEPARTMENT OF REVENUE

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PROJECT COLLECT TAX

SECTION 14D.1. Funds appropriated to the Department of Revenue for Project Collect Tax shall be transferred to a separate Fund Code in the Department's budget.

PART XV. INFORMATION TECHNOLOGY

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

STATE AGENCIES TO REPORT ON INTELLECTUAL PROPERTY

SECTION 15.1. Prior to the transfer of any intellectual property or the release of any State funds to non-State entities for purposes related to the development of intellectual property, each State department, agency, and institution or other entity of the State shall report to the Joint Legislative Commission on Governmental Operations and to the Chairs of the House of Representatives Science and Technology Committee and Senate Information Technology Committee on each of the following matters:

(1) Proposed or pending transfers to non-State entities of intellectual property developed with State funds or by State employees within the scope of employment.

(2) The State agency's consideration of the State's interest in the intellectual property asset and how to best protect that interest, as appropriate.

(3) The extent to which the transfer of intellectual property or the use of State funds may affect the public purpose of the State financial aid to the non-State entity.

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

SECURITY STANDARDS FOR STATE INFORMATION TECHNOLOGY

SECTION 15.2.(a) G.S. 147-33.81 reads as rewritten:

"**§ 147-33.81. Definitions.**

As used in this Article:

(1) "Distributed information technology assets" means hardware, software, and communications equipment not classified as traditional mainframe-based items, including personal computers, local area networks (LANs), servers, mobile computers, peripheral equipment, and other related hardware and software items.

(2) "Information technology" means electronic data processing goods and ~~services and~~ services, telecommunications goods and services, security goods and services, microprocessors, software, information processing, office systems, any services related to the foregoing, and consulting or other services for design or redesign of information technology supporting business processes.

(3) "Information technology enterprise management" means a method for managing distributed information technology assets from acquisition through retirement so that total ownership costs (purchase, operation, maintenance, disposal, etc.) are minimized while maximum benefits are realized.

(4) "Information technology portfolio management" means a business-based approach for analyzing and ranking potential technology investments and selecting those investments that are the most cost-effective in supporting the strategic business and program objectives of the agency.

(5) "Office" means the Office of Information Technology Services as established in this Article.

(6) "State agency" means any department, institution, commission, committee, board, division, bureau, office, officer, or official of the State. The term does not include any State entity excluded from coverage under this Article by G.S. 147-33.80, unless otherwise expressly provided."

SECTION 15.2.(b) G.S. 147-33.82 reads as rewritten:

"**§ 147-33.82. Powers and duties of the State Chief Information Officer and the Office of Information Technology Services.**

(a) The Office of Information Technology Services shall:

(1) Procure all information technology for State agencies, as provided in Part 4 of this Article.

(2) Submit for approval of the Information Resources Management Commission all rates and fees for common, shared State government-wide technology services provided by the Office.

(3) Submit for approval of the Information Resources Management Commission recommended State government-wide, enterprise-level policies for information technology.

(4) Develop standards, procedures, and processes to implement policies approved by the Information Resources Management Commission.
(5) Assure that State agencies implement and manage information technology portfolio-based management of State information technology resources, in accordance with the direction set by the State Chief Information Officer.
(6) Assure that State agencies implement and manage information technology enterprise management efforts of State government, in accordance with the direction set by the State Chief Information Officer.
(7) Provide recommendations to the Information Resources Management Commission for its biennial technology strategy and to develop State government-wide technology initiatives to be approved by the Information Resources Management Commission.
(8) Develop a project management, quality assurance, and architectural review process that adheres to the Information Resources Management Commission's certification program and portfolio-based management initiative.
(9) Establish and utilize the Information Technology Management Advisory Council to consist of representatives from other State agencies to advise the Office on information technology business management and technology matters.

(b) Notwithstanding any other provision of law, local governmental entities may use the information technology programs, services, or contracts offered by the Office, including information technology procurement, in accordance with the statutes, policies, and rules of the Office. For purposes of this subsection, "local governmental entities" includes local school administrative units, as defined in G.S. 115C-5, and community colleges. Local governmental entities are not required to comply with otherwise applicable competitive bidding requirements when using contracts established by the Office. Any other State entities may also use the information technology programs, services, or contracts offered by the Office, including information technology procurement, in accordance with the statutes, policies, and rules of the Office.

(c) The State Chief Information Officer shall establish an enterprise-wide set of standards for information technology security to maximize the functionality, security, and interoperability of the State's distributed information technology assets, including communications and encryption technologies. As part of this function, the State Chief Information Officer shall review periodically existing security standards and practices in place among the various State agencies to determine whether those standards and practices meet enterprise-wide security and encryption requirements. The State Chief Information Officer may assume the direct responsibility of providing for the information technology security of any State agency that fails to adhere to security standards adopted pursuant to this section. Any actions taken by the State Chief Information Officer under this subsection shall be reported to the Information Resources Management Commission at its next scheduled meeting.

(d) Notwithstanding G.S. 143-48.3 or any other provision of law, and except as otherwise provided by this subsection, all information technology security purchased using State funds, or for use by a State agency or in a State facility, shall be subject to approval by the State Chief Information Officer in accordance with security standards adopted under this section.

(1) If the legislative branch, the judicial branch, The University of North Carolina and its constituent institutions, local school administrative units as defined by G.S. 115C-5, or the North Carolina Community Colleges System develop their own security standards, taking into

consideration the mission and functions of that entity, that are comparable to or exceed those set by the State Chief Information Officer under this section, then these entities may elect to be governed by their own respective security standards, and approval of the State Chief Information Officer shall not be required before the purchase of information technology security. The State Chief Information Officer shall consult with the legislative branch, the judicial branch, The University of North Carolina and its constituent institutions, local school administrative units, and the North Carolina Community Colleges System in reviewing the security standards adopted by those entities.

(2) If the State Chief Information Officer certifies that a State agency has developed security standards that meet or exceed those set under this section, then the agency may elect to be governed by its own security standards, and approval of the State Chief Information Officer shall not be required before the purchase of information technology security. This certification by the State Chief Information Officer is subject to annual renewal and may be revoked by the State Chief Information Officer at any time that a State agency's standards no longer exceed those set under this section.

(e) The State Chief Information Officer shall submit the enterprise-wide set of standards for the State's information technology security to the Information Resources Management Commission for approval. The Information Resources Management Commission shall report approval of the standards to the Joint Legislative Commission on Governmental Operations prior to implementation of the standards. The State Chief Information Officer shall review and revise the standards at least annually, and the revisions shall be subject to approval by the Information Resources Management Commission, with the Commission reporting to the Joint Legislative Commission on Governmental Operations on the revisions.

(f) The head of each State agency shall cooperate with the State Chief Information Officer in the discharge of his or her duties by:

(1) Providing the full details of the agency's information technology and operational requirements.

(2) Providing comprehensive information concerning the information technology security employed to protect the agency's information technology.

(3) Forecasting the parameters of the agency's projected future information technology security needs and capabilities.

(4) Designating an agency liaison in the information technology area to coordinate with the State Chief Information Officer.

The information provided by State agencies to the State Chief Information Officer under this subsection is protected from public disclosure pursuant to G.S. 132-6.1(c)."

SECTION 15.2.(c) G.S. 147-64.6(c) is amended by adding a new subdivision to read:

"(18) The Auditor shall, after consultation and in coordination with the State Chief Information Officer, assess, confirm, and report on the security practices of information technology systems. If an agency has adopted standards pursuant to G.S. 147-33.82(d)(1) or (2), the audit shall be in accordance with those standards. The Auditor's assessment of information security practices shall include an assessment of network vulnerability. The Auditor may conduct network penetration or any similar procedure as the Auditor may deem necessary. The Auditor may investigate reported information technology security breaches,

cyber attacks, and cyber fraud in State government. The Auditor shall issue public reports on the general results of the reviews undertaken pursuant to this subdivision, but may provide agencies with detailed reports of the security issues identified pursuant to this subdivision which shall not be disclosed as provided in G.S. 132-6.1(c). For the purposes of this subdivision only, the Auditor is exempt from the provisions of Article 3 of Chapter 143 of the General Statutes in retaining contractors."

SECTION 15.2.(d) This section is effective when it becomes law.

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

EXECUTIVE BUDGET ACT INFORMATION TECHNOLOGY PROVISIONS

SECTION 15.3.(a) G.S. 143-6 is amended by adding a new subsection to read:

"(b2) Any department, bureau, division, officer, board, commission, institution, or other State agency or undertaking desiring to request financial aid from the State for the purpose of acquiring or maintaining information technology as defined by G.S. 147-33.81(2) shall, before making the request for State financial aid, submit to the State Chief Information Officer (CIO) a statement of its needs in terms of information technology and other related requirements, and shall furnish the CIO with any additional information requested by the CIO. The CIO shall then review the statement of needs submitted by the requesting department, bureau, division, officer, board, commission, institution, or other State agency or undertaking and perform additional analysis, as necessary, to comply with G.S. 147-33.82. All requests for financial aid for the purpose of acquiring or maintaining information technology shall be accompanied by a certification from the CIO deeming the request for financial aid to be consistent with Article 3D of Chapter 147 of the General Statutes. The CIO shall make recommendations to the Governor regarding the merits of requests for financial aid for the purpose of acquiring or maintaining information technology. This subsection shall not apply to requests for appropriations of less than one hundred thousand dollars ($100,000)."

SECTION 15.3.(b) G.S. 143-7 reads as rewritten:

"**§ 143-7. Itemized statements and forms; exemptions from G.S. 147- 64.6(c)(10).**

(a) The statements and estimates required under G.S. 143-6 shall be itemized in accordance with the budget classification adopted by the State Controller, and upon forms prescribed by the Director, and shall be approved and certified by the respective heads or responsible officer of each department, bureau, board, commission, institution, or agency submitting same. Official estimate blanks which shall be used in making these reports shall be furnished by the Director of the Budget.

(b) The budget classification adopted by the State Controller and the forms prescribed by the Director shall include budget account codes relating specifically to information technology to allow reliable and meaningful analysis of information technology funding and expenditures throughout State government."

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

COMPUTER NETWORKING COSTS/TELECOMMUNICATIONS SERVICE BILLING FOR STATE AGENCIES

SECTION 15.4.(a) The Office of the State Controller, the Office of State Budget and Management, and the Office of Information Technology Services shall adopt a common definition for computer networking costs. The definition shall include a specific and detailed list of the separate components that comprise overall networking

costs. These agencies shall define a process to capture all such costs without redundancy.

SECTION 15.4.(b) The Office of the State Controller, the Office of State Budget and Management, and the Office of Information Technology Services shall complete the definition by September 1, 2001. By December 1, 2001, the agencies shall provide an interim report to the Joint Select Committee on Information Technology and to the Chairs of the House of Representatives Appropriations Subcommittee on Information Technology and the Senate Appropriations Committee on Information Technology on the process to capture networking costs, with a final report by May 1, 2002.

SECTION 15.4.(c) The Office of State Personnel, in conjunction with the Office of Information Technology Services, shall devise a mechanism for identifying, by specific industry-relevant categories, State information technology positions across all relevant classifications in State government employment. By December 1, 2001, the Office of State Personnel shall report its plan to identify State information technology personnel to the Joint Select Committee on Information Technology and to the Chairs of the House of Representatives Appropriations Subcommittee on Information Technology and the Senate Appropriations Committee on Information Technology.

SECTION 15.4.(d) The Office of Information Technology Services shall accurately identify and present State agencies with detailed information on the cost of ITS Services for telecommunications data and video services. The bill should clearly indicate the usage and the rate for the service.

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

STUDY STATE AGENCY USE OF CONTRACTORS FOR INFORMATION TECHNOLOGY

SECTION 15.5.(a) The Office of State Personnel, the Office of Information Technology Services, the Office of State Budget and Management, and the Office of the State Controller shall study the issue of State-agency use of information technology contractors. The study shall report on the number of contractors currently in use by State agencies, the duration of the working period for individual contractors, and the length of the contracts. The purpose of the contracts should be clearly identified. The unit and actual costs of the contracts should be clearly identified.

SECTION 15.5.(b) The Office of State Personnel shall identify the results of market analyses comparing State information technology workers with private sector information technology workers. The Office shall review its current classification scheme for IT workers to determine its adequacy for capturing the range of IT activities within State government.

SECTION 15.5.(c) The study report should recommend the most appropriate use of contractors (i.e., for discrete projects) and the most appropriate use of permanent employee (i.e., for ongoing activities such as LAN/WAN management.) In cases where the study indicates that permanent employees are best suited for a given task or activity, the Office of State Personnel is directed to identify effective mechanisms for recruiting and retaining employees.

SECTION 15.5.(d) By December 1, 2001, the study group shall report its findings and recommendations to the Joint Legislative Commission on Governmental Operations and to the Joint Select Committee on Information Technology.

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

PROCUREMENT CARD PROGRAM

SECTION 15.6.(a) Section 20.3 of S.L. 1998-212, Section 24 of S.L. 1999-237, and Section 21.3 of S.L. 2000-67 are repealed.

SECTION 15.6.(b) G.S. 143-49 is amended by adding a new subdivision to read:

"(8) To establish and maintain a procurement card program for use by State agencies, community colleges, constituent institutions of The University of North Carolina, and local school administrative units. The Secretary may adopt temporary rules for the implementation and operation of the program in accordance with the payment policies of the State Controller and the Office of Information Technology Services. Prior to implementing the program, the Secretary shall consult with the State Controller, UNC General Administration, the Community Colleges System Office, and the Department of Public Instruction. When the statewide electronic procurement service is made available for goods and contractual services, all orders made pursuant to this subdivision exceeding two hundred fifty dollars ($250.00) shall be issued electronically through the statewide electronic procurement service. The Secretary may periodically adjust the order limit set under this subdivision after consulting with the State Controller and the Office of Information Technology Services."

SECTION 15.6.(c) This section is effective when it becomes law.

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

NORTH CAROLINA INFORMATION HIGHWAY SITES

SECTION 15.7.(a) Of the funds available in the Office of Information Technology Services operating cash, the sum of three million twenty-four thousand one hundred eighty-five dollars ($3,024,185) shall be used for the 2001-2002 fiscal year to fund North Carolina Information Highway (NCIH) sites that received funding from ITS operating cash during the 2000-2001 fiscal year. In consultation with NCIH sites, the Department of Public Instruction, the Community Colleges System Office, and other site-affiliated State offices, the Office of Information Technology Services shall take appropriate action to ensure that the funds are efficiently utilized.

SECTION 15.7.(b) The Joint House of Representatives and Senate Appropriations Subcommittees on Education shall review the use of the North Carolina Information Highway and recommend a mechanism for funding the sites beyond the 2001-2002 fiscal year.

Requested by: Representatives Tolson, Tucker

REDUCTION IN EXPENDITURES BASED ON ITS RATE REDUCTIONS

SECTION 15.8. The Office of State Budget and Management shall administer reductions in the Telephone (532811), Telecommunications Data (532812), and Computer Data Processing (532821) expenditure accounts in an amount equal to four million dollars ($4,000,000) of General Fund appropriations through the allotment system established in G.S. 143-17. The reductions in expenditures shall be based on a percentage reduction in the rates for telephone/telecommunications and computer data processing services provided by the Office of Information Technology Services.

The Office of Information Technology Services shall have flexibility in establishing the rate reductions based upon a clear showing of cost reductions achieved through operational efficiencies or cost reductions achieved through less costly contractual arrangements. Based upon the rate reductions established by the Office of Information Technology Services, the Office of State Budget and Management shall have flexibility in allocating the reduction amounts among the Telephone (532811),

Telecommunications Data (532812), and Computer Data Processing (532821) expenditure accounts. During Fiscal Years 2001-2002 and 2002-2003 allotments to each spending agency shall be reduced by a percentage of the General Fund amounts appropriated to that agency for telephone/telecommunications and computer data processing services.

The Office of State Budget and Management shall coordinate the rate reductions and agency expenditure accounts reductions to ensure that expenditure reductions match rate reductions. The Office of Information Technology Services shall report the rate reductions to the Information Resources Management Commission, the Chairs of the House of Representatives and Senate Appropriations Committees, the Chairs of the Joint Appropriations Subcommittee on Information Technology, and to the Fiscal Research Division within 30 days of the certification of the 2001-2003 biennial budget.

PART XVI. HOUSING FINANCE AGENCY

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

HOME PROGRAM MATCHING FUNDS

SECTION 16.1.(a) Funds appropriated in this act to the Housing Finance Agency for the federal HOME Program shall be used to match federal funds appropriated for the HOME Program. In allocating State funds appropriated to match federal HOME Program funds, the Agency shall give priority to HOME Program projects, as follows:

(1) First priority to projects that are located in counties designated as Tier One, Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and

(2) Second priority to projects that benefit persons and families whose incomes are fifty percent (50%) or less of the median family income for the local area, with adjustments for family size, according to the latest figures available from the United States Department of Housing and Urban Development.

The Housing Finance Agency shall report to the Joint Legislative Commission on Governmental Operations by April 1 of each year concerning the status of the HOME Program and shall include in the report information on priorities met, types of activities funded, and types of activities not funded.

SECTION 16.1.(b) If the United States Congress changes the HOME Program such that matching funds are not required for a given program year, then the Agency shall not spend the matching funds appropriated under this act for that program year.

SECTION 16.1.(c) Funds appropriated in this act to match federal HOME Program funds shall not revert to the General Fund on June 30, 2002, or on June 30, 2003.

PART XVII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

AUTHORIZE PROMOTION OF NC FARM PRODUCTS AT REST AREAS AND WELCOME CENTERS

SECTION 17.1. Article 6D of Chapter 136 of the General Statutes is amended by adding a new section to read:

"§ 136-89.59A. Promotion of North Carolina farm products at rest areas and welcome centers.

Subject to the approval of the Department, the Department of Agriculture and Consumer Services may distribute promotional materials and free samples of North Carolina farm products at rest areas and welcome centers located on controlled-access facilities and operated by the State for the purpose of promoting North Carolina farm products."

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

TRANSFER RURAL REHABILITATION CORPORATION TO AGRICULTURAL FINANCE AUTHORITY

SECTION 17.2.(a) G.S. 143A-63 reads as rewritten:

"**§ 143A-63. North Carolina Rural Rehabilitation Corporation; transfer.**

The North Carolina Rural Rehabilitation Corporation, and board of directors, as contained in Chapter 137 of the General Statutes and the laws of this State, is ~~hereby~~ transferred by a ~~Type II~~ Type I transfer to the North Carolina Agricultural Finance Authority in the Department of Agriculture and Consumer Services."

SECTION 17.2.(b) Article 2 of Chapter 137 of the General Statutes is repealed.

SECTION 17.2.(c) No later than January 15, 2002, the North Carolina Agricultural Finance Authority shall report to the Joint Legislative Commission on Governmental Operations, the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives, and the Fiscal Research Division on the status of the transfer required under this section. This report shall include any statutory changes that are needed to implement the transfer required under this section.

Requested by: Representatives Fox, Owens, Mitchell, Easterling, Oldham, Redwine, Thompson

FARMLAND PRESERVATION FUNDS

SECTION 17.3. The sum of two hundred fifty thousand dollars ($250,000) appropriated in this act to the Department of Agriculture and Consumer Services for the North Carolina Farmland Preservation Trust Fund established in G.S. 106-744 shall be used to continue the purposes for which the Fund was established.

PART XVIII. DEPARTMENT OF LABOR

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

LABOR DEPARTMENT/ ELEVATOR INSPECTION FEE RECEIPTS

SECTION 18.1.(a) Of the receipts appropriated by this act to the Department of Labor, the Department shall allocate increased elevator and amusement device inspection fee receipts for the 2001-2002 fiscal year and the 2002-2003 fiscal year to support the Elevator and Amusement Device Bureau. There shall be a reduction of at least two hundred sixty-two thousand two hundred sixty-one dollars ($262,261) in General Fund appropriations to the Department for the 2001-2002 fiscal year and a reduction of at least nine hundred sixty-eight thousand eight hundred twenty-three dollars ($968,823) for the 2002-2003 fiscal year.

SECTION 18.1.(b) The allocations provided for in subsection (a) of this section shall be made only if Senate Bill 897, House Bill 232, House Bill 1057, or other substantially similar legislation of the 2001 General Assembly becomes law.

SECTION 18.1.(c) The reductions in General Fund allocations provided for in subsection (a) of this section are instead of the reductions recommended by the Governor for the 2001-2003 biennium that would have been contained in the Appropriations Act of 2001 and are as follows:

(1) One hundred fifty-five thousand thirty-nine dollars ($155,039) recurring reductions in operating efficiencies, specifically in the areas of equipment, software, library resources, and overtime pay.

(2) Ninety-three thousand nine hundred-sixty-one dollars ($93,961) recurring reduction to offset the budgeting of indirect cost receipts.

SECTION 18.1.(d) If Senate Bill 897, House Bill 232, House Bill 1057, or other substantially similar legislation becomes law and the receipts are greater than two hundred sixty-two thousand two hundred sixty-one dollars ($262,261) for the 2001-2002 fiscal year and nine hundred sixty-eight thousand eight hundred twenty-three dollars ($968,823) for the 2002-2003 fiscal year, the Director of the Budget shall reduce appropriations to the Department of Labor as provided in G.S. 143-25.

PART XIX. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS

SECTION 19.1. Of the funds appropriated in this act to the Wildlife Resources Commission, the sum of five hundred thousand dollars ($500,000) for the 2001-2002 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2002-2003 fiscal year shall be used to provide the State share necessary to support the beaver damage control program established in G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars ($25,000) in federal funds is available each fiscal year of the biennium to provide the federal share.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

GRASSROOTS SCIENCE PROGRAM

SECTION 19.2. Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million two hundred four thousand five hundred twenty dollars ($3,204,520) for fiscal year 2001-2002 and the sum of three million two hundred four thousand five hundred twenty dollars ($3,204,520) for fiscal year 2002-2003 are allocated as grants-in-aid for each fiscal year as follows:

	2001-2002	2002-2003
Aurora Fossil Museum	$58,298	$58,298
Cape Fear Museum	$201,103	$201,103
Catawba Science Center	$161,968	$161,968
Colburn Gem and Mineral Museum, Inc.	$70,274	$70,274
Discovery Place	$667,632	$667,632
Granville County Museum Commission, Inc. - Harris Gallery	$60,978	$60,978
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$151,963	$151,963
Imagination Station	$92,584	$92,584

Iredell County Children's Museum	$57,927	$57,927
Museum of Coastal Carolina	$63,437	$63,437
Natural Science Center of Greensboro	$240,852	$240,852
North Carolina Museum of Life and Science	$426,141	$426,141
Rocky Mount Children's Museum	$86,921	$86,921
Schiele Museum of Natural History	$333,578	$333,578
Sci Works Science Center and Environmental Park of Forsyth County	$172,528	$172,528
Western North Carolina Nature Center	$158,336	$158,336
Highlands Biological Station	$50,000	$50,000
Carolina Raptor Center	$50,000	$50,000
Fascinate-U	$50,000	$50,000
Wilmington Children's Museum	$50,000	$50,000
Total	$3,204,520	$3,204,520

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

TERMS FOR MEMBERS OF THE NORTH CAROLINA PARKS AND RECREATION AUTHORITY

SECTION 19.3.(a) G.S. 143B-313.2(b) reads as rewritten:

"(b) Terms. – Members shall serve ~~two-year terms~~staggered terms of office of three years. Members shall serve no more than two ~~full two-year terms~~consecutive three-year terms. After serving two consecutive three-year terms, a member is not eligible for appointment to the Authority for at least one year after the expiration date of that member's most recent term. Upon the expiration of a ~~two-year~~ three-year term, a member may continue to serve until a successor is appointed and duly qualified as provided by G.S. 128-7. ~~The term of members appointed under odd-numbered subdivisions of subsection (a) of this section shall expire on 30 June of odd-numbered years. The term of members appointed under even-numbered subdivisions of subsection (a) of this section shall expire on 30 June of even-numbered years.~~The terms of members appointed under subdivision (1), (5), (7), or (9) of subsection (a) of this section shall expire on July 1 of years that are evenly divisible by three. The terms of members appointed under subdivision (2), (4), (8), or (11) of subsection (a) of this section shall expire on July 1 of years that follow by one year those years that are evenly divisible by three. The terms of members appointed under subdivision (3), (6), or (10) of subsection (a) of this section shall expire on July 1 of years that precede by one year those years that are evenly divisible by three."

SECTION 19.3.(b) In order to alter the length of the staggered terms from two years to three years for the North Carolina Parks and Recreation Authority and to provide for an orderly transition in membership of the Authority as specified in G.S. 143B-313.2, as amended by subsection (a) of this section, notwithstanding G.S. 143B-313.2(b), as amended by subsection (a) of this section, the following apply:

(1) John D. Runkle shall serve in the position established by G.S. 143B-313.2(a)(1) until July 1, 2001.

(2) Wendell Begley shall serve in the position established by G.S. 143B-313.2(a)(2) until July 1, 2002.

(3) Jonathon B. Howes shall serve in the position established by G.S. 143B-313.2(a)(3) until July 1, 2003.

(4) Ron Kincaid shall serve in the position established by G.S. 143B-313.2(a)(4) until July 1, 2002.

(5) Russell Robinson III shall serve in the position established by G.S. 143B-313.2(a)(5) until July 1, 2001.
(6) Roy Alexander shall serve in the position established by G.S. 143B-313.2(a)(6) until July 1, 2003.
(7) Kenneth Sadler shall serve in the position established by G.S. 143B-313.2(a)(7) until July 1, 2001.
(8) Leslie Anderson shall serve in the position established by G.S. 143B-313.2(a)(8) until July 1, 2002.
(9) Troy Boyd shall serve in the position established by G.S. 143B-313.2(a)(9) until July 1, 2001.
(10) Harriet L. Farrior shall serve in the position established by G.S. 143B-313.2(a)(10) until July 1, 2003.
(11) Eddie Holbrook shall serve in the position established by G.S. 143B-313.2(a)(11) until July 1, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

RECEIPTS FOR NC ZOOLOGICAL PARK ADMISSION FEE INCREASE TO BE USED FOR MARKETING PURPOSES

SECTION 19.4. Subject to the approval of the Secretary of Environment and Natural Resources, up to four hundred thousand dollars ($400,000) of the receipts from the increase in admission fees to the North Carolina Zoological Park for the 2001-2002 fiscal year and up to four hundred thousand dollars ($400,000) of those receipts for the 2002-2003 fiscal year may be used for marketing activities related to promoting the North Carolina Zoological Park.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

NORTH CAROLINA WATER QUALITY WORKGROUP INITIATIVE/RIVERNET MONITORING SYSTEM PILOT PROGRAM/RESEARCH FUNDS

SECTION 19.5. Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-215.8D. North Carolina Water Quality Workgroup; Rivernet.**

(a) The Department of Environment and Natural Resources and North Carolina State University shall jointly establish the North Carolina Water Quality Workgroup. The Workgroup shall work collaboratively with the appropriate divisions of the Department of Environment and Natural Resources and North Carolina State University, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, the Environmental Management Commission, and the Environmental Review Commission to identify the scientific and State agency databases that can be used to formulate public policy regarding the State's water quality, evaluate those databases to determine the information gaps in those databases, and establish the priorities for obtaining the information lacking in those databases. The Workgroup shall have the following duties:

(1) To address specifically the ongoing need of evaluation, synthesis, and presentation of current scientific knowledge that can be used to formulate public policy on water quality issues.
(2) To identify knowledge gaps in the current understanding of water quality problems and fill these gaps with appropriate research projects.
(3) To maintain a web-based water quality data distribution site.
(4) To organize and evaluate existing scientific and State agency water quality databases.

(5) To prioritize recognized knowledge gaps in water quality issues for immediate funding.

(b) The North Carolina Water Quality Workgroup shall be composed of no more than 15 members. Those members shall be jointly appointed by the Chancellor of North Carolina State University and the Secretary of Environment and Natural Resources. Any person appointed as a member of the Workgroup shall be knowledgeable in one of the following areas:

(1) Water Quality Assessment, Water Quality Monitoring, and Water Quality Permitting.
(2) Nutrient Management.
(3) Water Pollution Control.
(4) Waste Management.
(5) Groundwater Resources.
(6) Stream Hydrology.
(7) Aquatic Biology.
(8) Environmental Education and Web-Based Data Dissemination.

(c) North Carolina State University shall provide meeting facilities for the North Carolina Water Quality Workgroup as requested by the Chair.

(d) The members of the North Carolina Water Quality Workgroup shall elect a Chair. The Chair shall call meetings of the Workgroup and set the meeting agenda.

(e) The Chair of the North Carolina Water Quality Workgroup shall report each year by January 30 to the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, to the Environmental Review Commission, to the Cochairs of the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources, and to the Chancellor of North Carolina State University or the Chancellor's designee on the previous year's activities, findings, and recommendations of the North Carolina Water Quality Workgroup.

(f) The North Carolina Water Quality Workgroup shall develop a water quality monitoring system to be known as Rivernet that effectively uses the combined resources of North Carolina State University and State agencies. The Rivernet system shall be designed to implement advances in monitoring technology and information management systems with web-based data dissemination in the waters that are impaired based on the criteria of the State's basinwide water quality management plans. Water quality and nutrient parameters shall be continuously monitored at each station, and the data shall be sent back to a centralized computer server.

The Rivernet system shall be coordinated with related data collection and monitoring activities of the Department of Environment and Natural Resources, the Water Resources Research Institute, the North Carolina Water Quality Workgroup, and other research efforts pursued by academic institutions or State government entities. If the North Carolina Water Quality Workgroup chooses to employ a technology for which there are testing procedure guidelines promulgated by the United States Environmental Protection Agency, the American Public Health Association, the American Water Works Association, or the Water Environment Federation then the testing procedures shall comply with the appropriate guidelines. If the North Carolina Water Quality Workgroup chooses to employ a technology for which there are no testing procedure guidelines promulgated by any of the groups cited in this subsection, then the North Carolina Water Quality Workgroup may establish testing procedure guidelines.

The Rivernet system shall also have the capabilities to trigger alarms and notify the appropriate member of the Workgroup when monitoring stations exceed defined limits indicating a spill or a significant water quality or nutrient measurement event, which then can be comprehensively analyzed."

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

CONTINUE ONE-STOP PERMIT ASSISTANCE PILOT PROGRAM

SECTION 19.6.(a) The Department of Environment and Natural Resources shall continue the one-stop environmental permit application assistance and tracking system pilot project established under Section 13.7 of S.L. 2000-67 during the 2001-2003 fiscal biennium. It is the intent of the General Assembly that the Department of Environment and Natural Resources expand this pilot program to a statewide program effective in all of the Department's regional offices if the resources are available to do so during the 2001-2003 fiscal biennium. The provisions of Section 13.7(a) through (d) of S.L. 2000-67 apply to the pilot program under this section.

SECTION 19.6.(b) The Department of Environment and Natural Resources shall report to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives, the Fiscal Research Division, and the Environmental Review Commission no later than April 1, 2002, and again no later than April 1, 2003, regarding the results of the pilot project continued under this section. This report shall include the number of environmental permits in the pilot project that took more than 90 days to issue or deny; the types of permits those were; the reasons for the extended processing time of those permits; how the time within which the permit was actually issued or denied compared with the projected time frame provided to the applicant by the Department; based on the data gathered in the pilot project, any recommendations regarding what the permit time frames should be for all major permits issued by the Department; and to what extent, if any, the program has been expanded to a statewide program under this section.

SECTION 19.6.(c) The Department of Environment and Natural Resources may adopt temporary rules to implement this section.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

DIVISION OF RADIATION PROTECTION SELF-SUFFICIENCY PLAN

SECTION 19.7. The Department of Environment and Natural Resources shall develop a plan to make the Division of Radiation Protection of the Department of Environment and Natural Resources self-supporting within two years. The Department of Environment and Natural Resources shall report the details of this plan to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives no later than January 15, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

DENR TO STUDY FEASIBILITY OF TRANSFERRING SEDIMENTATION PROGRAM TO LOCAL GOVERNMENTS

SECTION 19.8. The Department of Environment and Natural Resources shall study the feasibility of transferring the program within the Department of Environment and Natural Resources under the Sedimentation Pollution Control Act of 1973, Article 4 of Chapter 113A of the General Statutes, to local governments. The Department of Environment and Natural Resources shall consider the economic impact that the proposed transfer would have on local governments, any savings that would be generated for the State by the proposed transfer, and any statutory changes that would be needed to implement such a transfer. The Department of Environment and Natural Resources shall report its findings and recommendations, including legislative proposals, to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives no later than April 1, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

SUBMERGED LANDS PROGRAM/SECRETARY DESIGNATE PROGRAM MANAGER

SECTION 19.9. The Secretary of Environment and Natural Resources shall designate from existing staff within the Department of Environment and Natural Resources a staff position to be responsible for managing the Submerged Lands Program. By August 1, 2001, the Secretary shall report to both the Senate and House of Representatives Cochairs of the Appropriations Subcommittees on Natural and Economic Resources what position will manage the Program.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

DENR RECLASSIFICATION OF SENIOR FIELD OFFICER POSITIONS REPORT

SECTION 19.10. The Department of Environment and Natural Resources shall report to the Senate and House of Representatives Cochairs of the full Appropriations Committee, and to the Senate and House of Representatives Cochairs of the Natural and Economic Resources Appropriations Subcommittees by October 1, 2001, on the Department's reclassification of its regional office managers as directed by Section 26.12 of S.L. 1995-324. The report shall include the following: the location and title of the four remaining positions, a description of the duties and responsibilities assigned to each position, a description of the day-to-day activities of each of the positions, an explanation of the purposes each of the positions serve, an explanation of how the positions benefit the Department, and a description of the role that the positions play in each of the respective communities and regions in which the positions are located.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

DENR STUDY OF ENVIRONMENTAL PERMITTING PROCESS

SECTION 19.11.(a) The Department of Environment and Natural Resources shall study the State Water Quality Certification (Section 401 of the Clean Water Act, 33 U.S.C. § 1341) and National Pollutant Discharge Elimination System (NPDES) wastewater discharge permitting processes in the Division of Water Quality, the Coastal Area Management Act (CAMA) permitting process in the Division of Coastal Management, and the sedimentation and erosion control plan approval process in the Division of Land Resources. The study shall at a minimum include the following:

(1) A description of how the permitting and approval process currently works.
(2) The number and types of permits and plan approvals issued by each of these Divisions.
(3) The time frame within which each of the types of permits or plan approvals is issued.
(4) The adequacy of existing staff levels to complete the issuance of permits and plan approvals in a timely manner.
(5) Whether duplication in the permitting and plan approval process exists between the regional office and the central office staff.
(6) Efficiencies to be gained from delegation of authority to regional offices.
(7) Efficiencies to be gained from issuing more general permits.
(8) The amount of revenue generated by the permits and retained as departmental receipts.

(9) Any other information or issue deemed relevant by the Fiscal Research Division to provide an accurate analysis of the issues.

SECTION 19.11.(b) In conducting this study, the Department shall record its tracking of the permits and plan approvals and the statistical data regarding those in a format that is easily accessible and usable for fiscal analysis by the Fiscal Research Division.

SECTION 19.11.(c) The Department shall make a report with its findings and recommendations to the Senate and House of Representatives Cochairs of the full Appropriations Committee and to the Senate and House of Representatives Cochairs of the Natural and Economic Resources Appropriations Subcommittees on ways to improve, expedite, or simplify the permitting process no later than March 10, 2002.

Requested by: Representatives Fox, Owens, Baker, Easterling, Oldham, Redwine, Thompson

REALLOCATE TOWN FORK CREEK FUNDS

SECTION 19.12.(a) Section 15.11(a) of S.L. 1997-443, as amended by Section 15.3 of S.L. 1999-237, Section 13.5 of S.L. 2000-67, and Section 90(e) of S.L. 2000-140, reads as rewritten:

"(a) The funds placed in a reserve account in the Department of Environment, Health, and Natural Resources pursuant to Section 26.3(c) of Chapter 507 of the 1995 Session Laws shall not revert until June 30, ~~2001.~~ 2003. Those funds are reallocated as follows:

(1) Five hundred ~~four thousand five hundred sixty~~ forty-one thousand six hundred eighty dollars ~~($504,560)~~ ($541,680) to the Stokes County Water and Sewer Authority, Inc., for the Germanton Water Project.

(2) ~~Nine hundred thirty thousand six hundred eighty dollars ($930,680)~~ Eight hundred ninety-three thousand five hundred sixty dollars ($893,560) to the Stokes County Water and Sewer Authority, Inc., for the Walnut Cove/Industrial Site Connection Project. Any funds under this subdivision not necessary for this project are reallocated to the project listed under subdivision (3) of this subsection upon the written finding of the Stokes County Water and Sewer Authority, Inc.

(3) Eighty thousand dollars ($80,000) to the Stokes County Water and Sewer Authority, Inc., for the Dan River Project.

(4) Thirty thousand dollars ($30,000) to the Department of Environment, Health, and Natural Resources for the Limestone Creek small watershed project in Duplin County.

(5) Three hundred forty thousand six hundred forty dollars ($340,640) to the Department of Environment, Health, and Natural Resources for the Deep Creek small watershed project in Yadkin County."

SECTION 19.12.(b) This section becomes effective June 30, 2001.

Requested by: Representatives Fox, Owens, Warwick, Easterling, Oldham, Redwine, Thompson

FAIR GEOGRAPHIC REPRESENTATION IN APPOINTMENTS TO THE ENVIRONMENTAL MANAGEMENT COMMISSION.

SECTION 19.13.(a) G.S. 143B-282 is amended by adding a new subsection to read:

"(e) In appointing the members of the Commission, the appointing authorities shall make every effort to ensure fair geographic representation of the Commission."

SECTION 19.13.(b) This section is effective when it becomes law and applies to appointments made on or after that date.

PART XX. DEPARTMENT OF COMMERCE

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

TOURISM PROMOTION FUNDS

SECTION 20.1. Funds appropriated in this act to the Department of Commerce for tourism promotion grants shall be allocated according to per capita income, unemployment, and population growth in an effort to direct funds to counties most in need in terms of lowest per capita income, highest unemployment, and slowest population growth, in the following manner:

(1) Counties 1 through 20 are each eligible to receive a maximum grant of seven thousand five hundred dollars ($7,500) for each fiscal year, provided these funds are matched on the basis of one non-State dollar for every four State dollars.

(2) Counties 21 through 50 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for two of the next three fiscal years, provided these funds are matched on the basis of one non-State dollar for every three State dollars.

(3) Counties 51 through 100 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for alternating fiscal years, beginning with the 1991-92 fiscal year, provided these funds are matched on the basis of four non-State dollars for every State dollar.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

INDUSTRIAL RECRUITMENT COMPETITIVE FUND

SECTION 20.3.(a) Funds appropriated in this act to the Department of Commerce for the Industrial Recruitment Competitive Fund shall be used to continue the Fund. The purpose of the Fund is to provide financial assistance to those businesses or industries deemed by the Governor to be vital to a healthy and growing State economy and that are making significant efforts to establish or expand in North Carolina. Moneys allocated from the Fund shall be used for the following purposes:

(1) Installation or purchase of equipment;

(2) Structural repairs, improvements, or renovations of existing buildings to be used for expansion; and

(3) Construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment for existing buildings.

Moneys may also be used for construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment to serve new or proposed industrial buildings used for manufacturing and industrial operations. The Governor shall adopt guidelines and procedures for the commitment of moneys from the Fund.

SECTION 20.3.(b) The Department of Commerce shall report on or before October 1, 2001, and quarterly thereafter to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division on the commitment, allocation, and use of funds allocated from the Industrial Recruitment Competitive Fund.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

ABOLISH CENTER FOR ENTREPRENEURSHIP AND TECHNOLOGY

SECTION 20.4.(a) Effective July 1, 2001, the Center for Entrepreneurship and Technology (hereinafter Center) in the Department of Commerce (hereinafter Department) is abolished.

SECTION 20.4.(b) The Department shall not carryforward any unencumbered State funds for the Center to the 2001-2002 fiscal year. This subsection becomes effective June 30, 2001.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

COMMERCE STUDY/ CONSOLIDATE BUSINESS AND INDUSTRY DIVISION REGIONAL OFFICES AND REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

SECTION 20.5. The Department of Commerce (hereinafter Department) shall study the feasibility of consolidating each of the Business and Industry Division regional offices (hereinafter B&I) with a Regional Economic Development Commission (hereinafter Commission) office. In considering whether consolidation is feasible and would better advance the goals of both the B&I and the Commissions, the Department shall do at least the following:

(1) Evaluate the degree to which existing shared offices in Asheville, Edenton, Greensboro, and Research Triangle Park differ in organization, budget, and performance from the B&I offices in Charlotte, Greenville, and Fayetteville that do not share office space with Commissions.

(2) Evaluate the extent to which B&I staff responsibilities in each B&I office duplicate those performed by the Commission staff in their region regardless of whether the offices are shared or separate.

(3) Evaluate the extent to which existing B&I offices in Lenoir and Bryson City add value cost-effectively to the service provided by the Asheville office. In particular, the Department shall consider how the same level of service might be provided if the Lenoir and Bryson City offices were eliminated or merged into the Asheville office.

(4) Estimate any costs that would result from closing B&I offices in Charlotte, Greenville, and Fayetteville and consolidating them with Commissions in Charlotte, Kinston, and Elizabethtown, respectively. The Department shall also estimate any costs that would result from closing B&I offices in Lenoir and Bryson City and consolidating them with the Asheville office.

(5) Identify whether the actions described in subdivision (4) of this section would produce any net savings and, if affirmative, identify the sources of the savings. The Department shall document whether all current B&I regional staff would remain essential to program function if the closings and consolidations described in subdivision (4) of this section were carried out.

The Department shall report its findings and recommendations, including any estimates of efficiencies and cost savings that may be produced by consolidating the Charlotte, Greenville, and Fayetteville B&I regional offices with Commissions and consolidating the Lenoir and Bryson City offices with the existing shared office in Asheville, to the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources by January 15, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

WORKER TRAINING TRUST FUND APPROPRIATIONS

SECTION 20.6.(a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of five million nine hundred thirty thousand sixteen dollars ($5,930,016) for the 2001-2002 fiscal year for the operation of local offices.

SECTION 20.6.(b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 2001-2002 fiscal year for the following purposes:

(1) Two million one hundred sixty-six thousand forty-seven dollars ($2,166,047) for the 2001-2002 fiscal year to the Department of Commerce, Division of Employment and Training, for the Employment and Training Grant Program;

(2) Nine hundred forty-one thousand seven hundred sixty dollars ($941,760) for the 2001-2002 fiscal year to the Department of Labor for customized training of the unemployed and the working poor for specific jobs needed by employers through the Department's Bureau for Training Initiatives;

(3) One million six hundred forty-four thousand three hundred twelve dollars ($1,644,312) for the 2001-2002 fiscal year to the Community Colleges System Office to continue the Focused Industrial Training Program;

(4) Two hundred eleven thousand eight hundred ninety-six dollars ($211,896) for the 2001-2002 fiscal year to the Employment Security Commission for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;

(5) Three hundred seventy-six thousand seven hundred four dollars ($376,704) for the 2001-2002 fiscal year to the Community Colleges System Office for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;

(6) Fifty-six thousand five hundred six dollars ($56,506) for the 2001-2002 fiscal year to the Employment Security Commission to maintain compliance with Chapter 96 of the General Statutes, which directs the Commission to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs; and

(7) Nine hundred forty-one thousand seven hundred sixty dollars ($941,760) for the 2001-2002 fiscal year to the Department of Labor to continue the Apprenticeship Program.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

BIOTECHNOLOGY CENTER

SECTION 20.7.(a) The North Carolina Biotechnology Center shall recapture funds spent in support of successful research and development efforts in the for-profit private sector.

SECTION 20.7.(b) The North Carolina Biotechnology Center shall provide funding for biotechnology, biomedical, and related bioscience applications under its Business and Science Technology Programs.

SECTION 20.7.(c) The North Carolina Biotechnology Center shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
b. State fiscal year 2000-2001 itemized expenditures and fund sources;
c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and
d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
b. State fiscal year 2001-2002 itemized expenditures and fund sources;
c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and
d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.7.(d) The North Carolina Biotechnology Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management and to the Fiscal Research Division in the same manner as State departments and agencies in preparation for biennium budget requests.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

BIOTECHNOLOGY CENTER/TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC., PROFIT SHARING WITH STATE

SECTION 20.8.(a) Prior to receiving any General Fund disbursements for the 2001-2003 biennium, the North Carolina Biotechnology Center (hereinafter Center) and the North Carolina Technological Development Authority, Inc., (hereinafter Authority) must each enter into a memorandum of understanding with the Attorney General's Office in which they commit to do all of the following:

(1) Work with the Attorney General's Office to craft a legal agreement that specifies the manner in which any profits from investments made with State funds shall be shared with the State.
(2) Negotiate the terms of the legal agreement in good faith.
(3) Submit the proposed legal agreement to the Joint Legislative Commission on Governmental Operations for review by January 15, 2002.
(4) Execute the legal agreement no later than 30 days after it is presented to the Joint Legislative Commission on Governmental Operations.

SECTION 20.8.(b) The Attorney General's Office shall consult with the Fiscal Research Division in crafting the memorandum of understanding and the legal agreement described in subsection (a) of this section.

SECTION 20.8.(c) The Center and the Authority shall submit a copy of the memorandum of understanding to the Fiscal Research Division prior to receiving any General Fund disbursements for the 2001-2003 biennium and shall submit a copy of the proposed legal agreement to the Division by January 15, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC./YADKIN/PEE DEE LAKES PROJECTS, INC./NORTH CAROLINA REAL ENTERPRISES/WORLD TRADE CENTER NORTH CAROLINA REPORTING REQUIREMENTS

SECTION 20.9.(a) The North Carolina Technological Development Authority, Inc., (TDA), Yadkin/Pee Dee Lakes Project, Inc., North Carolina REAL Enterprises, and World Trade Center North Carolina shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.9.(b) Fourth quarter allotments shall not be released to TDA, North Carolina REAL Enterprises, or World Trade Center North Carolina until each entity satisfies its reporting requirement for January 15, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

SECTION 20.10.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

SECTION 20.10.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage

by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in each fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in each fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

REGIONAL COMMISSION REPORTS

SECTION 20.11.(a) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2001;

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2002;

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division and the Department of Commerce a copy of its annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.11.(b) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce in each fiscal year of the 2001-2003 biennium shall by January 15 of each fiscal year report to the Department of Commerce the following information for the most recently completed fiscal year:

(1) The number of and description of marketing outreach events including trade shows, recruitment missions, and related activities;
(2) The number of jobs saved;
(3) The amount of investment and number of jobs created by the direct efforts of a commission;
(4) Initiatives undertaken to establish certified sites and shell buildings;
(5) The number of referrals or leads handled that were generated by the Department of Commerce;
(6) The number and listing of available sites and buildings within the region served by a commission;
(7) A listing of major accomplishments.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

COUNCIL OF GOVERNMENT FUNDS

SECTION 20.12.(a) Of the funds appropriated in this act to the Department of Commerce, nine hundred thirty-five thousand dollars ($935,000) for the 2001-2002 fiscal year and nine hundred thirty-five thousand dollars ($935,000) for the 2002-2003 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to fifty-five thousand dollars ($55,000) for each fiscal year, with the actual amount calculated as provided in subsection (b) of this section.

SECTION 20.12.(b) The funds shall be allocated as follows: A share of the maximum fifty-five thousand dollars ($55,000) each fiscal year shall be allocated to each county and smaller city, based on the most recent annual estimate of the Office of State Planning of the population of that county (less the population of any larger city within that county) or smaller city, divided by the sum of the total population of the region (less the population of larger cities within that region) and the total population of the region living in smaller cities. Those funds shall be paid to the regional council of government for the region in which that city or county is located upon receipt by the Department of Commerce of a resolution of the governing board of the county or city requesting release of the funds. If any city or county does not so request payment of funds by June 30 of a State fiscal year, that share of the allocation for that fiscal year shall revert to the General Fund.

SECTION 20.12.(c) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

SECTION 20.12.(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

SECTION 20.12.(e) As used in this section, "Larger City" means an incorporated city with a population of 50,000 or over. "Smaller City" means any other incorporated city.

SECTION 20.12.(f) Each council of government or lead regional organization shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
   b. State fiscal year 2000-2001 itemized expenditures and fund sources;
   c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments, including actual results through December 31, 2001; and
   d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments, including actual results through December 31, 2002; and
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

GLOBAL TRANSPARK DEVELOPMENT COMMISSION MEMBERSHIP CHANGES

SECTION 20.13.(a) G.S. 158-35(a) reads as rewritten:

"(a) Commission Membership. – The governing body of the Zone is the Global TransPark Development Commission. The members of the Commission must be residents of the Zone and shall be appointed as follows:

(1) The board of commissioners of each county participating in the Zone shall appoint three voting members, one of whom shall be a minority person as defined in G.S. 143-128(f)(2) and one of whom may be a member of the board of commissioners.

(2) The ~~Authority~~ Commission shall appoint at least three but no more than seven voting members. By the appointment of these members, the ~~Authority~~ Commission shall ensure that the voting membership of the Commission includes at least seven women and seven members of a racial minority described in G.S. 143-128(f)(2). The ~~Authority~~

Commission shall appoint the fewest number of members necessary to achieve these minimums.

(3) Four nonvoting members shall be appointed as follows:

a. One appointed by the Chancellor of East Carolina University to represent the University.

b. One appointed by a majority vote of the presidents of the community colleges located in the Zone, to represent the community colleges.

c. One appointed by the chair of the State Ports Authority, to represent the sea ports of the State.

d. One member of the board of directors of the Global TransPark Foundation, Inc., appointed by that board."

SECTION 20.13.(b) G.S. 158-35(c) reads as rewritten:

"(c) Removal; Vacancies. – A member of the Commission may be removed with or without cause by the appointing body. In addition, a majority of the Commission members may, by majority vote, remove a member of the Commission if that member does not attend at least three-quarters of the regularly scheduled meetings of the Commission during any consecutive 12-month period of service of that member on the Commission, except that absences excused by the Commission due to serious medical or family circumstances shall not be considered. If the Commission votes to remove a member under this subsection, the vacancy shall be filled in the same manner as the original appointment. Appointments to fill vacancies shall be made for the remainder of the unexpired term by the respective appointing authority. All members shall serve until their successors are appointed and qualified, unless removed from office."

Requested by: Representatives Fox, Owens, Hunter, Easterling, Oldham, Redwine, Thompson

NONPROFIT REPORTING REQUIREMENTS

SECTION 20.14.(a) The N.C. Institute for Minority Economic Development, Inc., Land Loss Prevention Project, North Carolina Coalition of Farm and Rural Families, Inc., North Carolina Minority Support Center, North Carolina Community Development Initiative, Inc., North Carolina Association of Community Development Corporations, Inc., and Partnership for the Sounds, Inc., shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;
c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and
d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.14.(b) No funds appropriated under this act shall be released to a nonprofit organization listed in subsection (a) of this section until the organization has satisfied the reporting requirement for January 15, 2001. Fourth quarter allotments shall not be released to any nonprofit organization that does not satisfy the reporting requirements for January 15, 2002, or January 15, 2003.

Requested by: Representatives Fox, Owens, Hunter, Easterling, Oldham, Redwine, Thompson

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 20.15.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million eight hundred eighteen thousand four hundred seventy-one dollars ($1,818,471) for the 2001-2002 fiscal year and the sum of one million eight hundred eighteen thousand four hundred seventy-one dollars ($1,818,471) for the 2002-2003 fiscal year shall be allocated as follows:

	2001-2002 FY	2002-2003 FY
Research and Demonstration Grants	$444,000	$444,000
Technical Assistance and Center Administration of Research and Demonstration Grants	444,471	444,471
Center Administration, Oversight, and Other Programs	455,000	455,000
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	137,000	137,000.

SECTION 20.15.(b) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

SECTION 20.15.(c) Not more than fifty percent (50%) of the interest earned on State funds appropriated to the Rural Economic Development Center, Inc., may be used by the Center for administrative purposes, including salaries and fringe benefits.

SECTION 20.15.(d) For purposes of this section, the term "community development corporation" means a nonprofit corporation:

(1) Chartered pursuant to Chapter 55A of the General Statutes;
(2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986;

(3) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;

(4) Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and

(5) Whose primary function is to act as deal-maker and packager of projects and activities that will increase their constituencies' opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

SECTION 20.15.(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of three million two hundred fifty-two thousand dollars ($3,252,000) for the 2001-2002 fiscal year and the sum of three million two hundred fifty-two thousand dollars ($3,252,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $1,124,000 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $837,720 in each fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;

b. $236,280 in each fiscal year for direct grants to local community development corporations that have not previously received State funds; and

c. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $234,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $1,644,000 in each fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision. The Center shall allocate these funds as follows:

a. $1,244,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

1. Necessary economic development projects and activities in economically distressed areas;

2. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low-pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar- for-dollar basis in the amount of the grant awarded; or

3. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.

b. $400,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants related to water, sewer, or business development projects.

(4) $250,000 in each fiscal year for the Agricultural Advancement Consortium. These funds shall be placed in a reserve and allocated as follows:

a. $75,000 in each fiscal year for operating expenses associated with the Consortium; and

b. $175,000 in each fiscal year for research initiatives funded by the Consortium.

The Consortium shall facilitate discussions among interested parties and shall develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this subsection shall be selected on the basis of need.

SECTION 20.15.(f) For the 2001-2002 fiscal year only, the Office of State Budget and Management shall reduce the funds appropriated in this act to the Rural Economic Development Center, Inc., by an amount of nine hundred ninety-nine thousand six hundred ninety-four dollars ($999,694). The Center shall compensate for this reduction by using available cash balances from the Child Care Loan Fund in the amount of four hundred ninety-nine thousand six hundred ninety-four dollars ($499,694) and the amount of five hundred thousand dollars ($500,000) from other cash reserves on hand.

SECTION 20.15.(g) The Rural Economic Development Center, Inc., shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division a copy of each grant recipient's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

SECTION 20.16.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of four hundred thousand dollars ($400,000) for the 2001-2002 fiscal year and the sum of four hundred thousand dollars ($400,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $100,000 in each fiscal year to the Opportunities Industrialization Center of Wilson, Inc., for its ongoing job training programs;

(2) $100,000 in each fiscal year to the Opportunities Industrialization Center, Inc., in Rocky Mount, for its ongoing job training programs;

(3) $100,000 in each fiscal year to the Opportunities Industrialization Centers Kinston and Lenoir County, North Carolina, Inc.; and

(4) $100,000 in each fiscal year to the Opportunities Industrialization Center of Elizabeth City, Inc.

SECTION 20.16.(b) For each of the Opportunities Industrialization Centers receiving funds pursuant to subsection (a) of this section, the Rural Economic Development Center, Inc., shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments, including actual results through December 31, 2001; and

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments, including actual results through December 31, 2002; and

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division a copy of the annual audited financial statements of the Opportunities Industrialization Centers funded by this act within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

TRANSFER COMMON FOLLOW-UP EVALUATION FROM OSBPM TO ESC

SECTION 20.17.(a) G.S. 96-32 reads as rewritten:

"**§ 96-32. Common follow-up information management system created.**

(a) The Employment Security Commission of North Carolina shall develop, implement, and maintain a common follow-up information management system for tracking the employment status of current and former participants in State job training, education, and placement programs. The system shall provide for the automated collection, organization, dissemination, and analysis of data obtained from State-funded programs that provide job training and education and job placement services to program participants. In developing the system, the ESC shall ensure that data and information collected from State agencies is confidential, not open for general public inspection, and maintained and disseminated in a manner that protects the identity of individual persons from general public disclosure.

(b) The ESC ~~in consultation with the Office of State Budget, Planning, and Management~~ shall adopt procedures and guidelines for the development and implementation of the CFS authorized under this section.

(c) Based on data collected under the CFS, the ~~Office of State Budget, Planning, and Management~~ ESC shall evaluate the effectiveness of job training, education, and placement programs to determine if specific program goals and objectives are attained, to determine placement and completion rates for each program, and to make recommendations regarding the continuation of State funding for programs evaluated. ~~The ESC shall provide to the Office of State Budget, Planning, and Management data collected under the CFS in a manner and with the frequency necessary for the Office of State Budget, Planning, and Management to conduct the evaluation required under this subsection. The ESC shall consult with the Office of State Budget, Planning, and Management to determine the most efficient and effective method for providing to the Office of State Budget, Planning, and Management data collected under the CFS. The Office of State Budget, Planning, and Management shall maintain the same levels of confidentiality with respect to CFS data received from the ESC as is required of the ESC under this Article.~~"

SECTION 20.17.(b) G.S. 96-35 reads as rewritten:

"**§ 96-35. Reports on common follow-up system activities.**

(a) The Employment Security Commission of North Carolina shall present annually by May 1 to the General Assembly and to the Governor a report of CFS activities for the preceding calendar year. The report shall include information on and evaluation of job training, education, and placement programs for which data was reported by State and local agencies subject to this Article. Evaluation of the programs shall be on the basis of fiscal year data.

(b) The ~~Office of State Budget, Planning, and Management~~ ESC shall report ~~to~~ to the Governor and to the General Assembly upon the convening of each biennial session, its evaluation of and recommendations regarding job training, education, and placement programs for which data was provided to the CFS."

Requested by: Representatives Fox, Owens, Redwine, Easterling, Oldham, Thompson

ESC TO EXPEND REED ACT FUNDS

SECTION 20.18. Of the funds credited to and held in this State's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of two million one hundred thirty-six thousand seven hundred forty-six dollars ($2,136,746) for the 2001-2002 fiscal year for unemployment insurance administration.

Requested by: Representatives Fox, Owens, Insko, Easterling, Oldham, Redwine, Thompson

NORTH CAROLINA GLOBAL CENTER FUNDS

SECTION 20.19. Of the funds appropriated to the Office of State Budget and Management in Section 34.1 of Chapter 769 of the 1993 Session Laws for planning of the North Carolina Center for World Languages and Cultures, Inc., now known as the North Carolina Global Center (hereinafter Center), up to three hundred thousand dollars ($300,000) shall be used for general operating purposes of the Center.

Requested by: Representatives Fox, Owens, Smith, Easterling, Oldham, Redwine

RESTORE NAME OF ABC COMPLEX

SECTION 20.20. The sign designating the North Carolina ABC Commission Office & Warehouse Complex, which is located at 3322 Garner Road in Raleigh, shall be restored to its original designation of "The Marvin L. Speight, Jr. North Carolina ABC Commission Office & Warehouse Complex".

PART XXI. DEPARTMENT OF HEALTH AND HUMAN SERVICES

SUBPART 1. CENTRAL ADMINISTRATION

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DHHS REGIONAL OFFICES

SECTION 21.1.(a) The Department of Health and Human Services shall consolidate and reduce its regional, district, field, and satellite offices located throughout the State. The Department shall implement these consolidations and reductions no later than June 30, 2002. The Department shall provide the following information:

(1) An inventory of all its regional, district, field, and satellite offices located throughout the State before the consolidation required in this section. This inventory shall include the purpose of the office (direct services or central location for field staff), the number of staff assigned to the office, the cost of operating the office, and information on whether the office is co-located or located near another regional, district, field, or satellite office;

(2) An inventory of all its regional, district, field, and satellite offices located throughout the State after the consolidation required in this section is completed. This inventory shall include the purpose of the office (direct services or central location for field staff), the number of staff assigned to the office, the cost of operating the office, and information on whether the office is co-located or located near another regional, district, field, or satellite office;

(3) A report on the anticipated impact of the consolidation required by this section on the delivery of services;

(4) A report on the use of technology to comply with the consolidation required under this section to increase the number of staff working from their homes or other locations; and

(5) A report on the anticipated cost savings, efficiencies in the use of State staff and resources, and improved delivery of services resulting from the consolidation required under this section.

SECTION 21.1.(b) The Department of Health and Human Services shall provide an interim report on the activities required under this section by January 1, 2002, and a final report by July 1, 2002. The interim and final reports shall be provided to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CENTRALIZE CRIMINAL RECORD CHECK FUNCTIONS

SECTION 21.2. The Department of Health and Human Services shall centralize all activities throughout the Department relating to the coordination and processing of criminal record checks required by law. The centralization shall include the transfer of positions, corresponding State appropriations, federal funds, and other funds. The Department shall report on the centralization of criminal record check activities to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than January 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PRESCRIPTION DRUG ASSISTANCE PROGRAM MANAGEMENT

SECTION 21.3.(a) The Department of Health and Human Services shall implement the following recommendations of the "North Carolina Medicaid Benefit Study", May 1, 2001, to improve the management of prescription drug assistance programs operated by the Department, including programs in the Divisions of Public Health, Mental Health, Developmental Disabilities, and Substance Abuse Services, Services for the Blind, and Vocational Rehabilitation:

(1) Dispensing of generic drugs. Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, under all prescription drug assistance programs operated by the Department of Health and Human Services, and except as otherwise provided in this subsection for atypical antipsychotic drugs and drugs listed in the narrow therapeutic drug index, prescription order for a drug designated by a trade or brand name shall be considered to be an order for the drug by its established or generic name, except when the prescriber has determined, at the time the drug is prescribed, that the brand name drug is medically necessary and has written on the prescription order the phrase "medically necessary". Generic drugs, when available in the pharmacy, shall be dispensed at a lower cost to the Medical Assistance Program rather than trade or brand name drugs. As used in this subdivision, "brand name" means the proprietary name the manufacturer places upon a drug product or on its container, label, or wrapping at the time of packaging, and "established name" has the same meaning as in section 502(e)(3) of the Federal Food, Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

(2) Limit the supplies of prescription drugs to 34-day supplies for some or all drugs.

Notwithstanding subdivision (1) of this subsection, an initial prescription order for an atypical antipsychotic drug or a drug listed in the narrow therapeutic drug index that does not contain the phrase "medically necessary" shall be considered an order for the drug by its established or generic name, except that the pharmacy shall not substitute a generic or established name prescription drug for subsequent brand or trade name prescription orders of the same prescription drug without explicit oral or written approval of the prescriber given at the time the order is filled.

SECTION 21.3.(b) The Department shall consider other drug utilization management activities for all prescription drug assistance programs operated by the Department as follows:

(1) Prior authorization program to manage high-cost name brand drugs.
(2) Maximum allowable pricing.
(3) Contracting with a pharmacy benefits manager to implement more extensive prospective drug utilization review.

SECTION 21.3.(c) The Department shall report on the activities conducted under this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than January 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

TOLL-FREE PHONE LINE INVENTORY AND CONSOLIDATION

SECTION 21.5.(a) The Department of Health and Human Services shall determine the feasibility of combining all Department-operated and contracted toll-free (1-8xx) phone lines to create efficiencies. An inventory of all resource telephone lines throughout Divisions of the Department shall be conducted and an evaluation completed of potential savings in combining these phone lines. In conducting the inventory, the Department shall identify the following:

(1) Title and purpose of the phone line.
(2) Type of information provided to callers.
(3) Budget of the operations.
(4) Number of staff (phone agents, other).
(5) Number of calls received annually to each phone line.
(6) Contracts.

The Department shall project costs for the new combined phone line and prepare a comprehensive cost-benefit analysis on the new consolidated plan compared with current services.

SECTION 21.5.(b) The Department shall submit a progress report on the feasibility study to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Information Technology, and the House of Representatives Appropriations Subcommittee on Information Technology no later than October 1, 2001, and a final report by April 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

COORDINATION OF ACCESS TO PHARMACEUTICAL COMPANY PRESCRIPTION DRUG PROGRAMS

SECTION 21.6.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of two hundred thousand dollars ($200,000) for the 2001-2002 fiscal year and the sum of two hundred

thousand dollars ($200,000) for the 2002-2003 fiscal year shall be used to assist eligible individuals in obtaining prescription drugs at no cost or for a nominal fee through pharmaceutical company programs or initiatives. Coordination of access shall be provided through a central location that maintains documentation of an individual's eligibility provided by the individual and prescription orders from the individual's physician to facilitate the provision of no-cost or nominal cost drugs under the pharmaceutical company program. The coordination of access shall be implemented in a way that encourages physician, patient, and pharmacy participation by reducing time-consuming procedural requirements. The Department may contract with a private nonprofit organization to coordinate access as provided under this section.

SECTION 21.6.(b) The coordination of access effort under this section shall coordinate with other prescription drug assistance programs throughout the Department including the AIDS Drug Assistance Program and the Prescription Drug Assistance Program in identifying program participants.

SECTION 21.6(c) The Department shall work with pharmaceutical companies in obtaining access to company applications for assistance and making those applications available to the general public. The Department shall ensure that pharmaceutical company programs are registered with the Department and shall obtain the application forms of each pharmaceutical program.

SECTION 21.6.(d) The Department shall report on the implementation of this section on October 1, 2001, April 1, 2002, and October 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ADULT CARE HOME REIMBURSEMENT RATES IMPLEMENTATION PLAN

SECTION 21.7.(a) The Department of Health and Human Services shall implement all of the recommendations in the March 2001 performance audit report, "Adult Care Home Reimbursement Rates", conducted by the Department of State Auditor, except for the recommendation pertaining to review of the rate methodology for adult care homes. The Department shall implement the recommendations not later than July 1, 2002.

SECTION 21.7.(b) The Fiscal Research Division, through the Legislative Services Office, in consultation with the Department of Health and Human Services, shall issue a Request For Proposal (RFP) and contract for an independent consultant with extensive expertise in rate-setting for public and private entities to develop a new rate methodology for establishing reimbursements for adult care homes. The final report of the independent consultant shall be presented to the General Assembly not later than June 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

LONG-TERM CARE CONTINUUM OF CARE

SECTION 21.9.(a) The Department of Health and Human Services shall, in cooperation with other appropriate State and local agencies and representatives of consumer and provider organizations, develop a system that provides a continuum of long-term care for elderly and disabled individuals and their families. The Department shall define the system of long-term care services to include:

(1) A structure and means for screening, assessment, and care management across settings of care;

(2) A process to determine outcome measures for care;
(3) An integrated data system to track expenditures, consumer characteristics, and consumer outcomes;
(4) Relationships between the Department and the State's universities to provide policy analysis and program evaluation support for the development of long-term care system reforms;
(5) An implementation plan that addresses testing of models, reviewing existing models, evaluation of components, and steps needed to achieve development of a coordinated system; and
(6) Provision for consumer, provider, and agency input into the system design and implementation development.

SECTION 21.9.(b) Notwithstanding Section 11.7A(a) of S.L. 1999-237, as amended by Section 11.4(b) of S.L. 2000-67, if non-State funds from within the Department can be identified, the Department may, with the approval of the Office of State Budget and Management, proceed to:

(1) Implement the initial phase of a comprehensive data system that tracks long-term care expenditures, services, consumer profiles, and consumer preferences; and
(2) Develop a system of statewide long-term care services coordination and case management to minimize administrative costs, improve access to services, and minimize obstacles to the delivery of long-term care services to people in need.

SECTION 21.9.(c) Not later than April 15, 2002, the Department shall submit a progress report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the North Carolina Study Commission on Aging, on the development of the system required under this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

RECODIFICATION OF ADMINISTRATIVE RULES

SECTION 21.10. The Codifier of Rules may continue the process of reorganizing Titles 10 and 15A of the North Carolina Administrative Code to reflect the recent reorganization of the Department of Health and Human Services and the Department of Environment and Natural Resources. The reorganization of the Code may include replacing Title 10 with a new Title 10A if desirable for clarity. The Codifier of Rules may make changes in the text of the affected rules to reflect changes in organizational structure of the Department of Health and Human Services and the Department of Environment and Natural Resources. So long as the changes in text do not change the substance of the rules, the reorganization by the Codifier is exempt from the requirements of Chapter 150B of the General Statutes and does not require the review or approval of the Rules Review Commission.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

TRANSFER OF CERTAIN FUNDS AUTHORIZED

SECTION 21.11. Article 1 of Chapter 143 of the General Statutes is amended by adding the following new section to read:

"**§ 143-23.3. Transfer of certain funds authorized.**

In order to assure maximum utilization of funds in county departments of social services, county or district health agencies, and area mental health, developmental disabilities, and substance abuse services authorities, the Director of the Budget may transfer excess funds appropriated to a specific service, program, or fund, whether

specified service in a block grant plan or General Fund appropriation, into another service, program, or fund for local services within the budget of the respective State agency."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PHYSICIAN SERVICES

SECTION 21.12. With the approval of the Office of State Budget and Management, the Department of Health and Human Services may use funds appropriated in this act for across-the-board salary increases and performance pay to offset similar increases in the costs of contracting with private and independent universities for the provision of physician services to clients in facilities operated by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services. This offsetting shall be done in the same manner as is currently done with constituent institutions of The University of North Carolina.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine

ELIMINATE JOINT LEGISLATIVE PUBLIC ASSISTANCE COMMISSION

SECTION 21.13.(a) G.S. 120-225 is repealed.

SECTION 21.13.(b) G.S. 108A-27.2(12) reads as rewritten:

"**§ 108A-27.2. General duties of the Department.**

The Department shall have the following general duties with respect to the Work First Program:

...

(12) Report to the ~~Joint Legislative Public Assistance Commission and the members of the~~ Senate Appropriations Committee on Health and Human ~~Resources~~ Services and the House of Representatives Appropriations Subcommittee on Health and Human ~~Resources~~ Services the counties which have requested Electing ~~status,~~status; provide copies of the proposed Electing County Plans to ~~the Joint Legislative Public Assistance C~~ommission and the members of the Senate Appropriations Committee on Health and Human ~~Resources~~ Services and the House of Representatives Appropriations Subcommittee on Health and Human ~~Resources~~ Services; and make recommendations to the ~~Joint Legislative Public Assistance Commission, the members of the~~ Senate Appropriations Committee on Health and Human ~~Resources~~ Services and the House of Representatives Appropriations Subcommittee on Health and Human ~~Resources, and the General Assembly~~Services on which of the proposed Electing County Plans ensure compliance with federal and State laws, rules, and regulations and are consistent with the overall purposes and goals for the Work First Program; and".

SECTION 21.13.(c) G.S. 108A-27.9(d) reads as rewritten:

"(d) The section of the State Plan proposing the terms of the Work First Program in Electing Counties shall be based upon the aggregate of the Electing County Plans and shall include the following:

(1) Allocations of federal and State funds for Electing Counties in the Work First Program including block grants to counties and the allocation of funding for administration not to exceed the federally established limitations on the use of federal TANF funds and the limits imposed under this Article;

(2) Maintenance of effort and levels of State and county funding for Electing Counties in the Work First Program;

(3) Federal eligibility requirements and a description of the eligibility requirements and benefit calculation in each Electing County; and
(4) A description of the federal, State, and each Electing County's financial participation in the Work First Program.

The Department may modify the section in the State Plan regarding Electing Counties once a biennium or except as necessary to reflect any modifications made by an Electing County. Any changes to the section of the State Plan regarding Electing Counties shall be reported to the ~~Joint Legislative Public Assistance Commission at the next meeting of the Commission following the changes and to the General Assembly during the next session~~Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division within one month following the changes."

SECTION 21.13.(d) G.S. 108A-29(r) reads as rewritten:

"(r) Each county's Job Service Employer Committee or Workforce Development Board shall continue the study of the working poor, titled "NC WORKS", in their respective counties and shall include the following in the study:

(1) Determination of the extent to which current labor market participation enables individuals and families to earn the amount of disposable income necessary to meet their basic needs;
(2) Determination of how many North Carolinians work and earn wages below one hundred fifty percent (150%) of the Federal Poverty Guideline and study trends in the size and demographic profiles of this underemployed group within the respective county;
(3) Examination of job market factors that contribute to any changes in the composition and numbers of the working poor including, but not limited to, shifts from manufacturing to service, from full-time to part-time work, from permanent to temporary or their contingent employment;
(4) Consideration and determination of the respective responsibilities of the public and private sectors in ensuring that working families and individuals have disposable income adequate to meet their basic needs;
(5) Evaluation of the effectiveness of the unemployment insurance system in meeting the needs of low-wage workers when they become unemployed;
(6) Examination of the efficacy of a State-earned income tax credit that would enable working families to meet the requirements of the basic needs budget;
(7) Examination of the wages, benefits, and protections available to part-time and temporary workers, leased employees, independent contractors, and other contingent workers as compared to regular full-time workers;
(8) Solicitation, receipt, and acceptance of grants or other funds from any person or entity and enter into agreements with respect to these grants or other funds regarding the undertaking of studies or plans necessary to carry out the purposes of the committee; and
(9) A request of any necessary data from either public or private entities that relate to the needs of the committee or board.

Each committee or board shall prepare and submit a report on the finding for the county which it represents by May 1 of each year to the ~~Joint Legislative Public Assistance Commission, the~~ Senate Appropriations Committee on Health and Human ~~Resources,~~Services, the House of Representatives Appropriations Subcommittee on Health and Human ~~Resources,~~Services, the Senate Appropriations Committee on

Natural and Economic Resources, and the House of Representatives Appropriations Subcommittee on Natural and Economic Resources."

SECTION 21.13.(e) Unless specifically amended by another subsection of this section, the phrase "Joint Legislative Public Assistance Commission" is deleted and replaced by the phrase "Senate Appropriations Committee on Health and Human Services and the House of Representatives Appropriations Subcommittee on Health and Human Services" whenever it occurs in each of the following sections of the General Statutes:

G.S. 108A-27	Authorization and description of Work First Program; Work First Program changes; designation of Electing and Standard Program Counties.
G.S. 108A-27.2	General Duties of the Department.
G.S. 108A-27.9	State Plan.
G.S. 108A-29	First Stop Employment Assistance; priority for employment services.
G.S. 114-40	Inspector General.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ESTABLISH OFFICE OF POLICY AND PLANNING

SECTION 21.14.(a) It is the intent of the General Assembly that the Department of Health and Human Services provide coordinated policy development and strategic planning for the State's health and human services systems. The Department is directed to establish an Office of Policy and Planning within the Office of the Secretary from existing resources across the Department. The Director of the Office of Policy and Planning shall report directly to the Secretary and shall have the following responsibilities:

(1) Coordinate the development of departmental policies, plans, and rules, in consultation with the Divisions of the Department.

(2) Development of a departmental process for the development and implementation of new policies, plans, and rules.

(3) Development of a departmental process for the review of existing policies, plans, and rules to ensure that departmental policies, plans, and rules are relevant.

(4) Coordination and review of all departmental policies before dissemination to ensure that all policies are well-coordinated within and across all programs.

(5) Implementation of ongoing strategic planning that integrates budget, personnel, and resources with the mission and operational goals of the Department.

(6) Review, disseminate, monitor, and evaluate best practice models.

SECTION 21.14.(b) Under the direction of the Secretary of Health and Human Services, the Director of the Office of Policy and Planning shall have the authority to direct Divisions, offices, and programs within the Department to conduct periodic reviews of policies, plans, and rules and shall advise the Secretary when it is determined to be appropriate or necessary to modify, amend, and repeal departmental policies, plans, and rules. All policy and management positions within the Office of Policy and Planning are exempt positions as that term is defined in G.S. 126-5.

SECTION 21.14.(c) The Department shall report on the establishment of the Office of Policy and Planning to the members of the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by January 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

COUNTY HEALTH AND HUMAN SERVICES BUDGET GUIDANCE

SECTION 21.16. G.S. 108A-88 reads as rewritten:

"**§ 108A-88. Determination of State and county financial participation.**

Before February 15 of each year, the Secretary shall notify the county board of commissioners, the county manager, the director of social ~~services~~ services, and the director of public health of each county of the amount of State and federal moneys estimated to be available, as best can be determined, to that county for programs of public assistance, social ~~services~~ services, public health, and related administrative costs, as well as the percentage of county participation expected to be required for the budget for the succeeding fiscal year. In odd-numbered years, in making such notification, the Secretary shall notify the counties of any changes in funding levels, formulas, or programs relating to public assistance and public health proposed by the Governor to the General Assembly in the proposed budget and budget report submitted under the Executive Budget Act. Counties shall be notified of additional changes in the proposed budget of the Governor and the Advisory Budget Commission that are made by the General Assembly or the United States Congress subsequent to the February 15 estimates."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

INFORMATION TECHNOLOGY PROJECT CONTRACTS

SECTION 21.17.(a) Notwithstanding any other provision of law to the contrary, the Department of Health and Human Services may establish special time-limited positions in the Division of Information Research Management for an information technology project to maximize efficiencies in the preparation for and implementation of federal requirements of the medical records privacy standards under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Positions established are not permanent positions, not subject to the State Personnel Act under G.S. 126-1.1, and not subject to the State salary schedule.

SECTION 21.17.(b) Positions established pursuant to this section may commence no earlier than July 1, 2001, and shall expire June 30, 2003.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

USE OF SAVINGS REALIZED FROM ELIMINATION OF POSITIONS

SECTION 21.18. Savings in non-State funds realized from the elimination of positions in the Department of Health and Human Services shall be reallocated by the Department for direct services in the program where the position was eliminated, except in programs where State funds are used to draw down federal funds.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CENTRALIZED CONTRACTS UNIT

SECTION 21.18B. The Department of Health and Human Services shall create a Contracts Unit for the centralization of all departmental contracts and contracting functions. The centralization shall include the transfer of positions, corresponding State appropriations, federal funds, and other funds. The Department shall develop consistent policies and procedures for the development and execution of contracts.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

FAMILY SUPPORT SERVICES

SECTION 21.18C. The Department of Health and Human Services shall coordinate all family support contracts and activities across divisions. This coordination shall address duplication, cost efficiency, and effectiveness and shall ensure compliance with federal requirements while maximizing State and federal resources.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson, Wright

HIV/AIDS PREVENTION INITIATIVE

SECTION 21.18D.(a) It is the intention of the General Assembly to focus current resources and activities to strengthen and enhance prevention and intervention programs directed at the reduction of HIV/AIDS. The Department shall coordinate efforts to enhance awareness, education, and outreach with the North Carolina AIDS Advisory Council, North Carolina Minority Health Advisory Council, representatives of faith communities, representatives of nonprofit agencies, and other State agencies.

SECTION 21.18D.(b) The Department of Health and Human Services shall coordinate the following education, awareness, and outreach campaigns to comply with subsection (a):

(1) Division of Social Services programs and services:
   a. Domestic Violence Prevention and Awareness.
   b. Domestic Violence Services for Work First Families.
   c. After School Services for At Risk Children.
   d. Work First Boys/Girls Clubs.

(2) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services programs and services:
   a. Substance Abuse Services for Juveniles.
   b. Residential Substance Abuse Services for Women and Children.

(3) Division of Public Health programs and services:
   a. Teen Pregnancy Prevention Activities.
   b. Out-of-Wedlock Births.
   c. School Health Program.
   d. High-Risk Maternity Clinic Services.
   e. Perinatal Education and Training.
   f. Public Information and Education.
   g. Technical Assistance to Local Health Departments.

(4) Other divisions, services, and programs:
   a. Family Support Services.
   b. Family Resource Centers.
   c. Independent Living Services.
   d. Residential schools and facilities.
   e. Other programs, services, or contracts that provide education and awareness services to children and families.

SECTION 21.18D.(c) Other State agencies, including the Department of Public Instruction, the Department of Juvenile Justice and Delinquency Prevention, and the Department of Administration, shall ensure that after-school programs incorporate developmentally appropriate HIV/AIDS education, awareness, and outreach information into their programs.

SECTION 21.18D.(d) The Department shall report on the implementation of this section on March 15, 2002, to the Senate Appropriations Committee on Health

and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

OFFICE OF ECONOMIC OPPORTUNITY

SECTION 21.18E. The Office of Economic Opportunity is transferred from the Office of the Secretary to the Division of Social Services of the Department of Health and Human Services. The transfer shall include the budget and all programmatic functions of the Office of Economic Opportunity, including positions, corresponding State appropriations, federal funds, and other funds to the Division of Social Services.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

TRANSFER OFFICE OF RURAL HEALTH TO DIVISION OF PUBLIC HEALTH

SECTION 21.18F. The Office of Rural Health is transferred from the Office of the Secretary to the Division of Public Health. All positions, corresponding State appropriations, federal funds, and other funds are transferred to the Division of Public Health.

SUBPART 2. MEDICAL ASSISTANCE

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID PROGRAM

SECTION 21.19.(a) Funds appropriated in this act for services provided in accordance with Title XIX of the Social Security Act (Medicaid) are for both the categorically needy and the medically needy. Funds appropriated for these services shall be expended in accordance with the following schedule of services and payment bases. All services and payments are subject to the language at the end of this subsection.

Services and payment bases:

(1) Hospital-Inpatient – Payment for hospital inpatient services will be prescribed in the State Plan as established by the Department of Health and Human Services.

(2) Hospital-Outpatient – Eighty percent (80%) of allowable costs or a prospective reimbursement plan as established by the Department of Health and Human Services.

(3) Nursing Facilities – Payment for nursing facility services will be prescribed in the State Plan as established by the Department of Health and Human Services. Nursing facilities providing services to Medicaid recipients who also qualify for Medicare must be enrolled in the Medicare program as a condition of participation in the Medicaid program. State facilities are not subject to the requirement to enroll in the Medicare program.

(4) Intermediate Care Facilities for the Mentally Retarded – As prescribed in the State Plan as established by the Department of Health and Human Services.

(5) Drugs – Drug costs as allowed by federal regulations plus a professional services fee per month excluding refills for the same drug or generic equivalent during the same month. Reimbursement shall be available for up to six prescriptions per recipient, per month, including refills. Payments for drugs are subject to the provisions of subsection

(h) of this section and to the provisions at the end of subsection (a) of this section, or in accordance with the State Plan adopted by the Department of Health and Human Services consistent with federal reimbursement regulations. Payment of the professional services fee shall be made in accordance with the State Plan adopted by the Department of Health and Human Services, consistent with federal reimbursement regulations. The professional services fee shall be five dollars ($5.00) per prescription. Adjustments to the professional services fee shall be established by the General Assembly.

(6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified Nurse Midwife Services, Nurse Practitioners – Fee schedules as developed by the Department of Health and Human Services. Payments for dental services are subject to the provisions of subsection (g) of this section. Payment for physician and other practitioner services shall be the lesser of one hundred percent (100%) of the current Medicare payment amount or the Medicare payment amount in effect on January 1, 2001.

(7) Community Alternative Program, EPSDT Screens – Payment to be made in accordance with rate schedule developed by the Department of Health and Human Services.

(8) Home Health and Related Services, Private Duty Nursing, Clinic Services, Prepaid Health Plans, Durable Medical Equipment – Payment to be made according to reimbursement plans developed by the Department of Health and Human Services.

(9) Medicare Buy-In – Social Security Administration premium.

(10) Ambulance Services – Uniform fee schedules as developed by the Department of Health and Human Services. Public ambulance providers will be reimbursed at cost.

(11) Hearing Aids – Actual cost plus a dispensing fee.

(12) Rural Health Clinic Services – Provider-based, reasonable cost; nonprovider-based, single-cost reimbursement rate per clinic visit.

(13) Family Planning – Negotiated rate for local health departments. For other providers, see specific services, for instance, hospitals, physicians.

(14) Independent Laboratory and X-Ray Services – Uniform fee schedules as developed by the Department of Health and Human Services.

(15) Optical Supplies – One hundred percent (100%) of reasonable wholesale cost of materials.

(16) Ambulatory Surgical Centers – Payment as prescribed in the reimbursement plan established by the Department of Health and Human Services.

(17) Medicare Crossover Claims – An amount up to the actual coinsurance or deductible or both, in accordance with the State Plan, as approved by the Department of Health and Human Services.

(18) Physical Therapy and Speech Therapy – Services limited to EPSDT eligible children. Payments are to be made only to qualified providers at rates negotiated by the Department of Health and Human Services. Physical therapy (including occupational therapy) and speech therapy services are subject to prior approval and utilization review.

(19) Personal Care Services – Payment in accordance with the State Plan approved by the Department of Health and Human Services.

(20) Case Management Services – Reimbursement in accordance with the availability of funds to be transferred within the Department of Health and Human Services.

(21) Hospice – Services may be provided in accordance with the State Plan developed by the Department of Health and Human Services.

(22) Other Mental Health Services – Unless otherwise covered by this section, coverage is limited to:

a. Services as defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and approved by the Health Care Financing Administration when provided in agencies meeting the requirements of the rules established by the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services, and reimbursement is made in accordance with a State Plan developed by the Department of Health and Human Services not to exceed the upper limits established in federal regulations, and

b. For children eligible for EPSDT services:

1. Licensed or certified psychologists, licensed clinical social workers, certified clinical nurse specialists in psychiatric mental health advanced practice, and nurse practitioners certified as clinical nurse specialists in psychiatric mental health advanced practice, when Medicaid-eligible children are referred by the Carolina ACCESS primary care physician or the area mental health program, and

2. Institutional providers of residential services as defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and approved by the Health Care Financing Administration for children and Psychiatric Residential Treatment Facility services that meet federal and State requirements as defined by the Department.

Notwithstanding G.S. 150B-121.1(a), the Department of Health and Human Services may adopt temporary rules in accordance with Chapter 150B of the General Statutes further defining the qualifications of providers and referral procedures in order to implement this subdivision. Coverage policy for services defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services under paragraphs a. and b.2 of this subdivision shall be established by the Division of Medical Assistance.

(23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible Children – Reimbursement in accordance with the State Plan approved by the Department of Health and Human Services.

(24) Health Insurance Premiums – Payments to be made in accordance with the State Plan adopted by the Department of Health and Human Services consistent with federal regulations.

(25) Medical Care/Other Remedial Care – Services not covered elsewhere in this section include related services in schools; health professional services provided outside the clinic setting to meet maternal and infant health goals; and services to meet federal EPSDT mandates. Services addressed by this paragraph are limited to those prescribed in the State Plan as established by the Department of Health and Human Services.

(26) Pregnancy Related Services – Covered services for pregnant women shall include nutritional counseling, psychosocial counseling, and predelivery and postpartum home visits by maternity care coordinators and public health nurses.

Services and payment bases may be changed with the approval of the Director of the Budget.

Reimbursement is available for up to 24 visits per recipient per year to any one or combination of the following: physicians, clinics, hospital outpatient, optometrists, chiropractors, and podiatrists. Prenatal services, all EPSDT children, emergency rooms, and mental health services subject to independent utilization review are exempt from the visit limitations contained in this paragraph. Exceptions may be authorized by the Department of Health and Human Services where the life of the patient would be threatened without such additional care. Any person who is determined by the Department to be exempt from the 24-visit limitation may also be exempt from the six-prescription limitation.

SECTION 21.19.(b) Allocation of Nonfederal Cost of Medicaid. – The State shall pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the nonfederal costs of all applicable services listed in this section.

SECTION 21.19.(c) Copayment for Medicaid Services. – The Department of Health and Human Services may establish copayment up to the maximum permitted by federal law and regulation.

SECTION 21.19.(d) Medicaid and Work First Family Assistance, Income Eligibility Standards. – The maximum net family annual income eligibility standards for Medicaid and Work First Family Assistance and the Standard of Need for Work First Family Assistance shall be as follows:

	Categorically Needy		Medically Needy	
	WFFA*			
Family Size	Standard of Need		Families and Children Income Level	AA, AB, AD*
1	$4,344		$2,172	$2,900
2	5,664		2,832	3,800
3	6,528		3,264	4,400
4	7,128		3,564	4,800
5	7,776		3,888	5,200
6	8,376		4,188	5,600
7	8,952		4,476	6,000
8	9,256		4,680	6,300

*Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid to the Blind (AB); and Aid to the Disabled (AD).

The payment level for Work First Family Assistance shall be fifty percent (50%) of the standard of need.

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

SECTION 21.19.(e) The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to all elderly, blind, and disabled people who have incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines, as revised each April 1.

SECTION 21.19.(f) ICF and ICF/MR Work Incentive Allowances. – The Department of Health and Human Services may provide an incentive allowance to Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in

work activities as part of their developmental plan and for whom retention of additional income contributes to their achievement of independence. The State funds required to match the federal funds that are required by these allowances shall be provided from savings within the Medicaid budget or from other unbudgeted funds available to the Department. The incentive allowances may be as follows:

Monthly Net Wages	Monthly Incentive Allowance
$1.00 to $100.99	Up to $50.00
$101.00 to $200.99	$80.00
$201.00 to $300.99	$130.00
$301.00 and greater	$212.00.

SECTION 21.19.(g) Dental Coverage Limits. – Dental services shall be provided on a restricted basis in accordance with rules adopted by the Department to implement this subsection.

SECTION 21.19.(h) Dispensing of Generic Drugs. – Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, or any other law to the contrary, under the Medical Assistance Program (Title XIX of the Social Security Act), and except as otherwise provided in this subsection for atypical antipsychotic drugs and drugs listed in the narrow therapeutic index, a prescription order for a drug designated by a trade or brand name shall be considered to be an order for the drug by its established or generic name, except when the prescriber has determined, at the time the drug is prescribed, that the brand name drug is medically necessary and has written on the prescription order the phrase "medically necessary". An initial prescription order for an atypical antipsychotic drug or a drug listed in the narrow therapeutic drug index that does not contain the phrase "medically necessary" shall be considered an order for the drug by its established or generic name, except that a pharmacy shall not substitute a generic or established name prescription drug for subsequent brand or trade name prescription orders of the same prescription drug without explicit oral or written approval of the prescriber given at the time the order is filled. Generic drugs, when available in the pharmacy, shall be dispensed at a lower cost to the Medical Assistance Program rather than trade or brand name drugs. As used in this subsection, "brand name" means the proprietary name the manufacturer places upon a drug product or on its container, label, or wrapping at the time of packaging; and "established name" has the same meaning as in section 502(e)(3) of the Federal Food, Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

SECTION 21.19.(i) Exceptions to Service Limitations, Eligibility Requirements, and Payments. – Service limitations, eligibility requirements, and payments bases in this section may be waived by the Department of Health and Human Services, with the approval of the Director of the Budget, to allow the Department to carry out pilot programs for prepaid health plans, managed care plans, or community-based services programs in accordance with plans approved by the United States Department of Health and Human Services, or when the Department determines that such a waiver will result in a reduction in the total Medicaid costs for the recipient. The Department of Health and Human Services may proceed with planning and development work on the Program of All-Inclusive Care for the Elderly.

SECTION 21.19.(j) Volume Purchase Plans and Single Source Procurement. – The Department of Health and Human Services, Division of Medical Assistance, may, subject to the approval of a change in the State Medicaid Plan, contract for services, medical equipment, supplies, and appliances by implementation of volume purchase plans, single source procurement, or other similar processes in order to improve cost containment.

SECTION 21.19.(k) Cost-Containment Programs. – The Department of Health and Human Services, Division of Medical Assistance, may undertake cost

containment programs, including preadmissions to hospitals and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

SECTION 21.19.(l) For all Medicaid eligibility classifications for which the federal poverty level is used as an income limit for eligibility determination, the income limits will be updated each April 1 immediately following publication of federal poverty guidelines.

SECTION 21.19.(m) The Department of Health and Human Services shall provide Medicaid to 19-, 20-, and 21-year olds in accordance with federal rules and regulations.

SECTION 21.19.(n) The Department of Health and Human Services shall provide coverage to pregnant women and to children according to the following schedule:

(1) Pregnant women with incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.

(2) Infants under the age of 1 with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.

(3) Children aged 1 through 5 with family incomes equal to or less than one hundred thirty-three percent (133%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.

(4) Children aged 6 through 18 with family incomes equal to or less than the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.

(5) The Department of Health and Human Services shall provide Medicaid coverage for adoptive children with special or rehabilitative needs regardless of the adoptive family's income.

Services to pregnant women eligible under this subsection continue throughout the pregnancy but include only those related to pregnancy and to those other conditions determined by the Department as conditions that may complicate pregnancy. In order to reduce county administrative costs and to expedite the provision of medical services to pregnant women, to infants, and to children described in subdivisions (3) and (4) of this subsection, no resources test shall be applied.

SECTION 21.19.(o) Medicaid enrollment of categorically needy families with children shall be continuous for one year without regard to changes in income or assets.

SECTION 21.19.(p) The Department shall disregard earned income for recipients who would otherwise lose Medicaid eligibility under section 1931 of Title XIX of the Social Security Act due to earnings. This disregard shall be applied for a maximum of 12 consecutive months.

SECTION 21.19.(q) The Department of Health and Human Services shall submit a quarterly status report on expenditures for acute care and long-term care services to the Fiscal Research Division and to the Office of State Budget and Management. This report shall include an analysis of budgeted versus actual expenditures for eligibles by category and for long-term care beds. In addition, the Department shall revise the program's projected spending for the current fiscal year and the estimated spending for the subsequent fiscal year on a quarterly basis. The quarterly expenditure report and the revised forecast shall be forwarded to the Fiscal Research Division and to the Office of State Budget and Management no later than the third Thursday of the month following the end of each quarter.

SECTION 21.19.(r) The Division of Medical Assistance, Department of Health and Human Services, may provide incentives to counties that successfully recover fraudulently spent Medicaid funds by sharing State savings with counties responsible for the recovery of the fraudulently spent funds.

SECTION 21.19.(s) If first approved by the Office of State Budget and Management, the Division of Medical Assistance, Department of Health and Human Services, may use funds that are identified to support the cost of development and acquisition of equipment and software through contractual means to improve and enhance information systems that provide management information and claims processing.

SECTION 21.19.(t) The Department of Health and Human Services may adopt temporary rules according to the procedures established in G.S. 150B-21.1 when it finds that these rules are necessary to maximize receipt of federal funds, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to the filing of these temporary rules with the Office of Administrative Hearings, the Department shall consult with the Office of State Budget and Management on the possible fiscal impact of the temporary rule and its effect on State appropriations and local governments.

SECTION 21.19.(u) The Department shall report to the Fiscal Research Division of the Legislative Services Office and to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Health and Human Services or the Joint Legislative Health Care Oversight Committee on any change it anticipates making in the Medicaid program that impacts the type or level of service, reimbursement methods, or waivers, any of which require a change in the State Plan or other approval by the Health Care Financing Administration. The reports shall be provided at the same time they are submitted to HCFA for approval.

SECTION 21.19.(v) Upon approval of a demonstration waiver by the Health Care Financing Administration, the Department of Health and Human Services may provide Medicaid coverage for family planning services to men and women of child-bearing age with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty level. Coverage shall be contingent upon federal approval of the waiver and shall begin no earlier than January 1, 2001.

SECTION 21.19.(w) The Department of Health and Human Services, Division of Medical Assistance, shall use the latest audited cost reporting data available when establishing Medicaid provider rates or when making changes to the reimbursement methodology.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID DEFINITION OF MEDICAL NECESSITY EXEMPT FROM RULE MAKING UNDER APA; DETERMINATION OF MEDICAL NECESSITY

SECTION 21.20.(a) The Department of Health and Human Services shall adopt a definition and application of "medical necessity" for the State Medicaid Program that is consistent with current references to national standards of care. In order to promote consistency among providers and ensure that medical necessity criteria are uniformly applied to beneficiaries throughout the State, the determination of "medical necessity" shall be made by Department staff or other utilization review contractors. Adoption of and amendments to the definition and application of "medical necessity" under the State Medicaid Program are exempt from rule-making requirements of Chapter 150B of the General Statutes. The Department shall notify in writing all Medicaid providers in the State of all proposed amendments to the definition and application of "medical necessity". Notice shall be given 30 days prior to the adoption of the amended definition or application and shall include the text of the proposed

amended definition or application. The Department shall make available to providers and other interested persons upon request the most recently adopted definition and application of "medical necessity".

SECTION 21.20.(b) G.S. 150B-1(d) reads as rewritten:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

(1) The Commission.
(2) Repealed by Session Laws 2000-189, s. 14, effective July 1, 2000.
(3) The North Carolina Hazardous Waste Management Commission in administering the provisions of G.S. 130B-13 and G.S. 130B-14.
(4) The Department of Revenue, with respect to the notice and hearing requirements contained in Part 2 of Article 2A.
(5) The North Carolina Global TransPark Authority with respect to the acquisition, construction, operation, or use, including fees or charges, of any portion of a cargo airport complex.
(6) The Department of Correction, with respect to matters relating solely to persons in its custody or under its supervision, including prisoners, probationers, and parolees.
(7) The North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan in administering the provisions of Parts 2 and 3 of Article 3 of Chapter 135 of the General Statutes.
(8) The Department of Health and Human Services in defining and applying 'medical necessity' under the State Medicaid Program."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

COUNTY MEDICAID COST-SHARE

SECTION 21.21.(a) Effective July 1, 2000, the county share of the cost of Medicaid services currently and previously provided by area mental health authorities shall be increased incrementally each fiscal year until the county share reaches fifteen percent (15%) of the nonfederal share by State fiscal year 2009-2010.

SECTION 21.21.(b) Effective July 1, 2000, the county share of the cost of Medicaid Personal Care Services paid to adult care homes shall be decreased incrementally each fiscal year until the county share reaches fifteen percent (15%) of the nonfederal share by State fiscal year 2009-2010.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson, Nesbitt, Baddour

NC HEALTH CHOICE

SECTION 21.22.(a) The total amount of State funds expended for the Health Insurance Program for Children (NC Health Choice) in the 2001-2002 fiscal year and the 2002-2003 fiscal year shall not exceed the amount of State funds appropriated to match federal funds for the Program for the 2001-2002 fiscal year and the 2002-2003 fiscal year. The Department shall manage Program enrollment in a way that maximizes the number of children served within existing funds.

SECTION 21.22.(b) G.S. 108A-70.18 reads as rewritten:

"**§ 108A-70.18. Definitions.**

As used in this Part, unless the context clearly requires otherwise, the term:

(1) 'Comprehensive health coverage' means creditable health coverage as defined under Title XXI.
(2) 'Family income' has the same meaning as used in determining eligibility for the Medical Assistance Program.

(3) 'FPL' or 'federal poverty level' means the federal poverty guidelines established by the United States Department of Health and Human Services, as revised each April 1.

(4) 'Medical Assistance Program' means the State Medical Assistance Program established under Part 6 of Article 2 of Chapter 108A of the General Statutes.

(5) 'Program' means The Health Insurance Program for Children established in this Part.

(6) 'State Plan' means the State Child Health Plan for the State Children's Health Insurance Program established under Title XXI.

(7) 'Title XXI' means Title XXI of the Social Security Act, as added by Pub. L. 105-33, 111 Stat. 552, codified in scattered sections of 42 U.S.C. (1997).

(8) 'Uninsured' means the applicant for Program benefits is not covered under any private or employer-sponsored comprehensive health insurance plan on the date of enrollment. ~~and was not covered under any private or employer-sponsored comprehensive health insurance plan for 60 days immediately preceding the date of application. The waiting periods required under this subdivision shall be waived if:~~

~~a. The child has been enrolled in Medicaid and has lost Medicaid eligibility;~~

~~b. The child has lost health care benefits due to cessation of a nonprofit organization program that provides health care benefits to low-income children;~~

~~c. The child has lost employer-sponsored comprehensive health care coverage due to termination of employment, cessation by the employer of employer-sponsored health coverage, or cessation of the employer's business; or~~

~~d. Health insurance benefits available to the family of a special needs child have been terminated due to a long-term disability or a substantial reduction in or limitation of lifetime medical benefits or benefit category. As used in this paragraph, "special needs child" has the definition applied in G.S. 108A-70.23(a).~~"

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE

SECTION 21.23.(a) Disproportionate share receipts reserved at the end of the 2001-2002 fiscal year shall be deposited with the Department of State Treasurer as nontax revenue for the 2001-2002 fiscal year.

SECTION 21.23.(b) For the 2001-2002 fiscal year, as it receives funds associated with Disproportionate Share Payments from State hospitals, the Department of Health and Human Services, Division of Medical Assistance, shall deposit up to one hundred seven million dollars ($107,000,000) of these Disproportionate Share Payments to the Department of State Treasurer for deposit as nontax revenue. Any Disproportionate Share Payments collected in excess of the one hundred seven million dollars ($107,000,000) shall be reserved by the State Treasurer for future appropriations.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID COST CONTAINMENT AND GROWTH REDUCTION

SECTION 21.24.(a) The Department of Health and Human Services, Division of Medical Assistance, shall contain Medicaid Program costs by reducing the rate of growth of the Medicaid Program, except for the rate of growth in the number of persons eligible for Medicaid. The Department shall develop and implement a plan to reduce the rate of growth in total expenditures for payments for medical services for fiscal year 2002-2003 to eight percent (8%) or less of the total expenditures for the 2001-2002 fiscal year, excluding the rate of growth associated with eligibles.

SECTION 21.24.(b) In addition to findings and recommendations in the "North Carolina Medicaid Benefit Study", May 1, 2001, the Department of Health and Human Services may also consider the following actions to reduce the rate of growth in the Medicaid Program:

(1) Changes in methods of reimbursement;
(2) Changes in the method of determining or limiting inflation factors, or both;
(3) Recalibration of existing methods of reimbursement; and
(4) Contracting for services.

SECTION 21.24.(c) As part of any efforts to contain Medicaid program costs, the Department of Health and Human Services, Division of Medical Assistance, shall not adjust reimbursement rates to levels that would cause Medicaid providers to be out of compliance with certification requirements, licensure rules, or other mandated quality or safety standards.

SECTION 21.24.(d) The Department shall report on its plans to reduce the rate of growth in the State Medicaid Program not later than October 1, 2001. The Department shall submit the report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 21.24.(e) The Department shall not change medical policy affecting the amount, sufficiency, duration, and scope of health care services and who may provide services until the Division of Medical Assistance has prepared a five-year fiscal analysis documenting the increased cost of the proposed change in medical policy and submitted it for Departmental review. If the fiscal impact indicated by the fiscal analysis for any proposed medical policy change exceeds three million dollars ($3,000,000) in total requirements for a given fiscal year, then the Department shall submit the proposed policy change with the fiscal analysis to the Office of State Budget and Management and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID COST-CONTAINMENT RESERVE

SECTION 21.25. Of the funds appropriated in this act to the Department of Health and Human Services for the 2001-2003 fiscal biennium, the sum of one million dollars ($1,000,000) for each year of the 2001-2003 fiscal biennium shall be placed in a Reserve for Medicaid Cost Containment. Funds in the Reserve shall be used to support activities that will contain the cost of the Medicaid Program including contracting for services or hiring additional staff. Medicaid cost-containment activities may include prospective reimbursement methods, incentive-based reimbursement methods, service limits, prior authorization of services, periodic medical necessity reviews, revised medical necessity criteria, service provision in the least costly settings, and other cost-containment related activities. Funds shall not be expended from the Reserve until the Office of State Budget and Management has approved a proposal for the expenditure submitted by the Department. Proposals for expenditures from the Reserve shall include the cost of implementing the cost-containment activity and documentation on the amount of savings expected to be realized from the cost-containment activity.

The Department shall submit a copy of proposals for expenditures from the Reserve to the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID PROGRAM MANAGEMENT

SECTION 21.26.(a) The Department of Health and Human Services shall consider the findings and recommendations in the "North Carolina Medicaid Benefit Study", May 1, 2001, and shall target the following in considering whether and to what extent to implement recommendations:

(1) Reduction in the fragmentation in the medical benefit policy-making process.
(2) Improvement in the use of data and medical literature in the decision-making process.
(3) Improvement in the coordination of care and utilization review process.
(4) Strengthening of program integrity controls.

SECTION 21.26.(b) The Department shall implement a pharmacy management plan considering the recommendations of the "North Carolina Medicaid Benefit Study" to achieve anticipated cost savings of fourteen million dollars ($14,000,000) in the 2001-2002 fiscal year and twenty-six million five hundred thousand dollars ($26,500,000) in the 2002-2003 fiscal year. The pharmacy management plan may include the following activities:

(1) Establishing a prior authorization program to manage utilization of high-cost brand name drugs.
(2) Limiting prescription drugs to a 34-day supply for some or all drugs.
(3) Developing physician prescribing practice profiles and other educational tools to enable physicians to better manage their prescriptions.
(4) Establishing therapeutic limits based on appropriate dosage or usage standards.
(5) Encouraging use of generic drugs, using incentives such as differential dispensing fees or differential co-payments.
(6) Using maximum allowable pricing.
(7) Contracting with a pharmacy benefits manager to implement more extensive drug utilization review.
(8) Studying the impact of eliminating the six prescription drug monthly limit combined with a more rigorous prior authorization program to ensure cost decisions are made based on evidenced-based clinical guidelines.
(9) Expanding disease management initiatives.
(10) Working with ACCESS physicians to develop and implement drug utilization management initiatives.
(11) If cost-effective, expanding Medicaid drug coverage to include selected over-the-counter medications.

SECTION 21.26.(c) The Department shall report on all of the activities conducted under this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than January 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CAROLINA ACCESS PROGRAM IMPROVEMENTS

SECTION 21.27. The Department of Health and Human Services shall improve efficiencies and effectiveness in the Carolina ACCESS program by redesigning program operations to reflect the program goals of the ACCESS II and ACCESS III programs. Strategies for improving efficiencies and effectiveness may include such activities as:

(1) Accelerating conversion of ACCESS I to ACCESS II and III.
(2) Establishing cost-reduction targets for ACCESS II and III partnerships.
(3) Considering reimbursement mechanisms that will enable providers to share in the savings realized by exceeding cost-reduction targets.
(4) Enhancing automatic linkages between patients and their primary care providers during Medicaid eligibility determination.
(5) Improving the referral process to prevent abuse or inappropriate use of primary care provider's authorization number.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STUDY OPTIONAL SERVICES UNDER MEDICAID PROGRAM

SECTION 21.28.(a) The Department of Health and Human Services shall study all of the optional services provided under the State Medical Assistance Program. In conducting the study, the Department shall consider the analysis and recommendations of the "North Carolina Medicaid Benefit Study", May 1, 2001, and shall conduct an analysis of each optional service. The analysis shall include consideration of cost containment achieved by reduction in or elimination of the service, and the impact the reduction or elimination will have on client needs and other services.

SECTION 21.28.(b) The Department shall report its findings and recommendations to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than April 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

TBI MEDICAID WAIVER

SECTION 21.28A. The Department of Health and Human Services shall develop and seek approval from the Health Care Financing Administration for a Home and Community-Based Medicaid Waiver for individuals with traumatic brain injury. If the waiver is granted, the Department shall not implement the waiver unless the implementation is approved and enacted by the General Assembly and funds are appropriated for that purpose. The Department shall report the status of the waiver to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Health and Human Services on October 1, 2001, and March 1, 2002. The report shall include the amount of funds needed to implement the waiver. Nothing in this section obligates the General Assembly to appropriate funds to implement a Medicaid waiver granted by the federal government for the purposes stated in this section.

SUBPART 3. AGING

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SPECIAL ASSISTANCE DEMONSTRATION PROJECT

SECTION 21.29.(a) Section 11.21 of S.L. 1999-237, as amended by Section 11.13 of S.L. 2000-67, reads as rewritten:

"Section 11.21. The Department of Health and Human Services may use funds from the existing State/County Special Assistance for Adults budget to provide Special Assistance payments to eligible individuals in in-home living arrangements. These payments may be made for up to 400 individuals. These payments may be made for up to a two-year period beginning July 1, 2000, and ending June 30, 2002. An individual enrolled in the Special Assistance demonstration on June 30, 2002, who remains continuously eligible may receive payments through June 30, 2003. To the maximum extent possible, the Department shall consider geographic balance in the dispersion of payments to individuals across the State. The Department shall make an interim report to the cochairs of the House of Representatives Appropriations Committee, the cochairs of the House of Representatives Appropriations Subcommittee on Health and Human Services and the cochairs of the Senate Appropriations Committee, the Chair of the Senate Appropriations Committee on Human Resources by June 30, 2001, and a final report by October 1, 2002. This report shall include the following information:

(1) A description of cost savings that could occur by allowing individuals eligible for State/County Special Assistance the option of remaining in the home.

(2) Which activities of daily living or other need criteria are reliable indicators for identifying individuals with the greatest need for income supplements for in-home living arrangements.

(3) How much case management is needed and which types of individuals are most in need of case management.

(4) The geographic location of individuals receiving payments under this section.

(5) A description of the services purchased with these payments.

(6) A description of the income levels of individuals who receive payments under this section and the impact on the Medicaid program.

(7) Findings and recommendations as to the feasibility of continuing or expanding the demonstration program."

SECTION 21.29.(b) The Department of Health and Human Services shall apply for a Section 1115 Medicaid Waiver to provide medical assistance to individuals living in their own home who are receiving supplemental State/County special assistance payments on a pilot basis rather than statewide. Individuals eligible for supplemental payments under the waiver shall be those individuals whose income exceeds one hundred percent (100%) of the federal poverty level and who would otherwise qualify for State/County Special Assistance as a resident of an adult care home. The waiver shall be designed to enable eligible recipients to remain at home, to receive the same payment amount as adult care home residents receiving State/County Special Assistance, and to qualify for Medicaid. If the waiver is granted, the Department shall not implement the waiver unless the implementation is approved and enacted by the General Assembly and funds are appropriated for that purpose. The Department shall report the status of the waiver to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services on October 1, 2001, and March 1, 2002. The report shall include the amount of funds needed to implement the waiver. Nothing in this section obligates the General Assembly to appropriate funds to implement a Medicaid waiver granted by the federal government for the purposes stated in this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SENIOR CENTER OUTREACH

SECTION 21.30.(a) Funds appropriated to the Department of Health and Human Services, Division of Aging, for the 2001-2003 fiscal biennium shall be used by the Division of Aging to enhance senior center programs as follows:

(1) To expand the outreach capacity of senior centers to reach unserved or underserved areas; or

(2) To provide start-up funds for new senior centers.

All of these funds shall be allocated by October 1 of each fiscal year.

SECTION 21.30.(b) Prior to funds being allocated pursuant to this section for start-up funds for a new senior center, the board of commissioners of the county in which the new center will be located shall:

(1) Formally endorse the need for a center;

(2) Formally agree on the sponsoring agency for the center; and

(3) Make a formal commitment to use local funds to support the ongoing operation of the center.

SECTION 21.30.(c) State funding shall not exceed ninety percent (90%) of reimbursable costs.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

FUNDS FOR ALZHEIMER'S ASSOCIATION CHAPTERS IN NORTH CAROLINA

SECTION 21.31. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Aging, the sum of one hundred fifty thousand dollars ($150,000) for the 2001-2002 fiscal year and the sum of one hundred fifty thousand dollars ($150,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $75,000 in each fiscal year for the Western Carolina Alzheimer's Chapter; and

(2) $75,000 in each fiscal year for the Eastern NC Alzheimer's Chapter.

Before funds may be allocated to any chapter under this section, the Chapter shall submit to the Division of Aging, for its approval, a plan for the use of the funds.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

AREA AGENCIES ON AGING COST SAVINGS STUDY; REDUCTION IN NUMBER OF AGENCIES; FUNDS

SECTION 21.32.(a) The Department of Health and Human Services shall conduct a study to determine cost savings to be realized and increased efficiencies to be gained by reducing the number of Area Agencies on Aging from 17 to not more than 13 and not fewer than 10. In conducting the study, the Department shall collect data to determine the amount of the reduction in administrative costs, direct costs, and indirect costs, and shall calculate the reduction based on maintaining the amount and quality of services provided. The Department shall do a cost-benefit analysis of each option for the reduction in the number of agencies, e.g., analysis for reducing to 13, analysis for reducing to 12, etc. The Department shall report the results of its study to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than March 1, 2002.

SECTION 21.32.(b) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of seven hundred thousand dollars ($700,000) for the 2001-2002 fiscal year shall be allocated equally among each of the Area Agencies on Aging. These funds shall be used for planning, coordination, and operational activities that enhance each agency's ability to provide services, information,

and education to consumers, and to better meet the data and technical assistance needs of providers, local planning committees, and local governments.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DIVISION OF AGING CONSOLIDATION OF SECTIONS

SECTION 21.33. The Department of Health and Human Services, Division of Aging, shall reduce layers of management and streamline operations by consolidating the Planning and Information and the Budget and Information sections. The Division shall transfer positions, corresponding State appropriations, federal funds, and any other relevant funds. The Department shall allocate savings in non-State funds realized from the reduction in positions to direct services such as Ombudsman services, home delivered meals, and personal care services. In allocating these funds, the Department shall give priority to those direct services for which there are clients waiting for services.

SUBPART 4. SOCIAL SERVICES

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ADULT CARE HOME RESIDENT ASSESSMENT SERVICES

SECTION 21.35. Funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, for adult care home positions in the Department and in county departments of social services shall be used for personnel trained in the medical and social needs of older adults and disabled persons in adult care homes to evaluate individuals requesting State/County Special Assistance to pay for care in adult care homes. One of the functions of these personnel shall be to develop and collect data on the appropriate level of care and placement in the long-term care system, including identifying individuals who pose a risk to other residents and who may need further mental health assessment and treatment. These personnel shall also provide technical assistance to adult care homes on how to conduct functional assessments and develop care plans and shall assist in monitoring the Special Assistance Demonstration Project.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

QUALITY CRITERIA FOR LONG-TERM CARE

SECTION 21.36. The Department of Health and Human Services, in conjunction with the North Carolina Institute of Medicine, shall continue a special work group to develop criterion-based indicators for the monitoring of quality of care in North Carolina nursing homes, adult care homes, assisted living facilities, and home health care programs. The Institute of Medicine and the Department of Health and Human Services shall work together to implement these criteria for the monitoring of long-term care in the State and pursue options for the use of these criteria in lieu of current HCFA-mandated standards for surveying North Carolina nursing homes under the federal Medicaid and Medicare programs.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine

LIMITATIONS ON STATE ABORTION FUND

SECTION 21.38. The limitations on funding of the performance of abortion established in Section 23.27 of Chapter 324 of the 1995 Session Laws, as amended by Section 23.8A of Chapter 507 of the 1995 Session Laws, apply to the 2001-2002 and 2002-2003 fiscal years.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SPECIAL CHILDREN ADOPTION FUND

SECTION 21.40.(a) Of the funds appropriated to the Department of Health and Human Services in this act, the sum of one million one hundred thousand dollars ($1,100,000) shall be used to support the Special Children Adoption Fund for each year of the 2001-2003 fiscal biennium. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services. No local match shall be required as a condition for receipt of these funds. In accordance with State rules for allowable costs, the Special Children Adoption Fund may be used for post-adoption services for families whose incomes exceed two hundred percent (200%) of the federal poverty level.

SECTION 21.40.(b) Of the total funds appropriated for the Special Children Adoption Fund, each year one million dollars ($1,000,000) shall be reserved for payment to participating private adoption agencies. If the funds reserved in this subsection for payments to private adoption agencies have not been spent on or before March 31, 2002, the Division of Social Services may reallocate those funds, in accordance with this section, to other participating adoption agencies.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS

SECTION 21.41.(a) The maximum rates for State participation in the foster care assistance program are established on a graduated scale as follows:

(1) $315.00 per child per month for children aged birth through 5;
(2) $365.00 per child per month for children aged 6 through 12; and
(3) $415.00 per child per month for children aged 13 through 18.

Of these amounts, fifteen dollars ($15.00) is a special needs allowance for the child.

SECTION 21.41.(b) The maximum rates for State participation in the adoption assistance program are established on a graduated scale as follows:

(1) $315.00 per child per month for children aged birth through 5;
(2) $365.00 per child per month for children aged 6 through 12; and
(3) $415.00 per child per month for children aged 13 through 18.

SECTION 21.41.(c) In addition to providing board payments to foster and adoptive families of HIV-infected children, as prescribed in Section 23.28 of Chapter 324 of the 1995 Session Laws, any additional funds remaining that were appropriated for this purpose shall be used to provide medical training in avoiding HIV transmission in the home.

SECTION 21.41.(d) The maximum rates for State participation in HIV foster care and adoption assistance are established on a graduated scale as follows:

(1) $800.00 per month per child with indeterminate HIV status;
(2) $1,000 per month per child confirmed HIV-infected, asymptomatic;
(3) $1,200 per month per child confirmed HIV-infected, symptomatic; and
(4) $1,600 per month per child terminally ill with complex care needs.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SPECIAL NEEDS ADOPTIONS INCENTIVE FUND

SECTION 21.42.(a) There is created a Special Needs Adoptions Incentive Fund to provide financial assistance to facilitate the adoption of certain children residing in licensed foster care homes, effective January 1, 2001. These funds shall be used to remove financial barriers to the adoption of these children and shall be available to foster care families who adopt children with special needs as defined by the Social Services Commission. These funds shall be matched by county funds.

SECTION 21.42.(b) This program shall not constitute an entitlement and is subject to the availability of funds.

SECTION 21.42.(c) The Social Services Commission shall adopt rules to implement the provisions of this section.

SECTION 21.42.(d) The Department of Health and Human Services shall report on the use of these funds no later than April 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STATE/COUNTY SPECIAL ASSISTANCE

SECTION 21.44.(a) The eligibility of Special Assistance recipients residing in adult care homes on August 1, 1995, shall not be affected by an income reduction in the Special Assistance eligibility criteria resulting from adoption of the Rate Setting Methodology Report and Related Services, providing these recipients are otherwise eligible. The maximum monthly rate for these residents in adult care home facilities shall be one thousand two hundred thirty-one dollars ($1,231) per month per resident.

SECTION 21.44.(b) The maximum monthly rate for residents in adult care home facilities shall be one thousand sixty-two dollars ($1,062) per month per resident through September 30, 2001.

SECTION 21.44.(c) Effective October 1, 2001, the maximum monthly rate for residents in adult care home facilities shall be one thousand eighty-four dollars ($1,084) per month per resident.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD WELFARE SYSTEM PILOTS

SECTION 21.46.(a) The Department of Health and Human Services, Division of Social Services, shall develop a plan, working with local departments of social services, to implement an alternative response system of child protection in no fewer than two and no more than 10 demonstration areas in this State. The plan should provide for the pilots to implement an alternative response system in which local departments of social services utilize family assessment tools and family support principles when responding to selected reports of suspected child neglect.

SECTION 21.46.(b) The Department of Health and Human Services shall develop data collection processes that would enable the General Assembly to assess the impact of these pilots on the following:

(1) Child safety.
(2) Timeliness of response.
(3) Timeliness of service.
(4) Coordination of local human services.
(5) Cost-effectiveness.
(6) Any other related issues.

SECTION 21.46.(c) The Department of Health and Human Services may proceed to implement this pilot program if non-State funds are identified for this purpose.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STATE ADULT DAY CARE FUND

SECTION 21.47. The Department of Health and Human Services, Division of Aging, shall implement changes in its methodology currently used for allocating slots. The new allocation shall be implemented January 1, 2002, and shall ensure the Fund will serve new clients. Not later than January 1, 2002, the Department of Health and Human Services, Division of Aging, shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division the new allocation methodology. The report shall include all of the changes made in the new allocation and an estimate of the number of new clients served. The allocation of all slots paid for with State Adult Day Care Funds shall be distributed equitably among service providers and shall eliminate the funding of unused slots.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

REORGANIZATION OF DIVISION OF SOCIAL SERVICES

SECTION 21.49. The Department of Health and Human Services, Division of Social Services shall reduce layers of management and streamline operations in accordance with the following:

(1) Consolidate the Resource and Information Management Section and Budget Operations Section including the elimination of one section chief position. The Division of Social Services shall further consolidate to address low staff-to-supervisor ratios. All positions and corresponding State appropriations, federal funds, and other funds in these two sections shall be consolidated.

(2) Consolidate the Program Integrity, Economic Independence Services, and Local Support Branches into one branch within the Economic Independence Section. The Division of Social Services shall further consolidate to address low staff-to-supervisor ratios. All positions and corresponding State appropriations, federal funds, and other funds shall be consolidated.

(3) Eliminate the Local Support Section including all positions and corresponding State appropriations, federal funds, and other funds.

(4) Eliminate the Program Development Branch including the corresponding position and State appropriations, federal funds, and other funds.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

REPEAL RECIPIENT IDENTIFICATION SYSTEM

SECTION 21.52. G.S. 108A-24(1a) and G.S. 108A-25.1 are repealed.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD SUPPORT PILOT PROGRAM/ENHANCED STANDARDS

SECTION 21.53.(a) It is the intent of the General Assembly to increase the productivity and enhance the performance of child support enforcement offices statewide.

SECTION 21.53.(b) The Department of Health and Human Services, Office of the Controller, and the Division of Social Services shall immediately develop and implement performance enhancement strategies focusing on improved efficiency and effectiveness across the State and shall develop and implement at least one privatization pilot which tests the feasibility of privatizing State-operated local child support enforcement operations.

SECTION 21.53.(c) The Department of Health and Human Services shall develop and implement performance standards for each of the State and county child support enforcement offices across the State. In development of these performance standards, the Department of Health and Human Services shall evaluate other private and public child support models and national standards as well as other successful collections models. These performance standards shall include the following:

(1) Cost per collections.
(2) Consumer satisfaction.
(3) Paternity establishments.
(4) Administrative costs.
(5) Orders established.
(6) Collections on arrearages.
(7) Location of absent parents.
(8) Other related performance measures.

The Department of Health and Human Services shall monitor the performance of each office and shall implement a system of reporting which allows each local office to review its performance as well as the performance of other local offices. The Department of Health and Human Services shall publish an annual performance report that shall include the statewide and local office performance of each child support office.

SECTION 21.53.(d) The Department of Health and Human Services shall develop and implement a program to reward its child support enforcement offices for exemplary performance.

SECTION 21.53.(e) The Department of Health and Human Services shall report on its progress in complying with the provisions of this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. The Department shall make interim reports no later than September 1, 2001, and January 15, 2002, and a final report no later than May 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ADULT CARE HOME MODEL FOR COMMUNITY-BASED SERVICES

SECTION 21.54.(a) In keeping with the United States Supreme Court Decision in Olmstead vs. L.C. & E.W. and with State policy to provide appropriate services to clients in the least restrictive and most appropriate environment, the Department of Health and Human Services shall develop a model project for delivering community-based mental health, developmental disabilities, and substance abuse housing and services through adult care homes that have excess capacity. The model shall be designed for implementation on a pilot basis and shall address the following:

(1) Services that will be provided by the facility or under contract with the facility, including assistance with daily medication.
(2) Access of clients to mental health, developmental disabilities, and substance abuse services provided in the community, including

transportation to services outside of the client's residence in the adult care home facility.

(3) Physical plant additions or changes necessary to provide for independent living of residents.

(4) Methods for assuring quality of services, resident safety, and cost-effectiveness.

(5) Consistency with the Department's Olmstead plan, other policies on community-integration, and disability plans adopted by the State.

SECTION 21.54.(b) The Department shall submit a progress report on the development of the model to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on or before January 1, 2002, and a final report on March 1, 2002. The report shall address the following:

(1) The proposed time and location for implementation of the pilot.

(2) Proposed number of residents to be placed and services to be provided directly by the facility or under contract with the facility.

(3) Method for evaluating the pilot, including services provided, on a regular basis.

(4) A description of the living environment for each resident and a comparison of how the living environment compares to that of other residents in the adult care home.

(5) Changes to State law necessary to implement the pilot.

(6) Projected cost to the State for pilot and statewide implementation.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

TANF CASH ASSISTANCE FLEXIBILITY; STUDY MAINTENANCE OF EFFORT

SECTION 21.54B.(a) Notwithstanding G.S. 108A-27.11, the Department of Health and Human Services may adjust Temporary Assistance for Needy Families (TANF) allocations for the 2001-2002 fiscal year for electing counties to ensure that counties have an adequate amount of federal funds for Work First cash assistance payments.

SECTION 21.54B.(b) The Department of Health and Human Services shall, in consultation with the North Carolina Association of County Commissioners and the North Carolina Social Services Consortium, study the maintenance of effort provisions of G.S. 108A-27.11 and G.S. 108A-27.12 and other TANF State and federal funding requirements in order to evaluate the ongoing fiscal impact of these requirements on the State, counties, and the Work First program. The Department shall report its findings and recommendations to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division not later than March 1, 2002.

SUBPART 5. MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

LIABILITY INSURANCE

SECTION 21.55. The Secretary of the Department of Health and Human Services, the Secretary of the Department of Environment and Natural Resources, and the Secretary of the Department of Correction may provide medical liability coverage not to exceed one million dollars ($1,000,000) per incident on behalf of employees of

the Departments licensed to practice medicine or dentistry, all licensed physicians who are faculty members of The University of North Carolina who work on contract for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for incidents that occur in Division programs, and on behalf of physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Health and Human Services. This coverage may include commercial insurance or self-insurance and shall cover these individuals for their acts or omissions only while they are engaged in providing medical and dental services pursuant to their State employment or training.

The coverage provided under this section shall not cover any individual for any act or omission that the individual knows or reasonably should know constitutes a violation of the applicable criminal laws of any state or the United States, or that arises out of any sexual, fraudulent, criminal, or malicious act, or out of any act amounting to willful or wanton negligence.

The coverage provided pursuant to this section shall not require any additional appropriations and shall not apply to any individual providing contractual service to the Department of Health and Human Services, the Department of Environment and Natural Resources, or the Department of Correction, with the exception that coverage may include physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Health and Human Services and licensed physicians who are faculty members of The University of North Carolina who work for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PRIVATE AGENCY UNIFORM COST-FINDING REQUIREMENT

SECTION 21.56. To ensure uniformity in rates charged to area programs and funded with State-allocated resources, the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services of the Department of Health and Human Services may require a private agency that provides services under contract with two or more area programs, except for hospital services that have an established Medicaid rate, to complete an agency-wide uniform cost finding in accordance with G.S. 122C-143.2(a) and G.S. 122C-147.2. The resulting cost shall be the maximum included for the private agency in the contracting area program's unit cost finding.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

BUTNER COMMUNITY LAND RESERVATION

SECTION 21.57. The Department of Health and Human Services shall reserve and dedicate the following described land for the construction of a Community Building and related facilities to serve the Butner Reservation:

"Approximately 2 acres, on the east side it borders Central Avenue with a line running along the Wallace Bradshur property on the north back to the tree line next to the ADATC. From there it follows the tree line south and west to and including the softball field. From the softball field it turns east to the State Employees Credit Union and follows the Credit Union property on the south side back to Central Avenue."

This land shall be reserved and dedicated for the project which shall be funded with contributions from Granville County, contributions from the residents of the Butner Reservation, the use of cablevision franchise rebate funds received by the Department of Health and Human Services on behalf of the Butner Reservation, and other public and private sources.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES RESERVE FOR SYSTEM REFORM AND OLMSTEAD DECISION

SECTION 21.58.(a) There is created in the Office of State Budget and Management the Mental Health, Developmental Disabilities, and Substance Abuse Services Reserve for System Reform and Olmstead. The purposes of the Reserve are to:

(1) Provide start-up funds for programs and services that provide community alternatives for individuals currently residing in the State's mental health, developmental disabilities, and substance abuse services institutions.

(2) Facilitate the State's compliance with the United States Supreme Court decision in Olmstead vs. L.C. and E.W.

(3) Facilitate reform of the mental health, developmental disabilities, and substance abuse services system.

SECTION 21.58.(b) Funds appropriated to the Reserve created in subsection (a) of this section shall be used to:

(1) Pay one-time expenditures that will not impose additional financial obligations on the State, and

(2) Establish or expand community-based services if sufficient recurring funds can be identified within the Department from funds currently budgeted for mental health, developmental disabilities, and substance abuse services, area mental health programs, or local government.

SECTION 21.58.(c) Before allocating funds from the Reserve, the Director of the Budget shall certify that the planned uses of the funds are in compliance with this section and do not constitute or will not create an ongoing financial obligation to the State.

SECTION 21.58.(d) Funds in the Mental Health, Developmental Disabilities, and Substance Abuse Services Reserve for System Reform and Olmstead shall not revert to the General Fund but shall remain in the Reserve to be used as authorized in this section.

SECTION 21.58.(e) The Department of Health and Human Services shall report prior to the allocation of these funds to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division on any actions taken under this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

NONMEDICAID REIMBURSEMENT CHANGES

SECTION 21.59. Providers of medical services under the various State programs, other than Medicaid, offering medical care to citizens of the State shall be reimbursed at rates no more than those under the North Carolina Medical Assistance Program.

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

Notwithstanding the provisions of paragraph one, the Department of Health and Human Services may negotiate with providers of medical services under the various Department of Health and Human Services programs, other than Medicaid, for rates as close as possible to Medicaid rates for the following purposes: contracts or agreements for medical services and purchases of medical equipment and other medical supplies. These negotiated rates are allowable only to meet the medical needs of its non-Medicaid eligible patients, residents, and clients who require such services which cannot be provided when limited to the Medicaid rate.

Maximum net family annual income eligibility standards for services in these programs shall be as follows:

Family Size	Medical Eye Care Adults	All Rehabilitation	Other
1	$4,860	$8,364	$4,200
2	5,940	10,944	5,300
3	6,204	13,500	6,400
4	7,284	16,092	7,500
5	7,821	18,648	7,900
6	8,220	21,228	8,300
7	8,772	21,708	8,800
8	9,312	22,220	9,300

The eligibility level for children in the Medical Eye Care Program in the Division of Services for the Blind shall be one hundred percent (100%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. The eligibility level for adults in the Atypical Antipsychotic Medication Program in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall be one hundred fifty percent (150%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. Additionally, those adults enrolled in the Atypical Antipsychotic Medication Program who become gainfully employed may continue to be eligible to receive State support, in decreasing amounts for the purchase of atypical antipsychotic medication and related services up to three hundred percent (300%) of the poverty level.

State financial participation in the Atypical Antipsychotic Medication Program for those enrollees who become gainfully employed is as follows:

Income (% of poverty)	State Participation	Client Participation
0-150%	100%	0%
151-200%	75%	25%
201-250%	50%	50%
251-300%	25%	75%
300% and over	0%	100%

The Department of Health and Human Services shall contract at, or as close as possible to, Medicaid rates for medical services provided to residents of State facilities of the Department.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

COMPREHENSIVE TREATMENT SERVICES PROGRAM

SECTION 21.60.(a) The Department of Health and Human Services shall establish the Comprehensive Treatment Services Program for children at risk for institutionalization or other out-of-home placement. The Program shall be implemented by the Department in consultation with the Department of Juvenile Justice and Delinquency Prevention, the Department of Public Instruction, and other affected State agencies. The purpose of the Program is to provide appropriate and medically necessary residential and nonresidential treatment alternatives for children at risk of institutionalization or other out-of-home placement. Program funds shall be targeted for non-Medicaid eligible children. Program funds may also be used to expand a system-of-care approach for services to children and their families statewide. The program shall include the following:

(1) Behavioral health screening for all children at risk of institutionalization or other out-of-home placement.
(2) Appropriate and medically necessary residential and nonresidential services for deaf children.
(3) Appropriate and medically necessary residential and nonresidential treatment services including placements for sexually aggressive youth.
(4) Appropriate and medically necessary residential and nonresidential treatment services including placements for youths needing substance abuse treatment services and children with serious emotional disturbances.
(5) Multidisciplinary case management services, as needed.
(6) A system of utilization review specific to the nature and design of the Program.
(7) Mechanisms to ensure that children are not placed in department of social services custody for the purpose of obtaining mental health residential treatment services.
(8) Mechanisms to maximize current State and local funds and to expand use of Medicaid funds to accomplish the intent of this Program.
(9) Other appropriate components to accomplish the Program's purpose.
(10) The Secretary of the Department of Health and Human Services may enter into contracts with residential service providers.

SECTION 21.60.(b) In order to ensure that children at risk for institutionalization or other out-of-home placement are appropriately served by the mental health, developmental disabilities, and substance abuse services system, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall do the following with respect to services provided to these children:

(1) Provide only those treatment services that are medically necessary.
(2) Implement utilization review of services provided.
(3) Adopt the following guiding principles for the provision of services:
    a. Service delivery system must be outcome-oriented and evaluation-based.
    b. Services should be delivered as close as possible to the child's home.
    c. Services selected should be those that are most efficient in terms of cost and effectiveness.
    d. Services should not be provided solely for the convenience of the provider or the client.
    e. Families and consumers should be involved in decision making throughout treatment planning and delivery.
(4) Implement all of the following cost-reduction strategies:
    a. Preauthorization for all services except emergency services.

b. Levels of care to assist in the development of treatment plans.
c. Clinically appropriate services.
d. Not later than May 1, 2002, State review of individualized service plans for former Willie M. class members and for other children whose individual service plan exceeds one hundred thousand dollars ($100,000) to ensure that service plans focus on delivery of appropriate services rather than optimal treatment and habilitation plans.

SECTION 21.60.(c) The Department shall collaborate with other affected State agencies such as the Department of Juvenile Justice and Delinquency Prevention, the Department of Public Instruction, the Administrative Office of the Courts, and with local departments of social services, area mental health programs, and local education agencies to eliminate cost shifting and facilitate cost-sharing among these governmental agencies with respect to the treatment and placement services.

SECTION 21.60.(d) The Department shall not allocate funds appropriated for Program services until a Memorandum of Agreement has been executed between the Department of Health and Human Services, the Department of Public Instruction, and other affected State agencies. The Memorandum of Agreement shall address specifically the roles and responsibilities of the various departmental divisions and affected State agencies involved in the administration, financing, care, and placement of children at risk of institutionalization or other out-of-home placement. The Department shall not allocate funds appropriated in this act for the Program until Memoranda of Agreement between local departments of social services, area mental health programs, local education agencies, and the Administrative Office of the Courts and the Department of Juvenile Justice and Delinquency Prevention, as appropriate, are executed to effectuate the purpose of the Program. The Memoranda of Agreement shall address issues pertinent to local implementation of the Program.

SECTION 21.60.(e) Notwithstanding any other provision of law to the contrary, services under the Comprehensive Treatment Services Program are not an entitlement for non-Medicaid eligible children served by the Program.

SECTION 21.60.(f) Of the funds appropriated in this act for the Comprehensive Treatment Services Program, the Department of Health and Human Services shall establish a reserve of three percent (3%) to ensure availability of these funds to address specialized needs for children with unique or highly complex problems.

SECTION 21.60.(g) The Department of Health and Human Services, in conjunction with the Department of Juvenile Justice and Delinquency Prevention, the Department of Public Instruction, and other affected agencies, shall report on the following Program information:

(1) The number and other demographic information of children served.
(2) The amount and source of funds expended to implement the Program.
(3) Information regarding the number of children screened, specific placement of children, and treatment needs of children served.
(4) The average length of stay in residential treatment, transition, and return to home.
(5) The number of children diverted from institutions or other out-of-home placements such as training schools and State psychiatric hospitals and a description of the services provided.
(6) Recommendations on other areas of the Program that need to be improved.
(7) Other information relevant to successful implementation of the Program.

SECTION 21.60.(h) The Department shall submit an interim report on December 1, 2001, on the implementation of this section and a final report not later than April 1, 2002, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

WHITAKER SCHOOL

SECTION 21.61.(a) The Department of Health and Human Services shall develop and implement a plan to transfer children receiving services from Whitaker School to the Central North Carolina School for the Deaf at Greensboro. The Department shall work with families and guardians of Whitaker School children prior to and during the transfer process to provide as smooth a transition as possible for each child. It is the intent of the General Assembly that when all children receiving services from Whitaker School have been transferred to the Central North Carolina School for the Deaf at Greensboro, the Whitaker School shall be closed. Not later than October 1, 2001, and not later than April 1, 2002, the Department shall report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on the implementation of the transition plan.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MENTAL RETARDATION CENTER TRANSITION PLAN

SECTION 21.62.(a) In keeping with the United States Supreme Court Decision in Olmstead vs. L.C. & E.W. and State policy to provide appropriate services to clients in the least restrictive and most appropriate environment, the Department of Health and Human Services shall develop and implement a plan for the transfer of residents of one State mental retardation center, as follows:

(1) Transfer those residents of the center that need institutional services to one of the other State mental retardation centers or to a private intermediate care facility for the mentally retarded.

(2) Transition to community programs and services those residents of the center that may be appropriately served in the community.

The Department shall develop a transition plan for moving each resident of the mental retardation center to the community-based services and supports, or to another mental retardation facility, as appropriate. The transition plan shall be developed in consultation with the resident and the resident's family or guardian.

SECTION 21.62.(b) The Department may use funds from the Reserve for Mental Health Reform to facilitate the transition of residents into alternative community-based services as required under subsection (a) of this section. Savings realized from implementation of the plan required under subsection (a) of this section shall be deposited to the Reserve for Mental Health Reform to be used for community services.

SECTION 21.62.(c) On or before January 1, 2002, and again on or before May 1, 2002, and May 1, 2003, the Department shall report to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on its progress in implementing this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DOROTHEA DIX HOSPITAL

SECTION 21.63.(a) In keeping with the United States Supreme Court decision in Olmstead vs. L.C. & E.W. and State policy to provide appropriate services to clients in the least restrictive and most appropriate environment, the Department of Health and Human Services shall develop and implement a plan for the construction of a replacement facility for Dorothea Dix Hospital in accordance with subsection (d) of this section, and for the transition of patients to the new facility, to the community, or to other long-term care facilities, as appropriate. The goal of the State Hospital Plan is to develop mechanisms and identify resources needed to enable current patients and their families to continue to receive the necessary services and supports based on the following guiding principles:

(1) Individuals shall be provided acute psychiatric care in non-State facilities when appropriate.

(2) Individuals shall be provided acute psychiatric care in State facilities only when non-State facilities are unavailable.

(3) Individuals shall receive evidenced-based psychiatric services and care that are cost-efficient.

(4) The State shall minimize cost shifting to other State and local facilities or institutions.

SECTION 21.63.(b) The Department of Health and Human Services shall conduct an analysis of the individual patient service needs and shall develop and implement an individual transition plan for each patient in the hospital. The State shall ensure that transition plans for placement of and services to individuals who are patients of Dorothea Dix Hospital take into consideration the availability of appropriate alternative placements based on the needs of the patient and within resources available for the mental health, developmental disabilities, and substance abuse services system. In developing each plan, the Department shall consult with the patient and the patient's family or other legal representative.

SECTION 21.63.(c) In accordance with the plan established in subsections (a) and (b) of this section, any savings in State appropriations that result from reductions in beds or services shall be placed in the Reserve for Mental Health System Reform. These funds shall be used to facilitate the transition of clients into appropriate community-based services and supports in accordance with Section 21.58 of this act.

SECTION 21.63.(d) The Secretary of the Department of Health and Human Services shall, in consultation with the Department of Administration, plan for the construction of a psychiatric hospital on the campus of Dorothea Dix Hospital to replace Dorothea Dix Hospital and to provide acute psychiatric treatment services for citizens of the State. In developing this plan, the Secretary, in consultation with the Department of State Treasurer and the Department of Administration, shall identify and recommend the most cost-effective means to finance construction of the new State hospital. The Department shall also take into consideration the findings and recommendations of the Government Performance Audit Committee (GPAC), December 1992, MGT America Report of 1998, and the Report of the Department of State Auditor, April 1, 2000. The Department of Health and Human Services shall provide a progress report on December 1, 2001, and a final report not later than April 1, 2002, to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 21.63.(e) The Department of Health and Human Services shall submit reports on the status of implementation of this section to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations Committee on

Health and Human Services, the House Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. These reports shall be submitted on October 1, 2001, February 1, 2002, and May 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

REORGANIZATION OF DIVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

SECTION 21.64.(a) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall reduce layers of management and duplication of services in accordance with the following:

(1) Eliminate the Hospitals Services Section, including positions and corresponding State appropriations, federal funds, and other funds. The administration, planning, and coordination of all adult mental health services and programs shall be consolidated within an existing section in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

(2) Eliminate the Mental Retardation/Mental Illness Transition Branch within the Developmental Disabilities Section, including positions, corresponding State appropriations, federal funds and other funds.

(3) Consolidate within one section all positions and corresponding State appropriations, federal funds, and other funds for financial, budgetary, information technology, and other administrative support functions in order to create one administrative and budgetary support section within the Division.

SECTION 21.64.(b) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall study the feasibility of consolidating its staff, responsibilities, and resources around the functional areas of need of its clients regardless of disability. These functional areas shall include housing services and supports, supported employment, local crisis services, and capacity development.

SECTION 21.64.(c) The Department of Health and Human Services shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on its progress in complying with this section. The progress reports shall be submitted on or before September 1, 2001, and December 1, 2001. The final report shall be submitted on or before April 15, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

REDUCE ADMINISTRATIVE COSTS OF AREA MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE AUTHORITIES

SECTION 21.65.(a) Area mental health, developmental disabilities, and substance abuse authorities or counties administering mental health, developmental disabilities, and substance abuse services shall develop and implement plans to reduce local administrative costs. The plans shall be developed in accordance with guidelines adopted by the Secretary, in consultation with the Local Government Commission and the North Carolina Association of County Commissioners, and in accordance with the following:

(1) For the 2001-2002 fiscal year, administrative costs for:

a. Area mental health, developmental disabilities, and substance abuse services programs shall not exceed fifteen percent (15%).
b. Counties administering mental health, developmental disabilities, and substance abuse services through a county program shall not exceed fifteen percent (15%).

(2) For the 2002-2003 fiscal year, administrative costs for:
a. Area mental health, developmental disabilities, and substance abuse services programs shall not exceed thirteen percent (13%).
b. Counties administering mental health, developmental disabilities, and substance abuse services through a county program shall not exceed thirteen percent (13%).

SECTION 21.65.(b) The Department of Health and Human Services shall report its progress in complying with this section not later than October 1, 2001, January 1, 2002, and April 15, 2002. The reports shall be submitted to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division and shall include:

(1) A description of the process used and the participants involved in complying with subsection (a) of this section.
(2) The guidelines developed under subsection (a) of this section.
(3) A description of local compliance initiatives and efforts including program or function consolidation.
(4) A list of area programs at or below the targeted thirteen percent (13%) for the 2000-2001 fiscal year.
(5) Projected savings in administrative costs as a result of implementation of the targeted limits required under this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SERVICES TO MULTIPLY DIAGNOSED ADULTS

SECTION 21.66.(a) In order to ensure that multiply diagnosed adults are appropriately served by the mental health, developmental disabilities, and substance abuse services system, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall do the following with respect to services provided to these adults:

(1) Implement the following guiding principles for the provision of services:
a. Service delivery system must be outcome oriented and evaluation based.
b. Services should be delivered as close as possible to the consumer's home.
c. Services selected should be those that are most efficient in terms of cost and effectiveness.
d. Services should not be provided solely for the convenience of the provider or the client.
e. Families and consumers should be involved in decision making throughout treatment planning and delivery; and
(2) Provide those treatment services that are medically necessary.
(3) Implement utilization review of services provided.

SECTION 21.66.(b) The Department of Health and Human Services shall implement all of the following cost-reduction strategies:

(1) Preauthorization for all services except emergency services.

(2) Criteria for determining medical necessity.
(3) Clinically appropriate services.
(4) Not later than May 1, 2002, conduct a State review of (i) individualized service plans for former Thomas S. class members and for adults whose service plan exceeds one hundred thousand dollars ($100,000) to ensure that service plans focus on delivery of appropriate services rather than optimal treatment and habilitation plans, and (ii) staffing patterns of residential services.

SECTION 21.66.(c) No State funds shall be used for the purchase of single-family or other residential dwellings to house multiply diagnosed adults.

SECTION 21.66.(d) The Department shall submit a progress report on implementation of this section not later than February 1, 2001, and a final report not later than May 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DOWNSIZING OF MENTAL RETARDATION CENTERS

SECTION 21.67.(a) In accordance with the Department of Health and Human Services' plan for downsizing the State's regional mental retardation facilities by four percent (4%) each year, the Department shall implement cost-containment and reduction strategies to ensure the corresponding financial and staff downsizing of each facility. The Department shall manage the client population of the mental retardation centers in order to ensure that placements for ICF/MR level of care shall be made in non-State facilities. Admissions to State ICF/MR facilities are permitted only as a last resort and only upon approval of the Department. The corresponding budgets for each of the State mental retardation centers shall be reduced, and positions shall be eliminated as the census of each facility decreases. At no time shall mental retardation center positions be transferred to other units within a facility or assigned nondirect care activities such as outreach.

SECTION 21.67.(a1) Any savings in State appropriations that result from reductions in beds or services shall be placed in the Reserve for Mental Health System Reform. These funds shall be used to facilitate the closing of the facility and the transition of clients into appropriate community-based services and supports in accordance with Section 21.58 of this act.

SECTION 21.67.(b) The Department of Health and Human Services shall report on its progress in complying with this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. Progress reports shall be submitted no later than September 1, 2001, and January 15, 2002, and a final report submitted not later than May 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STATE PSYCHIATRIC HOSPITALS BED ALLOCATION PLAN

SECTION 21.68A. The Department of Health and Human Services shall develop and implement a plan that provides for the allocation of State psychiatric hospital beds among counties served by the State's regional psychiatric hospitals. The Plan shall incorporate policies that take into consideration State and county fiscal responsibilities and capacity, cost efficiency, and the principles and guidance embodied in the Olmstead vs. L.C. & E.W. decision. The Department shall report on the implementation of this section to the House of Representatives Appropriations

Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division, on October 1, 2001, and on March 1, 2002.

SUBPART 6. CHILD DEVELOPMENT

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD CARE ALLOCATION FORMULA

SECTION 21.69.(a) The Department of Health and Human Services shall allocate child care subsidy funds to pay the costs of necessary child care for minor children of needy families. The mandatory thirty percent (30%) Smart Start subsidy allocation under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy allocation. The Department of Health and Human Services shall apply the following formula to all noncategorical federal and State child care funds, including the aggregate mandatory thirty percent (30%) Smart Start subsidy allocation:

(1) One-third of budgeted funds shall be distributed according to the county's population in relation to the total population of the State.

(2) One-third of budgeted funds shall be distributed according to the number of children under 6 years of age in a county who are living in families whose income is below the State poverty level in relation to the total number of children under 6 years of age in the State in families whose income is below the poverty level.

(3) One-third of budgeted funds shall be distributed according to the number of working mothers with children under 6 years of age in a county in relation to the total number of working mothers with children under 6 years of age in the State.

SECTION 21.69.(b) After the application of the formula in subsection (a) of this section, the Department shall identify that portion of each county's formula allotment that is comprised of the county's mandatory Smart Start allotment. The balance of the county's formula allotment will be non-Smart Start federal and State subsidy funds.

SECTION 21.69.(c) A county's initial allocation shall not be less than the grand total of that county's total expenditures for both FSA and non-FSA child care in fiscal year 1995-96 plus the county's mandatory Smart Start allotment for the year for which the initial allocation is being prepared.

SECTION 21.69.(d) The Department of Health and Human Services may reallocate unused child care subsidy funds in order to meet the child care needs of low-income families.

SECTION 21.69.(e) The Department of Health and Human Services, in consultation with the North Carolina Partnership for Children, Inc., the North Carolina Association of County Commissioners, and representatives of private for-profit and private not-for-profit child care providers, shall study the current methodology and process used to allocate all child care subsidy funds to assess the effectiveness of the methodology and process in meeting the needs of North Carolina's low-income working families. The Department shall report its findings and recommendations to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than April 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD CARE FUNDS MATCHING REQUIREMENT

SECTION 21.70. No local matching funds may be required by the Department of Health and Human Services as a condition of any locality's receiving any State child care funds appropriated by this act unless federal law requires such a match. This shall not prohibit any locality from spending local funds for child care services.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD CARE REVOLVING LOAN

SECTION 21.71. Notwithstanding any law to the contrary, funds budgeted for the Child Care Revolving Loan Fund may be transferred to and invested by the financial institution contracted to operate the Fund. The principal and any income to the Fund may be used to make loans, reduce loan interest to borrowers, serve as collateral for borrowers, pay the contractor's cost of operating the Fund, or to pay the Department's cost of administering the program.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES

SECTION 21.72.(a) Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide allocation to all local partnerships. What counts as administrative costs shall be as defined in the Smart Start Performance Audit.

SECTION 21.72.(b) The North Carolina Partnership for Children, Inc., and all local partnerships shall use competitive bidding practices in contracting for goods and services on contract amounts as follows:

(1) For amounts of five thousand dollars ($5,000) or less, the procedures specified by a written policy to be developed by the Board of Directors of the North Carolina Partnership for Children, Inc.;

(2) For amounts greater than five thousand dollars ($5,000) but less than fifteen thousand dollars ($15,000), three written quotes;

(3) For amounts of fifteen thousand dollars ($15,000) or more but less than forty thousand dollars ($40,000), a request for proposal process; and

(4) For amounts of forty thousand dollars ($40,000) or more, request for proposal process and advertising in a major newspaper.

SECTION 21.72.(c) The North Carolina Partnership for Children, Inc., and all local partnerships shall, in the aggregate, be required to match no less than fifty percent (50%) of the total amount budgeted for the Program in each fiscal year of the biennium as follows: contributions of cash equal to at least fifteen percent (15%) and in-kind donated resources equal to no more than five percent (5%) for a total match requirement of twenty percent (20%) for each fiscal year. The North Carolina Partnership for Children, Inc., may carryforward any amount in excess of the required match for a fiscal year in order to meet the match requirement of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the match requirement of this subsection. Volunteer services that qualify as professional services shall be valued at the fair market value of those services. All other volunteer service hours shall be valued at the statewide average wage rate as calculated from data compiled by the Employment Security Commission in the Employment and Wages in North Carolina Annual Report for the most recent period for which data are available. Expenses, including both those paid by cash and in-kind contributions, incurred by other participating non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local partnerships, also may be considered

resources available to meet the required private match. In order to qualify to meet the required private match, the expenses shall:

(1) Be verifiable from the contractor's records;
(2) If in-kind, other than volunteer services, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations;
(3) Not include expenses funded by State funds;
(4) Be supplemental to and not supplant preexisting resources for related program activities;
(5) Be incurred as a direct result of the Early Childhood Initiatives Program and be necessary and reasonable for the proper and efficient accomplishment of the Program's objectives;
(6) Be otherwise allowable under federal or State law;
(7) Be required and described in the contractual agreements approved by the North Carolina Partnership for Children, Inc., or the local partnership; and
(8) Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

The North Carolina Partnership for Children, Inc., shall establish uniform guidelines and reporting format for local partnerships to document the qualifying expenses occurring at the contractor level. Local partnerships shall monitor qualifying expenses to ensure they have occurred and meet the requirements prescribed in this subsection.

Failure to obtain a twenty percent (20%) match by June 30 of each fiscal year shall result in a dollar-for-dollar reduction in the appropriation for the Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for compiling information on the private cash and in-kind contributions into a report that is submitted to the Joint Legislative Commission on Governmental Operations in a format that allows verification by the Department of Revenue. The same match requirements shall apply to any expansion funds appropriated by the General Assembly.

SECTION 21.72.(d) Counties participating in the Program may use the county's allocation of State and federal child care funds to subsidize child care according to the county's Early Childhood Education and Development Initiatives Plan as approved by the North Carolina Partnership for Children, Inc. The use of federal funds shall be consistent with the appropriate federal regulations. Child care providers shall, at a minimum, comply with the applicable requirements for State licensure pursuant to Article 7 of Chapter 110 of the General Statutes, with other applicable requirements of State law or rule, including rules adopted for nonlicensed child care by the Social Services Commission, and with applicable federal regulations.

SECTION 21.72.(e) The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD CARE SUBSIDY RATES

SECTION 21.73.(a) G.S. 110-109 is repealed.

SECTION 21.73.(b) Subsection (d) of Section 11.27 of S.L. 2000-67 is repealed.

SECTION 21.73.(c) The maximum gross annual income for initial eligibility, adjusted biennially, for subsidized child care services shall be seventy-five percent (75%) of the State median income, adjusted for family size.

SECTION 21.73.(d) Fees for families who are required to share in the cost of care shall be established based on a percent of gross family income and adjusted for family size. Effective October 1, 2001, fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	10%
4-5	9%
6 or more	8%.

SECTION 21.73.(e) On or before September 30, 2001, payments for the purchase of child care services for low-income children shall be the same as would have resulted under Section 11.27 of S.L. 2000-67. Effective October 1, 2001, payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

(1) Religious-sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying parents, whichever is lower.

(2) Religious-sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that are receiving a higher rate than the market rates that will be implemented with this provision shall continue to receive that higher rate until September 30, 2002.

(3) Licensed child care centers and homes with two or more stars shall receive the market rate for that rated license level for that age group or the rate they charge privately paying parents, whichever is lower.

(4) Nonlicensed homes shall receive fifty percent (50%) of the county market rate or the rate they charge privately paying parents, whichever is lower.

(5) Maximum payment rates shall also be calculated periodically by the Division of Child Development for transportation to and from child care provided by the child care provider, individual transporter, or transportation agency, and for fees charged by providers to parents. These payment rates shall be based upon information collected by market rate surveys.

SECTION 21.73.(f) Provision of payment rates for child care providers in counties that do not have at least 75 children in each age group for center-based and home-based care are as follows:

(1) Payment rates shall be set at the statewide market rate for licensed child care centers and homes.

(2) If it can be demonstrated that the application of the statewide market rate to a county with fewer than 75 children in each age group is lower than the regional market rate and would inhibit the ability of the county to purchase child care for low-income children, then the regional market rate may be applied.

SECTION 21.73.(g) A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to unsubsidized privately paying parents for each age group of enrollees within the county. The Division of Child Development shall also calculate a statewide rate and regional market rates for each rated license level for each age category.

SECTION 21.73.(h) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program that provides for the purchase of care in child care facilities for minor

children of needy families. No separate licensing requirements shall be used to select facilities to participate. In addition, child care facilities shall be required to meet any additional applicable requirements of federal law or regulations. Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements established by other State law and by the Social Services Commission.

County departments of social services or other local contracting agencies shall not use a provider's failure to comply with requirements in addition to those specified in this subsection as a condition for reducing the provider's subsidized child care rate.

SECTION 21.73.(i) Payment for subsidized child care services provided with Work First Block Grant funds shall comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program.

SECTION 21.73.(j) Noncitizen families who reside in this State legally shall be eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for child care subsidies only if at least one of the following conditions is met:

(1) The child for whom a child care subsidy is sought is receiving child protective services or foster care services.

(2) The child for whom a child care subsidy is sought is developmentally delayed or at risk of being developmentally delayed.

(3) The child for whom a child care subsidy is sought is a citizen of the United States.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DIVISION OF CHILD DEVELOPMENT REORGANIZATION

SECTION 21.74. The Department of Health and Human Services, Division of Child Development shall reduce layers of management and streamline operations in accordance with the following:

(1) Eliminate the Workforce Support and Consumer Outreach Section, including positions and corresponding State appropriations, federal funds, and other funds. Except that the Workforce Support, Criminal Records Checks, and the Work Force Unit-Quality Improvement Units shall be transferred to the Administration Section, including positions and corresponding State appropriations, federal funds, and other funds.

(2) Eliminate the Program Integrity and Quality Assurance Section including positions and corresponding State appropriations, federal funds, and other funds.

(3) Eliminate the Research and Policy Unit including positions and corresponding State appropriations, federal funds, and other funds.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS

SECTION 21.75.(a) The North Carolina Partnership for Children, Inc., and the Department of Health and Human Services shall immediately develop and implement the following:

(1) Policies to ensure Early Childhood Education and Development Initiatives funds are allocated to child care programs, providers, and services that serve low-income children.

(2) Policies to ensure the allocation of all State funds for one-time quality improvement initiatives to the neediest child care providers with priority given from the lowest licensure rating to the highest.

(3) Policies to ensure the elimination of local duplication and increased efficiency in the administration of child care subsidy funds, including the following:

a. The Department and the Partnership shall ensure that not more than one administrative entity per county administers child care subsidy funds.

b. The Department, in consultation with the local partnerships and counties, shall contract with the most efficient and effective entity to administer subsidy funds.

c. At no time shall the Department and a local partnership allow the duplicative administration of State child care subsidy funds through subcontracts.

(4) Policies and procedures to ensure the unduplicated compilation of children served through State child care subsidy funds.

(5) Policies and procedures to ensure the timely, accurate, and consistent reporting of information on local child care subsidy waiting lists statewide.

SECTION 21.75.(b) In consultation with the Department of Public Instruction and the North Carolina Partnership for Children, Inc., the Department of Health and Human Services shall develop and implement policies and procedures to ensure that local partnerships that allocate funds to child care providers receiving State and federal child care funds plan and coordinate with their local education agencies the following:

(1) Preschool curriculum development and selection.

(2) Kindergarten transition activities.

(3) Other activities needed to ensure that children transitioning from child care settings to kindergarten enter school ready to succeed.

SECTION 21.75.(c) The Department of Health and Human Services, in consultation with the North Carolina Partnership for Children, Inc., and the Office of State Budget and Management, shall develop a separate NCPC, Early Childhood Education and Development Initiative Program budget, within the Division of Child Development fund code for the purpose of segregating all expenditures related to the administration and operation of the statewide Smart Start program.

SECTION 21.75.(d) The Department of Health and Human Services and the North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and Development Initiatives for State fiscal year 2001-2002 shall be administered and distributed in the following manner:

(1) The North Carolina Partnership for Children, Inc., shall develop a policy to allocate the reduction of funds for Early Childhood Education and Development Initiatives for the 2001-2002 fiscal year.

(2) The North Carolina Partnership for Children, Inc., administration shall be reduced by seven percent (7%) from the 2000-2001 fiscal year level.

(3) The Department of Health and Human Services, Division of Child Development, Smart Start administration shall be reduced by ten percent (10%) from the 2000-2001 fiscal year level.

(4) Capital expenditures and playground equipment expenditures are prohibited for fiscal year 2001-2002. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143-34.40.

SECTION 21.75.(e) The allocation of fiscal year 2000-2001 State carryforward funds is prohibited, and all fiscal year 2000-2001 unspent funds shall revert to the General Fund.

SECTION 21.75.(f) For the 2001-2002 fiscal year, the North Carolina Partnership for Children, Inc., shall not approve local partnership plans that allocate State funds to child care providers for one-time quality improvement initiatives in the following circumstances:

(1) Child care facilities with licensure of four or five stars, unless the expenditure of funds is to expand capacity for low-income children.
(2) Child care facilities that do not accept child care subsidy funds.
(3) Child care facilities that previously received quality improvement grants whose quality initiatives failed to increase licensure.

SECTION 21.75.(g) G.S. 143B-168.15(f) is repealed.

SECTION 21.75.(h) G.S. 143B-168.12(a)(9) is repealed.

SECTION 21.75.(i) G.S. 143B-168.13(a)(6) reads as rewritten:

"(a) The Department shall:

...

(6) Annually update its funding formula, in collaboration with the North Carolina Partnership for Children, Inc., using the most recent data available. These amounts ~~shall~~ may serve as the basis for determining "full funding" amounts for each local partnership."

SECTION 21.75.(j) Notwithstanding the funding formula in G.S. 143B-168.13(a)(6), the State, in consultation with the North Carolina Partnership for Children, Inc., shall evaluate the feasibility of developing a revised funding formula which takes into consideration all relevant funding used by the State, local human services agencies and programs, and local partnerships to provide services and assistance to children under age five and their families. These funds shall include the Early Intervention Preschool Program, Health Choice, and Family Resource Centers, as well as other State and local services and programs funded with State funds, federal funds, local funds, and other resources.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES EVALUATION

SECTION 21.76. Of the funds appropriated to the Department of Health and Human Services, Division of Child Development, for the 2001-2002 fiscal year for the evaluation of the Early Childhood Education and Development Initiatives, no more than five hundred thousand dollars ($500,000) may be used for evaluation of the Initiatives. The funds shall be used as follows:

(1) Evaluation of the Early Childhood Education and Development Initiatives, including the ongoing review of quality child care efforts and child care providers' progress in preparing children to be ready to enter school and succeed.
(2) Continuation of technical assistance to local partnerships in data collection and evaluation.
(3) No more than five percent (5%) shall be used for the contractor's administrative overhead.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Baddour

DEVELOPMENT OF MORE AT FOUR PILOT PROGRAM

SECTION 21.76A.(a) Of the funds appropriated to the Department of Health and Human Services, the sum of six million four hundred fifty-six thousand five

hundred dollars ($6,456,500) in each year of the 2001-2003 fiscal biennium shall be used to develop and implement "More At Four", a voluntary prekindergarten pilot program for at-risk four-year-olds. The Department of Health and Human Services, in consultation with the Department of Public Instruction, shall develop "More At Four" for four-year-old children in North Carolina to ensure that all children have an opportunity to succeed in kindergarten.

SECTION 21.76A.(b) The Department of Health and Human Services and the Department of Public Instruction shall establish the "More At Four" Pre-K Task Force to oversee development and implementation of the pilot program. The membership shall include:

(1) Parents of at-risk children.
(2) Representatives with expertise in early childhood development.
(3) Classroom teachers who are certified in early childhood education.
(4) Representatives of the private not-for-profit and for-profit child care providers in North Carolina.
(5) Employees of the Department of Health and Human Services who are knowledgeable in the areas of early childhood development, current State and federally funded efforts in child development, and providing child care.
(6) Representatives of local Smart Start partnerships.
(7) Representatives of local school administrative units.
(8) Representatives of Head Start prekindergarten programs in North Carolina.
(9) Employees of the Department of Public Instruction.

SECTION 21.76A.(c) The Department of Health and Human Services and the Department of Public Instruction, under the guidance of the Task Force, shall develop and implement the "More At Four" pilot prekindergarten program for at-risk four-year-olds who are at risk of failure in kindergarten. The pilot shall be distributed geographically to ensure adequate representation of the diverse areas of the State, including underserved areas. The goal of the program shall be to provide quality prekindergarten services in order to enhance kindergarten readiness for these children. The program shall be consistent with standards and assessments established jointly by the Department of Health and Human Services, the Department of Public Instruction, and the Task Force and may consider the "More At Four" Pre-K Task Force Recommendations. The program shall include:

(1) A process and system for identifying children at risk of academic failure.
(2) A process and system for identifying children who have never been served in a formal early education program such as child care, public or private preschool, Head Start, Early Head Start, early intervention programs or other such programs, who demonstrate educational needs on the basis of a prekindergarten assessment, and who are eligible to enter kindergarten the next school year.
(3) A curriculum or several curricula that are recommended by the Task Force. The Task Force may consider curricula used by established prekindergarten programs such as WINGS, Bright Beginnings, and others. These curricula shall (i) focus primarily on oral language and emergent literacy, (ii) engage children through key experiences and provide background knowledge requisite for formal learning and successful reading in the early elementary years, (iii) involve active learning, (iv) promote measurable kindergarten language-readiness skills that focus on emergent literacy and mathematical skills, and (v)

develop skills that will prepare children emotionally and socially for kindergarten.

(4) An emphasis on ongoing family involvement with the prekindergarten program.

(5) Evaluation of child progress through pre- and post-assessment of children as well as ongoing assessment of the children by teachers.

(6) Guidelines for a system to reimburse local school boards and systems, private child care providers, and other entities willing to establish and provide prekindergarten programs to serve at-risk children. A process and system for reimbursing providers that builds upon the existing child care subsidy reimbursement system.

(7) A system built upon existing local school boards and systems, private child care providers, and other entities who demonstrate the ability to establish or expand prekindergarten capacity.

(8) A quality-control system. Participating providers shall comply with standards and guidelines as established by the Department of Health and Human Services, the Department of Public Instruction, and the Task Force. The Department may use the child care rating system to assist in determining program participation.

(9) Standards for minimum teacher qualifications. A portion of the classroom sites initially funded shall have at least one teacher who is certified or provisionally certified in birth to kindergarten education.

(10) A local contribution. Programs must demonstrate that they are accessing resources other than "More At Four".

(11) A system of accountability.

(12) Collaboration with State agencies and other organizations. The Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall collaborate with State agencies and other organizations such as the North Carolina Partnership for Children, Inc., in the design and implementation of the pilot.

(13) Consideration of the reallocation of existing funds. In order to maximize current funding and resources, the Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall consider the reallocation of existing funds from State and local programs that provide prekindergarten related care and services.

(14) Recommendations for long-term organizational placement and administration of the program.

SECTION 21.76A.(d) In development of the "More At Four" pilot, the Department of Health and Human Services, in consultation with the Department of Public Instruction and the Task Force, shall:

(1) Contract with an independent research organization, outside the Department of Health and Human Services and the Department of Public Instruction, with proven expertise in evaluation of prekindergarten programs, for the design of an evaluation component. The evaluation component shall facilitate longitudinal review of the program and child-specific outcomes to include, at a minimum, participants' readiness for kindergarten, percentage of participants scoring at or above grade level on the third grade end-of-grade test, and high school graduation rates.

(2) Collaborate in the development of a system to collect and maintain child-specific information to provide for the long-term evaluation of the pilot. The system shall be developed in a manner which builds

upon existing State and local systems and which facilitate the interface with the N.C. Student Information Management System.

SECTION 21.76A.(e) State funds appropriated under this act for the "More At Four" pilot program shall not supplant current expenditures by counties, local partnerships, or other recipients of State and federal funds, allocated and expended on behalf of young children.

SECTION 21.76A.(f) In order to maximize and coordinate funding for prekindergarten programs for four-year-olds with demonstrated educational needs, the Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall identify and make recommendations on the reallocation of funds from existing State and local programs providing prekindergarten related care and services, including child care subsidies. All potential funding sources, including federal as well as State-funded efforts, shall be identified.

SECTION 21.76A.(g) The Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall report by January 1, 2002, and May 1, 2002, to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Health and Human Services, and the House of Representatives Appropriations Subcommittee on Health and Human Services on the progress in complying with the act. A final report along with recommendations for changes or expansion of the program shall be presented to the 2003 General Assembly.

SUBPART 7. SERVICES FOR THE BLIND

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CONSOLIDATION AND TRANSFER OF PROGRAM FUNDS IN THE DIVISION OF SERVICES FOR THE BLIND

SECTION 21.77. The Division of Services for the Blind may consolidate the operating budgets for the Medical Eye Care Program and the Independent Living Services Program. The Division shall continue to provide all services currently provided by the Medical Eye Care Program and the Independent Living Services Program.

SUBPART 8. VOCATIONAL REHABILITATION

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ELIGIBILITY FOR VOCATIONAL REHABILITATION AND INDEPENDENT LIVING SERVICES

SECTION 21.78.(a) The Department of Health and Human Services shall compare the income eligibility standards for Vocational Rehabilitation and Independent Living Services to the income eligibility standards for Vocational Rehabilitation and Independent Living Services in other states.

SECTION 21.78.(b) The Department of Health and Human Services shall develop a plan for maximizing resources for Independent Living Services to ensure that services are targeted to the most financially needy persons.

SECTION 21.78.(c) The Department of Health and Human Services shall develop a plan for maximizing resources for Vocational Rehabilitation Services to ensure services are provided for low-income persons, the developmentally disabled, and Work First recipients who otherwise qualify for Vocational Rehabilitation Services.

SECTION 21.78.(d) The Department of Health and Human Services shall report on the activities required by this section no later than March 1, 2002, to the

Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SUBPART 9. EARLY INTERVENTION AND EDUCATION

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MAXIMIZATION OF RECEIPTS FOR EARLY INTERVENTION PROGRAMS

SECTION 21.79. The Department of Health and Human Services, Division of Public Health, area mental health, developmental disabilities, and substance abuse services programs, and local health departments shall maximize receipts for the evaluation and services provided by the Developmental Evaluation Centers and through Early Intervention programs. The Division shall maximize receipts from Health Choice, Medicaid, and other third-party payers. All receipts collected shall remain within the Division and shall be used to offset appropriations for operations of the Developmental Evaluation Centers and Early Intervention services.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CREATE OFFICE OF EDUCATION SERVICES

SECTION 21.80.(a) G.S. 143B-146.22 is repealed.

SECTION 21.80.(b) The Division of Early Intervention and Education is dissolved and an Office of Education Services is created within the Department of Health and Human Services. The purpose of this office is to manage the Schools for the Deaf, the Governor Morehead School for the Blind, and their preschool components. The Office shall have a Superintendent and appropriate staff to manage these schools. The purpose of the Office is to improve student academic and postsecondary outcomes and to strengthen collaborative relationships with local education agencies and with the State Board of Education.

SECTION 21.80.(c) The Early Intervention program, including all positions and the corresponding State appropriations, federal funds, and other funds that were in the Early Intervention program as of January 1, 2001, are transferred from the Division of Early Intervention and Education to the Division of Public Health, Women's and Children's Health Section.

SECTION 21.80.(d) The Developmental Evaluation Centers, including all positions and the corresponding State appropriations, federal funds, and other funds, are transferred from the Division of Early Intervention and Education to the Division of Public Health, Women's and Children's Health Section.

SECTION 21.80.(e) The Governor Morehead School preschool program, including all positions and the corresponding State appropriations, federal funds, and other funds, is transferred from the Division of Early Intervention and Education to the Governor Morehead School.

SECTION 21.80.(f) The Department of Health and Human Services shall make the necessary organization changes effective immediately and the budget adjustments by October 1, 2001.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CLOSURE OF CENTRAL NORTH CAROLINA SCHOOL FOR THE DEAF AT GREENSBORO

SECTION 21.81.(a) G.S. 143B-146.21(b) and (c) read as rewritten:

"(b) The Secretary of Health and Human Services shall adopt policies and offer training opportunities to ensure that personnel who provide direct services to children in the ~~three~~ State schools for the deaf become proficient in sign language within two years of their initial date of employment or within two years of the effective date of this act, whichever occurs later. This subsection shall not apply to preschool personnel in any oral, auditory, or cued speech preschool.

(c) The Department of Public Instruction, the Board of Governors of The University of North Carolina, and the State Board of Community Colleges shall offer and communicate the availability of professional development opportunities, including those to improve sign language skills, to the personnel assigned to the State's residential schools, particularly the Governor Morehead School and the ~~three~~ schools for the deaf."

SECTION 21.81.(b) G.S. 143B-216.40 reads as rewritten:

"**§ 143B-216.40. Establishment; operations.**

There are established, and there shall be maintained, the following schools for the deaf: the Eastern North Carolina School for the Deaf at Wilson ~~(K-12); the Central North Carolina School for the Deaf at Greensboro (K-8),~~(K-12) and the North Carolina School for the Deaf at Morganton (K-12). The Department of Health and Human Services shall be responsible for the operation and maintenance of the schools.

The Board of Directors of the North Carolina Schools for the Deaf shall advise the Department and shall adopt rules and regulations concerning the schools as provided in G.S. 115C-124 and 143B-173."

SECTION 21.81.(c) G.S. 143B-146.2(a) reads as rewritten:

"(a) The Governor Morehead School and the ~~three~~ schools for the deaf shall participate in the ABC's Program. The Secretary, in consultation with the General Assembly and the State Board, may designate other residential schools that must participate in the ABC's Program. The primary goal of the ABC's Program is to improve student performance. The Program is based upon an accountability, recognition, assistance, and intervention process in order to hold each participating school, its superintendent, and the instructional personnel accountable for improved student performance in that school."

SECTION 21.81.(d) G.S. 143B-216.32(a) reads as rewritten:

"(a) The Council for the Deaf and the Hard of Hearing shall consist of 23 members. Fifteen members shall be members appointed by the Governor. Three members appointed by the Governor shall be persons who are deaf and three members shall be persons who are hard of hearing. One appointment shall be an educator who trains deaf education teachers and one appointment shall be an audiologist licensed under Article 22 of Chapter 90 of the General Statutes. Three appointments shall be parents of deaf or hard of hearing children including one parent of a student in a residential school; one parent of a student in a preschool program; and one parent of a student in a mainstream education program, with ~~each~~ at least one parent coming from ~~a different~~ each region of the ~~three~~ North Carolina schools for the deaf regions. One member appointed by the Governor shall be recommended by the President of the North Carolina Association of the Deaf; one member shall be recommended by the President of the North Carolina Pediatric Society; one member shall be recommended by the President of the North Carolina Registry of Interpreters for the Deaf; and one member shall be nominated by the Superintendent of Public Instruction. One member shall be appointed from the House of Representatives by the Speaker of the House of Representatives and one member shall be appointed from the Senate by the President Pro Tempore of the Senate. The Secretary of Health and Human Services shall appoint six members as follows: one from the Division of Vocational Rehabilitation, one from the Division of Aging, one from the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, one from the Division of Social Services,

one from a North Carolina Chapter of SHHH (Self Help for the Hard of Hearing), and one from SPEAK (Statewide Parents' Education and Advocacy for Kids)."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

RESIDENTIAL SCHOOLS FOR THE DEAF

SECTION 21.82.(a) The Department of Health and Human Services shall assess the educational needs of the current students at the North Carolina School for the Deaf in Morganton and the Eastern North Carolina School for the Deaf in Wilson. In doing so, the Department shall identify resources needed to educate these children within the public school system and prepare an educational plan of transition for each student. The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the Office of Education Services, and the Department of Public Instruction shall work together in the development of transition plans for students.

SECTION 21.82.(b) The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the Office of Education Services, and the Department of Public Instruction shall develop a plan for those children who are seriously emotionally disturbed and prepare plans to place them in appropriate settings. These specific plans shall identify the children's educational and emotional needs, the resources necessary for the student's education, and the plan for transition.

SECTION 21.82.(c) The Department of Health and Human Services shall report on or before March 15, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the activities under this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PRESCHOOL PROGRAMS FOR THE DEAF

SECTION 21.83. Effective October 1, 2001, the Department of Health and Human Services shall transition the children at the State-operated preschool programs for the deaf to other preschool services. The State-operated preschool sites shall cease to operate after that date. The Department of Health and Human Services, the Division of Public Health, the Office of Education Services, the Division of Child Development, and the Department of Public Instruction shall develop a transition plan for the appropriate placement of the children located at these preschool sites. The transition plan shall include an assessment of the available resources to meet the needs of the children.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EARLY INTERVENTION PILOTS

SECTION 21.84.(a) The Department of Health and Human Services, Division of Public Health shall not expand the Student Information Management System pilot program statewide during the 2001-2002 fiscal year. The Department shall maintain, evaluate, and improve the three pilot projects implemented in the 2000-2001 fiscal year, and provide a report on the status of the system to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by October 1, 2001. The report shall include the status of the operations of the database, a plan for statewide expansion, and the costs associated with the expansion.

SECTION 21.84.(b) The Department of Health and Human Services shall not expand the regional interdisciplinary pilots during the 2001-2002 fiscal year.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EVALUATION OF EARLY INTERVENTION SYSTEM

SECTION 21.85.(a) The Department of Health and Human Services, Division of Public Health, shall determine the reasons why children are waiting for evaluation services provided by the Developmental Evaluation Centers. The Division shall develop an action plan to reduce the waiting period for evaluation services.

SECTION 21.85.(b) The Department of Health and Human Services, Division of Public Health, shall determine the reasons why children and their families are waiting for services that follow the evaluation process. The Division shall identify the specific services that children are waiting for and develop a plan to address the waiting period.

SECTION 21.85.(c) The Department of Health and Human Services, Division of Public Health, shall assess ways in which to create efficiencies among the therapies that are provided within the Early Intervention Program, Children With Special Health Services program, and other programs. The Division shall also evaluate ways to combine early intervention services provided by the Developmental Evaluation Centers, regional therapists, local health departments, and area mental health, developmental disabilities, and substance abuse authorities to gain efficiencies.

SECTION 21.85.(d) Not later than December 1, 2001, the Department of Health and Human Services shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the assessment and plans of action for all of the above.

SUBPART 10. PUBLIC HEALTH

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

IMMUNIZATION PROGRAM RESTITUTION POLICY

SECTION 21.86. Part 2 of Article 6 of Chapter 130A of the General Statutes is amended by adding the following new section to read:

"**§ 130A-158. Restitution required when vaccine spoiled due to provider negligence.**

Immunization program providers shall be liable for restitution to the State for the cost of replacement vaccine when vaccine in the provider's inventory has become spoiled or unstable due to the provider's negligence and unreasonable failure to properly handle or store the vaccine."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

IMMUNIZATION PROGRAM FUNDING

SECTION 21.87.(a) Of the funds appropriated in this act to the Department of Health and Human Services for childhood immunization programs for positions, operating support, equipment, and pharmaceuticals, the sum of up to one million dollars ($1,000,000) for the 2001-2002 fiscal year and the sum of one million dollars ($1,000,000) for the 2002-2003 fiscal year may be used for projects and activities that are also designed to increase childhood immunization rates in North Carolina. These projects and activities shall include the following:

(1) Outreach efforts at the State and local levels to improve service delivery of vaccines. Outreach efforts may include educational seminars, media advertising, support services to parents to enable

children to be transported to clinics, longer operating hours for clinics, and mobile vaccine units; and

(2) Continued development of an automated immunization registry.

SECTION 21.87.(b) Funds authorized to be used for immunization efforts under subsection (a) of this section shall not be used to fund additional State positions in the Department of Health and Human Services or contracts, except for contracts to develop an automated immunization registry or with local health departments for outreach.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PRESCRIPTION DRUG ASSISTANCE PROGRAM

SECTION 21.88. Of the funds appropriated in this act to the Department of Health and Human Services, the sum of five hundred thousand dollars ($500,000) for the 2001-2002 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2002-2003 fiscal year shall be used to pay the cost of outpatient prescription drugs for persons:

(1) Over the age of 65 years and not eligible for full Medicaid benefits;

(2) Whose income is not more than one hundred fifty percent (150%) of the federal poverty level; and

(3) Who have been diagnosed with cardiovascular disease or diabetes.

These funds shall be used to pay the cost of outpatient prescription drugs for the treatment of cardiovascular disease or diabetes. Payment shall be not more than the Medicaid cost including rebates. The Department shall develop criteria to maximize the efficient and effective distribution of these drugs.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ADOLESCENT PREGNANCY PREVENTION INITIATIVES

SECTION 21.89.(a) The title of Part 6 of Article 5 of Chapter 130A of the General Statutes reads as rewritten:

"Part 6. Adolescent Pregnancy ~~Prevention Projects.~~Prevention."

SECTION 21.89.(b) G.S. 130A-131.15 is repealed.

SECTION 21.89.(c) The Department of Health and Human Services shall administer the adolescent pregnancy prevention programs and the adolescent parenting programs pursuant to the provisions of this section.

SECTION 21.89.(d) The programs shall include primary prevention efforts, secondary prevention efforts, and special initiatives.

SECTION 21.89.(e) The Commission for Health Services may adopt rules necessary to implement the programs.

SECTION 21.89.(f) State-level administrative costs for programs shall not exceed ten percent (10%) of the total funds.

SECTION 21.89.(g) In awarding grants, the Department of Health and Human Services shall target counties with the highest teen pregnancy rates, increasingly higher rates, high rates within demographic subgroups, or greatest need for parenting programs. Grants will be awarded on an annual basis.

SECTION 21.89.(h) Programs are not required to provide a cash match for these funds; however, the Department may require an in-kind match.

SECTION 21.89.(i) Local adolescent pregnancy prevention councils are encouraged but not required for program funding. State funds shall not be used for these activities.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson, Wright

AIDS DRUG ASSISTANCE PROGRAM (ADAP)

SECTION 21.90.(a) The Department shall develop a comprehensive information management system on AIDS/HIV clients receiving services from the State. The Department may use up to fifty thousand dollars ($50,000) of the funds appropriated in this act to implement this information management system. This information management system shall be patterned after the information management system used by the Prescription Drug Assistance Program, shall provide instantaneous internal access to information, and shall include information on the following:

(1) Program usage patterns of ADAP participants, including, but not limited to, frequency of prescription purchases, types of medications prescribed, and the cost of prescribed medications on a monthly basis.

(2) Demographics of participants in the program, including the age, gender, race, ethnicity, and county of residence of participants.

The Department shall also develop a plan for promoting patient adherence to physician treatment recommendations. In developing the plan, the Department shall identify ways of obtaining information without interfering with physician-patient confidentiality. The Department shall report on this plan to the members of the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division not later than May 1, 2002.

SECTION 21.90.(b) For the 2001-2002 fiscal year and for the 2002-2003 fiscal year, HIV-positive individuals with incomes at or below one hundred twenty-five percent (125%) of the federal poverty level are eligible for participation in ADAP. Eligibility for participation in ADAP may be extended to individuals with incomes up to one hundred fifty percent (150%) of the federal poverty level only after the Office of State Budget and Management certifies in writing that the Department has developed an information management system pursuant to subsection (a) of this section. Until the Office of State Budget and Management makes this certification, eligibility for participation in ADAP during the 2001-2003 fiscal biennium shall not be extended to individuals with incomes above one hundred twenty-five percent (125%) of the federal poverty level. Following six months of increased eligibility at one hundred fifty percent (150%) of the federal poverty level, eligibility for participation in ADAP shall be extended to individuals with incomes up to one hundred seventy-five percent (175%) of the federal poverty level for the remainder of the 2001-2002 fiscal year. Beginning July 1, 2002, eligibility for participation in the ADAP shall be extended to individuals with incomes up to two hundred percent (200%) of the federal poverty level.

SECTION 21.90.(c) The Department of Health and Human Services shall make an interim report on ADAP program utilization by January 1, 2002, and a final report on ADAP program utilization and a report on the findings from a study on ways to improve HIV/AIDS prevention and care programs by April 30, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on ADAP. The reports shall include the following:

(1) ADAP program utilization:

a. Monthly data on total cumulative AIDS/HIV cases reported in North Carolina.

b. Monthly data on the number of individuals who have applied to participate in ADAP that have been determined to be ineligible.

c. Monthly data on the income level of participants in ADAP and of individuals who have applied to participate in ADAP who have been determined to be ineligible.

d. Monthly data on fiscal year-to-date expenditures of ADAP. The interim report shall contain monthly data on the calendar year-to-date expenditures of ADAP.
e. An update on the status of the information management system.
f. Monthly data on ADAP usage patterns and demographics of participants in ADAP.
g. Fiscal year-to-date budget information.

(2) HIV/AIDS prevention and care:

a. Ways to improve the efficiency of current HIV/AIDS prevention and care programs to ensure that current available funds are put to the optimal use. This study shall include an analysis of the changing demographics of the HIV/AIDS epidemic to ensure that prevention funds are targeted at population subgroups most at risk.
b. A review of prevention programs operated by other states or localities that are not currently offered by this State. This review shall include a study of the effectiveness of the programs, any barriers to offering the programs in this State, an estimate of the costs involved with offering these programs, and ways in which a specific program might be adapted to meet the needs of this State.
c. Any other matter the Department finds relevant to the issue.

SECTION 21.90.(d) The Department of Health and Human Services shall revise its policy regarding determination of eligibility to require all applications for participation in ADAP to be reviewed for eligibility determination by the Purchase of Medical Care Unit of the Program Benefits and Payment Section of the Office of the Controller of the Department of Health and Human Services. The Department shall track all applications for participation in ADAP in order to make the reports required under subsection (c) of this section. This policy applies to all applications made in physician offices or other settings.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DIVISION OF PUBLIC HEALTH REORGANIZATION

SECTION 21.91.(a) The Department of Health and Human Services shall reduce layers of management and streamline operations by creating a Section of Financial Management and Support. The Department shall consolidate all budgeting, purchasing, contract oversight, and computer networking personnel into this section. The Department shall transfer all positions, corresponding State appropriations, federal funds, and other related funds into this section. At no time shall the Department allow the Division of Public Health to maintain nonprogram positions within the other sections of the Division.

SECTION 21.91.(b) The Department shall establish a new permanent full-time position in the Division of Public Health for Local Health Services section chief. The Department shall not contract for this position.

SECTION 21.91.(c) Not later than October 1, 2001, the Department shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the reorganization activities required under this section.

Requested by: Representatives Earle, Nye, Insko, Easterling, Oldham, Redwine, Thompson

DIVISION OF PUBLIC HEALTH NURSE CONSULTANT AND PUBLIC HEALTH EDUCATOR CONSOLIDATION

SECTION 21.91A.(a) The Department shall evaluate in partnership with local health departments, all nurse consultant positions across the Division of Public Health to determine the need for generalist or specialty consultation and the best organizational location with the Division to support this technical assistance. Based on these findings, the Department shall transfer corresponding State appropriations, federal funds, and any other related funds in the Division to support these services.

SECTION 21.91A.(b) The Department shall evaluate in consultation with local health departments, all health educator positions across the Division to determine the need for generalist or specialty consultation and the best organizational location within the Department. Based on these findings, the Department shall transfer corresponding State appropriations, federal funds, and any other related funds in the Division to support these services.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STATE LABORATORY

SECTION 21.92.(a) The Department of Health and Human Services, Office of the Controller, shall develop a five-year equipment replacement schedule for the State Laboratory. The purpose of the schedule is to have an objective plan for medical laboratory equipment replacement to plan for current and future years' budget requirements.

SECTION 21.92.(b) The Department shall assess the various services that the State Laboratory provides and address the feasibility of contracting for additional services. The Department shall prepare a cost-benefit analysis of providing services in-house versus contracting out for services.

SECTION 21.92.(c) The Department shall assess the current fees and fee methodology for laboratory services to determine if fees are set at the appropriate levels. The Department shall identify new ways to set fees that incorporate the fully allocated cost of laboratory equipment and the full costs of operations. The Department may implement a revised fee schedule to reflect the full cost of operations including equipment replacement.

SECTION 21.92.(d) Not later than March 1, 2002, the Department of Health and Human Services shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the implementation of this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ENHANCEMENT OF STATE CENTER FOR HEALTH STATISTICS

SECTION 21.93.(a) The State Center for Health Statistics is transferred to the Office of the Secretary of the Department of Health and Human Services and is renamed the "Center for Health and Human Services Statistics and Information." The purpose of the Center is to provide primary statistical analyses and information for the Department, members of the public, and support of all of the Divisions of the Department. The Center shall collect, compile, manage, and report data for the public and the Department. The Secretary shall transfer all information management, database management, and other related positions from throughout the divisions, except for the Division of Information Resource Management and other systems management personnel, and shall transfer corresponding State appropriations, federal funds, and other funds to establish and expand the Center. The Department shall do the following:

(1) Determine the feasibility of transferring existing database contracts to the Center. All future statistical analyses and information projects will be first made available to the Center for the right of first refusal.
(2) Determine the feasibility of creating a unit in the Center to more efficiently and effectively manage database and information contracts for the entire Department.
(3) Consult with the Center in planning any management information systems.
(4) Evaluate the feasibility of operating the center as an internal service fund budget.

The Department shall submit a progress report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the implementation of this section no later than October 1, 2001, and a final report on March 1, 2002. The report shall include an assessment of the current statistical analysis functions for each Division and determine the resources (staff and appropriations) that would be suitable for transfer into the Center. The inventory shall include an assessment of all current contracts for database management, data collection, and analyses, and shall determine the total amount of funds currently involved with these efforts. The final report shall include an implementation plan for carrying out the provisions of this section.

SECTION 21.93.(b) Article 15 of Chapter 130A of the General Statutes reads as rewritten:

"Article 15.

"~~State~~ Center for Health ~~Statistics.~~ and Human Services Statistics and Information.

"**§ 130A-371. ~~State~~ Center for Health and Human Services Statistics and Information established.**

~~A State~~ The Center for Health and Human Services Statistics and Information is established within the Department. The purpose of the Center for Health and Human Services Statistics and Information is to provide primary statistical analysis and information for health and human services, members of the public, and support for all Divisions of the Department.

"**§ 130A-372. Definitions.**

The following definitions shall apply throughout this Article:

(1) 'Health data' means information relating to the health status of individuals, the availability of health resources and services, and the use and cost of these resources and services. The term shall not include vital records registered under the provisions of Article 4 of this Chapter.
(2) 'Medical records' means health data relating to the diagnosis or treatment of physical or mental ailments of individuals. "

"**§ 130A-373. Authority and duties.**

(a) The ~~State~~ Center for Health and Human Services Statistics and Information is authorized to:

(1) Collect, maintain and analyze health data on:
a. The extent, nature and impact of illness and disability on the population of the State;
b. The determinants of health and health hazards;
c. Health resources, including the extent of available work power and resources;
d. Utilization of health care;
e. Health care costs and financing; and
f. Other health or health-related matters; and

(2) Undertake and support research, demonstrations and evaluations respecting new or improved methods for obtaining data.

(b) The ~~State~~ Center for Health and Human Services Statistics and Information may collect health data on behalf of other governmental or nonprofit organizations.

(c) The ~~State~~ Center for Health and Human Services Statistics and Information shall collect data only on a voluntary basis except when there is specific legal authority to compel mandatory reporting of the health data. In collecting health data on a voluntary basis, the ~~State~~ Center for Health and Human Services Statistics and Information shall give the person a statement in writing:

(1) That the data is being collected on a voluntary basis and that the person is not required to respond; and

(2) The purposes for which the health data is being collected.

(d) Subject to the provisions of G.S. 130A-374, the ~~State~~ Center for Health and Human Services Statistics and Information may share health data with other persons, agencies and organizations.

(e) The ~~State~~ Center for Health and Human Services Statistics and Information shall:

(1) Take necessary action to assure that statistics developed under this Article are of high quality, timely and comprehensive, as well as specific and adequately analyzed and indexed; and

(2) Publish, make available and disseminate statistics on as wide a basis as practical.

(f) The ~~State~~ Center for Health and Human Services Statistics and Information shall coordinate health data activities within the State in order to eliminate unnecessary duplication of data collection and to maximize the usefulness of data collected by:

(1) Participating with State and local agencies in the design and implementation of a cooperative system for producing comparable and uniform health information and statistics at the State and local levels; and

(2) Undertaking and supporting research, development, demonstration and evaluation respecting the cooperative system.

"**§ 130A-374. Security of health data.**

(a) Medical records of individual patients shall be confidential and shall not be public records open to inspection. The ~~State~~ Center for Health and Human Services Statistics and Information may disclose medical records of individual patients which identify the individual described in the record only if:

(1) The individual described in the medical record has authorized the disclosure; or

(2) The disclosure is for bona fide research purposes. The Commission shall adopt rules providing for the use of the medical records for research purposes.

(b) The ~~State~~ Center for Health and Human Services Statistics and Information shall take appropriate measures to protect the security of health data collected by the Center, including:

(1) Limiting the access to health data to authorized individuals who have received training in the handling of this data;

(2) Designating a person to be responsible for physical security; and

(3) Developing and implementing a system for monitoring security."

SECTION 21.93.(c) The Secretary shall review the requirements of the medical records privacy regulations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) to avoid duplication of effort in complying with that Act and this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PUBLIC HEALTH PREVENTION ACTIVITIES REPORT

SECTION 21.94. The Department of Health and Human Services, Division of Public Health, shall conduct an inventory of its activities in the prevention of infant mortality and birth defects. The Department shall conduct a comprehensive assessment of these activities to identify all in-house activities and contracted activities and shall include the following:

(1) Program or service title and description;
(2) Number of clients served, if applicable;
(3) State appropriations, federal funds, and other funds involved with the program or service; and
(4) To the extent possible include Smart Start health programs and services, and identify other nonprofit organizations' activities.

The Department shall report on the information required under this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by March 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

HEART DISEASE AND STROKE PREVENTION TASK FORCE

SECTION 21.95. The Heart Disease and Stroke Prevention Task Force, created in subsection (l) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as amended, shall submit to the Governor and the General Assembly a sixth interim report within the first week of the convening of the 2001 General Assembly, 2002 Regular Session, and a seventh interim report within the first week of the convening of the 2003 General Assembly. Notwithstanding Section 11.57 of S.L. 1999-237, the Task Force shall submit a final report by June 30, 2003, and, upon submission of its final report to the Governor and the General Assembly, the Task Force shall expire.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

NEWBORN HEARING SCREENING PROGRAM REPORT

SECTION 21.96. The Department of Health and Human Services shall report the following information on the newborn hearing screening program:

(1) Unduplicated number of infants screened.
(2) Number of infants who failed the second hearing screening.
(3) Number of infants receiving the diagnostic evaluation.
(4) Number and types of services provided.
(5) Number and types of follow-up services provided to children.

The Department shall submit the report not later than May 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

INTENSIVE HOME VISITING

SECTION 21.97.(a) The Department of Health and Human Services, Division of Public Health, shall not contract for evaluation or technical assistance for the Intensive Home Visiting Program during the 2001-2002 fiscal year. The Division shall continue to collect and manage data collected by nurses and visitors on program

activities. The Division shall collect the necessary information on participants to allow future tracking of these participants and facilitate a future longitudinal study for the purposes of determining program effectiveness.

SECTION 21.97.(b) The Division shall require in-home visitors to collect data on program participants as a condition of participation. This requirement shall include six-month periodic assessments and completion of the questionnaires. The Department shall ensure that the collection, maintenance, use, and disclosure of data complies with applicable State and federal law protecting privacy of health and other individual information. By April 1, 2002, the Division shall report to the Senate Appropriations Committee on Health and Human Services and the House of Representatives Appropriations Subcommittee on Health and Human Services on the following items:

(1) Number of clients/families enrolled per county.
(2) Attrition and reasons why families leave the program.
(3) Average number of home visits per month.
(4) Average time involved per home visit.
(5) Baseline family characteristics.
(6) Health behaviors.
(7) Perinatal and birth outcomes.
(8) Other relevant outcome information.

All program information shall include the identification of the model used in order to compare these models in the future.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CONTRACTUAL SERVICES LIMITATION

SECTION 21.99.(a) The Department shall maintain the adolescent pregnancy prevention and adolescent parenting program database created for the program via contract and shall not continue to contract for database management, development, or analysis. Of the funds appropriated to the Department in this act, the Department shall not spend more than twenty-five thousand dollars ($25,000) to transition the database from the contractor to the Department. The Department shall continue to collect and manage program data in order to conduct longitudinal studies in the future. Notwithstanding any other provision of law, the Department shall not continue to have the behavioral/attitudinal evaluation completed annually for all programs.

SECTION 21.99.(b) Of funds appropriated to the Department of Health and Human Services, the Department shall not spend more than twenty-five thousand dollars ($25,000) to complete the longitudinal adolescent parenting program evaluation. The Department shall not contract for additional evaluations or assessments of the adolescent pregnancy prevention program or the adolescent parenting program during the 2001-2002 fiscal year.

SECTION 21.99.(c) The Department of Health and Human Services shall plan an outcome-based evaluation of the adolescent pregnancy prevention programs and shall continue to collect data.

SECTION 21.99.(d) The Department shall report on activities conducted pursuant to this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by March 1, 2002.

Requested by: Representatives Earle, Nye, Redwine, Easterling, Oldham, Thompson

PRESCRIPTION DRUG INITIATIVES GRANT FUNDS

SECTION 21.100. The Health and Wellness Trust Fund Commission shall, as it develops criteria for awarding grants under Article 6C of Chapter 147 of the General Statutes, include criteria that will enable programs and initiatives addressing the need to expand access to prescription drugs to North Carolina senior and disabled citizens to receive grants from the Fund. In making the grants, the Commission shall consider, and coordinate with, the availability of any federal funds allocated to North Carolina pursuant to any federal initiative to provide financial assistance to senior and disabled citizens for the cost of prescription drugs.

In making its annual report to the Joint Legislative Commission on Governmental Operations and to the chairs of the Joint Legislative Health Care Oversight Committee regarding the implementation of that Article, the chair of the Health and Wellness Trust Fund Commission shall report on the programs and initiatives to expand access to prescription drugs to senior and disabled citizens that were funded by the Trust Fund. The report shall include the amount of funds disbursed for programs and initiatives to expand access to prescription drugs to senior and disabled citizens and the success of those programs and initiatives towards helping senior and disabled citizens obtain prescription drugs.

PART XXII. JUDICIAL DEPARTMENT

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TRANSFER OF EQUIPMENT AND SUPPLY FUNDS

SECTION 22.1. Funds appropriated to the Judicial Department in the 2001-2003 biennium for equipment and supplies shall be certified in a reserve account. The Administrative Office of the Courts may transfer these funds to the appropriate programs and between programs as the equipment priorities and supply consumptions occur during the operating year. These funds shall not be expended for any other purpose.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORT ON COMMUNITY MEDIATION CENTERS

SECTION 22.2. Article 5 of Chapter 7A of the General Statutes is amended by adding a new section to read:

"**§ 7A-38.6. Report on community mediation centers.**

(a) All community mediation centers currently receiving State funds shall report annually to the Mediation Network of North Carolina on the program's funding and activities, including:

(1) Types of dispute settlement services provided;

(2) Clients receiving each type of dispute settlement service;

(3) Number and type of referrals received, cases actually mediated, cases resolved in mediation, and total clients served in the cases mediated;

(4) Total program funding and funding sources;

(5) Itemization of the use of funds, including operating expenses and personnel;

(6) Itemization of the use of State funds appropriated to the center;

(7) Level of volunteer activity; and

(8) Identification of future service demands and budget requirements.

The Mediation Network of North Carolina shall compile and summarize the information provided pursuant to this subsection and shall provide the information to the Chairs of the House of Representatives and Senate Appropriations Committees and

the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by February 1 of each year.

(b) A community mediation center requesting State funds for the first time shall provide the General Assembly with the information enumerated in subsection (a) of this section, or projections where historical data are not available, as well as a detailed statement justifying the need for State funding.

(c) Each community mediation center receiving State funds for the first time shall document in the information provided pursuant to this section that, after the second year of receiving State funds, at least ten percent (10%) of total funding comes from non-State sources.

(d) Each community mediation center receiving State funds for the third, fourth, or fifth year shall document that at least twenty percent (20%) of total funding comes from non-State sources.

(e) Each community mediation center receiving State funds for six or more years shall document that at least fifty percent (50%) of total funding comes from non-State sources.

(f) Each community mediation center currently receiving State funds that has achieved a funding level from non-State sources greater than that provided for that center by subsection (c), (d), or (e) of this section shall make a good faith effort to maintain that level of funding.

(g) The percentage that State funds comprise of the total funding of each community mediation center shall be determined at the conclusion of each fiscal year with the information provided pursuant to this section and is intended as a funding ratio and not a matching funds requirement. Community mediation centers may include the market value of donated office space, utilities, and professional legal and accounting services in determining total funding.

(h) A community mediation center having difficulty meeting the funding ratio provided for that center by subsection (c), (d), or (e) of this section may request a waiver or special consideration through the Mediation Network of North Carolina for consideration by the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety.

(i) The provisions of G.S. 143-31.4 do not apply to community mediation centers receiving State funds."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

SENTENCING SERVICES REPORT

SECTION 22.3. The Judicial Department shall report to the Chairs of the Senate and House of Representatives Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety by April 1, 2002, on the effectiveness of the Sentencing Services Program under structured sentencing and the criminal case docketing system. The report shall include:

(1) Data on the number of plans prepared, the recommendations included in those plans, the actual sentences imposed in those cases, and an analysis of the extent to which judges impose sentences using recommendations from plans;

(2) Data on the number of plans initiated but not presented to the court, including the reason the plan was not completed or presented; and

(3) The results of a survey on the impact of sentencing plans on judicial decisions, to be conducted by the Research, Planning, and Budget Development Section of the Judicial Department or another entity separate from the Sentencing Services Program. The survey shall

include superior court judges, district attorneys, public defenders, and defense attorneys.

Requested by: Representatives Culpepper, Haire, Thompson, Easterling, Oldham, Redwine

ELIMINATE VACANT SUPERIOR COURT JUDGESHIP IN DISTRICT 4B/ADD SUPERIOR COURT JUDGESHIP IN DISTRICT 24

SECTION 22.4.(a) G.S. 7A-41(a) reads as rewritten:

"(a) The counties of the State are organized into judicial divisions and superior court districts, and each superior court district has the counties, and the number of regular resident superior court judges set forth in the following table, and for districts of less than a whole county, as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
First	1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	2
First	2	Beaufort, Hyde, Martin, Tyrrell, Washington	1
First	3A	Pitt	2
Second	3B	Carteret, Craven, Pamlico	2
Second	4A	Duplin, Jones, Sampson	1
Second	4B	Onslow	~~2~~ 1
Second	5	New Hanover, Pender	3
First	6A	Halifax	1
First	6B	Bertie, Hertford, Northampton	1
First	7A	Nash	1
First	7B	(part of Wilson, part of Edgecombe, see subsection (b))	1
First	7C	(part of Wilson, part of Edgecombe, see subsection (b))	1
Second	8A	Lenoir and Greene	1
Second	8B	Wayne	1
Third	9	Franklin, Granville, Vance, Warren	2
Third	9A	Person, Caswell	1
Third	10A	(part of Wake, see subsection (b))	2
Third	10B	(part of Wake, see subsection (b))	2
Third	10C	(part of Wake, see subsection (b))	1

Third	10D	(part of Wake, see subsection (b))	1
Fourth	11A	Harnett, Lee	1
Fourth	11B	Johnston	1
Fourth	12A	(part of Cumberland, see subsection (b))	1
Fourth	12B	(part of Cumberland, see subsection (b))	1
Fourth	12C	(part of Cumberland, see subsection (b))	2
Fourth	13	Bladen, Brunswick, Columbus	2
Third	14A	(part of Durham, see subsection (b))	1
Third	14B	(part of Durham, see subsection (b))	3
Third	15A	Alamance	2
Third	15B	Orange, Chatham	1
Fourth	16A	Scotland, Hoke	1
Fourth	16B	Robeson	2
Fifth	17A	Rockingham	2
Fifth	17B	Stokes, Surry	2
Fifth	18A	(part of Guilford, see subsection (b))	1
Fifth	18B	(part of Guilford, see subsection (b))	1
Fifth	18C	(part of Guilford, see subsection (b))	1
Fifth	18D	(part of Guilford, see subsection (b))	1
Fifth	18E	(part of Guilford, see subsection (b))	1
Sixth	19A	Cabarrus	1
Fifth	19B1	(part of Montgomery, part of Moore, part of Randolph see subsection (b))	1
Fifth	19B2	(part of Montgomery, part of Moore, part of Randolph see subsection (b))	1
Sixth	19C	Rowan	1
Sixth	20A	Anson, Richmond	1
Sixth	20B	Stanly, Union	2
Fifth	21A	(part of Forsyth, see subsection (b))	1
Fifth	21B	(part of Forsyth, see subsection (b))	1
Fifth	21C	(part of Forsyth, see subsection (b))	1
Fifth	21D	(part of Forsyth,	1

		see subsection (b))	
Sixth	22	Alexander, Davidson, Davie, Iredell	3
Fifth	23	Alleghany, Ashe, Wilkes, Yadkin	1
Eighth	24	Avery, Madison, Mitchell, Watauga, Yancey	~~1~~ 2
Seventh	25A	Burke, Caldwell	2
Seventh	25B	Catawba	2
Seventh	26A	(part of Mecklenburg, see subsection (b))	2
Seventh	26B	(part of Mecklenburg, see subsection (b))	2
Seventh	26C	(part of Mecklenburg, see subsection (b))	2
Seventh	27A	Gaston	2
Seventh	27B	Cleveland, Lincoln	2
Eighth	28	Buncombe	2
Eighth	29	Henderson, McDowell, Polk, Rutherford, Transylvania	2
Eighth	30A	Cherokee, Clay, Graham, Macon, Swain	1
Eighth	30B	Haywood, Jackson	1."

SECTION 22.4.(b) The Governor shall appoint a superior court judge for the additional judgeship in Superior Court District 24 as authorized by subsection (a) of this section to serve a term expiring December 31, 2002. The successor to that judge shall be elected in the 2002 general election to serve a term expiring December 31, 2010.

SECTION 22.4.(c) This section becomes effective October 1, 2001.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

BUSINESS COURT

SECTION 22.5. The Administrative Office of the Courts shall report to the Chairs of the Senate and House of Representatives Appropriations Committees and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety by April 1 of each year on the activities of the North Carolina Business Court, including the number of cases heard by the court and the number of court sessions held outside of Superior Court District 18.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ELIMINATE UNNECESSARY OR OBSOLETE REPORTS

SECTION 22.6.(a) G.S. 7A-348 reads as rewritten:

"**§ 7A-348. Training and supervision of assistants for administrative and victim and witness services.**

Pursuant to the provisions of G.S. 7A-413, the Conference of District Attorneys shall:

(1) Assist in establishing uniform statewide training for assistants for administrative and victim and witness services; and

(2) Assist in the implementation and supervision of this ~~program; and~~ program.

~~(3) With the Director of the Administrative Office of the Courts, report annually to the Joint Legislative Commission on Governmental Operations on the implementation and effectiveness of this act, beginning on or before February 1, 1987.~~"

SECTION 22.6.(b) G.S. 143-170.4 reads as rewritten:

"**§ 143-170.4. Administrative Office of the Courts; publications procedures manual; reports.**

Not later than June 1, 1990, the Administrative Office of the Courts, after review of the Department of Administration's state publications procedures guidelines and after consultation with the State Librarian and State Auditor, shall adopt (i) a publications procedures manual for public documents, other than the official reports of the North Carolina Supreme Court and the North Carolina Court of Appeals and official forms published by the Administrative Office of the Courts pursuant to G.S. 7A-343, that addresses the elements of publication production described in G.S. 143-170.2 and (ii) an administrative review and approval process to ensure appropriate review and approval of its public documents. The initial guidelines and the administrative review and approval process shall be reported to the Joint Legislative Commission on Governmental Operations by ~~January 1, 1991, and revisions thereto shall be reported to the Joint Legislative Commission on Governmental Operations within six months of adoption.~~ January 1, 1991."

SECTION 22.6.(c) G.S. 143-589 reads as rewritten:

"**§ 143-589. Legislative and judicial branch safety and health programs.**

The Legislative Services Commission and the Administrative Office of the Courts are authorized to separately establish safety and health programs for their employees. ~~The Administrative Office of the Courts shall report annually to the Joint Legislative Commission on Governmental Operations on its safety and health activities with respect to its program.~~"

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

COLLECTION OF WORTHLESS CHECKS FUND

SECTION 22.7. Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2001, for the purchase or repair of office or information technology equipment during the 2001-2002 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the Joint Legislative Commission on Governmental Operations and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Information Technology on the equipment to be purchased or repaired and the reasons for the purchases.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TRANSFER OF FUNDS TO OFFICE OF INDIGENT DEFENSE SERVICES

SECTION 22.9. In the event that requirements for payments to assigned counsel exceed available funds in the Office of Indigent Defense Services during the 2001-2002 fiscal year, the Judicial Department shall transfer to the Office of Indigent Defense Services up to the sum of one million five hundred thousand dollars ($1,500,000) in funds available to pay those additional amounts. The Office of Indigent Defense Services and the Judicial Department shall report to the Joint Legislative

Commission on Governmental Operations prior to any transfer of funds authorized by this section.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine

NORTH CAROLINA STATE BAR FUNDS

SECTION 22.10. Of the funds appropriated in the continuation budget as a grant-in-aid to the North Carolina State Bar for the 2001-2003 biennium, the North Carolina State Bar may in its discretion use up to the sum of five hundred ninety thousand dollars ($590,000) for the 2001-2002 fiscal year and up to the sum of five hundred ninety thousand dollars ($590,000) for the 2002-2003 fiscal year to contract with the Center for Death Penalty Litigation to provide training, consultation, brief banking, and other assistance to attorneys representing indigent capital defendants.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ASSISTANT PUBLIC DEFENDER LONGEVITY/OFFICE OF INDIGENT DEFENSE SERVICES CORRECTIONS

SECTION 22.11.(a) Section 49 of S.L. 2000-144 reads as rewritten:

"Section 49. Except as otherwise provided in this Part, this act becomes effective July 1, 2001. G.S. 7A-498, 7A-498.1, 7A-498.2, 7A-498.4, 7A-498.5, ~~and~~ 7A-498.6, and 7A-498.7(g), as enacted in Section 1 of this act, and Section 13 of this act are effective when they become law; however, except as otherwise provided in this Part, no rules, standards, or other regulations issued by the Commission on Indigent Defense Services, and no decisions regarding the actual delivery of services shall take effect prior to July 1, 2001, and all authority over the expenditure of funds shall remain with the Director of the Administrative Office of the Courts prior to that date. The Commission shall be responsible for the expenditure of funds for all cases pending on or after July 1, 2001."

SECTION 22.11.(b) Section 13 of S.L. 2000-144 reads as rewritten:

"Section 13. Effective when this act becomes law, G.S. 7A-467(d) is repealed. Effective July 1, 2001, G.S. 7A-459, 7A-465, 7A-466, ~~7A-467,~~ 7A-467(a), 7A-467(b), 7A-467(c), 7A-467(e), 7A-467(f), 7A-467(g), 7A-469, 7A-470, 7A-471, 7A-486, 7A-486.1, 7A-486.2, 7A-486.3, 7A-486.4, 7A-486.5, 7A-486.6, and 7A-486.7 are repealed."

SECTION 22.11.(c) G.S. 7A-498.7 is amended by adding three new subsections to read:

"(i) A public defender may apply to the Director of the Office of Indigent Defense Services to enter into contracts with local governments for the provision by the State of services of temporary assistant public defenders pursuant to G.S. 153A-212.1 or G.S. 160A-289.1.

(j) The Director of the Office of Indigent Defense Services may provide assistance requested pursuant to subsection (i) of this section only upon a showing by the requesting public defender, supported by facts, that the overwhelming public interest warrants the use of additional resources for the speedy disposition of cases involving drug offenses, domestic violence, or other offenses involving a threat to public safety.

(k) The terms of any contract entered into with local governments pursuant to subsection (i) of this section shall be fixed by the Director of the Office of Indigent Defense Services in each case. Nothing in this section shall be construed to obligate the General Assembly to make any appropriation to implement the provisions of this section or to obligate the Office of Indigent Defense Services to provide the administrative costs of establishing or maintaining the positions or services provided for under this section. Further, nothing in this section shall be construed to obligate the

Office of Indigent Defense Services to maintain positions or services initially provided for under this section."

SECTION 22.11.(d) G.S. 153A-212.1 reads as rewritten:

"**§ 153A-212.1. Resources to protect the public.**

Subject to the requirements of G.S. 7A-41, 7A-44.1, 7A-64, 7A-102, 7A-133, and ~~7A-467,~~ 7A-498.7, a county may appropriate funds under contract with the State for the provision of services for the speedy disposition of cases involving drug offenses, domestic violence, or other offenses involving threats to public safety. Nothing in this section shall be construed to obligate the General Assembly to make any appropriation to implement the provisions of this section. Further, nothing in this section shall be construed to obligate the Administrative Office of the Courts or the Office of Indigent Defense Services to maintain positions or services initially provided for under this section."

SECTION 22.11.(e) G.S. 160A-289.1 reads as rewritten:

"**§ 160A-289.1. Resources to protect the public.**

Subject to the requirements of G.S. 7A-41, 7A-44.1, 7A-64, 7A-102, 7A-133, and ~~7A-467,~~ 7A-498.7, a city may appropriate funds under contract with the State for the provision of services for the speedy disposition of cases involving drug offenses, domestic violence, or other offenses involving threats to public safety. Nothing in this section shall be construed to obligate the General Assembly to make any appropriation to implement the provisions of this section. Further, nothing in this section shall be construed to obligate the Administrative Office of the Courts or the Office of Indigent Defense Services to maintain positions or services initially provided for under this section."

SECTION 22.11.(f) Subsection (h) of Section 15.4 of S.L. 2000-67 reads as rewritten:

"Section 15.4.(h) The Administrative Office of the Courts and the Office of Indigent Defense Services shall report by March 1 of each year to the Chairs of the House of Representatives and Senate Appropriations Committees, to the Chairs of the House of Representatives Subcommittee on Justice and Public Safety, and to the Chairs of the Senate Appropriations Committee on Justice and Public Safety on contracts entered into with local governments for the provision of the services of assistant district attorneys, assistant public defenders, judicial secretaries, and employees in the office of the Clerk of Superior Court. The report shall include the number of applications made to the Administrative Office of the Courts or the Office of Indigent Defense Services for these contracts, the number of contracts entered for provision of these positions, and the dollar amounts of each contract."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

OFFICE OF INDIGENT DEFENSE SERVICES REPORT

SECTION 22.12. The Office of Indigent Defense Services shall report to the Chairs of the Senate and House of Representatives Appropriations Committees and the Chairs of the Senate and House Representatives Appropriations Subcommittees on Justice and Public Safety by March 1 of each year on:

(1) The volume and cost of cases handled in each district by assigned counsel or public defenders;

(2) Actions taken by the Office to improve the cost-effectiveness and quality of indigent defense, including the capital case program;

(3) Plans for changes in rules, standards, or regulations in the upcoming year; and

(4) Any recommended changes in law or funding procedures that would assist the Office in improving the management of funds expended for indigent defense services.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ASSISTANT PUBLIC DEFENDERS/PUBLIC DEFENDER OFFICE PERSONNEL

SECTION 22.13.(a) From funds appropriated to the Indigent Persons' Attorney Fee Fund for the 2001-2003 biennium, the Office of Indigent Defense Services may use up to the sum of four hundred seventy-seven thousand seven hundred sixty-eight dollars ($477,768) for the 2001-2002 fiscal year and up to the sum of four hundred forty-six thousand eight hundred twenty dollars ($446,820) for the 2002-2003 fiscal year for salaries, benefits, equipment, and related expenses to establish up to six new assistant public defender positions in statewide programs or districts with existing public defender programs.

SECTION 22.13.(b) From funds appropriated to the Indigent Persons' Attorney Fee Fund for the 2001-2003 biennium, the Office of Indigent Defense Services may use up to the sum of two hundred eighty-three thousand five hundred seventy-five dollars ($283,575) for the 2001-2002 fiscal year and up to the sum of two hundred fifty-six thousand three hundred ten dollars ($256,310) for the 2002-2003 fiscal year for salaries, benefits, equipment, and related expenses to establish up to five new legal assistant, paralegal, investigator, or administrative assistant positions in statewide programs or districts with existing public defender programs.

SECTION 22.13.(c) Prior to establishing any new positions under this section, the Office of Indigent Defense Services shall report to the Joint Legislative Commission on Governmental Operations on the positions to be established and the locations of those positions.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

PISGAH LEGAL SERVICES FUNDS

SECTION 22.15. Notwithstanding the provisions of G.S. 7A-474.4, the North Carolina State Bar shall allocate to Pisgah Legal Services that share of State funds that would otherwise have been provided through Legal Services of North Carolina, Inc., to Appalachian Legal Services to serve eligible clients in Buncombe, Henderson, Madison, Polk, Rutherford, and Transylvania Counties.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

AUTHORIZE ADDITIONAL MAGISTRATES

SECTION 22.16. G.S. 7A-133(c) reads as rewritten:

"(c) Each county shall have the numbers of magistrates and additional seats of district court, as set forth in the following table:

County	Magistrates Min.	Magistrates Max.	Additional Seats of Court
Camden	1	3	
Chowan	2	3	
Currituck	1	4	
Dare	3	8	

Gates	2	3		
Pasquotank	3	5		
Perquimans	2	4		
Martin	5	8		
Beaufort	4	8		
Tyrrell	1	3		
Hyde	2	4		
Washington	3	4		
Pitt	10	12		Farmville
				Ayden
Craven	7	10		Havelock
Pamlico	2	4		
Carteret	5	8		
Sampson	6	8		
Duplin	9	11		
Jones	2	3		
Onslow	8	14		
New Hanover	6	11		
Pender	4	6		
Halifax	9	14		Roanoke
				Rapids,
				Scotland Neck
Northampton	5	7		
Bertie	4	6		
Hertford	5	7		
Nash	7	10		Rocky Mount
Edgecombe	4	7		Rocky Mount
Wilson	4	7		
Wayne	5	12		Mount Olive
Greene	2	4		
Lenoir	4	10		La Grange
Granville	3	7		
Vance	3	6		
Warren	3	5		
Franklin	3	7		
Person	3	4		
Caswell	2	5		
Wake	12	21		Apex,
				Wendell,
				Fuquay-
				Varina,
				Wake Forest
Harnett	7	11		Dunn
Johnston	10	12		Benson,
				Clayton,
				Selma
Lee	4	6		
Cumberland	10	19		
Bladen	4	6		
Brunswick	4	~~9~~ 10		
Columbus	6	~~9~~ 10		Tabor City
Durham	8	13		
Alamance	7	11		Burlington

1	Orange	4	11	Chapel Hill
2	Chatham	3	9	Siler City
3	Scotland	3	5	
4	Hoke	4	5	
5	Robeson	8	16	Fairmont,
6				Maxton,
7				Pembroke,
8				Red Springs,
9				Rowland,
10				St. Pauls
11	Rockingham	4	9	Reidsville,
12				Eden,
13				Madison
14	Stokes	2	5	
15	Surry	5	9	Mt. Airy
16	Guilford	20	27	High Point
17	Cabarrus	5	9	Kannapolis
18	Montgomery	2	4	
19	Randolph	5	10	Liberty
20	Rowan	5	10	
21	Stanly	5	6	
22	Union	4	7	
23	Anson	4	6	
24	Richmond	5	6	Hamlet
25	Moore	5	8	Southern
26				Pines
27	Forsyth	3	15	Kernersville
28	Alexander	2	4	
29	Davidson	7	10	Thomasville
30	Davie	2	3	
31	Iredell	4	9	Mooresville
32	Alleghany	1	2	
33	Ashe	3	4	
34	Wilkes	4	6	
35	Yadkin	3	5	
36	Avery	3	5	
37	Madison	4	5	
38	Mitchell	3	4	
39	Watauga	4	6	
40	Yancey	2	4	
41	Burke	4	7	
42	Caldwell	4	7	
43	Catawba	6	10	Hickory
44	Mecklenburg	15	28	
45	Gaston	11	22	
46	Cleveland	5	8	
47	Lincoln	4	7	
48	Buncombe	6	15	
49	Henderson	4	7	
50	McDowell	3	6	
51	Polk	3	4	
52	Rutherford	6	8	
53	Transylvania	2	4	

Cherokee	3	4	
Clay	1	2	
Graham	2	3	
Haywood	5	7	Canton
Jackson	3	5	
Macon	3	4	
Swain	2	3."	

PART XXIII. DEPARTMENT OF JUSTICE

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT

SECTION 23.1.(a) Assets transferred to the Department of Justice during the 2001-2003 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of the Department and shall result in an increase of law enforcement resources for the Department. Assets transferred to the Department of Crime Control and Public Safety during the 2001-2003 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of the Department and shall result in an increase of law enforcement resources for the Department. The Departments of Justice, Correction, and Crime Control and Public Safety shall report to the Joint Legislative Commission on Governmental Operations upon receipt of the assets and, before using the assets, shall report on the intended use of the assets and the departmental priorities on which the assets may be expended.

SECTION 23.1.(b) The General Assembly finds that the use of assets transferred pursuant to 19 U.S.C. § 1616a for new personnel positions, new projects, the acquisition of real property, repair of buildings where the repair includes structural change, and construction of or additions to buildings may result in additional expenses for the State in future fiscal periods. Therefore, the Department of Justice, the Department of Correction, and the Department of Crime Control and Public Safety are prohibited from using these assets for such purposes without the prior approval of the General Assembly.

SECTION 23.1.(c) Nothing in this section prohibits North Carolina law enforcement agencies from receiving funds from the United States Department of Justice pursuant to 19 U.S.C. § 1616a.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING BOARDS PAY FOR USE OF STATE FACILITIES AND SERVICES

SECTION 23.2. The Private Protective Services and Alarm Systems Licensing Boards shall pay the appropriate State agency for the use of physical facilities and services provided to those boards by the State.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

CERTAIN LITIGATION EXPENSES TO BE PAID BY CLIENTS

SECTION 23.3. Client departments, agencies, and boards shall reimburse the Department of Justice for reasonable court fees, attorney travel and subsistence costs, and other costs directly related to litigation in which the Department of Justice is representing the department, agency, or board.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REIMBURSEMENT FOR UNC BOARD OF GOVERNORS LEGAL REPRESENTATION

SECTION 23.4. The Department of Justice shall be reimbursed by the Board of Governors of The University of North Carolina for two Attorney III positions to provide legal representation to The University of North Carolina System.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORT ON CRIMINAL RECORDS CHECKS CONDUCTED FOR CONCEALED HANDGUN PERMITS/STUDY FEE ADJUSTMENT FOR CRIMINAL RECORDS CHECKS

SECTION 23.5.(a) The Department of Justice shall report by January 15 each year to the Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House Appropriations Committees, and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on the receipts, costs for, and number of criminal records checks performed in connection with applications for concealed weapons permits. The report by the Department of Justice shall also include information on the number of applications received and approved for firearms safety courses.

SECTION 23.5.(b) The Office of State Budget and Management, in consultation with the Department of Justice, shall study the feasibility of adjusting the fees charged for criminal records checks conducted by the Division of Criminal Information of the Department of Justice as a result of the increase in receipts from criminal records checks. The study shall include an assessment of the Division's operational, personnel, and overhead costs related to providing criminal records checks and how those costs have changed since the 1998-99 fiscal year. The Office of State Budget and Management shall report its findings and recommendations to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly on or before March 1, 2002.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

CRIMINAL JUSTICE INFORMATION NETWORK REPORT/ADD REPRESENTATIVE FROM THE DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION TO THE BOARD

SECTION 23.6.(a) The Criminal Justice Information Network Governing Board established pursuant to G.S. 143-661 shall report by April 1, 2002, to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly on:

(1) The operating budget of the Board, the expenditures of the Board as of the date of the report, and the amount of funds in reserve for the operation of the Board; and

(2) A long-term strategic plan and cost analysis for statewide implementation of the Criminal Justice Information Network. For each component of the Network, the initial cost estimate of the component, the amount of funds spent to date on the component, the source of funds for expenditures to date, and a timetable for completion of that component, including additional resources needed at each point.

SECTION 23.6.(b) G.S. 143-661(b) reads as rewritten:

"(b) The Board shall consist of ~~19~~20 members, appointed as follows:

(1) ~~Three~~Four members appointed by the Governor, including one member who is a director or employee of a State correction agency for a term to begin September 1, 1996 and to expire on June 30, 1997, one member who is an employee of the North Carolina Department of Crime Control and Public Safety for a term beginning September 1, 1996 and to expire on June 30, 1997, ~~and~~one member selected from the North Carolina Association of Chiefs of Police for a term to begin September 1, 1996 and to expire on ~~June 30, 1999.~~ June 30, 1999, and one member who is an employee of the Department of Juvenile Justice and Delinquency Prevention.

(2) Six members appointed by the General Assembly in accordance with G.S. 120-121, as follows:

a. Three members recommended by the President Pro Tempore of the Senate, including two members of the general public for terms to begin on September 1, 1996, and to expire on June 30, 1997, and one member selected from the North Carolina League of Municipalities who is a member of, or an employee working directly for, the governing board of a North Carolina municipality for a term to begin on September 1, 1996 and to expire on June 30, 1999; and

b. Three members recommended by the Speaker of the House of Representatives, including two members of the general public for terms to begin on September 1, 1996, and to expire on June 30, 1999, and one member selected from the North Carolina Association of County Commissioners who is a member of, or an employee working directly for, the governing board of a North Carolina county for a term to begin on September 1, 1996, and to expire on June 30, 1997.

(3) Two members appointed by the Attorney General, including one member who is an employee of the Attorney General for a term to begin on September 1, 1996, and to expire on June 30, 1997, and one member from the North Carolina Sheriffs' Association for a term to begin on September 1, 1996, and to expire on June 30, 1999.

(4) Six members appointed by the Chief Justice of the North Carolina Supreme Court, as follows:

a. The Director of the Administrative Office of the Courts, or an employee of the Administrative Office of the Courts, for a term beginning July 1, 1997, and expiring June 30, 2001.

b. One member who is a district attorney or an assistant district attorney upon the recommendation of the Conference of District Attorneys of North Carolina, for a term beginning July 1, 1998, and expiring June 30, 1999.

c. Two members who are superior court or district court judges for terms beginning July 1, 1998, and expiring June 30, 2001.

d. One member who is a magistrate upon the recommendation of the North Carolina Magistrates' Association, for a term beginning July 1, 1998, and expiring June 30, 1999.

e. One member who is a clerk of superior court upon the recommendation of the North Carolina Association of Clerks of Superior Court, for a term beginning July 1, 1998, and expiring June 30, 1999.

(5) One member appointed by the Chair of the Information Resource Management Commission, who is the Chair or a member of that Commission, for a term to begin on September 1, 1996, and to expire on June 30, 1999.

(6) One member appointed by the President of the North Carolina Chapter of the Association of Public Communications Officials International, who is an active member of the Association, for a term to begin on September 1, 1996, and to expire on June 30, 1999.

The respective appointing authorities are encouraged to appoint persons having a background in and familiarity with criminal information systems and networks generally and with the criminal information needs and capacities of the constituency from which the member is appointed.

As the initial terms expire, subsequent members of the Board shall be appointed to serve four-year terms. At the end of a term, a member shall continue to serve on the Board until a successor is appointed. A member who is appointed after a term is begun serves only for the remainder of the term and until a successor is appointed. Any vacancy in the membership of the Board shall be filled by the same appointing authority that made the appointment, except that vacancies among members appointed by the General Assembly shall be filled in accordance with G.S. 120-122."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

DRUG EDUCATION PROGRAM TRAINING/REVIEW

SECTION 23.9.(a) The State Bureau of Investigation shall collaborate with the Criminal Justice Standards Division of the Department of Justice in administering of the Drug Abuse Resistance Education (DARE) program.

SECTION 23.9.(b) The Juvenile Justice Institute at North Carolina Central University shall review DARE and other drug education efforts in North Carolina to identify an effective model for drug education. The Juvenile Justice Institute shall report the results of its review to the Joint Legislative Education Oversight Committee, the Justice and Public Safety Subcommittee of the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division by April 1, 2002.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ABOLISH OFFICE OF INSPECTOR GENERAL

SECTION 23.10. Effective January 1, 2002, Article 6 of Chapter 114 of the General Statutes, G.S. 114-40 through G.S. 114-42, is repealed.

PART XXIV. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

S.O.S. ADMINISTRATIVE COST LIMITS AND REPEAL CONFERENCE REQUIREMENT

SECTION 24.1.(a) Of the funds appropriated to the Department of Juvenile Justice and Delinquency Prevention in this act, not more than five hundred fifty thousand dollars ($550,000) for the 2001-2002 fiscal year and not more than five hundred fifty thousand dollars ($550,000) for the 2002-2003 fiscal year may be used to administer the S.O.S. Program, to provide technical assistance to applicants and to local S.O.S. programs, and to evaluate the local S.O.S. programs. The Department may

contract with appropriate public or nonprofit agencies to provide the technical assistance, including training and related services.

SECTION 24.1.(b) G.S. 143B-152.3(1) is repealed.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

JUVENILE CRIME PREVENTION COUNCIL GRANT REPORTING, CERTIFICATION, AND FUNDING OF RESEARCH-BASED PROGRAMS

SECTION 24.2.(a) On or before May 1 each year, the Department of Juvenile Justice and Delinquency Prevention shall submit to the Joint Legislative Commission on Governmental Operations and the Appropriations Committees of the Senate and House of Representatives a list of the recipients of the grants awarded, or preapproved for award, from funds appropriated to the Department for local Juvenile Crime Prevention Council grants. The list shall include for each recipient the amount of the grant awarded, the membership of the local committee or council administering the award funds on the local level, and a short description of the local services, programs, or projects that will receive funds. The list shall also identify any programs that received grant funds at one time but for which funding has been eliminated by the Department of Juvenile Justice and Delinquency Prevention. A written copy of the list and other information regarding the projects shall also be sent to the Fiscal Research Division of the General Assembly.

SECTION 24.2.(b) Each county in which local programs receive Juvenile Crime Prevention Council grant funds from the Department of Juvenile Justice and Delinquency Prevention shall certify annually through its local council to the Department that funds received are not used to duplicate or supplant other programs within the county.

SECTION 24.2.(c) The General Assembly recognizes the importance of evaluation and outcome measurements of the programs serving adjudicated juvenile offenders in order to ensure the cost-effective use of Juvenile Crime Prevention Council grant funds. The Department of Juvenile Justice and Delinquency Prevention shall establish and implement a system to collect and report on information and data regarding the expenditures and impact of the Juvenile Crime Prevention Council formula grant funds used by the individual counties to serve juveniles who have been adjudicated delinquent or who have been diverted for delinquent offenses.

The Department of Juvenile Justice and Delinquency Prevention, in consultation with the North Carolina Sentencing Commission, the Governor's Crime Commission, and the Juvenile Justice Institute, shall develop standards for measuring the effectiveness of programs that receive Juvenile Crime Prevention Council grant funds and that serve juveniles who have been adjudicated delinquent or who have been diverted for delinquent offenses. The standards shall include methods for measuring success factors following intervention, including those factors that:

(1) Reduce the use of alcohol or controlled substances.
(2) Reduce subsequent complaints.
(3) Reduce violations of terms of community supervision.
(4) Reduce convictions for subsequent offenses.
(5) Fulfill restitution to victims.
(6) Increase parental accountability.

The Department of Juvenile Justice and Delinquency Prevention shall report to the Chairs of the Appropriations Committees of the Senate and House of Representatives, the Chairs of the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, and the Fiscal Research Division no later than April 1, 2002, on the progress of the establishment of the system mandated by this section. The system shall be implemented no later than June 30, 2003.

After June 30, 2003, on or before April 1 each year, the Department of Juvenile Justice and Delinquency Prevention shall report to the Chairs of the Appropriations Committees of the Senate and House of Representatives and the Chairs of the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the following:

(1) The number of diverted and adjudicated juveniles served.
(2) The specific methods used by the Juvenile Crime Prevention Councils to determine services, programs, and intervention strategies most likely to change behaviors of juvenile offenders.
(3) The total cost for each funded program, including the cost per juvenile and the essential elements of the program.
(4) An assessment of the extent to which programs funded by Juvenile Crime Prevention Council grants:
    a. Are compatible with research that shows prevention and early intervention strategies that are effective with juvenile offenders.
    b. Are outcome-based in that the grantee describes what outcomes will be achieved or what outcomes have already been achieved.
    c. Include an evaluation component.
    d. Have a demonstrable impact on success factors.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORTS ON CERTAIN PROGRAMS

SECTION 24.3.(a) Project Challenge North Carolina, Inc., shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety by April 1 each year on the operation and the effectiveness of its program in providing alternative dispositions and services to juveniles who have been adjudicated delinquent or undisciplined. The report shall include information on the source of referrals for juveniles, the types of offenses committed by juveniles participating in the program, the amount of time those juveniles spend in the program, the number of juveniles who successfully complete the program, and the number of juveniles who commit additional offenses after completing the program.

SECTION 24.3.(b) The Department of Juvenile Justice and Delinquency Prevention shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety on the effectiveness of the Juvenile Assessment Center by April 1 each year. The report on the Juvenile Assessment Center shall include information on the number of juveniles served and an evaluation of the effectiveness of juvenile assessment plans and services provided as a result of these plans.

SECTION 24.3.(c) Communities in Schools shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, the Joint Legislative Commission on Governmental Operations, the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, and the Joint Legislative Education Oversight Committee by April 1 each year on the operation and the effectiveness of its program. The report shall include information on the number of children served, the number of volunteers used, the impact on the children who have received services from Communities in Schools, and the operating budget of Communities in Schools.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

SECTION 24.4. Funds appropriated in this act to the Department of Juvenile Justice and Delinquency Prevention for the 2001-2002 fiscal year may be used as matching funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives Juvenile Accountability Incentive Block Grants, or a notice of funds to be awarded, the Office of State Budget and Management and the Governor's Crime Commission shall consult with the Department of Juvenile Justice and Delinquency Prevention regarding the criteria for awarding federal funds. The Office of State Budget and Management, the Governor's Crime Commission, and the Department of Juvenile Justice and Delinquency Prevention shall report to the Appropriations Committees of the Senate and House of Representatives and the Joint Legislative Commission on Governmental Operations prior to allocation of the federal funds. The report shall identify the amount of funds to be received for the 2001-2002 fiscal year, the amount of funds anticipated for the 2002-2003 fiscal year, and the allocation of funds by program and purpose.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ANNUAL EVALUATION OF COMMUNITY PROGRAMS

SECTION 24.5. The Department of Juvenile Justice and Delinquency Prevention shall conduct an evaluation of the Eckerd and Camp Woodson wilderness camp programs, the teen court programs, the program that grants funds to the local organizations of the Boys and Girls Clubs established pursuant to Section 21.10 of S.L. 1999-237, the Save Our Students program, the Governor's One-on-One Programs, and multipurpose group homes. The teen court report shall include statistical information on the number of juveniles served, the number and type of offenses considered by teen courts, referral sources for teen courts, and the number of juveniles that become court-involved after participation in teen courts. The report on the Boys and Girls Clubs program shall include information on:

(1) The expenditure of State appropriations on the program;
(2) The operations and the effectiveness of the program; and
(3) The number of juveniles served under the program.

In conducting the evaluation of each of these programs, the Department shall consider whether participation in each program results in a reduction of court involvement among juveniles. The Department shall also identify whether the programs are achieving the goals and objectives of the Juvenile Justice Act, S.L. 1998-202. The Department shall report the results of the evaluation to the Chairs of the House of Representatives and Senate Appropriations Committees and the Chairs of the Subcommittees of Justice and Public Safety of the House of Representatives and Senate Appropriations Committees by March 1 of each year.

Requested by: Representatives Culpepper, Haire , Easterling, Oldham, Redwine, Thompson

CONTINUE CUMBERLAND JUVENILE ASSESSMENT CENTER

SECTION 24.7.(a) Section 18.21(b) of S.L. 1997-443, as amended by Section 16.6 of S.L. 1998-212, reads as rewritten:

"(b) The Administrative Office of the Courts, in collaboration with the Chief Court Counselor of District Court District 12, the Cumberland County Department of Social Services, and the appropriate local school administrative units, shall develop and implement a Juvenile Assessment Center Project in District Court District 12 to operate from the effective date of this ~~act to June 30, 1999.~~ act. The purpose of the Project is to facilitate efficient prevention and intervention service delivery to juveniles who are (i) alleged to be delinquent or undisciplined and have been taken into custody or (ii) at risk of becoming delinquent or undisciplined because they have behavioral problems and

have committed delinquent acts even though they have not been taken into custody. The Project shall assist these juveniles by providing a centralized point of intake and assessment for the juveniles, by addressing the educational, emotional, and physical needs of the juveniles, and by providing juveniles with an atmosphere for learning personal responsibility, self-respect, and respect for others. The Administrative Office of the Courts shall consider the recommendations of the Juvenile Assessment Advisory Board in developing and implementing the Project."

SECTION 24.7.(b) Section 18.21(d) of S.L. 1997-443, as amended by Section 16.6 of S.L. 1998-212, reads as rewritten:

"(d) There is established the Juvenile Assessment Advisory Board to make recommendations to the Administrative Office of the Courts regarding the development and operations of the Project. The Board shall consist of 13 members, including:

(1) The director of the Department of Social Services of Cumberland County, or the director's designee.
(2) A representative from the local mental health area authority of Cumberland County.
(3) A member of the Cumberland County Board of Education.
(4) The sheriff of Cumberland County, or the sheriff's designee.
(5) The chief of police of the Fayetteville Police Department, or the designee of the chief of police.
(6) A judge of District Court District 12.
(7) A juvenile court counselor from District Court District 12.
(8) The director of the Guardian Ad Litem program in Cumberland County, or the director's designee.
(9) The director of the Health Department of Cumberland County, or the director's designee.
(10) Two public members appointed by the Fayetteville City Council.
(11) Two public members appointed by the Board of County Commissioners of Cumberland County.

The members of the Board shall, within 30 days after the initial appointment is made, meet and elect one member as chair. The Board shall meet at least once a month at the call of the ~~chair, and a quorum of the Board shall consist of a majority of its members.~~ chair. The Board of County Commissioners of Cumberland County shall provide necessary clerical and professional assistance to the Board.

~~Initial appointments shall be made by October 1, 1997, and all terms shall expire June 30, 1999.~~"

SECTION 24.7.(c) The Juvenile Assessment Center Project shall continue to do all of the following:

(1) Identify those juveniles who are alleged to be delinquent or undisciplined or who are at risk of becoming delinquent or undisciplined.
(2) Evaluate the educational, emotional, and physical needs of the juveniles identified and determine whether the juveniles have problems related to substance abuse, depression, or other emotional conditions.
(3) Develop a collaborative interagency information network that will speed appropriate law enforcement, juvenile court, and relevant intervention responses for referred youth and their families.
(4) Develop in-depth and comprehensive assessment plans for the juveniles identified that recommend appropriate treatment, counseling, and disposition of the juveniles.
(5) Provide services to juveniles identified and their families through collaboration with public and private resources, including local law

enforcement, parents' organizations, the faith community, and county and community programs and organizations that provide substance abuse treatment and child and family counseling.

(6) Maintain individual case files and keep statistical information used to document services delivered and evaluate the progress of the program.

SECTION 24.7.(d) The Department of Juvenile Justice and Delinquency Prevention shall evaluate the Project and report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division of the General Assembly by October 1, 2002, on the operations of the Project. The report shall include recommendations on whether the Project should be continued and, if so, the extent to which it should be continued, why it should be continued, and the costs associated with continuing the Project. If the Department recommends the Project should not be continued, it shall provide the reasons for that recommendation.

SECTION 24.7.(e) Subsections (a), (b), and (e) of this section become effective June 29, 1999. The remainder of this section becomes effective July 1, 2001.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TEEN COURT GUIDELINES CODIFIED

SECTION 24.8. Article 12 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-520. Teen court programs.**

(a) All teen court programs administered by the Department of Juvenile Justice and Delinquency Prevention shall operate as community resources for the diversion of juveniles pursuant to G.S. 7B-1706(c). A juvenile diverted to a teen court program shall be tried by a jury of other juveniles, and, if the jury finds the juvenile has committed the delinquent act, the jury may assign the juvenile to a rehabilitative measure or sanction, including counseling, restitution, curfews, and community service.

Teen court programs may also operate as resources to the local school administrative units to handle problems that develop at school but that have not been turned over to the juvenile authorities.

(b) Teen court programs shall provide the Department of Juvenile Justice and Delinquency Prevention with annual reports on the expenditure of funds of each year and other relevant statistical data."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

YOUTH DEVELOPMENT CENTER PLANS

SECTION 24.9. Prior to closing any Youth Development Center or permanently closing individual housing units at any Center, the Department of Juvenile Justice and Delinquency Prevention shall develop a long-range plan for the operation of Youth Development Centers. The plan shall be presented to the Chairs of the Appropriations Subcommittees on Justice and Public Safety of the Senate and House of Representatives and the Chairs of the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee no later than March 1, 2002. The plan shall include:

(1) Information and data on the current operations of the Centers.

(2) Proposed or anticipated changes systemwide and at each Center in:

a. Characteristics of the juvenile offender population.

b. Education and other treatment programs.

c. Custody and security.

d. Staffing and management.

(3) Any long-range capital plans for the construction of new or replacement Centers, including the estimated cost and information on the type of housing proposed, whether dormitory, group rooms, or individual rooms.

(4) Any plans for the closing, renovation, expansion, or demolition of housing units at the current Centers as well as any proposed new housing units at these Centers.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TRANSFER FUNDS AND POSITIONS TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

SECTION 24.10.(a) Of the funds appropriated in this act to the Department of Juvenile Justice and Delinquency Prevention for the 2001-2003 biennium, the sum of two hundred forty-eight thousand four hundred thirty-five dollars ($248,435) is transferred to the Department of Health and Human Services. Six police officer positions are transferred from the Department of Juvenile Justice and Delinquency Prevention to the Department of Health and Human Services. The funds and positions transferred pursuant to this section shall be used to provide security at the Black Mountain Center and at the Julian F. Keith Alcohol and Drug Abuse Treatment Center.

SECTION 24.10.(b) Section 37 of Chapter 24 of the Session Laws, 1994 Extra Session, is repealed.

PART XXV. DEPARTMENT OF CORRECTION

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine

EARNED TIME CREDIT FOR MEDICALLY AND PHYSICALLY UNFIT INMATES

SECTION 25.1.(a) G.S. 15A-1355 is amended by adding a new subsection to read:

"(d) Earned Time Credit for Medically and Physically Unfit Inmates. – Inmates in the custody of the Department of Correction who suffer from medical conditions or physical disabilities that prevent their assignment to work release or other rehabilitative activities may, consistent with rules of the Department of Correction, earn credit based upon good behavior or other criteria determined by the Department that may be used to reduce their maximum term of imprisonment as provided in G.S. 15A-1340.13(d) for felony sentences and in G.S. 15A-1340.20(d) for misdemeanor sentences."

SECTION 25.1.(b) This section is effective when it becomes law and applies to inmates serving sentences on or after that date.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

FEDERAL GRANT REPORTING

SECTION 25.2. The Department of Correction, the Department of Justice, the Department of Crime Control and Public Safety, the Judicial Department, and the Department of Juvenile Justice and Delinquency Prevention shall report by May 1 of each year to the Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House of Representatives Appropriations Committees, and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety on federal grant funds received or preapproved for receipt by those departments. The report shall include information on the amount of grant funds received or preapproved for receipt by each department, the use of the funds, the State match expended to receive the funds, and the period to be covered by each grant. If the

department intends to continue the program beyond the end of the grant period, the department shall report on the proposed method for continuing the funding of the program at the end of the grant period. Each department shall also report on any information it may have indicating that the State will be requested to provide future funding for a program presently supported by a local grant.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

LIMIT USE OF OPERATIONAL FUNDS

SECTION 25.3. Funds appropriated in this act to the Department of Correction for operational costs for additional facilities shall be used for personnel and operating expenses set forth in the budget approved by the General Assembly in this act. These funds shall not be expended for any other purpose, except as provided for in this act, and shall not be expended for additional prison personnel positions until the new facilities are within 120 days of projected completion, except for certain management, security, and support positions necessary to prepare the facility for opening, as authorized in the budget approved by the General Assembly.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM

SECTION 25.4. The Department of Correction may use funds appropriated to the Department for the 2001-2002 fiscal year to pay the sum of forty dollars ($40.00) per day as reimbursement to counties for the cost of housing convicted inmates, parolees, and post-release supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The Department shall report by December 1 and May 1 of each year to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, the Chairs of the Senate and House of Representatives Appropriations Committees, and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety on the expenditure of funds to reimburse counties for prisoners awaiting transfer and on its progress in reducing the jail backlog.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

USE OF CLOSED PRISON FACILITIES

SECTION 25.5. In conjunction with the closing of prison facilities, including small expensive prison units recommended for consolidation by the Government Performance Audit Committee, the Department of Correction shall consult with the county or municipality in which the unit is located, with the elected State and local officials, and with State agencies about the possibility of converting that unit to other use. The Department may also consult with any private for-profit or nonprofit firm about the possibility of converting the unit to other use. In developing a proposal for future use of each unit, the Department shall give priority to converting the unit to other criminal justice use. Consistent with existing law and the future needs of the Department of Correction, the State may provide for the transfer or the lease of any of these units to counties, municipalities, State agencies, or private firms wishing to convert them to other use. The Department of Correction may also consider converting some of the units recommended for closing from medium security to minimum security, where that conversion would be cost-effective. A prison unit under lease to a county pursuant to the provisions of this section for use as a jail is exempt for the period of the

lease from any of the minimum standards adopted by the Secretary of Health and Human Services pursuant to G.S. 153A-221 for the housing of adult prisoners that would subject the unit to greater standards than those required of a unit of the State prison system.

Prior to any transfer or lease of these units, the Department of Correction shall report on the terms of the proposed transfer or lease to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee. The Department of Correction shall also provide annual summary reports to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the conversion of these units to other use and on all leases or transfers entered into pursuant to this section.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

INMATE COSTS/MEDICAL BUDGET FOR PRESCRIPTION DRUGS

SECTION 25.6.(a) If the cost of providing food and health care to inmates housed in the Division of Prisons is anticipated to exceed the continuation budget amounts provided for that purpose in this act, the Department of Correction shall report the reasons for the anticipated cost increase and the source of funds the Department intends to use to cover those additional needs to the Joint Legislative Commission on Governmental Operations, the Chairs of the House of Representatives and Senate Appropriations Committees, and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety.

SECTION 25.6.(b) Notwithstanding the provisions of G.S. 143-23(a2), the Department of Correction may use funds available during the 2001-2002 fiscal year for the purchase of prescription drugs for inmates if expenditures are projected to exceed the Department's inmate medical continuation budget for prescription drugs. The Department shall consult with the Joint Legislative Commission on Governmental Operations prior to exceeding the continuation budget amount.

The Department of Administration, Purchase and Contract Division, and the Department of Correction shall review the current statewide contract for purchase of prescription drugs as it applies to the Department of Correction's purchases for inmates to determine if the Department is receiving the lowest rate available and to determine whether the Department should be authorized to issue a request for proposals for a separate vendor or purchasing consortium for the provision of prescription drugs for inmates. The Departments shall report on their findings to the Joint Legislative Commission on Governmental Operations by February 1, 2002.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

FEDERAL GRANT MATCHING FUNDS

SECTION 25.7. Notwithstanding the provisions of G.S. 148-2, the Department of Correction may use up to the sum of nine hundred thousand dollars ($900,000) from funds available to the Department to provide the State match needed in order to receive federal grant funds. Prior to using funds for this purpose, the Department shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Commission on Governmental Operations on the grants to be matched using these funds.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

STRUCTURED SENTENCING STUDY

SECTION 25.8.(a) In exercising its statutory responsibility under Article 4 of Chapter 164 of the General Statutes to monitor and review the criminal justice and corrections system, the North Carolina Sentencing and Policy Advisory Commission shall study and review the State's sentencing laws. Areas of review may include the classification of offenses and offenders, the relationship of the sentence and the sentence length to the offense, and the sentence dispositions available to judges. The Commission shall also analyze the parole-eligible population in terms of offense committed, sentence, and time served in comparison to structured sentencing inmates. The Commission's recommendations should balance the need to ensure that sentencing laws appropriately penalize offenders for the nature and degree of harm caused by the offense with the need to consider the potential impact on correctional resources of the growth in the prison population. These recommendations shall be consistent with the purposes of sentencing as stated in G.S. 15A-1340.12.

SECTION 25.8.(b) The North Carolina Sentencing and Policy Advisory Commission shall report its findings to the 2001 General Assembly no later than the convening of the 2002 Regular Session of the 2001 General Assembly.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ENERGY FOR COMMITTED OFFENDERS/CONTRACT AND REPORT

SECTION 25.10. The Department of Correction may continue to contract with Energy for Committed Offenders, Inc., for the purchase of prison beds for minimum security female inmates during the 2001-2003 biennium. Energy for Committed Offenders, Inc., shall report by February 1 of each year to the Joint Legislative Commission on Governmental Operations on the annual cost per inmate and the average daily inmate population compared to bed capacity using the same methodology as that used by the Department of Correction. Energy for Committed Offenders, Inc., shall also provide information on the rearrest rate and the return-to-prison rate for inmates participating in the program who are paroled or released from prison.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

MEDIUM CUSTODY ROAD CREW COMPENSATION

SECTION 25.11.(a) Of funds appropriated to the Department of Transportation by this act, the sum of ten million dollars ($10,000,000) per year shall be transferred by the Department to the Department of Correction during the 2001-2003 biennium for the actual costs of highway-related labor performed by medium-custody prisoners, as authorized by G.S. 148-26.5. This transfer shall be made quarterly in the amount of two million five hundred thousand dollars ($2,500,000). The Department of Transportation may use funds appropriated by this act to pay an additional amount exceeding the ten million dollars ($10,000,000), but those payments shall be subject to negotiations among the Department of Transportation, the Department of Correction, and the Office of State Budget and Management prior to payment by the Department of Transportation.

SECTION 25.11.(b) The Department of Transportation shall transfer to the Department of Correction the sum of one million eight hundred eleven thousand six hundred twenty-eight dollars ($1,811,628) between July 1 and August 31, 2001, in order to fully comply with subsection (a) of Section 27.21 of S.L. 1999-237, which directed the Department of Transportation to provide reimbursement during the 1999-2001 biennium for highway-related labor performed by medium-custody prisoners.

SECTION 25.11.(c) Subsection (b) of Section 27.21 of S.L. 1999-237 is repealed.

SECTION 25.11.(d) The Department of Transportation and the Department of Correction shall report to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Joint Legislative Transportation Oversight Committee by March 1, 2002, on road squad activity and the implementation of the provisions of this section.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REDUCE SUMMIT HOUSE APPROPRIATION

SECTION 25.14.(a) The General Fund appropriation to the Department of Correction for Summit House, Inc., is reduced by the sum of one hundred thirty-nine thousand six hundred fifty dollars ($139,650) for each year of the 2001-2003 biennium. This ten percent (10%) reduction in funding shall be accomplished by reducing expenditures at the State office and not through reductions in funding to individual sites.

SECTION 25.14.(b) The Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Fiscal Research Division shall review the organizational structure and expenditures of Summit House, Inc., prior to the convening of the 2002 Regular Session of the 2001 General Assembly to identify potential modifications that would provide for more efficient operation of the program in future fiscal years.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

MODIFICATION OF FUNDING FORMULA FOR THE NORTH CAROLINA STATE-COUNTY CRIMINAL JUSTICE PARTNERSHIP FORMULA/UNEXPENDED BALANCE REVERSION

SECTION 25.16.(a) G.S. 143B-273.15 reads as rewritten:

"**§ 143B-273.15. Funding formula.**

To determine the grant amount for which a county or counties may apply, the granting authority shall apply the following formula:

~~(1) Twenty percent (20%) of the total fiscal year appropriation plus any unspent or unclaimed funds in the Account shall be distributed in the discretion of the Secretary to encourage innovative efforts to develop multicounty projects; to encourage cooperation and collaboration among existing services and avoid duplication of efforts; to provide for technical assistance to the counties in the development of county plans and in the evaluation of programs funded under this Article; to encourage the renovation of existing facilities; and to encourage innovative substance abuse programs.~~

~~(2) Of the remaining eighty percent (80%) of the fiscal year appropriation, a total funding amount will be set for each county based upon the following variables:~~

~~a.~~ (1) Twenty percent (20%) based on a fixed equal dollar amount for each county;

~~b.~~ (2) Sixty percent (60%) based on the county share of the State population; and

~~c.~~ (3) Twenty percent (20%) based on the supervised probation admissions rate for the county.

The sum of the amounts in ~~sub-subdivisions a., b., and c.~~ subdivisions (1), (2), and (3) is the total amount of the funding that a county may apply for under this subsection.

Grants to participating counties are for a period of one fiscal year with unobligated funds being returned to the Account at the end of the grant period. Funds are provided to participating counties on a reimbursement basis unless a county documents a need for an advance of grant funds."

SECTION 25.16.(b) Notwithstanding the provisions of G.S. 143B-273.5, the sum of one million dollars ($1,000,000) of the unexpended cash balance of the State-County Criminal Justice Partnership Account shall revert to the General Fund on June 30, 2002, and the sum of one million dollars ($1,000,000) of the unexpended cash balance of the State-County Criminal Justice Partnership Account shall revert to the General Fund on June 30, 2003.

SECTION 25.16.(c) The Department of Correction may not deny funds to a county to support both a residential program and a day reporting center if the Department of Correction determines that the county has a demonstrated need and a fully developed plan for each type of sanction.

SECTION 25.16.(d) The Department of Correction shall report by February 1 of each year to the Chairs of the Senate and House of Representatives Appropriations Committees, the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the status of the Criminal Justice Partnership Program. The report shall include the following information:

(1) The amount of funds carried over from the prior fiscal year;
(2) The dollar amount and purpose of grants awarded to counties as discretionary grants for current fiscal year;
(3) Any counties the Department anticipates will submit requests for new implementation grants;
(4) An update on efforts to ensure that all counties make use of the electronic reporting system, including the number of counties submitting offender participation data via the system;
(5) An analysis of offender participation data received, including data on each program's utilization and capacity; and
(6) An analysis of comparable programs, prepared by the Research and Planning Division of the Department of Correction, and a summary of the reports prepared by county Criminal Justice Partnerships Advisory Boards.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

POST-RELEASE SUPERVISION AND PAROLE COMMISSION /REPORT ON STAFFING REORGANIZATION AND REDUCTION

SECTION 25.17. The Post-Release Supervision and Parole Commission shall report by March 1 of each year to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety on an updated transition plan for implementing staff reductions through the 2002-2003 fiscal year, including a minimum ten percent (10%) reduction in staff positions in the 2002-2003 fiscal year over the 2001-2002 fiscal year.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORTS ON NONPROFIT PROGRAMS

SECTION 25.18.(a) Funds appropriated in this act to the Department of Correction to support the programs of Harriet's House may be used for program operating costs, the purchase of equipment, and the rental of real property. Harriet's House shall report by February 1 of each year to the Joint Legislative Commission on

Governmental Operations on the expenditure of State appropriations and on the effectiveness of the program, including information on the number of clients served and the number of clients who successfully complete the Harriet's House program.

SECTION 25.18.(b) Summit House shall report by February 1 of each year to the Joint Legislative Commission on Governmental Operations on the expenditure of State appropriations and on the effectiveness of the program, including information on the number of clients served, the number of clients who have their probation revoked, and the number of clients who successfully complete the program while housed at Summit House, Inc.

SECTION 25.18.(c) Women at Risk shall report by February 1 of each year to the Joint Legislative Commission on Governmental Operations on the expenditure of State funds and on the effectiveness of the program, including information on the number of clients served, the number of clients who have had their probation revoked, and the number of clients who have successfully completed the program.

SECTION 25.18.(d) The John Hyman Foundation shall report by February 1 of each year to the Joint Legislative Commission on Governmental Operations on the expenditure of State funds and on the effectiveness of the program, including information on the number of clients served, the number of clients who have had their probation revoked, and the number of clients who have successfully completed the program.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

EXEMPTION FROM LICENSURE AND CERTIFICATE OF NEED

SECTION 25.19.(a) Article 1 of Chapter 148 of the General Statutes is amended by adding a new section to read:

"**§ 148-19.1. Exemption from licensure and certificate of need.**

(a) Inpatient chemical dependency or substance abuse facilities that provide services exclusively to inmates of the Department of Correction shall be exempt from licensure by the Department of Health and Human Services under Chapter 122C of the General Statutes. If an inpatient chemical dependency or substance abuse facility provides services both to inmates of the Department of Correction and to members of the general public, the portion of the facility that serves inmates shall be exempt from licensure.

(b) Any person who contracts to provide inpatient chemical dependency or substance abuse services to inmates of the Department of Correction may construct and operate a new chemical dependency or substance abuse facility for that purpose without first obtaining a certificate of need from the Department of Health and Human Services pursuant to Article 9 of Chapter 131E of the General Statutes. However, a new facility or addition developed for that purpose without a certificate of need shall not be licensed pursuant to Chapter 122C of the General Statutes and shall not admit anyone other than inmates unless the owner or operator first obtains a certificate of need."

SECTION 25.19.(b) G.S. 122C-22(a) reads as rewritten:

"(a) The following are excluded from the provisions of this Article and are not required to obtain licensure under this Article:

(1) Physicians and psychologists engaged in private office practice;

(2) General hospitals licensed under Article 5 of Chapter 131E of the General Statutes, that operate special units for the mentally ill, developmentally disabled, or substance abusers;

(3) State and federally operated facilities;

(4) Adult care homes licensed under Chapter 131D of the General Statutes;

(5) Developmental child care centers licensed under Article 7 of Chapter 110 of the General Statutes;
(6) Persons subject to licensure under rules of the Social Services Commission;
(7) Persons subject to rules and regulations of the Division of Vocational Rehabilitation Services; ~~and~~
(8) Facilities that provide occasional respite care for not more than two individuals at a time; provided that the primary purpose of the facility is other than as defined in ~~G.S. 122C-3(14).~~ G.S. 122C-3(14);
(9) Twenty-four-hour nonprofit facilities established for the purposes of shelter care and recovery from alcohol or other drug addiction through a 12-step, self-help, peer role modeling, and self-governance ~~approach.~~ approach; and
(10) Inpatient chemical dependency or substance abuse facilities that provide services exclusively to inmates of the Department of Correction, as described in G.S. 148-19.1."

SECTION 25.19.(c) G.S. 131E-184 is amended by adding a new section to read:

"(d) The Department shall exempt from certificate of need persons contracting to provide inpatient chemical dependency or substance abuse services to inmates of the Department of Correction, as described in G.S. 148-19.1."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORT ON PROBATION AND PAROLE CASELOADS

SECTION 25.20. The Department of Correction shall report by March 1 of each year to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on caseload averages for probation and parole officers. The report shall include:
(1) Data on current caseload averages for Probation Parole Officer I, Probation Parole Officer II, and Probation Parole Officer III positions;
(2) An analysis of the optimal caseloads for these officer classifications; and
(3) An assessment of the role of surveillance officers.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORT ON INMATES ELIGIBLE FOR PAROLE

SECTION 25.21. The Post-Release Supervision and Parole Commission shall provide quarterly reports to the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on inmates eligible for parole. These reports shall include at least the following:
(1) The total number of Fair Sentencing and Pre-Fair Sentencing inmates that were parole-eligible during the previous quarter and the total number of those inmates that were paroled. The report should group these inmates by offense type and custody classification;
(2) A list of all those inmates paroled or released by category of parole or release, including each inmate's offense and custody classification at the time of the parole or release;

(3) The average time served, by offense class, of Fair Sentencing and Pre-Fair Sentencing inmates compared to inmates sentenced under Structured Sentencing;

(4) The projected number of parole-eligible inmates to be paroled or released by the end of the 2001-2002 fiscal year and by the end of the 2002-2003 fiscal year.

Requested by: Representatives Culpepper, Haire, Thompson, Easterling, Oldham, Redwine

IMPACT PROGRAM

SECTION 25.22.(a) Of the funds appropriated to the Department of Correction for the 2001-2003 biennium, the sum of four million eight hundred sixty-six thousand seven hundred fifty-nine dollars ($4,866,759) for the 2001-2002 fiscal year and the sum of four million five hundred thousand nine hundred fifty-five dollars ($4,500,955) for the 2002-2003 fiscal year shall be used for residential programs for probationers, including the IMPACT boot camp program. The Department of Correction shall maintain a residential program with a community work component for male offenders in both Hoffman and Morganton.

SECTION 25.22.(b) The Department of Correction shall report to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee by October 1, 2001, on plans to implement the reduction in funding for the IMPACT program and any proposed modifications in the program capacity or content. The report shall include revised capacity, positions to be eliminated, revised staffing allocation, intended level of community service work, uses of any vacated space, and proposed changes in the program for the 2001-2003 biennium. The Department may also include any recommendations for additional residential programs for offenders on probation that could be implemented within current funding.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

CHARGES FOR INMATE HEALTH CARE

SECTION 25.23.(a) Hospital facilities operated by constituent institutions of The University of North Carolina providing health care services to inmates in the custody of the Department of Correction shall charge the Department for those services during the 2001-2002 fiscal year no more than:

(1) The rate of $1,633 per day per inmate for treatment other than for burns, trauma, and transplants; and

(2) The rates at which the Department was charged during the 2000-2001 fiscal year for treatment of burns, trauma, and transplants.

SECTION 25.23.(b) The Department of Correction, in consultation with the Fiscal Research Division, shall study the rates charged by State and county hospitals for providing health care to inmates in the custody of the Department and determine methods of controlling the rate at which the Department is charged for those services in the future. The Department shall report its findings and recommendations to the Chairs of the Senate and House Appropriations Committees, the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee by April 1, 2002.

Requested by: Representatives Culpepper, Haire, Thompson, Easterling, Oldham, Redwine

SITES FOR CLOSE SECURITY PRISONS

SECTION 25.24. The Council of State has approved the recommendation of the Department of Administration and the Department of Correction for the construction of two new close-custody correctional facilities to be lease-purchased by the State. In response to that approval, the Department of Administration shall select Alexander and Scotland Counties as the sites for those correctional facilities.

PART XXVI. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ANNUAL EVALUATION OF THE TARHEEL CHALLENGE PROGRAM

SECTION 26.2. The Department of Crime Control and Public Safety shall report to the Chairs of the House of Representatives and Senate Appropriations Committees and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by April 1 of each year on the operations and effectiveness of the National Guard Tarheel Challenge Program. The report should evaluate the program's effectiveness as an intervention method for preventing juveniles from becoming undisciplined or delinquent. The report shall also evaluate the Program's role in improving individual skills and employment potential for participants and shall include:

(1) The source of referrals for individuals participating in the Program;
(2) The summary of types of actions or offenses committed by the participants of the Program;
(3) An analysis outlining the cost of providing services for each participant, including a breakdown of all expenditures related to the administration and operation of the Program and the education and treatment of the Program participants;
(4) The number of individuals who successfully complete the Program; and
(5) The number of participants who commit offenses after completing the Program.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

LEGISLATIVE REVIEW OF DRUG LAW ENFORCEMENT AND OTHER GRANTS

SECTION 26.3.(a) Section 1303(4) of the Omnibus Crime Control and Safe Streets Act of 1968 provides that the State application for Drug Law Enforcement Grants is subject to review by the State legislature or its designated body. Therefore, the Governor's Crime Commission of the Department of Crime Control and Public Safety shall report on the State application for grants under the State and Local Law Enforcement Assistance Act of 1986, Part M of the Omnibus Crime Control and Safe Streets Act of 1968 as enacted by Subtitle K of P.L. 99-570, the Anti-Drug Abuse Act of 1986, to the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety when the General Assembly is in session. When the General Assembly is not in session, the Governor's Crime Commission shall report on the State application to the Joint Legislative Commission on Governmental Operations.

SECTION 26.3.(b) Unless a State statute provides a different forum for review, when a federal law or regulation provides that an individual State application for a grant shall be reviewed by the State legislature or its designated body and at the time of the review the General Assembly is not in session, that application shall be reviewed by the Joint Legislative Commission on Governmental Operations.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

VICTIMS ASSISTANCE NETWORK REPORT

SECTION 26.4. The Department of Crime Control and Public Safety shall report on the expenditure of funds allocated pursuant to this section for the Victims Assistance Network. The Department shall also report on the Network's efforts to gather data on crime victims and their needs, act as a clearinghouse for crime victims' services, provide an automated crime victims' bulletin board for subscribers, coordinate and support activities of other crime victims' advocacy groups, identify the training needs of crime victims' services providers and criminal justice personnel, and coordinate training for these personnel. The Department shall submit its report to the Chairs of the Appropriations Subcommittees on Justice and Public Safety of the Senate and House of Representatives by December 1 of each year of the biennium.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REVISE REPORT ON CRIME VICTIMS COMPENSATION FUND

SECTION 26.5. G.S. 15B-21 reads as rewritten:

"**§ 15B-21. Annual report.**

The Commission shall, by March 15 each year, prepare and transmit to the Governor and the General Assembly a report of its activities in the prior fiscal year and the current fiscal year to date. The report shall include:

(1) The number of claims filed;
(2) The number of awards made;
(2a) The number of pending cases by year received;
(3) The amount of each award;
(4) A statistical summary of claims denied and awards made;
(5) The administrative costs of the Commission, including the compensation of commissioners;
(6) The current unencumbered balance of the North Carolina Crime Victims Compensation Fund;
(7) The amount of funds carried over from the prior fiscal year;
(8) The amount of funds received in the prior fiscal year from the Department of Correction and from the compensation fund established pursuant to the Victims Crime Act of 1984, 42 U.S.C. § 10601, et seq.; and
(9) The amount of funds expected to be received in the current fiscal year, as well as the amount actually received in the current fiscal year on the date of the report, from the Department of Correction and from the compensation fund established pursuant to the Victims Crime Act of 1984, 42 U.S.C. § 10601, et seq.

The Attorney General and State Auditor shall assist the Commission in the preparation of the report required by this section."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TRANSPORT OF PERSONS TO AND FROM BUTNER FACILITIES

SECTION 26.7.(a) G.S. 122C-408(b) reads as rewritten:

"(b) After taking the oath of office required for law-enforcement officers, the special police officers authorized by this section shall have the authority of deputy sheriffs of Durham and Granville Counties in those counties respectively. Within the territorial jurisdiction stated in subsection (a) of this section, the special police officers have the primary responsibility to enforce the laws of North Carolina and any rule

applicable to that territory adopted under authority of this Part or under G.S. 143-116.6 or G.S. 143-116.7 or under the authority granted any other agency of the State and also have the powers set forth for firemen in Articles 80, 82 and 83 of Chapter 58 of the General Statutes. Any civil or criminal process to be served on any individual confined at any State facility within the territorial jurisdiction described in subsection (a) of this section shall be forwarded by the sheriff of the county in which the process originated to the Director of the Butner Public Safety Division. ~~Special police officers authorized by this section shall be assigned to transport any individual transferred to or from any State facility within the territorial jurisdiction described in subsection (a) of this section to or from the psychiatric service of the University of North Carolina Hospitals at Chapel Hill.~~"

SECTION 26.7.(b) No State funds appropriated for Butner Public Safety for the 2001-2003 biennium shall be used to transport any individual transferred to or from any State facility within the territorial jurisdiction of the Butner Public Safety Division to or from the psychiatric service of the University of North Carolina Hospitals at Chapel Hill.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

BOXING COMMISSION REPORTS/FUNDS DO NOT REVERT

SECTION 26.7A.(a) If Article 68 of Chapter 143 of the General Statutes is recodified as Chapter 85D of the General Statutes by Section 7 of House Bill 232, 2001 Session, then Chapter 85D of the General Statutes is amended by adding a new section to read:

"**§ 85D-12. Commission report.**

The North Carolina State Boxing Commission shall report by April 1 of each year to Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, the Joint Legislative Commission on Governmental Operations, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the operations and budget of the Commission. The report shall include information and data on the number of events regulated that year, the number of persons licensed by the Commission, any civil or criminal sanctions or injunctions issued, and the revenues and expenditures of the Commission."

SECTION 26.7A.(b) All receipts collected by the North Carolina State Boxing Commission during the 2000-2001 fiscal year shall not revert, but shall remain available to the Commission.

SECTION 26.7A.(c) Subsection (a) of this section becomes effective January 1, 2002. The remainder of this section becomes effective June 30, 2001.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TRANSFER COMMUNITY SERVICE WORK PROGRAM AND TERMINATE VACANT POSITIONS

SECTION 26.9. The Secretary of the Department of Crime Control and Public Safety and the Secretary of the Department of Correction shall collaborate to develop a plan of reorganization in which the Community Service Work Program of the Division of Victims and Justice Services of the Department of Crime Control and Public Safety is merged with the Division of Community Corrections of the Department of Correction. The merger of the Community Service Work Program with the Department of Crime Control and Public Safety and the Department of Correction shall be effective January 1, 2002, and shall have all the elements of a Type I transfer, as defined in G.S. 143A-6. All (i) statutory authority, powers, duties, and functions, including rule making, budgeting, and purchasing, (ii) records, (iii) personnel, personnel positions, and

salaries, (iv) property, and (v) unexpended balances of appropriations, allocations, reserves, support costs, and other funds of the Community Service Work Program of the Division of Victims and Justice Services of the Department of Crime Control and Public Safety shall be transferred to and vested in the Department of Correction.

As part of the plan of reorganization, the Secretary of Crime Control and Public Safety and the Secretary of Correction shall identify 25 vacant positions to terminate no later than January 1, 2002. The positions shall be identified from the four regional managers and the 21 district managers in the area of community service work and the judicial district managers and judicial division managers in the area of probation and parole. In addition to the 25 vacant positions to terminate no later than January 1, 2002, the positions of Director of Victims and Justice Services and administrative assistant shall cease to exist after January 1, 2002.

On or before October 1, 2001, the Secretary of Crime Control and Public Safety and the Secretary of Correction shall report the plan of reorganization, including the specific vacant positions to terminate, to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TERMINATION OF CERTAIN ALE POSITIONS

SECTION 26.10. Of the 10 remaining supervisor positions and the 12 assistant supervisor positions in the district offices of the Alcohol Law Enforcement Division of the Department of Crime Control and Public Safety, four positions shall terminate no later than June 30, 2002. The Department of Crime Control and Public Safety shall identify the positions that will terminate pursuant to this section and shall report to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly by May 1, 2002, on the positions identified by the Department pursuant to this section.

PART XXVII. DEPARTMENT OF TRANSPORTATION

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

REPEAL BOND RETIREMENT TRANSFER FROM HIGHWAY FUND TO HIGHWAY TRUST FUND

SECTION 27.1. G.S. 136-176(a)(4) and G.S. 136-183 are repealed.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DESIGN-BUILD TRANSPORTATION CONSTRUCTION CONTRACTS AUTHORIZED

SECTION 27.2.(a) Chapter 136 of the General Statutes is amended by adding a new section to read:

"**§ 136-28.11. Design-build construction of transportation projects.**

Notwithstanding any other provision of law, the Board of Transportation may award up to three contracts annually for construction of transportation projects on a design-build basis. These contracts may be awarded after a determination by the Department of Transportation that delivery of the projects must be expedited and that it is not in the public interest to comply with normal design and construction contracting procedures.

Prior to the award of a design-build contract, the Secretary of Transportation shall report to the Joint Legislative Transportation Oversight Committee and to the Joint Legislative Commission on Governmental Operations on the nature and scope of the project and the reasons an award on a design-build basis will best serve the public interest."

SECTION 27.2.(b) The Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee on September 1, December 1, and March 1 of each year on the status of all design-build projects.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

SMALL URBAN AND CONTINGENCY FUNDS

SECTION 27.3. Of the funds appropriated in this act to the Department of Transportation:

(1) $14,000,000 shall be allocated in each fiscal year for small urban construction projects. These funds shall be allocated equally in each fiscal year of the biennium among the 14 Highway Divisions for the small urban construction program for small construction projects that are located within the area covered by a one-mile radius of the municipal corporate limits.

(2) $12,000,000 in fiscal year 2001-2002 and $10,000,000 in fiscal year 2002-2003 shall be used statewide for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, and spot safety projects as approved by the Secretary of Transportation.

None of these funds used for rural secondary road construction are subject to the county allocation formulas in G.S. 136-44.5(b) and (c).

These funds are not subject to G.S. 136-44.7.

The Department of Transportation shall report to the members of the General Assembly on projects funded pursuant to this section in each member's district prior to the Board of Transportation's action. The Department shall make a quarterly comprehensive report on the use of these funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

CASH-FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 27.4.(a) The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

FY 2003-2004	$1,334.6 million
FY 2004-2005	$1,369.8 million
FY 2005-2006	$1,406.1 million
FY 2006-2007	$1,445.5 million

The General Assembly authorizes and certifies anticipated revenues of the Highway Trust Fund as follows:

FY 2003-2004	$1,127.6 million
FY 2004-2005	$1,176.5 million
FY 2005-2006	$1,226.8 million
FY 2006-2007	$1,278.4 million

SECTION 27.4.(b) Section 25 of S.L. 2000-67 is repealed.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

WESTERN NORTH CAROLINA AMTRAK THRUWAY BUS SERVICE OPERATIONS AND STATION RIGHT-OF-WAY ACQUISITION FUNDS

SECTION 27.5. Of the funds appropriated in this act for passenger rail service in Western North Carolina, the Department of Transportation may use these funds for the following purposes:

(1) Up to two hundred thousand dollars ($200,000) during the 2001-2002 fiscal year may be used to contract with Amtrak to provide thruway bus service for Western North Carolina. These funds may only be used for operations and may not be used for the purchase of equipment or for making infrastructure improvements.

(2) Up to three hundred twenty thousand dollars ($320,000) during the 2001-2002 fiscal year may be used to acquire right-of-way for stations in the Town of Valdese and the City of Asheville.

The Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee by March 15, 2002, on the status of negotiations with the Norfolk Southern Corporation on needed track improvements and on the status of negotiations with local governments on local financial participation to provide passenger rail service to Western North Carolina.

Five hundred twenty thousand dollars ($520,000) of the remaining unencumbered funds appropriated for the 1998-99 fiscal year for Western North Carolina rail service shall revert.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

HIGHWAY TRUST FUND STUDY COMMITTEE

SECTION 27.6.(a) Study Committee Established. – There is established a Highway Trust Fund Study Committee to report to the Joint Legislative Transportation Oversight Committee.

SECTION 27.6.(b) Membership. – The Study Committee shall be composed of 16 members as follows:

(1) The Chairs of the Joint Legislative Transportation Oversight Committee.

(2) Four Representatives and three public members appointed by the Speaker of the House of Representatives.

(3) Four Senators and three public members appointed by the President Pro Tempore of the Senate.

The appointing authorities shall make each of their seven appointments from a different Distribution Region, as defined in G.S. 136-17.2A(a), and their appointments shall reflect the urban-rural diversity of the population of the State.

SECTION 27.6.(c) Duties of the Study Committee. – The Committee may study all aspects of the Highway Trust Fund. The study shall include the examination of all the following:

(1) The current status, cost estimates, and feasibility of Highway Trust Fund projects currently listed in Article 14 of Chapter 136 of the General Statutes.

(2) Unanticipated problems with the structure of the Highway Trust Fund.

(3) The gap between transportation funding structures and the actual transportation needs of the State.

(4) Allocation issues raised by the structure of the transportation funding equity distribution formula in G.S. 136-17.2A.

(5) The feasibility of altering the project eligibility requirements of the Highway Trust Fund.

(6) The feasibility of altering the funding allocation structure of the Highway Trust Fund.

(7) Any other issue related to the Highway Trust Fund or transportation funding.

SECTION 27.6.(d) Vacancies. – The appointing authority shall fill any vacancy on the Study Committee.

SECTION 27.6.(e) Cochairs. – Cochairs of the Study Committee shall be the cochairs of the Joint Legislative Transportation Oversight Committee. The Study Committee shall meet upon the call of the Chairs. A quorum of the Study Committee shall be eight members.

SECTION 27.6.(f) Expenses of Members. – Members of the Study Committee shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or 138-6, as appropriate.

SECTION 27.6.(g) Staff. – The Legislative Services Office shall assign professional and clerical staff to the assist the Study Committee in its work.

SECTION 27.6.(h) Consultants. – The Study Committee may hire consultants to examine specific issues and subjects related to the study, in accordance with G.S. 120-32.02.

SECTION 27.6.(i) Meetings During Legislative Session. – The Study Committee may meet during a regular or extra session of the General Assembly, subject to approval of the Speaker of the House of Representatives and the President Pro Tempore of the Senate.

SECTION 27.6.(j) Meeting Location. – The Study Committee may meet at various locations around the State in order to promote greater public participation in its deliberations. The Legislative Services Commission shall grant adequate meeting space to the Study Committee in the State Legislative Building or the Legislative Office Building.

SECTION 27.6.(k) Report. – The report of the study shall be made to the Joint Legislative Transportation Oversight Committee no later than April 1, 2002. Upon the filing of its final report, the Study Committee shall terminate.

SECTION 27.6.(l) Funding. – The Study Committee shall be funded from funds available to the Joint Legislative Transportation Oversight Committee, in accordance with G.S. 120-70.52.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

CHARLOTTE DOWNTOWN INTERMODAL STATION

SECTION 27.7. The Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee by February 15, 2002, on the status of the development of the downtown intermodal station in Charlotte. The report shall include (i) the total cost, projected schedule, and scope of the project, (ii) how the costs of the project will be met, including the shares of the costs borne by: the State of North Carolina, participating local governments, federal funds, the Norfolk Southern Corporation, private funding, and any other sources of funds, and (iii) identification of at least three parcels of land that could be purchased for the station.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DIVISION 3 HEADQUARTERS COMPLEX FUNDS

SECTION 27.8. The requirement in Section 27.14 of S.L. 1999-237 that the Highway Fund reimburse the Highway Trust Fund by June 30, 2004, for the capital costs required to relocate the Division 3 headquarters complex in Wilmington, North Carolina, is rescinded.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DEPARTMENT OF TRANSPORTATION AUTHORIZED TO ACCEPT ELECTRONIC BIDS

SECTION 27.9.(a) G.S. 136-28.1 is amended by adding a new subsection to read:

"(k) The Department of Transportation may accept bids under this section by electronic means and may issue rules governing the acceptance of these bids. For purposes of this subsection 'electronic means' is defined as means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities."

SECTION 27.9.(b) G.S. 136-28.1(a) reads as rewritten:

"(a) All contracts over eight hundred thousand dollars ($800,000) that the Department of Transportation may let for construction or repair necessary to carry out the provisions of this Chapter shall be let to a responsible bidder after public advertising under rules and regulations to be made and published by the Department of Transportation. The right to reject any and all bids shall be reserved to the Board of Transportation.

Contracts for construction or repair for federal aid projects entered into pursuant to this section shall not contain the standardized contract clauses prescribed by 23 U.S.C. § 112(e) and 23 C.F.R. § 635.131(a) for differing site conditions, suspensions of work ordered by the ~~engineer~~ engineer, or significant changes in the character of the work. For those federal aid projects, the ~~The~~ Department of Transportation shall use ~~only~~ the contract provisions provided in the North Carolina Department of Transportation, Standard Specifications for Roads and Structures, January 1, 1984, except as each may be changed or provided for by rule adopted by the Board of Transportation in accordance with the Administrative Procedure Act."

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DEPARTMENT OF TRANSPORTATION AUTHORIZED TO ESTABLISH AN ESCORT DRIVER CERTIFICATION PROGRAM

SECTION 27.10. G.S. 20-119 is amended by adding a new subsection to read:

"(f) The Department of Transportation shall issue rules to establish an escort driver training and certification program for escort vehicles accompanying oversize/overweight loads. Any driver operating a vehicle escorting an oversize/overweight load shall meet any training requirements and obtain certification under the rules issued pursuant to this subsection. These rules may provide for reciprocity with other states having similar escort certification programs. Certification credentials for the driver of an escort vehicle shall be carried in the vehicle and be readily available for inspection by law enforcement personnel."

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

TRANSFER RESPONSIBILITIES OF GOVERNOR'S HIGHWAY SAFETY PROGRAM TO THE OFFICE OF THE SECRETARY OF TRANSPORTATION.

SECTION 27.11.(a) G.S. 143B-360 reads as rewritten:

"**§ 143B-360. Powers and duties of Department and Secretary.**

The Department of Transportation is hereby empowered to contract ~~in~~ on behalf of the State with the government of the United States to the extent allowed by the laws of

North Carolina for the purpose of securing the benefits available to this State under the Federal Highway Safety Act of 1966. To that end, the Secretary of Transportation shall coordinate, with the Governor's approval, the activities of any and all departments and agencies of the State and its subdivisions relating thereto.

All of the duties and responsibilities of the Governor's Highway Safety Program, established pursuant to this section, are transferred to the Office of the Secretary of Transportation."

SECTION 27.11.(b) This section becomes effective July 1, 2001.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DRIVERS LICENSE/MOTOR VEHICLE REGISTRATION SECTION CONSOLIDATION STUDY

SECTION 27.14. The Department of Transportation shall study the consolidation and integration of the functions of the Driver License Section and the Vehicle Registration Section of the Division of Motor Vehicles to provide more accessible, efficient, and cost-effective service to the public. The Department of Transportation shall report the results of this study to the Joint Legislative Transportation Oversight Committee by March 1, 2002.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

APPROPRIATION TO THE DEPARTMENT OF TRANSPORTATION TO FUND AVIATION GRANTS

SECTION 27.15. Notwithstanding the provisions of G.S. 136-16.4 for determining the amount of continuing aviation appropriations, there is appropriated from the General Fund to the Department of Transportation the sum of seven million two hundred fifty thousand dollars ($7,250,000) for the 2001-2002 fiscal year to fund aviation grants.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DOT REGULATION OF THE TRANSIT OF MODULAR HOMES

SECTION 27.17.(a) G.S. 20-356 reads as rewritten:

"**§ 20-356. Definitions.**

"Person" as used in this Article shall mean an individual, corporation, partnership, association or any other business entity. The word "house" as used in this Article shall mean a dwelling, building, or other structure in excess of 14 feet in ~~width.~~ width; provided that neither mobile homes, nor modular homes or portions thereof, are within this definition when being transported from the manufacturer to the first set-up site. The word "Department" as used in this Article shall mean the North Carolina Department of Transportation."

SECTION 27.17.(b) G.S. 150B-21.1 is amended by adding a new subsection to read:

"(a8) Notwithstanding the provisions of subsection (a) of this section, the Secretary of Transportation may adopt temporary rules concerning the permitted height of mobile and modular homes. After having the proposed temporary rule published in the North Carolina Register and at least 30 days prior to adopting a temporary rule pursuant to this subsection, the Secretary shall:

(1) Notify persons on its mailing list maintained pursuant to G.S. 150B-21.2(d) and any other interested parties of its intent to adopt a temporary rule.

(2) Accept oral and written comments on the proposed temporary rule.

(3) Hold at least one public hearing on the proposed temporary rule.

When the Secretary adopts a temporary rule pursuant to this subsection, the Secretary must submit a reference to this subsection as the Secretary's statement of need to the Codifier of Rules.

Notwithstanding any other provision of this Chapter, the Codifier of Rules shall publish in the North Carolina Register a proposed temporary rule received from the Secretary in accordance with this subsection."

SECTION 27.17.(c) Subsection (b) of this section expires on June 30, 2003.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

AVIATION DIVISION STUDY THE TRANSFER OF THE GLOBAL TRANSPARK AIRPORT

SECTION 27.19. The Department of Transportation's Aviation Division shall study the transfer of the Global TransPark airport fixed assets and operations from the Global TransPark Authority to another appropriate entity. The Aviation Division shall report the results of this study to the Joint Legislative Transportation Oversight Committee by December 15, 2001.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

STATE BOARD OF COMMUNITY COLLEGES TO STUDY TRANSFER OF GLOBAL TRANSPARK EDUCATION AND TRAINING CENTER

SECTION 27.20. The State Board of Community Colleges shall study the transfer of the Education and Training Center from the Global TransPark Authority to an appropriate public educational entity. The State Board of Community Colleges shall report the results of the study to the Joint Legislative Transportation Oversight Committee by December 15, 2001.

Requested by: Representatives Sutton, Easterling, Oldham, Redwine, Thompson

CONTRACT AGENT RATE INCREASE

SECTION 27.21. G.S. 20-63(h) reads as rewritten:

"(h) Commission Contracts for Issuance of Plates and Certificates. – All registration plates, registration ~~certificates~~ certificates, and certificates of title issued by the Division, outside of those issued from the Raleigh offices of the ~~said~~ Division and those issued and handled through the United States mail, shall be issued insofar as practicable and possible through commission contracts entered into by the Division for the issuance of ~~such~~ the plates and certificates in localities throughout North Carolina with persons, firms, corporations or governmental subdivisions of the State of North ~~Carolina and the~~ Carolina. The Division shall make a reasonable effort in every locality, except as ~~hereinbefore noted,~~ noted above, to enter into a commission contract for the issuance of ~~such~~ the plates and certificates and a record of these efforts shall be maintained in the Division. In the event the Division is unsuccessful in making commission ~~contracts as hereinbefore set out~~ contracts, it shall ~~then~~ issue ~~said~~ the plates and certificates through the regular employees of the Division. Whenever registration plates, registration ~~certificates~~ certificates, and certificates of title are issued by the Division through commission contract arrangements, the Division shall provide proper supervision of ~~such~~ the distribution. ~~Commission contracts entered under this subsection shall provide for the payment of compensation for all transactions as set forth below.~~ Nothing contained in this subsection will allow or permit the operation of fewer outlets in any county in this State than are now being operated.

Commission contracts entered into by the Division under this subsection shall provide for the payment of compensation on a per transaction basis. The collection of

the highway use tax shall be considered a separate transaction for which one dollar and twenty-seven cents ($1.27) compensation shall be paid. The performance at the same time of one or more of the remaining transactions listed in this subsection shall be considered a single transaction for which one dollar and forty-three cents ($1.43) compensation shall be paid.

A transaction is any of the following activities:

(1) Issuance of a registration plate, a registration card, a registration renewal sticker, or a certificate of title.
(2) Issuance of a handicapped placard or handicapped identification card.
(3) Acceptance of an application for a personalized registration plate.
(4) Acceptance of a surrendered registration plate, registration card, or registration renewal sticker, or acceptance of an affidavit stating why a person cannot surrender a registration plate, registration card, or registration renewal sticker.
(5) Cancellation of a title because the vehicle has been junked.
(6) Acceptance of an application for, or issuance of, a refund for a fee or a tax, other than the highway use tax.
(7) Receipt of the civil penalty imposed by G.S. 20-309 for a lapse in financial responsibility or receipt of the restoration fee imposed by that statute.
(8) Acceptance of a notice of failure to maintain financial responsibility for a motor vehicle.
(8a) Collection of civil penalties imposed for violations of G.S. 20-183.8A.
(8b) Sale of one or more inspection stickers in a single transaction to a licensed inspection station.
(9) Collection of the highway use tax.
(10) Acceptance of a temporary lien filing.

~~Performance at the same time of any combination of the items that are listed within each subdivision or are listed within subdivisions (1) through (8b) of this section is a single transaction for which a dollar and thirty-five cent ($1.35) compensation shall be paid. Performance of the item listed in subdivision (9) of this subsection in combination with any other items listed in this subsection is a separate transaction for which a one dollar and twenty cent ($1.20) compensation shall be paid.~~"

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

ISSUANCE OF TEMPORARY RULES GOVERNING MINIMUM CRITERIA TRANSPORTATION PROJECTS

SECTION 27.22. (a) G.S. 150B-21.1(a6) reads as rewritten:

"(a6) ~~Reserved for future codification purposes.~~ Notwithstanding the provisions of subsection (a) of this section, the Secretary of Transportation may adopt temporary rules pursuant to G.S. 113A-11(b) to establish a class of minimum criteria projects.

After having the proposed temporary rule published in the North Carolina Register, and at least 30 days prior to adopting a temporary rule pursuant to this subsection, the Secretary shall do all of the following:

(1) Notify persons on its mailing list, maintained pursuant to G.S. 150B-21.2(d), and any other interested parties, of his intent to adopt a temporary rule.
(2) Accept oral and written comments on the proposed temporary rule.
(3) Hold at least one public hearing on the proposed temporary rule.

When the Secretary adopts a temporary rule pursuant to this subsection, the Secretary shall submit a reference to this subsection as the Secretary's statement of need to the Codifier of Rules.

Notwithstanding any other provision of this Chapter, the Codifier of Rules shall publish in the North Carolina Register a proposed temporary rule received from the Secretary in accordance with this subsection."

SECTION 27.22.(b) Subsection (a) of this section expires on June 30, 2003.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DEPARTMENT OF TRANSPORTATION CASH FLOW MANAGEMENT

SECTION 27.23.(a) The Department of Transportation is directed to reorganize its cash management procedures consistent with the March 2001 Joint Legislative Transportation Oversight Committee Cash Management Study final report.

The Department is directed to:

(1) Utilize cash flow financing to the maximum extent possible to fund highway construction projects, with the goal of reducing the combined average daily cash balance of the Highway Trust Fund and the Highway Fund to an amount equal to twelve percent (12%) of combined estimate of the yearly receipts of the Funds, exclusive of municipal aid funds.

(2) Establish necessary management controls to facilitate use of cash flow financing, such as establishment of a financial planning committee, development of a monthly financial report, establishment of appropriate fund cash level targets, review of revenue forecasting procedures, and reduction of accrued unbilled costs.

(3) Strengthen the project delivery process by reorganization of preconstruction functions in order to expedite project delivery and maximize use of cash flow financing of projects. The Department shall designate one person responsible for project delivery, develop project delivery reports, and continually assess which projects can be accelerated using cash flow financing.

(4) Report quarterly for a period of two years, beginning in September 2001, to the Joint Legislative Transportation Oversight Committee on its efforts to reorganize the cash management and project delivery process and the results of those efforts.

SECTION 27.23.(b) Article 6A of Chapter 147 of the General Statutes is amended by adding a new section to read:

"**§ 147-86.15. Cash Management of the Highway Fund and the Highway Trust Fund.**

The State Treasurer may combine the balances of the Highway Fund and the Highway Trust Fund for cash management purposes. The State Treasurer may make short term loans between the Funds to accomplish the purposes of this section."

SECTION 27.23.(c) The Department of Transportation and the State Treasurer are directed to jointly:

(1) Evaluate the recommendations of the March 2001 Joint Legislative Transportation Oversight Committee Cash Management Study final report concerning authorization for the State Treasurer to borrow funds on a short term basis in order to allow the Department of Transportation to maintain lower target cash balances and expedite highway construction projects;

(2) Develop recommendations concerning short term borrowing for cash management purposes, including any needed legislation; and

(3) Submit findings and recommendations to the Joint Legislative Transportation Oversight Committee by February 1, 2002.

SECTION 27.23.(d) G.S. 136-176 is amended by adding a new subsection to read:

"(a1) The Department may use two hundred million dollars ($200,000,000) in fiscal year 2001-2002 and one hundred fifty million dollars ($150,000,000) in each fiscal year 2002-2003 and 2003-2004 of the cash balance of the Highway Trust Fund for the following purposes:

(1) For primary route pavement preservation. – One hundred seventy million dollars ($170,000,000) in fiscal year 2001-2002, and one hundred twenty million ($120,000,000) in each of the fiscal years 2002-2003 and 2003-2004.

(2) For preliminary engineering costs not included in the current year Transportation Improvement Plan. – Fifteen million dollars ($15,000,000) in each of the fiscal years 2001-2002, 2002-2003, and 2003-2004.

(3) For computerized traffic signal systems and signal optimization projects. – Fifteen million dollars ($15,000,000) in each of the fiscal years 2001-2002, 2002-2003, and 2003-2004."

SECTION 27.23.(e) G.S. 136-176 is amended by adding a new subsection to read:

"(a2) The Department shall certify to the Joint Legislative Transportation Oversight Committee each year, on or before November 1, that use of the Highway Trust Fund cash balances for these purposes will not adversely affect the delivery schedule of Highway Trust Fund projects in the 2002-2008 Transportation Improvement Program."

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

STATE TIRE RETREADING CONTRACT

SECTION 27.24. The Purchase and Contract Division of the Department of Administration shall take steps to insure that the bid process for the State contract for tire retreading is fair and open and that it complies with State purchasing laws.

Before soliciting bids, the Purchase and Contract Division shall:

(1) Research technologies for tire retreading and tire retread testing to determine which technologies are most consistent with State needs and safety requirements.

(2) Circulate proposed specifications for the retread tire contract to tire retread vendors, tire retreading industry associations, and State users of retread tires.

(3) Solicit comments and feedback from the entities listed in subdivision (2) of this section.

(4) Provide a copy of the final specifications for the retread tire contract to the Joint Legislative Transportation Oversight Committee at least six weeks prior to soliciting bids.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

STATE HIGHWAY PATROL TO REPORT TO LEGISLATIVE OVERSIGHT COMMITTEES ON BUDGETARY MATTERS

SECTION 27.25. The State Highway Patrol shall report to the Joint Legislative Transportation Oversight Committee and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on its revenues, expenditures, and other budget related matters. These financial reports shall be made in writing to the cochairs of the oversight committees and to the Fiscal Research Division

by November 15, February 15, May 15, and August 15 of each year to be taken up, if necessary, at the next meetings of the oversight committees following those dates.

Requested by: Representatives Cole, J. Crawford, Bowie, Nesbitt, Easterling, Oldham, Redwine, Thompson

LEGISLATIVE RESEARCH COMMISSION TO STUDY NONBETTERMENT UTILITY RELOCATION COSTS IN HIGHWAY CONSTRUCTION

SECTION 27.26. The Legislative Research Commission may study the issue of nonbetterment utility relocation costs. As a part of its study, the LRC shall consider all of the following:

(1) The current statutory procedure for allocation of relocation costs, found in G.S. 136-27.1.

(2) The current population ceiling of 5,500 for municipalities to receive utility relocation assistance from the Department of Transportation, and the appropriateness of this ceiling.

(3) The history of exceptions to the general policy on the nonpayment by the Department of Transportation for nonbetterment utility relocation costs and the rationales for these exceptions.

(4) The development of a rational and equitable policy for the payment for nonbetterment utility relocation costs.

(5) Any other issue related to nonbetterment utility relocation costs.

Requested by: Representatives Cole, J. Crawford, Bowie, Redwine, Easterling, Oldham, Thompson

DEPARTMENT OF TRANSPORTATION TO EVALUATE THE LOCATIONS OF PROPOSED PUBLIC AND PRIVATE SCHOOLS TO ENHANCE TRAFFIC OPERATIONS AND SAFETY

SECTION 27.27. G.S. 136-18 reads as rewritten:

"**§ 136-18. Powers of Department of Transportation.**

The said Department of Transportation shall be vested with the following powers:

...

(29a) To coordinate with all public and private entities planning schools to provide written recommendations and evaluations of driveway access and traffic operational and safety impacts on the State highway system resulting from the development of the proposed sites. All public and private entities shall, prior to acquiring land for a new school, relocating a school, or expanding an existing school, coordinate with the Department to obtain a written evaluation and written recommendations to ensure that all proposed access points comply with the criteria in the current North Carolina Department of Transportation 'Policy on Street and Driveway Access'. The Department shall provide the written evaluation and recommendations within a reasonable period of time."

Requested by: Representatives Cole, J. Crawford, Bowie, Bowie, Easterling, Oldham, Redwine, Thompson

REGIONAL PUBLIC TRANSPORTATION AUTHORITY CAPITAL RESERVE FUND ACCUMULATION

SECTION 27.28. G.S. 160A-613 is amended by adding a new subsection to read:

"(c) Notwithstanding any provision of G.S. 159-18, the Board of Trustees may accumulate moneys from any source authorized by this Article or by Article 50 of Chapter 105 of the General Statutes in a capital reserve fund for any authorized purpose

of the Authority. Notwithstanding any provision of G.S. 159-19 or G.S. 159-22, the Board of Trustees may, by amendment to the resolution establishing a capital reserve fund, withdraw moneys accumulated in a fund for noncapital purposes if the capital outlay purpose for which the fund was created is no longer viable, as determined by a majority of the Board of Trustees. Except as otherwise provided in this subsection, the provisions of Part 2 of Article 3 of Chapter 159 of the General Statutes shall control the establishment of capital reserve funds by the Authority."

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

NORTH CAROLINA RAILROAD FUNDS

SECTION 27.29.(a) Of funds appropriated to the Department of Transportation Public Transportation Division for new start projects for fiscal year 2001-2002, up to one million dollars ($1,000,000) shall be used by the Department for projects designated by the North Carolina Railroad Board of Directors.

SECTION 27.29.(b) Of funds appropriated to the Department of Transportation Rail Division for fiscal year 2001-2002, up to five million three hundred thousand dollars ($5,300,000) shall be used by the Department for projects designated by the North Carolina Railroad Board of Directors.

PART XXVIII. PUBLIC SCHOOLS

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

LITIGATION RESERVE FUNDS DO NOT REVERT

SECTION 28.1.(a) Funds in the State Board of Education's Litigation Reserve that are not expended or encumbered on June 30, 2001, shall not revert on July 1, 2001, but shall remain available for expenditure until June 30, 2002.

SECTION 28.1.(b) Subsection (a) of this section becomes effective June 30, 2001.

SECTION 28.1.(c) The State Board of Education may expend up to five hundred thousand dollars ($500,000) for the 2001-2002 fiscal year from unexpended funds for certified employees' salaries to pay expenses related to pending litigation.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CHILDREN WITH DISABILITIES

SECTION 28.2. The State Board of Education shall allocate funds for children with disabilities on the basis of two thousand six hundred sixty-two dollars and eighty-seven cents ($2,662.87) per child for a maximum of 158,825 children for the 2001-2002 school year. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and five-tenths percent (12.5%) of the 2001-2002 allocated average daily membership in the local school administrative unit.

The dollar amounts allocated under this section for children with disabilities shall also increase in accordance with legislative salary increments for personnel who serve children with disabilities.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS FOR ACADEMICALLY GIFTED STUDENTS

SECTION 28.3. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of eight hundred seventy-nine

dollars and ten cents ($879.10) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2001-2002 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The State Board shall allocate funds for no more than 52,042 children for the 2001-2002 school year.

The dollar amounts allocated under this section for academically or intellectually gifted children shall also increase in accordance with legislative salary increments for personnel who serve academically or intellectually gifted children.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

AT-RISK STUDENT SERVICES/ALTERNATIVE SCHOOLS

SECTION 28.4. The State Board of Education may use up to two hundred thousand dollars ($200,000) of the funds in the Alternative Schools/At-Risk Student allotment each year for the 2001-2002 fiscal year and for the 2002-2003 fiscal year to implement G.S. 115C-12(24).

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

UNIFORM EDUCATION REPORTING SYSTEM (UERS)

SECTION 28.5.(a) Funds appropriated for the Uniform Education Reporting System shall not revert at the end of the 2001-2002 and 2002-2003 fiscal years, but shall remain available until expended.

SECTION 28.5.(b) This section becomes effective June 30, 2001.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

SECTION 28.6.(a) Funds for Supplemental Funding. – The General Assembly finds that it is appropriate to provide supplemental funds in low-wealth counties to allow those counties to enhance the instructional program and student achievement; therefore, funds are appropriated to State Aid to Local School Administrative Units for the 2001-2002 fiscal year and the 2002-2003 fiscal year to be used for supplemental funds for schools.

SECTION 28.6.(b) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks, (ii) for salary supplements for instructional personnel and instructional support personnel, and (iii) to pay up to ten thousand dollars ($10,000) of the plant operation contract cost charged by the Department of Public Instruction for services.

Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section 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. Local boards of education shall report to the State Board of Education on an annual basis on funds used for this purpose, and the State Board shall report this information to the Joint Legislative Education Oversight Committee. These reports shall specify how these funds were targeted and used to implement specific improvement strategies of each local school administrative unit and its schools, such as teacher recruitment, closing the achievement gap, improving student accountability, addressing the needs of at-risk students, and establishing and maintaining safe schools.

SECTION 28.6.(c) Definitions. – As used in this section:

(1) "Anticipated county property tax revenue availability" means the county-adjusted property tax base multiplied by the effective State average tax rate.

(2) "Anticipated total county revenue availability" means the sum of the:
- a. Anticipated county property tax revenue availability,
- b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes,
- c. Food stamp exemption reimbursement received by the county under G.S. 105-164.44C,
- d. Homestead exemption reimbursement received by the county under G.S. 105-277.1A,
- e. Inventory tax reimbursement received by the county under G.S. 105-275.1 and G.S. 105-277.001,
- f. Intangibles tax distribution and reimbursement received by the county under G.S. 105-275.2, and
- g. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

(3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.

(4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.

(5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

(6) "County-adjusted property tax base" shall be computed as follows:
- a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county,
- b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies,
- c. Add to the resulting amount the:
  1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2,
  2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes, and
  3. Personal property value for the county.

(7) "County-adjusted property tax base per square mile" means the county-adjusted property tax base divided by the number of square miles of land area in the county.

(8) "County wealth as a percentage of State average wealth" shall be computed as follows:
- a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths,

b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths,

c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth,

d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.

(10) "Effective State average tax rate" means the average of effective county tax rates for all counties.

(10a) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(11) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.

(12) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(13) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(14) "State average adjusted property tax base per square mile" means the sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.

(14a) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(15) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 28.6.(d) Eligibility for Funds. – Except as provided in subsection (h) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

SECTION 28.6.(e) Allocation of Funds. – Except as provided in subsection (g) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student

and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county wealth as a percentage of State average wealth by the State average current expense appropriations per student.)

The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit, located in whole or in part in the county, based on the average daily membership of the county's students in the school units.

If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

SECTION 28.6.(f) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

SECTION 28.6.(g) Minimum Effort Required. – Counties that had effective tax rates in the 1996-97 fiscal year that were above the State average effective tax rate but that had effective rates below the State average in the 1997-98 fiscal year or thereafter shall receive reduced funding under this section. This reduction in funding shall be determined by subtracting the amount that the county would have received pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws from the amount that the county would have received if qualified for full funding and multiplying the difference by ten percent (10%). This method of calculating reduced funding shall apply one time only.

This method of calculating reduced funding shall not apply in cases in which the effective tax rate fell below the statewide average effective tax rate as a result of a reduction in the actual property tax rate. In these cases, the minimum effort required shall be calculated in accordance with Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

If the county documents that it has increased the per student appropriation to the school current expense fund in the current fiscal year, the State Board of Education shall include this additional per pupil appropriation when calculating minimum effort pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws.

SECTION 28.6.(h) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2001-2003 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show (i) that it has remedied the deficiency in funding, or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement this section.

SECTION 28.6.(i) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2002, if it determines that counties have supplanted funds.

SECTION 28.6.(j) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 28.7.(a) Funds for Small School Systems. – Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of fewer than 3,175 students and (ii) to each county school administrative unit with an average daily membership of from 3,175 to 4,000 students if the county in which the local school administrative unit is located has a county-adjusted property tax base per student that is below the State-adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,175 to 4,000 students. The allocation formula shall:

(1) Round all fractions of positions to the next whole position.

(2) Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four, and seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or fewer.

(3) Provide additional program enhancement teachers adequate to offer the standard course of study.

(4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.

(5) Provide a base for the consolidated funds allotment of at least four hundred sixty-six thousand dollars ($466,000) excluding textbooks.

(6) Allot vocational education funds for grade 6 as well as for grades 7-12.

If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fund fully the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for such county administrative units.

SECTION 28.7.(b) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2001-2003 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant

local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

(1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

(2) The county cannot show (i) that it has remedied the deficiency in funding, or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement this section.

SECTION 28.7.(c) Phase-Out Provisions. – If a local school administrative unit becomes ineligible for funding under this formula solely because of an increase in the county-adjusted property tax base per student of the county in which the local school administrative unit is located, funding for that unit shall be phased out over a two-year period. For the first year of ineligibility, the unit shall receive the same amount it received for the prior fiscal year. For the second year of ineligibility, it shall receive one-half of that amount.

If a local school administrative unit becomes ineligible for funding under this formula solely because of an increase in the population of the county in which the local school administrative unit is located, funding for that unit shall be continued for five years after the unit becomes ineligible.

SECTION 28.7.(d) Definitions. – As used in this section:

(1) "Average daily membership" means within two percent (2%) of the average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education.

(2) "County-adjusted property tax base per student" means the total assessed property valuation for each county, adjusted using a weighted average of the three most recent annual sales assessment ratio studies, divided by the total number of students in average daily membership who reside within the county.

(2a) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(3) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(4) "State adjusted property tax base per student" means the sum of all county adjusted property tax bases divided by the total number of students in average daily membership who reside within the State.

(4a) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(5) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued during the year of the most

recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 28.7.(e) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2002, if it determines that counties have supplanted funds.

SECTION 28.7.(f) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section 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. Local boards of education shall report to the State Board of Education on an annual basis on funds used for this purpose and the State Board shall report this information to the Joint Legislative Education Oversight Committee. These reports shall specify how these funds were targeted and used to implement specific improvement strategies of each local school administrative unit and its schools such as teacher recruitment, closing the achievement gap, improving student accountability, addressing the needs of at-risk students, and establishing and maintaining safe schools.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION PROGRAM

SECTION 28.8.(a) The State Board of Education shall use funds appropriated for State Aid to Local School Administrative Units for the 2001-2002 fiscal year to provide incentive funding for schools that met or exceeded the projected levels of improvement in student performance during the 2000-2001 school year, in accordance with the ABCs of Public Education Program.. In accordance with State Board of Education policy:

(1) Incentive awards in schools that achieve higher than expected improvements may be up to:
   a. One thousand five hundred dollars ($1,500) for each teacher and for certified personnel; and
   b. Five hundred dollars ($500.00) for each teacher assistant.

(2) Incentive awards in schools that meet the expected improvements may be up to:
   a. Seven hundred fifty dollars ($750.00) for each teacher and for certified personnel; and
   b. Three hundred seventy-five dollars ($375.00) for each teacher assistant.

SECTION 28.8.(b) The State Board of Education may use funds appropriated to State Aid to Local School Administrative Units for assistance teams to low-performing schools.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDENTS WITH LIMITED ENGLISH PROFICIENCY

SECTION 28.9.(a) The State Board of Education shall develop guidelines for identifying and providing services to students with limited proficiency in the English language.

The State Board shall allocate these funds to local school administrative units and to charter schools under a formula that takes into account the average percentage of students in the units or the charters over the past three years who have limited English proficiency. The State Board shall allocate funds to a unit or a charter school only if (i) average daily membership of the unit or the charter school includes at least 20 students

with limited English proficiency or (ii) students with limited English proficiency comprise at least two and one-half percent (2 1/2%) of the average daily membership of the unit or charter school. For the portion of the funds that is allocated on the basis of the number of identified students, the maximum number of identified students for whom a unit or charter school receives funds shall not exceed ten and six-tenths percent (10.6%) of its average daily membership.

Local school administrative units shall use funds allocated to them to pay for classroom teachers, teacher assistants, tutors, textbooks, classroom materials/instructional supplies/equipment, transportation costs, and staff development of teachers for students with limited English proficiency.

A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds.

SECTION 28.9.(b) The Department of Public Instruction shall prepare a current headcount of the number of students classified with limited English proficiency by December 1 of each year.

Students in the head count shall be assessed at least once every three years to determine their level of English proficiency. A student who scores "superior" on the standard English language proficiency assessment instrument used in this State shall not be included in the head count of students with limited English proficiency.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

EXPENDITURES FOR DRIVING EDUCATION CERTIFICATES

SECTION 28.10. The State Board of Education may use funds appropriated for drivers education for the 2001-2002 fiscal year and for the 2002-2003 fiscal year for driving eligibility certificates.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

TEACHER SALARY SCHEDULES

SECTION 28.11.(a) Effective for the 2001-2002 school year, the Director of the Budget may transfer from the Reserve for Compensation Increases for the 2001-2002 fiscal year funds necessary to implement the teacher salary schedule set out in subsection (b) of this section, including funds for the employer's retirement and social security contributions and funds for annual longevity payments at one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service, commencing July 1, 2001, for all teachers whose salaries are supported from the State's General Fund. These funds shall be allocated to individuals according to rules adopted by the State Board of Education. The longevity payment shall be paid in a lump sum once a year.

SECTION 28.11.(b) For the 2001-2002 school year, the following monthly salary schedules shall apply to certified personnel of the public schools who are classified as teachers. The schedule contains 30 steps with each step corresponding to one year of teaching experience.

2001-2002 MONTHLY SALARY SCHEDULE
"A" TEACHERS

Years of	"A"	NBPTS

Experience	Teachers	Certification
0	$2,525	N/A
1	$2,567	N/A
2	$2,611	N/A
3	$2,764	$3,096
4	$2,904	$3,252
5	$3,036	$3,400
6	$3,164	$3,544
7	$3,266	$3,658
8	$3,314	$3,712
9	$3,362	$3,765
10	$3,412	$3,821
11	$3,461	$3,876
12	$3,511	$3,932
13	$3,561	$3,988
14	$3,614	$4,048
15	$3,667	$4,107
16	$3,722	$4,169
17	$3,777	$4,230
18	$3,834	$4,294
19	$3,892	$4,359
20	$3,950	$4,424
21	$4,011	$4,492
22	$4,072	$4,561
23	$4,136	$4,632
24	$4,200	$4,704
25	$4,264	$4,776
26	$4,330	$4,850
27	$4,398	$4,926
28	$4,467	$5,003
29	$4,538	$5,083
30+	$4,538	$5,083

2001-2002 MONTHLY SALARY SCHEDULE
"M" TEACHERS

Years of Experience	"M" Teachers	NBPTS Certification
0	$2,778	N/A
1	$2,824	N/A
2	$2,872	N/A
3	$3,040	$3,405
4	$3,194	$3,577
5	$3,340	$3,741
6	$3,480	$3,898
7	$3,593	$4,024
8	$3,645	$4,082
9	$3,698	$4,142
10	$3,753	$4,203
11	$3,807	$4,264
12	$3,862	$4,325

13	$3,917	$4,387
14	$3,975	$4,452
15	$4,034	$4,518
16	$4,094	$4,585
17	$4,155	$4,654
18	$4,217	$4,723
19	$4,281	$4,795
20	$4,345	$4,866
21	$4,412	$4,941
22	$4,479	$5,016
23	$4,550	$5,096
24	$4,620	$5,174
25	$4,690	$5,253
26	$4,763	$5,335
27	$4,838	$5,419
28	$4,914	$5,504
29	$4,992	$5,591
30+	$4,992	$5,591

SECTION 28.11.(c) Certified public school teachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers. Certified public school teachers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

INSTRUCTIONAL SUPPORT PERSONNEL SALARY SCHEDULES

SECTION 28.12.(a) Effective for the 2001-2002 school year, the Director of the Budget may transfer from the Reserve for Compensation Increases for the 2001-2002 fiscal year funds necessary to implement the instructional support personnel salary schedule set out in subsection (b) of this section, including funds for the employer's retirement and social security contributions and funds for annual longevity payments at one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service, commencing July 1, 2001, for all instructional support personnel whose salaries are supported from the State's General Fund. These funds shall be allocated to individuals according to rules adopted by the State Board of Education. The longevity payment shall be paid in a lump sum once a year.

SECTION 28.12.(b) For the 2001-2002 school year, the following monthly salary schedules shall apply to certified personnel of the public schools who are classified as instructional support personnel. The schedule contains 30 steps with each step corresponding to one year of experience as a certificated employee of the public schools.

2001-2002 MONTHLY SALARY SCHEDULE
"A" INSTRUCTIONAL SUPPORT PERSONNEL

Years of Experience	"A" Instructional Support Personnel	NBPTS Certification
0	$2,525	N/A
1	$2,567	N/A
2	$2,611	N/A
3	$2,764	$3,096
4	$2,904	$3,252
5	$3,036	$3,400
6	$3,164	$3,544
7	$3,266	$3,658
8	$3,314	$3,712
9	$3,362	$3,765
10	$3,412	$3,821
11	$3,461	$3,876
12	$3,511	$3,932
13	$3,561	$3,988
14	$3,614	$4,048
15	$3,667	$4,107
16	$3,722	$4,169
17	$3,777	$4,230
18	$3,834	$4,294
19	$3,892	$4,359
20	$3,950	$4,424
21	$4,011	$4,492
22	$4,072	$4,561
23	$4,136	$4,632
24	$4,200	$4,704
25	$4,264	$4,776
26	$4,330	$4,850
27	$4,398	$4,926
28	$4,467	$5,003
29	$4,538	$5,083
30+	$4,538	$5,083

2001-2002 MONTHLY SALARY SCHEDULE
"M" INSTRUCTIONAL SUPPORT PERSONNEL

Years of Experience	"M" Instructional Support Personnel	NBPTS Certification
0	$2,778	N/A
1	$2,824	N/A
2	$2,872	N/A
3	$3,040	$3,405
4	$3,194	$3,577
5	$3,340	$3,741
6	$3,480	$3,898
7	$3,593	$4,024
8	$3,645	$4,082
9	$3,698	$4,142
10	$3,753	$4,203

11	$3,807	$4,264
12	$3,862	$4,325
13	$3,917	$4,387
14	$3,975	$4,452
15	$4,034	$4,518
16	$4,094	$4,585
17	$4,155	$4,654
18	$4,217	$4,723
19	$4,281	$4,795
20	$4,345	$4,866
21	$4,412	$4,941
22	$4,479	$5,016
23	$4,550	$5,096
24	$4,620	$5,174
25	$4,690	$5,253
26	$4,763	$5,335
27	$4,838	$5,419
28	$4,914	$5,504
29	$4,992	$5,591
30+	$4,992	$5,591

SECTION 28.12.(c) Certified public school instructional support personnel with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" instructional support personnel. Certified public school instructional support personnel with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" instructional support personnel.

SECTION 28.12.(d) Effective for the 2001-2002 school year, the first step of the salary schedule for school psychologists shall be equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "M" instructional support personnel. Certified psychologists shall be placed on the salary schedule at an appropriate step based on their years of experience. Certified psychologists shall receive longevity payments based on years of State service in the same manner as instructional support personnel.

Certified psychologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided for certified psychologists. Certified psychologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for certified psychologists.

SECTION 28.12.(e) Effective for the 2001-2002 school year, speech pathologists who are certified as speech pathologists at the masters degree level and audiologists who are certified as audiologists at the masters degree level and who are employed in the public schools as speech and language specialists and audiologists shall be paid on the school psychologist salary schedule.

Speech pathologists and audiologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred

twenty-six dollars ($126.00) per month in addition to the compensation provided for speech pathologists and audiologists. Speech pathologists and audiologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for speech pathologists and audiologists.

SECTION 28.12.(f) Certified school nurses who are employed in the public schools as nurses shall be paid on the "M" salary schedule.

SECTION 28.12.(g) G.S. 115C-325(a)(6) reads as rewritten:

"(a) Definition of Terms. – As used in this section unless the context requires otherwise:

...

(6) "Teacher" means a person who holds at least a current, not provisional or expired, Class A certificate or a regular, not provisional or expired, vocational certificate issued by the Department of Public Instruction; whose major responsibility is to teach or directly supervises teaching or who is classified by the State Board of Education or is paid either as a classroom ~~teacher;~~teacher or instructional support personnel; and who is employed to fill a full-time, permanent position."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

SCHOOL ADMINISTRATOR SALARY SCHEDULES

SECTION 28.13.(a) Funds appropriated to the Reserve for Compensation Increases shall be used for the implementation of the salary schedule for school-based administrators as provided in this section. These funds shall be used for State-paid employees only.

SECTION 28.13.(b) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 2001-2002 fiscal year, commencing July 1, 2001, is as follows:

2001-2002
PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES

CLASSIFICATION

Yrs of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
0-4	$3,226	–	–	–	–
5	$3,373	–	–	–	–
6	$3,515	–	–	–	–
7	$3,629	–	–	–	–
8	$3,681	$3,681	–	–	–
9	$3,735	$3,735	–	–	–
10	$3,791	$3,791	$3,845	–	–
11	$3,845	$3,845	$3,901	–	–
12	$3,901	$3,901	$3,956	$4,015	–
13	$3,956	$3,956	$4,015	$4,074	$4,135
14	$4,015	$4,015	$4,074	$4,135	$4,197
15	$4,074	$4,074	$4,135	$4,197	$4,259
16	$4,135	$4,135	$4,197	$4,259	$4,324
17	$4,197	$4,197	$4,259	$4,324	$4,388
18	$4,259	$4,259	$4,324	$4,388	$4,456

19	$4,324	$4,324	$4,388	$4,456	$4,524
20	$4,388	$4,388	$4,456	$4,524	$4,596
21	$4,456	$4,456	$4,524	$4,596	$4,666
22	$4,524	$4,524	$4,596	$4,666	$4,737
23	$4,596	$4,596	$4,666	$4,737	$4,811
24	$4,666	$4,666	$4,737	$4,811	$4,886
25	$4,737	$4,737	$4,811	$4,886	$4,963
26	$4,811	$4,811	$4,886	$4,963	$5,042
27	$4,886	$4,886	$4,963	$5,042	$5,143
28	$4,963	$4,963	$5,042	$5,143	$5,246
29	$5,042	$5,042	$5,143	$5,246	$5,351
30	$5,143	$5,143	$5,246	$5,351	$5,458
31	$5,246	$5,246	$5,351	$5,458	$5,567
32	–	$5,351	$5,458	$5,567	$5,678
33	–	–	$5,567	$5,678	$5,792
34	–	–	$5,678	$5,792	$5,908
35	–	–	–	$5,908	$6,026
36	–	–	–	$6,026	$6,147
37	–	–	–	–	$6,270

2001-2002

PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES

CLASSIFICATION

Yrs of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
14	$4,259	–	–	–
15	$4,324	–	–	–
16	$4,388	$4,456	–	–
17	$4,456	$4,524	$4,666	–
18	$4,524	$4,596	$4,737	$4,811
19	$4,596	$4,666	$4,811	$4,886
20	$4,666	$4,737	$4,886	$4,963
21	$4,737	$4,811	$4,963	$5,042
22	$4,811	$4,886	$5,042	$5,143
23	$4,886	$4,963	$5,143	$5,246
24	$4,963	$5,042	$5,246	$5,351
25	$5,042	$5,143	$5,351	$5,458
26	$5,143	$5,246	$5,458	$5,567
27	$5,246	$5,351	$5,567	$5,678
28	$5,351	$5,458	$5,678	$5,792
29	$5,458	$5,567	$5,792	$5,908
30	$5,567	$5,678	$5,908	$6,026
31	$5,678	$5,792	$6,026	$6,147
32	$5,792	$5,908	$6,147	$6,270
33	$5,908	$6,026	$6,270	$6,395
34	$6,026	$6,147	$6,395	$6,523
35	$6,147	$6,270	$6,523	$6,653
36	$6,270	$6,395	$6,653	$6,786
37	$6,395	$6,523	$6,786	$6,922
38	$6,523	$6,653	$6,922	$7,060

39	–	$6,786	$7,060	$7,201
40	–	$6,922	$7,201	$7,345
41	–	–	$7,345	$7,492

SECTION 28.13.(c) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools, shall be determined in accordance with the following schedule:

Classification	**Number of Teachers Supervised**
Assistant Principal	
Principal I	Fewer than 11 Teachers
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers
Principal VI	55-65 Teachers
Principal VII	66-100 Teachers
Principal VIII	More than 100 Teachers

The number of teachers supervised includes teachers and assistant principals paid from State funds only; it does not include teachers or assistant principals paid from non-State funds or the principal or teacher assistants.

The beginning classification for principals in alternative schools shall be the Principal III level. Principals in alternative schools who supervise 33 or more teachers shall be classified according to the number of teachers supervised.

SECTION 28.13.(d) A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and the 1999-2000 school year for improvement in student performance or maintaining a safe and orderly school.

SECTION 28.13.(e) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars ($126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars ($253.00) per month.

SECTION 28.13.(f) There shall be no State requirement that superintendents in each local school unit shall receive in State-paid salary at least one percent (1%) more than the highest paid principal receives in State salary in that school unit: Provided, however, the additional State-paid salary a superintendent who was employed by a local school administrative unit for the 1992-93 fiscal year received because of that requirement shall not be reduced because of this subsection for subsequent fiscal years that the superintendent is employed by that local school administrative unit so long as the superintendent is entitled to at least that amount of additional State-paid salary under the rules in effect for the 1992-93 fiscal year.

SECTION 28.13.(g) Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

SECTION 28.13.(h)

(1) If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.

(2) If a principal is reassigned to a lower job classification because the principal is transferred to a school within a local school administrative unit with a smaller number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the lower job classification.

This subdivision applies to all transfers on or after the effective date of this section, except transfers in school systems that have been created, or will be created, by merging two or more school systems. Transfers in these merged systems are exempt from the provisions of this subdivision for one calendar year following the date of the merger.

SECTION 28.13.(i) Participants in an approved full-time Masters in School Administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the masters program. Certification of eligible full-time interns shall be supplied to the Department of Public Instruction by the Principal Fellows Program or a school of education where the intern participates in a full-time Masters in School Administration.

SECTION 28.13.(j) During the 2001-2002 fiscal year, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate shall be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CENTRAL OFFICE SALARIES

SECTION 28.14.(a) The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2001-2002 fiscal year, beginning July 1, 2001. The top of these ranges shall be increased by six hundred twenty-five dollars ($625.00) annually for full-time employees.

School Administrator I	$2,932	$5,214
School Administrator II	$3,112	$5,534
School Administrator III	$3,303	$5,873
School Administrator IV	$3,436	$6,110
School Administrator V	$3,574	$6,358
School Administrator VI	$3,792	$6,747
School Administrator VII	$3,945	$7,020

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee hired on or after July 1, 2001.

SECTION 28.14.(b) The monthly salary ranges that follow apply to public school superintendents for the 2001-2002 fiscal year, beginning July 1, 2001. The top of these ranges shall be increased by six hundred twenty-five dollars ($625.00) annually for full-time employees.

Superintendent I	$4,187	$7,451
Superintendent II	$4,445	$7,904
Superintendent III	$4,716	$8,389
Superintendent IV	$5,005	$8,901
Superintendent V	$5,312	$9,447

The local board of education shall determine the appropriate category and placement for the superintendent based on the average daily membership of the local

school administrative unit and within funds appropriated by the General Assembly for central office administrators and superintendents.

Notwithstanding the provisions of this subsection, a local board of education may pay an amount in excess of the applicable range to a superintendent who is entitled to receive the higher amount under Section 28.13(f) of this act.

SECTION 28.14.(c) Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees under the State Personnel Act.

SECTION 28.14.(d) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided for pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for under this section.

SECTION 28.14.(e) The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

SECTION 28.14.(f) The Director of the Budget shall transfer from the Reserve for Compensation Increases created in this act for fiscal year 2001-2002, beginning July 1, 2001, funds necessary to provide an average annual salary increase of six hundred twenty-five dollars ($625.00), including funds for the employer's retirement and social security contributions, commencing July 1, 2001, for all permanent full-time personnel paid from the Central Office Allotment. The State Board of Education shall allocate these funds to local school administrative units. The local boards of education shall establish guidelines for providing their salary increases to these personnel.

SECTION 28.14.(g) The State Board of Education shall develop a new formula for allocating to local school administrative units funds appropriated for salaries for public school central office administrators for the 2002-2003 fiscal year. This formula shall not include a permanent hold-harmless provision for local school administrative units.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

NONCERTIFIED PERSONNEL SALARIES

SECTION 28.15.(a) The Director of the Budget may transfer from the Reserve for Compensation Increases created in this act for fiscal year 2001-2002, commencing July 1, 2001, funds necessary to provide a salary increase of six hundred twenty-five dollars ($625.00), including funds for the employer's retirement and social security contributions, commencing July 1, 2001, for all noncertified public school employees whose salaries are supported from the State's General Fund.

SECTION 28.15.(b) Local boards of education shall increase the rates of pay for all such employees who were employed for all or part of fiscal year 2000-2001 and who continue their employment for fiscal year 2001-2002 by at least six hundred twenty-five dollars ($625.00), commencing July 1, 2001. For part-time employees, the pay increase shall be pro rata based on the number of hours worked.

SECTION 28.15.(c) These funds shall not be used for any purpose other than for the salary increases and necessary employer contributions provided by this section.

SECTION 28.15.(d) The State Board of Education may adopt salary ranges for noncertified personnel to support increases of six hundred twenty-five dollars ($625.00) for the 2001-2002 fiscal year.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

HIGH SCHOOL EXIT EXAMS

SECTION 28.16. Of the funds appropriated to State Aid to Local School Administrative Units, the State Board of Education may use up to three million dollars ($3,000,000) for the 2001-2002 fiscal year to:

(1) Continue to develop a high school exit examination;

(2) Purchase equipment for scoring tests, including the new computer adaptive exam for eligible students with disabilities; and

(3) Revise the reading and writing assessments.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FAIRNESS IN TESTING PROGRAM

SECTION 28.17.(a) The State Board of Education shall provide the Joint Legislative Education Oversight Committee with a detailed analysis of the current resources allocated to meet the needs of all students subject to the Statewide Student Accountability Standards, and in addition, shall submit recommendations regarding other resources that would best assist students in meeting these new standards.

SECTION 28.17.(b) G.S. 115C-288(a) reads as rewritten:

"(a) To Grade and Classify Pupils. – The principal shall have authority to grade and classify ~~pupils except a~~ pupils. In determining the appropriate grade for a pupil who is already attending a public school, the principal shall consider the pupil's classroom work and grades, the pupil's scores on standardized tests, and the best educational interests of the pupil. The principal shall not make the decision solely on the basis of standardized test scores. If a principal's decision to retain a child in the same grade is partially based on the pupil's scores on standardized tests, those test scores shall be verified as accurate.

A principal shall not require additional testing of a student entering a public school from a school governed under Article 39 of this Chapter if test scores from a nationally standardized test or nationally standardized equivalent measure that are adequate to determine the appropriate placement of the child are available."

SECTION 28.17.(c) G.S. 115C-47 is amended by adding a new subdivision to read:

"**§ 115C-47. Powers and duties generally.**

In addition to the powers and duties designated in G.S. 115C-36, local boards of education shall have the power or duty:

...

(39) To Provide a Right to Appeal the Decision to Retain a Child. – If local board policy requires that a child be retained at a grade level or that a child attend summer school, based on the child's standardized test scores, that local policy shall also provide the child's parent or guardian the right to appeal the decision. The right to appeal shall provide, at a minimum, for clear notice of the parent's rights, the right to have an advocate present at the hearing, the right to ask questions of school officials, the right to obtain records and information from the school, and the right to present information and evidence on behalf of the child."

SECTION 28.17.(d) The State Board of Education shall study the benefits of providing students' parents or guardians with copies of tests administered to their children under the Statewide Testing Program. The Board shall also consider the costs of maintaining the integrity and reliability of the tests if such a policy is implemented. The Board shall report the results of this study to the Joint Legislative Education Oversight Committee by March 31, 2002.

SECTION 28.17.(e) Part 3 of Article 8B of Chapter 115C of the General Statutes is amended by adding the following new section to read:

"**§ 115C-105.41. Students who have been placed at risk of academic failure; personal education plans.**

Local school administrative units shall identify students in all grades who have been placed at risk for academic failure and implement a personal education plan for academic improvement with focused intervention and performance benchmarks. Identification shall occur as early as can reasonably be done and can be based on grades, observations, State assessments, and other factors that teachers and administrators consider appropriate, without having to await the results of end-of-grade or end-of-course tests. At the beginning of the school year, a personal education plan shall be developed for any student not performing at least at grade level, as identified by the State end-of-grade test. Focused intervention and acceleration activities may include, among other things, summer school, Saturday school, and extended days. Local school administrative units shall provide these activities and transportation free of charge to students."

SECTION 28.17.(f) G.S. 115C-174.12(a) reads as rewritten:

"(a) ~~The State Board of Education shall review the tests being administered through State and local testing programs and shall select the tests that it believes are necessary to provide the best measures of the levels of academic achievement attained by students in various subject areas.~~ The State Board of Education shall ~~also~~ establish policies and guidelines necessary for minimizing the time students spend taking tests administered through State and local testing programs and for otherwise carrying out the provisions of this Article. The State Board of Education's policies regarding the testing of children with disabilities shall (i) provide broad accommodations and alternate methods of assessment that are consistent with a child's individualized education program and Section 504 plans, (ii) prohibit the use of statewide tests as the sole determinant of decisions about a child's graduation or promotion, and (iii) provide parents with information about the Statewide Testing Program and options for students with disabilities. The State Board shall report its proposed policies and proposed changes in policies to the Joint Legislative Education Oversight Committee prior to adoption."

SECTION 28.17.(g) Schools shall devote no more than two days of instructional time per year to the taking of practice tests that do not have the primary purpose of assessing current student learning.

SECTION 28.17.(h) Students in a local school shall not be subject to field tests or national tests during the two-week period preceding the administration of the end-of-grade tests, end-of-course tests, or the school's regularly scheduled final exams. No school shall participate in more than two field tests at any one grade level during a school year.

SECTION 28.17.(i) The Joint Legislative Education Oversight Committee shall study the State's testing program. As part of this study, the Committee shall consider:

(1) The number of tests currently mandated at the State level and the process and cost of developing, validating, and scoring them.

(2) Whether the State should consider the use of nationally developed tests as a substitute to State-developed testing. In particular, the Committee

shall determine whether this use would (i) affect the ABCs Program, (ii) adequately measure student achievement and performance, (iii) provide more than minimum levels of achievement, (iv) provide a better comparison to student achievement and performance in other states, (v) be practical for high school courses or higher level courses, (vi) reduce the need for field testing, and (vii) offer any cost savings to the State.

(3) The number of grades in which State tests are given. The Committee shall determine the necessity for testing all grades in third through eighth grades, whether a reduction in the grades tested would affect the receipt of federal money, and the extent to which a reduction would impair the State's ability to identify schools under the ABCs Program.

(4) The high school courses for which State tests are given and whether there is an appropriate distribution of tests across grades nine through 12 and that test an appropriate array of the minimum courses required for admission to the constituent institutions of The University of North Carolina. In addition, the Committee shall examine whether students who take higher level courses and students in 12th grade are held accountable for their academic growth and performance.

(5) The advantages and disadvantages of using a composite of end-of-course tests or other tests such as the SAT, AP tests, or other nationally standardized tests in high school rather than developing a high school exit exam. If the Committee finds a high school exit exam is preferable, then it shall determine whether it must be administered to all students or limited to certain students, for example, those who don't take the SAT or a certain number of courses for which there are end-of-course tests.

(6) The extent to which additional testing, including field testing, practice testing, and locally mandated testing, is occurring and whether this should be limited or prohibited.

(7) Any other issue the Committee considers relevant.

The Committee shall report its findings and any recommendations, including recommended legislation, to the 2002 Regular Session of the 2001 General Assembly.

SECTION 28.17.(j) The State Board of Education shall develop and report to the Joint Legislative Education Oversight Committee on its objectives for the Statewide Testing Program and on the implementation of that Program. The report shall include:

(1) A statement of the relationship between these objectives and the tests currently administered under the Program;

(2) An analysis of whether the current tests appropriately achieve these objectives;

(3) A statement of any actions that may be needed to coordinate the objectives and the tests more effectively; and

(4) Strategies for communicating the objectives of the Program, the tests administered under the Program, and the relationship between these objectives and tests to principals, teachers, parents, and students throughout the State.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

PILOT PROGRAM AUTHORIZING THE USE OF MENTOR FUNDS FOR FULL-TIME MENTORS

SECTION 28.18.(a) The State Board of Education shall establish a pilot program to permit the Charlotte-Mecklenburg School Administrative Unit, the Forsyth County School Administrative Unit, and the Wake County School Administrative Unit to use funds allocated for mentors for full-time mentors.

Funds allocated for mentors in these units shall be used only for teachers and instructional support personnel assigned to newly certified teachers, second-year teachers who were assigned mentors during the prior school year, or as authorized by Section 28.31 of this act, and entry-level instructional support personnel who have not previously been teachers. These funds shall be used only for:

(1) Salary supplements to teachers and instructional support personnel who are serving as mentors. The amount of the salary supplement shall not be based on the number of teachers or instructional support personnel to whom the mentor is assigned; or

(2) Payments to teachers or instructional support personnel who are employed solely to serve as mentors. An individual employed solely to serve as a mentor shall receive a payment for each individual, up to 15 individuals, to whom the mentor is assigned. The amount of each such payment shall be the same as the amount of the salary supplement for a mentor.

SECTION 28.18.(b) The Charlotte-Mecklenburg Board of Education, the Forsyth County Board of Education, and the Wake County Board of Education shall report to the State Board of Education on an annual basis on the impact that the mentor program has had on retention of teachers. The State Board shall report on this information to the Joint Legislative Education Oversight Committee.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ADDITIONAL SUPPORT FOR INITIALLY CERTIFIED TEACHERS

SECTION 28.19. The State Board of Education shall modify the Performance-Based Licensure Program to provide additional support for initially certified teachers. Initially certified teachers shall receive up to three days of approved paid leave during their second year of employment to work on their performance-based products or to consult with their mentors. If teachers have not successfully completed the performance-based requirements by their third year of employment, the teachers shall receive up to three days of approved paid leave to complete all requirements. Teachers participating in the program shall take paid leave only with the approval of their supervisors.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

PHASE IN ADM REDUCTIONS DUE TO CHARTER SCHOOLS

SECTION 28.20.(a) If a local school administrative unit experiences a loss in projected average daily membership of greater than five percent (5%) due to the opening of a new charter school within the unit, the State Board of Education may use funds from the Reserve for Average Daily Membership Adjustments to assure that the funding loss to the local school administrative unit does not exceed five percent (5%) in the first fiscal year of the charter school's operation.

The State Board of Education shall phase out this special allotment in subsequent fiscal years by decreasing the amount of the special allotment each year by the amount of the prior year's funding loss.

SECTION 28.20.(b) A local school administrative unit that received funds for the 2000-2001 fiscal year pursuant to Section 8.5 of S.L. 2000-67 to reduce the loss of funds due to shifts of enrollment to charter schools shall continue to receive funds for

the 2001-2002 fiscal year in the amount of one hundred percent (100%) of the 2000-2001 allotment and for the 2002-2003 fiscal year in the amount of fifty percent (50%) of the 2000-2001 allotment.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

MEDICAID OUTREACH

SECTION 28.21. If a claim for Medicaid outreach reimbursement that was submitted by a local school administrative unit and paid by a federal agency is later found by that agency to be inappropriate, the Department of Public Instruction shall request that the federal agency offset the overpaid amount against the next quarterly reimbursement due to the local school administrative unit. If the federal agency does not allow the offset, the Department of Public Instruction shall request repayment from the local school administrative unit, as provided for in agreements between the Department of Public Instruction and the local school administrative unit or, in the case of a local interagency agreement, agreements among local school administrative units. If the local school administrative unit that received the overpayment fails to repay the overpaid moneys within the time permitted under such agreements, the Department of Public Instruction may withhold the overpaid amount from State funds allocated for the central office of the local school administrative unit.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS FOR NONINSTRUCTIONAL SUPPORT PERSONNEL MAY BE USED FOR STAFF DEVELOPMENT

SECTION 28.22. G.S. 115C-105.25(b) reads as rewritten:

"(b) Subject to the following limitations, local boards of education may transfer and may approve transfers of funds between funding allotment categories:

(1) In accordance with a school improvement plan accepted under G.S. 115C-105.27, State funds allocated for teacher assistants may be transferred only for personnel (i) to serve students only in kindergarten through third grade, or (ii) to serve students primarily in kindergarten through third grade when the personnel are assigned to an elementary school to serve the whole school. Funds allocated for teacher assistants may be transferred to reduce class size or to reduce the student-teacher ratio in kindergarten through third grade so long as the affected teacher assistant positions are not filled when the plan is amended or approved by the building-level staff entitled to vote on the plan or the affected teacher assistant positions are not expected to be filled on the date the plan is to be implemented. Any State funds appropriated for teacher assistants that were converted to certificated teachers before July 1, 1995, in accordance with Section 1 of Chapter 986 of the 1991 Session Laws, as rewritten by Chapter 103 of the 1993 Session Laws, may continue to be used for certificated teachers.

(2) In accordance with a school improvement plan accepted under G.S. 115C-105.27, (i) State funds allocated for classroom materials/instructional supplies/equipment may be transferred only for the purchase of textbooks; (ii) State funds allocated for textbooks may be transferred only for the purchase of instructional supplies, instructional equipment, or other classroom materials; and (iii) State funds allocated for noninstructional support personnel may be transferred only for teacher positions.

(2a) Up to three percent (3%) of State funds allocated for noninstructional support personnel may be transferred for staff development.

(3) No funds shall be transferred into the central office allotment category.

(4) Funds allocated for children with special needs, for students with limited English proficiency, and for driver's education shall not be transferred.

(5) Funds allocated for classroom teachers may be transferred only for teachers of exceptional children, for teachers of at-risk students, and for authorized purposes under the textbooks allotment category and the classroom materials/instructional supplies/equipment allotment category.

(6) Funds allocated for vocational education may be transferred only in accordance with any rules that the State Board of Education considers appropriate to ensure compliance with federal regulations.

(7) Funds allocated for career development shall be used in accordance with Section 17.3 of Chapter 324 of the 1995 Session Laws.

(8) Funds allocated for academically or intellectually gifted students may be used only (i) for academically or intellectually gifted students; (ii) to implement the plan developed under G.S. 115C-150.7; or (iii) in accordance with an accepted school improvement plan, for any purpose so long as that school demonstrates it is providing appropriate services to academically or intellectually gifted students assigned to that school in accordance with the local plan developed under G.S. 115C-150.7.

(9) Funds allocated in the Alternative Schools/At-Risk Student allotment shall be spent only for alternative learning programs, at-risk students, and school safety programs."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDY TEXTBOOK DISTRIBUTION SYSTEM

SECTION 28.24. The State Board of Education shall contract for an analysis of the best and most efficient method to manage textbook distribution to the local schools. The Board shall prepare a Request for Proposals (RFP) outlining the scope of the analysis required and select a private consultant to perform the analysis. The analysis shall include such issues as timely delivery, total costs to the local school systems in providing textbooks to school buildings, use of currently available technology in the process, pricing practices among the textbook publishing industry, and other issues the Board considers relevant to a comprehensive review of the system.

Prior to award of a contract, the State Board shall present the Request for Proposals to the Joint Legislative Education Oversight Committee for comment. The State Board shall report to the Joint Legislative Education Oversight Committee on the results of the consultant's analysis, including the Board's recommendations for changes in the current system. The Board shall make its final report to the Committee by April 1, 2002.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ABOLISH THE NORTH CAROLINA STANDARDS BOARD FOR PUBLIC SCHOOL ADMINISTRATION

SECTION 28.25.(a) G.S. 115C-290.2 reads as rewritten:

"**§ 115C-290.2. Definitions.**

The following definitions apply in this Article:

(1) Repealed by Session Laws 1995, c. 116, s. 1.
(2) Exam. – The North Carolina Public School Administrator Exam.
(3) School administrator. – Public school superintendents, deputy superintendents, associate superintendents, assistant superintendents, principals, and assistant principals.
~~(4) Standards Board. – The North Carolina Standards Board for Public School Administration.~~"

SECTION 28.25.(b) G.S. 115C-290.3 is repealed.

SECTION 28.25.(c) G.S. 115C-290.4 is repealed.

SECTION 28.25.(d) G.S. 115C-290.5 reads as rewritten:

"**§ 115C-290.5. Powers and duties of the Board; development of the North Carolina Public School Administrator Exam.**

(a) The ~~Standards Board~~ State Board of Education shall administer this Article. In fulfilling this duty, the ~~Standards~~ Board shall:

(1) In accordance with subsection (c) of this section, develop and implement a North Carolina Public School Administrator ~~Exam, based on the professional standards established by the Standards Board.~~Exam.
(2) Establish and collect an application fee not to exceed fifty dollars ($50.00). Fees collected under this Article shall be credited to the General Fund as nontax revenue.
(3) Review the educational achievements of an applicant to take the exam to determine whether the achievements meet the requirements set by G.S. 115C-290.7.
~~(4) Notify the State Board of Education of the names and addresses of the persons who passed the exam and are thereby recommended to be certified as public school administrators by the State Board of Education.~~
(5) Maintain accounts and records in accordance with the Executive Budget Act, Article 1 of Chapter 143 of the General Statutes.
(6) Adopt rules in accordance with Chapter 150B of the General Statutes to implement this Article.
~~(7) Submit an annual report by December 1 of each year to the Joint Legislative Education Oversight Committee of its activities during the preceding year, together with any recommendations and findings regarding improvement of the profession of public school administration.~~

~~(b) The Board may adopt a seal and affix it to any documents issued by the Board.~~

~~(c) The Standards Board shall submit its proposed exam to the State Board. The State Board shall adopt or reject the proposal. The State Board shall not make any substantive changes to any exam that it adopts. If the State Board rejects the proposal, it shall state with specificity its reasons for rejection; the Standards Board then may prepare another proposed exam and submit it to the State Board. If the State Board rejects the proposed exam on its second submission, the State Board may develop and adopt an exam by December 1, 1997. The General Assembly urges the State Board to utilize the Standards Board's proposed exam to the maximum extent that it is consistent with the State Board's policies if the State Board develops and adopts an exam. After an exam has been adopted, the Standards Board may submit suggested changes to the State Board for its approval.~~"

SECTION 28.25.(e) G.S. 115C-290.6 reads as rewritten:

"**§ 115C-290.6. Application to the ~~Standards Board.~~State Board of Education.**

An individual who seeks to be recommended by the Standards Board for certification by the State Board of Education, shall file a written application ~~with the Standards Board. The application must be~~ on a form provided by the ~~Standards Board, must~~ State Board of Education. The application shall be accompanied by the required application and exam fees ~~established by the Standards Board, and must~~ and shall include any information required by the ~~Standards~~ Board."

SECTION 28.25.(f) G.S. 115C-290.7 reads as rewritten:

"**§ 115C-290.7. ~~Recommendation by the Standards Board.~~Qualifications for certification.**

~~(a) The Standards Board shall for certification by the State Board an individual who submits a complete application to the Standards Board and satisfies all of the following requirements:~~

~~(1) Pays the application fee established by the Standards Board.~~

~~(2) Repealed by Session Laws 1998-16, s. 1.~~

~~(3) Has~~

(b) To qualify for certification as a school administrator, an individual must:

(1) Submit a complete application to the State Board.

(2) Pay the applicable fee.

(3) Have a ~~bachelors~~ bachelors degree from an accredited college or accredited ~~university and (i) has~~ university.

(4) Either (i) have a graduate degree from a public school administration program that meets the public school administrator program approval standards set by the State Board of Education, or (ii) ~~has~~ have a masters degree from an accredited college or accredited university and ~~has~~ have completed by December 31, 1999, a public school administration program that meets the public school administration approval standards set by the State Board of ~~Education.~~Education, and

~~(4) Passes~~

(5) Pass the exam adopted by the State Board.

~~(b) The State Board of Education may not certify an individual as a public school administrator unless it has received notice from the Standards Board that the person is recommended by the Standards Board under this Article.~~ The State Board may designate initial certification as a ~~license; advanced~~license. Advanced training may be designated as a certified area of practice."

SECTION 28.25.(g) G.S. 115C-290.8 reads as rewritten:

"**§ 115C-290.8. Exemptions from requirements.**

(a) The requirements of this Article do not apply to a person who, at any time during the five years preceding January 1, 1998, obtained or renewed a State administrator/supervisor certificate.

(b) The State Board may adopt policies governing the requirements for the certification of individuals who hold a certificate issued in any other state that authorizes them to be employed as school administrators in that state. These policies may exempt some or all of these individuals from the requirements of this Article.

(c) A person who is exempt from the requirements of this Article but ~~applies to the Standards Board~~for certification under this Article shall be subject to the Article."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

GUIDELINES FOR CHARTER SCHOOL ENROLLMENT

SECTION 28.26. G.S. 115C-238.29D(d) reads as rewritten:

"(d) The State Board of Education may grant the initial charter for a period not to exceed five years and may renew the charter upon the request of the chartering entity for subsequent periods not to exceed five years each. A material revision of the

provisions of a charter application shall be made only upon the approval of the State Board of Education. ~~Beginning with the charter school's second year of operation and annually thereafter, the State Board shall allow a charter school to increase its enrollment by ten percent (10%) of the school's previous year's enrollment or as is otherwise provided in the charter. This enrollment growth shall not be considered a material revision of the charter application and shall not require the prior approval of the State Board.~~

It shall not be considered a material revision of a charter application and shall not require the prior approval of the State Board for a charter school to increase its enrollment during the charter school's second year of operation and annually thereafter (i) by up to ten percent (10%) of the school's previous year's enrollment or (ii) in accordance with planned growth as authorized in the charter. Other enrollment growth shall be considered a material revision of the charter application, and the State Board may approve such additional enrollment growth of greater than ten percent (10%) only if the State Board finds that:

(1) The actual enrollment of the charter school is within ten percent (10%) of its maximum authorized enrollment;
(2) The charter school has commitments for ninety percent (90%) of the requested maximum growth;
(3) The board of education of the local school administrative unit in which the charter school is located has had an opportunity to be heard by the State Board of Education on any adverse impact the proposed growth would have on the unit's ability to provide a sound basic education to its students;
(4) The charter school is not currently identified as low-performing;
(5) The charter school meets generally accepted standards of fiscal management; and
(6) It is otherwise appropriate to approve the enrollment growth."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CHARTER SCHOOL ADVISORY COMMITTEE/CHARTER SCHOOL EVALUATION

SECTION 28.27. The State Board of Education may spend up to fifty thousand dollars ($50,000) a year from State Aid to Local School Administrative Units for the 2001-2002 and 2002-2003 fiscal years to continue support of a charter school advisory committee and to continue to evaluate charter schools.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

TEACHER ACADEMY

SECTION 28.28.(a) G.S. 116-30.01(a) reads as rewritten:

"(a) The North Carolina Teacher Academy Board of Trustees shall establish a statewide network of high quality, integrated, comprehensive, collaborative, and substantial professional development for teachers, which shall be provided through summer programs. This network shall include professional development programs that focus on teaching strategies for teachers assigned to at-risk schools."

SECTION 28.28.(b) The State Board of Education shall specify professional development programs for teachers assigned to smaller classes in kindergarten through fifth grade. The Teacher Academy shall use at least ten percent (10%) of its budget for the 2001-2002 fiscal year to deliver these programs to teachers.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine

MODIFY LAW REGARDING CHILDREN WITH DISABILITIES

SECTION 28.29.(a) Part 5 of Article 9 of Chapter 115C of the General Statutes reads as rewritten:

"Part 5. Council on Educational Services for Exceptional Children.

"**§ 115C-121. Establishment; organization; powers and duties.**

(a) There is hereby established an Advisory Council to the State Board of Education to be called the Council on Educational Services for Exceptional Children.

(b) The Council shall consist of 23 members to be appointed as follows: ~~five~~ four ex officio members; ~~two members~~ one individual with a disability and one representative of a private school appointed by the Governor; ~~two members~~ one member of the Senate and one parent of a child with a disability appointed by the President Pro Tempore; ~~two members~~ one member of the House of Representatives and one parent of a child with a disability appointed by the Speaker of the House; and ~~12~~ 13 members appointed by the State Board of Education. ~~Of those members of the Council appointed by the State Board one member shall be selected from each congressional district within the State, and the members so selected shall be composed of at least one person representing each of the following: handicapped individuals, parents or guardians of children with special needs, teachers of children with special needs, and State and local education officials and administrators of programs for children with special needs.~~ The State Board shall appoint members who represent individuals with disabilities, teachers, local school administrative units, institutions of higher education that prepare special education and related services personnel, administrators of programs for children with disabilities, charter schools, parents of children with disabilities, and vocational, community, or business organizations concerned with the provision of transition services. The majority of members on the Council shall be individuals with disabilities or parents of children with disabilities. The Council shall designate a chairperson from among its members. The designation of the chairperson is subject to the approval of the State Board of Education. ~~The board shall promulgate rules or regulations~~ The Board shall adopt rules to carry out this subsection.

Ex officio members of the Council shall be the following:

(1) The Secretary of ~~the Department of~~ Health and Human Services or the Secretary's ~~designee;~~ designee.

~~(1a)~~(2) ~~A representative of the Department~~ The Secretary of Juvenile Justice and Delinquency ~~Prevention, appointed by the Governor;~~ Prevention or the Secretary's designee.

~~(2)~~(3) The Secretary ~~of the Department~~ of Correction or the Secretary's ~~designee;~~ designee.

~~(3) A representative from The University of North Carolina Planning Consortium for Children with Special Needs; and~~

(4) The Superintendent of Public Instruction or the Superintendent's designee.

The term of appointment for all members except those appointed by the State Board of Education ~~shall be for~~ is two years. The term for members appointed by the State Board of Education ~~shall be for~~ is four years. No person shall serve more than two consecutive four-year terms. ~~The initial term of office of the person appointed from the 12th Congressional District shall commence on January 3, 1993, and expire on June 30, 1996.~~

Each Council member shall serve without pay, but shall receive travel allowances and per diem in the same amount provided for members of the North Carolina General Assembly.

(c) The Council shall meet in offices provided by the Department of Public Instruction on a date to be agreed upon by the members of the Council from meeting to ~~meeting: Provided, however, that the~~ meeting. The Council shall meet no less than once every three months. The Department of Public Instruction shall provide the necessary secretarial and clerical staff and supplies to accomplish the objectives of the Council.

(d) The ~~duties of the Council shall be to:~~ Council shall:

(1) Advise the Board with respect to unmet needs within the State in the education of children with ~~special needs, as defined in this Chapter.~~ disabilities.

(2) Comment publicly on ~~rules and regulations~~ rules, policies, and procedures proposed ~~for issuance~~ by the Board regarding ~~special education and related services and the procedures for issuing State and federal funds for special education and related services.~~ the education of children with disabilities.

(3) Assist the Board in developing ~~and reporting such data and evaluations as may assist the Commissioner of Education in the performance of his duties under Part B, Education of the Handicapped Act, as amended by Public Law 94-142.~~ evaluations and reporting on data to the Secretary of Education under the federal Individuals with Disabilities Education Act (IDEA), as amended.

(4) ~~Comment publicly on State special education plans developed pursuant to Public Law 94-142 and State law.~~ Advise the State Board in developing corrective action plans to address findings identified in federal monitoring reports required under the federal Individuals with Disabilities Education Act (IDEA), as amended.

(5) Advise the State Board in developing and implementing policies relating to the coordination of services for children with disabilities.

(6) Carry out any other responsibility as designated by federal law or the State Board."

SECTION 28.29.(b) The Joint Legislative Education Oversight Committee, in consultation with the Department of Public Instruction, shall examine the State laws governing special education and related services for children with disabilities to identify and recommend statutory changes needed to bring State law in conformity with recent changes in the federal Individuals with Disabilities Education Act (IDEA). The Committee shall report to the 2002 Regular Session of the 2001 General Assembly on its recommended changes.

SECTION 28.29.(c) Chapter 115C of the General Statutes is amended by adding the following new Article to read:

"Article 9C.

"Pregnant Children.

"**§ 115C-150.13. Educational programs for pregnant children.**

Consistent with the mission of the public school community to challenge with high expectations each child to learn, to achieve, and to fulfill his or her potential, each local educational agency shall establish and implement educational programs for pregnant students that enable these students to successfully complete their public school education. The State Board of Education shall adopt rules specifically to address the preparation of these educational programs. These rules shall include specific standards for ensuring that the individual educational needs of each child are addressed, homebound educational services are provided when necessary and appropriate, and data regarding pregnant and parenting students' performance, school continuation, and dropout rates are collected and retained for use in developing programs for this population."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CLOSING THE ACHIEVEMENT GAP

SECTION 28.30.(a) G.S. 115C-105.35 reads as rewritten:

"**§ 115C-105.35. Annual performance goals.**

The School-Based Management and Accountability Program shall (i) focus on student performance in the basics of reading, mathematics, and communications skills in elementary and middle schools, (ii) focus on student performance in courses required for graduation and on other measures required by the State Board in the high schools, and (iii) hold schools accountable for the educational growth of their students. To those ends, the State Board shall design and implement an accountability system that sets annual performance standards for each school in the State in order to measure the growth in performance of the students in each individual school. For purposes of this Article, beginning school year 2002-2003, the Board shall include a 'closing the achievement gap' component in its measurement of educational growth in student performance for each school."

SECTION 28.30.(b) The State Board of Education shall report its plan to include measurement of "closing the achievement gap" in educational growth in student performance for each school to the Joint Legislative Education Oversight Committee by September 1, 2001.

SECTION 28.30.(c) G.S. 115C-12 is amended by adding a new subdivision to read:

"**§ 115C-12. Powers and duties of the Board generally.**

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(30) Duty to Adopt Model Guidelines and Policies for the Establishment of Local Task Forces on Closing the Academic Achievement Gap. – The State Board shall adopt a Model for local school administrative units to use as a guideline to establish local task forces on closing the academic achievement gap at the discretion of the local board. The purpose of each task force is to advise and work with its local board of education and administration on closing the gap in academic achievement and on developing a collaborative plan for achieving that goal. The State Board shall consider the recommendations of the Commission on Improving the Academic Achievement of Minority and At-Risk Students to the 2001 Session of the General Assembly in establishing its guidelines."

SECTION 28.30.(d) G.S. 115C-12(27) reads as rewritten:

"**§ 115C-12. Powers and duties of the Board generally.**

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(27) Reporting Dropout ~~Rates and Expelled Students.~~Rates, Suspensions, Expulsions, and Alternative Placements. – The State Board shall report annually to the Joint Legislative Education Oversight Committee and the Commission on Improving the Academic Achievement of Minority

and At-Risk Students on the numbers of students who have dropped out of school, been suspended, been expelled, or been placed in an alternative program. The data shall be reported in a disaggregated manner and be readily available to the public. The State Board shall not include students that have been expelled from school when calculating the dropout rate. The Board shall maintain a separate record of the number of students who are expelled from school."

SECTION 28.30.(e) Section 15.1(b) of S.L. 1999-395 reads as rewritten:

"(b) Initial appointments to the Commission shall be made before September 15, 1999. The first meeting of the Commission shall be held no later than October 15, 1999. Terms on the Commission are for two years and begin on the convening of the General Assembly in each odd-numbered year. Members may complete a term of service on the Commission even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Commission."

SECTION 28.30.(f) Section 15.5 of S.L. 1999-395 reads as rewritten:

"Section 15.5. ~~The Commission shall make an interim report of its findings and recommendations to the General Assembly not later than the convening of the 2000 Regular Session of the 1999 General Assembly. The Commission shall submit to the General Assembly a final report of its findings and recommendations of this study not later than the convening of the 2001 General Assembly.~~ The Commission shall make an interim report to the Joint Legislative Education Oversight Committee and to the General Assembly by April 1, 2002. The Commission shall submit a final report of its findings and recommendations to the Joint Legislative Education Oversight Committee and to the General Assembly by January 10, 2003. Upon filing its final report, the Commission shall terminate."

SECTION 28.30.(g) The Commission, as reauthorized under this section, shall, in addition to its other responsibilities, determine the extent to which additional fiscal resources are needed to close the academic achievement gap and keep it closed. The Commission shall report its findings under this subsection to the 2002 Regular Session of the 2001 General Assembly.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CLARIFY LAW REGARDING MENTORS FOR SECOND-YEAR TEACHERS

SECTION 28.31. State funds appropriated to provide mentors for teachers during their second year of teaching may be used to provide mentors for teachers whose first year of teaching was in a public school in North Carolina, a public school in another state, a private school, or a charter school.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS FOR THE TESTING AND IMPLEMENTATION OF THE NEW STUDENT INFORMATION SYSTEM

SECTION 28.32. The State Board of Education may transfer up to one million dollars ($1,000,000) in funds appropriated for the Uniform Education Reporting System for the 2001-2002 fiscal year to the Department of Public Instruction to lease or purchase equipment necessary for the testing and implementation of NC WISE, the new student information system in the public schools.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

EXPENDITURE OF FUNDS TO IMPROVE STUDENT ACCOUNTABILITY

SECTION 28.33.(a) Funds appropriated for the 2001-2002 fiscal year and the 2002-2003 fiscal year for Student Accountability Standards shall be used to assist students in performing at or above grade level in reading and mathematics in grades 3-8 as measured by the State's end-of-grade tests. The State Board of Education shall allocate these funds to local school administrative units based on the number of students who score at Level I or Level II on either reading or mathematics end-of-grade tests in grades 3-8. Funds in this allocation category shall be used to improve the academic performance of (i) students who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and (ii) students who are performing at Level I or II on the writing tests in grades 4 and 7. These funds may also be used to improve the academic performance of students who are performing at Level I or II on the high school end-of-course tests. These funds shall not be transferred to other allocation categories or otherwise used for other purposes. Except as otherwise provided by law, local boards of education may transfer other funds available to them into this allocation category.

The principal of a school receiving these funds, in consultation with the faculty and the site-based management team, shall implement plans for expending these funds to improve the performance of students.

Continuation budget funds previously appropriated for NC Helps and for the middle school pilot project shall be transferred to this allocation category.

Local boards of education are encouraged to use federal funds such as Title I Comprehensive School Reform Development Funds and to examine the use of State funds to ensure that every student is performing at or above grade level in reading and mathematics.

These funds shall be allocated to local school administrative units for the 2001-2002 fiscal year within 30 days of the date this act becomes law.

SECTION 28.33.(b) Funds appropriated for Student Accountability Standards shall not revert at the end of each fiscal year but shall remain available for expenditure until August 31 of the subsequent fiscal year.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDY THE SALARIES OF SCHOOL FOOD SERVICE WORKERS AND CUSTODIANS

SECTION 28.34. The Joint Legislative Education Oversight Committee shall study the salaries of food service workers and custodians employed by the public schools. The Committee shall report its findings to the 2002 Regular Session of the 2001 General Assembly.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CHARACTER EDUCATION

SECTION 28.36. The State Board of Education shall use funds appropriated in this act for character education to develop a model character education curriculum for the public schools. The Board may contract with an outside consultant to implement the provisions of this act.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDY OF SALARY DIFFERENTIALS FOR INSTRUCTIONAL SUPPORT PERSONNEL

SECTION 28.37. The Joint Legislative Education Oversight Committee shall study salary differentials for instructional support personnel. In the course of the

study, the Committee shall consider salary differentials based on degrees and other educational credentials, licensure or certification by State agencies, licensure or certification by private entities, and other factors. The Committee shall report its findings and recommendations to the 2002 Regular Session of the 2001 General Assembly.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FLEXIBILITY TO IMPLEMENT BASE BUDGET REDUCTION

SECTION 28.38. Notwithstanding any other provision of law, the Department of Public Instruction may use salary reserve funds and other funds in the Department's continuation budget to transfer and reclassify positions as necessary to implement the base budget reductions for the 2001-2003 fiscal biennium.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

NC WISEOWL WEB SITE

SECTION 28.40.(a) The Department of Public Instruction shall use funds appropriated to continue the subscriptions currently available on the Department's NC WISEOWL web site for the 2001-2002 fiscal year. The Department of Public Instruction shall work collaboratively with the Department of Cultural Resources' NC LIVE Program to most efficiently use the funds appropriated and to facilitate the process of accessing the subscriptions through the NC LIVE web site effective in fiscal year 2002-2003.

SECTION 28.40.(b) The Department of Public Instruction and the Department of Cultural Resources shall report the results of their collaboration and recommendations to the Joint Information Technology Appropriations Subcommittee by March 15, 2002. The Joint Information Technology Appropriations Subcommittee shall review all North Carolina State Government Internet sites that are designed for children and consider if the consolidation of resources or access is appropriate.

Requested by: Representative Russell, Easterling, Oldham, Redwine, Thompson

OVERTIME FOR SCHOOL EMPLOYEES

SECTION 28.42. If a person employed as both a teacher assistant and a school bus driver works for a combined total of more than 40 hours per week, the employee shall receive overtime compensation at a rate of one and a half times the normal rate of pay. The appropriate number of hours shall be paid for teacher assistant duties from the teacher assistant allotment, and the appropriate number of hours shall be paid for bus driver duties from the transportation allotment. If agreed upon by both the employer and the employee, up to 240 hours may be granted as compensatory time off instead of overtime pay. Hours of compensatory time shall accrue at a rate of time and a half. Overtime compensation, in the form of overtime pay or compensatory time, shall be provided after 40 hours of work and shall not be waived by agreement between the employer and employee.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS FOR TEACHER RECRUITMENT INITIATIVES

SECTION 28.43. The State Board of Education may use up to two hundred thousand dollars ($200,000) of the funds appropriated for State Aid to Local School Administrative Units for the 2001-2002 fiscal year and for the 2002-2003 fiscal year to enable teachers who have received NBPTS certification or who have otherwise received

special recognition to advise the State Board of Education on teacher recruitment and other strategic priorities of the State Board.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

LIMITATION ON USE OF KINDERGARTEN FUNDS

SECTION 28.44. Local school administrative units shall use teacher positions allocated to reduce class size in kindergarten only to hire classroom teachers for kindergarten.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXPLORNET AUDIT

SECTION 28.45. The State Auditor shall audit ExplorNet, Incorporated, for fiscal year 1999-2000 and fiscal year 2000-2001 under G.S. 143-6.1(f). No State funds appropriated for distribution to ExplorNet, Incorporated, shall be disbursed until the State Auditor and the Office of State Budget and Management certify that ExplorNet, Incorporated, is capable of managing the funds in accordance with law and has established adequate financial procedures and controls. A copy of the State Auditor's report shall be sent to the Joint Legislative Education Oversight Committee and to the Joint Legislative Commission on Governmental Operations.

PART XXIX. HIGH PRIORITY SCHOOL ASSISTANCE AND ACCOUNTABILITY

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

IMMEDIATE ASSISTANCE TO THE HIGHEST PRIORITY ELEMENTARY SCHOOLS

SECTION 29.1. Of funds appropriated from the General Fund to State Aid to Local School Administrative Units, the sum of ten million eight hundred seventy-six thousand four hundred thirty-eight dollars ($10,876,438) for the 2001-2002 fiscal year and the sum of twelve million two hundred thirty-seven thousand nine hundred thirteen dollars ($12,237,913) for the 2002-2003 fiscal year shall be used to provide the State's lowest-performing elementary schools with the tools needed to dramatically improve student achievement. These funds shall be used for the 37 elementary schools at which, for the 1999-2000 school year, over eighty percent (80%) of the students qualified for free or reduced-price lunches and no more than fifty-five percent (55%) of the students performed at or above grade level. Of these funds:

(1) The sum of $8,062,603 for the 2001-2002 fiscal year and the sum of $8,062,603 for the 2002-2003 fiscal year shall be used to reduce class size at each of these schools to ensure that no class in kindergarten through third grade has more than 15 students;

(2) The sum of $973,455 for the 2001-2002 fiscal year shall be used to extend teachers' contracts at these schools by five days for staff development, including staff development on methods to individualize instruction in smaller classes, and preparation for the 2001-2002 school year and the sum of $2,334,930 for the 2002-2003 fiscal year shall be used to extend teachers' contracts for a total of 10 days, including five additional days of instruction with related costs for other than teachers salaries, for the 2002-2003 school year; and

(3) The sum of $1,840,380 for the 2001-2002 fiscal year and the sum of $1,840,380 for the 2002-2003 fiscal year shall be used to provide one additional instructional support position at each priority school.

Any teacher assistants displaced from jobs in these highest priority elementary schools shall be given preferential consideration for vacant teacher assistant positions at other schools in the local school administrative unit, provided their job performance has been satisfactory.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

IMMEDIATE ACTIONS TO ADDRESS TEACHER SHORTAGE

SECTION 29.2.(a) Of the funds appropriated from the General Fund to State Aid to Local School Administrative Units, the sum of two million five hundred thousand dollars ($2,500,000) for the 2001-2002 fiscal year and the sum of two million five hundred thousand dollars ($2,500,000) for the 2002-2003 fiscal year shall be used to expand the pool of qualified teachers and to provide recruitment and retention incentives to attract and retain high-quality teachers to low-performing schools and schools with shortages of teachers in certain areas of certification. Of these funds:

(1) The sum of $1,000,000 for the 2001-2002 fiscal year and the sum of $1,000,000 for the 2002-2003 fiscal year shall be used to provide additional scholarship funds for teacher assistants taking courses that are prerequisites for teacher certification programs; and

(2) The sum of $1,500,000 for the 2001-2002 fiscal year and the sum of $1,500,000 for the 2002-2003 fiscal year shall be used to provide annual bonuses of $1,800 to teachers certified in and teaching in the fields of mathematics, science, or special education at middle and high schools with 80% or more of the students eligible for free or reduced lunch or with 50% or more of students performing below grade level in Algebra I and Biology. The bonus shall be paid monthly with matching benefits. Teachers shall remain eligible for the bonuses so long as they continue to teach in one of these disciplines at a school that was eligible for the bonus program when the teacher first received the bonus.

SECTION 29.2.(b) The Joint Legislative Education Oversight Committee shall study the effectiveness of providing benefits to part-time teachers as a means to recruit certified teachers back into the classroom. The Committee shall examine the effectiveness of different methods of providing these benefits. The Committee shall also examine the cost of the recruitment effort, including the cost of incorporating existing part-time teachers into the plan. The Committee shall make a report to the General Assembly by April 1, 2002.

SECTION 29.2.(c) The Joint Legislative Education Oversight Committee shall study the potential effectiveness of increasing the size of the Teaching Fellows Program to improve the supply of qualified teachers for the public schools. In its analysis the Committee shall consider the retention of Teaching Fellows in the teaching profession.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

COMPREHENSIVE ASSISTANCE TO CONTINUALLY LOW-PERFORMING SCHOOLS

SECTION 29.3. Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-105.37A. Continually low-performing schools; definition; assistance and intervention; reassignment of students.**

(a) Definition of Continually Low-Performing Schools. – A continually low-performing school is a school that has received State-mandated assistance and has been

designated by the State Board as low performing for at least two of three consecutive years. If the State Board identifies a school as continually low performing, the school improvement team at that school shall review its school improvement plan to ensure consistency with the plan adopted pursuant to G.S. 115C- 105.38(3).

(b) Assistance to Schools That Are Low Performing for Two Years. – If a school that has received State-mandated assistance is designated by the State Board as low performing for two consecutive years or for two of three consecutive years, the State Board shall provide a series of progressive assistance and intervention strategies to that school. These strategies shall be designed to improve student achievement and to maintain student achievement at appropriate levels and may include, to the extent that funds are available for this purpose, assistance such as reductions in class size, extension of teacher and assistant principal contracts, extension of the instructional year, and grant-based assistance.

(c) Intervention in Schools That Are Low Performing for Three or More Years. – The State Board of Education shall develop and implement a series of actions for providing assistance and intervention to schools that have previously received State-mandated assistance and have been designated by the State Board as low performing for three or more consecutive years or for at least three out of four years. These actions shall be the least intrusive actions that are consistent with the need to improve student achievement at each such school and shall be adapted to the unique characteristics of each such school and the effectiveness of other actions developed or implemented to improve student achievement at each such school."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ADDITIONS TO THE LOCAL SUPERINTENDENT'S PLAN TO IMPROVE A LOW-PERFORMING SCHOOL

SECTION 29.4. G.S. 115C-105.37(a1) reads as rewritten:

"(a1) By July 10 of each year, each local school administrative unit shall do a preliminary analysis of test results to determine which of its schools the State Board may identify as low-performing under this section. The superintendent then shall proceed under G.S. 115C-105.39. In addition, within 30 days of the initial identification of a school as low-performing by the local school administrative unit or the State Board, whichever occurs first, the superintendent shall submit to the local board a preliminary plan for addressing the needs of that ~~school.~~ school, including how the superintendent and other central office administrators will work with the school and monitor the school's progress. Within 30 days of its receipt of this plan, the local board shall vote to approve, modify, or reject this plan. Before the board makes this vote, it shall make the plan available to the public, including the personnel assigned to that school and the parents and guardians of the students who are assigned to the school, and shall allow for written comments. The board shall submit the plan to the State Board within five days of the board's vote. The State Board shall review the plan expeditiously and, if appropriate, may offer recommendations to modify the plan. The local board shall consider any recommendations made by the State Board."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

APPROPRIATIONS FOR CONTINUALLY LOW-PERFORMING SCHOOLS

SECTION 29.5. Of funds appropriated from the General Fund to State Aid to Local School Administrative Units, the sum of one million eight hundred seven thousand two hundred fifty-six dollars ($1,807,256) for the 2001-2002 fiscal year and the sum of one million nine hundred eighty-six thousand six hundred ninety-one dollars ($1,986,691) for the 2002-2003 fiscal year shall be used to provide the State's

chronically low-performing schools with tools needed to dramatically improve student achievement. These funds shall be used to implement any of the following strategies at the schools that have not previously been implemented with State or other funds:

(1) The sum of $471,366 for the 2001-2002 fiscal year and the sum of $471,366 for the 2002-2003 fiscal year shall be used to reduce class size at a continually low-performing school to ensure that the number of teachers allotted for students in grades four and five is one for every 17 students; and

(2) The sum of $1,207,595 for the 2001-2002 fiscal year and the sum of $1,207,595 for the 2002-2003 fiscal year shall be used to reduce class size at a continually low-performing school to ensure that the number of teachers allotted in grades six through eight is one for every 17 students, and that the number of teachers allotted in grades nine through twelve is one for every 20 students; and

(3a) The sum of $128,295 for fiscal year 2001-2002 shall be used to extend teachers' contracts at these schools by five days for staff development, including methods to individualize instruction in smaller classes and preparation for the 2001-2002 school year. Of these funds, the sum of $10,175 shall be used for the extension of contracts of the additional teachers in grades four and five provided in subdivision (1) of this section and the sum of $118,120 shall be used for the extension of all teachers' contracts at continually low-performing middle and high schools for the 2001-2002 school year; and

(3b) The sum of $307,730 for fiscal year 2002-2003 shall be used to extend teachers' contracts for a total of 10 days, including five days of additional instruction with related costs for other than teachers' salaries for the 2002-2003 school year. Of these funds, the sum of $24,405 shall be used for the extension of contracts of the additional teachers in grades four and five provided in subdivision (1) of this section and the sum of $283,325 shall be used for the extension of all teachers' contracts at continually low-performing middle and high schools for the 2002-2003 school year.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

EVALUATION OF INITIATIVES TO ASSIST HIGH-PRIORITY SCHOOLS

SECTION 29.6.(a) In order for the high-priority schools identified in Section 29.1 of this act to remain eligible for the additional resources provided in this section, the schools must meet the expected growth for each year and must achieve high growth for at least two out of three years, based on the State Board of Education's annual performance standards set for each school. No adjustment in the allotment of resources based on performance shall be made until the 2004-2005 school year.

SECTION 29.6.(b) All teaching positions allotted for students in high-priority schools and continually low-performing schools in those grades targeted for smaller class sizes shall be assigned to and teach in those grades and in those schools. In grades K-3 in high-priority schools and in grades K-5 in continually low-performing schools, the maximum class size shall be no more than one student above the allotment ratio in that grade. The Department of Public Instruction shall monitor class sizes at these schools at the end of the first month of school and report to the State Board of Education on the actual class sizes in these schools. If the local school administrative unit notifies the State Board of Education that they do not have sufficient resources to adhere to the class size maximum requirements, the State Board shall verify the accuracy of the request. If additional resources are determined

necessary, the State Board of Education may allocate additional teaching positions to the unit from the Reserve for Average Daily Membership Adjustments.

SECTION 29.6.(c) Of funds appropriated from the General Fund to State Aid to Local School Administrative Units, the sum of five hundred thousand dollars ($500,000) for fiscal year 2001-2002 and the sum of five hundred thousand dollars ($500,000) for fiscal year 2002-2003 shall be used by the State Board of Education to contract with an outside organization to evaluate the initiatives set forth in this act.

The evaluation shall include:

(1) An assessment of the overall impact these initiatives have had on student achievement;

(2) An assessment of the effectiveness of each individual initiative set forth in this act in improving student achievement;

(3) An identification of changes in staffing patterns, instructional methods, staff development, and parental involvement as a result of these initiatives;

(4) An accounting of how funds and personnel resources made available for these schools were utilized and the impact of varying patterns of utilization on changes in student achievement; and

(5) Recommendations for the continuance and improvement of these initiatives.

The State Board of Education shall make an initial report to the Joint Legislative Education Oversight Committee regarding the results of this evaluation by December 1, 2002, and annually thereafter. The State Board of Education shall submit its recommendations for changes to these initiatives to the Committee at any time.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ALLOCATION OF FEDERAL FUNDS FOR PRIORITY SCHOOLS

SECTION 29.7. The State Board of Education shall make every effort to coordinate the use of State and federal funds to avoid duplication or overlap of services, and to ensure that the benefits of smaller class sizes accrue to as many at-risk students as possible.

PART XXX. COMMUNITY COLLEGES

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

COMMUNITY COLLEGE FUNDING FLEXIBILITY

SECTION 30.1. A local community college may use all State funds allocated to it, except for Literacy Funds and Funds for New and Expanding Industries, for any authorized purpose that is consistent with the college's Institutional Effectiveness Plan. Each local community college shall include in its Institutional Effectiveness Plan a section on how funding flexibility allows the college to meet the demands of the local community and to maintain a presence in all previously funded categorical programs.

No more than two percent (2%) systemwide shall be transferred from faculty salaries without the approval of the State Board of Community Colleges. The State Board shall report on any such transfers above two percent (2%) systemwide to the Joint Legislative Commission on Governmental Operations at its next meeting.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

PERMIT TRANSFERS OF FUNDS TO THE NEW AND EXPANDING INDUSTRY TRAINING PROGRAM

SECTION 30.2. Notwithstanding G.S. 143-16.3, G.S. 143-23, or any other provision of law, the Director of the Budget may, after consultation with the Joint Legislative Commission on Governmental Operations, transfer funds from any agency or program funded from the General Fund to the New and Expanding Industry Training Program to supplement the needs of this Program during the 2001-2003 biennium.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

REORGANIZATION OF THE HUMAN RESOURCES DEVELOPMENT PROGRAM

SECTION 30.3.(a) The State Board of Community Colleges shall establish a committee to develop and recommend to the Board a core series of employability skills training classes that should be coded in the Continuing Education Master Course List as Human Resources Development.

SECTION 30.3.(b) The State Board of Community Colleges may waive tuition and fees for enrollment in classes coded in the Continuing Education Master Course List as Human Resources Development if the individual enrolling:

(1) Is unemployed;
(2) Has received notification of a pending layoff;
(3) Is working and is eligible for the Federal Earned Income Tax Credit (FEITC); or
(4) Is working and earning wages at or below two hundred percent (200%) of the federal poverty guidelines.

Individuals for whom tuition and fees are waived must sign a form adopted by the State Board of Community Colleges verifying that they meet one of these criteria.

SECTION 30.3.(c) The State Board of Community Colleges shall study the feasibility of integrating the delivery of human resources development services into the framework of the JobLink Career Centers. The Board shall report its recommendations to the Joint Legislative Education Oversight Committee by May 1, 2002.

SECTION 30.3.(d) The State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee on its reorganization of the Human Resources Development Program by January 1, 2003.

SECTION 30.3.(e) The State Board of Community Colleges may adopt temporary rules to implement reorganization of the Human Resources Development Program.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

MANAGEMENT INFORMATION SYSTEM FUNDS

SECTION 30.4. Funds appropriated for the Community Colleges System Office Management Information System shall not revert at the end of the 2001-2002 and 2002-2003 fiscal years but shall remain available until expended.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

EMPLOYMENT SECURITY COMMISSION FUNDS

SECTION 30.5.(a) There is appropriated from the Employment Security Commission Training and Employment Account created in G.S. 96-6.1 to the North Carolina Community Colleges System Office the sum of twenty-six million five hundred thirty thousand seven hundred twenty-five dollars ($26,530,725) for the 2001-2002 fiscal year. These funds shall be used as follows:

		2001-2002
1.	Equipment Funds	$17,630,725
2.	Regional and Cooperative Initiatives	400,000
3.	New and Expanding Industry Training Programs	7,000,000
4.	Focused Industrial Training Programs	1,500,000
	TOTAL	$26,530,725

Funds allocated for Equipment, New and Expanding Industry Training Programs, and Focused Industrial Training Programs shall be nonreverting.

Funds allocated for equipment shall be placed in the Equipment Reserve Fund and shall be allocated in accordance with the State Board's equipment allocation formula.

Funds allocated for Regional and Cooperative Initiatives shall be used for community college projects that foster regional cooperation among community colleges, public schools, universities, and private business and industry.

SECTION 30.5.(b) Of the funds appropriated by this act from the Employment Security Commission Training and Employment Account for Focused Industrial Training, the sum of two hundred fifty thousand dollars ($250,000) is allocated for the 2001-2002 fiscal year to Catawba Valley Community College for the operation of the Hosiery Technology Center and the sum of two hundred fifty thousand dollars ($250,000) for the 2001-2002 fiscal year is allocated to Guilford Technical Community College for the operation of the Piedmont Triad Center for Advanced Manufacturing.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

MODIFY TERM OF COMMUNITY COLLEGE FACULTY CONTRACTS

SECTION 30.6. The General Assembly finds that standardization of the term of contracts with community college faculty members will provide the General Assembly with the data necessary to make informed decisions regarding faculty salaries and funding for the summer term. Therefore, the State Board of Community Colleges shall require community colleges to convert all faculty contracts to nine-month contracts covering the fall and spring semesters. Faculty members currently employed for more than nine months shall be placed on supplemental contracts for the summer term. These modifications in faculty contracts shall not change the salary of any faculty member.

All faculty members employed after the date this act becomes law shall be placed on nine-month contracts with supplemental contracts for the summer term.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

REALIGNMENT OF ACCOUNTS FOR INSTITUTIONAL AND ADMINISTRATIVE SUPPORT

SECTION 30.7. In prior fiscal years, funds for Institutional and Administrative Support in the following have been appropriated in four separate accounts. Since these funds are allotted to community colleges on a formula basis, this level of detail is unnecessary. Therefore, beginning with the 2001-2002 fiscal year, State aid accounts 536938 through 536941 shall be consolidated into a single State aid account for Institutional and Academic Support to match actual practice.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDY OF DISCREPANCIES IN FACULTY SALARIES

SECTION 30.8. The Joint Legislative Education Oversight Committee shall study discrepancies in community college faculty salaries. In the course of the study, the Committee shall examine faculty salaries at various colleges to determine why salaries at some colleges are above the State average while others are well below it.

The Committee shall report its findings to the 2002 Regular Session of the 2001 General Assembly.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STATE BOARD RESERVE ALLOCATIONS

SECTION 30.9. The State Board of Community Colleges shall use funds from the State Board Reserve in the amount of one hundred thousand dollars ($100,000) for each fiscal year to assist small rural low-wealth community colleges with operation and maintenance of plant costs if they need to assist new or expanding industries in their service delivery areas.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

TRANSFER OF CASH BALANCES

SECTION 30.11. The remaining cash balance on June 30, 2001, and any interest credited to the account in the 2001-2002 fiscal year in the North Carolina Community Colleges System Budget Code 66800, Fund Code 6101 DCC Scholarships, shall be transferred to Budget Code 66800, Fund Code 6102 CCS Financial Assistance to support Need Based Financial Aid programs.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FUNDS DO NOT REVERT

SECTION 30.12.(a) Funds appropriated to Asheville-Buncombe Technical Community College in S.L. 1999-237 for its Small Business Center shall not revert at the end of the 2000-2001 fiscal year, but shall remain available for expenditure in the 2001-2002 fiscal year. These funds may be used for the capital facilities and operating expenses of the Small Business Center.

SECTION 30.12.(b) This section becomes effective June 30, 2001.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

MAINTENANCE OF PLANT OPERATIONS

SECTION 30.13. G.S. 115D-31.2 reads as rewritten:

"**§ 115D-31.2. Maintenance of plant.**

Notwithstanding any provisions of law to the contrary, any community college that has an out-of-county student head count served on the main campus of the college in excess of fifty percent (50%) of the total student head count as defined by the State Board of Community Colleges, shall be provided funds for the purpose of "operations of plant". ~~These funds shall not exceed eighty-five percent (85%) of the funds allocated to these colleges during the 1990-91 fiscal year for this purpose.~~ Each college that qualifies for these funds shall receive a pro rata amount of the funds that are appropriated for this purpose."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FOCUSED INDUSTRIAL TRAINING PROGRAM

SECTION 30.15. Of the funds appropriated to the North Carolina Community Colleges System for the 2001-2003 fiscal biennium, the State Board of Community Colleges may use up to one hundred thousand dollars ($100,000) each year to pay registration fees and material costs for Occupational Continuing Education or Focused Industrial Training safety courses provided to companies that (i) are eligible to participate in the Focused Industrial Training Program, (ii) have less than 150 employees, and (iii) are found by community college representatives and regional customized training directors to face challenges in paying these fees and costs.

These funds shall not be expended without the prior approval of the North Carolina Community Colleges System Office, Division of Economic and Workforce Development.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

COMMUNITY COLLEGES SYSTEM OFFICE FLEXIBILITY

SECTION 30.16. G.S. 115D-3 is amended by designating the existing language as subsection (a) and by adding two new subsections to read as follows:

"(b) The State Board shall receive General Fund appropriations made by the General Assembly for the continuing operations of the North Carolina Community Colleges System Office that are administered by the President and the President's staff complement established pursuant to this section. The President, notwithstanding G.S. 143-23, and with respect to the foregoing appropriations, may move funds between budget purposes and may use up to ten percent (10%) from lapsed salary and fringe accounts for nonsalary purposes. The Community Colleges System Office (Budget Code 16800) may retain one hundred percent (100%) of its overhead receipts for nonrecurring expenditures that do not impose a continuing obligation upon the State. These retained overhead receipts shall not revert to the State's General Fund.

As used in this section, "indirect receipts" means indirect cost funds earned on federal contracts and grants.

(c) The President, in consultation with the State Auditor and the Director of the Office of State Personnel, shall ascertain that the management staff and internal financial controls are in place and continue in place to successfully administer the additional authority authorized herein. All actions taken by the President are subject to audit by the State Auditor."

Requested by: Representative Thompson, Easterling, Oldham, Redwine

HOME SCHOOLED HIGH SCHOOL STUDENTS MAY TAKE DEVELOPMENTAL COURSES AT COMMUNITY COLLEGES

SECTION 30.17. G.S. 115D-5 is amended by adding a new subsection to read:

"(n) Individual high school students who are sixteen years old or older and who attend a home school, as defined in G.S. 115C-563(a), may register as space is available in developmental courses offered by a community college to prepare them for college-level courses. Notwithstanding subsection (b) of this section and G.S. 115D-20(4), community colleges shall charge tuition to individual students who are enrolled in a developmental course under this subsection."

PART XXXI. UNIVERSITIES

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

AID TO PRIVATE COLLEGES

SECTION 31.1.(a) Part 2 of Article 1 of Chapter 116 of the General Statutes is amended by adding the following new sections to read:

"**§ 116-21.1. Financial aid for North Carolina students attending private institutions of higher education in North Carolina.**

(a) Funds shall be appropriated each fiscal year in the Current Operations Appropriations Act to the Board of Governors of The University of North Carolina for aid to institutions and shall be disbursed in accordance with the provisions of G.S. 116-19, 116-21, and 116-22.

(b) The funds appropriated in compliance with this section shall be placed in a separate, identifiable account in each eligible institution's budget or chart of accounts. All funds in the account shall be provided as scholarship funds for needy North Carolina students during the fiscal year. Each student awarded a scholarship from this account shall be notified of the source of the funds and of the amount of the award. Funds not utilized under G.S. 116-19 shall be available for the tuition grant program as defined in G.S. 116-21.2.

"**§ 116-21.2. Legislative tuition grants to aid students attending private institutions of higher education.**

(a) In addition to any funds appropriated pursuant to G.S. 116-19 and in addition to all other financial assistance made available to institutions, or to students attending these institutions, there is granted to each full-time North Carolina undergraduate student attending an approved institution as defined in G.S. 116-22, a sum, to be determined by the General Assembly for each academic year which shall be distributed to the student as provided by this subsection.

(b) The tuition grants provided for in this section shall be administered by the State Education Assistance Authority pursuant to rules adopted by the State Education Assistance Authority not inconsistent with this section. The State Education Assistance Authority shall not approve any grant until it receives proper certification from an approved institution that the student applying for the grant is an eligible student. Upon receipt of the certification, the State Education Assistance Authority shall remit at the times as it prescribes the grant to the approved institution on behalf, and to the credit, of the student.

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

(d) In the event there are not sufficient funds to provide each eligible student with a full grant:

(1) The Board of Governors of The University of North Carolina, with the approval of the Office of State Budget and Management, may transfer available funds to meet the needs of the programs provided by subsections (a) and (b) of this section; and

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

(e) Any remaining funds shall revert to the General Fund.

(f) Expenditures made pursuant to this section may be used only for secular educational purposes at institutions. Expenditures made pursuant to this section shall not be used for any student who:

(1) Is incarcerated in a State or federal correctional facility for committing a Class A, B, B1, or B2 felony; or

(2) Is incarcerated in a State or federal correctional facility for committing a Class C through I felony and is not eligible for parole or release within 10 years.

(g) The State Education Assistance Authority shall document the number of full-time equivalent North Carolina undergraduate students that are enrolled in off-campus programs and the State funds collected by each institution pursuant to G.S. 116-19 for those students. The State Education Assistance Authority shall also document the number of scholarships and the amount of the scholarships that are awarded under G.S. 116-19 to students enrolled in off-campus programs. An 'off-campus program' is any program offered for degree credit away from the institution's main permanent campus.

(h) The State Education Assistance Authority shall include in its annual report to the Joint Legislative Education Oversight Committee the information it has compiled and its findings regarding this program.

"**§ 116-21.3. Legislative tuition grant limitations.**

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

(b) For purposes of this section, an 'off-campus program' is any program offered for degree credit away from the institution's main permanent campus.

(c) Any member of the armed services, as defined in G.S. 116-143.3(a), abiding in this State incident to active military duty, who does not qualify as a resident for tuition purposes, as defined under G.S. 116-143.1, is eligible for a legislative tuition grant pursuant to this section if the member is enrolled as a full-time student. The member's legislative tuition grant shall not exceed the cost of tuition less any tuition assistance paid by the member's employer."

SECTION 31.1.(b) Funds are appropriated in this act to the Board of Governors of The University of North Carolina to be allocated and disbursed as provided by G.S. 116-19, 116-21, 116-21.1, and 116-22. These funds shall provide up to one thousand one hundred dollars ($1,100) per full-time equivalent North Carolina undergraduate student enrolled at an institution as of October 1, 2001, for the 2001-2002 fiscal year and up to one thousand one hundred dollars ($1,100) per full-time equivalent North Carolina undergraduate student enrolled at an institution as of October 1, 2002, for the 2002-2003 fiscal year.

SECTION 31.1.(c) Funds appropriated in this act to the Board of Governors of The University of North Carolina shall be allocated and disbursed for legislative tuition grants in compliance with G.S. 116-21.2. The funds shall be allocated as follows: to each full-time North Carolina undergraduate student a sum, not to exceed one thousand eight hundred dollars ($1,800) for the 2001-2002 academic year and one thousand eight hundred dollars ($1,800) for the 2002-2003 academic year.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ACADEMIC COMMON MARKET PILOT PROGRAM

SECTION 31.2.(a) The Southern Regional Education Board currently operates an Academic Common Market program. Under this program, qualified students from participating states may apply to attend programs at public universities in participating states that are not available in their home state's university system. North Carolina's participation for graduate programs would provide a cost-effective means of offering educational access for North Carolina residents. North Carolinians would be able to attend graduate programs that are not available at The University of North Carolina at reduced rates, and the State would avoid the cost associated with the development of new academic programs.

SECTION 31.2.(b) The Board of Governors of The University of North Carolina may establish a pilot program for participation in the Southern Regional Education Board's Academic Common Market at the graduate program level. The Board of Governors shall examine the graduate programs offered in The University of North Carolina system and select for participation only those graduate programs that are likely to be unique or are not commonly available in other Southern Regional Education Board states. Out-of-state tuition shall be waived for students who are residents of other Southern Regional Education Board states and who are participating in the Academic Common Market program. If accepted into The University of North Carolina graduate programs that are part of the Academic Common Market, these students shall pay in-State tuition and shall be treated for all purposes of The University of North Carolina as residents of North Carolina. Prior to the beginning of this pilot, the Board of Governors shall submit its list of graduate programs selected to be a part of the pilot program to the Joint Legislative Education Oversight Committee.

SECTION 31.2.(c) The pilot programs established under this section shall terminate July 1, 2005. However, once a student is enrolled in The University of North Carolina system under the Academic Common Market program, the student shall be entitled to pay in-State tuition as long as the student is enrolled in that graduate program. The Board of Governors shall report the success of the Academic Common Market program to the Joint Legislative Education Oversight Committee by December 31, 2003, and by January 31, 2005, and the Committee may recommend changes, if any are appropriate, to the pilot program at either of those times.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

AID TO PRIVATE MEDICAL SCHOOLS/FUNDING FORMULA

SECTION 31.3. Part 1 of Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-21.3. Private medical schools–assistance funding formula.**

(a) Funds shall be appropriated each year in the Current Operations Appropriations Act to the Board of Governors of The University of North Carolina for continuation of financial assistance to the medical schools of Duke University and Wake Forest University. The funds shall be disbursed on certifications of the respective schools of medicine that show the number of North Carolina residents as first-year, second-year, third-year, and fourth-year students in the medical school as of the appropriate fiscal year.

(b) Disbursement to Wake Forest University shall be made in the amount of eight thousand dollars ($8,000) for each medical student who is a North Carolina resident, one thousand dollars ($1,000) of which shall be placed by the school in a fund to be used to provide financial aid to needy North Carolina students who are enrolled in the medical school. The maximum aid given to any student from this fund in a given year shall not exceed the amount of the difference in tuition and academic fees charged by the school and those charged at the School of Medicine at the University of North Carolina at Chapel Hill.

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

(d) The Board of Governors shall establish the criteria for determining the eligibility for financial aid of needy North Carolina students who are enrolled in the medical schools and shall review the grants or awards to eligible students. The Board of Governors shall adopt rules for determining which students are residents of North Carolina for the purposes of these programs. The Board of Governors shall also make any regulations as necessary to ensure that these funds are used directly for instruction in the medical programs of the schools and not for religious or other nonpublic purposes. The Board of Governors shall encourage the two schools to orient students toward primary care, consistent with the directives of G.S. 143-613(a). The two schools shall supply information necessary for the Board to comply with G.S. 143-613(d).

(e) If the funds appropriated in the Current Operations Appropriations Act to the Board of Governors of The University of North Carolina for continuation of financial assistance to the medical schools of Duke University and Wake Forest University are insufficient to cover the enrolled students in accordance with this section, then the Board of Governors may transfer unused funds from other programs in the Related Educational Programs budget code to cover the extra students."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDY PROFESSIONAL DEVELOPMENT PROGRAMS FOR PUBLIC SCHOOL PROFESSIONALS

SECTION 31.4.(a) G.S. 115C-12(26) reads as rewritten:

"**§ 115C-12. Powers and duties of the Board generally.**

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(26) Duty to Monitor and Make Recommendations Regarding Professional Development Programs. – The State Board of ~~Education, in collaboration with the Board of Governors of The University of North Carolina, shall identify and make recommendations regarding meaningful professional development programs for professional public school employees. The programs shall be aligned with State education goals and directed toward improving student academic achievement.~~ Education shall identify State and local needs for professional development for professional public school employees based upon the State's educational priorities for improving student achievement. The State Board also shall recommend strategies for addressing these needs. The strategies must be research-based, proven in practice, and designed for data-driven evaluation. The State Board shall report its findings

and recommendations to the Joint Legislative Education Oversight Committee, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Board of Governors of The University of North Carolina prior to January 15, 2002, and shall review, revise, and resubmit those findings and recommendations annually thereafter. The State Board shall ~~annually~~ evaluate ~~and, after consultation with the Board of Governors, make recommendations regarding professional development programs based upon~~ the reports submitted by the Board of Governors under ~~G.S. 116-11(12a).~~ G.S. 116-11(12a) to determine whether the programs for professional development provided by the Center for School Leadership Development address the State and local needs identified by the State Board and whether the programs are using the strategies recommended by the State Board. Prior to January 15th of each year, the State Board shall report the results of its analysis to the Board of Governors and to the Joint Legislative Education Oversight Committee.

...."

SECTION 31.4.(b) G.S. 116-11(12a) reads as rewritten:

"**§ 116-11. Powers and duties generally.**

The powers and duties of the Board of Governors shall include the following:

...

(12a) ~~The~~ Notwithstanding any other law, the Board of Governors of The University of North Carolina shall implement, administer, and revise programs for meaningful professional development for professional public school employees ~~based upon~~ in accordance with the evaluations and recommendations made by the State Board of Education under G.S. 115C-12(26). The programs shall be aligned with State education goals and directed toward improving student academic achievement. ~~The Board of Governors shall submit to the State Board of Education an annual report evaluating the professional development programs administered by the Board of Governors.~~ The Board of Governors shall submit to the State Board of Education an annual written report that uses data to assess and evaluate the effectiveness of the programs for professional development offered by the Center for School Leadership Development. The report shall clearly document how the programs address the State needs identified by the State Board of Education and whether the programs are utilizing the strategies recommended by the State Board. The Board of Governors also shall submit this report to the Joint Legislative Education Oversight Committee, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives prior to September 15th of each year."

SECTION 31.4.(c) The Joint Legislative Education Oversight Committee shall hire an independent consultant to study and make recommendations regarding professional development for public school professionals in North Carolina. The consultant shall study:

(1) The professional development programs administered under the UNC Center for School Leadership Development with regard to their mission, governance structure, efficiency, and objectively measurable effectiveness in increasing student achievement.

(2) The feasibility and merits of consolidating and reducing the number of professional development programs.

(3) The possibility of regionalizing professional development programs and using a cooperative arrangement between higher educational institutions and community colleges in a region to achieve the goal.
(4) The professional development support offered by the Department of Public Instruction.
(5) The use of professional development funds allocated to local school administrative units and individual schools.
(6) National research regarding effective methods for delivering professional development that is shown to improve student achievement.

The consultant shall report these findings to the Joint Legislative Education Oversight Committee and also shall make recommendations regarding how existing State funds should be utilized to provide effective and efficient professional development for public school professionals.

SECTION 31.4.(d) The Joint Legislative Education Oversight Committee shall review the consultant's findings and recommendations and shall submit to the 2002 Regular Session of the 2001 General Assembly recommendations to streamline, reorganize, and improve the delivery of professional development for public school professionals. The recommendations may address revisions to program governance and mission, reallocation of funds, methods of program delivery, and methods to institute ongoing program evaluation.

SECTION 31.4.(e) The Joint Legislative Education Oversight Committee shall review the reports that are required to be made to the Committee. The purpose of the review is to determine which reports must include information that is research-based, proven in practice, and designed for data-driven research. The Committee may make recommendations for changes in these reports based upon the Committee's findings.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

TEACHER ASSISTANT SCHOLARSHIP FUND

SECTION 31.5.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-209.35. Teacher Assistant Scholarship Fund.**

(a) There is established the Teacher Assistant Scholarship Fund. The purpose of the Fund is to provide scholarships to teacher assistants who are pursuing college degrees to become teachers. The State Education Assistance Authority shall administer the Fund.

(b) Criteria for awarding the scholarships shall be developed by the Board of Governors of The University of North Carolina in consultation with the State Board of Education and the State Board of Community Colleges and shall include all of the following:

(1) An applicant shall be employed full time as a teacher assistant in North Carolina.
(2) An applicant shall be enrolled in an accredited bachelors degree program in an institution of higher education in North Carolina.
(3) An applicant shall be a resident of North Carolina. For purposes of this section, residency shall be determined by the same standard as residency for tuition purposes pursuant to G.S. 116-143.1.
(4) Any additional criteria that the Board of Governors considers necessary to administer the Fund effectively, including all of the following:

a. Consideration of the appropriate numbers of minority applicants and applicants from diverse socioeconomic backgrounds to receive scholarships pursuant to this section.
b. Consideration of the academic qualifications of the individuals applying to receive funds.
c. Consideration of the commitment an individual applying to receive funds demonstrates to the profession of teaching.

(c) The scholarships shall be available for part-time or full-time course work through all off-campus or distance education teacher education programs.

(d) The Board of Governors of The University of North Carolina, the State Board of Education, and the State Board of Community Colleges shall: (i) prepare a clear written explanation of the Teacher Assistant Scholarship Fund and the information regarding the availability and criteria for awarding the scholarships, and (ii) shall provide that information to the appropriate counselors in each local school system and shall charge those counselors to inform teacher assistants about the scholarships and to encourage teacher assistants to apply for the scholarships.

(e) The Board of Governors of The University of North Carolina shall adopt rules to implement this section.

(f) The Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee by March 1 each year regarding the Fund and scholarships awarded from the Fund."

SECTION 31.5.(b) Of the funds appropriated by this Act to the Board of Governors of The University of North Carolina the sum of one million dollars ($1,000,000) shall be allocated to the State Education Assistance Authority to implement this section.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

UNC BUDGET FLEXIBILITY/MUST HONOR BUDGET REDUCTIONS

SECTION 31.6. Notwithstanding G.S. 116-30.2 or G.S. 116-30.3, neither the Office of General Administration of The University of North Carolina or any special responsibility constituent institution shall expend or use any of the following funds to modify the budget reductions imposed by this act:

(1) General Fund moneys appropriated by this act.
(2) General Fund current operations appropriations credit balances remaining at the end of any fiscal year that are carried forward to the next fiscal year.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

OFFER TEACHER EDUCATION PROGRAMS THROUGH DISTANCE EDUCATION

SECTION 31.7.(a) It is the intent of the General Assembly to make teacher education programs easily accessible statewide through distance education. The General Assembly finds that the "2 + 2" program is an excellent model for teacher credential programs and encourages its use as a model.

SECTION 31.7.(b) To achieve the goal of encouraging the "2 + 2" program as a model for teacher education programs and to make those model teacher education programs available and easily accessible statewide, any teacher education program that is offered by a constituent institution through distance education that does not require campus residency is eligible for funds appropriated by this act for that purpose. The Board of Governors shall determine the eligibility and amount of funds to be allocated to a constituent institution pursuant to this section. The Board of Governors of The

University of North Carolina shall report to the Joint Legislative Education Oversight Committee annually regarding the implementation of this section and the amount and use of the funds allocated pursuant to this section.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

SUBSTITUTION OF UNC-CH BOND PROJECTS

SECTION 31.9. Pursuant to Section 2(b) of S.L. 2000-3, the General Assembly finds that it is in the best interest of the State to substitute an Information Technology Office Facility for the Comprehensive Renovation and Conversion for Information Technology and Data Processing, both at the University of North Carolina at Chapel Hill, as contained in Section 2(a) of S.L. 2000-3. Section 2(a) of S.L. 2000-3 is therefore amended in the portion under the University of North Carolina at Chapel Hill, by adding "Information Technology Office Facility....$9,170,000" and deleting "Comprehensive Renovation and Conversion for Information Technology and Data Processing....$9,170,000".

Nothing in this section is intended to supersede any other requirement of law or policy for approval of the substituted capital improvement project.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

MASTERS ED. ADMINISTRATION AT A&T STATE, NCCU, UNC-PEMBROKE/STUDY POSSIBLE PHARMACY SCHOOL AT ECSU AND POSSIBLE ENGINEERING SCHOOL AT ECU AND WESTERN CAROLINA

SECTION 31.10.(a) G.S. 116-74.21(b) reads as rewritten:

"(b) No more than ~~nine~~ 12 school administrator programs shall be established under the competitive proposal program. In selecting campus sites, the Board of Governors shall be sensitive to the racial, cultural, and geographic diversity of the State. Special priority shall be given to the following factors: (i) the historical background of the institutions in training educators; (ii) the ability of the sites to serve the geographic regions of the State, such as, the far west, the west, the triad, the piedmont, and the east; and, (iii) whether the type of roads and terrain in a region make commuting difficult. A school administrator program may provide for instruction at one or more campus sites."

SECTION 31.10.(b) The Board of Governors of The University of North Carolina shall include the Master of School Administration program at North Carolina Agricultural and Technical State University in Greensboro, North Carolina Central University in Durham, and the University of North Carolina at Pembroke as three of the 12 school administrator programs established pursuant to G.S. 116-74.21. These three programs shall be comparable in quality to the nine existing Master of School Administration programs and shall be operated within existing funds.

SECTION 31.10.(c) The Board of Governors of The University of North Carolina shall study the feasibility of establishing a School of Pharmacy at Elizabeth City State University. The Board of Governors shall report its findings and recommendations to the Joint Legislative Education Oversight Committee by April 1, 2002.

SECTION 31.10.(d) The Board of Governors of The University of North Carolina shall study the feasibility of establishing a School of Engineering at East Carolina University and at Western Carolina University. The Board of Governors shall report its findings and recommendations to the Joint Legislative Education Oversight Committee by April 1, 2002.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

PROGRESS BOARD

SECTION 31.12.(a) G.S. 143B-372.1 reads as rewritten:

"**§ 143B-372.1. North Carolina Progress Board.**

(a) The North Carolina Progress Board is established. The Board shall be located administratively in the Board of Governors of The University of North Carolina and ~~is~~ may be located at ~~North Carolina State University,~~ any constituent institution within The University of North Carolina, or at any institution to which it is invited formally, but shall exercise all its prescribed statutory powers independently of the Board of ~~Governors.~~ Governors or the institution at which it resides.

(b) The North Carolina Progress Board shall consist of ~~21~~ 24 members of statewide prominence as follows:

(1) The Governor, ex officio;

(2) Eight persons appointed by the Governor, none of whom shall be State employees or officers;

(3) ~~Four~~ Five persons appointed by the Speaker of the House of Representatives, ~~one~~ two of whom shall be ~~a member~~ members of the House of Representatives;

(4) ~~Four~~ Five persons appointed by the President Pro Tempore of the Senate, ~~one~~ two of whom shall be ~~a member~~ members of the Senate; and

(5) ~~Four~~ Five persons appointed by the North Carolina Progress Board.

(c) The Governor shall be chair of the North Carolina Progress Board. The Governor shall appoint a vice-chair from among the membership of the North Carolina Progress Board to serve at the pleasure of the Governor. The North Carolina Progress Board may elect such other officers as it sees fit.

(d) The North Carolina Progress Board shall meet at least twice annually on the call of the chair or as additionally provided by the North Carolina Progress Board. A quorum is ~~11~~ 12 members of the Board. Members may not send designees to board meetings, nor may they vote by proxy.

(e) Board appointments shall be for terms to begin July 1, 1999, with subsequent appointments to be made as terms expire or resignations occur. Of the Governor's appointments, two shall be for one-year terms, two shall be for two-year terms, two shall be for three-year terms, and two shall be for four-year terms. Of the appointments made by the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the North Carolina Progress Board, one member appointed by each shall be appointed for a one-year term, one member appointed by each shall be appointed for a two-year term, one member appointed by each shall be appointed for a three-year term, and ~~one~~ two ~~member~~ members appointed by each shall be appointed for a four-year term. As terms expire, successors shall be appointed for four-year terms.

(f) No member may be appointed to more than two consecutive terms. A member of the House of Representatives appointed by the Speaker of the House vacates membership on the North Carolina Progress Board when that person is no longer a member of the House of Representatives, except that if that person is in office at the expiration of the term of office in the House of Representatives but has not been elected to the next term, that person shall continue to serve until the convening of the regular session. A member of the Senate appointed by the President Pro Tempore of the Senate vacates membership on the North Carolina Progress Board when that person is no longer a member of the Senate, except that if that person is in office at the expiration of the term of office in the Senate but has not been elected to the next term, that person shall continue to serve until the convening of the regular session."

SECTION 31.12.(b) G.S. 143B-372.2 reads as rewritten:

"**§ 143B-372.2. Responsibilities.**

(a) The General Assembly notes that the Commission for a Competitive North Carolina developed goals in the following categories:

(1) Healthy Children and Families;
(2) Quality Education for All;
(3) A High Performance Workforce;
(4) A Prosperous Economy;
(5) A Sustainable Environment;
(6) Technology and Infrastructure Development;
(7) Safe and Vibrant Communities; and
(8) Active Citizenship/Accountable Government.

The Commission for a Competitive North Carolina adopted a report which established major goals and ways to measure progress toward these goals.

(a1) The General Assembly finds that the North Carolina Progress Board developed a report that focused on four of the Commission's recommended topics and issued 16 major targets for 2010. The objectives of the targets are to drive the State toward (i) a more expansive vision of education and environmental protection, (ii) strengthening families, and (iii) bringing more people into the economic mainstream.

(b) The General Assembly finds ~~that:~~ the following:

(1) The North Carolina economy of the future can provide unparalleled opportunity while maintaining North Carolina's traditional values, if the State pursues the future with clarity of purpose and ~~perseverance;~~ perseverance.

(2) The North Carolina economy is in the midst of a massive transition created by technological changes, global competition, and new production ~~practices; and~~ practices.

(3) In order to maintain employment opportunities, increase income levels, reduce poverty, and generate the public revenues necessary to provide public services, North Carolina must increasingly rely on an economy which adds value to its natural and human resources and provides a diverse mix of products.

(4) Regional Progress Boards, modeled after the North Carolina Progress Board, should be encouraged, and to the extent practicable, funded from local sources, public and private, to ensure that the several regions of North Carolina describe a clear regional vision, with measures, targets, and methods for keeping track of progress toward that regional vision, and each forming a strategic alliance with the North Carolina Progress Board.

(c) The North Carolina Progress Board shall:

(1) Encourage ~~the~~ a discussion ~~and~~ toward understanding ~~of~~ the critical ~~global~~ global, national, statewide, regional, and local demographic, social, economic, and environmental ~~and~~ trends and conditions that exist or are emerging in North Carolina today, and how those issues will impact living in North Carolina in 10 to 20 years. ~~national social and economic trends that will affect North Carolina in the coming decades;~~

(2) Examine the report of the Commission for a Competitive North Carolina and the 1997 and February 2000 reports of the North Carolina Progress Board to the General Assembly. ~~the 1997 report of the North Carolina Progress Board to the General Assembly;~~

(3) Track the eight issue areas set out in subsection (a) of this section and the objectives set out in subsection (a1) of this section and other issues identified by the Progress Board. The Progress Board may, upon vote

of the Board, add to those issues identified by its predecessor Commission and ~~Board;~~ Board.

(4) Hold public hearings and other methods of public participation, including educational and outreach programs, to secure the views of citizens on priority goals for North Carolina and to disseminate findings and recommendations to ~~policymakers;~~ policymakers.

(5) Formulate and submit to North Carolinians a report every five years, beginning 2001, that updates the ~~20~~ 10- to ~~30~~ 20- year vision for North Carolina and that describes and explains a vision for North Carolina's progress over the next ~~20~~10 to ~~30~~20 ~~years;~~years.

(6) Submit a report to the General Assembly prior to its convening the regular session every odd-numbered year, which reports on demographic, ~~social and~~ social, ~~economic~~ economic, or environmental trends and ~~issues~~ recommends specific targets and milestones to accomplish its ~~mission;~~ mission.

(7) ~~Recommend~~ Recommend, by reporting special legislative provisions, in draft form only, how ~~the~~ targets and milestones can be applied to increase ~~the~~ accountability of government to the people of this ~~State;~~ State.

(8) Report periodically to the people of North Carolina on progress toward meeting goals, targets, and ~~milestones;~~ milestones, together with an assessment of the failure to meet the same and, where possible, an estimate of the potential costs associated with failure to act.

(9) Undertake new and ongoing policy research and benchmarking ~~studies;~~ studies.

(10) Publish and distribute periodic reports on policies, performance improvement, and best practices for ~~meeting~~ achieving the ~~long-term~~ long-term, strategic goals for the ~~State; and~~ State.

(11) May apply for and accept gifts or ~~grants.~~ grants or engage in consulting activities, or other contractual assignments, consistent with its mission, for which applicable staff or Board members may expect to receive reasonable fees and expenses in exchange for specific work products.

(d) ~~The~~ Any Regular Session of the General Assembly shall further define the mission of the North Carolina Progress Board in continuing its ~~work.~~ work and may from time to time, and to the extent practicable, request staff assistance from the Board to standing, select, or independent legislative study committees or commissions.

(e) The General Assembly, after adopting the initial set of goals and measures as proposed or amended, may alter the goals and measures."

SECTION 31.12.(c) G.S. 143B-372.3 reads as rewritten:

"**§ 143B-372.3. Staff.**

(a) ~~The Chancellor of North Carolina State University~~ Upon the recommendation of the Board, the Governor shall appoint an Executive Director who shall serve at the pleasure of the ~~Chancellor.~~ Board and the Governor but, for administrative purposes, shall report to the Board of Governors of The University of North Carolina. The Executive Director shall report to the North Carolina Progress Board and the ~~Chancellor.~~ Governor. The Executive Director shall hire or contract with support staff, who shall work at the pleasure of the Executive Director.

(b) The Office of State Budget, Planning, and Management shall also provide support, information, reports, and other assistance to the North Carolina Progress Board as requested.

(c) Repealed by Session Laws 1999-237, s. 10.12(a), effective June 30, 1999."

PART XXXII. SALARIES AND EMPLOYEE BENEFITS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

GOVERNOR AND COUNCIL OF STATE/NO SALARY INCREASES

SECTION 32.1.(a) For the 2001-2002 and 2002-2003 fiscal years, the salary of the Governor shall remain the amount set by G.S. 147-11(a).

SECTION 32.1.(b) Effective July 1, 2001, the annual salaries for the members of the Council of State, payable monthly, for the 2001-2002 and 2002-2003 fiscal years are:

Council of State	**Annual Salary**
Lieutenant Governor	$104,523
Attorney General	104,523
Secretary of State	104,523
State Treasurer	104,523
State Auditor	104,523
Superintendent of Public Instruction	104,523
Agriculture Commissioner	104,523
Insurance Commissioner	104,523
Labor Commissioner	104,523

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

NONELECTED DEPARTMENT HEAD/NO SALARY INCREASES

SECTION 32.2. In accordance with G.S. 143B-9, the maximum annual salaries, payable monthly, for the nonelected heads of the principal State departments for the 2001-2002 and 2002-2003 fiscal years are:

Nonelected Department Heads	**Annual Salary**
Secretary of Administration	$102,119
Secretary of Correction	102,119
Secretary of Crime Control and Public Safety	102,119
Secretary of Cultural Resources	102,119
Secretary of Commerce	102,119
Secretary of Environment, Health, and Natural Resources	102,119
Secretary of Health and Human Services	102,119
Secretary of Juvenile Justice and Delinquency Prevention	102,119
Secretary of Revenue	102,119
Secretary of Transportation	102,119

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CERTAIN EXECUTIVE BRANCH OFFICIALS/NO SALARY INCREASES

SECTION 32.3. The annual salaries, payable monthly, for the 2001-2002 and 2002-2003 fiscal years for the following executive branch officials are:

Executive Branch Officials	**Annual Salary**
Chairman, Alcoholic Beverage Control Commission	$92,946
State Controller	130,078
Commissioner of Motor Vehicles	92,946
Commissioner of Banks	104,523
Chairman, Employment Security Commission	129,913
State Personnel Director	102,119
Chairman, Parole Commission	84,871
Members of the Parole Commission	78,356
Chairman, Utilities Commission	116,405
Members of the Utilities Commission	104,523
Executive Director, Agency for Public Telecommunications	78,356

General Manager, Ports Railway Commission	70,755
Director, Museum of Art	95,240
Executive Director, North Carolina Housing Finance Agency	115,031
Executive Director, North Carolina Agricultural Finance Authority	90,470
State Chief Information Officer	130,000

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

JUDICIAL BRANCH OFFICIALS/NO SALARY INCREASES

SECTION 32.4.(a) The annual salaries, payable monthly, for specified judicial branch officials for the 2001-2002 and 2002-2003 fiscal years are:

Judicial Branch Officials	**Annual Salary**
Chief Justice, Supreme Court	$118,430
Associate Justice, Supreme Court	115,336
Chief Judge, Court of Appeals	112,452
Judge, Court of Appeals	110,530
Judge, Senior Regular Resident Superior Court	107,527
Judge, Superior Court	104,523
Chief Judge, District Court	94,912
Judge, District Court	91,909
Administrative Officer of the Courts	107,527
Assistant Administrative Officer of the Courts	98,216

SECTION 32.4.(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed sixty thousand one hundred ninety-one dollars ($60,191), and the minimum salary of any assistant district attorney or assistant public defender is at least thirty-one thousand thirty-five dollars ($31,035), effective July 1, 2001.

SECTION 32.4.(c) The salaries in effect for the 2001-2002 and 2002-2003 fiscal years for permanent, full-time employees of the Judicial Department, except for those whose salaries are itemized in this Part, shall be increased by six hundred twenty-five dollars ($625.00), effective July 1, 2001.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CLERK OF SUPERIOR COURT SALARY INCREASES

SECTION 32.5. Effective July 1, 2001, G.S. 7A-101(a) reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the population of the county as determined in subsection (a1) of this section, according to the following schedule:

Population	Annual Salary
Less than 100,000	~~$69,286~~$69,911
100,000 to 149,999	~~77,827~~78,452
150,000 to 249,999	~~86,369~~86,994
250,000 and above	~~94,912~~95,537

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

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

When a county changes from one population group to another, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for the new population group, except that the salary of an incumbent clerk shall not be decreased by any change in population group during his continuance in office."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASE

SECTION 32.6. Effective July 1, 2001, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	~~$25,890~~$26,515
Maximum	~~45,839~~ 46,464

Deputy Clerks	Annual Salary
Minimum	~~$21,940~~$22,565
Maximum	~~35,309.~~35,934."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

MAGISTRATES' SALARY INCREASES

SECTION 32.7. Effective July 1, 2001, G.S. 7A-171.1 reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate.

(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	~~$26,264~~$26,889
Step 1	~~28,900~~29,525
Step 2	~~31,764~~32,393
Step 3	~~34,898~~35,523
Step 4	~~38,327~~38,952
Step 5	~~42,096~~42,721
Step 6	~~46,239~~46,864

(2) A part-time magistrate is a magistrate who is assigned to work an average of less than 40 hours of work a week during the term, except that no magistrate shall be assigned an average of less than 10 hours of work a week during the term. A part-time magistrate is included, in accordance with G.S. 7A-170, under the provisions of G.S. 135-1(10)

and G.S. 135-40.2(a). The Administrative Officer of the Courts designates whether a magistrate is a part-time magistrate. A part-time magistrate shall receive an annual salary based on the following formula: The average number of hours a week that a part-time magistrate is assigned work during the term shall be multiplied by the annual salary payable to a full-time magistrate who has the same number of years of service prior to the beginning of that term as does the part-time magistrate and the product of that multiplication shall be divided by the number 40. The quotient shall be the annual salary payable to that part-time magistrate.

(3) Notwithstanding any other provision of this subsection, an individual who, when initially appointed as a full-time magistrate, is licensed to practice law in North Carolina, shall receive the annual salary provided in the Table in subdivision (1) of this subsection for Step 4. This magistrate's salary shall increase to the next step every four years on the anniversary of the date the magistrate was originally appointed. An individual who, when initially appointed as a part-time magistrate, is licensed to practice law in North Carolina, shall be paid an annual salary based on that for Step 4 and determined according to the formula in subdivision (2) of this subsection. This magistrate's salary shall increase to the next step every four years on the anniversary of the date the magistrate was originally appointed. The salary of a full-time magistrate who acquires a license to practice law in North Carolina while holding the office of magistrate and who at the time of acquiring the license is receiving a salary at a level lower than Step 4 shall be adjusted to Step 4 and, thereafter, shall advance in accordance with the Table's schedule. The salary of a part-time magistrate who acquires a license to practice law in North Carolina while holding the office of magistrate and who at the time of acquiring the license is receiving an annual salary as determined by subdivision (2) of this subsection based on a salary level lower than Step 4 shall be adjusted to a salary based on Step 4 in the Table and, thereafter, shall advance in accordance with the provision in subdivision (2) of this subsection.

(a1) Notwithstanding subsection (a) of this section, the following salary provisions apply to individuals who were serving as magistrates on June 30, 1994:

(1) The salaries of magistrates who on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:

Less than 1 year of service	~~$20,700~~$21,325
1 or more but less than 3 years of service	~~21,764~~22,389
3 or more but less than 5 years of service	~~23,905.~~24,530.

Upon completion of five years of service, those magistrates shall receive the salary set as the Entry Rate in the table in subsection (a).

(2) The salaries of magistrates who on June 30, 1994, were paid at a salary level of five or more years of service shall be based on the rates set out in subsection (a) as follows:

Salary Level on June 30, 1994	Salary Level on July 1, 1994
5 or more but less than 7 years of service	Entry Rate
7 or more but less than 9 years of service	Step 1

9 or more but less than 11 years of service Step 2
11 or more years of service Step 3

Thereafter, their salaries shall be set in accordance with the provisions in subsection (a).

(3) The salaries of magistrates who are licensed to practice law in North Carolina shall be adjusted to the annual salary provided in the table in subsection (a) as Step 4, and, thereafter, their salaries shall be set in accordance with the provisions in subsection (a).

(4) The salaries of "part-time magistrates" shall be set under the formula set out in subdivision (2) of subsection (a) but according to the rates set out in this subsection.

(a2) The Administrative Officer of the Courts shall provide magistrates with longevity pay at the same rates as are provided by the State to its employees subject to the State Personnel Act.

(b) Notwithstanding G.S. 138-6, a magistrate may not be reimbursed by the State for travel expenses incurred on official business within the county in which the magistrate resides."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 32.8. Effective July 1, 2001, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~eighty-seven thousand six hundred eighty-one dollars ($87,681)~~ eighty-eight thousand three hundred six dollars ($88,306) payable monthly. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and Advisory Budget Commission and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SERGEANT-AT-ARMS AND READING CLERKS

SECTION 32.9. Effective July 1, 2001, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~two hundred eighty-six dollars ($286.00)~~ two hundred ninety-two dollars ($292.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

LEGISLATIVE EMPLOYEES

SECTION 32.10. The Legislative Services Officer shall increase the salaries of nonelected employees of the General Assembly in effect for fiscal year 2000-2001 by six hundred twenty-five dollars ($625.00). Nothing in this act limits any of the provisions of G.S. 120-32.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES

SECTION 32.11. The Director of the Budget shall transfer from the Reserve for Compensation Increases, created in this act for fiscal years 2001-2002 and 2002-2003, funds to the North Carolina Community Colleges System Office necessary to provide an average annual salary increase of six hundred twenty-five dollars ($625.00) including funds for the employer's retirement and social security contributions, commencing July 1, 2001, for all permanent full-time community college institutional personnel supported by State funds. The State Board of Community Colleges shall establish guidelines for providing their salary increases to community college institutional personnel. Salary funds shall be used to provide an average annual salary increase of six hundred twenty-five dollars ($625.00) to all full-time employees and part-time employees on a pro rata basis.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA SALARY INCREASES

SECTION 32.12.(a) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increases, created in this act for fiscal years 2001-2002 and 2002-2003, to provide an annual average salary increase of six hundred twenty-five dollars ($625.00), including funds for the employer's retirement and social security contributions, commencing July 1, 2001, for all employees of The University of North Carolina, as well as employees other than teachers of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Governors or the Board of Trustees of the North Carolina School of Science and Mathematics, as appropriate, and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

SECTION 32.12.(b) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increases, created in this act for fiscal years 2001-2002 and 2002-2003, to provide an annual average salary increase of two and eighty-six hundredths percent (2.86%), including funds for the employer's retirement and social security contributions, commencing July 1, 2001, for all teaching employees of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Trustees of the North Carolina School of Science and Mathematics and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

MOST STATE EMPLOYEES

SECTION 32.13.(a) The salaries in effect June 30, 2001, of all permanent full-time State employees whose salaries are set in accordance with the State Personnel Act, and who are paid from the General Fund or the Highway Fund shall be increased, on or after July 1, 2001, unless otherwise provided by this act, by six hundred twenty-five dollars ($625.00) per year.

SECTION 32.13.(b) Except as otherwise provided in this act, the fiscal year 2001-2002 salaries for permanent full-time State officials and persons in exempt positions that are recommended by the Governor or the Governor and the Advisory Budget Commission and set by the General Assembly shall be increased by six hundred twenty-five dollars ($625.00) per year, commencing July 1, 2001.

SECTION 32.13.(c) The salaries in effect for fiscal year 2001-2002 for all permanent part-time State employees shall be increased on and after July 1, 2001, by pro rata amounts of the six hundred twenty-five dollars ($625.00) per year salary increase provided for permanent full-time employees covered under subsection (a) of this section.

SECTION 32.13.(d) The Director of the Budget may allocate out of special operating funds or from other sources of the employing agency, except tax revenues, sufficient funds to allow a salary increase, on and after July 1, 2001, in accordance with subsection (a), (b), or (c) of this section including funds for the employer's retirement and social security contributions, for the permanent full-time and part-time employees of the agency, provided the employing agency elects to make available the necessary funds.

SECTION 32.13.(e) Within regular Executive Budget Act procedures as limited by this act, all State agencies and departments may increase on an equitable basis the rate of pay of temporary and permanent hourly State employees, subject to availability of funds in the particular agency or department, by pro rata amounts of the six hundred twenty-five dollars ($625.00) per year salary increase provided for permanent full-time employees covered by the provisions of subsection (a) of this section, commencing July 1, 2001.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ALL STATE SUPPORTED PERSONNEL

SECTION 32.14.(a) Salaries and related benefits for positions that are funded partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund shall be increased from the General Fund or Highway Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.

SECTION 32.14.(b) The granting of the salary increases under this act does not affect the status of eligibility for salary increments for which employees may be eligible unless otherwise required by this act.

SECTION 32.14.(c) The salary increases provided in this act are to be effective July 1, 2001, do not apply to persons separated from State service due to resignation, dismissal, reduction in force, death, or retirement, or whose last workday is prior to July 1, 2001.

Payroll checks issued to employees after July 1, 2001, which represent payment of services provided prior to July 1, 2001, shall not be eligible for salary increases provided for in this act. This subsection shall apply to all employees, subject to or exempt from the State Personnel Act, paid from State funds, including public schools, community colleges, and The University of North Carolina.

SECTION 32.14.(d) The Director of the Budget shall transfer from the Reserve for Compensation Increases in this act for fiscal year 2001-2002 all funds necessary for the salary increases provided by this act, including funds for the employer's retirement and social security contributions.

SECTION 32.14.(e) Nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

TEMPORARY SALES TAX TRANSFER FOR WILDLIFE RESOURCES COMMISSION SALARIES

SECTION 32.15. For the 2001-2002 and 2002-2003 fiscal years, the Secretary of Revenue shall transfer at the end of each quarter from the State sales and use tax net collections received by the Department of Revenue under Article 5 of Chapter 105 of the General Statutes to the State Treasurer for the Wildlife Resources

Fund to fund the cost of any legislative salary increase for employees of the Wildlife Resources Commission.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CLEAN WATER MANAGEMENT TRUST FUND PERSONNEL

SECTION 32.16.(a) G.S. 126-5(c1) is amended by adding a new subdivision to read:

"(21) Employees of the Clean Water Management Trust Fund."

SECTION 32.16.(b) G.S. 113-145.7 reads as rewritten:

"**§ 113-145.7. Clean Water Management Trust Fund: Executive Director and staff.**

The Clean Water Management Trust Fund Board of Trustees, as soon as practicable after its organization, shall select and appoint a competent person in accordance with this section as Executive Director of the Clean Water Management Trust Fund Board of Trustees. The Executive Director shall be charged with the supervision of all activities under the jurisdiction of the Trustees and shall serve as the chief administrative officer of the Trustees. Subject to the approval of the Trustees and the Director of the Budget, the Executive Director may employ such clerical and other assistants as may be deemed necessary.

The person selected as Executive Director shall have had training and experience in conservation, protection, and management of surface water resources. The salary of the Executive Director shall be fixed by the Trustees, and the Executive Director shall be allowed travel and subsistence expenses in accordance with G.S. 138-6. The Executive Director's salary and expenses shall be paid from the Fund. The term of office of the Executive Director shall be at the pleasure of the Trustees.

These employees shall be exempt from the State Personnel Act, as provided in G.S. 126-5(c1)."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SEVERANCE PAY/SALARY ADJUSTMENT FUND

SECTION 32.19.(a) Funds from the Salary Adjustment Fund shall first be used for severance wages for eligible separated employees.

SECTION 32.19.(b) The sum of up to five million dollars ($5,000,000) of any remaining appropriations for legislative salary increases not required for that purpose may be used to supplement the Salary Adjustment Fund. These funds may be used for reclassifications of positions already approved by the Office of State Personnel. Any funds in excess of five million dollars ($5,000,000) shall revert. The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations prior to the allocation of salary adjustment funds for any State agency.

Requested by: Representatives Wright, Redwine, Easterling, Oldham, Thompson

STATE EMPLOYEE HEALTH PLAN CHANGES

SECTION 32.20.(a) G.S. 135-40.1(2) reads as rewritten:

"(2) Deductible. – Deductible shall mean an amount of covered expenses during a fiscal year which must be incurred after which benefits (subject to the deductible) becomes payable. The deductible for an employee, retired employee and/or his or her dependents shall be ~~two hundred fifty dollars ($250.00)~~ three hundred fifty dollars ($350.00) for each fiscal year.

The deductible applies separately to each covered individual in each fiscal year, subject to an aggregate maximum of ~~seven hundred fifty dollars ($750.00)~~ one thousand fifty dollars ($1,050) per ~~family~~

~~(employee or retiree and his or her covered dependents)~~employee and child(ren) or employee and family coverage contract in any fiscal year.

If two or more family members are injured in the same accident only one deductible is required for charges related to that accident during the benefit period."

SECTION 32.20.(b) G.S. 135-40.4(a) reads as rewritten:

"(a) In the event a covered person, as a result of accidental bodily injury, disease or pregnancy, incurs covered expenses, the Plan will pay benefits up to the amounts described in G.S. 135-40.5 through G.S. 135-40.9.

The Plan is divided into two parts. The first part includes certain benefits which are not subject to a deductible or coinsurance. The second part is a comprehensive plan and includes those benefits which are subject to both a ~~two hundred fifty dollars ($250.00)~~three hundred fifty dollar ($350.00) deductible for each covered individual to an aggregate maximum of ~~seven hundred fifty dollars ($750.00)~~ one thousand fifty dollars ($1,050) per ~~family~~ employee and child(ren) or employee and family coverage contract and coinsurance of 80%/20%. There is a limit on out-of-pocket expenses under the second part.

Notwithstanding the provisions of this Article, the Executive Administrator and Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan may contract with providers of institutional and professional medical care and services to established preferred provider networks. The Plan shall, however, honor a Plan member's assignment of benefits under the Plan to a provider of health care services that does not contract with the Plan. The design, adoption, and implementation of such preferred provider contracts and networks are not subject to the requirements of Chapter 143 of the General Statutes, provided that for any hospital preferred provider network all hospitals will have an opportunity to contract with the Plan if they meet the contract requirements. Any contract entered into between a hospital and the Plan shall become effective as soon as practicable after the execution of the contract and, in any event, not later than 10 calendar days after the hospital's delivery of the executed contract to the Plan. The Executive Administrator and Board of Trustees shall, under the provisions of G.S. 135-39.5(12), pursue such preferred provider contracts on a timely basis and shall make reports as requested to the President of the Senate, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Committee on Employee Hospital and Medical Benefits on its progress in negotiating such preferred provider contracts. The Executive Administrator and Board of Trustees shall implement a refined diagnostic-related grouping or diagnostic-related grouping-based reimbursement system for hospitals as soon as practicable, but no later than January 1, 1995."

SECTION 32.20.(c) G.S. 135-40.5(d) is repealed.

SECTION 32.20.(d) G.S. 135-40.5(g) reads as rewritten:

"(g) Prescription Drugs. – The Plan's allowable charges for prescription legend drugs to be used outside of a hospital or skilled nursing facility are to be determined by the Plan's Executive Administrator and Board of Trustees. The Plan will pay allowable charges for each outpatient prescription drug less a copayment to be paid by each covered individual equal to the following amounts: pharmacy charges up to ten dollars ($10.00) for each generic prescription, ~~fifteen dollars ($15.00)~~ twenty-five dollars ($25.00) for each branded prescription, and ~~twenty dollars ($20.00)~~thirty-five dollars ($35.00) for each branded prescription with a generic equivalent drug, and ~~twenty-five dollars ($25.00)~~ forty dollars ($40.00) for each branded or generic prescription not on a formulary used by the Plan. Allowable charges shall not be greater than a pharmacy's usual and customary charge to the general public for a particular prescription. Prescriptions shall be for no more than a 34-day supply for the purposes of the copayments paid by each covered individual. By accepting the copayments and any

remaining allowable charges provided by this subsection, pharmacies shall not balance bill an individual covered by the Plan. A prescription legend drug is defined as an article the label of which, under the Federal Food, Drug, and Cosmetic Act, is required to bear the legend: "Caution: Federal Law Prohibits Dispensing Without Prescription." Such articles may not be sold to or purchased by the public without a prescription order. Benefits are provided for insulin even though a prescription is not required. The Plan may use a pharmacy benefit manager to help manage the Plan's outpatient prescription drug coverage. In managing the Plan's outpatient prescription drug benefits, the Plan and its pharmacy benefit manager shall not provide coverage for erectile dysfunction, growth hormone, antiwrinkle, weight loss, and hair growth drugs unless such coverage is medically necessary to the health of the member. The Plan and its pharmacy benefit manager shall not provide coverage for growth hormone and weight loss drugs and antifungal drugs for the treatment of nail fungus and botulinium toxin without approval in advance by the pharmacy benefit manager. Any formulary used by the Plan's Executive Administrator and pharmacy benefit manager shall be an open formulary. Plan members shall not be assessed more than two thousand five hundred dollars ($2,500) per person per fiscal year in copayments required by this subsection."

SECTION 32.20.(e) The first paragraph of G.S. 135-40.6 reads as rewritten:

"The ~~following~~ benefits provided in this section are subject to a deductible of ~~two hundred fifty dollars ($250.00)~~ three hundred fifty dollars ($350.00) per covered individual to an aggregate maximum of ~~seven hundred fifty dollars ($750.00)~~ one thousand fifty dollars ($1,050) per ~~family~~ employee and child(ren) or employee and family coverage contract per fiscal year and are payable on the basis of eighty percent (80%) by the Plan and twenty percent (20%) by the covered individual up to a maximum of one thousand ~~dollars ($1,000)~~ five hundred dollars ($1,500) out-of-pocket per fiscal ~~year:~~year. The aggregate maximum out-of-pocket required of individuals covered by this section shall not be more than four thousand five hundred dollars ($4,500) per employee and child(ren) or employee and family coverage contract per fiscal year."

SECTION 32.20.(f) G.S. 135-40.6(1)f. reads as rewritten:

"(1) In-Hospital Benefits. – The Plan pays in-hospital benefits for each single confinement, when charged by a hospital, for room accommodations, including bed, board and general nursing care, but not to exceed the charge for semiprivate room or ward accommodations, or the rate negotiated for the Plan. Under the DRG reimbursement system, the coinsurance shall be based on the lower of the DRG amount or charges.

The Plan will pay the following covered charges, when charged by a hospital, for each confinement.

...

f. ~~Physical~~ Physical, speech, and occupational therapy."

SECTION 32.20.(g) G.S. 135-40.6(3) reads as rewritten:

"(3) Skilled Nursing Facility Benefits. – The Plan will pay benefits in a skilled nursing facility licensed under applicable State laws for not more than 100 days per fiscal year for the same reason, as follows:

After discharge from a hospital for which inpatient hospital benefits were provided by this Plan for a period of not less than three days, and treatment consistent with the same illness or condition for which the covered individual was hospitalized, the daily charges will be paid for room and board in a semiprivate room or any multibed unit up to the maximum benefit specified in subsection (1) of this section, less the days of care already provided for the same illness in a hospital. Plan allowances for total daily charges may be negotiated but will not

exceed the daily semiprivate hospital room rate as determined by the Plan.

Credit will be allowed toward private room charges in an amount equal to the facility's most prevalent charge for semiprivate accommodations. Charges will also be paid for general nursing care and other services which would ordinarily be covered in a general hospital. In order to be eligible for these benefits, admission must occur within 14 days of discharge from the hospital.

In order to qualify for benefits provided by a skilled nursing facility, the following stipulations apply:

a. The services are medically required to be given on an inpatient basis because of the covered individual's need for medically necessary skilled nursing care on a continuing daily basis for any of the conditions for which he or she was receiving inpatient hospital services prior to transfer from a hospital to the skilled nursing facility or for a condition requiring such services which arose after such transfer and while he or she was still in the facility for treatment of the condition or conditions for which he or she was receiving inpatient hospital services,

b. Only on prior referral by and so long as, the patient remains under the active care of an attending doctor and the patient requires continual hospital confinement without the care and treatment of the skilled nursing facility, and

c. Approved in advance by the Claims Processor.

For facilities not qualified for delivery of services covered by the benefits of Title XVIII of the Social Security Act (Medicare), neither the Plan nor any of its members shall be billed or held liable by such facilities for charges that otherwise would be covered by Medicare."

SECTION 32.20.(h) G.S. 135-40.6(8)e. reads as rewritten:

"e. Prosthetic and Orthopedic Appliances and Durable Medical Equipment: Appliances and equipment including corrective and supportive devices such as artificial limbs and eyes, wheelchairs, traction equipment, inhalation therapy and suction machines, hospital beds, braces, orthopedic corsets and trusses, not more than three hundred fifty dollars ($350.00) for therapeutic shoes for diabetes and other high-risk conditions, and other prosthetic appliances or ambulatory apparatus which are provided solely for the use of the participant. Eligible charges include repair and replacement when medically necessary. Benefits will be provided on a rental or purchase basis at the sole discretion of the Claims Processor and agreements to rent or purchase shall be between the Claims Processor and the supplier of the appliance.

For the purposes of this subdivision, the term "durable medical equipment" means standard equipment normally used in an institutional setting which can withstand repeated use, is primarily and customarily used to serve a medical purpose, is generally not useful to a person in the absence of an illness or injury and is appropriate for use in the home. Decisions of the Claims Processor, the Executive Administrator and Board of Trustees as to compliance with this definition and coverage under the Plan shall be final."

SECTION 32.20.(i) G.S. 135-40.6(8)m. reads as rewritten:

"m. Cardiac Rehabilitation: Charges not to exceed ~~six hundred fifty dollars ($650.00)~~ the lesser of one thousand eight hundred dollars ($1,800) or 90 days per fiscal ~~year for cardiac testing and exercise therapy, when determined medically necessary by an attending physician and approved by the Claims Processor for patients with a medical history of myocardial infarction, angina pectoris, arrhythmias, cardiovascular surgery, hyperlipidemia, or hypertension,~~year. Coverage is limited to patients with Coronary Artery Bypass Graft (CABG), status/post myocardial infarction, Percutaneous Transliminal Coronary Angioplasty (PTCA) or stent, valve replacement, heart transplant, or chronic and disabling angina provided such ~~charges are incurred~~services are provided within six months of the qualifying event and in a medically supervised facility fully certified by the North Carolina Department of Health and Human Services."

SECTION 32.20.(j) G.S. 135-40.6(9)f. reads as rewritten:

"(9) Limitations and Exclusions to Other Covered Charges. – No benefits are available under this section of the Plan until full utilization is made of similar benefits available under other sections of this Plan.

No benefits will be payable for:

...

f. Eyeglasses or other corrective lenses (except for cataract lenses certified as medically necessary for aphakia persons), hearing aids, braces for teeth, dental plates or bridges or other dental prostheses, air-conditioners, vaporizers, humidifiers, mattresses (other than as supplied with a hospital bed) and specially built shoes (other than attached to artificial limbs or orthopedic ~~braces);~~braces, and other than therapeutic shoes for diabetes or other high-risk conditions);"

SECTION 32.20.(k) G.S. 135-40.6A(b) reads as rewritten:

"(b) The Executive Administrator and Board of Trustees may establish procedures to require prior medical approvals for the following services:

(1) Skilled Nursing Facility ~~Care (after the initial 30 days);~~Care.
(2) Private Duty ~~Nursing;~~Nursing.
(3) Speech Therapy (unless rendered in an inpatient ~~hospital);~~hospital).
(4) Physical Therapy (in the ~~home);~~home).
(7) Surgical Procedures:
a. Blepharoplasties
b. Surgery for Hermaphroditism
c. Excision of Keloids
d. Reduction Mammoplasty
e. Morbid Obesity Surgery
f. Penile Prosthesis
g. Excision of Gynecomastia
h. Cochlear Implants
i. Revision of the Nasal Structure
j. Abdominoplasty
k. Fimbrioplasty
l. Tubotubal ~~Anastomasis.~~Anastomasis
m. Varicose Vein Surgery.
(8) Subcutaneous injection of "filling" material (Example: zyderm, ~~silicone); and~~ silicone).

(8a) Botulinium toxin.
(9) Suction Lipectomy.
(10) Outpatient prescription drugs requiring prospective review under the Plan's pharmacy benefit management program.
(11) Outpatient prescription drugs for growth hormone, weight loss, and antifungal drugs for the treatment of nail fungus."

SECTION 32.20.(l) G.S. 135-40.8 reads as rewritten:

"**§ 135-40.8. Out-of-pocket expenditures.**

(a) For the balance of any fiscal year after each eligible employee, retired employee, or dependent satisfies the cash deductible, the Plan pays eighty percent (80%) of the eligible expenses outlined in G.S. 135-40.6. ~~The covered individual is then responsible for the remaining twenty percent (20%) until one thousand dollars ($1,000), in excess of the deductible, has been paid out-of-pocket.~~ The remaining twenty percent (20%) is paid by the covered individual until one thousand five hundred dollars ($1,500) per covered individual up to an aggregate of four thousand five hundred dollars ($4,500) per employee and child(ren) or employee and family coverage contract per fiscal year in excess of the deductible has been paid out of pocket. The Plan then pays one hundred percent (100%) of the remaining covered expenses.

~~(b) Where a covered individual fails to obtain a second surgical opinion as required under the Plan, or where a covered individual elects to have a surgery performed that conflicts with a majority opinion of the rendered consultations that the surgery requiring a second or third surgical opinion is not necessary, the covered individual shall be responsible for fifty percent (50%) of the eligible expenses, provided, however, that no covered individual shall be required to pay, in addition to the expenses in subsection (a) above out-of-pocket in excess of five hundred dollars ($500.00) per fiscal year.~~

(c) Notwithstanding any other provision of this Article, on the first day of each confinement the Plan does not pay the first ~~seventy-five dollars ($75.00)~~ one hundred dollars ($100.00) of the room accommodation charge allowable under G.S. 135-40.6(1). Any readmission within 60 days after discharge for the same reason shall be considered the same confinement for the purpose of this subsection. The exclusion made under this subsection shall not count toward the deductible nor toward the maximum amount of coinsurance out-of-pocket costs.

(c1) Notwithstanding any other provision of this Article, the Plan does not pay the first fifty dollars ($50.00) of the facility fees and ancillary charges for allowable charges exceeding five hundred dollars ($500.00) per episode of care for hospital outpatient departments and ambulatory surgical facilities under G.S. 135-40.6(4). Readmission within 30 days after discharge for the same reason shall be considered the same episode of care for the purpose of this subsection. The exclusion made under this subsection shall not count toward the deductible nor toward the maximum amount of coinsurance out-of-pocket costs.

(c2) Notwithstanding any other provision of this Article, the Plan does not pay the first one hundred dollars ($100.00) of allowable emergency room charges when admission to a hospital pursuant to the emergency room use does not immediately follow. This subsection shall apply only when less costly alternative means of emergency medical care are reasonably available as determined by the Executive Administrator and Board of Trustees. The exclusion made under this subsection shall not count toward the deductible nor toward the maximum amount of coinsurance out-of-pocket costs.

(c3) Notwithstanding any other provision of this Article, the Plan does not pay for the first fifteen dollars ($15.00) of allowable charges for each home, office, or skilled nursing facility visit under the provisions of G.S. 134-40.6(7)a. and b., G.S. 135-40.6(4), G.S. 135-40.6(8)e.(IV therapy), i., j., k., n., r., and s., and G.S. 135-40.5(e). The

copayment assessed by this subsection shall be assessed only once per person per provider per day and shall not apply to laboratory, pathology, and radiology services. The exclusion made under this subsection shall not count toward the deductible nor toward the maximum amount of coinsurance out-of-pocket costs.

(d) Where a network of qualified preferred providers of inpatient and outpatient hospital care is reasonably available for use by those individuals covered by the Plan, use of providers outside of the preferred network shall be subject to a twenty percent (20%) coinsurance rate up to five thousand dollars ($5,000) per fiscal year per covered individual up to an aggregate of fifteen thousand dollars ($15,000) per employee and child(ren) or employee and family coverage contract per fiscal year in addition to the general coinsurance percentage and maximum fiscal year amount specified by G.S. 135-40.4 and G.S. 135-40.6."

SECTION 32.20.(m) G.S. 135-40.9 reads as rewritten:

"**§ 135-40.9. Maximum benefits.**

The maximum lifetime benefit for each covered individual ~~will be two million dollars ($2,000,000).~~is unlimited."

SECTION 32.20.(n) G.S. 135-40.6(2)g. is repealed.

SECTION 32.20.(o) G.S. 135-40.6(7)a. reads as rewritten:

"(7) Medical Benefits. –

a. Services of Doctors. – The Plan pays the usual, reasonable and customary charges for covered inpatient medical (nonsurgical) services. Services are covered if the individual is hospital-confined and is eligible for hospitalization benefits as described in this section. Benefits are provided for exactly the same number of days as the individual is entitled to under this section, except that medical benefits are provided on both the day of admission and the day of discharge.

In the event a covered individual is treated by two or more co-attending doctors during the same hospital confinement for a medical (nonsurgical) condition, benefits are limited to payment for services provided by the primary attending doctor, except where need is established for supplementary skills for treatment of separate and distinct diagnoses or conditions.

Home, office, and skilled nursing facility visits including (i) charges for injected medications, (ii) inpatient care by attending medical doctors, radiologists, pathologists, and consultants during such time as hospital benefits are paid under any section of this Plan, (iii) care in the outpatient department of a hospital, and (iv) administration of shock therapy (drug or electric) including the services of anesthesiologists provided on an office or hospital outpatient basis for treatment of acute psychotic reaction or severe depression. ~~The Plan does not cover the first ten dollars ($10.00) of allowable charges for each home, office, or skilled nursing facility visit.~~"

SECTION 32.20.(p) Effective January 1, 2002, G.S. 135-39.5(12) reads as rewritten:

"**§ 135-39.5. Powers and duties of the Executive Administrator and Board of Trustees.**

The Executive Administrator and Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan shall have the following powers and duties:

...

"(12) Determining basis of payments to health care providers, including payments in accordance with G.S. 58-50-56. The Plan shall comply with G.S. 58-3-225."

SECTION 32.20.(q) G.S. 135-39.8 reads as rewritten:

"**§ 135-39.8. Rules and regulations.**

The Executive Administrator and Board of Trustees may issue rules and regulations to implement Parts 2, 3, 4, and 5 of this Article. The Executive Administrator and Board of Trustees shall provide to interested persons written notice and an opportunity to comment not later than 30 days prior to adopting, amending, or rescinding a rule or regulation, unless immediate adoption of the rule or regulation without notice is necessary in order to fully effectuate the purpose of the rule or regulation. Rules and regulations of the Board of Trustees shall remain in effect until amended or repealed by the Executive Administrator and Board of Trustees. The Executive Administrator and Board of Trustees shall provide a written description of the rules and regulations issued under this section to all employing units, all health benefit representatives, the oversight team provided for in G.S. 135-39.3, all relevant health care providers affected by a rule or regulation, and to any other ~~parties~~ persons requesting a written description and approved by the Executive Administrator and Board of Trustees to receive a description on a timely basis."

SECTION 32.20.(r) Not later than January 1, 2003, the Plan shall have developed a prospective payment system for the payment of hospital outpatient services and the services of ambulatory surgical facilities. In developing this prospective payment system, the Plan shall make use of the expertise of the North Carolina Hospital Association, including any advisory committees of member hospitals that the Association may name, and ambulatory surgical facilities in this State. In addition, not later than January 1, 2003, the Plan shall have developed a medical fee schedule for the payment of professional health care services. The fee schedule shall be developed with the participation of the North Carolina Medical Society, the North Carolina Academy of Family Physicians, and any other groups of professional medical service providers that the Society may wish to include. Any prospective payment system for hospital outpatient services and the services of ambulatory surgical facilities and a medical fee schedule for the providers of professional medical services shall not be implemented by the Plan before July 1, 2003.

SECTION 32.20.(s) Except as otherwise provided, this section becomes effective July 1, 2001.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SALARY-RELATED CONTRIBUTIONS/EMPLOYERS

SECTION 32.21.(a) Required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employees' salaries. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital-medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability income benefits.

SECTION 32.21.(b) The State's employer contribution rates budgeted for retirement and related benefits as percentage of covered salaries for the 2001-2002

fiscal year and the 2002-2003 fiscal year are (i) five and two hundredths percent (5.02%) - Teachers and State Employees; (ii) ten and two hundredths percent (10.02%) - State Law Enforcement Officers; (iii) nine and seventy-one hundredths percent (9.71%) - University Employees' Optional Retirement System; (iv) sixteen and forty hundredths percent (16.40%) - Consolidated Judicial Retirement System; and (v) twenty-five and fifty-five hundredths percent (25.55%) - Legislative Retirement System. Each of the foregoing contribution rates includes two and thirty-five hundredths percent (2.35%) for hospital and medical benefits. The rate for Teachers and State Employees, State Law Enforcement Officers, and for the University Employees' Optional Retirement Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income.

SECTION 32.21.(c) Notwithstanding any other provision of law, the Board of Trustees of the Teachers' and State Employees' Retirement System shall adopt such assumptions as necessary to remove the asset cap of seventy-seven percent (77%) of market value and to allow for a five-year smooth market method of asset value.

SECTION 32.21.(d) The General Assembly directs the State Treasurer to adopt a fixed amortization period of nine years for the purposes of the unfunded accrued liability for the North Carolina National Guard Pension Fund.

SECTION 32.21.(e) The maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2001-2002 fiscal year to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (i) Medicare-eligible employees and retirees - two thousand one hundred four dollars ($2,104), and (ii) non-Medicare-eligible employees and retirees - two thousand seven hundred sixty-four dollars ($2,764).

SECTION 32.21.(f) The maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2002-2003 fiscal year to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (i) Medicare-eligible employees and retirees – two thousand two hundred thirty-three dollars ($2,233); and (ii) non-Medicare-eligible employees and retirees - two thousand nine hundred thirty-three dollars ($2,933).

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

SECTION 32.22.(a) G.S. 135-5 is amended by adding a new subsection to read:

"(iii) From and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2000, shall be increased by two percent (2%) of the allowance payable on June 1, 2001, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2000, but before June 30, 2001, shall be increased by a prorated amount of two percent (2%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2000, and June 30, 2001."

SECTION 32.22.(b) G.S. 135-65 is amended by adding a new subsection to read:

"(v) From and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2000, shall be increased

by two percent (2%) of the allowance payable on June 1, 2001. Furthermore, from and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2000, but before June 30, 2001, shall be increased by a prorated amount of two percent (2%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2000, and June 30, 2001."

SECTION 32.22.(c) G.S. 120-4.22A is amended by adding a new subsection to read:

"(p) In accordance with subsection (a) of this section, from and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 2001, shall be increased by two percent (2%) of the allowance payable on June 1, 2001. Furthermore, from and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 2001, but before June 30, 2001, shall be increased by a prorated amount of two percent (2%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 2001, and June 30, 2001."

SECTION 32.22.(d) G.S. 128-27 is amended by adding a new subsection to read:

"(zz) From and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2000, shall be increased by two percent (2%) of the allowance payable on June 1, 2001, in accordance with subsection (k) of this section. Furthermore, from and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2000, but before June 30, 2001, shall be increased by a prorated amount of two percent (2%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2000, and June 30, 2001."

SECTION 32.22.(e) This section becomes effective July 1, 2001.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Tucker

INCREASE LOCAL RETIREMENT BENEFITS

SECTION 32.23.(a) G.S. 128-27(b18) reads as rewritten:

"(b18) Service Retirement Allowance of Member Retiring on or After July 1, ~~2000.~~ 2000, but Before July 1, 2001. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 2000, but before July 1, 2001, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 55th birthday and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and seventy-eight hundredths percent (1.78%) of his average final compensation, multiplied by the number of years of his creditable service.

b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:

1. The service retirement allowance payable under G.S. 128-27(b18)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday;
2. The service retirement allowance as computed under G.S. 128-27(b18)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.

(2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and seventy-eight hundredths percent (1.78%) of average final compensation, multiplied by the number of years of creditable service.

b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 128-27(b18)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.

c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:

1. The service retirement allowance as computed under G.S. 128-27(b18)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or
2. The service retirement allowance as computed under G.S. 128-27(b18)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or
3. If the member's creditable service commenced prior to July 1, 1995, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 128-27(b18)(2)b.

d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

SECTION 32.23.(b) G.S. 128-27 is amended by adding a new subsection to read:

"(b19) Service Retirement Allowance of Member Retiring on or After July 1, 2001. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 2001, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 55th birthday and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and eighty-one hundredths percent (1.81%) of his average final compensation, multiplied by the number of years of his creditable service.

b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:

1. The service retirement allowance payable under G.S. 128-27(b19)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday;

2. The service retirement allowance as computed under G.S. 128-27(b19)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.

(2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and eighty-one hundredths percent (1.81%) of average final compensation, multiplied by the number of years of creditable service.

b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 128-27(b19)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.

c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:

1. The service retirement allowance as computed under G.S. 128-27(b19)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or

2. The service retirement allowance as computed under G.S. 128-27(b19)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or

3. If the member's creditable service commenced prior to July 1, 1995, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 128-27(b19)(2)b.

d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

SECTION 32.23.(c) G.S. 128-27(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the principal beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option two of subsection (g) above computed by assuming that the member had retired on the first day of the month following the date of his death, provided that all three of the following conditions apply:

(1) a. The member had attained such age and/or creditable service to be eligible to commence retirement with an early or service retirement allowance, or

b. The member had obtained 20 years of creditable service in which case the retirement allowance shall be computed in accordance with ~~G.S. 128-27(b18)(1)b. or G.S. 128-27(b18)(2)c.;~~ G.S. 128-27(b19)(1)b. or G.S. 128-27(b19)(2)c., notwithstanding the requirement of obtaining age 50.

(2) The member had designated as the principal beneficiary to receive a return of his accumulated contributions one and only one person who is living at the time of his death.

(3) The member had not instructed the Board of Trustees in writing that he did not wish the provisions of this subsection apply.

For the purpose of this benefit, a member is considered to be in service at the date of his death if his death occurs within 180 days from the last day of his actual service. The last day of actual service shall be determined as provided in subsection (l) of this section. Upon the death of a member in service, the surviving spouse may make all purchases for creditable service as provided for under this Chapter for which the member had made application in writing prior to the date of death, provided that the

date of death occurred prior to or within 60 days after notification of the cost to make the purchase."

SECTION 32.23.(d) G.S. 128-27 is amended by adding a new subsection to read:

"(zz) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2001. – From and after July 1, 2001, the retirement allowance to or on account of beneficiaries on the retirement rolls as of June 1, 2001, shall be increased by one and seven-tenths percent (1.7%) of the allowance payable on June 1, 2001. This allowance shall be calculated on the allowance payable and in effect on June 30, 2001, so as not to be compounded on any other increase payable under subsection (k) of this section or otherwise granted by act of the 2001 General Assembly."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

OPTIONAL RETIREMENT PROGRAM STUDY COMMISSION

SECTION 32.24.(a) The Optional Retirement Program Study Commission is created. The Commission shall consist of 15 voting members as follows:

(1) Four members of the House of Representatives to be appointed by the Speaker of the House of Representatives;
(2) Four members of the Senate to be appointed by the President Pro Tempore of the Senate;
(3) The State Treasurer or the State Treasurer's designee;
(4) A member of the faculty of a constituent institution of The University of North Carolina, to be appointed by the Speaker of the House of Representatives;
(5) An administrator at a constituent institution of The University of North Carolina, to be appointed by the President Pro Tempore of the Senate;
(6) A member of the faculty of a constituent institution of the North Carolina Community Colleges System, to be appointed by the President Pro Tempore of the Senate;
(7) An administrator at a constituent institution of the North Carolina Community Colleges System, to be appointed by the Speaker of the House of Representatives; and
(8) Two members, one of whom is a practicing actuary and one of whom is the administrator of a private retirement system, to be appointed by the Governor.

The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each designate a cochair from the General Assembly membership serving on the Commission. The Commission shall meet upon the call of the cochairs. A majority of the Commission shall constitute a quorum for the transaction of business.

SECTION 32.24.(b) The Commission shall:

(1) Examine the feasibility and desirability of expanding eligibility under the Optional Retirement System of The University of North Carolina to include all university employees that are exempt from the State Personnel Act; and
(2) Examine the feasibility and desirability of establishing an optional retirement program for employees of the North Carolina Community Colleges System.

In conducting these studies, the Commission shall work cooperatively with the Retirement System Division of the Department of State Treasurer to obtain information addressing issues such as the attraction and retention of faculty and staff at the affected institutions and the actuarial impact of the potential changes in retirement options.

SECTION 32.24.(c) The Commission may contract for consultant services as provided by G.S. 120-32.02. Upon approval of the Legislative Services Commission, the Legislative Services Officer shall assign professional and clerical staff to assist in the work of the Commission. Clerical staff shall be furnished to the Commission through the offices of the House of Representatives and Senate Supervisors of Clerks. The Commission may meet in the Legislative Building or the Legislative Office Building upon the approval of the Legislative Services Commission. The Commission, while in the discharge of official duties, may exercise all the powers provided under the provisions of G.S. 120-19 through G.S. 120-19.4, including the power to request all officers, agents, agencies, and departments of the State to provide any information, data, or documents within their possession, ascertainable from their records, or otherwise available to them, and the power to subpoena witnesses. Members of the Commission shall receive per diem, subsistence, and travel allowances as follows:

(1) Commission members who are members of the General Assembly at the rate established in G.S. 120-3.1;

(2) Commission members who are officials or employees of the State or of local government agencies at the rate established in G.S. 138-6; and

(3) All other Commission members at the rate established in G.S. 138-5.

SECTION 32.24.(d) The Commission shall report the results of its study and its recommendations to the 2002 Regular Session of the 2001 General Assembly. The Commission shall terminate upon filing its report.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

TO SHORTEN THE AMOUNT OF TIME RETIRED TEACHERS MUST BE RETIRED BEFORE THEY RETURN TO WORK

SECTION 32.25.(a) G.S. 135-3(8)c., as enacted by Section 28.24(a) of S.L. 1998-212, and rewritten by Section 67 of S.L. 1998-217 and by Section 8.24(a) of S.L. 2000-67, reads as rewritten:

"c. **(Effective until June 30, 2003)** Should a beneficiary who retired on an early or service retirement allowance under this Chapter be reemployed, or otherwise engaged to perform services, by an employer participating in the Retirement System on a part-time, temporary, interim, or on a fee-for-service basis, whether contractual or otherwise, and if such beneficiary earns an amount in any calendar year which exceeds fifty percent (50%) of the reported compensation, excluding terminal payments, during the 12 months of service preceding the effective date of retirement, or twenty thousand dollars ($20,000), whichever is greater, as hereinafter indexed, then the retirement allowance shall be suspended as of the first day of the month following the month in which the reemployment earnings exceed the amount above, for the balance of the calendar year. The retirement allowance of the beneficiary shall be reinstated as of January 1 of each year following suspension. The amount that may be earned before suspension shall be increased on January 1 of each year by the ratio of the Consumer Price Index to the Index one year earlier, calculated to the nearest tenth of a percent (1/10 of 1%).

The computation of postretirement earnings of a beneficiary under this sub-subdivision, G.S. 135-3(8)c., who has been retired at least ~~12~~four months and has not been employed in any capacity, except as a substitute teacher, with a public school for at least ~~12~~four months immediately preceding the effective date

of reemployment, shall not include earnings while the beneficiary is employed to teach on a substitute, interim, or permanent basis in a public school. The Department of Public Instruction shall certify to the Retirement System that a beneficiary is employed to teach by a local school administrative unit under the provisions of this sub-subdivision and as a retired teacher as the term is defined under the provisions of G.S. 115C-325(a)(5a). Beneficiaries employed under this sub-subdivision are not entitled to any benefits otherwise provided under this Chapter as a result of this period of employment."

SECTION 32.25.(b) G.S. 115C-325(a)(5a), as enacted by Section 28.24(b) of S.L. 1998-212 and rewritten by Section 67.1(a) of S.L. 1998-217, reads as rewritten:

"(a) Definition of Terms. – As used in this section unless the context requires otherwise:

...

(5a) **(Effective until June 30, 2003)** "Retired teacher" means a beneficiary of the Teachers' and State Employees' Retirement System of North Carolina who has been retired at least ~~12~~four months, has not been employed in any capacity, other than as a substitute teacher, with a local board of education for at least ~~12~~four months, immediately preceding the effective date of reemployment, is determined by a local board of education to have had satisfactory performance during the last year of employment by a local board of education, and who is employed to teach as provided in G.S. 135-3(8)c. A retired teacher shall be treated the same as a probationary teacher except that a retired teacher is not eligible for career status."

SECTION 32.25.(c) This section becomes effective July 1, 2001, and expires June 30, 2003.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Gibson, Pope, Russell

REMOVE THE CAP ON SICK LEAVE CREDITABLE TO RETIREMENT FOR MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM

SECTION 32.28.(a) G.S. 135-4(e) reads as rewritten:

"(e) Creditable service at retirement on which the retirement allowance of a member shall be based shall consist of the membership service rendered by him since he last became a member, and also if he has a prior service certificate which is in full force and effect, the amount of service certified on his prior service certificate; and if he has sick leave standing to his credit upon retirement on or after July 1, 1971, one month of credit for each 20 days or portion ~~thereof not to exceed 12 days of credit for each year of membership service or fraction~~ thereof, but sick leave shall not be counted in computing creditable service for the purpose of determining eligibility for disability retirement or for a vested deferred allowance.

On and after July 1, 1971, a member whose account was closed on account of absence from service under the provisions of G.S. 135-3(3) and who subsequently returns to service for a period of five years, may thereafter repay in a lump sum the amount withdrawn plus regular interest thereon from the date of withdrawal through the year of repayment and thereby increase his creditable service by the amount of creditable service lost when his account was closed.

On and after July 1, 1973, a member whose account in the North Carolina Local Governmental Employees' Retirement System was closed on account of absence from

service under the provisions of G.S. 128-24(1a) and who subsequently became or becomes a member of this System with credit for five years of service, may thereafter repay in a lump sum the amount withdrawn from the North Carolina Local Governmental Employees' Retirement System plus regular interest thereon from the date of withdrawal through the year of repayment and thereby increase his creditable service in this System by the amount of creditable service lost when his account was closed.

On or after July 1, 1979, a member who has obtained 60 months of aggregate service, or five years of membership service, as an employee of the North Carolina General Assembly, except legislators, participants in the Legislative Intern Program and pages, may make a lump sum payment together with interest, and an administrative fee for such service, to the Teachers' and State Employees' Retirement System of an amount equal to what he would have contributed had he been a member on his first day of employment.

On and after January 1, 1985, the creditable service of a member who was a member of the Law-Enforcement Officers' Retirement System at the time of the transfer of law-enforcement officers employed by the State from that System to this Retirement System and whose accumulated contributions are transferred from that System to this Retirement System, shall include service that was creditable in the Law-Enforcement Officers' Retirement System; and membership service with that System shall be membership service with this Retirement System; provided, notwithstanding any provision of this Article to the contrary, any inchoate or accrued rights of such a member to purchase creditable service for military service, withdrawn service and prior service under the rules and regulations of the Law-Enforcement Officers' Retirement System shall not be diminished and may be purchased as creditable service with this Retirement System under the same conditions which would have otherwise applied."

SECTION 32.28.(b) This section becomes effective July 1, 2001, and applies to persons retiring on or after that date.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SICK LEAVE/JUDICIAL RETIREMENT

SECTION 32.29.(a) G.S. 135-58(a2) reads as rewritten:

"(a2) Any member who retires under the provisions of G.S. 135-57(a) or G.S. 135-57(c) on or after July 1, 1999, but before July 1, 2001, after the member has either attained the member's 65th birthday or has completed 24 years or more of creditable service, shall receive an annual retirement allowance, payable monthly, which shall commence on the effective date of the member's retirement and shall be continued on the first day of each month thereafter during the member's lifetime, the amount of which shall be computed as the sum of the amounts in subdivisions (1), (2), (3), (4), and (5) following, provided that in no event shall the annual allowance payable to any member be greater than an amount which, when added to the allowance, if any, to which the member is entitled under the Teachers' and State Employees' Retirement System, the Legislative Retirement System, or the Local Governmental Employees' Retirement System (prior in any case to any reduction for early retirement or for an optional mode of payment) would total three-fourths of the member's final compensation:

(1) Four and two-hundredths percent (4.02%) of the member's final compensation, multiplied by the number of years of creditable service rendered as a justice of the Supreme Court or judge of the Court of Appeals;

(2) Three and fifty-two hundredths percent (3.52%) of the member's final compensation, multiplied by the number of years of creditable service rendered as a judge of the superior court or as Administrative Officer of the Courts;

(3) Three and two-hundredths percent (3.02%) of the member's final compensation, multiplied by the number of years of creditable service, rendered as a judge of the district court, district attorney, or clerk of superior court;

(4) A service retirement allowance computed in accordance with the service retirement provisions of Article 3 of Chapter 128 of the General Statutes using an average final compensation as defined in G.S. 135-53(2a) and creditable service equal to the number of years of the member's creditable service that was transferred from the Local Governmental Employees' Retirement System to this System as provided in G.S. 135-56; and

(5) A service retirement allowance computed in accordance with the service retirement provisions of Article 1 of this Chapter using an average final compensation as defined in G.S. 135-53(2a) and creditable service equal to the number of years of the member's creditable service that was transferred from the Teachers' and State Employees' Retirement System to this System as provided in G.S. 135-56."

SECTION 32.29.(b) G.S. 135-58 is amended by adding a new subsection to read:

"(a3) Any member who retires under the provisions of G.S. 135-57(a) or G.S. 135-57(c) on or after July 1, 2001, after the member has either attained the member's 65th birthday or has completed 24 years or more of creditable service, shall receive an annual retirement allowance, payable monthly, which shall commence on the effective date of the member's retirement and shall be continued on the first day of each month thereafter during the member's lifetime, the amount of which shall be computed as the sum of the amounts in subdivisions (1), (2), (3), (4), and (5) following, provided that in no event shall the annual allowance payable to any member be greater than an amount which, when added to the allowance, if any, to which the member is entitled under the Teachers' and State Employees' Retirement System, the Legislative Retirement System, or the Local Governmental Employees' Retirement System (prior in any case to any reduction for early retirement or for an optional mode of payment) would total three-fourths of the member's final compensation:

(1) Four and two-hundredths percent (4.02%) of the member's final compensation, multiplied by the number of years of creditable service rendered as a justice of the Supreme Court or judge of the Court of Appeals;

(2) Three and fifty-two hundredths percent (3.52%) of the member's final compensation, multiplied by the number of years of creditable service rendered as a judge of the superior court or as Administrative Officer of the Courts;

(3) Three and two-hundredths percent (3.02%) of the member's final compensation, multiplied by the number of years of creditable service, rendered as a judge of the district court, district attorney, or clerk of superior court;

(4) A service retirement allowance computed in accordance with the service retirement provisions of Article 3 of Chapter 128 of the General Statutes using an average final compensation as defined in G.S. 135-53(2a) and creditable service equal to the number of years of the member's creditable service that was transferred from the Local Governmental Employees' Retirement System to this System as provided in G.S. 135-56; and

(5) A service retirement allowance computed in accordance with the service retirement provisions of Article 1 of this Chapter using an average final compensation as defined in G.S. 135-53(2a) and creditable service, including any sick leave standing to the credit of the member, equal to the number of years of the member's creditable service that was transferred from the Teachers' and State Employees' Retirement System to this System as provided in G.S. 135-56."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

AMEND MEMBERSHIP REQUIREMENTS

SECTION 32.30.(a) G.S. 120-4.11 reads as rewritten:

"**§ 120-4.11. Membership.**

The following members of the General Assembly and former members of the General Assembly are eligible for membership in the Retirement ~~System, provided they are not contributing to nor are qualified to contribute to the North Carolina Teachers' and State Employees' Retirement System, the Local Governmental Employees' Retirement System, the Law Enforcement Officers' Retirement System or the Consolidated Judicial Retirement System of North Carolina:~~ System:

(1) Members of the General Assembly who serve on and after June 15, 1983; and

(2) Former members of the General Assembly who served prior to June 15, 1983; and

a. Who elect to transfer current and future entitlements, or contributions, from the Legislative Retirement Fund established by Chapter 1269 of the 1969 Session Laws; or

b. Who have five or more years of service as a member of the General Assembly."

SECTION 32.30.(b) G.S. 120-4.21(c) reads as rewritten:

"(c) Limitations. – In no event shall any member receive a service retirement allowance greater than seventy-five percent (75%) of his 'highest annual ~~salary"~~ salary'. ~~nor shall he receive any service retirement allowance whatever while employed in a position that makes him a contributing member of any of the following retirement systems: The Teachers' and State Employees' Retirement System, the North Carolina Local Governmental Employees' Retirement System, or the Consolidated Judicial Retirement System. If he should become a member of any of these systems, payment of his service retirement allowance shall be suspended until he withdraws from membership in that system.~~"

SECTION 32.30.(c) G.S. 120-4.22(d) reads as rewritten:

"(d) Limitations. – In no event shall any member receive a disability retirement allowance greater than seventy-five percent (75%) of his 'highest annual ~~salary"~~ salary'. ~~nor shall he receive any disability retirement allowance whatever while employed in a position that makes him a contributing member of any of the following retirement systems: The Teachers' and State Employees' Retirement System, the North Carolina Local Governmental Employees' Retirement System, the Law Enforcement Officers' Retirement System, the Uniform Judicial Retirement System of North Carolina, the Uniform Solicitorial Retirement System of North Carolina or the Uniform Clerks of Court Retirement System of North Carolina. If he should become a member of any of these systems payment of his disability retirement allowance shall be suspended until he withdraws from membership in that system.~~"

SECTION 32.30.(d) This section is effective when it becomes law.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

DUES DEDUCTION FOR RETIREES

SECTION 32.31. Article 3 of Chapter 128 of the General Statutes is amended by adding a new section to read:

"**§ 128-38.3. Deduction for payment to certain employees' associations allowed.**

Any member who is a member of a domiciled employees' or retirees' association that has at least 2,000 members, the majority of whom are active or retired employees of employers as defined in G.S. 128-21(11), may authorize, in writing, the periodic deduction from the member's retirement benefits a designated lump sum to be paid to the employees' or retirees' association. The authorization shall remain in effect until revoked by the member. A plan of deductions pursuant to this section shall become void if the employees' or retirees' association engages in collective bargaining with the State, any political subdivision of the State, or any local school administrative unit.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Nesbitt

ALLOW THE PURCHASE OF WITHDRAWAL SERVICE IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM

SECTION 32.32.(a) G.S. 135-4(k) reads as rewritten:

"(k) Notwithstanding any other provision of this Chapter, any person who withdrew his contributions in accordance with the provisions of G.S. 128-27(f) or G.S. 135-5(f) or the rules and regulations of the Law-Enforcement Officers' Retirement System and who subsequently returns to service may, upon completion of ~~10~~ five years of membership service, repay in a total lump sum any and all of the accumulated contributions previously withdrawn with ~~sufficient interest added thereto to cover one half of the cost of providing such additional credit plus a fee to cover expense of handling which shall be determined by the Board of Trustees and receive credit for the service forfeited at time of withdrawal(s), provided that he left service prior to July 1, 1974.~~ interest compounded annually at the rate of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to the year of repayment plus a fee to cover expense of handling which shall be determined by the Board of Trustees, and receive credit for the service forfeited at time of withdrawal. ~~Any person who leaves service after June 30, 1974, and who withdraws his contributions in accordance with G.S. 128-27(f) or G.S. 135-5(f) or the rules and regulations of the Law-Enforcement Officers' Retirement System and who subsequently returns to service may, upon completion of 10 years of membership service, repay in a total lump sum any and all of the accumulated contributions previously withdrawn with sufficient interest added thereto to cover the full cost of providing such additional credit plus a fee to cover expense of handling which shall be determined by the Board of Trustees and receive credit for the service forfeited at time of withdrawal(s).~~ These provisions shall apply equally to retired members who had attained ~~10~~ five years of membership service prior to retirement. The retirement benefit shall be increased the month following the receipt of payment. The retirement benefit shall not include any benefit as a result of retirement adjustments or cost-of-living increases granted since the date of retirement. The retirement benefit will be calculated based in the accrual rate at the time of purchase. ~~Cost as used in this subsection shall mean the amount of money required to provide additional retirement benefits based on service credit allowed at the time any adjustment to the service credit of a member is made.~~

Notwithstanding any provision to the contrary, a law enforcement officer who was transferred from the Law Enforcement Officers' Retirement System to this Retirement System pursuant to Article 12C of Chapter 143 of the General Statutes and withdrew his accumulated contributions prior to January 1, 1985, in accordance with G.S. 128-27(f) or G.S. 135-5(f) for non-law enforcement service and who has ~~10~~ five years or more of membership service standing to his credit may repay in a total lump sum the accumulated contributions previously withdrawn with ~~sufficient interest added thereto to cover one-half the cost of providing such additional credits plus a fee to cover the~~

~~expense of handling which shall be determined by the Board of Trustees and receive credit for the creditable service forfeited at the time of withdrawal.~~ interest compounded annually at the rate of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to the year of repayment plus a fee to cover expense of handling which shall be determined by the Board of Trustees, and receive credit for the service forfeited at time of withdrawal. The retirement benefit shall be increased the month following the receipt of payment. The retirement benefit shall not include any benefit as a result of retirement adjustments or cost-of-living increases granted since the date of retirement. The retirement benefit will be calculated based in the accrual rate at the time of purchase."

SECTION 32.32.(b) G.S. 135-4(m) reads as rewritten:

"(m) Notwithstanding any language to the contrary of any provision of this section, or of any repealed provision of this section that was repealed with the inchoate and accrued rights preserved, all repayments and purchases of service credits, allowed under the provisions of this section or of any repealed provision of this section that was repealed with inchoate and accrued rights preserved, must be made within three years after the member first becomes eligible to make such repayments and purchases. Any member who does not repay or purchase service credits within said three years after first eligibility to make such repayments and purchases may, under the same conditions as are otherwise required, repay or purchase service credits provided that the repayment or purchase equals the full cost of the service credits calculated on the basis of the assumptions used for purposes of the actuarial valuation of the system's liabilities and shall take into account the additional retirement allowance arising on account of such additional service credit commencing at the earliest age at which such member could retire on an unreduced retirement allowance as determined by the Board of Trustees upon the advice of the consulting actuary. Notwithstanding the foregoing provisions of this subsection that provide for the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement allowance increases, as determined by the Board of Trustees, from the earliest age at which a member could retire on an unreduced service allowance. Notwithstanding the foregoing, on and after July 1, 2001, the provisions of this subsection shall not apply to the repayment of contributions withdrawn pursuant to subsection (k) of this section."

SECTION 32.32.(c) G.S. 135-4(x) is repealed.

SECTION 32.32.(d) This section becomes effective July 1, 2001.

PART XXXIII. CAPITAL APPROPRIATIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION

SECTION 33.1. The appropriations made by the 2001 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, and acquiring buildings and land for State government purposes.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 33.2.(a) Appropriations are made from the General Fund of the State for the 2001-2002 fiscal year for use by the State departments, institutions, and agencies to provide for capital improvement projects according to the following schedule:

Capital Improvements - General Fund **2001-2002**

Department of Environment and Natural Resources	$32,936,000
Repairs and Renovations Reserve Account	100,000,000
TOTAL	$132,936,000.

SECTION 33.2.(b) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3A, for the 2000-2001 fiscal year only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2001.

This subsection becomes effective June 30, 2001.

TOTAL CAPITAL APPROPRIATION – GENERAL FUND

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 33.3.(a) The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

	Name of Project		**2001-2002**
(1)	Wilmington Harbor Deepening		$22,000,000
(2)	Morehead City Harbor Maintenance		500,000
(3)	Wilmington Harbor Maintenance		200,000
(4)	Manteo (Shallowbag) Bay Channel Maintenance		2,500,000
(5)	B. Everett Jordan Lake Water Supply		100,000
(6)	John H. Kerr Reservoir Operations Evaluation		400,000
(7)	Brunswick County Beaches Nourishment Supplement		927,000
(8)	Wrightsville Beach Nourishment		518,000
(9)	Dare County Beaches design		338,000
(10)	Indian Beach – Salter Path Nourishment		900,000
(11)	Bogue Banks Beach Protection Study		350,000
(12)	Surf City/North Topsail Beach Protection Study		150,000
(13)	West Onslow Beach Protection Re-analysis (Topsail Beach)		116,000
(14)	Currituck Sound Water Management Study		200,000
(15)	Deep Creek Yadkin County		500,000
(16)	State Local Projects		2,000,000
	a. Town of Washington Park Maple Branch Water Management, Beaufort County	3,000	
	b. Pungo River Snagging, Hyde County	22,000	
	c. Muddy Creek Stream Restoration, McDowell County	50,000	
	d. Town of Chadbourn Water Management, Columbus County	38,000	
	e. Perquimans River and Mill Creek Drainage, Perquimans County	38,000	
	f. Mitchell River Restoration, Surry County	111,875	
	g. Town of Candor Park Drainage, Montgomery County	18,000	

	h.	Chowan River Restoration and Pembroke and Rocky Hock Creeks Drainage, Chowan County	67,000	
	i.	Town of Pine Knoll Shores Westport Marina Maintenance Dredging, Carteret County	25,000	
	j.	Town of Kenly Flood Control, Wilson and Johnston Counties	268,100	
	k.	Southern Pines Drainage Improvements, Moore County	118,575	
	l.	Other Projects	1,240,450	
(17)		Aquatic Weed Control Lake Gaston and Statewide		200,000
(18)		Adkin Branch Flood Control		120,000
(19)		Neuse River Basin Flood Control Feasibility Study		100,000
(20)		Little Sugar Creek Restoration Projects		360,000
(21)		Emergency Flood Control Projects		187,000
(22)		Projected Feasibility Studies		120,000
(23)		Planning Assistance to Communities		150,000
Total				$32,936,000

SECTION 33.3.(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 2001-2002 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

(1) Corps of Engineers project feasibility studies.

(2) Corps of Engineers projects whose schedules have advanced and require State-matching funds in fiscal year 2001-2002.

(3) State-local water resources development projects. Funds not expended or encumbered for these purposes shall revert to the General Fund at the end of the 2002-2003 fiscal year.

SECTION 33.3.(c) The Department shall make quarterly reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

(1) All projects listed in this section.

(2) The estimated cost of each project.

(3) The date that work on each project began or is expected to begin.

(4) The date that work on each project was completed or is expected to be completed.

(5) The actual cost of each project.

The quarterly reports shall also show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

SECTION 33.3.(d) Notwithstanding G.S. 143-23, if additional federal funds that require a State match are received for water resources projects or for beach renourishment projects for the 2001-2002 fiscal year, the Director of the Budget may, after consultation with the Joint Legislative Commission on Governmental Operations, transfer funds from General Fund appropriations to match the federal funds.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS

SECTION 33.4. The appropriations made by the 2001 General Assembly for capital improvements shall be disbursed for the purposes provided by this act. Expenditure of funds shall not be made by any State department, institution, or agency until an allotment has been approved by the Governor as Director of the Budget. The allotment shall be approved only after full compliance with the Executive Budget Act, Article 1 of Chapter 143 of the General Statutes. Prior to the award of construction contracts for projects to be financed in whole or in part with self-liquidating appropriations, the Director of the Budget shall approve the elements of the method of financing of those projects including the source of funds, interest rate, and liquidation period. Provided, however, that if the Director of the Budget approves the method of financing a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting.

Where direct capital improvement appropriations include the purpose of furnishing fixed and movable equipment for any project, those funds for equipment shall not be subject to transfer into construction accounts except as authorized by the Director of the Budget. The expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and approved by the Director of the Budget prior to commitment of funds.

Capital improvement projects authorized by the 2001 General Assembly shall be completed, including fixed and movable equipment and furnishings, within the limits of the amounts of the direct or self-liquidating appropriations provided, except as otherwise provided in this act. Capital improvement projects authorized by the 2001 General Assembly for the design phase only shall be designed within the scope of the project as defined by the approved cost estimate filed with the Director of the Budget, including costs associated with site preparation, demolition, and movable and fixed equipment.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ENCUMBERED APPROPRIATIONS AND PROJECT RESERVE FUNDS

SECTION 33.5. When each capital improvement project appropriated by the 2001 General Assembly, other than those projects under the Board of Governors of The University of North Carolina, is placed under a construction contract, direct appropriations shall be encumbered to include all costs for construction, design, investigation, administration, movable equipment, and a reasonable contingency. Unencumbered direct appropriations remaining in the project budget shall be placed in a project reserve fund credited to the Office of State Budget and Management. Funds in the project reserve may be used for emergency repair and renovation projects at State facilities with the approval of the Director of the Budget. The project reserve fund may be used, at the discretion of the Director of the Budget, to allow for award of contracts where bids exceed appropriated funds, if those projects supplemented were designed within the scope intended by the applicable appropriation or any authorized change in it, and if, in the opinion of the Director of the Budget, all means to award contracts within the appropriation were reasonably attempted. At the discretion of the Director of the Budget, any balances in the project reserve fund shall revert to the original source.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXPENDITURES OF FUNDS FROM THE RESERVE FOR REPAIRS AND RENOVATIONS

SECTION 33.6. Of the funds in the Reserve for Repairs and Renovations for the 2001-2002 fiscal year, forty-six percent (46%) shall be allocated to the Board of Governors of The University of North Carolina for repairs and renovations pursuant to G.S. 143-15.3A, in accordance with guidelines developed in The University of North Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as

approved by the Board of Governors of The University of North Carolina, and fifty-four percent (54%) shall be allocated to the Office of State Budget and Management for repairs and renovations pursuant to G.S. 143-15.3A.

Notwithstanding G.S. 143-15.3A, the Board of Governors may allocate funds for the repair and renovation of facilities not supported from the General Fund if the Board determines that sufficient funds are not available from other sources and that conditions warrant General Fund assistance. Any such finding shall be included in the Board's submission to the Joint Legislative Commission on Governmental Operations on the proposed allocation of funds.

The Board of Governors and the Office of State Budget and Management shall submit to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office, for their review, the proposed allocations of these funds. Subsequent changes in the proposed allocations shall be reported prior to expenditure to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CAPITAL IMPROVEMENT PROJECTS/SUPPLEMENTAL FUNDING APPROVAL/REPORTING REQUIREMENT

SECTION 33.7. Each department receiving capital improvement appropriations from the Highway Fund under this act shall report quarterly to the Director of the Budget on the status of those capital projects. The reporting procedure to be followed shall be developed by the Director of the Budget.

Highway Fund capital improvement projects authorized in this act that have not been placed under contract for construction due to insufficient funds may be supplemented with funds identified by the Director of the Budget, provided:

(1) That the project was designed and bid within the scope as authorized by the General Assembly;

(2) That the funds to supplement the project are from the same source as authorized for the original project;

(3) That the department to which the project was authorized has unsuccessfully pursued all statutory authorizations to award the contract; and

(4) That the action be reported to the Fiscal Research Division of the Legislative Services Office.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PROJECT COST INCREASE

SECTION 33.8. Upon the request of the administration of a State agency, department, or institution, the Director of the Budget may, when in the Director's opinion it is in the best interest of the State to do so, increase the cost of a capital improvement project. Provided, however, that if the Director of the Budget increases the cost of a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting. The increase may be funded from gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, or direct capital improvement appropriations to that department or institution.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

NEW PROJECT AUTHORIZATION

SECTION 33.9. Upon the request of the administration of any State agency, department, or institution, the Director of the Budget may authorize the construction of

a capital improvement project not specifically authorized by the General Assembly if such project is to be funded by gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, or self-liquidating indebtedness. Prior to authorizing the construction of a capital improvement project pursuant to this section, the Director shall consult with the Joint Legislative Commission on Governmental Operations.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ADVANCE PLANNING OF CAPITAL IMPROVEMENT PROJECTS

SECTION 33.10. Funds that become available by gifts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, federal or private grants, receipts becoming a part of special funds by act of the General Assembly, or any other funds available to a State department or institution may be utilized for advance planning through the working drawing phase of capital improvement projects, upon approval of the Director of the Budget. The Director of the Budget may make allocations from the Advance Planning Fund for advance planning through the working drawing phase of capital improvement projects, except that this revolving fund shall not be utilized by the Board of Governors of The University of North Carolina or the State Board of Community Colleges.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

APPROPRIATIONS LIMITS/REVERSION OR LAPSE

SECTION 33.11. Except as permitted in previous sections of this act, the appropriations for capital improvements made by the 2001 General Assembly may be expended only for specific projects set out by the 2001 General Assembly and for no other purpose. Construction of all capital improvement projects enumerated by the 2001 General Assembly shall be commenced, or self-liquidating indebtedness with respect to them shall be incurred, within 12 months following the first day of the fiscal year in which the funds are available. If construction contracts on those projects have not been awarded or self-liquidating indebtedness has not been incurred within that period, the direct appropriation for those projects shall revert to the original source, and the self-liquidating appropriation shall lapse; except that direct appropriations may be placed in a reserve fund as authorized in this act. This deadline with respect to both direct and self-liquidating appropriations may be extended with the approval of the Director of the Budget up to an additional 12 months if circumstances and conditions warrant such extension.

PART XXXIV. NOT APPLICABLE

PART XXXV. NOT APPLICABLE

PART XXXVI. MISCELLANEOUS PROVISIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXECUTIVE BUDGET ACT APPLIES

SECTION 36.1. The provisions of the Executive Budget Act, Chapter 143, Article 1 of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

COMMITTEE REPORT

SECTION 36.2.(a) The House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets, dated June 25, 2001, which was

distributed in the Senate and House of Representatives and used to explain this act, shall indicate action by the General Assembly on this act and shall therefore be used to construe this act, as provided in G.S. 143-15 of the Executive Budget Act, and for these purposes shall be considered a part of this act and as such shall be printed as a part of the Session Laws.

SECTION 36.2.(b) The budget enacted by the General Assembly for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2001-2003 fiscal biennium is a line item budget, in accordance with the Budget Code Structure and the State Accounting System Uniform Chart of Accounts set out in the Administrative Policies and Procedures Manual of the Office of the State Controller. This budget includes the appropriations made from all sources including the General Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental receipts.

The Director of the Budget submitted the itemized budget requests to the General Assembly on March 12, 2001, in the document, "The North Carolina State Budget, Summary of Recommendations for 2001-2003". The beginning appropriation for the 2001-2002 fiscal year and the 2002-2003 fiscal year for the various departments, institutions, and other spending agencies of the State is referenced in this document as the recurring baseline budget. The recurring baseline budget was derived from the December 31, 2000, authorized budget by applying adjustments for nonrecurring items, building reserves, enrollment and entitlement changes, and transfers between budget codes.

The General Assembly revised the recurring baseline budget for the 2001-2002 fiscal year and the 2002-2003 fiscal year submitted by the Director of the Budget, in accordance with the steps that follow, and the line item detail in the budget enacted by the General Assembly may be derived accordingly:

(1) The recurring baseline budget was revised in accordance with reductions and additions that were set out in the House Appropriations Committee Report on the Continuation, Expansion and Capital Budget, dated June 25, 2001, together with any accompanying correction sheets.

(2) Transfers of funds supporting programs were made in accordance with the House Appropriations Committee Report on the Continuation, Expansion and Capital Budget, dated June 25, 2001, together with any accompanying correction sheets.

SECTION 36.2.(c) The budget enacted by the General Assembly shall also be interpreted in accordance with the special provisions in this act and in accordance with other appropriate legislation.

In the event that there is a conflict between the line item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

MOST TEXT APPLIES ONLY TO THE 2001-2003 FISCAL BIENNIUM

SECTION 36.3. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2001-2003 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2001-2003 fiscal biennium.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EFFECT OF HEADINGS

SECTION 36.4. The headings to the parts and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SEVERABILITY CLAUSE

SECTION 36.5. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EFFECTIVE DATE

SECTION 36.6. Except as otherwise provided, this act becomes effective July 1, 2001.

North Carolina Capital Improvement Program

Inventory of Capital Improvement Requests for State Government

Six-Year Summary FY 2001 - 2007

Prepared by the Fiscal Research Division
North Carolina General Assembly
December 2001

LETTER OF TRANSMITTAL

December 19, 2001

Members of the North Carolina General Assembly:

The Fiscal Research Division is pleased to provide the first edition of the "North Carolina Capital Improvement Program: Inventory of Capital Improvement Requests for State Government, Six Year Summary FY 2001-2007." The objectives of the report are to: (1) outline repair and renovation needs for all State agencies; (2) outline anticipated new construction needs for all State agencies; (3) outline similar capital improvement needs for the NC Community College System and public schools (*please see note on page 13 regarding the inclusion of information on community colleges and public schools*); and (4) summarize this information in a manner that allows legislators to make more informed decisions about capital expenditures.

The report is organized in several sections, including:

- General information on North Carolina capital improvement budgeting
- A summary of total estimated needs by appropriations subcommittee
- Detailed summaries by appropriations subcommittee – Education, Health & Human Services, Natural & Economic Resources, General Government, Justice and Public Safety, and Transportation
- Additional information on recent capital funding and general obligation bond issuances

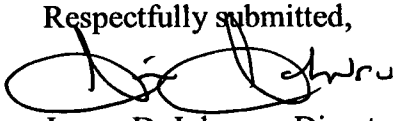
Article 1A of Chapter 143 of the General Statutes, the State's Capital Improvement Planning Act, governs the planning process for capital improvements and requires both a six-year needs inventory and a six-year capital plan. The act also gives responsibility for administering the capital planning process to the Office of State Budget and Management. As part of the preparation of the biennial budget, state agencies are required to provide the Office of State Budget and Management with a six-year capital improvement needs schedule and a summary list of capital improvement requests. However, that information has never been published in single document covering the needs and requests for all State agencies. This document is the first such attempt.

This document is not intended to fulfill the statutory requirements for capital planning. It is intended as a starting point to a significantly improved and comprehensive capital planning and evaluation process. The Fiscal Research Division collected this information directly from the state agencies, but made no attempt to analyze the cost estimates for individual projects, evaluate the merits of specific projects, or prioritize the total needs.

We wish to express our appreciation to all agencies that provided capital improvement information. The courtesy, cooperation and assistance provided to us during this effort enabled the project to run smoothly.

If you have any questions about the report or need additional information, please contact Mona Moon, Lynn Muchmore or Andy Willis in our office at 733-4910.

Respectfully submitted,



James D. Johnson, Director
Fiscal Research Division

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General Information

NORTH CAROLINA CAPITAL IMPROVEMENT PROGRAM 2001-2007

Introduction

The North Carolina Capital Improvement Program (CIP) is a six-year plan that outlines capital needs for State government agencies. The emphasis on long-range capital planning focuses attention on the current and future needs of the State and on balancing these needs with the State's fiscal resources. By providing a proposed schedule, cost estimates, and recommendations on the locations of public sector improvements, the CIP provides decision makers with valuable information concerning proposed facilities and their associated costs.

Capital Improvements Defined

Capital improvements are renovations, repairs, and major maintenance to existing facilities, landscape improvements, new construction, land acquisition, and utility modifications. These types of projects are accounted for in a capital improvement budget code of a department or institution. The establishment of a project requires approval by the General Assembly or the Director of the Budget. The sources of funds to support such projects are restricted. It is the policy of the Office of State Budget, Planning and Management (i.e. state budget office) to have requests for capital funds in excess of $100,000 submitted through the capital improvement budget process. Generally, the Governor, as the Director of the Budget, reviews these requests and recommends specific projects to the General Assembly at the start of each biennium.

"Capital Improvement Planning Act"

In 1997, the General Assembly passed the "Capital Improvement Planning Act." This legislation recognized the need to establish a comprehensive process for capital improvement planning that is fully integrated with State financial planning and debt management. It tasked the state budget office with managing the capital planning process. Specific elements to be included are:

1. An inventory of facilities owned by State agencies
2. Criteria used to evaluate capital improvement needs
3. A six-year capital improvement needs inventory
4. A six-year capital improvement plan

The legislation requires the Director of the Budget to prepare and submit this plan to the General Assembly by December 31 of each even-numbered year. To date this statutory requirement has not been met.

Financing Capital Improvement Projects

The State of North Carolina uses many revenue sources in financing capital projects. The following outline describes the more commonly used methods in greater detail.

1. **"Pay-As-You-Go"**

   Over collections (collecting more revenue than expected), reversions (spending less than was budgeted), and unappropriated revenues result in positive year-end fund balances. These balances tend to be authorized for capital projects because they are considered "nonrecurring" and cannot be counted on every year.

2. **Repairs and Renovations Reserve**

   G.S. 143-15.3A requires that 3% of the replacement value of State facilities shall be earmarked to this reserve from the year-end credit balance. Types of projects eligible for funding include:

   - General structural repairs, roof replacements, etc.
   - Repairs to electrical, plumbing, heating, and air-conditioning systems
   - Improvements to meet ADA, fire safety, and other state or federal standards
   - Removal of asbestos, lead paint, and underground storage tanks
   - Repairs to roads, walks, drives and utilities infrastructure

   Agencies are required to submit a list of projects to the state budget office in priority order by August 1 of each fiscal year. Projects recommended to receive funds are presented to the Joint Legislative Commission on Governmental Operations for approval.

3. General Obligation Bonds

North Carolina may borrow money from lenders, pledging the full faith and credit of the State's taxing authority to off pay the loan. These bonds must be approved by the General Assembly and a vote of the people. (See page 85 for a history of General Obligation Bonds approved by the voters.)

4. Other Sources of Financing

The State also uses a variety of other methods to finance capital improvement needs, including:

- Income from the provision of services, overhead receipts, and trust funds
- Revenue bonds approved by the General Assembly
- Legislative bonds approved by the General Assembly
- Gifts or grants, federal funds, and insurance proceeds

Summary of Estimated Needs by Appropriations Subcommittee

Summary of Needs for 2001-2007

The estimated CIP needs for 2001-07 total **$2,867,472,943**, including $1,216,125,646 in repairs and renovations and $1,651,347,297 in new construction needs. These needs are distributed among six main areas: Education (37%), Health and Human Services (12%), Natural and Economic Resources (14%), General Government (19%), Justice and Public Safety (15%), and Transportation (3%).

Education

The CIP needs in the Education area, including the university system and community colleges, total $1,072.3 billion. University system projects account for 49% of the education needs with the bulk of the funds designated for basic repairs for the campuses statewide. Six-year needs in the community college system total $546.2 million, including $180.6 million in repair and renovation and $387 million in new construction items. The majority of funds would be used to construct new instructional space to keep up with enrollment growth that is expected to increase by more than 50,000 in the next 10 years. Capital needs in the education area are in addition to projects already funded through the Higher Education Facilities Financing Act, a $3.1 billion bond issuance approved by the voters on November 7, 2000.

Health and Human Services

Six-year needs in the Health and Human Services area total $339 million, including $238 million in repairs and $101 million in new construction projects. The majority of renovation funds would be used for general improvements at John Umstead Hospital ($54.6 million), Caswell Center ($45.8 million), Dorothea Dix ($29.6 million), Broughton Hospital ($21.7 million), and the Schools for the Deaf ($16.2 million). Over $78 million of the new construction monies would be used to build a new Dorothea Dix Hospital. (*Note: These estimates were generated prior to the enactment of HB 381, Mental Health System Reform. It is anticipated that capital needs in this area will change dramatically as a result of its requirements).*

Natural and Economic Resources

Six-year needs in the Natural and Economic Resources area total $404.5 million, including $36.7 million in repairs and renovations and $367.8 million in new construction projects. Approximately $314 million or 79% of estimated new construction needs fall into the following areas: Zoo ($120.2 million), Agricultural Centers ($58 million), Aquariums ($44 million), State Fairgrounds ($42.5 million), State Parks ($30.8 million), and Forest Resources ($18.6 million).

General Government

General Government projects represent a six-year need of $547.6 million, including $375.4 million for the State Government Complex and $172.2 million for Historic Sites. A large portion of the State Government Complex needs, $115.3 million (31%) would be used to renovate several buildings, including the Administration Building ($30.4 million), the Albemarle Building ($23.5 million), and the Archdale Building ($30.3 million). The remaining State Government Complex needs of $260.1 million would be dedicated to new construction projects. These include the McDowell Street Parking Deck ($16.2 million), a Judicial Center ($24.2 million), a new Administration Building ($37.8 million), and three buildings for the Department of Environment and Natural Resources ($65.9 million).

Estimated capital improvement expenditures for Historic Sites include $25.7 million in repairs and renovations and $146.5 million in new construction needs. The bulk of the renovation funds would be used to restore the NC Transportation Museum ($10 million) and make general repairs at the Museum of Art ($5.5 million). In addition, major new construction items include $65 million to expand the Museum of Art and $31.3 million for a State Visitor Center in Raleigh.

Justice and Public Safety

The CIP needs in Justice and Public Safety are $421.6 million. This includes $107.3 million in repairs and renovations and $314.3 million in new construction needs items. The bulk of the renovation funds would be used to make general improvements at prison facilities and training schools. New construction needs focus on building 800 additional training school beds ($71.8 million), 396 mental health beds ($72.2 million), and 90 acute care hospital beds ($45.4 million).

Transportation (Highway Fund)

Facility needs supported from the highway fund total $82.4 million over the next six years. This includes approximately $7.8 million for general repairs to administrative, Division of Motor Vehicles, and Highway Patrol offices statewide, as well as $74.6 million in new construction projects. The bulk of the funds for new projects will be used for land purchases, additions to various district offices, and new Highway Patrol Troop Headquarters.

North Carolina Capital Improvement Program
Summary of Repair and Renovation and New Construction Requests by Subcommittee
FY 2001-02 through FY 2006-07

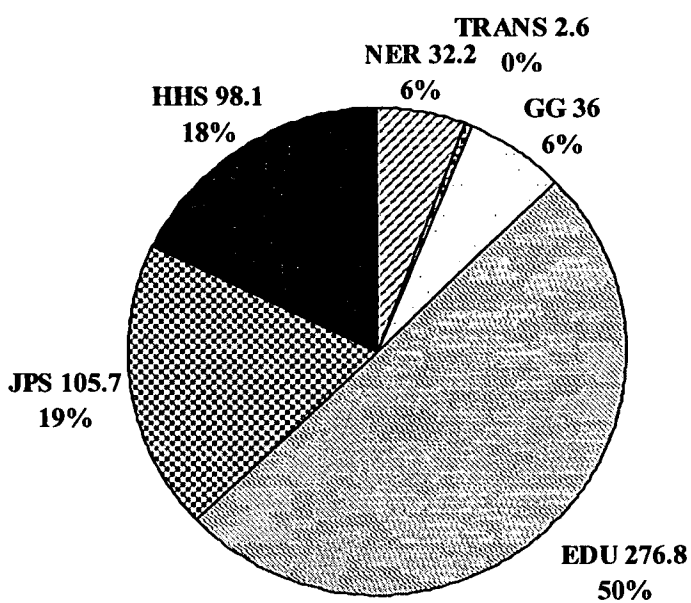
	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
REPAIR AND RENOVATION REQUESTS							
Education							
Board of Governors	54,019,219	168,060,893	74,597,145	46,731,911	109,941,864	51,288,813	504,639,845
NC Community College System	26,762,587	28,100,717	29,438,846	30,776,975	32,115,105	33,453,234	180,647,464
Public Education		*Note: Five-year school facility needs survey estimates total needs at $6.2 billion.*					
Subtotal	80,781,806	196,161,610	104,035,991	77,508,886	142,056,969	84,742,047	685,287,309
Health & Human Services	64,236,199	33,889,610	63,523,600	39,016,600	24,072,100	13,257,700	237,995,809
Natural & Economic Resources							
Agriculture & Consumer Services	13,909,000	0	2,374,800	1,260,400	673,700	164,500	18,382,400
Commerce	73,000	0	0	0	0	0	73,000
Environment & Natural Resources	18,229,400	0	0	0	0	0	18,229,400
Subtotal	32,211,400	0	2,374,800	1,260,400	673,700	164,500	36,684,800
General Government							
State Government Complex	18,853,000	1,201,000	0	0	41,465,000	53,802,000	115,321,000
Historic Sites	13,334,335	2,672,836	761,644	3,301,342	168,431	5,509,197	25,747,785
Subtotal	32,187,335	3,873,836	761,644	3,301,342	41,633,431	59,311,197	141,068,785
Justice & Public Safety							
Correction	35,210,000	40,439,000	0	0	0	0	75,649,000
Crime Control & Public Safety	1,287,800	0	788,600	788,600	0	0	2,865,000
Justice	4,326,486	0	0	0	0	0	4,326,486
Juvenile Justice & Delinquency Prevention	14,118,069	10,351,188	0	0	0	0	24,469,257
Subtotal	54,942,355	50,790,188	788,600	788,600	0	0	107,309,743
Transportation (Highway Fund)							
Administration/DMV Offices	1,317,000	780,000	119,000	1,432,000	1,563,000	2,121,000	7,332,000
Highway Patrol	447,200	0	0	0	0	0	447,200
Subtotal	1,764,200	780,000	119,000	1,432,000	1,563,000	2,121,000	7,779,200
Subtotal Repair and Renovation Requests	***266,123,295***	***285,495,244***	***171,603,635***	***123,307,828***	***209,999,200***	***159,596,444***	***1,216,125,646***

North Carolina Capital Improvement Program
Summary of Repair and Renovation and New Construction Requests by Subcommittee
FY 2001-02 through FY 2006-07

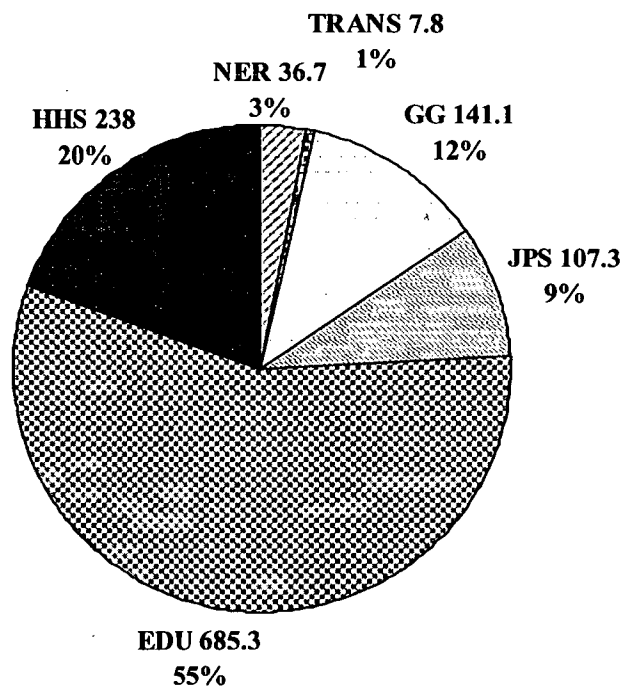
	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
NEW CONSTRUCTION REQUESTS							
Education							
Board of Governors	11,870,000	9,550,000					21,420,000
NC Community College System	54,453,036	57,046,038	59,639,040	62,232,042	64,825,043	67,418,045	365,613,244
Public Education		*Note: Five-year school facility needs survey estimates total needs at $6.2 billion.*					
Subtotal	66,323,036	66,596,038	59,639,040	62,232,042	64,825,043	67,418,045	387,033,244
Health & Human Services	55,581,010	41,161,000	1,298,998	2,918,809	0	0	100,959,817
Natural & Economic Resources							
Agriculture & Consumer Services	36,665,100	0	50,566,500	19,699,600	11,155,600	14,884,000	132,970,800
Commerce	250,000	0	0	0	0	0	250,000
Environment & Natural Resources	56,009,077	20,753,728	45,607,100	48,881,399	22,990,050	40,382,650	234,624,004
Subtotal	92,924,177	20,753,728	96,173,600	68,580,999	34,145,650	55,266,650	367,844,804
General Government							
State Government Complex	23,517,000	65,175,000	75,995,000	56,386,000	25,958,000	13,084,000	260,115,000
Historic Sites	16,701,448	3,030,711	102,938,728	3,754,945	6,863,489	13,159,671	146,448,992
Subtotal	40,218,448	68,205,711	178,933,728	60,140,945	32,821,489	26,243,671	406,563,992
Justice & Public Safety							
Correction	79,340,795	149,866,474	0	0	0	0	229,207,269
Crime Control & Public Safety	579,900	3,401,000	0	2,200,000	5,120,000	2,000,000	13,300,900
Juvenile Justice & Delinquency Prevention	18,658,326	0	20,425,159	21,446,417	11,259,369	0	71,789,271
Subtotal	98,579,021	153,267,474	20,425,159	23,646,417	16,379,369	2,000,000	314,297,440
Transportation (Highway Fund)							
Administration/DMV Offices	13,683,000	14,220,000	11,881,000	10,568,000	10,437,000	9,879,000	70,668,000
Agriculture - Motor Fuels Lab	3,980,000	0	0	0	0	0	3,980,000
Subtotal	17,663,000	14,220,000	11,881,000	10,568,000	10,437,000	9,879,000	74,648,000
Subtotal New Construction Requests	***371,288,692***	***364,203,951***	***368,351,525***	***228,087,212***	***158,608,551***	***160,807,366***	***1,651,347,297***
otal Estimated Capital Improvement Requests	**637,411,987**	**649,699,195**	**539,955,160**	**351,395,040**	**368,607,751**	**320,403,810**	**2,867,472,943**

REPAIRS AND RENOVATIONS REQUESTS BY AREA
Six-Year Statewide Total: $1,216,125,646

Biennium ($551.6m)
2001-2003

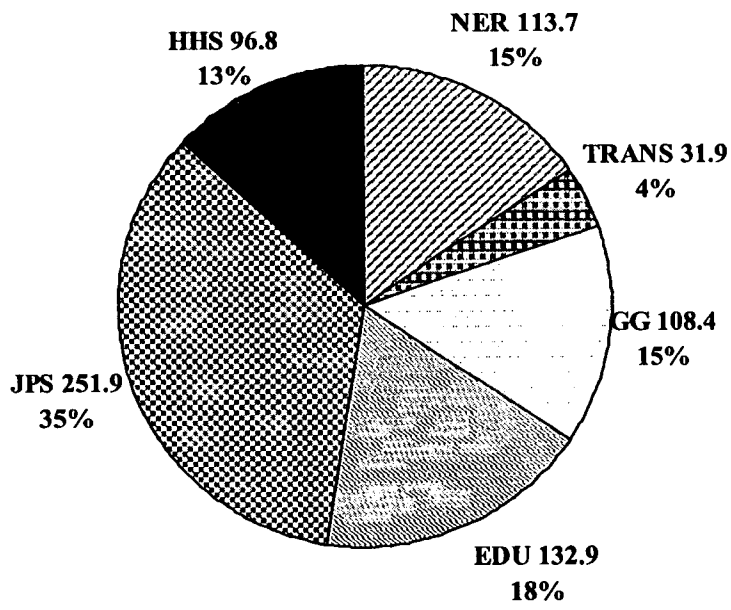


Six-Year Summary ($1,216.1m)
2001-2007

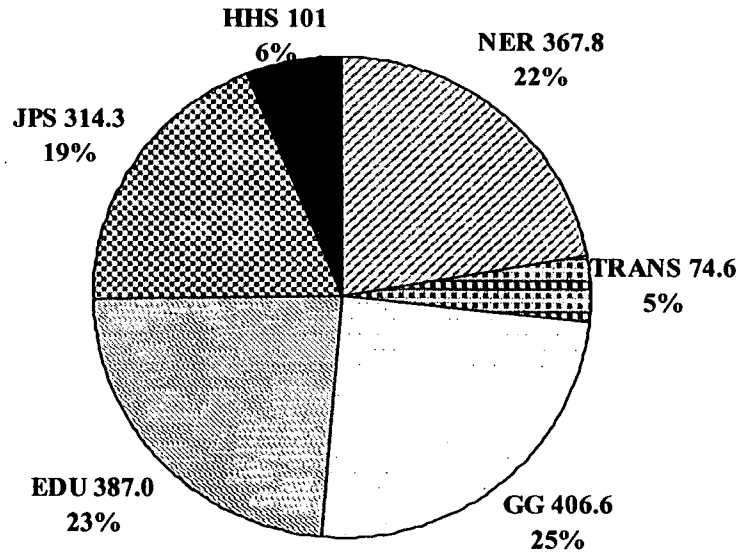


NEW CONSTRUCTION REQUESTS BY AREA
Six-Year Statewide Total: $1, 651,347,543

Biennium ($735.5m)
2001-2003

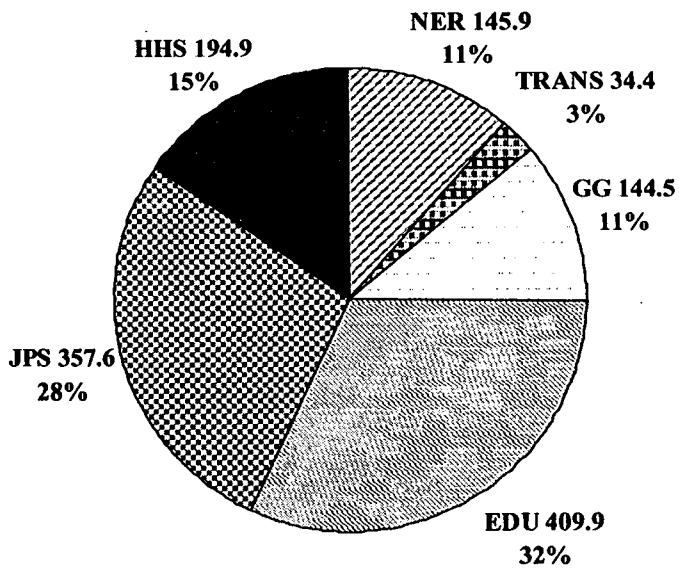


Six-Year Summary ($1,651.3m)
2001-2007

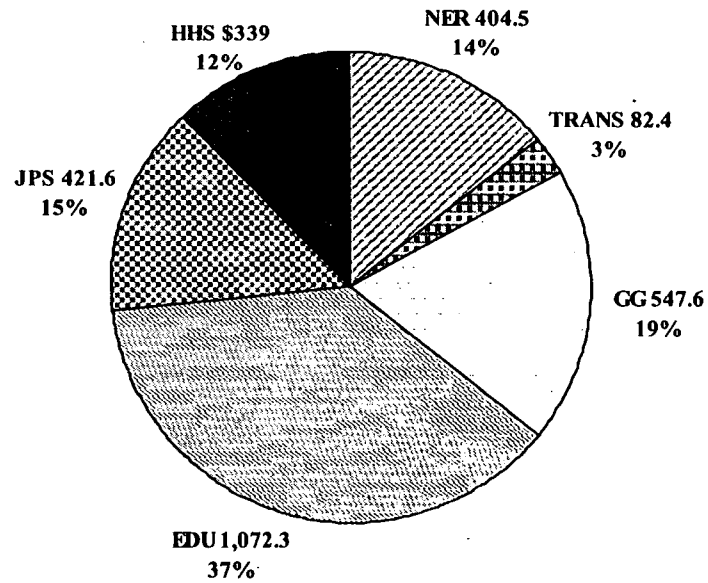


TOTAL REQUESTS BY SUBCOMMITTEE
(Including Repair & Renovation and New Construction)
Six-Year Statewide Total: $2,867,472,943

Biennium ($1,287.1m)
2001-2003



Six-Year Summary ($2,867.5m)
2001-2007



Education

EDUCATION

Board of Governors

In June 1999, the Board of Governors adopted a ten-year capital plan totaling $6.9 billion. The plan calls for approximately 60% of the funding to be provided by the State and the remainder to be funded from non-state resources. In response to this plan, the 2000 Session of the General Assembly enacted Senate Bill 912 to provide $2.5 billion for university capital improvements, subject to approval by the voters. On November 7, 2000, the bond referendum was approved.

Currently, the systemwide backlog of documented deferred maintenance needs exceeds $922 million. Funding authorized in Senate Bill 912 covers $397 million (43%) of these needs, leaving the remaining $526 million to be addressed in the six-year plan. The funds would be expended as follows:

- Upgrade electrical, plumbing and HVAC systems – 30%
- Repair utilities, roads, walks, and drives – 18%
- Fire safety and ADA improvements – 15%
- Improve use of existing space – 13%
- Roof repairs and replacements – 7%
- Other general improvements – 17%

NC Community College System

In May 1998, the State Board of Community Colleges adopted a formula to be used as the basis for requesting and allocating funds for repairs and renovations. Requested amounts are calculated as a percentage of the replacement value of each building. Actual percentages in the model range from one to two percent of replacement value, depending on the age of the building. When funded, state appropriations are to be allocated among the 58 community college institutions in proportion to their share of the system's age-weighted building replacement value. Based on this formula, the annual systemwide funding need for repairs and renovations is approximately $26.8 million for the 2001-02 fiscal year. The six-year needs assessment included in this section assumes 5% annual growth in this amount.

The State Board of Community Colleges also identified through a 2000 systemwide survey, a backlog of repair and renovation needs totaling $198.6 million. The General Assembly authorized the issuance of bonds in excess of $101 million for community college repair and renovations needs through Senate Bill 912 (SL 2000-3), the Higher Education Facilities Financing Act, enacted during the 2000 legislative session and approved by a majority of the voters in November 2000.

In addition to maintenance of existing facilities, the State Board is also concerned with the need to construct new instructional space given projections of considerable enrollment growth over the next 10 years. Full-time equivalent student enrollment is expected to increase by more than 50,000 through the 2010-2011 fiscal year.

In 1998, the State Board began development of a new construction allocation formula. After refining the new model in response to concerns raised by the General Assembly, the State Board adopted an updated capital outlay funding formula in March 2000. The formula considers projected enrollment and the capacity of existing and scheduled facilities, but excludes unsuitable and special use space. Applying an assignable space rate common in other states and a statewide average construction cost rate, the formula generates the amount and cost of new space required to meet enrollment demands. State law requires counties to match state appropriations for capital improvements on a dollar-for-dollar basis. Given the difficulty some counties experience in meeting this statutory match requirement, the new formula also includes an "ability to pay index" to address this issue. However, the matching rate recommended by the State Board via the formula is subject to approval of the General Assembly.

Based on enrollment projections through the 2004-05 fiscal year, the formula estimates a systemwide new construction need of approximately $1.2 billion. Incorporating the formula's adjusted local matching rate, the amount sought by the board in state appropriations is $809.1 million. Senate Bill 912 authorized the issuance of bonds to cover $498.7 million of this amount. The unfunded balance of $311.2 million is the basis of the system's projected new construction needs over the next six years.

Public Education

In November 1996, voters approved a $1.8 billion bond issuance to assist local governments with needed public school renovation and construction. At that time, the five-year construction needs in North Carolina's public schools were estimated to be $6.2 billion. As of February 2000, 840 projects have been authorized and $1.5 billion has been distributed for public school renovation and construction. All local governments have met the required match to receive their portion of the $1.8 billion. This local match was almost $2.4 billion.

The North Carolina Department of Public Instruction recently completed a survey that identifies public school construction needs for the next five years. The needs for the 117 local education agencies are estimated at $6.2 billion and may be broken down into the following categories:

• New Schools	$2,020,725,102	(33% of total)
• Additions	$1,843,464,986	(30% of total)
• Renovations	$1,770,202,585	(28% of total)
• Furniture/Equipment	$472,789,811	(8% of total)
• Land	$85,267,941	(1% of total)
	$6,192,450,425	

Note Regarding the Inclusion of Community Colleges and Public Schools in Statewide Totals on pages 6-10:

Although the focus of the report is on state government agencies, information on the Community College System and public schools is also provided due to legislative interest in those systems. Because the report summarizes budget requests made to the Governor or the General Assembly, the statewide totals include the request of the Community College System, as the State Board of Community Colleges presents its capital request to the General Assembly each session. Alternatively, the total amount of anticipated capital needs in the public schools is not included in the statewide totals. This is because historically capital funding for local education agencies has been a local responsibility. And although the General Assembly requires the submission of five-year school facilities needs survey, this is not typically considered to be a formal request to the legislature for state funding support.

North Carolina Capital Improvement Program -- Board of Governors
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
REPAIR & RENOVATION REQUESTS:								
Appalachian State University								
Roof Repairs and Replacements		2,135,000						2,135,000
Structural Repairs		1,460,000						1,460,000
Federal and State Standards			1,250,000					1,250,000
Ventilating Systems Repairs			3,450,000					3,450,000
Improvements for ADA Requirements				1,575,000				1,575,000
Fire Safety Needs				4,225,000				4,225,000
Energy Efficiency Improvements					3,236,350			3,236,350
Remove Asbestos and Other Contaminants					2,750,000			2,750,000
Improve Use of Existing Space						2,250,000		2,250,000
Improvements to Walks, Roads, Utilities							2,516,250	2,516,250
Drainage and Landscape Improvements							1,625,000	1,625,000
	Subtotal	3,595,000	4,700,000	5,800,000	5,986,350	2,250,000	4,141,250	26,472,600
East Carolina University								
Roof Repairs and Replacements		2,235,000						2,235,000
Structural Repairs		2,080,000						2,080,000
Federal and State Standards			1,680,000					1,680,000
Ventilating Systems Repairs			9,775,000					9,775,000
Improvements for ADA Requirements				4,850,000				4,850,000
Fire Safety Needs				2,635,000				2,635,000
Energy Efficiency Improvements					525,000			525,000
Remove Asbestos and Other Contaminants					300,000			300,000
Improve Use of Existing Space						5,000,000		5,000,000
Improvements to Walks, Road, Utilities						11,700,000		11,700,000
Drainage and Landscape Improvements							2,000,000	2,000,000
	Subtotal	4,315,000	11,455,000	7,485,000	825,000	16,700,000	2,000,000	42,780,000

North Carolina Capital Improvement Program -- Board of Governors
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Elizabeth City State University								
Roof Repairs and Replacements		894,000						894,000
Structural Repairs		970,000						970,000
Federal and State Standards			180,000					180,000
Ventilating Systems Repairs			3,170,000					3,170,000
Improvements for ADA Requirements				290,000				290,000
Fire Safety Needs				740,000				740,000
Energy Efficiency Improvements					500,000			500,000
Remove Asbestos and Other Contaminants					610,000			610,000
Improve Use of Existing Space						3,185,000		3,185,000
Improvements to Walks, Roads, Utilities						730,000		730,000
Drainage and Landscape Improvements							690,000	690,000
	Subtotal	1,864,000	3,350,000	1,030,000	1,110,000	3,915,000	690,000	11,959,000
Fayetteville State University								
Roof Repairs and Replacements		2,069,000						2,069,000
Structural Repairs		470,000						470,000
Ventilating Systems Repairs			1,449,000					1,449,000
Improvements for ADA Requirements			1,390,000					1,390,000
Fire Safety Needs				1,435,000				1,435,000
Energy Efficiency Improvements				550,000				550,000
Remove Asbestos and Other Contaminants					1,275,000			1,275,000
Improve Use of Existing Space					1,502,000			1,502,000
Improvements to Walks, Roads, Utilities						1,440,000		1,440,000
Drainage and Landscape Improvements							575,000	575,000
	Subtotal	2,539,000	2,839,000	1,985,000	2,777,000	1,440,000	575,000	12,155,000
North Carolina A & T State University								
Roof Repairs and Replacements		1,710,000						1,710,000
Federal and State Standards		186,000						186,000
Ventilating Systems Repairs			12,165,080					12,165,080
Improvements for ADA Requirements			1,215,000					1,215,000

North Carolina Capital Improvement Program -- Board of Governors
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Fire Safety Needs				100,000				100,000
Energy Efficiency Improvements				3,397,000				3,397,000
Improve Use of Existing Space					4,523,571			4,523,571
Improvements to Walks, Roads, Utilities						2,230,000		2,230,000
Drainage and Landscape Improvements							167,149	167,149
	Subtotal	1,896,000	13,380,080	3,497,000	4,523,571	2,230,000	167,149	25,693,800
North Carolina Central University								
Roof Repairs and Replacements		3,243,225						3,243,225
Structural Repairs		1,743,050						1,743,050
Federal and State Standards			732,250					732,250
Ventilating Systems Repairs			7,013,525					7,013,525
Improvements for ADA Requirements				965,000				965,000
Remove Asbestos and Other Contaminants				34,500				34,500
Improve Use of Existing Space					5,159,300			5,159,300
Improvements to Walks, Roads, Utilities						865,000		865,000
Drainage and Landscape Improvements							28,750	28,750
	Subtotal	4,986,275	7,745,775	999,500	5,159,300	865,000	28,750	19,784,600
North Carolina School of the Arts								
Roof Repairs and Replacements		1,418,003						1,418,003
Structural Repairs		350,000						350,000
Federal and State Standards			37,000					37,000
Ventilating Systems Repairs			876,500					876,500
Improvements for ADA Requirements				1,060,000				1,060,000
Fire Safety Needs				1,965,097				1,965,097
Energy Efficiency Improvements					765,000			765,000
Remove Asbestos and Other Contaminants					355,000			355,000
Improve Use of Existing Space						2,135,400		2,135,400
Historical Restoration						1,063,165		1,063,165
Improvements to Walks, Roads, Utilities							688,000	688,000
Drainage and Landscape Improvements							350,000	350,000
	Subtotal	1,768,003	913,500	3,025,097	1,120,000	3,198,565	1,038,000	11,063,165

North Carolina Capital Improvement Program -- Board of Governors
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
North Carolina State University							
Roof Repairs and Replacements	2,948,525						2,948,525
Structural Repairs	1,806,800						1,806,800
Federal and State Standards		2,770,000					2,770,000
Ventilating Systems Repairs		27,580,950					27,580,950
Improvements for ADA Requirements			3,089,300				3,089,300
Fire Safety Needs			10,852,780				10,852,780
Energy Efficiency Improvements				2,430,400			2,430,400
Remove Asbestos and Other Contaminants				1,600,000			1,600,000
Improve Use of Existing Space					13,875,925		13,875,925
Improvements to Walks, Roads, Utilities					17,983,500		17,983,500
Drainage and Landscape Improvements						1,187,000	1,187,000
Subtotal	4,755,325	30,350,950	13,942,080	4,030,400	31,859,425	1,187,000	86,125,180
University of North Carolina at Asheville							
Roof Repairs and Replacements	405,450						405,450
Structural Repairs	519,155						519,155
Ventilating Systems Repairs		1,787,008					1,787,008
Improvements for ADA Requirements		477,750					477,750
Fire Safety Needs			2,736,393				2,736,393
Energy Efficiency Improvements			736,500				736,500
Remove Asbestos and Other Contaminants				477,750			477,750
Improve Use of Existing Space				1,994,320			1,994,320
Improvements to Walks, Roads, Utilities					1,624,350		1,624,350
Drainage and Landscape Improvements						2,927,524	2,927,524
Subtotal	924,605	2,264,758	3,472,893	2,472,070	1,624,350	2,927,524	13,686,200
The University of North Carolina at Chapel Hill							
Roof Repairs and Replacements	5,225,800						5,225,800
Structural Repairs	485,000						485,000
Ventilating Systems Repairs		51,249,900					51,249,900

North Carolina Capital Improvement Program -- Board of Governors
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Improvements for ADA Requirements			5,400,000					5,400,000
Fire Safety Needs				6,500,400				6,500,400
Energy Efficiency Improvements				3,023,400				3,023,400
Remove Asbestos and Other Contaminants					3,000,000			3,000,000
Improve Use of Existing Space						3,410,000		3,410,000
Improvements to Walks, Roads, Utilities							23,555,600	23,555,600
	Subtotal	5,710,800	56,649,900	9,523,800	3,000,000	3,410,000	23,555,600	101,850,100
University of North Carolina at Charlotte								
Roof Repairs and Replacements		650,400						650,400
Structural Repairs		250,000						250,000
Federal and State Standards			120,000					120,000
Ventilating Systems Repairs			5,575,000					5,575,000
Improvements for ADA Requirements				500,000				500,000
Fire Safety Needs				1,892,000				1,892,000
Energy Efficiency Improvements					1,500,000			1,500,000
Remove Asbestos and Other Contaminants					200,000			200,000
Improve Use of Existing Space						2,885,000		2,885,000
Improvements to Walks, Roads, Utilities						7,118,000		7,118,000
Drainage and Landscape Improvements							1,050,000	1,050,000
	Subtotal	900,400	5,695,000	2,392,000	1,700,000	10,003,000	1,050,000	21,740,400
University of North Carolina at Greensboro								
Roof Repairs and Replacements		6,606,500						6,606,500
Structural Repairs		1,070,000						1,070,000
Federal and State Standards			1,700,000					1,700,000
Ventilating Systems Repairs			6,394,000					6,394,000
Improvements for ADA Requirements				2,019,655				2,019,655
Fire Safety Needs				3,698,800				3,698,800
Energy Efficiency Improvements					3,068,421			3,068,421
Remove Asbestos and Other Contaminants					450,000			450,000
Improve Use of Existing Space						4,800,000		4,800,000
Historical Restoration						1,615,724		1,615,724

North Carolina Capital Improvement Program -- Board of Governors
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Improvements to Walks, Roads, Utilities							8,020,000	8,020,000
Drainage and Landscape Improvements							950,000	950,000
	Subtotal	7,676,500	8,094,000	5,718,455	3,518,421	6,415,724	8,970,000	40,393,100
University of North Carolina at Pembroke								
Roof Repairs and Replacements		700,000						700,000
Structural Repairs		200,000						200,000
Ventilating Systems Repairs			6,510,000					6,510,000
Improvements for ADA Requirements			920,000					920,000
Fire Safety Needs				1,290,400				1,290,400
Energy Efficiency Improvements				759,000				759,000
Remove Asbestos and Other Contaminants					300,000			300,000
Improve Use of Existing Space					1,245,000			1,245,000
Improvements to Walks, Roads, Utilities						384,000		384,000
Drainage and Landscape Improvements							500,000	500,000
	Subtotal	900,000	7,430,000	2,049,400	1,545,000	384,000	500,000	12,808,400
University of North Carolina at Wilmington								
Roof Repairs and Replacements		285,700						285,700
Structural Repairs		1,903,111						1,903,111
Ventilating Systems Repairs			1,225,430					1,225,430
Improvements for ADA Requirements			708,000					708,000
Fire Safety Needs				3,235,820				3,235,820
Energy Efficiency Improvements				1,370,000				1,370,000
Remove Asbestos and Other Contaminants					377,500			377,500
Improve Use of Existing Space					2,830,499			2,830,499
Improvements to Walks, Roads, Utilities						2,997,700		2,997,700
Drainage and Landscape Improvements							1,103,140	1,103,140
	Subtotal	2,188,811	1,933,430	4,605,820	3,207,999	2,997,700	1,103,140	16,036,900

North Carolina Capital Improvement Program -- Board of Governors
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Western Carolina University								
Roof Repairs and Replacements		2,766,100						2,766,100
Structural Repairs		1,253,200						1,253,200
Federal and State Standards			1,068,100					1,068,100
Ventilating Systems Repairs			785,400					785,400
Improvements for ADA Requirements				750,600				750,600
Fire Safety Needs				3,310,500				3,310,500
Energy Efficiency Improvements					2,922,000			2,922,000
Remove Asbestos and Other Contaminants					686,300			686,300
Improve Use of Existing Space						4,506,300		4,506,300
Improvements to Walks, Roads, Utilities						3,365,400		3,365,400
Drainage and Landscape Improvements							713,800	713,800
	Subtotal	4,019,300	1,853,500	4,061,100	3,608,300	7,871,700	713,800	22,127,700
Winston-Salem State University								
Roof Repairs and Replacements		522,000						522,000
Structural Repairs		1,025,600						1,025,600
Federal and State Standards			150,000					150,000
Ventilating Systems Repairs			3,109,000					3,109,000
Improvements for ADA Requirements				880,000				880,000
Fire Safety Needs				925,100				925,100
Energy Efficiency Improvements					100,000			100,000
Remove Asbestos and Other Contaminants					50,000			50,000
Improve Use of Existing Space						849,000		849,000
Improvements to Walks, Roads, Utilities						4,899,900		4,899,900
Drainage and Landscape Improvements							245,000	245,000
	Subtotal	1,547,600	3,259,000	1,805,100	150,000	5,748,900	245,000	12,755,600
UNC Center for Public Television								
Roof Repairs and Replacements		1,175,000						1,175,000
Ventilating Systems Repairs			1,050,000					1,050,000
Fire Safety Needs				425,000				425,000

North Carolina Capital Improvement Program -- Board of Governors
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Remove Asbestos and Other Contaminants				400,000			400,000
Improve Use of Existing Space					1,650,000		1,650,000
Improvements to Walks, Roads, Utilities						400,000	400,000
Subtotal	1,175,000	1,050,000	425,000	400,000	1,650,000	400,000	5,100,000
North Carolina Arboretum							
Roof Repairs and Replacements	182,000						182,000
Structural Repairs	75,600						75,600
Ventilating Systems Repairs		54,500					54,500
Fire Safety Needs		26,400					26,400
Remove Asbestos and Other Contaminants			110,000				110,000
Energy Efficiency Improvements			39,500				39,500
Improve Use of Existing Space				842,000			842,000
Improvements to Walks, Roads, Utilities					460,000		460,000
Drainage and Landscape Improvements						336,300	336,300
Subtotal	257,600	80,900	149,500	842,000	460,000	336,300	2,126,300
North Carolina School of Science and Mathematics							
Roof Repairs and Replacements	2,100,000						2,100,000
Structural Repairs	900,000						900,000
Federal and State Standards		202,400					202,400
Ventilating Systems Repairs		4,813,700					4,813,700
Fire Safety Needs			2,210,400				2,210,400
Remove Asbestos and Other Contaminants			420,000				420,000
Energy Efficiency Improvements				756,500			756,500
Improve Use of Existing Space					6,918,500		6,918,500
Improvements to Walks, Roads, Utilities						1,660,300	1,660,300
Subtotal	3,000,000	5,016,100	2,630,400	756,500	6,918,500	1,660,300	19,981,800
Subtotal Repair & Renovation Requests	***54,019,219***	***168,060,893***	***74,597,145***	***46,731,911***	***109,941,864***	***51,288,813***	***504,639,845***

North Carolina Capital Improvement Program -- Board of Governors
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
NEW CONSTRUCTION REQUESTS:							
Board of Governors							
Arboretum -- Visitor and Demonstration Center	11,870,000						11,870,000
Botanical Garden -- Classroom and Library Bldg		9,550,000					9,550,000
Subtotal New Construction Requests	***11,870,000***	***9,550,000***	***0***	***0***	***0***	***0***	***21,420,000***
Total Capital Improvement Requests	**65,889,219**	**177,610,893**	**74,597,145**	**46,731,911**	**109,941,864**	**51,288,813**	**526,059,845**

North Carolina Capital Improvement Program -- NC Community College System
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
REPAIR & RENOVATION REQUESTS:							
Alamance Community College	377,147	396,004	414,862	433,719	452,577	471,434	2,545,743
Asheville-Buncombe Technical Community College	823,571	864,750	905,928	947,107	988,286	1,029,464	5,559,107
Beaufort County Community College	295,828	310,620	325,411	340,203	354,994	369,785	1,996,841
Bladen Community College	237,004	248,854	260,704	272,554	284,404	296,254	1,599,774
Blue Ridge Community College	425,977	447,276	468,575	489,874	511,173	532,472	2,875,346
Brunswick Community College	282,263	296,376	310,489	324,602	338,715	352,829	1,905,275
Caldwell Community College & Technical Institute	503,026	528,177	553,329	578,480	603,631	628,783	3,395,426
Cape Fear Community College	628,426	659,847	691,268	722,689	754,111	785,532	4,241,872
Carteret Community College	307,628	323,010	338,391	353,773	369,154	384,536	2,076,492
Catawba Valley Community College	642,012	674,112	706,213	738,313	770,414	802,515	4,333,579
Central Carolina Community College	462,762	485,900	509,039	532,177	555,315	578,453	3,123,646
Central Piedmont Community College	2,760,522	2,898,548	3,036,574	3,174,600	3,312,627	3,450,653	18,633,524
Cleveland Community College	330,899	347,444	363,989	380,534	397,078	413,623	2,233,566
Coastal Carolina Community College	446,354	468,672	490,990	513,307	535,625	557,943	3,012,890
College of The Albemarle	394,097	413,802	433,507	453,211	472,916	492,621	2,660,154
Craven Community College	303,433	318,605	333,777	348,948	364,120	379,292	2,048,174
Davidson County Community College	460,209	483,220	506,230	529,241	552,251	575,262	3,106,413
Durham Technical Community College	568,896	597,341	625,785	654,230	682,675	711,120	3,840,047
Edgecombe Community College	332,247	348,859	365,471	382,083	398,696	415,308	2,242,664
Fayetteville Technical Community College	928,653	975,085	1,021,518	1,067,950	1,114,383	1,160,816	6,268,405
Forsyth Technical Community College	972,975	1,021,623	1,070,272	1,118,921	1,167,570	1,216,218	6,567,580
Gaston College	721,649	757,732	793,814	829,897	865,979	902,061	4,871,132
Guilford Technical Community College	1,301,226	1,366,287	1,431,349	1,496,410	1,561,471	1,626,533	8,783,277
Halifax Community College	214,476	225,200	235,924	246,648	257,371	268,095	1,447,714
Haywood Community College	489,415	513,885	538,356	562,827	587,298	611,768	3,303,549
Isothermal Community College	444,967	467,216	489,464	511,712	533,961	556,209	3,003,529
James Sprunt Community College	246,123	258,429	270,735	283,041	295,348	307,654	1,661,330
Johnston Community College	320,482	336,506	352,530	368,554	384,578	400,603	2,163,254
Lenoir Community College	634,177	665,886	697,594	729,303	761,012	792,721	4,280,693
Martin Community College	413,297	433,962	454,627	475,292	495,957	516,622	2,789,757
Mayland Community College	116,689	122,524	128,358	134,193	140,027	145,862	787,653
McDowell Technical Community College	190,618	200,149	209,680	219,211	228,742	238,273	1,286,673

North Carolina Capital Improvement Program -- NC Community College System
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Mitchell Community College	596,232	626,044	655,856	685,667	715,479	745,291	4,024,569
Montgomery Community College	132,666	139,300	145,933	152,566	159,200	165,833	895,498
Nash Community College	250,755	263,293	275,831	288,368	300,906	313,444	1,692,598
Pamlico Community College	74,889	78,634	82,378	86,123	89,867	93,611	505,502
Piedmont Community College	223,266	234,429	245,592	256,755	267,919	279,082	1,507,043
Pitt Community College	431,412	452,983	474,553	496,124	517,695	539,265	2,912,032
Randolph Community College	445,442	467,714	489,986	512,258	534,531	556,803	3,006,735
Richmond Community College	329,917	346,412	362,908	379,404	395,900	412,396	2,226,937
Roanoke-Chowan Community College	226,288	237,602	248,917	260,231	271,545	282,860	1,527,443
Robeson Community College	304,443	319,665	334,887	350,109	365,332	380,554	2,054,990
Rockingham Community College	575,417	604,188	632,959	661,730	690,501	719,272	3,884,068
Rowan-Cabarrus Community College	425,790	447,079	468,369	489,658	510,948	532,237	2,874,081
Sampson Community College	185,132	194,388	203,645	212,901	222,158	231,415	1,249,638
Sandhills Community College	561,772	589,860	617,949	646,037	674,126	702,214	3,791,958
South Piedmont Community College	110,000	115,500	121,000	126,500	132,000	137,500	742,499
Southeastern Community College	368,628	387,059	405,491	423,922	442,353	460,785	2,488,238
Southwestern Community College	340,635	357,666	374,698	391,730	408,762	425,793	2,299,284
Stanly Community College	240,450	252,473	264,495	276,518	288,540	300,563	1,623,038
Surry Community College	389,695	409,179	428,664	448,149	467,634	487,118	2,630,440
Tri-County Community College	235,607	247,388	259,168	270,949	282,729	294,509	1,590,350
Vance-Granville Community College	336,457	353,279	370,102	386,925	403,748	420,571	2,271,082
Wake Technical Community College	756,600	794,430	832,260	870,090	907,920	945,750	5,107,050
Wayne Community College	364,000	382,200	400,400	418,600	436,800	455,000	2,457,002
Western Piedmont Community College	392,784	412,423	432,062	451,701	471,340	490,980	2,651,290
Wilkes Community College	528,235	554,647	581,059	607,471	633,882	660,294	3,565,588
Wilson Technical Community College	359,028	376,979	394,930	412,882	430,833	448,785	2,423,437
Subtotal Repair & Renovation Requests	***26,762,587***	***28,100,717***	***29,438,846***	***30,776,975***	***32,115,105***	***33,453,234***	***180,647,464***

North Carolina Capital Improvement Program -- NC Community College System
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
NEW CONSTRUCTION REQUESTS:							
Alamance Community College	628,495	658,424	688,352	718,280	748,209	778,137	4,219,896
Asheville-Buncombe Technical Community College	1,198,675	1,255,755	1,312,835	1,369,915	1,426,994	1,484,074	8,048,248
Beaufort County Community College	662,580	694,132	725,683	757,235	788,786	820,338	4,448,754
Bladen Community College	374,515	392,349	410,183	428,017	445,851	463,685	2,514,598
Blue Ridge Community College	197,014	206,395	215,777	225,159	234,540	243,922	1,322,807
Brunswick Community College	38,126	39,942	41,757	43,573	45,388	47,204	255,989
Caldwell Community College & Technical Institute	560,758	587,461	614,163	640,866	667,569	694,272	3,765,088
Cape Fear Community College	3,746,796	3,925,215	4,103,634	4,282,053	4,460,472	4,638,891	25,157,061
Carteret Community College	617,382	646,781	676,180	705,580	734,979	764,378	4,145,280
Catawba Valley Community College	827,515	866,920	906,326	945,731	985,136	1,024,542	5,556,170
Central Carolina Community College	1,328,784	1,392,059	1,455,335	1,518,610	1,581,886	1,645,161	8,921,835
Central Piedmont Community College	5,841,246	6,119,401	6,397,556	6,675,710	6,953,865	7,232,019	39,219,797
Cleveland Community College	425,063	445,304	465,545	485,786	506,027	526,268	2,853,993
Coastal Carolina Community College	1,945,419	2,038,058	2,130,697	2,223,336	2,315,975	2,408,614	13,062,098
College of The Albemarle	575,724	603,139	630,555	657,970	685,386	712,801	3,865,575
Craven Community College	689,010	721,820	754,630	787,440	820,250	853,060	4,626,209
Davidson County Community College	478,867	501,671	524,474	547,277	570,080	592,883	3,215,252
Durham Technical Community College	1,451,708	1,520,837	1,589,966	1,659,095	1,728,224	1,797,353	9,747,184
Edgecombe Community College	738,884	774,069	809,254	844,439	879,624	914,809	4,961,079
Fayetteville Technical Community College	3,824,895	4,007,032	4,189,170	4,371,308	4,553,446	4,735,584	25,681,435
Forsyth Technical Community College	1,601,490	1,677,752	1,754,013	1,830,275	1,906,536	1,982,798	10,752,864
Gaston College	753,011	788,869	824,726	860,584	896,442	932,299	5,055,931
Guilford Technical Community College	3,072,887	3,219,215	3,365,543	3,511,871	3,658,199	3,804,527	20,632,241
Halifax Community College	904,689	947,770	990,850	1,033,931	1,077,011	1,120,091	6,074,342
Haywood Community College	86,179	90,283	94,387	98,491	102,595	106,698	578,633
Isothermal Community College	181,343	189,978	198,613	207,249	215,884	224,520	1,217,587
James Sprunt Community College	195,057	204,345	213,633	222,922	232,210	241,499	1,309,666
Johnston Community College	980,665	1,027,363	1,074,061	1,120,760	1,167,458	1,214,156	6,584,463
Lenoir Community College	1,141,831	1,196,203	1,250,576	1,304,949	1,359,322	1,413,695	7,666,577
Martin Community College	0	0	0	0	0	0	0
Mayland Community College	306,695	321,300	335,904	350,509	365,114	379,718	2,059,240
McDowell Technical Community College	233,829	244,964	256,099	267,233	278,368	289,503	1,569,996

North Carolina Capital Improvement Program -- NC Community College System
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Mitchell Community College	371,327	389,009	406,691	424,373	442,055	459,738	2,493,193
Montgomery Community College	0	0	0	0	0	0	0
Nash Community College	468,389	490,693	512,997	535,302	557,606	579,910	3,144,897
Pamlico Community College	239,218	250,609	262,000	273,392	284,783	296,174	1,606,176
Piedmont Community College	427,697	448,063	468,430	488,796	509,163	529,529	2,871,678
Pitt Community College	1,792,668	1,878,033	1,963,398	2,048,763	2,134,129	2,219,494	12,036,485
Randolph Community College	147,013	154,014	161,014	168,015	175,015	182,016	987,087
Richmond Community College	434,707	455,408	476,108	496,808	517,509	538,209	2,918,748
Roanoke-Chowan Community College	0	0	0	0	0	0	0
Robeson Community College	1,383,669	1,449,558	1,515,447	1,581,336	1,647,225	1,713,114	9,290,349
Rockingham Community College	288,617	302,360	316,104	329,848	343,591	357,335	1,937,856
Rowan-Cabarrus Community College	1,045,878	1,095,682	1,145,486	1,195,289	1,245,093	1,294,897	7,022,325
Sampson Community College	376,158	394,070	411,982	429,895	447,807	465,719	2,525,631
Sandhills Community College	1,254,331	1,314,061	1,373,791	1,433,521	1,493,251	1,552,981	8,421,936
South Piedmont Community College	28,814	30,186	31,558	32,930	34,302	35,674	193,463
Southeastern Community College	601,111	629,736	658,360	686,984	715,609	744,233	4,036,033
Southwestern Community College	1,003,518	1,051,304	1,099,091	1,146,877	1,194,664	1,242,451	6,737,905
Stanly Community College	462,211	484,221	506,231	528,241	550,251	572,261	3,103,414
Surry Community College	875,733	917,434	959,136	1,000,837	1,042,539	1,084,241	5,879,920
Tri-County Community College	18,469	19,348	20,228	21,107	21,986	22,866	124,004
Vance-Granville Community College	1,727,498	1,809,760	1,892,022	1,974,283	2,056,545	2,138,807	11,598,915
Wake Technical Community College	3,299,367	3,456,479	3,613,592	3,770,705	3,927,817	4,084,930	22,152,890
Wayne Community College	1,269,932	1,330,405	1,390,878	1,451,351	1,511,824	1,572,297	8,526,689
Western Piedmont Community College	421,958	442,052	462,145	482,238	502,331	522,425	2,833,149
Wilkes Community College	370,892	388,554	406,215	423,877	441,538	459,200	2,490,275
Wilson Technical Community College	534,732	560,195	585,658	611,122	636,585	662,049	3,590,341
Subtotal New Construction Requests	***54,453,036***	***57,046,038***	***59,639,040***	***62,232,042***	***64,825,043***	***67,418,045***	***365,613,244***
Total Capital Improvement Requests	**81,215,624**	**85,146,755**	**89,077,886**	**93,009,017**	**96,940,148**	**100,871,279**	**546,260,708**

North Carolina Capital Improvement Program
Five-Year Public School Facility Needs
FY 2001 through FY 2006

	New Schools	Additions	Renovations	Furniture/Equipment	Land	FY 2001-2006Total
Alamance - Burlington Schools	27,527,247	38,519,390	87,190,266	6,417,732	1,315,000	160,969,635
Alexander County Schools	6,389,009	12,115,702	274,512	1,884,416	0	20,663,639
Allegany County Schools	0	6,764,609	1,929,706	559,270	6,500	9,260,085
Anson County Schools	0	7,796,073	1,431,698	777,901	0	10,005,672
Ashe County Schools	7,990,278	388,486	4,477,538	781,414	0	13,637,716
Avery County Schools	5,133,771	5,822,630	4,461,960	1,231,500	975,000	17,624,861
Beaufort County Schools	26,457,710	18,369,636	8,157,686	4,283,020	102,000	57,370,052
Bertie County Schools	23,440,079	8,472,363	6,802,607	2,866,681	518,000	42,099,730
Bladen County Schools	0	5,597,636	1,835,115	469,802	0	7,902,553
Brunswick County Schools	7,552,455	4,558,358	32,301,237	1,098,574	360,000	45,870,624
Buncombe County Schools	0	3,177,985	7,659,660	266,723	0	11,104,368
Asheville County Schools	0	7,657,283	8,060,245	1,817,065	0	17,534,593
Burke County Schools	72,377,563	16,261,762	570,000	8,209,443	1,200,000	98,618,768
Cabarrus County Schools	45,012,900	0	0	4,340,136	0	49,353,036
Kannapolis City Schools	14,971,237	3,281,038	940,500	1,633,774	700,000	21,526,549
Caldwell County Schools	37,213,318	6,251,688	9,500,361	4,051,767	1,170,000	58,187,134
Camden County Schools	0	2,928,569	597,075	400,791	0	3,926,435
Carteret County Schools	17,865,522	1,250,348	16,991,928	1,852,238	0	37,960,036
Caswell County Schools	0	6,611,569	3,230,071	622,883	0	10,464,523
Catawba County Schools	49,850,549	17,388,581	4,003,338	6,390,714	290,000	77,923,182
Hickory City Schools	20,109,262	5,588,702	9,173,632	2,343,711	1,181,647	38,396,954
Newton Convover City Schools	6,317,207	6,508,085	212,610	1,360,240	0	14,398,142
Chatham County Schools	43,015,891	6,061,995	490,200	4,399,484	2,080,500	56,048,070
Cherokee County Schools	0	23,213,394	9,793,487	2,794,967	2,234,992	38,036,840
Chowan County Schools	0	4,428,049	5,419,156	389,645	0	10,236,850
Clay County Schools	0	3,585,477	1,268,250	300,924	0	5,154,651
Cleveland County Schools	0	43,610,028	13,144,456	3,969,502	0	60,723,986
Kings Mountain District	0	3,063,210	10,105,945	2,827,538	250,000	16,246,693
Shelby City Schools	0	3,623,128	9,116,230	1,083,270	0	13,822,628
Columbus County Schools	0	22,179,049	21,656,808	1,926,402	40,000	45,802,259
Whiteville City Schools	16,083,386	747,521	0	1,466,449	0	18,297,356
Craven County Schools	38,194,898	17,885,495	47,282,333	5,062,388	1,260,000	109,685,114

North Carolina Capital Improvement Program
Five-Year Public School Facility Needs
FY 2001 through FY 2006

	New Schools	Additions	Renovations	Furniture/Equipment	Land	FY 2001-2006Total
Cumberland County Schools	7,207,506	30,517,596	17,415,736	3,533,073	485,000	59,158,911
Currituck County Schools	4,876,389	4,826,370	7,124,186	1,475,201	100,000	18,402,146
Dare County Schools	26,932,131	2,046,221	10,792,905	3,581,949	0	43,353,206
Davidson County Schools	55,775,200	5,205,900	0	10,142,965	2,700,000	73,824,065
Lexington City Schools	0	4,881,908	4,733,812	718,532	0	10,334,252
Thomasville City Schools	0	5,923,124	7,333,192	1,997,119	400,000	15,653,435
Davie County Schools	40,716,320	10,713,685	3,088,773	4,862,542	1,080,000	60,461,320
Duplin County Schools	0	22,029,657	16,674,780	2,245,922	30,000	40,980,359
Durham Public Schools	31,399,303	46,962,981	84,341,951	9,562,563	2,000,000	174,266,798
Edgecombe County Schools	18,729,543	26,022,394	23,395,218	4,626,789	595,000	73,368,944
Forsyth County Schools	79,087,432	0	81,338,995	7,325,531	2,825,000	170,576,958
Franklin County Schools	16,884,150	13,827,746	6,308,061	3,871,638	788,655	41,680,250
Gaston County Schools	15,626,890	87,503,691	70,410,193	12,277,248	352,000	186,170,022
Gates County Schools	0	14,769,899	6,961,310	1,703,453	0	23,434,662
Graham County Schools	0	3,838,858	0	358,147	0	4,197,005
Granville County Schools	0	16,675,049	6,519,665	1,699,513	0	24,894,227
Greene County Schools	8,197,605	6,979,353	4,700,479	1,582,585	340,000	21,800,022
Guilford County Public Schools	15,864,612	110,066,453	175,753,694	50,305,762	0	351,990,521
Halifax County Schools	15,489,359	13,123,245	3,229,418	2,718,810	0	34,560,832
Roanoke Rapids City Schools	9,832,871	5,224,220	5,554,523	2,154,790	500,000	23,266,404
Weldon City Schools	0	494,123	0	41,471	0	535,594
Harnett County Schools	56,623,873	0	0	5,322,030	0	61,945,903
Haywood County Schools	0	23,054,978	33,680,286	2,243,976	260,000	59,239,240
Henderson County Public Schools	9,312,836	16,742,962	4,868,370	2,785,759	255,000	33,964,927
Hertford County Schools	0	29,873,591	13,848,925	3,335,010	0	47,057,526
Hoke County Schools	0	16,889,440	6,251,366	2,632,163	300,000	26,072,969
Hyde County Schools	0	3,700,539	285,000	310,581	0	4,296,120
Iredell Statesville Schools	67,458,984	46,364,313	7,716,916	11,262,139	3,377,500	136,179,852
Mooresville City Schools	6,345,340	971,222	0	738,450	0	8,055,012
Jackson County Schools	0	396,788	0	33,302	0	430,090
Johnston County Schools	118,088,731	21,649,760	14,497,836	18,196,476	4,245,000	176,677,803
Jones County Schools	24,169,373	1,801,093	0	2,449,760	135,000	28,555,226

North Carolina Capital Improvement Program
Five-Year Public School Facility Needs
FY 2001 through FY 2006

	New Schools	Additions	Renovations	Furniture/Equipment	Land	FY 2001-2006Total
Lee County Schools	43,492,142	1,232,806	3,987,079	4,045,368	1,400,000	54,157,395
Lenoir County Public Schools	14,723,348	4,505,117	25,855,441	4,445,931	480,000	50,009,837
Lincoln County Schools	50,800,513	3,657,756	2,183,100	5,174,423	2,750,000	64,565,792
Macon County Schools	6,776,577	16,092,213	3,122,653	2,431,985	474,000	28,897,428
Madison County Schools	0	1,507,234	1,341,210	484,501	0	3,332,945
Martin County Schools	9,089,680	13,076,213	6,385,476	1,987,286	255,000	30,793,655
McDowell County Schools	21,149,993	4,898,612	0	2,501,540	525,987	29,076,132
Charlotte Mecklenburg Schools	83,085,716	370,590,858	196,079,744	46,178,506	11,820,000	707,754,824
Mitchell County Schools	0	2,099,759	6,662,541	504,230	0	9,266,530
Montgomery County Schools	7,207,506	4,374,239	2,279,772	1,075,941	0	14,937,458
Moore County Schools	0	12,612,202	14,663,770	1,078,138	0	28,354,110
Nash Rocky Mount School Administration Unit	19,777,466	4,907,677	13,987,821	2,488,680	0	41,161,644
New Hanover County Schools	28,782,333	34,527,264	103,852,682	18,281,104	2,000,000	187,443,383
Northampton County Schools	6,160,525	3,562,459	12,362,274	3,554,012	160,000	25,799,270
Onslow County Schools	16,548,103	29,563,990	18,625,935	4,240,224	699,960	69,678,212
Orange County Schools	16,653,378	0	10,645,389	5,821,778	361,000	33,481,545
Chapel Hill Carrboro Schools	18,682,818	4,397,820	21,836,782	2,161,694	0	47,079,114
Pamlico County Schools	0	387,153	800,462	102,493	0	1,290,108
Elizabeth City/Pasquotank Schools	19,463,771	1,661,517	24,688,141	2,298,341	750,000	48,861,770
Pender County Schools	7,487,423	9,792,087	8,656,875	2,046,037	0	27,982,422
Perquimans County Schools	23,155,792	0	1,572,760	2,149,624	195,000	27,073,176
Person County Schools	0	1,599,009	5,829,505	134,203	0	7,562,717
Pitt County Schools	19,379,782	24,807,441	21,281,025	4,160,113	220,000	69,848,361
Polk County Schools	10,009,341	1,851,021	2,772,803	1,078,142	0	15,711,307
Randolph County Schools	0	36,900,992	0	3,958,060	0	40,859,052
Asheboro City Schools	0	4,365,832	3,048,973	526,218	0	7,941,023
Richmond County Schools	5,627,268	23,855,899	19,830,442	2,992,679	0	52,306,288
Public Schools of Robeson County	6,416,245	4,025,817	0	1,113,096	175,000	11,730,158
Rockingham County Schools	33,321,064	3,736,976	3,320,616	3,596,445	1,020,200	44,995,301
Rowan Salisbury Schools	20,998,266	64,297,709	16,650,506	12,176,255	1,410,000	115,532,736
Rutherford County Schools	27,205,595	1,727,034	1,835,400	2,933,436	0	33,701,465
Sampson County Schools	54,561,201	9,144,467	7,071,477	5,765,133	0	76,542,278

North Carolina Capital Improvement Program
Five-Year Public School Facility Needs
FY 2001 through FY 2006

	New Schools	Additions	Renovations	Furniture/Equipment	Land	FY 2001-2006Total
Clinton City Schools	11,517,028	2,910,438	7,359,744	1,270,570	90,000	23,147,780
Scotland County Schools	0	15,333,356	15,715,275	2,707,059	0	33,755,690
Stanly County Schools	52,133,801	10,014,810	2,685,099	5,938,667	500,000	71,272,377
Stokes County Schools	19,036,396	5,465,870	1,860,981	2,778,621	290,000	29,431,868
Surry County Schools	20,236,863	38,444,736	11,617,295	8,767,256	670,000	79,736,150
Elkin City Schools	0	4,142,290	3,209,100	284,129	0	7,635,519
Mount Airy City Schools	0	867,132	4,876,829	72,777	0	5,816,738
Swain County Schools	0	5,268,598	11,288,843	422,189	0	16,979,630
Transylvania County Schools	0	0	2,970,604	315,000	0	3,285,604
Tyrrell County Schools	0	7,252,727	3,233,795	579,105	100,000	11,165,627
Union County Public Schools	48,938,112	11,045,667	9,636,924	5,194,659	7,250,000	82,065,362
Vance County Schools	23,588,223	8,647,281	12,454,906	3,278,790	120,000	48,089,200
Wake County Schools	134,732,392	35,571,472	138,747,226	21,134,747	12,400,000	342,585,837
Warren County Schools	0	8,133,815	2,079,854	682,660	0	10,896,329
Washington County Schools	394,041	1,437,450	0	300,173	0	2,131,664
Watauga County Schools	21,666,666	383,320	2,887,912	1,831,383	3,310,000	30,079,281
Wayne County Public Schools	9,089,680	23,300,063	7,725,484	3,067,499	300,000	43,482,726
Wilkes County Schools	0	23,509,069	16,907,920	2,239,346	0	42,656,335
Wilson County Schools	9,838,242	5,244,636	3,670,943	1,545,651	0	20,299,472
Yadkin County Schools	0	27,179,333	3,270,651	3,848,880	530,000	34,828,864
Yancey County Schools	4,877,082	2,768,752	1,868,346	1,069,421	560,000	11,143,601
Total Capital Improvement Needs	**2,020,725,102**	**1,843,464,986**	**1,770,202,585**	**472,789,811**	**85,267,941**	**6,192,450,425**

Health & Human Services

HEALTH AND HUMAN SERVICES

The Department of Health and Human Services (DHHS) will have $98,125,809 in repair and renovation needs for the upcoming biennium (2001-2003). Repairs and renovations are costly for hospitals and residential institutions due to requirements and standards that must be met at these facilities. In addition, many of the facilities maintained by DHHS are quite old and in need of costly renovation projects which are reflected in the amounts for the next biennium.

The five mental retardation centers account for 47% of the total costs of the repair and renovation needs. The five centers include Black Mountain, Caswell, Murdoch, O'Berry, and the Western Carolina Centers. Approximately 32% of total costs have been identified for the four hospitals – Broughton, Cherry, Dorothea Dix, and John Umstead. The Department has also identified the need for new construction at Cherry and Dorothea Dix Hospitals totaling $84,782,000 for the next biennium. In addition to the hospitals new construction is needed at the Eastern School for the Deaf, Eastern Regional Vocational Rehabilitation Center, and the Jones ADATC to the amount of $8,799,010 for the first year of biennium and $3,160,000 for year two for a construction project at Western Center.

North Carolina Capital Improvement Program -- Health and Human Services
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
REPAIR & RENOVATION REQUESTS:								
Broughton Hospital								
Renovate Bathrooms		500,000	500,000	500,000	500,000	500,000	500,000	3,000,000
Service Building Refrigeration		630,000						630,000
Life Safety Code Corrections		1,000,000	1,662,000					2,662,000
Replace Steamers Phases I and II		748,000		1,447,000				2,195,000
Replace Jones Building Elevators		525,000						525,000
Replace Chillers		100,000	1,046,000	2,250,000	1,452,000			4,848,000
DOI Fire and Safety Improvements			250,000	1,250,000	1,250,000			2,750,000
Roof Replacements for 12 Buildings				645,000				645,000
Service Building Emergency Generator					400,000			400,000
Gas Fired Domestic Water Heaters				150,000	150,000	150,000	150,000	600,000
Air Condition Replacements				690,000	400,000	500,000	250,000	1,840,000
Resurface Streets and Parking Areas				500,000	500,000	500,000	130,000	1,630,000
	Subtotal	3,503,000	3,458,000	7,432,000	4,652,000	1,650,000	1,030,000	21,725,000
Cherry Hospital								
Elevator Renovations for 7 buildings		1,423,000						1,423,000
Fire Alarm and Sprinklers		774,000						774,000
Roof Replacement for U-1 Building		243,000						243,000
Parking Lot Resurfacing		1,136,000						1,136,000
Renovate Personnel Building		913,000						913,000
Chiller Replacements/Evaluation		298,000	165,000					463,000
Replace Electrical Services			226,000					226,000
Demolition of Old Power Plant				765,000	1,034,000			1,799,000
ADA Renovations Phases I and II					860,000	1,599,000		2,459,000
Collection System Rehabilitation						227,000		227,000
Window and Door Replacement							173,000	173,000
	Subtotal	4,787,000	391,000	765,000	1,894,000	1,826,000	173,000	9,836,000

North Carolina Capital Improvement Program -- Health and Human Services
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Dorothea Dix Hospital							
Kitchen & Air Conditioning Improvements	305,000		330,000				635,000
Life Safety Code Improvements	255,000		319,000				574,000
Campus Roofing	497,000		459,000				956,000
Renovate Lineberger Building	2,792,000						2,792,000
Renovate Spruill Building	3,775,000						3,775,000
Elevator Replacements		163,000			120,000		283,000
Cooling Towers - Phases I and II		358,000	360,000				718,000
Repairs Anderson/Dobbin Building			682,000				682,000
Steam Tunnel Repairs			615,000				615,000
McBryde Waterproofing			1,200,000				1,200,000
Water and Sewer Repairs			1,000,000	1,000,000			2,000,000
Bath/Toilet Renovation			400,000	450,000	450,000	450,000	1,750,000
Boiler Replacement			750,000	750,000			1,500,000
Power Plant Renovations			319,000				319,000
ADA Corrections - Phases I and II				600,000	600,000		1,200,000
Haywood Building Renovations				200,000			200,000
Kirby/Broughton Renovations				208,000	2,300,000	2,300,000	4,808,000
Physical Plant Complex					1,000,000		1,000,000
Replace Windows			350,000	350,000	350,000	350,000	1,400,000
Pavement/Parking/Lighting				800,000	800,000	400,000	2,000,000
Warehouse Renovations				400,000	400,000	400,000	1,200,000
Subtotal	7,624,000	521,000	6,784,000	4,758,000	6,020,000	3,900,000	29,607,000
John Umstead Hospital							
Roofing Replacements	524,000						524,000
Replace Exterior Doors	172,000						172,000
Elevator Upgrades	374,000						374,000
Central Chiller Plant	4,351,000						4,351,000
Upgrade Emergency Generators		987,000					987,000
Water Main / Plumbing Improvements		2,309,000				837,000	3,146,000
Fire Sprinklers Campus-Wide		293,000	7,566,000				7,859,000
Life Safety Code Improvements		716,000	25,336,000				26,052,000

North Carolina Capital Improvement Program -- Health and Human Services
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Paving Repairs			886,000					886,000
Spill Containment Dikes/Storm Drains					121,000	252,000		373,000
Dining Room / Kitchen Upgrades					295,000			295,000
Replace Fan Coil Units					1,078,000			1,078,000
ADA Corrections Campus-Wide					5,931,000			5,931,000
Air Ventilation / Conditioning						354,000		354,000
Hospital Electrical Systems Study						187,000		187,000
Renovate Staff Apartments							998,000	998,000
Collection System Rehab - Phase I							1,023,000	1,023,000
	Subtotal	5,421,000	5,191,000	32,902,000	7,425,000	793,000	2,858,000	54,590,000
Black Mountain Center								
Neurobehavorial Unit Renovations		870,000						870,000
Fire Alarm System Upgrade		179,087						179,087
Hot Water Storage Tank Replacement		30,000						30,000
ADA Accessibility Study		15,000						15,000
Renovations to Moore Building		890,563						890,563
Resurfacing Streets/Parking lots		236,024						236,024
Foundation Repair - Building 2			50,000					50,000
	Subtotal	2,220,674	50,000	0	0	0	0	2,270,674
Caswell Center								
Generator Installation		1,370,000						1,370,000
Fire Protection Upgrades		1,665,000	522,000	300,000				2,487,000
HVAC Renovations		3,471,000	2,009,000		3,595,000			9,075,000
Bathroom Renovations		1,417,000						1,417,000
Residential Building Renovations		5,225,000						5,225,000
Electrical Upgrades		697,000						697,000
Campus Lighting Upgrades		343,000						343,000
Boiler Plant Upgrade/Replace Stack		449,000			40,000			489,000
Reroofing - Several Phases		526,000	459,000		328,000	884,000		2,197,000
Dietary Renovations			3,477,000					3,477,000
Cottage Renovations			1,735,000					1,735,000

North Carolina Capital Improvement Program -- Health and Human Services
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Piping Replacement		1,387,000					1,387,000
Resilient Tile Flooring		1,611,000					1,611,000
Replace Corridor Walls - Tapps Bldg		198,000					198,000
Replace Storm Drain System/Ditches			462,000				462,000
Electrical Upgrades			292,000				292,000
Dewey Building Renovations			525,000				525,000
Repave Streets/Parking lots			821,000				821,000
Renovate Tapp and Pate Buildings				2,541,000			2,541,000
Asbestos Removal				1,725,000			1,725,000
Storm Windows				1,148,000			1,148,000
Renovate Lee Building					2,037,000		2,037,000
Replace Campus Primary					2,742,000		2,742,000
Shelter for Warehouse					106,000		106,000
ADA Corrections					757,000		757,000
Renovate Pecan Lane Houses						500,000	500,000
Collection System Rehab - Phase I						441,000	441,000
Subtotal	15,163,000	11,398,000	2,400,000	9,377,000	6,526,000	941,000	45,805,000
Murdoch Center							
Replace Heating and Distribution Plant	6,242,000						6,242,000
Renovate Alpine Cottage	2,053,000						2,053,000
Air Conditioning/Refrigeration Equipment		373,000		674,000			1,047,000
Floor/Ceiling/Bathroom Improvements	696,000						696,000
Resurface Paved Roads		167,000					167,000
Reroofing Campus-Wide			629,000	556,000	776,000		1,961,000
Fire Alarm/Sprinkler Systems			547,000				547,000
Asbestos Tile Replacement			431,000				431,000
Renovate Ridgeway Cottage				1,850,000			1,850,000
ADA/Elevator Improvements					497,000		497,000
Replace Residents Outside Swimming Pool					178,000		178,000
Insulate Attics and Floors						955,000	955,000
Replace Exterior Windows						2,067,000	2,067,000
Subtotal	8,991,000	540,000	1,607,000	3,080,000	1,451,000	3,022,000	18,691,000

North Carolina Capital Improvement Program -- Health and Human Services
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
O'Berry Center							
Renovate Bathrooms	2,299,300				38,000		2,337,300
HVAC Improvements	228,700		164,700	324,300			717,700
Asbestos Clean-up		268,300					
Resurface Roadways/Parking Lots		153,300				55,000	208,300
Reroofing Campus-Wide	969,000						969,000
New and Emergency Generators		102,000	845,200				947,200
Replace Windows/Doors					136,800	62,300	199,100
Replace Sewer Lines			387,000				387,000
Subtotal	3,497,000	523,600	1,396,900	324,300	174,800	117,300	5,765,600
Western Carolina Center							
Spruce Cottage Renovation	2,215,000						2,215,000
Ash Cottage Renovation	1,892,000						1,892,000
Campus Repaving	373,000						373,000
Replace Chiller, AC Units, Handling System	610,000						610,000
Reroofing Campus-Wide	404,000						404,000
Renovate Redwood and Holly Halls	271,000						271,000
Renovate Cedar Cottage		2,546,000					2,546,000
Asbestos Abatement			95,000				95,000
Replace 9 Switches			38,000				38,000
ADA Corrections				252,000			252,000
FIPP Building Renovation				306,000			306,000
Renovate EE Barns				350,000			350,000
Subtotal	5,765,000	2,546,000	133,000	908,000	0	0	9,352,000

North Carolina Capital Improvement Program -- Health and Human Services
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
N.C. Special Care Center							
Scott Wing Nurse Call / Renovation	253,000		80,000				333,000
Renovate Bath/Shower Areas	270,000						270,000
Fire Escape / Fire Booster Pump	118,000						118,000
HVAC Upgrades	847,000						847,000
Repave Lots and Upgrade Lighting		168,000		20,000			188,000
Water Distribution / Backflow Upgrades		983,000	52,000				1,035,000
Elevator Improvements			278,000				278,000
FCAP Deficiencies Campus-Wide				1,873,000			1,873,000
Resident Wandering Security System				67,000			67,000
Demolition of Smoke Stack					58,000		58,000
Front Porch Replacement					116,000		116,000
Subtotal	1,488,000	1,151,000	410,000	1,960,000	174,000	0	5,183,000
Eastern NC School for the Deaf							
Replace 683 windows in Various Locations	637,300						637,300
HVAC Eagles and Vestal Halls	448,100		757,700				1,205,800
Roof Repairs Mayfield, Woodard, Vestal		647,000		290,000		693,400	1,630,400
Subtotal	1,085,400	647,000	757,700	290,000	0	693,400	3,473,500

North Carolina Capital Improvement Program -- Health and Human Services
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Western NC School for the Deaf							
Reroofing - Phases I, II, and III	981,000		965,000	695,000			2,641,000
Replace Concrete and Wooden Bleachers	238,000						238,000
Renovate Hoey Hall		4,491,000					4,491,000
Update Security / Lighting			30,000				30,000
Water / Gas Distribution Upgrades			30,000	564,000			594,000
Main Building Renovations			1,100,000				1,100,000
LSC Corrections - Phase II			598,000				598,000
ADA Corrections - Phases I and II			2,300,000		2,302,000		4,602,000
Structural Repairs				271,000			271,000
Campus Paving				445,000			445,000
Energy Saving Upgrades					991,000		991,000
Collection System Rehabilitation - Phase I						194,000	194,000
Subtotal	1,219,000	4,491,000	5,023,000	1,975,000	3,293,000	194,000	16,195,000
Julian F. Keith, ADATC							
Replace Condensers/Upgrade Fire Alarms	117,100						117,100
Fresh Air and Smoking Section at Detox	16,600						16,600
Replace Boilers, Transformers, Lights	172,300						172,300
Replace Floors, Ceiling, Roof		86,200					86,200
Upgrade Windows and Restrooms			63,400				63,400
Paving				155,600			155,600
Replace Boiler at Activity Building					16,400		16,400
Subtotal	306,000	86,200	63,400	155,600	16,400	0	627,600
Walter B. Jones, ADATC							
Building Upgrades	155,000						155,000
Repave Driveways	59,368						59,368
Convert Dorm into Acute Care Unit	42,300						42,300
Replace Transformers/Install Lights		169,000					169,000
Dredge Pond and Install Runoff System	53,400						53,400
Replace Condensing Units		82,710					82,710
Subtotal	310,068	251,710	0	0	0	0	561,778

North Carolina Capital Improvement Program -- Health and Human Services
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Governor Morehead School								
Instructional Resource Center and Library		70,000						
Dormitory Renovations (Cox & Milsap)		1,276,000	977,000					2,253,000
HVAC Campus-wide		628,000		875,000				1,503,000
Steam Line Replacement / Tunnel Repairs			1,610,000					1,610,000
Storm / Sewer / Water Line Replacement				2,561,000	300,000			2,861,000
Fire Alarm / Door / Exit Upgrades				330,000				330,000
Electrical Upgrades					125,000			125,000
Food Service Equipment Replacement					75,000			75,000
ADA Deficiencies					1,622,000			1,622,000
Garage Repairs					40,000		55,000	95,000
Window Replacements						450,000		450,000
Dining Hall Floor Repairs						177,000		177,000
Elevator Repairs						1,500,000		1,500,000
Road Resurfacing							149,000	149,000
Simpson Porch Replacement							125,000	125,000
	Subtotal	1,974,000	2,587,000	3,766,000	2,162,000	2,127,000	329,000	12,875,000
Eastern Regional VR Center								
Replace Site Lighting		20,900						20,900
Pave Parking lot		75,200						75,200
Print Shop		15,000						15,000
Life Safety Codes		64,800						64,800
Boiler Replacement			44,600					44,600
Replace Condensing Unit				25,100				25,100
Replace Electrical Panels				58,500				58,500
Upgrade Storm Drain					55,700			55,700
Remove Underground Storage Tanks						20,900		20,900
	Subtotal	175,900	44,600	83,600	55,700	20,900	0	380,700

North Carolina Capital Improvement Program -- Health and Human Services
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Western Regional VR Center							
Electrical System	606,160						606,160
Flaherty Building Repairs	73,392						73,392
ADA/Life Safety/Security Bldg Upgrade	26,605	12,500					39,105
Subtotal	706,157	12,500	0	0	0	0	718,657
Subtotal Repair and Renovation Requests	***64,236,199***	***33,889,610***	***63,523,600***	***39,016,600***	***24,072,100***	***13,257,700***	***237,995,809***
NEW CONSTRUCTION REQUESTS:							
Cherry Hospital							
Handicapped Entrances for Woodard Bldg	201,000						201,000
Children and Youth Facility	5,410,000						5,410,000
Subtotal	5,611,000	0	0	0	0	0	5,611,000
Dorothea Dix Hospital							
New Hospital	40,000,000	38,000,000					78,000,000
New Maintenance Building	1,171,000						1,171,000
Subtotal	41,171,000	38,000,000	0	0	0	0	79,171,000
Black Mountain Center							
Purchasing Office and Warehouse			451,998				451,998
New Multi-Purpose Building				2,918,809			2,918,809
Subtotal	0	0	451,998	2,918,809	0	0	3,370,807
Western Carolina Center							
Install New Central Chiller Plant		3,161,000					3,161,000
N.C. Special Care Center							
New Storage Building for Plant Operations			92,000				92,000

North Carolina Capital Improvement Program -- Health and Human Services
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Eastern NC School for the Deaf								
New Independent Living Complex		1,540,000						1,540,000
Maintenance Shop / Storage Facility				755,000				755,000
	Subtotal	1,540,000	0	755,000	0	0	0	2,295,000
Walter B Jones, ADATC								
Construct Medical Records Building		119,010						119,010
Eastern Regional VR Center								
New TBI Center		7,140,000						
Subtotal New Construction Requests		***55,581,010***	***41,161,000***	***1,298,998***	***2,918,809***	***0***	***0***	***100,959,817***
Total Capital Improvement Requests		**119,817,209**	**75,050,610**	**64,822,598**	**41,935,409**	**24,072,100**	**13,257,700**	**338,955,626**

Natural & Economic Resources

NATURAL & ECONOMIC RESOURCES -- MAJOR CAPITAL PROJECTS FOR 2001-03 BIENNIUM

Department of Agriculture and Consumer Services – Priorities

1. **NC State Fair, Multi-Purpose Building ($14,678,236)**: Funds will construct an 80,000 square foot multi-purpose exhibit building at the NC State Fairgrounds comparable in construction type to the existing livestock building. During the annual State Fair, the facility would be used for livestock exhibition. The remainder of the year the facility would be used for a variety of purposes, including trade and industrial shows, antique shows, home and garden shows, gun shows and the like. Unlike the existing 95,000 square foot exhibit building, the proposed facility will offer heated and air-conditioned space. The only existing fairgrounds structure that is heated and cooled is the Kerr Scott Building (19,999 square feet). Of the $13.5 million in previous years' appropriations for this multi-purpose building, $12.8 million reverted to the Hurricane Floyd Reserve Fund in 1999.

2. **Renovation of Agriculture Building ($12,375,762)**: This project includes renovations to the Agriculture Building, the Corner Building, and the Agriculture Annex. The department indicates renovations are needed to moisture proof the building, make structural repairs that are needed as a result of having two new buildings constructed adjacent to the Agriculture Building, and to convert Museum of Natural Sciences space to office space.

Department of Environment and Natural Resources – Major Issues

1. **Pine Knoll Shores Aquarium ($17,513,130)**: This project encompasses the renovation and expansion of the Pine Knoll Shores Aquarium at Atlantic Beach. Originally constructed in 1974, the facility has not undergone any significant improvements since that time. Funding for renovation and expansion of the three state aquariums was provided in 1997 ($11.5 million direct appropriation) and 1998 ($30 million in lapsed salary funds). Initially funded at a cost of $15 million in 1998, the Pine Knoll Shores project funds were reallocated to the Hurricane Floyd reserve in 1999. This project is similar in nature to the renovation and expansion of the Roanoke Island and Fort Fisher Aquariums. Funds will expand the Pine Knoll Shores facility from 30,000 square feet to 68,000 square feet.

2. **Warren County PCB Landfill Cleanup ($7,000,000)**: This project will involve the set up, demonstration, and permitting of a thermal desorption process to detoxify approximately 60,000 cubic yards of PCB contaminated soil in Warren County. According to the department, an oversight contractor has been hired and firms have been pre-qualified for the detoxification bid. The next phase -- actual detoxification -- is expected to cost $14.7 million. The department has secured $7.7 million from state and federal sources. This $7 million request will round out the balance of funds needed to complete the project.

3. **NC Zoological Park - $9.15 M in FY 2001-02; $5.98 M in FY 2002-03**: Capital construction requests for the NC Zoo focus primarily on enhancements at the Africa exhibits. Total costs for all improvements are projected at $18.7 million over the 01-03 biennium; however, several projects will be supported with funds raised by the NC Zoo Society and from other sources. The projects requiring state appropriations include:

   - *Africa Upgrades, Drylands Exhibits ($7,675,000 in 01-02):* Funds will upgrade the Africa region by renovating existing exhibits and launching a new "drylands" complex. Zoo officials anticipate this new attraction will enhance visitation upon completion. Design work for this new complex is complete and it is expected that construction can commence soon after funds are appropriated. The remaining $1.9 million needed for the project will come from the Society and other private sources.

   - *Africa Lodge,Catering/Dining/Exhibit ($500,000 in 01-02, $4,500,000 in 02-03):* The Zoo would like to develop and market its facility as a venue for meetings, conferences, and private evening events. The concept would be to create an African-themed safari lodge/restaurant that groups could lease for different occasions and utilize on-site catering and kitchen facilities. The kitchen facility would not only service the restaurant but also nearby areas such as the Africa plaza complex.

   - *Aviary, Rainforest Initiative ($306,000 in 01-02):* The RJ Reynolds Aviary has been repaired and refurbished through a combination of over $1 million state and Zoo Society dollars. Funds will be used to enhance interpretive tropical rainforest exhibits. The remaining $76,000 needed for the project will come from the Society and other private sources.

- *Exhibit Design and Fabrication Facility ($120,000 in 01-02, $1,480,000 in 02-03):* Funds will support the construction of an undercover, in-house facility for exhibit design. Currently, the Zoo construction team conducts design work out in the open and where needed equipment and materials are not easily accessible. This facility will serve as both a large workshop for the design and construction team and as the principal repository for needed materials that currently have to be stored outside.

- *Horticulture Equipment/Work Facility ($548,000 in 01-02):* Funds will support construction of a single building to store horticulture equipment that currently sits outdoors in all weather conditions. The Zoo believes such a facility will save its Horticulture section in repair, replacement, and maintenance costs.

Department of Commerce – New Construction

1. **Wanchese Seafood Industrial Park, Conference Center ($250,000)**: This project is a 2,559 square feet single story addition to an existing building at the Park. The addition will contain a conference room, meeting room, catering kitchen, lobby, and restrooms. Currently, the Park houses 19 tenants that require space to hold meetings and conduct presentations for future clients (the existing buildings are designed for industrial uses). Design and construction documents have been completed and submitted to the State Construction Office but the Office has not certified an OC-25 for the project. Previous funding ($230,000 of $250,000 appropriated in FY 1998-99) for the conference center reverted to the Hurricane Floyd Reserve in 1999.

North Carolina Capital Improvement Program -- Department of Agriculture and Consumer Services
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
REPAIR & RENOVATION REQUESTS:							
Administrative Services							
Renovation of Agriculture Building	12,376,000						12,376,000
Agronomic Division							
Expanded Plant/Waste/Solution Laboratory			850,000				850,000
Research Stations/State Farms							
Border Belt Tobacco Research Station							
Resurface Border Belt Drive			58,400				58,400
Reroof and Repair Equipment Shelter				40,200			40,200
Horticultural Crops Research Station							
Renovation of Irrigation System					33,100		33,100
Mountain Research Station							
Renovation of Dwelling #19				44,600			44,600
Renovate Bull test Facility					60,200		60,200
Oxford Tobacco Research Station							
Repair & Renovate Tobacco Curing Barn			96,700				96,700
Renovate Equipment Shed				30,000			30,000
Renovate Shop			84,600				84,600
Reroof Superintendent's Dwelling					40,300		40,300
Peanut Belt Research Station							
Renovate Electrical Surface Wiring				60,200			60,200
Piedmont Research Station							
Renovate Breeder/Broiler Facility				100,000			100,000
Renovate Egg Handling Facility			60,200				60,200
Reroof, Repair, & Renovate Dairy Facility						152,000	152,000

North Carolina Capital Improvement Program -- Department of Agriculture and Consumer Services
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Research Stations/State Farms (continued)							
Tidewater Research Station							
Shop Lighting & Safety Equipment			36,400				36,400
Stabilize/Upgrade Roads/Parking			58,700				58,700
Reroof and Renovate Dwelling					40,100		40,100
Renovate Swine Facility				151,200			151,200
Upper Coastal Plain Research Station							
Renovate Feed Handling Facility			18,800				18,800
Renovate Superintendent's Dwelling				60,100			60,100
Renovate Dwelling #13			17,100				17,100
Renovate Shop/Implement Shed			19,400				19,400
Repair & Renovate Tobacco Curing facility				75,200			75,200
Cherry Farm Unit							
Repair Roadways/Parking/Landscape			109,100				109,100
Renovate Research Station Office				140,800			140,800
Repair Metal Equipment Shelter			156,100				156,100
Renovate Above Ground Fuel Storage			85,500				85,500
Renovate Fertilizer Storage Building			61,100				61,100
Reroof & Renovate (4) Hay Storage Barns			88,800				88,800
Caswell Farm Unit							
Resurface Dairy/Milking Bard Road			38,500				38,500
Renovate Swine Facility						12,500	12,500
Umstead Farm Unit							
Renovate Supervisor's Dwelling			20,100				20,100
Repair Commodity Barn			15,300				15,300
Renovate Shop and Office				50,100			50,100
Subtotal	0	0	1,024,800	752,400	173,700	164,500	2,115,400

North Carolina Capital Improvement Program -- Department of Agriculture and Consumer Services
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
NC State Fair								
Graham Building HVAC		1,533,000						1,533,000
Dorton Arena Renovations				500,000				500,000
Phase III Primary Electrical Distribution					508,000			508,000
Graham Building Fire Protection						500,000		500,000
	Subtotal	1,533,000	0	500,000	508,000	500,000	0	3,041,000
Subtotal Repair and Renovation Requests		***13,909,000***	***0***	***2,374,800***	***1,260,400***	***673,700***	***164,500***	***18,382,400***
NEW CONSTRUCTION REQUESTS:								
Division of Marketing								
WNC Ag Center								
Multi-Purpose Building		6,591,300						6,591,300
Exhibit Building/Entrance Structure				3,605,100				3,605,100
Exhibit Building and Sheds					2,641,500			2,641,500
Restrooms/Showers & Lounge Shed					393,100			393,100
Amphitheater/Outdoor Event Area					2,415,000			2,415,000
McGough Renovations					2,500,000			2,500,000
Office & Restaurant Buildings						2,185,600		2,185,600
Exhibit Bldgs., Ticket Booths, Paving							3,471,000	3,471,000
Exhibit & Food Concession Buildings							1,500,600	1,500,600
	Subtotal	6,591,300	0	3,605,100	7,949,600	2,185,600	4,971,600	25,303,200
Raleigh Farmer's Market								
Plants Dealers Building		1,391,200						1,391,200
Addition to Wholesale Building #4				652,600				652,600
Seafood Building Addition				998,800				998,800
Maintenance Building Addition					100,000			100,000
Wholesale Building #3 & Sheds						1,894,800		1,894,800
	Subtotal	1,391,200	0	1,651,400	100,000	1,894,800	0	5,037,400

North Carolina Capital Improvement Program -- Department of Agriculture and Consumer Services
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Division of Marketing (continued)								
WNC Farmer's Market								
Small Dealers Building Expansion				375,000				375,000
Truck shed Addition				195,000				195,000
Site Work & Utilities				477,000				477,000
Wholesale Building					1,745,900			1,745,900
Maintenance Building						474,000		474,000
Retail Building							108,200	108,200
	Subtotal	0	0	1,047,000	1,745,900	474,000	108,200	3,375,100
Piedmont Farmers Market								
Retail Space				679,000				679,000
Seafood Market/Restaurant				275,000				275,000
Farmers Building #3 & Parking Area				495,000				495,000
Wholesale Building #2				3,478,000				3,478,000
Administrative Bldg. Conference Room					88,000			88,000
Maintenance Building Addition					50,600			50,600
	Subtotal	0	0	4,927,000	138,600	0	0	5,065,600
Senator Bob Martin Agricultural Center								
Stall Barns				2,000,000				2,000,000
Maintenance Building				250,000				250,000
	Subtotal	0	0	2,250,000	0	0	0	2,250,000
SENC Agricultural Center								
Horse Complex				16,000,000				16,000,000
Center Signs				250,000				250,000
More Parking					624,000			624,000
	Subtotal	0	0	16,250,000	624,000	0	0	16,874,000
Williamston Grading Office Improvements				169,000				169,000

North Carolina Capital Improvement Program -- Department of Agriculture and Consumer Services
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Agronomic Division								
Addition to Eaddy Building		609,400						609,400
Bulk Supply Storage Building				300,000				300,000
	Subtotal	609,400	0	300,000	0	0	0	909,400
Plant Industry Division								
Plant Industry Division Complex-(Design)		1,000,000						1,000,000
Support Services Storage Facility					422,000			422,000
	Subtotal	1,000,000	0	0	422,000	0	0	1,422,000
Gasoline and Oil Inspection								
New Motor Fuels Lab (Highway Fund)		3,980,000						3,980,000
Research Stations/State Farms								
Border Belt Tobacco Research Station								
Shop & Storage Facility				249,700				249,700
Storage Area & Crops Drying Facility							187,000	187,000
	Subtotal	0	0	249,700	0	0	187,000	436,700
Horticultural Crops Research Station/Clinton								
Multipurpose Building				437,700				437,700
Land Acquisition & Development					520,100			520,100
Greenhouse							1,120,000	1,120,000
	Subtotal	0	0	437,700	520,100	0	1,120,000	2,077,800
Mountain Research Station								
Addition to Beef Facility				408,700				408,700
Storage Building				142,600				142,600
Research Row Crop Plot Land					449,200			449,200
Crops Drying & Laboratory Facility							80,000	80,000
Greenhouse				80,000				80,000
	Subtotal	0	0	631,300	449,200	0	80,000	1,160,500

North Carolina Capital Improvement Program -- Department of Agriculture and Consumer Services
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Research Stations/State Farms (continued)								
Oxford Tobacco Research Station								
Greenhouse				148,600				148,600
Land Development						584,900		584,900
Shop & Storage Building							392,300	392,300
Addition to Irrigation					350,100			350,100
Storage & Curing Facility				247,300				247,300
	Subtotal	0	0	395,900	350,100	584,900	392,300	1,723,200
Peanut Belt Research Station								
Land Acquisition & Development				196,600				196,600
Storage Building				102,300				102,300
Addition to Solar Drying Facility					74,600			74,600
	Subtotal	0	0	298,900	74,600	0	0	373,500
Piedmont Research Station								
Broiler & Turkey Research Facility				3,234,700				3,234,700
Land Clearing & Development					11,700			11,700
Equipment Storage Facility							95,100	95,100
	Subtotal	0	0	3,234,700	11,700	0	95,100	3,341,500
Tidewater Research Station								
Phase II Aquaculture Research Facility		1,102,600						1,102,600
Land Clearing & Development				955,500				955,500
Phase II Headhouse Greenhouse		896,900						896,900
Grain Storage & Dryer				98,300				98,300
Project Support Facility					253,200			253,200
Research Plot Drying Facility							61,400	61,400
Research Leaders Storage Shop						403,900		403,900
Research & Extension Center Phase II				293,400				293,400
Irrigation/Water Distribution				205,000				205,000
	Subtotal	1,999,500	0	1,552,200	253,200	403,900	61,400	4,270,200

North Carolina Capital Improvement Program -- Department of Agriculture and Consumer Services
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Research Stations/State Farms (continued)								
Upper Coastal Plain Research Station								
New Gestation Facility				175,200				175,200
Supervisor's Dwelling							160,100	160,100
Bulk Curing Units					70,200			70,200
Land Development							514,200	514,200
	Subtotal	0	0	175,200	70,200	0	674,300	919,700
Upper Mountain Research Station								
Land Development					395,300			395,300
Burley Tobacco Grading Facility				243,200				243,200
	Subtotal	0	0	243,200	395,300	0	0	638,500
Caswell Farm Unit								
Farm Shop				419,800				419,800
Research Office and Conference Center				233,600				233,600
Agricultural Diversification System				1,081,200				1,081,200
Equipment Storage Facility (4)				230,300				230,300
Crops Drying Facility							94,000	94,000
	Subtotal	0	0	1,964,900	0	0	94,000	2,058,900
Umstead Farm Unit								
Cattle Feeding Facility							630,100	630,100
Office Complex				407,900				407,900
Supply & Equipment Storage Facility				170,200				170,200
Land Development		227,700						227,700
	Subtotal	227,700	0	578,100	0	0	630,100	1,435,900

North Carolina Capital Improvement Program -- Department of Agriculture and Consumer Services
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Research Stations/State Farms (continued)							
Cherry Farm Unit							
Ctr for Environmental Farming Systems	10,168,000						10,168,000
Crops Drying & Processing Facility			105,200				105,200
Equipment Storage Facility					112,400		112,400
Research Laboratory				295,100			295,100
Livestock Facilities						970,000	970,000
Subtotal	10,168,000	0	105,200	295,100	112,400	970,000	11,650,700
NC State Fair							
Multi-Purpose Building	14,678,000						14,678,000
Events Building			5,000,000				5,000,000
Bath House			5,500,000				5,500,000
Horse Barn				6,300,000			6,300,000
Farm Machinery Building					5,500,000		5,500,000
Exhibit Building						5,500,000	5,500,000
Subtotal	14,678,000	0	10,500,000	6,300,000	5,500,000	5,500,000	42,478,000
Subtotal New Construction Requests	***36,665,100***	***0***	***50,566,500***	***19,699,600***	***11,155,600***	***14,884,000***	***132,970,800***
Total Capital Improvement Requests	**50,574,100**	**0**	**52,941,300**	**20,960,000**	**11,829,300**	**15,048,500**	**151,353,200**

North Carolina Capital Improvement Program -- Department of Environment and Natural Resources
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
REPAIR & RENOVATION REQUESTS:								
North Carolina Aquariums								
Oregon Inlet								
Coast Guard Station Weatherization/Planning		500,000						500,000
Pine Knoll Shores								
Waste Disposal System		362,500						362,500
Chiller Replacement/Air Distribution Upgrade		1,468,800						1,468,800
Fort Fisher								
Exterior Safety Lighting		201,600						201,600
ADA and Visitor Walkway/Parking		272,000						272,000
Replace ADA Boardwalk/Observation. Platforms		156,400						156,400
Safety, Security, and Accreditation Fencing		191,100						191,100
Repair/Stabilize Soundside Road		16,300						16,300
	Subtotal	3,168,700	0	0	0	0	0	3,168,700
Division of Forest Resources								
Structural/General Repairs (Statewide)		483,600						483,600
Safety and Health Projects: Several Areas		864,200						864,200
Electrical Security Alarm Systems (Statewide)		352,100						352,100
Electrical Rewiring/Repairs (Statewide)		249,200						249,200
Claridge: Seedling Irrigation System Upgrade		89,900						89,900
HVAC Repairs and Renovations (Statewide)		494,700						494,700
Chimney Repair (Statewide)		22,100						22,100
Nursery Renovations and Site Improvements		200,000						200,000
Above Ground Storage Tanks		67,100						67,100
Region I Headquarter Renovation		406,700						406,700
Bladen Lakes S.F. Renovations		184,300						184,300
Griffiths Forestry Center		241,400						241,400
Communication System Upgrade		25,500						25,500
	Subtotal	3,680,800	0	0	0	0	0	3,680,800

North Carolina Capital Improvement Program -- Department of Environment and Natural Resources
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Division of Air Quality								
Renovations to meet Federal Lab Standards		55,000						55,000
Division of Marine Fisheries								
Main Building Lab Renovation		43,500						43,500
Main Bldg. Asbestos Tile- Remove and Replace		184,500						184,500
Emergency Generator		294,700						294,700
Main Complex Sidewalk, Curb, Gutter Repair		45,500						45,500
Main Complex Landscaping		91,500						91,500
Main Complex Site Survey Plan		9,200						9,200
Pier Area Shore Protection/Bulkhead		23,700						23,700
Hanger Insulation and Exterior Panel Replacement		192,900						192,900
Campus Electrical Load Study		21,400						21,400
Computer Room Electrical Panel		29,400						29,400
Improve Equipment Storage Compound		13,400						13,400
Replace Two Water Heaters		16,200						16,200
Chiller and Cooling Tower Replacement		304,300						304,300
Replace Boiler and Remove UST		78,500						78,500
Warehouse Furnace and Archive Temp. Control		48,900						48,900
Warehouse Handicap Ramp		39,200						39,200
Warehouse Dust Collection System		18,900						18,900
Warehouse Lighting Upgrade		37,200						37,200
Warehouse Carpentry Wall		20,200						20,200
Warehouse Acoustical Ceiling Tile Replacement		26,800						26,800
South River Boat Basin Dredging		89,100						89,100
South River Road Construction		15,000						15,000
	Subtotal	1,644,000	0	0	0	0	0	1,644,000
Division of Land Resources								
NCGS Repository Shelving		20,000						20,000
Coastal Plain Office Site Work		15,000						15,000
	Subtotal	35,000	0	0	0	0	0	35,000

North Carolina Capital Improvement Program -- Department of Environment and Natural Resources
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Division of Parks & Recreation							
Ft. Macon Restoration, Phase III	5,381,900						5,381,900
Museum of Natural Sciences							
Emergency. Lighting Modifications for Animal Health	12,000						12,000
OSHA: Exhaust Stack for Spray Booth	38,000						38,000
Fume Hoods for Museum Labs	20,000						20,000
Boiler Repair at Research Lab	10,000						10,000
Research Specimen Storage Cabinets	20,000						20,000
Security System Enhancements	18,000						18,000
Loading Dock Door Controls	10,000						10,000
Pave Parking Lot at Research Lab	15,000						15,000
Subtotal	143,000	0	0	0	0	0	143,000
NC Zoological Park							
Africa Amphitheater Renovations	1,597,800						1,597,800
Chimp and Aviary Interpretives	447,700						447,700
Sea Lion Shading Renovations at Rocky Coast	459,800						459,800
ADA and Other Upgrades to Africa Restrooms	385,000						385,000
Shade Structure for "Meeting Place" at TLC	99,800						99,800
Shade Structure for Paddock at TLC	86,200						86,200
Renovations & Additions to Shops and Storage	600,000						600,000
Africa Parking Lot Paving and Related Improve.	444,700						444,700
Subtotal	4,121,000	0	0	0	0	0	4,121,000
Subtotal Repair and Renovation Requests	***18,229,400***	***0***	***0***	***0***	***0***	***0***	***18,229,400***

North Carolina Capital Improvement Program -- Department of Environment and Natural Resources
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
NEW CONSTRUCTION REQUESTS:								
North Carolina Aquariums								
Pine Knoll Shores								
Aquarium Renovation/Expansion		17,514,000						17,514,000
Stabilize/Repair Soundside Road				400,000				400,000
Distance Learning Center				425,000				425,000
Raw Water Filtration System				275,000				275,000
Fuel Cell Power Technology					333,333			333,333
New Changing Exhibit						350,000		350,000
Visitor's Service Center						500,000		500,000
Garage and Storage Facility						400,000		400,000
Oregon Inlet Coast Guard Station Renovation		8,619,000						8,619,000
Roanoke Island								
Garage/Storage Facility		396,000						396,000
New Changing Facility				350,000				350,000
Visitor's Service Center				500,000				500,000
Fuel Cell Power Technology					333,333			333,333
Distance Learning Center				425,000				425,000
Fort Fisher								
ADA Access				350,000				350,000
Irrigation Wells and Lines				150,000				150,000
ADA Fencing				125,000				125,000
Planning for Shoreline Stabilization				500,000				500,000
Distance Learning Center				425,000				425,000
Fuel Cell Power Technology					333,333			333,333
New Changing Facility					350,000			350,000
Visitor's Service Center					500,000			500,000
Garage/Storage Facility					400,000			400,000
Shoreline Stabilization Project						10,000,000		10,000,000
	Subtotal	26,529,000	0	3,925,000	2,249,999	11,250,000	0	43,953,999

North Carolina Capital Improvement Program -- Department of Environment and Natural Resources
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Division of Air Quality							
Air Quality Laboratory Expansion	692,400						692,400
Division of Environmental Health							
Shellfish Sanitation Laboratory - Wilmington	566,400						566,400
Division of Forest Resources							
Goldsboro Forestry Center Expansion	519,277	818,123					1,337,400
District 6 Headquarters Equipment Storage Bldg	516,300						516,300
County Headquarters							
Pender, Brunswick, Moore, Sampson	545,600						545,600
Camden/Pasquatank	378,900						378,900
Bladen	378,900						378,900
Duplin	430,900						430,900
Buncombe	319,400						319,400
Madison		319,400					319,400
Jones		430,900					430,900
Lenoir		430,900					430,900
Bertie		378,900					378,900
Richmond		430,900					430,900
Union			430,900				430,900
Ashe			319,400				319,400
Pitt			430,900				430,900
Polk			319,400				319,400
Carteret			430,900				430,900
Edgecombe				265,700			265,700
Watauga				319,400			319,400
Columbus				430,900			430,900
Franklin				378,900			378,900
Harnett				378,900			378,900
Caldwell					319,400		319,400

North Carolina Capital Improvement Program -- Department of Environment and Natural Resources
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
County Headquarters (continued)								
Robeson						430,900		430,900
Halifax						430,900		430,900
Surry						319,400		319,400
Vance						430,900		430,900
Dare							430,900	430,900
Wake							145,100	145,100
Tyrell							317,600	317,600
Martin							430,900	430,900
Gates							38,800	38,800
Educational State Forests				1,079,400	1,237,000			2,316,400
Morganton Forestry Center						290,200		290,200
Hazardous Materials Storage Bldgs - 21 Locations						768,350	768,350	1,536,700
Fire Control Equipment Buildings - 10 Locations							1,331,500	1,331,500
Griffiths Forestry Center Addition							269,500	269,500
	Subtotal	3,089,277	2,809,123	3,010,900	3,010,800	2,990,050	3,732,650	18,642,800
Marine Fisheries								
Marine Fisheries Annex		381,600	4,360,800					4,742,400
Aircraft Hangar Addition		141,300						141,300
	Subtotal	522,900	4,360,800	0	0	0	0	4,883,700
Division of Soil and Water Conservation								
Deep Creek Watershed Project - Structure 5D		400,000	400,000					800,000
Swanquarter Flood Protection Project		200,000	200,000					400,000
	Subtotal	600,000	600,000	0	0	0	0	1,200,000
Division of Waste Management								
Detoxify Warren County Landfill		7,000,000						7,000,000
Division of Water Quality								
Water Quality Laboratory Expansion		350,900						350,900

North Carolina Capital Improvement Program -- Department of Environment and Natural Resources
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

		FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Museum of Forestry								
Exhibits for Optimal Visitor Experience		973,500	887,000					1,860,500
Changes to get Forestry Museum Operational		691,000						691,000
	Subtotal	1,664,500	887,000	0	0	0	0	2,551,500
Division of Parks and Recreation								
Administrative Center at Umstead Park		488,000	4,392,000					4,880,000
Ft. Macon - Remaining Restoration		4,381,900						4,381,900
Ranger Residence Repair			1,361,600					1,361,600
Pilot Mountain: Grassy Creek				671,200	6,040,600			6,711,800
New River Park						5,000,000		5,000,000
Ft. Macon Visitor's Center						850,000	7,650,000	8,500,000
	Subtotal	4,869,900	5,753,600	671,200	6,040,600	5,850,000	7,650,000	30,835,300
Museum of Natural Sciences								
Greenhouse		344,300						344,300
Residential Facility at Reedy Creek Rd. Property				2,000,000				2,000,000
Roof-Top Restaurant in Museum Facility				2,000,000				2,000,000
Research Lab at Reedy Creek Rd. Property					2,000,000			2,000,000
	Subtotal	344,300	0	4,000,000	2,000,000	0	0	6,344,300
NC Zoological Park								
Africa Upgrades - "Drylands" Exhibits		7,675,000						7,675,000
Africa Upgrades - "Drylands" Exhibits (non-state funds)		*1,919,000*						*1,919,000*
Africa Lodge -Catering/Dining/Exhibit		500,000	4,500,000					5,000,000
Aviary - Rain Forest Initiative		306,000						306,000
Exhibit/Design & Fabrication Facility		120,000	1,480,000					1,600,000
Horticulture Equipment/Work Facility		548,000						548,000
Africa Pavilion & Exterior Forest Exhibits				1,000,000	11,000,000			12,000,000
Africa Pavilion & Exterior Forest Exhibits (non-state funds)				*120,000*	*2,880,000*			*3,000,000*
Africa "Grasslands" Exhibits and Related						320,000	3,200,000	3,520,000

North Carolina Capital Improvement Program -- Department of Environment and Natural Resources
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
NC Zoological Park (continued)							
Africa "Grasslands" Exhibits and Related (non-state funds)					*80,000*	*800,000*	*880,000*
Earth Resources Center - Complex (non-state funds)	*300,000*	*1,000,000*	*30,000,000*	*20,000,000*			*51,300,000*
Veterinary Residential Training Facility (non-state funds)		*250,000*	*2,750,000*				*3,000,000*
Administrative Office Building Addition			130,000	1,500,000			1,630,000
Master planning - Third Continental Region				200,000	2,000,000	20,000,000	22,200,000
Master planning - Third Continental Region (non-state funds)					*500,000*	*5,000,000*	*5,500,000*
Subtotal	11,368,000	7,230,000	34,000,000	35,580,000	2,900,000	29,000,000	120,078,000
Subtotal New Construction Requests	***55,933,282***	***20,753,728***	***45,607,305***	***48,881,604***	***22,990,255***	***40,382,855***	***234,548,004***
Total Capital Improvement Requests	**74,162,682**	**20,753,728**	**45,607,305**	**48,881,604**	**22,990,255**	**40,382,855**	**252,777,404**

** Projects listed in italics to be funded from NCZP Society and Other Sources

North Carolina Capital Improvement Program -- Department of Commerce
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
REPAIR & RENOVATION REQUESTS:							
Division of Tourism, Film, & Sports Development							
I-77 Welcome Center							
Renovate HVAC System	24,800						24,800
Replace Glass Wall	35,000						35,000
Replace Brochure Racks	7,000						7,000
I-85 North Welcome Center							
Reroof Welcome Center	6,200						6,200
Subtotal	73,000	0	0	0	0	0	73,000
NEW CONSTRUCTION REQUESTS:							
Wanchese Seafood Industrial Park							
Conference Center	250,000						250,000
Total Capital Improvement Requests	**323,000**	**0**	**0**	**0**	**0**	**0**	**323,000**

General Government

GENERAL GOVERNMENT

The capital improvement needs in the General Government area are for two categories of properties – those in the State Government Complex as well as the cultural and historic properties throughout the State.

State Government Complex

The State Government Complex is home to the majority of the employees of the State government agencies. The Department of Administration, the central service agency for the State, is responsible for maintaining the facilities in the Complex. It shares the responsibility for developing a capital area master plan, which is mandated by statute to be prepared every 10 years. In 1996, the Department presented the 2005 Capital Area Master Plan for State Government (the Plan) to the North Carolina Capital Planning Commission.

The Plan identifies the State Government Complex as one of the four areas studied. For the Complex, it suggests development reflecting the estimated space requirements for State government. Currently, employees are housed in dispersed facility configurations as well as in a significant amount of leased space. The Plan recommends significant building projects that reflect the future growth, departmental consolidation, and the reinforced presence in the State Government Complex of several departments. It also responds to the parking demands for employees and visitors.

The six-year capital improvement needs schedule developed by the Department of Administration for the State Government Complex reflects the recommendations of the approved Plan. The number one priority on the schedule is the construction of a 700-space parking deck (McDowell Street Parking Deck) on the south end of the Complex to meet the demands of the employees who have recently occupied the Old Revenue and Old Justice Buildings that have been completely renovated. Currently, parking for State employees is concentrated on the north end of the Complex and does not meet the needs of the employees who are on the south end.

Among the other projects included in the six-year schedule are the following:

1. New Judicial Center: Funding is requested for the advanced planning of the Center scheduled for construction in 2003-04. In addition, funds would be used to acquire privately owned property near the existing Judicial Building and for the demolition of buildings to allow for the construction of the Center.

2. New Administration Building: This building will better consolidate the divisions of the Department of Administration. The existing building, which is 34 years old and has asbestos containing material, will be completely renovated for new tenants at a lower cost than a floor-by-floor renovation.

3. New DENR (Department of Environment and Natural Resources) Complex: This complex will consist of three buildings and parking garages. DENR currently leases approximately 138,000 square feet outside of the Downtown Complex that will expire in 2003. It is estimated that DENR will need 250,000 square feet. The new complex will allow for the consolidation and expansion of the department.

4. Parking decks and garages to provide approximately 6,200 additional parking spaces to accommodate the 13,000 employees expected to be in the State Government Complex by 2005, as well as the increased number of visitors expected to be drawn to the Complex area.

5. Renovation of the Agriculture Annex and Building, Albemarle Building, Archdale Building, Administration Building, and the Justice Building as proposed by the Plan.

The Plan's recommendations match the capacity of existing buildings that will be renovated and the Complex's ability to accommodate new buildings and parking facilities. The six-year schedule for the State Government Complex appears to be consistent with the Plan's recommendations and focus of consolidating departments.

Historic and Museum Properties

The Department of Cultural Resources identified 34 projects for repair and new construction over the six-year period, totaling **$172,196,777**. The projects are divided into five main categories including:

1. Seventeen projects for 15 State Historic Sites -- $44,027,090
2. Seven projects for the Museum of History and Branches -- $17,799,870
3. Two projects for the Museum of Art -- $70,509,197
4. Six department-wide projects -- $38,295,518
5. Two local historic site projects -- $1,565,102

North Carolina Capital Improvement Program -- State Government Complex
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
REPAIR & RENOVATION REQUESTS:							
Cooper Building	4,407,000						4,407,000
Agricultural Annex	4,088,000						4,088,000
Agricultural Building	10,358,000						10,358,000
Wilmington Street Houses		1,201,000					1,201,000
Administration Building					30,395,000		30,395,000
Judicial Center - Court of Appeals					4,715,000		4,715,000
Judicial Center - Justice Building					6,355,000		6,355,000
Albemarle Building						23,537,000	23,537,000
Archdale Building						30,265,000	30,265,000
Subtotal Repair and Renovation Requests	***18,853,000***	***1,201,000***	***0***	***0***	***41,465,000***	***53,802,000***	***115,321,000***
NEW CONSTRUCTION REQUESTS:							
McDowell Street Parking Deck	16,210,000						16,210,000
Judicial Center	2,753,000	735,000	20,782,000				24,270,000
Veterans Cemetery	254,000						254,000
New Administration Building	1,800,000	36,000,000					37,800,000
DENR Complex - Planning	2,500,000						2,500,000
DENR Building #1		28,440,000					28,440,000
DENR Building #2			21,715,000				21,715,000
DENR Building #3			13,298,000				13,298,000
Visitor Center and Parking Garage			19,000,000				19,000,000
Motor Fleet Management Building			1,200,000	23,391,000			24,591,000
Multi-Agency Complex				19,347,000			19,347,000
State Government Warehouse				1,000,000			1,000,000
Parking Deck / Mixed Use Deck 4				10,305,000			10,305,000
Parking Deck / Mixed Use Office Space				2,343,000	2,298,000		4,641,000

North Carolina Capital Improvement Program -- State Government Complex
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
State Government Warehouse #1					8,618,000		8,618,000
State Government Warehouse #2					9,401,000		9,401,000
Parking Deck / Mixed Use Deck 3					5,641,000		5,641,000
Facility Management Complex						131,000	131,000
State Office Building / Parking Garage						12,953,000	12,953,000
Subtotal New Construction Requests	***23,517,000***	***65,175,000***	***75,995,000***	***56,386,000***	***25,958,000***	***13,084,000***	***260,115,000***
Total Capital Improvement Requests	**42,370,000**	**66,376,000**	**75,995,000**	**56,386,000**	**67,423,000**	**66,886,000**	**375,436,000**

North Carolina Capital Improvement Program -- Historic and Museum Sites
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
REPAIR & RENOVATION REQUESTS:							
William R. Davie House Restoration	1,130,904						1,130,904
Reed Gold Mine Engine Shaft Restoration	1,277,400						1,277,400
NC Transportation Museum Restoration	10,000,000						10,000,000
Thomas Wolfe Fire Damage Supplement	926,031						926,031
State Capitol Bldg Carpet Replacement		242,726					242,726
Chowan Courthouse Renovation Supplement		383,950					383,950
Museum of History Bldg Repairs		141,908					141,908
Battleship USS NC - Phase III		1,181,152					1,181,152
Historic Stagville Restoration - Phase II		723,100					723,100
Oteen Center Renovation Supplement			761,644				761,644
Charlotte HB - Kimball Hall Restoration				2,006,559			2,006,559
Tryon Palace Main Bldg Repairs				1,067,303			1,067,303
Museum of History - Robeson House Restoration				227,480			227,480
Historic Halifax Jail Restoration					168,431		168,431
Museum of Art General Bldg Repairs						5,509,197	5,509,197
Subtotal Repair & Renovation Requests	***13,334,335***	***2,672,836***	***761,644***	***3,301,342***	***168,431***	***5,509,197***	***25,747,785***
NEW CONSTRUCTION REQUESTS:							
State Records Center - Advance Planning	736,986						736,986
Museum of Albemarle Supplement	6,456,673						6,456,673
Tryon Palace Education Center Site Prep	5,139,020						5,139,020
State Archives & Library Bldg Supplement	4,368,769						4,368,769
Maritime Museum Gallants Channel Facility		3,030,711					3,030,711
NC Museum of Art - Expansion & Renovation			65,000,000				65,000,000
State Government Complex Visitor Center			31,328,902				31,328,902
Charlotte HB - Galen Stone Hall Interior			4,771,030				4,771,030
Town Creek Artifact Collection Facility			982,305				982,305
Archives High Density Mobile Shelving			856,491				856,491

North Carolina Capital Improvement Program -- Historic and Museum Sites
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Horne Creek Farm Visitor Center				1,921,287			1,921,287
Cape Fear Museum Arsenal Park Improvement				1,833,658			1,833,658
Somerset Visitor Center					1,426,577		1,426,577
Historic Bath Museum					1,395,964		1,395,964
Duke Homestead Visitor Center Expansion					1,769,445		1,769,445
Bentonville Battleground Visitor Center					2,271,503		2,271,503
Maritime Southport Main Building						1,527,360	1,527,360
Maritime Southport Watercraft Center						4,582,080	4,582,080
CSS Neuse Visitor Center and Museum						7,050,231	7,050,231
Subtotal New Construction Requests	***16,701,448***	***3,030,711***	***102,938,728***	***3,754,945***	***6,863,489***	***13,159,671***	***146,448,992***
Total Capital Improvement Requests	**30,035,783**	**5,703,547**	**103,700,372**	**7,056,287**	**7,031,920**	**18,668,868**	**172,196,777**

Justice & Public Safety

JUSTICE AND PUBLIC SAFETY

Department of Correction (DOC)

DOC manages 77 State prisons. The combination of new prison construction and the closing of over 20 small, older facilities have helped stabilize growth in repair and renovation needs. However, DOC has documented over $75 million in repair and renovation needs including $5 million for statewide roof replacements and $35 million for various deficiencies identified in State Construction FCAP reports.

DOC has also identified over $229 million in new construction needs for the next two years. The bulk of this total is to replace or add regional medical facilities for inmates. The highest priorities are the replacement of the Central Prison Hospital and Mental Health Center and expansion and renovation of the hospital at the North Carolina Correctional Center for Women. Other medical new construction requests are to consider establishing regional acute care hospitals and a regional mental health center.

The $229 million figure for new construction does not include new prison bed capacity. The current inmate population projections by the Sentencing and Policy Advisory Commission indicate the population could exceed prison bed capacity by over 2,900 beds (expanded capacity) or up to 5,000 (standard capacity) by 2005 and by 7,600 to 10,800 by 2009. This population growth was anticipated as part of the impact of Structured Sentencing as the more serious offenders were sentenced to longer prison terms and required to serve at least the minimum sentence. Whether to authorize the construction and operation of prison beds at the projected level, or to develop a mix of new construction and community alternatives, will frame prison policy debate in the General Assembly for the foreseeable future.

DOC is developing a Ten Year Plan that will address long-term capital and maintenance needs in relation to the changing prison population. This Plan will include consideration of closing several aging facilities as well as building more prisons.

Department of Juvenile Justice and Delinquency Prevention

The primary construction and repair and renovation needs for DJJDP are for Juvenile Youth Academies (formerly known as training schools). There are five academies located regionally in the State. Estimates for repair and renovation projects at the five academies total over $24 million, with over $11 million estimated for Samarkand Manor and over $9 million for the Juvenile Evaluation Center.

The major policy issue for DJJDP is to determine the cost benefit of various repairs and renovations versus new construction. The buildings at many of the academies date back as far as the 1930's and several academies were not originally designed as juvenile training schools. DJJDP is currently requesting capital funding of over $18 million for two new 100-bed academies. Other options are to add new buildings at existing schools or to consider other sentencing alternatives. Decisions on the need for new beds at the academies will also be based on the latest juvenile population projections from the Sentencing Commission, anticipated in late February 2001.

Department of Justice (DOJ)

All DOJ repair and renovation projects are located at the Justice Academy's Salemburg campus. Total need is estimated at $4.3 million. Many of the facilities are old and present a range of repair needs such as roof replacements, HVAC upgrades, asbestos removal and so on. The most pressing need appears to be renovation of Dormitory A. Currently, there are no plans for new construction in the Department of Justice.

Department of Crime Control and Public Safety (CCPS)

CCPS has capital needs in two programs - the National Guard (General Fund) and the Highway Patrol (Highway Fund). The National Guard's primary repair and renovation need is for removal of lead from indoor firing ranges at Guard armories. Estimated cost is $2.365 million spread over four years for 78 armories. These ranges are shut down until lead contamination can be eliminated.

The Guard has also proposed one major new construction project - the Raleigh Readiness Center. The Center would be the State headquarters for the Guard. State funding needs are estimated at $9.6 million with the majority of funding to be provided by the federal government. The Guard plan is to phase-in construction and cost from FY 2001-02 (planning funds) through FY 2006-07.

The Highway Patrol lists repair and renovation projects of $447,200, primarily at its Training Center.

Administrative Office of the Courts

Repairs and Renovation funds totaling $3.9 million had been allocated to the AOC for HVAC renovations to the Justice/Supreme Court building. These renovations were to have been done over the next 18 months but the funds were frozen in February 2001. An additional $900,000 in R&R funds for fire escapes and related repairs to the Court of Appeals Building were also frozen in February.

North Carolina Capital Improvement Program -- Justice and Public Safety
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
REPAIR & RENOVATION REQUESTS:							
Department of Correction							
Fire / Life Safety Improvements Statewide	1,000,000						1,000,000
Roof Replacements Statewide	5,000,000						5,000,000
Caledonia - EIS, Repair Unit II/III, Chute, Steam	3,475,000	1,480,000					4,955,000
Piedmont - EIS and Perimeter Road	2,100,000						2,100,000
Southern - EIS and Perimeter Road	2,700,000						2,700,000
Eastern - EIS and Perimeter Road	2,800,000						2,800,000
Elevator Repairs at Various Sites	1,000,000						1,000,000
Develop SPCC Plans Statewide	225,000						225,000
Asbestos Removal Statewide	250,000						250,000
Franklin - Structural Repairs to Old Dorm	25,000						25,000
Evaluation of Old Dorms Statewide	150,000						150,000
Harnett -Dining Hall, Staff House, Lights, Locks	850,000	235,000					1,085,000
Odom - EIS, Ceramic Tile, Repair Dorms and Seg	3,400,000	550,000					3,950,000
Replace Underground Water Lines (Various)	375,000						375,000
Hoke - Repair Facility / Diagnostic Space	1,975,000						1,975,000
Wastewater Repairs Statewide	1,150,000						1,150,000
Western YI - Reno / Security Scr / Guard Towers	4,900,000	130,000					5,030,000
Sandhills - Repairs / Demolish Directors Bldg	1,050,000	300,000					1,350,000
Paving Lots Statewide	1,000,000						1,000,000
Dayroom Walls / Retaining Walls Statewide	185,000	50,000					235,000
Fountain - Parking Lot / Demo Training Center	1,600,000						1,600,000
Morrison YI - Demolish Dorms, Fix Lights		700,000					700,000
NCCIW - Replace Doors and Windows		5,000					5,000
Renovate Admin Buildings (Various)		225,000					225,000
Pender - Install Bars in Dorms		125,000					125,000
Marion - Spill Basin, Remove Unused Tanks		25,000					25,000
Eastern Region Office - Containment Oil Tank		75,000					75,000
Foothills - Back up Gas Supply		15,000					15,000
Wayne - Windows on Maintenance Bldg		150,000					150,000

North Carolina Capital Improvement Program -- Justice and Public Safety
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Department of Correction (continued)							
Underground Storage Tanks		750,000					750,000
Central Prison - Kitchen Equipment		624,000					624,000
FCAP Deficiencies Statewide		35,000,000					35,000,000
Subtotal	35,210,000	40,439,000	0	0	0	0	75,649,000
Crime Control and Public Safety (General Fund)							
Repair Combat Training Center (NC Military Aca)	132,500						132,500
ADA Repairs	263,600						263,600
Stairwell Repairs (NC Military Academy West)	103,100						103,100
Remove Lead Contamination (3 Phases)	788,600		788,600	788,600			2,365,800
Subtotal	1,287,800	0	788,600	788,600	0	0	2,865,000
Crime Control and Public Safety (Highway Fund)							
Training Center Complex Repairs	361,200						361,200
Repair Elizabeth Complex	72,200						72,200
Lincolnton Complex HVAC	13,800						13,800
Subtotal	447,200	0	0	0	0	0	447,200
Department of Justice							
Dormatory A Renovation (Justice Academy)	2,659,511						2,659,511
Upgrade Audio/Visual Equipment	1,093,148						1,093,148
Renovate Administration Annex	495,150						495,150
Renovate Firing Ranges	78,677						78,677
Subtotal	4,326,486	0	0	0	0	0	4,326,486
Juvenile Justice & Delinquency Prevention (JJ&DP)							
Juvenile Evaluation Center							
Replace Heating Convectors and Piping	269,333						269,333
Door Upgrade for Student Room and Cottages	179,700						179,700

North Carolina Capital Improvement Program -- Justice and Public Safety
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Juvenile Evaluation Center (continued)							
Replace 175 Window Screens/AC 5 Buildings	1,481,100						1,481,100
Dust Connection System Maintenance	100,442						100,442
Repair Parking Lots, Streets, Ditches	684,627						684,627
Modular Office for Clinical / Admin Staff	1,806,600						1,806,600
Replace Classrooms and Auditorium		1,633,600					1,633,600
New Maintenance Building		982,600					982,600
Replace Administration Building		2,177,100					2,177,100
Subtotal	4,521,802	4,793,300	0	0	0	0	9,315,102
Stonewall Jackson							
Replace Entrance Doors, Glass Windows in Gym	67,300						67,300
School Cafeteria Renovations	442,200						442,200
Repave Roads, Parking, Drainage	100,200						
Air Conditioning for 3 Buildings	213,800						213,800
Demolition and Removal of Buildings	329,300						329,300
Subtotal	1,152,800	0	0	0	0	0	1,052,600
Samarkand Manor							
ADA Compliance	943,700						943,700
Major Street / Parking Areas	123,300						123,300
First Defense Fence	494,300						494,300
HVAC for 10 Buildings	1,713,600						1,713,600
Asbestos Removal	3,037,200						3,037,200
Centralized Kitchen		1,708,300					1,708,300
Demo Gardner Hall / New MPAC Building		1,464,300					1,464,300
Demo of Leonard / New Vocational Building		1,966,100					1,966,100
Remove 14 Underground Storage Tanks		419,188					419,188
Subtotal	6,312,100	5,557,888	0	0	0	0	11,869,988

North Carolina Capital Improvement Program -- Justice and Public Safety
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
C.A. Dillon School							
Floor Tile / HVAC for Academic Building	470,600						470,600
Light Replacement	336,000						336,000
Subtotal	806,600	0	0	0	0	0	806,600
Dobbs School							
Repave Streets and Parking Lots	47,000						47,000
Remove Underground Tanks	189,400						189,400
Air Conditioning for Several Buildings	800,000						800,000
Subtotal	1,036,400	0	0	0	0	0	1,036,400
New Hanover							
Upgrade Building	288,367						288,367
Subtotal for JJ&DP	14,118,069	10,351,188	0	0	0	0	24,469,257
Subtotal Repairs and Renovation Requests	***54,942,355***	***50,790,188***	***788,600***	***788,600***	***0***	***0***	***107,309,743***

North Carolina Capital Improvement Program -- Justice and Public Safety
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
NEW CONSTRUCTION REQUESTS:							
Department of Correction							
Central Prison - 120 Bed Regional Medical Center	57,704,629						57,704,629
Central Prison - 200 Cell Mental Health Center	3,500,500	31,504,215					35,004,715
NCCIW - Healthcare Expansion	1,727,500	15,547,616					17,275,116
Harnett - Support Buildings and EIS	4,984,376						4,984,376
Caldwell - 20 Cell Seg Unit	187,500	1,687,623					1,875,123
Craggy - 40 Cell Seg Unit	443,700	3,993,506					4,437,206
North Piedmont Region - 196 Bed Mental Health	3,720,600	33,485,693					37,206,293
Western Area - 45 Bed Acute Care Hospital	2,268,045	20,412,404					22,680,449
Eastern Area - 45 Bed Acute Care Hospital	2,268,045	20,412,404					22,680,449
Carteret - 20 Cell Seg Unit	187,500	1,687,623					1,875,123
Expand DART Cherry Facility	2,348,400	21,135,390					23,483,790
Subtotal	79,340,795	149,866,474	0	0	0	0	229,207,269
Crime Control and Public Safety (General Fund)							
Facilities Engineering Building	239,500	3,401,000					3,640,500
Raleigh Readiness Center (Several Phases)	340,400			2,200,000	5,120,000	2,000,000	9,660,400
Subtotal	579,900	3,401,000	0	2,200,000	5,120,000	2,000,000	13,300,900
Juvenile Justice and Delinquency Prevention							
Two - 100 Bed Youth Academies (800 beds total)	18,658,326		20,425,159	21,446,417	11,259,369		71,789,271
Subtotal New Construction Requests	***98,579,021***	***153,267,474***	***20,425,159***	***23,646,417***	***16,379,369***	***2,000,000***	***314,297,440***
Total Capital Improvement Requests	**153,521,376**	**204,057,662**	**21,213,759**	**24,435,017**	**16,379,369**	**2,000,000**	**421,607,183**

Transportation

TRANSPORTATION

The Department of Transportation (DOT) owns roughly 2,900 buildings across the state, with the Division of Highways occupying approximately two-thirds of these buildings. Among the Division of Highways structures are office buildings, equipment shops, and supply warehouses. The Division of Motor Vehicles owns the other one-third of DOT buildings. For insurance purposes, the value of DOT buildings is estimated at $275 million. This figure does not include buildings valued at less than $60,000.

The DOT budget for capital is established each year through the legislative appropriations process. Over the past five years, the General Assembly has appropriated a total of $27.1 million, or about $5.4 million per year on average. As reflected in the attached Six Year Capital Needs Schedule, DOT estimates its capital needs are between $12 million and $15 million annually.

Many of the projects included in the Capital Needs list are renovations of DMV buildings, including roof replacements, lighting upgrades, and remodeling. The majority of the new projects focus on land purchases for new structures, office design, and construction of new DMV District Offices and maintenance shops throughout the State.

North Carolina Capital Improvement Program -- Transportation
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
REPAIR & RENOVATION REQUESTS:							
SHP Garage Lighting Statewide	203,000						203,000
Roof Replacements Statewide	412,000	246,000					658,000
Newton DMV/SHP Office, Renovation	351,000						351,000
Statewide Paving		534,000					534,000
Asheville DMV Office, Renovation	351,000						351,000
Plymouth Dist. Office Renovation			119,000				119,000
Wentworth Renovate DMV Office				1,080,000			1,080,000
Hendersonville DMV/SHP Office Remodel				185,000			185,000
Kinston DMV/SHP Office Remodel				167,000			167,000
Forest City DMV Office Remodel					126,000		126,000
Boone Renovate Offices					1,129,000		1,129,000
Fayetteville DMV Office Remodel					308,000		308,000
Charlotte DMV Office Remodel						403,000	403,000
Greensboro SHP Office Remodel						397,000	397,000
Salisbury DMV Office Remodel						288,000	288,000
Winston-Salem DMV Office Remodel						225,000	225,000
Durham DMV/SHP Office Remodel						215,000	215,000
High Point DMV/SHP Office Remodel						133,000	133,000
Lexington SHP Office Remodel						63,000	63,000
Elkin DMV/SHP Office Remodel						88,000	88,000
Raleigh SHP Office Remodel						309,000	309,000
Subtotal Repair and Renovation Requests	***1,317,000***	***780,000***	***119,000***	***1,432,000***	***1,563,000***	***2,121,000***	***7,332,000***

North Carolina Capital Improvement Program -- Transportation
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
NEW CONSTRUCTION REQUESTS:							
Mars Hill Maintenance Facility	369,000						369,000
Raleigh NW Land Purchase	1,089,000						1,089,000
Statewide Water and Sewer Systems	357,000						357,000
Statewide Salt Storage Facilities	315,000	420,000	686,000				1,421,000
Raleigh M&T Chiller Replacement	195,000						195,000
Greenville DMV/SHP Office, Garage, Land	390,000						390,000
Fayetteville Division Complex Construction	2,000,000	2,970,000	1,935,000				6,905,000
Winston-Salem Office, Land Purchase	142,000						142,000
Union Warehouse/Blacksmith Shop	294,000						294,000
Raleigh Central Office, Land Purchase	1,298,000						1,298,000
Winston-Salem New Division Office Const.	1,517,000						1,517,000
Statewide Fire Escapes	169,000						169,000
Monroe Equipment Shop Construction	1,267,000						1,267,000
Wentworth DMV/SHP Office Construction	944,000						944,000
Hendersonville Equipment Shop Constr.	1,209,000						1,209,000
Charlotte DMV/SHP Office	205,000	1,873,000	2,390,000				4,468,000
Albemarle Equipment Shop	95,000	1,172,000					1,267,000
Fayetteville SHP Office, Land Purchase	395,000						395,000
N. Wilkesboro Office, Site Work & Constr.	67,000	2,581,000					2,648,000
Winston-Salem Warehouse/Office Const.	691,000					975,000	1,666,000
Lincolnton DMV/SHP Office Addition	130,000						130,000
Bryson City Maintenance Office	22,000	266,000					288,000
Wilson Div. Equipment Shop	223,000	2,600,000					2,823,000
Durham DMV Office	300,000				935,000		1,235,000
Raleigh Central Office		1,000,000					1,000,000
Asheboro District Office		56,000		970,000			1,026,000
Raleigh N.W. Office Design		186,000					186,000
Greenville DMV/SHP Office		264,000					264,000
Whiteville District Office		42,000	813,000				855,000
Graham District Office		69,000		723,000			792,000

North Carolina Capital Improvement Program -- Transportation
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

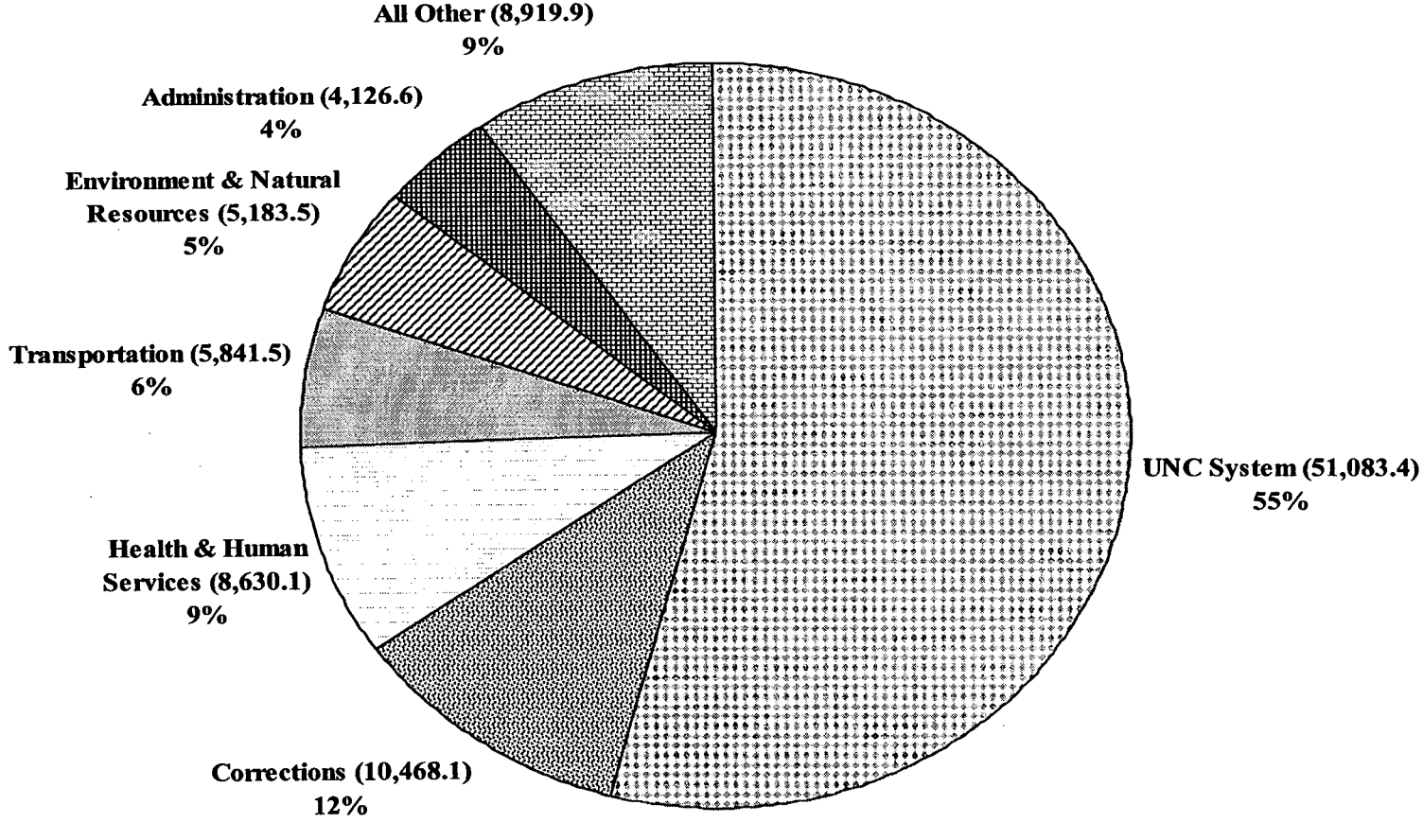
	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Salisbury DMV Office, Land Purchase		283,000					283,000
Louisburg DMV Office, Land Purchase		90,000		903,000			993,000
Kinston District Office Design		61,000	61,000				122,000
Lexington DMV Office, Land Purchase		75,000		900,000			975,000
Fayetteville SHP Troop Headquarters		75,000	1,470,000				1,545,000
Statewide Misc. Small Office Additions		137,000					137,000
Salisbury SHP Troop Headquarters/Garage			2,674,000				2,674,000
Boone District Office			250,000				250,000
Newton Maintenance / Lumber Shed			196,000				196,000
Mt. Airy Land Purchase			100,000	1,080,000			1,180,000
Shelby Engineer Office Addition			146,000				146,000
Statesville District Office Addition			146,000	396,000			542,000
Hickory Engineer's Office Design			23,000		702,000		725,000
Graham Road Oil Storage Building			78,000		843,000		921,000
Washington Maintenance / Lumber Shed			149,000				149,000
New Bern Maintenance Office Addition			13,000		187,000		200,000
Lake Junaluska Maintenance Lumber Shed			151,000				151,000
Dunn DMV Office				979,000			979,000
Rosman Maintenance Storage Building				178,000			178,000
Graham Equipment Shop/Wash House				1,556,000			1,556,000
Siler City Equipment Shop				1,157,000			1,157,000
Asheboro DMV/SHP Office Addition				180,000			180,000
Shelby DMV/SHP Office Addition				113,000			113,000
Albemarle DMV/SHP Office Addition				75,000			75,000
Oxford DMV/SHP Office Addition				113,000			113,000
Rocky Mount DMV/SHP Office Addition				250,000			250,000
Goldsboro DMV/SHP Office Addition				179,000			179,000
Wilson DMV/SHP Office Addition				108,000			108,000
Clyde DMV/SHP Office Addition				108,000			108,000
Wilmington DMV/SHP Office					1,870,000		1,870,000
Clinton District Office					575,000		575,000
Jacksonville DMV/SHP Office Addition					374,000		374,000

North Carolina Capital Improvement Program -- Transportation
Summary of Repair and Renovation and New Construction Requests
FY 2001 through FY 2007

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	6 Year Sum
Carthage Maintenance Office					1,162,000		1,162,000
Lumberton DMV/SHP Office Addition					150,000		150,000
Aberdeen DMV/SHP Office Addition					188,000		188,000
Camp Burton Maintenance Office					196,000		196,000
Statesville New Maintenance Yard					807,000		807,000
Newton Equipment Shop					1,505,000		1,505,000
Raleigh Central Light Equipment Shop					343,000		343,000
Morganton Eqiupment Shop						1,190,000	1,190,000
Asheboro R.E.U. Warehouse						775,000	775,000
Asheboro Traffic Services Field Shop						221,000	221,000
Hertford DMV Office						975,000	975,000
Carthage Division Office						3,007,000	3,007,000
Morehead City DMV/SHP Office Addition						117,000	117,000
Sanford Equipment Shop						1,190,000	1,190,000
L. Junaluska Brd. Mnt.Office						474,000	474,000
Elizabeth City DMV/SHP Office Addition						78,000	78,000
Morganton DMV/SHP Office Addition						117,000	117,000
Siler City DMV/SHP Office Addition						78,000	78,000
Salisbury Demolish SHP Garage						41,000	41,000
Raleigh Demolish DMV Office						41,000	41,000
Statewide Allowance for Emergencies 5%			600,000	600,000	600,000	600,000	2,400,000
Subtotal New Construction Requests	***13,683,000***	***14,220,000***	***11,881,000***	***10,568,000***	***10,437,000***	***9,879,000***	***70,668,000***
Total Capital Improvement Requests	**15,000,000**	**15,000,000**	**12,000,000**	**12,000,000**	**12,000,000**	**12,000,000**	**78,000,000**

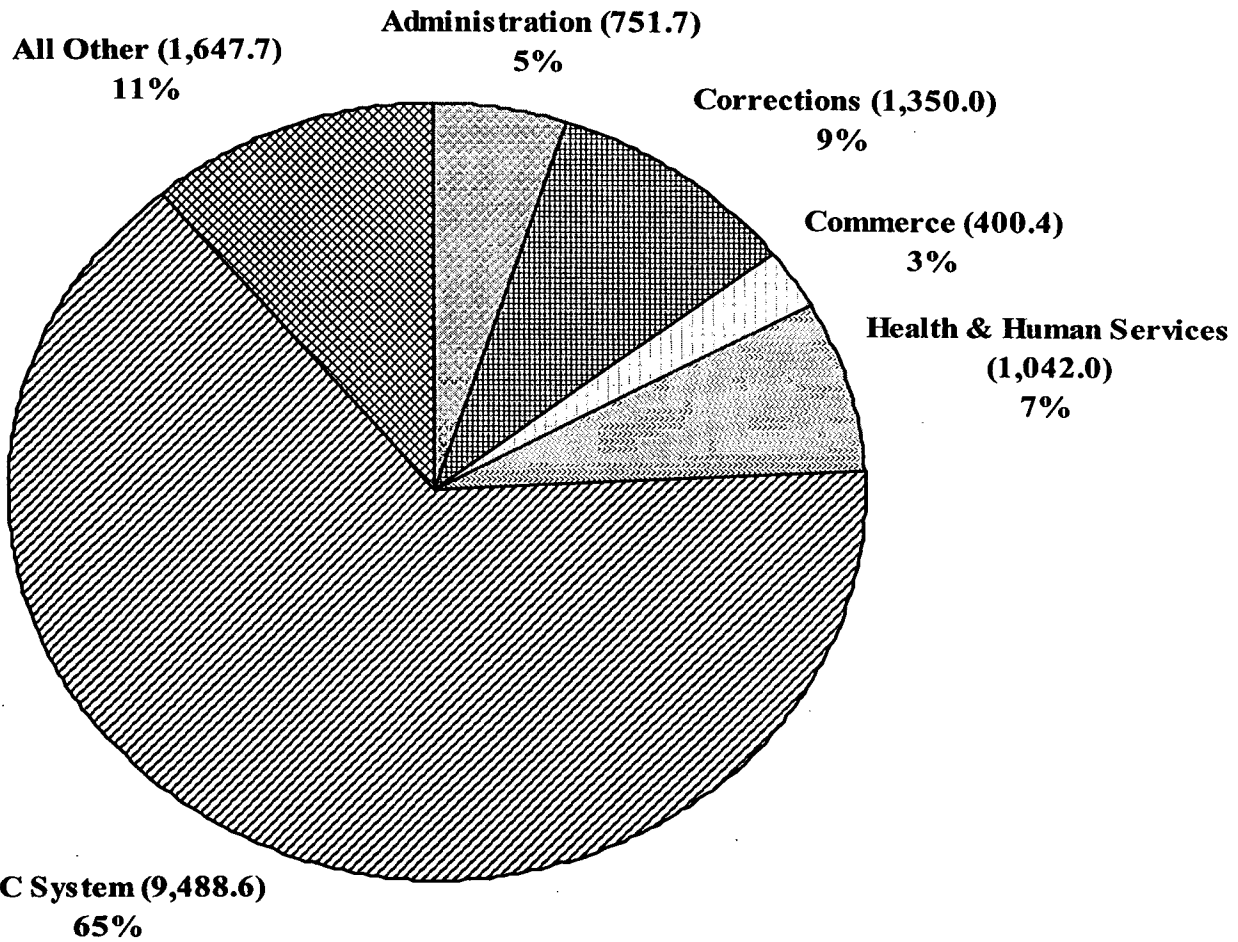
Appendices

BUILDING GROSS SQUARE FOOTAGE
Statewide Total – 94,253,152
(figures in thousands)



Source: State Property Office 8/31/00

BUILDING REPLACEMENT COST
Statewide Total - $14,680,520,105



Source: Department of Insurance 8/31/00 (Replacement cost includes structure and contents)

Capital Improvement Funding Over Last Ten Years *

Fiscal Year	Repairs & Renovations	Direct Appropriations	Total
1992-93	0	95,205,570	95,205,570
1993-94	57,000,000	135,371,704	192,371,704
1994-95	60,000,000	189,391,450	249,391,450
1995-96	125,000,000	113,522,500	238,522,500
1996-97	130,000,000	196,786,567	326,786,567
1997-98	135,000,000	197,252,975	332,252,975
1998-99	145,000,000	222,199,500	367,199,500
1999-00	90,000,000	77,059,168	167,059,168
2000-01	100,000,000	14,974,172	114,974,172
2001-02	125,000,000	32,936,000	157,936,000
Total	**967,000,000**	**1,274,699,606**	**2,241,699,606**

Guidelines for Repairs and Renovations Reserve:

1) Portion of year-end credit balance equal to 3% of the replacement value of State buildings reserved.
2) 46% earmarked for Universities; 54% for remaining State buildings.
3) Board of Governors and State Budget report to Governmental Operations on allocation of funds.

*** Note: Funding has not been adjusted for reversions required to address natural disasters and budgetary shortfalls.**

General Obligation Bonds Since 1971 (Voted on by the Public)

Year	Authorization	Description	State Projects	Local Projects
1971	Chapter 909	Clean Water Bonds		150,000,000
1971	Chapter 953	NC Zoological Park Facilities	2,000,000	
1973	Chapter 657	Public School Facilities		300,000,000
1975	Chapter 854	UNC System	43,250,000	
1977	Chapter 677	Clean Water Bonds		230,000,000
1990	Chapter 935	Prison and Youth Services Facilities		
		Authorized for use in 1991	112,500,000	
		Authorized for use in 1993	87,500,000	
1993	Chapter 542	Education, Clean Water and Parks		
		UNC System	310,000,000	
		State Parks	35,000,000	
		Community Colleges		250,000,000
		Clean Water		145,000,000
1996	Chapter 631	Public School Facilities		1,800,000,000
1998	SL 1998-132	Clean Water and Natural Gas		
		Clean Water	800,000,000	
		Extension of Natural Gas Service	200,000,000	
2000	SL 2000-3	Higher Education Bonds		
		UNC System	2,500,000,000	
		Community Colleges		600,000,000
		Grand Total	**4,090,250,000**	**3,475,000,000**

EXECUTIVE SUMMARY

Cost Benefit Analysis of Constructing State Facilities Instead of Leasing Property for State Operations

This analysis is submitted to satisfy the requirement for a cost benefit analysis of leasing versus construction of state-owned buildings as defined in Section 24.1, House Bill 168, 1999 Session of the North Carolina General Assembly. This report contains a proposed methodology that can be used to make a relevant comparison between a lease and a proposed construction project.

This approach was formulated for this project: a comparative cost analysis methodology shall be developed to analyze and compare leasing and construction projects. This analysis would be applied on a case by case basis as projects were proposed. The types of projects that would be analyzed in this manner would be determined as part of the analysis.

In summary, the advantages of this approach and utilization of the proposed methodology are as follows:

1. It provides the capability of comparing leasing versus construction for different types of facilities, regardless of location around the state.
2. The methodology allows state agencies and decision-makers to analyze the costs of the facility over the entire useful life of the building or life of the lease.
3. The methodology can analyze the impact of constructing facilities on state-owned land or on land that must be purchased by the state.
4. It allows state agencies to adjust the annual operating costs or annual lease costs to reflect the local market conditions
5. The methodology compares makes relevant and meaningful cost comparisons based on regional differences.
6. It provides decision-makers with a standard format for decision making and ensures that the cost information is well-documented and as accurate as possible.
7. It ensures that all the relevant factors that represent an expense to the state are considered when leasing or building.
8. The methodology allows for the fact that agencies generally lease facilities for shorter periods than the useful life of a facility that is constructed by the state.
9. When the state constructs a building for its use, the methodology considers the fact that the building (and land if applicable) is an asset to the state, and attempts to place a fair market value on that asset.

The methodology is based on an estimate of the annual cash flows or costs that stem from a lease or a construction project. The annual cash flows are then analyzed, and then discounted to determine which is the most economical and cost effective alternative. Two examples are shown in the report to demonstrate how the methodology should be applied.

In addition, leasing and construction cost information has been provided for a predetermined regional breakdown of the state. The state's counties were categorized according to the local leasing and construction market in which they belonged. Annual operating, leasing, and construction costs were developed for those regions. Additional background information was developed about the state's current leasing agreements, broken down by region.

It is recommended that the Joint Legislative Commission on Governmental Operations require the use of this analysis given some key criteria outlined in the report. In addition, the Department of Administration and the Office of State Budget and Management should be given the opportunity to develop a process that state agencies would utilize when a lease or construction project met the predetermined criteria. It is anticipated that the comparative cost methodology enumerated in this report will provide decision-makers with a sound basis on which to make leasing and construction decisions in the future.

Reserve for Repairs and Renovations

Established by G. S. 143-15.3A.

3% of the replacement value of all General-Fund supported facilities (This amount would currently equal $234,648,695 – based on a replacement value of $7,821,623,179).

54% of available funds allocated to Office of State Budget and Management.

46% of available funds allocated to UNC Board of Governor's.

Types of projects eligible for funding:

1) Roof repairs and replacements.
2) Structural Repairs.
3) Repairs and renovations to meet federal and state Standards.
4) Repairs to electrical, plumbing, and heating, ventilation, and air conditioning systems.
5) Improvements to meet the requirements of the Americans with Disabilities Act.
6) Improvements to meet fire safety needs.
7) Improvements to existing facilities for energy efficiency.
8) Improvements to remove asbestos, lead paint, and other contaminants including underground storage tanks.
9) Improvements and renovations to improve use of existing space.
10) Historical restoration.
11) Improvements to roads, walks, drives and utilities infrastructure.
12) Drainage and landscape improvements.

- Funds from the Reserve for Repairs and Renovations Reserve cannot be used for new construction or the expansion of the footprint of an existing facility unless required in order to comply with federal or State codes or standards.

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Capital
Name of Committee

5-1-02
Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Nick Holt	OSBM
Greg Piner	OSBM
Maurice Ray	
Spurs Pleyer	State Const. Offic
Walter McMiller	Office of the State Auditor
[illegible]	Cabe Cent
Suzanne Williams	NCCCS
Mark Fleming	- NNC-PD

HOUSE APPROPRIATIONS SUBCOMMITTEE ON CAPITAL

2002 INTERIM and 2002 SESSION, BOOK 2 OF 2

Rep. Thomas E. Wright
Chair

Vanda Wilson-Wormack
Committee Assistant

AGENDA

HOUSE APPROPRIATIONS SUBCOMMITTEE ON CAPITAL
WEDNESDAY, MAY 8, 2002
1:00PM ROOM 643 LOB

Introduction & Opening Remarks
Rep. Thomas E. Wright, Chairman

Repair & Renovations Program
Speros Fleggas, Director of the Office of State Construction
Greg Piner, Capital Section, Office of State Budget

Bonds/Borrowing Options Overview
Martha Walston, Staff Counsel, Fiscal Research Division

Lease vs. New Construction of State Office Space/Facilities
Tom Newsome, OSBM

Committee Discussion

Adjournment

MINUTES

HOUSE APPROPRIATIONS SUBCOMMITTEE ON CAPITAL

WEDNESDAY, MAY 8, 2002

1:00PM ROOM 643 LOB

The House Appropriations Subcommittee on Capital met on Wednesday, May 8, 2002 at 1:00pm in Room 643 LOB. A silent roll was taken, (roll list denotes members present.)

Chairman Wright called the meeting to order.

Repair and Renovations Program
Speros Fleggas, Director of the Office of State Construction
Greg Piner, Capital Section, Office of State Budget

Speros Fleggas presented to the committee and summarized the handouts that were given to the committee. Rep. Arnold asked if there was a procedure that would allow each entity to do there own work. Speros Fleggas responded. Rep. Arnold asked if the state would furnish material and allow maintenance staff to replace the material or would the cost remain the same under general contracting. Speros Fleggas responded. Rep. Grady asked about an article in a newspaper that mentioned a possible requirement for roof top gardens on state buildings. Speros Fleggas responded. Rep. Grady asked if the final decision of building maintenance repair rested in the Office of State Construction. Speros Fleggas responded. Chairman Wright asked Mr. Fleggas the role of the Office of State Construction after a project has been approved and funded. Speros Fleggas responded. Chairman Wright asked if there were projects that the Office of State Construction had no involvement in. Mr. Fleggas responded that University download, community college download and local governments threshold. Rep. Nesbitt commented on the role of the Office of State Construction. Rep. Shubert reiterated Rep. Nesbitt's prior comment. Mr. Fleggas responded. Rep. Allred asked if the Office of State Construction had statutory authority to not approve projects. Mr. Fleggas responded. Rep. Allred commented on the roof problems with flat roofs of state school buildings. Rep. Justus asked for the definition of a roof top garden. Mr. Fleggas responded. Rep. Shubert asked about an article in the newspaper that talked about the $28 million overrun on the hospital project. Mr. Fleggas responded. Rep. Arnold suggested a review process. Rep. Haire asked about the role of the Office of State Construction and the three private prisons that are being built. Mr. Fleggas responded. Rep. Shubert commented on having penalties in place as a consequence of over spending. Rep. Sherrill asked about miscellaneous maintenance items in the document. Mr. Fleggas responded.

Greg Piner, Capital Section, Office of State Budget presented to the committee the Repair and Renovation budget in the handout given to committee members. Rep. Nesbitt asked if the 54% to 46% allocation to the Office of State Construction and the Board of

Governors, respectively, reflect the relative value of the building. Mr. Piner responded. Rep. Nesbitt asked about the approval of expenditure for the Museum of the Albemarle project. Mr. Piner responded. Rep. Shubert asked if the museum was in a new building. Mr. Piner responded. Rep. Shubert commented on the project. Mr. Piner responded. Rep. Nesbitt asked if a review was done on other proposed projects to see if there would be additional damages. Mr. Piner responded that the new museum building was funded by a direct capital appropriation. Rep. Nesbitt responded.

Bonds/Borrowing Options Overview
Martha Walston, Fiscal Staff, Fiscal Research Division

Martha Walston, Fiscal Staff, presented an overview of Bonds/Borrowing Options to the committee. Chairman Wright asked about the agencies that are using revenue bonds. Martha Walston responded. Chairman Wright asked if there was information that comes back to the General Assembly that advises members of how much money was borrowed and the payment methods. Martha Walston responded. Rep. Shubert asked about the off balance sheet financing of the three prisons. Martha Walston responded that the prisons were financed with Certificates of participation and that the Certificates were issued by a non-profit agency. Rep. Shubert asked if taxpayers were paying for the bond. Martha Walston responded that the state pays for the financed bonds through lease payments that the state pays. Rep. Shubert asked about an I.O.U. for state pension funds. Martha Walston responded. Rep. Shubert commented on her inquiry about a 5-year projection of spending. Martha Walston responded. Rep. Justus asked about the AAA rating the state has and the current bond obligations. Martha Walston responded. Rep. Cunningham asked how many other states have AAA bond ratings and states who have lost there AAA bond rating. Martha Walston responded. Rep. Nesbitt asked about the University bond issue. Martha Walston responded. Rep. Nesbitt asked about the amount of the general obligation bond and the special obligation bond. Martha Walston responded. Rep. Sherrill asked about the specific needs for repair and renovations and if there is a specific figure. Chairman Wright responded that the information was found in the Repair and Renovation document that was presented at the last meeting. Rep. Sherrill commented. Rep. Nesbitt asked about lease purchase agreements. Chairman Wright responded.

Lease vs. New Construction of State Office Space/ Facilities
Tom Newsome, OSBM

Tom Newsome, of the Office of State Budget & Management, presented to the committee. Rep. Nesbitt asked about leasing cost by region. Mr. Tommy Kline, with the managing and lease spacing office, responded. Rep. Nesbitt followed up with a question about the lease cost and square footage figures. Mr. Kline responded. Rep. Nesbitt asked about the cost per region, by design and planning cost. Mr. Newsome responded. Speros Fleggas responded. Rep. Oldham asked about self-liquidating indebt ness on smaller university campus. Mr. Newsome responded. Mr. Joe Henderson, State Property Office, responded. Rep. Oldham asked about the ownership of the buildings. Mr. Henderson responded. Rep. Allred asked about the cost to lease or build. Mr. Newsome responded. Rep. Nesbitt asked about the lease purchase arrangement. Mr. Newsome responded. Mr.

Henderson responded. Rep. Nesbitt commented on the lease purchase option. Mr. Newsome responded on all the options available. Rep. Redwine asked the Capital Committee to look at creative ways to deal with the Repair and Renovation of the buildings in the state and report back to the Full Appropriations. Rep. Shubert asked the full appropriation chairs about a 5-year projection spending report. Rep. Redwine responded.

The Committee adjourned at 2:15pm.

Rep. Thomas E. Wright, Chair

Vanda Wilson-Wormack, Committee Assistant

North Carolina
Department of Administration

Michael F. Easley, Governor
Gwynn T. Swinson, Secretary

State Construction Office
Speros J. Fleggas, P.E., Director

OC-25: 20032025444
Proposed Capital Improvement Project
Biennium: 2001-2003

STATE DEPARTMENT: Health and Human Services
INSTITUTION OR AGENCY: EASTERN SCHOOL FOR THE DEAF
PROJECT IDENTIFICATION: Vestal Hall HVAC Renovations
PROJECT TYPE: HVAC Renov.
PROJECT LOCATION: Wilson, NC
CLASSIFICATION: Major Renovations

PROJECT DESCRIPTION AND JUSTIFICATION: This project consists of the removal of the existing HVAC equipment including chillers, air handlers, controls, chilled water piping, radiators, hot water piping, ductwork, steam converters, related electrical/plumbing and all related HVAC items and replace with new.

ITEM	QTY	UNIT	COST PER UNIT	TOTAL
Building Construction	1.00	Lump Sum	384,908.00	$384,908.00
Building Plumbing	1.00	Lump Sum	10,000.00	$10,000.00
Building HVAC	1.00	Lump Sum	831,875.00	$831,875.00
Building Electrical	1.00	Lump Sum	171,250.00	$171,250.00
ESTIMATED CONSTRUCTION COST				$1,398,033.00
CONTINGENCIES 5.00 (% of Estimated Construction Costs)				$69,901.65
DESIGN FEE 10.00% (Estimated Construction Costs + Contingencies)				$146,793.47
ESTIMATED COSTS (Estimate Construction Costs + Contingencies + Design Fee)				$1,614,728.12
Escalation = 0.42% per month x No. of months 24 (to mid-point of construction)				
ESCALATION COST INCREASE = (Estimated Cost x Escalation %)				$162,764.59
TOTAL ESTIMATED PROJECT COSTS (Estimated Costs + Escalation Cost Increase)				$1,777,492.71

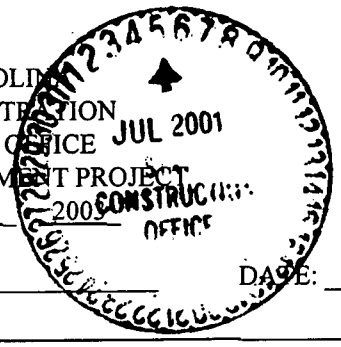
DATE RECEIVED: 2001-07-05	APPROVED BY: khunt	DATE APPROVED: 2001-07-05

CERTIFICATION
The State Construction Office in accordance with GS 143-341(3)
certifies the feasibility of this Statement of Need pursuant to GS 143-6

Signature: _____ Date: 7-5-01

State Construction Office • Mailing Address: 1307 Mail Service Center • Raleigh, North Carolina 27699-1307
Location: NC Education Building, 301 N. Wilmington Street • Raleigh, North Carolina 27601-2827
Telephone 919-733-7962 • Fax 919-733-6609
State Courier 56-02-01
An Equal Opportunity / Affirmative Action Employer

STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION
STATE CONSTRUCTION OFFICE
PROPOSED CAPITAL IMPROVEMENT PROJECT
FOR THE BIENNIUM 2001 - 2003



Form OC-25
(Rev 9/93)

INSTITUTION OR AGENCY: DHHS / Eastern NC School for the Deaf DATE: June 22, 2001

PROJECT IDENTIFICATION: Vestal Hall HVAC Renovations

PROJECT LOCATION: Wilson, North Carolina

PROJECT DESCRIPTION AND JUSTIFICATION (Attach add'l data as necessary to indicate need, size, and function of improvements)

This project consists of the removal of the existing HVAC equipment including chillers, air handlers, controls, chilled water piping, radiators, hot water piping, ductwork, steam converters, related electrical/plumbing and all related HVAC items & replace with new. The building is approx. 32 years old and the existing HVAC system is well beyond it's useful life. Controls are virtually non existent and the other equipment is in great need of replacing.

CURRENT ESTIMATED CONSTRUCTION COST*

	QTY	UNIT	COST PER UNIT	TOTAL
A. Land Requirement				
B. Site Preparation				
1. Demolition				
2. General***				
C. Construction				
1. Utility Services**				
2. General Construction	44,500	LS	$384,908	$384,908
3. Plumbing	44,500	LS	$10,000	$10,000
4. HVAC	44,500	LS	$831,875	$831,875
5. Electrical	44,500	LS	$171,250	$171,250
6. Other:				
7. Other:				
D. Equipment				
1. Fixed				
2. Moveable				

ESTIMATED CONSTRUCTION COST			$1,398,033
CONTINGENCIES	5 %	(% of Estimated Construction Costs)	$69,900
DESIGN FEE	10 %	(% of Estimated Construction Costs + Contingencies)	$146,792
ESTIMATED COSTS		(% of Estimated Construction Costs + Contingencies + Design Fee)	$1,614,725

Escalation % = 0.42 % per month x No. of months 24 (to mid-point of construction) = 10 %
ESCALATION COST INCREASE = (Estimated Cost x Escalation % $161,475

TOTAL ESTIMATED PROJECT COSTS (Estimated Costs + Escalation Cost Increase) $1,776,200

* Attach basis and justification for estimate. Include description, quantities, units, special features, similar cost on recent projects, etc.

** Attach explanation of any special building, mechanical, or electrical service requirements with appropriate distance to existing water, gas, electrical or other utility service

*** Include items such as grading, roads, walks, parking, etc.

APPROVED BY: Robert Gooding TITLE: Facility Maintenance Supervisor/CPC DATE: June 22, 2001
(Governing Board or Agency Head)

Tony Hatch - Director, O.C. of P&C

Institution: Eastern NC School for the Deaf
Project Name: Vestal Hall HVAC Renovations
Date: June 21, 2001

Building Area: 44,500

Item	Quantity	Unit	Cost per Unit	Total
General				
General conditions (9% of total before added)	1	LS	$ 103,558.00	$ 103,558
Demolition of all asbestos	1	LS	$ 50,000.00	$ 50,000
Demolition of all plaster and lay-in ceilings	44,500	Sq. Ft.	$ 0.30	$ 13,350
Demolition of miscellaneous walls	1	LS	$ 3,000.00	$ 3,000
Doors/frames/hardware	5	Ea.	$ 850.00	$ 4,250
New miscellaneous walls	250	Sq. Ft.	$ 3.00	$ 750
New acoustical lay-in ceilings (2x2)	42,000	Sq. Ft.	$ 2.50	$ 105,000
New drywall ceilings	2,500	Sq. Ft.	$ 3.00	$ 7,500
Painting	44,500	Sq. Ft.	$ 1.25	$ 55,625
Patching walls and floors	1	LS	$ 8,500.00	$ 8,500
Miscellaneous	44,500	Sq. Ft.	$ 0.75	$ 33,375
Total General Construction Cost				**$ 384,908**
Mechanical				
Demolition of all existing systems	44,500	Sq. Ft.	$ 1.50	$ 66,750
New HVAC system	44,500	Sq. Ft.	$ 17.00	$ 756,500
New underground CHWS&R piping	75	LF	$ 115.00	$ 8,625
Total Mechanical Construction Cost				**$ 831,875**
Plumbing				
Relocating of miscellaneous piping	1	LS	$ 10,000.00	$ 10,000
Total Plumbing Construction Cost				**$ 10,000**
Electrical				
Demolition of ceiling lighting	44,500	Sq. Ft.	$ 0.25	$ 11,125
New ceiling lighting	44,500	Sq. Ft.	$ 2.25	$ 100,125
Miscellaneous (relocating existing conduits, etc.)	1	LS	$ 25,000.00	$ 25,000
Power connections to new equipment	1	LS	$ 15,000.00	$ 15,000
Fire alarm modifications	1	LS	$ 20,000.00	$ 20,000
Total Electrical Construction Cost				**$ 171,250**

Construction Cost	$ 1,398,033
Construction Cost per Square Foot	$ 31

R&R and Capital Improvement (Major Renovation)

N/A ☐

If this project involves renovation of, or an addition to an existing building, the following information is needed relative to the project(s) involved. (If more than one building is included in the project, duplicate and complete this portion for each building.)

Name of building described below: Vestal Hall

☑ Yes ☐ No – Has this project been included in an FCAP report from the State Construction Office? If so, attach a copy of the applicable portions of that report, which indicates the date of the report, recommended work, priority, and the estimated cost.

Original building completion date (year): 1969

☐ Yes ☑ No - Is the building on a Historic Register?

☐ Yes ☑ No – Is the building in a Historic District?

Type of original construction:

Wood ☐ Masonry ☑ Steel ☐ Concrete ☐ Metal Building ☐

Approximate dates and types of previous renovations/additions: _____

☑ Yes ☐ No – Has there been an asbestos survey of the building?

☑ Yes ☐ No – Is an asbestos containing material (A.C.M.) present?

Is the total quantity of A.C.M. considered major ☐ minor ☑?

☐ Yes ☑ No – Has there been a lead-based paint survey?

☐ Yes ☑ No – Is lead-based paint present? If so, describe general locations: _____

☑ Yes ☐ No – Will environmental sustainability and energy factors be addressed in the renovation work and the new systems?

Portions of the building to be renovated, if not entire building: Entire building

Total square footage of this building 44,500 Sq.Ft. Is this SF net ☐ or gross ☑?

Approximate square footage to be renovated within the building: 44,500 SF

☐ Yes ☑ No – Will the roof be repaired/replaced in this project? If not, give date (or estimated date if no records are available) of last major roof repair or replacement: _____

☐ Yes ☑ No – Does this project include any ADA compliance work?

☐ Yes ☑ No – Does this project include any Department of Insurance items or Life Safety Code Items?

If so, specify items previously reported that will be corrected. (If necessary, attach a copy of the letter which references these items.) _____

Complete the checklists for each discipline attached with this worksheet. (Indicate N/A if not applicable for the work proposed.)

Signature of person submitting worksheet: Robert Gooding Date: 6-29-01

(08) Category

State of North Carolina
Facility Condition Assessment Program

Deficiency Information

Deficiency No.: **99-M004** Inspector:**MH**

Agency No.: **4400** Agency Name: **HHS**

Institution & Building Name: **EASTERN SCHOOL FOR THE DEAF - VESTAL HALL**

Complex: **198001** Asset: **00000003-0** Compass: **19800100000003-0**

Deficiency Type: **3**
Initial Deficiency = 1 ; Maintenance Deficiency = 2 ; Normal Degradation = 3

Correction Priority: **2**

0 = Immediate	1 =1 year	2 = 2 years	3 = 3 years
4 = 4 years	5 = 5 years	6 = 6 years	

Deficiency Title: **RENOVATE HVAC SYSTEM**

Component: **1.082**

Description of Deficiency:
THE AIR HANDLING UNITS HAVE DETERIORATED WITH AGE. THE UNITS HAVE BECOME CORRODED, PARTICULARLY AT THE PIPE CONNECTIONS AND CONDENSATE DRAIN PANS. SOME COILS HAVE BEEN DAMAGED, AND THE AIR HANDLERS HAVE VIBRATION PROBLEMS. AIR DISTRIBUTION IS POOR AND THE CONTROLS ARE OUTDATED. THE INTERIOR SURFACES OF THE DUCTWORK HAVE BECOME COATED WITH PARTICLES OF DUST.

Correction Required:
PROVIDE A NEW CENTRAL HVAC SYSTEM TO REPLACE THE EXISTING DETERIORATED EQUIPMENT. THE COST ESTIMATE INCLUDES CEILING AND LIGHTING FIXTURE REPLACEMENT AS NEEDED TO FACILITATE THE MECHANICAL RENOVATION.

Estimated cost of correction: **1830000**
(plus design fees and contingencies)

Cost estimate status: **1**
Preliminary = 1
Final = 2

BLDG. FUNDED BY: **1**
General Fund = 1
Revenue Receipts = 2

() Category

State of North Carolina
Facility Condition Assessment Program

Deficiency Information

Deficiency No.: **91-003** Inspector:

Agency No.: **4400** Agency Name: **HHS**

Institution & Building Name: **HR EASTERN NC SCHOOL FOR DEAF VESTAL HALL**

Complex: **198001** Asset: **00000003-0** Compass: **19800100000003-0**

Deficiency Type: **1**
Initial Deficiency = 1 ; Maintenance Deficiency = 2 ; Normal Degradation = 3

Correction Priority: **3**

0 = Immediate	1 =1 year	2 = 2 years	3 = 3 years
4 = 4 years	5 = 5 years	6 = 6 years	

Deficiency Title: **ENCSD-INSUFFICIENT COOLING CLASS/DORMS VESTAL HALL**

Component: **1.082**

Description of Deficiency:
IN VESTAL HALL AMONG OTHER AHU'S THERE ARE TWO UNITS SERVED BY A SINGLE 100 TON CHILLER. AHU #1 DOES COOL THE CLASSROOMS AND AHU #2 COOLS THE GIRL'S DORMITORY. THE MAINTENANCE STAFF OF THE SCHOOL DISCOVERED YEARS AGO THAT THE CHILLER WAS NOT ABLE TO COOL THE TWO ZONES AT THE SAME TIME. THEY INSTALLED A THREE WAY VALVE TO DIRECT THE CHILLED WATER TOWARD AHU #1 IN THE MORNING., THEN CONVERT THE CHILLED WATER TO AHU #2 IN THE AFTERNOON TO COOL THE DORMITORY. MY ESTIMATE IS THAT THIS SYSTEM IS SHORT BY 40 TO 60 TONS OF REFRIGERATION.

Correction Required:
IT IS RECOMMENDED THAT A CONSULTANT ENGINEER BE ASKED TO CALCULATE THE COOLING LOAD OF BOTH SECTIONS AND SELECT A CHILLER WITH ENOUGH CAPACITY TO SATISFY THE COOLING LOAD. THE NEW CHILLER WILL BE ADDED TO THE MECHANICAL ROOM AND CONNECTED IN PARAELLEL WITH THE EXISTING 100 TON CHILLER. MY COST ANALYSIS IS BASED ON THE SELECTION OF A 40 TON CHILLER TO BE INSTALLED.

Estimated cost of correction: **48000**
(plus design fees and contingencies)

Cost estimate status: **1**
Preliminary = 1
Final = 2

BLDG. FUNDED BY:
General Fund = 1
Revenue Receipts = 2

Overview of Bonds Authorized by the NC Constitution and the General Statutes

General Obligation Bonds

These bonds are referred to as general obligation bonds because they are secured by the general taxing power of the State. Article V, Sec. 3 of the North Carolina Constitution requires that a referendum approved by a majority of the voters voting in an election before the State can issue these bonds.

Exceptions to voted general obligation bonds:

- 2/3 bonds The State can issue non-voted general obligation bonds in an amount not to exceed 2/3 of the amount by which it reduced its outstanding general obligation debt in the preceding biennium (period of 2 years). I don't believe the State could currently qualify for this type of bond issuance because it is increasing, not reducing, its outstanding debt due to recent voter-approved bond issues. (See list below)
- To fund or refund an existing debt. A debt is incurred when the State borrows money.
- To supply an unforeseen deficiency in the revenue
- To borrow in anticipation of the collection of taxes due and payable within the current fiscal year to an amount not exceeding 50% of the taxes due.
- To suppress riots or insurrections, or to repel invasions.
- To meet emergencies immediately threatening the public health or safety, as conclusively determined in writing by the Governor.

Past History of General Obligation Bonds:

- 1998 – An $800,000,000 clean water bond referendum.
- 1998 – A $200,000,000 natural gas bond referendum.
- 1996 – A $1,800,000,000 public school building bond referendum.
- 1996 – A $950,000,000 highway bond referendum.
- 1993 – A $310,000,000 university bond referendum.
- 1993 – A $250,000,000 community college bond referendum.
- 1993 – A $145,000,000 clean water bond referendum.
- 1993 – A $35,000,000 State parks bond referendum.
- 1991 – Nonvoted 2/3 bonds: $45,000,000 for State buildings.
- 1990 – Nonvoted 2/3 bonds: $75,000,000 for prisons.
- 1990 – A $200,000,000 prison bond referendum.

Revenue Bonds

Revenue bonds involve the pledge of non-tax revenues related to the project. Examples are parking fees for parking decks and water and sewer charges for water and sewer projects. The State may use revenue bonds to finance a project without voter approval. Article 5 of Chapter 159 of the General Statutes authorizes the State to issue revenue bonds, but authorization by specific

legislation is required under G.S. 159-88(c). Some State entities already have legislation authorizing them to issue revenue bonds: State Housing Authority, the Agriculture Finance Authority, Medical Care Commission, Education Financing Assistance Authority, and others.

Other Forms of Non-voted Debt:
The State does not currently have the authority to issue other forms of non-voted debt for general purposes. Legislation would be needed to give the State this authority. The following forms of non-voted debt have been discussed at one time, but none of them have been enacted:

Installment Purchase Finance (COPs)
Local governments have legislative authority to enter into installment purchase financing agreements, but legislation would be needed to give the State this authority. There was such a bill introduced in the 1990s or earlier, but it did not pass. If such legislation is proposed again, it should be reviewed by the State Treasurer's bond attorneys. Under installment purchase finance, the property itself is pledged and the borrower promises to repay the debt, subject to annual appropriation. The interest rate is slightly higher than for general obligation debt, but installment purchase debt is considered very secure because the reality is that a government borrower is unlikely to destroy its credit rating by choosing not to repay such a debt and allowing the property to be foreclosed on.[1]

Special Obligation Debt.
Legislation could authorize the State to pledge non-tax revenues to repay debts. Special obligation bonds are secured by a pledge of non-tax revenues. Special obligation debt differs from revenue bonds in that the revenues are not related to the project. This debt is problematic for the State in that it is very difficult to determine with certainty whether specific revenues are considered tax or non-tax revenues under the Constitution. The law is very gray on this issue and the risk of litigation is significant.

[1] For State revenue bonds, G.S. 159-88(c) requires each specific project to be authorized by legislation setting out the maximum principal amount for the project. A similar requirement may be needed in any installment purchase legislation.

Summary of Major Findings

North Carolina Capital Improvement Program
Inventory of Requests for State Government
Six-Year Summary FY 2001-2007

Information Included in Report

- General information on capital improvement budgeting (capital improvements defined, general statues, financing) **pages 1-3**
- Summary of repair & renovation and new construction requests for all agencies (including community colleges and public schools) by subcommittee **pages 4-10**
- Other capital information including square footage of state buildings, replacement costs, recent funding history and general obligation bond issuances **pages 82-85**

Information Not Included in the Report

- Does not analyze the cost of individual projects
- Does not evaluate the merits of specific projects or prioritize total needs

Major Findings

Repair and Renovation Requests

	Biennium	% of Total
Education (UNC and Community Colleges)	$276.8	50%
Justice and Public Safety	$105.7	19%
Health and Human Services	$98.1	18%
Natural and Economic Resources	$32.2	6%
General Government	$36.0	6%
Transportation	$2.6	less than 1%
Total	**$551.6m**	**100%**

- Major funding requests include general repairs (HVAC, roofs, plumbing, electrical, fire safety, ADA improvements, etc) at UNC System and Community College facilities, mental retardation centers, prisons and training schools, and the State government complex.

New Construction Requests

	Biennium	% of Total
Education (UNC and Community Colleges)	$132.9	18%
Justice and Public Safety	$251.9	35%
Health and Human Services	$96.8	13%
Natural and Economic Resources	$113.7	15%
General Government	$108.4	15%
Transportation	$31.9	4%
Total	**$735.5m**	**100%**

Summary of Major Findings

North Carolina Capital Improvement Program
Inventory of Requests for State Government
Six-Year Summary FY 2001-2007

- Major funding requests include new Dorothea Dix Hospital (plans have been revised), additional medical center and mental health beds in the Department of Correction, two new training schools, McDowell Street parking deck, DENR Building #1, multi-purpose building at State Fairgrounds, aquariums expansion, and zoo exhibits.

Other Capital Improvement Information

- Square footage of State buildings **page 82**
- Building replacement cost **page 83**
- Capital improvement funding history **attachment page 3**
- General obligation bonds history **attachment page 4**

Future Issues

- Office of State Budget & Management (OSBM) biennial budget instructions (Long Session) require State agencies to provide six-year repair & renovation and new construction requests
- OSBM, in consultation with the State Construction Office and the State Property Office, will outline parameters that could be used to prioritize requests

Ultimately, this should allow the Governor and General Assembly to make more informed decisions about capital expenditures.

Capital Improvement Funding Over Last Ten Years *

Fiscal Year	Repairs & Renovations	Direct Appropriations	Total
1992-93	0	95,205,570	95,205,570
1993-94	57,000,000	135,371,704	192,371,704
1994-95	60,000,000	189,391,450	249,391,450
1995-96	125,000,000	113,522,500	238,522,500
1996-97	130,000,000	196,786,567	326,786,567
1997-98	135,000,000	197,252,975	332,252,975
1998-99	145,000,000	222,199,500	367,199,500
1999-00	90,000,000 (budgeted 150,000,000)	77,059,168	167,059,168
2000-01	60,500,000 (budgeted 100,000,000)	14,974,172	75,474,172
2001-02	13,000,000 (budgeted 125,000,000)	32,936,000	45,936,000
Total	**815,500,000**	**1,274,699,606**	**2,090,199,606**

Guidelines for Repairs and Renovations Reserve:

1) Portion of year-end credit balance equal to 3% of the replacement value of State buildings reserved.
2) 46% earmarked for Universities; 54% for remaining State buildings.
3) Board of Governors and State Budget report to Governmental Operations on allocation of funds.

*** Note: Funding has been adjusted for reversions required to address natural disasters and budgetary shortfalls.**

General Obligation Bonds Since 1971 (Voted on by the Public)

Year	Authorization	Description	State Projects	Local Projects
1971	Chapter 909	Clean Water Bonds		150,000,000
1971	Chapter 953	NC Zoological Park Facilities	2,000,000	
1973	Chapter 657	Public School Facilities		300,000,000
1975	Chapter 854	UNC System	43,250,000	
1977	Chapter 677	Clean Water Bonds		230,000,000
1990	Chapter 935	Prison and Youth Services Facilities		
		Authorized for use in 1991	112,500,000	
		Authorized for use in 1993	87,500,000	
1993	Chapter 542	Education, Clean Water and Parks		
		UNC System	310,000,000	
		State Parks	35,000,000	
		Community Colleges		250,000,000
		Clean Water		145,000,000
1996	Chapter 631	Public School Facilities		1,800,000,000
1998	SL 1998-132	Clean Water and Natural Gas		
		Clean Water	800,000,000	
		Extension of Natural Gas Service	200,000,000	
2000	SL 2000-3	Higher Education Bonds		
		UNC System	2,500,000,000	
		Community Colleges		600,000,000
		Grand T	**4,090,250,000**	**3,475,000,0**

OSBM

Cost-Benefit Analysis of Constructing State Facilities Instead of Leasing Property for State Operations

As Directed by Section 24.1, House Bill 168, 1999 Session of the North Carolina General Assembly

June 2000

Office of State Budget and Management

INTRODUCTION

Scope

Section 24.1 of House Bill 168 of the 1999 Session required the Office of State Budget and Management, in conjunction with the State Construction Office and the State Property Office to conduct a cost benefit analysis of constructing state facilities instead of leasing property for state government operations. Specifically, the legislation specified the project scope as follows:

Section 24.1 The State Property Office and the State Construction Office, in consultation with the Office of State Budget and Management, shall conduct a cost benefit analysis of constructing new State-owned facilities instead of leasing property for State government operations. The analysis shall consider:

(1) Factors relating to the cost of State-owned facilities including (I) the cost and availability of land, (ii) design, planning, and construction costs in Raleigh and throughout the State, (iii) projected ongoing operation and maintenance costs, and (iv) projected repairs and renovation costs; and

(2) Factors relating to the cost of leased space including (i) lease rates within Raleigh and throughout the State, (ii) availability of property for lease within Raleigh and throughout the State, taking into account the various types of space needed by State agencies including office, laboratory, warehouse, storage, conference and meeting space, and other types of property, (iii) renewal options and costs, (iv) utility, janitorial, and other operating expenses, and (v) relocation expenses, including moving and upfit expenses.

The State Property Office and the State Construction Office shall report on the results of the cost-benefit analysis to the Joint Legislative Commission on Governmental Operations prior to March 30, 2000.

The purpose of this report is to satisfy the requirements as outlined in the legislation restated above. The project team requested, and was granted, an extension of the original March 30 deadline to June 15, 2000. In the interim, a progress report was provided on April 1, 2000 to the Joint Legislative Commission on Governmental Operations to provide the Commission on the progress of the study.

Methodology

As directed by the legislation, a project team consisting of staff from the Office of State Budget and Management, the State Property Office, and the State Construction Office was formed. The team has reviewed the current practices for the analysis of both leasing and construction requests from state agencies, and the cost estimation process that both State Property and State Construction utilize in order to develop leasing and construction estimates.

Extensive analysis was conducted to determine if the information that state agencies needed to provide in the current cost estimation process for leasing and construction was basically sufficient to conduct a comparative cost analysis. Each process was broken down into its various data elements, and the project team analyzed each element of the existing processes against what might be required to complete a comparative cost analysis. Where additional data might be required, the project team analyzed how the information might be

provided so that it could satisfy the needs of both State Property and State Construction so as to reduce any additional administrative requirements on departments and agencies where possible.

Once it was determined that a data element was required, analyses were conducted to determine the cost basis for the data. State Property and State Construction utilized a variety of data sources including historical leasing and construction information from actual leases or construction projects, current market information using private sector leasing and construction companies. Finally, where actual figures were not available, historical indices or standard references that are widely accepted within the leasing and construction industries were used.

After conducting a thorough review of the legislation for possible interpretations, the project team determined that two interpretations of the legislation were possible. These are as follows:

1. The team would develop a comparative cost model for leasing and construction projects. This model would be applied on a case by case basis as projects were proposed. The types of projects that would be analyzed in this manner would be determined as part of the analysis.

2. The team would conduct an analysis of every active lease for state government and determine the cost effectiveness of each lease by comparing the lease to a comparable construction alternative for that facility.

The primary drawback to conducting a lease by lease analysis was the fact there are over 1,000 active lease throughout the State for many different types and purposes of facilities. In many cases, it was not feasible to compare a lease to a construction alternative. For example, if an agency leased 2,500 square feet of general office space in downtown Greensboro, it would not be more cost effective to construct a facility that would meet the agency's needs. Furthermore, a comparison of all the state's leases would only provide a historical perspective, and would not provide any relevant information about future needs and cost projections. Finally, to obtain any useful information would require a state-wide space analysis that would analyze the current space needs of state agencies, and determine if it were possible to combine different agencies into a larger, possibly state-owned space from the various leases each may be holding individually. That task was determined to be outside the scope of this legislation.

After a thorough review of the possible interpretations, the project team chose to develop a comparative cost model that can be applied to leasing versus construction analyses on a project by project basis for future projects. The advantages identified by the project team are as follows:

1. ***It provides the capability of comparing leasing versus construction for different types of facilities, regardless of location around the State.*** Each individual construction or leasing proposal can be compared to its construction or leasing alternative on a case by case basis.
2. ***The model allows state agencies and decision-makers to analyze the costs of the facility over the entire useful life of the building or life of the lease.*** The method takes into account all of the costs that the State would incur from operating the facility and projects those costs into the future over a pre-determined time period.

3. ***The model can account for the impact of constructing facilities on state-owned land or on land that must be purchased by the State.*** Because the cost of purchasing land for a state facility can have a large impact on the feasibility and cost of a project, those costs are taken into account.
4. ***It allows state agencies to adjust the annual operating costs or annual lease costs to reflect the local market conditions.*** By considering each proposal on a case by case basis, this allows both State Property and State Construction to develop accurate cost estimates because they can consider where the facility is to be built or leased.
5. ***The model makes relevant and meaningful cost comparisons based on regional differences.*** Because agencies will have to be specific about the location in which they propose to build or to lease, local market conditions and site conditions can be accounted for in the cost estimation. If an agency was not clear about the location for their proposal, the likelihood of unforeseen costs creeping into the project increases significantly.
6. ***It provides decision-makers with a standard format for decision making and ensures that the cost information is well-documented and as accurate as possible.*** At present, there is no standard format in which information is presented to decision-makers at the agency level, or for the General Assembly. In addition, there is no standard set of comprehensive factors that should be included as part of any comparative leasing or construction analysis. Separately, both State Property and State Construction require certain types of information that agencies must provide in order to lease or construct a facility. However, every factor that is relevant to demonstrate the full life-cycle cost of a leased or state-owned facility should be shown in the comparative format. This provides decision-makers with a more complete picture of the current and projected financial obligations the State will incur as a result of entering into a lease, or by building a state-owned facility.
7. ***It ensures that all the relevant factors that represent an expense to the State are considered when leasing or building.*** The methodology attempts to capture every cost, including insurance costs, upfit costs, renovations, repairs, etc.
8. ***The model allows for the fact that agencies generally lease facilities for shorter periods than the useful life of a facility that is constructed by the State.*** One of the main challenges in conducting a comparative analysis is to consider the same types of factors and the same period of time for the leasing and construction options. State-owned facilities normally have longer useful lives than leases, which tend to be of a shorter more temporary nature. With the ability to assess and estimate the fair market value of a facility at any point in its useful life and consider the life cycle costs, we can now compare a lease of generally any length to a proposed state-owned facility.
9. **When the State constructs a building for its use, the model considers the fact that the building (and land if applicable) is an asset to the State, and attempts to place a fair market value on that asset.**

In developing the basis on which to analyze the cost of a lease and/or a construction project, the project team turned to a technique commonly used by private sector organizations that need a basis on which to make a capital budgeting decision. From a high level perspective, this technique uses discounted cash flow analysis that is relevant when considering a course of action entailing costs or benefits that extend beyond the current period of time. The evaluation of any leasing versus construction comparison must follow these fundamental steps:

1. An estimate of the relevant annual cash flows must be developed using standard cost categories with standard cost factors.

2. An estimate of the fair market value (salvage value) of a state building must be developed for some future point in time. This concept is a relatively new concept for the State. It is critical and relevant to the analysis because when the State constructs a new building, it becomes an asset that the State can use. The project team has identified a method to assess the fair market value based on capitalizing the net operating income at some future point in time. This method is sometimes utilized in the commercial leasing business to assess a fair market value for a facility. The steps used to determine the value of the building are shown in Appendices A and B.

3. A comparison must be made of the discounted cash flows for both the leasing and construction options against one another to determine the most financially appealing option to the State. A critical assumption of this method is that a dollar today is worth more than a dollar at some point in the future. Inflation, uncertainty of future cash flows, and the fact that money allocated towards one project means that those same monies cannot be allocated to other projects (opportunity cost) tells that we must account for cash flows as they occur over time and discount them to reflect their "value" today. Clearly, a construction project or a lease today would cost more in the future (for the same project or lease) because of the factors mentioned above.

To demonstrate the method, the project team has created two examples which will show how the analysis is used to determine the more financially viable option for leasing or construction. Below is a list of the basic assumptions that have been built into this analysis:

- The discount rate will change periodically. The discount rate in use should always be stated in the analysis
- The analysis assumes end of period payments
- The period of time for both the leasing and construction options must be the same
- All cash flows are annual
- Costs are inflated annually according to standard factors for that cost type
- The leasing rates shown in Appendices A & B were determined using a 5 year period and then forecasted for 15 years. This is a conservative method of estimating. Normally, the State would lease at a lower rate for a longer term lease.

Two examples will be shown in order to show the analysis from start to finish. Each example will be slightly different, and will describe the type of facility that is be analyzed. In both cases, the construction option will be compared to the leasing alternative for the same type of facility in the same general location.

Example 1 – Leasing versus Construction Analysis

Project description: New general office building located in the Asheville area, approximately 20,000 square feet, estimated occupancy is 100 employees. The facility will consist of individual offices, a break room, mail room for the building, elevators, telecommunications wiring, snack bar, and 33 parking spaces. Land must be purchased by the State. The

worksheet for this example is shown in Appendix A.

The tables shown below are estimates of the annual cash flows and costs that a facility of this type would represent. Three different terms are shown below to illustrate how the method can be applied for any time period, as long as the leasing and construction options are compared for identical periods of time. If the analysis were conducted in the future, the base cost estimates would have to be updated to reflect the most accurate information available at that time. The base year for all costs shown is 2000.

Table 1. Estimated Annual Construction and Operating Costs for 15 Years

Construction Option (15 year period)						
Cost	Construction Period	Construction Period	Year 1	Year 5	Year 10	Year 15
Land Purchase	$ 344,400	$ -	$ -	$ -	$ -	$ -
Site Work	$ 220,000	$ -	$ -	$ -	$ -	$ -
Utility Services	$ 40,000	$ -	$ -	$ -	$ -	$ -
Building Construction	$ -	$ 1,520,000	$ -	$ -	$ -	$ -
Building Plumbing	$ -	$ 140,000	$ -	$ -	$ -	$ -
Building HVAC	$ -	$ 260,000	$ -	$ -	$ -	$ -
Building Electrical	$ -	$ 300,000	$ -	$ -	$ -	$ -
Sprinkler	$ -	$ 60,000	$ -	$ -	$ -	$ -
Telecommunications	$ -	$ 30,000	$ -	$ -	$ -	$ -
Fixed Equipment	$ -	$ 60,000	$ -	$ -	$ -	$ -
Parking	$ -	$ 49,500	$ -	$ -	$ -	$ -
Contingencies	$ -	$ 80,385	$ -	$ -	$ -	$ -
Design Fee	$ 220,791	$ -	$ -	$ -	$ -	$ -
Escalation Cost Increase	$ 24,232	$ 125,994	$ -	$ -	$ -	$ -
Total Annual Construction Costs	$ 849,423	$ 2,625,879	$ -	$ -	$ -	$ -
Utilities (Electrical, Water, Gas)	$ -	$ -	$ 28,600	$ 32,190	$ 37,317	$ 43,260
Operating/Maintenance	$ -	$ -	$ 24,000	$ 27,012	$ 31,315	$ 36,302
Janitorial	$ -	$ -	$ 22,400	$ 25,211	$ 29,227	$ 33,882
Relocation	$ -	$ -	$ 20,000	$ -	$ -	$ -
Land (per acre)	$ -	$ -	$ -	$ -	$ -	$ -
Insurance Cost	$ -	$ -	$ 1,155	$ 1,270	$ 1,430	$ 1,610
Total Annual Costs	$ 849,423	$ 2,625,879	$ 96,155	$ 85,684	$ 99,288	$ 115,055

Source: Office of State Construction cost estimate, State Property Office, Office of State Budget and Management, Department of Insurance. Only the construction period and Years 1, 5, 10, and 15 are shown here for presentation purposes. All years of construction and operating cost data are shown in Appendix A.

This example distributes the construction costs over a two-year period as is common with most state construction projects. In Year 1, the building is fully occupied, with construction complete, so no additional construction costs are shown for future years. At this point, we estimate the annual costs to the State to own and operate this facility as a state building. Table 2 contains the annual costs to the State to lease a facility with the same characteristics. The costs for leasing are shown as a gross lease cost. This is the most common manner in which the State negotiates leases. A gross lease cost is usually "all-inclusive" and has such costs as janitorial, utilities, upfit costs, and maintenance costs.

Table 2. Estimated Annual Gross Lease Costs for a 15 Year Term

Leasing Option (15 Year Term)				
	Year 1	Year 5	Year 10	Year 15
Annual Gross Lease Cost	$ 280,000	$ 292,632	$ 339,241	$ 393,273

Source: State Property Office. Year 1 leasing costs include $20,000 in relocation costs.

As shown above in Table 2, the annual gross lease cost represents the cost to the State to lease that facility for that year. Now that the figures for each comparison are shown above, the discounted cash flows are shown below for each option with these assumptions: Discount rate of 6.5%, end of year payment, with one compounding period per year.

Table 3. Comparison of Construction versus Leasing Costs

Comparative Cost Analysis - Leasing to Construction			
	5 Year Term	10 Year Term	15 Year Term
Construction Costs	$ (3,530,514)	$ (3,530,514)	$ (3,530,514)
Operating Costs	$ (353,511)	$ (636,623)	$ (876,072)
Cost of Ownership for the Term	$ (3,884,025)	$ (4,167,137)	$ (4,406,586)
Discounted Reversion Value of Building and Land	$ 2,715,490	$ 2,106,304	$ 1,644,564
Discounted Cost of Ownership	**$ (1,168,535)**	**$ (2,060,833)**	**$ (2,762,022)**
Discounted Cost of Leasing	**$ (1,161,799)**	**$ (2,128,945)**	**$ (2,947,277)**

Source: Appendix A

Example 2 – Leasing versus Construction Analysis

Project description: New 2story general office building located in the Wake county area, approximately 50,000 square feet, estimated occupancy is 250 employees. The facility will consist of individual offices, a break room, mail room for the building, elevators, telecommunications wiring, snack bar-cafeteria, and 83 parking spaces. Land must be purchased by the State.

The tables shown below are estimates of the annual cash flows and costs that a facility of this type would represent. Three different terms are shown below to illustrate how the method can be applied for any time period, as long as the leasing and construction options are compared for identical periods of time. If the analysis were conducted in the future, the base cost estimates would have to be updated to reflect the most accurate information available at that time. The base year for all costs shown is 2000.

Table 4. Estimated Annual Construction and Operating Costs for 15 Years

Construction Option (15 year period)						
Cost	Construction Period	Construction Period	Year 1	Year 5	Year 10	Year 15
Land Purchase	$ 821,500	$ -	$ -	$ -	$ -	$ -
Site Work	$ 400,000	$ -	$ -	$ -	$ -	$ -
Utility Services	$ 100,000	$ -	$ -	$ -	$ -	$ -
Building Construction	$ -	$ 3,700,000	$ -	$ -	$ -	$ -
Building Plumbing	$ -	$ 300,000	$ -	$ -	$ -	$ -
Building HVAC	$ -	$ 550,000	$ -	$ -	$ -	$ -
Building Electrical	$ -	$ 650,000	$ -	$ -	$ -	$ -
Elevator	$ -	$ 150,000	$ -	$ -	$ -	$ -
Food Services	$ -	$ 50,000	$ -	$ -	$ -	$ -
Sprinkler	$ -	$ 150,000	$ -	$ -	$ -	$ -
Telecommunications	$ -	$ 75,000	$ -	$ -	$ -	$ -
Fixed Equipment	$ -	$ 150,000	$ -	$ -	$ -	$ -
Parking	$ -	$ 116,200	$ -	$ -	$ -	$ -
Contingencies	$ -	$ 191,736	$ -	$ -	$ -	$ -
Design Fee	$ 526,635	$ -	$ -	$ -	$ -	$ -
Escalation Cost Increase	$ 51,742	$ 306,580	$ -	$ -	$ -	$ -
Total Annual Construction Costs	$ 1,899,877	$ 6,389,516	$ -	$ -	$ -	$ -
Utilities (Electrical, Water, Gas)	$ -	$ -	$ 76,500	$ 86,101	$ 99,815	$ 115,713
Maintenance	$ -	$ -	$ 60,000	$ 67,531	$ 78,286	$ 90,755
Janitorial	$ -	$ -	$ 56,000	$ 63,028	$ 73,067	$ 84,705
Relocation	$ -	$ -	$ 50,000	$ -	$ -	$ -
Land (per acre)	$ -	$ -	$ -	$ -	$ -	$ -
Insurance Cost	$ -	$ -	$ 2,811	$ 3,091	$ 3,480	$ 3,919
Total Annual Costs	$ 1,899,877	$ 6,389,516	$ 245,311	$ 219,752	$ 254,649	$ 295,092

Source: Office of State Construction cost estimate, State Property Office, Office of State Budget and Management, Department of Insurance. Only the construction period and Years 1, 5, 10, and 15 are shown here for presentation purposes. All years of construction and operating cost data are shown in Appendix B.

Table 5. Estimated Annual Gross Lease Costs for a 15 Year Term

Leasing Option (15 Year Term)				
	Year 1	Year 5	Year 10	Year 15
Annual Gross Lease Cost	$ 750,000	$ 787,856	$ 913,341	$ 1,058,813

Source: State Property Office. Year 1 leasing costs include $50,000 in relocation costs.

As shown above in Table 5, the annual gross lease cost represents the cost to the State to lease that facility for that year.

Now that the figures for each comparison are shown above, the discounted cash flows are shown below for each option with these assumptions: Discount rate of 6.5%, end of year payment, with one compounding period per year.

Table 6. Comparison of Construction versus Leasing Costs

Comparative Cost Analysis - Leasing to Construction			
	5 Year Term	10 Year Term	15 Year Term
Construction Costs	$ (8,412,885)	$ (8,412,885)	$ (8,412,885)
Operating Costs	$ (905,444)	$ (1,631,547)	$ (2,245,681)
Cost of Ownership for the Term	$ (9,318,329)	$ (10,044,432)	$ (10,658,566)
Discounted Reversion Value of Building and Land	$ 6,471,371	$ 6,874,796	$ 7,358,046
Discounted Cost of Ownership	**$ (2,846,958)**	**$ (3,169,636)**	**$ (3,300,520)**
Discounted Cost of Leasing	**$ (3,124,310)**	**$ (5,728,164)**	**$ (7,931,368)**

Source: Appendix B

BACKGROUND

To better understand the magnitude of the property leased or owned by the State, the project team has put together the following data to present a summary of the current status of both leased and state-owned space around the State. The State currently occupies 93 million square feet of improved property, with 4.3 million square feet, or 5%, being leased space. The tables shown below are a compilation of data from across the State according to the type of facility indicated, by region, and by cost type. To achieve a more reasonable picture for comparative cost purposes, the State was divided into regions that allowed the project team to make reasonable comparisons based on the leasing and construction market activity for those geographical areas. All the State's counties were categorized into regions as follows:

- *Research Triangle Park Area:* Wake, Durham, and Orange
- *Charlotte-Mecklenburg Area:* Mecklenburg, Gaston, and Union
- *Triad Area:* Guilford and Forsyth
- *Western Area:* Alexander, Alleghany, Ashe, Avery, Buncombe, Burke, Caldwell, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, McDowell, Macon, Madison, Mitchell, Polk, Rutherford, Surry, Swain, Transylvania, Watauga, Wilkes, Yadkin, Yancey
- *Piedmont Area:* Alamance, Anson, Cabarrus, Caswell, Catawba, Chatham, Cleveland, Davidson, Davie, Franklin, Granville, Iredell, Lee, Lincoln, Montgomery, Moore, Person, Randolph, Richmond, Rockingham, Rowan, Stanly, Stokes, Vance, Warren
- *Coastal Area:* Beaufort, Bertie, Bladen, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Cumberland, Currituck, Dare, Duplin, Edgecombe, Gates, Greene, Halifax, Harnett, Hertford, Hoke, Hyde, Johnston, Jones, Lenoir, Martin, Nash, New Hanover, Northhampton, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Pitt, Robeson, Sampson, Scotland, Tyrell, Washington, Wayne, Wilson

Table 7. Statewide Summary of Leasing Information by Region

	Research Triangle Park Area	Charlotte-Mecklenburg Area	Triad Area	Western Area	Piedmont Area	Coastal Area	Total
Total Lease Square Footage	2,262,870	$ 84,517	294,303	344,886	437,202	946,256	4,370,034
Total Annual Rent	$ 24,151,216	$ 954,258	$ 2,910,884	$ 3,107,472	$ 3,541,079	$ 7,860,105	$ 42,525,013
Total Utility Cost	$ 470,193	$ 24,807	$ 17,916	$ 95,821	$ 115,685	$ 253,037	$ 977,458
Total Janitorial Cost	$ 108,648	$ 19,420	$ 18,791	$ 74,629	$ 105,897	$ 195,738	$ 523,123
Total Lease Expenditures	$ 24,730,057	$ 998,485	$ 2,947,591	$ 3,277,922	$ 3,762,661	$ 8,308,879	$ 44,025,595

Source: State Property Office. The data is broken down into these categories because of the structure of the database. These figures are shown here are for summary purposes to present a comparative illustration as to where the State is allocating leasing resources. This information was further broken down in later tables to present a facility classification more closely representing those types of facilities that were specified in the legislation.

Table 8. Office, Conference, and Meeting Space – Cost Comparison by Region

Cost Type per Square Foot	Research Triangle Park Area	Charlotte-Mecklenburg Area	Triad Area	Western Area	Piedmont Area	Coastal Area
Design/Planning Fee for New Construction	$ 11.94	$ 11.00	$ 10.77	$ 11.91	$ 10.77	$ 12.47
Construction Cost for New Construction	$ 131.99	$ 127.64	$ 125.01	$ 136.17	$ 125.01	$ 144.75
Design/Planning Fee for Renovation	$ 6.81	$ 6.61	$ 6.47	$ 7.15	$ 6.47	$ 7.49
Construction Cost for Renovation	$ 70.11	$ 68.01	$ 66.60	$ 73.62	$ 66.69	$ 77.12
Leasing (Average)	$ 12.22	$ 11.39	$ 10.05	$ 9.11	$ 9.13	$ 9.36
Utilities (Electrical, Water, Gas)	$ 1.43	$ 1.11	$ 1.41	$ 1.15	$ 1.23	$ 1.20
Maintenance	$ 1.20	$ 1.20	$ 1.20	$ 1.20	$ 1.20	$ 1.39
Janitorial	$ 0.84	$ 0.65	$ 1.14	$ 0.95	$ 0.93	$ 1.07
Relocation	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Land (as % of construction cost)	10%	10%	10%	10%	10%	10%
Insurance Cost	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.06

Source: State Property Office, Office of State Construction, Department of Insurance. Each agency used historical construction and leasing records to develop the figures shown above, in addition to consulting professional leasing and construction companies for validation of the data.

Upon analyzing the types of office, conference and meeting space the State typically constructs or leases, it was decided to combine the cost comparison for the three types of space based on the idea that the costs were very similar. In general, costs for land vary widely depending on the location of the property, the type of property, and the purpose of the facility in use on the property. A range, based on square footage size of the facility to be constructed is shown here when the purchase of land is necessary for completion of the project. It was determined that the range was so wide, that any further breakdown of cost per acre by region within the State was not sufficient to provide an accurate analysis. For the most accurate analysis in the procurement of land, each parcel must be considered individually.

Table 9. Warehouse and Storage Space – Cost Comparison by Region

Cost Type per Square Foot	Research Triangle Park Area	Charlotte-Mecklenburg Area	Triad Area	Western Area	Piedmont Area	Coastal Area
Design/Planning Fee for New Construction	$ 3.50	$ 3.40	$ 3.93	$ 3.88	$ 3.93	$ 3.85
Construction Cost for New Construction	$ 41.50	$ 40.26	$ 39.43	$ 45.55	$ 39.43	$ 45.65
Design/Planning Fee for Renovation	$ 2.00	$ 1.94	$ 1.90	$ 2.10	$ 1.90	$ 2.20
Construction Cost for Renovation	$ 18.57	$ 18.11	$ 17.74	$ 19.60	$ 17.74	$ 20.54
Leasing	$ 3.34	$ 3.50	Not Available	$ 2.61	$ 1.46	$ 3.24
Utilities (Electrical, Water, Gas)	$ 0.54	Not Available	Not Available	$ 0.56	Not Available	Not Available
Maintenance	$ 1.20	$ 1.20	$ 1.20	$ 1.20	$ 1.20	$ 1.20
Janitorial	$ 0.11	Not Available	Not Available	Not Available	Not Available	Not Available
Relocation	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Land (% of construction cost)	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Insurance Cost	$ 0.05	$ 0.05	$ 0.05	$ 0.05	$ 0.05	$ 0.05

Source: State Property Office, Office of State Construction, Department of Insurance. Each agency used historical construction and leasing records to develop the figures shown above, in addition to consulting professional leasing and construction companies for validation of the data.

In the case of warehouse and storage space, analysis indicated that there was no significant difference in both construction and leasing costs for either, so they were both combined. In the cases where cost figures were not available, this was because no warehouse or storage leases existed in those areas of the State so there wasn't sufficient data available on which to base a cost comparison.

One factor that clearly has an impact of the cost of any lease or construction project is the quality of the facility or project in question. It is obvious that facilities of all types can be constructed to varying degrees of quality, which has a demonstrable impact on the total cost. It is important to note that there are basic differences in how the State Property Office and the Office of State Construction evaluate a particular lease or a proposed construction project. Among the many criteria used to evaluate a lease, a primary concern of the State Property Office is the suitability of the space for the purpose that it is intended to be used by the State. One factor that does not weigh heavily in their requirements for a leased space is the type and quality of construction, excepting those requirements for life, safety, and code requirements. Meanwhile, the State Construction Office takes a long-term view of the usability of state buildings over a long period of time. While the project team could see merit in both approaches given the requirements for leasing and construction, it was not feasible to factor quality into the annual costs of operating a state-owned building in an objective quantitative manner for the purposes of this analysis.

Table 10. Laboratory Space – Cost Comparison by Region

Cost Type per Square Foot	Research Triangle Park Area	Charlotte-Mecklenburg Area	Triad Area	Western Area	Piedmont Area	Coastal Area
Design/Planning Fee for New Construction	$ 14.24	$ 13.81	$ 13.53	$ 14.96	$ 13.53	$ 15.66
Construction Cost for New Construction	$ 163.79	$ 159.65	$ 156.57	$ 171.95	$ 156.57	$ 160.14
Design/Planning Fee for Renovation	$ 6.42	$ 6.23	$ 6.10	$ 6.74	$ 6.10	$ 7.05
Construction Cost for Renovation	$ 73.69	$ 71.49	$ 70.01	$ 77.37	$ 70.01	$ 81.06
Leasing	$7.40 - $16.85	$7.40 - $16.85	$7.40 - $16.85	$7.40 - $16.85	$7.40 - $16.85	$7.40 - $16.85
Utilities (Electrical, Water, Gas)	$2.50 - $6.00	$2.50 - $6.00	$2.50 - $6.00	$2.50 - $6.00	$2.50 - $6.00	$2.50 - $6.00
Maintenance	$ 1.20	$ 1.20	$ 1.20	$ 1.20	$ 1.20	$ 1.20
Janitorial	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Relocation	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Land (per square foot of building)	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Insurance Cost	$ 0.05	$ 0.05	$ 0.05	$ 0.05	$ 0.05	$ 0.05

Source: State Property Office, Office of State Construction, Department of Insurance. Each agency used historical construction and leasing records to develop the figures shown above, in addition to consulting professional leasing and construction companies for validation of the data.

Data on the construction and leasing of laboratory space presented a challenge because the State does not routinely lease or construct these facilities. In addition, the State

utilizes a wide variety of laboratory space, from a more basic facility designed to sample and test agricultural products, to more complex laboratories that research and diagnose animal diseases. The wide variety in the types of laboratories also presents challenges in estimating utility costs as these costs vary widely depending on the need for such things are air filtration, hot water, and air turnover requirements. Because of the wide range of cost figures in these areas, any additional estimation was determined not to be accurate enough to create statewide estimates based on historical data.

As with land, the project team determined that the cost factors should be developed based on a specific project versus creating statewide estimates. Another factor to consider was that the vast majority of all State laboratory space that is not on a university campus is located in the Research Triangle Park area. For this reason, both State Property and the State Construction Office utilized cost figures for the RTP area and then extrapolated those costs statewide based on a representative sample of the RTP laboratory facilities.

Table 11. Dormitory Space – Cost Comparison by Region

Cost Type per Square Foot	Research Triangle Park Area	Charlotte - Mecklenburg Area	Triad Area	Western Area	Piedmont Area	Coastal Area
Design/Planning Fee for New Construction	$ 11.60	$ 11.26	$ 11.02	$ 12.18	$ 11.02	$ 12.76
Construction Cost for New Construction	$ 139.40	$ 129.40	$ 126.72	$ 140.07	$ 126.72	$ 146.74
Design/Planning Fee for Renovation	$ 5.22	$ 5.06	$ 4.96	$ 5.48	$ 4.96	$ 5.74
Construction Cost for Renovation	$ 60.03	$ 58.23	$ 57.03	$ 63.03	$ 57.03	$ 66.03
Leasing per bed per month	$ 300.00	$ 300.00	$ 300.00	$ 300.00	$ 300.00	$ 300.00
Utilities per bed per month (Electricity, Water, Gas)	$ 26.50	$ 26.50	$ 26.50	$ 26.50	$ 26.50	$ 26.50
Maintenance	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Janitorial	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Relocation	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Land (per square foot of building)	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Insurance Cost	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.06

Source: State Property Office, Office of State Construction, Department of Insurance. Each agency used historical construction and leasing records to develop the figures shown above, in addition to consulting professional leasing and construction companies for validation of the data.

The manner in which the State leases any dormitory space presents a different cost basis than other more common lease arrangements. For example, most leases use square footage as a unit of measure for developing a net lease cost. For dormitory leases, it is more common to use leased beds per month as the basis for developing cost figures. In addition, utility cost are also developed on a per bed basis. Table 11 utilizes cost figures derived from the Triad area, which have been extrapolated statewide as a representative sample. For clarification purposes, these differences have been noted in the table above. Because janitorial services are included as a part of the net lease cost, the project team was unable to determine a precise estimate for that factor. In addition, relocation costs were determined to not be applicable in this case as the State does not typically incur a cost for relocating students, or movable equipment such as furniture, etc.

RECOMMENDATIONS

1. The method for using the comparative cost model to analyze leasing versus construction options for state government facilities as described in the methodology section should be required for facilities that meet any one of the following characteristics:

- Construction cost is estimated to be ≥$5,000,000 for all state agencies, and the size of the facility is ≥50,000 square feet
- *Type of facility:* all types, excluding special purpose projects
- *Requestor:* The initiator of the proposed project or request must by the Governor,

the General Assembly, or a Department Head

The recommended model for comparing construction versus leasing decisions should be calculated as:

- Construction Option: Construction Costs + Operating Costs = Cost of Ownership for the Term – Discounted Reversion Value of the Building and Land = Discounted Cost of State Ownership
- Leasing Option: Discounted Cost of Leasing for the Term
- Compare the values for the construction and leasing options for identical terms. The smaller number is the more cost effective option for the term.

Discussion

In analyzing the cost of construction, the bases for the recommended cost thresholds are analyses by the Office of State Construction. In the case of the size of the facility, this figure was determined based on what size facility might be able to be constructed based on the dollar thresholds already in place. In almost all cases, no agency will be able to construct a facility of any type approaching 50,000 square feet for the dollar thresholds in place today. Special purpose facilities are recommended to be omitted from this analysis due to their unique nature, or the fact that there is no reasonable leasing alternative for that type of facility.

2. The Department of Administration, in consultation with the Office of State Budget and Management, should be allowed to conduct this analysis using a procedure to be determined by these two agencies.

Discussion

Because certain information will be required from State agencies so that this analysis can be conducted, a process will need to be established. Agencies will need to submit information in a pre-determined format so that standard documented cost factors can be applied to the analysis to lend credibility. The consistent format is important so that when the analysis is complete, it can be presented to decision-makers for analysis and deliberation. As it is likely the cost factors will change from year to year, the Department of Administration should periodically review the basis for the applicable cost factors to ensure that the cost estimates are built on the most accurate information available at that time.

3. Amend the General Statutes to give the State Property Office and Office of State Construction the authority to conduct a comparative cost analysis using the proposed language below:

- Amend G.S. 143-6(b) so it reads as follows:

(b) Any department, bureau, division, officer, board, commission, institution, or other State agency or undertaking desiring to request financial aid from the State for the purpose of (1) leasing or renting land, buildings, and space in buildings or (2) constructing or renovating any State building, utility, or other property development (except a railroad, highway, or bridge structure) shall, before making any such request for State financial aid, submit to the Department of Administration a statement of its needs in terms of space and other physical requirements, and shall furnish the Department with such additional information as it may request. The Department of Administration shall then review the statement of needs submitted by

the requesting department, bureau, division, officer, board, commission, institution, or other State agency or undertaking and perform additional analysis, as necessary, to comply with G.S. 143-341.

- Add a new sub subdivision to G.S. 143-341(3) as follows:

b2. To analyze, according to criteria established by the Department of Administration, whether it is preferable to lease land, buildings, and space in buildings for use by State agencies or to construct any buildings or other facilities so needed, utilizing the information provided by the agencies pursuant to G.S. 143-6.

Example 1. Asheville - 20,000 square foot facility

Net Present Value Calculation - Annual Operating Costs

	No. of Periods	Total Annual Cost	Present Value of Annual Cost
Year 1	1	$ 96,155	$ 90,286
Year 2	2	$ 78,433	$ 69,151
Year 3	3	$ 80,779	$ 66,873
Year 4	4	$ 83,185	$ 64,662
Year 5	5	$ 85,684	$ 62,539
Subtotal - 5 Years		$ 328,081	$ 353,511
Year 6	6	$ 88,246	$ 60,478
Year 7	7	$ 90,886	$ 58,486
Year 8	8	$ 93,605	$ 56,559
Year 9	9	$ 96,405	$ 54,696
Year 10	10	$ 99,288	$ 52,893
Subtotal - 10 Years		$ 892,666	$ 636,623
Year 11	11	$ 102,258	$ 51,151
Year 12	12	$ 105,317	$ 49,466
Year 13	13	$ 108,468	$ 47,836
Year 14	14	$ 111,713	$ 46,260
Year 15	15	$ 115,055	$ 44,736
Total - 15 Years		$ 1,435,477	$ 876,072

Net Present Value Calculation - Annual Leasing Costs

	No. of Periods	Total Annual Cost	Present Value of Annual Cost
Year 1	1	$ 280,000	$ 262,911
Year 2	2	$ 267,800	$ 236,108
Year 3	3	$ 275,834	$ 228,349
Year 4	4	$ 284,109	$ 220,845
Year 5	5	$ 292,632	$ 213,587
Subtotal - 5 Years		$ 1,400,375	$ 1,161,799
Year 6	6	$ 301,411	$ 206,567
Year 7	7	$ 310,454	$ 199,779
Year 8	8	$ 319,767	$ 193,213
Year 9	9	$ 329,360	$ 186,864
Year 10	10	$ 339,241	$ 180,723
Subtotal - 10 Years		$ 3,000,609	$ 2,128,945
Year 11	11	$ 349,418	$ 174,783
Year 12	12	$ 359,901	$ 169,039
Year 13	13	$ 370,698	$ 163,484
Year 14	14	$ 381,819	$ 158,111
Year 15	15	$ 393,273	$ 152,915
Total - 15 Years		$ 4,855,718	$ 2,947,278

Future Value Calculation - Construction Costs

	No. of Periods	Total Annual Cost	Future Value of Construction Cost
Construction Year 1	1	$ 849,423	$ 904,635
Construction Year 2	0	$ 2,625,879	$ 2,625,879
Total - Future Value of Construction Costs		$ 3,475,302	$ 3,530,514

Reversion Value Calculation - 5 Years			
15.07 x 20,000	=	$ 301,400	Inflated Annual Rental Rate
$301,400 - $87,406	=	$ 213,994	Estimated Net Operating Income at end of term (29% Operating & Maintenance)
10% + 1%	=	11%	Establishes New Capitalization Rate, adds 1% for building obsolescence
$219,994/.11	=	$ 1,945,400	Reversion Value for leased building
13 x 20,000	=	$ 260,000	Estimated Net Operating Income in Year 1
260,000 - $75,400	=	$ 184,600	Estimated Annual Income at end of Year 1 (29% Operating & Maintenance)
$184,600/.10	=	$ 1,846,000	Estimated Purchase Price of leased building
($1,945,400 - $1,846,000)/$1,846,000	=	5.38%	Estimated rate of appreciation for state building over the term
$3,530,514 x 1.0538	=	$ 3,720,456	Estimated value of state building and land at end of term
Reversion Value Calculation -10 Years			
17.47 x 20,000	=	$ 349,400	Inflated Annual Rental Rate
$349,400 - $101,326	=	$ 248,074	Estimated Net Operating Income at end of term (29% Operating & Maintenance)
10% + 2%	=	12%	Establishes New Capitalization Rate, adds 2% for building obsolescence
$248,074/.12	=	$ 2,067,283	Reversion Value for leased building
13 x 20,000	=	$ 260,000	Estimated Net Operating Income in Year 1
260,000 - $75,400	=	$ 184,600	Estimated Annual Income at end of Year 1 (29% Operating & Maintenance)
$184,600/.10	=	$ 1,846,000	Estimated Purchase Price of leased building
($2,067,283 - $1,846,000)/$1,846,000	=	11.99%	Estimated rate of appreciation for state building over the term
$3,530,514 x 1.1199	=	$ 3,953,823	Estimated value of state building and land at end of term
Reversion Value Calculation -15 Years			
20.25 x 20,000	=	$ 405,000	Inflated Annual Rental Rate
$405,00 - $117,450	=	$ 287,550	Estimated Net Operating Income at end of term (29% Operating & Maintenance)
10% + 3%	=	13%	Establishes New Capitalization Rate, adds 3% for building obsolescence
$287,550/.13	=	$ 2,211,923	Reversion Value for leased building
13 x 20,000	=	$ 260,000	Estimated Net Operating Income in Year 1
260,000 - $75,400	=	$ 184,600	Estimated Annual Income at end of Year 1 (29% Operating & Maintenance)
$184,600/.10	=	$ 1,846,000	Estimated Purchase Price of leased building
($2,211,923 - $1,846,000)/$2,211,923	=	19.82%	Estimated rate of appreciation for state building over the term
$3,530,514 x 1.198	=	$ 4,229,556	Estimated value of state building and land at end of term

Comparative Cost Analysis - Leasing to Construction			
	5 Year Term	10 Year Term	15 Year Term
Construction Costs	$ (3,530,514)	$ (3,530,514)	$ (3,530,514)
Operating Costs	$ (353,511)	$ (636,623)	$ (876,072)
Cost of Ownership for the Term	$ (3,884,025)	$ (4,167,137)	$ (4,406,586)
Discounted Reversion Value of Building and Land	$ 2,715,490	$ 2,106,304	$ 1,644,564
Discounted Cost of Ownership	**$ (1,168,535)**	**$ (2,060,833)**	**$ (2,762,022)**
Discounted Cost of Leasing	**$ (1,161,799)**	**$ (2,128,945)**	**$ (2,947,277)**
Unless stated, all calculations assume a discount rate of 6.5%, and end of year payments			

APPENDIX A

APPENDIX A

15 Year Annual Construction and Leasing Costs

Construction Option (15 Year Period)																		
Cost	Constr. Period	Constr. Period	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Land Purchase	$ 344,400	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Site Work	$ 220,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Utility Services	$ 40,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Building Constr	$ -	$ 1,520,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Building Plumbing	$ -	$ 140,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Building HVAC	$ -	$ 260,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Building Electrical	$ -	$ 300,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sprinkler	$ -	$ 60,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Telecomm	$ -	$ 30,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fixed Equipment	$ -	$ 60,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Parking	$ -	$ 49,500	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contingencies	$ -	$ 80,385	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Design Fee	$ 220,791	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Escalation Cost Increase	$ 24,232	$ 125,994	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Annual Construction Costs	$ 849,423	$ 2,625,879	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Utilities (Electrical, Water, Gas)	$ -	$ -	$ 28,600	$ 29,458	$ 30,342	$ 31,252	$ 32,190	$ 33,155	$ 34,150	$ 35,174	$ 36,230	$ 37,317	$ 38,436	$ 39,589	$ 40,777	$ 42,000	$ 43,260
Operating & Maintenance	$ -	$ -	$ 24,000	$ 24,720	$ 25,462	$ 26,225	$ 27,012	$ 27,823	$ 28,657	$ 29,517	$ 30,402	$ 31,315	$ 32,254	$ 33,222	$ 34,218	$ 35,245	$ 36,302
Janitorial	$ -	$ -	$ 22,400	$ 23,072	$ 23,764	$ 24,477	$ 25,211	$ 25,968	$ 26,747	$ 27,549	$ 28,376	$ 29,227	$ 30,104	$ 31,007	$ 31,937	$ 32,895	$ 33,882
Relocation	$ -	$ -	$ 20,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Land (per acre)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Insurance Cost	$ -	$ -	$ 1,155	$ 1,183	$ 1,212	$ 1,241	$ 1,270	$ 1,301	$ 1,332	$ 1,364	$ 1,397	$ 1,430	$ 1,465	$ 1,500	$ 1,536	$ 1,573	$ 1,610
Total Annual Costs	$ 849,423	$ 2,625,879	$ 96,155	$ 78,433	$ 80,779	$ 83,195	$ 85,684	$ 88,246	$ 90,886	$ 93,605	$ 96,405	$ 99,288	$ 102,258	$ 105,317	$ 108,468	$ 111,713	$ 115,055

Leasing Option (15 Year Term)															
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Annual Net Lease Cost	$ 260,000	$ 267,800	$ 275,834	$ 284,109	$ 292,632	$ 301,411	$ 310,453	$ 319,767	$ 329,360	$ 339,241	$ 349,418	$ 359,901	$ 370,698	$ 381,819	$ 393,273

Example 2. Wake County - 50,000 square foot facility

Net Present Value Calculation - Annual Operating Costs

	No. of Periods	Total Annual Cost	Present Value of Annual Cost
Year 1	1	$ 245,311	$ 230,339
Year 2	2	$ 201,154	$ 177,349
Year 3	3	$ 207,171	$ 171,506
Year 4	4	$ 213,369	$ 165,857
Year 5	5	$ 219,752	$ 160,393
Subtotal - 5 Years		$ 841,446	$ 905,444
Year 6	6	$ 226,326	$ 155,109
Year 7	7	$ 233,096	$ 149,999
Year 8	8	$ 240,070	$ 145,058
Year 9	9	$ 247,252	$ 140,279
Year 10	10	$ 254,649	$ 135,658
Subtotal - 10 Years		$ 2,288,150	$ 1,631,547
Year 11	11	$ 262,268	$ 131,190
Year 12	12	$ 270,114	$ 126,868
Year 13	13	$ 278,196	$ 122,689
Year 14	14	$ 286,519	$ 118,648
Year 15	15	$ 295,092	$ 114,740
Total - 15 Years		$ 3,680,339	$ 2,245,681

Net Present Value Calculation - Annual Leasing Costs

	No. of Periods	Total Annual Cost	Present Value of Annual Cost
Year 1	1	$ 750,000	$ 704,225
Year 2	2	$ 721,000	$ 635,676
Year 3	3	$ 742,630	$ 614,786
Year 4	4	$ 764,909	$ 594,581
Year 5	5	$ 787,856	$ 575,041
Subtotal - 5 Years		$ 3,766,395	$ 3,124,310
Year 6	6	$ 811,492	$ 556,143
Year 7	7	$ 835,837	$ 537,866
Year 8	8	$ 860,912	$ 520,190
Year 9	9	$ 886,739	$ 503,094
Year 10	10	$ 913,341	$ 486,561
Subtotal - 10 Years		$ 8,074,716	$ 5,728,163
Year 11	11	$ 940,741	$ 470,570
Year 12	12	$ 968,964	$ 455,106
Year 13	13	$ 998,033	$ 440,149
Year 14	14	$ 1,027,974	$ 425,684
Year 15	15	$ 1,058,813	$ 411,695
Total - 15 Years		$ 13,069,240	$ 7,931,367

Future Value Calculation - Construction Costs

	No. of Periods	Total Annual Cost	Future Value of Construction Cost
Construction Year 1	1	$ 1,899,877	$ 2,023,369
Construction Year 2	0	$ 6,389,516	$ 6,389,516
Total - Future Value of Construction Costs		$ 8,289,393	$ 8,412,885

Reversion Value Calculation - 5 Years			
16.23 x 50,000	=	$ 811,500	Inflated Annual Rental Rate
$811,500 - $235,335	=	$ 576,165	Estimated Net Operating Income at end of term (29% Operating & Maintenance)
10% + 1%	=	11%	Establishes New Capitalization Rate, adds 1% for building obsolescence
$576,165/.11	=	$ 5,237,864	Reversion Value for leased building
14 x 50,000	=	$ 700,000	Estimated Net Operating Income in Year 1
$700,000 - $203,000	=	$ 497,000	Estimated Annual Income at end of Year 1 (29% Operating & Maintenance)
$497,000/.10	=	$ 4,970,000	Estimated Purchase Price of leased building
($5,237,864 - $4,970,000)/$4,970,0	=	5.39%	Estimated rate of appreciation for state building over the term
$8,412,885 x 1.0539	=	$ 8,866,339	Estimated value of state building and land at end of term

Reversion Value Calculation -10 Years			
18.81 x 50,000	=	$ 940,500	Inflated Annual Rental Rate
$940,500 - $272,745	=	$ 667,755	Estimated Net Operating Income at end of term (29% Operating & Maintenance)
10% + 2%	=	12%	Establishes New Capitalization Rate, adds 2% for building obsolescence
$667,75/.12	=	$ 5,564,625	Reversion Value for leased building
14 x 50,000	=	$ 700,000	Estimated Net Operating Income in Year 1
$700,000 - $203,000	=	$ 497,000	Estimated Annual Income at end of Year 1 (29% Operating & Maintenance)
$497,000/.10	=	$ 4,970,000	Estimated Purchase Price of leased building
($5,564,625 - $4,970,000)/$5,564,6	=	11.96%	Estimated rate of appreciation for state building over the term
$8,412,885 x 1.1196	=	$ 9,419,066	Estimated value of state building and land at end of term

Reversion Value Calculation -15 Years			
21.81 x 50,000	=	$ 1,090,500	Inflated Annual Rental Rate
$1,090,500 - $316,245	=	$ 774,255	Estimated Net Operating Income at end of term (29% Operating & Maintenance)
10% + 3%	=	13%	Establishes New Capitalization Rate, adds 3% for building obsolescence
$774,255/.13	=	$ 5,955,808	Reversion Value for leased building
14 x 50,000	=	$ 700,000	Estimated Net Operating Income in Year 1
$700,000 - $203,000	=	$ 497,000	Estimated Annual Income at end of Year 1 (29% Operating & Maintenance)
$497,000/.10	=	$ 4,970,000	Estimated Purchase Price of leased building
($5,955,808 - $4,970,000)/$5,955,8	=	19.83%	Estimated rate of appreciation for state building over the term
$8,412,885 x 1.1983	=	$ 10,081,161	Estimated value of state building and land at end of term

Comparative Cost Analysis - Leasing to Construction			
	5 Year Term	10 Year Term	15 Year Term
Construction Costs	$ (8,412,885)	$ (8,412,885)	$ (8,412,885)
Operating Costs	$ (905,444)	$ (1,631,547)	$ (2,245,681)
Cost of Ownership for the Term	$ (9,318,329)	$ (10,044,432)	$ (10,658,566)
Discounted Reversion Value of Building and Land	$ 6,471,371	$ 6,874,796	$ 7,358,046
Discounted Cost of Ownership	**$ (2,846,958)**	**$ (3,169,636)**	**$ (3,300,520)**
Discounted Cost of Leasing	**$ (3,124,310)**	**$ (5,728,164)**	**$ (7,931,368)**
Unless stated, all calculations assume a discount rate of 6.5%, and end of year payments			

APPENDIX B

15 Year Construction and Leasing Costs

Construction Option (15 Year Period)																			
Cost	Constr. Period	Constr. Period	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Land Purchase	$ 821,500	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Site Work	$ 400,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Utility Services	$ 100,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Building Constr	$ -	$ 3,700,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Building Plumbing	$ -	$ 300,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Building HVAC	$ -	$ 550,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Building Electrical	$ -	$ 650,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Elevator	$ -	$ 150,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Food Services	$ -	$ 50,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Sprinkler	$ -	$ 150,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Telecomm	$ -	$ 75,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fixed Equipment	$ -	$ 150,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Parking	$ -	$ 116,200	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contingencies	$ -	$ 191,736	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Design Fee	$ 526,635	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Escalation Cost Increase	$ 51,742	$ 306,580	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Annual Construction Costs	$ 1,899,877	$ 6,389,516	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Utilities (Electrical, Water, Gas)	$ -	$ -	$ 76,500	$ 78,795	$ 81,159	$ 83,594	$ 86,101	$ 88,684	$ 91,345	$ 94,085	$ 96,908	$ 99,815	$ 102,810	$ 105,894	$ 109,071	$ 112,343	$ 115,713
Maintenance	$ -	$ -	$ 60,000	$ 61,800	$ 63,654	$ 65,564	$ 67,531	$ 69,556	$ 71,643	$ 73,792	$ 76,006	$ 78,286	$ 80,635	$ 83,054	$ 85,546	$ 88,112	$ 90,755
Janitorial	$ -	$ -	$ 56,000	$ 57,680	$ 59,410	$ 61,193	$ 63,028	$ 64,919	$ 66,867	$ 68,873	$ 70,939	$ 73,067	$ 75,259	$ 77,517	$ 79,843	$ 82,238	$ 84,705
Relocation	$ -	$ -	$ 50,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Land (per acre)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Insurance Cost	$ -	$ -	$ 2,811	$ 2,879	$ 2,948	$ 3,019	$ 3,091	$ 3,165	$ 3,241	$ 3,319	$ 3,399	$ 3,480	$ 3,564	$ 3,649	$ 3,737	$ 3,827	$ 3,919
Total Annual Costs	$ 1,899,877	$ 6,389,516	$ 245,311	$ 201,154	$ 207,171	$ 213,369	$ 219,752	$ 226,326	$ 233,096	$ 240,070	$ 247,252	$ 254,649	$ 262,268	$ 270,114	$ 278,196	$ 286,519	$ 295,092

Leasing Option (15 Year Term)																	
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15		
Annual Net Lease Cost	$ 700,000	$ 721,000	$ 742,630	$ 764,908	$ 787,856	$ 811,491	$ 835,836	$ 860,911	$ 886,738	$ 913,341	$ 940,741	$ 968,963	$ 998,032	$ 1,027,973	$ 1,058,813		

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Capital — 5-8-02

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Littlev. West	Intern w/ Rep. Wright
Mark Benson	Capitol Group
Dan Murray	State Const. Office
Spencer Phillips	State Auditor Office
Joe Henderson	State Property Office
Nick Holt	OSBM
Carl Byrd	OSBM
Tommy Clive	State Property Office
Greg Piner	OSBM
Tom Newsome	OSBM
Marine Ky	"

VISITOR REGISTRATION SHEET

House Appropriations Subcommittee on Capital — 5-8-02

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ken McHan	Alley Associates, Inc.
Carole Lawler	ECHS
Jim Hobbs	NCHMA

AGENDA

HOUSE APPROPRIATIONS SUBCOMMITTEE ON CAPITAL
WEDNESDAY, JULY 10, 2002
12:00 NOON ROOM 643 LOB

Introduction and Opening Remarks
Rep. Thomas Wright, Chair

DENR Water Resource Development Projects
John Sutherland
DENR Division of Water Resources

HB 1726 – UNC Non-Appropriated Capital
Jeff Davies
Vice President for Finance
UNC General Administration

Kevin McNaughton
Associate Vice President for Finance
UNC General Administration

Rob Nelson
Associate Vice President
UNC General Administration

Dwayne Pinckney
Associate Vice President
UNC General Administration

Certificates of Participation
Martha Harris
Research Attorney
Legislative Drafting Division

MINUTES

HOUSE APPROPRIATIONS SUBCOMMITTEE ON CAPITAL
WEDNESDAY, JULY 10, 2002
12:00 NOON ROOM 643 LOB

The House Appropriations Subcommittee on Capital met on Wednesday, July 10, 2002 at 12:00 Noon in Room 643 LOB. A silent roll was taken, (roll list denotes members present).

Chairman Wright called the meeting to order.

DENR WATER RESOURCES DEVELOPMENT PROJECTS.

John Sutherland, of the Department of Environment and Natural Resources, spoke on water resource development projects. Mr. Sutherland presented the State Funding requirements of each project to the committee. Committee members asked questions related to various projects in their districts and how counties could apply for funding for their local projects. John Sutherland responded. Rep. Nesbitt asked Mr. Sutherland if he could provide a list of criteria for applying for funding and the application process to the members of the committee. Mr. Sutherland responded that he would provide the information to the members at the next Capital meeting.

HB-1726 UNC NON-APPROPRIATED CAPITAL.(Rep. Allen)

Rep. Allen briefly explained the bill and introduced Dwayne Pinckney, Associate Vice President-Finance of the UNC General Administration, to further explain the bill. Rep. Shubert asked for further clarification. Dwayne Pinkney responded. Rep. Nesbitt asked for further details about the Upperclassmen Apartments on the campus of North Carolina State. Dwayne Pinkney responded. Rep. Shubert asked Douglas Holbrook, (Fiscal Research Staff), to prepare a projection report of the spending of the University of North Carolina System. Rep. Nesbitt asked about the UNC at Chapel Hill proposed construction of the Carrington Hall Addition, Science Complex Phase I and Science Complex Phase II. Dwayne Pinkney responded. Chairman Wright stated that another Capital meeting would be scheduled to continue discussion on HB-1726 and the Department of Environment and Natural Resources, Water Resources Division.

The meeting adjourned at 1:45pm.

Thomas E. Wright, Chairman

Vanda Wilson-Wormack, Committee Assistant

June 28, 2002

DIVISION OF WATER RESOURCES

STATE FUNDING REQUIREMENTS
WATER RESOURCES DEVELOPMENT PROJECTS
FY 2002-2003

(in thousands of dollars)

Priority	Name of Project	State Share	Federal Share	Local Share
1	Wilmington Harbor Deepening	$ 20,100	63,000	
2	Manteo (Shallowbag) Bay Channel Maintenance	3,100	4,700	
3	Wilmington Harbor Maintenance	500	4,700	
4	B. Everett Jordan Lake Water Supply	90		110
5	John H. Kerr Reservoir Operations Evaluation	800	800	
6	Oregon Inlet Jetties	70	600	
7	Silver Lake Harbor Maintenance	600	300	150
8	West Onslow Beach (Topsail Beach) Nourishment	203	1,200	203
9	Wanchese Marsh Creation	180	500	
10	Bogue Banks Shore Protection Study	315	630	315
11	Surf City and North Topsail Beach Protection Study	200	400	200
12	Walter Slough Maintenance Dredging	58	506	14
13	Currituck Sound Water Management Study	400	400	
14	Deep Creek (Yadkin County) Watershed Management	500	200	500
15	State-Local Projects	2,900		1,800
16	Aquatic Weed Control, Lake Gaston and Statewide	300		300
17	Swan Quarter (Hyde County) Flood Control Dikes	100	900	100
18	North Topsail Beach Feasibility Study (non-federal)	250		250
19	Neuse River Basin Feasibility Study	100	100	
20	Edgewater Canal (Camden County) Drainage	25	110	25
21	Emergency Flood Control Projects	187	520	93
22	Projected Feasibility Studies	120	660	120
23	Planning Assistance to Communities	150	300	150
	Totals	**$ 31,248**	**$ 80,526**	**$ 4,330**

June 17, 2002

DIVISION OF WATER RESOURCES

List of State-Local Projects to be Funded With $1,900,000 Appropriation

Rank	Name of Project	Local Sponsor	State Cost-Sharing	Local Cost-Sharing
1	Swepsonville Park River Trail Dev.	Town of Swepsonville	$29,500	$29,500
2	New River Stream Restoration	N.C. Div. of Parks & Rec.	52,000	50,000
3	Cape Fear River Bank Stabilization	Town of Southport	40,000	20,000
4	Howe Creek Marsh Restoration	New Hanover County	21,440	10,720
5	Lake Junaluska Restoration	Haywood County	500,000	250,000
6	Ballard & Church Streets Water Man.	Town of Ellerbe	13,700	7,030
7	Currituck County Water Management	Currituck County	17,300	8,650
8	Bogue Inlet Erosion Study	Town of Emerald Isle	32,380	32,380
9	Shallowbag Bay Shoreline Stabilization	Town of Manteo	95,000	47,500
10	Goose Creek Drainage Study	Pamlico County	10,000	10,000
11	Catawba & Yadkin Rivers Sediment Study	Surry County	98,700	297,300
12	Mallard Bay Dredging	Pender County	132,124	33,031
13	First Street Drainage	Town of Ocean Isle Beach	266,024	133,016
14	Other State-Local projects*		591,832	291,873
		Total	$1,900,000	1,251,000

*Funds available for projects whose applications had not yet been received

Other Projects Submitted Since May 1, 2002

Rank	Name of Project	Local Sponsor	State Cost-Sharing	Local Cost-Sharing
1	Salem Creek Park Improvements	Town of Winston-Salem	$ 100,000	$100,000
2	Lake Rogers Sediment Removal	Town of Creedmoor	1,000,000	500,000
3	Riverwalk and River Access Park	Village of Chimney Rock	250,000	250,000
4	Peachland-Polkton School Drainage	Anson County	36,000	18,000
5	Bald Head Creek Dredging & Groin	Village of Bald Head Island	500,000	284,000
		Total	$1,886,000	$1,152,000

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

HOUSE BILL 1726*

Short Title:	UNC Nonappropriated Capital.	(Public)
Sponsors:	Representative Allen.	
Referred to:	Appropriations.	

June 13, 2002

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE CONSTRUCTION AND THE FINANCING, WITHOUT APPROPRIATIONS FROM THE GENERAL FUND, OF CERTAIN CAPITAL IMPROVEMENTS PROJECTS OF THE CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

SECTION 1. The purpose of this act is: (i) to authorize the construction, by certain constituent institutions of The University of North Carolina, of the capital improvements projects listed in this act for the respective institutions, and (ii) to authorize the financing of these projects with funds available to the institutions from gifts, grants, receipts, self-liquidating indebtedness, or other funds, or any combination of these funds, but not including funds appropriated from the General Fund of the State.

SECTION 2. The capital improvements projects, and their respective costs, authorized by this act to be constructed and financed as provided in Section 1 and Section 5 of this act are as follows:

1.	Appalachian State University	
	Residence Halls Comprehensive Renovations	$12,000,000
2.	East Carolina University	
	Clement Residence Hall Renovations	2,833,000
	West End Dining Hall Supplement	3,357,000
3.	Elizabeth City State University	
	Renovation of Campus Dining Facility	1,178,000
4.	Fayetteville State University	
	Athletic Facilities Improvements	2,766,550

5.	North Carolina State University	
	Soccer, Track, and Softball Complex	4,500,000
	Fire Safety – Residence Halls	1,300,000
	University Apartments for Upperclassmen Housing	77,260,700
	Parking Expansion Projects	1,000,000
6.	The University of North Carolina at Chapel Hill	
	208 West Franklin Street	4,000,000
	Kenan, McIver, Alderman Residence Hall Renovations	10,500,000
	Residence College Phase II	46,500,000
	School of Medicine Research Facilities	77,700,000
	Ramshead Development	12,800,000
	Hot Water Replacement Phase II	5,000,000
7.	University of North Carolina at Charlotte	
	Residence Hall Phase VIII	22,000,000
	Brocker Health Center	7,150,000
	Parking Deck G	8,300,000
8.	The University of North Carolina at Pembroke	
	Surface Parking Lot	275,000
	University Center Expansion	3,000,000
	Improvements to Student Recreation Facilities	600,000
9.	The University of North Carolina at Wilmington	
	University Union Building Expansion and Renovation (Supplemental Funding)	22,400,000
	Parking – 650 Spaces	3,000,000
	Wagoner Hall Renovations	4,000,000
	Residence Hall Renovations	6,000,000
10.	Western Carolina University	
	Hospitality Management Center	8,000,000
	TOTAL	$347,420,250

SECTION 3. The capital improvements projects listed in this section were authorized in S.L. 2000-03. The capital improvements projects, and their respective costs, authorized by this act to be financed as provided in Section 1 and Section 5 of this act, are as follows:

1.	North Carolina State University	
	College of Engineering Phase II	$ 8,000,000
	CVM Research Lab Building	14,584,000

	Centennial Campus Building	4,064,000
2.	The University of North Carolina at Chapel Hill	
	Carrington Hall Addition	2,077,900
	Science Complex Phase I	18,037,500
3.	The University of North Carolina at Pembroke	
	Auxiliary Services Complex and Student Bookstore	1,500,000
4.	The University of North Carolina at Wilmington	
	Westside Building Expansion	3,000,000
	TOTAL	$ 51,263,400

SECTION 4. At the request of the Board of Governors of The University of North Carolina and upon determining that it is in the best interest of the State to do so, the Director of the Budget may authorize an increase or decrease in the cost of, or a change in the method of funding, the projects authorized by this act. In determining whether to authorize a change in cost or funding, the Director of the Budget may consult with the Joint Legislative Commission on Governmental Operations.

SECTION 5. Pursuant to G.S. 116D-26, the Board of Governors may issue, subject to the approval of the Director of the Budget, at one time or from time to time, special obligation bonds of the Board of Governors for the purpose of paying all or any part of the cost of acquiring, constructing, or providing for the projects authorized by this act. The maximum principal amount of bonds to be issued shall not exceed the specified project costs in Sections 2 and 3 of this act plus six million dollars ($6,000,000) for related additional costs, such as issuance expenses, funding of reserve funds, and capitalized interest.

SECTION 6. This act is effective when it becomes law.

Nonvoted State Debt for General Purposes

A. LEGISLATION NOT NECESSARY

1. "2/3 Bonds". The State can issue non-voted general obligation bonds in an amount not to exceed 2/3 of the amount by which it reduced its outstanding general obligation debt in the preceding biennium. N.C. Const. Art V., Sec. 3(1)(f). North Carolina will not qualify for this in 2002-2003 because the State is increasing, not reducing, its outstanding debt due to recent voter-approved bond issues.

2. Emergency bonds are issuable by the Governor after approval by Council of State. (Subsequent approval by General Assembly is necessary.) Article V of the Constitution makes exceptions to the vote requirement for general obligation bonds in the case of emergency, riot, or insurrection; to supply an unforeseen deficiency in the revenues; to satisfy a debt; or to borrow in anticipation of revenues to be collected within the current fiscal year. For example, if revenues fall short in 2002-2003, bonds could be issued to provide cash for the State to meet its obligations for that fiscal year.

3. Revenue Bonds. Some State entities already have legislation authorizing them to issue revenue bonds: State Housing Authority; the Agriculture Finance Authority; Medical Care Commission; Education Financing Assistance Authority; and others. Revenue bonds involve the pledge of nontax revenues related to the project. For example, rents for an apartment complex or patient fees for a hospital.

B. LEGISLATION NECESSARY

1. Revenue Bonds. Article 5 of Chapter 159 of the General Statutes authorizes the State to issue revenue bonds, but authorization by specific legislation is required under G.S. 159-88(c). Revenue bonds involve the pledge of nontax revenues related to the project. For example, parking fees for parking decks and water and sewer charges for water and sewer projects.

2. Installment Finance (COPs). Local governments have legislative authority to enter into installment purchase financing agreements, but legislation would be needed to give the State this authority.[1] This legislation would authorize the State to issue or incur debt for construction, improvement, and acquisition of State capital facilities, and to secure the debt by a lien on or security interest in the property. This type of debt can take three forms: an installment financing contract (either installment purchase or lease purchase); an installment financing contract with certificates of participation; and limited obligation bonds.

[1] Legislation has been enacted authorizing this type of debt for specific State projects: two Wildlife Commission Projects in 2000 and the lease-purchase of three prisons in 2001.

Under this type of debt, the property itself is pledged and the borrower promises to repay the debt, subject to annual appropriation. The interest rate is slightly higher than for general obligation debt, but installment debt is considered secure because the reality is that a government borrower is unlikely to destroy its credit rating by choosing not to repay such a debt and allowing the property to be foreclosed on. The more essential the property is to the function of government, the more secure the debt is considered (and thus the lower the interest rate the State would have to pay). In addition, the debt can be made more secure by pooling the security for a variety of projects, rather than securing them individually.

The Treasurer's Office has advised that in order incur on this type of liability for new construction, the State should have sufficient anticipated resources to pay the debt service. The State's needs for repair and renovation is already a liability, so incurring debt for this purpose would not be considered a new liability from the point of view of the bond rating agencies.

Financing Contracts: As explained by the State Treasurer's Office, lease-purchase, installment-purchase, and similar-type installment financing contracts (called "financing contracts") are contracts that would be entered into between the State and a lessor, vendor, or other entity providing financing for the purchase of a particular project by making lease or installment payments over a period of time. The lease or installment payments are generally in an aggregate amount sufficient to pay the principal cost of such item plus "interest" over the term of the contract (even though the contract may not specifically delineate between the principal and interest component of the payments).

In a typical lease-purchase transaction, title to the project being financed is transferred to the State at the end of the lease term with no or only nominal additional consideration. In an installment-purchase transaction, title to the project being financed is generally transferred to the State at the time the contract is executed, and a security interest is granted in the project to secure payment of the installment payments. Financing contracts are used when one entity is providing all of the financing for the particular project being financed (typically a bank, credit corporation, or private vendor).

COPs: According to the State Treasurer's Office, a certificate of participation (COPs) financing is a variation on a lease-purchase or installment-purchase transaction. The State enters into a lease-purchase or installment-purchase contract that provides for the making of lease or installment payments for the project over the term of the contract. The major difference, however, is that no one entity will be providing all of the funding for the particular project being financed. Thus, capital must be raised in the public markets to acquire or construct the project so that it can then be purchased by the State. The use of COPs is a method for raising the capital necessary to acquire or construct the project being financed.

In a typical COPs transaction, a nonprofit corporation is organized for the purpose of entering into a lease-purchase or installment-purchase contract with the State. The nonprofit corporation then raises capital to acquire or

construct the project to be purchased by the State by assigning or participating out its rights to receive the lease or installment payments to be made by the State pursuant to the contract. COPs are certificates that evidence that assignment of the rights to receive these lease or installment payments; and it is through the sale of COPs to investors that capital is raised to acquire or construct the project being financed.

3. Special obligation debt. Legislation could authorize the State to pledge non-tax revenues to repay debts. Special obligation debt differs from revenue bonds in that the revenues are not related to the project. This debt is problematic for the State because in most cases it is very difficult to determine with certainty whether specific revenues are considered tax or non-tax revenues under the Constitution. The law is very gray on this issue and the risk of litigation is significant. One source of revenues that is clearly non-tax is the State's right to receive payments under the tobacco settlement.

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 1726 (First Edition)

SHORT TITLE: UNC Nonappropriated Capital

SPONSOR(S): Rep. Allen

FISCAL IMPACT

Yes (X) **No ( )** **No Estimate Available ( )**

	($million) FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
REVENUES					
EXPENDITURES					
General Fund	**.05**	**1.1**	**2.3**	**10.9**	**10.2**
POSITIONS*	**3**	**22**	**50**	**167**	**167**

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: The University of North Carolina General Administration

EFFECTIVE DATE: This act is effective when it becomes law.

* General Fund position totals are cumulative.

BILL SUMMARY: The bill authorizes the construction and financing, without appropriations from the General Fund, of capital improvement projects of the constituent institutions of the University of North Carolina.

ASSUMPTIONS AND METHODOLOGY: The chart on the following pages was compiled with the assistance of the Associate Vice President for Finance for the UNC Office of the President. The chart shows the cost to construct and operate the proposed campus buildings and the source of funds for each facility. All projects are scheduled to begin construction in 2003 and have been approved by the Boards of Trustees of the campuses and the UNC Board of Governors. The effect of the bond debt on students is also shown.

The seven projects in Section 3 of the bill were previously authorized by the 2000 General Assembly as part of the $3.1 billion bond program in SB 912 (S.L. 2000, Chapter 3). These projects have received the following General Obligation bond funding:

	GO Bonds Authorized	HB 1726 Amount
North Carolina State University		
College of Engineering		
Phase I	$32,806,500	
Phase II	$46,565,200	$8,000,000
CVM Research Lab Building	$20,180,000	$14,584,000
Centennial Campus		
Research Lab Space Phase I	$18,900,000	$4,064,000
The University of North Carolina at Chapel Hill		
Carrington Hall Addition	$10,082,100	$2,077,900
Science Complex Phase I	$55,012,500	$18,037,500
Science Complex Phase II	$33,437,500	
The University of North Carolina at Pembroke		
Auxiliary Services Complex and Student Bookstore	$2,696,000	$1,500,000
The University of North Carolina at Wilmington		
Westside Building Expansion	$2,687,300	$3,000,000
TOTAL	$222,367,100	$51,263,400

Eight projects in the bill will require a General Fund appropriation to fund annual operating expenses. UNC-Chapel Hill's School of Medicine Research Facilities is the first to require operating money in FY 2002-03. Three more facilities require General Fund support in FY 2003-04, two more in FY 2004-05, and two more in FY 2005-06. The average operating cost for these eight buildings is $11.9 million over the next twenty years.

Campus	Project	Amount	Source of Funds	Effect of Debt on Students	Increase in Annual Operating Costs	Source of Operating Costs
Section 2						
Appalachian State University	Residence Halls Comprehensive Renovations	$12,000,000	Housing Receipts		$817,635	Housing Receipts
East Carolina University	Clement Resident Hall Renovations	$2,833,000	Housing Receipts			
	West End Dining Supplement	$3,357,000	Dining & Housing Receipts		$287,047	Dining & Housing Receipts
Elizabeth City State University	Renovation of Campus Dining Facility	$1,178,000	Dining Receipts		$537,868	Dining Receipts
Fayetteville State University	Athletic Facilities Improvements	$2,766,550	Athletic Receipts, Private Gifts and Debt Service Fee	$95/yr beginning Fall 2003	$238,298	General Fund
North Carolina State University	Soccer, Track, and Softball Complex	$4,500,000	Athletic Receipts		$85,677	Athletic Receipts
	Fire Safety - Residence Halls	$1,300,000	Housing Receipts		$155,399	Housing Receipts
	University Apartments for Upperclassmen Housing	$77,260,700	Housing Receipts		$2,589,558	Housing Receipts

Campus	Project	Amount	Source of Funds	Effect of Debt on Students	Increase in Annual Operating Costs	Source of Operating Costs
North Carolina State University (continued)	Parking Expansion Projects	$1,000,000	Parking Receipts		$15,728	Parking Receipts
UNC-Chapel Hill	208 West Franklin Street	$4,000,000	Private Gifts		$210,050	Private Gifts
	Kenan, McIver, Alderman Residence Hall Renovations	$10,500,000	Housing Receipts		$434,821	Housing Receipts
	Residence College Phase II	$46,500,000	Housing Receipts		$3,016,114	Housing Receipts
	School of Medicine Research Facilities	$77,700,000	Facilities & Administrative Receipts		$3,732,787	General Fund
	Ramshead Development	$12,800,000	Parking, Dining, Student Recreation Fee, Sales & Gift	$30-$40/yr beginning Fall 2003 (50% of fee)	$3,677,704	Parking, Dining, Student Recreation Fee, & Sales
	Hot Water Replacement Phase II	$5,000,000	Utilities Trust Fund			
UNC-Charlotte	Residence Hall Phase VIII	$22,000,000	Housing Receipts		$926,244	Housing Receipts
	Brocker Health Center	$7,150,000	Student Health Fee	$14/yr beginning Fall 2003	$219,757	Student Health Fee
	Parking Deck G	$8,300,000	Parking Receipts		$1,842	Parking Receipts

Campus	Project	Amount	Source of Funds	Effect of Debt on Students	Increase in Annual Operating Costs	Source of Operating Costs
UNC-Pembroke	Surface Parking Lot	$275,000	Parking Receipts		$138,159	Parking Receipts
	University Center Expansion	$3,000,000	University Center Debt Service Fee	$80/yr beginning Spring 2003	$88,714	University Center Debt Service Fee
	Improvements to Student Recreation Facilities	$600,000	Student Recreation Debt Service Fee	$16/yr beginning Spring 2003	$549,017	Student Recreation Debt Service Fee
UNC-Wilmington	University Union Building Expansion and Renovation (Supplemental Funding)	$22,400,000	Dining Receipts, Bookstore Receipts, and University Union Debt Fee	$115/yr beginning Spring 2003		
	Parking - 650 Spaces	$3,000,000	Parking Receipts			
	Wagoner Hall Renovations	$4,000,000	Dining Receipts			
	Residence Hall Renovations	$6,000,000	Housing Receipts			
Western Carolina University	Hospitality Management Center	$8,000,000	Federal Grant		$246,276	General Fund
Total		**$347,420,250**			**$4,217,361** **$13,751,334**	General Fund **Other Sources**

Campus	Project	Amount	Source of Funds	Effect of Debt on Students	Increase in Annual Operating Costs	Source of Operating Costs
Section 3 Previously Authorized						
North Carolina State University	College of Engineering Phase II	$8,000,000	Facilities & Administrative Receipts and Engineering Foundation funds		$1,764,997	General Fund
	College of Veterinary Medicine Research Lab Building	$14,584,000	Facilities & Administrative Receipts and Veterinary Practice Plan		$1,034,033	General Fund
	Centennial Campus Building	$4,064,000	Centennial Campus Receipts		$943,276	General Fund
UNC-Chapel Hill	Carrington Hall Addition	$2,077,900	Private Gifts		$877,879	General Fund
	Science Complex Phase I	$18,037,500	Private Gifts		$3,041,424	General Fund
UNC-Pembroke	Auxiliary Services Complex and Student Bookstore	$1,500,000	Student Services Debt Fee	$40/yr beginning Spring 2003		
UNC-Wilmington	Westside Building Expansion	$3,000,000	Student Debt Service Fee	$20/yr	$83,523	Student Debt Service Fee
Total		**$51,263,400**			**$7,661,609** **$83,523**	**General Fund** **Other Sources**

SOURCES OF DATA: Associate Vice President for Finance for the UNC Office of the President

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Richard Bostic

APPROVED BY: James D. Johnson

DATE: July 2, 2002

VISITOR REGISTRATION SHEET

Appropriations - Capital Subcommittee
Name of Committee

7/10/02
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mark Fleming	UNC System
Jonathan Ducote	UNC System (DUG)
Matthew Spencer	NC State Stud. Gov't.
Colin Rogister	UNC System
Jen Daum	UNC - Chapel Hill
Laura Delma	DENR
John Sutherland	DENR - Water Resources
R. Rogers	DENR.
Jeff Douglas	UNC
Rob Nelson	UNC
Dwayne Pinkney	UNC
KEVIN MacNAUGHTON	UNC
Russ Lea	UNC
Donna Rosfield	DCR
Willie Riddick	DOR
Diana Wilkins	Mercer & Assocs.
Sabah Rafek	VIF
Mary Doty	VIF
Carl Munger	Asheville City Council
Jan Ellis	Asheville City Council
Lorrie M. Carter	DHHS
Ed Rizer	UNC-Charlotte

AGENDA

HOUSE APPROPRIATIONS SUBCOMMITTEE ON CAPITAL
WEDNESDAY, JULY 17, 2002
12:00 NOON ROOM 425 LOB

Introduction and Opening Remarks
Rep. Thomas Wright, Chair

HB 1726 – UNC Non-Appropriated Capital
Dwayne Pinkney
Associate Vice President
UNC General Administration

DENR Water Resource Development Projects – Follow-up
John Sutherland
DENR Division of Water Resources

MINUTES

HOUSE APPROPRIATIONS SUBCOMMITTEE ON CAPITAL
WEDNESDAY, JULY 17, 2002
12:00 NOON 425 LOB

The House Appropriations Subcommittee on Capital met on Wednesday, July 17, 2002 at 12:00 Noon in Room 425 LOB. A silent roll was taken, (roll list denotes members present).

HB-1726 UNC NON-APPROPRIATED CAPITAL.(Rep. Allen)

Dwayne Pinkney, Associate Vice President of Finance, explained the bill to the committee. Rep. Daughtry asked about the authorization of the projects in the bill. Dwayne Pinkney responded that the NC General Assembly authorized the projects in the 2000 bond referendum that was put to the voters. Rep. Daughtry asked if the projects were being built by proceeds outside of the bond. Dwayne Pinkney responded. Rep. Daughtry asked if the projects were going to be funded outside of the bond. Dwayne Pinkney responded. Rep. Daughtry asked about the 26 projects. Dwayne Pinkney responded that the request from the projects comes from the campus Board of Trustees and the Board of Governors. Rep. Shubert commented on the bond issue. Rep. Haire commented on self-liquidating bonds for the universities. Rep. Shubert commented on the self-liquidating bonds and the overhead receipt projects. Rep. Holmes asked if there were any projects out of the 33 projects receiving direct appropriations. Dwayne Pinkney responded that campuses could request general fund dollars for the operation cost for the facilities that are used for academic purposes. Rep. Holmes asked if the capital projects would receive appropriations. Dwayne Pinkney responded. Rep. Nesbitt asked about the new method of financing for the universities and the credit rating. Dwayne Pinkney responded. Rep. Nesbitt asked the repayment of the bonds. Dwayne Pinkney responded. Rep. Nesbitt asked about the amount of overhead receipts used for repayment on the bonds annually. Dwayne Pinkney responded and stated that he would have to get an annualized figure for the committee. Rep. Nesbitt expressed his concern for the use of overhead receipts. George Worsley, Chief Financial Officer of NC State University, spoke on overhead receipts for North Carolina State University projects. Rep. Nesbitt commented. Rob Nelson, of UNC, spoke on debt services. George Worsley commented on renting versus leasing. Rep. Nesbitt commented on the limited liability corporations on North Carolina State campus. Rob Nelson responded. Rep. Nesbitt asked about the overhead receipt money. Rob Nelson responded. George Worsley responded to the Limited Liability Corporations question presented by Rep. Nesbitt. Rep. Nesbitt responded and recommended amending the bill to delete overhead receipts. Chairman Wright asked if Rep. Nesbitt wanted to amend the bill and that he could amend the bill in the full Appropriation Committee. Dwayne Pinkney stated that he could provide the committee with a list of overhead receipt projects. Rep. Justus wanted clarification about the $110 million overhead receipt projects. Dwayne Pinkney responded. Rep. Justus

asked if the Koran was used as the requirement for new students. Kevin Fitzgerald, liaison for UNC, responded that students had the option to read the book or have the option to write an essay because there is no credit associated with the reading. Rep. Holmes asked if this was voluntary or required. Kevin Fitzgerald responded that it was at the discretion of the student to read the book. Rep. Justus commented and deferred to Rep. Shubert. Rep. Shubert commented on the reading of the Koran. Rep. Minor commented on the bill.

Rep. Haire moved to give HB-1726 a favorable report and re-refer the bill to the full Appropriations committee. So moved.

DENR Water Resources Development Projects

Rep. Wright entertained a motion to move the report of the Water Resources Development Projects to the full Appropriations committee.

Rep. Tolson moved to have the Water Resources Development Project report moved to the full Appropriations committee. So moved.

The committee adjourned at 12:45pm.

Rep. Thomas E. Wright, Chair

Vanda Wilson-Wormack, Committee Assistant

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H 1

HOUSE BILL 1726*

Short Title:	UNC Nonappropriated Capital.	(Public)
Sponsors:	Representative Allen.	
Referred to:	Appropriations.	

June 13, 2002

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE CONSTRUCTION AND THE FINANCING, WITHOUT APPROPRIATIONS FROM THE GENERAL FUND, OF CERTAIN CAPITAL IMPROVEMENTS PROJECTS OF THE CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

SECTION 1. The purpose of this act is: (i) to authorize the construction, by certain constituent institutions of The University of North Carolina, of the capital improvements projects listed in this act for the respective institutions, and (ii) to authorize the financing of these projects with funds available to the institutions from gifts, grants, receipts, self-liquidating indebtedness, or other funds, or any combination of these funds, but not including funds appropriated from the General Fund of the State.

SECTION 2. The capital improvements projects, and their respective costs, authorized by this act to be constructed and financed as provided in Section 1 and Section 5 of this act are as follows:

1.	Appalachian State University	
	Residence Halls Comprehensive Renovations	$12,000,000
2.	East Carolina University	
	Clement Residence Hall Renovations	2,833,000
	West End Dining Hall Supplement	3,357,000
3.	Elizabeth City State University	
	Renovation of Campus Dining Facility	1,178,000
4.	Fayetteville State University	
	Athletic Facilities Improvements	2,766,550

5.	North Carolina State University	
	Soccer, Track, and Softball Complex	4,500,000
	Fire Safety – Residence Halls	1,300,000
	University Apartments for Upperclassmen Housing	77,260,700
	Parking Expansion Projects	1,000,000
6.	The University of North Carolina at Chapel Hill	
	208 West Franklin Street	4,000,000
	Kenan, McIver, Alderman Residence Hall Renovations	10,500,000
	Residence College Phase II	46,500,000
	School of Medicine Research Facilities	77,700,000
	Ramshead Development	12,800,000
	Hot Water Replacement Phase II	5,000,000
7.	University of North Carolina at Charlotte	
	Residence Hall Phase VIII	22,000,000
	Brocker Health Center	7,150,000
	Parking Deck G	8,300,000
8.	The University of North Carolina at Pembroke	
	Surface Parking Lot	275,000
	University Center Expansion	3,000,000
	Improvements to Student Recreation Facilities	600,000
9.	The University of North Carolina at Wilmington	
	University Union Building Expansion and Renovation (Supplemental Funding)	22,400,000
	Parking – 650 Spaces	3,000,000
	Wagoner Hall Renovations	4,000,000
	Residence Hall Renovations	6,000,000
10.	Western Carolina University	
	Hospitality Management Center	8,000,000
	TOTAL	$347,420,250

SECTION 3. The capital improvements projects listed in this section were authorized in S.L. 2000-03. The capital improvements projects, and their respective costs, authorized by this act to be financed as provided in Section 1 and Section 5 of this act, are as follows:

1.	North Carolina State University	
	College of Engineering Phase II	$ 8,000,000
	CVM Research Lab Building	14,584,000

	Centennial Campus Building	4,064,000
2.	The University of North Carolina at Chapel Hill	
	Carrington Hall Addition	2,077,900
	Science Complex Phase I	18,037,500
3.	The University of North Carolina at Pembroke	
	Auxiliary Services Complex and Student Bookstore	1,500,000
4.	The University of North Carolina at Wilmington	
	Westside Building Expansion	3,000,000
	TOTAL	$ 51,263,400

SECTION 4. At the request of the Board of Governors of The University of North Carolina and upon determining that it is in the best interest of the State to do so, the Director of the Budget may authorize an increase or decrease in the cost of, or a change in the method of funding, the projects authorized by this act. In determining whether to authorize a change in cost or funding, the Director of the Budget may consult with the Joint Legislative Commission on Governmental Operations.

SECTION 5. Pursuant to G.S. 116D-26, the Board of Governors may issue, subject to the approval of the Director of the Budget, at one time or from time to time, special obligation bonds of the Board of Governors for the purpose of paying all or any part of the cost of acquiring, constructing, or providing for the projects authorized by this act. The maximum principal amount of bonds to be issued shall not exceed the specified project costs in Sections 2 and 3 of this act plus six million dollars ($6,000,000) for related additional costs, such as issuance expenses, funding of reserve funds, and capitalized interest.

SECTION 6. This act is effective when it becomes law.

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 1726 (First Edition)

SHORT TITLE: UNC Nonappropriated Capital

SPONSOR(S): Rep. Allen

FISCAL IMPACT

Yes (X) **No ( )** **No Estimate Available ( )**

	($million)				
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
REVENUES					
EXPENDITURES					
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POSITIONS*	3	22	50	167	167

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: The University of North Carolina General Administration

EFFECTIVE DATE: This act is effective when it becomes law.

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UNC-Charlotte	Residence Hall Phase VIII	$22,000,000	Housing Receipts		$926,244	Housing Receipts
	Brocker Health Center	$7,150,000	Student Health Fee	$14/yr beginning Fall 2003	$219,757	Student Health Fee
	Parking Deck G	$8,300,000	Parking Receipts		$1,842	Parking Receipts

Campus	Project	Amount	Source of Funds	Effect of Debt on Students	Increase in Annual Operating Costs	Source of Operating Costs
UNC-Pembroke	Surface Parking Lot	$275,000	Parking Receipts		$138,159	Parking Receipts
	University Center Expansion	$3,000,000	University Center Debt Service Fee	$80/yr beginning Spring 2003	$88,714	University Center Debt Service Fee
	Improvements to Student Recreation Facilities	$600,000	Student Recreation Debt Service Fee	$16/yr beginning Spring 2003	$549,017	Student Recreation Debt Service Fee
UNC-Wilmington	University Union Building Expansion and Renovation (Supplemental Funding)	$22,400,000	Dining Receipts, Bookstore Receipts, and University Union Debt Fee	$115/yr beginning Spring 2003		
	Parking - 650 Spaces	$3,000,000	Parking Receipts			
	Wagoner Hall Renovations	$4,000,000	Dining Receipts			
	Residence Hall Renovations	$6,000,000	Housing Receipts			
Western Carolina University	Hospitality Management Center	$8,000,000	Federal Grant		$246,276	General Fund
Total		**$347,420,250**			**$4,217,361** **$13,751,334**	General Fund **Other Sources**

Campus	Project	Amount	Source of Funds	Effect of Debt on Students	Increase in Annual Operating Costs	Source of Operating Costs
Section 3 Previously Authorized						
North Carolina State University	College of Engineering Phase II	$8,000,000	Facilities & Administrative Receipts and Engineering Foundation funds		$1,764,997	General Fund
	College of Veterinary Medicine Research Lab Building	$14,584,000	Facilities & Administrative Receipts and Veterinary Practice Plan		$1,034,033	General Fund
	Centennial Campus Building	$4,064,000	Centennial Campus Receipts		$943,276	General Fund
UNC-Chapel Hill	Carrington Hall Addition	$2,077,900	Private Gifts		$877,879	General Fund
	Science Complex Phase I	$18,037,500	Private Gifts		$3,041,424	General Fund
UNC-Pembroke	Auxiliary Services Complex and Student Bookstore	$1,500,000	Student Services Debt Fee	$40/yr beginning Spring 2003		
UNC-Wilmington	Westside Building Expansion	$3,000,000	Student Debt Service Fee	$20/yr	$83,523	Student Debt Service Fee
Total		**$51,263,400**			**$7,661,609** **$83,523**	**General Fund** **Other Sources**

SOURCES OF DATA: Associate Vice President for Finance for the UNC Office of the President

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Richard Bostic

APPROVED BY: James D. Johnson

DATE: July 2, 2002

2002 PERMANENT SUBCOMMITTEE REPORT
HOUSE OF REPRESENTATIVES

FOR RECOMMENDING BILLS TO STANDING COMMITTEE OR TO THE FLOOR OF THE HOUSE
The following report(s) from permanent sub committee(s) is/are presented:
By Representative(s) **Wright** (Chair) for the Permanent Appropriations Subcommittee on **CAPITAL** of the Standing Committee on **APPROPRIATIONS.**

☐ Committee Substitute for
H.B. 1726 A BILL TO BE ENTITLED AN ACT TO AUTHORIZE THE CONSTRUCTION AND THE FINANCING, WITHOUT APPROPRIATIONS FROM THE GENERAL FUND, OF CERTAIN CAPITAL IMPROVEMENTS PROJECTS OF THE CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA.

REPORTED TO THE STANDING COMMITTEE ON **APPROPRIATIONS**

RECOMMENDED ACTION:

☐ With a favorable recommendation.

☒ With a favorable recommendation and recommend that the bill be re-referred to the Committee on **Appropriations.**

☐ With a favorable recommendation, as amended.

☐ With a favorable recommendation, as amended, and recommend that the bill be re-referred to the Committee on .

☐ With an unfavorable recommendation.

☐ With a favorable recommendation as to proposed committee substitute bill, ☐ which changes the title, unfavorable as to original bill.

☐ With a favorable recommendation as to proposed House committee substitute bill, ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ Without prejudice.

☐ Other recommended action: _____.

WITH APPROVAL OF STANDING COMMITTEE CHAIR(S) FOR REPORT TO BE MADE DIRECTLY TO THE FLOOR OF THE HOUSE:
Representative for the Standing Committee on _____.

s/_____

☐ With a favorable report.
☐ With a favorable report, as amended.
☐ With a favorable report as to the committee substitute bill (#), ☐ which changes the title, unfavorable as to (the original bill) (Committee Substitute Bill #). (and recommendation that the committee substitute bill (#) be referred to the Committee on .)

05/13/02

NORTH CAROLINA DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
DIVISION OF WATER RESOURCES

WATER RESOURCES DEVELOPMENT PROJECT GRANT PROGRAM

Description: This program is designed to provide state cost-sharing grants and technical assistance to units of local government in the State of North Carolina for the following purposes: general navigation, recreational navigation, water management (including flood control and drainage), stream restoration, beach protection, water-based recreation (including land acquisition and facility development), and aquatic weed control. The grants can assist local governments in funding either the non-federal cost of a federal project or the entire cost of a project having no federal funding.

Eligibility: Any local government or unit of local government, such as a soil & water conservation district, school board, or public works commission, is eligible to receive a grant under this program.

Application Process: The local government sponsor prepares an application as described on the last page of the booklet, "Water Resources Development Project Grant Program". This booklet can be found on the Internet at http://www.ncwater.org/Financial_Assistance/ or obtained by contacting either John Sutherland at 919-715-5446 or **john.sutherland@ncmail.net** or Jeff Bruton at 919-715-5446 or **jeff.bruton@ncmail.net**. Completed applications should be sent to the following address:

John Sutherland
NC Division of Water Resources
1611 Mail Service Center
Raleigh, NC 27699-1611

There are usually two grant cycles per year, one in the fall and another in the spring. The deadlines for grant applications are January 1st and July 1st but applicants are encouraged to send in their applications as soon as they have them prepared so that site visits and technical review can occur.

Grant Amounts: Over the past five years grants to local governments have averaged $40,000, but they have ranged from as low as $3,000 to as high as $1,000,000. The maximum grant percentages of the non-federal project cost by category are as follows:

General Navigation:	80 percent
Recreational Navigation:	25 percent
Water Management:	66 and 2/3 percent
Stream Restoration:	66 and 2/3 percent
Beach Protection:	75 percent
Water-Based Recreation:	50 percent
Aquatic Weed Control:	50 percent
Feasibility Studies:	50 percent

VISITOR REGISTRATION SHEET

Appropriations - Capital
Name of Committee

7/17/02
Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
KEVIN MacNAUGHTON	UNC
Lehtia Withrow	NC StateWatch
Dwayne Pinkney	UNC
RS Alston	UNC
Margaret McKinney	Intern
Mark Fleming	University System
[illegible]	NCSU
Kevin FitzGerald	UNC-CH
Greg Piner	OSBM
[illegible]	UNC OPERA
John Sutherland	DENR, Division of Water Resources