

Joint Legislative Commission on Governmental Operations

Subcommittee Reports



December 7, 2005

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***Statewide/Capital/
General Government
Subcommittee***

REPORT
Statewide/Capital/General Government
Subcommittee

December 6, 2005

Chairman: Senator Linda Garrou

Requests to Increase Fees per S.L. 2001-427, Section 8(a):

NC Board of Recreational Therapy Licensure

Becky Garrett

Executive Director

Committee Findings: The Board was formerly referenced as the Therapeutic Recreation Certification Personnel Act under G.S. 90C. The statute was amended and the Board is now authorized under the NC Recreational Therapy Licensure Act with a new set of fees per HB 613. The Board's proposal is to increase the following fees in the amounts indicated that are within the maximum allowances: 1) initial application fees of \$100 for therapists and \$50 for therapy assistants; 2) renewal fees of \$50 for therapists and \$25 for therapy assistants; 3) inactive status of \$35; 4) license revision or replacement fee of \$10; 5) record maintenance fees of \$50 for therapists and \$25 for therapy assistants; and 6) purchase mailing label fee of \$50. The increased fees will allow the Board to increase the operating budget beyond the current level of \$10,000.

NC Board of Pharmacy

Denise Stanford

Board Counsel

Committee Findings: The Board presented the increases in fees that were effective October 1, 2005 to charge the maximums for initial registration and annual renewal of out-of-state pharmacies. The current fee of \$250 for initial registration would increase to \$500, and the \$125 fee for annual renewal to \$200.

NC State Board of Dental Examiners (2 Items)

Denise Stanford

Board Counsel

Committee Findings: The Board proposes to set separate fees for application for dental licensure and application to take the Board examination. The current practice is to charge a single fee of \$675 for both. G.S. 90-30(a) is being amended to allow the Board to accept results of other Board-approved regional or national independent third-party clinical examinations. The rule that accompanies the statutory change gives the Board permission to accept passing scores on examinations given by the Council of Interstate Testing Agencies (CITA). The exams are taken the senior year of dental school in a curriculum-integrated format (CIF), and include testing of four (4) components. The CITA exam will be offered annually to allow individuals not in dental school to take all components at one time. The fee to the Board to administer the CITA exam is \$1,400. The Board will also charge a \$395 fee for licensure in the State that includes a criminal history check, etc. The subcommittee placed the Board on notice that the \$395 fee should be stable, as noted in the report, and satisfy inflationary changes for the next five (5) years. The Board was directed to submit a revised letter to the Commission that clarifies this intent.

The Board pursued this change in testing as a result of recommendations of the NC Institute of Medicine Task (NCIOM) Force on Dental Care. In 1999 the DHHS, at the request of the General Assembly, asked the NCIOM to undertake a study of services to Medicaid patients, which included the task force review of dentists and dental professionals. There were 23 recommendations and #11 specifically recommended that the Board “should be required to evaluate the competencies required by the different regional examinations to determine if these examinations ensure the same level of professional competence required to pass the North Carolina clinical examination”. The proposed testing and fee changes are related to the recommendation.

Department of Administration (2 Items)

Request to Establish Receipt-Supported Position (S.L. 2001-424, Section 32.19A)

Barbara Williams
Classification Analyst

Committee Findings: The Department consulted on the establishment of one (1) Processing Assistant IV for the Vehicle Disposal Section of the State Surplus Property Division. This position will assist the manager in the daily operational needs of the section and fill-in for the manager during unavailability and absences. The position will be funded from receipts from the sale of surplus property. The Subcommittee accepted the report.

Review of Land Transactions Exceeding \$25,000 in Value (G.S. 143-341(4) g; 146-22, -27, -29.1, -30, -74)

Joe Henderson
State Property Officer

Committee Findings: The Department reported on ten (10) acquisitions by deed. The Department deferred consultation on one (1) land exchange between the State of North Carolina and Southwestern Community College. The full report will be reported to the Full Commission.

Office of State Auditor (1 Item)

Request to Establish Receipt-Supported Position (S.L. 2001-424, Section 32.19A)

Charles Williford
Director
IS Audit

Committee Findings: The Department consulted on the establishment of three (3) Information System Auditor II positions. The positions are needed to help the Information System Audit Division within the Office of State Auditor perform general control reviews, vulnerability assessments, and application reviews of all State government systems on a rotational basis as the Division expands audit coverage in the Homeland Security area. The positions will also allow for adequate staffing of the Division's new Strategic Audit Initiative that will be proactively examining State agency data for fraudulent transactions. The positions will be funded from reimbursements from primary governments and component units. The effective date of the positions is January 1, 2006. The Subcommittee accepted the report. However, the Subcommittee clarified with the State Auditor that this classification of audit position is what the Office needs to meet audit responsibilities, as this differs from the positions discussed during the 2005 Session. The Office was also asked about the average State salary for Financial Audit positions as compared to the market, and about employing auditors through contractual arrangements. The Subcommittee accepted the report.

Department of Insurance (2 Items)

Request to Establish Receipt-Supported Position (S.L. 2001-424, Section 32.19A)

Jim Newman
Controller

Committee Findings: The Department consulted on the establishment of a Home Inspector Investigator position and a Grants Accountant I position. The Home Inspector Investigator will be responsible for handling complaints received by the Manufacturing Housing Board. The position will be funded with licensing, exam, and continuing education fees from home inspectors. The Department indicated that inspections have increased from 300-1,100 annually. The Grants Accountant I will be responsible for monitoring, tracking, and accounting for all federal and state grant awards. The position will be funded from federal grants. The effective date for both positions is January 2006. The Subcommittee accepted the report.

Office of State Budget and Management (2 Items)

Report on Budget Revisions to Capital Projects (2003-284, Sec. 31.7)

Jim Lora
Asst. State Budget Officer for Capital

Committee Findings: The Office of State Budget and Management reported on budget revisions to capital projects. There were nine (9) budget revisions that involved increases of funding from various sources, including student fees, housing receipts, parking receipts, trust funds, and federal grants. The Subcommittee accepted the report.

Consultation Prior to Allocation of Funds From the Contingency and Emergency Fund (G.S. 120-76(8)a and G.S. 143-12(b))

Jim Lora
Asst. State Budget Officer for Capital

Committee Findings: The Office of State Budget and Management consulted on two (2) requested allocation from the Contingency and Emergency Account. The first allocation is to pay for legal services for two firms engaged by the NC Attorney General's Office. The two firms have specialized expertise and will assist the AG's Office in its litigation to force the Tennessee Valley Authority to reduce pollution released into the air by power plants controlled by TVA. The full report will be presented to the Full Commission. The second allocation provides \$3.4 million from the \$5 million appropriated for C&E in FY 2005-06 for the Weatherization Program administered by the DHHS. It is anticipated that home-heating costs will rise from \$300 to \$400 this year, and additional funding will be needed to assist low-income families. OSBM will also redirect \$3.1 million in existing funds to the program, as well. The allocations will be reported to the Full Commission. For that report the Subcommittee directed OSBM to provide the total amount of funding [from all sources] that will be spent on the Weatherization Program in FY 2005-06.

Office of State Personnel (1 Item)

Annual Reports on Safety and Health Activities of State Agencies (G.S. 143-583)

Mike Chapman
HR Consultant/Safety and Health
Benefits and Compensation

Committee Findings: The Office of State Personnel presented annual safety and health reports for 2003 and 2004. For both years, increases were noted in worker's compensation costs. The most significant improvement in compliance occurred the University system both years. A lack of emphasis on promoting safety and health continues to be a responsibility of management statewide, as well as non-participation in training. The subcommittee wants OSP to develop a list of concerns/problems related to promoting safety and health in State agencies. The list should also include suggestions for offering incentives to promote safety and health, and a review of Best Practices in other States, particularly Virginia that would be applicable in North Carolina.

For FY 2002-2003 the following assessments were noted: an average of 86% of Department and 91% of University of written program components were in compliance; and there was 10% decline in Departments, but a 6% improvement in Universities safety and health program compliance. In terms of Workers'

Compensation, there was a 7% decline in claims, but total cases with lost and/or restricted workdays increased 14% (93,644 days) from FYE 2002 to FYE 2003. The total dollar lost increased by 16% from \$32.6m for FYE 2002 to \$37.9m for FYE 2003 for accidents, injuries and workers' compensation expenditures. There was one fatality that year.

For FY 2003-2004 the following assessments were noted: an average of 81% of Department and 99% of University of written program components were in compliance; and there was 15% decline in Departments, but a 14% improvement in Universities safety and health program compliance. In terms of Workers' Compensation, there was a 6.9% increase in claims, and total cases with lost and/or restricted workdays increased 14.35% (107,332 days) from FYE 2003 to FYE 2003. The total dollar lost increased by 8.66% from \$37.9m for FYE 2003 to \$41.29m for FYE 2004 for accidents, injuries and workers' compensation expenditures. There were three fatalities that year.

The Subcommittee accepted the report.

***Justice
and
Public Safety
Subcommittee***

**REPORT OF THE
JOINT GOVERNMENTAL OPERATIONS SUBCOMMITTEE ON
JUSTICE AND PUBLIC SAFETY MEETING**

Tuesday, December 6, 2005

The Justice & Public Safety Subcommittee heard and accepted the following:

Department of Correction

- **Consultation on Grant Matching Funds:** The DOC is allowed to use up to \$750,000 in lapsed salaries to match grants. DOC reported that they plan to use \$340,254 to match the federal grant for Residential Substance Abuse Treatment (RSAT) to continue programs at eight facilities. DOC also reported that it would use \$18,750 from lapsed salaries to match a supplemental grant award for continuing Job Start II, a reentry/transition program for offenders. The Subcommittee accepted the report and recommended transmittal to full Governmental Operations

Department of Crime Control and Public Safety

- **Federal Seized/Forfeited Asset Request:** The Alcohol Law Enforcement Division consulted with the Subcommittee on the use of \$53,540 in federal seized and forfeited asset receipts to purchase rifle ammunition and carrying cases, mobile data terminals, sidearm holsters, and for polygraph examiner school tuition and per diem costs. The Subcommittee accepted the report and recommended transmittal to full Governmental Operations

Department of Justice

- **Report on Lawsuits and Settlements:** The Department reported that the state received a total \$613,493 in restitution and penalties from Gambro Healthcare, Inc. which owns and operates dialysis practices and treatment centers. The state Medicaid Program received \$314,228 as restitution. A portion of the state share will be returned to affected counties based upon their participation in the Medicaid Program. The remaining \$299,265 will be paid to the Civil Penalty Forfeiture Fund for the support of public schools.

The State received \$296,034 in restitution and penalties from Albermarle Home Care Systems, Inc., which provided durable medical equipment and services for Medicaid participants. The state Medicaid Program received \$197,356 in restitution. A portion of the state share will be returned to affected counties based upon their participation in the Medicaid Program. The remaining \$98,678 will be paid to the Civil Penalty Forfeiture Fund for the support of public schools.

In November 2005, Indemnity Insurance Company of America, Inc., paid \$375,000 to the state to be used for reimbursement of attorney and investigative costs, consumer restitution, education and enforcement purposes. Refunds will be issued to more than 250 consumers who paid fees to the "Together Dating Service", which closed its North Carolina offices in 2001.

- **Request to Establish Receipt-Supported Positions:** The Subcommittee considered a request to increase a receipt-supported Paralegal II (PG67) position from half time to full time. The position provides support services for the Department of Agriculture, Structural Pest Control

Division. The position will be 100 percent supported with federal receipts transferred the state Department of Agriculture. This request was accepted and transmitted to full Governmental Operations.

- **Federal Seized/Forfeited Asset Request:** The State Bureau of Investigation (SBI) reported on the receipt of a 2003 sport utility vehicle (SUV) from Federally Forfeited Property Program. The SBI will use the SUV for investigative and prosecutorial purposes. The Subcommittee accepted the report and recommended transmittal to full Governmental Operations
- **Status Report On SAFIS System Replacement:** The Criminal Justice Information Board (CJIN) and SBI presented a status report on the plan to replace the State-wide Automated Fingerprint Information System (SAFIS), which has exceeded its projected lifespan and will no longer be supported by a maintenance contract after December 2006. Robin Pendergraft, SBI Director, and Bob Brinson, CJIN Chairman, presented the plan and options for funding the system replacement and operating costs, currently estimated in the range of \$26 to \$30 million. Rebecca Troutman, Director of Research and Technology for the NC Association of County Commissioners, spoke in support of the proposal, stating that counties will continue to provide resources for the ongoing county-level operating costs associated with SAFIS equipment. *A Request for Proposal will be issued in December and the parties involved will consult with Governmental Operations prior to issuing a contract.*

Judicial Department

- **Request to Establish Receipt-Supported Positions:** The Office of Indigent Defense Services requested approval to establish an Attorney Fee Coordinator position in the Trial Court Administrator's office in District 26 (Mecklenburg County). The position would work with the local court community to improve recoupment of indigent defense costs from clients. The position will be funded through increased recoupment receipts. This request was accepted and transmitted to full Governmental Operations.
- **Report on Orange/Chatham Community Resource Court:** Judge Joe Buckner, Chief District Court in District 15B, Orange and Chatham Counties, presented information on his Community Resource Court, also known as Mental Health Court. This court serves to link the criminal justice community with mental health treatment providers at the local level. This report was for educational purposes only, and required no action by the committee.

***Transportation/Natural
and Economic Resources
Subcommittee***

Transportation/Natural and Economic Resources Governmental Operations Subcommittee Report – December 6, 2005

Representative Jim Crawford was the Chairman for the meeting. The Transportation/NER Subcommittee heard the following agenda items.

New Receipt-Supported Positions/Consultation Requirement (G.S. 143-34.1)

The departments reported on their proposed receipt-supported positions in the following divisions:

Department of Commerce – Total of 2 positions.

Employment and Training Division – 2 positions including:

- 1- Technology Support Analyst position to be funded with federal funds from the Workforce Investment Act. (Effective 01/01/06)
- 1 - Office Assistant IV position to be funded with federal funds from the Workforce Investment Act. (Effective 01/01/06)

Department of Environmental and Natural Resources – Total of 3 positions.

Division of Water Quality – 1 position:

- 1- Environmental Biologist II position funded by the Ecosystem Enhancement Program. (Effective 01/01/06)

Division of Inland Fisheries (Wildlife Resources Commission) – 2 positions including:

- 1- Wildlife/Fisheries Technician III position to be funded by the Ecosystem Enhancement Program. (Effective 01/01/06)
- 1- Wildlife/Fisheries Biologist Supervisor I position to be funded by the Ecosystem Enhancement Program. (Effective 01/01/06)

The Subcommittee recommended a favorable report on these receipt-supported positions to the Full Commission.

Reporting Requirement

In accordance with G.S. 143-722(a), the Tobacco Trust Fund Commission submitted its annual report. The Subcommittee was briefed on the Commission's past and current grant activities. The Commission reported a possible 18% reduction in Master Settlement Agreement funds in the upcoming year, due to a national decline in tobacco sales. Currently \$34 million is being diverted from the Fund to aid in State budgetary shortfalls and \$2 million to aid in university bond debt payments.

***Education/Health
and
Human Services
Subcommittee***

JOINT GOVERNMENTAL OPERATIONS SUBCOMMITTEE

Education/Health and Human Services

December 6, 2005 Subcommittee Report

Senator Lucas called the meeting to order. Two items were presented to the Joint Subcommittee on Education/Health and Human Services.

1. Department of Public Instruction – Receipt-Supported Positions

The Department of Public Instruction submitted a plan to create five receipt-supported positions in the Information Technology Business Delivery Division. All of the positions will perform services that are currently provided through vendor contracts. This conversion of contract positions to receipt-supported agency positions will save approximately \$110,000 annually, and will complete DPI's initiative to convert contract positions to agency positions. Total requirements for the five positions within the Department will be \$441,402.

These positions are being presented to the Full Commission through this subcommittee report in accordance with the consultation requirement before the establishment of these positions.

2. Department of Health and Human Services – Block Grant Changes

In accordance with Section 5.1(d) of Session Law 2005-276, the Department of Health and Human Services presented proposed increases to the following block grants:

- Social Services Block Grant ((\$168,702)
- Temporary Assistance to Needy Families Block Grant (\$62,954)

The proposed increases will cover the cost of legislatively mandated increases for salary, retirement, and employee health plan for FY 2005-06 for 415.46 positions partially funded through the two block grants. The source of funding for these increases is carryforward from FY 2004-05 for both block grants.

These block grant changes are being presented to the Full Commission through this subcommittee report in accordance with the consultation requirement before the block grant changes are implemented.