

**Joint Legislative  
Commission  
on  
Governmental Operations  
Subcommittee Reports**



**November 18, 2009**

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

Joint Legislative Commission on Governmental Operations  
**Subcommittee on Statewide/Capital/General Government**  
Subcommittee Report  
Tuesday, November 17, 2009, 1:00 P.M.  
Room 544, LOB

Senator Linda Garrou called the meeting to order. The Statewide/Capital/General Government Subcommittee heard the fee requests and required Non-Capital and Capital reports.

**Requests to Increase Fees per G.S. 12-3.1:**

**1. NC Substance Abuse Professional Practice Board**

**E. Ann Christian, Rulemaking Coordinator**

*Summary:* The NC Substance Abuse Professional Practice Board is the registering, certifying, and licensing authority for substance abuse professionals and is charged to safeguard the health, safety, and welfare of the public. For this purpose the Board is also authorized to provide for the establishment of standards for the education of credentialed substance abuse professionals, including their continuing education. The Committee heard a request from the Board to approve a change to the General Statutes that reflects the increased continuing education fees that are already charged by the Board to individuals, substance abuse facilities, health education centers, and colleges providing continuing education for persons credentialed by the Board. In FY 2008-09 the Board collected \$24,128.32 in revenue from these fees.

*Committee Action:* The Subcommittee gave a favorable report to the fee increases requested by the North Carolina Substance Abuse Professional Practice Board.

**2. State Board of Examiners of Plumbing, Heating and Fire Sprinkler Contractors**

**Nick Fountain, Attorney**

*Summary:* The Committee heard a request from the State Board of Examiners of Plumbing, Heating and Fire Sprinkler Contractors to approve an increase in the fees charged for various licenses and materials by the Board. The Board has operated since 2004 without any user fee increases. These fees are charged every three years.

*Committee Action:* The Subcommittee accepted the fee increases proposed by the State Board of Examiners of Plumbing, Heating and Fire Sprinkler Contractors.

**3. Department of Insurance**

**Rose Vaughn Williams, Legislative Counsel**

*Summary:* The Office of the State Fire Marshal is a division of the Department of Insurance charged with the responsibility of permitting and licensing applicants relating to safe practices for the storage, use, handling, discharge and display of pyrotechnics in the State of North Carolina. The Committee heard a request from the Department of Insurance to charge new fees for initial and renewal operator permit applications, in accordance with recently-enacted S.L. 2009-507. The purpose of this fee is to promote public safety and health. These fees are expected to generate approximately \$3 million annually.

*Committee Action:* The Subcommittee accepted the proposed fees requested by the Department of Insurance.

## **Required Reports**

### **Non-Capital**

#### **1. Department of Administration**

##### **Quarterly Reports on Use of State-Owned Motor Vehicles for April-June and July-September 2009 (G.S. 143-431 (8))**

**Speros Fleggas, Deputy Secretary**

*Summary:* The Committee heard two quarterly reports from Motor Fleet Management on the use of state-owned passenger motor vehicles. Several members of the subcommittee expressed concern about recent newspaper articles highlighting the idle status of many state-owned vehicles. Motor Fleet staff responded that, due to the Governor's recent Executive Order restricting travel, many vehicles are not currently utilized by agencies at the rate that was initially estimated at the time vehicles were requested. Members of the subcommittee requested that the Department provide copies of the most recent report on Motor Fleet Management that was conducted by the Office of State Budget and Management in 2002. The Chair further recommended that members of the subcommittee suggest that their Appropriations Subcommittees propose cost-effective strategies in dealing with Motor Fleet Management policies during the next legislative session.

*Committee Action:* The Subcommittee accepted the report.

#### **Department of Cultural Resources**

##### **1. Report on the Tryon Palace Historic Sites and Gardens Fund (S.L. 2005-276, Part XIX-A, Sec. 19A.1)**

**Greg Piner, Controller**

*Summary:* This is an annual report on receipts the historic site receives from entrance fees that are credited to the Tryon Palace Historic Sites and Gardens Fund, which is a special and non-reverting fund. Receipts may be used for repair, renovation, expansion, and maintenance at the historic site. For FY 2008-09, \$490,924 in admission fees and \$64,399 in interest were collected and deposited into the Fund. The beginning balance in FY 2008-09 was \$1,487,958 and, with the addition of receipts and interest deposits during the fiscal year, the year end balance was \$2,043,280. There were no expenditures in FY 2008-09, as the year-end balance was obligated for the following projects in FY 2009-10 that are currently underway: 1) two payments totally \$511,014 to date for the Exhibits Contract for the North Carolina History Education Center Construction Project and an additional \$87,000 anticipated for payment of four other projects; 2) the historic site's air conditioning repair, compressor replacement, and ceiling fans; and 3) Daves House re-roofing projects.

*Committee Action:* The Subcommittee accepted and gave it a favorable report.

##### **2. Report on the Use of Interest Earned on Special Trust Fund for Executive Mansion (S.L. 2003-404, SB 819)**

**Heyward H. McKinney, Jr., Treasurer**

*Summary:* In the 2003 Session, S.L. 2003-404 (SB 819) authorized the sale of certain state-owned property in the Blount Street Historic District. Section 2 (3) of the legislation allocated a portion of the proceeds, which totaled \$5 million, to establish a special trust fund in the Department of State Treasurer solely for the upkeep, repair, and maintenance of the Executive Mansion. In accordance with G.S. 143B-79, the Executive Mansion Fine Arts Committee is responsible for approving projects that are funded with the interest earned on the special trust fund. The Committee reported on use or intended use of the interest for two projects: 1) installation of in-ground lighting for the flagpoles near the Mansion's main front gate at a cost of \$1,391; and

2) installation of a well, pump, and holding tank to provide ground water for use in irrigating the grounds that Department of Administration has estimated to cost \$3,400. As of November 9, 2009, the second project is still pending final approval.

*Committee Action:* The Subcommittee accepted and gave it a favorable report.

**3. Report on Use of State and National Archival Partnership (SNAP) Grant Funds (89.003 National Historical Publications and Record Grants, national Archives & Records Administration B – Project Grants)**

**Jesse “Dick” Lankford, State Archivist**

*Summary:* On August 1, 200, the North Carolina State Historical Records Advisory Board (SHRAB) was awarded federal grant in the amount of \$33,223 from the National Historical Publications and Records Commission (NHPRC) to fund a “Traveling Archivist Program”. Funding will provide salary and travel expenses for the Archivist, who will manage an eighteen month pilot program for training and assistance in collections management and preservation to cultural entities throughout the state that hold archival and historical papers that may be at risk. Per the terms of the grant, the state’s traveling Archivist, Dr. Harry Keiner, will visit a minimum of forty institutions statewide to provide consultation and training services.

*Committee Action:* The Subcommittee accepted and gave it a favorable report.

**Department of Insurance**

**1. Report on the Use of Grant Funds for Pocket Tool Training (North Carolina Association of Insurance Agents)**

**Larry Hughes, Deputy Director, Office of State Fire Marshal**

*Summary:* The Department of Insurance’s Pocket Tools web-based training offers fire and rescue departments various short video and PowerPoint presentations in order to enhance their training opportunities. Many of these presentations are designed to assist fire and rescue workers with their required training and certification. This program received a grant in the amount of \$5,860 in 2009.

*Committee Action:* The Subcommittee accepted and gave it a favorable report.

**2. Report on Grant Funds for NC State Fair Exhibit (North Carolina Association of Insurance Agents)**  
**Kristin Milam, Director of Public Information**

*Summary:* The Department of Insurance provided an exhibit at the 2009 North Carolina State Fair that served to distribute information and increase awareness of various programs such as the Healthcare Review Program and the Seniors’ Health Insurance Information Program (SHIIP). The Department estimates that it was able to interact with approximately 20,000-30,000 people at the 2009 State Fair, and that its 2009 grant amount of \$49,000 provided sufficient printed materials for the current year as well as surplus materials that can be used in future years.

*Committee Action:* The Subcommittee accepted and gave it a favorable report.

**3. Report on the Use of Grant Funds for Insurance Fraud Investigations (North Carolina Association of Insurance Agents)**

**Al Koehler, Director, Investigations Division**

*Summary:* As part of its criminal investigations duties, the Insurance Fraud Investigations division of the Department of Insurance frequently performs undercover and other surreptitious investigations. This 2009 grant provided \$15,000 for the purchase of audio/video surveillance and presentation equipment in order to assist the Division with its investigations and its preparations of evidence for court.

*Committee Action:* The Subcommittee accepted and gave it a favorable report.

#### **Office of the Lieutenant Governor**

##### **Consultation on Establishment of New Budget Code 21000 Related to Passage of SB 1069 (S.L. 2009-339) – An Act to Establish the Joint Legislative Joining Our Businesses and Schools (JOBS) Study Commission**

**Caroline Valand, Legislative Liaison**

*Summary:* In accordance with the creation of the JOBS Commission in S.L. 2009-339, the Office of the Lieutenant Governor will provide educational programming related to economic development. The Commission will travel to the State's seven economic development regions in order to assess emerging industries that are driving economic development. The Commission is allowed to accept grants on behalf of the State in order to defray any costs the Commission's travel may incur. In order to accept grant monies to fund the Commission, a new budget code has been established by the General Assembly.

*Committee Action:* The Subcommittee accepted and gave it a favorable report.

#### **Capital**

##### **Department of Administration**

##### **Review of Land Transactions Exceeding \$25,000 in Value for August, September, and November (G.S. 143-341 (4); G.S. 146-22, 27, 29.1, 30, 74)**

**Tim Walton, General Real Estate Manager**

*Summary:* For the months of August, September, and November, there were nineteen, seven, and twelve land transactions, respectively, requiring review by the Joint Legislative Committee on Governmental Operations. In total, there were six reallocations; twenty-four acquisitions by deed; two dispositions by deed; four dispositions by lease; and two other matters.

*Committee Action:* The Committee accepted the report and recommended the transmittal to full Governmental Operations.

##### **Office of State Budget and Management**

##### **1. Consultation on Allocations from the 2009 Reserve for Repairs and Renovations – Non University Projects. (S.L. 2009-209, H.B. 1508)**

**Jim Lora, Assistant State Budget Officer for Capital**

*Summary:* S.L. 2009-209 authorized \$50 million in Legislative Bonds or Special Indebtedness to finance the capital facility costs of repairing and renovating State facilities and related infrastructure. S.L. 2009-451 allocates 50 percent to OSBM and 50% to the UNC Board of Governors. OSBM allocated their portion of funds (\$25 million) among twelve different state agencies and departments. In total sixty-seven projects are recommended for allocation from the 2009-10 Repair and Renovations Reserve.

*Committee Action:* The Committee accepted the OSBM recommended allocation from the Repair and Renovations Reserve and recommended transmittal to full Governmental Operations.

**2. Consultation on Capital Improvement Projects Funded from Non-General Fund Sources: (G.S. 143C-8-12; G.S. 120-76.1)**

**Jim Lora, Assistant State Budget Officer for Capital**

*Summary:* Six projects, totaling \$3,642,900 were funded from non-general fund sources during the required reporting period. These projects involved two expenditures to plan a capital improvement project; three expenditures to fund new capital projects; and one change in scope in a previously approved capital project. Finally, one expenditure was made without consulting the Commission due to an emergency that posed an imminent threat to public health and safety.

*Committee Action:* The Committee accepted the proposal and recommended the transmittal to full Governmental Operations.

**3. Reporting Allocations from the Contingency and Emergency Fund (G.S. 143C-4-4)**

**Jim Lora, Assistant State Budget Officer for Capital**

*Summary:* From November 8, 2009, there were eight allocations from the Contingency and Emergency Account. These expenditures totaled \$3,128,305.12. Of the allocations, five were for the retention of legal services; one was for a United States District Court award; one was for a line of duty death benefit; and one was for a reward for information leading to the arrest and conviction of those responsible for a murder.

*Committee Action:* The Committee accepted the report and recommended the transmittal to full Governmental Operations. Also, Rep. Ross asked members of the Subcommittee to take note that the District Court award was the result of the passage of an unconstitutional State law.

**4. Reporting Transfers from the Project Reserve Account (G.S. 143C-8-10)**

**Jim Lora, Assistant State Budget Officer for Capital**

*Summary:* There were five projects that received funding from the Project Reserve Account since March 2009. In total, \$2,647,015 of funding was transferred from the Project Reserve Account to various projects.

*Committee Action:* The Committee accepted the report and recommended the transmittal to full Governmental Operations.

**5. Reporting Budget Revisions to Capital Projects (G.S. 143C-8-8; S.L. 2000-3)**

**Jim Lora, Assistant State Budget Officer for Capital**

*Summary:* Numerous capital budget revisions were reported to the Committee. The revisions fall into two categories: cost increases from receipts and Higher Education Bond Transfers.

*Committee Action:* The Committee accepted the report and recommended the transmittal to full Governmental Operations.

***Justice  
and  
Public Safety  
Subcommittee***

Joint Legislative Commission on Governmental Operations  
**Subcommittee on Justice and Public Safety**  
Subcommittee Report  
Tuesday, November 17, 2009, 1:00 P.M.  
Room 415 LOB

Senator Snow called the meeting to order. The Justice and Public Safety Subcommittee heard the following agenda items:

**Fiscal Research**

**1. Approval of Amended November 2008 Subcommittee Report**

*Summary:* The Subcommittee heard an amended item in the Subcommittee report from November 2008. Jean Sandaire, Fiscal Research Analyst, reported that the information in the original Subcommittee report stated that Value Options paid a court settlement to the State when in fact the settlement Value Options paid was as a result of a mutually negotiated agreement between the Division of Medical Assistance and Value Options. There were no legal proceedings related to this matter.

*Committee Action:* The Subcommittee voted to accept the amended Subcommittee report.

**Department of Correction**

**1. Consultation on the Expenditure of Grant Awards (*Section 6.9 of S.L. 2008-107*)**

*Committee Action:* The subcommittee heard and accepted a report by Deputy Secretary Frank Rogers on two grants awarded by the Governor's Crime Commission.

- Correction Enterprises Reentry Job Placement –\$71,980 in ARRA funds to provide a contractual job placement coordinator to place inmates trained by Correction Enterprise or Inmate Construction, or certified by the Department of Labor in jobs upon release. The required matching funds will be paid out of Enterprise receipts, and will not affect the General Fund.
- NCDOC Reentry Initiative- Certified Communication –\$204,200 in ARRA funds to provide a training program in low-voltage wiring through the Community College System. The required match (\$51,050) will be provided from the General Fund.

**Department of Juvenile Justice and Delinquency Prevention**

**1. Consultation on the Expenditure of Grant Awards (*Section 6.9 of S.L. 2008-107*)**

*Summary:* The subcommittee heard and accepted a report by Deputy Secretary David Jones on a grant awarded by the Governor's Crime Commission.

- NC KIDS (Knowledge Is Data Sharing) – \$203,906 in ARRA funds to provide a contractual position to design, develop, and implement an automated version of the Juvenile Crime Prevention Council (JCPC) client-tracking system, which will allow for improved monitoring and data collection of programs. These funds will also be used for registration, supplies, computer and printer software, travel expenses, and server software purchases.

*Committee Action:* The Subcommittee voted to accept the Department of Juvenile Justice and Delinquency Prevention report.

## **Department of Crime Control and Public Safety**

### **1. ALE Use of Federal Forfeiture Receipts (S.L. 2007-323, Sec.15.3(a))**

*Summary:* The Subcommittee heard a report presented by Special Assistant to the Secretary Thomas Caves about the Alcohol Law Enforcement Division's use \$286,457.96 from the division's Federal Seizure Funds to pay for electronic equipment, CALEA recertification, and costs associated with a new promotional process being implemented by the division.

### **2. Consultation on the Expenditure of Grant Awards (Section 6.9 of S.L. 2008-107)**

*Summary:* The Subcommittee heard a report presented by Special Assistant to the Secretary Thomas Caves about two grants received by the Department for the following programs:

- GHSP Supplemental TraCS MDC's - Governor's Highway Safety Program Funds to purchase mobile data computers that are compatible with the TraCS software. The FY 2009-10 grant amount is \$331,240.
- Emergency Operations Center - Federal funds (FEMA) received for the construction of the State Emergency Operations Center. The FY 2009-10 grant amount is \$1 million.

*Committee Action:* The Subcommittee voted to accept the Department of Crime Control and Public Safety reports.

## **Administrative Office of the Courts (AOC)**

### **1. Court Technology Fund Report (G.S. 7A-343.2)**

*Summary:* The Subcommittee heard a report presented by Cliff Layman, AOC Chief Information Officer. For the six-month period January 1, 2009 through June 30, 2009, AOC collected \$2.8 million in receipts from remote public access fees, facility fees, and interest. For the same period, \$7.3 million of the fund balance was spent on personnel, purchased services, and equipment. AOC proposes to spend \$1.8 million from the fund during the period July 1, 2009 through December 31, 2009.

### **2. Report on the Status of Information Technology Projects**

*Summary:* The Subcommittee heard a report presented by Cliff Layman, Chief Information Officer, on the status of six major court system automation projects: 1) Statewide Warrant Repository (NCAWARE), 2) eCitation, 3) Criminal Court Information System (CCIS) – Clerk Component, 4) CCIS – District Attorney Component, 5) Discovery Automation, and 6) eFiling with ePayment. The systems are in various stages of development with some being fully developed in-house and others using commercially available software. AOC anticipates that NCAWARE will be fully rolled out statewide by December 2010.

*Committee Action:* The Subcommittee voted to accept the Administrative Office of the Courts reports.

## **Department of Justice**

### **1. Report on Settlement Agreements Which Resulted in More than \$75,000 Being Paid to the State (G.S. 114-2.5)**

*Summary:* The Subcommittee heard a report presented by Chief of Staff Kristi Hyman about settlement agreements with the following companies:

- Eli Lilly paid a \$21.6M settlement to resolve allegations of off-label marketing practices for the drug Zyprexa. Of the total amount paid, \$13.2M was returned to the federal government, \$3.9M returned as restitution to the NC Medicaid Program, \$3.9M to the Civil Penalty Forfeiture Fund, and \$144,247.18 to the NC Department of Justice for investigative and collection costs.
- Crossley Construction through American Home Assurance Corporation paid \$250,000 to Appalachian State University (ASU) for excess cost of completing two ASU construction projects.
- GlaxoSmithKline paid a \$408,105 settlement for alleged off-label marketing practices for the drug Amoxil. This settlement was paid as part of addendum to a prior settlement for off-label marketing practices related to other drugs manufactured and sold by GlaxoSmithKline. Of the total amount received, \$259,111.69 was returned to the federal government and \$148,993.31 was returned to the NC Medicaid Program.
- Nichols Institute Diagnostics and Quest Diagnostics paid a \$337,236.38 settlement related to manufacturing, marketing, and selling Intact and Bio Intact PTH kits that may have produced inaccurate results when used. Of the total amount paid, \$218,305.69 was returned to the federal government, \$120,353.69 to the NC Medicaid Program, \$6,433.12 to the Civil Penalty Forfeiture Fund and \$194.86 for collection costs incurred by the Department. Representative Stam asked the Department's Medicaid Fraud Investigation Unit to provide him with information about the effect on the consumers that used the kits in this case.
- Pfizer, Inc. paid a \$25.5M settlement to resolve allegations related to off-label marketing practices for several drugs manufactured and sold by Pfizer. Of the total amount paid, \$15.6M was returned to the federal government, \$4.6M returned as restitution to the NC Medicaid Program, \$4.5M to the Civil Penalty Forfeiture Fund, and \$274,592.20 for investigative and collection costs incurred by the Department.

### **2. Report on Case Settlements and Court Orders Resulting in Amounts Exceeding \$75,000 to be Paid by the State (G.S. 114-2.5)**

*Summary:* The Subcommittee heard a report presented by Chief of Staff Kristi Hyman about case settlements and court orders resulting in amounts exceeding \$75,000 to be paid by the State.

### **3. Report on Pending Court Cases Which Challenge the Constitutionality of North Carolina Law or Case in Which Plaintiffs are Seeking Amounts in Excess of \$1 Million in Damages (G.S. 114-2.6)**

*Summary:* The Subcommittee heard a report presented by Chief of Staff Kristi Hyman about pending court cases in which the constitutionality of North Carolina Law is challenged or the plaintiffs are seeking amounts in excess of \$1 million in damages from the State.

### **4. SBI Asset Forfeiture Program Vehicle Acquisition Report**

*Summary:* The Subcommittee heard a report presented by Chief of Staff Kristi Hyman about the receipt of two vehicles from the US Department of Justice - Federal Forfeited Property Program.

**5. SBI Use of Federal Forfeiture Receipts (S.L. 2007-323, Sec.15.3(a))**

*Summary:* The Subcommittee heard a report presented by Chief of Staff Kristi Hyman about the State Bureau of Investigation's use of \$1,236,782.25 from the division's Federal Forfeiture Funds to pay for a grant match, electronic equipment, firearms, vehicle costs, and equipment maintenance.

**6. Consultation for Private Protective Services Board Unarmed Security Guard Registration Renewal Fee (G.S. 12-3.1)**

*Summary:* The Subcommittee heard a report presented by Private Protective Services Board attorney Charles McDarris about a new \$25 fee for late registration of unarmed security guards with the Private Protective Services Board.

*Committee Action:* The Subcommittee voted to accept the Department of Justice reports.

**7. Other Department of Justice Legal Issues**

*Summary:* Representative Haire asked the Department of Justice to provide the Subcommittee with an update on two legal issues.

- Update on the legal proceedings related to the status of pre-structured sentencing prison inmates serving life sentences. Deputy Attorney General Grayson Kelly informed the Subcommittee that the Department of Justice has assigned six attorneys to work with the Department of Correction on how time-served credits were applied to the sentences of prison inmates sentenced prior to structured sentencing. He also said that there may be around 5 new cases filed in North Carolina Superior Court in which prison inmates are requesting to have their sentences recalculated or that they be released.
- Potential Implications of the North Carolina Supreme Court ruling on Barney Britt vs the State of North Carolina. This case challenged the constitutionality of a 2004 State law that bars all convicted felons from owning a firearm. Recently, the North Carolina Supreme Court ruled that this law is unconstitutional. Deputy Attorney General Grayson Kelly informed the Subcommittee that this ruling may result in additional cases being filed by other convicted felons seeking to restore their right to bear arms.

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

Joint Legislative Commission on Governmental Operations  
**Subcommittee on Natural and Economic Resources/Transportation**  
Subcommittee Report  
Tuesday, November 17, 2009, 1:00 P.M.  
Room 605, LOB

Representative Crawford called the meeting to order. The Natural and Economic Resources/Transportation Subcommittee heard the following agenda items:

**Department of Agriculture and Consumer Services**

**1. Structural Pest and Pesticides Fee Increases (G.S. 12-3.1)**

**James Burnette, Structural Pest and Pesticides Division Director**

*Summary:* James Burnette presented two proposed fee increases. In the Structural Pest Control Section, the Department proposes to increase the re-inspection fee from \$10 to \$25. This fee is paid by licensed or certified applicators following a finding of a deviation in structural pest control work. The fee has not been increased in 32 years. The second fee increase presented proposes to increase the three year certification/recertification fee for private pesticide applicators from \$6 to \$10; the fee has not increased since 1987. Both fee increases are needed to support Division operations.

*Committee Action:* The Subcommittee accepted the report and recommended transmittal to full Governmental Operations.

**2. Grant Consultations (S.L. 2009-451, Sec. 5.6)**

**Joy Hicks, Policy Analyst**

*Summary:* Joy Hicks requested consultation on five grant awards totaling \$377,486. The grants support the Markets, Food Distribution, Food & Drug, and Emergency Programs Divisions. A list of the grants has been attached to this report.

*Committee Action:* The Subcommittee accepted the report and recommended transmittal to full Governmental Operations.

**Department of Environment and Natural Resources**

**1. Aquariums Fee Increase (G.S. 12-3.1)**

**Donna Moffitt, Director of Fort Fisher Aquarium**

*Summary:* Donna Moffitt presented a proposal to change the fee structure for the North Carolina Aquariums. The proposed change would reclassify those aged three to six as children, increasing their admission cost from \$0 to \$6, and those aged 13 to 17 as adults instead of children, increasing the admission paid by this group from \$6 to \$8. The restructuring would generate approximately \$450,000 in additional revenue and bring the Aquariums in line with the fee structure of the NC Zoo and other aquariums of similar size.

*Committee Action:* The Subcommittee accepted the report and recommended transmittal to full Governmental Operations.

## **2. Grant Consultations (S.L. 2009-451, Sec. 5.6)**

**Cathy Hardy, Budget Officer**

*Summary:* Cathy Hardy requested consultation on 13 grants for a total of \$5,442,964. These grants support the Division of Marine Fisheries and the Division of Water Quality. A list of the grants has been attached to this report.

*Committee Action:* The Subcommittee accepted the report and recommended transmittal to full Governmental Operations.

### **Department of Commerce**

#### **1. New Budget Code (S.L. 2009-451, Sec. 6.6B)**

**Dale Carroll, Deputy Secretary**

*Summary:* Dale Carroll asked that this item be removed from the agenda for today to be resubmitted at a later date.

*Committee Action:* The Subcommittee removed this item from the agenda.

#### **2. Grant Consultation (S.L. 2009-451, Sec. 5.6)**

**Dale Carroll, Deputy Secretary**

*Summary:* Dale Carroll reported on grant funds received by the Division of Workforce Development. The FY 2009-10 grant is for \$2 million and is from American Recovery and Reinvestment Act funds. The grant will go to the Employment Security Commission to assist workers impacted by trade as part of the Trade Adjustment Act.

*Committee Action:* The Subcommittee accepted the report and recommended transmittal to full Governmental Operations.

#### **3. Departmental Reorganization (G.S. 143B-10(b))**

**Dale Carroll, Deputy Secretary**

*Summary:* Dale Carroll reported on a planned reorganization of the Department's Business and Industry Division. The Division will split the Business ServiCenter into a separate Division. The ServiceCenter will be managed by a director reporting to the Deputy Secretary. The remaining functions of the Business and Industry Division, including new and existing industry services, will operate under a director reporting to the Deputy Secretary. No new positions were added with this reorganization.

*Committee Action:* The Subcommittee accepted the report and recommended transmittal to full Governmental Operations.

### **Commerce State-Aid**

#### **1. Rural Economic Development Center Annual Report (S.L. 2009-451, Sec. 14.27(e))**

**Billy Ray Hall, President**

*Summary:* Billy Ray Hall provided an overview of the Rural Center's activities for the past fiscal year. The Rural Center received \$71 million from the General Assembly in FY 2008-09.

*Committee Action:* The Subcommittee accepted the report and recommended transmittal to full Governmental Operations.

## **2. NC Biotechnology Center Annual Report**

**Norris Tolson, President**

*Summary:* Norris Tolson presented the Biotechnology Center's report of activities for the previous fiscal year. The Biotechnology Center received \$17.8 million for FY 2008-09.

*Committee Action:* The Subcommittee accepted the report and recommended transmittal to full Governmental Operations.

## **3. Community Development Initiative Annual Report**

**Sheree Ramirez & Abdul Rasheed**

*Summary:* Abdul Rasheed presented the Community Development Initiative's report of activities for the previous fiscal year. The Initiative received \$7 million for FY 2008-09.

*Committee Action:* The Subcommittee accepted the report and recommended transmittal to full Governmental Operations.

## **4. NC Institute of Minority Economic Development Annual Report**

**Andrea Harris, President**

*Summary:* Andrea Harris presented the Institute's report of activities for the previous fiscal year. The Institute received \$2.6 million for FY 2008-09.

*Committee Action:* The Subcommittee accepted the report and recommended transmittal to full Governmental Operations.

### **Global Transpark Authority**

#### **1. Escheats Fund Drawdown (S.L. 2004-124, Sec. 30.22(a))**

**Darlene Waddell, Executive Director**

*Summary:* Ms. Darlene Waddell, Executive Director of the Global TransPark Authority, requested consultation on the transfer of \$155,621 from the North Carolina Global TransPark Authority's escheats loan investment account to the Authority's Short Term Investment Fund account. The purpose of the transfer is to pay for upfit costs recently incurred for GTP-1, a 120,000 square foot industrial facility in the GTP industrial park. This action will draw down the last of the funds available to the Global TransPark from the escheats fund.

*Committee Action:* The Subcommittee accepted the report and recommended transmittal to full Governmental Operations.

**Agriculture Report to November 2009 Governmental Operations Commission on Grants for FY 2009-10**

				<b>FY 2009-10</b>	
<b>Division</b>	<b>Official Grant Title</b>	<b>Grant Description</b>	<b>Funding Entity</b>	<b>Amount</b>	<b>FTE</b>
1 Markets	National Organic Cost-Share Program	The purpose of this grant is to financially aid growers in the obtainment of organic certification	US Department of Agriculture	\$20,000	0.00
2 Markets	NC Commodity Asian Export Promotion	The purpose of this grant is to provide funding for a Trade Mission to China to encourage the export of NC agriculture products to China.	Tobacco Trust Fund	\$33,000	0.00
3 Food Distribution	FDPI ARRA Facility and Equipment Needs	The purpose of this grant is to repair the roof and gutters for a food distribution facility	US Department of Agriculture	\$50,712	0.00
4 Emergency Programs	NC Regional CAMET Exercise Series	The purpose of this grant is to conduct and exercise series that includes two regional Companion Animal Mobile Equipment Trailer drills and a NC Agriculture Emergency Operations Center (AgEOC) exercise in conjunction with the central region. Funds are proposed to be used for facility rental, meals, travel, and lodging for exercise participants.	US Department of Agriculture	\$25,000	0.00
5 Food and Drug	FDA FERN Microbiological Cooperative Agreement Program	The purpose of this grant is to support analysis of food and food products in the event of microbiological contaminations, and to conduct method development and matrix extensions as needed to support FDA and FERN food safety and defense objectives. Funds are proposed to be used for personnel, equipment, travel, materials, and supplies.	Department of Health and Human Services	\$249,774	2.00

**DENR Report to November 2009 Governmental Operations Commission on Grants for FY 2009-10**

				FY 2009-10		
Division	Official Grant Title	Grant Description/Informal Title	Funding Entity	Amount	FTE	
1	DWQ	National Coastal Assessment	NC and EPA will partner in collecting water quality samples at 36 locations in NC's Coastal Estuaries and Sounds.	Environmental Protection Agency	\$200,000	0
2	DWQ	Wetlands - GIS Database scale	Create a spatial database within a geographic information system to track wetland, stream, and riparian buffer impacts and compensatory mitigation within varying levels of development.	Environmental Protection Agency	\$90,548	0
3	DWQ	Wetlands - Flow Data Macroinvertebrate	Generate flow and macroinvertebrate data for headwater streams	Environmental Protection Agency	\$316,009	0
4	DWQ	Wetlands - Staff Training	Development of guidelines and field staff training for stream and wetland restoration in response to violations of the Clean Water Act.	Environmental Protection Agency	\$108,114	0
5	DMF	Oak Mgmt NC For-Hire Survey	Conduct telephone for-hire vessel (charter and party/head) marine recreational fishing surveys.	Contract (pass through from US Dept of Commerce)	\$32,208	0
6	DMF	Recreational Fisheries Statistics	point intercept surveys to collect effort and catch	Dept of Commerce)	\$73,000	0
7	DMF	NC Commercial Conversion Factors	Validate NC commercial finfish and shellfish conversion factors to determine whole weight for commercial landings.	US Dept of Commerce (NOAA)	\$151,849	0
8	DMF	NC Commercial Snapper/ Grouper Sampling	Conduct length and age sampling of the commercial snapper/grouper fishery, and age and growth comparison of black sea bass caught along the NC coast.	US Dept of Commerce (NOAA)	\$250,351	0
9	DMF	FY10 BIG Tier I Cypress Cove Marina	Renovate and improve dockside facilities for transient boaters in Columbia, NC.	US Dept of Interior (UWFWS)	\$57,150	0
10	DMF	FY10 BIG Tier II Mackeys Marina	Construct 36 new transient boat slips and dockside facilities in Roper, NC.	US Dept of Interior (UWFWS)	\$744,465	0
11	DMF	FY10 BIG Tier II Beaufort Harbor Marina	Construct 50 new transient boat tie-ups and dockside facilities in Beaufort, NC.	US Dept of Interior (UWFWS)	\$455,176	0
12	DMF	Nearshore Migratory Corridors and Response to Environmental Conditions	Monitor nearshore migratory corridors of endangered sea turtles, shortnose, and Atlantic sturgeons in the Southeast.	US Dept of Commerce (NOAA)	\$2,871,977	0
13	DMF	Marine Mammal Data Program	Develop marine mammal stranding response program at NCDMF.	US Dept of Commerce (NOAA)	\$92,117	1

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

Joint Legislative Commission on Governmental Operations  
**Subcommittee on Education/Health and Human Services**

Subcommittee Report

Tuesday, November 17, 2009, 1:00 P.M.

Room 421, LOB

Rep. Jeffus called the meeting to order. The Education/Health and Human Services Subcommittee heard the following agenda items:

**First Agency – Community Colleges**

**American Recovery and Reinvestment Act – Health Care + Grant**

**Ms. Jennifer Haygood, Vice President and Chief Fiscal Officer, NCCCS**

*Summary:* Ms. Jennifer Haygood, Vice President and Chief Financial Officer of the NC Community College gave a presentation on the pending application for Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors (also called "Healthcare +"). NCCCS has applied to the U.S. Department of Labor for \$5 million in American Reinvestment and Recovery Act funding to be spent over 3 years to help unemployed and displaced workers develop the necessary skills for, and pursue careers in, health care. NCCCS has not yet been awarded this grant, but is consulting in advance so that they can begin using funds as soon as they are awarded. Seventeen community colleges and two UNC System schools would receive these funds if awarded.

Ms. Haygood and Ms. Judith Mann, Associate Vice President for Program Services, responded to committee questions, and committee staff will send committee members an email with the following additional information:

- The community colleges that would receive funding if awarded.
- An estimate of the number of students that would be assisted at the community colleges and the UNC System.
- The grant amount per student that would be assisted at the community colleges and at the UNC System.

*Committee Action:* The Subcommittee accepted the report and recommended transmittal to full Governmental Operations.

**Second Agency – Health and Human Services**

**1. Realignment of Block Grants for DHHS (S.L. 2009-451, Section 10.78(e))**

**Mr. Jim Slate, Director of Budget Planning and Analysis**

*Summary:* The Department has made changes regarding expenditures for the Child Development Fund Block Grant (regular) and American Recovery and Reinvestment Act funds in order to maximize federal receipts.

*Committee Action:* The Subcommittee accepted the report and recommended transmittal to full Governmental Operations.

**2. Block Grant Changes (S.L. 2009-451, Section 10.78(e))**

**Mr. Jim Slate, Director of Budget Planning and Analysis**

*Summary:* These actions free up state funds to be held in a reserve as part of the 5% Governor's hold-back on state funds to meet a potential budget shortfall. Temporary Assistance for Needy Children (TANF) Block

Grant funds of \$12,019,107 will be reduced from the subsidized childcare assistance program and budgeted for the More At Four program. An equal amount will be freed up from the More At Four Program and designated as the 5% reduction reserve. This will reduce the number of children served in the subsidized childcare program.

Additionally, \$11,573,045 budgeted within the Division of Social Services for cash assistance will be reduced from that program and transferred to the More At Four program. An equal amount of cash will be freed up from the More At Four Program and designated as the 5% reduction reserve. The Department anticipates additional TANF Contingency Funds will be awarded to North Carolina and this will offset this reduction and there will no change to the overall funding for cash assistance.

*Committee Action:* The Subcommittee accepted the report and recommended transmittal to full Governmental Operations.

### **3. Grant Awards Consultation (S.L. 2008-107, Section 6.9)** **Mr. Jim Slate**

*Summary* Mr. Slate consulted on seventeen (17) grants totaling \$27 million for FY 2009-10 and \$18.5 million for FY 2010-11.

- There were seven grants for the Division of Public Health totaling \$24,279,355 for FY 2009-10 and \$14,670,238 for FY 2010-11.
- The Division of Central Management and Support has received five grants totaling \$1,566,973 for FY 2009-10 and \$3,693,768 for FY 2010-11.
- The Division of Aging and Adult Services has applied for one grant totaling \$303,309 for FY 2009-10 and \$101,102 for FY 2010-11.
- The Division of Health Service Regulation has received two grants totaling \$78,962 in FY2009-10 and \$91,960 FY 2010-11.
- The Division of Social Services received one grant totaling \$88,292 in FY2009-10 and \$38,372 in FY 2010-11.
- The Division of Medical Assistance received one grant totaling \$1,019,550 for FY 2009-10.

*Committee Action:* The Subcommittee accepted the report and recommended transmittal to full Governmental Operations.