

Joint Legislative Commission
on
**Governmental
Operations**



Subcommittee Reports
March 16, 2010

TABLE OF CONTENTS

	<u>Page</u>
Statewide/Capital/General Government Subcommittee.....	1
Justice and Public Safety Subcommittee.....	7
Transportation/Natural and Economic Resources Subcommittee.....	11
Education/Health and Human Services Subcommittee.....	13

**Statewide / Capital /
General
Government
Subcommittee**

Joint Legislative Commission on Governmental Operations
Subcommittee on Statewide/Capital/General Government
Subcommittee Report

Monday, March 15, 2010, 1:00 P.M.

Room 544, LOB

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

North Carolina Board of Examiners of Engineers and Surveyors

1. Consultation for Proposed Board of Examiners of Engineers and Surveyors Fee Increase (G.S. 12-3.1)

Andrew L. Ritter, Executive Director, Board of Examiners of Engineers and Surveyors

Summary: The North Carolina Board of Examiners of Engineers and Surveyors requested revisions to the North Carolina Administrative Codes in order to increase annual professional license renewal fees for professional engineers, professional land surveyors, and engineering and land surveying corporations from \$60 to \$75 per year. Per an audit recommendation, the Board proposed to increase the fee in order to have adequate reserve funding in the budget. Specifically, the Board was advised to have 50% to 100% of the budget in reserve. The \$15 increase will allow the Board to achieve the necessary reserve and is expected to limit the number of fee increase requests in the future.

Committee Action: The Subcommittee accepted the report.

Required Reports: Non-Capital

Department of Administration

2. Annual Report on the Council of Women's North Carolina Fund for Displaced Homemakers (G.S. 143B-394.10)

Jill Dinwiddie, Executive Director

Summary: In accordance with G.S. 143B-394.10, the Committee heard the annual report on the Fund for Displaced Homemakers. This report summarized the amount of funding disbursed to the Displaced Homemakers programs for FY 2008-09, program and individual stories from FY 2008-09, and a detailed list of programs that received funding in FY 2008-09.

Committee Action: The Subcommittee accepted the report

3. Consolidated Annual Report on the Sustainable Energy-Efficient Buildings Program (G.S. 143-135.39)

Michael Hughes, PE, Assistant Director, State Construction Office

Summary: In accordance with G.S. 143-135.39, the Committee heard the consolidated annual report on the Sustainable Energy-Efficient Buildings Program. This consolidated report provides

a performance review, State Building Commission Report, and recommendations for improving the standards of the program. A more detailed report from the Sustainable Energy-Efficient Buildings Advisory Committee can also be found on the State Construction website along with a series of technical standards for energy and water efficiency.

Committee Action: The Subcommittee accepted the report.

4. Report on Contracts Outside the U.S. (G.S. 143-59.4(b))

James Staton, State Purchasing Officer, Division of Purchase and Contract

Summary: In accordance with G.S. 143-59.4(b), the Committee heard the annual report on Contracts Outside the U.S. This report provides data on the projected number of contracts which are anticipated to be performed outside the United States, including the number of contracts, services provided and estimated expenditure.

Committee Action: The Subcommittee accepted the report.

North Carolina Housing Finance Agency

5. Annual Report on Programs for the 2009 Calendar Year (G.S. 112A-16)

A. Robert Kucab, Executive Director

Summary: For calendar year 2009, the North Carolina Housing Finance Agency (NCHFA) provided \$298.1 million in financing for affordable housing, and the agency, with its partners, administered \$136.1 million in federal rental assistance from the U.S. Department of Housing and Urban Development. Under the American Recovery and Reinvestment Act (ARRA), the agency received \$95 million from the US Treasury to jump-start the stalled construction of 36 affordable apartment developments in 26 counties, and \$52 million in other federal stimulus funds through the federal Tax Credit Assistance Program (TCAP). TCAP is expected to employ 1,400 to build affordable apartments across the State. Ten counties have been approved for funding under TCAP. This funding generated 6,662 jobs.

These resources provided investments and financed units in the federal HOME & State HOME Match Programs, Housing Trust Fund, Home Protection Pilot Program (HPPP), single and multi-family bonds, Home Ownership Mortgage Credit Certificate Program, federal and State tax credits, Section 8 Rental Assistance, DHHS Mental Health Trust Fund, and NFMC. These funds support the following activities: home buyer, rental, and supportive housing; homeowner rehabilitation; urgent repair; foreclosure prevention loans; foreclosure prevention counseling; and rental assistance.

To date, NCHFA has financed \$9.7 billion in affordable homes and apartments to assist 196,000 households of low and moderate income.

The agency's budget for FY 2009-10 (as of December 31, 2009) is \$5.9 million with actual expenses of \$5.2 million that are supporting 116 authorized positions and operations.

Although the Agency's programs have differing eligibility standards based upon federal and State laws, most programs are helping households with incomes below 80% of the State median income, and several target households below 50%.

Committee Action: The Subcommittee accepted the report.

Department of Revenue

6. Report on Department Reorganizations (G.S. 143B-10(b))

Kenneth Lay, Secretary

Summary: In accordance with G.S. 143B-10(b), the Committee heard the report on the agency's reorganizations. This report is required to include the rationale for reorganizations and any increased efficiency in operations expected from the reorganizations. This report should have been submitted to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division no later than December 1, 2009. However, it was not received by the Fiscal Research Division until March 12, 2010. The report outlines reorganization beginning in February 2009 through February 2010. There is a major realignment of divisions into four groups: Compliance, Business Systems, tax Administration, and IT. The reorganization also includes the following changes: a newly created strategic HR function; elimination of the Deputy CIO position; transfer of General Counsel to OAH; expansion of IT Services; creation of the Tax Compliance Research & Development Unit; established a Chief Process Officer position; realignment of the Documents and Payments Processing Division; created a Tax Enforcement Division; and moved the Policy Analysis and Statistics Division to the Office of the CFO. In July 2009 a Resolution Initiative Unit was created to expedite the resolution of large cases, but this was changed in November 2009 to the Special Corporate Compliance Initiatives Unit.

Committee Action: The Subcommittee accepted the report.

Office of State Budget and Management

7. Report on the Use of the State Emergency Response Account

(G.S. 166A-6.01 and 166A-6.02)

Aaron Gallagher, Budget Analyst

Summary: In compliance with G.S. 166A-6.01 and 166A-6.02, OSBM reported on the use of additional funding from the State Emergency Response Account, Budget Code 19031 for four disasters. The first disaster occurred on September 6, 2008 when Tropical Storm Hanna that struck the State. A Presidential Disaster was declared on October 8, 2008. Prior to FY 2009-10, \$931,485 had been allocated from the Account, and the additional \$270,919 allocation brings the total to \$1.2 million to provide the 25% match required by FEMA. The second disaster is the Evans Road Fire that occurred in Hyde, Tyrrell, and Washington Counties in the summer of 2008. FEMA authorized a Fire Management Assistance Declaration for the counties and federal disaster assistance required a 25% match. Prior to FY 2009-10, \$5.1 million had been allocated from the Account, and with the additional \$1.1 million the total allocation is \$6.2 million. The third disaster occurred in Bertie and Onslow counties that were struck by tornadoes on May 11, 2008, and the Governor declared a state disaster on May 20, 2008. Prior to FY 2009-10, \$155,721 had been allocated from the Account, and the additional \$2,695 brings the total allocation to \$158,416. The fourth disaster occurred as a result of severe flooding in Mecklenburg and Cabarrus Counties on August 26 and 27, 2008 due to Tropical Storm Fay. The Governor declared a state disaster on December 18, 2008 for the Towns of Concord, Kannapolis, and Mount Pleasant. Prior to FY 2009-10, \$620,543 had been allocated from the Account, and the additional \$227,386 brings the total allocation to \$847,929.

Committee Action: The Subcommittee accepted the report.

Office of State Controller

8. Statewide Accounts Receivable Report for the Year ended June 30, 2009

(Chapter 147, Article 6B)

Amber Young, Central Compliance Manager

Summary: In fulfilling the reporting requirements, the Office of the State Controller provided the Statewide Accounts Receivables Report for the fiscal year ended June 30, 2009. This report represents a snapshot of the condition of accounts receivables on June 30, 2009. Receivables totaled \$11.7 billion for fiscal year 2009. Total receivables increased \$97 million or .8% from fiscal year 2008. Total receivable write-offs for the fiscal year ended June 30, 2009 totaled \$2.938 billion and consisted of \$296 million for bad debt, \$2.279 billion for contractual adjustments, and \$363 million for indigent care. Total receivable write-offs increased by \$497 million over fiscal year 2008. Of the total \$2.938 billion write-off, approximately \$2.694 billion is attributable to State medical facilities, i.e. UNC Hospitals, including Rex Healthcare and Chatham Hospital (\$1.99 billion); \$102 million to DOR; and UNC Chapel Hill (\$371 million) and East Carolina (\$231 million). During 2009, the cost of collections for State agencies, excluding DOR, was \$46.3 million and a total of 443 FTE were used for receivable activities.

The report noted the Accounts Receivable initiatives through the State's E-Commerce Program, which promotes the expansion of using electronic payments to enhance the collection of accounts receivables.

Committee Action: The Subcommittee accepted the report.

Department of State Treasurer

9. Report on Establishment of Budget Code 68223, Limited Obligation Bonds for the

Department of State Treasurer (S.L. 2009-451, Sec. 6.6B)

David Brown, Deputy State Budget Director for Budget

Summary: In compliance with S.L. 2009-451, Section 6.6B, this was a consultation in regards to establishing new special funds Budget Code 68223 – DST Limited Obligation Bonds to record financial transactions into the correct GASB code during preparation of the Comprehensive Annual Financial Statement (CAFR).

Committee Action: The Subcommittee accepted the report.

Required Reports: Capital

Department of Administration

10. Review of Land Transactions Exceeding \$25,000 in Value for February and March

(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 February and March, there were six and seven land transactions, respectively, requiring review by the Joint Legislative Committee on Government Operations. In total, there were nine acquisitions by deed, three dispositions by lease, and one disposition by sublease.

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

11. Annual Report on the State Building Commission (GS § 143-135.26(13))
Michael Hughes, Assistant Director. State Construction Office

Summary: This report pertains to the selection of a designer for a capital project from the period of July 1, 2008 to June 30, 2009. In total, the State Building Commission approved 36 designer selections in the required reported period. The Commission also awarded Certificates of Merit to two design firms, and seven contracting firms.

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

Office of State Budget and Management

12. Reporting Budget Revisions to Capital Projects (G.S. 143C-8-8; S.L. 2000-3)
David Brown, Deputy State Budget Director

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 the full Governmental Operations Commission.

13. Reporting Allocations from the Contingency and Emergency Fund (G.S. 143C-4-4)
David Brown, Deputy State Budget Director

Summary: Since January 20, 2009, there were two allocations from the Contingency and Emergency Account totaling \$203,506. Both allocations were for the retention of legal services. The first allocation is for legal services in the case of South Carolina v. North Carolina pertaining water usage on the Catawba River. The second allocation is for legal services in the case of Alabama, et al. v. North Carolina pertaining to North Carolina's withdraw from membership in the Southeast Interstate Low-Level Radioactive Waste Management Compact.

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

14. Consultation on Capital Improvement Projects Funded from Non-General Fund Sources (G.S. 143C-8-12; G.S. 120-76.1)
David Brown, Deputy State Budget Director

Summary: Eight projects, totaling \$6,993,106, were funded from non-General Fund sources during the required reporting period. These projects involved four expenditures to plan a capital improvement project; one, expenditure to install fire sprinkles; one, expenditure to renovate bathroom facilities; one expenditure to extend chilled water lines; and one expenditure to install an American with Disabilities Act accessible walkway. All projects are on University of North Carolina system campuses.

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

**Justice
and
Public Safety
Subcommittee**

Joint Legislative Commission on Governmental Operations
Subcommittee on Justice and Public Safety (JPS)
Subcommittee Report
Monday, March 15, 2010, 1:00 P.M.
Room 415, LOB

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

Administrative Office of the Courts (AOC)

1. Report on Federal Matching Grants (S.L. 2009-451, Sec. 15.2)
Keshea Howell, Budget Officer

Summary: Keshea Howell reported on AOC's use of an additional \$357,864.75 to match federal grants. After this match, AOC will have spent \$1,288,142 to date for matching grants.

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

2. Court Technology Fund (G.S. 7A-343.2)
Cliff Layman, Chief Information Officer

Summary: Cliff Layman reported on contracts that AOC entered into with third parties to provide remote electronic access to courts records. In addition, AOC provided its semi-annual report on the Court Information Technology Fund, including: the amount credited in the preceding six months (\$3,413,531), the amounts expended in the preceding six months (\$2,385,949), and the proposed expenditures for the next six months (\$3,574,399).

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

**Conference of Clerks of Superior Court & NC Association of Register of Deeds
Redaction Study Report**

3. Conference of Clerks Report on Identify Theft (S.L. 2009-355, Sec. 4)
**Lorrin Freeman, Wake County Clerk of Court & Amanda Garrett, Person
County Register of Deeds**

Summary: Lorrin Freeman presented the Redaction Study Report, which provides Registers of Deeds and Clerks of Superior Court with the ability to remove, from an

image or copy of an official record placed on an Internet web site, a person's Social Security or drivers license number contained in that record. Below are highlights from the survey of all 100 counties:

- 2,436 requests for redactions
- 17 counties in process and 28 counties plan to begin the process
- 20 counties have funding (most using Automation Enhancement and Preservation Fund). Only a few counties said it would be in their budgets to fund redactions.
- Most counties recommend the State paying for the redaction of Internet records.

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

Department of Justice

4. Reports on Settlement Agreements (G.S. 114-2.5) **Kristi Hyman, Chief of Staff**

Summary: The Subcommittee heard two reports on settlements between the State and the following companies:

- Otsuka America Pharmaceutical, Inc. – A settlement was paid to the State to resolve allegations that Otsuka promoted the sale and use of Abilify for pediatric use prior to the approval for these uses by the Food and Drug Administration (FDA). Of the total \$138,176.68 received, \$78,769.87 was returned to the federal Medicaid program, \$29,069.21 was returned to the North Carolina Medicaid program, \$28,799.40 was directed to the Civil Penalty Forfeiture Fund, and \$1,538.20 was retained by the Department of Justice for investigative and collection costs.
- Blue Cross and Blue Shield (BCBSNC) Federal regulations stipulate that Medicaid may only be used as a payment of last resort. In other words, all other available third party resources must meet their legal obligation to pay claims before the North Carolina Medicaid program pays any claims for an individual that is eligible for Medicaid. The North Carolina Department of Health and Human Services (DHHS) contracted with a company, Health Management Systems Inc., to perform mainframe data matching with certain medical insurance carriers in North Carolina. Based on the contractor's work, DHHS identified claims paid by North Carolina Medicaid between January 1, 2004 and December 31, 2007 that should have been paid by BCBSNC.

After negotiation, BCBSNC agreed reimburse the State \$10 million for claims for recipients covered by a BCBSNC (non-ASO) health benefit plan. Of the total amount received, \$6,060,817.17 was returned to the federal Medicaid program, \$3,454,182.83 was returned to the North Carolina Medicaid program and \$485,000 will be retained by DHHS for the Health Management Systems contract cost.

Senator Clodfelter asked about the total BCBSNC settlement amount and the Department staff informed him that the total settlement is \$18 million. The \$10 million in this report represents the first portion of a two-payment settlement. Representative Stam asked about an effort to capture Medicaid claims that may have a third party payment source prior to a payout from the North Carolina Medicaid program. The Department staff responded that DHHS may be doing this. Department staff also stated that they will contact DHHS and then follow up with Representative Stam.

Committee Action: The Subcommittee accepted the settlement reports and recommended their transmittal to the full Governmental Operations Commission.

5. North Carolina Legal Education Assistance Foundation (NCLEAF) Annual Funding Report (S.L. 2009-451, Sec. 16.4)
Esther Hall, Executive Director

Summary: Esther Hall reported on the NCLEAF program's funding and performance. Senator Bingham asked about the program's applicant waiting list; staff agreed to research and provide to him with the requested information at a later date.

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

6. Consultation for Proposed Private Protective Services Board Fee Changes (G.S. 12-3.1)
M. Denise Stanford, Board Attorney

Summary: The Subcommittee heard a consultation by the Private Protective Services Board attorney for fee increases being proposed by the Board. The Board is proposing the following fee increases:

- \$25 increase to the \$225 fee currently charged for new or renewed licenses issued by the Board.
- \$5 increase to the \$25 fee charged for the initial unarmed security guard registration
- \$5 increase to the \$25 fee for renewal or reissue of unarmed security guard registration
- \$5 increase to the \$10 transfer fee for unarmed security guard registration
- \$5 increase to the \$10 transfer fee for armed security guard registration

Representative Wainwright asked about the industry's reaction to the fee increases. Staff from the Private Protective Services Board responded that the Board's membership consists of several industry representatives who voted unanimously in support of the fee increases. Since the Board is fully receipt supported, the fee increases are necessary to allow the program's receipts to cover the program's annual operating costs.

Representative Stam asked a question about some of the fee increase amounts in the consultation document. Staff from the Private Protective Services Board responded that the fees in question are being increased to fix a change that was made in 2007. In 2007, the term of licenses issued by the Board was changed from one-year to two-year licenses. The associated fee language was not change which resulted in licensees paying the original one year amount for a two year license. The \$25 fee increase would fix that issue.

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

Department of Crime Control and Public Safety

7. Report on the Use of Federal Forfeiture Receipts by the State Highway Patrol (S.L. 2009-451, Sec. 16.2)

Thomas Caves, Special Assistant to the Secretary

Summary: Thomas Caves reported on the State Highway Patrol's intent to use \$143,000 from the Division's Federal Forfeiture Fund account to pay for upgrades to the Division's communication consoles in Troop D (Greensboro). This upgrade will allow the officers in that area to communicate with each other and with other first responder groups more effectively. After these expenditures, the account balance will be \$3,150,830.

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

**Transportation/
Natural and
Economic Resources
Subcommittee**

Joint Legislative Commission on Governmental Operations
Subcommittee on Transportation/NER
Subcommittee Report
Monday, March 15, 2010, 1:00 P.M.
Room 605, LOB

Representative Jim Crawford called the meeting to order. The NER/Transportation Subcommittee heard the following agenda items:

Golden LEAF

1. Annual Report (S.L. 1999-2)
Dan Gerlach, President

Summary: Dan Gerlach provided a PowerPoint presentation on the activities of Golden LEAF during the 2009 calendar year. Golden LEAF provided \$35 million to various nonprofits and local governments through 111 grants, loans, or scholarships. According to data from grant recipients these funds translated into 4,328 jobs retained and 5,061 people trained. Over 173,600 people were served in some way through 2009 Golden LEAF grants, loans, or scholarships.

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

Department of Commerce

2. 2009 Economic Development Grant Report (G.S. 143B-437.07)
Keith Crisco, Secretary

Summary: Secretary Crisco presented the Department of Commerce's 2009 Economic Development Grant Report. The Department administers nine economic development programs that provide grants directly to businesses, or to local governments for businesses. The Department reported on five of these – JDIG, JMAC, One NC Fund, Site Infrastructure Development Fund, and the Industrial Development Fund. During 2009, Commerce made 70 grants totaling \$157,112,550 to businesses from these five funds.

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

e-NC Authority

3. Quarterly Report (G.S. 143B-437.47(e))
Jane Patterson, President

Summary: Jane Patterson presented e-NC's Quarterly Report to the Subcommittee. As of December 2007, 83.33% of North Carolinians had access to broadband. In FY 2008-09, e-NC awarded grants to 10 counties totaling \$2.155 million for e-NC Connectivity Incentive Awards.

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

NC Rural Economic Development Center

4. Reallocation of 1998 Clean Water Bond Funds (S.L. 2001-416)

Patrick Woodie, Vice-President

Summary: Patrick Woodie presented the Rural Center's plan to reallocate funds from the 1998 Clean Water Bond. \$218 million of the \$240 million allocation has been disbursed. Due to an accounting error and the need to reallocate funds from the Unsewered funding category to the Supplemental funding category, the Rural Center is reallocating \$3.7 million.

Committee Action: No action required.

OSBM

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

Donna Cox, Budget Analyst

Summary: Donna Cox presented two Department of Agriculture and Consumer Services (DACS) and three Department of Environment and Natural Resources (DENR) Grant Consultations. DACS will receive two grants, one from the Tobacco Trust Fund, and one from USDA, totaling \$76,800 over two years. DENR will receive three grants totaling \$116,115 over two years.

Committee Action: No action required.

**Education/Health
and
Human Services
Subcommittee**

Joint Legislative Commission on Governmental Operations
Subcommittee on Education/Health & Human Services
Subcommittee Report

Monday, March 15, 2010, 1:00 P.M.
Room 421, LOB

Representative Maggie Jeffus called the meeting to order. The Education/Health & Human Services Subcommittee heard the following agenda items:

Department of Public Instruction

1. Grant Consultations (S.L. 2009-451, Section 5.6)

Pam Leaman, Budget Analyst, Office of State Budget and Management

Summary: Ms. Leaman consulted on six grants received by NC Center for the Advancement of Teaching (NCCAT, part of the Department of Public Instruction) and one grant received by the Department of Public Instruction. The grants were as follows:

NCCAT

- \$10,370 from the Kenan Fellows Program for a contractor to conduct a seminar for up to 15 Kenan Fellows.
- \$65,000 from the Rabbi Israel Miller Fund for Shoah Research for the Conference on Jewish Material Claims Against Germany (Holocaust Education Program).
- \$14,256 from the Public School Forum for a seminar on Best Practices for Motivating African American Students.
- \$10,000 from Piedmont Natural Gas to expand NCCAT's environmental education program.
- \$6,400 from Dominion Education Partnership to support NCCAT's Teaching Students of the 21st Century STEM Initiative.
- \$30,000 from the Charles M. and Mary D. Grant Foundation for NCCAT's Teaching Students of the 21st Century STEM Initiative.

DPI

- \$83,229 from GEAR UP North Carolina to reimburse costs associated with administering the PSAT/NMSQT to all 9th, 10th, and 11th graders attending one of the GEAR UP high schools.

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

Department of Public Instruction, North Carolina Community College System, and University of North Carolina System

2. Status Update on Funding of High School Students in Higher Education Programs

(S.L. 2009-451, Section 8.22)

Brian Matteson, Fiscal Analyst, Fiscal Research Division

Summary: At this Subcommittee's January meeting, the Subcommittee requested that the Department of Public Instruction, the North Carolina Community College System, and the

University of North Carolina System provide the Fiscal Research Division staff the data needed to determine the most efficient and effective way to pay for high school students enrolled in community colleges, colleges, and universities.

Mr. Matteson updated the committee on the Fiscal Research Division's progress, including receiving some of the necessary data and conducting two site visits to Learn and Earn high schools. The Fiscal Research Division will report its final results to the Joint Education Appropriations Subcommittee and will notify all members of the Joint Governmental Operations Subcommittee on Education/Health & Human Services of this meeting.

Committee Action: The Subcommittee heard the presentation.

Department of Health and Human Services

3. Grant Consultations (S.L. 2009-451, Section 5.6)

Jim Slate, Director of DHHS Division of Budget and Analysis

Summary: Mr. Slate presented the following grants to the Subcommittee –

- \$222,770 (FY 2010-11) to implement a voluntary near-miss reporting and tracking system at six primary care providers in the western part of the State, with the goals of improving error reporting, patient safety and expectations. Pending award.
- \$166,667 (FY 2009-10) for implementation of a peer monitoring, model program for older adults with chronic conditions. Pending award.
- \$199,621 (FY 2009-10) for Medicare beneficiary outreach and application assistance, in order to increase the number of applications for Medicare Savings Programs and Part D Low-Income Subsidy assistance.
- \$2,000,000 (FY 2010-11) to establish a block grant for funding local EMS agencies' equipment and training needs. Pending award.
- \$637,500 (FY 2009-10) to promote children's wellness through evidence-based family support programming in Guilford County.
- \$1,355,383 (FY 2009-10) to increase program capacities to reduce social inequities in health related to obesity and tobacco use. Pending award.

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

4. Changes to Block Grant Allocations, Federal Fund Availability, and Appropriation of ARRA funds (S.L. 2009-451, Sections 6.6C, 10.78(e), 10.78(s), and 10.78(z)).

Jim Slate, Director, DHHS Division of Budget and Analysis

Sherry Bradsher, Director, DHHS Division of Social Services

Summary: Mr. Slate presented DHHS adjustments to the General Assembly's approved allocation of American Recovery and Reinvestment Act (ARRA) Community Services Block Grant (CSBG) receipts. Mrs. Bradsher consulted the Subcommittee on the use of increased federal receipts from the Low-Income Home Energy Assistance (LIHEAP) Emergency Contingency Fund and ARRA Temporary Assistance for Needy Families (TANF) Emergency Contingency Fund. Specifically:

ARRA - CSBG: Per a December 31, 2009 finding by the Office of the State Auditor regarding the inappropriate allocation of ARRA – CSBG receipts for subrecipient grants to Limited Purpose Agencies, DHHS reallocated \$1.3 million for subrecipient grants to Community Action Agencies. This reallocation meets the ARRA requirement that 99 percent of ARRA - CSBG funds be awarded to eligible entities.

LIHEAP Emergency Contingency Fund: In accordance with S.L. 2009-451, Section 10.78.(z), DHHS allocated \$15.6 million of additional federal fiscal year (FFY) 2009-10 LIHEAP Emergency Contingency Fund receipts for the Crisis Intervention Program.

ARRA – TANF Emergency Contingency Fund: In accordance with S.L. 2009-451, Section 10.78.(s), DHHS consulted the Subcommittee regarding receipt and use of TANF Emergency Contingency Fund (ECF) receipts. To date, North Carolina has received \$5.8 million in TANF ECF receipts. Receipts support the statewide implementation of “Pay for Performance” for Work First participants, and subsidized employment programming within 22 counties.

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