



NORTH CAROLINA BOARD OF FUNERAL SERVICE

June 27, 2013

Request for Consultation

The NC Board of Funeral Service respectfully issues this Request for Consultation related to our proposal for an increase in certain fees collected annually by the Board. The subject fees, their current level and the requested new level are below:

<u>Fee</u>	<u>Current</u>	<u>Proposed</u>
Funeral Establishment	\$150.00	\$200.00
Embalmer	40.00	75.00
Funeral Director	40.00	75.00
Funeral Director & Embalmer	60.00	100.00
Funeral Service	60.00	100.00
Transporter	40.00	75.00

The Board has the authority to collect fees via §90-210.25(c), 90-210.28.

All of the subject fees (except transporter) were last increased in 1991; transporter became a permitted function in 2009.

The Board recently underwent a financial audit performed by the NC Office of State Auditor. The audit report (FCA-2013-8121) cited our agency's inability to adhere to an internal operating procedure which states a three-year period between establishment inspections. The report tested 38 inspections, and found 22 in which the period between inspections ranged from four to eight years.

Our inspection staff consists of three persons. They are responsible for inspecting and auditing approximately 750 funeral establishments (of which approx. 660 are also licensed to sell preneed) and 110 crematories. There are currently in excess of 170,000 active preneed contracts, and almost 1,700 individuals licensed to sell preneed. In instances where irregularities are found, an inspection/audit can become an investigation, particularly where questions arise in regard to preneed funds. Some investigations can take weeks to perform, taking the inspector away from their scheduled establishment visits and requiring them to concentrate on one location. It is expected that the cremation rate will continue to rise which will necessitate an increase in the number of crematories statewide. The number of preneed contracts registered with the Board is also rising.

The audit report also expressed concern regarding segregation of duties. This is a function of the size of the office staff, which includes the executive director, staff attorney, and 8 administrative personnel, three of whom are part-time; four are at or beyond retirement age.

The Board's current annual operating budget is \$1,182,893. The budget includes no revenue contribution to a reserve fund, and virtually no building improvement funds. The computer equipment is obsolete and there is no planned replacement budget.

The proposed increases would generate approximately \$134,000 in additional revenue annually. Current average cost for an additional inspector would be approximately \$73,000 in 2013. This does not consider inflationary increases for fuel/mileage or healthcare. Our staff demographics clearly indicate we will be contending with multiple vacancies in the very near future, leading to recruitment, hiring and payroll costs that cannot be supported within the current fee structure.

Licensees in North Carolina are increasingly requesting online capabilities regarding licensing renewals and certain reports which are required annually. There is currently no budget to accommodate this need. All similar boards in states with which North Carolina shares a border have online capabilities which were funded by their respective states. The Board has recently committed funds to enable the development and programming required in order to create one annual report, but this is a significant financial impact. There is no funding to support the programming and operation of online license and permit renewals. The estimated development and programming cost for such a system is \$28,000, and there would be an additional \$850 per month operating expense to maintain/secure the system.

For The Board,

A handwritten signature in black ink, appearing to read "P. M. Burke".

Peter M. Burke, CFSP
Executive Director