

**Joint Legislative  
Commission  
on  
Governmental Operations**

**Subcommittee Reports**



**April 19, 2006**

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

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

**April 18, 2006**

Chairman: Senator Linda Garrou

**Requests to Increase Fees per S.L. 2005-276, Section 6.8(b)**

NC Board of Physical Therapy Examiners – (1 Item)

Ben Massey, Jr.  
Executive Director

**Committee Findings:** The Board submitted information by the deadline requesting consultation in regard to increasing four (4) fees under the authority of G.S. 90-270.33: application fees for physical therapist from \$135 to \$150 and physical therapist assistants from \$135 to \$150; license renewal from \$80 to \$100; transfer of licensure information from \$25 to \$30; and certificate replacement from \$25 to \$30. However, no representative of the Board appeared to formally present the information to the subcommittee. Therefore, the subcommittee did not review the request. The Board will be notified of this occurrence and has the options of either waiting to formally present information at the next subcommittee meeting, or to follow the 90-day provision outlined in S.L. 2005-276, Section 6.8.

NC Board for Licensing of Soil Scientists – (1 Item)

Kevin Martin  
Consulting Member

**Committee Findings:** The rule change proposed by the Board would increase the annual license renewal fee from \$50 to \$85 in accordance with G.S. 89F-25. The Board was established in 1995, and for the first time since then a fee increase is necessary to maintain fiscal solvency. This is the result of increased activity which has required more staff and attorney time in the past two (2) years. An analysis of the budget indicates that the increase will allow the Board to realize revenue that is equal to the amount of operation. The Board is experiencing an annual deficit of \$7,000. To meet expenditures/satisfy the deficit the Board has withdrawn funds from its Short Term Investment Fund (STIF). With 200 annual licensees the \$35 increase will satisfy the \$7,000 deficit.

**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 two (2) Real Property Agent I and two (2) Real Property Agent II positions for the State Property Office's Environmental Enhancement Program workload. These positions will assist in the acquisition of real property for the purpose of water quality improvement, future protection of watersheds, stream and wetlands restoration, enhancement or preservation. The positions will be funded from receipts from the Department of Environment and Natural Resources. The Department also consulted on the establishment of one (1) Real Property Agent I position for the State Property Office's Natural Heritage Trust Fund (NHTF) workload. This position will assist and advise the NHTF in real estate matters and ensure compliance in the acquisition and disposition process. This position will be funded from receipts from the NHTF. 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 Committee accepted the Department's consultation on two (2) allocations and eleven (11) acquisitions by deed. The Committee was also consulted on a proposed exchange of land in which the state would acquire land from Southwestern Community College to build a new forestry headquarters in Sylva, Jackson County. The Department noted that it will request funding for the forestry headquarters in the 2006 Legislative Session. At the Department's request, one (1) disposition by deed was deferred until a later date. The full report will be reported to the Full Commission.

**Office of State Budget and Management - (4 Items)**

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

**Committee Findings:** The Committee accepted the Office of State Budget and Management's report on budget revisions to capital projects. There were five (5) budget revisions that involved cost increases from receipts to be paid from various sources, including Golden Leaf funds, athletic receipts, overhead receipts, and trust funds, and fifteen (15) budget revisions that involved transfers of funds between the 2000 Higher Education Bond projects. The full report will be presented to the Full Commission.

Consultation Prior to the Establishment of Capital Improvement Projects Funded from Non-General Fund Sources (G.S. 120-76(8)(e))

**Committee Findings:** The Committee accepted the Office of State Budget and Management's consultation on two (2) capital improvement projects funded from non-general fund sources. The total of the projects is \$2,745,000. The projects are at the Salisbury VA Nursing Home and UNC-Greensboro Reynolds Residence Hall. The projects will be funded from the NC Veterans Home Trust Fund and from housing receipts. Due to an imminent threat to public safety, three (3) projects were approved without prior consultation. The 3 emergency projects are on the UNC-Chapel Hill campus. The request for the emergency projects is \$1,975,000. One project [Skipper Bowles Drive

Culvert Replacement] will require an estimated \$5.5 million including the current request of \$625,000. The full report will be presented to the Full Commission.

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

**Committee Findings:** The Office of State Budget and Management consulted on two (2) requested allocations 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 second allocation is to pay for legal services for private firms to represent four former and current state employees that are being sued in Federal Court by a former death row inmate who was later found to be innocent. The Attorney General's Office has determined that the four state employee's actions were within the scope of their official duties, but due to conflicts of interest, private counsels should be engaged. OSBM also requested \$576,000 to fund the FY 2005-06 projected shortfall for its Scholarships for Children of War Veterans program. The Escheats Fund provides only a portion of the program's requirements because some scholarship recipients do not meet the Escheats Fund need-based requirement or they attend private schools within the State. The Escheats Fund awards scholarships to attend public state colleges. The General Assembly has indicated that program shortfalls shall be allocated from the Contingency and Emergency Funds. The full report will be presented to the Full Commission.

Report on Repairs and Renovations Authorized in the State Capital Facilities Finance Act for University and Non-University Projects (G.S. 142-84(h) and G.S. 143-15.3A(c))

**Committee Findings:** The Committee accepted the Office of State Budget and Management's report on requested changes to the projects that had been selected for funding from the special indebtedness that the 2003 General Assembly authorized for the repair and renovation of State facilities. The requested changes are for sixteen (16) projects at the Department of Environment and Natural Resources, the Department of Agriculture, the Department of Juvenile Justice and Delinquency Prevention, the Department of Health and Human Services, the Department of Administration, Fayetteville State University, North Carolina A&T University, and Winston Salem State University. The full report will be presented to the Full Commission.

Jim Lora  
Asst. State Budget Officer for Capital

**Office of State Budget and Management (OSBM) and Office of State Personnel - (1 Item)**  
Annual Report on the Use of Personal Services Contracts by State Agencies FY 2005 (G.S. 143-64.70)

Tom Newsome  
Asst. State Budget Officer for Management  
OSBM

**Committee Findings:** In FY 2005, \$61.7 million was spent on personal services contracts by State agencies. In addressing the distinctions of contract activity for FY 2002, FY 2003, and FY 2005 the subcommittee determined that clarification of the data was required. The OSBM was directed to revisit data for FY 2002 and FY 2003 for the purpose of removing contract expenditures under \$5,000, and, thereby, presenting data for those years that is comparable to FY 2005. This will allow the report to reflect comparable data for the three (3) fiscal years. The OSBM will provide a revised report to the subcommittee in May 2006.

**Office of State Controller – (1 Item)**

Update on the Statewide Business Infrastructure Program (S.L. 2004-129, Section 7(b))

Robert Powell  
State Controller

**Committee Findings:** Mr. Powell gave history of the project, including the direction from the General Assembly in 2002 to review the State's business infrastructure systems. The study, which was a collaborative effort by ITS, OSBM, OSC, and others, showed that the systems were outdated with the Human Resources and Payroll System being at the greatest risk. Approximately \$23 million was appropriated in 2005 with direction to the State Controller to start to work on replacing the systems. The State has purchased SAP software that includes HR/Payroll, Budgeting, Accounting, and Tax and Revenue.

The State has selected Bearing Point as the integrator who will be responsible for designing the software to fit North Carolina's need. The expected completion date for completing the HR/Payroll System is 2008. Replacement of the HR/Payroll System is expected to cost \$41 million. The full report will be presented to the full commission.

***Justice  
and  
Public Safety  
Subcommittee***



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

*Tuesday, April 18, 2006*

**The Justice and Public Safety Subcommittee heard and accepted the following reports:**

**Department of Justice**

- **Report on Lawsuits and Settlements:** The Subcommittee received reports on pending cases challenging the constitutionality of a North Carolina law or seeking \$1,000,000 or more in damages (G.S. 114-2.6); settlements of litigation or potential litigation involving payment of public monies of \$75,000 or more (G.S. 114-2.4(b)); and, settlements of litigation or potential litigation that result in more than \$75,000 being paid to the State (G.S. 114-2.5).
- **Report on SAFIS Bid Solicitation Process:** The Department has completed its evaluation of vendor proposals to replace the State-wide Automated Fingerprint Information System (SAFIS). Section 15.9. (c) of S.L. 2005-276 directed the Department to consult with the Subcommittee regarding the proposals received in response to an RFP and the Department's recommendations for awarding the contract. Due to the confidentiality requirements of G.S. 147-33.95(a), the Subcommittee went into closed session in accordance with G.S.143-318.11(a)(1) to receive the Department's report. Based upon the information provided and the ensuing discussion, the Subcommittee received the Department's report and noted that the consultation requirement had been met.

**Department of Correction**

- **Request to Establish Receipt-Supported Positions:** DOC received federal funding from the U.S. Department of Education to assist with training and transition services for youthful offenders in prison. Funds will be used for two time limited positions, a Youth Offender Program Manager and a Processing Assistant. The Subcommittee accepted the report.

**Judicial Department**

- **Request to Establish Receipt-Supported Positions:** The Subcommittee approved requests to establish nine time-limited, receipt-supported positions. Most of these are Assistant District Attorney positions that will focus on DWI prosecutions or on sexual assault/domestic violence work.
- **Report on Court Technology Fee Fund and Electronic Access Contracts:** The Subcommittee approved AOC's regular report on use of funds collected in the Court Technology Fee Fund. The agency also provided a list of all customers for their electronic data.

**Department of Juvenile Justice and Delinquency Prevention**

- **Request to Establish Receipt-Supported Position:** Juvenile Justice reported on a proposed time-limited position that would be funded by DPI through the Exceptional Children Division.

The position is a processing assistant that would handle data entry and analysis through the state online “exceptional children accountability system. The request was approved.

- **Communities in Schools of North Carolina Annual Report:** As required by Section 16.3.(c) of S.L. 2005-276, the Subcommittee received the annual report on the use of general fund appropriations, the services provided and the number of children served.

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

## **Transportation/Natural and Economic Resources Governmental Operations Subcommittee Report – April 18th, 2006**

Representative Bill Owens 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 Environmental and Natural Resources (DENR) – Total of 9 positions.

#### Division of Water Quality

- 1- Technology Support Analyst position to be funded with permit application receipts from a new stormwater permitting program. (Effective 05/01/06)
- 7- Environmental Engineer I positions to be funded with permit application receipts from a new stormwater permitting program. (Effective 05/01/06)
- 1- Environmental Engineer II position to be funded with permit application receipts from a new stormwater permitting program. (Effective 05/01/06)

Wildlife Resources Commission - Total of 6 positions

#### Division of Conservation Education – Centennial Education Center

- 1- Television Producer Director I position to be funded with 50% federal aid grant and 50% wildlife resources receipts. (Effective 06/01/06)

#### Division of Inland Fisheries

- 1- Wildlife/Fisheries Biologist II position to be funded through a new federal assistance project with 75% of the funding from the Sport Fish Restoration Program and 25% from the sale of fishing license. (Effective 07/01/06)

#### Division of Wildlife Management

- 1- Wildlife Biologist I position to be funded from a federal wildlife grant. (Effective 05/01/06)
- 3- Wildlife/Fisheries Biologist I positions to be funded with wildlife resources receipts and Cooperative Upland Habitat Restoration and Enhancement (CURE) funds. (Effective 06/01/06)

Department of Commerce – Total of 5 positions.

#### Utilities Commission

- 1- Processing Assistant V position to be funded from the Public Utility Regulatory Fee Fund. (Effective May 1, 2006)

#### Banking Commission

- 2- Administrative Assistant II positions to be funded from Bank Assessment revenue. (Effective May 1, 2006)

- 1- Deputy Commissioner of Banks position to be funded from Bank Assessment revenue. (Effective May 1, 2006).
- 1- Personnel Technician II position to be funded with Bank Assessment revenue. (Effective May 1, 2006)

Department of Agriculture and Consumer Services– Total of 11 positions.

Veterinary Services:

- 1- Business & Technology Applications Analyst position to be funded with federal funds from Avian Influenza (AI) Cooperative Agreements with USDA APHIS. (Effective 06/01/06)
- 2- Animal Health Technician I (Poultry) positions to be funded with federal funds from Avian Influenza (AI) Cooperative Agreements with USDA APHIS. (Effective 06/01/06)
- 1- Agricultural Program Specialist position to be funded with federal funds from Avian Influenza (AI) Cooperative Agreements with USDA APHIS. (Effective 06/01/06)
- 1- Medical Laboratory Technologist I position to be funded with federal funds from Avian Influenza (AI) Cooperative Agreements with USDA APHIS. (Effective 06/01/06)
- 1- Administrative Assistant I position to be funded with federal funds from Avian Influenza (AI) Cooperative Agreements with USDA APHIS. (Effective 06/01/06)
- 1- Processing Assistant V position to be funded with federal funds from Avian Influenza (AI) Cooperative Agreements with USDA APHIS. (Effective 06/01/06)
- 1- Medical Laboratory Technologist II position to be funded with federal funds from Avian Influenza (AI) Cooperative Agreements with USDA APHIS. (Effective 06/01/06)
- 1- Veterinarian position to be funded with federal funds from Avian Influenza (AI) Cooperative Agreements with USDA APHIS. (Effective 06/01/06)
- 1- Medical Laboratory Technologist II position to be funded with federal funds from Classic Swine Fever Cooperative Agreements with USDA APHIS. (Effective 06/01/06)
- 1- Business & Technology Applications Analyst position to be funded with a grant from USDA, Cooperative Extension Service. (Effective 06/01/06)

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

**General Assembly Oversight of Agency Fees (G.S. 12-3.1)**

John Hoomani, General Counsel for the Department of Labor, presented an increase in boiler and pressure vessel fees. The Boiler Safety Bureau is fully supported by these inspection fees. The fees were last increased in March 1997.

### **Department of Agriculture Presentation – Response Plan for Avian Influenza**

Dr. Marty Zaluski, DVM provided an overview of the Department of Agriculture’s Avian Influenza preparedness. Highlighting that NC ranks as the 3rd largest poultry producing state in the nation, Dr. Zaluski noted that approximately 31% of agricultural cash receipts stem from the poultry and egg industry. In an effort to safeguard this industry, the Department has developed a plan to prepare for and to address any outbreaks of this disease. Components of this plan include surveillance of migratory birds, testing of industrial flocks and disease eradication procedures. Further, Dr. Zaluski noted that the Department’s Multi Hazard Threat Database utilizes GIS to enable the track and respond to reports of emergencies.

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

**JOINT GOVERNMENTAL OPERATIONS SUBCOMMITTEE**  
**Education/Health and Human Services**

**April 18, 2006 Subcommittee Report**

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

**1. 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 a proposed increase to the Social Services Block Grant.

The United States Department of Health and Human Services released SSBG supplemental emergency funds for hurricane relief. North Carolina received \$1,310,272. The allocation is based on the percentage of FEMA registrants for Hurricanes Katrina, Rita, and Wilma. North Carolina ranked 11<sup>th</sup> in the amount of funding received from this source. These funds must be expended by the state by the end of September 2007 and must be tracked separately from regular SSBG. Funds can only be spent to help meet the needs of people from the Gulf Coast who were affected by these hurricanes and have moved to North Carolina.

Allowable expenditures include but are not limited to: housing, child care, mental health services, case management, employment services, meals, or any other social services normally allowed under SSBG.

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.

**2. Department of Health and Human Services – Receipt-Supported Positions**

The Department of Health and Human Services requested the following positions according to the prior consultation requirement pursuant to G. S. 143-34.1:

1. Mental Health Program Manager I (1 Position) – Salary Grade 74 T, total salary and fringes \$73,784. This position is designated to establish a program to assist individuals with gambling problems. This position will also be the liaison for other state, federal, local agencies. Funding for this position will come from the Lottery Proceeds in accordance with Section 31.1(s) of SL 2005-276.

2. Human Services Planner/Evaluator III (1 position) – Salary Grade 72, total salary and fringes \$67,968. The primary purpose of this position is to develop, implement, and coordinate a statewide plan to transition youth with significant special health care needs from pediatric to adult healthcare using a medical home model. Federal funds will support this position.



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.

### **3. Department of Public Instruction – Receipt-Supported Positions**

In accordance with G. S. 143-34.1, the Department of Public Instruction submitted a plan to create eight receipt-supported positions. Two of the positions will perform new functions in the Exceptional Children's Division. Six of the positions will perform services that are currently provided through vendor contracts. The eight positions are as follows:

- 3 current contractors in the Accountability Division will be converted to permanent positions (estimated cost savings to the State of \$120,323). These positions are funded from the State Assessment Federal Grant. They provide technological support and analysis to the State's and the LEA's Accountability Program.
- 2 new Exceptional Children positions will be created to provide professional development and coaching in reading and writing for EC teachers. 2 converted contractor positions will provide consultant services to EC programs in Charter Schools (estimated savings \$52,500).
- 1 position is being added in the Insurance Section to assist LEAs with unemployment claims handling. State funds of \$45,072 were previously appropriated for an outside administrator to perform this task. Since this position will be paid from insurance receipts, the entire State appropriation of \$45,072 will be saved.

In total, the conversion of the six contract positions to receipt-supported agency positions will save approximately \$217,895 annually, and will further DPI's initiative to convert contract positions to agency positions.

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.