

Joint Legislative Commission on Governmental Operations

Subcommittee Reports

November 4, 2003

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**Statewide/Capital/
General Government
Subcommittee**

REPORT

Statewide/Capital/General Government

Subcommittee

November 4, 2003

Chairman: Representative Thomas Wright

I. Requests to Increase Fees per S.L. 2001-427, Section 8(a); G.S. 12-3.1:

The following licensing boards and State agency consulted with the subcommittee in regards to fee increases:

North Carolina State Board of Cosmetic Art Examiners (*Pulled*)
North Carolina State Board of Dental Examiners
North Carolina Board of Funeral Service
North Carolina State Board of Opticians
State Board of Examiners of Plumbing, Heating, and Fire Sprinkler Contractors
North Carolina Respiratory Care Board
Department of State Treasurer

Committee Action: Recommendations accepted for all boards and the State agency, with the exception of the request from the North Carolina State Board of Cosmetic Art Examiners, which was pulled.

II. Requests to Establish Receipt-Supported Positions (S.L. 2001-424, Section 32.19A; G.S. 143-34.1(a1))

Department of Administration

Committee Action: the Committee accepted the Department's consultation on the establishment of 1) a Real Property Agent II in the State Property Office, 2) an Administrative Assistant I in the Division of Surplus Property; and 3) a Grounds Worker in the Division of Veterans Affairs.

Department of Cultural Resources

Committee Action: The Committee accepted the Department's consultation on the establishment of 1) a part-time Editor I position in the Division of Historical Resources/Historical Publications Section; and 2) a Program Assistant V position and 2 Librarian II positions for the State Library.

Office of Information Technology

Committee Action: The Committee took the following action regarding consultation on the position requests: 1) *deferred acceptance of 2 Business & Technical Application Analyst pending further review in January 2004*; 2) accepted establishment of Project Manager II & III positions in the Division of Enterprise Technology Strategies, a Networking Analyst position in the Division of Telecommunications Services, and 2 Business & Technical Application Analyst positions in the Division of Computing Services.

Department of Insurance

Committee Action: The Committee accepted the Department's consultation on the establishment of a Safety Consultant position in the Division of Risk Management.

III. Required Reports

Department of Administration

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 Action: the Department reported 2 allocations of property; 40 acquisitions by deed; 2 dispositions by deed; 4 dispositions by lease and 1 other matter. The full report will be presented to the full committee.

Department of Revenue

Quarterly Report on the Taxpayer Assistance and Collection Center (TACC) (Section 22.6(b), S.L. 2002-126)

Committee Action: the Department provided an update on establishing the Call Center, which is now referred to as the Taxpayer Assistance and Collection Center (TACC). The Center opened October 1, 2003 in Battleboro, NC with a staff of 53 positions - 24 collection (call) agents, 20 taxpayer assistance (call) agents, 6 team leaders, 2 assistant managers and 1 manager. As of this report call agents answered 33,739 calls in the first 3 weeks of operations; employment is expected to grow to 60 positions by 12/03 and 108 positions by 2/05.

The average phone call is 3 minutes in length; and the system's state-of-the-art telephone technology has allowed DOR to answer 100% of its incoming taxpayer calls – prior to the TACC, only 25% were

being answered; and it has 9 different toll free numbers that taxpayers can call depending on the type of assistance needed.

A predictive dialer is being installed on 2/04. In 12/03, the taxpayer will be able to call the TACC and initiate an electronic payment from their bank account to pay their taxes.

Other ongoing projects are: additional self-service (IVR) applications available 24x7 to include refund inquiry and payment of tax notices.

As of 9/30/03, DOR has expended \$855,195.

and

Quarterly Report on Collection of Tax Debt in Compliance with G.S. 105-241.3(f)

Committee Action: the project has generated \$50.9 million for the quarter ending September 30, 2003. Since September 2001 this imitative has generated \$238.5 million .

E. Norris Tolson
Secretary

State Board of Elections

Biennial Report on the Public Campaign Financing Fund (G.S. 163-278.63(c)).

Kim Westbrook Strack
Deputy Director
Campaign Reporting

Committee Action: the State Board of Elections reported that it has met with the Advisory Council to set forth necessary procedures and to approve documentation for implementing the NC Public Campaign Financing Fund legislation that was passed into law in October 2002. The State Board will publish a voters' guide for distribution to every household with a registered voter prior to the primary and general election in 2004. As of August 31, 2003, the balance in the NC Public Campaign Financing Fund was \$503,694. The committee accepted the report.

Office of State Budget and Management

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

and

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

and

Report on Proposed Allocations from the Reserve for Repairs and Renovations: Non-University (Section 31.5, S.L. 2003-284)

Greg Piner
Budget Analyst

Committee Action: the Committee accepted the above reports on (1) three allocations from the Contingency and Emergency Fund, (2) four capital improvement projects funded from non-General Fund sources, (3) three projects funded from transfers between capital projects funded by the Higher Education Bonds. The full report will be presented to the full Committee.

Report on Proposed Allocations from the Reserve for Repairs and Renovations: University (Section 31.5, S.L. 2003-284)

Rob Nelson
Associate Vice President/Finance
UNC-General Administration

Committee Action: 1) the Committee requested a follow-up report regarding the Mold Remediation at North Carolina Central University for the January 2004 meeting; and 2) the Report on Proposed Allocations from the Reserve for Repairs and Renovations will be presented to the full Committee.

Department of the State Treasurer

Consultation on Status of Technology Infrastructure Enhancements (Section 28.3, S.L. 2003-284)

Michael Williamson
Director
Retirement System Division

Committee Action: the Department reported that after receiving certification from the Information Resources Management Commission, it issued a request for proposal to vendors for building a new integrated information technology system. The Department received six proposals and expects to select a vendor from the three that were selected as finalist. The Department expects to execute a contract with a projected start date of February, 2004. The Committee accepted the report.

Department of State Treasurer

Report on Funding from the Special Provision - Unclaimed Property Report (Section 28.5, S.L. 2003-284).

Kenneth Wilkins
Deputy Treasurer

Committee Action: the Department reported that as of June 2003, it had returned \$21.3 million to more than 25,000 owners. By June 2004, it estimates that it will return \$24 million to 28,000 owners. The Department will use the funding authorized by Section 28.5, S.L. 2003-284 to hire temporary workers to reduce the backlog of claim requests. The Committee accepted the report.

Justice and Public Safety Subcommittee

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

Tuesday, November 4, 2003

The Justice & Public Safety Subcommittee accepted the following reports:

Administrative Office of the Courts

- **Request to Establish Receipt-Supported Positions:** The Subcommittee approved requests to fund twelve receipt-supported positions for the Courts. Receipts from federal agencies, the Governor's Highway Safety Program, and county governments will fund these positions. Eleven of these positions will function at the local level providing direct services, while the other will be housed in AOC in the Guardian Ad Litem program to provide appellate coordination and services for children in abuse, neglect, and dependency cases.
- **Report on Collections and Use of Funds in Court Information Technology Fund:** The Subcommittee received a report on collections for the Court Information Technology Fund, totaling \$1.5 million for the period December 1, 2002, through September 30, 2003. The report also identified expenditures from this fund: information technology equipment (hardware and software); previously approved receipt-supported positions; and the AOC share of a collaborative technology project with Mecklenburg County.
- **Request to Use Available Funds to Match Federal Grants:** The Subcommittee approved requests to use \$1.25 million from available funds to match federal grants.
- **Report on Cash Balance in Worthless Check Fund as of June 30, 2003:** The Subcommittee received a report detailing the use of \$19,000 remaining in the Worthless Check fund. These funds were used to repair and replace office equipment in local judicial branch offices.

Department of Juvenile Justice and Delinquency Prevention

- **Request to Establish Receipt-Supported Positions:** The Subcommittee approved requests to fund two receipt-supported positions: a Geographic Information System (GIS) Analyst and a 7 month position to assist in training of teachers at Samarkand Youth Development Center, a facility for female offenders.

Department of Crime Control and Public Safety

- **Request to Establish Receipt-Supported Positions:** The Subcommittee approved requests to fund 9 receipt-supported positions in the Alcohol Law Enforcement (ALE), Emergency Management (EMD), and NC National Guard (NCNG) Divisions. ALE will establish an administrative assistant position funded by a federal grant to reduce underage drinking (75 percent) and forfeiture receipts (25 percent). The six positions to be established in the Emergency Management Division will be fully supported by funds from the U.S. Department of Homeland Security. These positions will provide training and technical assistance to local and state officials to implement homeland security related initiatives. The NC National Guard Division will use

funds from the U.S. Department of Defense to establish two engineer positions to administer repair and construction projects at armories and training facilities.

- **Request to Use Seized and Forfeited Assets:** The Subcommittee approved requests from the State Highway Patrol and Alcohol Law Enforcement (ALE) Divisions to use seized and forfeited assets. The State Highway Patrol requested approval to use \$1,389,071 for various equipment purchases and the construction of a shelter and storage building at the driving track. ALE requested approval to use \$203,622 to purchase mobile data terminals and as state matching funds for a federal grant to reduce underage drinking. A portion of the state match funds will be used to establish a position to support the grant.

Department of Correction

- **Request to Use Available Funds to Match Federal Grants:** The Subcommittee approved a request to use \$43,625 in lapsed salaries to match a federal Crime Commission grant of \$174,500 to improve Internet-based offender information systems.
- **Consultation on Contract for Construction of New Prisons:** HB 397 authorized DOC to contract for construction of three additional 1,000-bed prisons (prisons 4, 5, and 6) with the firm that constructed three prisons authorized in 2001. HB 397 also required that contract terms must be approved as “reasonable and desirable” by DOA, the Treasurer’s Office and Council of State. The Subcommittee heard a presentation by DOC on a proposed contract for prisons 4 and 5. DOA and the Treasurer’s Office endorsed the contract price and terms. The subcommittee recommended that the contract proposal be accepted and moved forward to full Governmental Operations and then to the Council of State for final review. Prison #6 will be considered separately in early 2004. The Subcommittee urged DOC and DOA to ensure the vendor makes maximum effort to use NC labor and businesses in the construction of the prison.
- The Subcommittee also recommended that full Governmental Operations consider endorsing a Special Session of the General Assembly to pass legislation that exempts Prison #6 in Columbus County from recent changes in the North Carolina Building code. HB 397 exempts Prisons 4 and 5 from meeting new building codes as long as construction starts before January 1, 2004 but did not exempt prison #6. Estimated design and construction savings are at least \$2.5 million if an exemption is authorized.

Department of Justice

- **Request to Establish Receipt-Supported Positions:** The Subcommittee approved requests to fund 13 receipt-supported positions. These positions include (1) three attorneys: using \$98,462 in receipts from the Department of Environmental and Natural Resources for an Attorney IV to provide legal assistance to on hazardous waste, brownfields and related permitting and environmental enforcement issues; \$85,000 in receipts from the Department of Juvenile Justice and Delinquency Prevention for an Attorney II to provide legal assistance; and, \$63,750 in receipts from the NC Banking Commission for a 0.75 Attorney III position to will represent the State Banking Commission and assist in prosecuting financial crimes and creating tax exempt trusts (2) one Administrative Officer positions using \$47,305 in grant funds from the U.S. Department of Justice (DOJ) to oversee

implementation of the North Carolina Safe Neighborhoods Project, which aims to reduce gun violence; (3) using \$745,122 from a two-year US Department of Justice Telemarketing Fraud Grant to create a seven-member team to enforce telemarketing fraud and consumer privacy provisions in the newly enacted state and federal do-not-call regulations and (4) The Department requested approval to use \$99,400 in grant funds from the Governor's Crime Commission and the U.S. DOJ to fund two positions relating to child sexual assault and abuse investigations: a Training Specialist to provide training support and assistance to SBI agents specializing in Child Sexual Assault and Abuse investigations, and a Laboratory Analyst to assist in screening for biological evidence in cases involving child victims.

- **Attorney General Report of Settlements or Potential Litigation Exceeding \$75,000:** The Chief of Staff to the Attorney General, reported on 25 agreements that involved the payment of public monies in the sum of \$75,000 or more. The majority of these agreements involved worker's compensation claims. The largest agreement was a \$12 million settlement for a case involving condemnation of 2,300 acres of land in Transylvania and Henderson Counties (*State v. Waterfall Investment Group*). Other settlements for more than \$200,000 included \$685,000 in a claim for breach of contract against NCSU (*Banta Corp v. BOG of Univ of NC*) and \$390,000 for a tort claim for a spinal injury (*Poth, Milton v. Dept. of Transportation*).
- **Attorney General Report of Pending Lawsuits Seeking at least \$1,000,000 or Challenging the Constitutionality of NC Statutes:** The Chief of Staff reported on 85 cases in which plaintiffs seek in excess of \$1 million in damages – including 39 highway condemnation cases and 17 prisoner litigation cases – and 28 cases in which the constitutionality of a North Carolina law has been challenged.
- **Summary of Settlements Disbursed:** The Chief of Staff reported on five settlement agreements and six court orders in favor of the State. This report summarized letters that had been sent to the Senate President pro Tempore, the Speakers of the House, and the chairs of the Joint Legislative Commission on Governmental Operations and the JPS Appropriations Subcommittee. The letters were sent at least 30 days prior to the disbursement of funds resulting from the settlements and court orders; disbursements ranged from \$18,000 to more than \$10 million.
- **Request to Use Seized and Forfeited Assets:** The Subcommittee approved requests from the Director of the State Bureau of Investigation to use approximately \$900,000 in federal seized and forfeited assets. The Bureau will use approximately \$330,000 as matching funds for grants for a clandestine lab/terrorism response vehicle, equipment and supplies for new DNA agent positions, videophones for crisis negotiators, upgrades to the State Automated Fingerprint Identification System, training for agents in the Toxicology Unit, assistance for Child Sexual Assault Investigations, and Homeland Security Overtime Funding. The Bureau will use approximately \$570,000 for law enforcement and bomb technician equipment, law enforcement certification, radio communications tower lease, and development costs to integrate computer systems within the SBI, the SBI Lab, and the Administrative Office of the Courts.

**Natural and Economic
Resources/Transportation
Subcommittee**

<p style="text-align: center;">Transportation/Natural and Economic Resources Governmental Operations Subcommittee Report – November 4, 2003</p>
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The Transportation/NER Subcommittee heard six agenda items.

Reports

Department of Environment and Natural Resources

In accordance with G.S. 113-44.15, the Division of Parks and Recreation presented the annual Parks and Recreation Trust Fund Report. The Parks and Recreation Authority approved \$5.4 Million in land acquisition projects and \$12.6 Million in capital improvement projects for the state parks system. Also, the Authority approved \$1.4 Million for a public beach and coastal waterfront access program. Finally, the Authority approved \$8.4 Million for the local governments matching grants program. The Subcommittee accepted the report without objection.

In accordance with G.S. 143B-289.44, the Division of Aquariums presented the annual North Carolina Aquariums Special Fund Report. The Subcommittee accepted the report without objection.

The Committee also heard a presentation from the Director of the NC Aquariums on the proposed Pine Knoll Shores Aquarium expansion. By consensus, the Subcommittee agreed this item should be passed on to the full Governmental Operations Commission in order to hear more detail on policy issues and proposed alternative financing.

Department of Commerce

In accordance with S.L. 2003-284.12.4(c), the Department of Commerce presented the quarterly report on the One North Carolina Fund. The Subcommittee accepted the report without objection.

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

The Subcommittee heard details of multiple fee increases by the Department of Agriculture and Consumer Services and the Department of Environment and Natural Resources. The authority to increase these fees was included in previous legislation.

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 Agriculture and Consumer Services – Total of 12

Emergency Programs Division – 9
Agricultural Finance Authority – 1
NC State Fair Division – 1
Marketing Division – 1

Department of Commerce – Total of 6
Banking Commission – 6

Department of Environment and Natural Resources – Total of 20
Division of Administration – 1
Division of Environmental Health – 3
Division of Forest Resources – 2
Division of Land Resources – 3
Division of Marine Fisheries – 4
Office of Conservation and Community Affairs – 3
Office of Public Affairs – 1
Wildlife Resources Commission – 3

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

**Education/Health and
Human Services
Subcommittee**

JOINT GOVERNMENTAL OPERATIONS SUBCOMMITTEE ON Education/Human Services

November 4, 2003 Subcommittee Report

The meeting was called to order by Senator Steve Metcalf. Six items were presented to the Joint Subcommittee on Education/Health and Human Services.

1. The Community Colleges System Office presented a plan to establish 6 positions within the Division of Economic and Workforce Development to create a Biotechnology Office. The positions will be fully supported by receipts from a grant from the Golden Leaf Foundation. The Department of Public Instruction presented a plan to establish 14 positions within the Curriculum and School Reform Services Area to implement the recently approved federal Reading First Grant. The positions will be fully supported by receipts from the grant. This plan is being presented to the Full Commission through this subcommittee report in accordance with the consultation requirement before the establishment of these positions.

2. The State Office of Budget and Management presented a report on the University System's budget deviation report that allowed various campuses to use over realized receipts to fund educational operating expenses. The Full Commission will also hear the report.

3. The Department of Health and Human Services presented a report on the budget deviation from the Division of Information Resource Management. The Department plans to increase funds from the various divisions within DHHS to cover the DIRM shortfall due to insufficient funds budgeted for FY04. The Full Commission will also hear the report.

4. The Department of Health and Human Services presented a plan to establish twenty-nine positions within the Division of Public Health, three positions within the Division of Facility Services, four positions within the Division of Vocational Rehabilitation, and two positions within the Division of Services for the Deaf and Hard of Hearing. Within the Public Health Division nineteen positions will be fully-supported through receipts from federal bioterrorism grant funds, five positions will be supported through federal funds supporting the Early Intervention Program and children and youth programs, one position funded through the American Legacy Foundation, three positions will be funded by the Center for Disease Control, and one position funded by the Ryan White CARE Act Title II Grant. Within the Division of Facility Services the three positions will be fully supported by federal bioterrorism funds. Within the Division of Vocational Rehabilitation four positions will be fully funded through the US Department of Labor. Within the Division of Deaf and Hard of Hearing two positions will be fully funded by the Telecommunications Relay Funds. This plan is being presented to the Full Commission through this subcommittee report in accordance with the consultation requirement before the establishment of these positions.

5. The Department of Health and Human Services presented a plan for use of additional federal Health Choice funds. This plan is being presented to the Full Commission through this subcommittee report.

6. The Department of Health and Human Services presented a plan for implementation of a fee imposed on local health departments and other state entities for the state laboratory services to analyze pap smears. This fee was approved by the General Assembly and per law the Department consulted with Governmental Operations on setting its fee. This plan is being presented to the Full Commission through this subcommittee report in accordance with the consultation requirement before the fee is established.