



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**



Employment First State for Individuals with Disabilities

ROY COOPER
GOVERNOR

CHARLES PERUSSE
STATE BUDGET DIRECTOR

July 14, 2022

MEMORANDUM

TO: Joint Legislative Committee on Justice and Public Safety

FROM: Charles Perusse *Charles Perusse*

SUBJECT: Interim Report on Creation of Department of Adult Correction

Pursuant to Session Law 2021-180, Section 19C.9., the Office of State Budget and Management (OSBM), in consultation with the Department of Public Safety (DPS), shall make an interim report on or before July 15, 2022, on progress implementing this section to the Joint Legislative Oversight Committee on Justice and Public Safety. OSBM and DPS are to complete a final report on or before January 25, 2023, that includes information on the following:

- (1) Any reclassifications of positions or reductions in force.
- (2) Any recommendations for changes to the statutes that organize the Department of Public Safety or the Department of Adult Correction.

The enclosed interim report as required by Session Law 2021-180 is provided below.

Please contact OSBM Budget Analyst Marsha Overby, at Marsha.Overby@osbm.nc.gov if you have questions.

Thank you.

Session Law 2021-180 established the Department of Adult Correction (DAC), effective January 1, 2023. The Adult Correction entities, which are currently part of DPS, will separate and become a Cabinet-level agency.

In preparation for the creation of the DAC, the following actions have been taken or are currently underway:

- The DPS Transition Task force established an organizational structure for DAC and drafted an associated organizational chart.
- DPS Budget developed and proposed a budget structure for the new agency with new budget codes and fund codes. The proposed budget structure was reviewed and approved by OSBM and the Office of the State Controller (OSC), and work is underway to load this new structure into the necessary IT systems (i.e., North Carolina Accounting System (NCAS), North Carolina Financial System (NCFS), HR-Payroll System, and the Integrated Budget Information System IBIS).
- Positions transferring to DAC within the Administration Division of DPS have been identified by section heads. This list of positions has been approved by DPS General Counsel, DPS will be notifying employees of their status by the week of July 11, 2022.
- OSBM is working with DPS Budget to transfer affected Administration Division positions into the new DAC budget structure.
- Needs for new positions within the Administration Division of DAC are being identified to fill the 16 FTE appropriated for Fiscal Year 2022-23 in S.L. 2021-180. DPS Human Resources is actively working to get these positions established in the new fiscal year.
- Legislation (Session Law 2022-58) that will allow DAC to certify its new budget effective July 1, 2022 was ratified by the General Assembly on July 1, 2022 and signed by the Governor on July 8, 2022. Allowing the agency to establish and certify its fiscal operations before the operational effective date will help ensure a more efficient transition.
- DPS Human Resources is coordinating with OSC to prepare for the mass transfer of future DAC employees and positions to the new agency.
- DPS Human Resources is collaborating with the Office of State Human Resources regarding any potential position reclassifications or reductions in force that may be required to establish the new agency.
- DPS contracts and purchase orders are under legal review to identify those that need to be modified or amended to accommodate the creation of DAC.
- A task force within DPS is currently studying and analyzing the office space needs for both DAC and DPS.
- The Division of Adult Correction and Juvenile Justice consolidated Adult Correction leadership positions, separating these positions budgetarily from Administration and Juvenile Justice.
- OSBM is planning a review of governing statutes for DPS and DAC to submit any needed changes to the 2023 legislative session.