

1997

**JOINT
APPROPRIATIONS -
GENERAL
GOVERNMENT
COMMITTEE**

MINUTES

**JOINT APPROPRIATIONS SUBCOMMITTEE
GENERAL GOVERNMENT**

1997 Session

Committee Cochairmen

Senator Ed Warren
Representative William M. Ives
Representative Eugene McCombs
Representative Wilma M. Sherrill

Fiscal Staff

Michele Nelson
Evan Rodewald
Bill Spencer

Committee Clerks

Wilma Caldwell
Jayne Walton
Suzanne Erskine
Rosa Kelly

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William



HOUSE APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT

1997 - 1998 Membership

Rep. William M. Ives	Room 633	3-5784	Jayne Walton
Rep. Eugene McCombs	Room 514	3-5881	Suzanne Erskine
Rep. Wilma Sherrill	Room 2215	3-5601	Rosa Kelley
Rep. Jerry Braswell	Room 604	3-5809	Dianna Gilmore
Rep. Bill Culpepper	Room 611	3-5802	Dot Crocker
Rep. Michael Decker	Room 2121	3-7208	Cindy Keen
Rep. Sam Ellis	Room 1303	3-5821	Susan Everett
Rep. Margaret Jeffus	Room 1013	3-5191	Mary Lee Robinson
Rep. William Wainwright	Room 614	3-5898	Denise Smith

(Name of Committee)



ATTENDANCE

Appropriations Subcommittee On General Government

(Name of Committee)

[illegible]

ATTENDANCE

Appropriations Subcommittee On General Government

[illegible]

ATTENDANCE

Appropriations Subcommittee On General Government[illegible]

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Favorable to
Comm. Sub. Information
to original bill
Tenth Change
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Appropriations Subcomm

Appropriations Subcommittee On General Government[illegible]

Joint APPROPRIATIONS/Subcommittee on General Government

Minutes

February 17, 1997

A Joint APPROPRIATIONS/Subcommittee on General Government was held on Monday February 17, 1997 at 5:00 PM in room 425 of the Legislative Office Building. Members present were: Representatives McCombs (Cochair), Sherrill (Cochair), Braswell, Jeffus and five Senators. For visitors in attendance, see the attached Visitors Sheet. Representative Ellis had an excused absence. Representative Ives presided.

Representative Ives called the meeting to order at 5:02 PM and introduced the State Auditor, Ralph Campbell. Mr. Campbell gave an overview of the Office of the State Auditor and presented the committee with a copy of the Performance Audit Reports (see attachments 1 and 2).

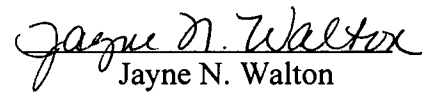
After Mr. Campbell's presentation, the committee members asked questions. Senator Warren asked for a list of offices out in the field and Mr. Campbell responded that he would send him a list. Representative Lucas asked if the 1 million dollar Expansion Budget covered the move to new offices. Mr. Campbell answered that it covers furniture, walls, phones, and equipment. Senator Lucas followed up by asking what the Auditor found in the 29 agencies that had not been audited since 1986. Mr. Campbell replied that most were performing well and some had some findings. Senator Lucas also asked about the 36 Smart Start agencies audits. Mr. Campbell remarked that 48 would be audited this year. Representative Sherrill asked how many people staff the fraud, waste and abuse hotline. Mr. Campbell answered five audit personnel. Representative Sherrill asked if their findings were really bad and Mr. Campbell replied that in some cases they are. Representative Sherrill remarked that these auditors pay for themselves and Mr. Campbell replied that for every dollar spent in this area 54.4 dollars is returned to the State of North Carolina. Mr. Campbell said he wished every time something was detected that the money could be recovered such as the Smart Start case where someone embezzled \$235,000. He said that person has been caught now and the courts said he must pay restitution; however that will take many years for the State to recoup the money. Mr. Campbell stated that the audit reports serve as a major deterrent and the State agencies get a copy and the directors go over these reports with their employees to make sure that they do things correctly. Senator Page asked if the Auditor's Office is required to audit the ABC Board. Mr. Campbell replied that they are looking at that issue now. Senator Page asked should they be. Mr. Campbell said that they are researching their authority to audit them now. Mr. Campbell also stated that they have looked at the State ABC last year and made recommendations. Senator Page asked if the Auditor is

required to audit the State ABC as opposed to the local ABC and Mr. Campbell replied yes. Senator Warren asked what other agencies such as the SBI are called in on audits. Mr. Campbell said that when statutes are broken they are required by law to report them to the Governor and the SBI or other appropriate law enforcement. Senator Warren asked when the authorities come in does it take the case out of your hands? Mr. Campbell answered that the SBI and the Office of the Auditor have a good cooperative working relationship. Representative McCombs asked if the embezzlement case concerning Smart Start in Winston-Salem occurred in one year. Mr. Campbell replied that it occurred in 8 or 9 months. Senator Ledbetter asked what the magnitude of auditing the local ABC Boards would be and Mr. Campbell replied that it would take years and the present system works well and it would be inappropriate to change it at this time. Senator Lucas asked what fell through the cracks in the case of the Winston-Salem Smart Start subcontractor. Mr. Campbell replied that several things played a part such as fraud and not having the proper controls in place. Specifically, checks were written for under \$500 to the subcontractor by the subcontractor which only required one signature. Representative Ives suggested a separation of duties in the check writing process. Representative Sherrill asked if two signatures are required now and Mr. Campbell replied that all subcontractors must be bonded. Representative Braswell asked if non-profits are under the Auditor's jurisdiction. Mr. Campbell responded that they are.

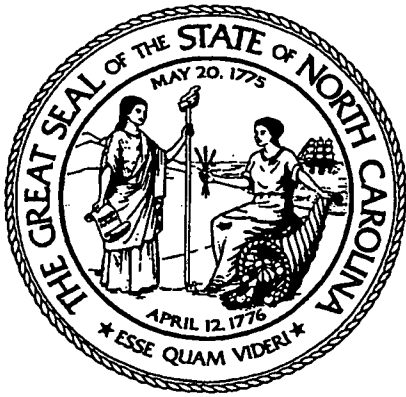
Representative Ives thanked the Auditor for his presentation and the members for a good discussion of issues concerning the Office of the Auditor. The meeting was adjourned at 5:52PM



Representative William M. Ives
Cochair



Jayne N. Walton
Committee Clerk



STATE OF NORTH CAROLINA

OVERVIEW OF DEPARTMENTAL OPERATIONS

FEBRUARY 1997

OFFICE OF THE STATE AUDITOR

RALPH CAMPBELL, JR.

STATE AUDITOR

OFFICE OF THE N.C. STATE AUDITOR

Ralph Campbell, Jr.

State Auditor

Office Overview

Mission:

The State Auditor is authorized by the North Carolina *Constitution* and *General Statutes* to perform or coordinate all audits of governmental organizations, programs, activities and functions funded wholly or in part with State funds. These audits furnish the General Assembly, the Governor, other governmental entities, as well as the public, with professional, independent examinations of financial records and thorough examinations of public program performance.

Our Commitment is to:

1. Conduct thorough audits and investigations by a professional staff;
2. Present fair and independent findings and recommendations;
3. Promote cooperative efforts with agencies and institutions under the oversight of the office.

Our Goals Are:

1. To report to the citizens and other customers on the accountability of state government.
2. To provide responsive professional support to all our client agencies and to provide responsive professional and administrative support to our employees to enable them to carry out their responsibilities.
3. To conduct audits which are timely, cost-effective, and performed in accordance with applicable professional standards.
4. To ensure that staff are fully qualified to do the work.

5. To implement new initiatives wherever possible to be more proactive in strengthening governmental management.

Department Summary Information

The principal business of the office is providing comprehensive auditing services for state government and the citizens of North Carolina. We strive to carry out our statutory duties in an effective and efficient fashion and in accordance with generally accepted government auditing standards. Our audit findings and recommendations help ensure the accountability of public funds and enhance the management of governmental programs. To accomplish this end, we are organized in 2 divisions --Administration and Field Audit.

The Administration Division provides the overall support and management of the Office as a separate agency of state government. Behind all of our audit activities are the administrative and support functions necessary to assist and facilitate the operational work of our organization. Finance, personnel, information resource management and overall administration of our operations are performed by a small and qualified staff.

The Field Audit Division includes all the audit personnel, including management, supervisors and staff auditors. Within this Division are sub-programs that represent the major elements of our audit work; such as, financial audit, performance audit, fraud and abuse investigations, electronic data processing audit, and non-governmental and Smart Start audits.

Specific Audit Functions

1. Financial Audits:

Financial auditing consumes the largest portion of our audit resources: 75% in 1996-97.

The four major products of our financial audit work program are:

1. The comprehensive Annual Financial Report (CAFR)

2. The Single Audit Report
3. Financial statement audits
4. Financial-related audits

Our auditees include:

1. General Government Agencies (46)
2. University System and UNC Memorial Hospital (17)
3. Community Colleges (58)
4. Clerks of Superior Court (55 annually, including the ten largest every year)
5. Smart Start Partnerships (currently 37)

2. Performance Audits:

Audit topics typically come from three sources:

1. General Assembly
2. Agency Management
3. State Auditor's management and staff

Performance audits are designed to evaluate program performance and identify potential areas for cost savings and enhanced productivity.

Approximately 9% of our audit resources are allocated to performance auditing.

3. Fraud, Waste, and Abuse (Hotline) Audits:

This is the most difficult area to predict in terms of allocating resources or predicting numbers of audits which will be conducted or completed in a given year. This fiscal year we have allocated approximately 3% of our audit staff time to conducting these investigations.

We have recorded some 1,048 calls to our Hotline (800/730-TIPS [8477]) since 1988. In fiscal 1995-96 we recorded some 105 calls. At current staffing levels, our current backlog of 110 cases would require eleven months to complete without any additional cases being added during that time.

4. EDP Audits:

The increased level of automation utilized within state government has also increased the level of complexity in auditing these activities. Agency reliance on computerized controls in their automated systems makes review of these systems that much more important.

The EDP Section does both major audits involving review of entire systems as well as developing and using computer-assisted audit techniques to enhance the work of the other audit teams. The nature of the work requires ongoing training to maintain levels of proficiency in a constantly changing technical environment.

We have allocated 5% of our total audit resources to meet the projected number of engagements in the current fiscal year.

5. Non-Governmental and Smart Start Audits:

There are over 2,000 non-governmental agencies receiving state funding. Our responsibility is to obtain financial information on each of these entities and to review the financial reports of the more than 300 which receive \$100,000 or more in a given year. Our commitment to the non-governmental area represents approximately 1% of our audit resources.

In addition to the long-term responsibility for assembling documentation on the non-governmental agencies, our staff also performs the legislatively-mandated audits of the Smart Start Partnerships. We completed the first round of thirteen agency audits in March, 1995, we also completed the twenty-five audits for the second round of the Smart Start program in fiscal 1995-96 and will have responsibility for thirty-seven audits during 1996-97. As the figures suggest, we must allocate additional resources to meet this mandate. We now allocate 7% of our total audit resources to the Smart Start Program.

Trends and Implications

Over the last several years and continuing today, three strong forces within State government have and will affect the service levels expected of the State Auditor: the continuing debate on downsizing and reinventing State government; the trend towards tax reductions with related loss

of revenues to conduct existing programs; and increases in the demand for accountability yielding the need for more efficient and effective services with the reduced levels of funding.

The continuing debate on the realignment of the administration and delivery of public program services and benefits from the federal government to state and local governments increases the prospect for greater demands for the services of the Office of the State Auditor. As these programs and associated needs change, the State Auditor will evaluate the service mix of financial statement, financial related, economy and efficiency, and program results audits of the constituent units of State government to set internal priorities and to determine the appropriate mix of services which the Office of the State Auditor should provide. It is anticipated that this internal review will produce some productivity gains from our existing level of resources, but to properly address the existing workload will require some additional personnel, particularly if the Smart Start program is expanded further or if the General Assembly anticipates assigning a number of additional projects to the Office of the State Auditor in the coming year.

The continuing evolution of automation in government, examples being the new North Carolina Accounting System (NCAS) and the Integrated Tax Administration System (ITAS), increases the complexity and demand for services from the State Auditor. This places particular emphasis on our ability to efficiently audit these systems, and we are requesting software tools in our budget to be able to do this.

The State Auditor's Office, as have all of the private accounting and auditing firms, has developed a base of operations which relies heavily on computers and automation. The State Auditor must be prepared to take advantage of emerging technologies to continue to enhance the audit effort and to attract qualified persons into the governmental accounting profession. Our request for the coming year builds on the existing automation base with an emphasis towards replacing aging and obsolete equipment on a regular schedule of replacement. In the work of the State Auditor's Office a computer plays the same role as the patrol car in the Highway Patrol--it is an essential tool which should be replaced on a regular basis to maintain maximum effectiveness.

Audit standards are also subject to ongoing changes and interpretation. Accounting principles which are promulgated by authoritative bodies will continue to modify required financial reporting requirements, thereby increasing the complexity and demand for services

from the State Auditor. This increases the need for professional training to ensure that our work is meeting these new standards. It also increases the need for additional automation tools which will help us standardize how we handle and present the information we collect in order to meet those standards. We believe that there is existing software which will enable us to meet these professional standards and improve our audit efficiency.

A singular element of our budget request which is unique for the next fiscal year is our move to relocate our Raleigh office to the old Revenue Building once renovations are completed, now projected for late 1997. While this move will provide improved working conditions, considerable work is required to coordinate the planning and execution of this move and financing of furnishings is included in our current capital budget request.

Independence of Our Work, Quality Assurance, and Role of the Auditee

As mentioned above, our work is governed by strict adherence to professional standards and participation in independent reviews. Many of our staff are either certified government financial managers, certified public accountants, certified fraud examiners, certified information systems auditors, or certified public managers having met the educational and experience qualifications for these certifications. Constant educational improvement is a necessity in our work. It is this level of professional conduct which helped produce the first ever Certificate of Achievement in Financial Reporting awarded to the State of North Carolina by the Government Finance Officers Association for the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 1994. A second certificate has been awarded for the June 30, 1995 CAFR.

In addition to the individual efforts to assure quality work, our office financial operation is audited annually by an independent accounting firm, and we have received a "clean" opinion for many years.

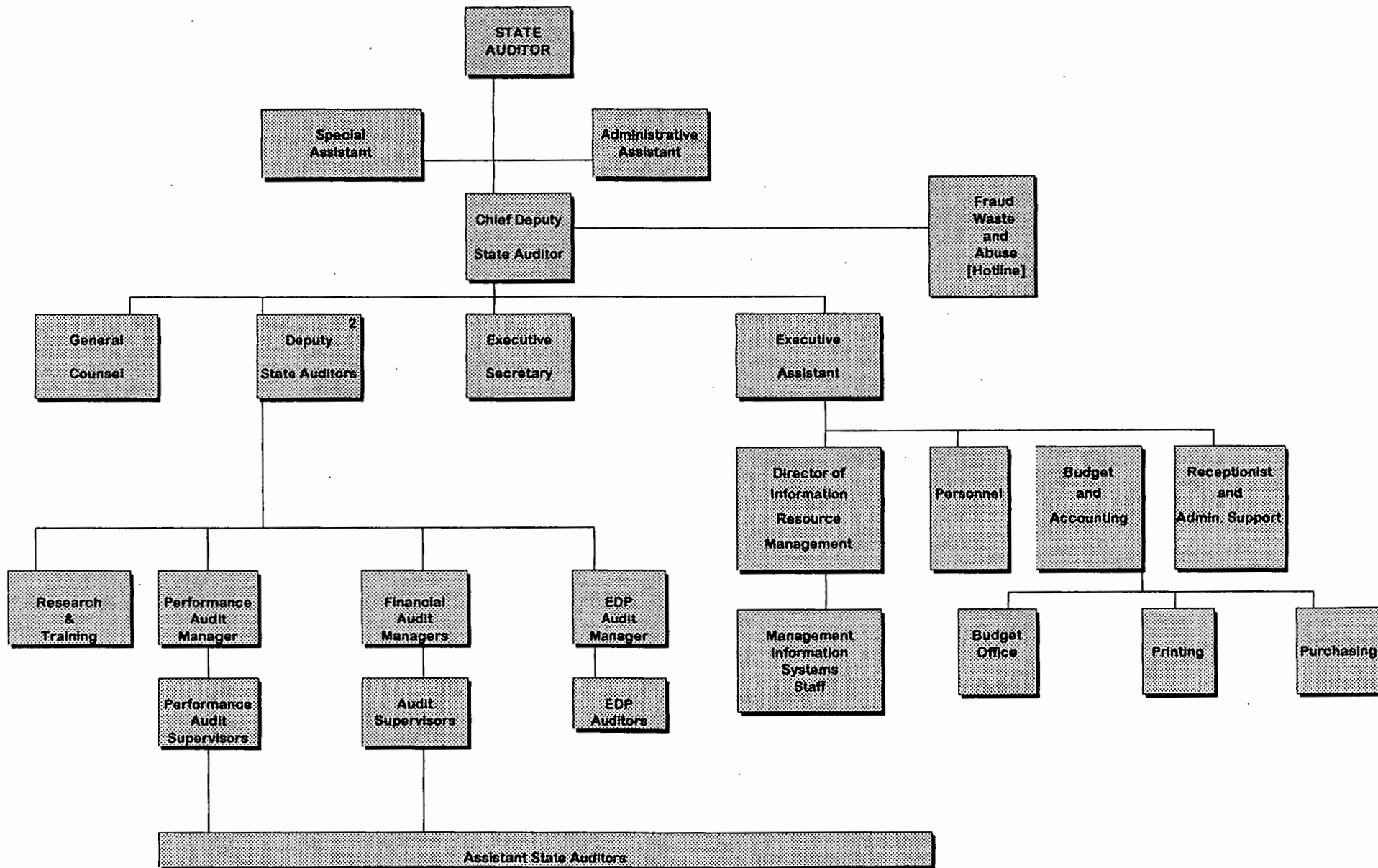
In addition to the annual financial audit of our office, we also participate in two levels of "peer" review. We have participated for several years in the program sponsored by the National State Auditors Association. Every three years our work is reviewed by a team of qualified audit professionals from other audit organizations from around the United States. This review looks at

our standards for conducting both financial and performance audits. We are currently scheduled for this national standards review in May 1997.

In addition to the external "peer" review, we now conduct an annual internal "peer" review by senior staff members of the work performed during the year. This gives us an opportunity to identify areas for improvement much sooner than the three year cycle under the external review process.

Professional standards for the auditing field also address the role of the auditee in resolving and tracking audit findings. The Comptroller General of the United States has recently issued revised **Government Auditing Standards**, commonly known as the "Yellow Book," to clarify the role of the audited agency in dealing with audit findings. We distributed this information to all state agencies in late January 1996. Beyond this effort, we work closely with all our client agencies in the development of any findings and recommendations in a concerted effort to bring about permanent changes to operations we feel should be addressed in order to better serve the citizens of North Carolina.

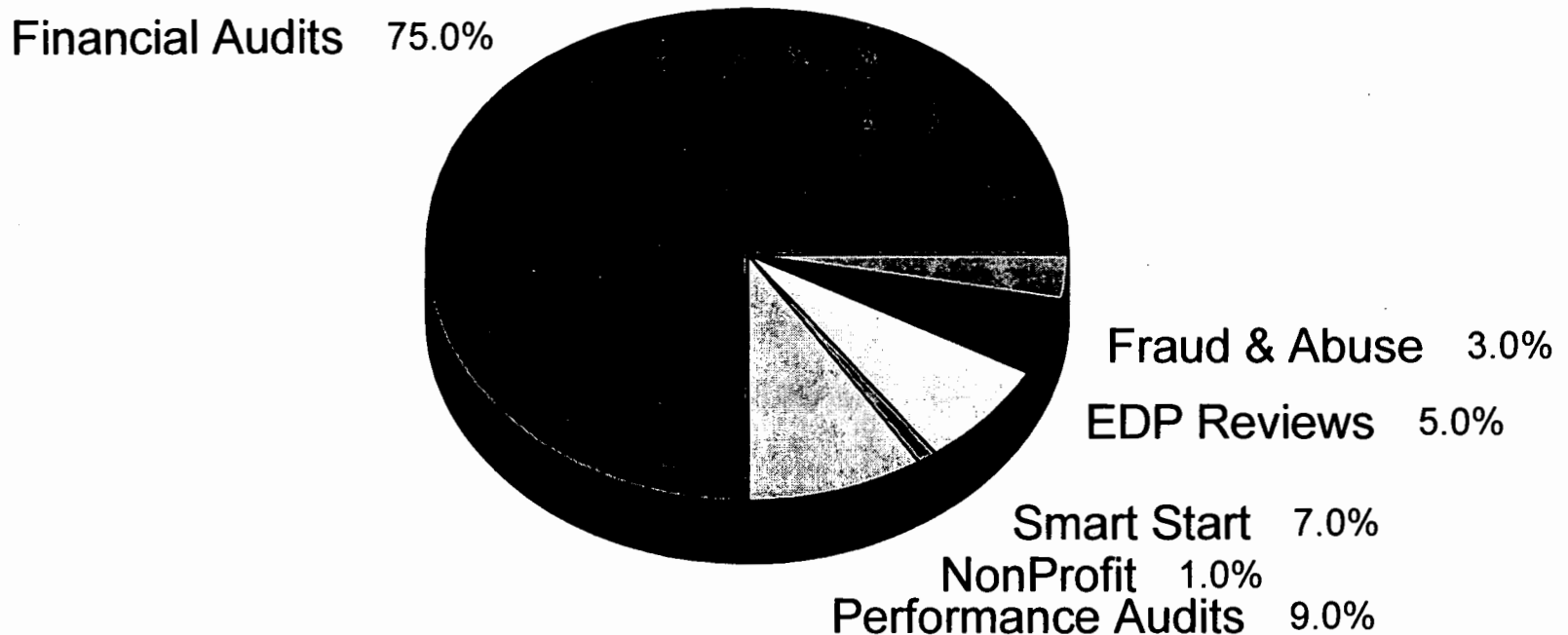
OFFICE OF THE STATE AUDITOR
ORGANIZATIONAL CHART
JANUARY 14, 1997



OFFICE OF THE STATE AUDITOR

ALLOCATION OF AUDIT RESOURCES

For the Fiscal Year Ended June 30, 1997



Financial Audits include financial statement audits, CAFR audit, Single Audit and financial related audits

**OFFICE OF THE STATE AUDITOR
FISCAL DATA
CONTINUATION BUDGET**

DESCRIPTION	Actual Amounts 1995-96				Authorized 1996-97	Recommended	
	Budget	Expended	Unexpended	Exp. Rate		1997-98	1998-99

ADMINISTRATION AND BUDGET DIVISION

This division provides the administration and direction necessary to assure the efficient performance of all statutory responsibilities of the Office of the State Auditor.

Total Requirements	547,445	544,435	3,010	99.45%	582,193	583,417	583,738
Receipts	100	0	0		0	0	0
Appropriation	547,345	544,435	3,010	99.47%	582,193	583,417	583,738
Positions			9		9	9	9

GENERAL SERVICES DIVISION

This division was established solely to account for expenditures that support the general operations of both the Administrative and Field Audit Divisions. This division is used to account for expenditures which cannot be readily designated to a specific fund.

Total Requirements	214,989	214,025	964	99.55%	286,232	286,232	286,232
Receipts	0	0	0		0	0	0
Appropriation	214,989	214,025	964	99.55%	286,232	286,232	286,232

FIELD AUDIT DIVISION

This division performs or coordinates all audits of governmental organizations, programs, activities and functions funded wholly or in part with state funds. The division performs financial, compliance, performance, EDP and fraud and abuse audits as well as managing quality control functions, providing continuing professional education for all audit staff and providing IRM support functions to the staff.

Total Requirements	9,626,074	9,349,380	276,694	97.13%	9,884,231	9,704,211	9,713,341
Receipts	1,305,128	1,367,792	(62,664)	104.80%	1,450,600	1,437,043	1,438,295
Appropriation	8,320,946	7,981,588	339,358	95.92%	8,433,631	8,267,168	8,275,046
Positions			168		170	170	170

TOTAL REQUIREMENTS	10,388,508	10,107,840	280,668	97.30%	10,752,656	10,573,860	10,583,311
RECEIPTS	1,305,228	1,367,792	(62,564)	104.79%	1,450,600	1,437,043	1,438,295

APPROPRIATION	9,083,280	8,740,048	343,232	96.22%	9,302,056	9,136,817	9,145,016
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Total Department Positions			177		179	179	179
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**OFFICE OF THE STATE AUDITOR
BUDGET CODE 13300**

**SUMMARY LIST OF EXPANSION BUDGET REQUEST
1997-99 BIENNIUM**

11

Priority Number	Fund Number	Program Description	Requested	
			1997-98	1998-99
1		<u>The following items are critically needed in order for this Office to continue our present level of services:</u>		
a.	1210	Scheduled Replacement of Personal Computers To provide continuing funding to allow this Office to proceed with the planned replacement of obsolete personal computers assigned to the audit staff.	R \$175,000	R \$175,000
b.	1120	Additional Funding-Service & Maintenance To provide the funds to cover the maintenance on our current printing equipment.	R 38,600	R 38,600
c.	1210	Funding to Purchase Audit Software To provide the funding to purchase software designed to integrate virtually all the PC-based audit tools needed by our auditors. This system also computerizes some of our most time-consuming activities - preparing, referencing, organizing and reviewing workpapers. This system will facilitate a uniform audit methodology thereby increasing efficiency and quality control in the audit process.	NR 159,000	R 15,000
Total Request to Continue Present Level of Services			<u>\$372,600</u>	<u>\$228,600</u>
No. of Positions			0	0

**OFFICE OF THE STATE AUDITOR
BUDGET CODE 13300**

**SUMMARY LIST OF EXPANSION BUDGET REQUEST
1997-99 BIENNIUM**

Priority Number	Fund Number	Program Description	Requested	
			1997-98	1998-99
2		<u>The following items will allow this Office to address backlogs of work and expand the scope of our performance and financial audit work.</u>		
12	a	1210 Additional EDP Audit Positions To provide additional EDP audit positions that will increase the audits of the growing number of computer applications and installations in state government. <div style="text-align: right;">No. of Positions</div>	R \$136,586	R \$191,899
			2	3 Continue 2 Additional 1
	b	1210 Additional Audit Positions To provide audit resources that will increase the amount of performance and financial audit work in general government agencies and reduce the backlog of work in Fraud and Abuse. <div style="text-align: right;">No. of Positions</div>	R \$179,792	R \$282,647
			3	5 Continue 3 Additional 2
	c	1210 LAN Equipment and Technology Upgrade To provide funding necessary to allow this Office to proceed with the implementation of projects as outlined in our computer technology plan. This includes upgrades to LAN and peripheral central office equipment.	NR \$360,220	NR \$347,500

**OFFICE OF THE STATE AUDITOR
BUDGET CODE 13300**

**SUMMARY LIST OF EXPANSION BUDGET REQUEST
1997-99 BIENNIUM**

Priority Number	Fund Number	Program Description	Requested	
			1997-98	1998-99
d	1210	Additional IRM Support Position To provide the resources needed increase the technical support of the audit efforts and computer operations within this Office.	R \$56,466	R \$49,976
		No. of Positions	1	Continue 1
Total Request to Address Backlogs and Expand Audit Coverage			<u>\$733,064</u>	<u>\$872,022</u>
		No. of Positions	6	9 Continue 6 Additional 3
Total Expansion Budget Request			<u>\$1,105,664</u>	<u>\$1,100,622</u>
		No. of Positions	6	9 Continue 6 Additional 3
TOTAL RECURRING (R)			\$547,504	\$733,652
TOTAL NON-RECURRING (NR)			\$558,160	\$366,970

NOTE: Funding to support positions requested is identified as recurring. However; the equipment funding included with each position is non-recurring funding and has been included in the total non-recurring dollars shown above.

OFFICE OF THE STATE AUDITOR

Budget Code 13300

SUMMARY LIST OF CAPITAL EXPANSION BUDGET REQUEST RE-LOCATION OF OFFICES

Priority Number	Fund Number	Program Description	Requested	
			1997-98	1998-99
1	1210	Office Furniture and Equipment-Relocation of Offices To provide the funding needed to equip the space provided for this Office in the Revenue Building with modular furnishings and other equipment necessary for efficient operations,	N \$1,135,095	\$0

2-17-97 att #2

Office of the State Auditor

Performance Audit Reports

January 1993 - Current Date

Report #	Title	Date	AIC
<u>166</u>	<u>N. C. WORKERS' COMPENSATION PROGRAM</u>	02/97	
165	<u>N. C. STATE BOARD OF COSMETIC ART EXAMINERS</u>	12/20	
164	<u>NORTH CAROLINA'S VOCATIONAL EDUCATION AND JOB TRAINING PROGRAMS</u>	10/02	JH
<u>163</u>	<u>FOOD SANITATION INSPECTION PROGRAM OF THE DEPT. OF ENVIRONMENT, HEALTH AND NATURAL RESOURCES (EHNR)</u>	09/96	JH
<u>LTR001</u>	<u>CHILD DAY CARE PROGRAM OF THE DHR DIVISION OF CHILD DEVELOPMENT</u>	09/96	JH
<u>162</u>	<u>NC ALCOHOLIC BEVERAGE CONTROL SYSTEM</u>	06/96	JH
161	<u>THE DEPARTMENT OF CORRECTION, DIVISION OF PRISONS - - YOUTH COMMAND</u>	06/96	JH
160	<u>THE COURT REPORTING FUNCTION IN THE JUDICIAL SYSTEM OF NORTH CAROLINA</u>	05/96	JH
<u>159</u>	<u>NC DEPARTMENT OF COMMUNITY COLLEGES' SYSTEM OFFICE</u>	04/96	CO
<u>158</u>	<u>SOUTHEASTERN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE</u>	03/96	CO
157	<u>MEDICAID REIMBURSEMENTS FOR CLINICAL LABORATORY SERVICES</u>	02/96	SP
<u>156</u>	<u>OFFICE OF THE SECRETARY OF STATE</u>	12/95	JH
155	<u>TRI-COUNTY MENTAL HEALTH CENTER</u>	12/95	SP
154	<u>FRANK PORTER GRAHAM CHILD DEVELOPMENT CENTER</u>	9/95	SP
153	<u>NORTH CAROLINA WILDLIFE RESOURCES COMMISSION</u>	6/95	RC
152	<u>NORTH CAROLINA BANKING COMMISSION</u>	6/95	SP

151	<u>BRUNSWICK COUNTY SCHOOL SYSTEM ADMINISTRATIVE OFFICES</u>	4/95	JH
150	<u>NORTH CAROLINA INFORMATION HIGHWAY</u>	3/95	BS
149	<u>NORTH CAROLINA PARTNERSHIP FOR CHILDREN</u>	3/95	CO
148	<u>DOC: HEALTH SERVICES FOR INMATES</u>	12/94	CO
147	<u>DHR/DSS: CHILD SUPPORT ENFORCEMENT</u>	10/94	DR
146	<u>AUDIT ADVISORY: FEDERAL EXCISE TAX</u>	9/94	LB
145	<u>DHR/DMA: MEDICAID DRUG REBATE PROGRAM</u>	9/94	SP
144	<u>DPI: OUTCOME-BASED EDUCATION</u>	9/94	SP
143	OPERATION OF THE NORTH CAROLINA TEACHERS' AND STATE EMPLOYEES' COMPREHENSIVE MAJOR MEDICAL PLAN	7/94	JH
142	CITIZENS FOR COMMUNITY JUSTICE, INC.	6/94	BD
141	<u>CELLULAR TELEPHONES</u>	5/94	SS
140	<u>LEE COUNTY SCHOOL SYSTEM</u>	3/94	RC
139	<u>CAMDEN COUNTY SCHOOLS</u>	1/94	CO
138	MOTOR FLEET MANAGEMENT: A REVIEW OF ISSUES RELATING TO PERMANENTLY ASSIGNED VEHICLES	12/93	BD
137	<u>LEAKING UNDERGROUND STORAGE TANK PROGRAM</u>	10/93	RC
136	<u>WILLIE M; A FOLLOW - UP STUDY</u>	10/93	CO
135	WAKE COUNTY PUBLIC SCHOOLS	10/93	JH
134	DHR: MENTAL HOSPITALS AND MENTAL RETARDATION CENTERS - COST ANALYSIS	1/93	SKN
133	DOT: HIGHWAY DIVISION	1/93	RH
132	DOT: DIVISION OF MOTOR VEHICLES	1/93	JH

N.C. Office of the State Auditor

HOTLINE SPECIAL REVIEWS

January 1993- current date

Agency	Mgt. Ltr.	Rpt.	Date Issued (yr/mo)	Summary
North Carolina A. & T. State University	.	X	97/01	Multiple findings including questionable purchasing practices, capital improvement disbursements prior to approval by the state construction office, misuse of cellular phones, and failure to account for physical plant parts and repair charges.
Durham Community Home of Recovery (DCHR)	.	X	96/31	DCHR improperly spent grant funds resulting in excessive costs and failed to fully account for acquisitions.
James City Historical Society	X	.	96/07	Conflict of interest in the award of a contract was noted.
River City CDC	X	.	96/07	Time records were incomplete and office rent not paid as reported.
Board of Cosmetic Art Examiners	.	X	96/06	Lack of internal controls resulted in the embezzlement of \$105,469.45.
Northeastern NC Regional Economic Development Commission	X	.	96/05	Reimbursement of per diem and subsistence expenses of commission members were questioned.
Southeastern NC Regional Economic Development Commission	X	.	96/05	Inappropriate enrollment of an employee in the state retirement system was questioned.
Administration/The N.C. Human Relations Commission's Contract with the Faith and Politics Institute.	.	X	96/04	Contract between the Commission and Faith and Politics Insitute not handled in accordance with the State's rules and regulations.
USS North Carolina Battleship Commission	.	<u>X</u>	96/03	A former employee manipulated the automated cash receipting system and took an unknown amount of money for his personal use.
Work / Family Resource Center, Inc.	.	X	96/01	Two former employees wrote over 300 checks to themselves.

Secretary of State	.	X	95/12	<u>(See Performance Audit Summary #156.)</u>
Correction / Offender Population Unified System (OPUS) & Cashless Canteen Projects	.	X	95/06	Findings addressed the methods the department used in purchasing these computer programs.
Rural Day Care Association of Northeastern North Carolina	.	X	95/06	Findings included using Head Start funds for unauthorized purposes, failing to return equipment and vehicles purchased with Head Start funds, splitting purchase orders to circumvent federal regulations, and failing to comply with contract provisions.
Sampson Haven, Inc	.	X	95/03	The executive director embezzled funds.
Orange County Clerk of Superior Court	X	.	95/02	Some private citizens were allowed to use employees' computer terminals in the clerk's office for criminal background checks for pay.
Elizabeth City State University	X	.	95/02	An employee charged personal long distance telephone calls to the state telephone system.
Greene County Board of Education	X	.	95/02	The school system used state funds for a newspaper ad prior to an election.
North Carolina State University / Music Department	.	X	95/01	The department made questionable disbursements of cash for band members' expenses. Other findings addressed the payment of bonuses, untimely deposits, and year-end purchases to avoid reverting state funds.
N.C. Department of Revenue/ Integrated Tax Administration System Project Contract	.	X	94/12	Findings addressed the reimbursement of costs and expenses and the underbilling of the contractor's professional fees.
WAMY Community Action, Inc.	.	X	94/11	Findings addressed the commingling of the executive director's private business with the nonprofit's activities.

N.C. Department of Transportation / Purchasing Division	.	X	94/10	The division purchased items from vendors who did not have contracts with the State. The division did not seek competitive bids on rebuilt engines and appeared to have split some purchase orders in order to avoid the competitive bid process. In addition, a purchasing agent purchased parts from a vendor which employed his brother as parts manager and his son as a parts salesman.
Neuse River Council of Governments	.	X	94/10	The executive director negotiated agreements calling for severance pay without an established policy regarding severance pay. Several employees complained of racial discrimination. Embezzlement of grant funds occurred within the agency.
N.C. Department of Correction	X	.	94/09	Findings addressed a contract's ambiguity regarding travel expenses to independent contractors.
N.C. Central University	X	.	94/09	An employee was taking classes during normal working hours without taking any type of leave.
N.C. Central University	X	.	94/09	The school awarded several maintenance projects without using competitive bids.
N.C. Secretary of State	X	.	94/08	Findings addressed several issues, including the payment of unwarranted subsistence payments, sponsoring a continuing education seminar for funeral home directors, questionable long distance telephone calls, and incomplete records of compensatory time and secondary education.
N.C. Department of Transportation / Division of Highways	X	.	94/08	The letter addressed the reimbursement of travel expenses for an employee.
University of North Carolina at Chapel Hill	X	.	94/07	The findings addressed the operations of the school's internal audit department.
Cumberland County School System	X	.	94/06	A principal used school supplies and equipment while performing services for a private organization during school hours.

East Carolina University	X	.	94/06	The findings addressed the administration of the contract for dining services.
N.C. Department of Correction / Division of Prisons	X	.	94/05	Letter addressed the cutting and theft of timber.
N.C. Department of Transportation / Division of Highways	X	.	94/05	The division used an individual as a temporary employee for a period of time longer than permitted by state policies.
N.C. Department of Agriculture / N.C. State Fair	X	.	94/05	The department did not seek competitive bids for fire protection services for the State Fair.
Neuse River Council of Governments	.	X	94/04	A former employee wrote four checks made payable to cash without authorization. Other findings addressed the On-The-Job Training Program, the 1993 Summer Youth Program, and overcharges by contractors.
N.C. Department of Administration / Division of Motor Fleet Management	.	X	94/03	The director purchased vehicles from the dealership where his brother-in-law was a salesman. Other findings included the director's use of vulgarity and profanity at staff meetings and during conversations with employees.
N.C. Department of Environment, Health and Natural Resources	X	.	94/03	Management letter alerted to department to concern regarding asbestos shingles
Eastern North Carolina Maternity Home, Inc.	X	.	94/02	Management decisions led to wasteful expenditures.
N.C. Department of Administration / Division of Indian Affairs	X	.	94/02	Current and former employees used the state telephone system for questionable purposes.
N.C. Department of Crime Control and Public Safety / Division of Victim and Justice Services	X	.	94/02	Community service was not being used in a judicial district because a judge in the district felt that a conflict of interest existed in the program.
Black Artists' Guild	.	X	93/11	Certain officers withdrew funds inappropriately.
Lee-Harnett Area Mental Health, Developmental Disabilities and Substance Abuse Authority	.	X	93/10	The authority implemented the uncommon practice of purchasing unused vacation and sick leave from employees. An employee conducted private business during the authority's normal working hours. The authority entered into rental agreements with that employee's wife.

N. C. Department of Human Resources / Thomas S. Program	.	X	93/10	A private contractor hired under court order billed the department at rates in excess of actual cost. The report also found weaknesses in the monitoring of expenditures.
North Carolina State University	X	.	93/08	An employee used the state telephone system for personal long-distance telephone calls.
N.C. Department of Correction	X	.	93/07	An official used his computer and state vehicle for personal purposes.
Bladen County Health Department	.	X	93/04	Findings included the improper issuance of septic tank permits, the violation of sanitation laws, and questionable purchases and employment practices.
Guilford Technical Community College	.	X	93/04	Individuals were paid for courses they did not teach.
Albemarle Commission	.	X	93/04	Findings included submitting requests for travel expenses that had already been reimbursed, the payment of personal expenses with commission funds, and the use of commission funds to purchase alcoholic beverages.

DEPARTMENT OF STATE AUDITOR

GOAL: The goal of the Office of State Auditor is to promote and assure within state government good management, compliance with generally accepted accounting principles, and the efficient and effective use of public resources.

SUMMARY OF ALL BUDGET CODES:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
TOTAL REQUIREMENTS	10,107,844	10,752,656	-178,796	10,573,860	-169,345	10,583,311
TOTAL ESTIMATED RECEIPTS	1,367,792	1,450,600	-13,557	1,437,043	-12,305	1,438,295
NET APPROPRIATION	8,740,052	9,302,056	-165,239	9,136,817	-157,040	9,145,016
NUMBER OF POSITIONS	177.00	179.00	0.00	179.00	0.00	179.00

GENERAL FUND BUDGET CODE SUMMARY:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
TOTAL REQUIREMENTS	10,107,844	10,752,656	-178,796	10,573,860	-169,345	10,583,311
TOTAL ESTIMATED RECEIPTS	1,367,792	1,450,600	-13,557	1,437,043	-12,305	1,438,295
NET APPROPRIATION	8,740,052	9,302,056	-165,239	9,136,817	-157,040	9,145,016

SUMMARY BY PURPOSE:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
<u>REQUIREMENTS</u>						
1110 ADMINISTRATION	544,435	582,193	1,224	583,417	1,545	583,738
1120 SUPPORT SERVICES	214,026	286,232	0	286,232	0	286,232
1210 FIELD AUDIT DIVISION	9,349,383	9,884,231	180,020-	9,704,211	170,890-	9,713,341
TOTAL REQUIREMENTS	10,107,844	10,752,656	178,796-	10,573,860	169,345-	10,583,311
<u>ESTIMATED RECEIPTS</u>						
1110 ADMINISTRATION	0	0	0	0	0	0
1210 FIELD AUDIT DIVISION	1,367,792	1,450,600	13,557-	1,437,043	12,305-	1,438,295
TOTAL RECEIPTS	1,367,792	1,450,600	13,557-	1,437,043	12,305-	1,438,295
NET APPROPRIATION	8,740,052	9,302,056	165,239-	9,136,817	157,040-	9,145,016

SUMMARY BY OBJECTS:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
REQUIREMENTS						
53 1100 EPA SALARIES	87,000	87,000	0	87,000	0	87,000
53 1200 SPA SALARIES	7,342,479	7,749,245	0	7,749,245	0	7,749,245
53 1300 TEMPORARY SALARIES	23,268	0	0	0	0	0
53 1400 SUPPLEMENT TO REG. WA	146,447	145,066	559-	144,507	7,813	152,879
53 1500 EMPLOYEE BENEFIT COST	1,677,200	1,744,559	9,483	1,754,042	10,562	1,755,121
53 1600 OTHER PERSONAL SERVIC	1,495	0	0	0	0	0
53 2000 PURCHASED CONTRACTUAL	543,747	705,607	80	705,687	80	705,687
53 3000 SUPPLIES	52,047	54,678	0	54,678	0	54,678
53 4000 PROPERTY, PLANT & EQU	70,271	213,076	187,800-	25,276	187,800-	25,276
53 5000 OTHER EXPENSES & ADJU	59,928	52,825	0	52,825	0	52,825
53 8010 DEPENDENT CARE-OP TFR	2,787	600	0	600	0	600
53 8901 AGENCY CARRY FORWARD	101,175	0	0	0	0	0
TOTAL REQUIREMENTS	10,107,844	10,752,656	178,796-	10,573,860	169,345-	10,583,311
ESTIMATED RECEIPTS						
43 4000 SALES, SERVICES & REN	50	50	0	50	0	50
43 5000 FEES, LICENSES & FINE	0	0	0	0	0	0
43 8000 INTRA GOVERNMENTAL TR	1,367,742	1,450,550	13,557-	1,436,993	12,305-	1,438,245
TOTAL RECEIPTS	1,367,792	1,450,600	13,557-	1,437,043	12,305-	1,438,295
NET APPROPRIATION	8,740,052	9,302,056	165,239-	9,136,817	157,040-	9,145,016

NUMBER OF POSITIONS:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
REQUIREMENTS						

1110 ADMINISTRATION	9.00	9.00	.00	9.00	.00	9.00
1210 FIELD AUDIT DIVISION	168.00	170.00	.00	170.00	.00	170.00
TOTAL REQUIREMENTS	177.00	179.00	.00	179.00	.00	179.00

1110 Administration and Budget Division**P/PB 0560 Financial Auditing**

PURPOSE: The Administration and Budget Division provides the administration support and direction necessary to assure the efficient performance of all statutory responsibilities of the Office. To carry out this responsibility, this division 1) maintains all departmental records in accordance with generally accepted accounting principles, 2) prepares and submits to the Legislature the annual and biennial budget requests for the department, and 3) assures departmental compliance with the rules and regulations of the Offices of State Personnel and State Budget and Management and other central regulatory offices.

PROGRAM INFORMATION:

Objectives, Outcome Measures, and Other Performance Measures shown in fund 1210 also apply to funds 1110 and 1120. All three of these funds are included in P/PB code 0560.

PURPOSE DETAIL:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
1110 NUMBER OF POSITIONS	9.00	9.00	.00	9.00	.00	9.00
REQUIREMENTS						
53 1100 EPA SALARIES	87,000	87,000	0	87,000	0	87,000
53 1200 SPA SALARIES	339,762	345,085	0	345,085	0	345,085
53 1400 SUPPLEMENT TO REG. WA	7,015	7,355	391	7,746	391	7,746
53 1500 EMPLOYEE BENEFIT COST	91,793	91,628	833	92,461	1,154	92,782
53 1600 OTHER PERSONAL SERVIC	1,495	0	0	0	0	0
53 2000 PURCHASED CONTRACTUAL	16,426	50,050	0	50,050	0	50,050

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
53 4000 PROPERTY, PLANT & EQU	454	475	0	475	0	475
53 5000 OTHER EXPENSES & ADJU	490	600	0	600	0	600
TOTAL REQUIREMENTS	544,435	582,193	1,224	583,417	1,545	583,738
ESTIMATED RECEIPTS						
TOTAL RECEIPTS	0	0	0	0	0	0
NET APPROPRIATION	544,435	582,193	1,224	583,417	1,545	583,738

1120 Support Services Division**P/PB 0560 Financial Auditing**

PURPOSE: The Support Services Division is established solely to account for general expenditures of the department. To carry out this responsibility, this division is used to account for expenditures which cannot be readily designated to a specific fund.

PROGRAM INFORMATION:

Objectives, Outcome Measures, and Other Performance Measures shown in fund 1210 also apply to funds 1110 and 1120. All three of these funds are included in P/PB code 0560.

PURPOSE DETAIL:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
REQUIREMENTS						
53 2000 PURCHASED CONTRACTUAL	136,679	206,254	0	206,254	0	206,254
53 3000 SUPPLIES	52,047	54,678	0	54,678	0	54,678
53 5000 OTHER EXPENSES & ADJU	25,300	25,300	0	25,300	0	25,300
TOTAL REQUIREMENTS	214,026	286,232	0	286,232	0	286,232

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
ESTIMATED RECEIPTS						

TOTAL RECEIPTS	0	0	0	0	0	0

NET APPROPRIATION	214,026	286,232	0	286,232	0	286,232

1210 Field Audit Division**P/PB 0560 Financial Auditing**

PURPOSE: The Field Audit Division performs or coordinates all audits of governmental organizations, programs, activities and functions funded wholly or in part with state funds. To carry out this responsibility, the Division conducts the following activities: 1) annual audit of the State's Comprehensive Annual Financial Report, 2) annual audit of the state required by the federal Single Audit Act of 1994, 3) annual financial statement audits of universities, community colleges, Smart Start organizations, and certain state authorities/boards, 4) on a biennial basis, financial related audits of clerks of superior court and general government agencies, 5) performance audits of state programs and activities, 6) EDP audits of computer services centers and applications, 7) investigations of alleged fraud, waste and abuse., 8) repository for audit reports on private organizations receiving state funds, 9) quality control and continuing professional education program for audit staff.

PROGRAM INFORMATION:

This is one of 3 funds that contribute to program number 0560, Financial Auditing. The total 1996-97 certified budget for P/PB 0560 is \$10,687,630 of which this fund is \$9,822,713, or 91.91% of the total. A programmatic presentation which groups all funds that contribute to specific program levels throughout state government according to similar outcomes, objectives, and outcome measures may be found in Volume 7. Following is a complete list of departmental accounting funds which contribute to P/PB 0560.

AUDITOR	1110 ADMINISTRATION	5.41%	AUDITOR	1210 FIELD AUDIT DIVISION	91.91%
AUDITOR	1120 SUPPORT SERVICES	2.68%			

Objectives:

- Annually complete 100% of all pre-scheduled audits, including financial information, independent auditor's opinion, findings and recommendations.
- Review each year the effectiveness and efficiency of 100% of the state government programs identified for audit.
- Assess the reliability state wide of computer-generated data at 100% of the systems selected for audit.
- Respond to 100% of the fraud and abuse allegations reported to this Office.
- Provide technical assistance to 100% of clients requesting assistance.
- Provide continuing professional education to 100% of the staff as mandated by GAGAS.

Outcome Measures:

	<u>1993-94 Actual</u>	<u>1994-95 Actual</u>	<u>1995-96 Actual</u>	<u>1996-97 Estimated</u>	<u>1997-98 Expected</u>	<u>1998-99 Expected</u>
- The percent of financial audits completed and released.	88%	97%	89%	100%	100%	100%
- The percent of performance audits identified, completed, and released.	57%	62%	62%	100%	100%	100%
- The percent of performance audits completed and released.	n/a	n/a	n/a	n/a	n/a	n/a
- Close out the same year an equal number of cases as received.	76%	139%	59%	100%	100%	100%
- Percent of clients receiving requested technical assistance.	100%	100%	100%	100%	100%	100%
- The percent of employees receiving continuing professional education.	94%	96%	96%	100%	100%	100%

Other Performance Measures:

- Total audit days expended on Comprehensive Annual Financial Report.	3,721	4,331	4,541	3,313	3,313	3,313
- Total audit days expended - state agencies on Financial Statement Audits.	268	215	368	233	233	233
- Total audit days expended - colleges on Financial Statement Audits.	4,985	5,300	5,004	4,761	4,761	4,761
- Total audit days expended - universities on Financial Statement Audits.	5,199	5,707	5,219	4,839	4,839	4,839
- Total audit days expended - Smart Start on Financial Statement Audits.	0	969	1,666	1,552	2,064	2,580
- Total audit days expended on Financial Statement Audits.	10,452	12,191	12,257	11,425	11,897	12,413
- Number of audits conducted - state agencies on Financial Statement Audits.	4	4	5	4	4	4
- Number of audits conducted - colleges on Financial Statement Audits..	58	58	58	58	58	58
- Number of audits conducted - universities on Financial Statement Audits..	17	17	17	17	17	17
- Number of audits conducted - Smart Start on Financial Statement Audits.	0	13	26	36	48	60
- Total number of audits conducted on Financial Statement Audits.	79	92	106	115	127	139
- Total audit days expended on Performance Audits.	2,753	3,227	3,035	3,038	3,038	3,038
- Number of audits conducted on Performance Audits.	10	12	12	12	12	12
- Potential financial impact to the state (in millions) from Performance Audits.	\$4.7	\$100.6	\$15.6	N/A	N/A	N/A

	<u>1993-94</u> <u>Actual</u>	<u>1994-95</u> <u>Actual</u>	<u>1995-96</u> <u>Actual</u>	<u>1996-97</u> <u>Estimated</u>	<u>1997-98</u> <u>Expected</u>	<u>1998-99</u> <u>Expected</u>
- Percent of professional staff receiving 40 hours of continuing education.	94%	96%	96%	100%	100%	100%
- Annual cost of CPE per professional staff.	\$300	\$400	\$400	\$750	\$750	\$750
- Number of audits subjected to an internal peer review.	10	10	10	10	10	10
- Total audit days expended - electronic data processing (EDP).	1,187	1,565	1,695	1,620	1,620	1,620
- Total number of electronic data processing (EDP) audits conducted.	20	25	23	28	30	30
- Total computer assisted audit techniques (CAATS) developed and maintained.	213	392	417	420	420	420
- Total audit days expended on Single Audit.	3,664	3,319	3,145	2,511	2,511	2,511
- Total number of audit findings reported in Single Audit.	87	112	117	100	100	100
- Total questioned costs reported (in thousands) in Single Audit.	\$283	\$3,884	\$3,712	\$3,800	\$3,800	\$3,800
- Total days expended on Fraud, Waste, and Abuse Investigation.	1,150	1,160	1,087	1,013	1,013	1,013
- Total Fraud, Waste, and Abuse Investigations.	52	53	28	50	50	50
- Number of private organizations required to file an audit report.	733	1,225	1,400	500	700	900
- Total financial related audit days expended - colleges.	0	0	0	0	0	0
- Total financial related audit days expended - universities.	0	99	0	0	0	0
- Total financial related audit days expended - state agencies.	1,461	1,736	2,009	3,150	3,150	3,150
- Total financial related audit days expended - Clerk of Superior Court.	1,102	1,851	1,727	1,746	1,746	1,746
- Total financial related audit days expended.	2,563	3,686	3,736	4,896	4,896	4,896
- Number of financial related audits conducted - colleges.	0	0	0	0	0	0
- Number of financial related audits conducted - universities.	0	2	0	0	0	0
- Number of financial related audits conducted - state agencies.	20	26	10	28	23	28
- Number of financial related audits conducted - Clerk of Superior Court.	39	52	54	55	55	55
- Total number of financial related audits conducted.	59	80	64	83	78	83

PURPOSE DETAIL:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
1210 NUMBER OF POSITIONS	168.00	170.00	.00	170.00	.00	170.00

REQUIREMENTS						

53 1200 SPA SALARIES	7,002,717	7,404,160	0	7,404,160	0	7,404,160
53 1300 TEMPORARY SALARIES	23,268	0	0	0	0	0
53 1400 SUPPLEMENT TO REG. WA	139,432	137,711	950-	136,761	7,422	145,133
53 1500 EMPLOYEE BENEFIT COST	1,585,407	1,652,931	8,650	1,661,581	9,408	1,662,339
53 2000 PURCHASED CONTRACTUAL	390,642	449,303	80	449,383	80	449,383
53 4000 PROPERTY, PLANT & EQU	69,817	212,601	187,800-	24,801	187,800-	24,801
53 5000 OTHER EXPENSES & ADJU	34,138	26,925	0	26,925	0	26,925
53 8010 DEPENDENT CARE-OP TFR	2,787	600	0	600	0	600
53 8901 AGENCY CARRY FORWARD	101,175	0	0	0	0	0

TOTAL REQUIREMENTS	9,349,383	9,884,231	180,020-	9,704,211	170,890-	9,713,341

ESTIMATED RECEIPTS						

43 4000 SALES, SERVICES & REN	50	50	0	50	0	50
43 8000 INTRA GOVERNMENTAL TR	1,367,742	1,450,550	13,557-	1,436,993	12,305-	1,438,245

TOTAL RECEIPTS	1,367,792	1,450,600	13,557-	1,437,043	12,305-	1,438,295

NET APPROPRIATION	7,981,591	8,433,631	166,463-	8,267,168	158,585-	8,275,046

660 Financial auditing

Purpose

The purpose of this subprogram is to provide for the financial auditing of state agencies and institutions.

Expected outcomes

The expected outcomes for this subprogram are to:

- enhance public confidence in governmental accountability,
- improve management of state government programs,
- reduce fraud, and
- increase uniform reporting of financial data by promoting adherence to generally accepted government auditing standards (GAGAS) through training and providing technical assistance.

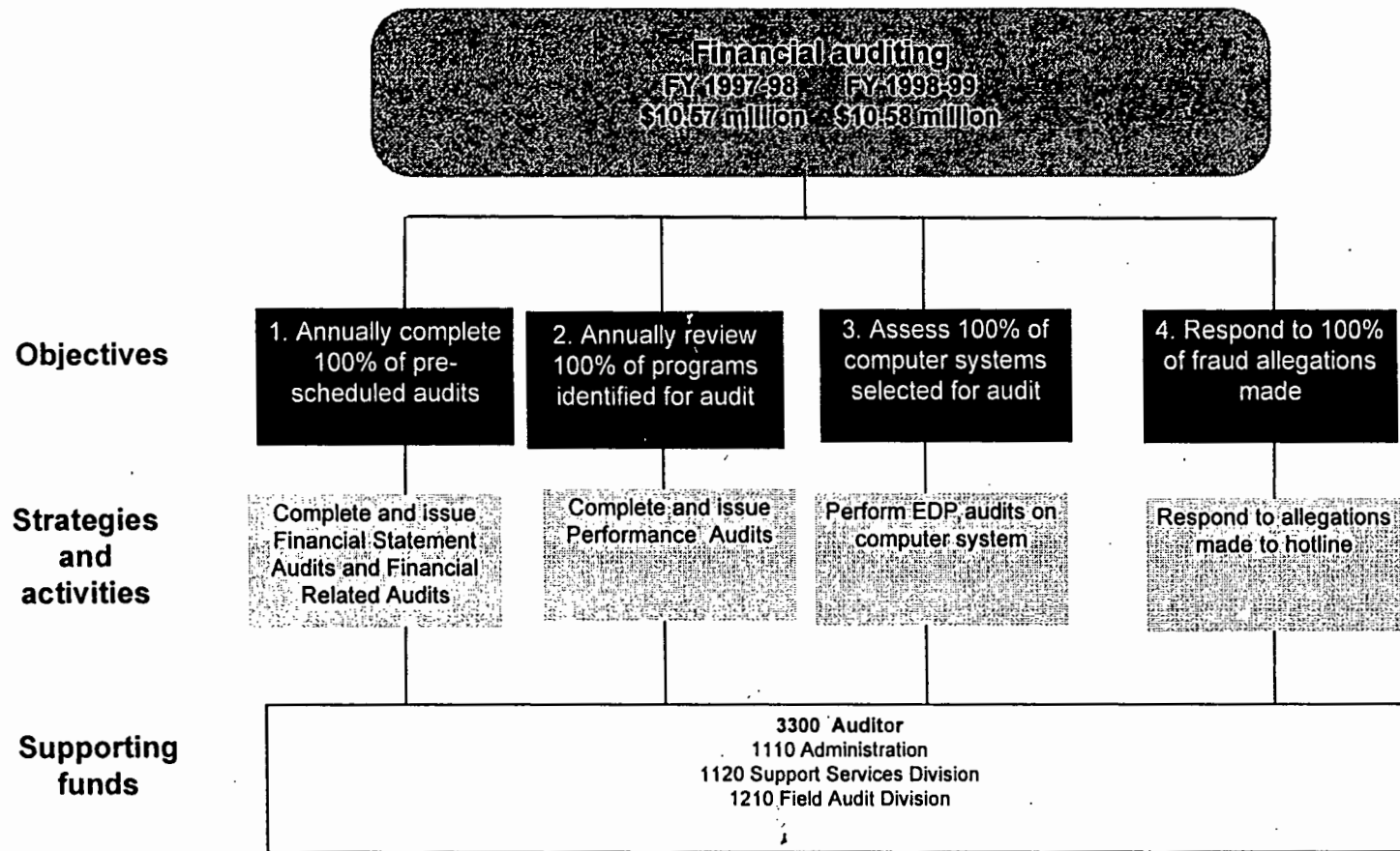
Background and trends

Continuing efforts to downsize and reinvent state government have affected North Carolina, just as they have many other states. The trend towards tax reductions and the related loss of revenues for existing programs will affect most, if not all, state programs. Increased demand for accountability, along with attempts to realize cost savings by realigning the administration and delivery of public services, reinforces the long-standing need for good accounting and auditing procedures. The Office of the State Auditor conducted 234 audits in FY 1994-95.

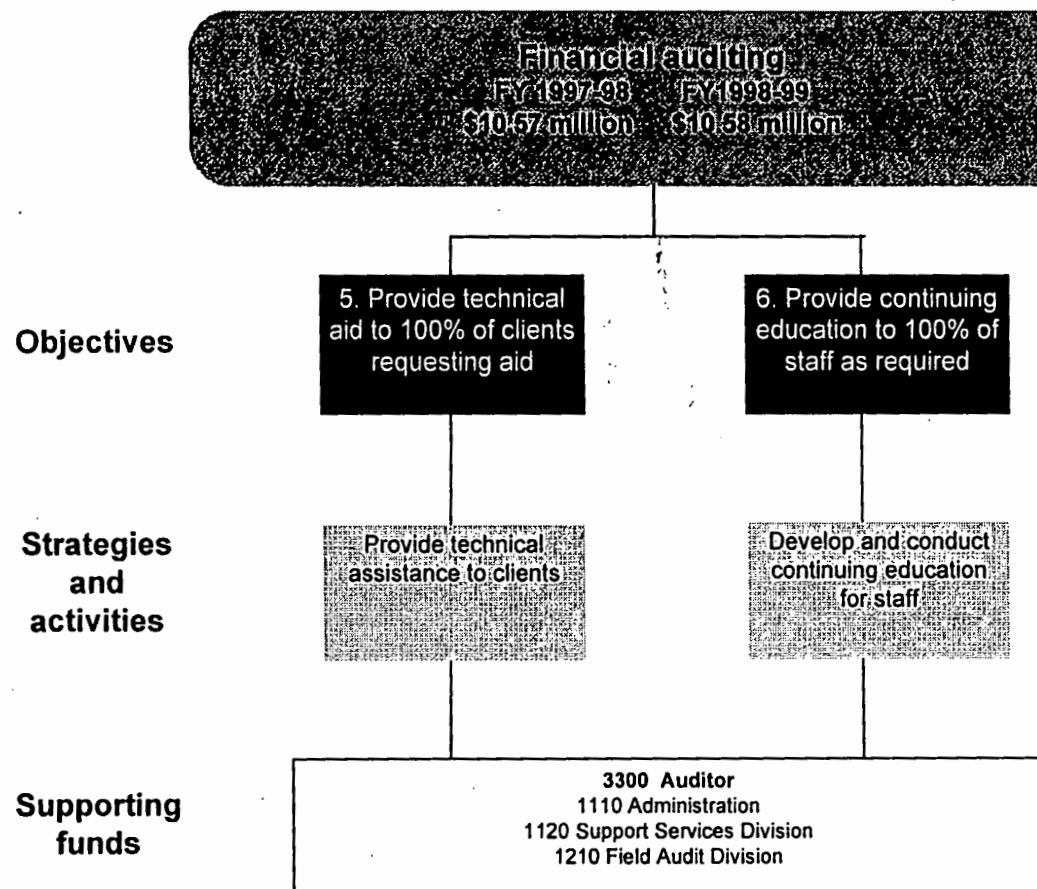
The likelihood that state government will continue to take on responsibilities which traditionally have been shouldered by federal agencies will also increase demands on the State Auditor. The Office of the State Auditor is required to continuously evaluate the service mix of periodic audits that it performs for all agencies and institutions in state government. This mix includes financial statement audits, economy and efficiency audits, and program effectiveness audits.

New accounting principles are being considered by national accounting standards bodies, which if adopted will vastly change current financial reporting requirements. Adherence to these new accounting principals will not only increase the demand for services from the State Auditor, but will also increase the complexity of the services required.

Increasing use of information technology in state government -- for example, the new North Carolina Accounting System and the Integrated Tax Administration system -- also generates demand for increasingly complex services from the State Auditor. Likewise, the Office of the State Auditor is preparing to take advantage of emerging technologies to enhance productivity in audit procedures.



Financial auditing



Objective 1: Annually complete 100% of all pre-scheduled audits, including financial information, independent auditor's opinion, findings, and recommendations.

Measure	Actual					Estimated	Expected	Expected
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Outcome Measures:								
The percent of financial audits completed and released	n/a	n/a	88%	97%	89%	100%	100%	100%
Performance Measures:								
Number of audits conducted - state agencies	13	6	4	4	5	4	4	4
Number of audits conducted - Smart Start	0	0	0	13	26	36	48	60
Number of audits conducted-universities	17	18	17	17	17	17	17	17
Number of audits conducted-colleges	58	58	58	58	58	58	58	58
Total number of audits conducted	78	80	79	92	106	115	127	139

Current Situation:

Funds:

3300 AUDITOR
 1110 Administration
 1120 Support Services Division
 1210 Field Audit Division

0560 Financial auditing

s opinion, Objective 2: Review each year the effectiveness and efficiency of 100% of the state government programs identified for audit.

Expect 1998-99	Measure	Actual					Estimated	Expected	Expected
		1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
100%	Outcome Measures:								
	The percent of performance audits identified, completed and released	n/a	n/a	57%	62%	62%	100%	100%	100%
	Performance Measures:								
	Number of audits conducted-state agencies	13	6	10	12	12	12	12	12
60	Total audit days expended on Performance Audits	1,394	815	2,753	3,227	3,035	3,038	3,038	3,038
17	Potential financial savings in terms of net savings to the state (in millions)	\$1.9	\$15.1	\$4.7	\$100.6	\$15.6	n/a	n/a	n/a

Current Situation:

Funds:

3300 AUDITOR
1110 Administration
1120 Support Services Division
1210 Field Audit Division

0560 Financial auditing

Objective 3: Assess the reliability statewide of computer-generated data at 100% of the systems selected for audit.

Measure	Actual					Estimated	Expected	Expected
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Outcome Measures:								
The percent of performance audits completed and released	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Performance Measures:								
Total number of electronic data processing (EDP) audits conducted	17	7	20	25	23	28	30	30
Total computer assisted audit techniques (CAATS) developed and maintained	181	148	213	392	417	420	420	420

Current Situation:

Funds:

3300 AUDITOR
 1110 Administration
 1120 Support Services Division
 1210 Field Audit Division

0560 Financial auditing

Objective 4: Respond to 100% of the fraud and abuse allegations reported to the office of the State Auditor.

Measure	Actual					Estimated	Expected	Expected
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Outcome Measures:								
Close out the same year an equal number of cases as received	n/a	n/a	76%	139%	59%	100%	100%	100%
Performance Measures:								
Total investigations made	65	78	52	53	28	50	50	50
Potential financial savings in terms of net savings to the state (in millions)	\$1.9	\$15.1	\$4.7	\$6.9	n/a	n/a	n/a	n/a
Total audit days expended	1,394	815	1,150	1,160	1,087	1,013	1,013	1,013

Current Situation:

Funds:

3300 AUDITOR
 1110 Administration
 1120 Support Services Division
 1210 Field Audit Division

Objective 5: Provide technical assistance to 100% of clients requesting assistance.

Measure	Actual					Estimated	Expected	Expected
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Outcome Measures:								
Percent of clients receiving requested technical assistance.	n/a	n/a	100%	100%	100%	100%	100%	100%
Performance Measures:								

Current Situation:**Funds:**

3300 AUDITOR
1110 Administration
1120 Support Services Division
1210 Field Audit Division

Financial auditing

Objective 6: Provide continuing professional education to 100% of the staff as mandated by GAGAS.

Measure	Actual					Estimated	Expected	Expected
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Some Measures:								
Percent of employees receiving continuing professional education.	n/a	n/a	94%	96%	96%	100%	100%	100%
Performance Measures:								

Current Situation:

Generally accepted government auditing standards (GAGAS), also known as the Yellow Book standards, require auditors to undertake a specific number of training hours annually.

Funds:

3300 AUDITOR
 1110 Administration
 1120 Support Services Division
 1210 Field Audit Division

0560 Financial auditing

056

1996-97 Authorized Expenditures

	Number of <u>Positions</u>	Total <u>Requirements</u>	Total <u>Receipts</u>	Total <u>Appropriation</u>	Percent of Total <u>Requirements</u>
Funds reviewed by General Government <u>Appropriations Subcommittee:</u>					
3300 AUDITOR					
1110 ADMINISTRATION	9.00	582,193.00	0.00	582,193.00	5.41
1120 SUPPORT SERVICES	0.00	286,232.00	0.00	286,232.00	2.66
<u>1210 FIELD AUDIT DIVISION</u>	<u>170.00</u>	<u>9,884,231.00</u>	<u>1,450,600.00</u>	<u>8,433,631.00</u>	<u>91.92</u>
TOTAL FOR O560 FUNDS	179.00	\$ 10,752,656.00	\$ 1,450,600.00	\$ 9,302,056.00	100.00

Financial auditing

	1996-97	***** 1997-98 *****	***** 1998-99 *****
	AUTHORIZED	INCREASE/DECREASE TOTAL RECOMMENDED	INCREASE/DECREASE TOTAL RECOMMENDED
ADMENTS	10,752,656	-178,796 10,573,860	-169,345 10,583,311
INTRA TRANSFERS IN	1,450,550	-13,557 1,436,993	-12,305 1,438,245
ESTIMATED RECEIPTS	50	0 50	0 50
APPROPRIATION	9,302,056	-165,239 9,136,817	-157,040 9,145,016
OF POSITIONS	179.00	.00 179.00	.00 179.00

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on General Government 2-17, 1997

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS[illegible]

JOINT APPROPRIATIONS SUBCOMMITTEE
ON
GENERAL GOVERNMENT

February 18, 1997

The Joint Appropriations Subcommittee on General Government met Tuesday, February 18, 1997 at 8:30 a.m. in room 425 of the Legislative Office Building. Four of the Senate members were present. Representatives present were: Co-Chairs Ives, McCombs and Sherrill; and Braswell, Culpepper, and Jeffus.

Senator Warren chaired the meeting. He introduced Mr. Ed Renfrow who gave a brief overview of the Controller's Office. (A copy is attached.) Senator Kinnaird asked Mr. Renfrow what size town he was referring to when he spoke of "connectivity." He said that the hoped to make it accessible to all levels. Mr. Renfrow then introduced Ms. Gwen Canady, Chief Deputy State Controller.

Ms. Canady covered the Administration section of the attached OSC handout (Pp. 1-32). She said that the department had an authorized budget of \$45 million dollars - with the accounting side being funded by the General Assembly and the technical side by receipts.

Ms. Canady noted that they went through a very detailed business process annually so that they would be prepared to meet the requests for services. They have 458-1/2 staff positions, with 105 funded through the General Fund and 353-1/2 by receipts. One big concern was the high turnover rate due to higher salaries offered by industry. She said that they will be moving to a new location on Bush Street in the next couple of weeks. They are very happy that the OSC staff will be back together in two locations only 1-1/2 blocks apart. They have a 5-year lease on this property.

In response to a question from Representative Braswell, Mr. Renfrow said that the SIPS rate schedule is based on cost of services. Agencies pay from state, federal and local funds, which means that their office in essence keeps three sets of books.

STATE CONTROLLER'S OVERVIEW

February 18, 1997

- Good morning and thank you for the opportunity to talk with you about the State Controller's Office.
- I would like to give you a general but brief overview of our agency this morning and then let our managers present their various areas of responsibility.
- The Controller's Office is one of the newer agencies in state government - having been created just over a decade ago. Yet it has a critical role today in positioning the state's financial and technological resources for the 21st century.
- Yesterday you heard from State Auditor Ralph Campbell about the audit function in state government. That is one of the four basic financial functions that the state manages. The other three are budgeting, which is managed through the State Budget Office; banking and investing which the State Treasurer is elected to manage; and accounting, which is where the Office of the State Controller fills in. The Governor has appointed, and you all have confirmed, me to serve as the State Controller. By statute, the State Controller is responsible for presenting a uniform state accounting system and preparing financial statements for the state as a whole. We manage all disbursement functions, assuring that no department spends money without the proper allotment and we provide timely financial information.
- With your support, we have installed a new North Carolina Accounting System - which you will hear more about later from Don Waugh. We are pleased to report that in November 1996, the OSC received a Federal Technology Leadership Award for the North Carolina Accounting System for Distinguished Achievement in putting technology to work for government and the citizens. Also, for the last two fiscal years we have received the Certificate of Achievement for Excellence in Financial

Reporting -- the highest honor in government financial reporting that an entity can receive.

- We are proud of our accomplishments in the area of accounting, but we are still working, still developing, and evolving even better solutions to make information even more accessible and understandable for everyone.
- The Controller's Office is also responsible for managing and operating the state's shared technology resources. The responsibility is both tactical and strategic. The strategic responsibility is managed through our Information Resource Management section and is responsible for preparing the statewide technical architecture for state applications and communications to run on and for development of policies and standards for the overall use of technology. We work with state agencies in the development of their technology plans and prepare statewide initiatives which are recommended to the Information Resource Management Commission. This commission was a recommendation of the Government Performance Audit and was created by you - the General Assembly -- in 1992 -- attached statutorily to the State Controller's Office -- and has policy making authority for the state's information technology.
- The tactical component for technology services is managed through State Information Processing Services -- commonly referred to as SIPS. We provide the infrastructure to operate the state's business applications. We provide the state's computer center, the North Carolina Integrated Information Network, Applications Development Services, and Systems Integration Services. I would like to point out that the SIPS side of our organization is a receipts-supported function. We charge for our services and go through a very detailed Business Planning process annually to develop our budget and establish rates for services. We are in that process right now for the 1997-98 fiscal year.
- I would like to leave you with a couple of points. Some people look at the two distinct areas of OSC responsibility and wonder how they are related. Technology should not happen without a business justification;

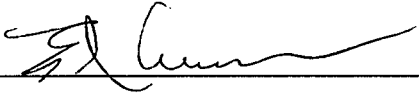
business must be the driving factor. However, once the business function and objectives are clearly defined, technology can be a major enabler to get the job done efficiently and effectively. I believe the Office of the State Controller offers the right blend of business and technology to help position the state to manage its operations.

- You will hear through the course of our presentation today and tomorrow about some key initiatives that the Office of the State Controller is currently working on that have the potential to shape the future direction of state government such as the Year 2000 Project, Statewide Technical Architecture, and Statewide Connectivity. As we move forward, I want you to know that I am proud of ~~the Office of the State Controller~~^{OUR} and its professional staff. We have a lot of challenges before us, but working together, we can help lead North Carolina forward. However, I feel I must share with you my concerns about where we are today as a state with technology infrastructure and where I see we need to be within the next two to four years. We are at a cross road with four-way stop signs. Before we proceed we will need for major policy decisions to be made by this General Assembly that will give direction and support to technology development statewide at every level of state and local government that will carry our efforts for the next several years. We must have more long-term directives to insure that we achieve both long-term and short-term success.
- Now I would like to introduce Gwen Canady, Chief Deputy State Controller, to talk about the OSC administration.

Ms. Canady then introduced Mr. Don Waugh, Assistant State Controller who went through the Financial Systems Division, Statewide Accounting System section of the handout (pp. 33-46). He stated that his Division had 90 employees, and 10 vacancies at the present time. In response to a question from Senator Kinnaird, he said that they did indeed have a backup for all the systems.

The meeting adjourned at 9:50 to reconvene 15 minutes after the last session adjourned in the afternoon.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Ed Warren", written over a horizontal line.

Senator Ed Warren, Chairman

A handwritten signature in dark ink, appearing to read "Wilma Caldwell", written over a horizontal line.

Wilma Caldwell, Committee Clerk



*State of North Carolina
Office of the State Controller*

*Edward Renfrow
State Controller*

*General Introduction to the
Office of the State Controller*

*General Government
Joint Appropriation Subcommittee*

Overview
of the
Office of the State Controller



State of North Carolina *Office of the State Controller*

Created in 1986 by the General Assembly, the Office of the State Controller (OSC) is an organization that provides financial and technological services to state agencies.

A common thread across all OSC activities and services is the enterprise-wide business focus to both financial and technological initiatives. The organization strives to execute these activities with cost-efficiency and fiscal responsibility, both within internal operations and the external services provided.

The OSC has four distinct functional areas:

- ◆ Financial Systems Division (FSD)
- ◆ Statewide Accounting Division (SAD)
- ◆ Administration
- ◆ Information Resources Management Services (IRMS), which includes Information Resource Management (IRM) and State Information Processing Services (SIPS)

FSD

FSD manages the North Carolina Accounting System (NCAS) in support of agency and central management financial requirements. This includes design, development, client support, and both technical and functional system administration of the NCAS. The NCAS resides in a co-existent technical architecture and includes a client/server decision support system that provides managers in state agencies and institutions current budgetary and financial information, gives them the ability to perform trend analysis, and view on-line individually customized views and reports of current data.

SAD

SAD provides leadership, guidance, and consultation in all accounting matters to state agencies; and prescribes financial management policies. SAD is responsible for establishing systems control to ensure that all financial transactions are entered, balanced, and reconciled. SAD also provides monthly, quarterly, and annual reporting on the state's financial conditions.

For the years ending 1994 and 1995, the State's Comprehensive Annual Financial Report (CAFR) received an unqualified (clean) opinion as a result of an independent audit by the State Auditor's Office. Also, for the second year in a row, the OSC received a Certificate of Achievement for Excellence in Financial Reporting, a coveted award bestowed by the Government Finance Officers Association of the United States and Canada (GFOA).

Administration

The OSC contains several units which provide administrative services for the department. These service areas include: Fiscal Management, Personnel, Purchasing, Public Information (including supporting the new public access requirements of G.S. 132), and Internal Audit.

IRMS

IRMS is a new division which combines two previously separate units--IRM and SIPS--under one administrative structure. This reorganization resulted from an internal audit which was conducted in an effort to increase the efficiency of operations and better respond to client demands.

IRM

The IRM section concentrates on strategic, statewide issues, policies, and procedures. It assists agencies in developing state technology resources, and recommends statewide technology strategy and policy. IRM also works with state agencies to develop agency technology plans that are a part of the Performance Budgeting process. Since many of the state's programs and services are administered by local governments, the work of the IRM is having a positive effect on local technology management. A new, legislatively mandated area of responsibility for IRM is providing technical assistance to school systems in implementing technology for educational purposes.

The IRM also provides staff support to the Information Resource Management Commission (IRMC), a commission established by the NC General Assembly to determine the state's technology policy and strategy.

SIPS

SIPS is the tactical and operational arm of technology within the OSC. It is responsible for the deployment of state technology and provides a full range of computing and telecommunications services on a centralized, cost-shared basis. These services include:

- ◆ Telecommunications services including the operation of the statewide voice and data communications networks
- ◆ Mainframe and client/server computing services including the operation of the state government's centralized, shared computer center for use by all agencies
- ◆ Management of local and wide area networks (LANs and WANs)
- ◆ System design and implementation assistance

- ◆ System design and implementation assistance
- ◆ Applications development and support
- ◆ Support services in office automation and personal computers (PCs)

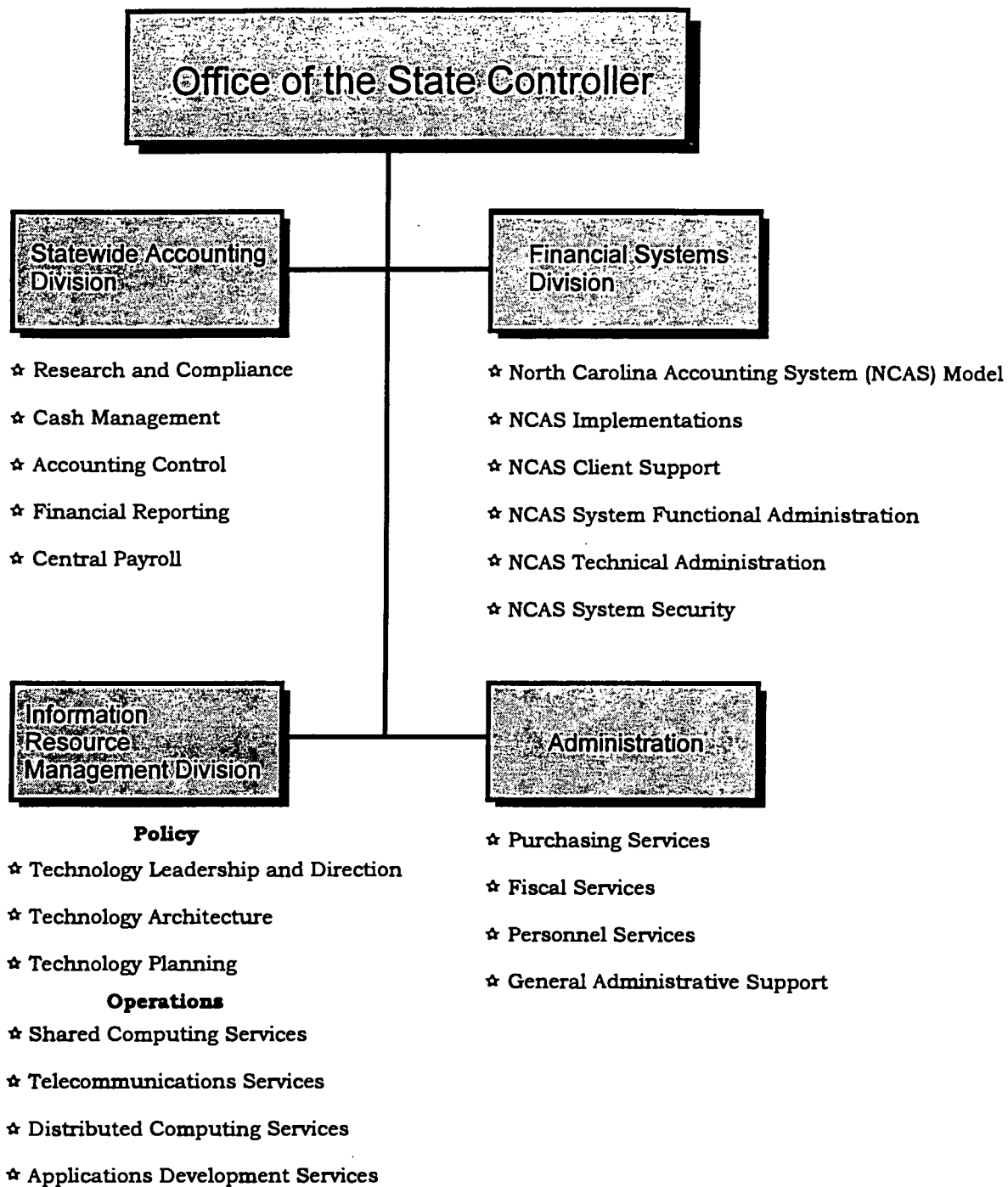
SIPS provides state agencies with responsive, competitive, and state-of-the-art information management and communications services that fulfill operational requirements, meet legislated responsibilities, and provide business solutions. SIPS also provides assistance in the use of software that allows professional staff who are not oriented to data processing to meet some of their own computing needs without staff analysts or programmers. SIPS offers these services through four organizational divisions:

- ◆ State Telecommunications Services (STS)
- ◆ Centralized Computing Services (CCS)
- ◆ Distributed Computing Services (DCS)
- ◆ Applications Development Services (ADS)

OSC Major Initiatives for 1997-99

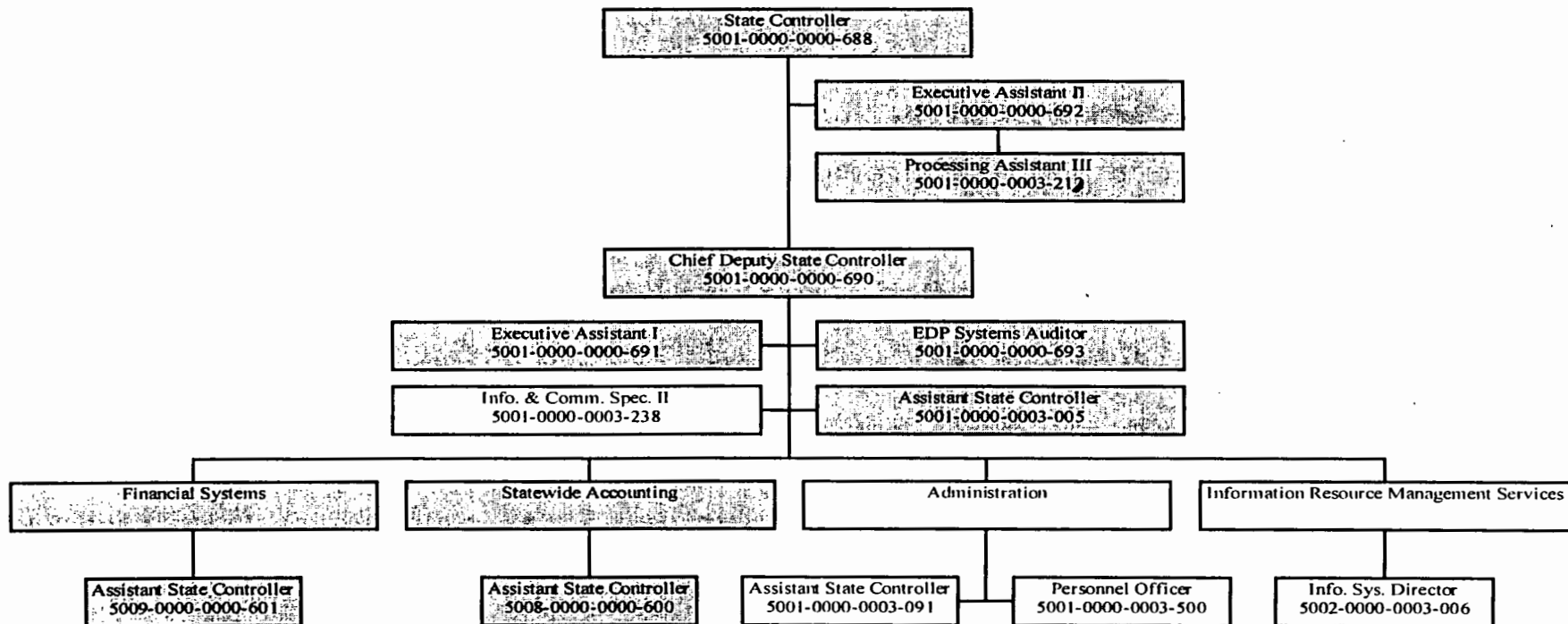
The OSC, as a result of its statutory roles and responsibilities, will undertake several major initiatives during the 1997-99 biennium:

- ◆ Manage the enterprise-wide Year 2000 Conversion Project
- ◆ Continue the evolution of the North Carolina Accounting System business environment
- ◆ Complete the Statewide Technical Architecture and Implementation Plan
- ◆ Continue the evolution to an infrastructure that supports an open-architecture
- ◆ Continue the Implementation of the Strategic Statewide Interconnectivity Plan
- ◆ Continue the use of existing strategic outsourcing and explore new outsourcing opportunities within the OSC



NC Office of the State Controller

OVERVIEW



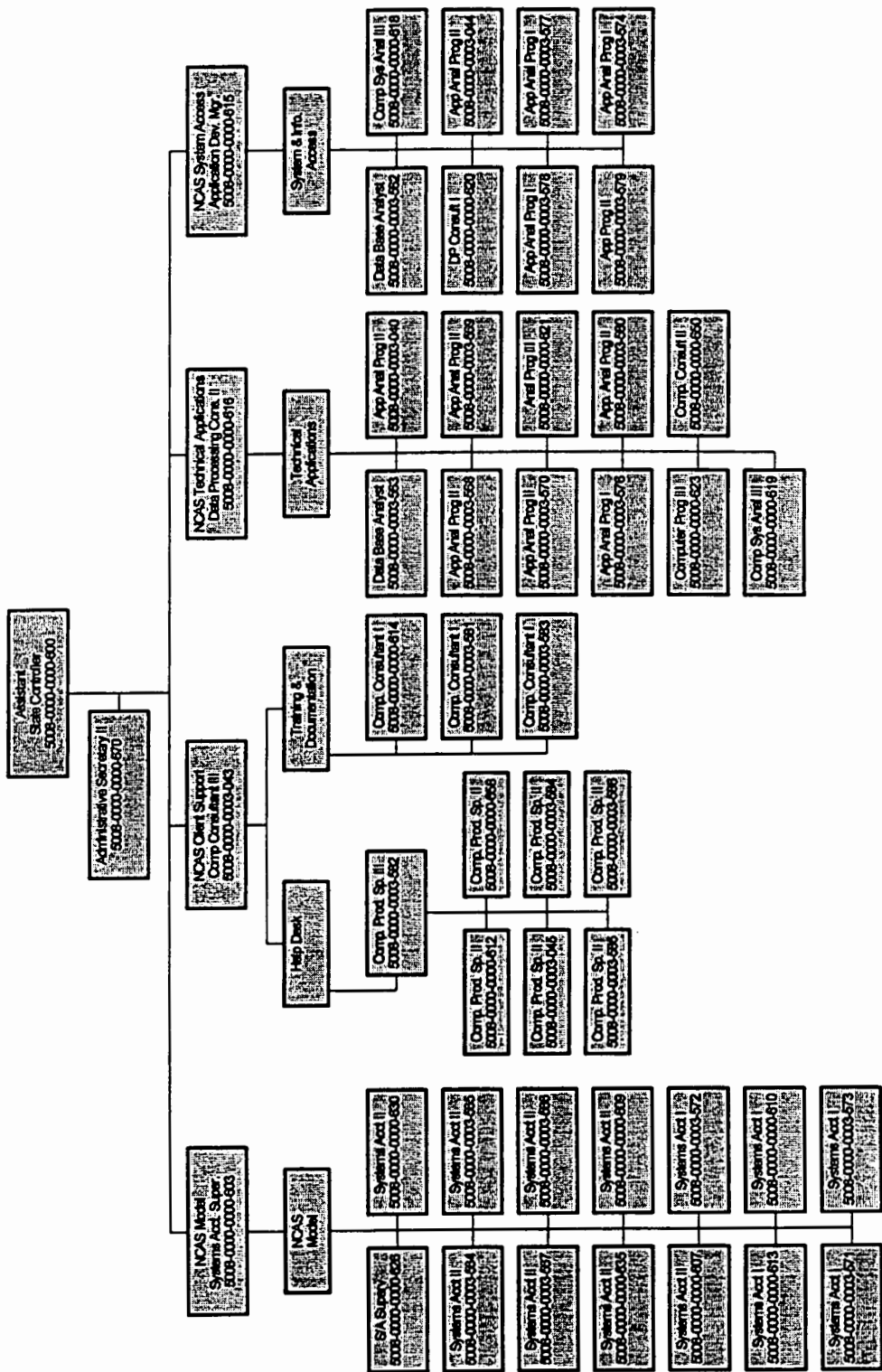
- ☐ General Fund
- ☐ Internal Service Fund

OSCS

ASC 6

☒ General Fund

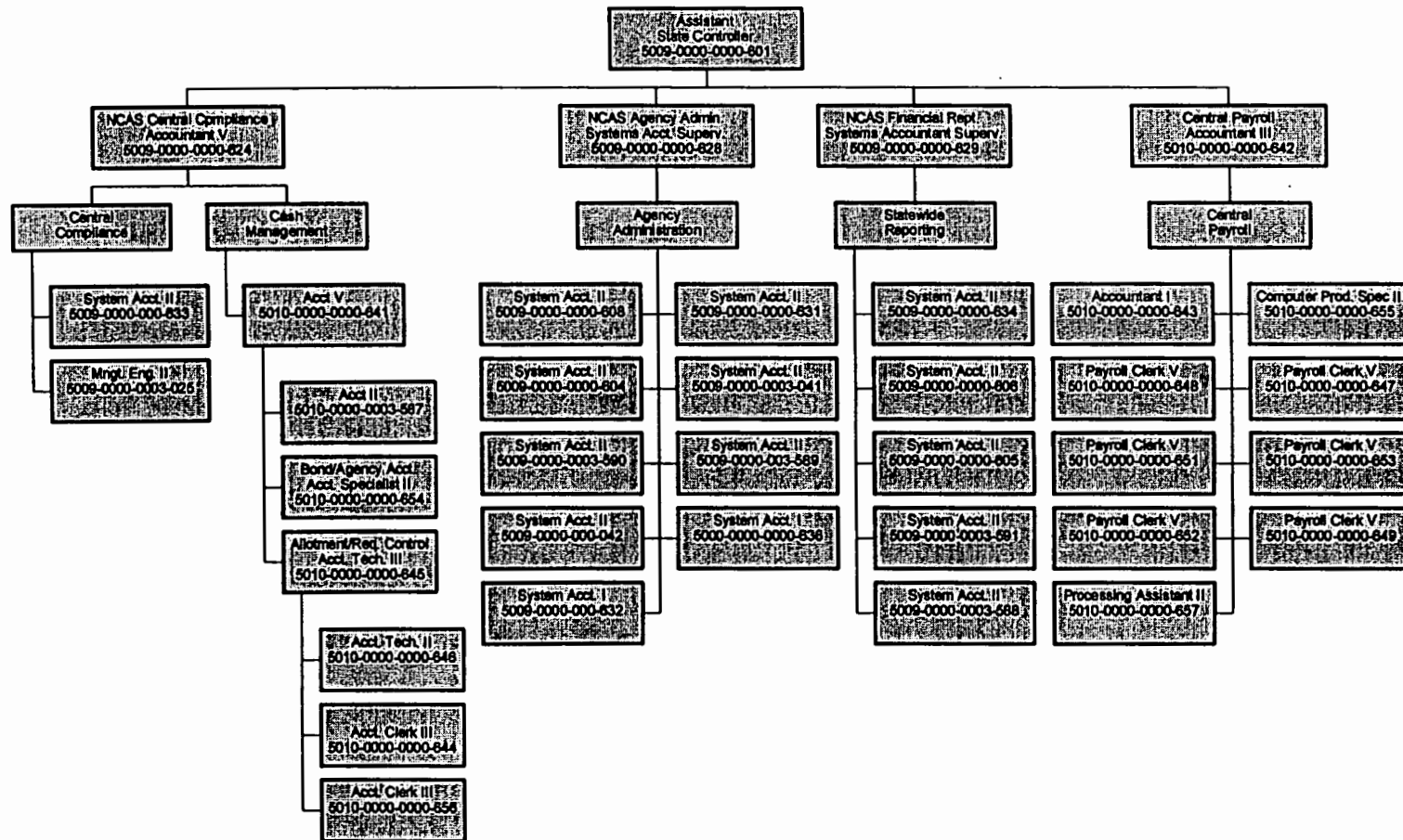
☐ Internal Service Fund



NC Office of the State Controller

Statewide Accounting

Statewide Accounting Division



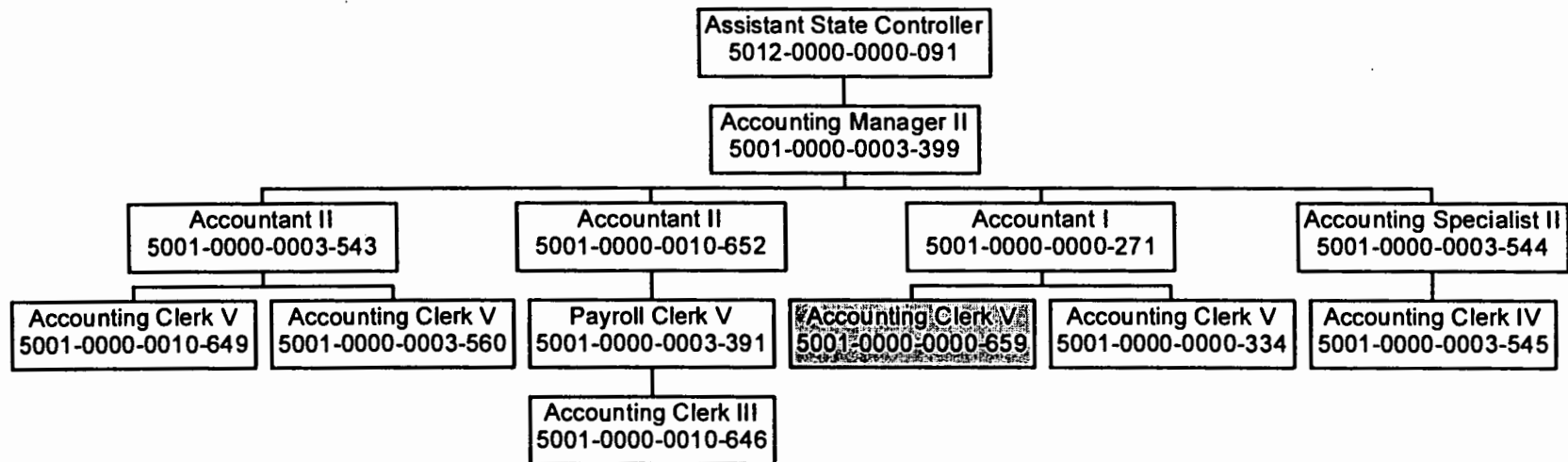
☒ General Fund
☐ Internal Service Fund



0507

NC Office of the State Controller

Administration

OSC Fiscal Services Section



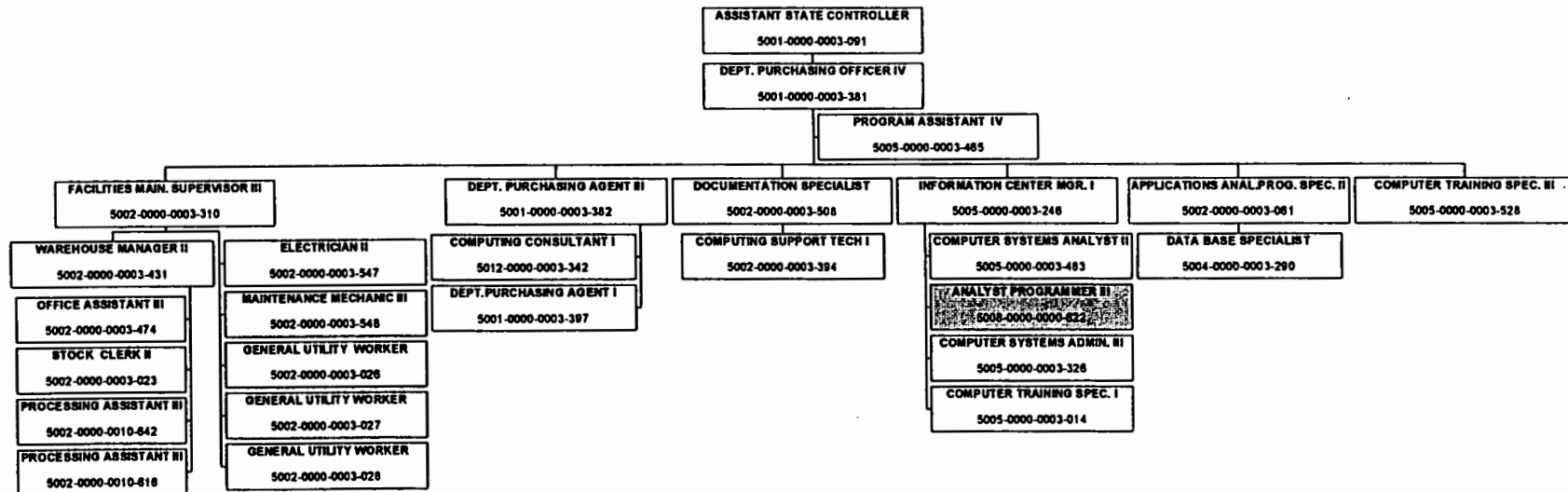
 General Fund
 Internal Service Fund

OSC 8

NC Office of the State Controller

Administration

Administrative Services Section



Positions authorized not established = 1

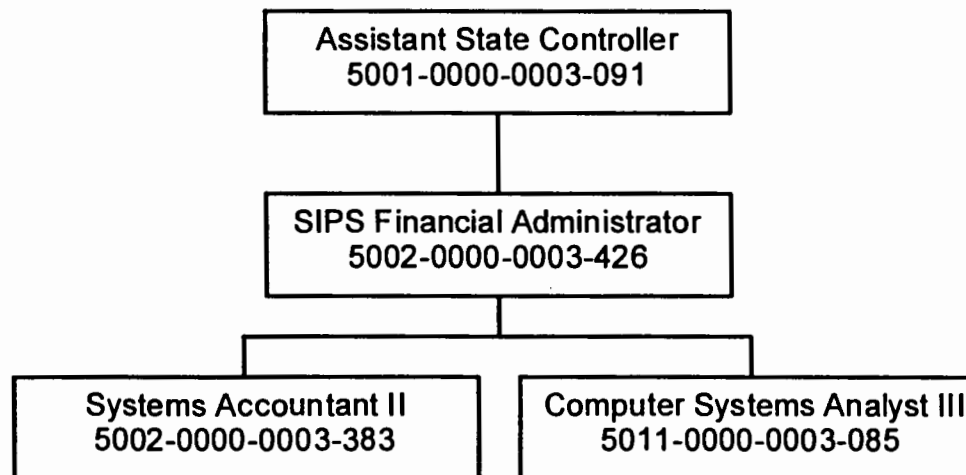
☒ General Fund
☐ Internal Service Fund

OSC9

NC Office of the State Controller

Administration

SIPS Financial Administration



Positions authorized but not established = 1

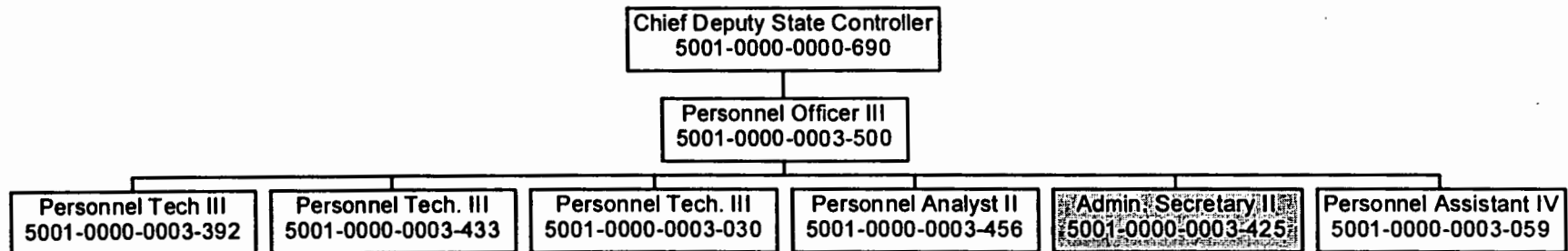
☒ General Fund
☐ Internal Service Fund

OSC 10

NC Office of the State Controller

Administration

Personnel Services Section



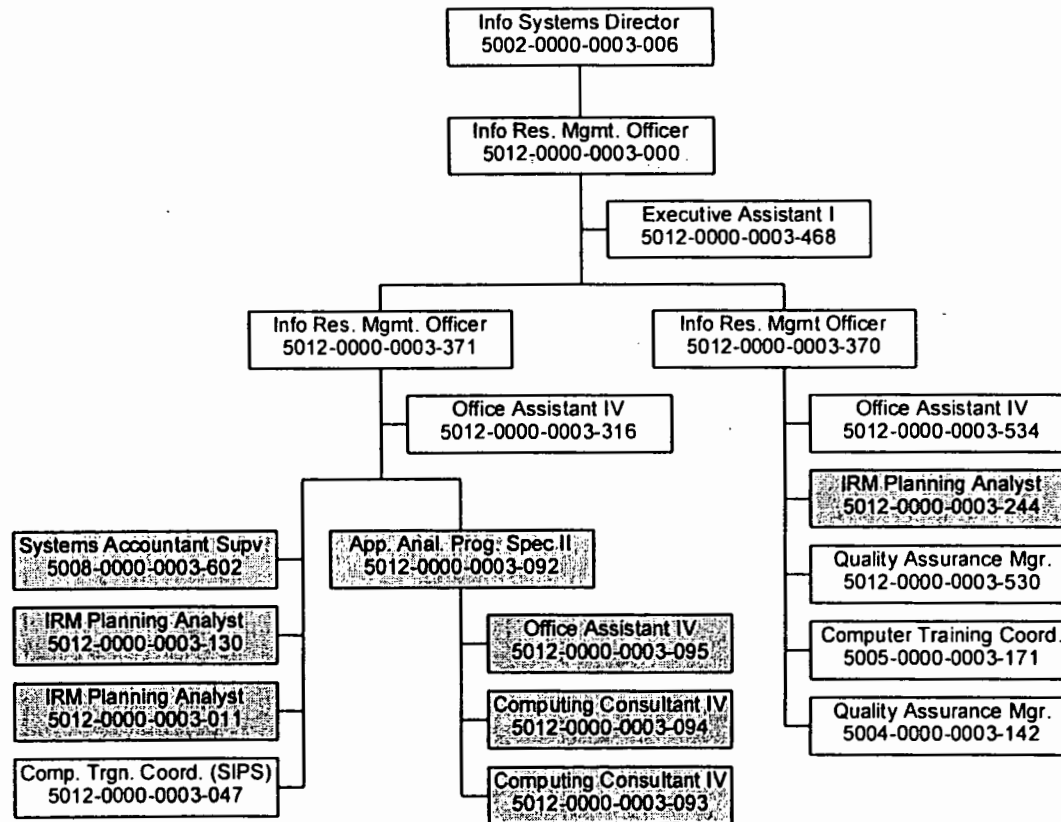
 General Fund
 Internal Service Fund

05C11

NC Office of the State Controller

Information Resource Management Services

Information Resource Management



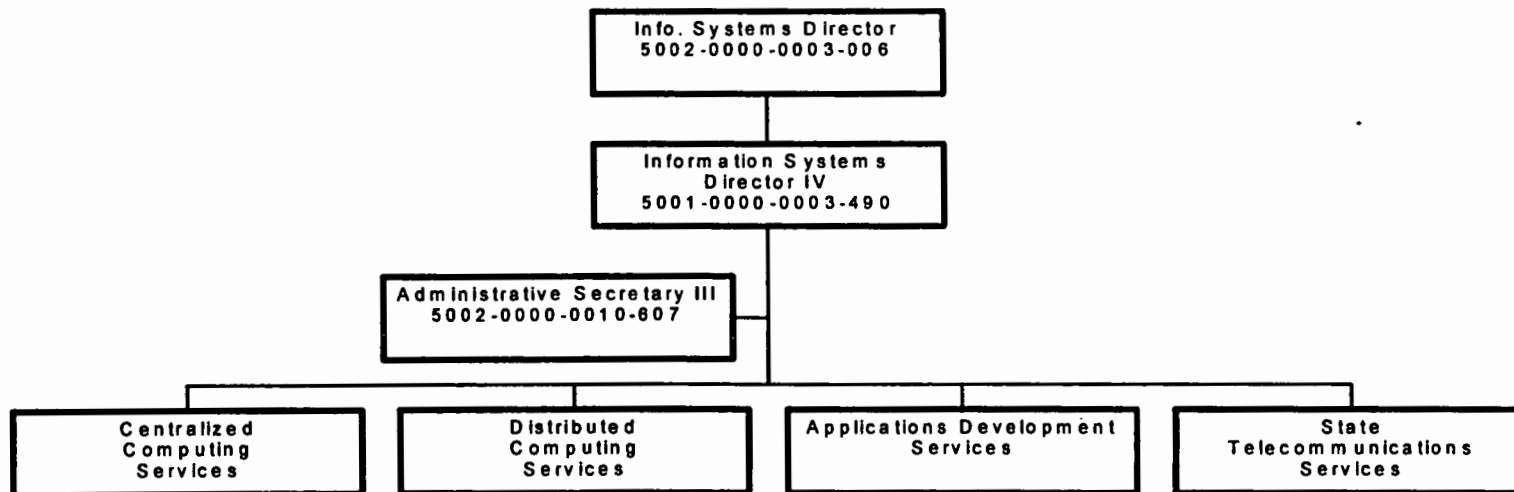
General Fund
Internal Service Fund



OSC 12

NC Office of the State Controller

Information Resource Management Services

State Information Processing Services



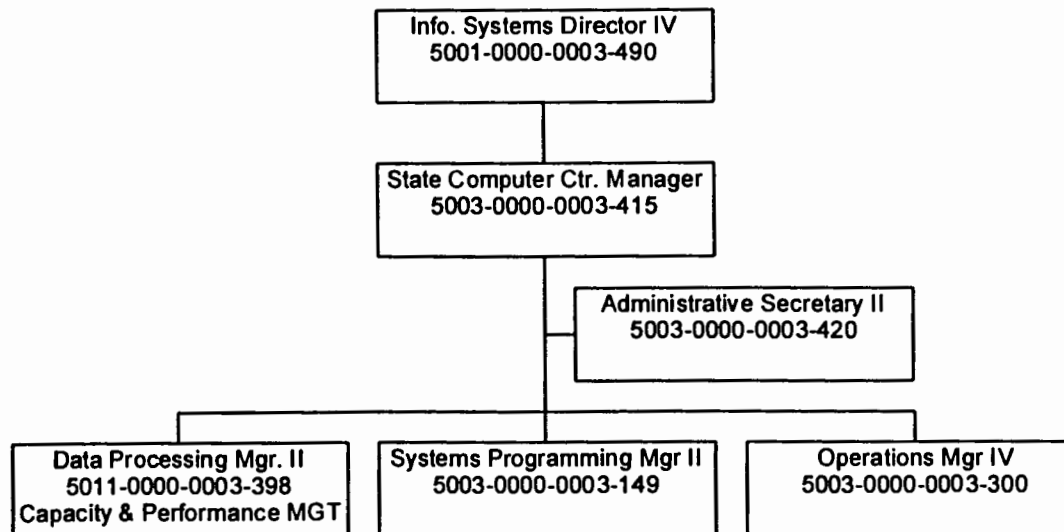
 General Fund
 Internal Service Fund

05213

NC Office of the State Controller

Information Resource Management Services

Centralized Computing Services



Positions authorized but not established = 4

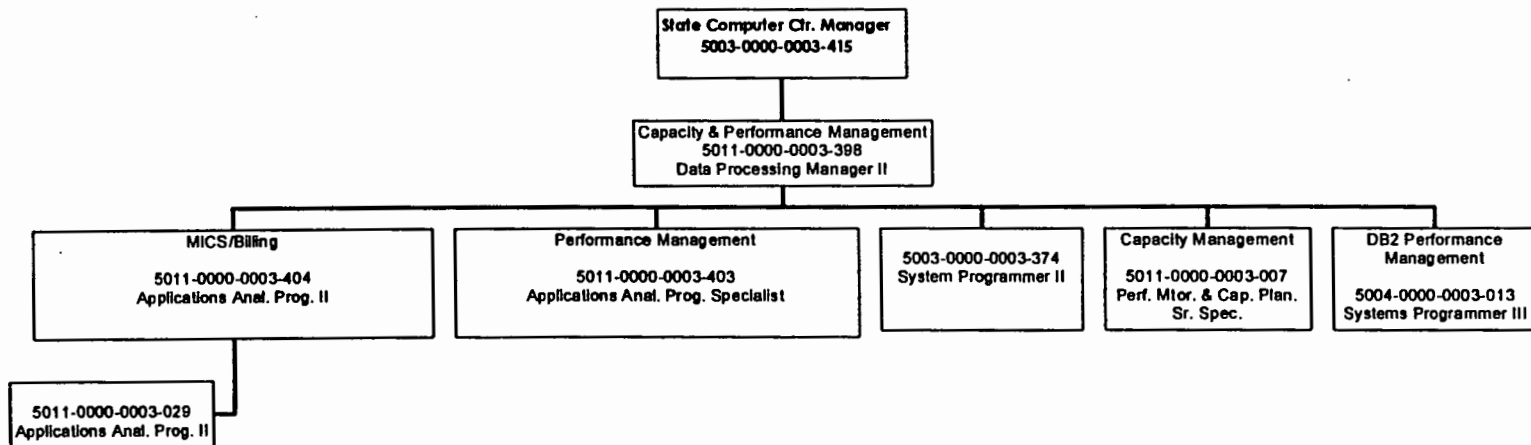
☒ General Fund
☐ Internal Service Fund

OSC 14

NC Office of the State Controller

Centralized Computing Services

Capacity & Performance Management



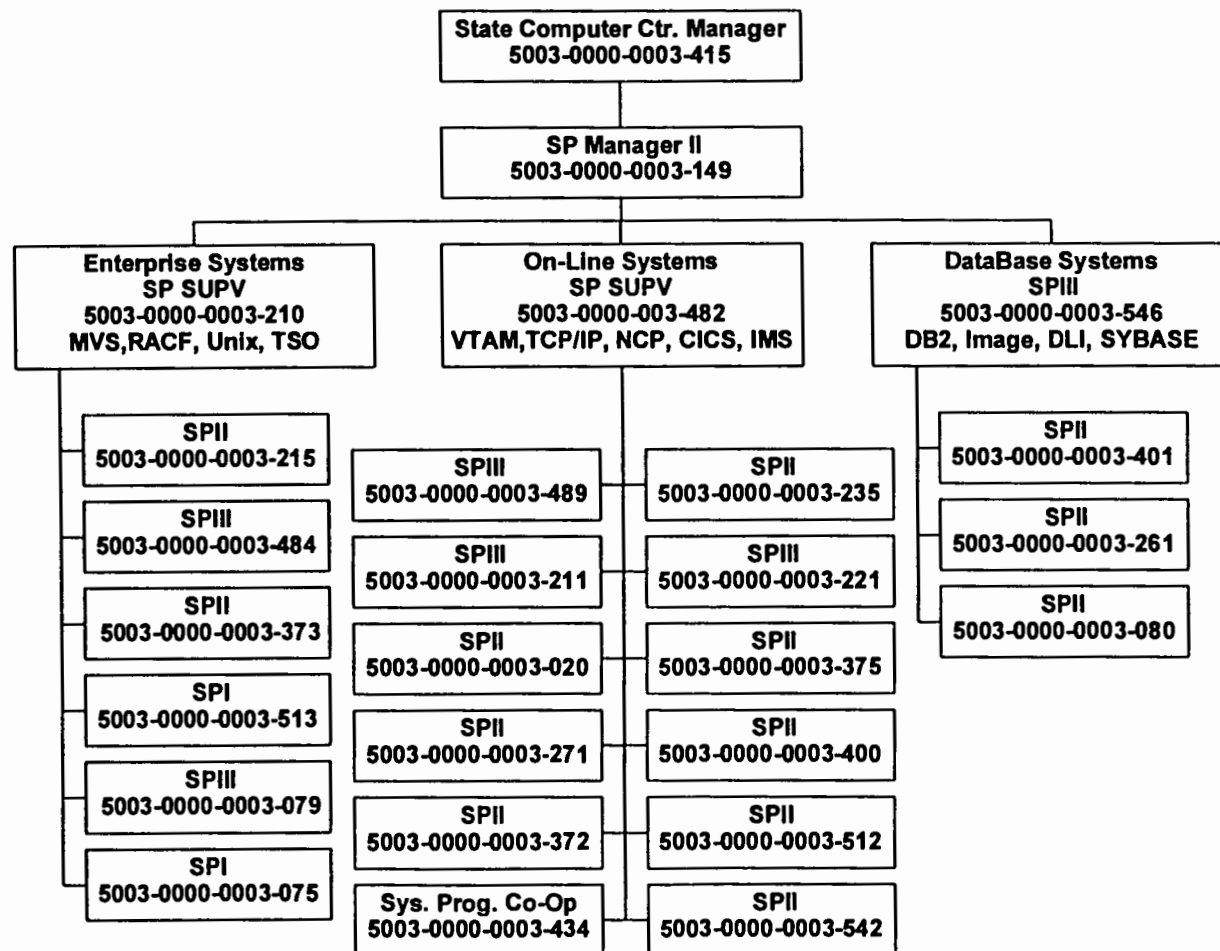
 General Fund
 Internal Service Fund

05C15

NC Office of the State Controller

Centralized Computing Services

Systems Programming



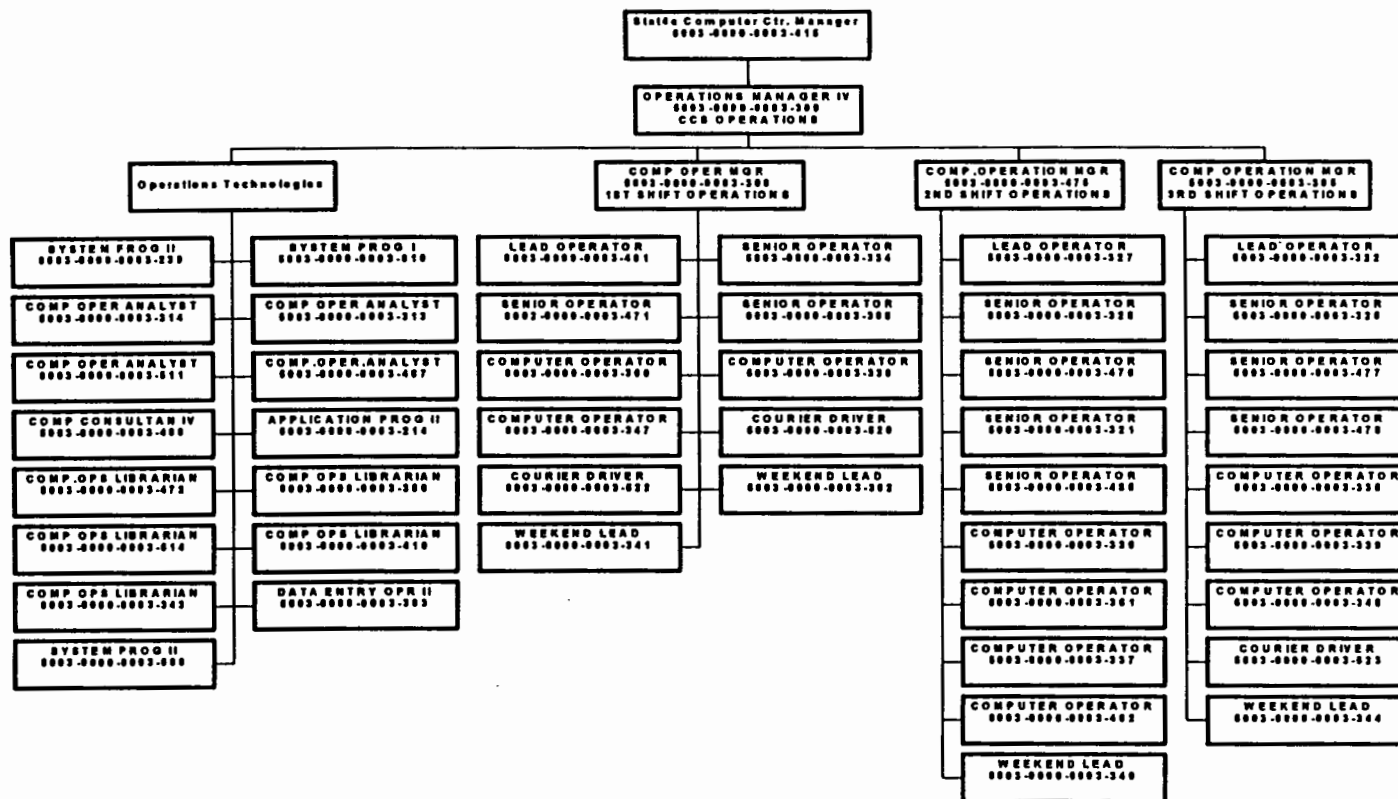
☒ General Fund
☐ Internal Service Fund

05216

NC Office of the State Controller

Centralized Computing Services

CCS Operations



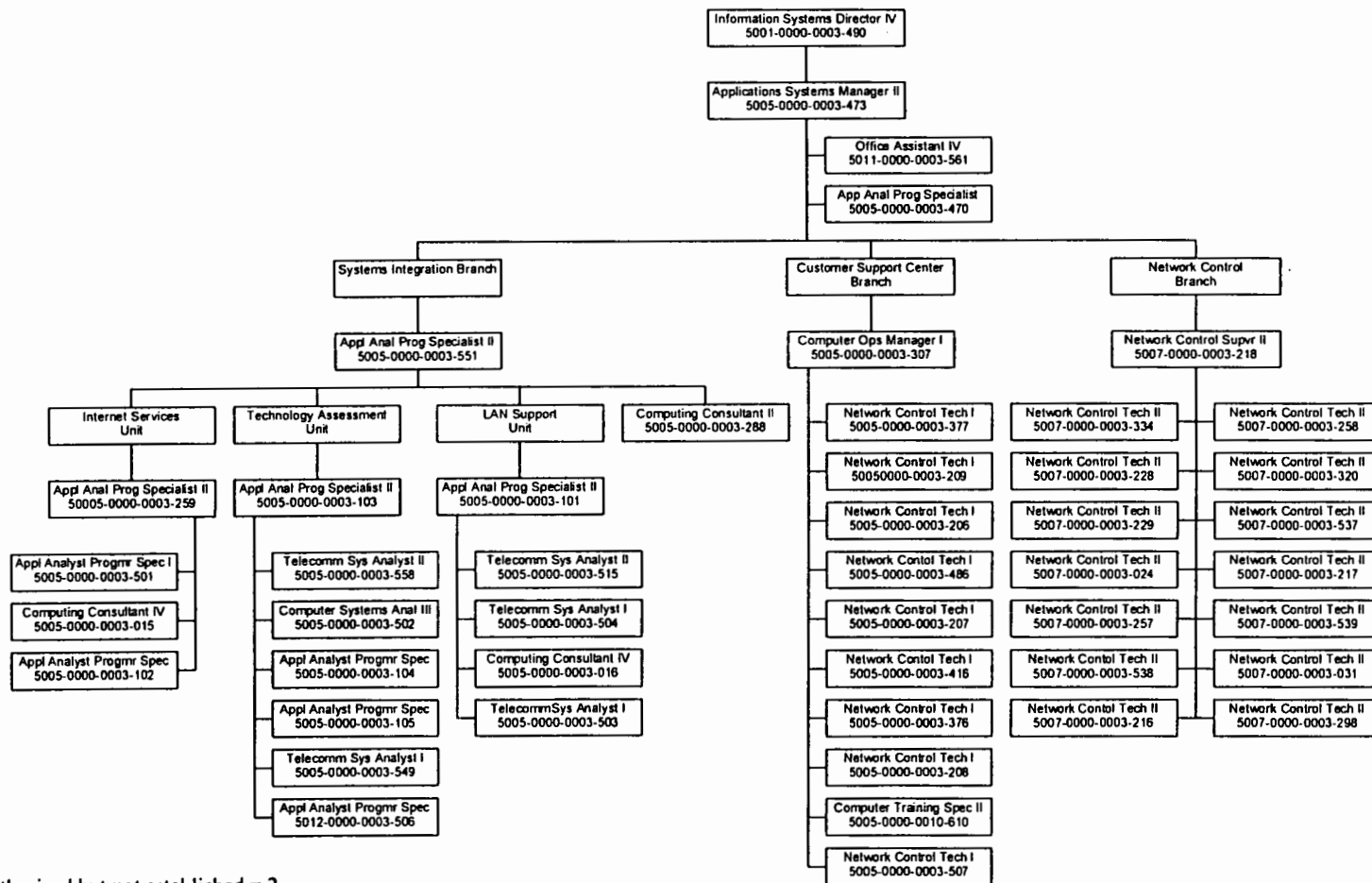
☒ General Fund
☐ Internal Service Fund

OSC17

NC Office of the State Controller

Information Resource Management Services

Distributed Computing Services



Positions authorized but not established = 2

☐ General Fund

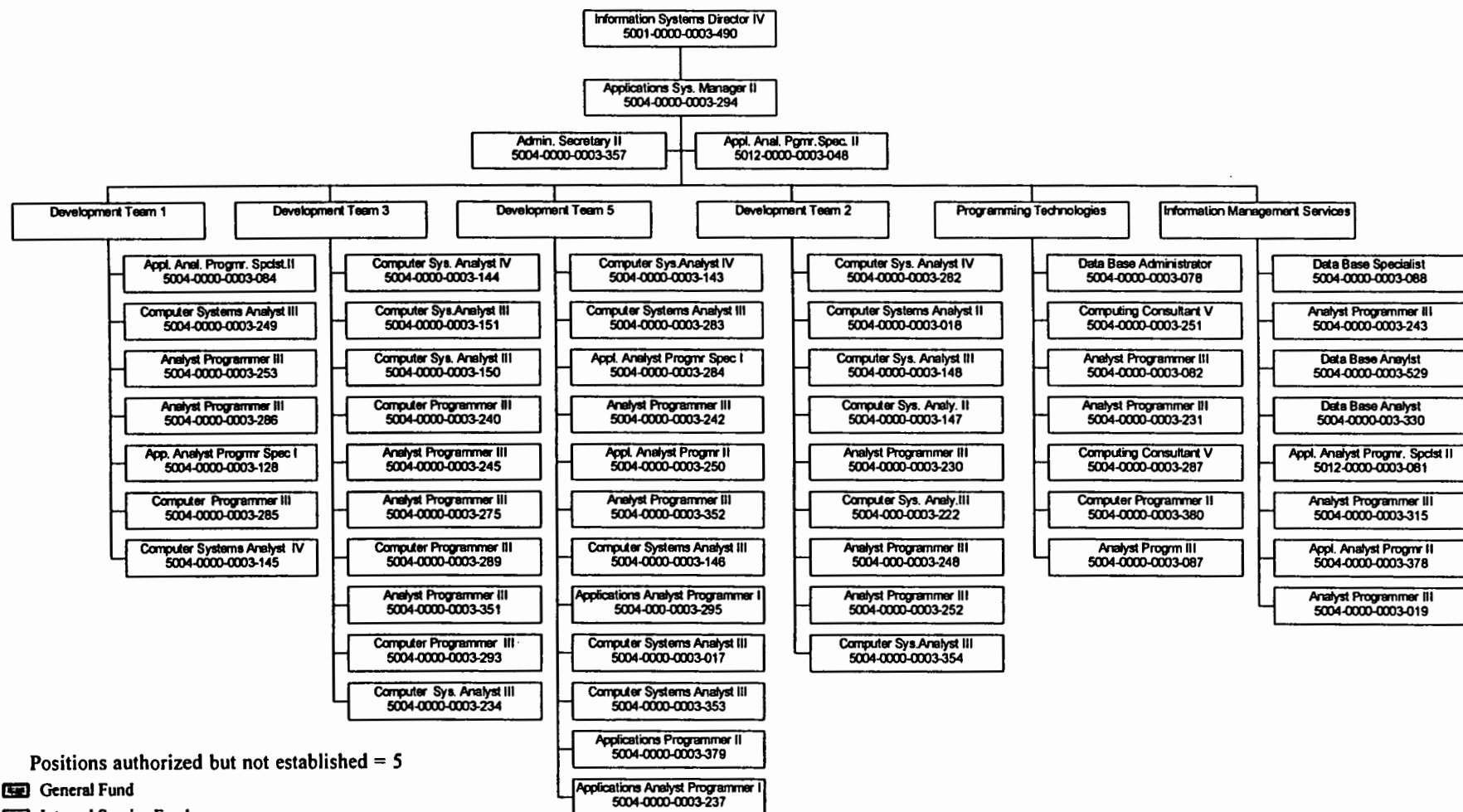
☐ Internal Service Fund

OSC18

NC Office of the State Controller

Information Resource Management Services

Applications Development Services

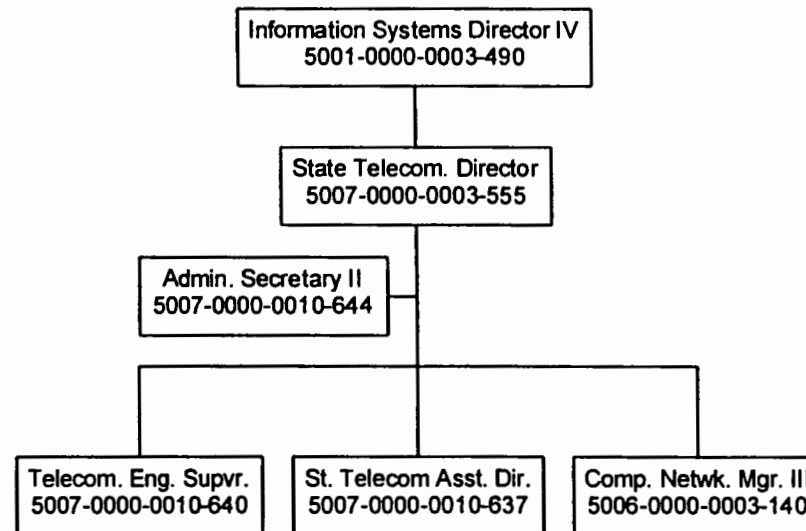


OSC 19

NC Office of the State Controller

Information Resource Management Services

State Telecommunication Services



Positions authorized but not established =8

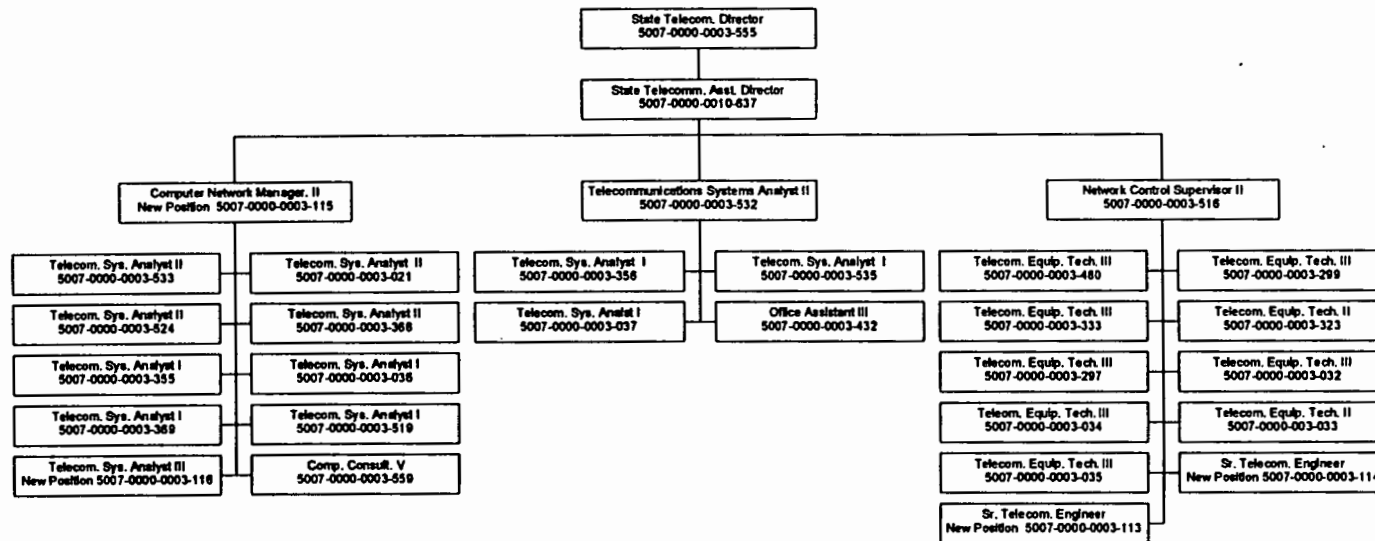
☒ General Fund
☐ Internal Service Fund

OSC 20

NC Office of the State Controller

State Telecommunication Services

Computer Network Services

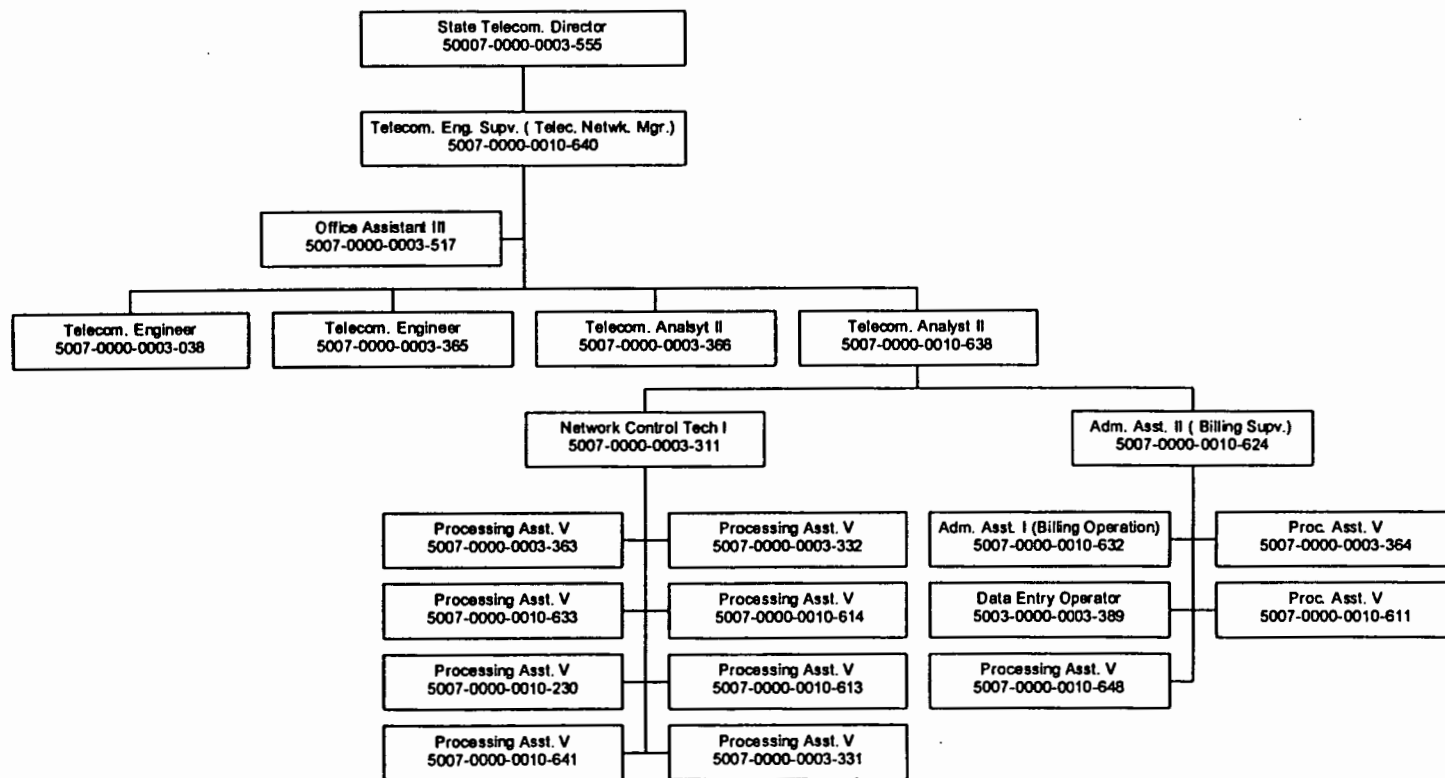


OSC 21

NC Office of the State Controller

State Telecommunication Services

Transport Network Services

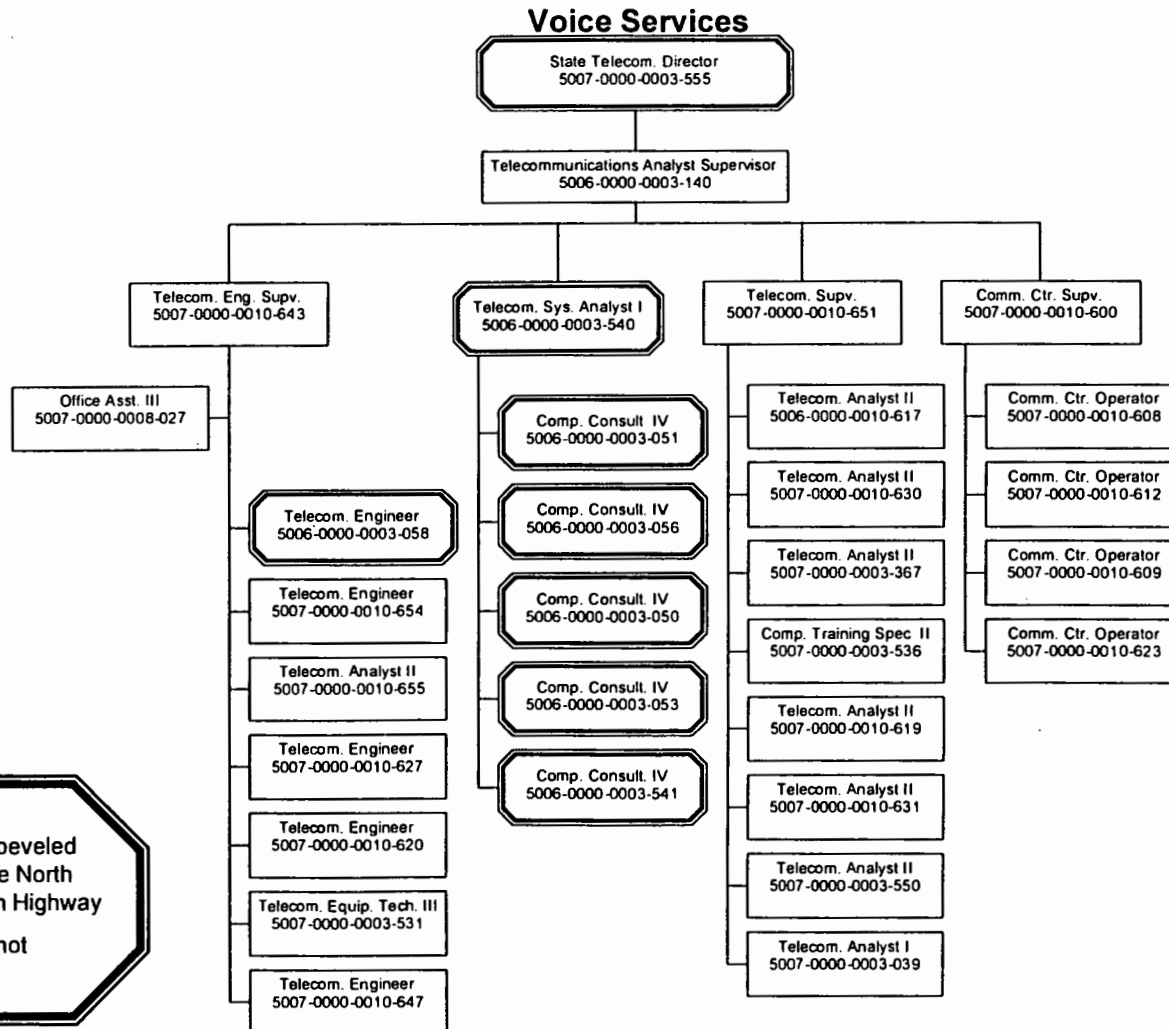


☒ General Fund
☐ Internal Service Fund

OSC 22

NC Office of the State Controller

State Telecommunication Services



OSC 23

**Office of the State Controller
Funding Sources Supporting OSC Business Operations**

OFFICE OF THE STATE CONTROLLER

GOAL: The Office of the State Controller (OSC) is responsible for the accurate and complete accounting and financial reporting for all state agencies and institutions through the development and operation of the North Carolina Accounting System, the cash management control system and a central payroll system. In addition, the Office of the State Controller is charged with leadership, planning and quality assurance for information technology projects and the provision of direct operational services in the areas of shared computing, telecommunications, systems integration and application development.

GENERAL FUND B/C 14160

FUND 1000 State Controller

PURPOSE: The purpose of the Office of the State Controller with respect to the subprogram of financial management is to properly safeguard the state's assets and ensure that financial information is timely, consistent, fully integrated, easily accessible and accurate. To that end, the OSC prescribes and maintains the North Carolina Accounting System along with its new functional management reports, enforces the manner in which disbursements are made, operates the state's central payroll system and provides reliable periodic financial reports including the State's Comprehensive Annual Financial Report. Special efforts will be concentrated on maintaining the Certificate of Achievement for Excellence in financial reporting.

INTERNAL SERVICE FUND B/C 74160

FUND 7100 OSC Administration

PURPOSE: The purpose of the OSC Administrative Services section is to provide for the appropriate management support of other agency activities. Administrative Services includes the personnel services, internal fiscal control, public information, and the purchasing functions. Efforts will be directed towards the compliance of state and federal laws and regulations governing personnel, fiscal management and purchasing to ensure that the

INTERNAL SERVICE FUND B/C 74160-FUND 7100 (Continued)

department operates fully within its administrative policies while providing services to the clients of the department.

FUND 7200 Information Resource Management/SIPS Administration

PURPOSE: The purpose of IRM/SIPS Administration is to ensure the proper management of both the SIPS and IRM sections within the Information Resource Management Services Division. These two sections provide for the planning for and delivery of technology services to state and local agencies within North Carolina. Specific efforts will be directed towards the operation of shared computing resources, the North Carolina Integrated Information Network (including the North Carolina Information Highway), the preparation of annual technology and business plans, the development of a technical architecture and the implementation of projects designed to investigate the potential use of enabling technologies in state government. In addition, this fund is also responsible for specific administrative functions such as facility management; central stores; financial administration; disaster recovery; internal LAN support; and, graphics and publications. Support is also given to the Information Resource Management Commission, the policy-setting body for information technology in state government.

FUND 7217 Centralized Computing Services

PURPOSE: The purpose of Centralized Computing Services is to provide well managed, cost effective, state-of-the-art, shared computing services for state government agencies. Specific efforts will be devoted to maintaining a response rate of less than 3.5 seconds for production systems, 85% of the time. Also, efforts will be focused on ensuring the availability of these services during the planned hours of operation. To accomplish these responsive services, the state will provide training for its system people in the newest techniques of system tuning and operations.

FUND 7218 Distributed Computing Services

PURPOSE: The purpose of the Distributed Computing Services section is to provide advanced technical assistance to state agencies in the implementation and operation of multi-platform, multi-vendor technology solutions designed to meet specific business and program needs. DCS also

INTERNAL SERVICE FUND B/C 74160- FUND 7218 (Continued)

provides Internet services on a cost recovery basis for state agencies so as to minimize the investments required by the individual agencies. In addition, Distributed Computing Services operates the Customer Support Center, providing support to SIPS clients seven days per week, 24 hours per day. Support on hardware, telecommunications and applications is given, and calls are tracked so that problems can be monitored and management solutions implemented in partnership with the client agencies.

FUND 7224 State Telecommunications Services

PURPOSE: The purpose of the State Telecommunications Services Section is to provide a state-of-the-art, telecommunications network for state and local governments. Through the North Carolina Integrated Information Network, services can be provided to all physical regions of the state at a level which best meets the needs of the client, whether it is for basic telephone service, cellular phones and pagers, standard data lines or for advanced broad band telecommunications necessary for video broadcasts. Through the use of competition and outsourcing, the goal is to provide the highest levels of services at the least possible costs to agencies.

FUND 7225 NC Information Highway (NCIH)

PURPOSE : The purpose of this program is to continue to implement the advanced broad band switched technology necessary for the simultaneous transmission of voice, data, and video signals for state and local governments. The Office of the State Controller is responsible for the implementation and operation of the infrastructure of the NCIH which is part of the North Carolina Integrated Information Network. How the equipment is used to deliver services is the responsibility of the client departments and agencies. Innovative uses of this technology include distance learning, tele-medicine and correctional/jail usage such as holding remote arraignments or hearings via the NCIH.

FUND 7228 Application Development Services (ADS)

PURPOSE: The purpose of the Application Development Services section is to provide advanced, customized software solutions for state agencies to meet

INTERNAL SERVICE FUND B/C 74160- FUND 7228 (Continued)

business problems. The agencies who use the services of ADS do so for a variety of reasons, some because they are too small to support an application development staff, some because they have a need to meet a deadline or have a project with a short duration and are unwilling to add permanent staff, and sometimes to obtain a skilled resource for a particular technology such as imaging or voice-response. In addition to its own staff of trained application developers, ADS also is responsible for the operation of a multi-year term contract for consultants who are available for state agencies' use when required. The use of the term contract minimizes the time required by the participating agencies in the bidding process, but maximizes the quality of the people assigned to the state's projects.

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OFFICE OF THE STATE CONTROLLER
FISCAL DATA
CONTINUATION BUDGET

	1995-96 ACTUAL	1996-97 AUTHORIZED	1997-98 RECOMMENDED	1998-99 RECOMMENDED
<u>GENERAL FUND B/C 14160</u>				
TOTAL REQUIREMENTS	\$19,626,075	\$20,175,619	\$15,910,876	\$15,914,200
RECEIPTS	\$3,282,841	\$823,650	\$73,650	\$73,650
APPROPRIATION	\$16,343,234	\$19,351,969	\$15,837,226	\$15,840,550
<u>INTERNAL SERVICE FUND B/C 74160</u>				
TOTAL REQUIREMENTS	\$102,683,274	\$125,149,916	\$125,171,685	\$125,196,201
RECEIPTS	\$103,573,618	\$112,472,077	\$125,171,685	\$125,196,201
FUND BALANCE	\$890,344	(\$12,677,839)	\$0	\$0

OSC 29

OFFICE OF THE STATE CONTROLLER
FISCAL DATA
CONTINUATION BUDGET

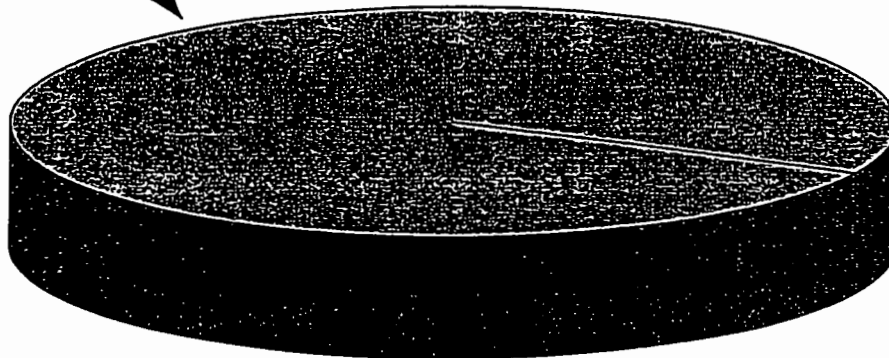
POSITION HISTORY

	1995-96 ACTUAL	1996-97 AUTHORIZED	1997-98 RECOMMENDED	1998-99 RECOMMENDED
<u>GENERAL FUND B/C 14160</u>				
NUMBER OF POSITIONS	113.00	105.00	105.00	105.00
<u>INTERNAL SERVICE FUND B/C 74160</u>				
NUMBER OF POSITIONS	320.00	353.50	353.50	353.50
<u>TOTAL</u>	433.00	458.50	458.50	458.50

Office of the State Controller

1997-98 Recommended Total Requirements by Program Area \$ 141.08 million

General
Government
\$141.08 million



Objectives

General Government Program Area

Financial Operations (P/PB 0550)

- Properly safeguard state assets and ensure that financial, accounting and budgetary information is timely, consistent, fully integrated, easily accessible, and accurate through the full implementation of the North Carolina Accounting System (NCAS) by 1997.

Information Technology & Telecommunica- tions Management (P/PB 0640)

- Study the benefits of expanding the Customer Support Services System to other state applications and support organizations for clients of State Information Processing Services (SIPS).
- Continue the deployment of the North Carolina Integrated Information Network, with rates and service offerings competitive with those seen in other state governments.
- Continue the implementation of the North Carolina Information Highway (NCIH) (dependent on action by the General Assembly).
- Ensure that the availability for all state production systems executing on the SIPS Centralized Computing Services Center is in excess of 99% during all scheduled hours of service.
- In order to maintain an expected level of service for clients of the Centralized Computing Services Center, SIPS will ensure that the response time for all state production systems executing on the mainframe computer is less than 3.5 seconds, 85% of the time.
- Write, publish, and disseminate a Technical Architecture by the end of 1997 which will provide a roadmap for state and local agencies to follow as they implement new technical solutions to service delivery or management problems.
- Monitor and manage the Year 2000 conversion effort for state agencies in accordance with Special Provision 14.1, "Reserve for the Year 2000 Conversion of the State's Computer System" in the 1996 Appropriation Bill.

GENERAL FUND

Budget Code 14160

OFFICE OF THE STATE CONTROLLER

GENERAL FUND B/C 14160

FUND 1000-OFFICE OF THE STATE CONTROLLER

The purpose of the Office of the State Controller with respect to the subprogram of financial management is to properly safeguard the state's assets and ensure that financial information is timely, consistent, fully integrated, easily accessible and accurate. To that end, the OSC prescribes and maintains the North Carolina Accounting System along with its new functional management reports, enforces the manner in which disbursements are made, operates the state's central payroll system and provides reliable periodic financial reports including the State's Comprehensive Annual Financial Report. Special efforts will be concentrated on maintaining the Certificate of Achievement for Excellence in financial reporting.

Objectives:

- ◆ Prescribe and maintain the Uniform State Accounting System including a statewide standards and procedures, and supervise accounting system changes necessary for control and financial reporting.
- ◆ Maintain complete, accurate, and current financial records and balances for all funds and accounts.
- ◆ Prescribe and enforce the manner in which disbursements of the state agencies are made.
- ◆ Operate the central payroll system.
- ◆ Maintain appropriation and allotment balance control over the state budget, and develop and implement the state's cash management policies and procedures.
- ◆ Prepare and submit monthly, quarterly and annually financial reporting on all funds and accounts.
- ◆ Provide staff support to the Information Resource Management Commission, and manage the state's information technology, planning, policy and strategy, and quality assurance.

	1995-96 ACTUAL	1996-97 AUTHORIZED	1997-98 RECOMMENDED	1998-99 RECOMMENDED
TOTAL REQUIREMENTS	\$19,626,075	\$20,175,619	\$15,910,876	\$15,914,200
RECEIPTS	\$3,282,841	\$823,650	\$73,650	\$73,650
APPROPRIATION	\$16,343,234	\$19,351,969	\$15,837,226	\$15,840,550
NUMBER OF POSITIONS	113.00	105.00	105.00	105.00

North Carolina Accounting System (NCAS)

**Financial Systems Division
Statewide Accounting Division**

***North Carolina Accounting
System (NCAS)***

What Are the Components ?

- ***Statewide Accounting Policies***
- ***Statewide Accounting Procedures***
- ***Uniform Statewide Information Requirements***
- ***OSC Managed Core Accounting Software***
- ***Agency Accounting Subsystem Software***
- ***Cash Management Control System***
- ***Central Payroll System***

**North Carolina Accounting
System (NCAS)**

Which Agencies are Included ?

- ***Primary Users (74 Agencies)***
 - ***General Government***
 - ***Human Resources***
- ***Secondary Users***
 - ***Automated Monthly Update***
 - ***Universities***
 - ***Transportation***
 - ***Employment Security Commission***
 - ***Manual Annual Update***
 - ***Community Colleges***
 - ***Boards, Commissions, Others***

***North Carolina Accounting
System (NCAS)***

What is the Business Environment ?

Uniform Statewide Information Requirements

NCAS Core Systems

**General Ledger
Budgetary Control
Accounts Receivable
Purchasing
Accounts Payable
Inventory
Fixed Assets
Project Tracking**

Central Manager Systems

**OSBM (BPS,BRS,SRS)
P&C (NCAPS)
State Property (FMS)
State Construct. (CPMS)
State Personnel (PMIS)
Treasurer Systems
OSC (Payroll)
OSC (CMS)**

Agency Financial and Management Subsystems

***North Carolina Accounting
System (NCAS)***

How is the NCAS Supported ?

- ***State Controller***

Strategic Direction and Policy Setting

- ***Statewide Accounting Division***

Accounting Policy and Procedures Management

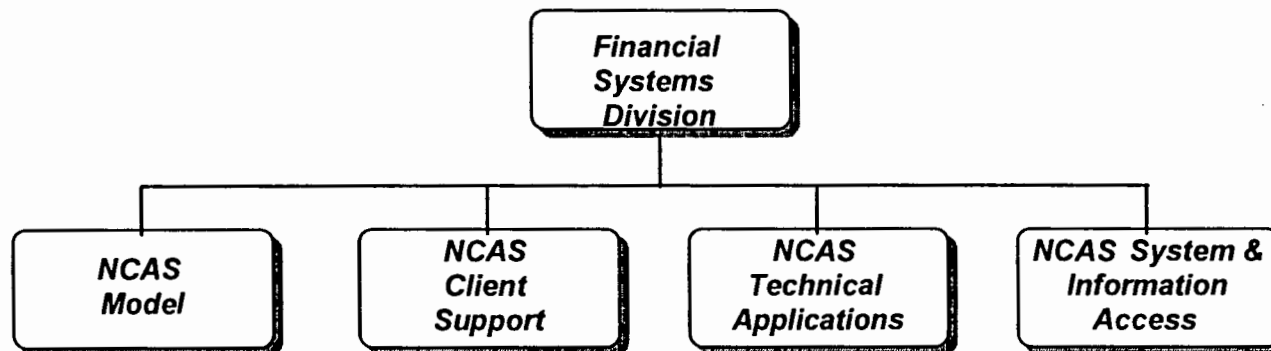
Cash Management & Central Payroll

- ***Financial Systems Division***

System Design, Development & Implementation

Functional and Technical System Management

Financial Systems Division

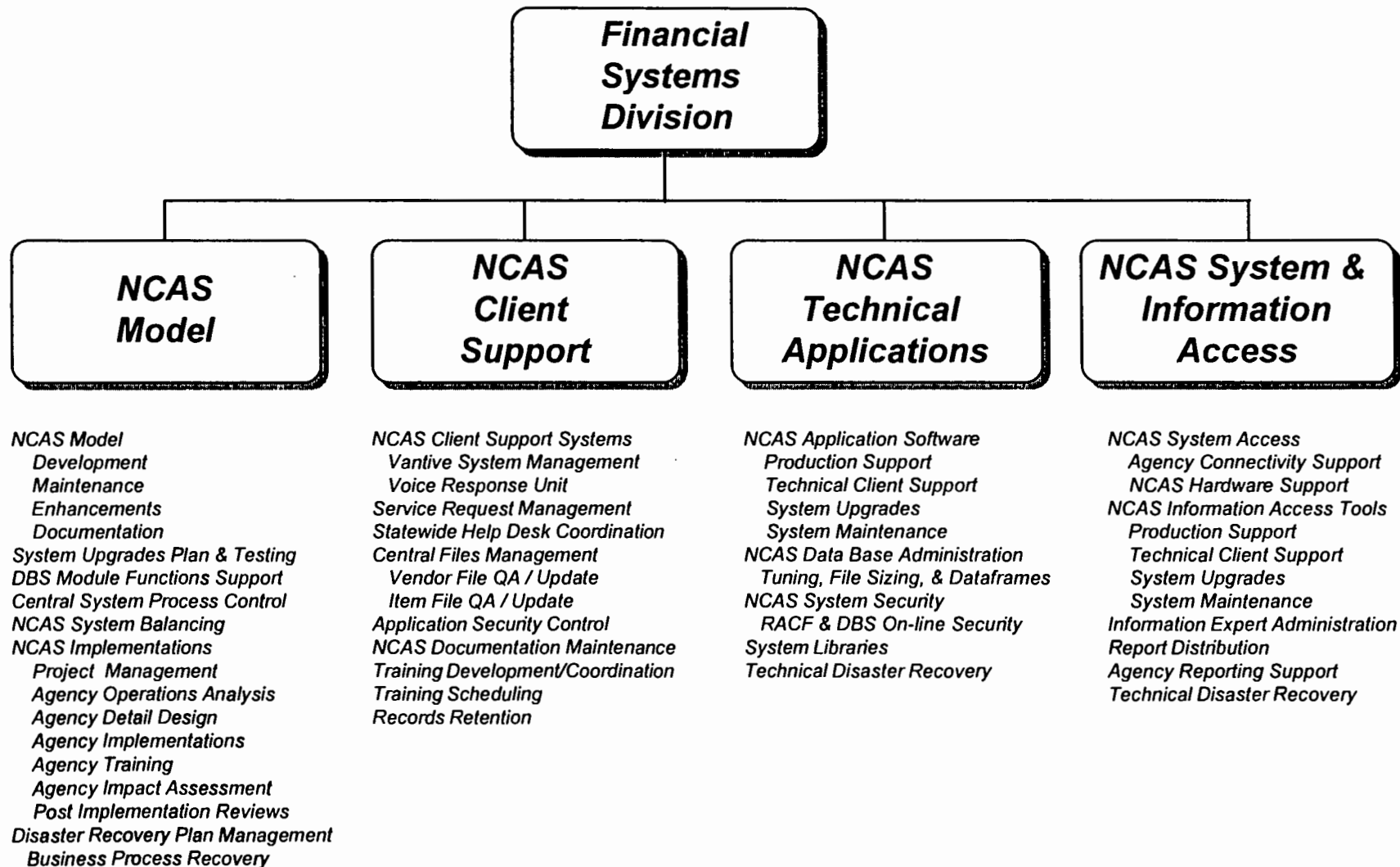


Division Mission Statement :

The Financial Systems Division designs, develops, implements and maintains the policies, procedures and software that form the North Carolina Accounting System (NCAS). It provides agency implementation, functional and technical systems administration, client support, and maintenance of the NCAS. The NCAS utilizes the Dun & Bradstreet Software (DBS) MARS/G "E" series financial software and includes the following modules: General Ledger, Budgetary Control, Purchasing, Inventory, Accounts Payable, Accounts Receivable, Fixed Assets, Project Tracking and Financial Controller. The NCAS provides information access through the use of the mainframe based on-line real-time inquiries, DBS Information Expert (IE) report generator, Report Management Distribution System (RMDS) on-line report viewing and printing, and client/server based SmartStream Decision Support System.

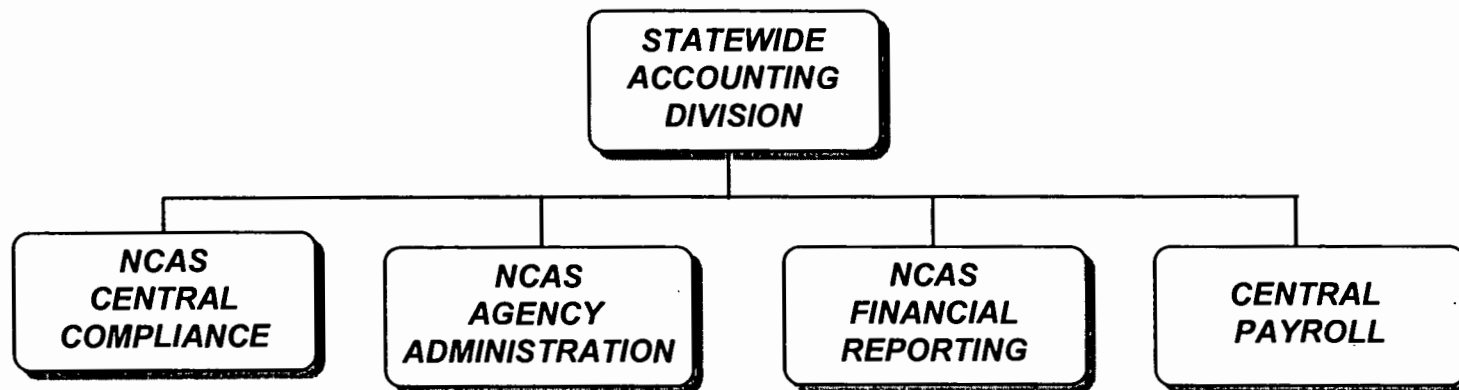
05038

Financial Systems Division Functions



05C39

Statewide Accounting Division

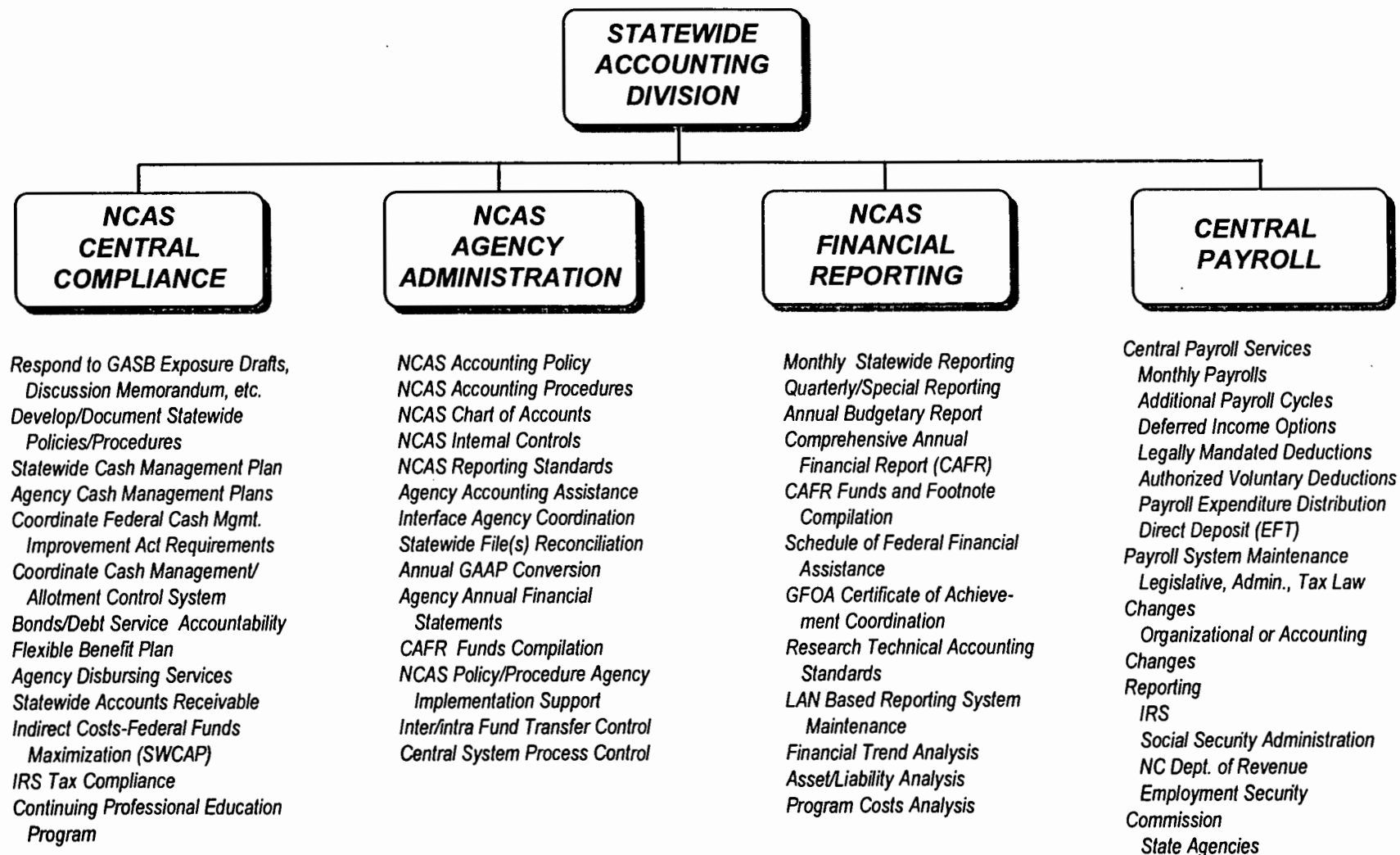


Division Mission Statement :

The Office of the State Controller (OSC) has the responsibility to operate the North Carolina Accounting System (NCAS). The Statewide Accounting Division is responsible for the day-to-day policy and procedural control of agencies operating within the NCAS environment. The Division establishes and provides systems control over the NCAS to ensure that all financial transactions are entered, balanced, and reconciled. The division also researches technical accounting standards and incorporates these standards into financial reporting on the State entity and provides daily, monthly, quarterly, and annual reporting on the financial condition and results of operations of the State entity. Another major responsibility involves the administration of the statewide cash management program which includes statewide appropriation and allotment control. In addition, the division operates a central payroll system, a Flexible Benefit Program and also provides tax compliance, cost allocation and disbursing services to agencies.

OSC 40

Statewide Accounting Division Functions



OSC 41

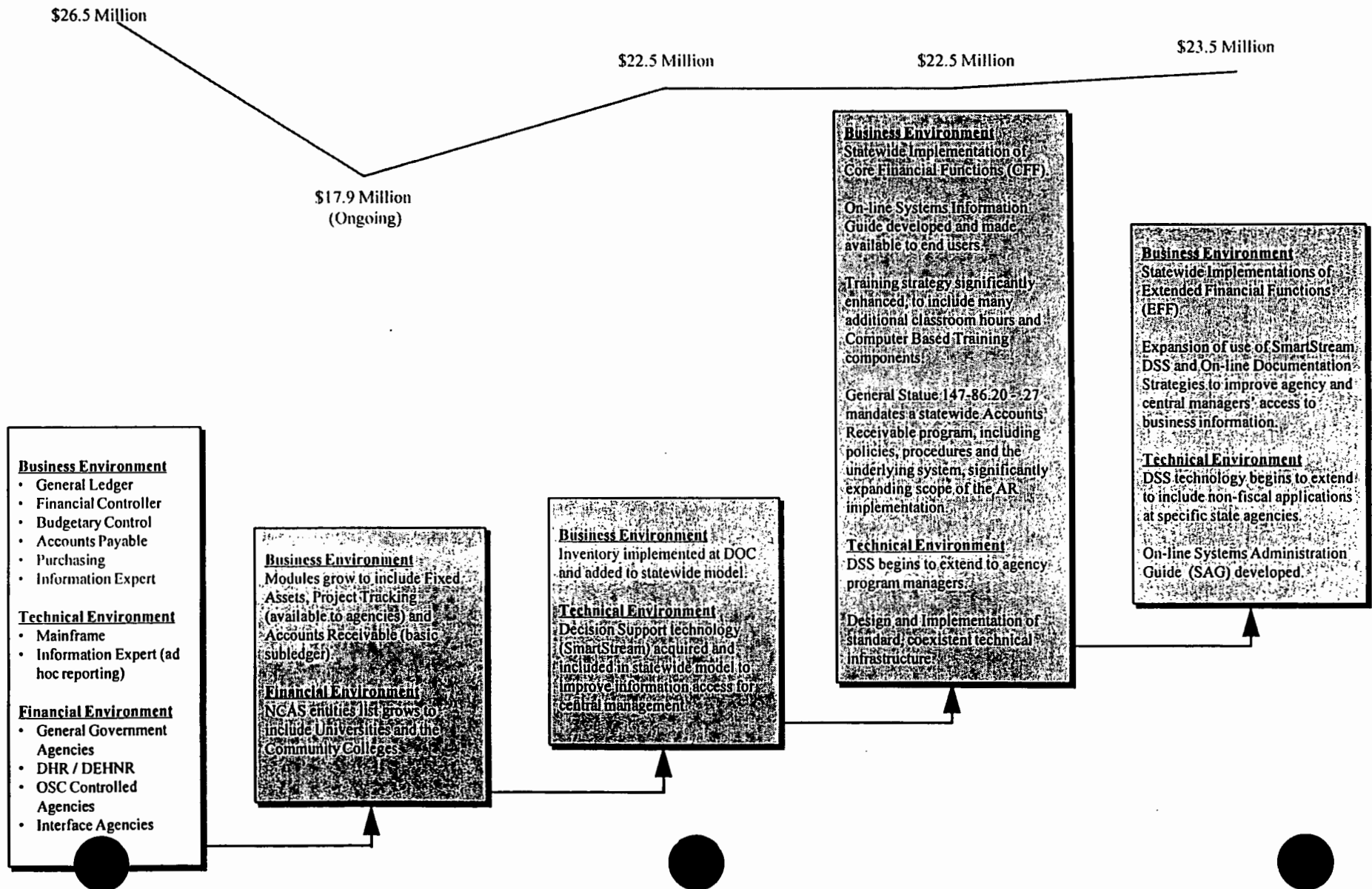
**North Carolina Accounting
System (NCAS)**

What Has Been Accomplished ?

- ***Departmental Accounting System Replaced***
- ***July 1995 Statewide Implementation of NCAS
Core Financial Functions***
- ***Uniform Chart of Accounts and Statewide
Information Requirements***
- ***Other Central Systems Remain Unchanged***
- ***Major Improvements to Financial Practices***
- ***Greatly Improved Information Access***
- ***Central Managers Have Statewide Information
for the First Time***

North Carolina Accounting System (NCAS) - History of NCAS Project Business, Technical & Financial Environment

NCAS Business Review 1988-1989	Financial Systems Master Plan 1989-1990	Financial Systems Master Plan Update 1993-1994	Core Financial Functions 1995-1996	Extended Financial Functions 1996-1997
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OSC43

**North Carolina Accounting
System (NCAS)**

What Are We Doing Today ?

- ***Extended Financial Functions (EFF) Statewide Implementation***
- ***Upgrade to Latest Release of NCAS Software***
- ***Conducting Agency Post-Implementation Reviews***
- ***Continue Expanded Use of SmartStream DSS***
- ***Continue Expanded Use of On-line Documentation***
- ***Complete CAFR Cycle Using SmartStream DSS***
- ***Daily Support for Client Base of 4000 Users
Expected to Grow to 8000 with EFF***

North Carolina Accounting System (NCAS)

CFF vs. EFF Definitions

NCAS Module	Core Financial Functions (CFF)	Extended Financial Functions (EFF)
General Ledger	All Functions Implemented including: - Standard Statewide Chart of Accounts - Online Inquiry - Posted Entry Query - Statewide reporting (e.g. BD701, BD702, BD800) - Cost allocation	
Financial Controller	All Functions Implemented	
Budgetary Control	All Functions Implemented - Available Funds File - Budget transfers - Journal Voucher entry	
Accounts Payable	Approximately 75% of Functions - Direct Invoice Entry - Model Invoices - Check Writing - Check Reconciliation - Online Inquiry - Automated unencumbering of PO and encumbering of AP - Automated payment aging	Remaining 25% of Functions - Automated Invoice Matching
Purchasing	Approximately 25% of Functions - Central Vendor File - Central Item File - Purchase Order Creation, Maintenance and Inquiry	Remaining 75% of Functions - Online Requisitioning * - Online Requisitioning Approval * - Requisition to PO Conversion * - RFQ * - Quotes * - Online Receiving * - Inspections * * Each agency along with OSC will determine whether the agency will benefit from this functionality
Fixed Assets	Fixed Assets available and in production for all agencies	
Inventory	Not part of CFF	Will be implemented on an as needed basis only
Accounts Receivable	Not part of CFF	Not part of EFF
SmartStream	5 SmartStream View and several SmartStream Reports	Additional SmartStream View and Reports will be made available
Decision Support		
Information Experts	Approximately 500 reports (both production and IE libraries (can be run by users)	
NCAS Information Guide (SIG)	SIG contains all CFF information that is pertinent to the agencies	SIG will be enhanced with EFF Functionality

OSC45

**North Carolina Accounting
System (NCAS)**

Where Do We Need to Go ?

- ***P&C Commodity Code Standardization and Consolidation of Data Bases***
- ***Automation of Statewide Accounts Receivable Program***
- ***Continue Evolution of NCAS Architecture***
- ***Continue Evolution of Business Processes***
- ***Cash Management Control System Integration***
- ***Central Payroll (Human Resource) System Upgrade***
- ***Implement an Effective Central Manager Information Access Strategy***

Internal Service Fund

Budget Code 74160

INTERNAL SERVICE FUND - BUDGET CODE 74160**FUND 7100-OSC-ADMINISTRATION**

OSC Administration provides administrative services that enhance the OSC's ability to provide effective statewide leadership, fiscal control, financial integrity, and information technology management services.

Included in this fund are:

- *Purchasing* - Purchasing all of the materials and contracts all of the services for the OSC.
- *Fiscal Services* - Provides the internal accounting functions for the OSC, including budget management, accounts payable, accounts receivable, billing, and OSC payroll.
- *Personnel Services* - Handles recruitment and selection, position management, employee benefits, employee relations, and safety and health processes for the OSC.

Major Initiatives for FY 1996-97

- Continue to strengthen the administrative, personnel, purchasing, and fiscal functions of the OSC.
- Expand administrative services to include training contract administration.
- Continue to expand and update the OSC administrative policies and procedures.
- Establish a central contracts file for all OSC purchases.

	1995-96 ACTUAL	1996-97 AUTHORIZED	1997-98 RECOMMENDED	1998-99 RECOMMENDED
TOTAL REQUIREMENTS	\$1,841,227	\$1,329,814	\$1,329,575	\$1,331,296
RECEIPTS	\$1,104,206	\$1,329,814	\$1,329,575	\$1,331,296
FUND BALANCE	(\$737,021)	\$0	\$0	\$0
NUMBER OF POSITIONS	32.00	20.50	20.50	20.50

INTERNAL SERVICE FUND - BUDGET CODE 74160**FUND 7200-IRM-SIPS ADMINISTRATION**

This fund is comprised of two major components - IRMS Administration and the Information Resource Management Division (IRM).

IRMS Administration oversees the processes, monitors the performance, and guides the direction of SIPS and Information Resource Management (IRM). It is the executive management section within SIPS and IRM, and is comprised of:

- ◆ The Offices of the Deputy State Controller for IRM and the Director of SIPS
- ◆ Financial Administration
- ◆ Administrative Services including Business Recovery and Security Services

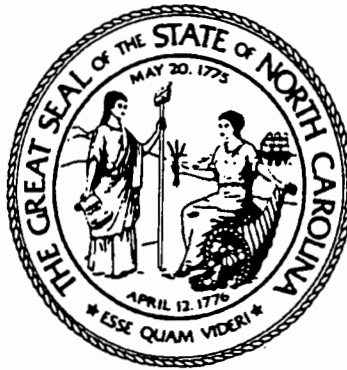
The IRM division establishes the strategic policy and direction for managing the state's information resources.

Major Initiatives for FY 1996-97

- ◆ Compare CCS, ADS, and STS costs and services to other government and private sector computer service providers.
- ◆ Develop the foundation for the state's distributed multi-tier client/server applications architecture by implementing three major capabilities.
- ◆ Determine the feasibility of utilizing more open and vendor-neutral standards in the state's technical architecture through pilot projects employing the Distributed Computing Environment (DCE) standards of the Open System Foundation (OSF).
- ◆ Begin implementing Information Delivery Capability (IDC) for managing common database information regarding individuals and businesses.
- ◆ Develop a statewide data warehouse architecture that will be a subset of the state's technical architecture.
- ◆ Support new imaging services that are consistent with the state's imaging architecture and utilize open systems standards.
- ◆ Support the evaluation and implementation of appropriate middleware and computerized interfaces that will allow access between client/server applications and mainframe databases, and comply with the state's technical architecture standards.
- ◆ Expand the core components of the state's technical architecture.
- ◆ Develop and implement a statewide strategic training plan to enable managers, technical professionals, and end-users to capitalize on the new technologies and the envisaged state architecture.

- ◆ Continue the departmental strategic planning process for technology using the state methodology and automated support tool.
- ◆ Continue to develop a state-level LAN management and support strategy.
- ◆ Continue to develop a state-level security strategy.
- ◆ Develop the biennium statewide information technology strategy to submit to the General Assembly.
- ◆ Evaluate and implement unified management and support of multiple distributed and centralized production servers.
- ◆ Implement a statewide term contract for cost-effectively procuring RISC-platform application servers to use with the state's new distributed technical architecture.
- ◆ Explore statewide software licensing options down to the desktop level, and hardware leasing plans for evolving technologies.
- ◆ Develop a technology outsourcing strategy to systematically evaluate current services and determine potential projects.
- ◆ Develop and implement a desktop training contract to give agencies greater access to vendors and locations.
- ◆ As the statewide technology strategy and architecture develop, contract education and training services to help managers and staff utilize the new technologies.

	1995-96 ACTUAL	1996-97 AUTHORIZED	1997-98 RECOMMENDED	1998-99 RECOMMENDED
TOTAL REQUIREMENTS	\$3,740,342	\$8,131,793	\$8,141,224	\$8,144,638
RECEIPTS	\$3,720,409	\$8,131,793	\$8,141,224	\$8,144,638
FUND BALANCE	(\$19,933)	\$0	\$0	\$0
NUMBER OF POSITIONS	30.00	46.00	46.00	46.00



State of North Carolina
Office of the State Controller

Strategic Redirection
for the State of North Carolina's
Year 2000 Efforts

February 1997

Why must we redirect this project?

The Year 2000 Conversion Project is being redirected to approach Year 2000 activities from a Statewide, enterprise perspective. Given the criticality of the Year 2000 problem to the state as a whole and the cross-agency system interdependencies, a statewide approach is the only logical methodology to follow during this project. The specific authority given to the OSC for the Year 2000 project is contained in House Bill 53, Section 14.1, "The Office of the State Controller shall include in its charges for data processing services costs of converting computer applications to operate properly at the turn of the century. The Office of the State Controller shall develop procedures for managing the year 2000 conversion."

The approach outlined in this document will sharpen the state's focus on critical business needs and offer a stronger framework for intra-agency and inter-agency coordination. To achieve collective success requires significant up-front planning in addition to careful execution. A statewide Year 2000 assessment and management effort is the only way to effectively prioritize business goals, focus scarce resources, leverage knowledge and tools, and boost productivity. In short, the efforts must be well planned and controlled because costs to fix the problem are going up, the resources available are scarce, and time is running out.

Who is responsible for fixing Year 2000 problems?

The state as a whole! This is a business problem that requires executive level leadership and support throughout each organization to mobilize a collective and effective effort. The OSC/IRMS will provide leadership and a focal point for the management of this critical activity.

What is the OSC/IRMS role in Year 2000 efforts?

The goal of the dedicated OSC/IRMS is to ensure that each agency will have the comprehensive resources needed to complete successful Year 2000 conversion projects. Assessment and project management activities will be critical to properly identify and resolve the implementation issues. The OSC/IRMS must offer proactive, up-front leadership, support and guidance rather than after-the-fact quality assurance.

The OSC/IRMS staff is adding resources to a statewide project team to perform/lead the following activities:

- Statewide, enterprise project planning and analysis
- Statewide project management and status reporting
- Enterprise-wide recognition of business impacts and risks to the state as a whole
- Cross-agency system assessments in preparation for detail conversion efforts
- Prioritization of projects with conversion, retirement, replacement, re-hosting, or outsourcing strategies
- Conversion tools and test environment development and maintenance, and
- Conversion planning and outside resource assignment/administration

OSC/IRMS will work to define and understand the system conversion problems and risks, prioritize the enterprise mission critical applications, and quantify the consequences of non-compliance at a Statewide level. The OSC/IRMS will lead assessment activities, provide technical support to agency teams, coordinate resource and funding requirements, and facilitate cross-agency system interdependency understanding. The OSC/IRMS will also develop estimating models to make sure the state is accurately anticipating and communicating the cost of becoming Year 2000 compliant.

What is an agency's role?

Agencies will be involved in the entire process. The OSC/IRMS will work with agencies to determine needed outside services from the Year 2000 convenience contract in order to complete the work efforts outlined in the Master Plan assessment. With the assistance of the OSC/IRMS, the agency team will need to perform the following tasks:

- Work with OSC/IRMS to evaluate Year 2000 project plans and overall assessments
- Detail assessment of current systems from a business perspective and a technical perspective
- Implement standard change management plans and training plans for users
- Provide state staffing plans to complement outside resources
- In conjunction with the OSC/IRMS, present planning and status reports to agency executive management
- Manage system analysis and design activities
- Manage conversions and with sufficient outside resources implement programming, database, interface, and datafile changes
- Maintain agency project workplans

What is the Year 2000 Conversion Process?

The year 2000 project is divided into the following project methodology phases:

- **Assessment Phase** - systems are analyzed for Year 2000 date impact, costs refined, system options chosen, and conversions prioritized from the statewide and agency perspective.
- **Planning and Preparation Phase** - standard workplans are developed to implement the Year 2000 conversion, resources are assigned and estimates confirmed, and the statewide technical infrastructure for supporting Year 2000 implementation efforts is implemented.
- **Implementation Phase** - complete application changes are designed, implemented and tested utilizing the standard statewide procedures.
- **Project Management** - project planning, management and statewide coordination.

The Assessment phase is divided into two segments: a Master Plan segment and a Project segment. In the Master Plan segment, the OSC/IRMS will work with agency functional and technical personnel to further define the scope of the Year 2000 compliance conversion and testing effort from a Statewide perspective. This is an important activity, as it will help the state set strategic business and technology priorities from an overall state perspective. Understanding the failure dates and the impact of system failures on critical State programs and operations is a very important part of recognizing and planning for the Year 2000. With this information in hand, the OSC/IRMS can prioritize the allocation of resources to those systems that will have the greatest impact on the State's ability to conduct the

citizen's business. The OSC/IRMS will establish an estimating model that will allow an understanding of the total cost that may be incurred to bring the State to Year 2000 compliance.

During the planning and preparation phase the team will establish a common definition of the tasks, standard conversion processes, identify available automated tools, and milestones required in the Year 2000 effort by each agency and the related outside resources. This will allow more effective conversion efforts and foster communication within agencies and when systems have cross-agency impacts.

In some cases, upgrading a system to be Year 2000 compliant may not be the most effective way to address the Year 2000 issue. System replacement, functionality transfer to other systems, re-hosting applications or outsourcing certain functions are alternatives that might be considered given the time constraints being faced. The team must be flexible in how this issue is approached, with the ultimate goal being no interruption in program services, and a secondary goal of providing additional functionality or benefit to the State from the significant amount of funds that will be required to address Year 2000 issues.

In the Implementation phase, the OSC/IRMS will work with agency staff and/or outside services to confirm the Master Plan estimates, to complete the specific application planning activities, and to assist in the implementation conversion efforts as needed.

Project Management for the Year 2000 effort will be performed by the OSC/IRMS from a statewide perspective and will be supplemented at each agency by the conversion teams implementing specific application changes.

A view of the roles and responsibilities for specific project task is highlighted in the table below as indicated by High, Moderate, or Low Involvement:

Task Area	OSC/IRMS Project Team	Agency Project Team	Conversion Outside Resources
Strategic Assessment and Project Scoping	High	Moderate	Low
Awareness/Education	High	Moderate	Low
Project Management	High	High	Low
Inventory of Applications/ Impact On Programs	High	High	Moderate
Examination, Analysis and Solution Design	Moderate	High	High
Modification	Low	High	High
Unit Test	Low	High	High
System Test	Low	High	High
Integration/User Acceptance Test	Low	High	High
Quality Assurance Reviews	High	Low	Low

Coordination and knowledge sharing within and across agencies will be critical for project success. Each agency must have an executive sponsor and a Year 2000 Project Manager/Contact to work with the OSC/IRMS.

What has been done to date?

The OSC/IRMS has developed procedures for agencies to request funding to assist them in their Year 2000 implementations. The components of a test environment are being identified, and tools are being analyzed and selected. An RFP has been issued to qualify vendors to assist in Year 2000 implementation activities, and the responses are currently being evaluated. At the agency level, information systems personnel are working to understand the impact of Year 2000 on their systems. Most agencies are affected, and many have started assessment and planning work. The next steps involve implementing plans for coordination at a statewide level to ensure that the state is well positioned to provide program services into the 21st century.

How does this approach relate to the recent RFP for outside services assistance on Year 2000 problems?

The Statewide project team will perform assessment work and deliver documents to help each agency assess their critical needs, create a coherent strategy, prioritize their efforts, and obtain appropriate funding. The RFP seeking application conversion assistance will be used, as originally planned, to acquire resources to perform specific agency application conversions. The efforts of the OSC/IRMS will be leveraged to move this process forward more efficiently. All Year 2000 activities will be planned, monitored, and confirmed by the Statewide project team.

When will the coding and implementation begin?

Fixing year-2000 problems as part of a standard technology project or an ongoing maintenance effort may, at first, seem like an effective option. However, such an ad hoc approach lacks strategic vision and is unlikely to account for critical business priorities. Ad hoc approaches are also unlikely to cover all relevant source code and interfaces before applications begin to fail.

All Year 2000 activities will be planned, monitored, and confirmed by the Statewide project team. To foster cooperation and communication, the OSC/IRMS will offer assessment, management, and technical support. Reviews of efforts that are presently underway will be quickly performed, work with each organization to add statewide support and outside resources to specific agency conversions, and strategically monitor agency system dependencies.

What can my agency do to get ready? How can we keep moving forward?

The task with the highest priority from a statewide perspective is to more accurately define the extent of the problem the state is facing and begin the process of converting systems to Year 2000 compliance. The OSC/IRMS will immediately begin to solicit additional information from each agency to supplement data that has already been gathered so that a statewide strategic assessment can be prepared. Agencies must continue to develop the information necessary to insure an effective assessment. The assessment will begin by compiling a complete application inventory for the state. For each application, it will need to be determined if the application is at risk for Year 2000 failure.

A cross referencing of each application against agency program functions is required to understand the impact of potential system failure on the agency organization and the public it serves. Concrete examples of system failures (e.g., assistance checks that cannot be created, etc.) will also be included. Agency support and participation for this process is critical. Gathering this information will require input from both agency technical and program personnel.

Examples of typical questions that will need to be answered include:

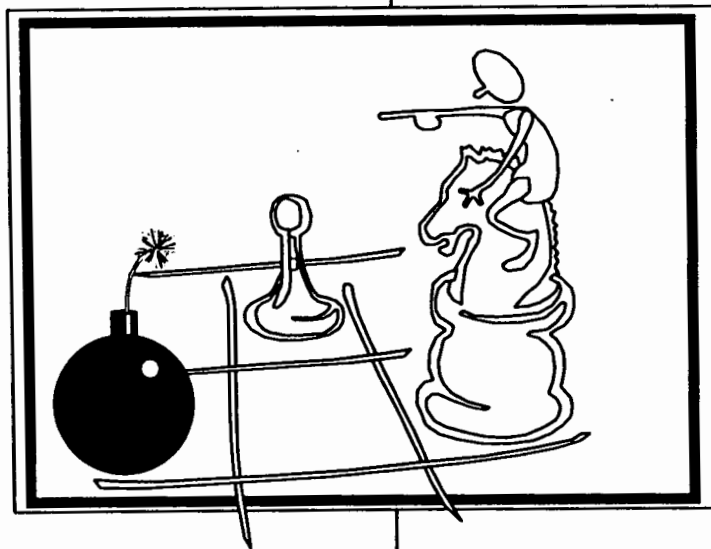
- What are the mission-critical business functions for your agency? Which systems support the business processes for these functions? Are there manual or other automated workarounds for your each business function?
- Have you currently encountered any Year 2000 problems? If so, have they been corrected?
- Do your systems do any future date processing? If so, on what date do you expect the system to begin processing date information incorrectly?
- Do you have a Year 2000 task force (a group of people organized to analyze and solve any Year 2000 problems) at your organization? Do you know who your primary contact for Year 2000 questions and issues?
- Do you have complex, aging systems that no longer meet your business needs with Year 2000 problems?

For each of your systems,

- What are the current DASD requirements for each system?
- Do you have a systems flow and/or maintenance documentation?
- Is the source code readily available for these systems? Compile JCL?
- What are the date horizons (largest date the system can handle) on these systems?
- Does the system handle the Year 2000 and beyond? Do you have a plan established to identify and correct the problems?
- Does testing data/documentation exist for the system?
- Is a testing region established for this system?
- What is the primary programming language (Examples: Powerbuilder 4.0, COBOL II 4.0)?
- What is the secondary programming language (Examples: Any procedure calls in language other than primary)?
- What is the operating system environment: (Examples: MVS/ESA 4.3, DOS 6.0. Include release number)?
- What is your best estimate of the number of modules in the system? Lines of code? Number of users?

The OSC/IRMS is committed to moving quickly and effectively into the Year 2000 conversions. This team is as committed to a statewide, enterprise strategy to solve the Year 2000 problem. With the agencies cooperation this can be achieved. Please call the OSC/IRMS if you have any questions.

**State of North Carolina
Office of the State Controller**



**Year 2000
A Statewide
Strategy for
North Carolina**

February 1997

05C57

The Scope

The Problem

- *75% of systems may be noncompliant*
- *2% to 6% of the lines of code are noncompliant*
- *Estimated costs for other states:*
 - Florida -- \$150M Indiana -- \$70M*
 - Maryland -- \$90M Missouri -- \$54M*
- *Attention and funding for this issue is required for ongoing business viability:*

"The alternative to addressing the year 2000 issue is going out of business."

-Kevin Schick, The Gartner Group

05058

The N.C. Business Issue

The Problem

- *Current N.C. Estimate for Conversion Effort \$50 Million*
 - Estimate Derived Agency By Agency*
 - Great Need To Refine Estimates And Prioritize Mission Critical Conversions*
 - Other State estimates suggest we are estimating low*
- *Scope: All Executive Branch Agencies*
- *Budget Status:*
 - \$7.7 Million Allocated FY 96-97 by Special Provision House Bill 53, Section 14.1, responding to OSC funding request (not included in Governor's Budget request)*
 - OSC Requesting \$28.9 Million Next Biennium*
- *Statewide Program Management Will Drive The State To A More Accurate Estimate*

OSC 59

What It Could Mean

The Problem

- *DHR supports over 100 automated systems and approximately 50% are not currently Year 2000 compliant. Following are just two examples:*

--Food Stamps System, beginning January 1998, county workers will be unable to schedule recipients' recertification dates at a 24-month period, benefits may be denied

--Eligibility System, beginning Nov. 1998, county workers will be unable to establish eligibility, tracking and recertification periods for 12-month cases (30,000 TANF and Medicaid cases/month)

05C60

What It Could Mean

The Problem

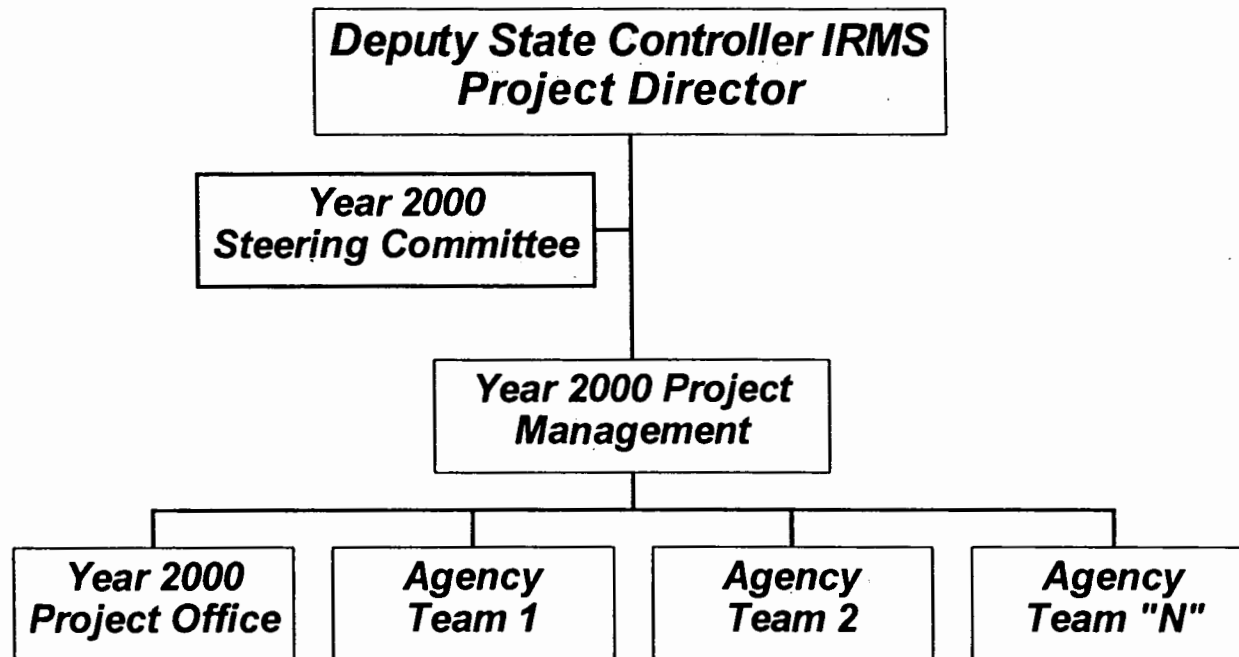
- *DCI, Wanted Person file, provides law enforcement with fast access to individuals with active warrants, failure of validation of birth date and warrant date beginning January 1, 2000.*
- *DMV, continuous insurance coverage verification, unable to perform verifications on motorists beginning January 1, 2000.*
- *DOT, Personnel and Payroll system, history and status checks will cause 18,000 DOT employees to not get paid beginning January 1, 2000.*

05C61

- *Fix*
- *Re-host, use another system or outsource*
- *Replace*
- *Retire*
- *Already Compliant*

Organize for Success

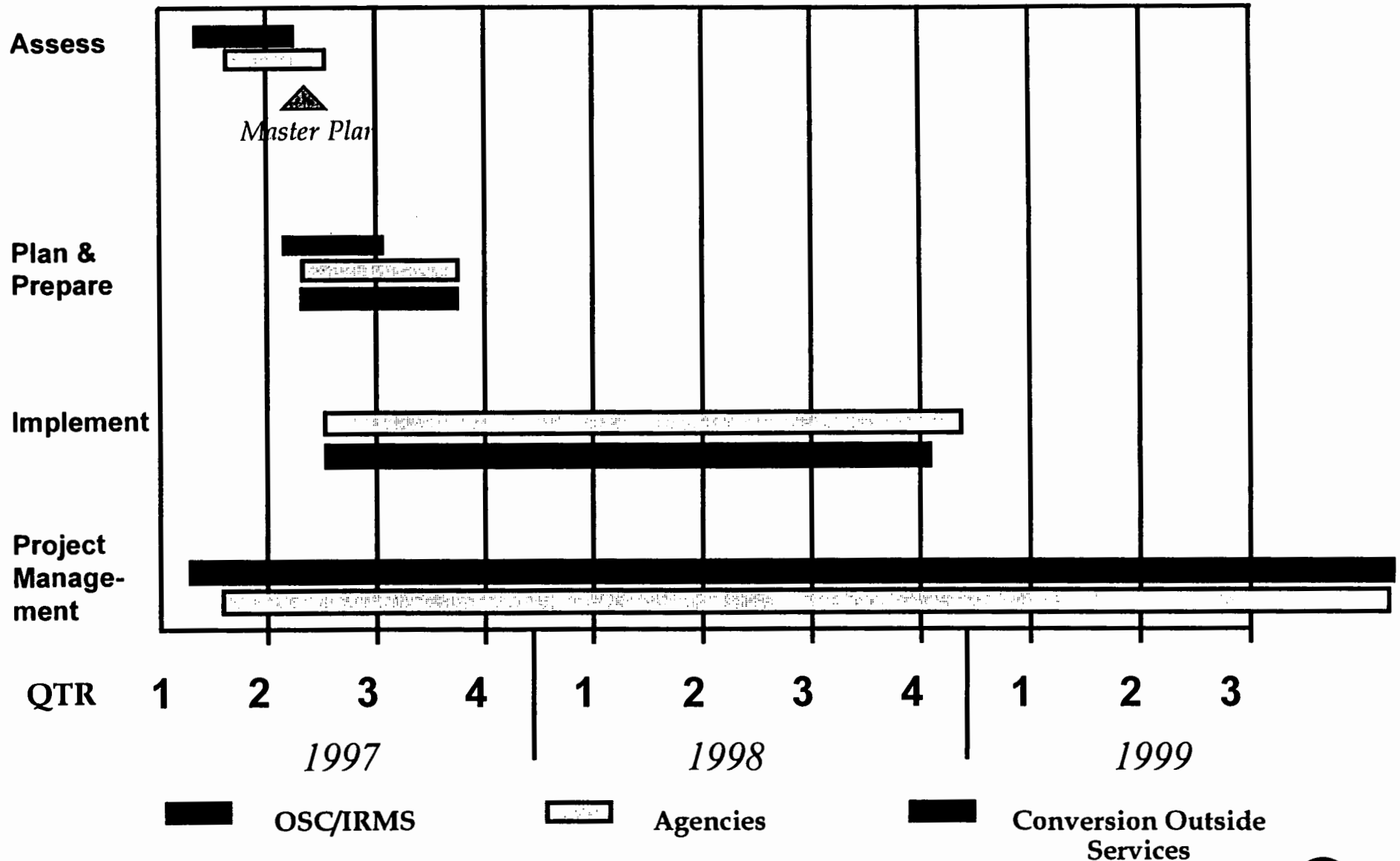
Our Approach



OSC 63

Project Timeline (Preliminary)

Our Approach



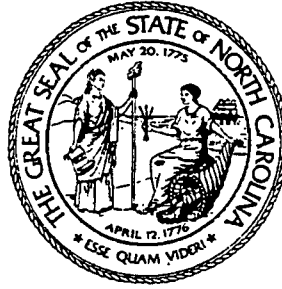
OSC 64

Year 2000 Success Factors

Lessons

- *Program Management*
- *Strategic Planning*
- *Agency Executive Commitment and Accountability*
- *Comprehensive Year 2000 Methodology & Approach*
- *Effective Automated Tools*
- *Business Perspective*
- *Technical Skills*
- *Test, Test, Test*

OSC 65



State of North Carolina
Office of the State Controller

Strategic Direction
Statewide Interconnectivity

February 1997

The Need for Interconnectivity Infrastructure

Nearly all successful businesses, particularly the very large ones similar to the state, make extensive use of the electronic information exchange for business, training, marketing, communication, and more. Currently there is an explosion in the use of on-line services by individual citizens to conduct business and to educate themselves and their children. Technological changes such as the vastly increased power of desktop computers connected by high-speed fiber-optic networks are dramatically changing not only the way people work, but the very nature of organizations. These advanced network technologies offer the capability for cost-effective communications among and between the state's employees and the state's citizens and businesses.

Just as North Carolina's well planned highway system provides tremendous benefits to our citizens and has greatly facilitated our economic development, building a shared vision and commitment to an electronic information highway system is now necessary to ensure that the state appropriately benefits from advanced information systems technology. A coordinated and cooperative approach to a comprehensive statewide communications infrastructure will enable us, as a state, to accomplish this with less expense, as well as improve the services of state and local government. In the absence of this coordinated, structured approach, the state will be faced with the massive challenge of bringing together the myriad of isolated local and regional networks that will inevitably spring up in the absence of a state connectivity strategy.

The state has the opportunity to take advantage of the experience of business and industry in many areas. The ability to implement a "fast follower" strategy coupled with a statewide broadband backbone offers both economic and strategic advantages for North Carolina.

Connectivity Vision

As previously pointed out, the use of advanced telecommunications can improve access to the state and local governments information and services. Selective and prioritized deployment of a *statewide connectivity infrastructure* will provide the best opportunity to access a wide range of services. Recognizing the benefits an advanced telecommunications system can provide, North Carolina's has established the following as its interconnectivity vision to be achieved by the year 2000.

STATEWIDE INTERCONNECTIVITY VISION 2000

North Carolina intends to implement and maintain an advanced telecommunications infrastructure that provides electronic access and exchange of information needed by North Carolina public agencies, citizens, and businesses, no matter where they live or work. These communication linkages include data, voice, video, and image technologies.

Developing an Interconnectivity Strategy

The 1995 General Assembly directed the State Controller to assess the costs, benefits and effectiveness of the North Carolina Information Highway (NCIH). As an extension of the NCIH assessment and evaluation, a Connectivity Steering Committee, representing the various user organizations, was formed to assess the overall communications interconnectivity needs of the state, and to develop appropriate strategies for best addressing those needs. An objective of the Steering Committee was to present its vision of a statewide connectivity strategy to the 1996 General Assembly, along with the NCIH Evaluation Report

Phase I of a Statewide Connectivity Strategy was developed in 1996 for presentation to the Information Resource Management Commission (IRMC) and the 1996 General Assembly. The IRMC approved these interconnectivity strategies at its June 4, 1996 meeting. These connectivity strategies form the basis and the guiding set of principles for implementing a telecommunications infrastructure that provides linkage to all segments of the state, the nation, and the world.

Phase II of the state's connectivity strategy is currently being developed by a Connectivity Task Force for presentation to the IRMC and the 1997 General Assembly. This phase consists of verifying the current applicability of the 1996 strategies and documenting the plans and activities for assuring that these strategies are being implemented.

Interconnectivity Objectives

The variety of information technologies available to the state will continue to increase and the overall cost of information processing capabilities will continue to decline. These trends will make it possible to further extend the use of computers and telecommunications in state and local government to accomplish work faster, better, and more economically. By defining and implementing the specific strategies that form the essential connectivity building blocks, the state can ensure that an effective communications infrastructure will result. Without such a defined *pathway*, the state will inherit a *patchwork* communications system over the next 3-5 years.

The principal goal of state and local government is to serve the citizens of North Carolina with needed programs and services that operate efficiently and perform effectively. A well planned and managed statewide connectivity infrastructure will enable this goal to be better accomplished by:

- ◆ Providing government workers with easy electronic access to the vast stores of information they need, including images and maps.
- ◆ Establishing the networks and interconnectivity necessary to enable any state or local workstation to transfer information to any other state or local workstation.
- ◆ Establishing the capability to conduct electronic commerce with suppliers and business clients.
- ◆ Establishing the capability for electronic access by citizens to government information and services.
- ◆ Providing state and local government workers with the basic knowledge and skills necessary for them to use information technology in an effective manner.
- ◆ Positioning the state and local government to be able to take advantage of new opportunities for effectively using information technology by monitoring and evaluating emerging technologies in a systematic manner.
- ◆ Encouraging the timely and effective use of information technology by state agencies through the support policies of the IRMC.

Interconnectivity Principles

As a general framework for the state's interconnectivity activities, the following principles were developed as fundamental building blocks for a connectivity strategy:

- ◆ The general strategic direction should preserve and build upon the very substantial existing strengths of the state's communications infrastructure, and specific strategies should address providing government workers with electronic access to information, and establishing standards and guidelines to ensure connectivity between using agencies and among network services.
- ◆ A determination of benefits should focus on whether the strategies and technologies deployed by the state will result in an affordable, interoperable, interconnected statewide communication system in the next few years.
- ◆ A new statewide technical architecture has been developed based on enabling agencies to acquire, or develop, flexible and adaptive systems that can respond quickly to the changing business cycle. Likewise, a flexible strategy is needed to guide the state toward establishing, modifying, and evaluating the benefits of its communications connectivity.
- ◆ There should be a strong focus on the identification of the type of service (data, voice, video, image) that meets the needs of the state agency/department that enables them to more efficiently and economically meet their mission.

- ◆ The state's connectivity strategy should incorporate:
 - ◇ Consideration of a variety of telecommunications service and equipment options, if each is inter-connectable and affordable,
 - ◇ Comprehensive and simple electronic access to meaningful services and applications by all state and local government entities,
 - ◇ Extensive attention to negotiating the most effective pricing and management arrangements so that this innovative communications mode is affordable and addresses future customer needs promptly, and
 - ◇ On-going input so that strategy updates and improvements occur, adjusting to changes in technologies and in the state's telecommunication needs.

Service Principles

North Carolina has adopted four key principles for its network service delivery to assure that the statewide concept is maintained when planning and deploying telecommunication services; that rural and remote areas of the state are offered competitive rates; and that overall state expenditures are optimized.

- ◆ *Universal Service - Network access to all parts of North Carolina.*

A role of government is to ensure fair access to government services and resources regardless of geography. This is true with network access as well. The state's connectivity infrastructure must offer convenient access for all individuals regardless of their geographic location.

- ◆ *Equalized Rates - Same usage rates regardless of geographic location.*

Fair access to government services is facilitated by establishing equal rates for those services. It has been a long standing state policy to charge the same price for using telecommunications services, even at remote locations that are more expensive to serve. Broadband connections in rural areas can cost twice as much as the same connection in a non-rural area. Therefore, the state's concept of *Universal Service* and *Equalized Rates* provides access to an advanced communications network at a lower cost than they would otherwise obtain.

- ◆ *Shared Resources - Elimination of duplication and assurance of interoperability.*

Resource sharing is the most cost-effective method of acquiring communication services. North Carolina telecommunication service rates are among the lowest in the nation. By combining the state's telecommunication requirements, especially for wide area networking, agencies are able to significantly reduce the cost of communicating due to the bulk purchase of transport capacity combined with the shared operation, maintenance and management of the complex resources.

Equally important, the shared resource concept facilitates compatibility and interoperability. The interoperability of all state government systems is absolutely

necessary. As the communications infrastructure becomes increasingly sophisticated and interconnectivity and interoperability is achieved, the distribution of data critical to the enterprise becomes possible and practical.

- ♦ *Public/Private Partnership - Capital outlay is made by the private sector and the usage base is provided by the state*

The private sector must have primary responsibility for providing the basic transport facilities for the state's communications services. This will minimize the capital expenditures for the state as well as assuring the on-going availability of ubiquity and capacity of current, cost-effective technological services and products. By using its bulk buying power through a competitive procurement process, and by serving as an 'anchor tenant' for large network initiatives the state can influence the development and deployment of new technologies offered by the private sector.

Service Segments/Application Needs

Involving current and potential users is important to ensure general agreement about what services the network should provide and prioritizing these services. If the system does not meet the needs of the anticipated users, deployment will be slowed and costs will be increased for those who are using the system. In assessing the needs of North Carolina for optimally interconnecting state and local entities, it is apparent that there is a tremendous diversity of application needs and requirements among the present and potential users of the state's telecommunications services. In addressing statewide interconnectivity needs, it is helpful to consider the various types of users and uses of these services. Following is a summary of the predominate service and application segments that must be served by the state's communications infrastructure:

Education Segment - Distance Learning is viewed by many as the way to bring about significant improvement in education. Key advantages include providing equity for remote, rural, and low-wealth district students; expanding curriculums beyond local district and faculty ability and expertise; and improving teaching quality and student performance.

Health Care Segment - The primary community health care and telemedicine network applications address both the improvement in health care and delivery, and the management of cost of health care services.

Criminal Justice Segment - North Carolina is in the early phases of developing and implementing a statewide Criminal Justice Information Network (CJIN). This network will link local, state, and national criminal justice agencies and give enforcement officers immediate access to criminal information.

Economic Development Segment - Comprehensive statewide connectivity offers many potentials for increasing economic development in North Carolina ranging from providing a skilled workforce to geographic information systems (GIS) for recruiting new industry.

State/Local Government Segment - An information superhighway offers the opportunity to connect agencies and communities, thus improving government operations, and public access to government information and services.

Connectivity Strategies/Principles

A number of strategies were developed by the Connectivity Steering Committee and approved by the IRMC to facilitate the state's movement toward meeting its communications interconnectivity needs and goals. These are listed in the following eight strategies. Implementation of several of the strategies are already underway.

Strategy 1 - Connectivity funding by the General Assembly should focus primarily on a statewide infrastructure investment.

Building a comprehensive state connectivity infrastructure should be the starting point for General Assembly technology funding. FY 1996-97 funding by the General Assembly for the state infrastructure consisted of additional capacity for the statewide transport backbone, and regional network concentration hubs that connect to the backbone

It is envisioned with a state funded infrastructure in place, agencies would then *justify and fund* their applications that operate locally within a LATA using the regional hubs, and use the statewide backbone for services that go beyond the LATA boundaries..

Strategy 2 - Provide a menu of affordable connectivity options.

As large and diverse as North Carolina's state and local governments are, communication needs will vary greatly. A connectivity strategy needs to assure that a variety of forms of communications options are available through an integrated statewide telecommunications network for users to subscribe to based on their information needs and budgetary constraints. It is essential that these options provide interoperability from one service to another so that as a user's requirements change, different and more appropriate options can be selected without costly rework or reengineering.

State funding of connectivity initiatives should allow the flexibility for users to select the most appropriate and affordable options for their needs. Any agency should be able to spend monies on new technologies that can justify it within the connectivity strategy as approved by the IRMC.

Strategy 3 - Provide necessary staff to support user community.

Business and industry have repeatedly demonstrated that the key to a successful implementation of communications technology and services is a knowledgeable support staff. Their experience has proven that this is the most cost-effective way to ensure that real needs are met and that the capabilities are fully exploited in the shortest possible time. A component of the central communications service organization (i.e. Office of the State Controller, State Telecommunications Services Section) must include a staff that assists new and existing users in making the appropriate technology selection and solving technological and operational problems. The skill sets and assigned responsibilities for this staff includes service awareness, applications consultation, technical consultation, and help-desk support.

Strategy 4 - Provide strategic direction from an overall state perspective, but allow access flexibility and control at the local level.

Network growth is primarily precipitated by local initiatives. The best connectivity infrastructure for today's world is clearly defined interface standards to the state networks with broad flexibility for local communication initiatives. Within the state's approved direction, the opportunity to build and customize individual local initiatives should be supported. The state's connectivity plan should focus on the concept of community networks, where required, *within an overall statewide infrastructure*. This concept provides for an access point to a statewide network within a political subdivision and allows the political subdivision to provide access to the various points within the community. Collaboration and sharing of network resources could be determined and implemented as required by the communities.

Strategy 5- Establish regional network concentration hubs across the state.

The Office of the State Controller (OSC) must pay based on mileage for every circuit used in the network. By establishing remote concentration hubs in each of the local exchange carrier's assigned transport area (LATA) in North Carolina, the OSC can simultaneously increase the capacity of the network and reduce the cost for circuits outside the Raleigh area. This will help reduce the overall rates for data service statewide and help provide economical access to state data sources and to the Internet.

Strategy 6 - Adopt a roll-out plan for connecting K-12 public schools and community colleges.

In the deployment of a state connectivity infrastructure, decisions have to be made relative to funding priorities for the applications that can benefit from the state's communication infrastructure. Up front investment may be necessary to verify the benefits, or to accelerate the benefits of proven applications.

Because of the importance of making the benefits of easy and timely student access to information resources anywhere in the world, the IRMC has approved a funding proposal for connecting K-12 schools and community colleges. The IRMC believes that implementation of this strategy will provide the greatest overall benefit for connectivity infrastructure funding

Strategy 7 - Provide efficient and central capability for interstate and global videoconferencing.

Numerous technological approaches exist in today's evolving videoconferencing environment. In order for North Carolina to maintain interoperability with these technologies it will be vital to provide reliable gateways to the other predominant technologies. The implementation of these gateways will provide users of the state's communication services easy access beyond state boundaries.

Strategy 8 - Allow savings from network initiatives to go into a telecommunications evaluation and testing fund.

A coordinated statewide communications infrastructure will result in a two-fold advantage for the state: 1) overall cost saving for the state, and 2) the ability to deploy and implement services that will directly contribute to more pervasive services across the entire state. The ability to use a portion of these savings to evaluate and test new, promising communications products, services and initiatives will result in further savings, creating a multiplier effect.

Current Network Services

The state of North Carolina operates a web of interoperable, narrow and broadband networks known as the North Carolina Integrated Information Network (NCIIN) and is well positioned to meet its interconnectivity vision. *There are no currently available major commercial technologies that are not available through the OSC's State Telecommunications Services.*

The interoperable state networks which comprise the NCIIN can transmit data, text, graphics, voice, and video to serve education, health care, criminal justice, economic development, and government operations. *Having interoperability among the data portion of these networks allows for incremental growth without costly rework or reengineering*

Major services include the North Carolina Information Highway, AnchorNet, low-cost dial-access, and Systems Network Architecture (SNA) services.

State/Local Government Coordination

The evaluation of the North Carolina Information Highway (NCIN) in 1996 highlighted the need for state agencies and departments to become active participants in the implementation and evolution of the North Carolina Integrated Information Network (NCIIN), including the NCIH. While the evaluation pointed out the need for this participation and utilization it also demonstrated the need for an organized initiative to address the connectivity needs of the customers in state, regional, and local government.

State departments and institutions serve constituents in all areas of the state. In addition, local governments must serve their constituents throughout their political subdivisions. As more and more government business is supported by computer technology, the need and opportunity to electronically connect state/local government offices, and to provide citizen access to these offices, is growing rapidly. The common element in all of these examples is the need for a homogeneous statewide communications network that provides connectivity and bandwidth for the entire range of voice, data, video, and image needs. *The NCIIN does, and will, meet the needs of the current and upcoming requirements of state and local departments and agencies. The NCIIN model needs to be continued and strengthened.*

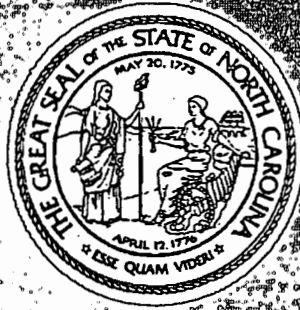
The key issue is to ensure that the various state and local network planning and implementation initiatives are coordinated and compatible. A statewide integrated network is analogous to our statewide highway system, where the Department of Transportation provides the major highways and arteries, with towns and cities building their streets to connect to the state roads. Intergrated planning is required. Without consideration of the state's overall needs, merged with local needs, our highway system would be fragmented, inefficient, and more costly. The same will result in the state's connectivity infrastructure if there is not a concerted coordinated state and local effort to define requirements and then implement the appropriate solutions.

Obviously, focusing only on the technology infrastructure will not deliver the desired results. An equally aggressive effort to identify the most beneficial areas for applying advanced telecommunications will be required as well.

Funding Proposal

The Information Resource Management Commission has identified connectivity for public K-12 schools and community college institutions as one of its top priorities for technology funding for the upcoming biennium. At its November 12, 1996 meeting, the IRMC recommended funding the statewide connectivity strategy during the 1997-99 biennium to assure that all public schools and community colleges have access to an advanced telecommunications network. Under the proposed \$74 million budget all

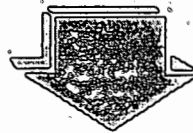
public schools would receive data connectivity which will provide Internet access to any other state agency or organization connected to the NCIIN , while community colleges and 252 high schools would receive video/data connectivity.



Statewide Technical Architecture Strategy

*Managing Technology to Support Government Services
for Today and Tomorrow*

1. Conceptual Architecture
A framework for "Adaptive Systems"



COMPONENT ARCHITECTURES									
2. Application	3. Network	4. Data -- DBMS	5. Componentware	6. Middleware	7. Groupware Electronic Information	8. Information	9. Platform	10. Integration	11. Systems Management

12. Enabling Foundation

- Training
- Quality Assurance
- Strategic Planning
- Documentation of Architecture

Office of the State Controller
Edward Renfrow - State Controller

Fall 1996

Statewide Technical Architecture Strategy

***Managing Technology
to Support Government Services
for Today and Tomorrow***

Fall 1996

Foreword

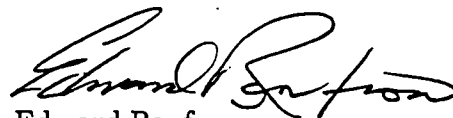
Government is experiencing dramatic increases in public expectations for services and results, and appropriate and innovative use of technology is essential for improving its performance. Investments in information management and communications are prerequisites for government to maintain public confidence in its ability to expand services, reduce costs, and become more accountable for program expenditures.

This document, *Statewide Technical Architecture Strategy: Managing Technology for Today and Tomorrow*, provides direction for utilizing technology to meet the business and program challenges of state government. Specifically, it accomplishes the following two objectives:

- ♦ It explains why the state must define and implement a new technical architecture.
- ♦ It describes the 11 strategies for deploying and managing the major components of the new architecture.

By following the strategies outlined in this document, the state will position itself to take advantage of the capabilities of modern technology to accommodate rapid and extensive changes in initiatives, policies, and service-delivery requirements. Through its prescription for a cost-effective and logical approach to developing and using new technology, this document will assist the Information Resource Management Commission (IRMC) in fulfilling its role of overseeing information management and communications.

This material was prepared by the Information Resource Management (IRM) staff of the Office of the State Controller (OSC) to fulfill the requirements of G.S. 143B-426.21 (b)(1) and (2). By summarizing the underlying concepts and highlighting the components of the state's technical architecture, it also serves as the precursor and guide to the development of a detailed description of this architecture. This effort is in process and will be completed in the near future.



Edward Renfrow
State Controller

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Background

In February 1995, the OSC IRM staff issued the *Statewide Technology Strategy and Initiatives* document, and it was approved by the IRMC. *Statewide Technology Strategy and Initiatives* describes the vision and approach for the management and use of information and communications technologies in state government, including the inter-relations among state agencies, federal and local governments, citizens, and private industry.

This document, *The Statewide Technical Architecture Strategy: Managing Technology to Support Government Services for Today and Tomorrow*, follows the concepts and principles of *Statewide Technology Strategy and Initiatives* while providing the details for implementing its vision and objectives.

Introduction to the Statewide Technical Architecture Strategy

Information technology can enable government to restructure operations and re-think service delivery mechanisms. These changes are necessary for government to become more citizen-focused, work better, and cost less. However, the state's ability to change the way it does business is constrained by its present technical infrastructure.

The state is confronting new and serious challenges, including:

- citizen expectations for greater efficiency in operations and improved effectiveness of programs;
- the implementation of new political initiatives; and
- competition from private enterprise for performing some services.

State government must develop the capability for responding more quickly to a rapidly changing environment. The state's approach to the management and use of information technology is critical for success in meeting the expanding responsibilities, and satisfying the increasing desires of its citizens.

To a large extent, the state's present technical architecture reflects the capabilities and applications systems design approaches of the 1970s and early 1980s. Although they served the state well in the past, these old systems are difficult to modify for new business requirements; it is also extremely expensive to expand them for additional desired features.

Technology must facilitate the implementation of new and improved business processes. Our goal is to define and deploy a new technical architecture; one that works with the present systems, and facilitates the government's ability to change the way it operates, in order to deliver services more responsively and efficiently.

This document describes the approach that will be followed over the next 12 to 18 months. This approach includes developing and documenting the state's new technical architecture, and starting the implementation of its foundational components. These two objectives will be accomplished concurrently. This approach is also highlighted in the OSC's *Major Strategic Initiatives for the 1996-97 Fiscal Year*, which was presented to the IRMC at its August 1996 meeting.

Importance of a Technical Architecture

A technical architecture serves as a blueprint for the design of information systems, and for the computing, communications, and management infrastructure required to support these systems. The statewide technical architecture will allow individual departments to respond to specific business needs using common components, thus ensuring that information systems will be shared and managed on a statewide basis.

Meeting the Current Challenge

The challenge facing the state is to deliver high-quality, responsive, and easily accessible services under increasing cost pressures. Citizens want to reduce the cost of government, implement new and improved service-delivery mechanisms, and assure convenience in interacting with governmental organizations. Also, more accountability is being expected for the results of expenditures, and the performance of programs. In addition, the transfer of obligations from the federal level is adding new responsibilities to the state, and private industry is competing to provide services traditionally reserved for governmental enterprises.

In response, the state must adapt by adopting new approaches and processes. Accordingly, from a business perspective the state must:

- *Focus on citizen satisfaction* by becoming more creative and innovative in the development, packaging, and delivery of services.
- *Contain or lower costs* by controlling operations, managing expenses, and streamlining processes.
- *Respond rapidly to change* by understanding and reacting quickly to dramatic changes in citizen expectations, competitive advances, political initiatives, and economic influences.

The state must also manage technology in support of its business by:

- *Directing investments in technology from a strategic perspective* by matching technical plans with business objectives, and investing in an infrastructure of common components that may be used by multiple organizations and systems.

- *Improving the yield on information and technology resources by managing these as strategic assets that are reviewed frequently, evaluated comprehensively, and handled from a business-driven, benefits-focused perspective.*
- *Reducing cycle times for improving present services, re-engineering business processes, and developing and implementing new services by involving technology when appropriate and beneficial.*
- *Increasing the return on investment for technology projects, and achieving extensive improvements in time and productivity from implementing high-quality systems, by employing effective project management and risk management, and using modern practices, techniques, and tools.*

Using technology to improve services and reduce costs is one of the biggest strategic challenges facing the state today.

External Pressures

Table 1 highlights the external pressures motivating the transition to a new statewide technical architecture.

Area	From	To
Business	<ul style="list-style-type: none"> • 7- to 10-year cycles • No competition • Activity-based measures 	<ul style="list-style-type: none"> • 12- to 24-month cycles • Competition • Performance measures
Development	<ul style="list-style-type: none"> • Build large, new systems • Monolithic systems • Program scope 	<ul style="list-style-type: none"> • Integrate components • Common, shareable parts • Enterprise scope
Technology	<ul style="list-style-type: none"> • 7- to 10-year cycles • Decreasing complexity • Converging solution sets 	<ul style="list-style-type: none"> • 12- to 18-month cycles • Increasing complexity • Diverging solution sets

Table 1. External Pressures Motivating the Transition (Page 1 of 2)

Area	From	To
Infrastructure	<ul style="list-style-type: none"> • Centralized infrastructure and centralized management • Mainframe-centric • Autonomous units 	<ul style="list-style-type: none"> • Central management of distributed infrastructure • Network-centric • Increased inter-departmental coordination
Technical Architecture	<ul style="list-style-type: none"> • Technology-driven • Data-centric • Provide stability as primary design point 	<ul style="list-style-type: none"> • Business-driven • Process-centric • Facilitating change as primary design point

Table 1. External Pressures Motivating the Transition (Page 2 of 2)

Positioning for the Future

Government is undergoing a fundamental shift in its method of interacting with citizens. In the past, citizens interacted with government on a program-by-program or department-by-department basis, and business was transacted primarily through face-to-face interaction. The new approach focuses on offering information directly to citizens through multiple, integrated application systems. The technical architecture improves the internal efficiencies of departments, organizes and presents the state's information offering according to the needs of citizens, and then ensures that the public can use the information quickly and easily.

To be effective, state government must envision a new future, design strategies to get there, and have the discipline to implement the strategies. The planning for and implementation of the state's technical architecture must incorporate three factors:

- ✓ The present infrastructure and current practices.
- ✓ The new components and approaches.
- ✓ The orderly and prudent transition to the new structure, and the new approaches for performing system implementation and maintenance.

To support evolving political and economic environments and the accelerating pace of change in the technical arena, the architecture and its implementation strategy must be dynamic. The documentation and implementation plan will be updated as events and circumstances dictate.

Obstacles to Implementation

Several impediments to the successful implementation of the new technical architecture exist. These are:

- *Uncoordinated systems.* Because of funding, governance, and methods of development, most of the state's current systems do not interact with each other. The state must plan, govern, and fund the implementation and management of a common technical infrastructure that facilitates the sharing and exchange of data.
- *A focus on cost rather than investment.* In the past, expenditures on technology have focused on the initial cost, rather than the benefits that result from the state being able to change the way it does business. Consequently, technology investments essential to obtaining widespread and long-lasting results have not been made. Also, as technology is becoming more prevalent through increasing cost-effectiveness, capital investments in technology are becoming more attractive.
- *Lack of a statewide perspective.* Traditionally, individual departmental requirements dictated the systems investment decisions. While this may have been a good decision from a departmental or local viewpoint, it was not always optimal from an enterprise perspective. The state cannot realize economies of scale in purchasing, operations, training, and systems until common standards are identified and followed.
- *An aging infrastructure and outdated systems.* The majority of the state's application systems were implemented under the technology of several decades ago. Although these application systems continue to operate, they are expensive to maintain, and are extremely difficult and costly to upgrade for current needs. The state must develop a strategy for modernizing these systems cost-effectively.

Leveraging Our Strengths

The new statewide technical approach will focus on several key concepts. The state has proven strengths in many of these areas. They are:

- *Central management.* Unlike other states, North Carolina has consolidated multiple computer mainframe operations into one centralized computer operation. This provides a unified operational structure for the 23 agencies of the executive branch. This centralized structure provides cost-effective, reliable operations through economies of scale. This centralized management and accountability focus must be retained as the state moves to a new technical architecture.

- *A common, uniform network.* North Carolina's communications network is one of the most advanced and capable in the world. This technically current and very powerful network, combined with centralized network management, will form the backbone of the architectural infrastructure.
- *A distributed infrastructure.* The state has a multitude of local area networks (LANs) which were deployed to meet local computing needs. These systems are located in a wide variety of operations, from public school classrooms to state administrative offices. These LANs include workstations, and office automation and educational software. Technical staff members have gained experience managing a distributed environment, and the state's business personnel have become knowledgeable in using these systems. The development of a statewide strategy for managing this distributed environment will be a key success factor for effectively using our geographically dispersed infrastructure.
- *Experienced technical staff.* Existing technical staff members understand current business operations. They form a nucleus of experienced personnel for receiving advanced technical training in order to implement and operate a new architecture.
- *Recognition of the need for statewide coordination.* Through the creation and support of the IRMC, the state government's leaders have recognized, and accommodated, the need for closer coordination and better management of technology statewide.

Architectural Design Strategies

Defining the state's new technical architecture requires:

- ◆ *Business Strategies* that respond to changes in business environments and political initiatives.
- ◆ *Technology Strategies* that respond to the rapid pace of technological change, and the improving cost-effectiveness of technology investments.
- ◆ *Transition Strategies* that accommodate the present technological investments during the transition to the new architecture.

Business Strategies

Like other governmental enterprises at the federal, state, and local levels, state government is facing substantial pressure to reduce taxes and decrease costs. At the same time, citizen expectations for easy access to timely information, and for more responsive and better services, are increasing rapidly. This demand for hassle-free, convenient interactions with government is dictating that information

and services be accessible anytime and anywhere. In addition, new political initiatives are driving major changes in the processes and procedures for service delivery.

Each citizen is often served by many programs, and each program may involve several different governmental organizations. As a result, government at all levels requires timely access to data from multiple sources; and, in many instances, this requires closer interaction between applications systems. Useful information—information that is accurate, complete, and current—has become a critical element for delivering services successfully. Consequently, organizations need immediate access to the information and business transactions offered by many different systems running on disparate platforms.

Table 2 shows the changes driving the state's business strategy, the related business requirements, and the architecture objectives.

Business Drivers	Business Requirements	Architecture Objectives
Shorter business cycles due to changing economic conditions, political environments, and legislative initiatives	✓ Faster response to implement new services	<ul style="list-style-type: none"> ◆ Modular designs ◆ Component reusability ◆ Common presentations
Increased citizen expectations for the delivery of services—comparison with performance of the private sector, and competition from private industry	<ul style="list-style-type: none"> ✓ Superior customer service ✓ Innovative service-delivery mechanisms 	<ul style="list-style-type: none"> ◆ Explore the potential for new technologies to enable better and faster service delivery ◆ Share information among service providers
Pressures to reduce taxes and decrease operating expenses	<ul style="list-style-type: none"> ✓ Cost efficiency of operations ✓ Effective use of resources 	<ul style="list-style-type: none"> ◆ Technology standards ◆ Shared services ◆ Interoperable components

Table 2. Business Strategies

Technology Strategies

The world is experiencing a technical revolution, with changes in the types and capabilities of products occurring at a phenomenal pace. Increases in processing speed, communications volumes, data storage capacities, and ease-of-use in personal productivity devices are reshaping the business-operations landscape. The power and capabilities of computers have doubled every 18 months, while the cost has remained relatively constant.

In addition, new technologies are enabling government and business to offer new and innovative products and services. In many cases, technology does not just enable changes in work procedures to lower costs and improve services, it actually drives radical changes in governmental operations. The power and cost-effectiveness of technology, as well as its prevalence in modern society, have compelled both private industry and government to take advantage of its capabilities.

The vendor community that provides technology products and services has been restructured. No longer can a single vendor meet all requirements and needs. The market has become very competitive, and customers must purchase and coordinate a wide array of products from a multitude of providers. Table 3 lists the changes driving the state's technology strategies, the technology requirements, and the architecture objectives.

Technology Drivers	Technology Requirements	Architecture Objectives
Shorter technology cycles	✓ Faster integration of new technologies	<ul style="list-style-type: none"> ◆ Component reusability ◆ Exploration of the potential of new technologies to support statewide requirements ◆ Proactive research of new and emerging technologies
Increasing complexity of technologies	<ul style="list-style-type: none"> ✓ Disciplined development and deployment of systems and technologies ✓ Management control of technology services and operations 	<ul style="list-style-type: none"> ◆ Quality assurance of projects ◆ Standards for components ◆ Policies and procedures for operations ◆ Reliability of components and operations ◆ Modular designs
Potential for introducing multiple, incompatible solutions	✓ Interoperability standards	<ul style="list-style-type: none"> ◆ Standard interfaces ◆ Integrated, mutually supporting plans and implementations

Table 3. Technology Strategies

Transition Strategies

The new architecture must accommodate three types of application systems:

- ☐ Those that exist today, as a result of performing customized implementations over the years, for example, legacy systems;
- ☐ Those that were, and will be, purchased from software vendors to accomplish specific requirements, for example, the North Carolina Accounting System (NCAS); and
- ☐ Those that will be designed and constructed under the new architecture.

Millions of dollars and decades of effort have been expended in buying and developing our existing systems. Since funding is not available for their wholesale replacement, they will continue into the long-term future. The new architecture will preserve these investments, while enabling current and future systems to work together. Table 4 outlines the state's transition strategies.

Present Constraints or Limitations	Transition Requirements	Architecture Objectives
Existing systems architecture	✓ Integrate or migrate present components into new architecture	♦ Maximize past resource investments while transitioning to the new architecture
Limited skills in deploying and operating modern technology	✓ Retrain personnel and retool enabling resources	♦ Maximize investments in present personnel and productivity tools
Funding issues, including methods and levels	✓ Optimize investments in the new infrastructure ✓ Differentiate expenditures for maintaining and developing application systems from investments in the building of an infrastructure	♦ Implement a statewide plan for the life-cycle funding and management of the state's investments in application systems (development, enhancement, and retirement of systems) ♦ Implement a statewide plan for the life-cycle funding and management of the state's technical infrastructure (development, enhancement, and retirement of components)

Table 4. Transition Strategies

Specific Implementation Strategies

The development and implementation of a new technical architecture will follow three basic tenets. These are:

- ♦ The architecture will balance the present infrastructure and applications systems with new components that reflect current and emerging technologies, and systems design approaches.
- ♦ The architecture will be evaluated and implemented in a phased, logical approach. This will ensure the connectivity of components, cost-effectiveness of investments, and reliability of operations. New technologies will undergo trial assessments before funds are committed and statewide implementations are undertaken.
- ♦ The development and implementation approach will be comprehensive. Non-technical aspects—such as training, quality assurance, project management, and strategic technology planning—will be incorporated into the architecture. In addition, non-technical business issues—such as funding sources, rate-setting and charging methodologies, governance and management responsibilities, inter-governmental agreements and understandings, accounting practices, and accountability for performance—will be considered and resolved at appropriate points in the implementation of the architecture.

The following paragraphs describe the eleven specific strategies to be undertaken by the state. Some of these strategies also include initiatives.

Strategy One

Establish a technology development fund to evaluate emerging technologies and implement common, shared components. This will allow the state to evaluate enabling technologies and avoid duplication when building the technical infrastructure.

Strategy Two

Define policies and procedures to efficiently and effectively manage the distributed technology assets. This will result in cost savings through economies of scale, and components that work together reliably.

First Initiative

Prepare a statewide approach for developing, implementing, and managing a distributed processing architecture that includes security.

Second Initiative

Identify options for establishing a testing facility to evaluate the capabilities of new technologies, and certify products for operating in the technical infrastructure.

Third Initiative

Implement the approved, statewide LAN-management strategy.

Strategy Three

Create a simple, unified approach for accessing information. This will improve the coordination of programs that cross jurisdictional boundaries.

First Initiative

Develop and begin implementing the Information Delivery Capability (IDC). This will enable the cross-referencing of persons and businesses among databases, and allow single-address changing and one-stop service delivery.

Second Initiative

Develop a statewide data warehouse approach to provide relevant, accurate, complete, and timely information, in order to make quicker and better decisions.

Third Initiative

Develop a statewide approach, which includes the Internet, for public access. This will provide convenience in government interactions and will support electronic commerce.

Strategy Four

Continue the efforts to achieve a unified state network and expand the state's connectivity options.

First Initiative

Complete the pilot project for transmitting messages created under the older SNA protocol to the newer TCP/IP protocol. This will improve the connectivity of infrastructure components.

Second Initiative

Complete the pilot projects for integrating new, high-capacity communication protocols into the NCIIN. This will provide more communications options for meeting business requirements economically.

Strategy Five

Develop a statewide approach for improving personal productivity and work flow processes. This will improve the cost-effectiveness, service, and performance of operations.

First Initiative

Develop a statewide approach that includes performance and interface standards for technologies involved in electronic information. These technologies include: imaging, document management, work flow, e-mail, e-forms, and printing.

Second Initiative

Implement the electronic information architectures, especially those for document management, work flow, and e-forms.

Strategy Six

Streamline and simplify the procurement process for common components of the state's technical architecture.

Strategy Seven

Select and install the products necessary to integrate the technical architecture's components. This will tie the present systems together, and allow them to work with new systems as they are developed.

First Initiative

Select and install the interface engine software to allow existing, incompatible systems to communicate. This will increase worker productivity and achieve processing savings.

Second Initiative

Develop and implement a capability for existing computer terminals to communicate with systems created under the new architecture. This will preserve these investments until the terminals are replaced by new technical devices such as PCs.

Strategy Eight

Select and install the infrastructure products, such as middleware, necessary for the transition to the new approach for designing and implementing application systems. This will allow applications to be developed more quickly and economically, and deliver the expected results.

Strategy Nine

Continue to implement the elements of the Quality Assurance Framework. This will ensure that the state is implementing high-value technology projects at acceptable costs, and within reasonable timeframes. This will contribute to measurable improvements in mission performance.

Strategy Ten

Continue to develop the statewide technology education program, including the curricula for obtaining certifications in technical architecture and project management.

Strategy Eleven

Improve the departmental strategic technology planning process, and link technology investment decisions directly to departmental missions, goals, business objectives, and priorities.

Phased Implementation Plan

Much progress has been made toward implementing the essential components of the state's technical architecture. Communications is the heart of the architecture, and the state's significant investment in the NCIIN has provided a wide choice of cost-effective options to satisfy a broad spectrum of service needs.

The state has a long history of experience, and a solid foundation of facilities, for communications and other component architectures. Consequently, the state will build upon and expand these resources, rather than develop new ones. However, for many areas of the planned architecture, the state must gain new technical knowledge and acquire infrastructure components with which it has limited experience. In addition, the state will need to leverage existing investments while migrating to a new architecture.

To address all these areas, the state is employing a two-part architecture implementation plan.

- 1) **Develop an expedient course of action that will provide immediate benefits, while allowing for a gradual, time-phased transition to the envisaged architecture.** For example, an interface engine software package will be procured to allow older application systems that were not designed to communicate to exchange transactions. The multiple keying of the same or similar data into different systems will be reduced, and these systems will then be better able to notify each other of important, common events.
- 2) **Implement new long-term components of a new technical architecture.** Since these solutions are longer-lasting, they are more

strategic in nature. For example, implementing application middleware will allow all systems to use common infrastructure services, such as security and directory, and share common business services, such as verifying eligibility for receiving benefits. These infrastructure and business services are the same among a variety of departments and programs. Middleware will simplify and facilitate the development of new application systems, and reduce the time required for changing them to meet evolving business needs.

Establishing an Architectural Framework

As a preliminary step in defining a Statewide Technical Architecture, the state subscribed to META Group, Inc.'s Enterprise Architecture Strategies (EAS). EAS is an advisory service of the nationally recognized META Group. It provides consulting and planning services, to both the public and private sectors, for re-engineering I/S architecture, in order to implement client/server technology in a distributed systems environment.

The EAS framework provides a structure for North Carolina's specific architectural components and associated standards. Developing the statewide technical architecture requires adding detail to this framework. Completing the statewide technical architecture will require two types of simultaneous work:

- ◆ Investigation and research to further develop the architectural components.
- ◆ Documentation of each architectural component.

Key Areas for Architectural Design

The new architecture will focus on the following design areas:

- ◆ *Component assembly and reuse.* Using common software components will provide flexibility, increased reliability, and reduced cycle-time for building and maintaining software applications.
- ◆ *Specialized, distributed devices.* Specialized hardware, such as laptops and palmtops, will meet unique business requirements, and fit into the overall architecture.
- ◆ *Integration.* This involves providing for technical options that meet unique business requirements and satisfy distinct political boundaries and governmental jurisdictions. The options will also ensure that all parts work together effectively and reliably to benefit the overall enterprise.
- ◆ *Portfolio management strategy.* This addresses the existing (legacy) systems, and future systems developed under the new architecture, to make sure that the old and new system elements will be accommodated, and will co-exist in a mutually supportive technical environment.

- ♦ *Modular construction.* Using clearly partitioned system elements will ensure that data access, business logic, and user interfaces are logically separated. As a result, systems may be modified in a timely and efficient manner to meet changing business requirements and new political initiatives.
- ♦ *Enterprise information management.* This involves integrating and managing dissimilar information from text, images and multimedia documents. This information is found typically in departmental workgroup applications, and the numeric and field data in large application databases. Accordingly, relevant and timely information can be provided for both decision-making and work-flow processing.

Business Issues

Implementing and operating a new architecture and infrastructure requires addressing and resolving several non-technical statewide business issues. These issues deal with:

- Managing and controlling the infrastructure components.
- Financing and funding the building of the infrastructure.
- Funding, accounting, setting rates, and charging for the common components.
- Developing mutual governance responsibilities, and evolving relations among government units that have not interacted previously.
- Establishing responsibilities and accountabilities for the performance of implementation projects, achievement of benefits, and redirection of accrued savings.

Many of the data files and applications systems are created and maintained by separate governmental entities. Consequently, the organizational boundary and jurisdictional considerations are as important to systems integration as the technical issues are. These organizational considerations include:

- Funding sources.
- Ownership and control of data.
- Responsibility for the integrity of data.
- Accounting for the costs and receipts associated with collecting, maintaining, and providing access to the data.
- Accountability for security and privacy.
- Rate-setting and charge-back policies and mechanisms.

Documentation and Staffing

The next phase of the implementation will involve two separate, but related, efforts. These are: (1) documenting the technical architecture, and (2) organizing and staffing to accomplish the strategies and initiatives. Each of the ten component architectures will be documented in eight different areas. The component architectures are listed in Table 5, and the areas in which each of the components will be documented are shown in Table 6.











Ten Technical Architecture Components	
	Application
	Data
	Groupware/Electronic Information
	Information
	Integration
	Middleware
	Network
	Platform
	Componentware
	System Management

Table 5. Ten Technical Architecture Components









Eight Areas of Documentation for each Technical Architectural Component	
	Mission Statement
	Introduction
	Principles (with rationale)
	Recommended Best Practices
	Technology Components
	Implementation Approach
	Standards (with rationale)
	State Contracts

Table 6. Documentation Requirements Related to the Architectural Components

The more time-sensitive sections of the documentation will be written sooner. However, because some cases require additional research, and rapid technology changes must stabilize, all sections will not be completed in the initial draft. The architecture documentation will be dynamic and will reflect continually the evolving

business and technical environments. The initial draft of all sections will be completed by the end of the first quarter in 1997.

To accomplish all of the strategies and initiatives, project teams will be organized; work plans—including work tasks and due dates—will be developed; and project management discipline and structure will be implemented. Each of these efforts will be led by, and conducted under the auspices of, the OSC. Progress reporting will be made to the IRMC in conformance with its project monitoring procedures and practices.

Objectives of Implementing the Statewide Technical Architecture

The development, documentation, and implementation of the state's technical architecture will:

- ◆ Minimize the risk of deploying new technology.
- ◆ Allow the state to focus on business-success factors, rather than on technical issues.
- ◆ Target investments in technology resources for achieving the greatest benefits.
- ◆ Enhance the state's ability to effectively control and manage the technical infrastructure, and its applications systems.
- ◆ Use efficiently the present and future technical resources.
- ◆ Enhance the applications systems interoperability among departments, and the exchange of information among state, local, and federal government organizations.
- ◆ Shorten the response time for implementing new applications systems and modifying older systems to meet changing requirements.
- ◆ Improve the ability to deliver timely, responsive, and cost-effective services.
- ◆ Enable a systematic, well-planned, and tightly controlled transition to new and emerging technologies.

Benefits Resulting from Implementing a Statewide Technical Architecture

A planned and consistent statewide architecture, that is aligned with our business missions and objectives, will:

- ◆ *Facilitate the implementation and use of technology to improve the operations of governmental programs.* This will be accomplished by streamlining the business processes, and supporting the selection and completion of high-value technology projects.
- ◆ *Enable and encourage the up-front investment in infrastructure components.* Implementing new application systems and enhancing installed ones will be accomplished by installing already-established, common components statewide, rather than building the architecture on a project-by-project basis. For example, the component that validates a social security number would be built once, and then used by all application systems. Currently, this component is re-invented for every application.
- ◆ *Support the use of new methodologies, techniques, and tools for constructing and maintaining applications systems.* This will allow system development and maintenance efforts to be planned and managed in order to deliver the expected benefits on-time and within budget.
- ◆ *Emphasize a central management structure.* This will enable the use of common, uniform components to:
 - ◇ Provide economies of scale in procurements, training, support, and operations.
 - ◇ Increase the reliability of operations and the predictability of results.
 - ◇ Support the unambiguous assignment of responsibility, and the clear delineation of accountability for results.
 - ◇ Improve the accessibility of data, and enable the exchange of information among state, local, and federal applications.
- ◆ *Support an environment in which a variety of products and services from multiple vendors can participate.* This will allow for competitive procurements, incorporate new technologies more easily, and provide greater flexibility for change.
- ◆ *Provide a stable infrastructure that allows a variety of hardware and software configurations to access systems and retrieve information.* This flexibility will permit access to state data without restricting or regulating the local equipment.

In conclusion, establishing a consistent, common, and state-of-the-art technical architecture will go a long way toward making the state government's operations cost-effective, efficient, and responsive to citizens' needs.

INTERNAL SERVICE FUND - BUDGET CODE 74160**FUND 7217-CENTRALIZED COMPUTING SERVICES**

Centralized Computing Services provides responsive, cost-effective, client-oriented, shared computing services for general state government agencies in accordance with Information Resource Management Commission policies and directives.

Major Initiatives for FY 1996-97

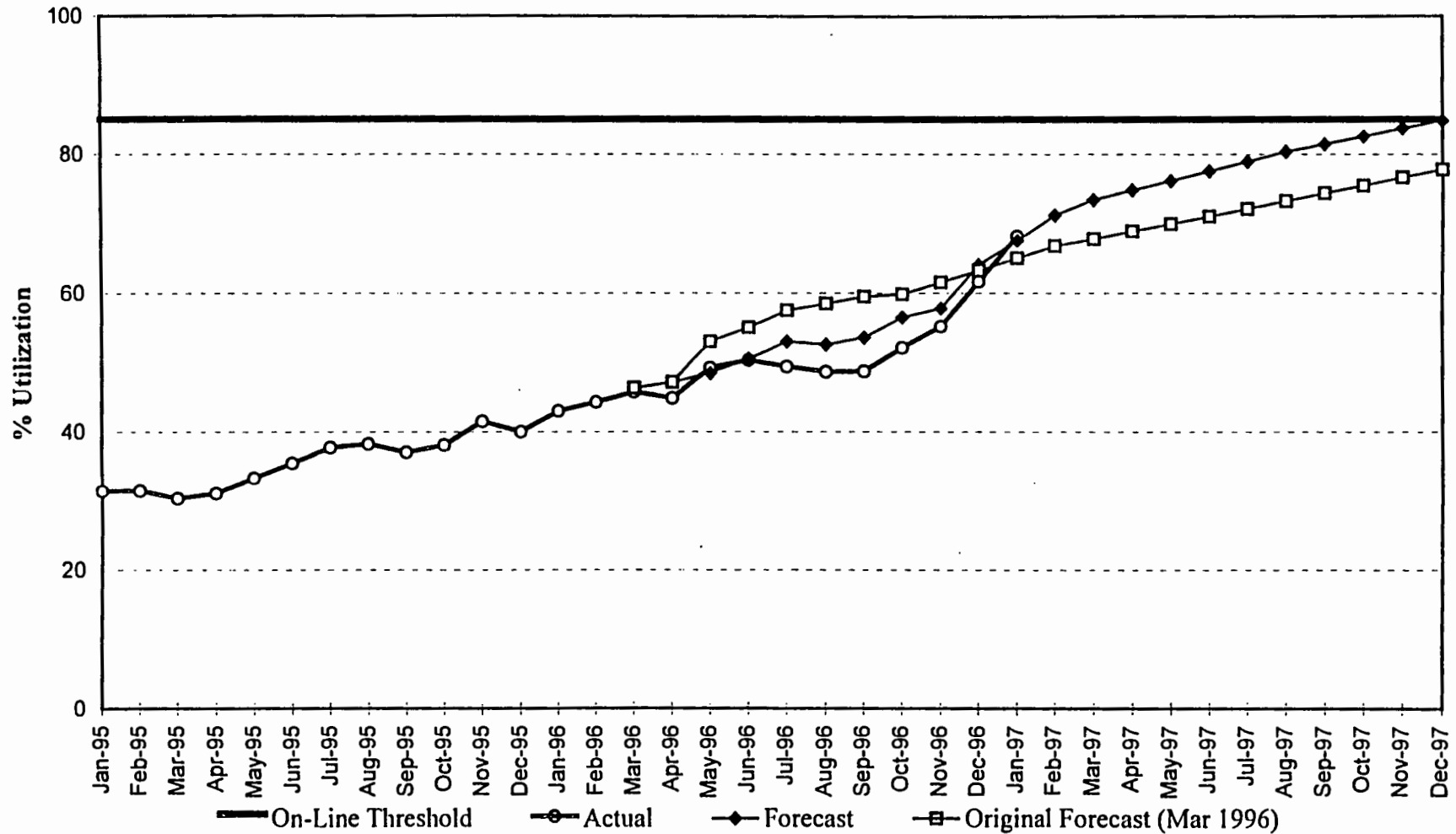
- ◆ Continue to develop the user requirements and enhance CCS's capability to provide uninterrupted mission critical computing services, and to meet short-term business recovery needs.
- ◆ Continue strengthening large-scale, non-mainframe UNIX server support for the NCAS, and supporting other agency requirements for non-mainframe production servers.
- ◆ Develop and implement a computerized chargeback system and a demand projection rate setting system for the UNIX server environment.
- ◆ Evaluate and implement the capability to centrally manage and support multiple distributed and centralized production servers.
- ◆ Support the statewide initiative for network authentication and authorization by testing DCE support on both mainframe and UNIX server environments.
- ◆ Help implement a pilot for new imaging services that are consistent with the state's imaging architecture and utilize open systems standards.
- ◆ Support the Year 2000 initiative by installing Year 2000-compliant versions of systems and applications software.
- ◆ Continue establishing parallel processing technology within the MVS server environment for a large-scale relational database and high-volume, transaction-based applications.
- ◆ Continue to migrate to a single-image view for all logical partitions via Sysplex (GPAC initiative), and institute uniform standards across all systems.
- ◆ Continue to implement Systems-Managed Storage (SMS), and provide improved automated operations support services to all clients.
- ◆ Determine the advantages of providing enterprise printing capability to LAN-based servers utilizing CCS high-speed 3900 laser printers.

- ◆ Explore alternatives to reduce CCS operations costs, including eliminating redundant, obsolete, or underutilized computer software and hardware. Whenever possible, re-negotiate and procure hardware and software to lower costs and improve performance.

	1995-96 ACTUAL	1996-97 AUTHORIZED	1997-98 RECOMMENDED	1998-99 RECOMMENDED
TOTAL REQUIREMENTS	\$39,970,003	\$42,650,878	\$42,641,283	\$42,647,594
RECEIPTS	\$37,178,264	\$32,309,175	\$42,641,283	\$42,647,594
FUND BALANCE	(\$2,791,739)	(\$10,341,703)	\$0	\$0
NUMBER OF POSITIONS	83.00	83.00	83.00	83.00

State Information Processing Services

Avg. Peak % On-Line Utilization Actual vs. Forecast SIPS Mainframe Processors January 1997



OSC 102

INTERNAL SERVICE FUND - BUDGET CODE 74160

FUND 7218-Distributed Computing Services

Distributed Computing Services (DCS) provides efficient customer service delivery and facilitates the efficient central management of distributed computing resources through the application of systems management disciplines.

Major Initiatives for FY 1996-97

- ◆ Expand access to the Customer Support System.
- ◆ Implement Service Level Agreements for DCS provided services.
- ◆ Solicit and respond to customer feedback about support services.
- ◆ Develop Systems Integration Services support teams for the following disciplines:
 - ◇ Distributed Computing Support - deals with distributed hardware and software support.
 - ◇ Technology Assessment - supports IRM initiatives such as Centrally managed Servers (LAN management), the Open System Foundation's Distributed Computing Environment (DCE), and Network Operating Systems enhancements.
 - ◇ Internet Support Team - provides technical support for World Wide Web access, usage, and security.
- ◆ Enhance Internet Security through firewalls and traffic filtering.
- ◆ Development of centralized E-mail services.
- ◆ Provide a World Wide Web Search Engine.

	1995-96 ACTUAL	1996-97 AUTHORIZED	1997-98 RECOMMENDED	1998-99 RECOMMENDED
TOTAL REQUIREMENTS	\$3,610,615	\$5,159,126	\$5,165,367	\$5,166,514
RECEIPTS	\$4,365,524	\$2,948,643	\$5,165,367	\$5,166,514
FUND BALANCE	\$754,909	(\$2,210,483)	\$0	\$0
NUMBER OF POSITIONS	32.00	37.00	37.00	37.00

INTERNAL SERVICE FUND - BUDGET CODE 74160**FUND 7224-TELECOMMUNICATIONS SERVICES**

State Telecommunications Services provides the agencies and institutions of North Carolina state government with comprehensive, quality telecommunications services in accordance with North Carolina laws and statutes. STS is committed to assisting agencies accomplish their objectives through the prudent application of telecommunications technology.

Major Initiatives for FY 1996-97

- ◆ Select, procure, and implement a new telecommunications management and billing system. The primary focus for the 1996-97 fiscal year will be reengineering processes and matching the STS organizational needs with the new system.
- ◆ Rebid of the major long distance contracts including inter-state long distance, international long distance, the digital network backbone, and virtual network access service.
- ◆ Expand and enhance the connectivity options of the North Carolina Integrated Information Network. This will include deploying new services where economically viable, employing cost reducing measures on existing services and implementing new pricing options.
- ◆ Establish regional network concentration hubs across the state to reduce the cost of circuits outside the Raleigh area.
- ◆ Research SNA/WAN integration technologies and implement solutions that will allow the cost efficient cohabitation of data traffic over single physical links.
- ◆ Expand the array of telecommunications equipment and service contracts available to eligible SIPS users and provide a mechanism that spreads cost across these services.
- ◆ Develop and implement a telecommunications deregulation strategy.

	1995-96 ACTUAL	1996-97 AUTHORIZED	1997-98 RECOMMENDED	1998-99 RECOMMENDED
TOTAL REQUIREMENTS	\$44,582,600	\$53,429,880	\$53,435,787	\$53,440,341
RECEIPTS	\$48,418,377	\$52,592,728	\$53,435,787	\$53,440,341
FUND BALANCE	\$3,835,777	(\$837,152)	\$0	\$0
NUMBER OF POSITIONS	85.00	96.00	96.00	96.00



OSC 105

North Carolina's Integrated Information Network

Prepared by the Office of the State Controller

Overview

The State of North Carolina's Integrated Information Network (NCIIN) is a web of interoperable networks capable of transmitting data, text, images, voice, and video to provide services for education, health, medicine, criminal justice, economic development, and government operations.

In addition, the state offers a wide range of other network services that are not strictly part of the state's interoperable network. These include a mainframe SNA computer network, X.25 data networks, and mobile data services.

The NCIIN is continually being enhanced to provide the capabilities for meeting customer needs with seamless migration both today and tomorrow.

The NCIIN is founded upon four principles:

- **Universal Service** - Network access to all parts of North Carolina.
- **Equalized Rates** - Same usage rates regardless of geographic location.
- **Shared Resources** - Elimination of duplication and assurance of interoperability.
- **Public/Private Partnership** - Capital outlay is made by the private sector and the usage base is provided by the state.

NCIIN Services

The North Carolina Office of the State Controller is developing a plan that will ultimately provide NCIIN access to every school system, community college, university, state agency, local agency, county, city, town, medical facility, and library across North Carolina.

The following services are available or planned through the NCIIN:

Low-cost dial-access service

This service will enable any governmental entity, such as a school, municipal government, or state agency with a personal computer and plain old telephone service to access a vast array of locations. These locations can be connected to the INTERNET, or to a North Carolina Information Highway (NCIH) location. With this service, a location can transmit records, electronic mail, or access databases. This service is provided through contracts with commercial providers at a rate of \$34 per

month (plus long distance charges in certain areas). Local governments, libraries, schools, and remote state agency locations are projected to be the primary users of this service.

ANCHOR NET

This service enables North Carolina state government's large computer systems and groups of personal computers to communicate locally, nationally, and internationally -- including across the INTERNET. This service is available at any location in the state for \$650 per month. State agencies are now using this service as the delivery mechanism for major initiatives such as the Integrated Tax Accounting System (ITAS) and the DHR ACTS project. County governments are beginning to use it as the primary vehicle for accessing state databases. It is a lower cost, lower capacity data-only alternative to full Information Highway capability. This network is designed so that any subscriber on this network should be able to migrate to full NCIH capabilities when those capabilities are required. This service is also referred to as the Wide Area Network (WAN).

North Carolina Information Highway

North Carolina is piloting broadband services as part of the NCIIN. In this project, North Carolina will provide state customers with an ATM/SONET broadband pipeline for high-speed data, voice, and video. By using Asynchronous Transfer Mode (ATM) and Synchronous Optical Network (SONET) technology, customers will have the NCIH's broadband capacity simultaneously and efficiently for teleconferencing, high-speed data access, distance learning, and multimedia applications, paying only for the bandwidth they use. This project will give North Carolina State Government entities the opportunity to document the advantages of broadband technology and discover ways to reorganize government operations to reduce overall costs.

Currently, the project status is as follows:

- The base rate for the NCIH is \$2992 per month for a network connection and \$23 per hour for video usage. Average startup costs for equipment and room renovations are approximately \$100,000 per site. Each site must also have a designated "site coordinator."
- One hundred and twenty-eight sites are in operation.
- Data communications services are available using cell relay technology at data rates ranging from 1.5MBPS to 155MBPS.

Summary of SIPS/STS Services to Local Governments and Other Non-State Entities

- 12 County Governments and 3 City Governments connected to the State's Wide Area Network

Alexander	Buncombe	Cabarrus	Catawba	Cleveland	Craven
Dare	Halifax	Orange	Stanley	Robeson	Wake
City of Asheville	City of Fayetteville	City of Durham			

- 6 Hospitals or Health Consortiums

Asheville	Hickory	Morganton	Winston-Salem	Wilmington	Wilson
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48 High, Middle, and Elementary Schools across the state

- 9 Computer Centers that are connected to the State Computer Center in Raleigh

Cumberland Co.	Guilford Co.	Mecklenburg Co.	New Hanover Co.	Pitt Co.
Wake Co.	East Carolina Univ.	Mecklenburg Co. Schools	NC State Univ.	

- 100 Counties use other STS Data and Voice Services

Alamance	Alexander	Alleghany	Anson	Ashe	Avery
Beaufort	Bertie	Bladen	Brunswick	Buncombe	Burke
Cabarrus	Caldwell	Camden	Carteret	Caswell	Catawba
Chatham	Cherokee	Chowan	Clay	Cleveland	Columbus
Craven	Cumberland	Currituck	Dare	Davidson	Davie
Duplin	Durham	Edgecombe	Forsyth	Franklin	Gaston
Gates	Graham	Granville	Greene	Guilford	Halifax
Harnett	Haywood	Henderson	Hertford	Hoke	Hyde
Iredell	Jackson	Johnston	Jones	Lee	Lenoir
Lincoln	Macon	Madison	Martin	McDowell	Mecklenburg
Mitchell	Montgomery	Moore	Nash	New Hanover	Northampton
Onslow	Orange	Pamlico	Pasquotank	Pender	Perquimans
Person	Pitt	Polk	Randolph	Richmond	Robeson
Rockingham	Rowan	Rutherford	Sampson	Scotland	Stanly
Stokes	Surry	Swain	Transylvania	Tyrrell	Union
Vance	Wake	Warren	Washington	Watauga	Wayne
Wilkes	Wilson	Yadkin	Yancey		

- 130 Municipalities use other STS Data and Voice Services

Aberdeen	Ahoskie	Albemarle	Anderson Creek	Apex	Asheboro
Asheville	Battleboro	Bay Leaf	Bay River	Benson	Boone
Bridgeton	Bryson City	Burgaw	Burlington	Burnsville	Cameron
Carolina Beach	Carrboro	Carthage	Cary	Chapel Hill	Charlotte
Clinton	Columbia	Concord	Davidson	Dunn	Durham
Eden	Edenton	Elizabeth City	Elkin	Elm City	Enfield
Fayetteville	Foxfire Village	Garland	Garner	Goldsboro	Graham
Greensboro	Greenville	Grifton	Henderson	Hertford	Hickory
High Point	Holden Beach	Holly Ridge	Hope Mills	Hot Springs	Hudson
Huntersville	Jacksonville	Jonesville	Kannapolis	Kenly	Kernersville
Kill Devil Hill	Kings Mountain	Kinston	Kitty Hawk	Lenoir	Lexington
Lillington	Lincolnton	Lumberton	Madison	Maggie Valley	Marion
Mocksville	Monroe	Moorestville	Morganton	Morrisville	Mountain Airy
Nags Head	New River	Newport	Newton-Conover	Oriental	Oxford
Pearce Mills	Pine Level	Pinebluff	Pinehurst	Pittsboro	Plymouth
Princeville	Raeford	Raleigh	Red Springs	Reidsville	Richlands
Roanoke Rapids	Rockingham	Rocky Mount	Roseboro	Rutherfordton	Seven Lakes

Sharpsburg	Shelby	Smithfield	Southern Pines	Spencer	Spout Spring
Statesville	Sunset Beach	Swansboro	Tabor City	Tarboro	Taylorville
Thomasville	Toe River	Topsail Beach	Wallace	Walnut Cove	Warsaw
Washington	Waynesville	Weldon	White Lake	Whiteville	Williamston
Wilmington	Wilson	Windsor	Winston-Salem	J	

- **30 other non-state government entities use other STS Data and Voice Services**

APO, Inc.	Campbell University	Central NC Regional Library
Charlotte Observer	Children Treatment Centers	Coastal Region
Electricities of NC, Inc.	Federal Highway Admin.	Foothill Area
Herald Sun Newspaper Library	Internal Revenue Service	Kaiser Permanente
Martin Enterprises	Micro Electronics	Mideast Commission
NC Assoc. of Co. Commissioners	NC National Guard	NCMA Foundation
Neuse Center	News & Observer	Northwest Piedmont
Northwestern Regional Library	One Step Further, Inc.	Piedmont Triad
State Health Insurance Plan	Tideland Area	Tom J. Keith & Associates
United States Attorney	US District Court	Western Piedmont

- **Approximately \$5.2 million in revenues were received from the above entities in calendar year 1996.**

INTERNAL SERVICE FUND - BUDGET CODE 74160**FUND 7225-NC INFORMATION HIGHWAY**

The North Carolina Information Highway area in State Telecommunications Services provides direction, training, guidance, and technical support for the implementation of advanced broadband technology through the state.

Major Initiatives for FY 1996-97

- ◆ Connect all community colleges to the NCIH to establish interconnected, statewide, geographically dispersed, multi-function video centers.
- ◆ Provide video gateways to other predominant communications technologies for expanded intra- and interstate video conferencing.
- ◆ Improve the process for scheduling video sessions.
- ◆ Continue holding regional meetings to increase awareness of the available North Carolina Integrated Information Network (NCIIN) communications services, and to solicit suggestions on new or improved services.
- ◆ Increase utilization of the NCIH.
- ◆ Install additional video sites.

	1995-96 ACTUAL	1996-97 AUTHORIZED	1997-98 RECOMMENDED	1998-99 RECOMMENDED
TOTAL REQUIREMENTS	\$4,648,904	\$7,991,289	\$7,991,680	\$7,991,841
RECEIPTS	\$5,041,201	\$7,991,289	\$7,991,680	\$7,991,841
FUND BALANCE	\$392,297	\$0	\$0	\$0
NUMBER OF POSITIONS	7.00	9.00	9.00	9.00

NORTH CAROLINA INFORMATION HIGHWAY
Summary Report As of January 26, 1997

OPERATIONAL STATUS:

The NCIH continues to develop by the implementation of additional data services, increased video network usage, and implementation of the remaining committed sites. There are now 128 operational sites, with another 5 sites pending installation. The breakdown is as follows: 54 video only, 71 video and data, and 3 high speed data only.

Network usage since the March reporting time frame:

- March, 1996 --1,291 sessions
- April, 1996----1,131 sessions
- May, 1996-----1,108 sessions
- June, 1996-----277 sessions (educational sites on summer vacation)
- July, 1996-----162 sessions (educational sites on summer vacation)
- August, 1996--660 sessions
- September, 1996--1261 sessions
- October, 1996-- 1634 sessions
- November, 1996--1216 sessions
- December, 1996--915 sessions

Network available:

- March--98%
- April--96%
- May--98%
- June--98%
- July--88% *
- August--97%
- September--99%
- October--99%
- November--99%
- December--98%

* During the month of July, a major switch outage occurred in the Greensboro area. We were able to continue service for the data networks with minor outages and lost 4 video sessions due to this outage. However, the outage is recorded as a total outage even if we were able to continue services with the proper back-up systems. Steps have been taken by the Quality Assurance Committee to insure a non-reoccurrence of this type of problems.

PRIORITY SCHEDULING:

Capacity limitations have driven the need for a new more effective scheduling policy. An advisory committee of NCIH users was appointed to make recommendations to the NCIH Policy Committee at their December meeting. The Office of the State Controller

adopted the Committee's policy and will be implementing it for the Spring '97 scheduling cycle. This policy allows for scheduling sessions up to two years in advance and will be submitted using a internet interface to the scheduler. This interface allows the user to see current and future sessions and allows them to check network resources before attempting to request a new session.

GENERAL ASSEMBLY CREDITS:

Monthly credits of up to \$4,000 are being provided to each of the 101 approved sites using the \$5.337 million appropriated by the General Assembly for FY 1996-97. Procedures for applying these credits have been developed and communicated to each site. The application of the monthly credits began with the August 1996 bills, for all of the 101 sites which were operational.

CAPACITY LIMITATIONS OF NCIH:

The capacity of the Inter-exchange facilities which provides NCIH sites with state wide access, is not sufficient to handle the current or projected activities. Utilizing the funds established by the General Assembly for FY 1996-97, the state is in the process of acquiring additional facilities.

INTEGRATION OF COMMUNICATION FACILITIES:

The state is continuing the integration of differing data communications facilitates into the NCIH network, where feasible and cost effective. The integration of network resources for all services will continue in the most cost effective and feasible scenario. Many innovations will occur in the near future with the continued development of new technologies and changing of the regulations of the communications providers.

RESERVE FUND ACCRUED FROM SAVINGS:

State Telecommunications Services identified and tracked savings created by utilizing the NCIH for hubing data communications services. Savings are reserved within State Telecommunications Services. It is important to point out that the amount of money appropriated for data hubs and the expansion of NCIH state wide coverage was not adequate for both purposes. Therefore, the initial capital and expense dollars used to fund the data hubs came from receipts.

New technology and new service offerings by our suppliers have caused changes in the dynamics of our original business case. STS negotiated contracts with Sprint Carolina Telephone and Bell South that reduce the state's requirement for capital investment as well as lower the cost of service.

REVIEW/RE-NEGOTIATION OF NCIH CONTRACTS:

In the original contracts, with the communications providers (Bell South, GTE, Sprint CT&T, and AT&T), a provision was included by OSC to review the specific charges for services, every two years. Two years has elapsed on these contracts and OSC has established a committee of users and technical advisors to conduct this process. The committee has met with each of the providers and presented a list of areas to be addressed in the state's re-negotiations. Each provider has been in the process of reviewing these items and the plans are for them to respond in early February. OSC will report on the progress as we proceed with this activity.

NORTH CAROLINA INFORMATION HIGHWAY
Summary Report of activities from July, 96 thru December 96

OPERATIONAL STATUS:

The NCIH continues to develop by the implementation of additional data services, increased video network usage, and implementation of the remaining committed sites. There are now 128 operational sites, with another 5 sites pending installation. The breakdown is as follows: **54 video only, 71 video and data, and 3 high speed data only.**

During the previous six month period, July 96 thru December 96, the statistics of usage of the NCIH video applications for Distance Learning and teleconference are: **5,848 total video sessions** which equates to approximately **26,316 of actual classroom instruction hours; an average of 4,386 classroom hours per month.**

SITES BY STATUS AND CLASSIFICATION

Operational Sites	
Classification	Number of Sites
Community Colleges	27
Corrections	1
Health Sites	13
High Schools	52
Libraries	1
Local Governments	3
NTIA MEDICAL	6
Special and State Agencies	12
Universities	13
Subtotal:	128
Developing Sites	
Classification	Number of Sites
Community Colleges	2
Corrections	1
Special and State Agencies	2
Subtotal:	5
Test-Bed Sites	
Classification	Number of Sites
TESTBED NETWORK	5
Subtotal:	5

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OPERATIONAL SITES BY CLASSIFICATION

NAME	CITY	CLASSIFICATION
Beaufort County Community College	Washington	COMCOL
Brunswick Community College	Supply	COMCOL
Cape Fear Community College	Wilmington	COMCOL
Cape Fear Community College Satellite	Burgaw	COMCOL
Catawba Valley Community College	Hickory	COMCOL
Central Piedmont Community College	Charlotte	COMCOL
Coastal Carolina Community College	Jacksonville	COMCOL
Edgecombe Community College	Tarboro	COMCOL
Fayetteville Tech. Community College	Fayetteville	COMCOL
Forsyth Tech. Community College	Winston Salem	COMCOL
Gaston College	Dallas	COMCOL
Guilford Tech Community College-Aviation	Greensboro	COMCOL
Guilford Tech Community College-High Point	High Point	COMCOL
Guilford Tech. Community College-Greensboro	Greensboro	COMCOL
Guilford Tech. Community College-Jamestown	Jamestown	COMCOL
Hit It - Haywood County	Waynesville	COMCOL
J.C. Price Complex	Greensboro	COMCOL
Lenoir Community College	Kinston	COMCOL
McDowell Tech Comm. College	Marion	COMCOL
Mitchell Community College	Statesville	COMCOL
Montgomery Community College	Troy	COMCOL
Pitt Community College	Greenville	COMCOL
Robeson Comm. College	Lumberton	COMCOL
Rowan Cabarrus CC - North	Salisbury	COMCOL
Rowan Cabarrus CC - South	Concord	COMCOL
Southeastern Community College	Whiteville	COMCOL
Southwestern Community College	Sylva	COMCOL
Pender Correctional Institution	Burgaw	CORR
Catawba Co. Health Dept.(DEHNR#2)	Hickory	HEALTH
Catawba Memorial Hospital	Hickory	HEALTH
Cumberland Co. Health Dpt. (DEHNR#4)	Fayetteville	HEALTH
Forsyth Memorial Hospital	Winston-Salem	HEALTH
Halifax Memorial Hospital (Ofc. Rural Hlth.)	Roanoke Rapids	HEALTH
Jackson Co. Health Department (DEHNR#3)	Sylva	HEALTH
New Hanover Med.Ctr./Coastal AHEC	Wilmington	HEALTH
Our Community Hospital (Ofc. Rural Hlth.)	Scotland Neck	HEALTH
PPCC District Health Department	Elizabeth City	HEALTH
Roanoke A./Hampton Woods (Office of Rural Health)	Jackson	HEALTH
UNC - Program on Aging (Ofc Rural Hlth.)	Chapel Hill	HEALTH
UNC - School Of Public Health	Chapel Hill	HEALTH
Wilson County Health Department, (DEHNR#5)	Wilson	HEALTH

OPERATIONAL SITES BY CLASSIFICATION

Andrews HS-High Point	High Point	HS
Bandys High	Catawba	HS
Bunker Hill High	Claremont	HS
Cape Hatteras School	Buxton	HS
Catawba Valley High	Hickory	HS
Columbia High School	Columbia	HS
Dudley High	Greensboro	HS
East Lincoln High	Denver	HS
East Mecklenburg High	Charlotte	HS
Eastern Guilford High	Gibsonville	HS
Fairmont High	Fairmont	HS
Fred T. Foard High	Newton	HS
Grimsley High	Greensboro	HS
Harding High	Charlotte	HS
Hickory High	Hickory	HS
High Point Central High	Highpoint	HS
Hillside High School	Durham	HS
Hoggard High	Wilmington	HS
Holmes High (Chowan County Board)	Edenton	HS
Laney High	Wilmington	HS
Lincoln County School of Technology	Lincolnton	HS
Lumberton Senior High	Lumberton	HS
Maiden High	Maiden	HS
Manteo High	Manteo	HS
Mattamuskeet High School	Swan Quarter	HS
New Hanover High	Wilmington	HS
North Mecklenburg High	Charlotte	HS
Northeast Guilford High	McLeansville	HS
Northern Nash High	Rocky Mt.	HS
Northwest Guilford High	Greensboro	HS
Page High	Greensboro	HS
Pender High	Burgaw	HS
Perquimans County Schools	Hertford	HS
Plymouth High	Plymouth	HS
Purnell Swett High	Pembroke	HS
Ragsdale High	Greensboro	HS
Red Springs High	Red Springs	HS
Rocky Mount Senior High	Rocky Mount	HS
Smith High	Greensboro	HS
South Robeson High	Rowland	HS
Southeast Guilford High	Greensboro	HS
Southern Guilford High	Greensboro	HS
Southern Nash Senior High	Bailey	HS
Southwest Guilford High	High Point	HS

OPERATIONAL SITES BY CLASSIFICATION

St. Pauls High	St Pauls	HS
St. Stephens High	Hickory	HS
Topsail High	Hampstead	HS
Washington High	Washington	HS
Weaver Education Center	Greensboro	HS
West Brunswick High	Shallotte	HS
West Lincoln High	Lincolnton	HS
Western Guilford High	Greensboro	HS
Charlotte/Meck Public Library	Charlotte	LIB
Catawba (County of)	Newton	LOGGOV
Durham (City of)	Durham	LOGGOV
Hickory-Newton Conover-MPO (WPCOG)	Hickory	LOGGOV
Bowman Gray School of Medicine (NTIA)	Winston-Salem	NTIA
Camp Legume USA marine base (NTIA)	JACKSONVILLE	NTIA
Duke University Medical Center (NTIA)	Durham	NTIA
East Carolina University Med. Ctr. (NTIA)	Greenville	NTIA
Pungo District Hospital (NTIA)	Belhaven	NTIA
Southeastern Regional Med. Ctr. (NTIA)	Lumberton	NTIA
Ctr. for Geo. Info. Analysis - Asheville	Asheville	SPEC
Department of Community Colleges	Raleigh	SPEC
Department of Public Instruction	Raleigh	SPEC
Div. of Emergency Mgmt./Agency for Public Telecom.	Raleigh	SPEC
Eastern NC School for the Deaf	Wilson	SPEC
MCNC - 5 Connections - #1	RTP	SPEC
MCNC - 5 Connections - #2	RTP	SPEC
NCDot/Gis	Raleigh	SPEC
New Horizons Center	Franklin	SPEC
SIPS (Ofc. of St. Controller)	Raleigh	SPEC
SIPS Data Network (WAN)	Raleigh	SPEC
UNC - General Administration	Chapel Hill	SPEC
Appalachian State University	Boone	UNIVER
ECU-Academic	Greenville	UNIVER
Elizabeth City State University	Elizabeth City	UNIVER
Fayetteville State University	Fayetteville	UNIVER
NC Central University	Durham	UNIVER
NC School of Science & Math	Durham	UNIVER
NC School of the Arts	Winston-Salem	UNIVER
UNC - Asheville	Asheville	UNIVER
UNC - Charlotte	Charlotte	UNIVER
UNC - Greensboro	Greensboro	UNIVER
UNC - Pembroke	Pembroke	UNIVER
UNC - Wilmington	Wilmington	UNIVER
Western Carolina University	Cullowhee	UNIVER

OPERATIONAL SITES BY NAME

NAME	CITY	CLASSIFICATION
Andrews HS-High Point	High Point	HS
Appalachian State University	Boone	UNIVER
Bandys High	Catawba	HS
Beaufort County Community College	Washington	COMCOL
Bowman Gray School of Medicine (NTIA)	Winston-Salem	NTIA
Brunswick Community College	Supply	COMCOL
Bunker Hill High	Claremont	HS
Camp Legume USA marine base (NTIA)	Jacksonville	NTIA
Cape Fear Community College	Wilmington	COMCOL
Cape Fear Community College Satellite	Burgaw	COMCOL
Cape Hatteras School	Buxton	HS
Catawba (County of)	Newton	LOGGOV
Catawba Co. Health Dept.(DEHNR#2)	Hickory	HEALTH
Catawba Memorial Hospital	Hickory	HEALTH
Catawba Valley Community College	Hickory	COMCOL
Catawba Valley High	Hickory	HS
Central Piedmont Community College	Charlotte	COMCOL
Charlotte/Meck Public Library	Charlotte	LIB
Coastal Carolina Community College	Jacksonville	COMCOL
Columbia High School	Columbia	HS
Ctr. for Geo. Info. Analysis - Asheville	Asheville	SPEC
Cumberland Co. Health Dpt. (DEHNR#4)	Fayetteville	HEALTH
Department of Community Colleges	Raleigh	SPEC
Department of Public Instruction	Raleigh	SPEC
Div.of Emergency Mgmt./Agency for Public Telecom.	Raleigh	SPEC
Dudley High	Greensboro	HS
Duke University Medical Center (NTIA)	Durham	NTIA
Durham (City of)	Durham	LOGGOV
East Carolina University Med. Ctr. (NTIA)	Greenville	NTIA
East Lincoln High	Denver	HS
East Mecklenburg High	Charlotte	HS
Eastern Guilford High	Gibsonville	HS
Eastern NC School for the Deaf	Wilson	SPEC
ECU-Academic	Greenville	UNIVER
Edgecombe Community College	Tarboro	COMCOL
Elizabeth City State University	Elizabeth City	UNIVER
Fairmont High	Fairmont	HS
Fayetteville State University	Fayetteville	UNIVER
Fayetteville Tech. Community College	Fayetteville	COMCOL
Forsyth Memorial Hospital	Winston-Salem	HEALTH
Forsyth Tech. Community College	Winston Salem	COMCOL

OPERATIONAL SITES BY NAME

Fred T. Foard High	Newton	HS
Gaston College	Dallas	COMCOL
Grimsley High	Greensboro	HS
Guilford Tech Community College-Aviation	Greensboro	COMCOL
Guilford Tech Community College-High Point	High Point	COMCOL
Guilford Tech. Community College-Greensboro	Greensboro	COMCOL
Guilford Tech. Community College-Jamestown	Jamestown	COMCOL
Halifax Memorial Hospital (Ofc. Rural Hlth.)	Roanoke Rapids	HEALTH
Harding High	Charlotte	HS
Hickory High	Hickory	HS
Hickory-Newton Conover-MPO (WPCOG)	Hickory	LOGOV
High Point Central High	Highpoint	HS
Hillside High School	Durham	HS
Hit It - Haywood County	Waynesville	COMCOL
Hoggard High	Wilmington	HS
Holmes High (Chowan County Board)	Edenton	HS
J.C. Price Complex	Greensboro	COMCOL
Jackson Co. Health Department (DEHNR#3)	Sylva	HEALTH
Laney High	Wilmington	HS
Lenoir Community College	Kinston	COMCOL
Lincoln County School of Technology	Lincolnton	HS
Lumberton Senior High	Lumberton	HS
Maiden High	Maiden	HS
Manteo High	Manteo	HS
Mattamuskeet High School	Swan Quarter	HS
McDowell Tech Comm. College	Marion	COMCOL
MCNC - 5 Connections - #1	RTP	SPEC
MCNC - 5 Connections - #2	RTP	SPEC
Mitchell Community College	Statesville	COMCOL
Montgomery Community College	Troy	COMCOL
NC Central University	Durham	UNIVER
NC School of Science & Math	Durham	UNIVER
NC School of the Arts	Winston-Salem	UNIVER
NCDot/Gis	Raleigh	SPEC
New Hanover High	Wilmington	HS
New Hanover Med.Ctr./Coastal AHEC	Wilmington	HEALTH
New Horizons Center	Franklin	SPEC
North Mecklenburg High	Charlotte	HS
Northeast Guilford High	McLeansville	HS
Northern Nash High	Rocky Mt.	HS
Northwest Guilford High	Greensboro	HS
Our Community Hospital (Ofc. Rural Hlth.)	Scotland Neck	HEALTH
Page High	Greensboro	HS
Pender Correctional Institution	Burgaw	CORR

OPERATIONAL SITES BY NAME

Pender High	Burgaw	HS
Perquimans County Schools	Hertford	HS
Pitt Community College	Greenville	COMCOL
Plymouth High	Plymouth	HS
PPCC District Health Department	Elizabeth City	HEALTH
Pungo District Hospital (NTIA)	Belhaven	NTIA
Purnell Swett High	Pembroke	HS
Ragsdale High	Greensboro	HS
Red Springs High	Red Springs	HS
Roanoke A./Hampton Woods (Office of Rural Health)	Jackson	HEALTH
Robeson Comm. College	Lumberton	COMCOL
Rocky Mount Senior High	Rocky Mount	HS
Rowan Cabarrus CC - North	Salisbury	COMCOL
Rowan Cabarrus CC - South	Concord	COMCOL
SIPS (Ofc. of St. Controller)	Raleigh	SPEC
SIPS Data Network (WAN)	Raleigh	SPEC
Smith High	Greensboro	HS
South Robeson High	Rowland	HS
Southeast Guilford High	Greensboro	HS
Southeastern Community College	Whiteville	COMCOL
Southeastern Regional Med. Ctr. (NTIA)	Lumberton	NTIA
Southern Guilford High	Greensboro	HS
Southern Nash Senior High	Bailey	HS
Southwest Guilford High	High Point	HS
Southwestern Community College	Sylva	COMCOL
St. Pauls High	St Pauls	HS
St. Stephens High	Hickory	HS
Topsail High	Hampstead	HS
UNC - Asheville	Asheville	UNIVER
UNC - Charlotte	Charlotte	UNIVER
UNC - General Administration	Chapel Hill	SPEC
UNC - Greensboro	Greensboro	UNIVER
UNC - Pembroke	Pembroke	UNIVER
UNC - Program on Aging (Ofc Rural Hlth.)	Chapel Hill	HEALTH
UNC - School Of Public Health	Chapel Hill	HEALTH
UNC - Wilmington	Wilmington	UNIVER
Washington High	Washington	HS
Weaver Education Center	Greensboro	HS
West Brunswick High	Shallotte	HS
West Lincoln High	Lincolnton	HS
Western Carolina University	Cullowhee	UNIVER
Western Guilford High	Greensboro	HS
Wilson County Health Department, (DEHNR#5)	Wilson	HEALTH

SITES BY COUNTY BY SITE NAME

County Name	NAME	CLASSIFICATION
Beaufort		
	Beaufort County Community College	COMCOL
	Pungo District Hospital (NTIA)	NTIA
	Washington High	HS
Brunswick		
	Brunswick Community College	COMCOL
	West Brunswick High	HS
Buncombe		
	Ctr. for Geo. Info. Analysis - Asheville	SPEC
	UNC - Asheville	UNIVER
Cabarrus		
	Rowan Cabarrus CC - North	COMCOL
Catawba		
	Bandys High	HS
	Bunker Hill High	HS
	Catawba (County of)	LOGGOV
	Catawba Co. Health Dept.(DEHNR#2)	HEALTH
	Catawba Memorial Hospital	HEALTH
	Catawba Valley Community College	COMCOL
	Catawba Valley High	HS
	Fred T. Foard High	HS
	Hickory High	HS
	Hickory-Newton Conover-MPO (WPCOG)	LOGGOV
	Maiden High	HS
	St. Stephens High	HS
Chowan		
	Holmes High (Chowan County Board)	HS
Columbus		
	Southeastern Community College	COMCOL
Cumberland		
	Cumberland Co. Health Dpt. (DEHNR#4)	HEALTH
	Fayetteville State University	UNIVER
	Fayetteville Tech. Community College	COMCOL
Dare		
	Cape Hatteras School	HS

SITES BY COUNTY BY SITE NAME

	Manteo High	HS
Durham		
	Duke University (Test-Bed Site)	TESTB
	Duke University Medical Center (NTIA)	NTIA
	Durham (City of)	LOGGOV
	Hillside High School	HS
	MCNC - 5 Connections - #1	SPEC
	MCNC - 5 Connections - #2	SPEC
	Microelectronics Center - #3 (MCNC Test-bed)	TESTB
	NC Central University	UNIVER
	NC School of Science & Math	UNIVER
Edgecombe		
	Edgecombe Community College	COMCOL
Forsyth		
	Bowman Gray School of Medicine (NTIA)	NTIA
	Forsyth Memorial Hospital	HEALTH
	Forsyth Tech. Community College	COMCOL
	NC School of the Arts	UNIVER
Gaston		
	Gaston College	COMCOL
Guilford		
	Andrews HS-High Point	HS
	Dudley High	HS
	Eastern Guilford High	HS
	Grimsley High	HS
	Guilford Tech Community College-Aviation	COMCOL
	Guilford Tech Community College-High Point	COMCOL
	Guilford Tech. Community College-Greensboro	COMCOL
	Guilford Tech. Community College-Jamestown	COMCOL
	High Point Central High	HS
	J.C. Price Complex	COMCOL
	Northeast Guilford High	HS
	Northwest Guilford High	HS
	Page High	HS
	Ragsdale High	HS
	Smith High	HS

SITES BY COUNTY BY SITE NAME

	Southeast Guilford High	HS
	Southern Guilford High	HS
	Southwest Guilford High	HS
	UNC - Greensboro	UNIVER
	Weaver Education Center	HS
	Western Guilford High	HS
Halifax		
	Halifax Memorial Hospital (Ofc. Rural Hlth.)	HEALTH
	Our Community Hospital (Ofc. Rural Hlth.)	HEALTH
Haywood		
	Hit It - Haywood County	COMCOL
Hyde		
	Mattamuskeet High School	HS
Iredell		
	Mitchell Community College	COMCOL
Jackson		
	Jackson Co. Health Department (DEHNR#3)	HEALTH
	Southwestern Community College	COMCOL
	Western Carolina University	UNIVER
Lenoir		
	Lenoir Community College	COMCOL
Lincoln		
	East Lincoln High	HS
	Lincoln County School of Technology	HS
	West Lincoln High	HS
Macon		
	New Horizons Center	SPEC
Martin		
	Martin Comm. College & NE TAC	COMCOL
McDowell		
	McDowell Tech Comm. College	COMCOL
Mecklenburg		
	Central Piedmont Community College	COMCOL
	Charlotte/Meck Public Library	LIB
	East Mecklenburg High	HS
	Harding High	HS
	North Mecklenburg High	HS
	UNC - Charlotte	UNIVER

SITES BY COUNTY BY SITE NAME

Montgomery		
	Montgomery Community College	COMCOL
	Southern Correctional Institution	CORR
Nash		
	Northern Nash High	HS
	Rocky Mount Senior High	HS
	Southern Nash Senior High	HS
New Hanover		
	Cape Fear Community College	COMCOL
	Hoggard High	HS
	Laney High	HS
	New Hanover High	HS
	New Hanover Med.Ctr./Coastal AHEC	HEALTH
	UNC - Wilmington	UNIVER
Northampton		
	Roanoke A./Hampton Woods (Office of Rural Health)	HEALTH
Onslow		
	Camp Legume USA marine base (NTIA)	NTIA
	Coastal Carolina Community College	COMCOL
Orange		
	UNC - Chapel Hill (Test-Bed Site)	TESTB
	UNC - General Administration	SPEC
	UNC - Program on Aging (Ofc Rural Hlth.)	HEALTH
	UNC - School Of Public Health	HEALTH
Pasquotank		
	Elizabeth City State University	UNIVER
	PPCC District Health Department	HEALTH
Pender		
	Cape Fear Community College Satellite	COMCOL
	Pender Correctional Institution	CORR
	Pender High	HS
	Topsail High	HS
Perquimans		
	Perquimans County Schools	HS
Pitt		
	East Carolina University Med. Ctr. (NTIA)	NTIA
	ECU-Academic	UNIVER

SITES BY COUNTY BY SITE NAME

	Pitt Community College	COMCOL
Robeson		
	Fairmont High	HS
	Lumberton Senior High	HS
	Purnell Swett High	HS
	Red Springs High	HS
	Robeson Comm. College	COMCOL
	South Robeson High	HS
	Southeastern Regional Med. Ctr. (NTIA)	NTIA
	St. Pauls High	HS
	UNC - Pembroke	UNIVER
Rowan		
	Rowan Cabarrus CC - South	COMCOL
Tyrrell		
	Columbia High School	HS
Vance		
	Vance-Granville Comm. College	COMCOL
Wake		
	Controllers Office (Bush Street)	SPEC
	Ctr. for Geo. Info. Analysis - Raleigh	SPEC
	Department of Community Colleges	SPEC
	Department of Public Instruction	SPEC
	Div. of Emergency Mgmt./Agency for Public Telecom.	SPEC
	NC History Museum (Dept. Cult. Resources)	SPEC
	NCDot/Gis	SPEC
	NCSU (Test-Bed Site)	TESTB
	SIPS (Ofc. of St. Controller)	SPEC
	SIPS Network (TestBed)	TESTB
	SIPS Data Network (WAN)	SPEC
Washington		
	Plymouth High	HS
Watauga		
	Appalachian State University	UNIVER
Wilson		
	Eastern NC School for the Deaf	SPEC
	Wilson County Health Department, (DEHNR#5)	HEALTH

DEVELOPING SITES BY CLASSIFICATION

NAME	CITY	CLASSIFICATION
Martin Comm. College & NE TAC	Williamston	COMCOL
Vance-Granville Comm. College	Henderson	COMCOL
Southern Correctional Institution	Troy	CORR
Controllers Office (Bush Street)	Raleigh	SPEC
Ctr. for Geo. Info. Analysis - Raleigh	Raleigh	SPEC
NC History Museum (Dept. Cult. Resources)	Raleigh	SPEC

DEVELOPING SITES BY NAME

NAME	CLASSIFICATION	CITY
Ctr. for Geo. Info. Analysis - Raleigh	Raleigh	SPEC
Martin Comm. College & NE TAC	Williamston	COMCOL
NC History Museum (Dept. Cult. Resources)	Raleigh	SPEC
Southern Correctional Institution	Troy	CORR
Vance-Granville Comm. College	Henderson	COMCOL

TESTBED SITES BY NAME

NAME	CITY	CLASSIFICATION
Duke University (Test-Bed Site)	Durham	TESTB
Microelectronics Center - #3 (MCNC Test-bed)	RTP	TESTB
NCSU (Test-Bed Site)	Raleigh	TESTB
SIPS Network (TestBed)	Raleigh	TESTB
UNC - Chapel Hill (Test-Bed Site)	Chapel Hill	TESTB

INTERNAL SERVICE FUND - BUDGET CODE 74160

FUND 7228-APPLICATIONS DEVELOPMENT SERVICES

Applications Development Services (ADS) provides SIPS clients with quality, cost-effective, automated system solutions to their legislated responsibilities, while providing an environment that fosters a culture of learning and personal growth for employees. ADS utilizes the delivery system potential in the computer system platforms and data and voice networks provided by the other sections in SIPS (DCS, CCS, and STS).

Major Initiatives for FY 1996-97

- ◆ Refocus ADS activities to place more emphasis on "development" rather than "maintenance," and balance the use of contractual services as appropriate.
- ◆ Improve project management and technical skills through active participation in an IRMS-wide technical skills assessment.
- ◆ Provide ongoing staff training in client/server development while focusing on re-engineering and design concepts.
- ◆ Select and implement new project management tools and standards.
- ◆ Develop production turnover standards for ADS.
- ◆ Complete the ADS Endeavor implementation.
- ◆ Customizing Vantive for client help desks.
- ◆ Evaluate the next generation of client/server tools,
- ◆ Select a full complement of developer tools that includes UNIX, modeling, testing, and Internet development.
- ◆ Provide application support for the pilot of a new imaging service consistent with the state IRM imaging architecture utilizing open systems standards.
- ◆ Provide application and database administration support for middleware / DCE implementation.

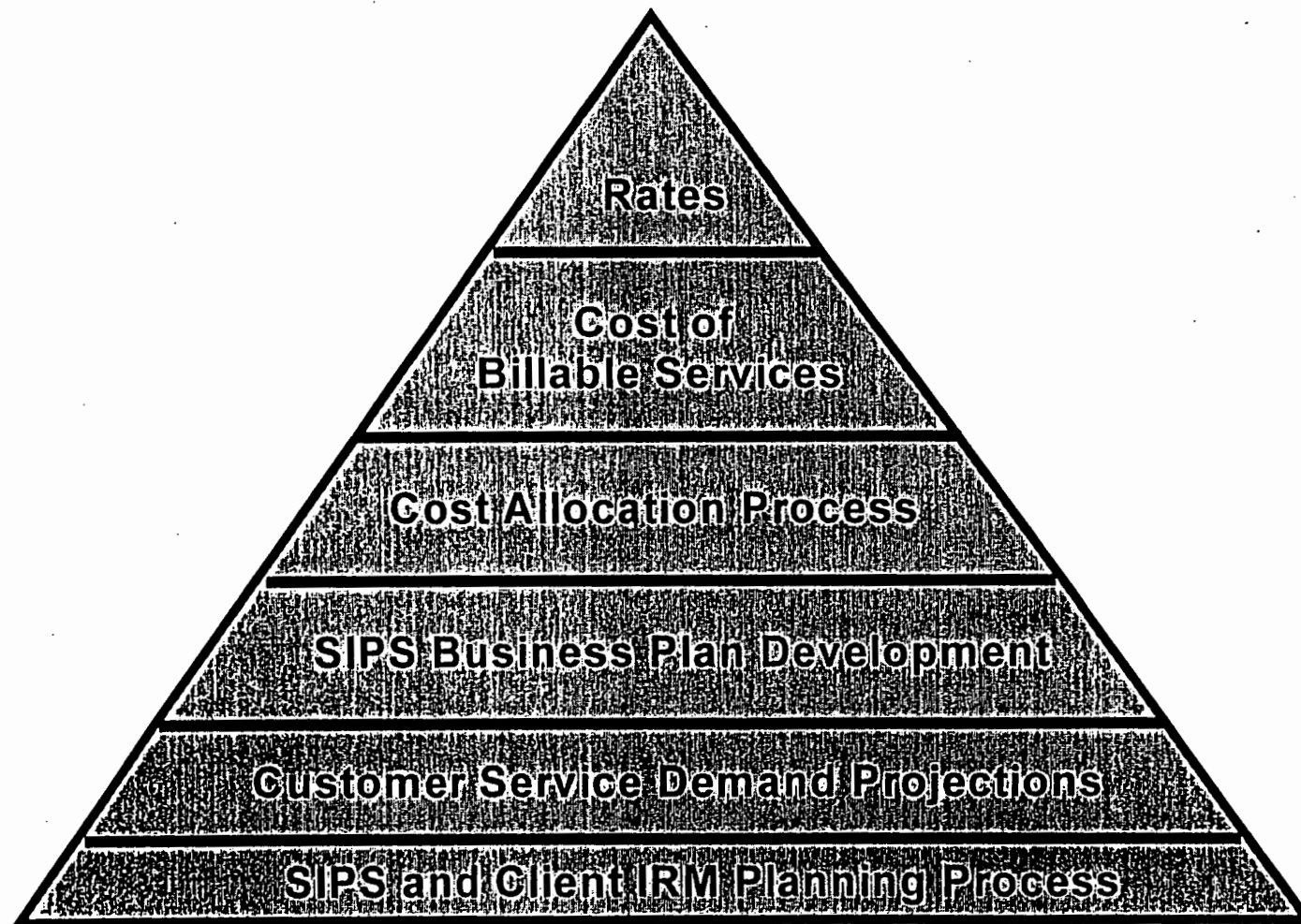
Complete the planning for the Year 2000 conversion effort, and begin converting critical applications. Develop a framework for public information delivery to ADS clients.

- ◆ Support the implementation of the new financial billing system for STS.
- ◆ Perform the annual independent review of ADS costs and services.

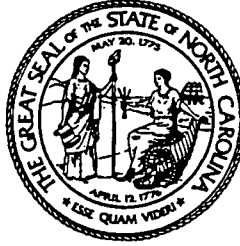
	1995-96 ACTUAL	1996-97 AUTHORIZED	1997-98 RECOMMENDED	1998-99 RECOMMENDED
TOTAL REQUIREMENTS	\$4,289,583	\$6,457,136	\$6,466,769	\$6,473,977
RECEIPTS	\$3,745,637	\$7,168,635	\$6,466,769	\$6,473,977
FUND BALANCE	(\$543,946)	\$711,499	\$0	\$0
NUMBER OF POSITIONS	51.00	62.00	62.00	62.00

SIPS Rate Schedules

SIPS Rate Development Process



OSC 129



FY 1996-97 SIPS Rate Schedules

(Effective July 1, 1996)

Centralized Computing Services				
Rate Code	Category	Description	Rate	Per
	CPU Batch	Processor	5.50	CPU Minute
	CPU On-line	CICS	24.00	CPU Minute
		IMS	24.00	CPU Minute
		TSO	24.00	CPU Minute
		ROSCOE	24.00	CPU Minute
	UNIX Servers	CPU	0.22	CPU Minute
		Storage	0.13	MB/Month
		Server Technical Support	1,000.00	Server/Month
	Storage	Disk, Public	0.007	MB/Day
		Disk, Private	0.1825	MB/Month
		Tape, HSM	0.003	MB/Day
		Tape Mounts	2.65	Each
		Tape Days	0.06	Tape/Day
		Optical On-Line	0.1900	MB/Mo
		Optical Off-Line	0.0150	MB/Mo
	Off-Site Storage	Forms (climate control)	216.00	Mo/100 cu. ft.
		Forms	80.00	Mo/100 cu. ft.
	Printing	Laser 3900 (at SIPS)	0.04	8.5"x11" page
		Impact printing (at SIPS)	1.00	1000 lines
		Client Site	no charge	n/a

Table 1. Centralized Computing Services Rate Schedule for FY 1996-97 (Page 1 of 2)

Centralized Computing Services				
Rate Code	Category	Description	Rate	Per
	Special Services	DISOSS Office Automation	8.00	User/Mo
		AP Newswire	8.00	User/Mo
	Microfiche	Original	0.60	Copy
		Duplicate	0.07	Copy
	16mm Film	Original	0.02	Frame
		Duplicate	0.0025	Frame
	Supplies	1-Part Paper	19.50	Case
		3-Part Paper	24.50	Case
		1-Part White	24.00	Case
		1-Part Narrow	12.00	Case
		1-Part Narrow Pink	18.40	Case
		3-Part Narrow	19.50	Case
		Laser 3900	15.00	Case
		Labels	12.00	Case
		3-Wide Labels	22.50	Case
	Labor Rates	Off-Line Operator	11.50	Hour

Table 1. Centralized Computing Services Rate Schedule for FY 1996-97 (Page 2 of 2)

State Telecommunications Services				
Rate Code	Category	Description	Rate	Per
Line Rates				
		<i>Single Line:</i>		
		Southern Bell	20.50	Line/Mo
		GTE	24.00	Line/Mo
		CTT	20.50	Line/Mo
		<i>Network Access Lines:</i>		
		Southern Bell	26.50	Line/Mo
		GTE	26.50	Line/Mo
		CTT	26.50	Line/Mo
		<i>Key System:</i>		
		Southern Bell	23.00	Line/Mo
		GTE	27.50	Line/Mo
		CTT	23.00	Line/Mo
		<i>PBX:</i>		
		Southern Bell	65.00	Line/Mo
		GTE	65.00	Line/Mo
		CTT	65.00	Line/Mo
Moves and Changes				
		<i>Installations and Repairs:</i>		
		Merlin and Single Line	45.00	Hour
		Toshiba	70.00	Hour
		<i>Cabling and Wiring:</i>		
		Work Units	Cost	Cost
		Time	40.00	Hour
		Materials	Cost	Cost
Voice Mail				
		Voice Mail	4.50	Box/Mo.
		Voice Mail - Extended	6.50	Box/Mo.
		Voice Mail - Extra	9.00	Box/Mo.
		InfoBox	3.50	Box/Mo.
		Auto Attendant	0.06	Minute
		Fax Mail	2.00	Box/Mo.
Voice Response				
		Mail Box	4.50	Box/Mo.
		Applications	0.18	Minute

Table 2. State Telecommunications Services Rate Schedule for FY 1996-97 (Page 1 of 4)

State Telecommunications Services

Rate Code	Category	Description	Rate	Per
Computer Data Network				
	SNA	SNA Logical Units	9.00	Port/Mo.
		<i>Client-Owned Control Units:</i>		
		9.6 Kbps Circuit	137.00	Circuit/Mo.
		Above 9.6 Kbps Circuit	193.00	Circuit/Mo.
		<i>SIPS-Owned Control Units:</i>		
		DHR Transfers	20.00	port/Mo.
		DHR (SIPS-purchased)	29.00	port/Mo.
		DOT (SIPS-purchased)	30.00	port/Mo.
		All Others	15.00	port/Mo.
		<i>Point-to-Point:</i>		
		Installation	1,200.00	One-time
		DSU Maintenance	6.00	Month
		Dedicated Communications Line	Cost	Circuit Cost
Wide Area Network (WAN)				
		Installation	Cost	One-time
		<i>56 KB Circuit</i>		
		Primary Access	650.00	LAN/Mo.
		Multiple LAN	250.00	LAN/Mo.
		Community Network Setup	200.00	One-time/LAN Seg.
		Community Network Service	25.00	LAN Seg./Mo.
		<i>More than 56 KB Circuit</i>	Cost	Circuit Cost
		<i>NCIH WAN:</i>		
		Client-provided router & DSU	240.00	LAN/Mo.
		STS-provided router & DSU	400.00	LAN/Mo.
		10 MB	400.00	LAN/Mo.
		Multiple LAN	250.00	LAN/Mo.
	Dial-Up	IP Service	34.00	
	AAMVAnet	Network Service	Cost	Cost per Unit

Table 2. State Telecommunications Services Rate Schedule for FY 1996-97 (Page 2 of 4)

State Telecommunications Services				
Rate Code	Category	Description	Rate	Per
Packet Switch (X.25)				
		<i>Monthly Service:</i>		
		Host Circuits	350.00	Circuit/Mo.
		Host Traffic Kilo Seg.	1.13	Kilo Seg.
		Local Dial-Up Minute	0.04	Minute
		Local Dial-Up Kilo Seg.	1.45	Kilo Seg.
		I-800	0.13	Minute
		Network Userids & Passwords	1.00	ID/Mo.
		<i>One-Time</i>		
		Userids and Passwords	5.00	One-time
		SIM/PC Software Copies	185.00	One-time
Transport Services				
Long Distance				
		<i>State Voice Network:</i>		
		Intra-State	0.08	Minute
		Triangle / Triad	0.075	Minute
		Interstate	0.08	Minute
		Toll	Tariff	Minute
		LD Off-Shore	Tariff	Minute
		International	Tariff	Minute
		<i>I-800 Service:</i>		
		Switched	0.15	Minute
		Dedicated	0.10	Minute
		<i>I-700 State Virtual Network:</i>		
		Intra-State	0.14	Minute
		Interstate	0.16	Minute
		International	Tariff	Minute
		<i>Credit Card</i>		
		Intra-State	0.20	Minute
		Interstate	0.25	Minute
		International	Tariff	Minute

Table 2. State Telecommunications Services Rate Schedule for FY 1996-97 (Page 3 of 4)

State Telecommunications Services				
Rate Code	Category	Description	Rate	Per
	Wireless			
	Cellular	Base rate	16.00	Month
		Long Distance Use	0.15	Min. (+ airtime)
		Air-time rates:		
		0 to 60 minutes	free	Minute
		61 to 100 minutes	0.30	Minute
		101 to 150 minutes	0.27	Minute
		151 to 200 minutes	0.22	Minute
		201 to 250 minutes	0.17	Minute
		251 and greater	0.15	Minute
		<i>Note: Rate for airtime to be determined by level of usage.</i>		
	Pagers	Numeric Statewide (limited coverage)	4.00	Month
		Alpha-numeric Statewide (limited coverage)	7.50	Month
		Voice Mail Retention Option	0.75	Month
		Voice Mail Option	3.50	Month
		800# for Pager	3.50	Month
		Statewide Rural Numeric (Extended Coverage)	6.50	Month
		Statewide Alpha (Extended Coverage)	16.50	Month

Table 2. State Telecommunications Services Rate Schedule for FY 1996-97 (Page 4 of 4)

North Carolina Information Highway				
Rate Code	Category	Description	Rate	Per
Video Classroom				
		Service Multiplexor	35,000.00	One-time
		Premise Equipment	60,000.00	One-time
		Codec	10,100.00	One-time
		Room Renovations	2,500.00	One-time
		Line Installation	1,000.00	One-time
		Service Installation	2,295.00	One-time
Monthly Service				
		NCIH Connection	2,992.00	Month
		Video Usage Charges	23.00	Hour
Intra LATA PVC				
		1.5 MBS	20.85	Month
		1.5 - 16 MBS	41.17	Month
		16 - 30 MBS	82.34	Month
		30 - 34 MBS	390.00	Month
		34 - 40 MBS	459.00	Month
		40 - 45 MBS	516.00	Month
Inter LATA PVC (one end in Raleigh)				
		1.5 MBS	159.00	Month
		10 MBS	1,262.34	Month
		20 MBS	2,524.36	Month
		40 MBS	5,637.10	Month
Inter LATA PVC (no end in Raleigh)				
		1.5 MBS	297.76	Month
		10 MBS	2,483.51	Month
		20 MBS	4,967.00	Month
		40 MBS	10,815.65	Month
Ongoing Charges				
		Personnel	Cost	Hour
		Training	Cost	Day
		Base Rate for Video Service	***	Month
		Hours of Usage	***	Hour
*** Rates subject to change pending General Assembly actions.				

Table 3. North Carolina Information Highway Rate Schedule for FY 1996-97

Applications Development Services				
Rate Code	Category	Description	Rate	Per
		Director	72.00	Hour
		Project Manager	67.00	Hour
		Quality Assurance Specialist	65.00	Hour
		Application Programmer	62.00	Hour
		Senior Systems Analyst	60.00	Hour
		Database Analyst	60.00	Hour
		Systems Analyst	58.00	Hour
		Analyst Programmer	55.00	Hour
		Programmer	48.50	Hour
		Clerical Support	25.00	Hour

Table 4. Applications Development Services Rate Schedule for FY 1996-1997

Distributed Computing Services				
Rate Code	Category	Description	Rate	Per
Systems Integration Services				
	LAN Support	Class A Svc, Network Adapter	100.00	Year
	Internet Services	Internet Mailing List	25.00	List
		Internet Home Page	25.00	Month
	Integration Services	Network Product Technician	48.50	Hour
		LAN Administrator	48.50	Hour
		PC Production Technician	48.50	Hour
		Systems Integrator	55.00	Hour
		Requirements Analyst	60.00	Hour
		Senior Systems Integrator	60.00	Hour
		Project Manager	67.00	Hour
		Clerical Support	25.00	Hour
Miscellaneous Services				
	Voice and Training Facilities	Training Room	210.00	Day
		Video Conference Room (general use)	210.00	Day
		Video Conference Facilities	75.00	Hour

Table 5. Distributed Computing Services Rate Schedule for FY 1996-97

Positioning For the 21st Century

**Financial Accountability
and
Information Resource Management**

July, 1996

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Positioning for the 21st Century

What a difference 10 years can make. . .

Just a decade ago, for example, only a few of us had heard of the Internet; now, 25 million Americans log on daily.

Just a decade ago, North Carolina became the last state in the nation to create a controller position; today, the Office of the State Controller has a critical role in positioning the state's financial and technological resources for the 21st century.

Just a decade ago, our state was unable to comply with the Generally Accepted Accounting Principles established by the Governmental Accounting Standards Board; for fiscal years ending 1994 and 1995, we received the Certificate of Achievement for Excellence in Financial Reporting.

The Controller's Office is proud of our accomplishments and want our customers—the state's elected officials, public managers and citizens—to know about them. That's why we wrote this summary report.

Since our goal is to make such information more accessible and understandable, we have deliberately left out the technical terms, jargon and acronyms generally associated with public finance and information technology. For those interested in more detailed information, additional documentation is available from our office.

North Carolina's Financial Functions

To appreciate our progress, it's necessary to have a basic understanding of what the Office of the State Controller does and how our office fits into the larger picture of state government. At the simplest level, the state manages four basic financial functions:

Budgeting. As director of the budget, the Governor delegates management responsibility to an appointed chief budget officer. The budget officer tracks economic and other trends to project revenues and expenditures and prepare a budget, which reflects the priorities established by the Governor.

Banking and investing. The State Treasurer is elected to serve as the state's banker and investment officer. In this position, he or she is responsible for the state's banking function, managing the state and local government's public bond indebtedness, managing the retirement fund, and investing funds to get the highest return.

Auditing. A post-audit of the state's financial statements is conducted by the elected State Auditor. To conduct such an audit, the Auditor must meet clearly defined standards for independence.

Accounting. This is where the Office of State Controller fits in. The State Controller is appointed by the Governor, and confirmed by the General Assembly, for a seven-year term as the state's chief financial officer. In that role, the Controller is responsible for prescribing a uniform state accounting system and for preparing financial statements in accordance with Generally Accepted Accounting Principles.

In other words, the Office of the State Controller translates the state's budget into action. We manage all disbursement functions, assuring that no department spends monies without the proper allotments. This includes:

- Charting the state's cash flow
- Translating volumes of data into "decision-useful" information
- Tracking fluctuations to identify trends and signals
- Providing information to help the Governor keep the budget in balance, as required by law

North Carolina's Information Resource Management

The Office of the State Controller also has responsibility for the management and operation of the state's shared technology resources for the executive branch of state government. In 1992, the Legislature established the Information Resource Management Commission in this office. The IRMC, as it is more commonly known, has authority for management oversight of the state's information technology (see "Appendix A - The Information Resource Management Commission" on page 28 for a list of the current IRMC members).

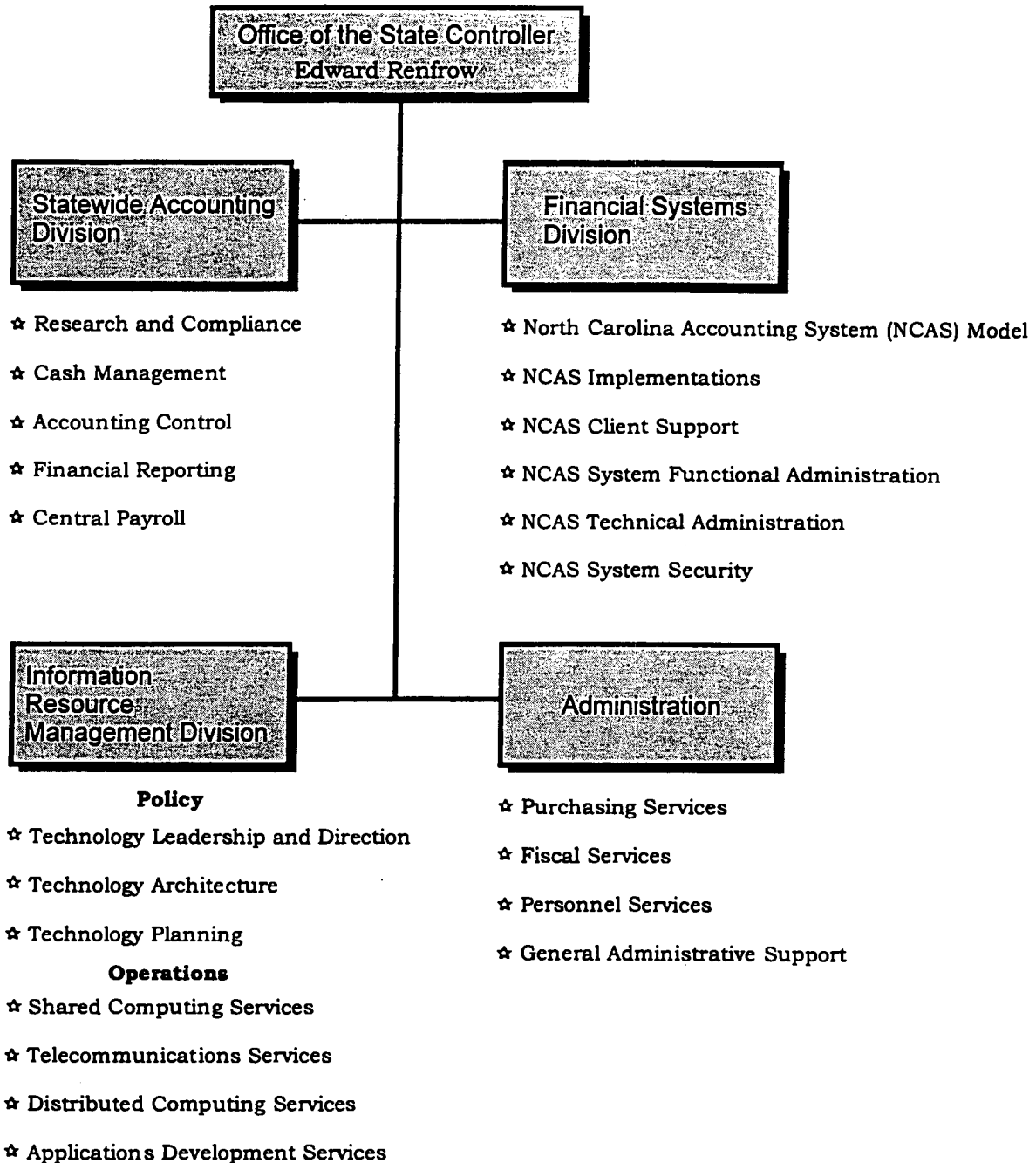


Exhibit 1: The Office of the State Controller Organizational Chart

The financial and technical sides of our operation are more closely related than it might appear at first glance, and are becoming more so every day. How?

Both are critical for the state. North Carolina state government simply cannot function without an operational and effective accounting system or technology infrastructure.

Both require a statewide perspective. The Controller's Office has to be visionary in looking at the state and managing key operations.

Both demand the highest professional standards. There is no room for error: the Controller's Office must provide a professional setting in which both accounting and technology are done right.

Financial Accountability

With annual revenues of \$18 billion, North Carolina state government is a huge business. If the state were a private institution, it would rank right near the top of the nation's Fortune 500 companies. But in terms of accounting, it is even more complex, due to the variety of fund types and cost centers.

Our success is reflected in the award of the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our CAFR continues to conform to the Certificate of Achievement program requirements and we will be submitting our CAFR for the current year to the GFOA.

We are just as proud of our record in implementing the recommendations of the Government Performance Audit Committee, a statewide reinvention study commissioned by the General Assembly. The Office of the State Controller has already implemented the Committee's 1992

recommendations for cutting costs and improving services in every area not requiring statutory change.

Specifically, the Office of the State Controller is enhancing financial accountability by:

1. Implementing a new statewide accounting system that positions the state well for the 21st century.

Last year, the Controller's Office installed a new on-line, real-time accounting system that will allow the state to restructure the way it does business. Eventually, it will stabilize the costs of accounting, which have been growing exponentially compared to the state's budget.

The North Carolina Accounting System provides a consolidated financial system, which eliminates the need for many individual business systems in each agency. As a result, time-consuming and costly activities such as system definition, training, technical support and system modifications can be done just once, rather than multiple times. Roughly 3,300 people have been brought up on the new system this year; a total of 9,000 will be connected by the end of 1997.

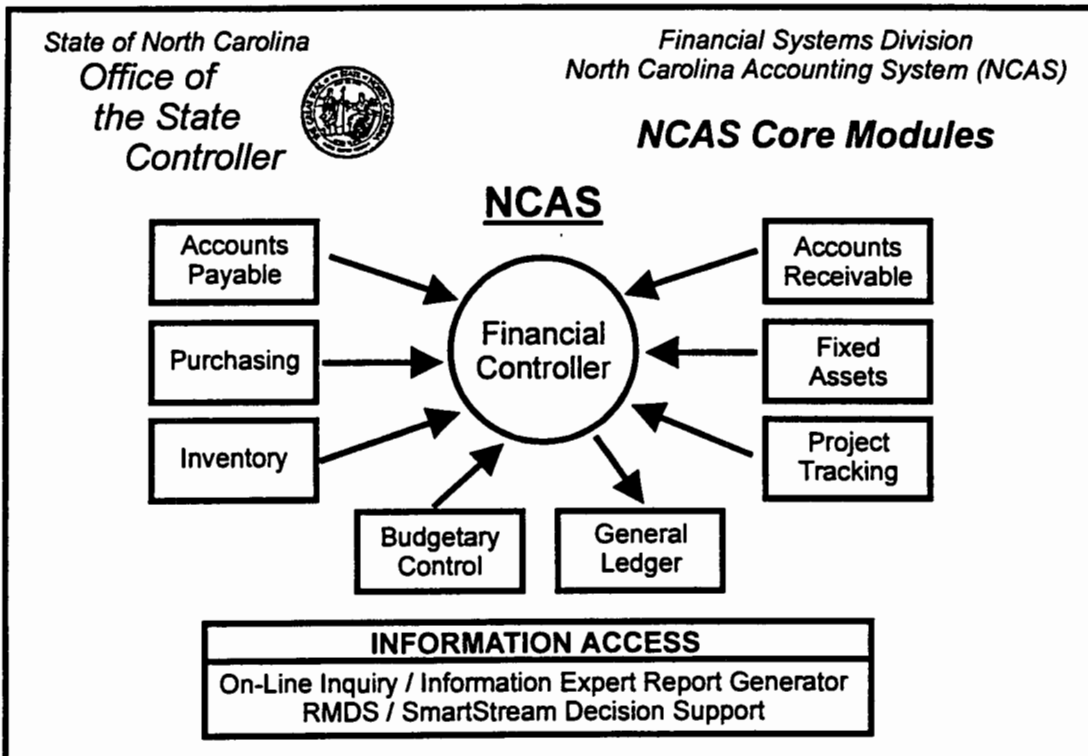


Exhibit 2: The North Carolina Accounting System Improves Business Processes

What the North Carolina Accounting System does is build a bridge to the 21st century. It helps the state's managers do their jobs better by providing improved financial controls, including:

- Standard accounting policies and procedures
- A uniform chart of accounts
- More robust information collection systems
- More effective procurement processes
- More effective automated information access and reporting tools

2. Improving management access to financial information.

In addition to enhancing the statewide business environment, the North Carolina Accounting System results in more consistent and useful reports to the state's decision-makers.

Users, legislators and public managers are particularly enthusiastic about our SmartStream Decision Support System, which provides a clear, simple and attractive interface to voluminous accounting information. Through SmartStream, the Office of the State Controller can respond to requests for information in a timely way: reports that used to require 60 days to prepare can now be accessed the same day!

Since this effort is the first in state government to use open distributed technology, we have backed up all systems with extensive training and support. Computer-based training on systems and documentation is offered on-line and updated continually. Policies and procedures thus stay current, replacing volumes of printed manuals.

For the General Assembly, this means members or staff can key into the database and get needed information immediately. For the agencies, it places additional pressure to operate efficiently, since information can be accessed at any time. For citizens, it adds up to savings of time and money.

3. Achieving economies of scale and setting the stage for further cost savings.

The new accounting system provides significant economies of scale by centralizing functions including the help desk, trade vendor files,

commodity files, security policies and procedures, and disaster recovery management. Centralization of this kind eliminates redundant activity in different departments and agencies, improves the quality of the information and reduces the costs of providing this information.

However, the greatest fiscal impact of the system is the opportunity it provides for continued growth of the state's financial environment. By establishing an automated, common platform from which critical financial information can be derived, the North Carolina Accounting System provides a foundation for integration of other financial systems.

It is difficult to estimate the system's potential cost impact, since it depends on the steps agencies take to realign the organization, readjust staffing and use the system's capabilities. However, the estimated one-time cost avoidance of implementing a single system, rather than an agency-by-agency implementation, is estimated at over \$42 million. We estimate that the system can provide \$20 million in annual cost savings and cost avoidance by taking advantage of all of its benefits.

4. Publishing a Comprehensive Annual Financial Report (CAFR) before December 31, with a clean audit opinion.

Enhancements to the financial accounting system made over the last three years allowed a smoother transition from the annual cash accounting basis to the required Generally Accepted Accounting Principles. This shift enabled the Office of the State Controller to publish a Comprehensive Annual Financial Report (CAFR) before December 31 for fiscal year 1994.

Our CAFRs for fiscal years ending 1994 and 1995 were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our CAFR continues to conform to the Certificate of Achievement

program requirements and we will be submitting our CAFR for the current year to the GFOA.

5. Reorganizing accounting operations to reduce costs.

Merging two divisions of the Office of State Controller—Agency Accounting Services and State Accounting System—into one division with a single director improved services and reduced costs. Now financial support to state agencies is more focused, and the office saves approximately \$90,000 annually by abolishing a redundant management position.

At the same time, we were able to eliminate two clerical positions, for an annual savings of approximately \$50,000.

6. Implementing a Statewide Accounts Receivable Program (SARP).

The Office of the State Controller is in the process of fulfilling a General Assembly mandate for establishing a Statewide Accounts Receivable Program, including defining policies and procedures, debtor information requirements, debt setoff collection policies and reporting requirements.

Our review of agency accounts receivable found inconsistent policies and procedures and a number of manual systems. To bring order to the process, we have revised policies and procedures in coordination with the Attorney General, central managers and agency fiscal staff. This information has been published in both printed and electronic form.

As this report went to press, our office was completing work to develop the statewide accounts receivable model as part of the new accounting system. We believe this effort will help the state maximize collection of past-due accounts receivable.

7. Enhancing administrative functions.

Administrative functions of the Office of the State Controller support both our financial and information technology responsibilities. The more we streamline and update these services, the better we can accomplish our mission.

Toward that end, we have recently:

- Consolidated administrative activity—including purchasing, facilities management, warehousing, mail services, motor

vehicle administration, technical writing, graphics support and receptionist/telephone operators—in an administrative services section, as of November 1994

- Developed and published an Administrative Procedures Manual, distributed to all staff in the Office of the State Controller in early 1995; issued an on-line version in June 1996
- Developed a comprehensive business plan for the State Information Processing Services (SIPS), as described later in this report

Information Resource Management

When it comes to information technology, the Office of the State Controller is focused on making sure the state has the right equipment to conduct the business of government effectively and efficiently. It is a tall order. Technology is changing so rapidly, we must continually envision what tomorrow will look like, even as we are busy providing services today.

On the policy side of the organization, then, the Information Resource Management (IRM) group, working with the Information Resource Management Commission (IRMC), is responsible for providing strategic direction so the state can deploy technology as a whole, rather than as a collection of individual units. Our objectives are three-fold:

- To develop a clear technical architecture that can be used by all the parties in deploying technology wisely
- To establish a planning process to assure that we link our technology strategy to our business strategy
- To provide a quality assurance program that will maximize the value of the state's limited technology resources

On the operations side, State Information Processing Services (SIPS) exists to provide shared computer resources for the state. Our job is to maximize those resources—and a recently completed benchmarking study shows that our operations compare "very favorably" with the best-run technology operations in the country. We are also working to leverage the state's buying power in a shared environment, following the example of the private sector.

The focus here is on:

- Providing a state-of-the-art shared computing service for governmental entities
- Establishing the North Carolina Integrated Information Network (NCIIN) to meet the state's communications needs
- Developing operations to effectively implement new and emerging technologies

Recent steps taken by the Office of the State Controller are helping the state better manage its critical information resources by:

1. Providing executive leadership in information technology, as well as support for the Information Resource Management Commission (IRMC).

Based on the 1992 recommendation of the Government Performance Audit Committee, the Office of the State Controller established a new position of Deputy State Controller for Information Resource Management. This position provides a single focus for developing technology policy and for providing services to state government customers.

The Deputy State Controller for Information Resource Management also serves as a liaison for the IRMC, a statutory body that sets policy for computing, telecommunications and information sharing in the executive branch.

2. Developing a comprehensive business plan.

The Office of the State Controller developed a new comprehensive business planning process for SIPS, including a Demand Projection System—an automated, accurate method for projecting customer demand for SIPS computing services—and a formal, printed business plan.

At the same time, a new billing system for central computing was installed to establish a cost-driven rate schedule for recovering SIPS costs. The new system improves billing accuracy and has helped identify reductions in the cost of processing applications for state services. As a result of these financial initiatives, SIPS saved \$37.3 million between fiscal years 1994 and 1996.

3. Implementing recommendations of the Government Performance Audit Committee (GPAC).

The Government Performance Audit Committee identified opportunities for increased efficiency in information technology and telecommunications operation, as outlined in the group's 1992 report. The Office of the State Controller has studied these recommendations carefully and has implemented virtually all of those that do not require statutory changes.

Many of the accomplishments outlined in this report are the result of GPAC recommendations. Others include:

- Consolidating multiple state networks
- Completing a procurement process which aggregates intergovernmental volumes into a single state contract for each service
- Developing a common systems development life cycle methodology, based on METHOD/1
- Implementing program change control and version/release methodology for software development
- Developing a single, integrated data center service, with common standards for all computing environments
- Cross-training systems and operational personnel

4. Preparing an annual document for the General Assembly to guide the future of technology in state government.

The *Statewide Technology Strategies and Initiatives* document published by Information Resource Management describes North Carolina's approach for managing information and communications technology, which will guide the implementation of systems by state institutions.

The publication, submitted to the General Assembly in 1995, forms the foundation for the development of a detailed technical architecture. This architecture will ensure that state agencies purchase compatible, economical and upgradeable hardware and software. As a follow-up to this document, we are preparing recommendations for the General Assembly to aid in future technology management.

5. Creating the North Carolina Integrated Information Network—a data communications network with multiple levels of interoperable access.

While the information highway has proven what it can do, that doesn't mean that it is the only answer to the state's future technology needs. In fact, the state operates a web of interoperable "narrowband" and "broadband" networks known as the North Carolina Integrated Information Network (NCIIN). The network is based on four principles:

- Universal service
- Equalized rates
- Shared resources
- Public/private partnerships

The NCIIN is a new structure established by the Office of the State Controller for managing the network. It provides a toolkit of connection services that provide appropriate communications to government agencies at whatever level they want—from Internet access to high-speed, full-motion video. Current offerings include:

- Low-cost dial access service, which allows government entities to access remote locations with only a personal computer and a telephone
- ANCHOR Net, a wide area network service that provides a lower cost, data-only alternative to the highway
- Access Net, a developing service that will provide data communications for a segment of state government locations not adequately served by other services

The goal is to provide a range of capabilities that are interoperable and upgradeable, to meet the needs of the state's customers, now and well into the 21st century. What we are talking about is an integrated network that gives people the information capacity they need, where and when they need it, at a cost they can afford.

6. Implementing the Governor's plan for a North Carolina Information Highway.

SIPS is responsible for implementing the state's bold vision of an advanced telecommunications network capable of meeting the state's evolving needs, stimulating economic development and addressing issues of equity in education and health care. In cooperation with the Governor's chief advisor for technology, policy and budgets, along with

representatives from higher education, public education, local government and the telephone companies, we developed a telecommunications technology architecture to facilitate the vision—and translated that architecture into an implementation plan.

In August 1994, SIPS brought the North Carolina Information Highway on-line, initiating the first large-scale deployment of SONET/ATM technology in the country. Since then, an additional 125 sites have been added to the network, with 15 more planned. The majority of these sites and applications have been funded by the General Assembly.

7. Implementing a quality assurance framework to improve the management and development of technological projects.

North Carolina, like other states, has experienced difficulties in the development and delivery of major information technology projects. Many system implementation projects exceed time estimates and budgets—and fail to deliver the desired results.

To help agencies avoid such problems, the Information Resource Management division has developed a comprehensive quality assurance framework. As a result of this framework, the agencies' information technology departments are now:

- Implementing formal software development processes
- Implementing project management procedures
- Implementing quality assurance functions
- Restructuring troubled projects

8. Achieving economies of scale that reduce the costs of computing.

The goal of the Office of the State Controller is to maximize the return on the state's technology investments. Over the last decade, we have continually reduced the cost per unit of computing. What cost one dollar to compute in 1986 costs just 12 cents today.

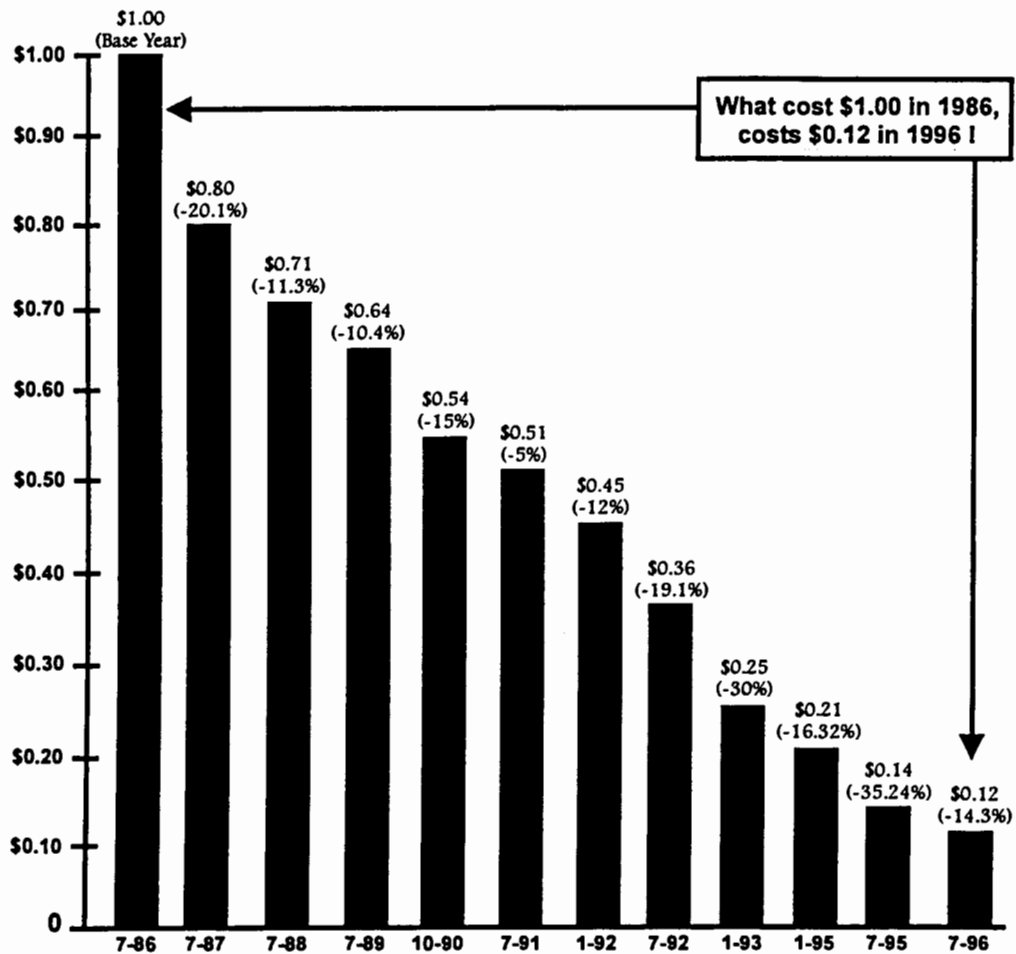


Exhibit 3: The Cost of Computing Services is Dropping

9. Allowing large-scale competitive bidding of computer hardware.

Beginning in 1994, the State Controller called for the switch from a sole-source provider for mainframe technology to purchasing by competitive bid. The competitive bid process interjects competition into the process—a great advantage in high-volume procurements of mainframe processor and storage resources.

This strategy has significantly reduced the costs of computer processing, floor-space requirements and environmental, such as electricity and water. Through the competitive bid process, the state will save over \$28 million between fiscal year 1994 and fiscal year 1997.

10. Using innovative practices to reduce the costs of software and telecommunications equipment.

Through aggressive negotiation, the Office of the State Controller has successfully reduced the expected costs of mainframe software expenditures by 33 percent—or \$20 million—over a five-year period.

In addition, SIPS developed a comprehensive set of convenience contracts for telecommunications equipment, using the state's buying power as leverage. Contracts for electronic key systems, integrated voice processing/voice response units and PBXs are expected to save the state over \$3.7 million from fiscal years 1994 to 1997.

11. Outsourcing and privatizing appropriate activities.

SIPS is partnering with the private sector, where appropriate, to reduce costs and improve services. For example:

- By standardizing, consolidating and privatizing telecommunications wiring, we were able to save over \$1.5 million from fiscal years 1994 to 1997. The state will avoid an additional \$1 million in costs from streamlining the procurement processes.
- We also reduced the cost of the state's digital telecommunications infrastructure by outsourcing the provision of the service, aggressively rebidding contracts and continually reengineering the resource. The result is a savings of \$511,000 between fiscal years 1994 and 1997.
- Outsourcing all aspects of providing dial access to the Internet and the North Carolina Integrated Information Network (NCIIN) allows the state to avoid the expenses of building a large, robust dial-access network. It is expected to amount to a cost avoidance of \$550,000 in equipment and network design costs, as well as \$200,000 in operational expenses in fiscal years 1996 to 1997.
- Privatizing the state-owned paging system and making services available statewide through contractual arrangements with commercial companies will result in estimated savings of \$318,000 from fiscal years 1993 to 1997.
- Outsourcing the installation and repair of network equipment saved the state an estimated \$210,000 in Wide Area Network

installations in fiscal years 1994 through 1996. We expect to save another \$140,000 in fiscal year 1997.

Assuring high quality service from contractors is a critical success factor in such endeavors. As SIPS has moved into additional relationships with vendors, we have therefore implemented an inspection process to guarantee that the state receives the services it contracts for and that the work performed adheres to established specifications.

12. Introducing state of the art equipment and techniques to assure reliable, high performance services.

Implementing the most advanced technologies available for large-scale use has paid off for SIPS. Our operating environment is one of the best in the nation in terms of performance, reliability and service. Application response remains under three seconds for over 95 percent of the application transactions and the systems are available for over 99.9 percent of the scheduled hours.

In a recent study conducted by the Gartner Group Real Decisions Company, SIPS' 1994-95 costs were compared to 600 other commercial and governmental data centers. The overall cost for our services on a 24-hour-a-day, seven-days-a-week basis was 6 percent less than the industry average and 18 percent less than other state and local governments. When the service cost during normal business hours is compared, SIPS is 39 percent less than the industry average.

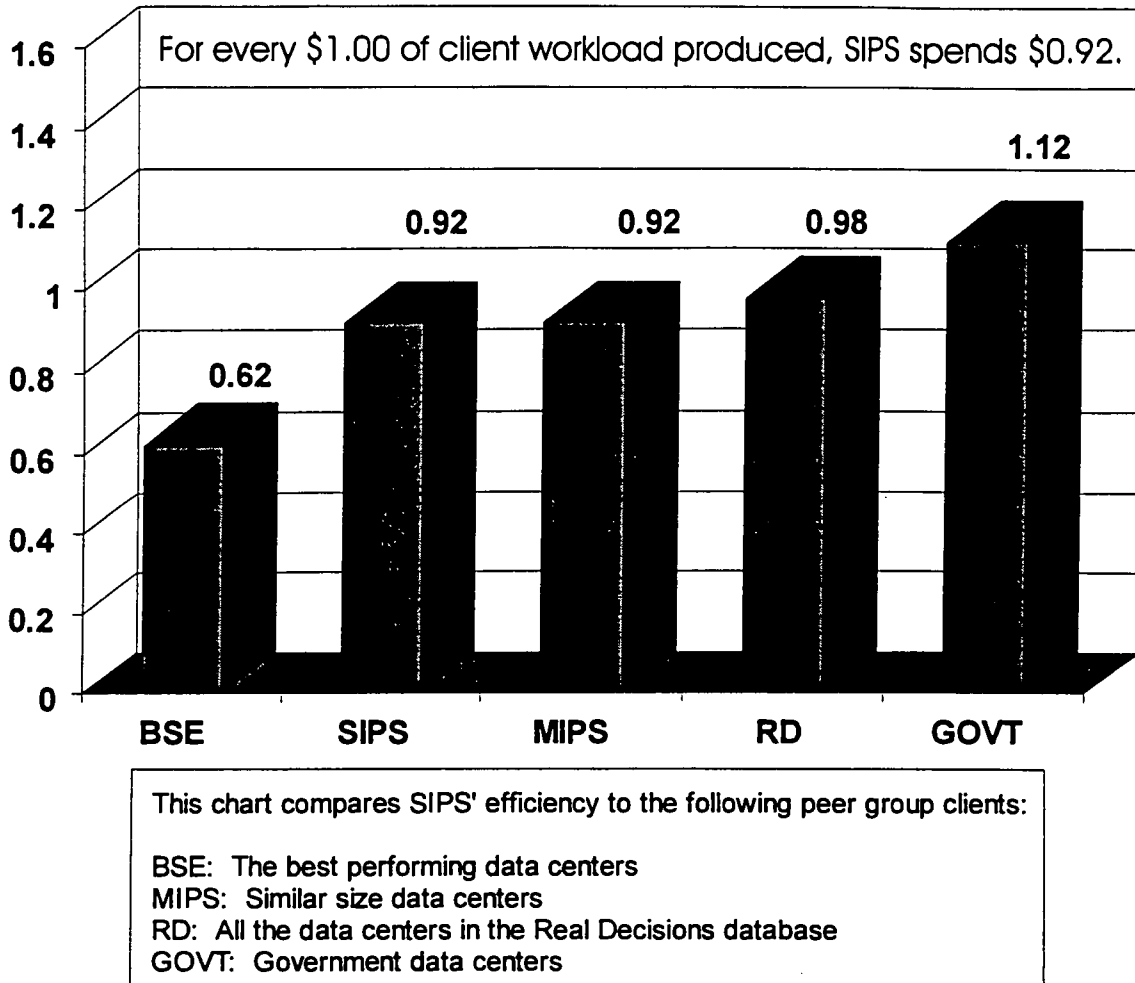


Exhibit 4: SIPS' Costs Compare Favorably

We have also automated many manual computer operations, which is improving productivity. For example:

- Automating startup and shutdown functions have made them even faster—down from 45 minutes to 15 minutes per partition—and more reliable.
- Installing high-speed robotic tape handlers to automate tape mounts has dramatically reduced the need for additional tape handlers and cut the time from several minutes to under 35 seconds.
- These and other innovative steps have resulted in lower than average staffing levels, as confirmed by the Gartner Group report.

13. Establishing regional "hubs" to enhance capabilities while reducing costs.

SIPS is now implementing a plan to offer agencies and schools data communications services with greater capabilities and at a lower cost by establishing regional internetworking hubs. These hubs will use the capabilities of the North Carolina Information Highway, in effect allowing SIPS to utilize this service as a data backbone. The result will be a savings of approximately \$930,000 once implemented on a statewide basis.

14. Reducing the cost of telephone services.

SIPS' aggressive effort to renegotiate contracts and consolidate call volumes from various governmental groups has produced significant cost savings for long-distance telephone service. State agencies' have realized a 25 percent reduction in the cost of state calls and a 43 percent reduction in the cost of out-of-state calls.

Since fiscal year 1993, the in-state rates have fallen from 12 to nine cents per minute and out-of-state rates have fallen from 16 to nine cents. While the per call rate may not sound like much of a difference, it adds up when you consider the state's average of 5 million minutes per month in in-state calling. We estimate the savings at \$7 million per year. Savings for other long distance telephone service for fiscal year 1993 to 1997 are highlighted in the accompanying chart.

Service	Savings
Interstate Long Distance	\$ 3,800,000
International Long Distance	\$ 414,000
Long distance Credit Cards	\$ 2,811,000
800 Number Service	\$ 488,000

Exhibit 5: Long Distance Telephone Service Savings Add Up

The cost of basic telephone service has also decreased, as a result of contractual language allowing the state to prepay the remainder of an essential contract with Bell South for local telephone service. This prepayment, which took advantage of lower interest rates and tax-exempt financing, resulted in a savings of over \$1 million for the remaining term of the contract.

15. Using innovative strategies to generate additional revenues.

On the revenue side of the equation, the Office of the State Controller has taken advantage of opportunities to generate new revenues. For example, we coordinated the procurement activity and consolidated the calling volumes of all members of the university system to produce a lucrative contract for student long-distance telephone usage. The new contract gives students in university housing lower long-distance rates and provides revenues to the university system through commissions. Between fiscal years 1994 and 1997, the commission payments will amount to \$14.4 million.

Commissions for long-distance calls on the state's 2,500 pay phones are providing another source of revenue. Through the competitive bidding process, our office developed a contract that guarantees a fair price for long-distance service and guarantees the state a commission from each long-distance call. This contract will produce approximately \$21.3 million in commission payments from fiscal years 1994 through 1997.

Finally, we are generating revenues for the state by negotiating terminating services access agreements. With our new arrangement, the state receives a lower price on calls generating from state switches, while the long-distance carriers share the savings received from non-state callers. The result will produce \$3.2 million in commission payments from fiscal years 1994 to 1997. SIPS uses these commission payments to lower the per-minute cost of long-distance calls.

16. Completing extensive technology assessments.

Recent efforts to centralize technology assessment activities are paying off in the elimination of duplication within state agencies. Here's how it works: the customer services group brings together interested agency representatives and selects candidates for assessment, tests those candidates in a laboratory setting, conducts additional pilot tests, makes recommendations to the state agencies, and follows through with the establishment of contracts that leverage the state's buying power for the recommended products.

As part of this process, technology assessments have been completed for:

- LAN-based CD-ROM servers
- Tape backup technology
- LAN-based 3270 terminal emulation

- Workstation management
- Virus protection software
- NetWare 4 and 4.10
- NetWare IP
- LAN relational database management system
- Windows 95
- Mainframe database gateway

17. Establishing a statewide term contract for personal computers (PCs).

The state will buy more than 60,000 PCs and peripheral items this year, spending over \$130 million. To leverage this buying power, the Office of the State Controller developed technical specifications for PC equipment based on industry standards. These standards enabled the Department of Administration to implement a statewide PC term contract.

The contract contains 14 vendors who compete on a daily basis for the state's business. Price lists and equipment offerings are updated as needed and are always available through the Internet. As a result of this innovative new contracting process, state agencies are receiving competitive, discounted prices; enjoying a dramatically shortened and streamlined procurement process; and are guaranteed technical compatibility among their PCs.

18. Providing comprehensive Internet services.

SIPS participated in a cross functional committee of the Information Resources Management Commission that recommended an Internet Services provider model for the state. We then followed up with the delivery of key services as part of this model, including:

- Domain Name System, which provides human-readable name mapping to computers and applications
- Electronic mail, connecting disparate agency mail systems with each other and the Internet
- Consolidated e-mail directory
- E-mail list service, allowing agency users to send e-mail to a list
- World Wide Web, including establishing the state's home page and taking customer orders for agency home page services

19. Implementing statewide cellular telephone service.

SIPS developed contractual arrangements for providing intergovernmental access to high-quality, low cost cellular telephone service. These agreements consolidate the collective calling volume to obtain the best price, streamline the procurement process and provide a single reference point for information about service deployment and usage. Approximately 4,000 users are taking advantage of this service.

During the first two years of deployment, the state saved approximately \$313,000 over commercially available rates. We expect to save an additional \$182,000 in fiscal year 1997.

20. Providing technical assistance to clients.

SIPS provides a wide variety of technical assistance to the state's departments and agencies. For example, we have:

- Implemented applications that provide improvements for state agencies, including the forest fire tracking system for the Division of Forest Resources, the Department of Labor OSHA inspection scheduling system, voice response systems for the Wildlife Commission, and Secretary of State business license/permit system
- Provided microcomputer hardware and software support, as well as assistance in networking plans, for the Office of the Governor
- Established a PC and Local Area Network (LAN) installation expertise convenience contract, which augmented staff support with private sector expertise
- Updated and published LAN standards, as recommended by GPAC, to provide a base level of consistency for state networks

21. Improving user services.

SIPS is continually working to improve customer satisfaction. This year we conducted a customer services study, resulting in the recommendation for a new customer service organization and a new customer support system. In response, we established the Customer Support Center as a central point of contact for all SIPS customers, and are now implementing the new customer support system.

To address the high volume of calls coming into the center, telephone automated attendant and automatic call director technologies are being implemented. These improvements will eliminate calls for system status by providing this information automatically.

Partnerships with major state agencies have led to efforts to improve service delivery throughout the organization, including:

- Hosting bi-monthly meetings with client agencies to discuss operational problems, support needs and application implementation schedules
- Starting users groups, such as the Systems Integration Users Group, Technical Share Group, IMS Users Group, DB2 Users Group, CICS Users Group, Zeke Users Group and Focus Users Group to discuss technical topics in each area
- Participating in technical response teams made up of SIPS personnel and client technical staff to troubleshoot and fine tune major new statewide applications
- Coordinating specialized application performance reviews for critical state applications
- Building a comprehensive vendor database to match agency training needs with appropriate courses and providers
- Providing TCP/IP integration and support to the mainframe

22. Eliminating obsolete hardware and software, and updating old technology.

Since 1993, SIPS has had the initiative to reduce expenses by phasing out contracts for obsolete, underutilized and redundant hardware and software. To facilitate this effort, we acquired a software package that monitors software usage and identifies candidates for removal. The resulting cancellation of support contracts saved the state over \$340,000 in fiscal years 1995 and 1996; the removal of four underutilized software packages saved an additional \$72,000 during the same period.

We have also made agencies aware of the century date change problem through presentations to developers and chief technology officers. To help our clients manage this change, we have developed a plan to leverage Year 2000 conversions to document and standardize legacy applications and reengineer old systems using new technology.

23. Implementing advanced storage management techniques.

In 1993, SIPS implemented a Systems Managed Storage initiative, which reduced storage media requirements for disk, as well as the labor hours needed to assure adequate storage availability. About three-fourths of our disk storage is controlled by this system today.

Systems Managed Storage provides a coordinated approach for storage systems, permitting data management based on system-defined rules. Storage groups allow users to store data in an optimal location to minimize data access time. High performance data is placed on disks that can be accessed quickly, while other data is placed on slower, less expensive disks.

24. Establishing an executive training program.

Information technology is no longer an adjunct to business operations; it's an integral part of them. To help managers keep pace and link information technology strategies with business plans, the Office of the State Controller has implemented an executive training program. This year we trained more than 300 state executives from 28 agencies, including representatives of the executive, legislative and judicial branches.

In addition, we sponsored 12 seminars on particular topics of interest. The seminars offered senior department executives tips and techniques for developing better business plans and technology strategies.

Schedule of Financial Impact

As you can see, many dollars have been saved and spending avoided through the implementation of these improvement initiatives. It is important to point out, however, that the money saved has been passed on to agencies in the form of rate reductions on data processing and telecommunications charges. This has helped to provide some offset to the increasing data processing budget requirements due to the increasing number of applications and utilization.

The following table summarizes the cost savings and cost avoidance of the OSC.

Initiative	Total Savings	Timeframe	Page
Reorganize accounting operations to reduce costs.	\$ 140,000	annually	10
Develop a comprehensive business plan.	\$ 37,300,000	FY 1994-96	12
Allow large-scale competitive bidding of computer hardware.	\$ 28,000,000	FY 1994-97	16
Use innovative practices to reduce the costs of software and telecommunications equipment.	\$ 23,700,000	FY 1994-99	17
Outsource and privatize appropriate activities	\$ 4,429,000	FY 1993-97	17
Establish regional "hubs" to enhance capabilities while reducing costs.	\$ 930,000	FY 1996-97	20
Reduce the cost of telephone services.	\$ 8,000,000	annually	20
Use innovative strategies to generate additional revenues.	\$ 38,900,000	FY 1994-97	21
Implement statewide cellular telephone service.	\$ 495,000	FY 1995-97	23
Eliminate obsolete hardware and software, and update old technology.	\$ 412,000	FY 1995-96	24
Total Financial Impact:		\$ 142,306,000	

Exhibit 6: Summary of Cost Savings and Avoidance

In Position for the 21st Century

While the Office of the State Controller takes pride in the accomplishments outlined here, we have no intention of stopping. In fact, the further we move toward financial accountability and information resource management, the more clearly we see all that remains to be done.

A single transformation—the movement from the mainframe era to a distributed, open environment—is putting new pressures on both sides of our operation. It is fitting that the Office of the State Controller has taken a leadership role in this shift, with the implementation of the North Carolina Accounting System. However, our next challenge is to bring current and potential users up to speed with the changes a client server environment brings.

We believe that this transition presents a tremendous opportunity for coordination, cooperation and cost savings. If the state can take down the traditional walls between agencies, we can avoid duplication of effort and achieve economies of scale. In this environment, agencies, decision-makers and citizens will be able to quickly and easily access the information we need to do our jobs and to improve our quality of life.

The Office of the State Controller pledges our support to the Governor, General Assembly, Information Resource Management Commission (IRMC) and citizens of North Carolina in achieving this vision. Together, we can harness our resources to leap forward into the 21st century.

Appendix A - The Information Resource Management Commission

Members

The Honorable Dennis A. Wicker -
Chair
Lieutenant Governor

Janet Smith - Vice Chair
Senior Vice President
Wachovia Bank and Trust Company

C. Robin Britt, Sr.
Secretary of Human Resources

The Honorable Ralph Campbell, Jr.
State Auditor

Katie G. Dorsett
Secretary of Administration

The Honorable Bob Etheridge
State Superintendent of Public
Instruction

Marvin Dorman
State Budget Officer

The Honorable Jim Long
Commissioner of Insurance

Betty Ray McCain
Secretary of Cultural Resources

L. Keith Clark
President
Strategic Links

Dr. William (Bill) Willis
Associate Provost for Academic
Computing
North Carolina State University

Bill Colman
MIS Director
NC Department of Administration

Advisory Members

Dr. John Harrison
Vice President for Academic Affairs
University of North Carolina - General
Administration

Dr. Lee Mandell
Director, Research and Information
Systems
North Carolina League of
Municipalities

Jane Smith Patterson
Advisor for Budget, Policy, and
Technology
Office of the Governor

Rebecca Troutman
Research Analyst
North Carolina Association of County
Commissioners

VISITOR REGISTRATION SHEET

8:30 am

General Government
Name of Committee

Feb 18, 1997
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME

FIRM OR AGENCY AND ADDRESS

John Morgan	OSC
Don Wamph	OSC
Roslyn Savitt	NE Coalition Against Domestic Violence
Ed Renshaw	OSC
Gwen Canal	OSC
Dennis McCarty	OSC
Emilie Schmidt	OSC
J Denny McGuire	OSC/Rm
Jackie McKenny	DOI
John Alford	DOI
Kathie Austin Padgett	
Jim Nawell	OSBM
Engel E. Hollings	//

JOINT APPROPRIATIONS SUBCOMMITTEE

ON

GENERAL GOVERNMENT

February 18, 1997

The Joint Appropriations Subcommittee on General Government met Tuesday, February 18, 1997 at 2:45 p.m. in room 425 of the Legislative Office Building. Three of the Senate members were present. Representatives present were: Co-Chair McCombs ; Culpepper, and Jeffus.

Chairman Warren asked the Office of State Controller to proceed with their overview. Deputy State Controller Chuck Cooper went over the Information Resource Management section in the handout attached to the February 18 a.m. minutes (pp. 51-65). He gave the major initiatives and talked at length about the Year 2000. He said that they had \$7.7 M from 1996-97 funding, they would require \$28.9 M for the next biennium, and that the ideal situation would be to finish the conversions by the beginning of 1999. Senator Lucas commended them for their vision in proceeding with this project.

Emily Schmidt, Chief Technology Officer, was then introduced. She explained the work of the Statewide Technical Architecture section (pp.66-76).

Richard Kelly, State Telecommunications Voice Services Manager, finished the presentation by explaining the Statewide Interconnectivity section (pp. 66-76).

Michele Nelson of the Fiscal Staff asked the amount which had accrued in the Reserve Fund. Mr. Kelly said the approximate figure was \$200,000.

The meeting adjourned to reconvene at 8:30 Wednesday morning, February 19.

Respectfully submitted,



Senator Ed Warren, Chairman



Wilma Caldwell, Committee Clerk

VISITOR REGISTRATION SHEET

P.M.

App. Gen. Good

2-18-97

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME	FIRM OR AGENCY AND ADDRESS
Martha Glass	Dept of Defense
Don Waug	OSC
John Morgan	OSC
Heather Lail	OSHA
KATHIE AUSTIN PADGETT	OSPL
Denny McBoire	OSC/IRM
Emile Schmidt	OSC
Dennis McCarty	OSC
STEVE STONEMAN	OSC
John Altord	DOJ
Robert Bowen	OSBM
JESSE W. REEL (452)	OSBM

MINUTES

GENERAL GOVERNMENT Joint Appropriations Subcommittee

February 19, 1997

The Joint Appropriations Subcommittee on General Government met on February 19, 1997 in Room 425 of the Legislative Office Building at 8:30 A.M. with Representative Wilma Sherrill, Co-chair, presiding.

The following members were present: Representative McCombs, Co-chair; Representative Ives, Co-chair; Representative Jeffus; Representative Culpepper; and four Senate members.

The meeting was called to order by Representative Wilma Sherrill. She then introduced Dennis McCarty, Director, Office of the State Controller, who give a presentation on the STATE INFORMATION PROCESSING SERVICES (SIPS) See Notebook pp. OSC 128-OSC 138).

Following Mr. McCarty's presentation, Representative Sherrill introduced Steve Stoneman, C9omputer Network Manager, Office of the State Controller, who gave a presentation on STATE TELECOMMUNICATIONS SERVICES. See Budget Book pp. G-14 to G-15).

The meeting adjourned at 9:20 A.M.



Wilma Sherrill - Presiding Cochair



Rosa S. Kelley, Committee Clerk

The Governor As Director of the Budget

The Governor's Budget Authority

- a. North Carolina's Constitution directs the Governor to "administer" the State Budget and to maintain a balanced budget.**
- b. The Executive Budget Act states that the Governor is the Director of the Budget. The Governor may appoint someone to carry out the responsibilities of the Act.**
- c. The Executive Budget Act provides the Governor as Director of the Budget with authority to carry out the budget affairs of the state, in capital improvement reviews, in overall state government management affairs, and in economic research and demographic matters.**

The Governor is required by the Executive Budget Act to submit a balanced biennial budget to the General Assembly, along with any revenue bills.

The General Assembly, beginning with the 1973 Legislative Session, has chosen to have annual sessions within each biennium for the purpose of reviewing and updating the second year of the biennial budget. This second session usually begins in May of even-numbered years. Governors have participated in this second year budget review and updating beginning with the submission of new economic and revenue forecasts and supplemental budget recommendations.

Office of State Budget and Management

The Office of State Budget and Management assists the Governor in preparing and executing the state budget as well as assist in the management of state government. The office is located administratively within the Governor's Office.

ORGANIZATION

- Budget Sections
- Performance/Program Budget Function
- Management and Productivity Section
- Office Administrative Functions

FUNCTIONS

- Budget Preparation:
 - Assist the Governor in reviewing agencies' budget requests
 - Assist the Governor in formulating his budget recommendations
 - Staff the Advisory Budget Commission and assist it in its biennial tours of state departments and institutions and budget hearings
 - Present the Governor's budget recommendations to the General Assembly's committees and subcommittees
- Budget Administration:
 - Certify the legislatively authorized budget to departments and institutions
 - Quarterly Allotments
 - Salary Control
 - Travel and Other Matters
 - Budget Transfers
 - Capital Improvement Projects
 - Examine Progress of Revenue Collections
 - Prepare Revenue Forecasts
 - Prepare and Release Official Economic Forecasts
 - Prepare Fiscal/Economic Impact Analysis
- Management and Productivity Section:
 - Examine day-to-day operations and management of agencies
 - Studies to determine "overlapping" duties
 - Review Agencies' Forms and Reports
 - Special Studies directed by the Governor and/or the General Assembly
- Assistance to Departments in Budgetary and Managerial Areas
- Represent Departments Before:
 - The Governor
 - The Advisory Budget Commission
 - Legislative Committees

ADVISORY BUDGET COMMISSION

Fifteen (15) Member Commission

The Advisory Budget Commission is a fifteen (15) member body, with five (5) members each appointed by the:

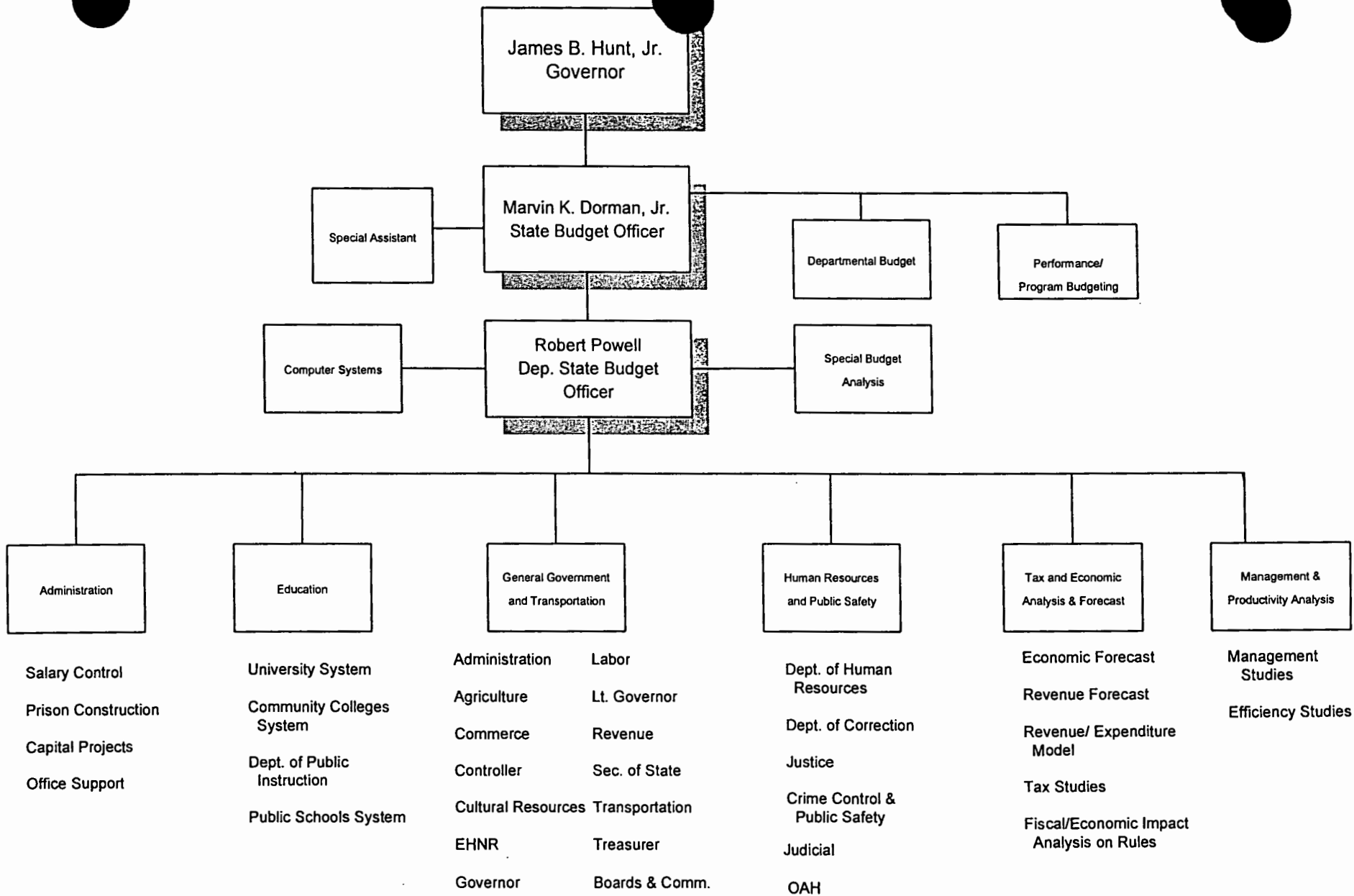
- Governor. If any legislators are appointed, a balance must be maintained between the Senate and the House.
- President of the Senate.
- Speaker of the House.

Periodic meetings are held to advise the Governor on certain budget, construction, contract, and salary matters as required by law. Staff assistance is provided to the Commission by the Office of State Budget and Management.

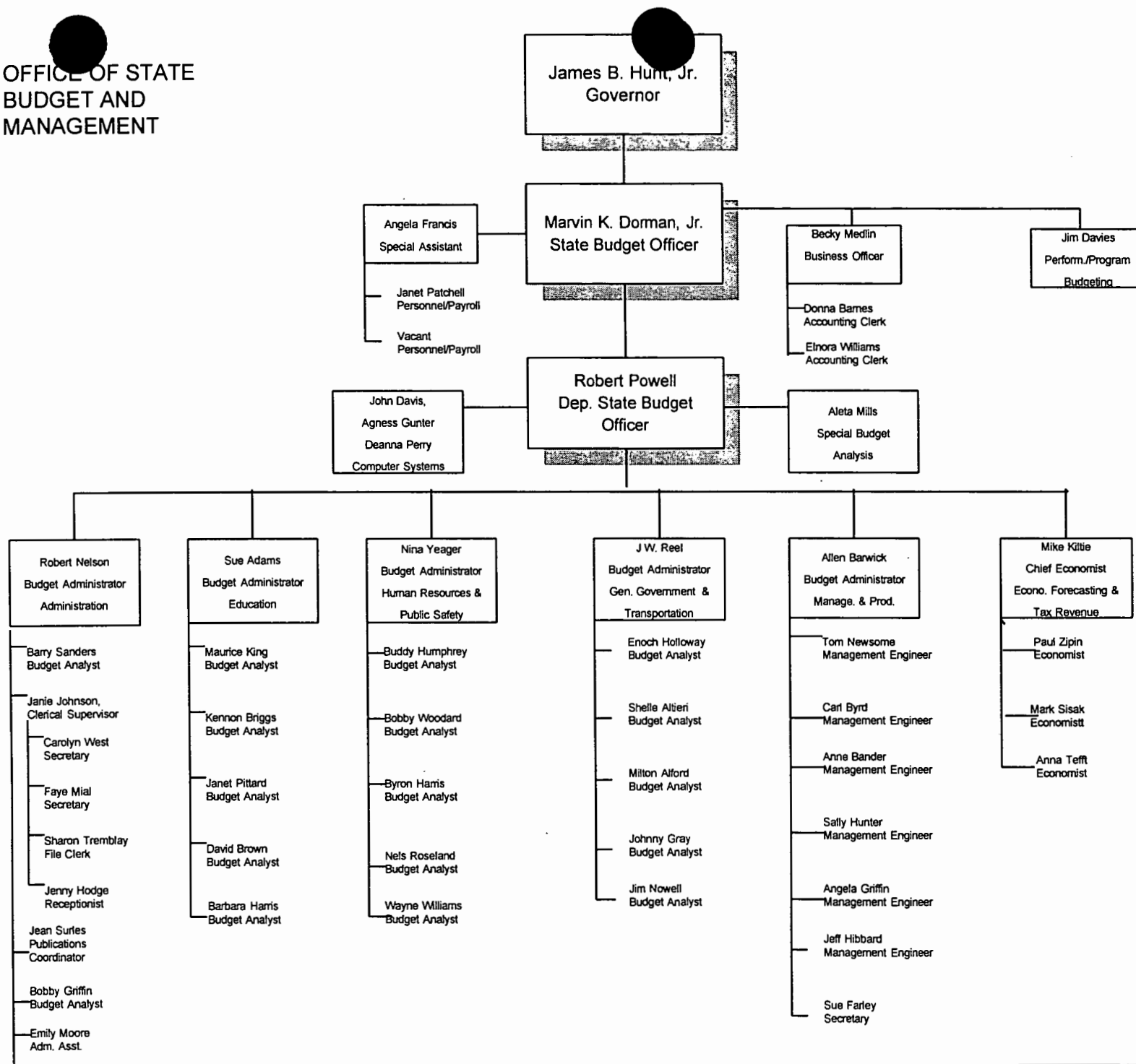
The primary responsibility of the Commission is to advise the Governor on the preparation of the biennial budget.

The Commission conducts biennial tours of state facilities and holds budget hearings in the late summer and early fall of each even-numbered year.

Commission members also serve on the Board of Awards which reviews and approves state contracts.



OFFICE OF STATE
BUDGET AND
MANAGEMENT



State Budget Officer

Date

North Carolina Office of State Planning

Mission Statement

The mission of the Office of State Planning is to improve the effectiveness of state policies and programs through strategic planning leadership, research, analysis, and information; and to address the planning information needs of other data users statewide.

Goals of the Office

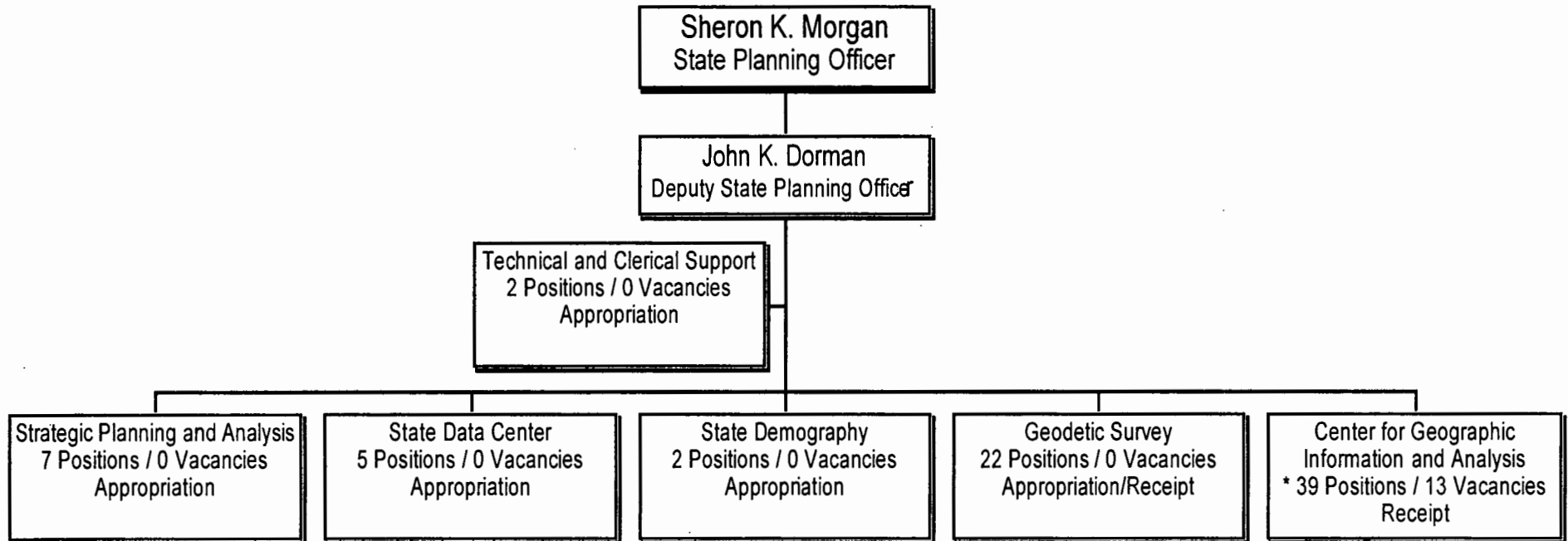
- State agencies will be able to obtain reliable, appropriate data from the Office of State Planning with ease and confidence.
- Customers of the Office of State Planning will understand key planning information, share it, and use it effectively.
- State agencies will have effective planners and planning processes that result in accountability and effective service delivery.

Organizational Structure

- Strategic Planning and Analysis
- State Data Center
- State Demography
- Geodetic Survey
- Center for Geographic Information and Analysis

North Carolina Office of State Planning

Organization Chart



* Note: 2 of the 39 positions listed for the Center for Geographic Information and Analysis are temporary positions.

Strategic Planning and Analysis

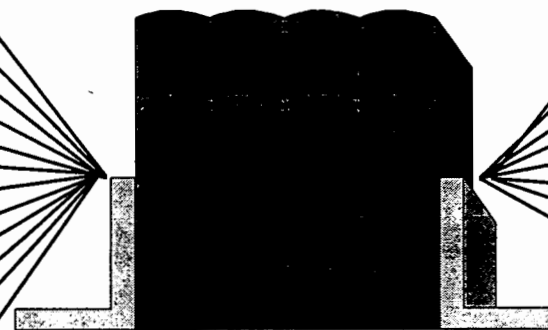
- Department Operations Planning
- Performance/Program Planning
- Performance/Program Evaluation

Perspective
of
Performance/Program Budgeting

Another Way of Looking at
Government Activities

Departments

Administration
Agriculture
Auditor
Commerce
Community Colleges
Controller
Correction
CCPS
EHNR
General Assembly
Governor
Human Resources
Justice
Labor
Lt. Governor
Public Instruction
Revenue
Secretary of State
Transportation
UNC System



North Carolina
General Statutes
& Constitution

Program Areas

Health
Human Services
Corrections
Justice & Public Safety
Environment
Econ. Develop. & Comm.
Education
Transportation
Cultural Resources
General Government

1997-98 Recommended Continuation Budget Summary
by Program Area
(in \$ millions)

Program Areas	Health	Human Services	Corrections	Justice & Public Safety	Environ.	Econ. Devl & Com.	Education	Transport.	Cultural Resources	General Govern.	Total
Departments											
Administration	0.23	23.18	-	-	0.94	1.15	-	-	-	90.37	115.87
Office of Administrative Hearings	-	-	-	-	-	-	-	-	-	2.34	2.34
Agriculture	9.29	2.66	-	-	4.71	59.11	-	-	-	-	75.77
Board of Elections	-	-	-	-	-	-	-	-	-	1.04	1.04
Commerce	0.29	178.92	-	-	-	174.04	-	0.03	-	2.20	355.48
Community Colleges	-	6.19	-	-	-	13.75	537.48	-	-	-	557.42
Correction	-	-	917.33	-	-	-	-	-	-	-	917.33
Crime Control and Public Safety	-	-	-	191.41	-	-	-	-	-	-	191.41
Cultural Resources	-	-	-	-	-	-	-	-	58.04	-	58.04
Environment, Health, and Natural Resources	362.89	-	0.60	-	218.71	7.10	-	-	-	1.09	590.39
General Assembly	-	-	-	-	-	-	-	-	-	31.12	31.12
Human Resources	5,316.86	1,696.11	52.72	-	-	-	34.28	-	-	-	7,099.97
Insurance	10.18	-	-	-	-	38.94	-	-	-	-	49.12
Judicial	-	-	-	347.82	-	-	-	-	-	-	347.82
Justice	-	-	-	72.54	-	-	-	-	-	-	72.54
Labor	18.42	4.18	-	-	-	1.94	-	-	-	-	24.54
Governor's Office	-	-	-	-	-	-	-	-	-	5.40	5.40
Office of State Budget and Management	-	-	-	-	-	-	-	-	-	3.74	3.74
Office of State Planning	-	-	-	-	-	-	-	-	-	4.25	4.25
Housing Finance Authority	-	45.20	-	-	-	-	-	-	-	-	45.20
Office of the Lieutenant Governor	-	-	-	-	-	-	-	-	-	0.59	0.59
Public Instruction	-	-	-	-	-	-	4,705.88	-	-	-	4,705.88
Revenue	-	-	-	-	-	-	-	-	-	70.08	70.08
Secretary of State	-	-	-	-	-	4.80	-	-	-	0.44	5.24
State Auditor	-	-	-	-	-	-	-	-	-	10.57	10.57
State Controller	-	-	-	-	-	-	-	-	-	141.08	141.08
State Treasurer	-	-	-	-	-	-	-	-	-	29.26	29.26
State Major Health Plan	-	-	-	-	-	-	-	-	-	17.27	17.27
Rules Review Commission	-	-	-	-	-	-	-	-	-	0.28	0.28
Transportation	-	-	-	-	2.63	-	-	2,413.59	-	-	2,416.22
University of North Carolina	412.75	-	-	-	-	-	1,820.30	-	-	-	2,233.05
Wildlife Resources Commission	-	-	-	-	48.09	-	-	2.29	-	-	50.38
Special Boards and Commissions	-	-	-	-	-	2.35	-	-	-	-	2.35
Compensation Increase	16.65	3.25	22.18	12.01	1.88	2.65	228.79	-	0.89	14.41	302.71
Debt Service / Federal Debt	0.77	-	23.61	0.12	42.98	-	78.35	-	-	0.43	146.26
Other Reserves	-	-	-	0.40	-	-	-	-	-	14.06	14.46
Total Requirements	16,148.33	1,959.69	1,016.44	624.30	319.94	305.83	7,405.08	2,415.91	58.93	440.02	20,694.47
Receipts/Cash Balances	4,111.43	1,499.43	103.29	218.17	159.49	181.89	1,071.98	540.05	6.42	209.80	8,101.95
General Fund Appropriation	2,036.90	460.26	913.15	406.13	160.45	123.94	6,333.10	0.00	52.51	230.22	10,716.66
Highway Fund Appropriation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,875.86	0.00	0.00	1,875.86
Number of Positions	20,089.69	5,582.36	20,355.05	8,670.88	3,406.51	2,452.85	28,197.46	14,334.60	718.63	3,350.05	107,158.08
Community College / Public School Employees	0.00	0.00	0.00	0.00	0.00	0.00	135,172.77	0.00	0.00	0.00	135,172.77

NOTE: The totals in this table represent total requirements in departments' budgets and are not adjusted for inter- and intra-department transfers.

1997-98 Recommended Continuation Budget Summary
for
General Government Subcommittee
(in \$ millions)

Program Areas	Health	Human Services	Corrections	Justice & Public Safety	Environ.	Econ. Devl & Com.	Education	Transport.	Cultural Resources	General Govern.	Total
Departments											
Administration	0.23	23.18	-	-	0.94	1.15	-	-	-	90.37	115.87
Office of Administrative Hearings	-	-	-	-	-	-	-	-	-	2.34	2.34
State Auditor	-	-	-	-	-	-	-	-	-	10.57	10.57
State Controller	-	-	-	-	-	-	-	-	-	141.08	141.08
Cultural Resources	-	-	-	-	-	-	-	-	58.04	-	58.04
General Assembly	-	-	-	-	-	-	-	-	-	31.12	31.12
Office of the Governor	-	-	-	-	-	-	-	-	-	5.40	5.40
Office of State Budget and Management	-	-	-	-	-	-	-	-	-	3.74	3.74
Office of State Planning	-	-	-	-	-	-	-	-	-	4.25	4.25
Housing Finance Authority	-	45.20	-	-	-	-	-	-	-	-	45.20
Insurance	10.18	-	-	-	-	38.94	-	-	-	-	49.12
Office of the Lieutenant Governor	-	-	-	-	-	-	-	-	-	0.59	0.59
Revenue	-	-	-	-	-	-	-	-	-	70.08	70.08
Rules Review Commission	-	-	-	-	-	-	-	-	-	0.28	0.28
Secretary of State	-	-	-	-	-	4.80	-	-	-	0.44	5.24
State Board of Elections	-	-	-	-	-	-	-	-	-	1.04	1.04
State Major Health Plan	-	-	-	-	-	-	-	-	-	17.27	17.27
Special Boards and Commissions	-	-	-	-	-	2.35	-	-	-	-	2.35
State Treasurer	-	-	-	-	-	-	-	-	-	29.26	29.26
Total Requirements	10.41	68.38	-	-	0.94	47.24	-	-	58.04	407.83	592.84
Receipts/Cash Balances	7.62	52.06	-	-	0.40	25.43	-	-	6.42	209.43	301.36
General Fund Appropriation	2.79	16.32	-	-	0.54	21.81	-	-	51.62	198.40	291.45
Highway Fund Appropriation	0.00	0.00	-	-	0.00	0.00	-	-	0.00	0.00	0.00
Number of Positions	101.00	281.26	-	-	8.00	451.25	-	-	718.63	3,325.06	4,885.20

Planning Outputs for Performance/Program Budgeting

The Performance Planning process produces 11 outputs that are incorporated in the Department Operations Plan and the Performance/Program Budget Documents. Three outputs are incorporated in each of the documents and provide a link between them: program objectives, outcome measures, and funds supporting objectives.

Performance Planning Outputs	Department Operations Plans	Program Budget (Volume 7)	Line-Item Budget (Volumes 1-6)
Mission statement	X		
Department Goals	X		
Trends and Implications	X	X	
Customers		X	
Expected Outcomes		X	X
Program Objectives	X	X	X
Administrative Objectives	X		
Outcome Measures		X	X
Performance Measures		X	X
Funds Supporting Objectives	X	X	X
Strategies/Activities	X	X	
Innovations	X		

Key Documents of Performance/Program Budgeting

Three key documents are associated with Performance/Program Budgeting:

1. Performance/Program Budget, by department (Volumes 1-6)

This document is considered the traditional line-item budget. There are six (6) volumes, which include all of the budget funds used to support state government services. The six volumes correspond to six (6) legislative committees set up to examine the Governor's recommended budget. The funds in each volume are grouped by department, and include line-by-line objects of expenditure, providing the basis for fiscal control. All of the funds are also cross referenced to the programs they support. There are approximately 1,350 budget funds.

2. Performance/Program Budget, by program (Volumes 7a and 7b)

This document groups budget information by program area and provides policy-related information on the purpose and intent of funds. There are ten (10) program areas, each representing a broad sector of public services--education, economic development and commerce, corrections, etc. Within each program area, funds are classified by program, subprogram or element, each addressing a type of policy issue, such as "Communicable disease" or "Access to health care." Fiscal information is presented by "categories of expenditure" rather than by specific "objects of expenditure." If funds were actually appropriated by categories rather than by objects, departmental managers would have greater flexibility in administering their funds. In the program presentation, funds from different departments are sometimes classified together if they address a similar policy issue.

3. Departments Operations Plan

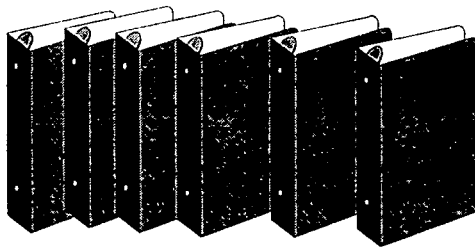
This document provides department operations plans for each of the principle department in state government. Plans included in this volume describe specifically how (through strategies and activities) each department's program objectives are being addressed by the department. In addition, each plan shows what new innovations are planned over the next six years to improve the performance of department or program activities. Both the departmental and program budget documents are cross-referenced to the department plan.

Cross-references

Certain reference points are used to link the *Performance/Program budget documents* with each other and with the *department operations plan*. Reference points include: program objectives, outcome measures (values only shown in budget documents), supporting funds, and P/PB codes.

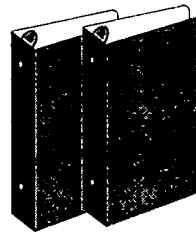
Documents of Performance/Program Budgeting

Three sets of documents support the 1997-99 State Performance Budget



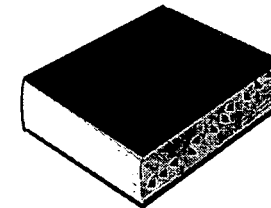
**6 budget volumes
Organizationally
Structured**

+



**2 budget volumes
Programmatically
Structured**

+



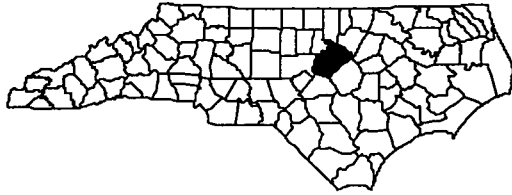
**1 planning volume
organizationally
Structured**

State Data Center

- Statistical Coordination
- County Profiles
- Log Into North Carolina (LINC)
- Liaison to Federal Census Bureau
- Community Resource Information System (CRIS)

County Profile

WAKE COUNTY



County seat: RALEIGH
Elevation (ft): 363

Total area (sq mi.): 856.2
Land area (sq. mi.): 843.7

Wake County was formed in 1771 from Johnston, Cumberland, and Orange counties. Located in the east central section of the state, it is bounded by Johnston, Harnett, Chatham, Durham, Granville, and Franklin counties. It was named for Margaret Wake (1733-1819), wife of Governor William Tryon.

Ranks are numbered from high to low. The graphic for each measure represents a uniform distance between the lowest and the highest county values. The position of the letter C for county (or letter S for state) indicates the relative standing between the county (state) and the highest and lowest county values. The relative standing between the state and county is also indicated. The letter B indicates that the county and state values fall near the same place relative to the highest and lowest county values.

Measure	County	Current Rank	1980 Rank	Highest County	Lowest County	State	S=State C=Co B=Both
Population and Housing							
Population, 1995	518,271	2	3	577,479	3,812	7,194,238	Low C High
Persons per square mile, 1995	621.5	5	8	1,094.9	8.5	147.7	S C
Percent elderly, 1995	7.9	98	98	24.8	5.3	12.6	C S
Children/elderly persons per 100 persons of working age, 1995	42.5	98	97	71.8	34.8	52.2	C S
Percent of families that are single parent, 1990	22.6	67	na	40.5	16.4	26.6	C S
Average housing value, 1990	\$115,924	3	2	\$132,024	\$41,546	\$79,016	S C
Health Status							
Birth rate, 1995	15.0	17	50	21.8	8.3	14.1	SC
Percent of births that are low-weight, 1995	7.5	77	63	17.8	4.2	8.7	CS
Teenage pregnancy rate, average, 1993-95	6.6	93	46	14.1	2.5	9.4	C S
Non-elderly death-rate, average, 1993-95	2.1	97	89	4.5	1.7	3.0	C S
Medicaid eligibles per 1,000 population, 1995	89.7	98	69	320.1	76.1	157.9	C S
Physicians per 10,000 population, 1994	8.3	15	13	34.2	0.0	7.4	B
Hospital discharges per 1,000 population, 1993	92.4	83	78	169.8	40.8	106.2	CS
Percent of population aged 75 and over, 1995	3.2	98	97	12.0	1.9	5.3	C S
Persons served in area mental health programs per 1,000 population, 1995	19.0	99	63	107.4	9.7	35.6	C S

WAKE COUNTY

Measure

County	Current Rank	1980 Rank	Highest County	Lowest County	State
--------	-----------------	--------------	-------------------	------------------	-------

S=State C=Co

B=Both

Education Status

							Low	High
Percent of adults (aged 25+) with high school diploma, 1990	85.4	1	2	85.4	52.6	70.0	S C	
High school drop out rate, 1994	5.9	13	na	10.3	0.9	4.7	SC	
Community college enrollment per 1,000 adults, 1995	41.1	98	97	99.2	37.1	59.9	C S	
Average SAT score, 1995	938	2	na	987	689	865	S C	
Public school final month average daily membership, 1995	80,711	2	3	87,950	757	1,165,385	C	
Per pupil expenditures, 1995	\$4,463	85	26	\$7,979	\$3,987	\$4,749	CS	

Government

County government property tax per capita, 1995	\$442	8	10	\$638	\$134	\$325	S C	
Tax revenue as a pct. of all county government revenue, 1995	69.3	10	16	72.9	24.8	58.3	S C	
Voter registration rate, 1995	71.3	61	47	96.6	36.8	71.0	B	
Percent registered Democrat, 1995	52.0	70	58	94.2	13.7	56.7	B	
Percent registered Republican, 1995	34.8	38	46	76.3	4.4	33.4	B	

Safety

Crime rate, 1995	52.0	26	11	122.8	0.0	55.7	B	
Prison admission rate, 1995	2.6	59	36	6.8	0.3	3.3	C S	
Subst. reports of child abuse/neglect per 1,000 children, 1995	8.3	76	na	44.0	-0.8	15.5	C S	
Youth before court for first time per 1,000 children, 1995	13.3	94	85	48.6	6.9	20.8	C S	
Traffic accident rate, 1995	35.8	8	4	44.2	11.8	29.9	S C	

Economic conditions

Labor force, 1995	290,965	2	2	325,452	1,820	3,636,200	C	
Employed, 1995	284,080	2	2	315,557	1,639	3,478,600	C	
Unemployed, 1995	6,885	2	3	9,895	129	157,600	C	
Unemployment rate, 1995	2.4	99	56	16.5	1.9	4.3	C S	
Pct. of Non-Ag Wage-and-Salary jobs in manufacturing, 1994	9.8	91	94	58.2	2.3	25.7	C S	
Average wage per worker, 1994	\$25,526	5	8	\$31,901	\$13,722	\$23,429	S C	
Per capita income, 1994	\$24,841	2	3	\$25,993	\$11,938	\$19,567	S C	
Poverty rate, 1989	8.4	94	93	28.2	7.1	13.0	C S	

WAKE COUNTY

Measure

County Current Rank 1980 Rank Highest County Lowest County State
S=State C=Co
B=Both

	County	Current Rank	1980 Rank	Highest County	Lowest County	State	Low	High
Food stamp reciprocity rate, 1995	43.9	96	82	221.3	35.8	85.9	C S	
Farm income as percent of total personal income, 1994	0.4	84	77	30.5	0.0	2.1	CS	
Harvested cropland as percent of all land, 1995	6.4	64	50	58.5	0.5	12.9	C S	
Gross retail sales per capita, 1995	\$14,760	6	4	\$24,976	\$2,165	\$12,036	S C	
Commuting ratio, 1990	1.1	19	16	1.4	0.4	1.0	B	

Environment/Infrastructure

Water use (gallons per day) per capita, 1990	209.4	52	na	38675.0	75.6	1348.0	B	
Point source emissions (tons) per square mile, 1994	4.9	46	na	449.4	0.0	20.1	CS	
Percent of homes that heat with (1990):								
electricity	49.2	11	12	72.6	8.0	42.0	S C	
fuel oil, kerosene, etc.	7.3	100	97	62.4	7.3	22.5	C S	
utility gas	34.6	6	4	42.2	0.0	18.6	S C	
wood	2.1	98	95	35.7	1.5	7.8	C S	
coal, tank gas, solar, other, and no fuel	6.9	66	61	35.6	2.2	9.0	B	
Registered vehicles per 1,000 population, 1995	800.8	40	1	913.3	549.8	768.0	SC	
Miles of paved road per square mile, 1995	2.2	10	19	2.5	0.4	1.4	S C	

Municipalities and Population, 1995**Employment by sector, March 1993**

RALEIGH	249,332				
CARY-WAKE	65,909	Sector	Employees	Pct.	
GARNER	17,248	AGRICULTURAL SERV., FORESTRY, AND FISHING	15	0.0%	
WAKE FOREST	7,388	MINING	355	0.2%	
APEX	6,827	CONSTRUCTION	14,738	6.5%	
FUQUAY-VARINA	5,389	MANUFACTURING	28,630	12.7%	
ZEBULON	3,956	TRANSPORTATION AND PUBLIC UTILITIES	19,516	8.6%	
WENDELL	3,605	WHOLESALE TRADE	16,630	7.4%	
KNIGHTDALE	3,463	RETAIL TRADE	49,577	22.0%	
HOLLY SPRINGS	3,203	FINANCE, INSURANCE, AND REAL ESTATE	16,638	7.4%	
MORRISVILLE-WAKE	2,017	SERVICES	79,560	35.2%	
ROLESVILLE	712	UNCLASSIFIED ESTABLISHMENTS	155	0.1%	
		TOTAL	225,814	100.0%	

Nearest Commercial Carrier Airport and Distance from County Seat

Raleigh/Durham International 10 miles

Nearest Sea Port and Distance from County Seat

Wilmington 116 miles

Highway Mileage, 1995

Paved: 1820.2 miles

Unpaved: 190.2 miles

Primary: 298.5 miles

Secondary: 1711.8 miles

Total: 2010.3 miles



What is CRIS?

- ❖ CRIS is an on-line information system available on the World-Wide Web at <http://www.cris.state.nc.us/CRIS>. It is designed to help local governments, small businesses, non-profit organizations, state agencies, and the general public find out about state and federal grant, loan, and technical assistance programs administered by North Carolina state agencies.

Who developed CRIS and who maintains it?

- ❖ CRIS was developed collaboratively by state and local agencies under the leadership of the Division of Community Assistance (Department of Commerce) and the State Library of North Carolina with input from the Office of State Budget and Management, the Office of State Planning, and others.
- ❖ The Office of State Planning maintains CRIS. A CRIS Coordinator has been designated to oversee database development, maintain the software, provide user support, and make enhancements to the system as needed.

Why was CRIS developed?

- ❖ To assist the N.C. Office of State Budget and Management, in cooperation with the N.C. Office of State Planning, in carrying out the responsibility *to compile and publish annually a catalog of grant-in-aid programs administered by state agencies* (N.C. Public Law Chapter 769, 1994, Sec. 8.4).
- ❖ To assist state agencies in providing improved access to state and federal loan and grant programs and technical assistance for businesses, local governments, and non-profit organizations.

How does CRIS work?

- ❖ CRIS is a truly interactive and dynamically-generated World-Wide Web site. World-Wide Web pages (i.e., HTML documents) are generated "on-the-fly" from a database as a result of user queries. Agencies may also create and update their own information over the Internet using on-screen forms and menus.
- ❖ Additional technical details about CRIS are available in the CRIS working plan. To view the working plan, choose "Learn About CRIS" on the CRIS home page.

How do I sign-up to be an information provider for CRIS?

- ❖ Complete the on-line registration form at <http://www.cris.state.nc.us/CRIS/register.html>

How do I find out more about CRIS?

- ❖ Contact the CRIS Coordinator: Joel Sigmon, Office of State Planning, 116 W. Jones St., Raleigh, NC 27603.
E-mail: jsigmon@ospl1.ospl.state.nc.us Phone: 919-733-4131 Fax: 919-715-3562

N. C. Community Resource Information System



Smart Start

Purpose: To provide preschool age children and their families access to affordable, high quality early childhood education and other services necessary to help them enter school healthy and ready to learn.

Description: Smart Start is a comprehensive statewide initiative designed to provide the preschool children of North Carolina and their families with access to affordable, high quality early childhood education and family support services. Smart Start includes a variety of statewide and local initiatives designed to assure that children enter school ready to learn. In State fiscal year (SFY) 96-97, 43 of the selected counties have received funds to support strategic service plans. Twelve additional counties received funds to develop local plans. These counties anticipate receiving service funding in SFY 97-98. Central to the mission of the Smart Start Partnerships is the concept of collaboration. This is fostered at the state and local level through the formation of non-profit agencies, called partnerships, whose boards represent the business community, parents, religious community, private and public service delivery agencies and elected officials. The 55 participating counties have formed 47 partnerships. The North Carolina Partnership for Children, Inc. (NCPC) oversees the development and implementation of the local partnership projects. Specific service plans and service coordination take place at the county level. Each local partnership designs a comprehensive blueprint for addressing the needs of their community's young children and then requests proposals for implementing these plans.

How To Apply: The next selection process will be managed by the North Carolina Partnership for Children. You may request information from NCPC by calling the agency at (919) 821-7999.

Eligibility Requirements: As defined in G.S. 143B-168.14(a) (i.e. must be a local, private, nonprofit 501(c)(3) organization established on or after July 1, 1993 that meets the guidelines for local partnerships).

Program Web Page: <http://www.smartstart-nc.org>

Type of Assistance: Project Grant

Type of Applicant: Non-Profit Organizations

Deadline: As specified by either NCPC or the local partnership.

Legal Authority: HB 53, 1996 Session of the N.C. General Assembly

Funding Source: State

Fund Code: 1711

P/PB Number: 2200

Number of Awards: 47

Range of Award: \$100,000 to \$5,186,227

Funding Cycle: State fiscal year

State Funding Level: \$63,618,364 SFY 96-97

Total Funding: \$63,618,364 SFY 96-97

Matching Requirements: Legislation requires 20% match: 10% capital and 10% in-kind donations.

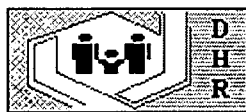
Keywords: child care | community planning and development | early childhood education

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*Please send comments to: CRIS Coordinator.
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State Demography

- Municipal and County Population Estimates
- Population Projections
- Liaison to the Federal Census Bureau

PERCENT OF COUNTY POPULATION LIVING IN ACTIVE MUNICIPALITIES

July 1, 1995

COUNTY	Total 95 Pop.	Non-Muni Pop.	Muni. Pop.	% Muni.
Alamance	115,295	45,559	69,736	60.5%
Alexander	30,168	27,896	2,272	7.5%
Alleghany	9,618	7,682	1,936	20.1%
Anson	23,828	17,293	6,535	27.4%
Ashe	22,992	20,330	2,662	11.6%
Avery	15,186	12,902	2,284	15.0%
Beaufort	43,330	29,406	13,924	32.1%
Bertie	20,638	14,979	5,659	27.4%
Bladen	29,790	21,964	7,826	26.3%
Brunswick	60,739	41,346	19,393	31.9%
Buncombe	188,736	105,488	83,248	44.1%
Burke	81,440	53,668	27,772	34.1%
Cabarrus	110,338	45,925	64,413	58.4%
Caldwell	73,726	39,749	33,977	46.1%
Camden	6,316	6,283	33	0.5%
Carteret	57,612	33,746	23,866	41.4%
Caswell	21,372	18,770	2,602	12.2%
Catawba	126,240	69,754	56,486	44.7%
Chatham	42,914	35,288	7,626	17.8%
Cherokee	21,824	18,647	3,177	14.6%
Chowan	14,031	8,644	5,387	38.4%
Clay	7,732	7,367	365	4.7%
Cleveland	89,136	56,374	32,762	36.8%
Columbus	51,268	37,677	13,591	26.5%
Craven	85,816	33,704	52,112	60.7%
Cumberland	294,010	180,869	113,141	38.5%
Currituck	15,818	15,818	0	0.0%
Dare	25,758	13,471	12,287	47.7%
Davidson	136,604	101,427	35,177	25.8%
Davie	29,735	25,112	4,623	15.5%
Duplin	42,772	30,088	12,684	29.7%
Durham	192,906	43,403	149,503	77.5%
Edgecombe	56,811	23,401	33,410	58.8%
Forsyth	279,904	79,486	200,418	71.6%
Franklin	41,649	35,667	5,982	14.4%
Gaston	178,442	78,610	99,832	55.9%
Gates	9,798	9,409	389	4.0%
Graham	7,466	6,642	824	11.0%
Granville	41,130	30,545	10,585	25.7%
Greene	16,794	14,592	2,202	13.1%
Guilford	372,097	97,506	274,591	73.8%
Halifax	57,468	32,615	24,853	43.2%
Harnett	76,960	56,173	20,787	27.0%
Haywood	49,946	35,202	14,744	29.5%
Henderson	76,250	60,431	15,819	20.7%
Hertford	22,468	14,133	8,335	37.1%
Hoke	27,334	23,289	4,045	14.8%
Hyde	5,211	5,211	0	0.0%
Iredell	103,462	66,819	36,643	35.4%
Jackson	28,798	26,252	2,546	8.8%

COUNTY	Total 95 Pop.	Non-Muni Pop.	Muni. Pop.	% Muni.
Johnston	95,413	63,815	31,598	33.1%
Jones	9,502	8,034	1,468	15.4%
Lee	46,014	24,219	21,795	47.4%
Lenoir	59,083	29,447	29,636	50.2%
Lincoln	55,592	48,338	7,254	13.0%
McDowell	37,244	31,430	5,814	15.6%
Macon	26,284	22,079	4,205	16.0%
Madison	17,778	14,787	2,991	16.8%
Martin	25,842	15,842	10,000	38.7%
Mecklenburg	577,479	49,746	527,733	91.4%
Mitchell	14,838	12,525	2,313	15.6%
Montgomery	23,828	15,670	8,158	34.2%
Moore	66,660	39,674	26,986	40.5%
Nash	83,966	35,515	48,451	57.7%
New Hanover	139,577	68,866	70,711	50.7%
Northampton	20,726	14,239	6,487	31.3%
Onslow	147,912	68,054	79,858	54.0%
Orange	105,821	44,341	61,480	58.1%
Pamlico	11,869	7,934	3,935	33.2%
Pasquotank	33,290	16,068	17,222	51.7%
Pender	34,671	29,027	5,644	16.3%
Perquimans	10,650	7,831	2,819	26.5%
Person	32,139	24,669	7,470	23.2%
Pitt	117,420	42,264	75,156	64.0%
Polk	15,743	12,501	3,242	20.6%
Randolph	115,548	82,111	33,437	28.9%
Richmond	45,404	25,681	19,723	43.4%
Robeson	110,990	75,420	35,570	32.0%
Rockingham	88,334	52,249	36,085	40.9%
Rowan	118,875	69,218	49,657	41.8%
Rutherford	59,082	40,791	18,291	31.0%
Sampson	50,523	37,572	12,951	25.6%
Scotland	34,718	16,885	17,833	51.4%
Stanly	53,784	29,644	24,140	44.9%
Stokes	41,071	34,655	6,416	15.6%
Surry	65,076	50,981	14,095	21.7%
Swain	11,568	10,462	1,106	9.6%
Transylvania	27,168	20,667	6,501	23.9%
Tyrrell	3,812	2,939	873	22.9%
Union	98,192	54,861	43,331	44.1%
Vance	40,041	23,396	16,645	41.6%
Wake	518,271	149,222	369,049	71.2%
Warren	18,137	15,955	2,182	12.0%
Washington	13,766	8,610	5,156	37.5%
Watauga	40,133	24,491	15,642	39.0%
Wayne	111,018	54,594	56,424	50.8%
Wilkes	62,056	54,733	7,323	11.8%
Wilson	67,839	22,276	45,563	67.2%
Yadkin	33,672	26,591	7,081	21.0%
Yancey	16,143	14,585	1,558	9.7%

North Car. 7,194,238 3,662,116 3,532,122 49.1%

Note: "Muni. Pop." refers to the population living in active municipalities.

**NORTH CAROLINA MUNICIPALITIES WITH POPULATIONS OVER 2,500
(RANKED BY SIZE)**

RANK	MUNICIPALITY	COUNTY	JULY 1995
1	CHARLOTTE	MECKLENBURG	469,809
2	RALEIGH	WAKE	249,332
3	GREENSBORO	GUILFORD	193,298
4	WINSTON-SALEM	FORSYTH	165,750
5	DURHAM	DURHAM, ORANGE	148,129
6	FAYETTEVILLE	CUMBERLAND	93,219
7	JACKSONVILLE	ONslow	75,069
8	HIGH POINT	DAVIDSON, FORSYTH, GUILFORD, RANDOLPH	71,791
9	ASHEVILLE	BUNCOMBE	68,474
10	CARY	CHATHAM, WAKE	65,912
11	WILMINGTON	NEW HANOVER	62,256
12	GASTONIA	GASTON	57,181
13	GREENVILLE	PITT	56,307
14	ROCKY MOUNT	EDGEcombe, NASH	55,952
15	GOLDSBORO	WAYNE	47,992
16	CHAPEL HILL	DURHAM, ORANGE	43,539
17	BURLINGTON	ALAMANCE	42,273
18	WILSON	WILSON	40,232
19	CONCORD	CABARRUS	35,468
20	KANNAPOLIS	CABARRUS, ROWAN	34,423
21	HICKORY	BURKE, CATAWBA	30,058
22	KINSTON	LENOIR	25,729
23	SALISBURY	ROWAN	24,543
24	NEW BERN	Craven	21,696
25	STATESVILLE	IREDELL	21,655
26	MONROE	UNION	21,273
27	HAVELOCK	Craven	21,042
28	SANFORD	LEE	20,745
29	LUMBERTON	ROBESON	19,409
30	MATTHEWS	MECKLENBURG	18,362
31	ASHEBORO	RANDOLPH	17,971
32	ELIZABETH CITY	CAMDEN, PASQUOTANK	17,255
33	GARNER	WAKE	17,248
34	LEXINGTON	DAVIDSON	17,053
35	ROANOKE RAPIDS	HALIFAX	16,379
36	MORGANTON	BURKE	16,357
37	HENDERSON	VANCE	16,284
38	THOMASVILLE	DAVIDSON	16,174
39	LAURINBURG	SCOTLAND	15,904
40	ALBEMARLE	STANLY	15,903
41	LENOIR	CALDWELL	15,876
42	MINT HILL	MECKLENBURG	15,859
43	SHELBY	CLEVELAND	15,854
44	EDEN	ROCKINGHAM	15,598

RANK	MUNICIPALITY	COUNTY	JULY 1995
45	REIDSVILLE	ROCKINGHAM	14,280
46	CARRBORO	ORANGE	14,107
47	BOONE	WATAUGA	13,983
48	KERNERSVILLE	FORSYTH, GUILFORD	13,146
49	MOORESVILLE	IREDELL	12,536
50	NEWTON	CATAWBA	12,005
51	GRAHAM	ALAMANCE	11,183
52	TARBORO	EDGEcombe	11,112
53	SMITHFIELD	JOHNSTON	10,706
54	ROCKINGHAM	RICHMOND	10,114
55	HOPE MILLS	CUMBERLAND	9,808
56	DUNN	HARNETT	9,700
57	SOUTHERN PINES	MOORE	9,668
58	WAYNESVILLE	HAYWOOD	9,530
59	WASHINGTON	BEAUFORT	9,421
60	HENDERSONVILLE	HENDERSON	9,274
61	CLINTON	SAMPSON	9,084
62	KINGS MOUNTAIN	CLEVELAND, GASTON	9,031
63	OXFORD	GRANVILLE	8,322
64	SPRING LAKE	CUMBERLAND	8,300
65	MOUNT HOLLY	GASTON	8,069
66	BELMONT	GASTON	8,013
67	CORNELIUS	MECKLENBURG	7,901
68	MOUNT AIRY	SURRY	7,818
69	ARCHDALE	GUILFORD, RANDOLPH	7,815
70	FOREST CITY	RUTHERFORD	7,776
71	MOREHEAD CITY	CARTERET	7,539
72	ROXBORO	PERSON	7,470
73	WAKE FOREST	WAKE	7,388
74	BLACK MOUNTAIN	BUNCOMBE	7,384
75	HUNTERSVILLE	MECKLENBURG	7,343
76	LINCOLNTON	LINCOLN	7,254
77	PINEHURST	MOORE	7,094
78	LEWISVILLE	FORSYTH	7,093
79	APEX	WAKE	6,827
80	HAMLET	RICHMOND	6,785
81	CLEMMONS	FORSYTH	6,520
82	CONOVER	CATAWBA	6,477
83	CLAYTON	JOHNSTON	6,458
84	INDIAN TRAIL	UNION	6,360
85	BREVARD	TRANSYLVANIA	6,063
86	WILLIAMSTON	MARTIN	5,854
87	WHITEVILLE	COLUMBUS	5,615
88	CHERRYVILLE	GASTON	5,566
89	FUQUAY-VARINA	WAKE	5,389

GROWTH OF LARGEST (AT 1990 CENSUS) MUNICIPALITIES FROM APRIL 1990 TO JULY 1995

RANK	MUNICIPALITY	POPULATION				LAND AREA (SQ. MILES)			
		1990	1995	TOTAL GROWTH	POPULATION ANNEXED	URBAN GROWTH	1990 LIMITS	ANNEXED 1990-95	1995 LIMITS
1	CHARLOTTE	395,934	469,809	73,875	36,435	37,440	174.23	37.67	211.90
2	RALEIGH	212,092	249,332	37,240	15,873	21,367	88.12	10.97	99.09
3	GREENSBORO	183,894	193,298	9,404	3,142	6,262	79.78	12.46	92.24
4	WINSTON-SALEM	143,485	165,750	22,265	18,930	3,335	71.11	28.38	99.49
5	DURHAM	136,612	148,129	11,517	4,235	7,282	69.26	10.99	80.25
6	FAYETTEVILLE	75,850	93,219	17,369	12,012	5,357	40.59	5.72	46.31
7	HIGH POINT	69,428	71,791	2,363	725	1,638	42.99	2.89	45.88
8	ASHEVILLE	61,855	68,474	6,619	3,920	2,699	34.94	6.05	40.99
9	WILMINGTON	55,530	62,256	6,726	0	6,726	29.69	0.13	29.82
10	GASTONIA	54,725	57,181	2,456	447	2,009	30.37	0.47	30.84
11	ROCKY MOUNT	49,961	55,952	5,991	3,516	2,475	25.33	8.97	34.30
12	GREENVILLE	46,305	56,307	10,002	7,644	2,358	18.93	4.77	23.70
13	CARY	44,397	65,912	21,515	6,592	14,923	31.15	7.65	38.80
14	GOLDSBORO	40,709	47,992	7,283	4,047	3,236	21.02	2.92	23.94
15	BURLINGTON	39,498	42,273	2,775	685	2,090	20.33	0.58	20.91
16	CHAPEL HILL	38,711	43,539	4,828	1,086	3,742	16.53	2.48	19.01
17	WILSON	36,930	40,232	3,302	2,329	973	18.50	3.20	21.70
18	JACKSONVILLE	30,398	75,069	44,671	42,959	1,712	12.99	27.73	40.72
19	KANNAPOLIS	29,709	34,423	4,714	3,045	1,669	15.69	5.32	21.01
20	HICKORY	28,474	30,058	1,584	558	1,026	20.31	1.51	21.82
21	CONCORD	27,347	35,468	8,121	5,183	2,938	21.80	13.59	35.39
22	KINSTON	25,295	25,729	434	427	7	13.13	3.37	16.50
23	SALISBURY	23,626	24,543	917	135	782	16.36	1.00	17.36
24	HAVELOCK	20,300	21,042	742	6	736	14.86	0.38	15.24
25	LUMBERTON	18,733	19,409	676	245	431	12.02	1.69	13.71
26	STATESVILLE	17,567	21,655	4,088	3,275	813	12.92	4.50	17.42
27	NEW BERN	17,363	21,696	4,333	3,625	708	10.22	10.84	21.06
28	LEXINGTON	16,581	17,053	472	2	470	11.99	0.37	12.36
29	MONROE	16,385	21,273	4,888	2,664	2,224	13.86	7.15	21.01
30	ASHEBORO	16,362	17,971	1,609	697	912	11.89	2.70	14.59
31	THOMASVILLE	15,915	16,174	259	49	210	10.08	0.07	10.15
32	ROANOKE RAPIDS	15,722	16,379	657	0	657	7.76	0.00	7.76
33	HENDERSON	15,655	16,284	629	441	188	7.08	0.59	7.67
34	EDEN	15,238	15,598	360	305	55	11.71	1.38	13.09
35	MORGANTON	15,085	16,357	1,272	432	840	16.72	1.19	17.91
36	ALBEMARLE	14,940	15,903	963	12	951	14.66	0.57	15.23
37	SANFORD	14,755	20,745	5,990	4,522	1,468	13.95	7.10	21.05
38	GARNER	14,716	17,248	2,532	100	2,432	11.37	0.34	11.71
39	SHELBY	14,669	15,854	1,185	929	256	8.78	0.89	9.67
40	ELIZABETH CITY	14,292	17,255	2,963	1,585	1,378	4.53	1.89	6.42
41	LENOIR	14,192	15,876	1,684	1,365	319	13.58	1.86	15.44
42	MATTHEWS	13,651	18,362	4,711	2,981	1,730	12.26	1.75	14.01
43	BOONE	12,949	13,983	1,034	1	1,033	5.49	0.09	5.58
44	REIDSVILLE	12,183	14,280	2,097	1,870	227	7.91	6.57	14.48
45	CARRBORO	12,134	14,107	1,973	808	1,165	3.53	0.46	3.99
TOTAL (of LARGEST)		2,190,152	2,541,240	351,088	199,839	151,249	1150.32	251.20	1401.52

North Carolina

Population Projections

1996 Series

COUNTY	July 1996	July 1997	July 1998	July 1999	July 2000	July 2001	July 2002	July 2003	July 2004	July 2005	July 2006
1 ALAMANCE	117,115	118,549	119,850	121,039	122,075	122,805	123,504	124,186	124,975	125,829	126,661
2 ALEXANDER	30,766	31,350	31,781	32,200	32,572	32,864	33,169	33,488	33,804	34,122	34,428
3 ALLEGHANY	9,555	9,497	9,472	9,467	9,456	9,430	9,400	9,377	9,359	9,338	9,314
4 ANSON	23,786	23,875	23,937	23,926	23,884	23,812	23,721	23,616	23,495	23,379	23,273
5 ASHE	23,166	23,312	23,411	23,500	23,558	23,567	23,586	23,600	23,620	23,638	23,634
6 AVERY	15,205	15,273	15,336	15,380	15,408	15,398	15,400	15,409	15,419	15,431	15,410
7 BEAUFORT	43,645	43,848	44,058	44,257	44,428	44,538	44,651	44,754	44,858	44,962	45,046
8 BERTIE	20,701	20,766	20,812	20,824	20,815	20,773	20,721	20,664	20,641	20,620	20,594
9 BLADEN	30,063	30,313	30,449	30,551	30,603	30,593	30,552	30,517	30,488	30,460	30,442
10 BRUNSWICK	62,750	64,770	66,667	68,388	69,996	71,369	72,801	74,276	75,794	77,315	78,765
11 BUNCOMBE	191,798	194,545	197,049	199,302	201,306	202,890	204,508	206,137	207,830	209,528	211,185
12 BURKE	82,866	84,109	85,106	85,944	86,663	87,201	87,704	88,240	88,759	89,257	89,741
13 CABARRUS	113,031	115,108	117,146	119,069	120,849	122,395	123,948	125,570	127,239	128,927	130,596
14 CALDWELL	74,338	74,949	75,506	75,986	76,389	76,627	76,860	77,086	77,295	77,514	77,709
15 CAMDEN	6,445	6,524	6,587	6,646	6,697	6,737	6,770	6,810	6,840	6,875	6,915
16 CARTERET	58,562	59,454	60,449	61,428	62,357	63,142	63,952	64,826	65,744	66,670	67,498
17 CASHWELL	21,311	21,434	21,524	21,593	21,636	21,630	21,618	21,607	21,593	21,585	21,568
18 CATAWBA	127,942	129,566	131,076	132,510	133,865	135,014	136,109	137,175	138,210	139,265	140,368
19 CHATHAM	43,712	44,457	45,204	45,894	46,521	47,034	47,565	48,110	48,700	49,268	49,782
20 CHEROKEE	22,243	22,616	22,917	23,171	23,390	23,556	23,738	23,912	24,086	24,252	24,404
21 CHOWAN	14,140	14,192	14,272	14,373	14,466	14,537	14,592	14,664	14,737	14,793	14,856
22 CLAY	7,862	8,006	8,102	8,188	8,259	8,308	8,355	8,417	8,471	8,530	8,581
23 CLEVELAND	90,053	90,888	91,616	92,245	92,758	93,088	93,368	93,613	93,850	94,153	94,457
24 COLUMBUS	51,556	51,834	52,054	52,204	52,277	52,234	52,195	52,205	52,185	52,144	52,074
25 CRAVEN	86,789	87,424	88,269	89,162	90,047	90,855	91,651	92,470	93,300	94,155	94,892
26 CUMBERLAND	298,810	303,173	307,874	311,966	315,895	320,145	324,464	328,729	332,975	337,365	341,369
27 CURRITUCK	16,257	16,664	17,059	17,406	17,725	17,991	18,261	18,555	18,872	19,184	19,501
28 DARE	26,516	27,279	27,979	28,652	29,342	30,001	30,660	31,344	32,015	32,713	33,429
29 DAVIDSON	138,501	140,162	141,880	143,570	145,111	146,332	147,555	148,804	150,099	151,415	152,682
30 DAVIE	30,203	30,569	30,927	31,282	31,608	31,854	32,102	32,367	32,629	32,927	33,212
31 DUPLIN	43,413	43,934	44,388	44,741	45,014	45,178	45,355	45,514	45,682	45,845	46,011
32 DURHAM	194,685	196,569	198,667	201,277	203,902	206,329	208,738	211,171	213,553	215,975	218,536
33 EDGECOMBE	56,714	56,740	56,739	56,766	56,776	56,714	56,658	56,592	56,562	56,548	56,535
34 FORSYTH	284,157	287,468	290,315	292,907	295,303	297,229	299,104	300,947	302,810	304,677	306,511
35 FRANKLIN	42,605	43,589	44,539	45,436	46,277	47,019	47,791	48,569	49,350	50,172	51,017
36 GASTON	179,018	179,497	180,028	180,826	181,572	182,050	182,464	182,821	183,226	183,696	184,143
37 GATES	9,835	9,906	9,988	10,063	10,129	10,177	10,229	10,291	10,355	10,414	10,472
38 GRAHAM	7,556	7,623	7,654	7,689	7,718	7,742	7,748	7,754	7,758	7,775	7,825
39 GRANVILLE	41,523	42,023	42,557	43,063	43,526	43,875	44,252	44,680	45,139	45,590	46,007
40 GREENE	17,106	17,373	17,588	17,743	17,851	17,898	17,962	18,036	18,117	18,164	18,197
41 GUILFORD	378,067	383,388	387,934	392,023	395,676	398,549	401,406	404,339	407,320	410,401	413,357
42 HALIFAX	57,700	58,016	58,314	58,580	58,784	58,880	58,955	59,047	59,145	59,273	59,380
43 HARNETT	78,967	80,918	82,712	84,148	85,483	86,700	87,895	89,106	90,334	91,641	92,930
44 HAYWOOD	50,443	50,931	51,391	51,793	52,099	52,249	52,404	52,570	52,719	52,864	52,971
45 HENDERSON	77,549	78,837	80,058	81,251	82,322	83,126	83,947	84,823	85,779	86,709	87,553
46 HERTFORD	22,363	22,369	22,332	22,300	22,260	22,211	22,145	22,078	22,005	21,939	21,892
47 HOKE	28,526	29,596	30,489	31,158	31,759	32,287	32,819	33,350	33,920	34,472	35,026
48 HYDE	5,109	5,040	4,986	4,949	4,915	4,891	4,872	4,851	4,818	4,781	4,751
49 IREDELL	105,957	107,981	109,713	111,459	113,067	114,475	115,810	117,206	118,616	120,044	121,462
50 JACKSON	29,268	29,603	29,892	30,167	30,396	30,547	30,706	30,862	31,020	31,160	31,278
51 JOHNSTON	98,845	101,651	104,175	106,428	108,499	110,361	112,208	114,119	116,085	118,056	120,012
52 JONES	9,519	9,539	9,566	9,572	9,572	9,566	9,553	9,548	9,538	9,522	9,504
53 LEE	47,014	47,943	48,813	49,556	50,222	50,760	51,344	51,935	52,517	53,132	53,735
54 LENOIR	59,466	59,749	60,010	60,190	60,288	60,281	60,236	60,188	60,116	60,034	59,941
55 LINCOLN	56,782	57,879	58,915	59,867	60,764	61,550	62,344	63,155	63,958	64,791	65,626
56 MCDOWELL	37,696	38,059	38,326	38,540	38,701	38,771	38,849	38,931	39,007	39,074	39,123
57 MACON	26,757	27,268	27,750	28,190	28,577	28,859	29,174	29,519	29,847	30,190	30,503
58 MADISON	18,020	18,179	18,319	18,432	18,524	18,584	18,643	18,706	18,763	18,825	18,880
59 MARTIN	25,895	25,990	26,092	26,161	26,187	26,146	26,104	26,077	26,070	26,070	26,043
60 MECKLENBURG	592,634	606,368	618,853	631,155	643,083	654,137	665,152	676,303	687,653	699,269	710,911

North Carolina

Population Projections

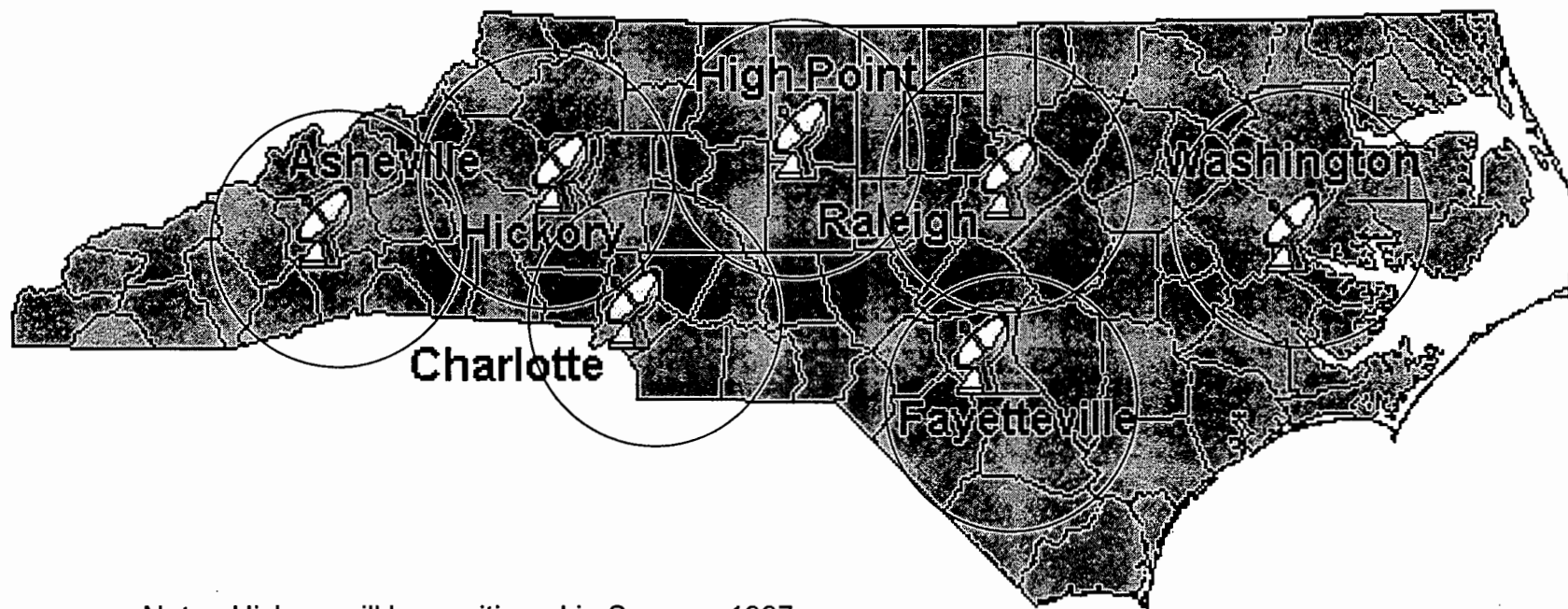
1996 Series

COUNTY	July 1996	July 1997	July 1998	July 1999	July 2000	July 2001	July 2002	July 2003	July 2004	July 2005	July 2006
MITCHELL	14,864	14,956	15,026	15,059	15,074	15,054	15,037	15,024	15,015	15,005	14,991
MONTGOMERY	24,090	24,199	24,336	24,443	24,539	24,595	24,649	24,703	24,753	24,803	24,857
MOORE	68,732	70,358	71,807	73,059	74,168	75,031	75,890	76,776	77,719	78,643	79,511
64 NASH	85,588	87,019	88,361	89,625	90,796	91,794	92,796	93,822	94,885	95,986	97,061
65 NEW HANOVER	144,043	147,761	151,108	154,087	156,748	158,955	161,183	163,452	165,838	168,288	170,649
66 NORTHAMPTON	20,714	20,694	20,647	20,590	20,513	20,397	20,293	20,193	20,089	19,976	19,855
67 ONSLOW	150,714	151,770	153,651	155,252	157,050	159,593	162,232	164,905	167,659	170,420	172,988
68 ORANGE	107,992	110,093	112,178	114,100	115,941	117,536	119,085	120,608	122,119	123,700	125,310
69 PAMLICO	11,972	12,078	12,168	12,255	12,330	12,370	12,415	12,472	12,531	12,593	12,645
70 PASQUOTANK	33,501	33,858	34,256	34,597	34,904	35,142	35,414	35,685	35,969	36,253	36,521
71 PENDER	35,773	36,945	37,995	38,980	39,894	40,692	41,533	42,389	43,255	44,131	44,973
72 PERQUIMANS	10,716	10,792	10,854	10,905	10,952	10,979	11,009	11,040	11,071	11,112	11,158
73 PERSON	32,608	33,015	33,349	33,631	33,863	34,005	34,160	34,309	34,488	34,670	34,834
74 PITT	119,276	121,233	123,178	125,108	127,010	128,868	130,722	132,591	134,536	136,506	138,466
75 POLK	15,931	16,128	16,359	16,572	16,761	16,907	17,058	17,208	17,363	17,508	17,636
76 RANDOLPH	117,405	119,306	121,002	122,664	124,238	125,591	126,924	128,302	129,713	131,127	132,570
77 RICHMOND	45,619	45,740	45,844	45,964	46,048	46,063	46,104	46,118	46,119	46,133	46,138
78 ROBESON	111,894	112,994	114,082	114,922	115,633	116,135	116,626	117,176	117,784	118,487	119,081
79 ROCKINGHAM	89,345	89,986	90,427	90,801	91,097	91,226	91,362	91,490	91,618	91,755	91,864
80 ROWAN	121,032	122,839	124,377	125,812	127,132	128,226	129,347	130,509	131,752	133,079	134,359
81 RUTHERFORD	59,479	59,868	60,239	60,613	60,950	61,196	61,452	61,686	61,919	62,147	62,378
82 SAMPSON	51,177	51,760	52,243	52,616	52,884	53,028	53,190	53,360	53,529	53,704	53,851
83 SCOTLAND	34,916	35,049	35,196	35,368	35,516	35,606	35,706	35,802	35,914	36,022	36,131
84 STANLY	54,301	54,633	54,969	55,341	55,680	55,938	56,205	56,475	56,755	57,035	57,301
85 STOKES	42,146	42,956	43,673	44,314	44,903	45,416	45,919	46,424	46,914	47,428	47,955
86 SURRY	66,110	66,833	67,439	67,983	68,439	68,737	69,049	69,376	69,728	70,061	70,354
87 SWAIN	11,662	11,747	11,809	11,871	11,922	11,934	11,969	12,016	12,060	12,098	12,124
88 TRANSYLVANIA	27,447	27,760	28,060	28,328	28,555	28,703	28,840	28,983	29,138	29,281	29,407
89 TYRRELL	3,752	3,727	3,724	3,708	3,690	3,667	3,639	3,615	3,599	3,564	3,540
90 UNION	101,507	104,459	107,024	109,339	111,500	113,451	115,449	117,518	119,651	121,810	123,926
VANCE	40,297	40,558	40,798	41,036	41,260	41,436	41,620	41,791	41,967	42,109	42,271
92 WAKE	538,131	556,992	574,323	590,447	605,837	620,205	634,867	649,869	665,105	680,630	696,265
93 WARREN	18,331	18,523	18,680	18,808	18,909	18,951	18,998	19,066	19,155	19,247	19,307
94 WASHINGTON	13,675	13,584	13,516	13,458	13,391	13,307	13,228	13,141	13,057	12,973	12,880
95 WATAUGA	40,607	41,142	41,639	42,077	42,464	42,730	43,010	43,310	43,614	43,923	44,213
96 WAYNE	112,331	113,410	114,360	115,297	116,135	116,797	117,432	118,054	118,671	119,267	119,797
97 WILKES	62,438	62,894	63,278	63,621	63,890	64,043	64,179	64,274	64,393	64,473	64,552
98 WILSON	68,583	68,977	69,345	69,681	69,956	70,082	70,213	70,385	70,564	70,743	70,906
99 YADKIN	34,464	35,118	35,688	36,179	36,611	36,954	37,291	37,656	38,034	38,395	38,743
100 YANCEY	16,278	16,403	16,521	16,624	16,706	16,750	16,796	16,846	16,903	16,957	16,991
101 NORTH CAR.	7,322,318	7,436,690	7,542,996	7,641,684	7,733,097	7,811,951	7,891,238	7,972,035	8,054,610	8,138,759	8,220,877

Geodetic Survey

- Coordinate Statewide Geodetic Activities
- Develop and maintain high Accuracy Reference Network (HARN)
- Maintain Global Positioning System (GPS) Continuously Operating Reference System (CORS)
- Maintain access to the North Carolina Geodetic Survey Integrated Data Base

NCGS GPS Community Base Stations



Note: Hickory will be positioned in Summer 1997

GEODETIC SURVEY

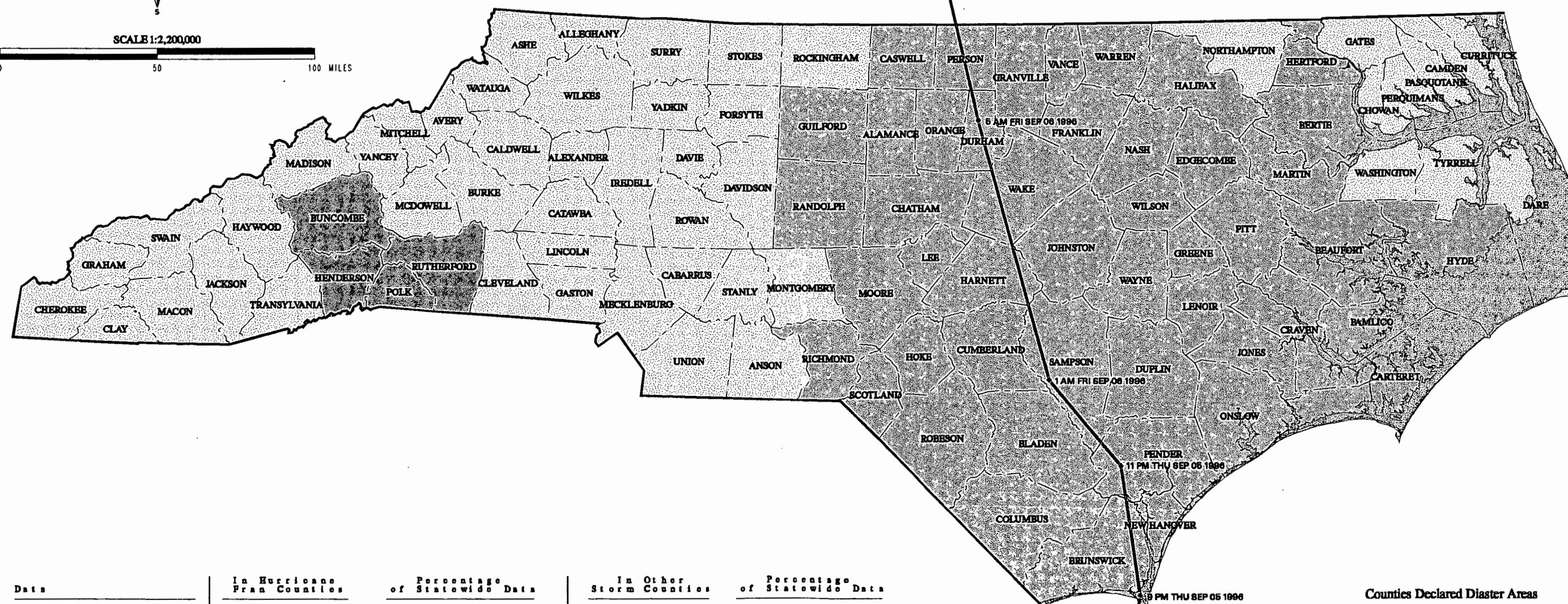


Office of State Planning

Center for Geographic Information and Analysis (CGIA)




- Coordinate Statewide Geographic Information Systems (GIS) Activities
- Maintain Geographic Data Clearinghouse
- Provide statewide, cost-effective geographic information and services

0 50 100 MILES



<u>Data</u>	<u>In Hurricane Pran Counties</u>	<u>Percentage of Statewide Data</u>	<u>In Other Storm Counties</u>	<u>Percentage of Statewide Data</u>
Historic Districts	60,924.33 acres	60	13,470.56 acres	13
Historic Sites	661	55	82	7
Coastal Marinas	273	88	0	N/ A
National Pollutant Discharge Elimination System Sites	1,355	41	186	6
Fisheries Nursery Areas	127,383.43 acres	98	0	N/ A
State-Owned Complexes	323,866.02 acres	69	12,545.81 acres	3
State Parks	153,216.43 acres	65	0	N/ A
Surface Water Intakes	81	33	19	8

Counties Declared Disaster Areas September 1996

-  Hurricane Fran Counties
 Other Storm Counties
 Path of Hurricane Fran



Map Prepared September 1996 by the
NC Center for Geographic Information & Analysis
115 Hillsborough St * Raleigh, NC 27603 * (919)733-2090



MAR 17 1997

STATE BOARD OF ELECTIONS

133 Fayetteville Street Mall
Suite 100
Raleigh, North Carolina 27601

GARY O. BARTLETT
Executive Secretary-Director

Mailing Address:
P.O. BOX 2169
RALEIGH, NC 27602
(919) 733-7173
FAX (919) 715-0135

Memorandum

To: Representative Wilma Sherrill, Co-chair
Representative Wainwright, Member
Joint Appropriations Subcommittee on General Government

cc: Representative Bill Ives, Co-Chair
Representative Gene McCombs, Co-chair
Senator Ed Warren, Co-Chair
Joint Appropriations Subcommittee on General Government

From: Gary O. Bartlett *Gary O. Bartlett*
Executive Secretary-Director

Date: March 6, 1997

Subject: Response to request for information

In response to your requests for specific information, this memorandum contains supplemental information that we respectfully submit for your consideration and for the record.

Representative Sherrill inquired as to the unit cost of producing **A Public Trust**, the North Carolina training video for precinct officials. This unit cost was \$2.73 per video. Current appropriations permit us to produce one video a year. The video was submitted to committee members for their review since the State Board of Elections has requested an appropriation to produce additional training videos. Feedback from county board members, directors and precinct officials indicates that the video has been well-received and has been effective in training precinct officials, our most critical link in conducting free, fair, and open elections.

Representative Wainwright shared with the committee a letter from Owen G. Dunn expressed concerns about a shortened election schedule at its impact on the timetable for printing ballots and associated costs. I have spoken with Mr. Owen Andrews, who has confirmed that his printing company services approximately 30-35 counties. I shared with Mr. Andrews the observation of county boards of election directors that optical scan paper ballots are typically printed with a 20 to 21 day turnaround. He responded by stating that his company would adapt to any election schedule approved by the General Assembly. However, as a printer, he added that he

would feel more comfortable with a 6 week turnaround period, to ensure accuracy of the ballot and so his company could avoid incurring additional costs from the hiring of additional staff or the purchase of new equipment. He cautioned that incurring such costs would lead to an increase in the costs to counties for the printing of their ballots. Please note, however, that Owen G. Dunn prints ballots for jurisdictions outside of North Carolina as well. Information indicates that at the time his company would print ballots under the shortened election schedule, he would also be printing ballots for use in Florida.

If you should have any questions about this information, please do not hesitate to give me a call. I would also be glad to meet with you discuss these issues.

VISITOR REGISTRATION SHEET

General Government (Joint)

2/19/97

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME

FIRM OR AGENCY AND ADDRESS

Dennis McGarty	OSC
STEVE STONEMAN	OSC
George Moore	OSC
John Morgan	OSC
Tenny McGuire	OSC/IRN
Emilie Schmidt	OSC/IRM
Jim Newell	OSBM
Dennis Allen	SOS
Martin Glass	DOA
J. Allen Edwards	NC Battleship Commemorative Act NC
Don Wamp	OSC
Heather Lail	OSA
Wilkie Riddick	DOR
Bobbi Wilkins	SEANC

VISITOR REGISTRATION SHEET

General Government (Joint)

2/19/97

1.

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME

FIRM OR AGENCY AND ADDRESS

Lucie P. Street

PPAA

Roz Saint

ne Coalition Against Domestic Abuse

Marvin Loman

OSBA

JOINT APPROPRIATIONS SUBCOMMITTEE
ON
GENERAL GOVERNMENT

February 20, 1997

The Joint Appropriations Subcommittee on General Government met Thursday February 20, 1997 at 8:30 a.m. in room 425 of the Legislative Office Building. Four of the Senate members were present. Representatives present were: Co-Chairs Ives, McCombs and Sherrill; and Culpepper, Jeffus and Wainwright.

Senator Warren, Chair of the day, introduced Ms. Kaye Gattis and asked her to review the activities of the Office of the Lieutenant Governor. Ms. Gattis said that their office had a lean but solid budget which covers the salaries and activities of ten staff, including the Lt. Governor. One position is empty at the moment; the staff serves the citizens of North Carolina in a very efficient manner; and that the Lt. Governor serves on thirteen various boards and commissions, including the State Board of Education and that he presides over the Senate.

Representative Sherrill asked Ms. Gattis if the position which has been vacant since mid-1996 was really needed. Ms. Gattis responded that the position was needed; that it became vacant just prior to the elections, and that they postponed filling it until they were sure they would be in charge. She also noted that they had cut their budget by 12-percent over the past four years.

Chairman Warren then asked Mr. George Hall to report on the General Assembly. Mr. Hall stated that in preparing their budget they allowed 24 weeks for the long session and 12 weeks for the short session; that it costs \$60,000 a day while in session; and that the Reserve Fund was used to cover sessions which ran longer, and for special called sessions, such as last year's Crime Session. For instance the 1993-95 session totaled 40 weeks. In response to Senator Warren's question, he said that all legislators received the same pay no matter where they lived. Senator Warren also asked if his office had considered allowing a full-time secretary for all members. Mr. Hall said that the House had tried having one secretary work for five representatives during the interim, and that the Senate had been allowed secretarial assistance 4-days per month.

In response to several questions from Representatives Sherrill and Jeffus, Mr. Hall (with Elaine Robinson's input. Elaine is Director of the Administrative Division) said that a clerk's average salary was \$107/day, and that classification of Clerk I, II or III is determined by their committee assignment. The General Assembly leadership makes that determination. In regard to longevity, Ms. Robinson stated that longevity for permanent employees is based on length of service in all State offices, including the General Assembly; and that temporary employees do not get longevity but are on a pay scale based on years of service. Mr. Hall said that parking was determined by seniority and committee assignments.

Several legislators asked about job descriptions for the secretaries and clerks. Mr. Hall said that the only job description was the material listed on pages 16-18 of the Legislative Manual issued by the Legislative Services Office.

Representative Sherrill then asked why General Assembly staff was paid on so much higher a scale than other State employees. Mr. Hall responded that until about ten years ago GA staff salaries were rather haphazard. The Legislative Services Commission looked into this and decided on a scale based on the Court's system. That has been used since that time. The rationale was that a system was needed to reward employees for long and good service. The present longevity rate is:

5 to 10 years = 4.8 %

10 to 15 years = 9.6%

15 to 20 years = 14.4%

20 and up = 19.2%

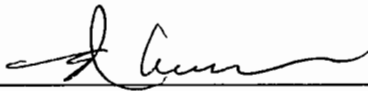
Senator Ledbetter asked about the status of the current budget, to which Mr. Hall noted that there was \$6M in the Reserve Fund, with \$3M earmarked for chamber renovations. Representative Ives asked if the Legislative Office Building would be under the possession of the General Assembly when the Auditor and Secretary of State moved out in the fall—in other words, will we have to pay the utility bills, etc. Mr. Hall said

February 20, 1997 a.m.

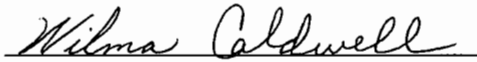
that he hoped the Department of Administration would continue to pay them. Mr. Allen Rogers, the Personnel Officer, said that he would bring a salary schedule to the Committee on Monday. In response to a question by Representative Ives, Mr. Rogers said that the General Assembly employees were paid about two percent more than what the general State employees make. After some discussion about clerks overtime work, it was concluded that each clerks legislator should be the one to verify the overtime and sign the time sheet. Senator Lucas noted that this was what had been done in the past.

The Committee adjourned at 9:10 a.m. to reconvene at 5:00 p.m. Monday, February 24, 1997.

Respectfully submitted,



Senator Ed Warren, Chairman



Wilma Caldwell, Committee Clerk

VISITOR REGISTRATION SHEET

App. General Government

2/20/97

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME

FIRM OR AGENCY AND ADDRESS

Tony Coxington

Two

Due Hall

Leg Scr.

Faire Robson

14A

Allen Rogers

B. A.

Enoch E Hellwig

05B/M

Jim Howell

OSBM

Kathie Austin Padgett

USPL

Martin Glass

DOA

Bernard Allen

505

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT

February 24, 1997

The Joint Appropriations Subcommittee on General Government met on February 24, 1997 at 5:00 p.m. in Room 425 of the Legislative Office Building. Representative McCombs presided and the following members were present: Representative Ives, Cochair; Representative Sherrill, Cochair; Representatives Decker and Jeffus and three Senate members.

Representative McCombs called the meeting to order and introduced Judge Julian Mann, Director, Office of Administrative Hearings. Judge Mann gave an overview of the Office of Administrative Hearings and its three divisions: Civil Rights, Publications and Hearings. He briefly went over the handout "Striving for Efficiency in Administrative Litigation: North Carolina's Office of Administrative Hearings" (Attachment 1) and a series of charts showing information on petitions filed (Attachment 2).

After Judge Mann's presentation, the committee members asked questions. Senator Page asked what sort of documentation is kept on each hearing and is the documentation available to the public. Judge Mann responded that each hearing is similar to a court case and pleadings and files are kept on each case. All documents are kept in a file and are open for public inspection. Senator Page then noted that petitions filed against the ABC Board seem to dominate in a number of years and asked if there is any particular reason for this. Judge Mann responded that these are cases where bars and taverns are fined for misconduct and if the owner feels like they have a defense against that, they have a trial. There are a high number of cases because the ALE is out checking the bars on a regular basis. Rep. Ives asked what CSE/DCS stands for. Judge Mann responded that those are Child Support Tax Intercept cases. Rep. Ives then asked for clarification on the request for new printers. Judge Mann stated that this is for a new hearings program which is being written now. Senator Page asked how soon after someone files a petition is it heard. Judge Mann responded that the agency goal is to have the time from when the petition is filed until when the decision is written within six months.

Judge Mann then asked Judge Sammie Chess, Administrative Law Judge with the High Point Office to clarify reasons for time delays in petition hearings. Judge Chess responded that there are rules of civil procedure and that the lawyers need time do discovery.

Deputy Director James R. Scarcella spoke next on the 1997-99 program objective for the

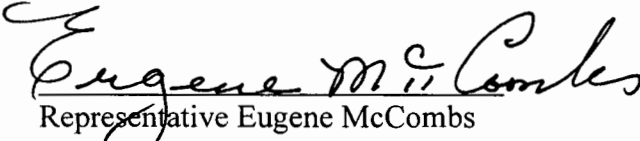
Office of Administrative Hearings, which is to reduce the length of time it takes to put together the official record to the state agencies.

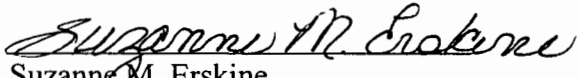
Molly Masich, Director of the Rules Division, discussed the new LAN system and the need for a new position to support the LAN. Rep. Sherrill asked if this new position is approved will that cut out SIPS. Ms. Masich responded that over the long-term SIPS would not be paid as much.

Lamont Goins, Director of the Civil Rights Division, then spoke regarding the needs in this division. He requested that the position of the contract employee who has been serving since February 1989 be permanently funded. Rep. Ives asked Mr. Goins how busy his office is. Mr. Goins responded that they are quite busy. Rep. McCombs asked what the difference in cost would be for this position under contract as opposed to a full-time employee. Mr. Scarcella responded that the difference would be in the retirement and hospitalization benefits. After more discussion of additional staffing needs, clarification was given that three new positions are requested. Two are in the continuation budget and one is not.

The meeting was adjourned at 5:58 p.m.

Respectfully submitted,


Representative Eugene McCombs
Cochair


Suzanne M. Erskine
Committee Clerk

VISITOR REGISTRATION SHEET

Appropriations / General Government 2/24/97
Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME

FIRM OR AGENCY AND ADDRESS

<i>John Mamm</i>	<i>OAH</i>
<i>Lennart Gains</i>	<i>OAH</i>
<i>Molly Masich</i>	<i>OAH</i>
<i>JIM SCARCELLA</i>	<i>OAH</i>
<i>Jim Newell</i>	<i>OSBM</i>
<i>Kathie Austin Padgett</i>	<i>OSPL</i>
<i>Heather Fain</i>	<i>OSFA</i>
<i>Robert Fawcett</i>	<i>OSBM</i>
<i>Brenda Doudrenty</i>	<i>Sprint</i>
<i>Bonnie Kellen</i>	<i>Secy. of State</i>
<i>Billy Ray McCain</i>	<i>DCR</i>
<i>Wonna Rosquillo</i>	<i>DCR</i>

Attachment 1 2/24/97
Per. Bouz

STRIVING FOR EFFICIENCY IN ADMINISTRATIVE LITIGATION:
NORTH CAROLINA'S OFFICE OF ADMINISTRATIVE HEARINGS

JULIAN MANN, III*

Due process of law¹ is the driving force behind the need for efficiency in administrative litigation. The old adage, "Justice delayed is justice denied," describes in modern terms an inefficient hearings' system that cannot deliver justice.² By contrast, an efficient hearings' system, one designed to move cases swiftly to trial, can deliver both justice and due process by avoiding unnecessary delay.³

*Chief Administrative Law Judge and Director of the State of North Carolina's Office of Administrative Hearings (OAH), now serving in his second term under appointment of Chief Justice (Retired) James G. Exum, Jr.. The author gratefully acknowledges the assistance of OAH Law Clerk Anna K. Baird, and the research staff of the National Center for State Courts, Williamsburg, Virginia.

¹ "Law in its regular course of administration through courts of justice." BLACK'S LAW DICTIONARY 449 (5th ed. 1979).

² See Anthony F. Vollack, *Keeping Abreast of the Flood: How Judges Can Control Caseflow*, 5 State Court Journal 8, 9 (1981); see Chief Justice Thomas O. Marshall, Workshop on Reducing Trial Court Delay (Dec. 10, 1986), reprinted in 2 PLANNING AND CONDUCTING A WORKSHOP ON REDUCING DELAY IN FELONY CASES (INSTITUTE FOR COURT MANAGEMENT OF THE NATIONAL CENTER FOR STATE COURTS) Tab 16 (1991); see also KENNETH C. DAVIS, ADMINISTRATIVE LAW TEXT § 8.06 (3rd ed. 1972) ("Delay may be the equivalent of denial of relief so that immediate judicial review becomes appropriate.").

³ "The time has come for the courts to reduce delay and to make efficiency a high priority of the judicial system." The North Carolina Courts Commission, Case Management (A Report by the Subcommittee on Structure of the Courts to the North Carolina Courts Commission) 5 (Jan. 1995) (on file with the North Carolina Courts Commission); see also William E. Hewitt, *Courts that Succeed: A Tour of Six Successful Courts*, THE CT. MANAGER, Spring 1993, at 4 (asserting that delay has a negative effect on the quality of justice).

How is efficiency measured in a modern hearings' system? Although distinctions have been drawn between measuring "delay" and "pace" of litigation⁴, most authorities agree that an accurate gauge of efficiency is determined by monitoring the median time between the filing and resolution of court cases in a judicial system.⁵

Some of the variables which affect this efficiency measure are: (a) degree of intervention by the court in asserting control over dockets;⁶ (b) existence of Differentiated Case Management (DCM)⁷; (c) use of a computerized system to track cases⁸; (d) time

⁴ Pace of litigation refers to the "time it takes a case to proceed from the filing of a complaint to the issuance of a verdict or judgment." Delay pertains to a particular case and refers to the "time beyond that which is reasonable for obtaining a just resolution of the case." JOHN A. GOERDT ET AL., REEXAMINING THE PACE OF LITIGATION IN 39 URBAN TRIAL COURTS 36 (1991).

⁵ AMERICAN BAR ASSOCIATION, STANDARDS RELATING TO TRIAL COURTS § 2.52 (1985) (hereinafter "ABA Time Standards"). The ABA Time Standards call for disposition of 90% of general civil cases within twelve months of filing, 98% within eighteen months, and 100% within twenty-four months. See *infra* text p. 40.

⁶ See Kathryn Fahnestock & Maurice D. Geiger, *We All Get Along Here: Case Flow in Rural Courts*, 76 JUDICATURE 258, 262 (1993); see Thomas W. Church, *The "Old" and "New" Conventional Wisdom of Court Delay*, 7 JUST. SYS. J. 395, 405 (1982).

⁷ See Thomas A. Henderson, et al., Differentiated Case Management File Report 2 (July 1990) (on file with the National Center For State Courts) ("DCM [Differentiated Case Management] is a sophisticated means of early case categorization to facilitate individual case management and to move the cases in each category to conclusion with the procedures, information support, speed and resource appropriate for the particular category."); see Caroline S. Cooper et al., *Differentiated Case Management: What is It? How Effective has it Been?*, JUDGES J., Winter 1994, at 2.

⁸ See Marcia L. Goodman, *Effective Case Monitoring and Timely Dispositions: The Experience of One California Court*, 76 JUDICATURE 254, 256 (1993).

limits for discovery and motions⁹; (e) case load per judge¹⁰; (e) availability of Alternative Dispute Resolution (ADR)¹¹; and (g) adoption by the court of a firm continuance policy.¹² A system which is too focused on efficiency measures may unnecessarily rush due process.¹³ However, more often than not, unnecessary delay occurs when courts ignore these variables.¹⁴

**PERICULUM IN MORA
(DELAY BREEDS DANGER)**

Trial delay and its relationship to injustice compels judges, lawyers, and administrators to address the need for efficiency. In short, delay reduction is as much a matter of judicial and professional ethics as it is a question of judicial administra-

⁹ See THE BROOKINGS INSTITUTION, JUSTICE FOR ALL: REDUCING COSTS AND DELAY IN CIVIL LITIGATION: REPORT OF A TASK FORCE 19 (1989).

¹⁰ See GOERDT, *supra* note 4, at 54; see also Chief Justice Burley B. Mitchell, Jr., Address to a Joint Session of the North Carolina General Assembly 5 (Mar. 21, 1995) (on file with the Clerk of the North Carolina Supreme Court).

¹¹ See THE BROOKINGS INSTITUTION, *supra* note 9, at 23; see Valerie P. Simmons, *Differentiated Case Management and ADR -- A Plan to Reduce Costs and Delay in Civil Litigation*, 72 MICH. BAR REV. 1010 (1993).

¹² See THOMAS CHURCH, JR. ET AL., JUSTICE DELAYED: THE PACE OF LITIGATION IN URBAN TRIAL COURTS 69 (1978).

¹³ See George E. (Ted) Allen, *Another View of the Rocket Docket*, TRIAL, Apr. 1993, at 48 ("Disposition rates and speed, although important, should be balanced with other considerations. Concern for timeliness should not be allowed to elevate procedure over substance.").

¹⁴ See BARRY MAHONEY et al., CHANGING TIMES IN TRIAL COURTS 194 (1988).

tion.¹⁵ To do nothing to resolve the problem of court delay is to acquiesce in a system which fails to consistently produce due process.¹⁶ The scales of justice cannot weigh accurately unless they are calibrated.

The need for efficiency exists in all courts from trials in the magistrate court to complex appeals in the supreme court. Administrative tribunals are no different. Trials in administrative forums assume many of the characteristics of trials in judicial branch courts,¹⁷ and moreover, the United States Supreme

¹⁵ "A Judge Should Perform the Duties of His Office Impartially and Diligently. . . . (5) A judge should dispose promptly of the business of the court." N.C. Code of Judicial Conduct, Canon 3, § A(5) (1994). "A judge should diligently discharge his administrative responsibilities, maintain professional competence in judicial administration, and facilitate the performance of the administrative responsibilities of other judges and court officials." *Id.* at § B(1); see GENERAL RULES OF PRACTICE FOR THE SUPERIOR AND DISTRICT COURTS, *Philosophy of General Rules of Practice* ("These rules are applicable in the Superior and District Court Divisions of the General Court of Justice. They shall at all times be construed and enforced in such manner as to avoid technical delay and to permit just and prompt consideration and determination of all the business before them."); see MODEL RULES OF PROFESSIONAL CONDUCT Rule 1.3 (1994) ("*Diligence, A lawyer shall act with reasonable diligence and promptness in representing a client.* COMMENT: (2) Perhaps no professional shortcoming is more widely resented than procrastination. A client's interests often can be adversely affected by the passage of time or the change of conditions; in extreme instances, as when a lawyer overlooks a statute of limitations, the client's legal position may be destroyed. Even when the client's interests are not affected in substance, however, unreasonable delay can cause a client needless anxiety and undermine confidence in the lawyer's trustworthiness.").

¹⁶ "All courts shall be open; every person for an injury done him in his lands, goods, person, or reputation shall have remedy by due course of law; and right and justice shall be administered without favor, denial, or delay." N.C. CONST., art. I § 18.

¹⁷ See CHARLES H. KOCH, JR., ADMINISTRATIVE LAW AND PRACTICE § 6.1 (1985); see also Frederick Davis, *Judicialization of Administrative Law: The Trial-Type Hearing and the Changing Status of the Hearing Officer*, 1977 DUKE L.J. 389 (1977).

Court has addressed the issue of delay and its relationship to due process in two significant administrative law decisions.¹⁸

The ABA Time Standards were not originally intended to be applied to every administrative tribunal. Writing in the official introduction, Judge Robert C. Broomfield, Chairman of the National Conference of State Trial Judges (1983-84), excludes administrative litigation from the ABA Time Standards, not for the reason that administrative litigants are undeserving of timely due process, but that administrative tribunals may lack the necessary authority or resources to meet the standards. Judge Broomfield writes:

As contrasted with judicial branch judges, administrative law judges in the executive branch may have insufficient authority or resources to manage their caseloads in an effective manner. To insure the independence of their adjudicative decisions, the requisite authority should be conferred on these courts and sufficient resources allocated to exercise that authority. In the absence of such control over the means of managing cases effectively, it is not intended that these standards apply to administrative law judges, and they should be deemed exempted from application of them.¹⁹

North Carolina's Office of Administrative Hearings (OAH) is an example of an administrative hearings system which does have control over the means to manage its cases effectively; thus, it should be held accountable to the ABA Time Standards.

¹⁸ "It [due process] is an opportunity which must be granted at a meaningful time and in a meaningful manner." *Armstrong v. Manzo*, 380 U.S. 545, 552, 85 S. Ct. 1187, 1191, 14 L. Ed. 2d 62, 66 (1965); *Cleveland Bd. of Educ. v. Loudermill*, 470 U.S. 532, 547, 105 S. Ct. 1487, 1496, 84 L. Ed. 2d 494, 507 (1985).

¹⁹ AMERICAN BAR ASSOCIATION, *supra* note 5, at 2.

NORTH CAROLINA AS A CENTRAL PANEL

The General Assembly created OAH in 1985.²⁰ North Carolina was the 13th jurisdiction in the nation to provide for a central panel system for administrative litigation. But what exactly is a "central panel" and how is it distinguished from other administrative law systems? Without delving into a detailed analysis,²¹ a central panel is an autonomous, quasi-judicial, executive branch agency composed of an independent cadre of administrative law judges who hear and decide a wide range of administrative cases.²² This system is designed to separate the hearings function from the investigative and prosecutorial functions in state administrative

²⁰ 1985 N.C. Sess. Laws, Ch. 746. This Sessions Law created the Office of Administrative Hearings and a newly revised Administrative Procedure Act (APA), N.C. GEN. STAT. §150B, which was preceded by N.C. GEN. STAT. § 150A. Much of the new APA's language and concepts, originally found in Chapter 150A, was incorporated into Chapter 150B. For an excellent overview of these concepts as found in the predecessor APA, 150A, see Charles E. Daye, *North Carolina's New Administrative Procedure Act: An Interpretive Analysis*, 53 N.C.L. REV. 833 (1975).

²¹ See MALCOLM C. RICH & WAYNE E. BRUCAR, *THE CENTRAL PANEL SYSTEM FOR ADMINISTRATIVE LAW JUDGES: A SURVEY OF SEVEN STATES* (1983) [hereinafter RICH & BRUCAR]; see KOCH, *supra* note 17, § 6.4[5] (Supp. 1995); see John W. Hardwicke, *The Central Hearing Agency: Theory and Implementation in Maryland*, 14 J. OF THE NAT'L ASSOC. OF A.L.J.s 5, 12, (1994); see Allen Hoberg, *Administrative Hearings: State Central Panels in the 1990s*, 46 ADMIN. L. REV. 75, 76 (1994), reprinted in 14 J. OF THE NAT'L ASSOC. OF A.L.J.s 107 (1994) (*infra* citations will be to the reprinted article); see Edwin L. Felter, Jr., *Administrative Adjudication Total Quality Management: The Only Way to Reduce Costs and Delays Without Sacrificing Due Process*, 15 J. OF THE NAT'L ASSOC. OF A.L.J.s 5 (1995); .

²² "The central panel system also emphasizes adjudicative skill and competence without requiring ALJs to be experts in the complexities of the particular agency's policies." C. Stuart Greer, Note, *Expanding the Judicial Power of the Administrative Law Judge to Establish Efficiency and Fairness in Administrative Adjudication*, 27 U. RICH. L. REV. 103, 123 (1992).

law.²³ In the other decentralized state systems of administrative law, the ALJ is often employed by the same agency which investigates and prosecutes the action. However, the North Carolina General Assembly did not create a central panel solely in response to a need for autonomy.²⁴ It was created equally in response to economic reasons²⁵ based upon a study questioning the excessive cost of maintaining a decentralized system.²⁶

²³ "An unbiased, impartial decision-maker is essential to due process." *Crump v. Board of Educ.*, 93 N.C. App. 168, 378 S.E.2d 32 (1989), *aff'd as modified*, 326 N.C. 603, 392 S.E.2d 579 (1990); *see Lyness v. Pennsylvania*, 529 Pa. 535, 605 A.2d 1204 (1992); *see Bernard G. Segal, The Administrative Law Judge*, 62 A.B.A. J. 1424, 1426 (1976); *see Edward A. Slavin, Jr., ALJ Independence Undermined*, JUDGES J., Spring 1992, at 26.

²⁴ The Office of Administrative Hearings is an independent, quasi-judicial agency under Article III, Sec. 11 of the Constitution and, in accordance with Article IV, Sec. 3 of the Constitution, has such judicial powers as may be reasonably necessary as an incident to the accomplishment of the purposes for which it is created. The Office of Administrative Hearings is established to provide a source of independent hearing officers to preside in administrative cases and thereby prevent the commingling of legislative, executive, and judicial functions in the administrative process.

N.C. GEN. STAT. § 7A-750 (1989).

²⁵ *See Hardwicke, supra* note 21, at 81 ("The separation of adjudication from investigation and prosecution renders each process more efficient, more direct and more accountable.").

²⁶ Tom L. Covington, Legislative Report to Representative William T. Watkins, Regarding the Costs of Rulemaking, Contested Cases, Appeals, etc. (Apr. 23, 1985) (on file with the North Carolina General Assembly, Legislative Services Office); *see Michael Crowell* (presently serving as Executive Director of the Committee for the Future of Justice and the Courts in North Carolina), Overview of the North Carolina Administrative Procedure Act (APA), History of Administrative Procedure Statutes in North Carolina 1-4 (Jan. 12, 1990) (on file with the North Carolina Bar Foundation).

After its creation, OAH did reduce overall costs with the centralization of these administrative hearings²⁷ but at that same time the central panel also produced unexpected advances in: competency of the adjudicator,²⁸ perception of the impartiality of the decision-maker,²⁹ quality of the official record,³⁰ convenience of hearings' locations, and broader access to administrative justice.

California originated the central panel system of administrative hearings in 1945. Twenty other jurisdictions, including the City of New York, have followed: Missouri (1965), Massachusetts (1974), Minnesota (1974), Tennessee (1974), Florida (1975), Colorado (1976), Wisconsin (1978), New Jersey (1979), New York City (1979), Washington (1982), Iowa (1986), North Carolina (1986), Wyoming (1987), Maryland (1990), North Dakota (1991), Texas (1992), South Dakota (1993), South Carolina (1994), Hawaii (1994) and Georgia (1994).

Not all states that have proposed legislation have adopted a central panel system. The State of Oregon has recently failed to

²⁷ Julian Mann, III, In Support of the APA: A Report to the General Assembly app. E (Feb. 11, 1991) (on file with the North Carolina Office of Administrative Hearings). OAH operates under a biennial budget directly funded by appropriations from the General Assembly.

²⁸ See Segal, *supra* note 23 (suggesting that a central panel will attract more qualified ALJs).

²⁹ *Id.* at 1426 (separating the ALJ from the agency avoids the appearance of bias); see North Carolina Bar Association, Administrative Law and Procedure Task Force: Report to the Board of Governors (Jan. 1989) (on file with the North Carolina Bar Association).

³⁰ See Julian Mann, III, OAH Official Record (June 15, 1995) (on file with the North Carolina Bar Foundation) (explaining the importance of and the methods utilized by OAH in preserving the hearings' record).

enact a central panel after extensive study.³¹ Also, preceded by a lengthy study,³² the State of New York's Legislature twice enacted legislation creating a central panel system only to have this legislation vetoed by the Governor.³³ Presently, the State of New York has introduced legislation to reconsider, for the third time, the wisdom of creating a central panel.³⁴ This year, the Illinois legislature considered such a move; however, the implementing legislation was withdrawn late in the session but will be reintroduced in the fall of 1995.³⁵ Maine at one time established an administrative court which was fully judicial (vs. quasi-judicial) to hear administrative cases,³⁶ but now this court is no longer in existence. Since 1981, the Model State Administrative Procedure Act has provided an alternative prototype for legislation creating a central panel,³⁷ and for more than a decade, Senator

³¹ KOCH, *supra*, note 17 § 6.4[5] (Supp. 1994), citing Hoberg, *supra*, note 19.

³² Hardwicke, *supra* note 21, at 16-20. This article contains a thorough review of the New York State's Bar Association Task Force Study which preceded (but did not recommend) the New York State's legislation.

³³ *Id.* at 20-21.

³⁴ S. 2029--A, N.Y. Reg. Sess. (1995-96).

³⁵ S.B. 1188, Ill. Reg. Sess. (1995-96) (per telephone interview with Judge Edward J. Schoenbaum, President of the National Association of Administrative Law Judges, August 14, 1995).

³⁶ See RICH & BRUCAR, *supra* note 21, at 10.

³⁷ The Uniform Commissioner's Model State Administrative Procedure Act (1981); see Hoberg, *supra* note 21, at 89; see also N.A.A.L.J. NEWS, July 1995, at 4 (A committee of the National Association of Administrative Law Judges, chaired by President-Elect John W. Hardwicke, in conjunction with a committee of the National Conference of Administrative Law

Howell Heflin (D-Alabama) has sponsored congressional legislation which has in recent years won passage in the United States Senate, attempting to implement a central panel system on the federal level.³⁸

COMPARING ADMINISTRATIVE LITIGATION WITH CIVIL LITIGATION

Article 3 of North Carolina's Administrative Procedure Act (APA) sets out the procedures governing administrative hearings and confers upon the Office of Administrative Hearings the jurisdiction to hear contested cases for most State agencies.³⁹ In fact, North

Judges, chaired by Edwin L. Felter, Jr., Chief Administrative Law Judge (Colorado), is circulating for comment a model state act to create an Office of Administrative Hearings).

³⁸ S. 486, 104th Cong., 1st Sess. (1995); S. 486, 103rd Cong., 1st Sess. (1993); S. 826, § 102nd Cong., 1st Sess. (1991); S. 1275, 98th Cong., 1st Sess. (1983); *see also* Edwin L. Felter, Jr., *The Hidden Executive Branch Judiciary: Colorado's Central Panel Experience - Lessons for the Feds*, 19 COLO. LAW. 1307 (1990), *reprinted in* 14 J. OF NAT'L ASSOC. OF A.L.J.s 95 (1994).

³⁹ Besides hearings, there are two other major divisions found in the Office of Administrative Hearings. Article 2A of the APA provides for and authorizes the publication of the *North Carolina Register* and the *North Carolina Administrative Code* by the Office of Administrative Hearings. The public is notified of agency rulemaking through a subject matter notice published in the *North Carolina Register*, followed 60 days later by publication of the proposed text. This notice provides a means for interested parties to be present and debate the merits of a proposed rule before adoption by the agency. After the formal adoption and review by the Rules Review Commission and the Joint Legislative Administrative Procedure Oversight Committee (unless a bill is enacted by the General Assembly specifically disapproving a proposed rule), the Rule is filed for codification in the *North Carolina Administrative Code*. All the rules adopted by state agencies are published in the *North Carolina Administrative Code*. Both the *Register* and the *Code* are published by the Office of Administrative Hearings. (In 1994, Barclays Law Publisher won the competitive bid for the printing, marketing, and distribution of the Code.)

The other major function of the Office of Administrative Hearings is found under the provisions of Chapter 7A of the North Carolina General Statutes. The Office of Administrative Hearings is designated as a 706 deferral agency of the U. S. Equal Employment Opportunity Commission. Chapter 7A authorized the creation of the OAH Civil Rights Division. This

Carolina's citizens are granted broad rights under the APA to challenge a wide range of bureaucratic actions.⁴⁰ North Carolina

Division investigates complaints of discrimination for alleged violations of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, and the Americans With Disabilities Act. The complaining party must be a state or local government employee covered under North Carolina's State Personnel Act (N.C. GEN. STAT. §126).

⁴⁰ The contested case provisions of the APA apply to every state agency except:

1. The Department of Human Resources and the Department of Environment, Health and Natural Resources in complying with the procedural safeguards mandated by Section 680 of Part H of Public Law 99-457 as amended (Education of the Handicapped Act Amendments of 1986);
2. The North Carolina Low-Level Radioactive Waste Management Authority in administering the provisions of G.S. 104G-9 through -11;
3. The North Carolina Hazardous Waste Management Commission in administering the provisions of G.S. 130B-11, -13, and -14;
4. Hearings required pursuant to the Rehabilitation Act of 1973, (Public Law 93-122), as amended and federal regulations promulgated thereunder. G.S. 150B-51(a) is considered a contested case hearing provision that does not apply to these hearings;
5. The Department of Revenue;
6. The Department of Correction;
7. The Department of Transportation, except as provided in G.S. 136-29;
8. The Occupational Safety and Health Review Board in all actions that do not involve agricultural employers; and
9. The North Carolina Global TransPark Authority with respect to the acquisition, construction, operation, or use, including fees or charges, of any portion of a cargo airport complex.

N.C. GEN. STAT. §150B-1(e)(1-10) (Supp. 1994).

In addition, the following agencies are exempt entirely from G.S. 150B:

1. The North Carolina National Guard in exercising its court-martial jurisdiction;
2. The Department of Human Resources in exercising its authority over the Camp Butner reservation granted in Article 6 of Chapter 122C of the General Statutes;
3. The Utilities Commission;
4. The Industrial Commission; and
5. The Employment Security Commission.

N.C. GEN. STAT. §150B-1(a) (Supp. 1994).

is the only central panel system that is exclusively petition-generated.⁴¹ Any person aggrieved may file a petition for a contested case hearing.⁴²

Prior to September 1994, North Carolina's appellate decisions restrictively interpreted OAH's jurisdiction. The North Carolina Court of Appeals construed the APA to mean that a citizen's right to file a contested case petition originated by reference to an organic statute outside of the APA.⁴³ This organic statute must

⁴¹ A contested case shall be commenced by filing a petition with the Office of Administrative Hearings. . . N.C. GEN. STAT. § 150B-23(a) (Supp. 1994). However, Article 3A of Chapter 150B provides for concurrent jurisdiction in OAH for certain agencies, primarily professional licensing boards. When exercising this concurrent jurisdiction, the agency requests that the ALJ preside at the agency hearing and no petition is filed. See RICH & BRUCAR, *supra* note 21, at 41. With the exception of social services cases in Colorado and public employee discharge and discipline cases in Minnesota, citizens are not granted direct rights to file petitions in other central panel states. (The trend nationally seems to permit more direct filings by petitioners in the central panels, particularly those systems that hear workers' compensation cases).

⁴² "Person aggrieved" means any person or group of persons of common interest directly or indirectly affected substantially in his or its person, property, or employment by an administrative decision." N.C. GEN. STAT. § 150B-2(6) (1991).

⁴³ *Harding v. N.C. Dep't of Correction*, 334 N.C. 414, 432 S.E.2d 298 (1993); *Citizens for Clean Industry v. Lofton*, 109 N.C. App. 229, 427 S.E.2d 120 (1993); *House of Raeford Farms, Inc. v. N.C. Dep't of Env't, Health and Natural Resources*, 112 N.C. App. 228, 435 S.E.2d 106 (1993), *rev'd*, 338 N.C. 262, 449 S.E.2d 453 (1994). The North Carolina Court of Appeals relied on restrictive language in *Batten v. N.C. Dep't. of Correction* to support a narrow construction of OAH's jurisdiction:

The jurisdiction of the OAH over the appeals of state employee grievances derives not from Chapter 150B, but from Chapter 126. The administrative hearing provisions of Article 3, Chapter 150B, do not establish the right of a person "aggrieved" by agency action to OAH review of that action, but only describe the procedures for such review.

have specifically referenced the right to file a contested case hearing before there was subject matter jurisdiction in OAH to file a petition. However, in September of 1994 a unanimous North Carolina Supreme Court ruled in Empire Power Co. that any person defined in the APA as a "person aggrieved" and who was not otherwise specifically excluded by the organic statute, met the jurisdictional requirements to file a contested case petition in the Office of Administrative Hearings. Justice Whichard, writing for the court:

Respondents misconstrue the relation of the organic statute to the NCAPA. The NCAPA confers procedural rights and imposes procedural duties, including the right to commence an administrative hearing to resolve disputes between an agency and a person involving the person's rights, duties or privileges. The organic statute may confer procedural rights and impose procedural duties in addition to those conferred and imposed by the NCAPA, but more importantly, it defines those rights, duties, or privileges, abrogation of which provides the grounds for an administrative hearing pursuant to the NCAPA.⁴⁴

In addition to the prerequisites of subject matter jurisdiction, the exhaustion of the mandatory settlement

Batten v. N.C. Dep't. of Correction, 326 N.C. 338, 342-43, 389 S.E.2d 35, 38 (1990).

⁴⁴ *Empire Power Co. v. N.C. Dep't of Env't, Health and Natural Resources*, 337 N.C. 569, 583, 447 S.E.2d 768, 776-77 (1994), *reh'g denied*, 338 N.C. 314, 451 S.E.2d 634 (1994). For a general discussion of the implications of the Empire decision, see *N.C. Supreme Court Clarifies OAH Appeal Rights in Empire Power Co.*, ADMIN. LAW. (N.C. Bar Association's Admin. L. Section), Feb. 1995, at 1.

requirements found in G.S. 150B-22⁴⁵ remains as a condition precedent to the filing of a contested case petition. When first enacted, this statutory provision enunciated a new public policy in North Carolina requiring the citizen and agency to exhaust informal settlement negotiations prior to filing a contested case in OAH. The General Assembly stated affirmatively in its new public policy that administrative disputes should not lead to litigation without first requiring the parties to seriously explore alternatives. G.S. 150B-22 did not speak to a particular settlement procedure or provide for a neutral mediator. Without the assistance of an ADR facilitator, too often, the agency and citizen were not able to achieve a pre-contested case disposition.

Once the parties exhausted the settlement negotiations requirements, another precondition to OAH jurisdiction arises under G.S. 150B-23(f). The Petitioner must expeditiously file the contested case petition in OAH within 60 days from the date the agency notifies the Petitioner of the right to an administrative

⁴⁵ It is the policy of this State that any dispute between an agency and another person that involves the person's rights, duties, or privileges, including licensing or the levy of a monetary penalty, should be settled through informal procedures. In trying to reach a settlement through informal procedures, the agency may not conduct a proceeding at which sworn testimony is taken and witnesses may be cross-examined. If the agency and the other person do not agree to a resolution of the dispute through informal procedures, either the agency or the person may commence an administrative proceeding to determine the person's rights, duties, or privileges, at which time the dispute becomes a "contested case."

hearing.⁴⁶ Petitioners who file outside this time limitation are barred.⁴⁷

The petitioner, in some fashion, must allege sufficient facts in the petition to establish one or more of the grounds specified in G.S. 150B-23 in order to state a claim for relief.⁴⁸ To assist members of the public who are without legal representation, the Office of Administrative Hearings provides several pre-printed standardized forms (H-06, H-06A, H-06B, and H-06C) where the Petitioner, normally the citizen⁴⁹, need only fill in a few blanks, check a few boxes, and name a state agency as the Respondent. The use of a form petition is not mandatory, and most attorneys create their own pleading, alleging facts in enumerated paragraph much the

⁴⁶ N.C. GEN. STAT. § 150B-23(f) (Supp. 1994); however, the following are statutes which prescribe a shorter time period than 60 days:

1. G.S. 105A-7(b) - 30 days to file child support enforcement contested cases;
2. G.S. 126-38 - 30 days to file state personnel contested cases;
3. G.S. 110-94 - 30 days to file child day care facility contested cases; and
4. G.S. 113A-121.1(a) - 20 days to file Coastal Area Management Act contested cases.

⁴⁷ *Lewis v. N.C. Dep't of Human Resources*, 92 N.C. App. 737, 739, 375 S.E.2d 712, 714 (1989); *Gummels v. N.C. Dep't of Human Resources*, 98 N.C. App. 675, 392 S.E.2d 113 (1990).

⁴⁸ The Petitioner must allege that the agency: "[S]ubstantially prejudiced the petitioner's rights and that the agency: 1) Exceeded its authority or jurisdiction; 2) Acted erroneously; 3) Failed to use proper procedure; 4) Acted arbitrarily or capriciously; or 5) Failed to act as required by law or rule." N.C. GEN. STAT. § 150B-23(a) (Supp. 1994).

⁴⁹ However, a "party" is defined as either the citizen or *agency*: "[A]ny person or *agency* named or admitted as a party or properly seeking as of right to be admitted as a party and includes the agency as appropriate." N.C. GEN. STAT. § 150B-2(5) (1991) (emphasis added).

same as with a civil complaint filed in a court systems under the Rules of Civil Procedure.⁵⁰

After completing the petition, the Petitioner must next file the petition with the Hearings' Clerk in the Office of Administrative Hearings.⁵¹ The Hearings' Clerk clocks in the petition with the date and time of receipt printed on the face of the petition. The Clerk also assigns a contested case number and agency designation⁵² for each petition. The petition is the initial pleading contained in the contested case file. As the litigation progresses, the parties file other pleadings, all marked with the appropriate number and designation in the contested case file. After the hearing, the recommended decision is usually the final

⁵⁰ "The Administrative Procedure Act does not require the particularity of the pleadings of an indictment or a statement of the elements of a cause of action, as required at law or in equity, unless the proceedings are mandatory or penal in nature." N.C. Dep't. of Correction v. Hill, 313 N.C. 481, 484-85, 329 S.E.2d 377, 379 (1985); *see also* DAVIS, *supra* note 2, § 8.02 at 196 ("The most important characteristic of pleadings in the administrative process is their unimportance.").

⁵¹ Due to the shortness of the time limitation, OAH permits the filing of petitions and other pleadings by facsimile (fax) transmission during regular business hours. N.C. ADMIN. CODE tit. 26, r. 03 .0101(4) (Feb. 1994).

⁵² The following are agencies and division against whom a large majority of petitions have been filed since 1986: Alcohol Beverage Control Commission (ABC), Crime Control and Public Safety (CPS), Child Support Enforcement Section of the Department of Human Resources (CSE), Department of Human Resources (DHR), Department of Justice (DOJ), Department of State Treasurer (DST), Department of Public Instruction (EDC), Department of Environment, Health, and Natural Resources (EHR), and personnel cases reviewed by the State Personnel Commission (OSP).

pleading filed.⁵³ Thereafter, the Clerk certifies the decision and transfers the file to the agency making the final decision.

The petitioner must serve the respondent with a copy of the petition in much the same manner as a plaintiff serves the defendant in a civil action. Rule 4 of the North Carolina Rules of Civil Procedure is the preferred method for service in an administrative action. However, N.C. General Statute § 150B-23(a), which proscribes the service requirements under the APA, does not adopt Rule 4 as the standard for service but seems to permit a less cumbersome method. "The party who files the Petition shall serve a copy of the Petition on all other parties and, if the dispute concerns a license, the person who holds a license." Though the service requirements vary slightly, both the civil and administrative systems initiate litigation by service of process.

The foregoing description demonstrates that North Carolina's Office of Administrative Hearings assumes many of the characteristics of a county court system. With the filing and service of the petition, administrative litigation is initiated in a manner similar to the civil system. Litigants and their attorneys regularly file pleadings in the Clerk's Office of the Hearings Division. Likewise, the hearing follows at the conclusion of the pleadings phase in the administrative process. Because of this

⁵³ The OAH Clerk's Office provides a central repository within State government for information concerning each contested case. A completed file includes all pleadings, exhibits, transcripts (or cassette recordings), as well as the recommended and final agency decisions. As a result of the file created by OAH, the public and courts are able to track and review each step in the OAH hearings' process.

similarity, OAH generates statistical data which is comparable to the data generated in a civil system. By having all of these characteristics in common with a civil system, North Carolina is capable of performing a statistical comparison of the relative efficiency between administrative and civil litigation. But before drawing these comparisons, certain other characteristics of administrative litigation must be addressed.

Certain contested cases are more complex causes of action than others.⁵⁴ Among these are: Challenges to environmental permits and civil penalties, including claims to funds for leaking underground storage tanks (EHR); review of hospital certificates of need (CON); child day care license revocation and penalties (DHR); awards of competitive bids for state contracts (DOA); discharge of public employees (OSP); and denial of services or entitlement to special education services in public education (EDC).⁵⁵ Other contested cases are less complex causes of action. Among these are: contests over the state's right to intercept taxpayer refunds to enforce past due child support (CSE); Alcoholic Beverage Control permit denial and penalties (ABC); and revocation of Women, Infant

⁵⁴ Mann, *supra* note 26, app. B. Appendix B contains an enumeration of the causes of action which may be tried before the Office of Administrative Hearings.

⁵⁵ The 1995 General Assembly transferred to OAH a cause of action previously heard by the Federal District Court, i.e. determination of eligibility for special services in "Willie M." cases (troubled youths). 1995 N.C. Sess. Laws Ch. 249. In addition, the General Assembly created a new administrative law cause of action pertaining to revocation of underwater easement leases in public trust waters of the State. 1995 N.C. Sess. Laws Ch. 529. The City of Raleigh has requested that OAH hear special use zoning cases to begin in the fall of 1995 after the adoption of a city ordinance to specify the procedure.

and Children (WIC) program certification for retail establishments (DHR). Although OAH treats most filings similarly, the more complex contested cases are placed on a slightly slower DCM track to hearing than are the less complex cases.⁵⁶

The similarities between OAH and a civil court system ends when venue is considered because Administrative Law Judges conduct administrative hearings in all of North Carolina's one hundred counties. N.C. General Statute § 150B-24 determines the venue for contested cases. The priorities are: (1) the county of residence of the Petitioner; (2) the principal office of the State agency; or (3) any other venue which the ALJ determines will promote the ends of justice. As a consequence of the one hundred county venue, OAH is responsible for securing a hearing room, a hearing assistant, a security officer, and a presiding judge for each hearing outside of Raleigh (as well as the other requirements necessary to conduct a hearing in each and every county in North Carolina). But any inconvenience caused to OAH under this system is a source of great benefit to the litigants who are not required to travel great distances to the State's capitol in order to try their

⁵⁶ "D.C.M. is a system which provides for management based on individual case characteristics." Simmons, *supra* note 11, at 1010. However, with the notable exceptions of hospital certificate of need contested cases (complex) which must lead to a fairly rapid decision (within 120 days of the filing of the petition), and the child support tax intercept contested cases (less complex) which often are delayed to secure district court domestic records, generally, OAH can establish tracks by case profile for purposes of D.C.M. without having to individually examine each petition.

administrative grievances.⁵⁷ Although potentially OAH is responsible for conducting hearings in all one hundred counties, litigants are routinely directed to regionally convenient cities such as: Asheville (Buncombe County), Newton (Catawba County), Charlotte (Mecklenburg County), High Point (Guilford County), Raleigh (Wake County), Fayetteville (Cumberland County), Wilmington (New Hanover County), New Bern (Craven County), Halifax (Halifax County), and Elizabeth City (Pasquotank County). All the courtrooms in these regional cities (except Raleigh and Charlotte) fall under the jurisdiction of the counties and the Administrative Office of the Courts. The clerks of court and other administrative officials have demonstrated unusual cooperation with OAH in providing hearing space for administrative cases. Since OAH does not lease or otherwise compensate the local governments for the use of these facilities, often the county will "bump" the administrative hearing at the last minute for a higher priority local case. Nevertheless, the use of these facilities for administrative hearings at no cost to OAH produces substantial savings to the taxpayers. To foster these savings, OAH seeks the

⁵⁷ The North Carolina General Assembly does not provide budgetary funding for rental of hearings' space for administrative hearings outside of Raleigh and Charlotte but, nevertheless, establishes the preferred venue as the petitioner's county of residence. The 100 county venue is a distinguishing feature of North Carolina's central panel system. Coordination of so many venues greatly increases the case disposition time for administrative litigation in North Carolina.

goodwill and cooperation of local officials in order to continue receiving this windfall to the State.⁵⁸

THE OLD AND NEW SYSTEMS

Since the inception of OAH in 1986, there have been two different contested case scheduling systems. The first system was created in 1986 and operated under a decentralized scheduling system. The second system, based upon a calendar, was introduced in 1991. The early method had the advantage of providing each Administrative Law Judge with ultimate autonomy over the scheduling of each contested case. The ALJs individually set cases for hearing without reference to any calendar. This system worked well until the jurisdictional caseload increased to the point that such a random system could no longer efficiently accommodate the growing number of cases.⁵⁹ The solution was to either add additional Administrative Law Judges⁶⁰ to hear the cases or create a more

⁵⁸ By maintaining the hearing location in courthouses, the need for security is greatly reduced. Also, courtrooms are by design a more efficient setting to conduct a hearing than are other sites. Attorneys and witnesses are more comfortable in this setting, and most courtrooms provide adequate space for court reporters and hearing assistants which lends itself to the creation of a better record of the proceedings. Lastly, courtrooms provide a neutral setting to hear contested cases. *See also* Hardwicke, *supra* note 21, at 43 (noting the importance of securing neutral locations for hearings).

⁵⁹ *Infra* Table 2.1, at 42.

⁶⁰ "While study is indispensable for disclosing the exact additional judge power needed to cure delay, it takes no ghost come from the grave to tell us that delay can be cured by adding more judges." HANS ZEISEL ET AL., *DELAY IN THE COURT* 8 (2nd ed. 1959); *but see* Mahoney, *supra* note 14, at 53 (suggesting that there may not be a valid correlation between number of judges and case disposition); *see also* CHURCH, *supra* note 12, at 80 (altering the relationship of judges to caseload without the court's control over pace of litigation may cause a fall in

efficient system. Thus, the second system was created to accommodate the need for efficiency.

Under the decentralized system, within five days of the filing of a petition, the Chief Administrative Law Judge⁶¹ randomly assigned each case to an Administrative Law Judge. The controlling assignment criteria was to insure that each judge maintained approximately the same number of pending cases.⁶² After assignment of the contested case, the Administrative Law Judge routinely issued an Order for Prehearing Statements.⁶³ The parties had 30 days to complete and file this pleading. The Prehearing Statement is analogous to a responsive pleading in a civil action that when filed provides certain basic information about the case.⁶⁴ After

productivity); *see also* Thomas W. Church, Jr., *Who Sets the Pace of Litigation in Urban Trial Courts?*, 65 JUDICATURE 76, 78 (1981) (Court delay may not respond to the addition of more judges).

⁶¹ Under the authority of N.C. GEN. STAT. § 7A-751 and N.C. GEN. STAT. § 150B-32, the Chief Administrative Law Judge serves as the Director of OAH and makes all contested case assignments in both the old and new systems. *See* Russell L. Weaver, *Management of ALJ Offices in Executive Departments and Agencies*, 47 ADMIN. LAW REV. 303, 334 (1995) (concluding that it is preferable to have a Chief ALJ in charge of ALJ offices).

⁶² The old system may have unwittingly provided the ALJ with a disincentive to dispose of the assigned caseload. As long as the ALJ maintained an inventory of cases, no new assignments were made.

⁶³ N.C. ADMIN. CODE tit. 26, r. 03.0104 (Oct. 1991).

⁶⁴ An Order for Prehearing Statements requests the parties provide the following information: 1) The nature of the proceeding and the issues to be resolved; 2) A brief statement of the facts and reasons supporting the party's position on each matter in dispute; 3) A list of proposed witnesses with a brief description of his or her proposed testimony; 4) A description of what discovery, if any, the party will seek to conduct prior to the contested case hearing and an estimate of the time needed to complete discovery; 5) Venue considerations; 6) Estimation of length of the hearing; 7) The name, address, and telephone number of the party's attorney, if

the return of the Prehearing Statement within 30 days (or later if the time is extended), the Administrative Law Judge typically requested a telephone conference with the parties in order to establish a date and location for the hearing. Each case was individually scheduled in this manner, with little consideration directed towards collecting cases or creating a calendar.

Normally, about thirty to forty-five days elapsed between the filing of the petition and the scheduling of this telephone conference. The (one) calendaring clerk responsible for scheduling the telephone conference often had difficulty making contact with the parties or arranging a convenient time for all parties to be available for the conference. If successful, it was not unusual for the Clerk to have to deal with last minute cancellations because of conflicts which took precedence over the telephone conference. In this instance, the process was started again from the beginning. This OAH clerk spent most of each day scheduling conference calls for nine Administrative Law Judges.

During the telephone scheduling conference, the ALJ instructed the parties to select a hearing date and location. If agreement was reached, the presiding ALJ confirmed the setting in a scheduling order subsequently mailed to the parties. The scheduling clerk's next responsibility was to locate a hearing site in accordance with the scheduling order. The first priority was to secure a courtroom in a county courthouse, followed by a county

any; and, 8) Other special matters. *Id.*

commissioners' room or as a last resort a conference room in a lawyer's office.⁶⁵ Sometimes, no hearing site could be found that conformed with the scheduling order, prompting a second telephone scheduling conference. Nine Administrative Law Judges participated in this system on a case-by-case basis, funnelling all requests for scheduling through one scheduling clerk.

North Carolina is a state spanning over 500 miles in length and 200 miles in width. It encompasses 100 counties with 100 courthouses.⁶⁶ The Administrative Law Judge endeavored to set the case for hearing in the venue of the Petitioner's home county. Since there was no OAH calendar, the Administrative Law Judge, in theory, could schedule a hearing in Murphy one day, followed the next day by a hearing in Manteo over 500 miles away. Of course, this seldom occurred, but a typical week of hearings for an Administrative Law Judge required a diverse traveling schedule. There was seldom more than one case scheduled in a single location. Although the trial rate was fairly high in comparison to the number of cases scheduled overall, the total disposition rate was low merely because too few cases were set simultaneously for hearing.

Since only one case was scheduled at a time, continuances presented a dilemma for the Administrative Law Judge. A premium

⁶⁵ Actually, hearings have been tried in many different locations. One Administrative Law Judge tried a contested case to conclusion in a restaurant; however, this is a rare exception, as good hearing sites are normally available in all of North Carolina's 100 counties.

⁶⁶ See 2 ROBERT P. BURNS, 100 COURTHOUSES, A REPORT ON NORTH CAROLINA JUDICIAL FACILITIES (1978). This work provides a rich history of North Carolina's 100 courthouses, as well as an excellent architectural analysis of each building.

was placed upon the hearing of that one case as scheduled. If the judge granted the continuance, there was nothing remaining on a calendar to try, and if the Administrative Law Judge denied the continuance, one side might gain an unfair advantage. As a consequence of the dilemma, most of the Administrative Law Judges rigidly resisted granting any continuances. However, under hearing's rule .0118 in title 26, chapter 3 of the N.C. Administrative Code, continuances were allowed for good cause, and when they were granted, the ALJ returned the case to the calendaring clerk for rescheduling, i.e. establishing a telephone conference with the parties; procuring agreement on a new trial date and location; and issuing an amended scheduling order confirming the new dates.

"NECESSITY IS THE MOTHER OF INVENTION" ⁶⁷

Until the OAH caseload became unmanageable, the old system worked well enough and provided the Administrative Law Judge with greater autonomy in scheduling hearings. However, the public and their elected representatives began to take notice of the lengthening administrative hearings' process that prolonged resolution of administrative law cases. If OAH "drug its feet" in filing a recommended decision and then the agency took an additional year to make the final decision, it could be two years before an administrative case was reviewed by a judge of the Superior Court

⁶⁷ Wycherley, *Love in a Wood*, Act III Sc. iii (1671)

sitting in an appellate capacity.⁶⁸ Critics of the central panel began to voice concerns about the overall delay in resolving administrative law cases, particularly in light of the economic value of some of the issues litigated.⁶⁹ The General Assembly all but directed OAH to create greater efficiency measures in the hearings process in order to reduce delay. The General Assembly also amended the APA to require that the final agency decisionmaker issue its (final) decision no later than 180 days from the receipt of the OAH record.⁷⁰

With the assistance of several of the Administrative Law Judges and staff members, OAH created a calendaring system⁷¹

⁶⁸ "Any person who is aggrieved by the final decision in a contested case, and who has exhausted all administrative remedies made available to him by statute or agency rule, is entitled to judicial review of the decision under this Article, . . ." N.C. GEN. STAT. § 150B-43 (1991). See also N.C. GEN. STAT. § 150B-45 (1991) (designating where to file the petition for Superior Court review) and N.C. GEN. STAT. § 150B-51 (1991) (setting out the standards for review in Superior Court).

⁶⁹ Some of these concerns were raised by the Legislative Study Commission at the time of the General Assembly's consideration of the continuation of Office of Administrative Hearings in repealing the OAH sunset provision. See 1991 N.C. Sess. Laws Ch. 103; see *infra* text, at 41 and GPAC, *infra* note 111.

⁷⁰ If the final decision is not issued within this time limitation, the recommended decision of the Administrative Law Judge is considered as adopted by the agency as its final decision. N.C. GEN. STAT. § 150B-44 (1991). This time period varies depending on whether the final decision maker is a board or commission.

⁷¹ This new master calendaring system captured many of the advantages of the civil calendaring system utilized by the Federal Eastern District Court of North Carolina. Under the Eastern District's system, the Judge travels to the regional courthouse in the locality where the civil case was filed to conduct the trial. (This is not the same practice for the Eastern District's criminal calendaring system.) SUSAN M. OLSON, CALENDARING PRACTICES OF THE EASTERN DISTRICT OF NORTH CAROLINA 9 (1987). OAH utilizes a rotational assignment system as is the case with the North Carolina Superior Court Judges who rotate every six months to a new district.

patterned after a docketing system which was already in place. The Alcoholic Beverage Control (ABC) cases were traditionally set on a calendar in regional cities every month. The regional cities were within a short driving distance, although not always in the same county, of the Petitioner's residence. Since the ALJ cadre rotated to these regional cities for a specific week each month, why not set all contested cases in these regional cities? The new system would be fairly simple to incorporate into the existing ABC system.

Under the new system, the Chief ALJ still assigns the case to an Administrative Law Judge within five days of the date the petition was filed.⁷² Unlike the old system, however, the presiding ALJ immediately sends a Scheduling Order to the parties, setting a tentative week for hearing between 120 and 150 days from the date of the filing of the petition.⁷³ The location is determined by the week of the ABC master calendar. It is no longer necessary to wait for the return of a prehearing statement or the scheduling of a telephone conference before calendaring a contested case. The assumption is that most litigants will be available for the hearing if informed of the hearing date four to five months in advance.⁷⁴

⁷² See Weaver, *supra* note 61.

⁷³ "One of the most effective remedies to the cost of the litigation system is the establishment of rigid trial dates. Trial dates have a galvanizing effect on attorneys and parties alike; establishing the date promptly and firmly reduces the occasions for delay and gamesmanship." A Report from the President's Council on Competitiveness, Agenda for Civil Justice Reform in America 19-20 (Aug. 1991).

⁷⁴ "Note that this schedule [order setting pretrial conference, discovery deadline and hearing date] was set by the court from the pleadings and other papers available quite soon after filing, without benefit of any discussion with the attorneys." Steven Flanders, *Case Management in*

The Chief Administrative Law Judge no longer randomly assigns cases. Following the ABC docketing system, venue is automatically established in the district in which the Petitioner lives although not always the same as the county of Petitioner's residence. Nevertheless, this venue is, more often than not, within a short distance of the Petitioners' residence. Consequently, many of the advantages of the local county venue are preserved. There are eight ABC districts encompassing five or more counties with a regional city in the middle of the district. All parties, including the agency officials, travel to the regional city for trial.

The Scheduling Order provides for flexibility as it only tentatively sets the week of hearing and location. The initial setting may be modified for good cause at the request of a party. Early conflicts are resolved. Rarely do the Petitioners or Respondents request their local county venue, unless it is necessary to accommodate a great number of witnesses or to accommodate some other legitimate venue consideration. The greatest advantage attributable to the new system is the multiple setting of cases during a trial week in a regional city. As a consequence, calendars are created in these central locations, and often ten to twenty cases are set for trial during a particular week.

The Scheduling Order also establishes discovery deadlines. All discovery is to be completed within two weeks before the hearing.⁷⁵ The hearing procedures governing administrative hearings vary widely from state to state.⁷⁶ In North Carolina, both the Rules of Evidence⁷⁷ and the Rules of Civil Procedure⁷⁸ apply to the contested case process. Not all states require as much procedural formality as North Carolina but one advantage of this formality is to promote greater similarity between civil and administrative litigation. Also, the rules governing evidence and procedure are designed to make the process fair.⁷⁹ However, these same procedures also cause litigation to become more complex, particularly in applying the rules of discovery.⁸⁰ For this reason, some

⁷⁵ "The task force recommends that each track within the district's system should provide time guidelines not only for trials but also for the completion of discovery." THE BROOKINGS INSTITUTION, *supra* note 9, at 19.

⁷⁶ Hoberg, *supra* note 21, at 78 (Jurisdiction and Structure of Central Panels).

⁷⁷ See N.C. GEN. STAT. § 150B-29(a) (1991) ("Except as otherwise provided, the rules of evidence as applied in the trial division of the General Court of Justice shall be followed, . . ."); see N.C. ADMIN. CODE tit. 26, r. 03 .0121 (Nov. 1987).

⁷⁸ See N.C. ADMIN. CODE tit. 26, r. 03.0101(1) (Feb. 1994) (This OAH rule applies the Rules of Civil Procedure to contested cases).

⁷⁹ Recent pronouncements by North Carolina's Supreme Court in construing the Rules of Civil Procedure bolster this assertion. "Our recent decisions interpreting the Rules of Civil Procedure have focused on substance rather than form." *Hazelwood v. Bailey*, 339 N.C. 578, 583, 453 S.E.2d 522, 524 (1995), *citing* *Lemons v. Old Hickory Council*, 322 N.C. 271, 275, 367 S.E.2d 655, 657 (1988).

⁸⁰ "Parties in contested cases may engage in discovery pursuant to the provisions of the Rules of Civil Procedure, G.S. 1A-1." N.C. GEN. STAT. § 150B-28(a) (1991); *see also* N.C. GEN. STAT. § 150B-33(b)(3)(4) (1991) (delineating ALJ authority to rule on objections to discovery and to regulate the course of discovery); N.C. GEN. STAT. § 150B-33(b)(10) (1991) (imposing

administrative tribunals do not provide for or greatly limit discovery. Some commentators believe that the abuses in discovery may outweigh the advantages.⁸¹ Naturally, in the tribunals where discovery is not permitted, hearings proceed (or should proceed) along a faster track. However, in North Carolina most hearings are delayed at least 90 days⁸² to give the parties an opportunity to engage in discovery.⁸³ The Office of Administrative Hearings does not have subject matter jurisdiction over many high volume administrative cases (e.g., motor vehicle drivers license revocation). Most OAH administrative litigation is either complex or highly complex. For complex administrative litigation, time for discovery must be built into the scheduling order. Not all lawyers engaging in administrative litigation will avail themselves of this much time for discovery. At the time of the filing of the contested case petition, it is difficult to predict which cases will require extensive discovery. By setting a discovery deadline for all cases (except CSE, EDC, and ABC cases), parties will know

sanctions for non-compliance).

⁸¹ Chief Justice Joseph R. Quinn, *The Bottom Line, Final Responsibility For Reducing Trial Delay Rests Squarely With The Courts*, ST. CT. J., 1985 (No. 4), at 8.

⁸² See Steven Flanders, *Case Management in Federal Courts*, 4 JUSTICE SYS. J. 147, 155 (1978) ("Stringent discovery controls do not generally limit completion of needed discovery.").

⁸³ In spite of the application of formal discovery methods to administrative hearings, several informal methods are required by statute and rule. See N.C. GEN. STAT. § 150B-28(b) (1991) ("On a request for identifiable agency records, with respect to material facts involved in a contested case . . . an agency shall promptly make the records available to a party."); see also N.C. ADMIN. CODE tit. 26, r. 03.0112(a) (Feb. 1994) (reciting the parties' obligation to exhaust informal discovery).

within five days of the filing of the petition not only what the discovery deadlines are, but that the discovery process must begin immediately. This technique avoids, too, the need for telephone conferencing to determine discovery deadlines. It is true that significant reductions in delay can be realized by eliminating or greatly reducing discovery; however, the elimination of discovery flies in the face of the modern day approach to complex litigation, whether that complex litigation is in a civil courtroom or an administrative tribunal. Furthermore, discovery will not be utilized in all contested cases because of the expense involved. If the economic value of the litigation is small, likely the parties will forego the additional discovery costs of the litigation and proceed to a determination of the case at hearing. Most of North Carolina's minor civil litigation is governed by the Rules of Civil Procedure.⁸⁴ Little delay is caused by applying the civil rules governing discovery to even simple litigation because the economic value will not justify costly discovery measures. The same is true in administrative litigation.

Mediation in administrative litigation was first established in North Carolina with the enactment of G.S. 150B-23.1 in 1993.⁸⁵

⁸⁴ See N.C. GEN. STAT. § 1A-1, Rule 1 (1990) (making Rules of Civil Procedure applicable to all proceedings of a civil nature); see also N.C. GEN. STAT. § 7A-220 (1989) (including *de novo* appeals of small claims to District Court).

⁸⁵ 1993 N.C. Sess. Laws, Ch. 363. 1995 N.C. Sess. Laws, Ch. 145 removed the sunset contained in the original act. The implementing rules were adopted by OAH on February 1, 1994, and are contained in § 200 of Chapter 3 of Title 26 of the N.C. Administrative Code. N.C. ADMIN. CODE tit. 26, r. 03.0201- .0208 (Feb. 1994).

It furthered the existing public policy favoring settlements between citizens and State agencies found in G.S. 150B-22. Not all contested cases are automatically referenced to mediation, but if the Chief Administrative Law Judge deems the case appropriate,⁸⁶ an Order for Mediated Settlement Conference is issued within five days of the filing of the Petition. The parties are notified that they are required to select a mediator by agreement and if they fail to agree, the presiding ALJ will make the selection for them. The time for completion of mediation is also scheduled in the initial order. The entire mediation process is modeled after North Carolina's program for civil mediation.⁸⁷ Mediation is not the only alternative dispute settlement technique available to the parties. In certain cases, a settlement conference may be held in lieu of mediation.⁸⁸ One major difference between the two methods is that a settlement judge presides at the settlement conference instead of a certified mediator. All of North Carolina's ALJs have training in mediation. They utilize these skills at the settlement conference and, in addition, bring to the table their years of experience in presiding over similar cases. The settlement judge

⁸⁶ Generally, the more complex contested cases heard in OAH are selected for mediation. *See supra* text, at 18.

⁸⁷ Due to the penal nature of many of the administrative actions which result in contested cases, administrative litigation may actually be a hybrid of criminal and civil law, e.g., a substantial environmental penalty is analogous to a criminal fine or forfeiture. Criminal sanctions are probably more difficult to mediate than are tort cases where the relief is purely monetary.

⁸⁸ N.C. ADMIN. CODE tit. 26, r. 03.0107(b) (Feb. 1994) ("A settlement conference shall be held at the request of any party, the [presiding] administrative law judge, or the Chief Administrative Law Judge.").

is never the presiding judge.⁸⁹ As a consequence, no incompetent or prejudicial statements are heard by the judge who will try the case. ADR techniques are not employed in every instance. Only contested cases involving substantial rights or having significant economic value are referred for ADR.⁹⁰ Cases initially selected for mediation will normally extend the scheduling of a hearing date and, as a consequence, will lead to a slightly varied differentiated case management track for these cases.⁹¹

In summary, within five days of filing the petition, the presiding Administrative Law Judge issues a scheduling order setting forth the following information: (1) the week of hearing; (2) the hearing site; (3) the identification of the presiding ALJ; (4) a discovery deadline; and (5) (if selected), an order referring the case to mediation or settlement conference with deadlines for completing ADR.⁹² Once this scheduling order is served, the parties

⁸⁹ "Judges ordinarily should not adjudicate disputes which they have attempted to settle or about which they have received information on the merits through a non-adversarial route." Barry R. Schaller, *Managerial Judging: A Principled Approach to Complex Cases in State Court*, 68 CONN. BAR J. 77, 83 (1994).

⁹⁰ The early statistical data collected by OAH regarding the mediation settlement conferences indicates that 37% of these complex contested cases referred to mediation between February, 1994 and July, 1995 settled prior to, during, or after the mediated settlement conference (Statistics are not available to measure the effectiveness of ALJ settlement conferences).

⁹¹ "The design of management tracks includes specific processes, procedures, time frames, management tools, and alternative dispute resolution techniques situated to the needs of the category of cases in general and tailored to the needs of individual cases." Simmons, *supra* note 11, at 1011.

⁹² GOERDT, *supra* note 4, at 67 ("One of the constant themes in this case management literature is the call for early and continuous control by the court over the scheduling of case events."). "Early and continuous court intervention in scheduling case events . . . has been

and their attorneys know the time constraints of litigation, and they must begin to make arrangements to comply with deadlines. Only rarely will there be scheduling conflicts because everyone involved in the administrative litigation has at least four to five months advanced notice of deadlines. The parties know they must either settle their litigation or be prepared to go forward with the trial at the appointed time, notwithstanding protests by some attorneys.⁹³ Actually, only fifteen to twenty percent of the cases calendared for hearing will be tried.⁹⁴ The overbooking of a trial week is a common experience in trial courts and is similar to overbooking of airline flights. Seldom will there be too many cases for the Administrative Law Judge to try during the week calendared for hearings. Setting more cases on a calendar than can apparently be tried recognizes that a certain number of cases will settle at the "courthouse steps."⁹⁵

Although the new system is less than perfect, it is much more efficient than the previous decentralized system. Due to North

espoused as effective devices for reducing delay in civil litigation." *Id.* at 47.

⁹³ See Church, *supra* note 60, at 85 ("[M]ore court control over the pretrial period may force counsel to trial or disposition faster than they believe to be appropriate, but such actions by the court will generate a predictable and (if experience is any guide) intense outcry from practitioners who believe the accelerated pace is improper.").

⁹⁴ Lisa Driscoll, *Innovations Speed Civil Case Flow in First District*, BAR BULLETIN, STATE BAR OF N.M., Feb. 11, 1993, at 1,4.

⁹⁵ "Our system acknowledges that cases will be settled on the courthouse steps." *Id.* at 4. See also *infra* Table 3.1, at 43.

Carolina's one hundred county venue, problems still remain with continuances and motions practice before OAH.

Prehearing motions in the nature of Rule 41(b) (Involuntary Dismissals) and Rule 56 (Summary Judgment) may be heard upon written motion without oral argument.⁹⁶ If oral argument is deemed necessary, most Administrative Law Judges set a prehearing telephone conference to hear the motion.⁹⁷ In other more complex cases, the Administrative Law Judge may actually set a special hearing for oral argument on the motion, particularly if the case is scheduled in a regional city. This normally means that the ALJ must make special calendaring arrangements with the parties in order to hear dispositive motions on the record.

Under the new system, Title 26, rule 3.0118 of the N.C. Administrative Code still governs continuances. Continuances are granted only upon proof of specific grounds: (1) death or illness of a party or attorney; (2) a court order; (3) lack of statutory notice of hearing; (4) substitution of legal counsel; (5) any other good causes defined in the Rule.⁹⁸

⁹⁶ N.C. ADMIN. CODE tit. 26, r. 03.0115(b) (Nov. 1987).

⁹⁷ *Id.*

⁹⁸ "The objectives of setting early, firm trial dates can be easily defeated if attorneys are freely permitted to obtain continuances. Thus the task force recommends that each plan include a stringent 'good cause' justification for delaying trials and discovery deadlines." THE BROOKINGS INSTITUTION, *supra* note 9, at 21.

Firm trial dates settle cases.⁹⁹ Attorneys who know that a continuance is an option concentrate less on the business of settlement. Title 26, rule 03.0118 in the N.C. Administrative Code is rather specific in its terms about the standards for continuances. The administrative law judges who strictly follow the grounds for continuances ultimately enhance settlement possibilities by resisting the motion for continuance. Once an ALJ earns a reputation for denying such motions, attorneys know what to expect, and they must make arrangements to either try or settle their contested cases. After all, the lawyers have been informed at least four to five months in advance of the date of trial as well as the deadlines of other significant case events. If these deadlines cannot be met, attorneys must move for a continuance.¹⁰⁰

Under a new OAH policy,¹⁰¹ when continuances are granted¹⁰² for

⁹⁹ The trial should commence on the first date scheduled. Unpredictable trial dates breed last minute continuances and settlements. When the court creates pervasive doubt about the firmness of trial dates, counsel tend to defer trial preparation and then seek a continuance when pressed for trial. With sufficient notice of a trial date and the beginning of the trial on the first day set, counsel learn that the court means business, resulting in earlier settlements or pleas without an increase in the trial rate.

AMERICAN BAR ASSOCIATION, *supra* note 5, at 10-11.

¹⁰⁰ Unavailability of witnesses is a common reason for requesting a continuance. Some ALJs will now start the hearing without the witness and require the taking of the testimony of the absent witness by deposition or continue the hearing after the completion of all the other evidence and take the absent witness's testimony at a later date.

¹⁰¹ "Essential elements which the trial court should use to manage its cases are: (G) A firm, consistent policy for minimizing continuances." AMERICAN BAR ASSOCIATION, *supra* note 5, at 7.

meritorious reasons, the parties, whenever possible, must consent to the following: specify the exact reason for the continuance; indicate how a postponement will cure the need for the continuance; and otherwise announce the cases ready for hearing at the time of the future trial date. This new policy will eliminate objections to the next trial date by anticipating potential grounds for delay. Resisting unwarranted continuances is one of the court's best tools to resolve contested cases.¹⁰³

Statistical data is necessary in order to evaluate the effectiveness of any delay reduction program.¹⁰⁴ Computer-generated statistical data for contested cases has always been available in the Office of Administrative Hearings. The computer software was specifically designed for this purpose in 1986. This software enables the Clerk's office personnel to track and retrieve statistical information based on certain queries.¹⁰⁵

¹⁰² "We do not propose an excessively rigid continuance policy or mindless enforcement of arbitrary rules. Rather, a court should create the *expectation* that a case will be tried on the first scheduled trial date unless there are compelling reasons for a postponement. . . ." CHURCH, *supra* note 12, at 69.

¹⁰³ "Court readiness to try civil cases may well be the most effective settlement-inducing device. The assertion that only the reality of imminent trial produces fast and sure settlements was made by judges and attorneys in every court visited." *Id.* at 76.

¹⁰⁴ "Computerized case tracking is essential to trial delay reduction and early case resolution." Goodman, *supra* note 8, at 256.

¹⁰⁵ The IBM System 36 (and specially designed software) used by the Hearings Division, once state-of-the-art, is now clearly surpassed by new technology. A comprehensive study suggests the development of a new software program with integration of the new calendaring system into the Hearings Program with connection to a LAN (Local Area Network) as the System 36 is phased out. See State Information Processing Services (SIPS), Office of Administrative Hearings Needs Analysis, Tab 1 (March 30, 1995) (on file with OAH). Cost of

STATISTICAL REVIEW

Statistical data has been compiled and profiled into various tables which are depicted on the following pages. The primary function of the tables is to illustrate trends by comparing statistical data between the old and new calendaring systems. The important comparison years are 1989-1990, which were the last years under the old system, and 1993-1994, which are the years for which statistical data is available under the new system. It is beyond the scope of this paper to compute statistical correlations in order to establish relationships between independent and dependent variables. However, there are certain broad conclusions which may be drawn from the trends established by the data. An explanation of these conclusions will follow.

Table 1.1 and Tables 1.2(a) and (b) address OAH time dispositions in administrative law contested cases as compared to the ABA Time Standards.

the implementation of the computer study at OAH approaches \$280,000. Legislative funding for this project was deferred to the 1996 Session of the General Assembly.

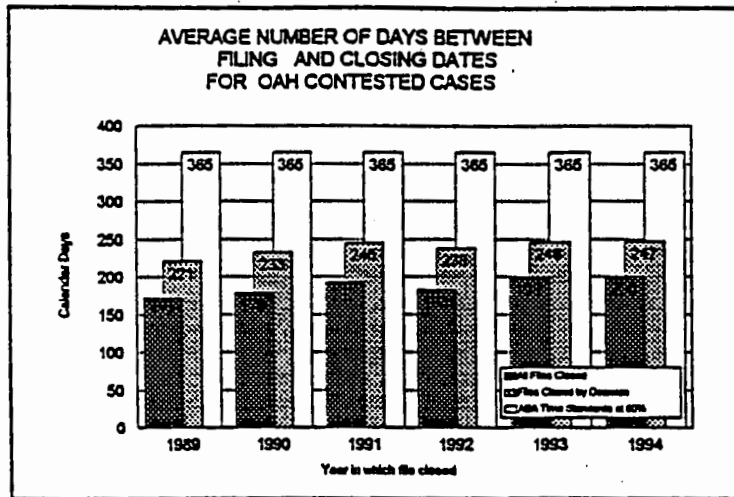


Table 1.1

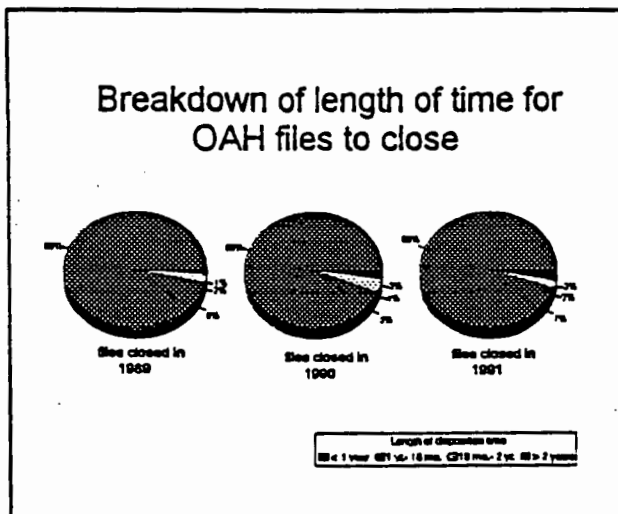


Table 1.2(a)

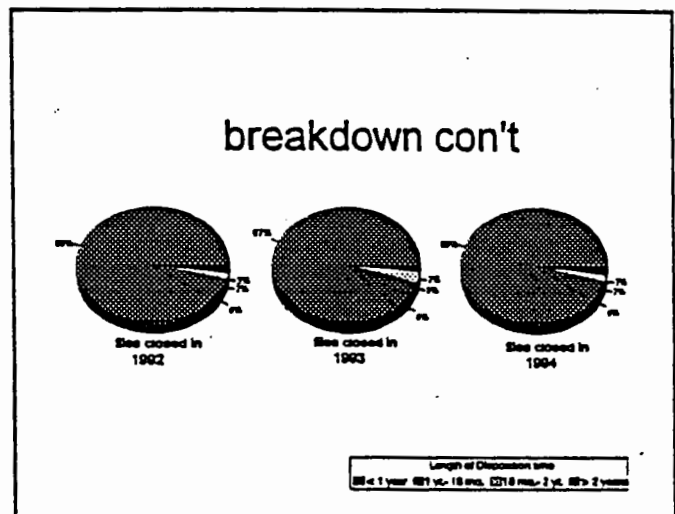


Table 1.2(b)

The ABA Time Standards are generally recognized as the benchmark for case disposition in civil courts.¹⁰⁶ Section 2.52 of the ABA Time Standards relating to trials in civil courts is in part quoted below:

- (A) General civil - 90% of all civil cases should be settled, tried or otherwise concluded within twelve months of the date of case filing;
- (B) 98% within 18 months of such filing; and
- (C) the remainder within 24 months of such filing, except for individual cases, in which the court determines exceptional circumstances exist and for which a continuing review should occur.¹⁰⁷

Tables 1.1 and 1.2(a) and (b) indicate that the Office of Administrative Hearings is in substantial compliance with the ABA Time Standards for civil case dispositions.

One feature that distinguishes administrative litigation from civil litigation is that in a civil bench trial, the presiding judge renders a conclusive decision subject only to review by an appellate court by a party who claims error. The percentage of appeals in comparison to trials is relatively small. In most

¹⁰⁶ At the aggregate or court level, however, the ABA disposition time standards provide a useful and widely accepted tool with which to determine the degree to which courts are concluding civil cases within a reasonable time period. In this study, the incidence of delay in civil litigation in a court is inferred from its performance in relation to the ABA disposition time standards. It is assumed that courts with a higher percentage of cases that exceed the ABA standards probably have more delayed cases than courts that perform better compared to the ABA standards.

GOERDT, *supra* note 4, at 36.

¹⁰⁷ AMERICAN BAR ASSOCIATION, *supra* note 5, at 11. In addition to the civil court dispositions, the ABA Time Standards also set guidelines for case dispositions in other types of litigation: Summary Civil, Domestic Relations, Felony, Misdemeanor, Persons in Pretrial Custody, and Juvenile proceedings.

central panel administrative tribunals, however, the administrative law judge renders a recommended decision which in every case must be reviewed by the administrative agency making the final decision.¹⁰⁸ The initial appeal lies with the Superior Court (North Carolina's highest level trial court) which serve as the first tier of appellate review,¹⁰⁹ and may, thereafter, be appealed as in any other civil case. These tables do not account for the time between the filing of the petition and the date of the final decision,¹¹⁰ but Table 1.1 does confirm a major OAH goal, i.e., the average disposition of all cases in a range of six to seven months. As Table 1.1 indicates, the case disposition time has increased slightly since 1992, but again, the case filings have substantially increased with the addition of 400 more cases in 1994 than in 1989.

The Governmental Performance Audit Committee, in reviewing the Office of Administrative Hearings in 1993, noted that there was an inherent delay to the citizen in this process.¹¹¹ Nevertheless, the

¹⁰⁸ It is beyond the scope of this article to discuss the policy implications of the friction between the recommended and final decision maker. See generally Hardwicke, *supra* note 21, 49-53, citing George R. Coan, *Operational Aspects of a Central Hearing Examiners Pool: California's Experience*, 3 U. FLA. L. REV. 86, 89 (1975). For a statistical summary of agency agreement with the recommended decision, see Mann, *supra* note 27, app. C (subsequently updated through 1995).

¹⁰⁹ See *supra* note 68.

¹¹⁰ See *supra* note 70.

¹¹¹ A comprehensive performance audit was undertaken for each state agency in North Carolina by the General Assembly in 1992 which included the Office of Administrative Hearings. Government Performance Audit Committee [GPAC], *Our State, Our Future, Pathways: Summary of Findings and Recommendations of the North Carolina Government Performance Audit Committee* 102 (Dec. 1992) (on file with the North Carolina General Assembly).

Office of Administrative Hearings, for its part, is consistently on the mark with the ABA Time Standards for civil trials. Actually, the new calendaring system at OAH may have initially lengthened the case disposition time slightly because the hearing date is set at least 120 days from the date of the filing of the petition in order to accommodate time for discovery. This delay was not automatically factored into the old system. However, the new system has allowed OAH to dispose of the increased case filings with the same number of ALJs with only a slight increase in the case disposition time.

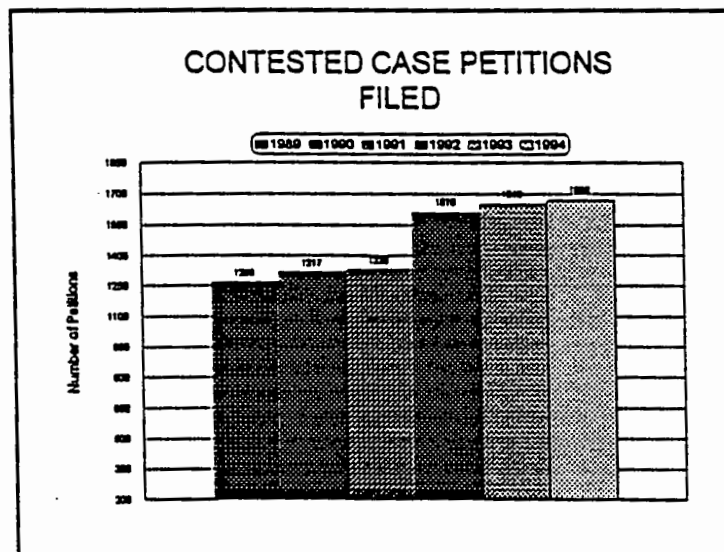


Table 2.1

Table 2.1 indicates the number of contested case petitions filed. North Carolina is not a high volume state in terms of the number of administrative filings; it is better known as a mid-size

state, albeit on the lower end.¹¹² Table 2.1 not only clearly shows the 400 petition increase since 1989, but it also illustrates the upward trend in filings over the years, particularly the sizeable jump between 1991 and 1992. Again, case filings have significantly increased but the number of administrative law judges has not changed since the creation of the Office in 1986. The same number of judges hear and decide the increased case volume which averages 50 cases per judge per year.

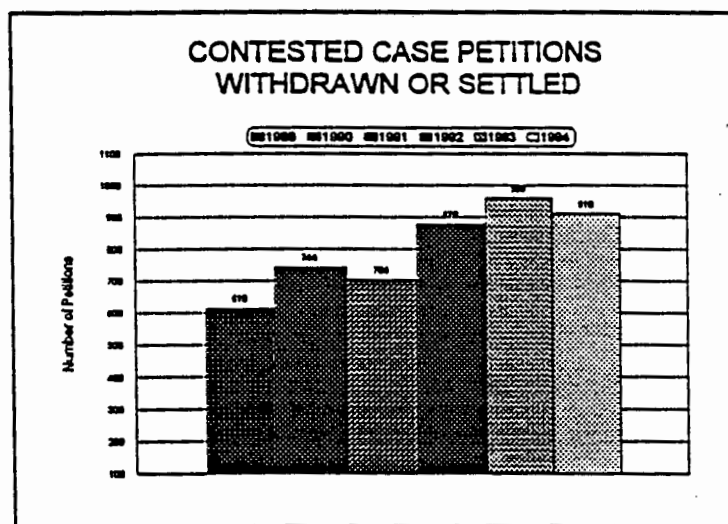


Table 3.1

Table 3.1 demonstrates the apparent success of the new calendaring system at OAH. Recall that the old system, at least as it pertained to withdrawals and settlements, required individual case settings with very few cases being calendared at the same time. The new system schedules cases in a particular region on a

¹¹² Hoberg, *supra* note 21, at 87 n.93.

calendar numbering from ten to fifteen cases per setting. Table 3.1 indicates there was a 47% to 55% increase in the number of cases withdrawn or settled in 1993 and 1994 over the number that was withdrawn or settled in 1989. The table also illustrates that the number of cases withdrawn or settled has increased steadily for every year, except for 1991.

Setting a firm trial date at the time that the Petition is filed requires lawyers to settle the case prior to hearing or be prepared to try the case as scheduled.¹¹³ The judicial administration literature stresses and reiterates the necessity of early and firm setting of trial dates.¹¹⁴ The OAH data supports the conclusion that cases will settle or be dismissed or withdrawn when parties are confronted with a firm trial date. It also serves to provide a method for quick termination of the weak case or one that is meritless. The administrative law judges take charge of their own calendars after the initial setting. Thomas Church suggests that in a system where judges take responsibility for the disposition of cases, this results in a more effective calendaring system.¹¹⁵ In the OAH system, the presiding judge takes a personal interest and responsibility for managing the calendar. The

¹¹³ "When judges efficiently manage their cases, they assist the parties in resolving their disputes. Hands-on management policies have resulted in increasing settlements within nine months of filing to nearly 85% in some courts." A Report from the President's Council on Competitiveness, Agenda for Civil Justice Reform in America, *supra* note 73, at 18.

¹¹⁴ CHURCH, *supra* note 12, at 68-69.

¹¹⁵ *Id.* at 73.

Administrative Law Judges are reviewed each year on their total case dispositions and number of decisions written.¹¹⁶ If cases are not moving through the system, the ALJ realizes that their case disposition rate will suffer. The ALJs are competitive by nature and each one strives to do the best job possible.¹¹⁷

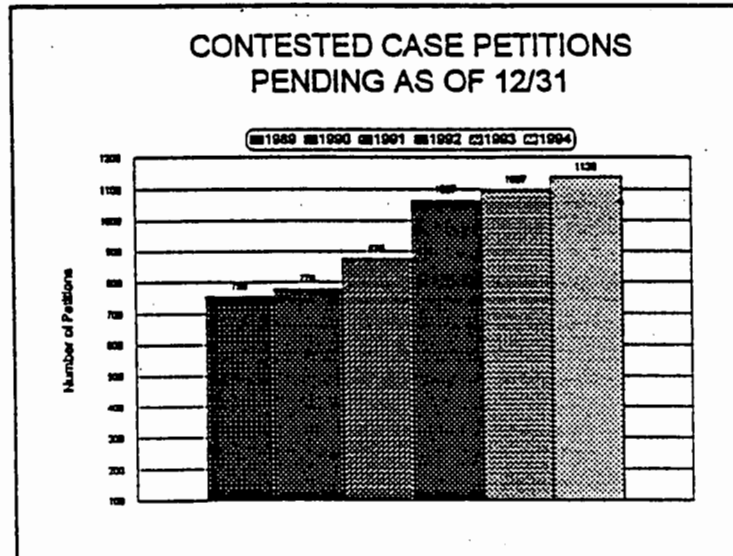


Table 4.1

Table 4.1 indicates that there is an increasing backlog of cases each year at OAH. The backlog per judge is normally an indicator of the pace at which a court system disposes of cases.¹¹⁸ The pending cases at OAH have increased at a 50% rate between 1989

¹¹⁶ "The two summary statistics commonly used to assess individual judge's performance in the individual calendar courts are the number of terminations in a given period attributable to a judge and the number of pending cases in the judge's inventory." *Id.*

¹¹⁷ *Id.*

¹¹⁸ "Size of the pending caseload per judge emerges as the strongest correlate of the pace of civil case litigation in these urban trial courts." GOERDT, *supra* note 4, at 54.

and 1994, but the ratio of pending cases to the total number of cases closed has remained relatively constant, and for each year the case dispositions have exceeded those pending at the end of the year. A ratio of one-to-one is considered by most experts as an indication of efficiency. Again, the total contested case filings have increased and the total backlog has also increased; however, the number of ALJs has remained constant.¹¹⁹ Also, the ABA Time Standards have remained relatively constant despite the increased case filings.¹²⁰ Thus, the pace of administrative litigation has not been significantly affected by pending cases per judge. The Office of Administrative Hearings will monitor the pending backlog of cases under the new continuance policy implemented in 1995 to see if the new policy reduces the rate of increase in the backlog. Under this new (but still restrictive) policy, the Administrative Law Judge will not retain control over the cases continued but will set a continued case onto the calendar of the next Administrative Law Judge who will appear in that same region the following month.

¹¹⁹ "Lack of resources, especially an insufficient number of judges to handle increased workloads, may be one reason courts develop large pending caseloads per judge." *Id.* at 67.

¹²⁰ It is noteworthy, however, that the number of filings and dispositions per FTE judge does not display a significant correlation with case processing times or court performance compared to the ABA standards. Moreover, there is little, if any, association between filings or disposition per judge and pending cases per judge. These findings suggest indirectly that factors other than judicial resources may be important in explaining the buildup of pending cases per judge and the pace of litigation.

Id.

Perhaps, this new policy of "rolling" cases will reduce the volume of pending cases by moving the case forward onto the next calendar as opposed to individually resetting a continued case.

The Office of Administrative Hearings has designated one of its employees as its Trial Court Administrator. Previously, the Clerk's Office, in coordination with the Hearings Division, was responsible for maintaining docket control. Now, with the addition of this new position, the Trial Court Administrator will be responsible for monitoring the progress of every case filed in the Office of Administrative Hearings until conclusion. If an Administrative Law Judge continues a case or if a case is not reached by the Administrative Law Judge, no longer will this Judge retain this case. It will be referred to the Trial Court Administrator and reset upon another calendar or docket. Many of the Judges in the Office of Administrative Hearings take pride in disposing of all cases assigned and are serious about resisting continuances. What may be lost in the new system, through the loss of "ownership" of each case, is that the Administrative Law Judge may not scrutinize the grounds for a continuance or take the same pride in the reduction of pending cases if the ALJ continues the case to the next calendar. What is expected to offset this phenomenon will be the contrasting efficiency gained by placing the continued case back on a calendar as opposed to returning it to an individualized scheduling system. Also, the Trial Court Administrator will oversee the calendar of each ALJ in order to

assure that cases are not being needlessly prolonged through continuances.

In order to reduce the existing case backlog, it may be necessary to place all pending cases that have not been calendared on a "clean up" calendar in 1996. Some of the pending cases have been stayed pending disposition of a companion case or an appeal. Nevertheless, a clean up calendar constructed by the Trial Court Administrator may be one method employed to reduce the backlog. One ALJ has already volunteered for this assignment. The adding of additional ALJs, although attractive, is not necessary at this point.¹²¹ The efficiencies gained in the new calendaring process since 1991 as yet have not been fully realized. Until such time as the office is operating under maximum efficiency, there will be no need to add additional Administrative Law Judges.

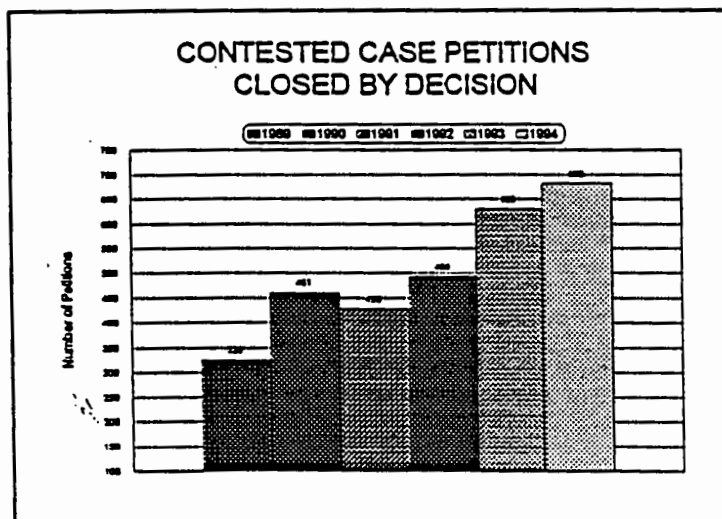


Table 5.1

¹²¹ See ZEISEL ET AL., *supra* note 60.

Table 5.1 shows the number of contested cases closed by decision. This trend clearly indicates that there are more cases reaching decision under the new system than there were under the old system. The ALJs have been able to manage the additional case load under the new scheduling system and continually are gaining efficiency. Fortunately, the ALJs are closing contested cases in higher numbers than in 1989 since the contested case petitions filed have also substantially increased. Again, the apparent increase in productivity has come in part because the number of cases available for hearing has increased because of multi-case settings. Under the new system, if between ten and fifteen cases are set for hearing during the same week, only two or three of these cases may actually be tried to conclusion. Under the old system, only one case was scheduled at a time and, therefore, the set of cases that could result in a disposition was greatly reduced.¹²²

The greatest efficiency gained under the new system is the immediate scheduling of all cases on calendars within five days of

¹²² It might be noted here that not only has the number of decisions written dramatically increased since 1989, but the quality of the decision writing has also markedly improved. Under the North Carolina system, the Administrative Law Judge is responsible for writing the recommended decision. In the trial courts, often the civil judges have the judgment prepared for them by the attorneys who prevail in the case. However, in the Office of Administrative Hearings system, although many of the attorneys assist in the preparation of these orders, the ultimate writing of the decision in most cases rests with presiding Administrative Law Judge. Over this same period of time, the judges have improved their skills in legal writing. Selected ALJ decisions are published in the North Carolina Register and are reported in *North Carolina Lawyers Weekly* (newspaper). Beginning in September of 1995, all of the Administrative Law Judges' decisions (and projected for 1996 the final agency decisions) will be published by Barclays Law Publishers and will be available by subscription.

the date that the petition is filed. This one addition is the most prominent of all of the new system's characteristics. The firm and certain trial date established in the initial scheduling order is the single most effective means of ending administrative litigation.¹²³ Notwithstanding that the Office of Administrative Hearings refers cases for prehearing settlement conferences and mediation, and that these ADR techniques may well influence the settlement rate, nevertheless, the single most effective means of bringing conclusion to litigation is the firm and certain trial

¹²³ Providing firm trial dates has several important benefits for the courts and public. Firm trial dates provide certainty to litigants and their attorneys. Greater certainty that a case will go to trial probably increases the likelihood of early settlements in civil cases and early pleas in criminal cases. Equally as important, firm trial dates reduce the number of times litigants and witnesses must go to court, thus reducing the overall cost of litigation for the public and improving the public's perception of the efficiency and effectiveness of the judicial system.

GOERDT, *supra* note 4, at 67; see also E. Donald Elliott, *Managerial Judging and the Evolution of Procedure*, 53 U. CHI. L. REV. 306, 313 (1986) ("Perhaps the most important single element of effective managerial judging is to set a firm trial date.").

date.¹²⁴ Many court systems that have experimented with delay reduction find that this is also true.¹²⁵

Most scheduling systems do not calendar a case until after the initial responsive pleading is filed, and often the setting is accomplished in a scheduling or prehearing conference. If there is one conclusion that may be drawn from this study of administrative litigation in North Carolina, it is that the earlier the hearing date is established, the earlier the disposition. The calendaring of a case should not wait until thirty or sixty days after the case is filed. The administrative scheme in North Carolina requires the filing of a Prehearing Statement by all parties within thirty days after the contested case petition is filed. Again, the Prehearing Statement is analogous to an answer or other responsive pleading in a civil trial. No gain is made by waiting for the filing of this

¹²⁴ As discussed above, the data produced by our interviews and by other studies indicate that fixing early and firm dates for the completion of trial preparation and for the trial itself is probably the single most effective device thus far developed for encouraging prompt and well-focused case development. There does not appear to be any consequential practical obstacle to setting these dates very shortly after an action is commenced. Several judges we interviewed reported that they routinely followed such a procedure and that it has had very beneficial effects. Other studies and commentaries have described the successful use of this approach in several federal courts.

Wayne D. Brazil, *Improving Judicial Controls Over the Pretrial Development of Civil Actions: Model Rules for Case Management and Sanctions*, 1981 AM. B. FOUND. RES. J. 875, 917.

¹²⁵ "Judges should establish an early trial date immediately after the initial pleadings are complete. Once established, the trial date should be delayed only for compelling reason or the needs of the court." A Report from the President's Council on Competitiveness, Agenda for Civil Justice Reform in America, *supra* note 73, at 15.

responsive pleading before scheduling the case, no matter how tentative that initial setting may be.¹²⁶

Efficiency is also gained by the setting of preliminary discovery deadlines in the initial scheduling order. This provides the parties ample time to conclude discovery prior to the hearing. This simple scheduling technique of setting the trial date and the discovery deadline at the time of filing might well result in the disposition of over ninety percent of the cases filed.

Cases that do not have great economic value will normally not generate much discovery. Cases of great economic value may need to be placed on a slower track because of their complexity and the need for more discovery. One response to economic value in a calendaring system is Differentiated Case Management. In the Office of Administrative Hearings, the simple cases, such as the ABC and WIC, are placed on a different track than the more complex cases, such as the Certificate of Need or Special Education cases. The need for Differentiated Case Management is not great in the Office of Administrative Hearings, and only a small percentage of the cases at the extremes of the spectrum require such treatment.

SUMMATION

Judicial efficiency is being accomplished in the Office of Administrative Hearings by the simple technique of requiring the scheduling of cases with a firm trial date and a discovery deadline

¹²⁶ See *supra* text, at 27.

within five days of filing of the petition. Trends must be monitored by the Trial Court Administrator in this process to maintain the current pace of litigation, reduce the pending cases per judge, and ensure that cases meriting continuances are moved from calendar to calendar. Delay reduction under the new system achieves due process as evidenced by the increase in the settlement and withdrawal of petitions and the number of cases reaching decision. Although the pace of litigation is increasing slightly each year with the rise of case filings, litigants are not being inordinately delayed in their pursuit of administrative due process. It should therefore follow that North Carolina's Office of Administrative Hearings delivers both justice and due process in its system of administrative adjudication.

This article is not intended to be a comparative analysis of administrative litigation among the central panel states since the only frame of reference is the North Carolina Office of Administrative Hearings; OAH is simply comparing its case processing time with the ABA Time Standards. Other administrative tribunals throughout the United States may operate more efficiently and exceed OAH's contested case disposition rate. This article does illustrate that administrative tribunals are capable of operating within the ABA Time Standards, notwithstanding Judge Broomfields's exception.¹²⁷ Due to the similarities between civil litigation and administrative litigation, particularly as to the

¹²⁷ See *supra* text, at 5.

commencement of the proceedings, OAH finds itself in a unique position to measure its relative efficiency with the ABA Time Standards, perhaps more so than other central panel systems. Administrative litigation in North Carolina has a clear point of initiation because OAH is the only central panel exclusively petition-generated. Since the contested cases are not referred from the agencies, the commencement point has a distinct beginning. In other systems, the central panel may not become involved until the actual hearing, making it difficult to consistently measure the length of time between the commencement date and the completion date.

Lastly, sometimes the goal of effective implementation is lost in focusing singularly on efficient implementation.¹²⁸ It is axiomatic that promoting a delay reduction program in a hearing system should serve the ends of justice and due process. However, speed for the sake of efficiency may also produce ineffectiveness

¹²⁸ Close observation of the six courts suggest that they succeed at something more profound and important than moving cases to disposition quickly. As is explicit in the Trial Court Performance Standards, Expedition and Timeliness is but one of five general areas in which a healthy court achieves excellence. Others are Access to Justice, Equality, Fairness and Integrity, Independence and Accountability, and Public Trust and Confidence. In the demonstration courts, management views delay both as a disease in its own right - something to treat and prevent from recurring - and as a *symptom* that may indicate a more pervasive unhealthy conditions. By maintaining and regularly examining information on delay, the demonstration courts routinely monitor the general health of the organization, something which is measurable in broad terms that are defined by the Trial Court Performance Standards.

as an outcome.¹²⁹ The quality of the service rendered must be compatible with the delivery of efficiency in that service. Thus, Total Quality Management (TQM) has surfaced in recent years as a goal for the delivery of services to the public by administrative agencies, including courts.¹³⁰

The Office of Administrative Hearings attempts to measure the effectiveness of the delivery of this service by developing a "client" (user) survey form. This form is presented to each attorney and party at the close of each administrative hearing but before the administrative law judge renders a decision. The litigants are asked to assess the quality of the service that they received in OAH. The forms are anonymously completed and are returned confidentially to the Deputy Director of OAH in a postage pre-paid envelope.¹³¹ The Deputy Director compiles a statistical profile, based upon the returned forms. Since the recent inception

¹²⁹ DAVID OSBORNE & TED GAEBLER, *REINVENTING GOVERNMENT: HOW THE ENTREPRENEURIAL SPIRIT IS TRANSFORMING THE PUBLIC SECTOR* 351 (1993) (so often efficiency studies become oriented to outcomes that the quality of the service becomes secondary).

¹³⁰ See Alexander Aikman, *TOTAL QUALITY MANAGEMENT IN THE COURTS: A HANDBOOK FOR JUDICIAL POLICY MAKERS AND ADMINISTRATORS* (1994); see The Federal Judicial Center, *MAXIMIZING PRODUCTIVITY: NEW PERSPECTIVES AND PRACTICAL STRATEGIES*, 21 (1994) ("The results of an integrated and thorough total quality service approach can be startling. All levels of staff focus on their customers' needs and become involved in assuring quality."); see Felter; *supra* note 21.

¹³¹ See Aikman, *supra* note 130, at 33 ("A relatively easy technique for identifying problems is to develop new survey forms. These can be placed on the front counter and other strategic locations. This is a technique used effectively by the Los Angeles Municipal Court, for example, as part of the management process developed for courts implementing the trial court performance standards.").

of the survey program, 49 responses have been received. The Deputy Director breaks down the information on charts and reviews the information with the applicable staff.¹³² Based upon an original assessment of the information collected by the survey, OAH appears to be delivering its adjudicatory service in a manner which is deemed effective by the public and private parties to the litigation, as well as the public and private attorneys who represent these parties. In response to the question, "Did you receive a fair hearing from the Administrative Law Judge?" 40 responses indicated "yes" and only 7 indicated "no."

The supreme purpose for which all central panel systems exists is to promote fair hearings. This guiding principle cannot be overlooked. No amount of speed in producing hearings can outweigh the commitment to fairness. Delay in reaching due process can, in fact, produce unfairness. However, negating delay does not ensure a fair hearing. North Carolina's Office of Administrative Hearings strives to achieve both goals in its system of administrative justice.

The title of this article indicates that North Carolina is "Striving" and does not indicate (nor should it be inferred) that North Carolina has achieved the ultimate efficiency in administrative litigation. What it does indicate is that North Carolina's Office of Administrative Hearings focuses on time delay

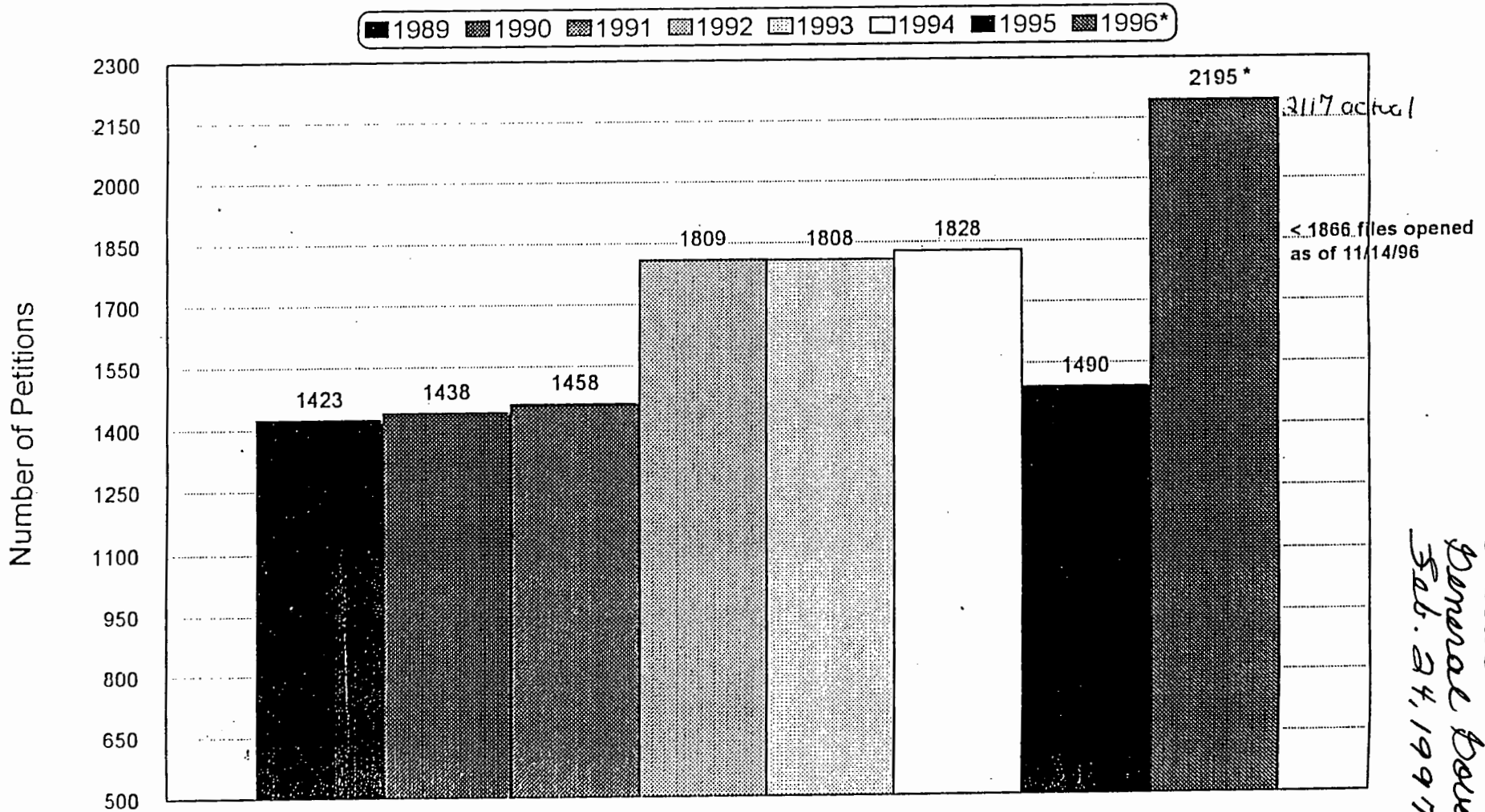
¹³² *Id.* at 33 ("If you use survey forms, to be useful they must be tabulated and the results fed back to affected staff. Simply putting them on the counter, collecting them, and then ignoring them, is not useful and does not manifest a quality program.").

in administrative litigation and approaches due process in a timely and efficient manner. If any credit is to be taken for the success of the new system, it belongs to the administrative law judges who work tirelessly each day on delay reduction in North Carolina's Office of Administrative Hearings.¹³³

(last update: September 13, 1995)

¹³³ The eight administrative law judges at OAH presently: Senior Administrative Law Judge Fred G. Morrison, Jr. and Administrative Law Judges Brenda B. Becton, Sammie Chess, Jr., Beecher R. Gray, Delores O. Nesnow-Smith, Meg Scott Phipps, Robert R. Reilly, Jr., and Thomas R. West.

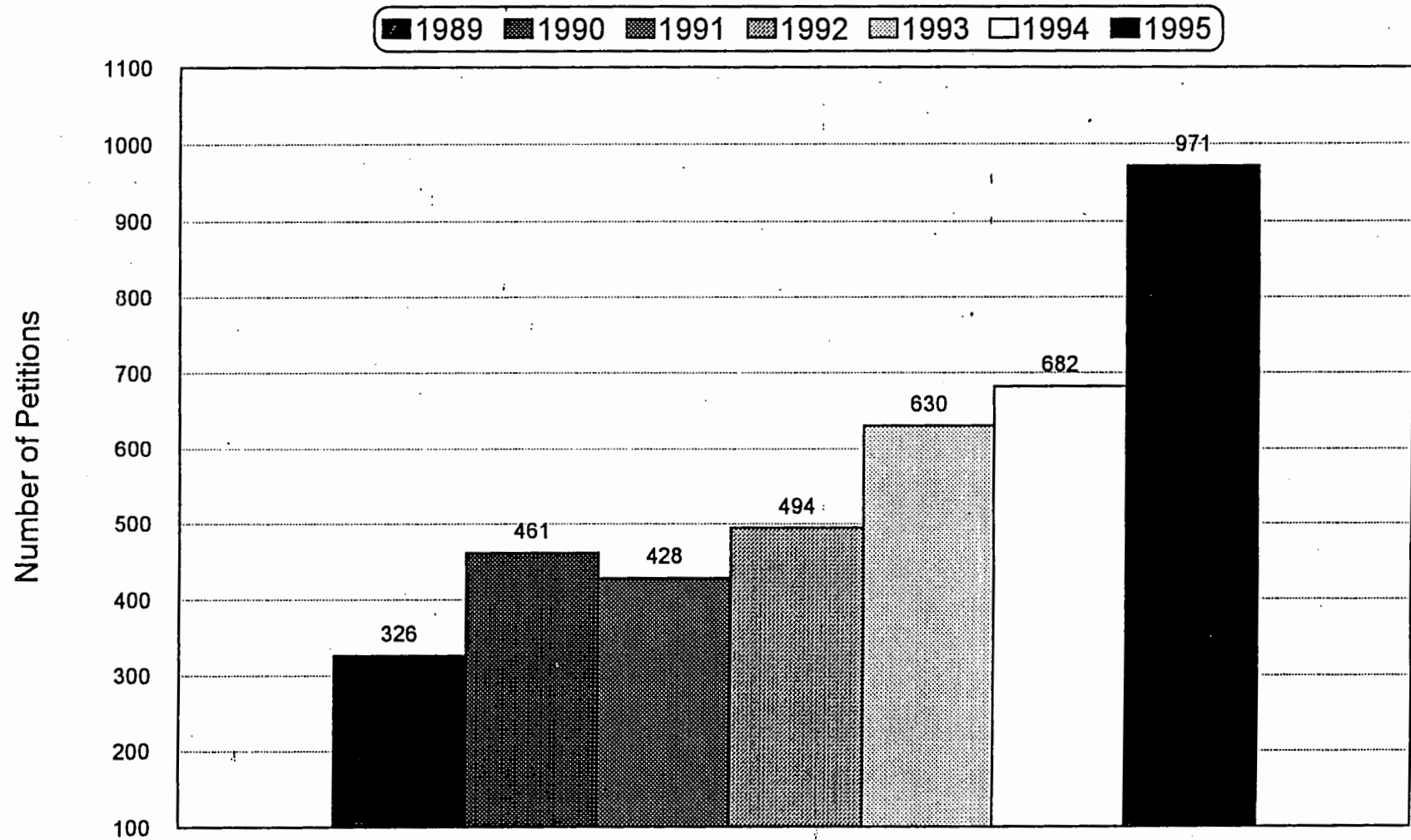
NEW CONTESTED CASES/CHARGES FILED



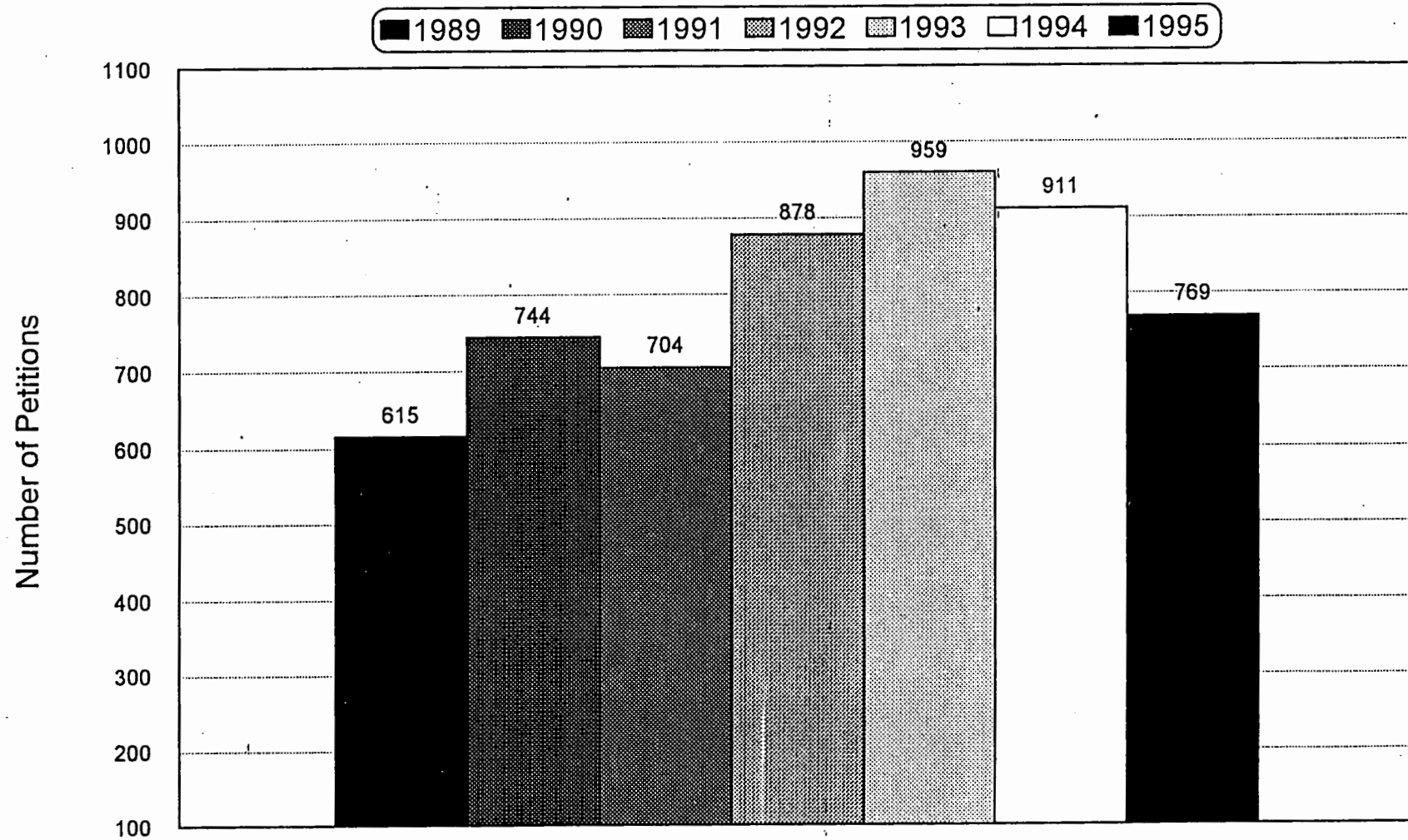
* Projected 1996 figures, based on 1866 files opened as of 11/14/96 and 15% of total files opened during the calendar year occurring in the last 45 days of the year.

Attachment 2
General Government
Feb. 24, 1997

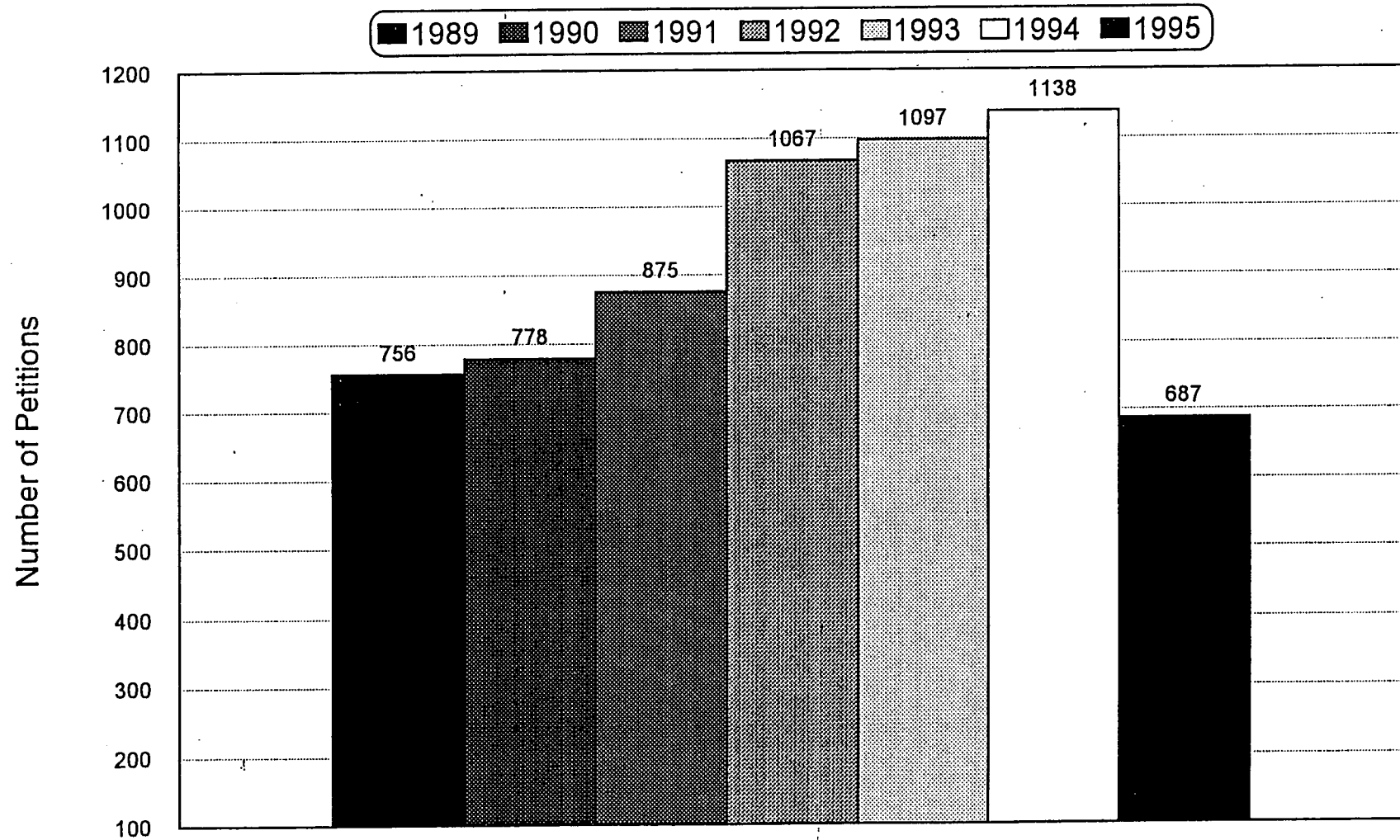
CONTESTED CASE PETITIONS CLOSED BY DECISION



CONTESTED CASE PETITIONS WITHDRAWN OR SETTLED

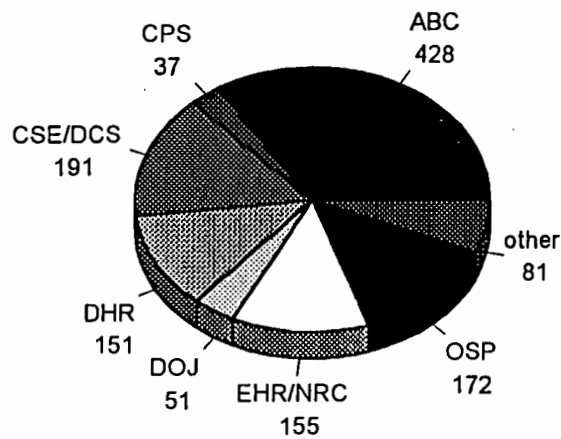


CONTESTED CASE PETITIONS PENDING AS OF 12/31

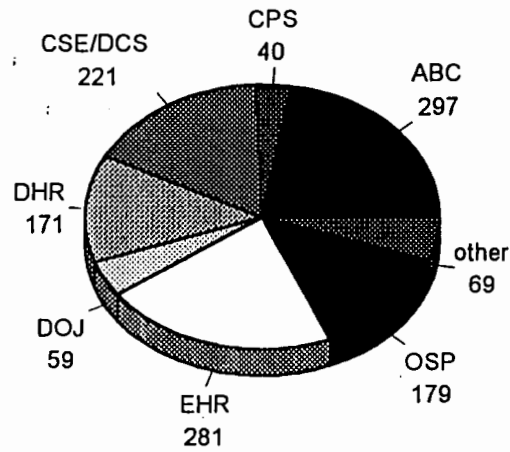


PETITIONS FILED

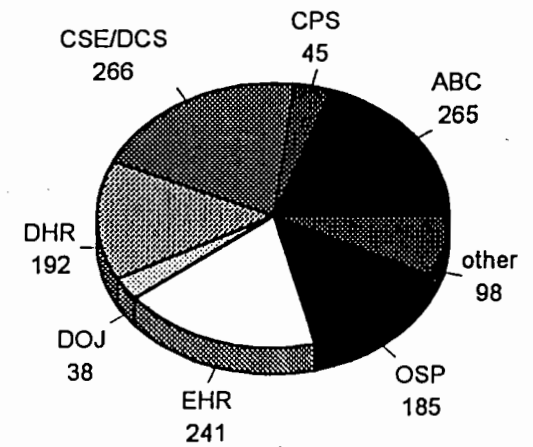
(excluding 'EEO' petitions & charges)



1989



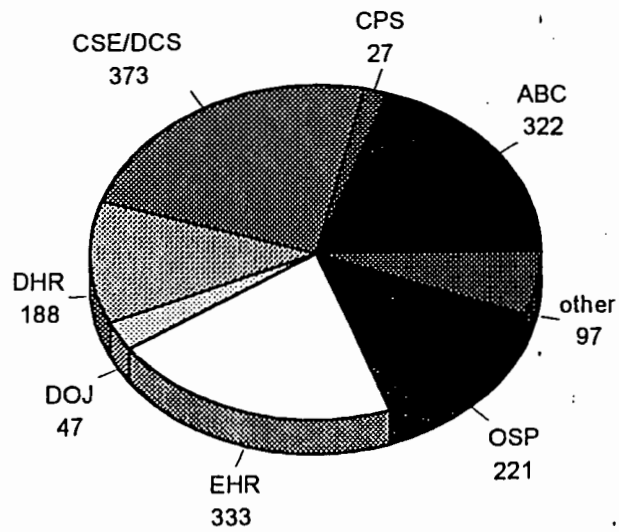
1990



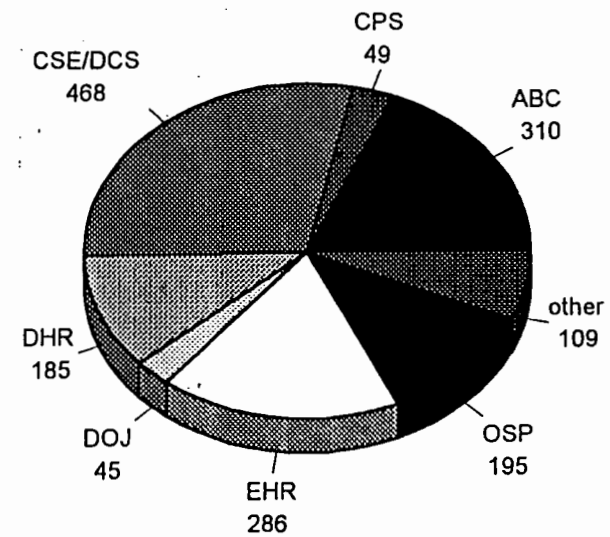
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petitions filed (con't)

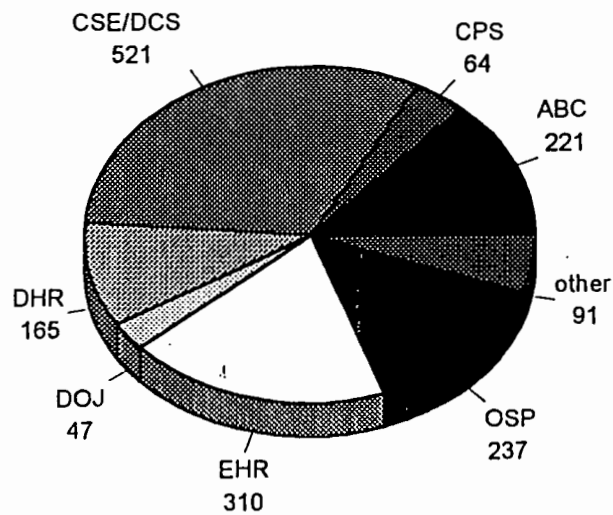
1992



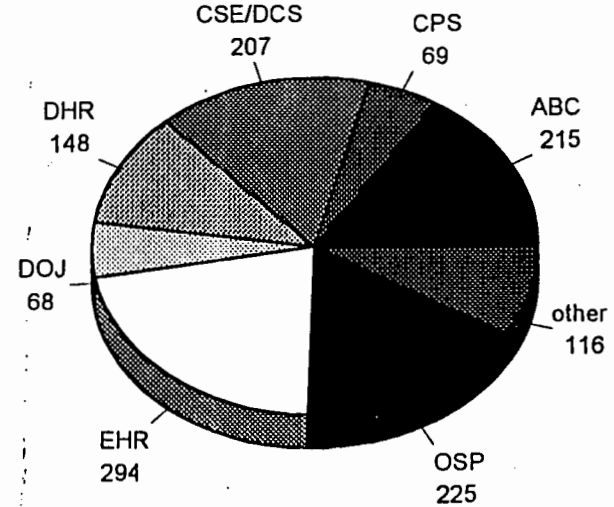
1993



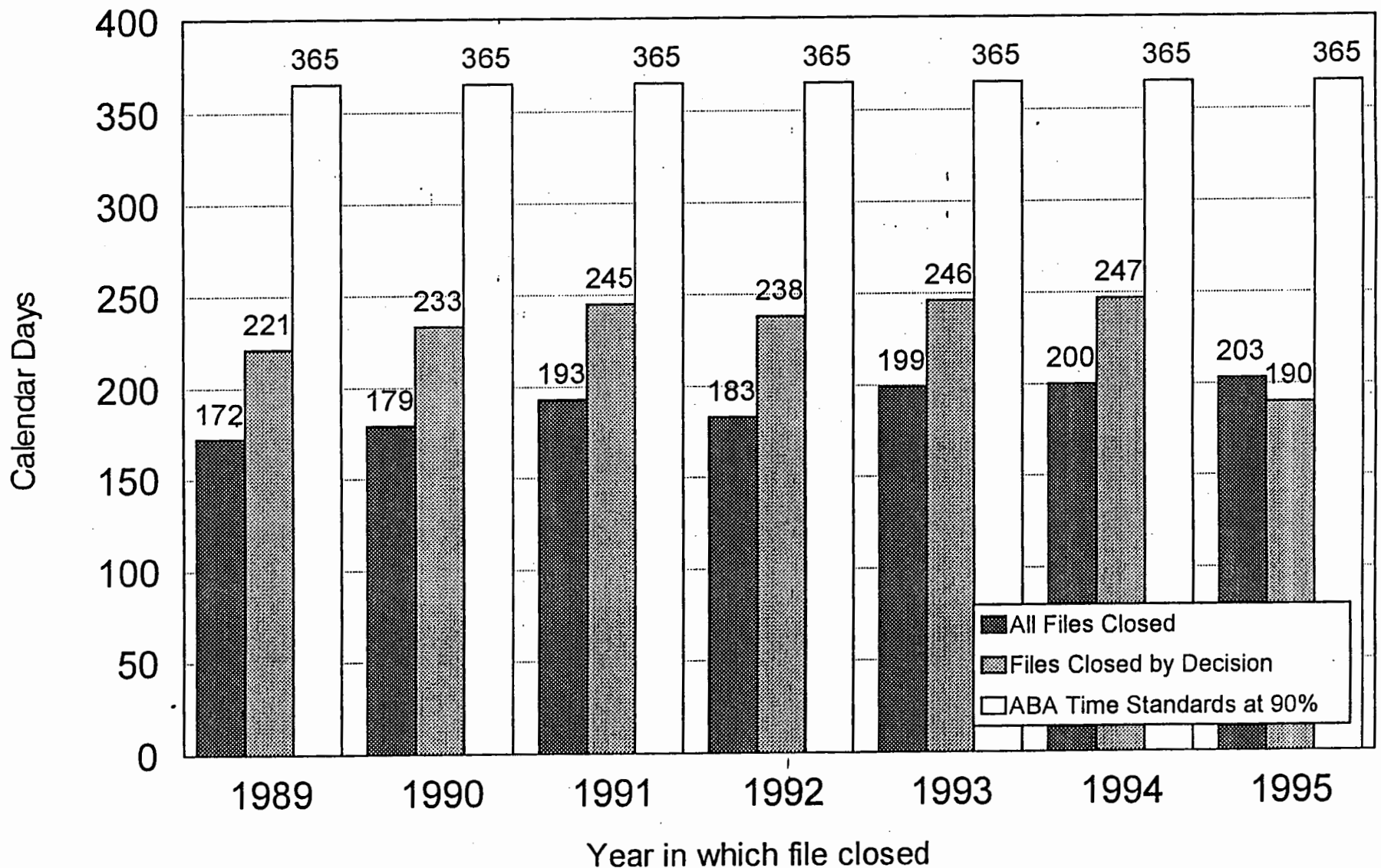
1994



1995



AVERAGE NUMBER OF DAYS BETWEEN FILING AND CLOSING DATES FOR OAH CONTESTED CASES



JOINT APPROPRIATIONS SUBCOMMITTEE
ON
GENERAL GOVERNMENT

February 25, 1997

The Joint Appropriations Subcommittee on General Government met Tuesday, February 25, 1997 at 8:30 a.m. in room 425 of the Legislative Office Building. Five of the Senate members were present. Representatives present were: Co-Chairs Ives, McCombs and Sherrill; and Braswell, Decker, and Wainwright.

Chairman Ed Warren introduced Insurance Commissioner James Long and asked him to give the Committee a short synopsis of the workings of the State Insurance Department. After introducing his staff, Mr. Long stated that the purpose of his department is to insure the health, safety and welfare of the citizens of North Carolina. He told of the success of the "Click It or Ticket" and the "Booze It and Lose It" programs. (A copy of their Mission Statement and 1995-96 Biennial Report is attached.) Commissioner Long then asked Mr. Dascheil Propes, Assistant Commissioner, to give a general overview of the department.

Questions followed. Representative Wainwright asked how they handled out-of-state companies who sold insurance in NC. Mr. Propes said that they relied on the other states' ratings, that they did get those companies' reports, and that any company doing business in NC had to be registered in the State.

Senator Ledbetter said that up until a few years ago a land owner could build a house on it and sell it at any time. Now if you build on it, you must live in it for a year before you sell it, or you must hire a contractor to build it, even though it meets all the building codes, etc. He wanted to know why. Mr. Propes said that the law was changed at the urging of the N.C. Home Builders Association to prevent competition, he presumed.

Senator Kinnaird wanted to know if the Kennedy-Kasselbaum amendment regarding preexisting conditions for health insurance now applied. Bill Hale said that the KK amendment provisions would be effective as of July 1, 1997, but that in N. C. you are

protected now. In response to another question by Senator Kinnaird regarding whether or not property such as pianos and musical instruments in the Music Department at UNC were insured, Mr. Propes said that they were if the Institutions record them on their insurance forms. She concluded her questions by asking about the State's position on insuring beach property. Mr. Propes said that the State was trying to get companies to write voluntary policies in the Beach area and enable them to write themselves out of the losses of the Beach Plan.

Representative Ives wanted to know if there was any requirement for checking buildings for lead paint. Mr. Propes said he knew of none.

Representatives Braswell and Wainwright had comments and questions about the handling of out-of-state companies and agents. Commissioner Long and Mr. Propes assured them that these companies were checked out and that all agents had to be registered. If they weren't, the Department usually found out through citizen complaints. They did say that sales over the Internet would be a challenge. Senator Page wanted to know whether or not a company selling insurance over the Internet to N. C. citizens had to abide by North Carolina laws. The answer was "yes."

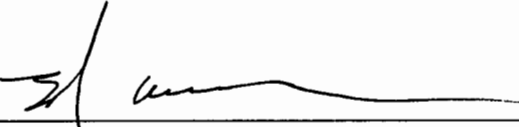
Representative Sherrill noted that there were three Field Auditor positions listed as vacant since 1996. She wanted to know why, since their pay was higher than other similar positions in the State. Mr. Roger Langley, Chief Deputy Commissioner, said that attrition was high because there was a lot of travel involved in the auditor's position, and that they were thinking of going from fifteen field auditors to five **super** auditors with higher salaries in order to keep them on board. They felt that with the new technology, this could be done.

Representative Braswell said that he had a large military presence in his District, and he wanted to know what happens when a military person with auto insurance in another state is transferred to N.C. Mr. Propes said that most companies dealing with the military are licensed in all states. However, if they are not registered, the policy should be dropped because the insurance is considered to be where the car is garaged.


Page 3, Minutes
February 25, 1997

There being no further time for questions, the meeting was adjourned at 10:00 a.m. to reconvene at 8:30 a.m. Wednesday, February 26, 1997.

Respectfully submitted,



Senator Ed Warren, Chairman



Wilma Caldwell, Committee Clerk

VISITOR REGISTRATION SHEET

Gen. Gov. 2-25-97
Name of Committee Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME

FIRM OR AGENCY AND ADDRESS

<u>George Morris</u>	<u>OSC</u>
<u>Shirley Williams</u>	<u>DOI</u>
<u>Angela Ford</u>	<u>DOI</u>
<u>Shirley L. Holland</u>	<u>DOT</u>
<u>Kristin Eldridge</u>	<u>DOI</u>
<u>Fred Mohr</u>	<u>DOI</u>
<u>Wade Hancock</u>	<u>DOI</u>
<u>Billy Greer</u>	<u>DOI</u>
<u>Stella H. McKenney</u>	<u>DOE</u>
<u>Roger Langley</u>	<u>DOI</u>
<u>Dorrell Propper</u>	<u>DOI</u>
<u>Jim Long</u>	<u>DOI</u>
<u>John Alford</u>	<u>DOI</u>
<u>Pat Walker</u>	<u>DOT</u>
<u>Emoch E. Holloman</u>	<u>DSBM</u>

VISITOR REGISTRATION SHEET

Gen. Son

2-25-97

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME

FIRM OR AGENCY AND ADDRESS

CROVER SAWYER

DOI

Peter C. Kellro

DOI

Jim Newell

OSBM

Kathie Austin Padgett

OSPL

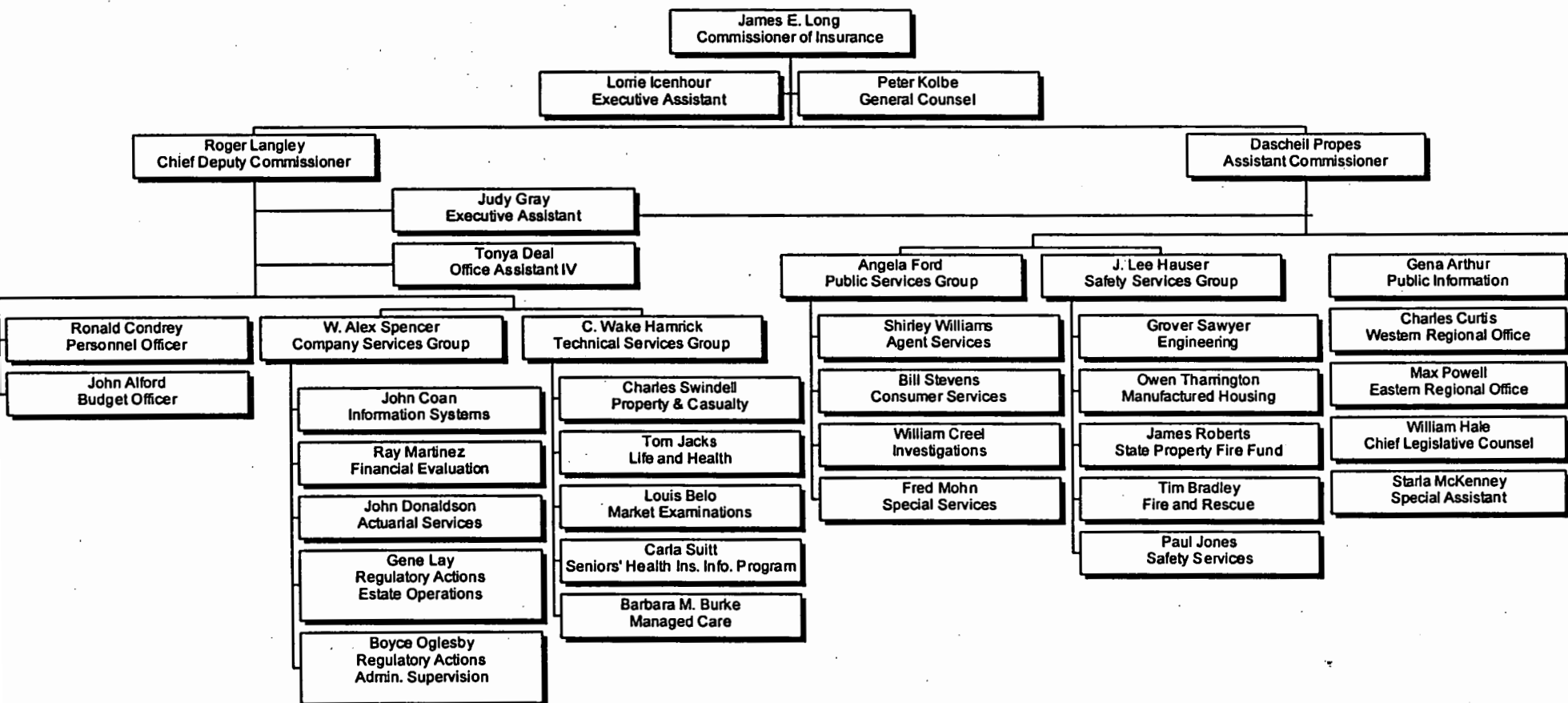
Martha Glass

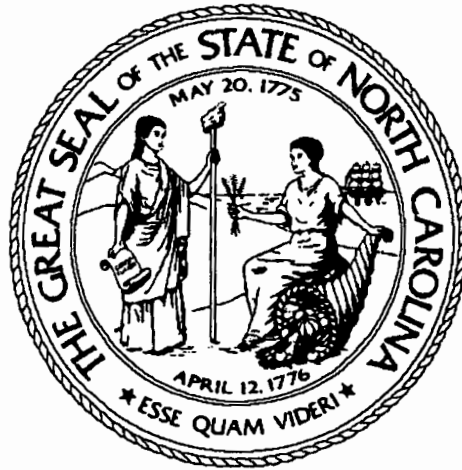
DOA

Bernard Allen Secy. of State

2-23

North Carolina Department of Insurance





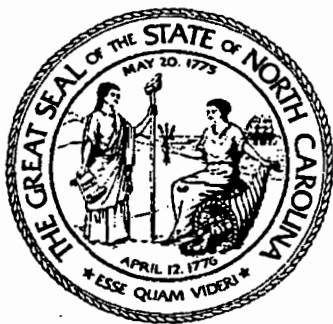
1995-1996 Biennial Report

N.C. Department of Insurance

Jim Long
Insurance Commissioner

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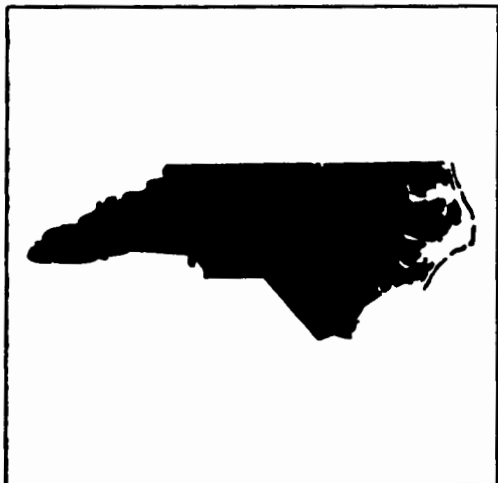
Department of Insurance Mission Statement

The North Carolina Department of Insurance serves the citizens of North Carolina through consumer protection and education, safety training and promotion, and regulation of specified activities and industries.

This is accomplished by:

- Assuring an optimum marketplace in which consumers can readily purchase fairly-priced insurance products from sound, responsive entities;
- Educating the public in loss prevention, safety awareness and developing life safety standards;
- Maintaining a well-managed, fiscally-responsible organization staffed by knowledgeable, courteous, professional employees.

At all times, the affairs of the department are conducted in an open, ethical manner and in the best interests of the public.



Ensuring Safety and Equity for North Carolinians

The Department of Insurance continued to be a strong advocate for North Carolina consumers during the 1995-96 biennium on issues ranging from auto rates to fire safety.

Department staff worked long and hard to keep auto insurance rates reasonable. North Carolinians currently pay the lowest auto insurance rates of any state east of the Mississippi River, and yet still enjoy a thriving market of financially-sound insurance companies eager to do business in our state.

In December 1996, the North Carolina Court of Appeals issued its decision on the 1994 auto insurance rate filing—a decision which unanimously confirmed the commissioner's authority to set rates and supported his ratemaking approach. By the close of 1996, it was unknown whether the industry would pursue further appeals. If the Court of Appeals' decision becomes final, the commissioner will order consumer refunds totaling millions of dollars.

The department continued to work to lower insurance rates through traffic safety and injury-prevention programs. The department and Commissioner Long played a pivotal role in the success of the *Click It or Ticket* and *Booze It & Lose It* programs.

Over the past two years, the *Click It or Ticket* program has reduced fatalities and serious injuries by 12 percent, resulting in a savings of \$164 million in health care costs. Also, in two recent rate filings from the auto insurance industry, savings of more than \$33 million in auto insurance premiums were attributed to *Click It or Ticket*.

The *Booze It & Lose It* program is having similar success. Numbers gathered at North Carolina checkpoints indicate that we've cut late night drunk driving in half and reduced DWI-related fatalities by 20 percent. Together, these programs are saving lives, preventing injuries, and helping reduce the high medical costs of auto crashes.

Jim Long
Photo

Insurance Commissioner
Jim Long

The department's in-house safety programs also have been very busy during the biennium. The Buckle Up Kids program is active in 57 counties and has distributed more than 2,100 child safety seats through local fire/rescue agencies. The Learn Not to Burn program provides fire safety education to more than 90,000 fourth graders annually. A new program was added in 1996—the NC SAFE KIDS coalition is one of 250 local and state groups dedicated to childhood injury prevention.

The department has been a leader in anti-fraud efforts since establishing the first investigations bureau within an insurance department in 1945. In 1996, the Investigations Division helped to obtain a \$187 million settlement in the largest criminal health care fraud case in North Carolina history. The case against this medical laboratory was investigated jointly by state and federal law enforcement agencies and was the third-largest criminal health care fraud case in the nation.

Investigators from the Special Services Division also concluded two record-breaking cases this biennium. A \$250,000 fine levied against one collection agency is the largest ever assessed by the division. The owner of another collection agency pled guilty to 45 counts of embezzlement totaling nearly \$400,000. He is currently serving a 21-year active sentence—the longest sentence ever ordered by the courts as a result of a criminal investigation conducted by the division. One of the division's investigators received the Governor's Award for Excellence in 1995, in part for his work on this case.

The 1995-96 biennium marked a period of great change in the health insurance industry. New federal legislation and the growth of managed care pose challenges for regulators and consumers.

The Life and Health Division has prepared legislation which brings North Carolina law into compliance with the federal Health Insurance Portability and Accountability Act of 1996, sponsored by Senators Kassebaum and Kennedy. The act requires states to conform their statutes to the new law or risk federal management of health insurance. The legislation prepared by the division is expected to be introduced during the 1997 session of the General Assembly.

The Managed Care and Health Benefits Division has developed a status report on health maintenance organizations in North Carolina. The report provides a snapshot of the current HMO industry in the state and a detailed analysis of HMO activity in 1995. The report is intended to give legislators, regulators and citizens a better understanding of the health care environment in North Carolina.

The following report explains in detail how each group, division, and unit within the department contributes to the overall mission of the NC Department of Insurance.



Company Services Group

The Company Services Group consists of five divisions: Financial Evaluation, Actuarial Services, Information Systems, Administrative Supervision, and Estate Operations.

The Financial Evaluation Division monitors the solvency of insurance companies; reviews admission of out-of-state, domestic, and surplus lines companies seeking to do business in the state; and audits domestic and foreign insurance organizations.

The Actuarial Services Division assists in the review of rate, form, and statistical filings. The division also conducts actuarial studies for financial evaluation work and is involved in special projects and studies.

The Information Systems Division manages the department's information technological resources, which include data processing, word processing, office automation, data communications and voice communications.

The Administrative Supervision Division monitors the financial condition and operations of domestic insurance companies to determine whether a troubled entity can be prevented from going into formal delinquency proceedings by returning the insurer to sound financial condition and good business practices.

The Estate Operations Division works closely with the Administrative Supervision Division to evaluate the necessity of instituting formal delinquency proceedings and to provide guidance to troubled insurers after leaving administrative supervision.

Financial Evaluation Division

The Financial Evaluation Division is comprised of the Company Admissions Section, Financial Compliance Section, Field Audit Section, Self-Insured Workers Compensation Section, and the Continuing Care Retirement Communities Section. The division regulates managing general agents and accredited reinsurers, and ensures compliance with many new solvency-related laws.

The division is currently working toward accomplishing the following goals and objectives:

Continue to respond to the National Association of Insurance Commissioners Interim Annual Review in order to enable the department to maintain its accreditation, which was just re-awarded for five years, by this national regulatory oversight board.

- Finalize additional financial solvency laws necessary to maintain the department's accreditation with the National Association of Insurance Commissioners for introduction in the 1997 Legislative Session
- Evaluate the adequacy and appropriateness of other insurance laws administered by the division prior to the 1997 Legislative Session.
- Re-engineer the Field Audit Section.

Company Admissions Section

The primary responsibility of this section is the review and evaluation of the financial condition of insurance companies applying for initial licensing, eligibility or registration to transact insurance business in North Carolina.

It is important that insurance entities meeting or exceeding the minimum requirements be licensed or authorized so that adequate markets and competition are available to North Carolina insurance consumers. It is equally important that each entity not meeting the minimum requirements be denied a license or certificate of authority in order to protect North Carolina insurance consumers from potential insurance problems.

In 1995-1996 insurance companies continued to demonstrate considerable interest in companies seeking authority to transact business in North Carolina. During the last two years, 95 new applications were received.

A total of 76 insurance entities were qualified and received initial certificates of authority during the biennium, including the formation of one new North Carolina domestic insurance company.

This section has been responsible since 1985 for the initial review of insurance companies applying for eligibility for the placement of surplus lines business. A list of eligible companies is produced and distributed to North Carolina surplus lines brokers monthly. The surplus lines market represents insurance products that are not readily available to consumers through licensed companies. The statutory requirements for surplus lines eligibility were strengthened during 1991, 1992, and 1993.

During 1995-1996, this section received and reviewed 17 filings for surplus lines eligibility. Thirteen new companies were found to qualify and were added to the list. There were 23 companies deleted or withdrawn from the list during this period. The Financial Compliance Section is responsible for the financial surveillance of surplus lines companies after they initially qualify for eligibility.

Since early 1993, this section has been responsible for reviewing applications for accredited reinsurer status in North Carolina. During 1995-1996, 14 such filings were received. Ten companies were found to satisfy the requirements and were listed as accredited reinsurers in this jurisdiction. The Financial Compliance Section is responsible for the continued financial surveillance of accredited reinsurers.

Since late 1986, this section has been responsible for conducting the financial review of risk retention groups filing for initial registration. It has also been responsible for making the initial determination that purchasing groups satisfy the requirements for registration. These entities operate under the authority of the Federal Risk Retention Act and North Carolina Insurance Statutes governing liability risk retention. The federal act permits risk retention groups and purchasing groups to provide certain types of liability insurance coverages to their members if the group is properly licensed in at least one state and files certain minimal financial information with each state in which it desires to do business.

The department has required as much information as allowed under the federal act in order to evaluate the merits of risk retention group filings and to protect North Carolina citizens to the maximum extent possible. North Carolina statutes require a purchasing group to purchase its coverages from an insurance company that is either licensed or eligible for surplus lines business in this state.

During the biennium, a total of seven filings for initial registration were received from risk retention groups and 62 initial filings were received from purchasing groups. Fourteen risk retention groups and 51 purchasing groups received initial registration during the period. The Financial Compliance Section is responsible for the continued surveillance of these entities after registration.

Financial Compliance Section

The primary responsibility of this section is to monitor the solvency of all insurance organizations licensed and/or authorized by the department. The section has the following responsibilities:

Process and review company licenses, corporate changes and corporate filings: Includes the review of renewal license applications of insurance organizations and the review, processing and approval of corporate changes of insurance organizations. Corporate changes include: acquisitions, mergers, dissolutions, reinsurance arrangements, charter changes, bylaw changes, holding company filings, and requests for sale of securities.

Monitor financial condition of insurance organizations: Accomplished by reviewing the operations and financial condition of each organization through the financial analysis of annual and interim financial statements and other financial data. The primary responsibility of the section is to determine the financial health of each insurance organization and take necessary and appropriate steps to safeguard the interests of the citizens of North Carolina. This financial analysis process utilizes the database and programs of the National Association of Insurance Commissioners.

Maintain security deposits from insurance organizations: Includes the collection of and maintenance of all security deposits made by insurance organizations for the protection of North Carolina policyholders. The actual funds are maintained by United Carolina Bank under a safekeeping arrangement and total approximately \$400 million at present. Most of the functions of the collateral securities program are computerized which allows quicker response on transactions and better monitoring of the quality of securities on deposit.

Performance Indicators

1995-96

Insurance organizations regulated	1,738
Financial statements analyzed	11,897
Reports on examination reviewed	1,008
Insurer licenses suspended	2
Insurer licenses revoked	6
Administrative actions	33
Deposits obtained as a result of financial inquiries	\$10,000,000
Securities on deposit for policyholder protection	\$400,000,000
Requests for authority to sell securities	357
Certificates of good standing, deposit, etc. processed	2,500

Field Audit Section

The primary responsibility of the Field Audit Section is to protect the interests of policyholders by ascertaining the financial strength of regulated insurance entities through on-site verification of financial data reported to the department. This function is conducted principally at the home office of insurance companies. Practices and procedures developed by this section, the Financial Evaluation Division, and the National Association of Insurance Commissioners (NAIC) provide the framework for the examinations conducted. This department was instrumental in directing the NAIC to incorporate North Carolina's in-house procedures into the NAIC Financial Examiners' Handbook. These procedures were adopted by the NAIC in 1994 and became required procedures in all states in 1996.

From January 1995 through December 1996, the Field Audit staff examined 61 domestic companies. Beginning in 1996, the section assumed responsibility for the field examinations of self-insured workers compensation groups.

EDP audit software sub-licensed from the NAIC is used to supplement other examination procedures. Both mainframe and personal computer versions of this software are utilized. Beginning in 1997, the section will explore implementation and training with new audit software that is currently under review by the NAIC.

Other automation includes the use of personal computers and various software packages. The previous objective to provide each examiner with a computer for use in the examination process has been met. However, with technological advances and the development of more sophisticated

software applications, much of the hardware had to be updated during 1996. The section believes upgrading of hardware will continue to be a challenge in the coming years as technology changes.

Electronic communication with the office and the NAIC is an important part of the examination process. The field examiners' personal computers are equipped with modems so they may connect to the department's and the NAIC's LAN file server. Field examiners can now gain access to financial information of insurance entities and provide information gained through the examination process.

Self-Insured Workers Compensation Section

This section reviews and evaluates applications of all entities that self-insure for liability under the Workers Compensation Act for initial licensing and ongoing solvency analysis. These entities are composed of "individuals" (single employers that retain their liability) and "groups" (two or more employers that pool their liabilities).

In the fall of 1995, the legislature passed significant legislation affecting groups. This legislation provided the department with additional authority to evaluate the financial condition of groups through additional filing requirements, examination by the Field Audit Section, and other oversight responsibilities.

Currently, there are 380 individuals and 29 groups. These entities generated \$18.3 million in premium tax revenue in 1996.

Continuing Care Retirement Communities Section

The Continuing Care Retirement Communities Section is charged with the responsibility of registration, disclosure, contract, and financial monitoring requirements for continuing care facilities in North Carolina. This section serves to provide for the financial oversight and licensing of continuing care facilities as well as providing additional safeguards for facility residents and prospective residents.

This authority, which became effective on January 1, 1990, applies only to facilities that furnish lodging or independent living combined with health-related services under a contract for the life of the individual, or for a period in excess of one year. Current laws provide for: disclosure of all material facts and financial data, departmental authority to intervene in the event of insolvency or the imminent danger of financial impairment, departmental authority to audit the financial records of facilities, and the establishment of a nine-member Advisory Committee to advise the Commissioner of Insurance on matters related to these facilities.

Facility filings sent to this section include a disclosure statement, certified financial statements, forecast projections, listings of services and fees, and residency agreements or contracts. Facility filings are evaluated for statutory compliance, financial stability, operating trends, and consistency between disclosure statements and residency agreements.

The first filing was received on January 29, 1990. As of December 31, 1996, 43 continuing care facilities have been issued permanent licenses. These 44 facilities are serving some 13,000 North Carolina residents.

Actuarial Services Division

Life and Health Section

This division's review of rate change requests has saved consumers covered under individual accident and health insurance policies approximately \$1.6 million in 1994, approximately \$3.5 million in 1995, and approximately \$1.2 million in 1996. An additional \$285,537 in savings will result from rate compromises that become effective in 1997. Since the division's review of the rates began, consumers have realized savings of approximately \$29.7 million as of December 1996.

During the biennium, Actuarial Services collected data and evaluated the impact of mandated reductions in the credit life insurance prima facie rates. The results of lowering the credit life insurance prima facie rates show a modest increase in the incurred loss ratio as of the end of 1995. It is expected that the incurred loss ratio will continue to increase with further reductions in prima facie rates.

Actuarial Services annually reviews the Medicare supplement insurance refund calculations submitted by insurance carriers. All carriers were correctly performing the calculations and no refunds were made for calendar year 1995. Actuarial Services also continues to review Small Employer Group actuarial rate certifications to assure compliance with the Small Employer Group Health Reform Act.

Actuarial Services continues to assist other divisions in regard to all aspects of actuarial science. As an example, Actuarial Services has assisted the Consumer Services Division with consumer complaints on rate increases (small employer group rate increases) and with questions concerning the recently adopted policy illustration regulation; the Financial Evaluation Division with shepherding Actuarial Guideline XXX through the rules adoption procedure; the Field Audit Division with various reserve and proper accounting of reserve items; the Managed Care Division in regard to the licensing of new HMOs and investigating HMO rate violations which resulted in several HMOs being fined; the Life & Health Division with reviewing unusual life, annuity and health insurance products as well as the review of all individual accident and health insurance and HMO rate revisions; and the State Health Plan with respect to the review of all rates submitted by HMOs.

Actuarial Services also provided the South Carolina Department of Insurance with its evaluation techniques and procedures for reviewing individual accident and health insurance rate revisions, HMO applications for certificate of authority, HMO rate revisions, and MEWA applications and regulations.

Property and Casualty Work

Actuarial Services works closely with the Property and Casualty Division in reviewing rate filings, loss cost filings, form filings and statistical filings. Actuarial Services has been heavily involved in private passenger automobile rate filings, workers compensation filings, self-insured compensations funds, and discussions with the North Carolina Rate Bureau on hurricane models for possible use in homeowners filings. The Actuarial Services Division strives to maintain rates that are not excessive and are not unfairly discriminatory to policyholders, yet adequate so as to provide a reasonable profit to companies and to protect their solvency. From the 1989 private passenger automobile filing, the companies were ordered to refund almost \$140 million, including interest, to North

Carolina drivers. In addition, the Actuarial Services Division helped save drivers in North Carolina approximately \$400 million from the 1994 filing and about \$13 million from the 1995-1996 filing with potential refunds of approximately \$900 million from those two filings.

The 1995 workers compensation filings were changed to produce loss costs rather than final rates. The Actuarial Services Division reviewed requests for loss cost decreases of 15.4% in 1995 and 13.7% in 1996. Additionally, as a result of loss costs legislation, the Actuarial Services Division has reviewed more than 100 loss cost filings for individual companies.

Another change in legislation dealt with workers compensation groups. This change strengthened the department's oversight of self-insured workers compensation groups. The Actuarial Services Division has reviewed the rate structure for every one of the self insured groups domiciled in North Carolina. This division has also assisted the Financial Evaluation Division in the financial review of these groups.

As a result of the protracted litigation involved with the 1993 homeowners rate filing the Actuarial Services Division has met several times with the North Carolina Rate Bureau to discuss the feasibility of using hurricane models in rate filings. Much information has been exchanged and much progress has resulted. In addition to these activities, this division has reviewed hundreds of rate filings, loss-cost and loss-cost adoption filings for commercial lines of insurance.

Financial Evaluation Work

Actuarial Services assists various sections of the Financial Evaluation Division. Actuarial analyses are performed on financial projections and proposed rates of companies applying for admission or registration in North Carolina. Loss and loss adjustment expense reserve reviews are also performed to aid in the financial evaluation of domestic insurance companies.

Information Systems Division

The Information Systems Division deals with high-technology issues and equipment, with a goal of using technology effectively to support the department's regulatory function. This activity, known within state government as "information resources management" (IRM), includes voice, image and data processing equipment and software, as well as telecommunications systems such as two-way radios, telephones and facsimile equipment.

Day-to-day responsibilities include programming, operating, planning, and managing five local area network (LAN) servers connected via the state's area network; and providing support for the department's microcomputers. An electronic mail system connects our staff with all other state departments of insurance; NAIC staff in Kansas City, Washington, and New York; other state government agencies; numerous private insurance companies; and Internet addresses worldwide. The division also provides office automation training to department staff.

The Information Systems Division is directly responsible for maintaining four major application systems on the network: consumer complaint tracking and analysis, company licensing, property and casualty rate and forms filings, and life and health rate and form filings. Staff of the division also work with computer programmers at State Information Processing Services (SIPS) to maintain and develop major software systems for our Agent Services and Self-Insured Workers Compensa-

tion units. Other smaller applications include fire incident reporting and an inventory of state property, which is self-insured by the department.

The Information Systems Division also consults with the department's line divisions regarding technology planning. Information Systems is the department's representative on the SIPS Advisory Board, and represents Commissioner Long on the Information Resources Management Commission as required. Similarly, the division exercises approval authority over all acquisitions of information and technology resources such as telephones, radios, computers, software, services, and maintenance contracts.

Under the state's revised IRM management structure as implemented by the 1992 General Assembly, the division will continue to perform the lead role within the department for integrated information technology planning and management. Similarly, within the department, the division provides staff support to a committee of managers of line divisions setting hardware and software standards, and IRM operational policy.

Administrative Supervision Division

The Administrative Supervision Division was formed in early 1992 to increase regulatory scrutiny over potentially-troubled insurance entities domiciled in North Carolina. The primary responsibility of this division is to closely monitor the financial condition and operations of domestic insurance entities deemed to be in a potentially hazardous financial condition. The ultimate goal of this division is to determine whether a troubled insurance entity can be prevented from going into formal delinquency proceedings and returned to sound financial condition and good business practices.

Examples of close monitoring procedures performed by this division include:

- financial analyses of annual and interim financial statements and other financial data, including holding company and affiliated company data;
- initiating, monitoring and enforcing workout plans designed to correct deficiencies causing the hazardous financial condition;
- performance of targeted financial and operational examinations;
- institution of formal administrative supervision proceedings designed to protect insurance company assets through a workout period.

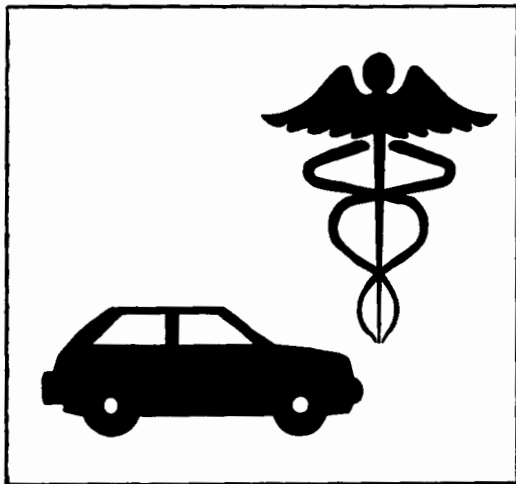
Potentially-troubled insurance companies are transferred to the Administrative Supervision Division via interaction with the Financial Evaluation Division and other divisions of the Department of Insurance.

Estate Operations Division

The Estate Operations Division works closely with the Administrative Supervision Division to evaluate the necessity of instituting formal delinquency proceedings and to provide guidance to troubled insurers after leaving administrative supervision. The unit's ultimate goal is to rehabilitate and/or liquidate troubled and insolvent insurers in order to protect and preserve, to the maximum extent possible, the remaining assets of the insurer for the benefit of the company's policyholders, creditors and the public.

The Estate Operations Division manages the financial and operational affairs of domestic insurance entities placed into receivership. Examples of specific duties performed include:

- marshaling assets, pursuing asset recoveries and liquidating assets of companies in receivership to the maximum benefit of policyholders and other creditors;
- managing the operations of the various departments of the insurer through a runoff period including claims, underwriting, policyholder service, data processing, accounting, and personnel.
- coordinating relationships and issues involving the various state guaranty associations called upon to pay policyholder claims.
- providing litigation support services and coordinating relationships and issues involving federal and state investigative agencies outside of the Department of Insurance.



Technical Services Group

Created in September 1988, the Technical Services Group is comprised of the Property and Casualty Division, Market Examinations Division, Life and Health Division, Seniors' Health Insurance Information Program and the Managed Care Division.

The Property and Casualty Division's primary responsibility is the review of rate, rule and policy form filings relating to property and casualty coverages. These filings are made by insurance companies, statutory bureaus and licensed rating organizations.

The Life and Health Division is responsible for the review and approval of rate, rule and policy form filings submitted by life and health insurance companies. Beginning in late 1996, this division began regulating the activities of third party administrators and multiple employer welfare arrangements.

The Market Examinations Division conducts field examinations of the market practices of domestic and foreign insurers and their representatives. Market Examinations has been reorganized and has standardized its review, summary, expense and examination procedures in order to develop meaningful trends.

The primary function of the Seniors' Health Insurance Information Program (SHIIP) is to train adult volunteers to help older adults through the maze of Medicare regulations, Medicare supplement insurance, long-term care insurance and claims procedures. In September 1992, SHIIP completed a six-year drive to expand the program to all 100 counties of North Carolina.

The Managed Care Division was established in 1992 to monitor and regulate the activities of managed care entities including: health maintenance organizations (HMOs), preferred provider organizations (PPOs), utilization review organizations (UROs), managed care indemnity health insurers, multiple employer welfare arrangements (MEWA), and third party administrators (TPAs). The division's emphasis is on how company activities affect consumers in North Carolina. The division accomplishes its work through several types of activities: market practice examinations of companies, review of document filings required of companies, and data collection and analysis.

While each of these functions has existed within the department for a variable number of years, the Technical Services Group was formed to increase their effectiveness, improve communication and enhance coordination, primarily with the actuarial staff and financial analysis examiners, as well as with other divisions within the department.

Property and Casualty Division

This division licenses rating organizations, advisory organizations and joint underwriting associations, and reviews rate, rule and policy form filings made by these entities. The division also collects filing fees for rate and form filings. In addition, this division reviews the rates, rules and forms for the North Carolina Rate Bureau, North Carolina Reinsurance Facility, Beach Plan, Fair Plan and licensed property and casualty insurance companies.

State law permits insurance coverages to be placed with surplus lines companies — those unlicensed in North Carolina — as long as there is compliance with applicable statutes and rules. Surplus lines taxes are the responsibility of specially-licensed agents; this division receives and reviews the tax forms submitted by these agents. In 1995-96, surplus lines premium taxes generated \$6,417,124 for the state.

Premium Taxes			
	No. of Policies	Premium	Tax Generated
1995	27,659	\$83,649,691	\$4,182,483
1996*	22,135	\$44,692,812	\$2,234,642

*Through 9/96

Rate Deviations

State law allows companies to file rate deviations (discounts) on coverages such as private passenger automobile, homeowners, and dwelling fire under the jurisdiction of the North Carolina Rate Bureau. A typical deviation would be lower auto insurance premiums for autos with anti-locking brakes.

New Rate Deviations					
	HO	Dwelling/Fire	Auto	WC	Combined Auto/HO
1995	197	74	139	88	0
1996*	202	71	150	90	1

*Through 9/96

Consent To Rate

Because some risks cannot be written at standard rates, state law permits companies to charge higher-than-standard rates on individual policies with the written consent of the policyholder. Prior to October 1, 1996, insurance companies were required to submit consent information to the Commissioner of Insurance for approval. However, due to a statute change, this division no longer reviews such information. Each insurance company must now maintain the required information for review during market conduct examinations or specific inquiries from this department.

Consent To Rate Requests		
	Private Auto	All Others
1995	791,775	3,314
1996*	754,411	2,785

*Through 10/96

Filings Review

Because this division's primary responsibility is the review of forms, rules and rates, filings must be carefully analyzed. During 1995-1996, a total of 17,923 filings were reviewed.

Forms, Rules and Rates Reviewed	
	Companies and Organizations
1995	8,395
1996*	9,528

*Through 12/16/96

Workers Compensation

Effective September 1, 1995, the method in which workers compensation insurance rates were established changed. The new system provided that the North Carolina Rate Bureau would determine the "loss cost," then each insurance company would determine its "multiplier." *Loss Costs* are based on historical aggregate losses and loss adjustment expenses adjusted through development to their ultimate value and projected through trending to a future point in time. A *multiplier* is an individual company's determination of expenses, other than loss expense and loss adjustment expense, associated with writing workers compensation and employers liability insurance.

Workers Compensation Loss Costs Filings

	NC Rate Bureau	Residual Market	Individual Company
1995*	1	1	0
1996**	1	1	177

*Effective 9/1/95

** Through 11/96

Workers Compensation Rates 1985-1996

Filing Year	Rate Requested	Rate Implemented	Statewide Premium	Employer Savings
1985	12.90%	7.50%	\$289,077,233	\$15,610,171
1986	12.80%	5.80%	\$363,134,574	\$25,419,420
1987	16.80%	15.90%	\$419,796,824	\$3,778,171
1988				(no filing)
1989	16.80%	9.00%	\$509,210,148	\$39,718,392
1990	29.30%	18.90%	\$541,485,184	\$56,314,459
1991	41.80%	15.80%	\$575,129,570	\$149,533,688
1992	40.30%	33.00%	\$650,405,437	\$47,479,597
1993	15.50%	9.30%	\$865,000,000*	\$53,630,000
1994				(no filing)

NC Rate Bureau Loss Costs Base Rates

1995	-15.00%	-15.00%	\$603,000,000	\$92,259,000
1996	-14.00%	-14.00%	\$511,000,000	\$70,000,000
			Total Savings	\$541,280,898

Significant Issues

Building Code Effectiveness Grading: North Carolina is one of three states that have approved this rating system for Commercial Property. The Building Code Effectiveness Grading Schedule developed a grade of 1 to 10 for a community based on the adequacy of its building code and the effectiveness of its enforcement of that code. The credits for the grades range from -1% to -15%. The Commissioner of Insurance approved the rate filing effective March 1, 1995.

Auto Rate Filings: The 1995 Auto Rate Filing was withdrawn as a result of problems with the data. Instead of a 1996 filing, the 1995 Filing was amended. Data problems still existed in the 1996 data but most were corrected. At the conclusion of the hearing, the Commissioner of Insurance ordered an overall rate *decrease* of 8.3%. The North Carolina Rate Bureau implemented a rate *increase* of 5.5% over the commissioner's order. The matter is now in litigation.

In December 1996, the North Carolina Court of Appeals issued its decision on the 1994 auto insurance rate filing—a decision which unanimously confirmed the commissioner's authority to set rates and supported his ratemaking approach. By the close of 1996, it was unknown whether the industry would pursue further appeals. If the Court of Appeals' decision becomes final, the commissioner will order consumer refunds totaling millions of dollars.

**Private Passenger Auto Rates
1984-1996**

Filing Year	Rate Requested	Rate Implemented	Consumer Savings*
1984	3.90%	-0.20%	\$23,535,607
1985	20.80%	10.40%	\$69,767,852
1986	12.20%	1.00%	\$98,010,197
1987	4.10%	1.00%	\$36,525,296
1988	6.40%	4.30%	\$23,917,914
1989	4.10%	-6.10%	\$127,768,278
1990	9.60%	4.00%	\$77,400,316
1991	9.60%	4.00%	\$83,191,330
1992	-4.20%	-6.10%	\$28,537,119
1993	(No filing)		
1994	17.70%	4.40%	\$418,072,648
1995/96	6.10%	5.50%	\$12,771,921
Totals			\$999,044,625

* Difference in total manual premium dollars between filed and implemented rates

Medical Malpractice: Many companies have been revising physician and surgeon rates this year. The companies have made changes ranging from reclassifications to small overall rate increases. Two new companies have submitted filings for physicians and surgeons professional liability and are pending approval. This market appears to remain very competitive. It also appears that major changes may occur in the hospital professional liability market in 1997. The industry has indicated that a change in the rating basis will probably be filed in the next year. There has also been some interest from the industry in writing capitated stop-loss coverage. Approval is now pending for one company's program. Division staff anticipate more of these filings in 1997.

HO-91 Program: The new homeowners program was approved by the Commissioner of Insurance on April 1, 1996 with an effective date of November 1, 1996. The new program contains the following new coverages and enhancements:

New Coverages

- Other Structures away from the Residence Premises (HO 04 92)
- Refrigerated Property Coverage (HO 04 98)
\$500 limit of coverage
\$100 deductible
- Special Personal Property Coverage for Unit-Owners (HO 17 31)

Coverages Enhancements

- \$1,000 Special Limit on grave markers removed
- \$1,000 Special Limit for electronic apparatus added
- \$2,500 Additional coverage for landlord's furnishings added
- Exclusion for damage resulting from "constant or repeated seepage or leakage over period of weeks, months, or years" removed
- Threshold for actual replacement to receive replacement cost settlement raised from \$1,000 to \$2,500
- Up to 10% of Coverage A for Ordinance or Law Coverage

Beach Plan: There were three important changes made during the 1996 legislative session.

- The development of a proposal for a Reserve Fund to pay catastrophic losses as recommended by the Legislative Research Committee.
- Passage of an act to revise the Beach Plan participation formula. The revision to the formula is to encourage companies to write voluntary policies in the Beach area and enable them to write themselves out of the losses of the Beach Plan.
- The addition of business income coverage to the coverages available from the Beach Plan.

**North Carolina Insurance Underwriting Association
(Beach Plan)**

Beach Policies Only

	Premiums	% of Change	Policies Issued	% of Change
1995	\$14,844,286	9%	18,135	7%
1996	\$16,237,766	9%	19,113	5%

Wind and Hail Policies Only

1995	\$6,911,128	52%	7,154	31%
1996	\$8,134,454	18%	8,368	17%

Total Beach Plan

1995	\$21,755,414	19%	25,289	13%
1996	\$24,372,220	12%	27,481	9%

Life and Health Division

The 1995-1996 biennium has been a period of explosive activity for this division. Activities relating to federal and state health insurance reform, increases in the volume of life and health form and rate filings, and changes to life insurance rules have significantly impacted the workload of the division.

Health Insurance Issues

Most of the division's efforts have concentrated on health insurance issues. Many of these activities were a result of the public's interest in making health insurance more accessible, and the continued growth of uninsured persons in North Carolina.

Division staff served as a consultant to the NC Health Planning Commission and its successor, the NC Health Care Reform Commission. Staff members assisted the regional health insurance Purchasing Alliances in their efforts to make health insurance available to North Carolina's small businesses. Assistance was provided to the Small Group Carrier Committee as it revised the "standard" and "basic" plans to make them more marketable, and thus increase access to health insurance for small businesses. In response to Senate Bill 652 (enacted by the 1995 legislative session), which analyzed the impact of adjusted community rating on North Carolina and other states, the division researched and drafted a report submitted to the General Assembly.

The division prepared legislation which brings NC law into compliance with the requirements of the recently enacted federal Health Insurance Portability and Accountability Act of 1996, sponsored by Senators Kassebaum and Kennedy. The law makes all group health insurance plans "guaranteed issue," and increases the "portability" of all health insurance plans. The federal legislation requires

states to conform their statutes to the new law or risk federal management of health insurance. The legislation prepared by the division is expected to be introduced during the 1997 session of the General Assembly.

The division has worked closely with the Managed Care and Health Benefits Division in its oversight of managed care in North Carolina. Issues in which the division has been involved include "pharmacy of choice," freedom of access to obstetricians/gynecologists, length of maternity stays, confidentiality of data and trade secrets and the advertising of insurance products.

Much effort was spent in 1996 on issues relating to violations of rate laws by HMOs in North Carolina. It came to the attention of the division that several managed care organizations were using rates which had not been approved by the Commissioner of Insurance, or were offering rate guarantees or rate caps in violation of state statutes. These violations are apparently due to the intense competition for business within the HMO industry. Two cases have been closed. In both, the commissioner imposed monetary penalties on the managed care organizations. Research on other cases is continuing, and they are expected to be resolved in 1997.

Life Insurance Issues

The department adopted a rule governing life insurance illustrations in 1996. The rule, based on the model regulation for life insurance illustrations developed by the National Association of Insurance Commissioners, was effective January 1, 1997. As used in the rule, "illustrations" are presentations or depictions that include non-guaranteed elements of a policy over a period of years. The rule establishes how the various elements of a life insurance policy shall be described, how illustrations of future policy values shall be explained to consumers and how calculations of future policy values shall be projected.

Form and Rate Filings

The 1995-1996 biennium witnessed a steady increase in both the volume and complexity of health insurance form filings. New products, many of which contain innovative and complex provisions, were submitted to the Life and Health Analysts for review as the health insurance industry responded to increasing concern about costs, increasing marketplace competitiveness, the growth of the managed care industry and increasing pressure to provide insurance for the uninsured.

Life and Health Form/Rate Filings		
	Forms Filed	Fees Received
1995	6,881	\$307,560
1996	7,414	\$328,342

Seniors' Health Insurance Information Program

The Seniors' Health Insurance Information Program, known as SHIIP, was established in 1986 by North Carolina Insurance Commissioner Jim Long in response to an increased number of calls, letters and complaints from older North Carolinians confused by their health insurance options.

The activities and duties performed by SHIIP provide a valuable service to the State's senior population. SHIIP's primary objective is to educate the public on seniors' health insurance concentrating on Medicare, Medicare supplements and long-term care insurance. SHIIP educates the public using a three tier approach:

- by training volunteer counselors in all 100 counties of NC to educate and counsel their peers on seniors' health insurance
- by operating a toll-free hotline from the Raleigh SHIIP office, and
- by developing educational materials for use by consumers.

Since its creation SHIIP has trained more than 8,000 senior volunteers who undergo an extensive 24-hour training course to serve as SHIIP counselors. *Currently there are almost 1,500 active SHIIP volunteers covering all 100 counties in the state.* SHIIP Education Specialists conducted 41 training programs in 1995 and 25 in 1996, training a total of 427 volunteers. As a result of these trainings, SHIIP volunteers documented cash savings to clients of \$339,204.51 in 1995, and \$110,981.00 in 1996. In addition to individual counseling SHIIP received 31,353 calls on the hotline during 1995-96. SHIIP creates a number of consumer publications on a yearly basis including the *Medicare Supplement Comparison Guide* and the *Guide to Long-Term Care Insurance in North Carolina* and serves as a clearinghouse for many Health Care Financing Administration publications.

SHIIP is coordinated in each county through an existing human service agency such as a Council on Aging office, a Senior Center, or a Cooperative Extension office. These agencies serve as sponsors and provide important continuity, an available point of access and are models for interagency cooperation. Currently there are 124 SHIIP sponsors in our state.

SHIIP Achievements:

- receipt of national recognition from the Council of State Governments
- receipt of *Medicare Beneficiary Services Award* from HCFA in 1990
- training and informational workshops for NC Cooperative Extension Service agents on health insurance
- development and distribution of multimedia program called *Medicare Myths* which targets the pre-retirement audience and details five common misconceptions about Medicare and how these misconceptions can be hazardous to pre-retirement planning
- development and statewide distribution of an informational video on long-term care insurance
- development of Employer Group Health Plans and Related Issues Module
- development of direct mailer project targeting all North Carolinians turning age 65 in 1996

Market Examinations Division

The Market Examinations Division was created to monitor insurance company market practices, especially as they affect consumers. The examination methods employed by the division are based on a program developed by the National Association of Insurance Commissioners (NAIC). By agreeing to pilot the NAIC program, North Carolina became the first state in the nation to conduct market examinations along the lines promulgated by the NAIC.

The division is staffed by a deputy commissioner, a management support person, 13 field examiners and two clerical support persons. The division monitors the activities of foreign and domestic insurance carriers operating in North Carolina.

The division is divided into four regular examination teams, each capable of responding to special problems or concerns related to company practices.

Examinations are conducted on a regular rotation so that all companies domiciled in North Carolina will be examined on a four-year cycle and dominant foreign companies on a five-year cycle. A company's size usually dictates the number of analysts required for an examination. Most companies require no fewer than three analysts to conduct a thorough, effective examination.

Upon completion of the examination, and after a report has been submitted to the Commissioner of Insurance, the company is required to take action on all areas of concern referenced in the report.

Examinations are divided into three categories: general, focus and market segment. The three types of examinations require distinct protocols to ensure that companies are treated fairly and without prejudice or unfair discrimination.

Market Conduct Examinations			
Year	General	Focus	Market Segment
1994	6	36	14
1995	16	13	5

Managed Care and Health Benefits Division

The Managed Care and Health Benefits Division was established in 1992 to monitor and regulate the activities of managed care entities including: health maintenance organizations (HMOs); preferred provider organizations (PPOs); utilization review organizations (UROs); managed care indemnity health insurers; multiple employer welfare arrangements (MEWA); and third party administrators (TPAs). The division's emphasis is on how company activities affect consumers in North Carolina.

In contrast to traditional indemnity health insurance, through which insureds obtain covered services from health care providers of their choice and with little consideration of plan requirements, managed care plans determine many of the specifics of the delivery of care, such as the types of

providers available, selection of individual providers, and programs and policies that insureds and their treating physician must follow as a condition of receiving coverage.

As a result of the additional company and enrollee obligations present in the contractual relationship under a managed care plan, special regulatory concerns, in addition to traditional concerns relating to fair marketing practices, fair policyholder treatment, and financial capability, are warranted. These concerns relate primarily to the provider networks utilized by managed care plans, and their programs and policies designed to promote effective care and eliminate unnecessary care. Misapplication of these tools and techniques could result in insureds not getting coverage for the services promised under their policy, either through outright denial of coverage or through systematic barriers to care.

The division accomplishes its work through several types of activities: market practice examinations of companies, review of document filings required of companies, and data collection and analysis. These activities are discussed below.

The division's examination program has focused entirely on HMOs, with a few exceptions in earlier years. This focus is due to the fact that HMOs employ the highest level of policies and techniques to "manage care," thus having the greatest potential impact on consumers, as well as due to the need to utilize staff to perform statutorily prescribed examination duties. The examination program provides for examination of each HMO on at least a triennial basis, as required by law, and includes review of operational areas of a company, including management and control, provider network development, utilization management programs, quality assurance activities, third-party contracting arrangements, marketing, member services, claims payment, and underwriting practices. Examinations last between two and nine weeks, depending on their type and areas covered. General examinations entail comprehensive review of policies, procedures and practices in major operational areas of the company. Compliance examinations are designed to ascertain whether the company has taken corrective action to address problems found during the previous general examination.

The division is also responsible for reviewing filings for an HMO certificate of authority. These reviews are conducted in consultation with other divisions in the department, including actuarial and financial staff, and include review of applicant companies' planned operations, as well as an on-site pre-licensure examination. When resources permit, a licensure follow-up examination is conducted approximately 12 months after a new HMO has been licensed. The purpose of follow-up examinations is to ensure that actual operations are in accordance with that proposed in the licensure application, as well as to review company policies and procedures relating to areas addressed in law or regulations.

HMO Examinations and Licensure Summary

Year	Licensed HMOs	General Exams	Compliance Exams	Pre-Licensu Exams	Follow-Up Exams	Total Exams
1994	18	1	1	6	0	8
1995	22	5	4	10	7	26
1996	27	6	4	2	1	13

In-house review is performed on form health care provider contracts used by HMOs and managed care indemnity health insurers and annual registration filings from PPOs and UROs. Review of these filings permits evaluation of company practices and compliance as indicated by their written policies and procedures, data reporting, and assertions made by company officers. For form provider contracts and PPO registrations, review is performed to establish compliance with regulations pertaining to carriers' responsibilities for arranging the provider networks to which insureds are directed. For URO registrations, review is performed to determine procedural compliance with regulations governing the utilization review process, as well as the member appeal process when care is denied.

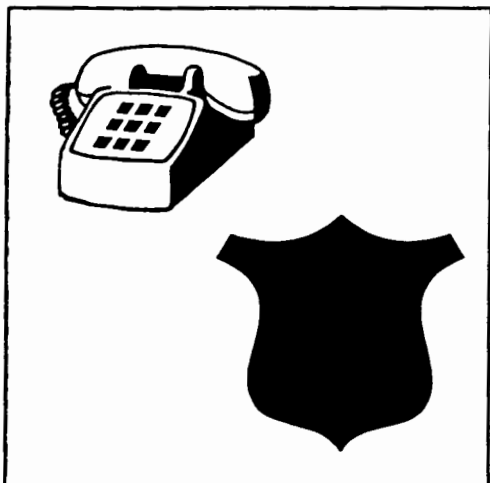
Managed Care Filings			
Year	Provider Form Contracts	PPO Registrations	URO Registrations
1994	not available	41	110
1995	250 (estimated)	84	140
1996	429	111	146

Commencing in the latter half of 1996, staffing resources have been dedicated to data collection and analysis of the managed care industry. Better data is expected to be of use to the department, in both its policy-making and enforcement efforts, as well as to legislators, other policy-makers, and researchers. Depending upon future directions, analyses useful to employers and/or consumers could be developed. Examples of possible data usage as a result of efforts currently underway include:

- the establishment of industry trends and norms relating to areas such as accessibility of provider networks (e.g. the types and numbers of health care providers included insurers' networks), utilization management practices (e.g. rate of denials of care, the timing and results of member appeals of such denials), member complaints about service and quality of care (e.g. reasons for member complaints and companies' policies for resolving complaints);
- assessment of managed care penetration, enrollment trends, and demographic and geographic enrollment information that may provide information about industry practices; and
- compilation of summary company information that provides interested parties with an overview of managed care industry presence and performance in North Carolina.

The number of licensed TPAs has grown from 118 as of December 31, 1994, to 149 as of December 31, 1996. An additional 48 TPAs which serve only self-funded single employer plans were registered with the Department as of December 31, 1996. Effective December 1996, TPA licensing was moved from the Managed Care and Health Benefits Division to the department's Life and Health Division.

Since laws were enacted to license multiple employer welfare arrangements, six licenses have been issued, three in 1993, two in 1994, and one in 1996.



Public Services Group

The Public Services Group is comprised of the Agent Services, Consumer Services, Special Services and Investigations Divisions.

The Agent Services Division regulates and issues licenses for insurance agents, adjusters, brokers and appraisers. The division reviews license applications, licensing examinations, and maintains a file on every licensed insurance professional doing business in the state of North Carolina.

The Consumer Services Division helps North Carolina consumers get answers to their insurance questions and resolve their insurance problems. A highly-trained staff of consumer specialists advise and acquaint consumers with courses of action they may pursue to solve their particular problems.

The Special Services Division is responsible for licensing and investigating complaints related to insurance premium finance companies, professional bail bondsmen and runners, collection agencies and motor clubs.

The Investigations Division is responsible for investigating criminal violations of North Carolina's insurance laws. Requests for investigations come from within the department, consumers, law enforcement agencies, local, state and federal agencies and insurance companies.

Consumer Services Division

The technical and complex nature of insurance generates a multitude of questions from the consuming public and from many segments of the insurance industry itself. Questions touching upon all types of insurance products are handled by our Consumer Services Division. Each year the division (a staff of 29 consumer service specialists and support personnel) provides valuable assistance to a broad array of our citizens.

During the 1995-96 biennium, division staff handled an average of more than 100,000 telephone calls and processed almost 10,000 written consumer complaints each year. A computerized data format allows for continuous updates and changes on each complaint file.

Such computerized complaint handling and the accumulation of related information offers important indications of how well departmental regulatory measures are affecting insurance market practices.

During the 1995-96 biennium, the consumer services staff was involved and active in a number of areas:

- The staff spoke to numerous community groups and educational gatherings on a variety of insurance topics, including automobile, health, workers compensation, and specialty coverage.
- The division helped to identify financially-troubled insurance agencies and assisted consumers in the resolution of resulting problems.
- The division, through its Market Assistance Plan, continued a remarkable record of helping prospective commercial policyholders locate and procure hard-to-find coverage that reduced their risks and allowed them to stay in business.
- The division provided direction and information to the department's Market Examinations Division relating to complaint experience regarding insurance companies' conduct in the marketplace.
- Staff provided front line participation at disaster recovery centers in the aftermath of natural calamities such as hurricanes, tornadoes and flooding.

In 1995-96, Consumer Services proceeded with the development of a new PC client/server data base. In early 1997, this new state of the art technology system will replace the division's first ever computer data base which was installed in 1985. The data collected and stored will be more readily accessible, and will enhance significantly the division's ability to monitor statutory and regulatory compliance of the insurance industry.

The Consumer Services Division serves as a significant front line service organization. Division staff continues to improve the quality of their service to consumers through professional training and continuing education.

Agent Services Division

The Agent Services Division protects the general public of North Carolina by ensuring that individuals representing the insurance industry have an adequate knowledge of the industry and possess the moral and ethical characteristics necessary to operate in a fiduciary capacity. The division's main function is to regulate all licensed agents, brokers, limited representatives, appraisers and adjusters authorized to do business in North Carolina. This regulation includes all activities concerning licensing, appointing and educating agents, brokers, adjusters and limited representatives (both resident and non-resident) selling insurance and adjusting claims of insurance in North Carolina.

The division operates in three separate and distinct sections. The Licensing/Pre-Licensing Education (PLE) Section establishes and administers minimum standards for licensure of agents, adjusters, brokers and limited representatives as well as recommending regulatory action. Division staff works closely with the Consumer Services Division, the Investigations Division, and the Attorney General regarding regulatory matters.

The Financial Section handles the billing and collection of all fees payable to the division. This section is responsible for adhering to the state's Daily Deposit Act and other state government accounting procedures. All reports are audited by the State Auditor.

The Continuing Education Section establishes and administers minimum education standards to maintain licensure through the Continuing Education program. This section also performs insurance agency examinations to determine compliance with the North Carolina statutes and regulations, and recommends regulatory action.

The division regulates the operation of 79 pre-licensing insurance schools conducted through private vendors, trade associations, universities, community colleges, and technical institutes. In addition, there are 4,661 approved continuing education courses being offered by 560 providers. An additional 235 seminars were approved for continuing education credits during 1996.

Agent Licensing Activity		
	1995*	1996**
Examinations	13,852	13,506
Licenses Issued	21,155	23,109
Agent Appointments	128,770	150,685
Certification Letters	18,052	16,423
Renewals/Appointments	317,864	388,782

* Reflects dates 1/1/95 through 12/31/95

** Reflects dates 1/1/96 through 12/19/96

In August 1996, the Licensing Voice Response Unit (VRU) was activated, (919) 981-5244. This number provides access to license status and general licensing information. The division is currently developing a computer program for the electronic download of insurance companies' appointments and terminations

The Continuing Education Voice Response Unit (VRU) is a toll-free number, 1-800-931-7111. Licensees may call this number from 7:30 a.m. - 11:30 p. m. Monday through Saturday to access their continuing education records and information on continuing education courses currently being offered.

The division continues to conduct routine examinations of insurance agencies. These examinations are conducted daily across the state by field examiners. The examination process gives the division an opportunity to review the records and operations of NC agencies. The purpose of the examination is to ensure that agency staff is appropriately licensed, review financial information, determine if files are accurately underwritten and to recommend continuing education courses. There has been a noticeable decrease in the number of agencies that have gone out of business since the implementation of routine examinations. The rules governing the continuing education program have been revised to give the division more control over the quality of instruction.

Investigations Division

Established in 1945 as the nation's first investigations bureau within an insurance department, the Investigations Division enjoys a long history in criminal investigation of insurance related crimes. The division conducts criminal investigations and supports prosecution of individuals, companies, and entities violating insurance and other criminal statutes.

During the biennium the Investigations Division initiated and concluded investigations of complex financial crimes in the area of health care fraud, while continuing the traditional vigilance over dishonest insurance agents and policyholders. Previous changes in management, investigative emphasis, and law enforcement personnel have produced positive results.

The recent criminal conviction and pre-trial diversion settlement of a medical laboratory fraud case is an example of the positive effect of these changes. The case was investigated jointly by state and federal law enforcement agencies, including the Investigations Division, and resulted in a criminal conviction with a \$5 million fine, plus an additional \$182 million in restitution to the federal, state, and local governments. These monetary penalties made this the largest criminal health care fraud case in North Carolina history, and the third largest in the nation. Individual settlements by insurance companies across the nation are now being pursued due to the investigative efforts and guidance of the Department of Insurance.

Other significant developments in the past two years include a less lenient stance by our court system for insurance agents convicted of embezzling premiums. Recently, four insurance agents or former agents have received active prison terms for stealing premium dollars from insurance companies. These sentences have ranged from a high of 20 years to three years incarceration. In previous years, active sentences were rarely imposed against insurance agents. Aggressive investigation and support of prosecution of insurance agents that divert and misapply funds from policyholders and insurers remains a major investigative initiative by the Investigations Division.

As evidenced by the statistical data below, the numbers of complaints and case referrals continue to increase. While the success of the Investigations Division cannot be measured only in numbers of convictions or amounts of money recovered, this data is an important measure of the success of our mission of combating insurance fraud.

Investigations Activities Report

	1995	1996
Complaints and case referrals received	441	532
Investigations Initiated	88	72
Criminal Convictions	29	32
Restitution/monetary recoveries	\$804,346.58	\$187,447,246.08
Pending criminal cases	115	100

Restitution Report

County	1995	1996	County	1995	1996
Alamance	\$0.00	\$187,000,200.00	Madison	\$0.00	\$1,069.02
Brunswick	\$0.00	\$13,317.88	McDowell	\$5,189.13	\$0.00
Buncombe	\$76,245.76	\$0.00	Mecklenburg	\$229,066.98	\$17,641.53
Caldwell	\$0.00	\$19,762.00	Moore	\$4,944.84	\$0.00
Catawba	\$71,839.00	\$32,133.55	Nash	\$0.00	\$6,509.99
Chowan	\$0.00	\$117,025.98	Onslow	\$9,046.00	\$0.00
Cleveland	\$955.14	\$0.00	Orange	\$0.00	\$8,162.73
Columbus	\$25,814.00	\$0.00	Pasquotank	\$0.00	\$0.00
Cumberland	\$0.00	\$3,501.75	Pender	\$2,994.57	\$15,610.71
Davidson	\$2,932.00	\$0.00	Pitt	\$0.00	\$0.00
Duplin	\$0.00	\$20,485.00	Randolph	\$642.83	\$0.00
Durham	\$49,134.72	\$11,566.07	Richmond	\$36,241.89	\$3,015.18
Edgecombe	\$0.00	\$16,361.37	Rockingham	\$0.00	\$14,004.48
Forsyth	\$33,025.67	\$0.00	Stanley	\$0.00	\$0.00
Gaston	\$0.00	\$22,067.32	Union	\$659.00	\$3,862.00
Guilford	\$13,114.00	\$82,702.45	Wake	\$0.00	\$29,653.23
Henderson	\$1,850.00	\$0.00	Wayne	\$32,864.40	\$0.00
Hoke	\$2,630.00	\$0.00	Wilkes	\$4,911.78	\$0.00
Johnston	\$5,168.00	\$6,000.00	Wilson	\$4,410.49	\$0.00
Lenoir	\$5,592.71	\$0.00	Other states	\$146,056.61	\$0.00
Lincoln	\$0.00	\$2,593.84	Totals	\$804,346.58	\$187,447,246.08

Prospectus

Case referrals related to the approximately 425,000 Hurricane Fran claims were beginning to be reported at the end of 1996. These storm related claims will likely dominate the complaints received by the division in 1997. The Investigations Division has participated with insurance companies in a catastrophe task force that analyzes and investigates suspicious storm related claims. The division also has assigned investigators to work with investigators from the Federal Emergency Management Agency's Office of the Inspector General to pursue criminal investigations of fraud perpetrated by contractors, adjusters, and policyholders. In addition to significant health care fraud cases and catastrophe related crimes, the Investigations Division will continue the customary investigative role involving fraud committed by licensed insurance agents, insurance companies, workers compensation fraud, and staged automobile accidents.

Special Services Division

The Special Services Division is responsible for licensing, auditing, and monitoring insurance premium finance companies, motor clubs, collection agencies, professional bail bondsmen, bail bond runners and surety bondsmen. The division protects the public by investigating allegations of criminal as well as statutory violation by these licensed entities and seeking prosecution, restitution and/or disciplinary action.

In 1995-96, the division licensed the following entities to operate in North Carolina:

1995-96 Licensees		
Name of Industry	No. of Licensees	
	1995	1996
Insurance Premium Finance Companies	213	192
Insurance Premium Finance Companies (Branch Office)	122	119
Collection Agencies	309	299
In State (128) Out of State (181)		
In State (133) Out of State (166)		
Professional Bail Bondsmen	230	219
Bail Bond Runners	354	311
Surety Bondsmen	Not Recorded	646
Motor Clubs	32	32
Motor Clubs (Branch Office)	401	421
Totals	1,661	2239

During this biennium, the division completed a total of 1,073 routine and criminal investigative assignments. As a result of these assignments, criminal and regulatory actions were taken against the violators. Fifty-two criminal charges by investigators of the division resulted in 29 arrests. Civil penalties totaling \$305,600.00 were levied and \$439,526.92 in restitution was ordered paid. The division monitored and administered \$333,785.38 in consumer funds to North Carolina consumers. (See following tables detailing criminal/regulatory actions and refunds effected.)

Consumer Refunds

County	Bail Bondsmen		Collection Agencies		Premium Finance Co.	
	1995	1996	1995	1996	1995	1996
Alamance				\$8,002.32		
Bladen		\$605.00				
Cleveland	\$500.00					
Columbus					\$1,786.00	\$165.00
Durham		\$510.00			\$237.53	\$382.55
Edgecomb	\$655.00					
Forsyth			\$1,543.00	\$156.95		
Gaston	\$4,155.00	\$5,500.00		\$14,469.92		
Guilford			\$4,000.00		\$1,478.00	
Harnett					\$327.17	\$263.94
Haywood	\$30.00					
Iredell		\$3,150.00				
Mecklenburg*	\$2,370.00	\$4,085.00	\$1,428.47			
Nash	\$1,600.00	\$275.00				
New Hanover	\$650.00					
Onslow	\$1,075.00					
Pasquotank		\$75.00				
Pitt	\$700.00	\$50.00	\$22.00			
Robeson	\$3,300.00					
Surry	\$425.00					
Vance		\$11,000.00				
Wake	\$11,890.00	\$7,456.75	\$375.00		\$290.00	
Watauga				\$226,870.7		
Wilkes			\$290.00	\$450.00		
Totals	\$27,350.00	\$34,106.75	\$17,368.47	\$249,949.9	\$4,163.70	\$811.49

*A Motor Club in Mecklenburg County refunded \$35.00 in 1995.

**Summary of Civil Penalties, Criminal Convictions,
Restitution, and License Action**

1995	Civil Penalties	Criminal Convictions	License Action
	Number/Penalty Amount	Number/Restitution	Denial, Revocation or Suspension
Bail Bondsmen	14/\$34,250.00	8/\$2,832.00	5
Collection Agencies	0/0	2/\$417,975.00*	2
Premium Finance Co.	1/\$3,100.00	0/0	0

1996	Civil Penalties	Criminal Convictions	License Action
	Number/Penalty Amount	Number/Restitution	Denial/Revocation, or Suspension
Bail Bondsmen	8/\$10,250.00	6/\$4,250.00	15
Collection Agencies	3/\$254,500.00**	1/\$14,469.92	1
Premium Finance Co.	1/\$3,500.00	0/0	0

*The owner of the collection agency charged and convicted in Pitt County is currently serving the longest sentence ever ordered by the courts as a result of a criminal investigation conducted by the division.

**The \$250,000 civil penalty against the collection agency located in Watauga County is the largest fine ever assessed by the division. Pursuant to Article IX, Section 7 of the North Carolina Constitution, this fine was remitted to the Watauga County School Board.

During this biennium the division processed findings of facts and request for payments from North Carolina county officials to satisfy bail bond judgements from security deposits held in trust by the department. The process resulted in payments to various clerks of courts (local school boards) totaling \$761,344.18. The payments are detailed in the attached chart.

Bail Bond Judgements

County	1995	1996	County	1995	1996
Alamance	\$529.00		Johnston	\$3,075.00	\$285.00
Alexander	\$1,000.00	\$6,235.23	Lenoir	\$1,870.00	\$6,330.00
Alleghany		\$1,595.00	Martin		\$95.39
Beaufort	\$1,725.00	\$3,903.47	Mecklenburg	\$59,705.00	\$35,650.00
Brunswick	\$18,450.00		Nash	\$7,457.10	\$2,934.00
Buncombe	\$7,820.00		New Hanover	\$33,609.89	\$41,880.00
Cabarrus	\$10,247.63	\$435.60	Northampton		\$1,115.00
Caldwell	\$2,410.00	\$2,150.00	Onslow	\$5,487.00	\$101,485.66
Catawba	\$5,735.00	\$335.00	Orange		\$2,375.00
Cleveland	\$510.00		Pender	\$620.00	\$1,010.00
Columbus		\$12,541.00	Pitt	\$40,976.00	\$26,644.86
Craven		\$11,040.00	Polk		\$500.00
Cumberland		\$3,808.00	Robeson	\$21,300.00	
Durham	\$10,040.00	\$15,599.12	Rowan	\$555.75	\$31.52
Edgecomb	\$2,601.75	\$8,007.12	Sampson	\$33,105.00	
Forsyth	\$71,835.04	\$138.28	Surry		\$7,436.54
Franklin	\$1,175.00	\$150.00	Vance	\$7,550.00	\$1,160.00
Gaston		\$917.75	Wake	\$37,827.09	\$30,999.24
Granville	\$2,435.00	\$1,356.75	Warren		\$1,150.00
Greene	\$5,010.00	\$1,715.00	Watauga	\$600.00	
Guilford	\$27,237.40	\$3,560.00	Wayne		\$835.00
Harnett	\$1,810.00	\$275.00	Wilson	\$85.00	\$20,840.00
Haywood		\$250.00	Yadkin		\$1,000.00
Henderson	\$700.00				
Iredell		\$185.00	Totals	\$403,389.65	\$357,344.18

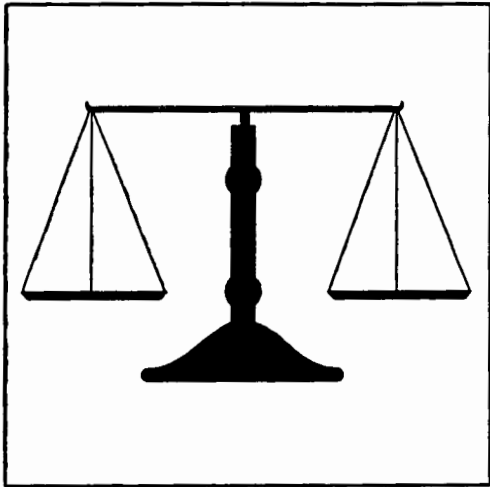
Legislative Action

The 1995 session of the General Assembly ratified Senate Bill 534, which regulates surety bondsmen, bail bondsmen, and runners. In summary, this act redefined the term "surety bondsmen" and changed the licensing procedures whereby all bail bondsmen (professional bail bondsmen and surety bondsmen) and bail bond runners would be licensed and regulated by the Special Services Division pursuant to North Carolina General Statute 58, Article 71.

Personnel

In 1995 one of the criminal investigators of the division was recognized for his devotion to duty and received the Governor's Award for Excellence. This was the first employee of the Department of Insurance to ever receive this award. In 1996, the Governmental Accounts Auditor of the division was nominated and elected as the candidate to represent the Department of Insurance for the Governor's Award for Excellence within the category of Devotion to Duty.

The Deputy Commissioner of the division has been instrumental in organizing and establishing the North American Collection Agency Regulatory Association (NACARA). The purpose of the NACARA is to enhance the administration and enforcement of collection license laws by providing members with opportunities for communication on license law matters, to conduct research and obtain information on license matters for professional improvement, and to encourage and develop cooperation with other organizations whose major objective is of a similar nature. In 1996, the Deputy Commissioner of the division was elected President of the NACARA.



Office of the General Counsel

This organizational unit provides internal legal advice to all divisions of the department. The division includes two Attorney IVs who litigate all rate cases for the department through final appellate adjudication. The department's General Counsel also acts as liaison with the Attorney General. The office coordinates hearings on a wide variety of administrative matters and prepares complex orders and memoranda for the Commissioner. The General Counsel serves as one of the Department's hearing officers having final agency decision authority, and reviews all department contracts with suppliers and consultants.

General Counsel

The General Counsel must give legal direction and counsel to the Commissioner, all members of the department, and the Attorney General in areas relating to insurance law, general civil practice, statutory and common law, criminal law and procedure. Further, the General Counsel serves as the hearing officer for a wide variety of administrative hearings. The General Counsel also provides legal direction and counsel concerning the laws relating specifically to the activities of the related non-insurance entities regulated by the divisions in the department. The General Counsel directly supervises the activities of two Attorney IVs and two administrative secretaries and evaluates the effectiveness of the work of the Attorney General in the context of providing advisory opinions and handling administrative proceedings and other litigation. The General Counsel also litigates cases at the instruction of the Commissioner of Insurance when the Department of Justice conflicts with representing the Department of Insurance.

Activities of the General Counsel

	1995	1996
Hearings on Agent Summary Suspension/License Revocations	21	15
Hearings on Agent/Bailbondsmen Denial of License Applications	0	15
Hearings on Appeals from Decision of Joint Underwriting Authority, Beach Plan, FAIR Plan, and Guaranty Associations	3	5
Licensure Matters Relating to Insurance Companies	0	5
Other Administrative Hearings	8	3
Informal/Formal Opinions Produced In-House by General Counsel	0	106
Other Matters Handled by the General Counsel (Excluding Administrative Hearings)	0	34
Matters Referred to Attorney General's Office for Review/Informal Opinion	6	114
Market Conduct Hearings	2	0

Ratemaking Litigation

During the 1995-96 biennium the Office of the General Counsel continued to be closely involved in several pieces of significant litigation involving ratemaking for lines of insurance under the jurisdiction of the North Carolina Rate Bureau. Until early 1996, these cases were handled primarily by outside counsel and outside witnesses under the direction of the General Counsel. Beginning in early 1996, however, two Attorney IV positions and one staff position were created by the 1995 General Assembly. These positions assumed the ratemaking functions in the General Counsel's Office, thereby eliminating the necessity for contracting outside counsel in complex rate cases.

In September 1994, the Commissioner disapproved an auto insurance filing submitted by the Rate Bureau on February 1, 1994. The Commissioner stated that it was "excessive and unfairly discriminatory" in part because it added million of dollars to the bills of many of the state's drivers so others could be given "deviations," or premium discounts. The industry insisted that such cost shifting is authorized by state law, but after a five-week administrative hearing, the Commissioner found otherwise. The Commissioner's 1994 order was subsequently appealed to the North Carolina Court of Appeals.

In December 1996, the Court of Appeals issued its decision affirming in part, yet remanding the case to the Commissioner for further clarification. Notwithstanding the partial remand, the court's decision unanimously confirmed the Commissioner's authority to set rates and supported the Commissioner's ratemaking approach. By the close of 1996, it was unknown whether the industry would pursue further appeals.

If the Court of Appeal's decision becomes final, the Commissioner will order consumer refunds totaling millions of dollars. Until such time, the escrow funds will continue to accrue interest.

The Rate Bureau's 1995 filing was continued prior to its hearing. The delay was due to substantial data errors discovered by the industry in the ratemaking database underlying the filing. In April 1996 the Rate Bureau submitted a filing which satisfied the 1995 and 1996 filing requirements. The Department held a six-week hearing. The Commissioner issued his final "order" in October 1996 disapproving the filing. The Rate Bureau appealed the Commissioner's order to the Court of Appeals.

The 1994 and 1996 automobile rates cases are the only cases on appeal at this time. In past years, as many as five rates cases have been simultaneously on appeal by the Rate Bureau.

In its 1995 and 1996 filings, the Rate Bureau filed for significant decreases in Workers Compensation rates which were approved by the Commissioner without formal hearing. Department staff join the industry and businesses in hoping that the significant reforms enacted by the legislature in 1995 will continue to reduce workers compensation costs and, hence, the premiums paid by North Carolina businesses.

While these lengthy rate cases involve public expense in staff and consultant time, taxpayers have enjoyed an enormous rate of return on funds disbursed from the Consumer Protection Fund created by N.C.G.S. 58-2-215. The Fund has fulfilled its promise of "leveling the playing field" for state regulators facing the substantial resources of the insurance industry. The table below details this favorable cost-to-benefit ratio.

Departmental Rate Regulation			
Rate Filing	Total Savings	Total Cost	Savings/Consumers
1994 Auto	\$1,029,700,277	\$911,210	\$1,130
1995/1996 Auto	\$320,675,852	\$619,107	\$518



Safety Services Group

Comprised of the Engineering, Manufactured Building, State Property Fire Insurance Fund, and the Fire and Rescue Services Divisions, the Safety Services Group administers and enforces life safety standards throughout the state, promotes risk management practices throughout government, and maintains a sound insurance program for state agencies.

The Engineering Division administers the state building code. Providing staff to the NC Building Code Council, the NC Code Official Qualifications Board and the Home Inspectors Licensing Board, the division is comprised of seven sections: code consultant, electrical, mechanical, modular, inspector certification, building code council and handicapped accessibility.

The Manufactured Building Division works to assure that construction standards for manufactured homes are maintained and that warranty obligations under state law are met. The division monitors handling of consumer complaints, licenses the makers of manufactured homes, dealers, sales representatives and set-up contractors, and acts as staff for the NC Manufactured Housing Board.

The State Property Fire Insurance Fund administers the self-insurance fund for state-owned property and vehicles, and assists local governments with property and casualty insurance programs. This program also makes available professional liability coverages for law enforcement officers, public officials and employees of any political subdivision in the state. This section also provides staff, administration, and research services to the Public Officers and Employees Liability Insurance Commission (POELIC).

The Fire and Rescue Services Division administers the Firemen's Relief Fund, trains fire departments and rescue squads and works to improve fire and rescue protection. The division also administers matching dollar-for-dollar grants to volunteer fire departments and rescue squads and offers fire prevention education in the public schools. And the division provides staff, administration, and research services to the Fire and Rescue Commission.

Engineering Division

North Carolina's General Statutes give the Commissioner of Insurance the responsibility of general supervision of the administration of the North Carolina State Building Codes. The codes contain regulations relating to plumbing, electrical, heating, air conditioning and fire protection systems and the construction of buildings in general. The division meets these responsibilities by providing interpretations of code requirements and assisting local government authorities with the application of the codes.

The division also inspects electrical systems in state-owned buildings, reviews plans and specifications of new buildings for code compliance, assists with code-related educational programs, and administers state examinations required for certification of city, county and state code enforcement officials.

Division staff also administer the state's accreditation program of independent inspection agencies who safety test and label electrical and mechanical equipment or monitor the performance of manufacturers who sell factory-fabricated modular buildings.

In addition to serving as an informal state code appeals agency, the division also serves as staff to the North Carolina State Building Code Council, the North Carolina Code Officials Qualification Board, and the North Carolina Home Inspectors Licensure Board.

Engineering Division Activities

1995-1996

Plans reviewed	4,207
Field inspections	2,953
Office conferences	6,888
Telephone information requests	126,365
Schools, seminars and conference participation	444
Building Code Council meetings	88
Qualification Board meetings/hearings	56
Qualification Board complaint investigations	36
Inspection certification schools coordinated	1,932
Inspector certification exams administered	2,562
Inspector certification applications reviewed	8,165
Inspector certificates renewed and issued	9,537
Code publication sales	\$1,844,357
Electrical certificates of compliance issued	642

Code Administration and Enforcement

The division provides interpretations of the intent of the state building code to city and county inspection officials, architects, engineers, contractors, material suppliers, manufacturers, other state agencies, attorneys and the general public.

The division is responsible for reviewing plans and specifications for large buildings. Before a permit can be secured for these buildings, a letter of compliance must be issued by this division to the inspection department having jurisdiction.

State law requires that handicapped and disabled persons receive treatment equal to that afforded other persons. The division has an Accessibility Section which provides information to handicapped organizations, design and construction professionals and building owners in the application of these state laws and the building code requirements relating to accessibility. This assistance helps provide our disabled citizens with the full and free use of all buildings in the state. Accessibility regulations are currently being revised to make N.C. Code equivalent to federal Americans with Disabilities Act regulations.

This division inspects the electrical systems of all state-owned buildings during construction. When code violations are detected, the contractor or designer is advised of corrections required. Contractors cannot receive payment for their work until this division issues a certificate stating that the installation complies with safety regulations. In addition to these required inspections, this division assists local officials with the inspection of other construction aspects of buildings when requested.

Because some buildings require special construction, technical assistance is necessary from the division to ensure that the building is safe. Inspection assistance is also provided for structures when deterioration, fire or storms create conditions which appear to be hazardous to life.

Our staff also serves as the State Damage Assessment Team and assists the State Office of Emergency Management during disasters.

State Building Code Council Support

The building code council consists of 15 members appointed by the governor. The council is empowered to adopt and amend the state building code, hear appeals on the interpretation of the code and approve local building regulations which are different from the state code. The council holds regularly scheduled public hearings on the second Tuesday in March, June, September, and December. Additional meetings are held by council code committees.

State law permits the building code council to provide, in circumstances deemed appropriate, programs to certify independent testing laboratories as state-accredited third-party agencies to evaluate, inspect and label factory-built manufactured buildings, and electrical and mechanical building components. This program is administered by division staff.

Code Officials Qualification Board Support

This board develops standards for the training and certification of code enforcement officials. The division provides clerical and staff services in support of this effort. The board is also responsible for developing training schools and state examinations for inspector certification. Some division staff members serve as instructors; all state certification exams are administered by division staff.

Persons certified by the board are issued a certificate for each level and area of inspection for which they have met qualification requirements. The division also investigates written, substantiated complaints against inspectors made to the board, which may then schedule a hearing.

The division is divided into eight sections: code consultant, electrical, mechanical, modular, inspector certification, accessibility, code council, and fire prevention.

On July 1, 1991, North Carolina's first State Fire Prevention Code became effective. This required the hiring of an individual with fire prevention experience. This staff member has provided code interpretations to more than 1,500 city and county fire inspectors throughout the state and has assisted in the development of three levels of fire prevention courses.

Home Inspectors Licensure Board Support

This board was created by the legislature in 1994 to provide for the licensure and regulation of those who perform home inspections for compensation. This board is composed of seven members and a designee of the Commissioner of Insurance. This board provides for the development and maintenance of standards of practice, code of ethics, examinations, licensure, renewal, and disciplinary procedures for home inspectors in North Carolina. The division provides clerical and staff services in support of this effort. The staff provides all administrative functions for the board including administering the examinations, issuing licenses, and renewal of licenses.

Manufactured Building Division

This division acts both as a state administrative agency under the federal Manufactured Housing Constructions and Safety Standards Act and as staff to the North Carolina Manufactured Housing Board.

The role of a state administrative agency is to monitor manufacturers' handling of consumer complaints to assure compliance with federal standards. Staff support of the Manufactured Housing Board includes licensing all manufacturers, dealers, set-up contractors, and salespersons that do business in this state to ensure compliance with warranty requirements set forth in the General Statutes.

This division is also responsible for developing set-up and anchoring standards for manufactured homes and assisting local inspection departments in the inspection of homes for proper set-up and anchoring requirements. Division staff has rewritten the state set-up and anchoring standards which became effective July 1, 1995. Seminars have been held throughout the state to familiarize the local inspection departments, manufacturers, dealers, set-up contractors and other interested parties with the 1996 revisions to the code.

This division is entirely receipt supported. A portion of these receipts come from fees received from HUD for manufactured homes placed in our state for retail sale. The balance of the division's funding comes from license fees charged to manufacturers, dealers, set-up contractors, and salespersons.

In July 1992 the division began requiring salespeople to pass a formal test before issuing a sales license. These tests are offered in various locations across the state to facilitate the program.

The division is responsible for filing claims against surety bonds in the event dealers or manufacturers go out of business or cannot otherwise fulfill their warranty obligations. In 1995, the division collected approximately \$10,400 and collected in 1996 about \$19,700 on behalf of North Carolina consumers.

The division also supplements its receipts by participating in a contract with the National Conference of States on Building Codes Standards. During 1995-96, division staff spent approximately 1,000 hours on interstate monitoring inspections.

Manufactured Building Division Activities		
	1995	1996
Complaints Received	806	1,121
Inspections Completed	503	657
Manufacturers Licensed	81	90
Dealers Licensed	735	862
Set-up Contractors Licensed	536	633
Salespersons Licensed	2,075	2,200
Salespersons Temp. Licensed	628	922
Board Hearings Scheduled	4	11
Pre-Hearing Conferences Scheduled	113	243

State Property Fire Insurance Fund

This division is responsible for the operation and maintenance of the State Property Fire Insurance Fund, the self-insurance plan for state property. The division currently has jurisdiction over 13,000 state-owned buildings with a combined value of \$9.6 billion. With the approval of the Council of State, the division investigates and adjusts claims and pays losses.

The fund provides basic fire and lightning insurance coverage for state-owned property and offers insurance for wind, hail, riot, explosion, smoke, theft, sprinkler leakage, vandalism, flood, and business interruption. The division procures from private insurance carriers other needed insurance such as auto liability and physical damage, inland marine, ocean marine, aircraft liability and physical damage, boiler and machinery, workers compensation, accident and health, general liability, crime, professional liability, and bonds.

Another vital function of the division is plan approval for construction and renovation of all state buildings. Plans are reviewed to assure state construction is safe for building occupants and desirable for insurance purposes. Emphasis is placed on proper exits, building fire resistance, and fire protection systems.

The division also develops specifications for fire detection and alarm systems, sprinkler systems, and other life safety equipment used by designers of state buildings.

By statute, the division reviews and approves all building plans, insures finished buildings, and inspects them annually. Between plan approval and completion of construction, there is at present no statutory inspection for code compliance. One of our objectives for the coming biennium is to develop statutory requirements for such inspections.

Loss control through annual inspection of all state-owned buildings is accomplished by inspectors who are certified in the interpretation of codes and standards for fire protection and construction. Reports are made to agency management for correction of deficiencies. The staff also provides advice on corrective measures.

Updating fire protection systems in existing buildings is a continuous process. Emphasis is placed on improving the protection of major computer installations, libraries, high-risk buildings, places of assembly, and other areas with a high concentration of people or expensive property.

Because of the rapid increase in the use of computers and other electronic equipment, lightning damage has become the state's most frequent loss. Efforts to reduce lightning losses include communicating information to agencies on proper protective measures, and inspecting sites with recurring claims.

The risk management section serves as the resource for state agencies in resolving risk issues. The section administers the state's automobile insurance program covering 31,000 vehicles, and helps local governments review their insurance needs and implement risk management programs. Since 1985, 145 North Carolina communities and counties have received complete insurance surveys and risk management services.

The section also provides staff, administration, and research services to the Public Officers and Employees Liability Insurance Commission (POELIC). The commission is charged with making available a plan of professional liability coverages for all law enforcement officers, public officials, and employees of any political subdivision of the state.

The plan provides \$11,000,000 in liability coverage on all 102,000 state employees for losses resulting in bodily injury or property damage, and for errors and omissions in the performance of their jobs. About 500 such claims are filed against state employees each year.

Fire and Rescue Services Division

Inspections

This section serves as the certifying agency for qualifying fire departments and their members for several benefit programs.

Since 1985, fire departments must be inspected by the Fire and Rescue Division in order to qualify for the In-Line-of-Duty Death Benefit, the Firemen's Pension Fund, and the Firemen's Relief Fund.

The Commissioner of Insurance sets the standards and qualifications for the initial certification of all fire departments. North Carolina has experienced an annual growth rate of approximately ten fire departments in each of the last ten years.

In October 1987, this section was given the duty of inspecting more than 1,000 fire departments in North Carolina. The first phase of this project has been completed. The results of these inspections have been reported to the North Carolina Fire Rate Bureau and are to be used by them in filing future rates for fire insurance costs. The fire departments are reinspected on a two-to-three year cycle in order to maintain a current picture of the quality of fire protection in North Carolina and to assist the departments in making improvements.

In August 1995, the third phase of the inspections program was completed with approximately 90% of the fire departments meeting state requirements. The information collected during the inspections is also used in the qualification process for the rural fire department and rescue grant programs. The inspections program has been instrumental in helping to upgrade fire protection in the state.

This section continues to assist local governments with fire district mapping, setting up tax districts, preparing fire departments for ISO surveys and by providing information on benefit programs. The section also serves as an information resource on rural fire protection for local government officials.

Safety Programs

Fighting the causes of unintentional injuries, fatalities and property loss is the focus of the Safety Programs Section. The section's primary goal is to raise awareness about the causes of injury through behavioral, environmental and legislative interventions. Support is also given to local fire and rescue providers in forming information networks such as the Fire and Life Safety Educators Network and developing resources for local safety projects.

Research is an important part of the Safety Programs Section. Items researched by this section include the impact study of legalizing fireworks, product-specific studies, educational methods research, and general trend analysis. Data collected through the North Carolina Fire Incident Reporting System and Casualty Reporting System provides the basis for fire/burn prevention programs to this section.

Specific programs managed by the Safety Programs Section include North Carolina Safe Kids, Learn Not To Burn, and the Buckle Up Kids Programs. North Carolina has eight Safe Kids coalitions and is growing. Buckle Up Kids has been implemented in 57 counties with 7 counties pending and has distributed more than 2,100 child passenger safety seats through fire/rescue agencies. The Learn Not To Burn Program educates more than 90,000 fourth graders annually.

Funds

Working closely with the NC Fireman's Association, division staff continues to improve collection and disbursement of the Firemen's Relief Fund. Significant effort has been made to reduce the number of fire departments disqualified due to ineligibility. The Rescue Relief Fund was created in 1987 to assist rescue personnel in need.

The Volunteer Fire Department Fund and Volunteer Rescue/EMS Fund were created in 1987 to financially aid local fire and rescue departments with equipment purchases and capital expenditures.

Volunteer Fire Department and Rescue/EMS Grants*

	1995	1996
Volunteer Fire Department Fund	\$1,800,089.81	\$1,839,244.18
Volunteer Rescue/EMS Fund	\$952,085.64	\$995,998.41

** Total approved monies for both matching and non-matching state grants.*

North Carolina Fire and Rescue Commission

The Fire and Rescue Commission is an advisory board consisting of representatives from various fire and rescue organizations as well as state agencies. The Commission is responsible for developing voluntary certification programs and professional standards for all levels of fire and rescue personnel.

Presently, eight certification programs and 20 levels of certification are active, including: Firefighter, Instructor, Rescue Technician, Fire and Life Safety Educator, Fire Apparatus Driver/Operator, Emergency Vehicle Driver, Hazardous Materials Responder, and Fire/Arson Investigator.

The Firefighter, Instructor, Hazardous Materials and the Driver/Operator programs are currently accredited by the International Fire Service Accreditation Congress, of which the Commission is an active member.

The most recent undertaking of the commission is the development and dissemination of the Occupational Safety and Health Standard for Fire Departments and Rescue Squads. This is a compilation of the applicable NFPA Standards and OSHA General Industry Standards.

Future programs from the Commission will include a Fire Officer Certification program. A committee is currently working on the development of this standard and should be ready for pilot testing in early 1997.

The goal of such programs is to provide additional professional recognition, as well as enhance the safety of emergency services personnel in North Carolina.

North Carolina Code Officials Qualifications Board

The board is organized under the provisions of Chapter 143, Article 9C of the North Carolina General Statutes. A list of members follows, along with the individual or organization by whom they were appointed.

Mr. Charles England, Chair	Speaker of the House
Mr. Charles R. Horne, Vice-Chair	Governor
Mr. Richard D. Ducker	Institute of Government
Ms. Renee Cahoon	Governor
Mr. Kenard M. Knust	Lieutenant Governor
Mr. D. Edwin Rose	Speaker of the House
Mr. David Carelock	Governor
Mr. Nathaniel Cannady	Speaker of the House
Mr. Mike Pittman	Department of Community Colleges
Mr. Joseph D. Wheliss	Governor
Mr. James D. Kennedy	Lieutenant Governor
Mr. Hubert Jefferson	Governor
Mr. Rick Lee	Lieutenant Governor
Mr. C. Neil Styers	Speaker of the House
Mr. J. Lee Hauser, P.E.	Commissioner of Insurance
Mr. Jasper Ormond	Governor
Mr. Paul P. McCain, P.E.	N.C. State University
Mr. C.W. Williams	Governor
Ms. Barbara H. Mulkey, P.E.	Lieutenant Governor
Mr. Ronnie Bailey	N. C. A&T University

North Carolina Building Code Council

NC General Statutes 143-138 authorize the N.C. Building Code Council to prepare, adopt and amend the State Building Code. The council consists of 15 members appointed by the governor for six-year terms. Statutes require that members have expertise in areas relating to construction safety. The council meets quarterly in March, June, September and December.

Members

Mr. John R. Andrew, Chair

Mr. Sam T. Snowdon Jr., Vice-Chair

Mr. Clifton N. Bishop

Mr. Barry W. Gardner

Mr. James W. Smith II

Mr. Edward L. Woods

Mr. J. Harmon Byrd

Mr. Mark B. Trollinger

Mr. Stephen B. Peay

Mr. Brian Runnells

Mr. Ronald Decker

Mr. Robert C. Pierce

Mr. Jack F. Neel

Mr. Larry C. Hayes

North Carolina Fire and Rescue Commission

The NC Fire and Rescue Commission is charged with developing certification standards for all levels of fire service and rescue personnel and coordinating the state's involvement with the Federal Emergency Management Agency and the US Fire Administration.

The commission is also responsible for developing a master plan for fire prevention and control, increasing professional skills of fire protection and fire fighting personnel, serving as a central clearinghouse of information relating to the state's fire service activities, and handling federal and state grants.

Member

Mr. Richard Trexler, Chair

Mr. Dean Wall, Vice-Chair

Mr. Zelodis Jay

Mr. Jerry Lewis

Mr. Bobby Joyner

Mr. Alan Nobles

Mr. Jimmy Sanders

Mr. Fred O'Neal, Jr.

Mr. Hiram Brinson

Mr. John Horne

Mr. Cloyce Anders

Mr. Benny Scarbro

Mr. Buddy White

Mr. C. Harley Cook

Organization

NC Association of Fire Chiefs

NC Association of Rescue and EMS, Inc.

NC Association of County Commissioners

NC County Fire Marshal's Association

NC Association of Fire Chiefs

NC Fire Marshal's Association

NC League of Municipalities

Governor's Appointee

Lt. Governor's Appointee

Nc Fireman's Association

Public-at-large

Speaker of the House Nominee

NC Association of Rescue and EMS, Inc.

NC Society of Fire Service Instructors

North Carolina Home Inspectors Licensure Board

NC General Statutes 143-151.43 Article 9F created the North Carolina Home Inspectors Licensure Board to license those who perform home inspections for compensation. A list of the eight members follows, along with the individual by whom they were appointed.

Members

Mr. Roger R. Pierce, Chairman
Mr. John J. Woodmansee, Vice-Chairman
Mr. T. Larry Summer, Secretary-Treasurer
Mr. John W. Hamrick
Mr. Jimmy A. Hughes
Mr. Ralph L. McSwain
Mr. Grover L. Sawyer, Jr., P.E.
Mr. Stephen C. Smallman

Representing

Senator Marc Basnight
Representative Dan Blue
Governor James B. Hunt
Governor James B. Hunt
Senator Marc Basnight
Representative Dan Blue
Commissioner Jim Long
Governor James B. Hunt

North Carolina Manufactured Housing Board

The Board is empowered to issue and revoke licenses, require bonds, resolve complaints and promulgate rules as necessary to carry out these goals. The following is a list of members and the individual or industry they represent as of January 1997.

Members

Mr. Dascheil Propes, Chair

Ms. Mickey Hanula

Ms. Linda Willey

Mr. Jim Johnson

Mr. J.T. Williams

Ms. Judy Ward

Mr. Larry Gilmore

Mr. Bill Glover

Mr. Durwood Batchelor

Representing

Commissioner of Insurance

Commissioner of Insurance

Commissioner of Insurance

Governor

Governor

Finance

Insurance

Set-up Contractor

Supplies

Public Officers and Employees Liability Insurance Commission

The Commission is given authority under North Carolina General Statutes 58-31-25 and 58-32-1 through 58-32-30 to make available a plan of professional liability insurance coverage for all law enforcement officers, public officials, and employees of any political subdivision of the State. POELIC is empowered to negotiate with insurance companies for the most favorable rates and coverage.

The commission also serves as liaison between the companies and those insured, to resolve any issues which may arise. The commission consists of 11 members representing city, county, and state governments, sheriffs and police departments, and the insurance industry. It meets at least four times each year, on or about the 15th of January, April, July, and October. Following is a list of the members:

Member

Mr. Joe R. Kluttz, Chairman
Sheriff Dane Mastin, Vice Chairman
Mr. James L. Bichsel
Mr. Pat Marshall
Mr. Bob G. Haynes
Mr. Hugh C. Talton, Jr.
Lt Col. Kent Fletcher
Mr. J. Dal Snipes

Representing

Independent Insurance Agents of North Carolina
NC Sheriffs Association
Speaker of the House
NC Association of County Commissioners
NC League of Municipalities
Lt. Governor
NC Police Chiefs, Police Executives Associations
Carolinas Assn. of Professional Insurance Agents

Ex-Officio Members:

Mr. William A. Dudley
Mr. Ralph B. Strickland, Jr.
Mr. J. Thomas Sutton, III

Secretary of Crime Control and Public Safety
Attorney General
Commissioner of Insurance

**North Carolina Department of Insurance
430 North Salisbury Street
Raleigh, North Carolina 27611**

919-733-7343

Joint APPROPRIATIONS/General Government Committee Meeting

Minutes

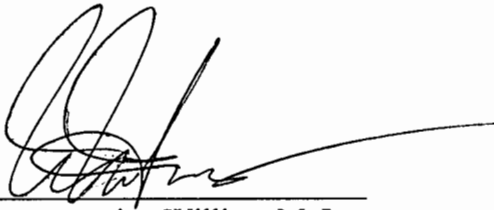
February 26, 1997

The Joint APPROPRIATIONS/General Government Subcommittee met on Wednesday, February 26, 1997 at 8:30 AM in the Legislative Office Building in room 425. Members present included: Representatives Ives (Cochair), Sherrill (Cochair), McCombs (Cochair), Culpepper, Decker, Jeffus and four Senators. Representative Ives presided. A Visitor's Sheet is attached for visitors in attendance.

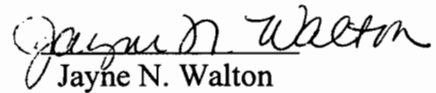
Representative Ives called the meeting to order at 8:32 AM and introduced the State Treasurer, Harlan Boyles. Mr. Boyles gave an overview of the Department of the State Treasurer (see attachment #1 and #2). Representative McCombs asked why the Department of the Treasurer will start using market value of securities rather than the book value of securities. Mr. Boyles replied that the Government Accounting Standards Board is prescribing and mandating that public securities be reflected at market value which will create one billion in increases in the reflected assets for the next fiscal year. Mr. Boyles said this could be considered a one billion dollar windfall; however, he stated that he hoped the General Assembly would look at it cautiously and conservatively as it always has in the past. Representative McCombs stated that this might make some want to cut contributions. Mr. Boyles responded that the General Assembly would have to make decisions on how to handle this with a fluctuating market. Senator Warren asked if something could be worked out in regard to retirees COLAs for local and state employees to make them the same. Mr. Boyles responded that he wished they could be equalized for all public employees, but because of the multiple employers involved it creates differences in benefits. After presenting the Escheat Fund and General Administration on TRE 8 & 9, Mr. Boyles invited the committee members to come to visit the department to see how important managing the State's financial resources is and how committed his employees are to doing a creditable and worthy job. Representative Ives stated how impressed they were with the efficiency and profitability of the office when they toured his offices last year. Senator Warren stated that only 5 other states have a AAA rating and asked how the State stands now. Mr. Boyles said this means a 5% savings to the State and to the people of the State and bonds for schools and roads totally 2.75 billion dollars. He further stated that the credit rating of the State is very good and credited the General Assembly for being good stewards. Senator Warren also asked if North Carolina is a leader among the states in banking and why. Mr. Boyles replied that North Carolina has become the host state for the major banks and that Branch Bank is the largest bank in North Carolina. Senator Ledbetter asked what are the limitations on securities that you can buy and maintain in our retirement system. Mr. Boyles responded that the deputy

officer in charge can only invest in securities authorized by the General Assembly which are blue chip securities for a little over half of the portfolio and equities have to be quality securities which accounts for 40% of the portfolio and are managed externally. The income accounts are managed internally. Senator Ledbetter asked if the equities include common stocks and Mr. Boyles replied that it does. Senator Warren asked what will happen five years from now concerning the merger of banks. Mr. Boyles said they have 20 new applications for community banks to serve the peoples' needs ;however, the people starting these banks see it as an opportunity to sell out or merge with a larger bank and this will probably will not continue to happen as frequently as in the past and the community banks will have to stick with their business as a smaller bank. He further stated that global service is not for all, so both types of banking are available to suit the people's needs. Representative Ives thanked the Treasurer for an excellent presentation.

Secretary Betty McCain addressed the committee and gave an overview of Cultural Resources and introduced her staff(see attachment #3). After Mrs. McCain's presentation, Representative Ives stressed the importance of Cultural Resources as it services every county in the State. Representative Ives then introduced Mary Regan of the Arts Council who gave an overview of the Arts Council (see attachment #3). Senator Ledbetter complimented the activities of the Arts Council in his district and asked if they promote volunteerism through any programs. Ms. Regan said they do a lot of conferences and workshops with organizations to help promote volunteer services instead of encouraging these organizations to hire employees and in some cases help close down organizations if they have accomplished their goals or are struggling to survive. Representative Ives thanked Ms. Regan for her presentation and encouraged the members to visit the Department of Cultural Resources. Representative Ives adjourned the meeting at 9:47 AM.



Representative William M. Ives
Cochair



Jayne N. Walton

2-26-97 attachment #1

NORTH CAROLINA DEPARTMENT OF STATE TREASURER

Mission Statement

The Department of State Treasurer (the department) is responsible for providing treasury services to state agencies (G.S. 147; Article 6); financial assistance to local governmental units (G.S. Chapter 159); administer the public employee retirement systems assigned to the department (G.S. Chapter 135; G.S. 128, Article 3; G.S. 58, Article 86); and to administer the escheat and abandoned property program (G.S. Chapter 116B).

Program Area:	General Government
P/PB Goal #:	II To provide for the effective and efficient administration of state government through executive management direction and policy implementation.
Program:	Executive Administration
Subprogram:	Investments
Element:	None

Goals

1. Provide effective and efficient treasury services to state agencies by serving as the state's banker and chief investment officer.
2. Provide effective and efficient fiscal assistance to local governmental units by assisting them in the sale of local government debt obligations and in maintaining good budgeting, accounting, reporting and other fiscal procedures.
3. Administer in an effective and efficient manner the public employee retirement systems and other fringe benefit programs assigned to the department.
4. Administer in an effective and efficient manner the escheat and abandoned property program.
5. Provide effective and efficient department-wide support services to assist the program units to reach their goals.

Department Summary Information

The activities of the department are primarily services provided to other state agencies and local governments. The levels of service are provided based on legislative authorization and the needs of our customers. Changes in levels of service are primarily reactive to the needs of the primary and secondary customers. Changes in legislative authorizations occur infrequently.

The major trends are:

- The investment portfolio is expected to increase each year at an average rate of 9 percent; 8 percent of this is from the earnings of the retirement systems retained for the future payment of benefits.

- The needs for assistance to local governments will increase because of the generally tight fiscal environment they can expect in the future.
- The membership in the retirement systems will increase each year because of the increase in current and vested future retirees and the growth in employment in local governments and public educational institutions.
- Escheat and abandoned property received is expected to increase at the same rate as the growth in personal income in the state.

The overall strategy of the department is to provide an environment in which the various programmatic groups can continue to:

- Improve services to our customers, and
- Provide new services as authorized, while
- Maintaining the effectiveness and efficiency of our operations.

The department will accomplish the implementation of this strategy by:

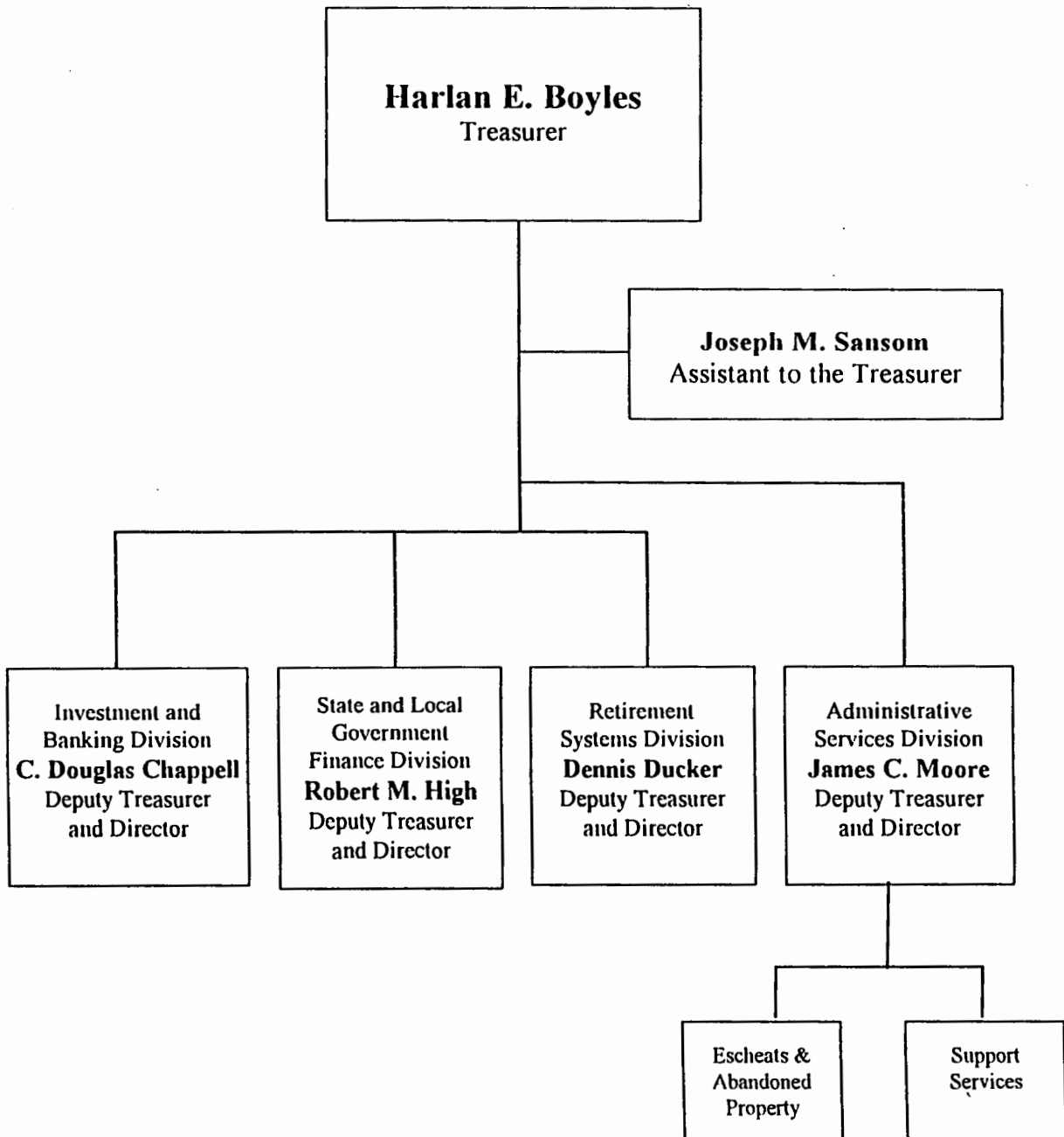
- Providing competent, well trained program staffs, and
- Providing adequate support services to the program staff, while
- Reviewing operations on an ongoing basis to identify new ways in which the programs can become more efficient and effective.

Divisions and Their Roles as a Part of the Department

The department is organized into four divisions. Each division is responsible for a distinct mission. The divisions are:

- Investment and Banking Division - responsible for acting as the state's banker and for investing the monies assigned by law to the custody of the state treasurer.
- State and Local Government Finance Division - responsible for assisting the local governmental units in the state in maintaining fiscal health and in borrowing monies when authorized by law; also responsible for selling state general obligation debt and for monitoring the payment of principal and interest on the outstanding state debt.
- Retirement Systems Division - responsible for the administration of the Teachers' and State Employees' Retirement System, the Local Governmental Employees' Retirement System, the Consolidated Judicial Retirement System, the Firemen's and Rescue Squad Workers' Pension Fund, the Disability Income Plan of North Carolina, and other smaller pension plans and employee benefit plans.
- Administrative Services Division - responsible for the administration of the escheat and abandoned property program; responsible for providing support services to the department, including information systems, personnel, budgeting, purchasing and supply room, and accounting.

Organizational Chart



Department of State Treasurer
Continuation Budget

Budget Code 13410
General Fund

	1995-96 Actual	1996-97 Authorized*	1997-98 Recommended	1998-99 Recommended
Total Requirements	\$17,743,611	\$21,001,407	\$17,334,252	\$17,343,779
Receipts	12,884,197	13,618,570	10,930,036	10,937,404
Reimbursement to General Fund	4,859,414	7,382,837	6,404,216	6,406,375
Net Appropriations	0	0	0	0

Budget Code 13412

Special Contributions-Retirement and Benefits

Appropriations by the General Assembly to fund the actuarial contributions for the Fireman's and Rescue Squad Workers' Pension Fund.

	1995-96 Actual	1996-97 Authorized	1997-98 Recommended	1998-99 Recommended
Total Requirements	\$12,005,187	\$12,045,187	\$11,925,187	\$11,925,187
Receipts	90,000	120,000		
Net Appropriations	\$11,915,187	\$11,925,187	\$11,925,187	\$11,925,187

Position Summary

	1995-96 Actual	1996-97 Authorized	1997-98 Recommended	1998-99 Recommended
General Fund	240.5	237.5	237.5	237.5

INVESTMENT AND BANKING

To provide banking and investment services to the State.

Investment earnings of the General and Highway Funds are a non-tax revenue which help support appropriations from the funds. Investment earnings generated by and credited to the pension trust funds serve to reduce required appropriations or to support a higher benefit structure thereby reducing required appropriations from the General and Highway Funds. Investment earnings on other funds serve to increase the programmatic effects of those trust funds. The mission includes:

- Receiving and safeguarding State money received and deposited to the account of the State Treasurer by State agencies;
- Processing and paying State warrants issued by the various State agencies, departments and institutions, including public school administrative units, community colleges and public universities;
- Investing short-term State funds, retained by the State Treasurer between the date of receipt and the time of disbursement, for the benefit of the General Fund, Highway Funds and other trust funds as provided by law; and
- Investing long-term, the various trust and agency funds belonging to the North Carolina Retirement Systems and other fiduciaries for which the State Treasurer has investment responsibilities.

Investment and Banking Fiscal Data

	1995-96 Actual	1996-97 Authorized*	1997-98 Recommended	1998-99 Recommended
Total Requirements	\$3,747,221	\$4,857,520	\$4,815,871	\$4,817,869
Receipts	285,827	227,457	225,930	225,930
Reimbursement to General Fund	3,461,394	4,630,063	4,589,941	4,591,939
Net Appropriations	0	0	0	0
Position Count	34.5	34.5	34.5	34.5

Appropriation is reimbursed to the General Fund from charges to Pooled Investments.

STATE AND LOCAL GOVERNMENT FINANCE

To assist counties, cities and other units of local government in this State in maintaining strong fiscal health, and to assist the State and our local governments through the sale of State and local government debt obligations for general government purposes.

Meeting this goal enhances the quality of life of our citizens by helping the various levels of government perform based on sound financial management practices. Sound financial practices help government at all levels maintain program continuity in an efficient manner, resulting in a high level of services provided to the citizens at minimum cost. The mission includes.

- Approval and sale of local government debt;
- Counseling and assisting local government officials in using the best available budgetary, financial, and accounting policies and procedures;
- Assisting the State Treasurer in selling State debt obligations for general government purposes as authorized by the General Assembly and
- Monitoring the payment of all debt sold for the State and local governments.

State and Local Government Finance Fiscal Data

	1995-96 Actual	1996-97 Authorized*	1997-98 Recommended	1998-99 Recommended
Total Requirements	\$2,172,096	\$3,382,796	\$2,438,564	\$2,439,409
Receipts	774,077	630,022	624,289	624,973
Reimbursement to General Fund	1,398,019	2,752,774	1,814,275	1,814,436
Net Appropriations	0	0	0	0
Position Count	32	32	32	32

Appropriations is reimbursed to the General Fund from charges to units of local government.
1993-94 Actual figures include State Bond Sale Expenses; Requirements- \$708,691 Receipts.
\$730,690

1510 Fire Safety

P/PB 1250 Reduce Circumstantial Endangerment to Life and Property

PURPOSE: This fund will be used for the installation of fire safety equipment and systems in fraternity and sorority houses.

PROGRAM INFORMATION:

This is one of 11 funds that contribute to program number 1250, Circumstantial Endangerment. The total 1996-97 certified budget for P/PB 1250 is \$11,341,772 of which this fund is \$1,000,000, or 8.82% of the total. A programmatic presentation which groups all funds that contribute to specific program levels throughout state government according to similar outcomes, objectives, and outcome measures may be found in Volume 7.

Following is a complete list of departmental accounting funds which contribute to P/PB 1250.

TREAS-FIRE LOAN	1510 FIRE SAFETY LOAN FUND	8.82%	INSURANCE	2140 FIRE PREVENTION WEEK	.09%
INSURANCE	1500 SAFETY SERVICES GROUP	59.57%	INSURANCE	2324 HAZARDOUS MATERIAL GRANT	.07%
INSURANCE	2122 RESCUE SQUAD WORKER'S RE	5.35%	INSURANCE	2501 QUALIFICATION BD. FUND	.08%
INSURANCE	2123 VOLUNTEER RESCUE/EMS FUN	7.94%	EHRN	2740 DAM SAFETY ACCOUNT	.18%
INSURANCE	2133 VOLUNTEER FIRE DEPT. FUN	15.17%	COMMERCE	2217 UTILITIES GAS PIPELINE S	2.59%
INSURANCE	2135 FIRE AND RESCUE JOURNALS	.14%			

PURPOSE DETAIL:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
<u>REQUIREMENTS</u>						
53 8103 FIRE SAFETY LOAN FUND	0	1,000,000	1,000,000-	0	1,000,000-	0
TOTAL REQUIREMENTS	0	1,000,000	1,000,000-	0	1,000,000-	0
<u>ESTIMATED RECEIPTS</u>						
TOTAL RECEIPTS	0	0	0	0	0	0
NET APPROPRIATION	0	1,000,000	1,000,000-	0	1,000,000-	0

SUMMARY BY OBJECTS:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
REQUIREMENTS						
53 8103 FIRE SAFETY LOAN FUND	0	1,000,000	1,000,000-	0	1,000,000-	0
TOTAL REQUIREMENTS	0	1,000,000	1,000,000-	0	1,000,000-	0
ESTIMATED RECEIPTS						
TOTAL RECEIPTS	0	0	0	0	0	0
NET APPROPRIATION	0	1,000,000	1,000,000-	0	1,000,000-	0

NUMBER OF POSITIONS:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
REQUIREMENTS						

TOTAL REQUIREMENTS	.00	.00	.00	.00	.00	.00

GENERAL FUND BUDGET CODE SUMMARY:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
TOTAL REQUIREMENTS	-	1,000,000	-1,000,000	-	-1,000,000	-
TOTAL ESTIMATED RECEIPTS	-	-	-	-	-	-
NET APPROPRIATION	-	1,000,000	-1,000,000	-	-1,000,000	-

SUMMARY BY PURPOSE:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
REQUIREMENTS						

1510 FIRE SAFETY LOAN FUND	0	1,000,000	1,000,000-	0	1,000,000-	0

TOTAL REQUIREMENTS	0	1,000,000	1,000,000-	0	1,000,000-	0

ESTIMATED RECEIPTS						

TOTAL RECEIPTS	0	0	0	0	0	0

NET APPROPRIATION	0	1,000,000	1,000,000-	0	1,000,000-	0

PURPOSE DETAIL:

<u>Description</u>	<u>1995-96 Actual</u>	<u>1996-97 Authorized</u>	<u>1997-98</u>		<u>1998-99</u>	
			<u>Inc/Dec From Authorized</u>	<u>Total Recommended</u>	<u>Inc/Dec From Authorized</u>	<u>Total Recommended</u>
<u>REQUIREMENTS</u>						
53 5000 OTHER EXPENSES & ADJU	150,000	0	0	0	0	0
53 8103 DEATH BENEFITS	0	190,000	0	190,000	0	190,000
53 8999 TRSF TO SUBSEQUENT YE	120,000	0	0	0	0	0
<u>TOTAL REQUIREMENTS</u>	<u>270,000</u>	<u>190,000</u>	<u>0</u>	<u>190,000</u>	<u>0</u>	<u>190,000</u>
<u>ESTIMATED RECEIPTS</u>						
43 8000 INTRA GOVERNMENTAL TR	90,000	0	0	0	0	0
<u>TOTAL RECEIPTS</u>	<u>90,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>NET APPROPRIATION</u>	<u>180,000</u>	<u>190,000</u>	<u>0</u>	<u>190,000</u>	<u>0</u>	<u>190,000</u>

1413 General Fund Contribution to Rescue Squad Workers' Fund**P/PB 0530 Investments**

PURPOSE: This fund accounts for the General Fund appropriation in support of the Rescue Squad Workers' Pension Fund.

PROGRAM INFORMATION:

Program Information shown in fund 1412 also applies to funds 1413 and 1432. All three of these funds are included in P/PB code 0530.

PURPOSE DETAIL:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
REQUIREMENTS						
53 6521 TRSFS-OUT-FIREMEN/RES	985,402	985,402	0	985,402	0	985,402
TOTAL REQUIREMENTS	985,402	985,402	0	985,402	0	985,402
ESTIMATED RECEIPTS						
TOTAL RECEIPTS	0	0	0	0	0	0
NET APPROPRIATION	985,402	985,402	0	985,402	0	985,402

1432 Line of Duty Death Benefit**P/PB 0530 Investments**

PURPOSE: This fund accounts for the General Fund appropriation to pay benefits provided to families of certain public servants who die in the line of duty.

PROGRAM INFORMATION:

Program Information shown in fund 1412 also applies to funds 1413 and 1432. All three of these funds are included in P/PB code 0530.

1412 General Fund Contribution to Firemen's Pension Fund

P/PB 0530 Investments

PURPOSE: This fund accounts for the General Fund appropriation in support of the Firemen's Pension Fund.

PROGRAM INFORMATION:

This is one of 12 funds that contribute to program number 0530, Investments. The total 1996-97 certified budget for P/PB 0530 is \$30,410,865 of which this fund is \$10,749,785, or 35.35% of the total. A programmatic presentation which groups all funds that contribute to specific program levels throughout state government according to similar outcomes, objectives, and outcome measures may be found in Volume 7. Following is a complete list of departmental accounting funds which contribute to P/PB 0530.

TREASURER	1110 GENERAL ADMINISTRATION	2.26%	TREASURER	1310 LOCAL GOVERNMENT OPERATI	10.95%
TREASURER	1120 DEPARTMENTAL ACCOUNTING	1.64%	TREASURER	1410 RETIREMENT OPERATIONS	18.84%
TREASURER	1130 ESCHEAT FUND ADMINISTRAT	5.77%	TREAS-RET CONT	1412 GF CONTR. TO FIRE PEN FU	35.35%
TREASURER	1150 DATA PROCESSING	5.41%	TREAS-RET CONT	1413 GF CONT. TO RES.SQUAD WO	3.24%
TREASURER	1210 INVESMENT MANAGEMENT	13.51%	TREAS-RET CONT	1432 LINE OF DUTY DEATH BENEF	.62%
TREASURER	1220 BANKING OPERATIONS	2.32%	ADMINISTRATION	2912 DEFERRED COMPENSATION BO	.07%

PURPOSE DETAIL:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
REQUIREMENTS						
53 6521 TRSFS-OUT-FIREMEN/RES	10,749,785	10,749,785	0	10,749,785	0	10,749,785
TOTAL REQUIREMENTS	10,749,785	10,749,785	0	10,749,785	0	10,749,785
ESTIMATED RECEIPTS						
TOTAL RECEIPTS	0	0	0	0	0	0
NET APPROPRIATION	10,749,785	10,749,785	0	10,749,785	0	10,749,785

SUMMARY BY OBJECTS:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
REQUIREMENTS						
53 5000 OTHER EXPENSES & ADJU	150,000	0	0	0	0	0
53 6521 TRSFS-OUT-FIREMEN/RES	11,735,187	11,735,187	0	11,735,187	0	11,735,187
53 8103 DEATH BENEFITS	0	190,000	0	190,000	0	190,000
53 8999 TRSF TO SUBSEQUENT YE	120,000	0	0	0	0	0
TOTAL REQUIREMENTS	12,005,187	11,925,187	0	11,925,187	0	11,925,187
ESTIMATED RECEIPTS						
43 8000 INTRA GOVERNMENTAL TR	90,000	0	0	0	0	0
TOTAL RECEIPTS	90,000	0	0	0	0	0
NET APPROPRIATION	11,915,187	11,925,187	0	11,925,187	0	11,925,187

NUMBER OF POSITIONS:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
REQUIREMENTS						

TOTAL REQUIREMENTS	.00	.00	.00	.00	.00	.00

GENERAL FUND BUDGET CODE SUMMARY:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
TOTAL REQUIREMENTS	12,005,187	11,925,187	-	11,925,187	-	11,925,187
TOTAL ESTIMATED RECEIPTS	90,000	-	-	-	-	-
NET APPROPRIATION	11,915,187	11,925,187	-	11,925,187	-	11,925,187

SUMMARY BY PURPOSE:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
REQUIREMENTS						
1412 GF CONTR. TO FIRE PEN	10,749,785	10,749,785	0	10,749,785	0	10,749,785
1413 GF CONT. TO RES.SQUAD	985,402	985,402	0	985,402	0	985,402
1432 LINE OF DUTY DEATH BE	270,000	190,000	0	190,000	0	190,000
TOTAL REQUIREMENTS	12,005,187	11,925,187	0	11,925,187	0	11,925,187
ESTIMATED RECEIPTS						
1432 LINE OF DUTY DEATH BE	90,000	0	0	0	0	0
TOTAL RECEIPTS	90,000	0	0	0	0	0
NET APPROPRIATION	11,915,187	11,925,187	0	11,925,187	0	11,925,187

PURPOSE DETAIL:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
1410 NUMBER OF POSITIONS	104.00	101.00	.00	101.00	.00	101.00

REQUIREMENTS						

53 1200 SPA SALARIES	2,369,071	2,478,390	0	2,478,390	0	2,478,390
53 1300 TEMPORARY SALARIES	5,920	10,140	0	10,140	0	10,140
53 1400 SUPPLEMENT TO REG. WA	88,044	50,828	1,976-	48,852	1,853	52,681
53 1500 EMPLOYEE BENEFIT COST	611,561	651,870	9,378-	642,492	8,510-	643,360
53 1600 OTHER PERSONAL SERVIC	33,981	59,650	0	59,650	0	59,650
53 2000 PURCHASED CONTRACTUAL	2,090,550	2,356,396	0	2,356,396	0	2,356,396
53 3000 SUPPLIES	85,426	104,486	0	104,486	0	104,486
53 4000 PROPERTY, PLANT & EQU	571,245	46,181	0	46,181	0	46,181
53 5000 OTHER EXPENSES & ADJU	38,643	13,753	0	13,753	0	13,753
53 8010 DEPENDENT CARE-OP TFR	375	0	0	0	0	0
53 8132 TRSFR-OUT-DEPT OF JUS	42,032	32,025	0	32,025	0	32,025
53 8999 TRSFR TO SUBSEQUENT Y	2,066,149	0	0	0	0	0

TOTAL REQUIREMENTS	8,002,997	5,803,719	11,354-	5,792,365	6,657-	5,797,062

ESTIMATED RECEIPTS						

43 4000 SALES, SERVICES & REN	1,440	500	0	500	0	500
43 7000 MISCELLANEOUS	7,013	0	0	0	0	0
43 8000 INTRA GOVERNMENTAL TR	7,994,575	5,803,219	11,354-	5,791,865	6,657-	5,796,562

TOTAL RECEIPTS	8,003,028	5,803,719	11,354-	5,792,365	6,657-	5,797,062

NET APPROPRIATION	31-	0	0	0	0	0

PROGRAM INFORMATION:

This is one of 12 funds that contribute to program number 0530, Investments. The total 1996-97 certified budget for P/PB 0530 is \$30,410,865 of which this fund is \$5,729,729, or 18.84% of the total. A programmatic presentation which groups all funds that contribute to specific program levels throughout state government according to similar outcomes, objectives, and outcome measures may be found in Volume 7.

Following is a complete list of departmental accounting funds which contribute to P/PB 0530.

TREASURER	1110 GENERAL ADMINISTRATION	2.26%	TREASURER	1310 LOCAL GOVERNMENT OPERATI	10.95%
TREASURER	1120 DEPARTMENTAL ACCOUNTING	1.64%	TREASURER	1410 RETIREMENT OPERATIONS	18.84%
TREASURER	1130 ESCHEAT FUND ADMINISTRAT	5.77%	TREAS-RET CONT	1412 GF CONTR. TO FIRE PEN FU	35.35%
TREASURER	1150 DATA PROCESSING	5.41%	TREAS-RET CONT	1413 GF CONTR. TO RES.SQUAD WO	3.24%
TREASURER	1210 INVESMENT MANAGEMENT	13.51%	TREAS-RET CONT	1432 LINE OF DUTY DEATH BENEF	.62%
TREASURER	1220 BANKING OPERATIONS	2.32%	ADMINISTRATION	2912 DEFERRED COMPENSATION BO	.07%

Objectives:

- Enhance the compensation of state and local governmental employees and teachers through providing efficient retirement systems to all eligible persons.

Outcome Measures:

	1993-94 <u>Actual</u>	1994-95 <u>Actual</u>	1995-96 <u>Actual</u>	1996-97 <u>Estimated</u>	1997-98 <u>Expected</u>	1998-99 <u>Expected</u>
- Total Pension System Membership.	555,909	574,110	593,156	610,900	629,400	648,500

Other Performance Measures:

- In the six retirement systems, the number of: New enrollments.	46,699	51,227	51,784	55,125	57,700	60,400
- New retirements.	7,322	7,850	8,336	8,840	9,420	10,000
- Withdrawals.	26,521	30,298	31,924	34,300	36,100	38,000
- Members and retirees.	555,909	574,110	593,156	610,900	629,400	648,500
- Retirees and beneficiaries.	107,795	112,981	118,417	124,300	130,600	137,300
- Refunds paid (in millions).	\$87.0	\$98.0	\$105.7	\$117.0	\$126.0	\$136.0
- Retirement benefits paid (in millions).	\$986.5	\$1,103.0	\$1,224.1	\$1,370.0	\$1,530.0	\$1,700.0
- Number of cases:						
Regular death benefit.	688	739	726	750	775	800
- Contributory death benefit.	505	534	530	545	560	570
- Disability Income Plan - long-term.	3,563	3,938	4,287	4,740	5,210	5,730

PURPOSE DETAIL:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
1310 NUMBER OF POSITIONS REQUIREMENTS	32.00	32.00	.00	32.00	.00	32.00
53 1200 SPA SALARIES	1,099,671	1,134,502	0	1,134,502	0	1,134,502
53 1400 SUPPLEMENT TO REG. WA	10,004	16,932	2,750	19,682	3,326	20,258
53 1500 EMPLOYEE BENEFIT COST	253,857	267,128	1,102	268,230	1,371	268,499
53 2000 PURCHASED CONTRACTUAL	616,621	1,406,780	450,000-	956,780	450,000-	956,780
53 3000 SUPPLIES	13,992	25,100	0	25,100	0	25,100
53 4000 PROPERTY, PLANT & EQU	5,613	475,450	450,000-	25,450	450,000-	25,450
53 5000 OTHER EXPENSES & ADJU	9,334	8,820	0	8,820	0	8,820
53 8010 DEPENDENT CARE-OP TFR	1,036	0	0	0	0	0
TOTAL REQUIREMENTS	2,010,128	3,334,712	896,148-	2,438,564	895,303-	2,439,409
ESTIMATED RECEIPTS						
43 4000 SALES, SERVICES & REN	562,939	572,948	160-	572,788	524	573,472
43 7000 MISCELLANEOUS	169	0	0	0	0	0
43 8000 INTRA GOVERNMENTAL TR	49,001	51,501	0	51,501	0	51,501
TOTAL RECEIPTS	612,109	624,449	160-	624,289	524	624,973
NET APPROPRIATION	1,398,019	2,710,263	895,988-	1,814,275	895,827-	1,814,436

1410 Retirement Operations**P/PB 0530 Investments**

PURPOSE: Retirement Operations administers the major statewide retirement systems for public employees and certain employee benefit programs which are assigned to the department.

Following is a complete list of departmental accounting funds which contribute to P/PB 0530.

TREASURER	1110 GENERAL ADMINISTRATION	2.26%	TREASURER	1310 LOCAL GOVERNMENT OPERATI	10.95%
TREASURER	1120 DEPARTMENTAL ACCOUNTING	1.64%	TREASURER	1410 RETIREMENT OPERATIONS	18.84%
TREASURER	1130 ESCHEAT FUND ADMINISTRATION	5.77%	TREAS-RET CONT	1412 GF CONTR. TO FIRE PEN FU	35.35%
TREASURER	1150 DATA PROCESSING	5.41%	TREAS-RET CONT	1413 GF CONTR. TO RES.SQUAD WO	3.24%
TREASURER	1210 INVESTMENT MANAGEMENT	13.51%	TREAS-RET CONT	1432 LINE OF DUTY DEATH BENEF	.62%
TREASURER	1220 BANKING OPERATIONS	2.32%	ADMINISTRATION	2912 DEFERRED COMPENSATION BO	.07%

Objectives:

- Provide effective and efficient fiscal assistance to local government by assisting them in the sale of local government debt and in maintaining good fiscal procedures.

Outcome Measures:

	<u>1993-94</u> <u>Actual</u>	<u>1994-95</u> <u>Actual</u>	<u>1995-96</u> <u>Actual</u>	<u>1996-97</u> <u>Estimated</u>	<u>1997-98</u> <u>Expected</u>	<u>1998-99</u> <u>Expected</u>
- Credit Quality: Number of defaults of publicly held debt.	0	0	0	0	0	0

Other Performance Measures:

- General obligation debt authorized:						
Number of issues.	90	50	81	85	90	95
Amount (in millions).	\$1,503	\$453	\$1,302	\$1,275	\$1,350	\$1,425
- Bonds and notes sold for local units:						
General Obligation:						
Number of issues.	121	87	84	90	95	100
Amount (in millions).	\$1,813	\$482	\$1,276	\$1,260	\$1,330	\$1,400
Revenue Special Financings:						
Number of issues.	152	163	235	185	195	205
Amount (in millions).	\$2,191	\$946	\$1,993	\$1,665	\$1,755	\$1,845
- Semi-annual cash and investment reports analyzed.	2,265	2,270	2,272	2,275	2,278	2,280
- Annual financial information reports analyzed.	628	633	635	638	641	645
- Audit reports analyzed.	1,132	1,132	1,138	1,142	1,146	1,150
- Single audit reviews conducted.	795	800	800	500	500	500
- Training seminars and workshops conducted	75	75	75	75	75	75
- Quarterly, semi-annual, and annual revenue bond reports reviewed.	115	115	125	130	135	140
- Arbitrage rebate services for state bond issues.	6	7	8	11	13	15

PURPOSE DETAIL

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
1220 NUMBER OF POSITIONS REQUIREMENTS	12.50	12.50	.00	12.50	.00	12.50
53 1200 SPA SALARIES	219,369	240,513	0	240,513	0	240,513
53 1400 SUPPLEMENT TO REG. WA	3,006	3,828	358-	3,470	768	4,596
53 1500 EMPLOYEE BENEFIT COST	55,787	60,974	504	61,478	712	61,686
53 1600 OTHER PERSONAL SERVIC	119	75	0	75	0	75
53 2000 PURCHASED CONTRACTUAL	256,865	386,224	0	386,224	0	386,224
53 3000 SUPPLIES	14,306	12,991	0	12,991	0	12,991
53 4000 PROPERTY, PLANT & EQU	10,227	3,381	0	3,381	0	3,381
53 5000 OTHER EXPENSES & ADJU	139	510	0	510	0	510
53 8010 DEPENDENT CARE-OP TFR	35	0	0	0	0	0
TOTAL REQUIREMENTS	559,853	708,496	146	708,642	1,480	709,976
ESTIMATED RECEIPTS						
43 4000 SALES, SERVICES & REN	0	100	0	100	0	100
43 8000 INTRA GOVERNMENTAL TR	285,827	225,827	3	225,830	3	225,830
TOTAL RECEIPTS	285,827	225,927	3	225,930	3	225,930
NET APPROPRIATION	274,026	482,569	143	482,712	1,477	484,046

1310 Local Government Operations**P/PB 0530 Investments**

PURPOSE: Local Government Operations provides for the approval and sale of local government bonds, the sale of state bonds, and assistance to local governments in improving their fiscal policies and financial positions as provided in the Local Government Budget and Fiscal Control Act (N.C.G.S. Chapter 159).

PROGRAM INFORMATION:

This is one of 12 funds that contribute to program number 0530, Investments for P/PB 0530 is \$30,410,865 of which this fund is \$3,330,649, or 10.95% of the total. The total 1996-97 certified budget which groups all funds that contribute to specific program levels throughout state government according to similar outcomes, objectives, and outcome measures may be found in Volume 7. A programmatic presentation

1220 Banking Operations

P/PB 0530 Investments

PURPOSE: Banking Operations processes state warrants for payment.

PROGRAM INFORMATION:

This is one of 12 funds that contribute to program number 0530, Investments. The total 1996-97 certified budget for P/PB 0530 is \$30,410,865 of which this fund is \$705,621, or 2.32% of the total. A programmatic presentation which groups all funds that contribute to specific program levels throughout state government according to similar outcomes, objectives, and outcome measures may be found in Volume 7. Following is a complete list of departmental accounting funds which contribute to P/PB 0530.

TREASURER	1110 GENERAL ADMINISTRATION	2.26%	TREASURER	1310 LOCAL GOVERNMENT OPERATI	10.95%
TREASURER	1120 DEPARTMENTAL ACCOUNTING	1.64%	TREASURER	1410 RETIREMENT OPERATIONS	18.84%
TREASURER	1130 ESCHEAT FUND ADMINISTRAT	5.77%	TREAS-RET CONT	1412 GF CONTR. TO FIRE PEN FU	35.35%
TREASURER	1150 DATA PROCESSING	5.41%	TREAS-RET CONT	1413 GF CONT. TO RES.SQUAD WO	3.24%
TREASURER	1210 INVESMENT MANAGEMENT	13.51%	TREAS-RET CONT	1432 LINE OF DUTY DEATH BENEF	.62%
TREASURER	1220 BANKING OPERATIONS	2.32%	ADMINISTRATION	2912 DEFERRED COMPENSATION BO	.07%

Objectives:

- Provide effective and efficient management to the Cash Management Program.
- Provide effective and efficient management to the Trust Fund Investment Program.
- Provide effective and efficient management of the cash concentration and cash disbursement processes.

Outcome Measures:

	1993-94 Actual	1994-95 Actual	1995-96 Actual	1996-97 Estimated	1997-98 Expected	1998-99 Expected
- Net yield of Cash Management Program over average equivalent bond yield for the auction of one year Treasury bills during the three year period ending at the report date.	+0.88 pts.	+0.76 pts.	+1.31 pts.	+1.05 pts.	+1.00 pts.	+1.07 pts.
- Net yield of Trust Fund Investment Program over average actuarial rate assumption during the three years ending at the report date.	+1.90 pts.	+1.82 pts.	+1.26 pts.	+1.34 pts.	+1.50 pts.	+1.25 pts.
- The percentage of the Cash Management Program not available for investment.	1.48%	0.95%	1.03%	1.00%	1.00%	1.00%

Other Performance Measures:

- Process paid warrants: Number of warrants paid (in millions).	21.4	21.0	21.6	21.5	21.5	21.5
- Value of warrants paid (in millions).	\$25,570	\$27,297	\$27,368	\$28,200	\$29,000	\$29,900
- Percent of instances in which warrant processing is completed on the day of presentation.	99%	99%	99%	99%	99%	99%

Outcome Measures:

	<u>1993-94</u> <u>Actual</u>	<u>1994-95</u> <u>Actual</u>	<u>1995-96</u> <u>Actual</u>	<u>1996-97</u> <u>Estimated</u>	<u>1997-98</u> <u>Expected</u>	<u>1998-99</u> <u>Expected</u>
- Net yield of Cash Management Program over average equivalent bond yield for the auction of one year Treasury bills during the three year period ending at the report date.	+0.88 pts.	+0.76 pts.	+1.31 pts.	+1.05 pts.	+1.00 pts.	+1.07 pts.
- Net yield of Trust Fund Investment Program over average actuarial rate assumption during the three years ending at the report date.	+1.90 pts.	+1.82 pts.	+1.26 pts.	+1.34 pts.	+1.50 pts.	+1.25 pts.
- The percentage of the Cash Management Program not available for investment.	1.48%	0.95%	1.03%	1.00%	1.00%	1.00%

Other Performance Measures:

- Investment Earnings - Average percent of the short-term Investment Fund invested.	98.5%	99.5%	99.4%	99.0%	99.0%	99.0%
- Average monthly yield on short-term portfolio.	6.07%	6.37%	6.65%	6.25%	6.00%	6.10%
- Investment Earnings- Trust Funds: Average monthly realized yield on longer-term portfolios.	8.51%	8.27%	9.50%	8.75%	8.75%	8.73%
- Total trust fund investment at year end.	\$24,953	\$27,347	\$29,960	\$32,350	\$34,905	\$37,750

PURPOSE DETAIL:

<u>Description</u>	<u>1995-96</u> <u>Actual</u>	<u>1996-97</u> <u>Authorized</u>	<u>1997-98</u>		<u>1998-99</u>	
			<u>Inc/Dec From</u> <u>Authorized</u>	<u>Total</u> <u>Recommended</u>	<u>Inc/Dec From</u> <u>Authorized</u>	<u>Total</u> <u>Recommended</u>
1210 NUMBER OF POSITIONS REQUIREMENTS	22.00	22.00	.00	22.00	.00	22.00
53 1200 SPA SALARIES	728,347	770,803	0	770,803	0	770,803
53 1400 SUPPLEMENT TO REG. WA	12,783	15,552	1,554	17,106	1,963	17,515
53 1500 EMPLOYEE BENEFIT COST	169,031	181,755	1,196	182,951	1,451	183,206
53 2000 PURCHASED CONTRACTUAL	2,235,459	3,090,954	0	3,090,954	0	3,090,954
53 3000 SUPPLIES	7,890	13,300	0	13,300	0	13,300
53 4000 PROPERTY, PLANT & EQU	30,784	29,275	0	29,275	0	29,275
53 5000 OTHER EXPENSES & ADJU	2,954	2,840	0	2,840	0	2,840
53 8010 DEPENDENT CARE-OP TFR	120	0	0	0	0	0
TOTAL REQUIREMENTS	3,187,368	4,104,479	2,750	4,107,229	3,414	4,107,893
ESTIMATED RECEIPTS						
TOTAL RECEIPTS	0	0	0	0	0	0
NET APPROPRIATION	3,187,368	4,104,479	2,750	4,107,229	3,414	4,107,893

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
ESTIMATED RECEIPTS						
43 4000 SALES, SERVICES & REN	1,860	0	0	0	0	0
43 8000 INTRA GOVERNMENTAL TR	1,443,175	1,664,514	1,287	1,665,801	2,147	1,666,661
TOTAL RECEIPTS	1,445,035	1,664,514	1,287	1,665,801	2,147	1,666,661
NET APPROPRIATION	1-	0	0	0	0	0

1210 Investment Management**P/PB 0530 Investments**

PURPOSE: Investment Management safeguards the financial assets of the state and creates revenues through the investment of temporarily idle cash balances and the assets of various trust funds.

PROGRAM INFORMATION:

This is one of 12 funds that contribute to program number 0530, Investments. The total 1996-97 certified budget for P/PB 0530 is \$30,410,865 of which this fund is \$4,109,772, or 13.51% of the total. A programmatic presentation which groups all funds that contribute to specific program levels throughout state government according to similar outcomes, objectives, and outcome measures may be found in Volume 7.

Following is a complete list of departmental accounting funds which contribute to P/PB 0530.

TREASURER	1110 GENERAL ADMINISTRATION	2.26%	TREASURER	1310 LOCAL GOVERNMENT OPERATI	10.95%
TREASURER	1120 DEPARTMENTAL ACCOUNTING	1.64%	TREASURER	1410 RETIREMENT OPERATIONS	18.84%
TREASURER	1130 ESCHEAT FUND ADMINISTRATION	5.77%	TREAS-RET CONT	1412 GF CONTR. TO FIRE PEN FU	35.35%
TREASURER	1150 DATA PROCESSING	5.41%	TREAS-RET CONT	1413 GF CONTR. TO RES.SQUAD WO	3.24%
TREASURER	1210 INVESTMENT MANAGEMENT	13.51%	TREAS-RET CONT	1432 LINE OF DUTY DEATH BENEF	.62%
TREASURER	1220 BANKING OPERATIONS	2.32%	ADMINISTRATION	2912 DEFERRED COMPENSATION BO	.07%

Objectives:

- Provide effective and efficient management to the Cash Management Program.
- Provide effective and efficient management to the Trust Fund Investment Program.
- Provide effective and efficient management of the cash concentration and cash disbursement processes.

1150 Data Processing

P/PB 0530 Investments

PURPOSE: Data Processing maintains and increases the efficiency of the various operating units of the department by providing routine data processing services through resident computers and by providing application development services.

PROGRAM INFORMATION:

Objectives and Outcome Measures shown in fund 1120 also apply to funds 1110 and 1150. All three of these funds are included in P/PB code 0530.

Other Performance Measures:

	1993-94 Actual	1994-95 Actual	1995-96 Actual	1996-97 Estimated	1997-98 Expected	1998-99 Expected
- Operations: Total clock hours.	4,474	4,676	4,977	5,000	5,000	5,000
- CPU execution hours.	920	1,012	993	1,025	1,050	1,075
- Printer output lines (in millions).	67.6	69.0	66.7	67.0	67.0	67.0
- Service requests completed	198	858	2,367	2,400	2,500	2,600
- Data entry records keyed	910,861	925,642	891,373	875,000	850,000	825,000
- Mainframe jobs executed.	223,911	220,090	201,056	200,000	200,000	200,000

PURPOSE DETAIL:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
1150 NUMBER OF POSITIONS REQUIREMENTS	25.00	25.00	.00	25.00	.00	25.00
53 1200 SPA SALARIES	807,403	880,255	0	880,255	0	880,255
53 1300 TEMPORARY SALARIES	29,191	8,000	0	8,000	0	8,000
53 1400 SUPPLEMENT TO REG. WA	21,707	32,245	1,541	33,786	2,267	34,512
53 1500 EMPLOYEE BENEFIT COST	196,270	214,916	254-	214,662	120-	214,796
53 2000 PURCHASED CONTRACTUAL	129,576	304,895	0	304,895	0	304,895
53 3000 SUPPLIES	52,710	55,853	0	55,853	0	55,853
53 4000 PROPERTY, PLANT & EQU	202,601	167,400	0	167,400	0	167,400
53 5000 OTHER EXPENSES & ADJU	5,512	950	0	950	0	950
53 8010 DEPENDENT CARE-OP TFR	64	0	0	0	0	0
TOTAL REQUIREMENTS	1,445,034	1,664,514	1,287	1,665,801	2,147	1,666,661

Outcome Measures:

	<u>1993-94</u> <u>Actual</u>	<u>1994-95</u> <u>Actual</u>	<u>1995-96</u> <u>Actual</u>	<u>1996-97</u> <u>Estimated</u>	<u>1997-98</u> <u>Expected</u>	<u>1998-99</u> <u>Expected</u>
- Funds transferred to the State Educational Assistance Authority to make loans to needy and worthy students (in millions).	\$8.4	\$9.2	\$10.9	\$12.0	\$13.2	\$14.5

Other Performance Measures:

- Receipts of escheated and abandoned property (in millions).	\$20.9	\$23.3	\$32.1	\$33.9	\$35.9	\$37.9
- Number of needy North Carolina students assisted.	2,430	2,591	2,782	2,975	3,175	3,400
- Funds made available to the State Educational Assistance Authority (in millions).	\$8.4	\$9.2	\$10.9	\$12.0	\$13.2	\$14.5
- Refunds to rightful owners (in millions).	\$4.9	\$5.2	\$5.9	\$6.2	\$6.6	\$7.0
- Number of refunds to rightful owners.	7,152	7,125	6,977	7,375	7,800	8,250

PURPOSE DETAIL:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
1130 NUMBER OF POSITIONS REQUIREMENTS	20.00	20.00	.00	20.00	.00	20.00
53 1200 SPA SALARIES	555,040	563,357	0	563,357	0	563,357
53 1300 TEMPORARY SALARIES	488	7,428	0	7,428	0	7,428
53 1400 SUPPLEMENT TO REG. WA	7,764	9,117	901	10,018	1,124	10,241
53 1500 EMPLOYEE BENEFIT COST	133,735	135,300	4,210	139,510	4,251	139,551
53 1600 OTHER PERSONAL SERVIC	0	250	0	250	0	250
53 2000 PURCHASED CONTRACTUAL	341,323	741,886	210,000-	531,886	210,000-	531,886
53 3000 SUPPLIES	13,634	16,850	0	16,850	0	16,850
53 4000 PROPERTY, PLANT & EQU	42,190	221,735	200,000-	21,735	200,000-	21,735
53 5000 OTHER EXPENSES & ADJU	7,070	8,420	0	8,420	0	8,420
53 8010 DEPENDENT CARE-OP TFR	143	0	0	0	0	0
53 8132 TRSFR-OUT-DEPT OF JUS	115,654	77,172	0	77,172	0	77,172
TOTAL REQUIREMENTS	1,217,041	1,781,515	404,889-	1,376,626	404,625-	1,376,890
ESTIMATED RECEIPTS						
43 8000 INTRA GOVERNMENTAL TR	1,217,043	1,781,515	404,889-	1,376,626	404,625-	1,376,890
TOTAL RECEIPTS	1,217,043	1,781,515	404,889-	1,376,626	404,625-	1,376,890
NET APPROPRIATION	2-	0	0	0	0	0

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
ESTIMATED RECEIPTS						
43 8000 INTRA GOVERNMENTAL TR	483,368	524,931	219-	524,712	214-	524,717
TOTAL RECEIPTS	483,368	524,931	219-	524,712	214-	524,717
NET APPROPRIATION	1	0	0	0	0	0

1130 Escheat Fund Administration**P/PB 0530 Investments**

PURPOSE: Escheat Fund Administration maximizes: (1) The receipts of escheated and unclaimed property held in trust for the true owners; (2) The refund of property to the true owner; and (3) The income from the trust paid to the State Education Assistance Authority to financially assist needy North Carolina students with higher education.

PROGRAM INFORMATION:

This is one of 12 funds that contribute to program number 0530, Investments. The total 1996-97 certified budget for P/PB 0530 is \$30,410,865 of which this fund is \$1,755,851, or 5.77% of the total. A programmatic presentation which groups all funds that contribute to specific program levels throughout state government according to similar outcomes, objectives, and outcome measures may be found in Volume 7. Following is a complete list of departmental accounting funds which contribute to P/PB 0530.

TREASURER	1110 GENERAL ADMINISTRATION	2.26%	TREASURER	1310 LOCAL GOVERNMENT OPERATI	10.95%
TREASURER	1120 DEPARTMENTAL ACCOUNTING	1.64%	TREASURER	1410 RETIREMENT OPERATIONS	18.84%
TREASURER	1130 ESCHEAT FUND ADMINISTRAT	5.77%	TREAS-RET CONT	1412 GF CONTR. TO FIRE PEN FU	35.35%
TREASURER	1150 DATA PROCESSING	5.41%	TREAS-RET CONT	1413 GF CONTR. TO RES.SQUAD WO	3.24%
TREASURER	1210 INVESMENT MANAGEMENT	13.51%	TREAS-RET CONT	1432 LINE OF DUTY DEATH BENEF	.62%
TREASURER	1220 BANKING OPERATIONS	2.32%	ADMINISTRATION	2912 DEFERRED COMPENSATION BO	.07%

Objectives:

- Provide funds for student loans through the efficient operations of an escheat and abandoned property program.

Outcome Measures:

	<u>1993-94</u> <u>Actual</u>	<u>1994-95</u> <u>Actual</u>	<u>1995-96</u> <u>Actual</u>	<u>1996-97</u> <u>Estimated</u>	<u>1997-98</u> <u>Expected</u>	<u>1998-99</u> <u>Expected</u>
- Net yield of Cash Management Program over average equivalent bond yield for the auction of one year Treasury bills during the three year period ending at the report date.	+0.88 pts.	+0.76 pts.	+1.31 pts.	+1.05 pts.	+1.00 pts.	+1.07 pts.
- Net yield of Trust Fund Investment Program over average actuarial rate assumption during the three years ending at the report date.	+1.90 pts.	+1.82 pts.	+1.26 pts.	+1.34 pts.	+1.50 pts.	+1.25 pts.
- The percentage of the Cash Management Program not available for investment.	1.48%	0.95%	1.03%	1.00%	1.00%	1.00%
- Credit Quality: Number of defaults of publicly held debt.	0	0	0	0	0	0
- Total Pension System Membership.	555,909	574,110	593,156	610,900	629,400	648,500
- Funds transferred to the State Educational Assistance Authority to make loans to needy and worthy students (in millions).	\$8.4	\$9.2	\$10.9	\$12.0	\$13.2	\$14.5

PURPOSE DETAIL:

<u>Description</u>	<u>1995-96</u> <u>Actual</u>	<u>1996-97</u> <u>Authorized</u>	<u>1997-98</u>		<u>1998-99</u>	
			<u>Inc/Dec From</u> <u>Authorized</u>	<u>Total</u> <u>Recommended</u>	<u>Inc/Dec From</u> <u>Authorized</u>	<u>Total</u> <u>Recommended</u>
1120 NUMBER OF POSITIONS REQUIREMENTS	12.00	12.00	.00	12.00	.00	12.00
53 1200 SPA SALARIES	332,826	344,985	0	344,985	0	344,985
53 1400 SUPPLEMENT TO REG. WA	4,915	6,372	83	6,455	83	6,455
53 1500 EMPLOYEE BENEFIT COST	77,664	86,075	302-	85,773	297-	85,778
53 1600 OTHER PERSONAL SERVIC	293	0	0	0	0	0
53 2000 PURCHASED CONTRACTUAL	59,033	64,799	0	64,799	0	64,799
53 3000 SUPPLIES	2,974	4,800	0	4,800	0	4,800
53 4000 PROPERTY, PLANT & EQU	3,812	17,100	0	17,100	0	17,100
53 5000 OTHER EXPENSES & ADJU	1,742	800	0	800	0	800
53 8010 DEPENDENT CARE-OP TFR	110	0	0	0	0	0
TOTAL REQUIREMENTS	483,369	524,931	219-	524,712	214-	524,717

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
53 5000 OTHER EXPENSES & ADJU	6,537	8,305	0	8,305	0	8,305
53 8010 DEPENDENT CARE-OP TFR	9	0	0	0	0	0
TOTAL REQUIREMENTS	675,853	718,490	1,823	720,313	2,681	721,171
ESTIMATED RECEIPTS						
43 7000 MISCELLANEOUS	49	0	0	0	0	0
43 8000 INTRA GOVERNMENTAL TR	675,770	718,490	1,823	720,313	2,681	721,171
TOTAL RECEIPTS	675,819	718,490	1,823	720,313	2,681	721,171
NET APPROPRIATION	34	0	0	0	0	0

1120 Departmental Accounting**P/PB 0530 Investments**

PURPOSE: Departmental Accounting provides budgeting and accounting support to the department.

PROGRAM INFORMATION:

This is one of 12 funds that contribute to program number 0530, Investments. The total 1996-97 certified budget for P/PB 0530 is \$30,410,865 of which this fund is \$499,931, or 1.64% of the total. A programmatic presentation which groups all funds that contribute to specific program levels throughout state government according to similar outcomes, objectives, and outcome measures may be found in Volume 7.

Following is a complete list of departmental accounting funds which contribute to P/PB 0530.

TREASURER	1110 GENERAL ADMINISTRATION	2.26%	TREASURER	1310 LOCAL GOVERNMENT OPERATI	10.95%
TREASURER	1120 DEPARTMENTAL ACCOUNTING	1.64%	TREASURER	1410 RETIREMENT OPERATIONS	18.84%
TREASURER	1130 ESCHEAT FUND ADMINISTRAT	5.77%	TREAS-RET CONT	1412 GF CONTR. TO FIRE PEN FU	35.35%
TREASURER	1150 DATA PROCESSING	5.41%	TREAS-RET CONT	1413 GF CONT. TO RES.SQUAD WO	3.24%
TREASURER	1210 INVESMENT MANAGEMENT	13.51%	TREAS-RET CONT	1432 LINE OF DUTY DEATH BENEF	.62%
TREASURER	1220 BANKING OPERATIONS	2.32%	ADMINISTRATION	2912 DEFERRED COMPENSATION BO	.07%

Objectives:

- Provide effective and efficient management to the Cash Management Program.
- Provide effective and efficient management to the Trust Fund Investment Program.
- Provide effective and efficient management of the cash concentration and cash disbursement processes.
- Provide effective and efficient fiscal assistance to local government by assisting them in the sale of local government debt and in maintaining good fiscal procedures.
- Enhance the compensation of state and local governmental employees and teachers through providing efficient retirement systems to all eligible persons.
- Provide funds for student loans through the efficient operations of an escheat and abandoned property program.

NUMBER OF POSITIONS:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
REQUIREMENTS						
1110 GENERAL ADMINISTRATIO	13.00	13.00	.00	13.00	.00	13.00
1120 DEPARTMENTAL ACCOUNTI	12.00	12.00	.00	12.00	.00	12.00
1130 ESCHEAT FUND ADMINIST	20.00	20.00	.00	20.00	.00	20.00
1150 DATA PROCESSING	25.00	25.00	.00	25.00	.00	25.00
1210 INVESMENT MANAGEMENT	22.00	22.00	.00	22.00	.00	22.00
1220 BANKING OPERATIONS	12.50	12.50	.00	12.50	.00	12.50
1310 LOCAL GOVERNMENT OPER	32.00	32.00	.00	32.00	.00	32.00
1410 RETIREMENT OPERATIONS	104.00	101.00	.00	101.00	.00	101.00
TOTAL REQUIREMENTS	240.50	237.50	.00	237.50	.00	237.50

1110 General Administration**P/PB 0530 Investments**

PURPOSE: General Administration provides administrative, technical, and specialized support to the Department of State Treasurer.

PROGRAM INFORMATION:

Objectives and Outcome Measures shown in fund 1120 also apply to funds 1110 and 1150. All three of these funds are included in P/PB code 0530.

PURPOSE DETAIL:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
1110 NUMBER OF POSITIONS	13.00	13.00	.00	13.00	.00	13.00
REQUIREMENTS						
53 1100 EPA SALARIES	87,000	87,000	0	87,000	0	87,000
53 1200 SPA SALARIES	370,836	393,350	0	393,350	0	393,350
53 1400 SUPPLEMENT TO REG. WA	10,829	12,190	1,019	13,209	1,336	13,526
53 1500 EMPLOYEE BENEFIT COST	102,276	109,615	804	110,419	1,345	110,960
53 2000 PURCHASED CONTRACTUAL	80,306	83,931	0	83,931	0	83,931
53 3000 SUPPLIES	7,292	8,549	0	8,549	0	8,549
53 4000 PROPERTY, PLANT & EQU	10,768	15,550	0	15,550	0	15,550

SUMMARY BY OBJECTS:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
REQUIREMENTS						
53 1100 EPA SALARIES	87,000	87,000	0	87,000	0	87,000
53 1200 SPA SALARIES	6,482,563	6,806,155	0	6,806,155	0	6,806,155
53 1300 TEMPORARY SALARIES	35,599	25,568	0	25,568	0	25,568
53 1400 SUPPLEMENT TO REG. WA	159,052	147,064	5,514	152,578	12,720	159,784
53 1500 EMPLOYEE BENEFIT COST	1,600,181	1,707,633	2,118-	1,705,515	203	1,707,836
53 1600 OTHER PERSONAL SERVIC	34,393	59,975	0	59,975	0	59,975
53 2000 PURCHASED CONTRACTUAL	5,809,733	8,435,865	660,000-	7,775,865	660,000-	7,775,865
53 3000 SUPPLIES	198,224	241,929	0	241,929	0	241,929
53 4000 PROPERTY, PLANT & EQU	877,240	976,072	650,000-	326,072	650,000-	326,072
53 5000 OTHER EXPENSES & ADJU	233,899	44,398	0	44,398	0	44,398
53 8010 DEPENDENT CARE-OP TFR	1,892	0	0	0	0	0
53 8132 TRSFR-OUT-DEPT OF JUS	157,686	109,197	0	109,197	0	109,197
53 8999 TRSFR TO SUBSEQUENT Y	2,066,149	0	0	0	0	0
TOTAL REQUIREMENTS	17,743,611	18,640,856	1,306,604-	17,334,252	1,297,077-	17,343,779
ESTIMATED RECEIPTS						
43 4000 SALES, SERVICES & REN	566,239	573,548	160-	573,388	524	574,072
43 7000 MISCELLANEOUS	7,231	0	0	0	0	0
43 8000 INTRA GOVERNMENTAL TR	12,310,727	10,769,997	413,349-	10,356,648	406,665-	10,363,332
TOTAL RECEIPTS	12,884,197	11,343,545	413,509-	10,930,036	406,141-	10,937,404
NET APPROPRIATION	4,859,414	7,297,311	893,095-	6,404,216	890,936-	6,406,375

GENERAL FUND BUDGET CODE SUMMARY:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
TOTAL REQUIREMENTS	17,743,611	18,640,856	-1,306,604	17,334,252	-1,297,077	17,343,779
TOTAL ESTIMATED RECEIPTS	12,884,197	11,343,545	-413,509	10,930,036	-406,141	10,937,404
NET APPROPRIATION	4,859,414	7,297,311	-893,095	6,404,216	-890,936	6,406,375

SUMMARY BY PURPOSE:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
REQUIREMENTS						
1110 GENERAL ADMINISTRATIO	675,853	718,490	1,823	720,313	2,681	721,171
1120 DEPARTMENTAL ACCOUNTI	483,369	524,931	219-	524,712	214-	524,717
1130 ESCHEAT FUND ADMINIST	1,217,041	1,781,515	404,889-	1,376,626	404,625-	1,376,890
1150 DATA PROCESSING	1,445,034	1,664,514	1,287	1,665,801	2,147	1,666,661
1210 INVESMENT MANAGEMENT	3,187,368	4,104,479	2,750	4,107,229	3,414	4,107,893
1220 BANKING OPERATIONS	559,853	708,496	146	708,642	1,480	709,976
1310 LOCAL GOVERNMENT OPER	2,010,128	3,334,712	896,148-	2,438,564	895,303-	2,439,409
1320 STATE BOND ISSUANCE	161,968	0	0	0	0	0
1410 RETIREMENT OPERATIONS	8,002,997	5,803,719	11,354-	5,792,365	6,657-	5,797,062
TOTAL REQUIREMENTS	17,743,611	18,640,856	1,306,604-	17,334,252	1,297,077-	17,343,779
ESTIMATED RECEIPTS						
1110 GENERAL ADMINISTRATIO	675,819	718,490	1,823	720,313	2,681	721,171
1120 DEPARTMENTAL ACCOUNTI	483,368	524,931	219-	524,712	214-	524,717
1130 ESCHEAT FUND ADMINIST	1,217,043	1,781,515	404,889-	1,376,626	404,625-	1,376,890
1150 DATA PROCESSING	1,445,035	1,664,514	1,287	1,665,801	2,147	1,666,661
1220 BANKING OPERATIONS	285,827	225,927	3	225,930	3	225,930
1310 LOCAL GOVERNMENT OPER	612,109	624,449	160-	624,289	524	624,973
1320 STATE BOND ISSUANCE	161,968	0	0	0	0	0
1410 RETIREMENT OPERATIONS	8,003,028	5,803,719	11,354-	5,792,365	6,657-	5,797,062
TOTAL RECEIPTS	12,884,197	11,343,545	413,509-	10,930,036	406,141-	10,937,404
NET APPROPRIATION	4,859,414	7,297,311	893,095-	6,404,216	890,936-	6,406,375

DEPARTMENT OF STATE TREASURER

GOAL: The goal of the Department of State Treasurer, is to assure that the following duties and obligations assigned by statute to the State Treasurer and the department are fulfilled: (1) Public funds are lawfully expended; (2) Surplus funds are invested prudently; (3) Debt service payments are made timely on state general obligation debt; (4) Local governments are assisted in maintaining sound fiscal policies and positions; (5) The pension and employee benefit programs assigned to the department are administered efficiently; and (6) The financial value of escheated and abandoned property to the State and its citizens are maximized.

SUMMARY OF ALL BUDGET CODES:

Description	1995-96 Actual	1996-97 Authorized	1997-98		1998-99	
			Inc/Dec From Authorized	Total Recommended	Inc/Dec From Authorized	Total Recommended
TOTAL REQUIREMENTS	29,748,798	31,566,043	-2,306,604	29,259,439	-2,297,077	29,268,966
TOTAL ESTIMATED RECEIPTS	12,974,197	11,343,545	-413,509	10,930,036	-406,141	10,937,404
BEGINNING CASH BALANCE	-	-	-	-	-	-
ENDING CASH BALANCE	-	-	-	-	-	-
INCREASE/DECREASE CASH BALANCE	-	-	-	-	-	-
NET APPROPRIATION	16,774,601	20,222,498	-1,893,095	18,329,403	-1,890,936	18,331,562
NUMBER OF POSITIONS	237.50	237.50	0.00	237.50	0.00	237.50

Department of State Treasurer

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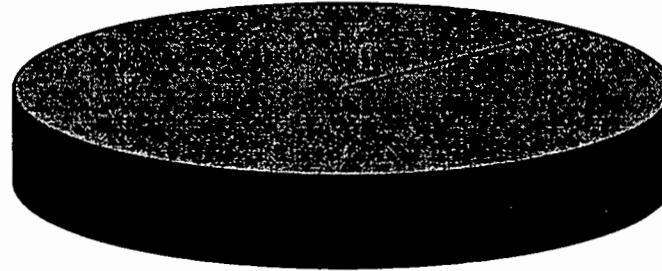
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Department of State Treasurer

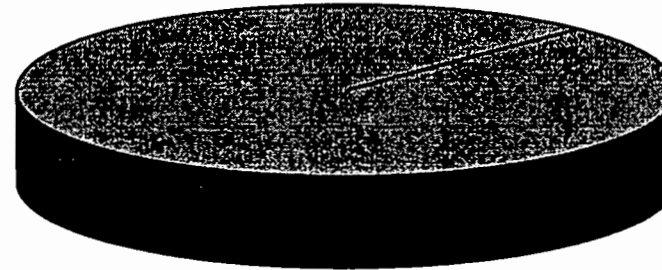
1997-99 Recommended Continuation Budget
for
Department of State Treasurer
(in millions)

1997-98 Recommended Total Expenditures
(in \$ millions)



General Government
Program Area
\$29.26M

1998-99 Recommended Total Expenditures
(in \$ millions)



General Government
Program Area
\$29.27M

ESCHEAT FUND

To use the property received pursuant to the escheat and unclaimed property statutes to:

- Provide interest earnings to enable worthy and needy students in this State to obtain post-secondary education in state supported schools; and
- Locate and refund the property to the rightful owners.

Meeting these goals enhances the ability of worthy and needy students to pursue higher education, and enhances the well-being of the owner's by identifying for them property which had been forgotten.

Escheat Fund Fiscal Data

	1995-96 Actual	1996-97 Authorized*	1997-98 Recommended	1998-99 Recommended
Total Requirements	\$1,217,041	\$1,805,344	\$1,376,626	\$1,376,890
Receipts	1,217,043	1,805,344	1,376,626	1,376,890
Net Appropriations	<u>\$-2</u>	<u>0</u>	<u>0</u>	<u>0</u>
Position Count	20	20	20	20

GENERAL ADMINISTRATION

To provide administrative staff and specialized support for the department's operating divisions and the Office of State Treasurer. In addition to the Office of State Treasurer, this division also includes the support units of Departmental Accounting and Data Processing.

Administrative Services Fiscal Data

	1995-96 Actual	1996-97 Authorized*	1997-98 Recommended	1998-99 Recommended
Total Requirements	\$2,604,256	\$2,979,595	\$2,910,826	\$2,912,549
Receipts	2,604,222	2,979,595	2,910,826	2,912,549
Net Appropriations	<u>\$34</u>	<u>0</u>	<u>0</u>	<u>0</u>
Position Count	50	50	50	50

RETIREMENT SYSTEMS

To administer the retirement systems and other employee benefit plans assigned by statute to the Department, primarily for the benefit of the participants and secondary for the benefit of the State and local governments in the State.

Retirement plans and the other fringe benefits administered by the Department are a significant part of the compensation packaged of career employees of State and local governments. Meeting this goal serves the best interest of both the State and local governments and their employees, by enhancing this portion of the employee's total compensation package. This goal is met by:

- Maintaining a high level of communications with individual participants who need information or service;
- Providing prompt service to eligible participants including:
 - Information on current status of a member's account,
 - Payment of monthly benefits,
 - Payment of refunds to withdrawing members,
 - Payments of other benefits; and
- Providing service and information to the participating employers.

Retirement Systems Fiscal Data

	1995-96 Actual	1996-97 Authorized*	1997-98 Recommended	1998-99 Recommended
Total Requirements	\$8,002,997	\$7,976,152	\$5,792,365	\$5,797,062
Receipts	8,003,028	7,976,152	5,792,365	5,797,062
Net Appropriations	<u>\$-31</u>	<u>0</u>	<u>0</u>	<u>0</u>
Position Count	104	101	101	101

Purpose

The purpose of this subprogram is to optimize returns on state investments and ensure the financial security of state agencies and local governments, as well as their retirement systems.

Expected outcomes

The expected outcomes for this subprogram are:

- to optimize investment income (balanced against risk);
- to provide necessary bond and financial services to local government;
- to maintain an effective and solvent retirement system; and
- to maximize receipts from *escheat property* (property which reverts to the state because there are no heirs to the property).

Background and trends

From 1990-95, North Carolina's population has grown at a rate of 8.5 percent, averaging 1.7 percent annually.¹ It is projected to increase at a rate of 1.4 percent for the next five years. As they have in the past, state government investment activities should continue to grow at a rate equal to the projected growth in state population.

Retirement plans are currently administered for over 500,000 retired and currently employed teachers and other state and local government employees.²

\$23.3 million in unclaimed property (escheat or abandoned) was received by the state in 1995. These revenues are expected to increase at approximately the same rate as the growth in personal income in the State (5.7 percent per year).³

While the number of state employees is growing more slowly than the population as a whole, rising industry standards generate demands for faster and more accurate service and information. The Retirement Systems Division of the Department of State Treasurer is currently implementing an Electronic Document Management System. This System, also known as an Imaging System, will convert the Division's jacketed microfiche records and new, incoming paper documents into electronic images that can be processed on computer workstations throughout the Division. In addition to being viewed on a workstation, these images can be printed, faxed and electronically moved from one workstation to another.

The objectives of the new Imaging System are :

- increase efficiency by streamlining workflows,
- decrease processing errors,
- reduce the time required to access and store files,
- minimize misfiling of records,
- reduce required storage space,
- increase flexibility to allow more than one employee to work with a member's record at the same time,
- improve file management and security, and
- insure adequate disaster recovery ability, whereby duplicate electronic files stored off-site would allow recovery of members' and retirees' records should the on-site files be damaged or destroyed.⁴

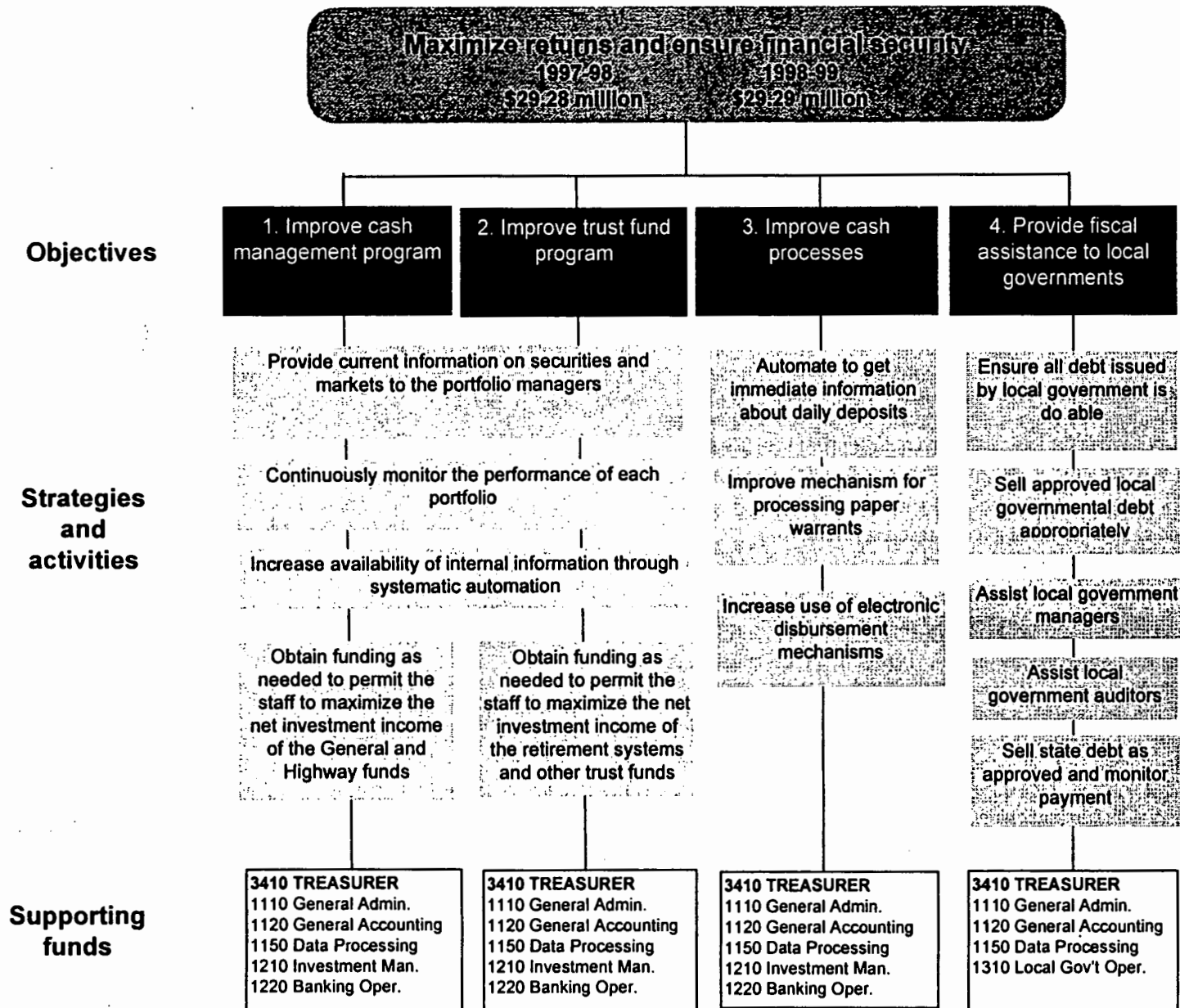
To date, approximately 60 percent of the various retirement administrative processes have been incorporated in automated workflows. This project should be complete by January, 1997.

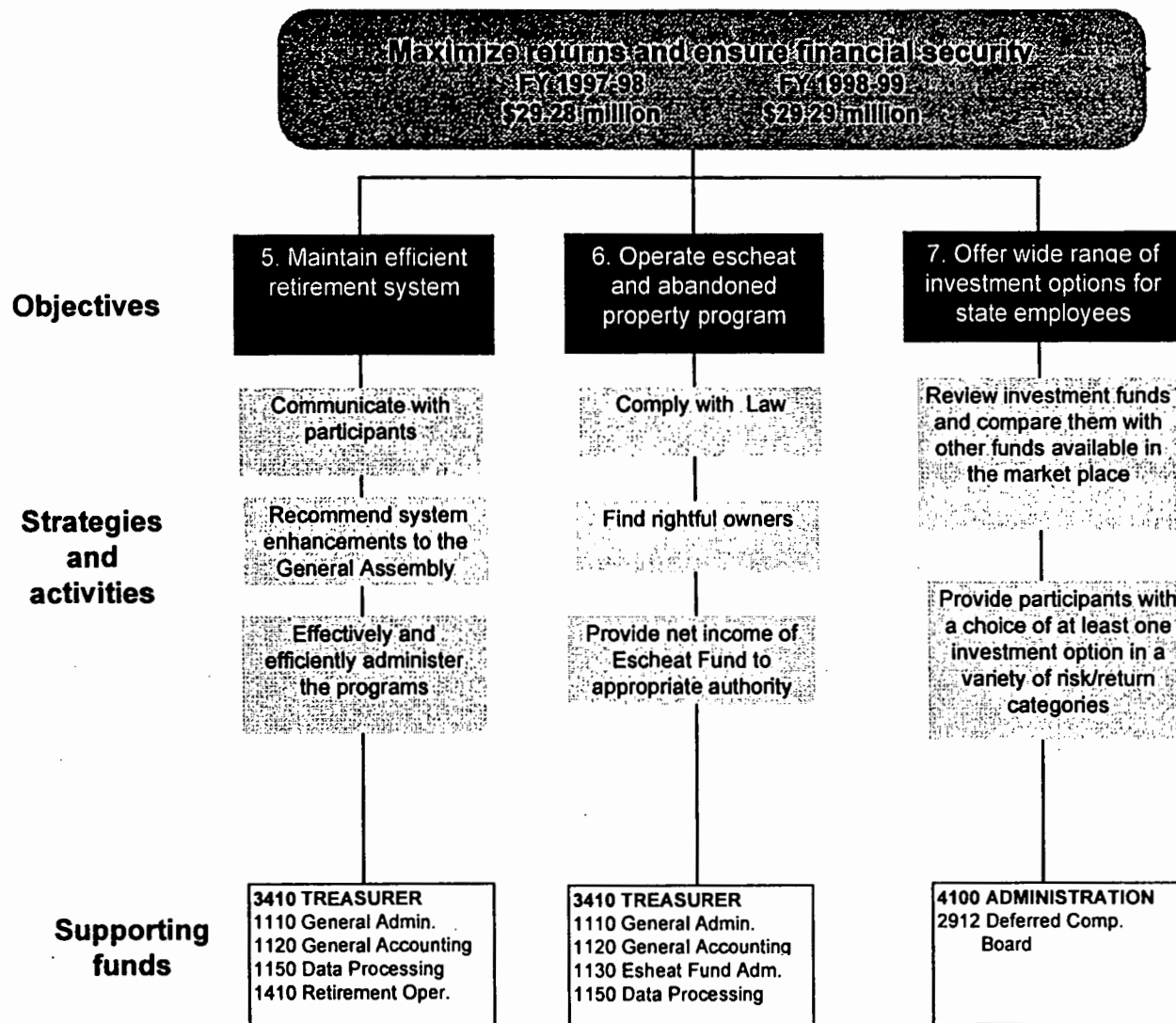
¹ Office of State Planning, North Carolina Population Projections, Winter 1995.

² Office of the State Treasurer.

³ Office of the State Treasurer.

⁴ "Treasurer's Quarterly", Summer 1996.





Objective 1: Provide effective and efficient management to the cash management program.

Measure	Actual					Estimated	Expected	Expected
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Outcome Measures:								
Net yield of cash management program over average equivalent bond yield for the auction of one year Treasury bills during the three year period ending at the report date	n/a	n/a	+ 0.88 pts.	+ 0.76 pts.	+ 1.31 pts.	+ 1.05 pts.	+ 1.00 pts.	+ 1.07 pts.
Performance Measures:								
Investment Earnings-Average percent of the short-term Investment Fund invested	n/a	n/a	98.5%	99.5%	99.4%	99.0%	99.0%	99.0%
Investment Earnings-Trust Funds: Average monthly realized yield on short-term portfolios	n/a	n/a	6.07%	6.37%	6.65%	6.25%	6.00%	6.10%

Current Situation:

Funds:

3410 TREASURER
 1110 General Administration
 1120 General Accounting
 1150 Data Processing
 1210 Investment Management
 1220 Banking Operations

Objective 2: Provide effective and efficient management to the trust fund investment program.

Measure	Actual					Estimated	Expected	Expected
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Outcome Measures:								
Net yield of Trust Fund Investment Program over average actuarial rate assumption during the three years ending at the report date	n/a	n/a	+ 1.90 pts.	+ 1.82 pts.	+ 1.26 pts.	+ 1.34 pts.	+ 1.50 pts.	+ 1.25 pts.
Performance Measures:								
Investment Earnings-Trust Funds: Average monthly realized yield on longer-term portfolios	n/a	n/a	8.51%	8.27%	9.50%	8.75%	8.75%	8.73%
Year-end balances of longer-term portfolios (in millions)	n/a	n/a	\$24,953	\$27,347	\$29,960	\$32,350	\$34,905	\$37,750

Current Situation:**Funds:**

3410 TREASURER
 1110 General Administration
 1120 General Accounting
 1150 Data Processing
 1210 Investment Management
 1220 Banking Operations

Objective 3: Provide effective and efficient management of the cash concentration and cash disbursement processes.

Measure	Actual					Estimated	Expected	Expected
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Outcome Measures:								
The percentage of the cash management program not available for investment	n/a	n/a	1.48%	0.95%	1.03%	1.00%	1.00%	1.00%
Performance Measures:								
Value of warrants paid (in millions)	n/a	n/a	\$25,570	\$27,297	\$27,368	\$28,200	\$29,000	\$29,000
Process paid warrants: Number of warrants paid (in millions)	n/a	n/a	21.4	21.0	21.6	21.5	21.5	21.5
Percent of instances in which warrant processing is completed on the day of presentation	n/a	n/a	99%	99%	99%	99%	99%	99%

Current Situation:**Funds:**

3410 TREASURER
 1110 General Administration
 1120 General Accounting
 1150 Data Processing
 1210 Investment Management
 1220 Banking Operations

Objective 4: Provide effective and efficient fiscal assistance to local governments by assisting them in the sale of local government debt and in maintaining good fiscal procedures.

Measure	Actual					Estimated	Expected	Expected
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Outcome Measures:								
Credit Quality: Number of defaults of publicly held debt	n/a	n/a	0	0	0	0	0	0
Performance Measures:								
Bonds and notes sold for local units: General Obligation Number of issues	n/a	n/a	121	87	84	90	95	100
General obligation debt authorized: Number of issues	n/a	n/a	90	50	81	85	90	95
Semi-annual cash and investment reports analyzed	n/a	n/a	2.265	2.270	2.272	2.275	2.278	2.280
Training seminars and workshops conducted	n/a	n/a	75	75	75	75	75	75
Quarterly, semi-annually, and annual revenue bond reports reviewed	n/a	n/a	115	115	125	130	135	140

Current Situation:

Funds:

3410 TREASURER
 1110 General Administration
 1120 General Accounting
 1150 Data Processing
 1310 Local Government Operations

Objective 5: Enhance the compensation of state and local governmental employees and teachers through providing efficient retirement systems to all eligible persons.

Measure	Actual					Estimated	Expected	Expected
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Outcome Measures:								
Total pension system membership	n/a	n/a	555,909	574,110	593,156	610,900	629,400	648,500
Performance Measures:								
In the six retirement systems :								
The number of new enrollments	n/a	n/a	46,699	51,227	51,784	55,125	57,700	60,400
The number of new retirements	n/a	n/a	7,322	7,850	8,336	8,840	9,420	10,000
The number of withdrawals	n/a	n/a	26,521	30,298	31,924	34,300	36,100	38,000
Retirement benefits paid (in millions)	n/a	n/a	\$986.5	\$1,103.0	\$1,224.1	\$1,370.0	\$1,530.0	\$1,700.0
Refunds paid (in millions)	n/a	n/a	\$87.0	\$98.0	\$105.7	\$117.0	\$126.0	\$136.0

Current Situation:

Funds:

3410 TREASURER
 1110 General Administration
 1120 General Accounting
 1150 Data Processing
 1410 Retirement Operations

Objective 6: Provide funds for student loans through the efficient operation of an escheat and abandoned property program.

Measure	Actual					Estimated	Expected	Expected
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Outcome Measures:								
Funds transferred to the State Educational Assistance Authority to make loans to needy and worthy students (in millions)	n/a	n/a	\$8.4	\$9.2	\$10.9	\$12.0	\$13.2	\$14.5
Performance Measures:								
Number of refunds to rightful owners	n/a	n/a	7,152	7,125	6,977	7,375	7,800	8,250
Refunds to rightful owners (in millions)	n/a	n/a	\$4.9	\$5.2	\$5.9	\$6.2	\$6.6	\$7.0
Number of needy North Carolina students assisted	n/a	n/a	2,430	2,591	2,782	2,975	3,175	3,400

Current Situation:**Funds:**

3410 TREASURER
 1110 General Administration
 1120 General Accounting
 1130 Escheat Fund Administration
 1150 Data Processing

Objective 7: Offer a wide range of investment options, providing an opportunity for state employees to choose among fixed and variable funds with the goal of attaining a maximum return under the constraints of ensuring against loss of capital.

Measure	Actual					Estimated	Expected	Expected
	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Outcome Measures: Achieve a total return on investment funds that meets or exceeds the return earned by its market indices	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Performance Measures:								

Current Situation:

Funds:

4100 ADMINISTRATION
2912 Deferred Compensation Board

0530 Investments

1996-97 Authorized Expenditures

	Number of <u>Positions</u>	Total <u>Requirements</u>	Total <u>Receipts</u>	Total <u>Appropriation</u>	Percent of Total <u>Requirements</u>
Funds reviewed by					
General Government					
<u>Appropriations Subcommittee:</u>					
3410 TREASURER					
1110 GENERAL ADMINISTRATION	13.00	718,490.00	718,490.00	0.00	2.35
1120 DEPARTMENTAL ACCOUNTING	12.00	524,931.00	524,931.00	0.00	1.72
1130 ESCHEAT FUND ADMINISTRAT	20.00	1,781,515.00	1,781,515.00	0.00	5.82
1150 DATA PROCESSING	25.00	1,664,514.00	1,664,514.00	0.00	5.44
1210 INVESMENT MANAGEMENT	22.00	4,104,479.00	0.00	4,104,479.00	13.42
1220 BANKING OPERATIONS	12.50	708,496.00	225,927.00	482,569.00	2.32
1310 LOCAL GOVERNMENT OPERATI	32.00	3,334,712.00	624,449.00	2,710,263.00	10.90
1410 RETIREMENT OPERATIONS	101.00	5,803,719.00	5,803,719.00	0.00	18.97
3412 TREAS - RET CONT					
1412 GF CONTR. TO FIRE PEN FU	0.00	10,749,785.00	0.00	10,749,785.00	35.14
1413 GF CONT. TO RES.SQUAD WO	0.00	985,402.00	0.00	985,402.00	3.22
1432 LINE OF DUTY DEATH BENEF	0.00	190,000.00	0.00	190,000.00	0.62
4100 ADMINISTRATION					
<u>2912 DEFERRED COMPENSATION BO</u>	<u>0.00</u>	<u>21,250.00</u>	<u>12,940.00</u>	<u>0.00</u>	<u>0.07</u>
TOTAL FOR 0530 FUNDS	237.50	\$ 30,587,293.00	\$ 11,356,485.00	\$ 19,222,508.00	100.00

0530 Investments

	1996-97	***** 1997-98 *****		***** 1998-99 *****	
	AUTHORIZED	INCREASE/DECREASE	TOTAL RECOMMENDED	INCREASE/DECREASE	TOTAL RECOMMENDED
REQUIREMENTS	30,587,293	-1,306,604	29,280,689	-1,297,077	29,290,216
INTER/INTRA TRANSFERS IN	10,769,997	-413,349	10,356,648	-406,665	10,363,332
OTHER ESTIMATED RECEIPTS	586,488	8,150	594,638	8,834	595,322
NET APPROPRIATION	19,222,498	-893,095	18,329,403	-890,936	18,331,562
CHANGE IN CASH BALANCE	-8,310	8,310	0	8,310	0
NUMBER OF POSITIONS	237.50	.00	237.50	.00	237.50

**DEPARTMENT OF
CULTURAL RESOURCES**

DEPARTMENT OF CULTURAL RESOURCES

Mission Statement

The mission of the Department of Cultural Resources is to enrich the cultural, educational and economic well-being of citizens and visitors to North Carolina through the preservation, development, presentation, promotion and dissemination of artistic, historical and information resources. (G.S. 121-1-42; G.S. 125-1-19; G.S. 140-5.3-15; G.S. 140-1-6; G.S. 143B-49-133.1).

Goals

Through its six divisions, the department fulfills this mission and accomplishes its primary goals:

1. On behalf of present and future citizens and visitors, to manage, preserve, disseminate, publish, promote and encourage an appreciation of North Carolina's history using the state's historical resources and records. **(North Carolina Division of Archives and History)**
2. To promote the understanding of the history and material culture of North Carolina for the educational benefit of the state's people and visitors through collections and historical interpretation. **(North Carolina Museum of History)**
3. To acquire, preserve and exhibit art works (both in the state's collection and on loan) and produce quality exhibitions, publications and related programs for the education and enjoyment of the state's people and visitors. **(North Carolina Museum of Art)**
4. To develop the arts resources of the state so citizens and visitors will have access to a wide variety of quality arts experiences. **(North Carolina Arts Council)**
5. To foster musical awareness, enjoyment and education by performing both major orchestral concerts and educational concerts for the state's citizens and visitors. **(North Carolina Symphony)**
6. To develop and extend public library services for North Carolinians in partnership with local communities. **(State Library of North Carolina)**
7. To coordinate and support statewide library network activities to assure equality of access to electronic information resources for all North Carolinians. **(State Library of North Carolina)**
8. To provide library and information resources for North Carolinians to promote knowledge, education and commerce. **(State Library of North Carolina)**

Department Summary Information

Divisions and Their Roles as a Part of the Department

Administration:

The Office of the Secretary performs planning/policy development activities for the department and assures that departmental programs serve the people of North Carolina. The office oversees grants appropriated by the N.C. General Assembly. The Office of the Secretary directs the North Carolina Awards program, instituted in 1961 by the N.C. General Assembly. The North Carolina Awards is the highest honor the state can bestow, which recognizes notable accomplishments by North Carolina citizens in the fields of scholarship, research, the fine arts and public leadership.

The Roanoke Island Commission, established in 1995, operates the *Elizabeth II* and Roanoke Island Historical Park under development in Manteo. The commission is charged to protect, preserve, develop and interpret the historical and cultural assets of Roanoke Island.

The Administrative Services Office provides budgeting, data processing, purchasing, payroll, and mail support to all divisions in the department and assures the fiscal and audit accountability of all state, federal, and private funds entrusted to the department.

The Division of Archives and History is responsible for researching, preserving and maintaining a record of North Carolina's rich cultural heritage. The division consists of six sections: State Historic Sites, Archives and Records, Historical Publications, Archaeology and Historic Preservation, State Capitol, and Tryon Palace Historic Sites and Gardens. The Director's Office also oversees operation of divisional computing, the Outer Banks History Center, Stagville Center, the Western Office, the First Flight Centennial Commission, the Federation of N.C. Historical Societies and the N.C. Literary and Historical Association.

The North Carolina Museum of History promotes understanding of the history and material culture of North Carolina for citizens, school children and visitors in all one hundred counties. Three regional branches extend the museum's services: the Museum of the Albemarle in Elizabeth City, the Museum of the Cape Fear in Fayetteville, and the Mountain Gateway Museum in Old Fort. The museum develops, produces and maintains over 61,000 square feet of long and short term exhibits with interpretive programs, special events and publications for 350,000 visitors annually; it provides outreach to schools and

community groups through programs such as the Tar Heel Junior Historians, a North Carolina Information Highway site and an Internet home page; and it serves other museums and historical organizations throughout the state through consultations and professional services. The museum's activities provide access to collections numbering over 300,000 artifacts representing all aspects of North Carolina history. Its support group, the North Carolina Museum of History Associates (numbering some 15,000), is the largest state history museum support group in the United States.

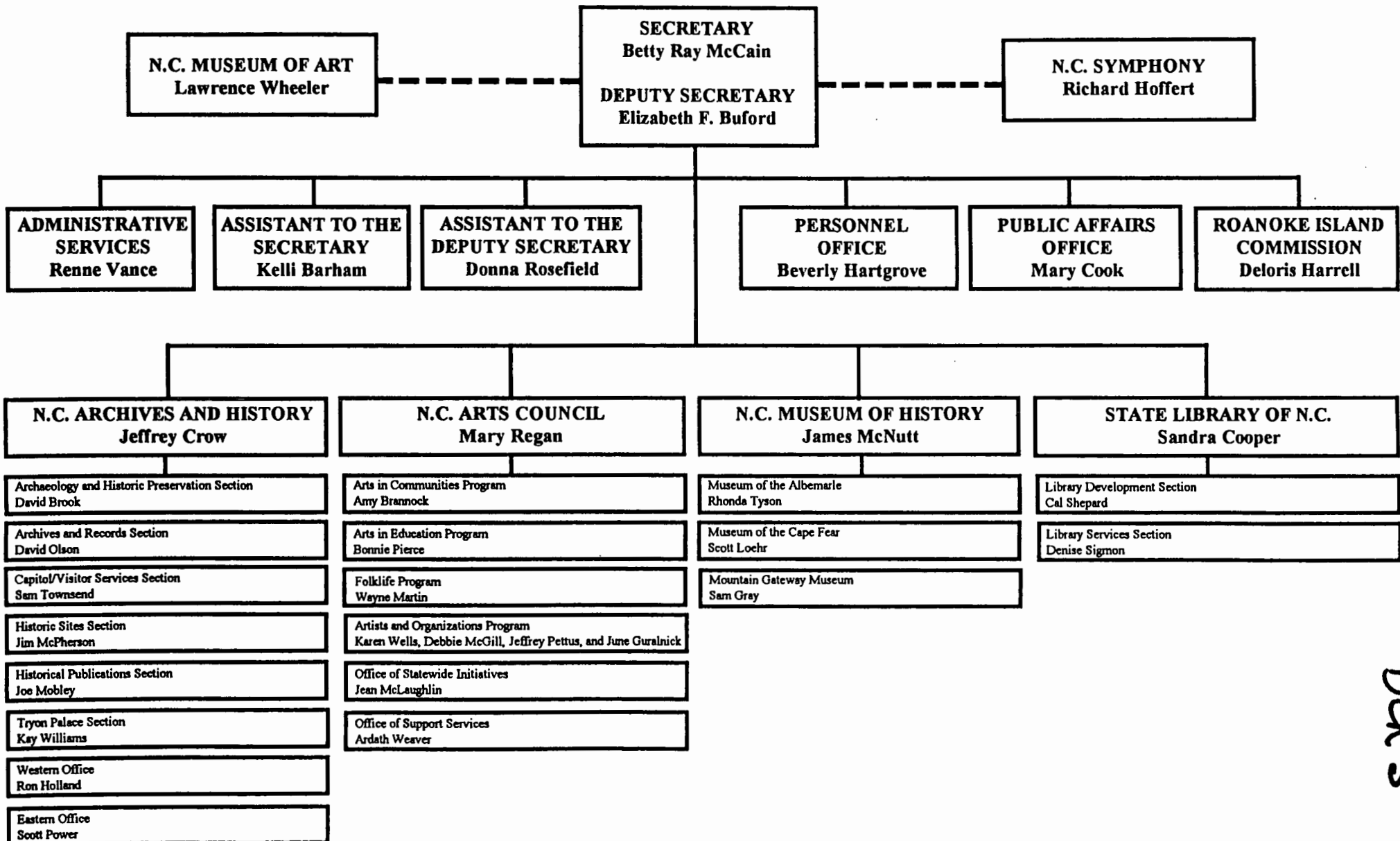
The North Carolina Museum of Art houses permanent displays of the state's art collection, plus changing exhibitions. One of the finest in the southeast, the museum's collection was the first in the nation to receive state support. Paintings and sculptures represent 5,000 years of man's achievements from ancient Egypt to the present. Collections of Renaissance and Baroque, English 18th century and American 19th century art are internationally recognized for their excellence. The North Carolina Art Society and the North Carolina Museum of Art Foundation provide substantial financial support for the museum's exhibitions, acquisitions, educational programs and other operating needs. Programs include films, lectures, concerts, workshops for adults and children, and outreach to areas outside Wake County. The museum features the new Joseph M. Bryan, Jr. Theater in the Museum Park, a gift shop and the Museum Cafe.

The North Carolina Arts Council supports excellence in the arts and provides opportunities for all North Carolinians to experience the arts. Grants, technical assistance, and a variety of services are available to nonprofit organizations and individuals. The Grassroots Arts Program provides funds for local arts activities in every county on a per capita basis. Other grants support dance, folklife, literature, music, theatre and visual arts projects, as well as fellowships and residencies for professional artists. Arts education programs are offered in pre-K through 12th grade settings. Over 10 million people participate annually in Arts Council-funded projects.

The North Carolina Symphony, a major professional orchestra founded in 1932, performs approximately 175 adult and children's concerts each year, taking music to a wide range of communities across the state. In 1943, the symphony became the first state orchestra in the country to receive a state grant for ongoing support, and it has continued to receive the state aid for 53 years. The orchestra has one of the most extensive educational programs in the country, performing about 75 educational concerts a year as a part of the state's music curriculum for school children and sponsoring several youth competitions and a string internship program. The N.C. Symphony Society raises approximately 60 percent of the symphony's annual operating budget, while the N.C. Symphony Foundation holds the permanent endowment.

The State Library of North Carolina has a long, rich history that began with its founding in 1812, the appointment of the first full-time State Library in 1843, the establishment of the North Carolina Library Commission in 1909, and the merger of the commission and the State Library into a single agency in 1955. Today, the State Library serves North Carolinians statewide by working in partnership with local communities to develop and extend public library services; by developing the North Carolina Library and Information Network to coordinate efforts among all types of libraries to provide access to both print and electronic information resources through a modern telecommunications infrastructure; and by providing direct library services to a constituency that includes government officials, business people, and the general public, as well as services offered through the Library for the Blind and Physically Handicapped. The State Library administers the State Aid to Public Libraries Fund that distributes \$12.9 million in state dollars through formula grants to public libraries serving all 100 counties as well as the federal Library Services and Technology Act.

THE NORTH CAROLINA DEPARTMENT OF CULTURAL RESOURCES



February 1997

DCR 5

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on General Government 2/26, 1997

Name of Committee

Date

AM

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Harken Bayser	NC State Treasurer
Steve Albright	Rep
James Moore	" " " "
Joe Moore	" " " "
James C. McHugh	OSC
Larry Wheeler	DCR - Museum of History
Mary Regan	DCR - Museum of Art
James J. Crow	DCR - Arts Council
Charlene Sutton	DCR - Archives & History
Kenne Vance	DCR - Admin. Serv.
Joseph M. Sansom	DCR - Admin. Services
Kathie Austin Padgett	NC STATE TREASURER'S DEPT.
Jim Howell	OSPL
Betsy Bayard	OSBM
Pete Ray McGinn	DCR
Jandra M. Cooper	DCR
Ferg Norton	DCR - State Library
John D. Dye	First Flight Centennial Commission
Bernard Allen	Dept of State Treasurer
Martha Glass	Secy. of State
Ernest E. Hollaway	DOA
Wella Fries	OSBM
Heather Earl	DOA
Morris Dorman	DOA
L. ALLEN ADAMS	DOA
Ed Regan	NC BATTLESHIP COMMISSION
	N.C. Assoc. of Co. Comm.

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on General Government

2-26, 1997

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS[illegible]

JOINT APPROPRIATIONS SUBCOMMITTEE
ON
GENERAL GOVERNMENT

February 27, 1997

The Joint Appropriations Subcommittee on General Government met Thursday, February 27, 1997 at 8:30 a.m. in room 425 of the Legislative Office Building. Four of the Senate members were present. Representatives present were: Co-Chairs Ives, McCombs and Sherrill; and Culpepper, Decker, Jeffus and Wainwright.

Senator Warren chaired the meeting. The Cultural Resources Department continued with their overview. (A copy of their report is attached to yesterday's minutes.)

Dr. Larry Wheeler, Director of the North Carolina Museum of Art, noted that fifty years ago the General Assembly appropriated \$1M to begin an art museum and that today the State's Art Museum is one of the leading museums in the Southern United States. He said that their budget was weighted toward securing and caring for its collection of wonderful works of art. The Joseph M. Bryan Theater, the Museum's new performing arts facility, built without any State funds, will open in the spring, said Dr. Wheeler. The following are some projects of which they are particularly proud:

- taking major parts of the collection into other parts of the State.
- providing every school with a portfolio of reproductions of some of the major paintings with an explanation for the teachers. Paid for by Wachovia.
- having selected high school students paint murals which will be exhibited, with an opening celebration, etc. Paid for by Glaxo.
- offering a summer institute for teachers.

Dr. Wheeler announced that they were having a **Fiftieth Celebration** April 3 for everyone who has served in the General Assembly for the past fifty years.

In response to a question from Senator Warren, Dr. Wheeler said that public contributions had never been better, and he told Representative Ives that their requests for

that the State Library had a long and proud history, beginning with its founding in 1812 as a collection of books in the office of the Secretary of State and the appointment of the first full-time State Librarian in 1843; and that under the authority of G.S. 125, it focuses its service to the people of the State in three ways:

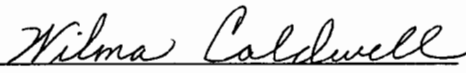
1. by working in partnership with local communities to develop and extend public library services statewide;
2. by developing the North Carolina Library and Information Network (NCLIN) to coordinate efforts among all types of libraries to provide access to both print and electronic information resources through a modern telecommunications infrastructure; and
3. by providing direct library services to a constituency that includes government officials, business people, and the general public, as well as services offered through the Library for the Blind and Physically Handicapped.

In conclusion Ms. Cooper said that they were working very hard to refocus staff duties to reduce positions and costs, in response to the General Assembly's request.

There being no further time, the meeting adjourned at 9:55 a.m. to reconvene Tuesday morning, March 4, at 8:30 a.m.

Respectfully submitted,

Senator Ed Warren, Chairman


Wilma Caldwell, Committee Clerk

AM

2/27, 1997
Date

Date _____

FIRM OR AGENCY AND ADDRESS

Bernard Allen
with Riddick

MINUTES

GENERAL GOVERNMENT Joint Appropriations Subcommittee

March 4, 1997

The Joint Appropriations Subcommittee on General Government met on March 4, 1997 in Room 425 of the Legislative Office Building at 8:30 A.M. with Representative Wilma Sherrill, Cochair presiding.

The following members were present: Representative Sherrill, Cochair; Representative Ives, Cochair; Representative Jeffus, Representative Braswell, Representative Culpepper, Representative Wainwright and five Senators.

The meeting was called to order by Representative Wilma Sherrill. She introduced Richard Hoffert, Executive Director of the Department of Cultural Resources who gave a presentation on the NORTH CAROLINA SYMPHONY (Notebook pp. DCR 121 - DCR 136; Budget Book pp. H 31 - H 32; Performance Budget Book pp.9-29, 9-35).

Mr. Hoffert then gave a presentation on the GRANTS-IN-AID TO ARTS (Notebook p. DCR 136; Budget Book pp. H 32 - H 34; Performance Budget Book pp. 9-29, 9-30 and 9-33). Discussion followed.

Mr. Hoffert then introduced James McNutt, Director of the MUSEUM OF HISTORY, WHO GAVE A PRESENTATION ON THE Museum of History (Notebook pp. DCR 138 - DCR 149; Budget Book pp. H 39 - H 41; Performance Budget Book pp. 9-15 to 9-28). Discussion followed.

Mr. McNutt introduced Betsy Buford, Deputy Secretary, who gave a presentation relative to the OFFICE OF THE SECRETARY AND ADMINISTRATIVE SERVICES. (Notebook pp. DCR 10 - DCR 18; Budget Book pp. H 6 - H 9; Performance Budget Book pp. 9-45 to 9-46). Discussion followed.

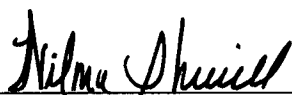
The meeting adjourned at 9:30 A.M. to reconvene 15 minutes after Session.

The afternoon session convened at 4:00 P.M. with Representative Wilma Sherrill presiding. She called the meeting to order with the following members present:

Representative Sherrill, Cochair; Representative Ives, Cochair; Representative McCombs, Cochair; Representative Culpepper, Representative Wainwright, Representative Ellis, and three Senators.

Representative Sherrill introduced Gary Bartlett, Executive Secretary Director, STATE BOARD OF ELECTIONS, who gave a presentation on the functions of the State Board of Elections. (Notebook pp. SBE-1 to SBE-85, General Government Budget Book pp. P(1)-4; Performance Budget Book pp. 10-184 to 10-186. Discussion followed.

The meeting adjourned at 4:30 P.M.



Wilma Sherrill-Presiding Cochair

Rosa S. Kelley, Clerk

PM

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

FIRM OR AGENCY AND ADDRESS

[illegible]

att. 1

MEMORANDUM

To: Michele T. Nelson

From: Renné Vance *Renné Vance*

Subject: Budget Items for Consideration by House General Gov. Subcommittee

Date: May 2, 1997

Secretary McCain and Deputy Secretary Buford have noted the following items in the Senate budget for further discussion by the House General Government Subcommittee when it convenes next week:

Reference: Senate Bill 352

1. Page 203, line 17

TRANSFER FIRST FLIGHT CENTENNIAL COMMISSION TO DOT

DCR Recommendation: Delete entire provision.

The First Flight Centennial Commission has not voted to move the commission from the Department of Cultural Resources to the Department of Transportation. The chairman alone has made the request.

2. Page 204, line 42

PROCEDURE FOR AWARD OF CULTURAL RESOURCES GRANTS

DCR Recommendation: Delete last sentence: "These grants are not subject to review by the Historical Commission."

Reference: Senate Subcommittee on General Government, April 22, 1997:

Page 17 (1241) State Historic Sites

3. State Civil War Sites

Funding is authorized to preserve, improve, and promote the State's Civil War era sites.

DCR Recommendation: Change to:

State-Owned Civil War Sites

Funding is authorized to preserve, improve, and promote the State-owned Civil War era sites.

*Move
by Ellis
to delete
from
H. budget*



North Carolina General Assembly
Legislative Services Office

George R. Hall, Legislative Services Officer
(919) 733-7044

Att 12

Ernest Robinson, Director
Administrative Division
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Thomas L. Covington, Director
Fiscal Research Division
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Donald W. Fulford, Director
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(919) 733-6834

Terrence D. Sullivan, Director
Research Division
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300 N. Salisbury St.
Raleigh, NC 27603-5925
(919) 733-2578

May 13, 1997

MEMORANDUM

To: Representative Jerry Braswell

From: Michele T. Nelson *Michele T. Nelson*

Subject: Adjustments in the Department of Cultural Resources' Budget

As you requested, the percentage of change in the FY 1996 -97 Authorized Budget and the 1997-99 Recommended Budget for the Department of Cultural Resources is indicated below, and includes funding for the Roanoke Island Commission:

Authorized 1996-97	Recomm'd 1997-98 - %	Recomm'd 1998-99 - %
\$ 50,558,055	\$52,608,363 - 3.9%	\$52,922,221 - 4.5%

Additionally, the Department's budget for each year of the 97-99 biennium, as adopted by the Senate, is outlined below. Beginning with the Recommended Budget, which includes funds for the Roanoke Island Commission, adjustments are indicated for the transfer of the Maritime Museum, total reductions, and total expansion with percentage of change (no distinction is made between recurring and non-recurring expansion funds):

	1997-98 - %	1998-99 - %
Total Recomm'd Budget	\$52,608,363	\$52,922,221
Transfer (Maritime Museum)	\$ 792,227 - 1.5%	\$ 786,713 - 1.5%
Total Reduction	(\$ 710,262) - (1.4%)	(\$ 710,262) - (1.3%)
Total Expansion	<u>\$12,500,000</u> - 23.8%	<u>\$ 3,200,000</u> - 6.0%
Revised Budget	\$65,190,328 - 23.9%	\$56,198,672 - 6.2%

Department of Cultural Resources
1997-99 Operating Reserves

Continuation Budget

2584 Roanoke Island Commission
(24802)

Reserve for Operations of the Roanoke Island Commission
C.I. Code 49414-4402

Roanoke Island Commission

Budget:

<u>Subhead</u>	<u>Description</u>	<u>Prorata Cost</u> <u>1997-98</u>	<u>Annual Cost</u> <u>1998-99</u>
4602-531112-2584	EPA Regular Salaries		
	Historic Sites Specialist III (G70)	29,449	29,449
	Historic Sites Specialist III (G70)	29,449	29,449
	Office Assistant IV (G59)	18,763	18,763
	Office Assistant III (G57)	13,034	17,378
	Sales Manager II (G58)	13,528	18,037
	Sales Clerk II (G53)	11,793	15,724
	Sales Clerk II (G53)	0	15,724
	Maintenance Mechanic IV (G64)	17,177	22,903
	Maintenance Mechanic II (G60)	14,636	19,515
	Maintenance Mechanic I (G58)	13,528	18,037
	Maintenance Mechanic I (G58)	18,037	18,037
	Grounds Supervisor II (G65)	17,873	23,831
	Grounds Worker (G56)	12,549	16,732
	Grounds Worker (G56)	12,549	16,732
	Housekeeping Supervisor (G60)	14,636	19,515
	General Utility Worker (G53)	11,793	15,724
	General Utility Worker (G53)	11,793	15,724
	General Utility Worker (G53)	11,793	15,724
	General Utility Worker (G53)	11,793	15,724
	Processing Assistant V (G61)	15,252	20,336
	Processing Assistant II (G54)	11,825	15,767
	Museum Technician (G63)	16,511	22,015
	Museum Technician (G63)	16,511	22,015
	Museum Technician (G63)	16,511	22,015
	Museum Technician (G63)	16,511	22,015
	Historic Sites Specialist I (G66)	18,629	24,838
	Historic Interpreter III (G62)	21,142	21,142
	Historic Interpreter II (G60)	9,758	19,515
	Historic Interpreter II (G60)	9,758	19,515
	Historic Interpreter I (G58)	18,037	18,037
4602-531212-2584	EPA Regular Salaries		
	Maintenance Facility Supervisor III (G70)	29,449	29,449
	Historic Sites Specialist III (G70)	29,449	29,449
Total Salaries		513,516	648,830

<u>Subhead</u>	<u>Description</u>	<u>Prorata Cost</u> <u>1997-98</u>	<u>Annual Cost</u> <u>1998-99</u>
4602-531311-2584	Temporary Salaries	332,600	467,920
4602-531422-2584	Holiday Pay	3,000	3,000
4602-531511-2584	Social Security Contribution	64,957	85,661
4602-531521-2584	Retirement Contribution	55,939	70,593
4602-531561-2584	Medical Insurance Contribution	43,065	55,680
4602-532199-2584	Misc Contractual Services	86,000	56,000
4602-532210-2584	Energy Service - Electrical	35,800	51,000
4602-532230-2584	Energy Service - Water and Sewage	4,500	5,400
4605-532390-2584	Repairs - Other	6,000	12,000
4602-532490-2584	Maintenance Agreement - Other	14,000	15,000
4602-532714-2584	Transportation - Ground - In-State	3,900	7,800
4602-532715-2584	Transportation - Ground - Out-State	200	250
4602-532721-2584	Lodging - In State	950	1,900
4602-532722-2584	Lodging - Out State	300	450
4602-532724-2584	Meals In State	950	1,100
4602-532725-2584	Meals - Out of State	200	250
4602-532727-2584	Misc - In State	6,100	6,100
4602-532728-2584	Misc - Out State	200	250
4602-532731-2584	BD/Non-Employee Transportation	850	1,700
4602-532732-2584	BD/Non-Employee Subsis	850	1,700
4602-532811-2584	Telephone Service	6,720	8,000
4602-532840-2584	Postage, Freight, and Delivery	2,000	2,000
4602-532850-2584	Print, Bind, and Duplicate	7,000	3,300
4602-532860-2584	Advertising	11,500	8,000
4602-532911-2584	Property Insurance	3,000	4,500
4602-532942-2584	Other Employee Educational Exp	1,100	2,800
4602-533110-2584	General Office Supplies	1,200	1,000
4602-533310-2584	Gasoline	1,500	2,500
4602-533320-2584	Diesel Fuel	250	250
4602-533900-2584	Other Materials and Supplies	46,000	31,000
4602-534511-2584	Furniture-Office	4,450	3,400
4602-534522-2584	Equipment-Computers	14,000	
4602-534539-2584	Other Equipment	48,500	5,000
4602-534710-2584	Computer Software	3,000	1,100
4602-535830-2584	Membership Dues and Subscriptions	<u>2,850</u>	<u>2,850</u>
	Total-Reserve for Roanoke Island Commission	1,326,947	1,568,284



North Carolina Department of Cultural Resources
Office of the Secretary

James B. Hunt, Jr., Governor

Betty Ray McCain, Secretary

MEMORANDUM

To: The Honorable Carolyn Russell

From: Elizabeth F. Buford, Deputy Secretary

Subject: State Civil War Sites

Date: April 29, 1997

Betty Ray McCain

As a follow-up to our presentation at the House Capital and Budget Subcommittee this afternoon and subsequent discussion on the Senate budget's \$1,000,000 appropriation for promotion and preservation of the state's Civil War era sites, I would like to provide a list of the state-owned Civil War era sites administered by the Department of Cultural Resources:

1. Bentonville Battleground State Historic Site
Four Oaks (Johnston County)
2. Fort Fisher State Historic Site
Kure Beach (New Hanover County)
3. CSS *Neuse* State Historic Site
Kinston (Lenoir County)
4. Vance Birthplace State Historic Site
Reems Creek (Buncombe)
5. Bennett Place
Durham (Durham)
6. Somerset Place State Historic Site
Creswell (Washington)

The Honorable Carolyn Russell
April 29, 1997
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7. Stagville Center
Durham (Durham)

8. North Carolina State Capitol
Raleigh (Wake)

9. Fort Anderson at Brunswick Town
Winnabow (Brunswick)

10. Museum of the Cape Fear
Fayetteville (Cumberland County)

11. New Bern Academy at Tryon Palace
New Bern (Craven County)

Thank you for your interest in our Civil War sites. Please let me know if you need further information.

cc: Representative Leo Daughtry
Secretary Betty Ray McCain
Lynn Muchmore
Michele T. Nelson ✓

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on General Government 5/15, 1997

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

NAME
Bernard Kellen

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Keith McCowder

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Michael Borne

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JOINT APPROPRIATIONS SUBCOMMITTEE
ON
GENERAL GOVERNMENT

March 5, 1997

The Joint Appropriations Subcommittee on General Government met Wednesday, March 5, 1997 at 8:30 a.m. in room 425 of the Legislative Office Building. All of the Senate members were present. Representatives present were: Co-Chairs Ives, McCombs and Sherrill; and Braswell, Culpepper, and Jeffus.

Chairman Warren introduced Muriel Offerman, Secretary of the Department of Revenue and asked her to make an opening statement. (Attachment 1). In the absence of Assistant Secretary Zieg Miller, Mike Hodges, Deputy Secretary of Revenue, briefly went over the handout "Overview of the North Carolina Department of Revenue" which was submitted to the Committee. (Attachment 2) He noted that the Mission of the Department was to administer the tax laws and collect the taxes due the State in an impartial, uniform and efficient manner, and that the goals were: 1) expand communication capability both internally and externally; 2) provide comprehensive training and development; 3) improve taxpayer services; 4) improve compliance; 5) analyze and prioritize resources; 6) implement total quality management; and 7) develop a comprehensive business plan.

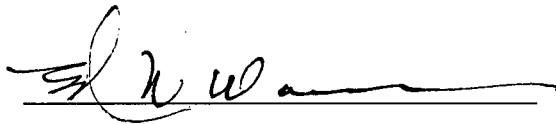
In response to questions from Senators Page, Kinnaird, Ledbetter and Warren, Mr. Hodges responded: that the formula for figuring individual income tax is mandated by statute; that collecting taxes from mail-order companies from out-of-state is a big problem; that the Supreme Court ruled that this tax cannot be forcibly collected; that no interest is paid on quarterly overpayments of taxes; that most corporate audits are done at the company location, while most individual audits are done in the Departmental office; that the Federal retirees refund is going very well; that inheritance tax paid in N. C. depends on many variables, one important one being the type of beneficiary. Mr. Jack Harper said that they had not had to hire additional personnel to handle the questions arising from the reduction of the sales tax on food.

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March 5, 1997

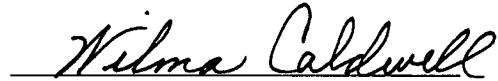
Mr. Jack Harper, Director, the Corporate Income/Franchise Tax Division, was then introduced and did an overview of what his Division was involved in. (pp. 21-26, Attachment 2).

The meeting adjourned at 9:55 a.m. to reconvene one hour after the last Session adjourns.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Ed Warren", written over a horizontal line.

Senator Ed Warren, Chairman

A handwritten signature in dark ink, appearing to read "Wilma Caldwell", written over a horizontal line.

Wilma Caldwell, Committee Clerk

REMARKS FOR SECRETARY OFFERMAN
GENERAL GOVERNMENT SUBCOMMITTEE
GENERAL ASSEMBLY, RALEIGH, N.C.
MARCH 5, 1997

THANK YOU FOR ALLOWING US TO COME AND TELL YOU ABOUT THE DEPARTMENT OF REVENUE AS YOU MAKE DECISIONS ABOUT THE CONTINUATION BUDGET. MY STAFF AND I WELCOME THE OPPORTUNITY TO DISCUSS WHAT WE DO AND SOME OF OUR PLANS FOR THE FUTURE. WE ARE GLAD TO BE HERE, AND WE HOPE THE INFORMATION WE SHARE WITH YOU WILL GIVE YOU INSIGHT INTO THE WORKINGS OF STATE GOVERNMENT'S FINANCIAL CENTER.

A MAJORITY OF WHAT I WILL SPEAK TO TODAY CAN BE FOUND IN THE OVERVIEW OF THE DEPARTMENT IN YOUR NOTEBOOKS. WE HAVE INCLUDED SOME COLOR GRAPHS IN THE HANDOUT MATERIAL THAT WILL HELP YOU MAKE SOME COMPARISONS USING THE FIGURES I WILL DISCUSS.

I UNDERSTAND YOU WILL HEAR FROM 15 STATE AGENCIES DURING THIS PROCESS AND WILL LEARN ABOUT THEIR OPERATIONS, THEIR PROGRAM ELEMENTS AND HOW THEIR BUDGET IS EXPENDED. I'M HERE TO SHARE WITH YOU HOW THE STATE OF NORTH CAROLINA IS ABLE TO FUND THOSE PROGRAMS.

AS KEEPERS OF THE PUBLIC TRUST, YOU RUN AN 18.1 BILLION DOLLAR OPERATION. AS TRUSTEES, YOU MANAGE A BUSINESS WHICH RANKS IN SIZE AMONG THE LEADING FORTUNE 500 COMPANIES IN THE COUNTRY.

THE DEPARTMENT OF REVENUE IS ONE OF YOUR PROPERTIES, AND IT IS THE ONE THAT GENERATES THE MONEY TO RUN ALL THE OTHERS. WE ARE THE FINANCIAL CENTER FOR STATE GOVERNMENT. WE TAKE GREAT PRIDE IN THE WORK WE DO; DOING OUR JOB WELL HELPS ALL OF STATE GOVERNMENT, AND THE BENEFACTORS ARE THE PEOPLE OF OUR STATE.

WE COLLECT AND ACCOUNT FOR THE STATE'S TAX FUNDS, ENSURE UNIFORMITY OF THE ADMINISTRATION OF TAX LAWS AND REGULATIONS, CONDUCT RESEARCH ON REVENUE MATTERS AND EXERCISE GENERAL AND SPECIFIC SUPERVISION OVER THE VALUATION AND TAXATION OF PROPERTY THROUGHOUT THE STATE.

OUR BUDGET FOR THE CURRENT FISCAL YEAR IS 71 MILLION DOLLARS. GROSS COLLECTIONS LAST YEAR TOTALED OVER 13.5 BILLION DOLLARS, OF WHICH 1.9 BILLION DOLLARS WAS RETURNED TO LOCAL GOVERNMENTS.

WE HAVE COME A LONG WAY FROM OUR SIMPLE BEGINNINGS WHEN WE WERE ORGANIZED IN MAY OF 1921 WITH 16 PERSONS ON THE PAYROLL.

THE DEPARTMENT OF REVENUE HAD OPERATING EXPENSES OF 88,000 DOLLARS AND COLLECTIONS OF 3.1 MILLION DOLLARS. TODAY, OUR PERSONNEL NUMBERS 1,224 FULL-TIME EMPLOYEES AND OVER 400 TEMPORARIES.

THE COST OF RUNNING THE DEPARTMENT OF REVENUE TODAY IS ONE-HALF OF 1 PERCENT OF ANNUAL GROSS COLLECTIONS. ANOTHER WAY TO SAY THAT IS, THAT FOR EVERY DOLLAR APPROPRIATED TO THE DEPARTMENT FOR THIS FISCAL YEAR, WE WILL RETURN 190 DOLLARS TO THE PUBLIC COFFERS.

OUR AVERAGE DEPOSIT EACH DAY IS 54 MILLION DOLLARS. THAT TRANSLATES INTO COLLECTION RATES OF 6.75 MILLION DOLLARS AN HOUR OR 112,500 DOLLARS EVERY MINUTE. PUT ANOTHER WAY - WE COLLECT THE ENTIRE 15 MILLION DOLLAR OPERATING BUDGET FOR THE DIVISION OF PARKS AND RECREATION OF THE DEPARTMENT OF ENVIRONMENT, HEALTH AND NATURAL RESOURCES IN JUST OVER TWO HOURS. IN FACT, WE COLLECT OUR OWN BUDGET IN A LITTLE OVER A DAY.

SOME OF YOU MAY NOT KNOW THIS BUT "FIRST IN FLIGHT" IS NOT THE ONLY NOTEWORTHY FIRST FOR NORTH CAROLINA. WHEN THE GENERAL ASSEMBLY AUTHORIZED THE CREATION OF THE DEPARTMENT IN 1921, IT WAS THE FIRST OF ITS KIND IN THE UNITED STATES.

I THINK YOU WOULD AGREE WITH ME THAT THE DECISION SHOWED A TREMENDOUS AMOUNT OF FORESIGHT AND WISDOM. OUR FOREFATHERS, AND MOTHERS, RECOGNIZED THAT COLLECTING TAXES DUE TO THE PEOPLE OF THE STATE SHOULD BE DONE IN AN EFFICIENT, EFFECTIVE AND PROFESSIONAL MANNER.

WHEN THE DEPARTMENT OF REVENUE WAS FIRST ORGANIZED, IT OCCUPIED THE SENATE CHAMBER OF THE STATE CAPITOL, INCLUDING THE SENATE CLERK'S OFFICE AND SEVERAL SMALL COMMITTEE ROOMS ON THE THIRD FLOOR. THERE WAS A SLIGHT PROBLEM WITH THOSE ACCOMMODATIONS, HOWEVER. EACH TIME THE GENERAL ASSEMBLY MET, THE DEPARTMENT HAD TO MOVE TO TEMPORARY QUARTERS IN OTHER STATE OFFICE BUILDINGS.

THE DEPARTMENT EVENTUALLY OUTGREW ITS FIRST TRUE HOME IN THE BUILDING AT THE CORNER OF MORGAN AND SALISBURY STREETS. THANKS TO GENEROUS APPROPRIATIONS BY THE GENERAL ASSEMBLY, WE MOVED TO OUR CURRENT FACILITY, A STATE-OF-THE-ART BUILDING, ON WILMINGTON STREET, ADJACENT TO THE STATE GOVERNMENT MALL IN DECEMBER 1992.

I KNOW YOU DIDN'T ASK FOR THE HISTORY LESSON, BUT I DID WANT TO TOUCH ON OUR EARLY YEARS SO YOU WOULD HAVE A SENSE OF HOW FAR OUR AGENCY HAS COME AND HOW MUCH WE HAVE ACCOMPLISHED TO DATE.

LAST YEAR, THE HOUSE COMMITTEE CHAIRS AND SOME MEMBERS OF FISCAL STAFF TOOK A TOUR OF THE BUILDING AND OUR OPERATIONS. I BELIEVE THE PARTICIPANTS FOUND THE TOUR TO BE BENEFICIAL, AND I EXTEND AN INVITATION TO ALL OF YOUR FOR A VISIT THIS YEAR.

AT THE TIME OF OUR RELOCATION TO THE NEW BUILDING, THE DEPARTMENT REORGANIZED TO AN ORGANIZATION ALIGNED BY FUNCTIONAL RESPONSIBILITIES RATHER THAN AN ORGANIZATION ALIGNED ACCORDING TO THE ADMINISTRATION OF SPECIFIC TAX SCHEDULES.

THE FUNCTIONAL ALIGNMENT HAS PERMITTED THE DEPARTMENT TO GROUP LIKE FUNCTIONS, SUCH AS AUDITING, ACCOUNTS RECEIVABLES, REGISTRATIONS, ETC, REGARDLESS OF A PARTICULAR TAX.

I JOINED THE DEPARTMENT OF REVENUE AS DEPUTY SECRETARY IN 1993 WITH THE NEW ADMINISTRATION AND HAD THE DISTINCT PLEASURE OF WORKING WITH JANICE FAULKNER. I BECAME SECRETARY WHEN SHE LEFT TO SERVE AS SECRETARY OF STATE AND WAS REAPPOINTED BY GOVERNOR HUNT IN JANUARY OF THIS YEAR.

WE ENVISION THE DEPARTMENT OF REVENUE AS A CUSTOMER-FOCUSED, TEAM-BASED AGENCY - AN AGENCY THAT DEVELOPS HIGHLY SKILLED EMPLOYEES AND EMPOWERS THEM TO MAKE INFORMED DECISIONS AND IMPROVE PROCESSES IN ORDER TO PROVIDE THE BEST POSSIBLE CUSTOMER SERVICE IN FULFILLING OUR MISSION.

OUR MISSION IS TO ADMINISTER THE TAX LAWS AND COLLECT THE TAXES DUE THE STATE IN AN IMPARTIAL, UNIFORM AND EFFICIENT MANNER.

AS YOU MAY ALREADY KNOW, WE ARE A TOTAL QUALITY MANAGEMENT PILOT AGENCY FOR STATE GOVERNMENT, AND WE BELIEVE THAT OUR INVESTMENT OF TIME AND ENERGY IN LEARNING AND APPLYING THE PRINCIPLES OF TQM IS PAYING QUALITY DIVIDENDS FOR OUR CUSTOMERS - THE TAXPAYERS OF NORTH CAROLINA.

WE ARE GUIDED BY THE TQM CONCEPT WHERE WE INTEGRATE THREE PRIMARY PRINCIPLES: CUSTOMER SATISFACTION, EMPLOYEE INVOLVEMENT AND CONTINUOUS IMPROVEMENT.

WE ARE COMMITTED TO IMPROVING WORK PROCESSES AND WORK CONDITIONS, INVOLVING OUR EMPLOYEES IN DECISION-MAKING AND EMPOWERING THEM TO TAKE OWNERSHIP OF THEIR DUTIES AND RESPONSIBILITIES.

WE HAVE EMBRACED THE MANAGEMENT APPROACH OF USING APPROPRIATE METHODOLOGIES TO MANAGE OUR PROCESSES. THIS INCLUDES THE USE OF CONTINUOUS IMPROVEMENT AND BUSINESS PROCESS RE-ENGINEERING. THIS IS DONE TO ENSURE THAT PROJECTS ARE COMPLETED ON TIME AND PERFORMED ACCORDING TO SPECIFICATIONS. WE UTILIZE NATURAL WORK TEAMS AND BUSINESS PROCESS RE-ENGINEERING TECHNIQUES IN CONTINUAL ANALYSES OF OUR WORK.

AS PART OF THIS ON-GOING ANALYSIS, WE HAVE PROPOSED A REVISED ORGANIZATIONAL STRUCTURE THAT SLIGHTLY CHANGES REPORTING RELATIONSHIPS. THIS PROPOSAL HAS BEEN SUBMITTED TO THE GOVERNOR, AS REQUIRED BY STATUTE, AND WE WILL SEND IT TO THE GENERAL ASSEMBLY IN THE NEAR FUTURE, IN ACCORDANCE WITH THE LAW.

THE DEPARTMENT OF REVENUE HAS VERY CLEAR, WELL-DEFINED PROCESSES, SUCH AS ROUTING MAIL, PROCESSING INCOME TAX REFUNDS AND EXAMINING RETURNS. LAST FISCAL YEAR, WE RECEIVED 7.5 MILLION PIECES OF MAIL AND SENT OUT 8.2 MILLION PIECES. WE PROCESSED 2.4 MILLION REFUNDS TOTALING 1.2 BILLION DOLLARS LAST YEAR. IN INDIVIDUAL INCOME TAX ALONE, WE ISSUED 2.3 MILLION RETURNS TOTALING 835 MILLION DOLLARS.

ALL OF THESE ACTIVITIES INVOLVE PROCESSES. LIKE ALL PROCESSES, METHODS EXIST FOR IMPROVING THEM, AND WE CONTINUALLY TRY TO IDENTIFY AND IMPLEMENT THOSE METHODS. AS A MATTER OF INFORMATION, AS OF THE END OF FEBRUARY, WE ARE 128,000 REFUND CHECKS AHEAD OF LAST YEAR'S TOTAL AT THIS SAME TIME OF YEAR.

THOSE ADDITIONAL REFUNDS MEAN THAT 48 MILLION DOLLARS MORE HAVE BEEN RETURNED TO TAXPAYERS THAN WERE PROCESSED BY LATE FEBRUARY 1996 AND GROSS COLLECTIONS ARE UP 653.2 MILLION DOLLARS FROM A YEAR AGO.

APPROPRIATE PLANNING IS ALSO A VITALLY IMPORTANT PART OF OUR ACTIVITIES. WE HAVE A STRATEGIC DEPARTMENT PLAN, A BUSINESS PLAN IF YOU LIKE, AND ALL OF OUR BUDGET REQUESTS AND PROGRAM EFFORTS ARE IN CONCERT WITH THAT PLAN. OUR SEVEN PRIMARY GOALS AND STRATEGIC DIRECTIONS FOR THE AGENCY ARE:

- 1) EXPAND COMMUNICATION CAPABILITY BOTH INTERNALLY AND EXTERNALLY;
- 2) PROVIDE COMPREHENSIVE TRAINING AND DEVELOPMENT;
- 3) IMPROVE TAXPAYER SERVICES;
- 4) IMPROVE COMPLIANCE;
- 5) ANALYZE AND PRIORITIZE RESOURCES;
- 6) IMPLEMENT TOTAL QUALITY MANAGEMENT, AND
- 7) DEVELOP A COMPREHENSIVE BUSINESS PLAN.

IN CONJUNCTION WITH THOSE OBJECTIVES, WE CONSTANTLY STRIVE TO ACHIEVE EXCELLENCE IN PUBLIC SERVICE. A LARGE PART OF THAT EXCELLENCE IN PUBLIC SERVICE IS ACHIEVED BY PROVIDING OUTSTANDING CUSTOMER SERVICE.

BY PROVIDING TIMELY, EFFICIENT AND HELPFUL CUSTOMER SERVICE, WE ASSIST TAXPAYERS IN FULFILLING THEIR RESPONSIBILITIES AS TAXPAYING CITIZENS. IT IS ALSO A CRITICAL ELEMENT OF A FAIR AND EQUITABLE TAX SYSTEM.

IN THE DEPARTMENT OF REVENUE, WE HAVE A SOMEWHAT UNIQUE RESPONSIBILITY WHEN IT COMES TO CUSTOMER SERVICE. THE CUSTOMER SERVICE WE PROVIDE NOT ONLY BENEFITS THE PERSON WE ARE IN CONTACT WITH, BUT ALSO ALL NORTH CAROLINIANS.

WHEN AN INDIVIDUAL OR COMPANY MEETS ITS TAX OBLIGATIONS, OUR COMMUNITIES, OUR SCHOOLS, OUR CHILDREN, OUR ELDERLY, ALL BENEFIT. THESE REVENUES ARE THE FUEL OF THE GOVERNMENT ENGINE WHICH PROVIDES HEALTH CARE, EDUCATION, SUPPORTS ECONOMIC DEVELOPMENT, PROTECTS OUR NATURAL RESOURCES AND SO MANY OTHER IMPORTANT GOVERNMENT INITIATIVES.

FURTHERMORE, AS MANDATED BY LAW, WE ARE RESPONSIBLE FOR MAINTAINING A LEVEL PLAYING FIELD. IF YOU PAY YOUR TAXES ON TIME AND IN FULL, YOU SHOULD FEEL CONFIDENT THAT OTHERS _ OTHERS WHO USE OUR ROADS, PUBLIC SCHOOLS AND OTHER SERVICES _ ARE DOING THE SAME.

OUR EMPLOYEES ARE THE KEY TO OUR SUCCESS IN OUR CUSTOMER SERVICE EFFORTS. THEY ARE THE CLOSEST TO THE CUSTOMERS. PEOPLE AT THE FRONT LINES KNOW MORE ABOUT CUSTOMER NEEDS. THEREFORE, WE ASK THEM TO PARTICIPATE ON TEAMS THAT EXAMINE OUR PROCESSES AND HOW WE DO BUSINESS.

THEIR INVOLVEMENT IN PROCESS EXAMINATION AND PLANNING AND GIVING THEM THE POWER TO MAKE DECISIONS ARE CRITICAL COMPONENTS OF CONTINUOUS IMPROVEMENT.

A PRIMARY EXAMPLE OF HOW THIS WORKS IS MADE POSSIBLE THROUGH THE INTEGRATED TAX ADMINISTRATION SYSTEM. TO GAIN FULL MEASURE OF EXPANDED FUNCTIONALITY AND TO MAKE FULL USE OF THE DATA, WE HAVE EMPOWERED EMPLOYEES TO MAKE DECISIONS ONLINE, USING THE ELECTRONIC RECORD.

FROM THE RECORD BEFORE THEM ON THE SCREEN, THEY CAN ADJUST LINE ITEMS ON RETURNS, CORRECT DEMOGRAPHIC AND FINANCIAL DATA, PROPOSE ASSESSMENTS FOR ADDITIONAL TAXES AND ISSUE REFUNDS TO TAXPAYERS. THESE CHANGES, OR MORE ACCURATELY, SERVICES, ARE IMMEDIATE AND OCCUR AT THE FIRST LEVEL.

EMPLOYEES WHO ARE FULLY ENGAGED IN THEIR WORK, WHO PURSUE CONTINUOUS IMPROVEMENT AS A WORK HABIT, PROVIDE BETTER SERVICES TO TAXPAYERS. BETTER SERVICE GENERATES HIGHER LEVELS OF CUSTOMER SATISFACTION. HIGHER LEVELS OF SATISFACTION BREED HIGHER LEVELS OF VOLUNTARY TAX COMPLIANCE. HIGHER LEVELS OF VOLUNTARY COMPLIANCE GET MORE MONEY INTO THE COFFERS.

ANOTHER AREA WHERE OUR CUSTOMERS ARE BENEFITTING IS THROUGH OUR ELF OR ELECTRONIC FILING PROGRAM. FOR THE FOURTH CONSECUTIVE YEAR, NORTH CAROLINA LED THE NATION IN THE NUMBER OF RETURNS FILED THROUGH THE FEDERAL-STATE ELECTRONIC FILING PROGRAM.

NORTH CAROLINA RECEIVED MORE THAN 369,000 1995 STATE TAX RETURNS _ A 28 PERCENT INCREASE OVER THE YEAR BEFORE. WE HAVE ALREADY SURPASSED ALL OF LAST YEAR'S TOTAL IN JUST TWO MONTHS. AS OF YESTERDAY, WE HAD RECEIVED 379,605 RETURNS ELECTRONICALLY, AND WE STILL LEAD THE NATION.

THE AVERAGE REFUND FOR AN ELECTRONICALLY FILED 1995 RETURN WAS \$348 AND ELECTRONIC RETURNS ACCOUNTED FOR ABOUT 15 PERCENT OF THE TOTAL 1995 INCOME TAX RETURNS FILED DURING 1996.

REFUNDS FROM ELECTRONICALLY FILED RETURNS ARE PROCESSED WITHIN THREE WEEKS FROM THE DATE THE RETURN IS RECEIVED BY THE DEPARTMENT. THERE IS A BLUE GRAPH IN YOUR PACKAGE WHICH DISPLAYS OUR SUCCESSFUL ELF PROGRAM.

OTHER BENEFITS TO TAXPAYERS WHO FILE THEIR STATE RETURNS ELECTRONICALLY INCLUDE GREATER RETURN ACCURACY AND RECEIPT ACKNOWLEDGEMENT OF RETURNS. THE DEPARTMENT OF REVENUE AND THE STATE BENEFIT WITH REDUCED PROCESSING COSTS AND TIME WHICH MEANS TAX DOLLAR SAVINGS.

IN JANUARY 1994, THE DEPARTMENT IMPLEMENTED AN ELECTRONIC FUNDS TRANSFER PROGRAM, CALLED EFT, FOR SELECTED TAXPAYERS TO PAY THEIR TAXES WITH AN ELECTRONIC TRANSFER FROM THEIR BANK TO THE STATE'S BANK. THERE ARE TWO GRAPHS WHICH ILLUSTRATE YEAR-BY-YEAR COMPARISONS OF THIS INITIATIVE INCLUDED IN YOUR PACKAGES.

AS YOU CAN SEE FROM THOSE CHARTS, THIS PROGRAM HAS GENERATED SIGNIFICANT EARNINGS FOR THE STATE. AS YOU CAN SEE, EFT INTEREST EARNINGS REACHED 3.36 MILLION DOLLARS LAST YEAR. THE ABILITY TO TRANSFER FUNDS ELECTRONICALLY IS ALSO SIGNIFICANT SINCE ALMOST HALF OF ALL DOLLAR PAYMENTS ARE RECEIVED BY EFT. FOR THE SMALL AMOUNT OF MONIES EXPENDED, THE STATE RECEIVES VERY LARGE RETURNS.

THIS IS SO IMPORTANT BECAUSE IT MEANS THE STATE IS GETTING MONIES QUICKER. ALSO, LESS THAN ONE-HALF OF 1 PERCENT OF ALL TAXPAYERS PAY MORE THAN HALF OF ALL TAX DOLLARS THE DEPARTMENT RECEIVES ANNUALLY, AND THESE ARE THE ONES TIED INTO THE EFT EFFORT.

YOU MAY BE FAMILIAR WITH OUR DEPARTMENT THROUGH OUR FIELD OFFICES IN YOUR DISTRICT. OUR FIELD OPERATIONS PERSONNEL ARE OUR MOST VISIBLE AND DIRECT LINK TO THE TAXPAYERS. THEY MEET WITH YOUR CONSTITUENTS FIRST-HAND AND REPRESENT OUR MOST VALUABLE MECHANISM FOR EDUCATING TAXPAYERS AND ENSURING COMPLIANCE.

THROUGH OUR 45 FIELD OFFICES, LOCATED FROM MURPHY TO NAGS HEAD, WE PROVIDE FACE-TO-FACE AND TELEPHONE ASSISTANCE TO TAXPAYERS. THIS TIME OF YEAR, OUR FIELD OFFICES ALSO OFFER WALK-IN ASSISTANCE TO TAXPAYERS WHO REQUIRE HELP WITH THEIR INCOME TAX FORMS. MANY PROPRIETORS ALSO VISIT OUR LOCAL FIELD OFFICES TO REGISTER NEW BUSINESSES FOR TAX PURPOSES AND INQUIRE ABOUT STATE TAX OBLIGATIONS.

THE OFFICES PROVIDE THIS KIND OF ASSISTANCE WHILE CONTINUING THEIR PRIMARY FOCUS OF COLLECTING ON DELINQUENT ACCOUNTS AND OTHER COMPLIANCE SUPPORT MEASURES.

OUR PERSONNEL ASSISTING THESE TYPES OF INDIVIDUALS DETERMINE THE TAXING REQUIREMENTS FOR THE BUSINESS AND REGISTER IT FOR APPROPRIATE TAX ACCOUNTS. THE BUSINESS PERSON MAY ALSO RECEIVE INSTRUCTIONS ON HOW TO FILE RETURNS AND MAINTAIN ACCURATE RECORDS.

TECHNOLOGICAL IMPROVEMENTS HAVE GIVEN STAFF IN THE FIELD OFFICES THE ABILITY TO ENTER REGISTRATION INFORMATION DIRECTLY. THIS MEANS LESS PAPERWORK AND A REDUCTION OF PROCESSING TIME FROM MORE THAN 30 DAYS TO OFTEN LESS THAN 30 MINUTES.

OUR FIELD AUDIT PROGRAM INVOLVES THE EXAMINATION OF TAXPAYER RECORDS AND RETURNS TO DETERMINE TAXPAYER COMPLIANCE. FIELD AUDITORS COMPARE TAXPAYER RECORDS WITH INFORMATION PROVIDED TO THE DEPARTMENT ON REPORTS AND RETURNS.

THE AUDITOR CHECKS THE ACCURACY OF THE TAX RETURNS AND COMPLIANCE WITH APPLICABLE LAWS. WHEN ADDITIONAL TAX LIABILITIES ARE DISCOVERED, THEY ARE ASSESSED.

NOW I'M SURE MOST OF YOU WOULD THINK THAT A TAX AUDIT WOULD NOT BE AN AREA WHERE GOOD CUSTOMER SERVICE IS POSSIBLE _ BUT IT IS.

A TAX AUDIT IS A SERVICE. IT PROVIDES AN OPPORTUNITY TO EDUCATE TAXPAYERS ABOUT THEIR TAX LIABILITIES. WE CAN TEACH THEM HOW TO IMPROVE BOOKKEEPING. WE CAN SHOW THEM WHAT TO DO. HOPEFULLY, IT WILL PREVENT DELINQUENCY THAT OCCURS BECAUSE THE TAXPAYER IS UNINFORMED.

I BET IF YOU TALKED TO ANYONE WHO HAS EVER BEEN AUDITED, THEY WILL TELL YOU _ "BOY, THAT WAS A 'LEARNING EXPERIENCE.'" THOUGH THEY MAY NOT USE THOSE EXACT WORDS TO DESCRIBE THEIR EXPERIENCE.

AS I MENTIONED EARLIER, OUR HEADQUARTERS IS HERE IN RALEIGH AND IT IS HOME TO ABOUT 800 EMPLOYEES. ANOTHER 400 EMPLOYEES ARE THOSE FIELD PERSONNEL I JUST DESCRIBED WHO COLLECT TAXES, PROVIDE ASSISTANCE AND EXAMINE RETURNS. THEY ALSO CONDUCT AUDITS, REVIEW RECORD-KEEPING AND EXAMINE THE BOOKS ON THE SITE OF THE BUSINESS AS WELL. INCLUDED IN OUR FIELD OPERATIONS STAFF ARE OUR INTERSTATE FIELD AUDITORS.

ADDING INTERSTATE AUDITORS TO THE DEPARTMENT OF REVENUE HAS PROVEN TO BE A VERY PRUDENT INVESTMENT FOR NORTH CAROLINA. ON AVERAGE, ONE INTERSTATE AUDIT POSITION GENERATES ASSESSMENTS OF 1 MILLION DOLLARS IN THE FIRST YEAR AND 2 MILLION DOLLARS IN ASSESSMENTS IN SUBSEQUENT YEARS.

THE INTERSTATE AUDITORS REPRESENT OUR TAXPAYERS IN OTHER PARTS OF THE COUNTRY AND HELP TO ENSURE THAT THOSE EARNING INCOME IN OUR STATE PAY THE APPROPRIATE TAXES. THESE TAXES INCLUDE CORPORATE INCOME, FRANCHISE AND SALES & USE.

WE ARE PROUD OF OUR ACCOMPLISHMENTS IN THE DEPARTMENT OF REVENUE, BUT WE KNOW WE CAN DO SO MUCH MORE. WE PROCESSED OVER 8 MILLION RETURNS AND 5.4 MILLION PAYMENTS LAST YEAR. WE HAVE TO BE PREPARED TO DO MORE IF COMPLIANCE IMPROVES AND OUR COLLECTIONS CONTINUE TO BE SUCCESSFUL.

THERE ARE THREE COLORED GRAPHS IN YOUR PACKAGE WHICH SHOW PAYMENTS AND FILINGS OVER THE LAST SIX FISCAL YEARS. YOU MIGHT NOTICE A DECREASE IN THE NUMBER OF PAYMENTS AND FILINGS IN THE LAST FISCAL YEAR. THIS WAS DUE TO THE GENERAL ASSEMBLY'S REPEAL OF SOME TAXES OVER RECENT YEARS.

TAX FILINGS CONTINUE TO RISE AS YOU WOULD EXPECT IN A STATE GROWING AT THE RATE OF NORTH CAROLINA. OUR POPULATION IS EXPECTED TO INCREASE BY MORE THAN 4 PERCENT OR 390,000 CITIZENS BY THE YEAR 2000.

TO HELP US OVER THE NEXT TWO YEARS, COMPONENTS OF THE REQUESTED CONTINUATION BUDGET INCLUDE A 1 PERCENT INCREASE DURING THE FIRST YEAR OF THE BIENNITUM AND SLIGHTLY MORE THAN 2 PERCENT IN THE SECOND YEAR. THE INCREASES ARE FOR -

- EQUIPMENT REPLACEMENT;

- FULL FUNDING IN TRAVEL MONIES FOR INTERSTATE AUDITORS - THIS DID NOT RECEIVE FULL FUNDING LAST LEGISLATIVE SESSION;

- FUNDS FOR SALARIES FOR TEMPORARIES BASED ON THE AMOUNT EXPENDED IN FISCAL YEAR 1995-96, AND

- AND AN INFLATIONARY INCREASE FOR THE RENT OF FIELD OFFICES.

THERE ARE ALSO DECREASES IN THE CONTINUATION BUDGET. THEY ARE DIRECTLY RELATED TO BUILDING REPAIRS, COMPUTER EQUIPMENT AND OFFICE FURNITURE.

I WANT TO CLOSE BY PROVIDING YOU WITH A BRIEF GLIMPSE OF THE FUTURE OF THE DEPARTMENT OF REVENUE. WE ARE LOOKING TO BUILD ON THE SUCCESSES OF THE INTEGRATED TAX ADMINISTRATION SYSTEM, WHICH IS NEARING COMPLETION AND IS BEING STABILIZED.

WE ARE LOOKING TO MERGE NEW TECHNOLOGY WITH ENHANCEMENTS AND IMPROVEMENTS IN TRAINING AND PROCESSES TO BECOME AN EVEN BETTER FINANCIAL CENTER FOR THE STATE. AND IT ALL STILL REVOLVES AROUND PROVIDING CUSTOMER SERVICE AND CONTINUALLY IMPROVING THE WAY WE DO THINGS.

WE CAN ACCOMPLISH THOSE THINGS WITH THE HELP OF ELECTRONIC COMMERCE, WHICH ARE SUCH THINGS AS ELECTRONIC DATA INTERCHANGE, IMAGING, ELECTRONIC DEPOSIT OF REFUNDS, AND INCREASED UTILIZATION OF THE DEPARTMENT'S HOMEPAGE ON THE INTERNET. THERE WE PLAN TO HAVE FORMS WHICH CAN BE DOWNLOADED, ALL OUR POLICIES AND REGULATIONS AVAILABLE FOR USE AND EVEN A QUESTION-AND-ANSWER BULLETIN BOARD.

ALL OF THIS MAY SOUND A LITTLE BIT BUCK ROGERS, AND I MAY BE DATING MYSELF A BIT WITH THAT REFERENCE, BUT IT IS NOT. THIS FUTURE AND THIS TECHNOLOGY IS HERE AND IT'S AVAILABLE. AND IT IS UP TO US TO TAKE FULL ADVANTAGE OF IT SO WE CAN IMPROVE TAXPAYER NOTIFICATION, TAXPAYER EDUCATION AND TO MAKE US MORE AVAILABLE AND HELPFUL TO ALL OF OUR CUSTOMERS.

IN OTHER WORDS, THESE TOOLS WILL HELP US DO A BETTER JOB OF SERVING THE PEOPLE OF THIS STATE. THAT IS WHAT THE DEPARTMENT OF REVENUE IS ALL ABOUT - ALWAYS DOING THINGS BETTER, MORE EFFICIENTLY AND MORE EFFECTIVELY.

AND I WOULD BE REMISS IF I DIDN'T TAKE THIS OPPORTUNITY TO PRAISE THE HARD-WORKING, TALENTED AND DEDICATED PEOPLE IN OUR AGENCY. THEY ARE AMONG THE FINEST PEOPLE I HAVE EVER HAD THE PLEASURE TO WORK WITH AND THE PEOPLE OF THIS STATE SHOULD BE PROUD TO HAVE THEM LOOKING AFTER THEIR INTERESTS.

THANK YOU FOR YOUR TIME AND ATTENTION. I LOOK FORWARD TO DISCUSSING THE EXPANSION BUDGET AND AGAIN I INVITE YOU TO COME AND TOUR OUR DEPARTMENT. I THINK A TOUR FOR THOSE WHO HAVEN'T VISITED US BEFORE WOULD BE TIME WELL SPENT AND A GOOD OPPORTUNITY TO SHOW YOU WHAT WE DO AND HOW WE DO IT.

#

**OVERVIEW
OF THE
NORTH CAROLINA
DEPARTMENT OF REVENUE**

presented to the
Subcommittee for General Government

FEBRUARY 7, 1997

OVERVIEW

North Carolina Department of Revenue

The Department of Revenue is responsible for the collection and accounting of the State's tax funds, insures uniformity of administration of the tax laws and regulations, conducts research on revenue matters, and exercises general and specific supervision over the valuation and taxation of property throughout the State.

The Department of Revenue was organized in May 1921, with sixteen persons on the payroll, operating expenses of \$88,000 and collections of \$3.1 million. Today the Department has annual collections of over \$13.5 billion, a budget of \$71 million and 1,224 employees. In 1992, the Department relocated from the old Revenue Building on Hillsborough Street to the new Revenue Building on Wilmington Street adjacent to the State Government Mall. At the time of relocation to the new facility in December 1992, the Department reorganized to an organization aligned by functional responsibilities rather than an organization aligned according to the administration of specific tax schedules, i.e. individual income, sales and use, corporate and franchise, etc. The functional organization has permitted the Department to group "like" functions, i.e. auditing, accounts receivables, registrations, etc., regardless of a particular tax.

In 1992 taxpayers receiving refunds were permitted and encouraged to electronically file their income tax returns; 369,310 took advantage of this service in 1996 (see the ELF graph attached). Additionally, in January 1994 the Department implemented an electronic funds transfer program (EFT) for selected taxpayers to pay their taxes with an electronic transfer from their bank to the State's bank (see the EFT graphs

for dollars deposited and interest earned). In 1993 the Department began development of an automated tax system to integrate all of the major taxes administered by the Department into a single system. Individual income tax was implemented in the new system in October, 1994, followed by corporate income and franchise tax and sales and use tax in 1995 and 1996, respectively. The new system provides the Department with the foundation on which to build for the future, a future that includes electronic imaging of tax returns to reduce processing costs, electronic data interchange (EDI) to permit taxpayers to file returns and pay tax electronically, and direct deposit of tax refunds so taxpayers can receive their refunds faster.

Mission of the Department of Revenue

To administer the tax laws and collect the taxes due the State in an impartial, uniform and efficient manner.

Goals and Objectives of the Department of Revenue

The Department had identified seven primary goals as strategic directions for the agency.

1. Expand communication capability both internally and externally.
2. Provide comprehensive training and development.
3. Improve taxpayer services.
4. Improve compliance.
5. Analyze and prioritize resources.

6. Implement total quality management.
7. Develop a comprehensive business plan.

Related directly to the goals of the Department are the objectives and outcome measures established by the Department in the performance of its statutory duties. The three objectives and the objective's associated outcome measures are as follows:

1. **Objective** - Increase awareness and knowledge of taxpayers about tax issues.

Outcome Measure - Taxpayer awareness and knowledge of tax issues as measured by customer surveys.

2. **Objective** - Provide timely and accurate services.

Outcome Measure - Percent of letters/correspondence issued within standard.

3. **Objective** - Educate taxpayers on filing requirements and application of tax laws, rules and regulations, through audit, collections, workshops, publicity, and correspondence.

Outcome Measure - Voluntary dollars collected as a percent of total dollars collected.

Organization of the Department of Revenue

The Secretary of Revenue, who is appointed by the Governor, is responsible for management of the agency with a Deputy Secretary and five Assistant Secretaries having responsibility for the day-to-day activities required of various divisions throughout the Department. The agency also has a legislative liaison and a public information officer who report directly to the Secretary. **[See the attached Department of Revenue organization chart noted as Attachment A.]**

The following is an alphabetical listing and brief explanation of responsibilities for each division identified on the Department's organization chart (Attachment A).

Accounting Division - Deposits/accounts for all tax receipts and refunds; responsible for the Department's budget and payroll.

Administrative Services Division - Prints forms, processes incoming and outgoing mail and purchases equipment and supplies.

Ad Valorem Tax Division - Responds to property tax valuation appeals; staff to the State Property Tax Commission and manages distribution of inventory and homestead monies to local governments.

Controlled Substance Tax Division - Administers the excise tax levied on controlled substances.

Corporate Income and Franchise Tax Division - Formulates tax policy, and responds to technical issues, hearings requests and proposed legislation.

Criminal Investigations Division - Pursues taxpayers who fraudulently fail to adhere to State tax laws.

Field Operations - Five geographic divisions: Interstate, Northeast, Southeast, Central and Western comprise Field Operations. The auditors and revenue officers located throughout the state and outside the state administer the field audit and revenue collection programs.

Individual Income, Inheritance, Intangibles and Gift Tax Division (Personal Taxes) - Formulates tax policy, and responds to technical issues, hearings requests and proposed legislation.

License and Excise Tax Division - Formulates tax policy, and responds to technical issues, hearings requests and proposed legislation.

Management Information Services Division (Planning, Development and Technology) - Provides electronic data processing services to Departmental personnel.

Motor Fuels Tax Division - Administers the motor fuels tax laws.

Office Examination Division - Performs audit functions and related audit activities.

Office Services Division - Provides taxpayer assistance and manages the bankruptcy program and accounts receivables.

Personnel Division - Provides administrative and technical guidance and human resource services to Departmental employees.

Returns Processing Division - Provides data entry services and has responsibility for records management of Departmental inactive files.

Sales and Use Tax Division - Formulates tax policy, and responds to technical issues, hearings requests and proposed legislation.

Tax Research Division - Provides estimates of proposed legislative changes, compiles statistical data and responds to inquiries from the Department of Commerce, other state agencies and general public.

DOR 6

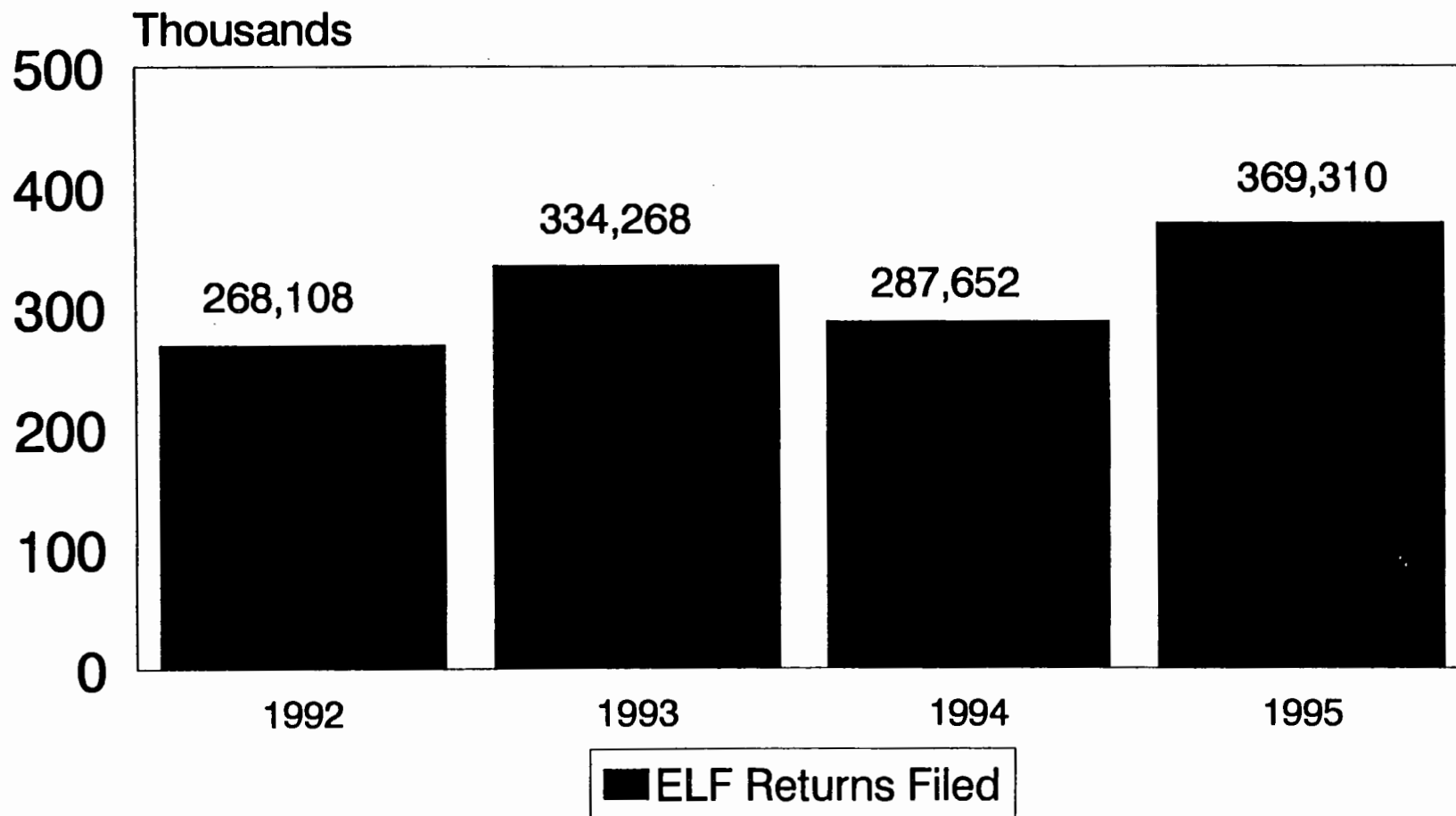
NC Department of Revenue Facts & Figures

# of Departmental Employees FY 1996-97:	1,224
\$ Department of Revenue Certified Budget for FY 1996-97:	\$71.0 million
\$ Gross Collections FY 1995-96:	\$13.5 billion
\$ Average Daily Deposit FY 1995-96:	\$54.0 million
# of Pieces of Mail (Incoming) FY 1995-96:	7.5 million
# of Pieces of Mail (Outgoing) FY 1995-96:	8.2 million
# of Tax Returns Processed FY 1995-96:	8,008,879
# of Tax Payments Processed FY 1995-96:	5,375,325
\$ Refunds (all tax schedules) FY 1995-96:	\$1.2 billion
# of Refunds (all tax schedules) FY 1995-96:	2,393,000
\$ Refunds (Individual Income) FY 1995-96:	\$834.7 million
# of Refunds (Individual Income) FY 1995-96:	2,368,000
\$ Distributions/Transfers to Local Governments/State Agencies FY 1995-96:	\$1.9 billion
# of Individual Income Tax Refund Returns Filed Electronically in 1/1/96 - 12/31/96:	369,310
\$ Gross Tax Deposits by Electronic Funds Transfer (EFT) from 1/1/94 - 6/30/96:	\$10.4 billion
\$ Interest Earnings on Electronic Funds Transfer (EFT) from 1/1/94 - 6/30/96:	\$5.5 million

February 7, 1997

North Carolina Department of Revenue

Comparison of Electronically Filed Returns (ELF)

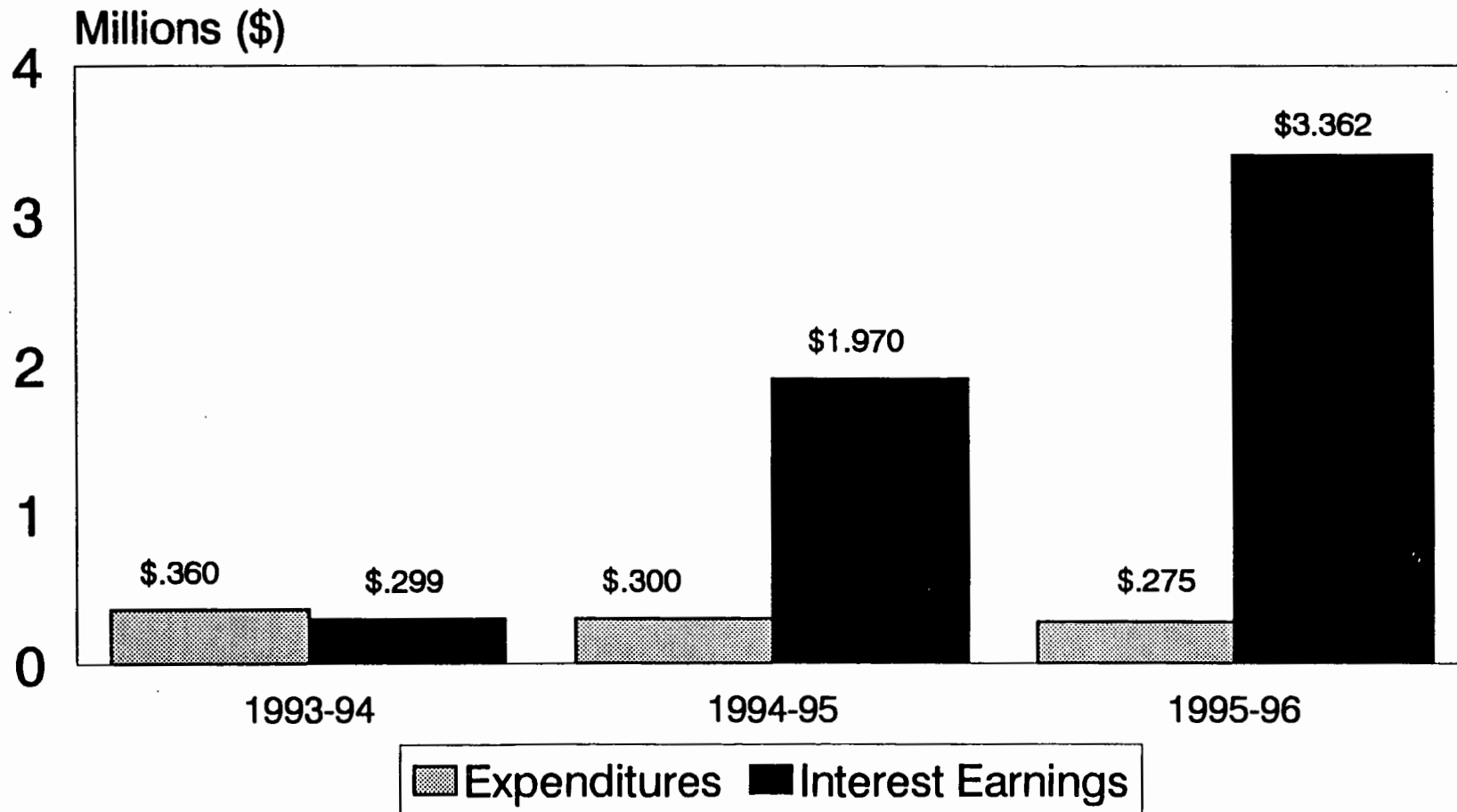


February 7, 1997

Doc 7

North Carolina Department of Revenue

Comparison of EFT Expenditures to EFT Interest Earnings



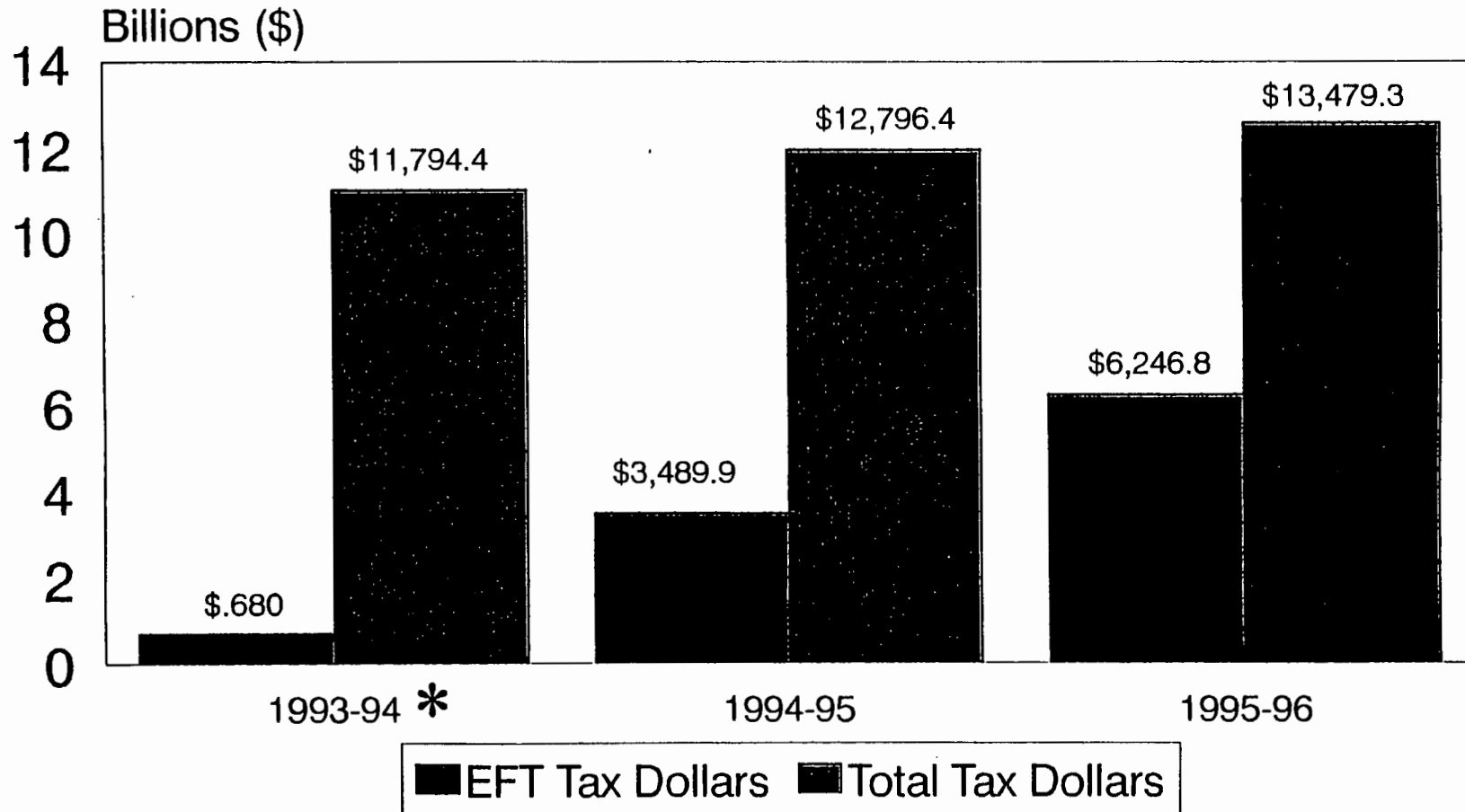
*For the period 10/1/93 - 6/30/94

February 7, 1997

DOR 8

North Carolina Department of Revenue

Comparison of EFT Tax Dollars to Total Tax Dollars



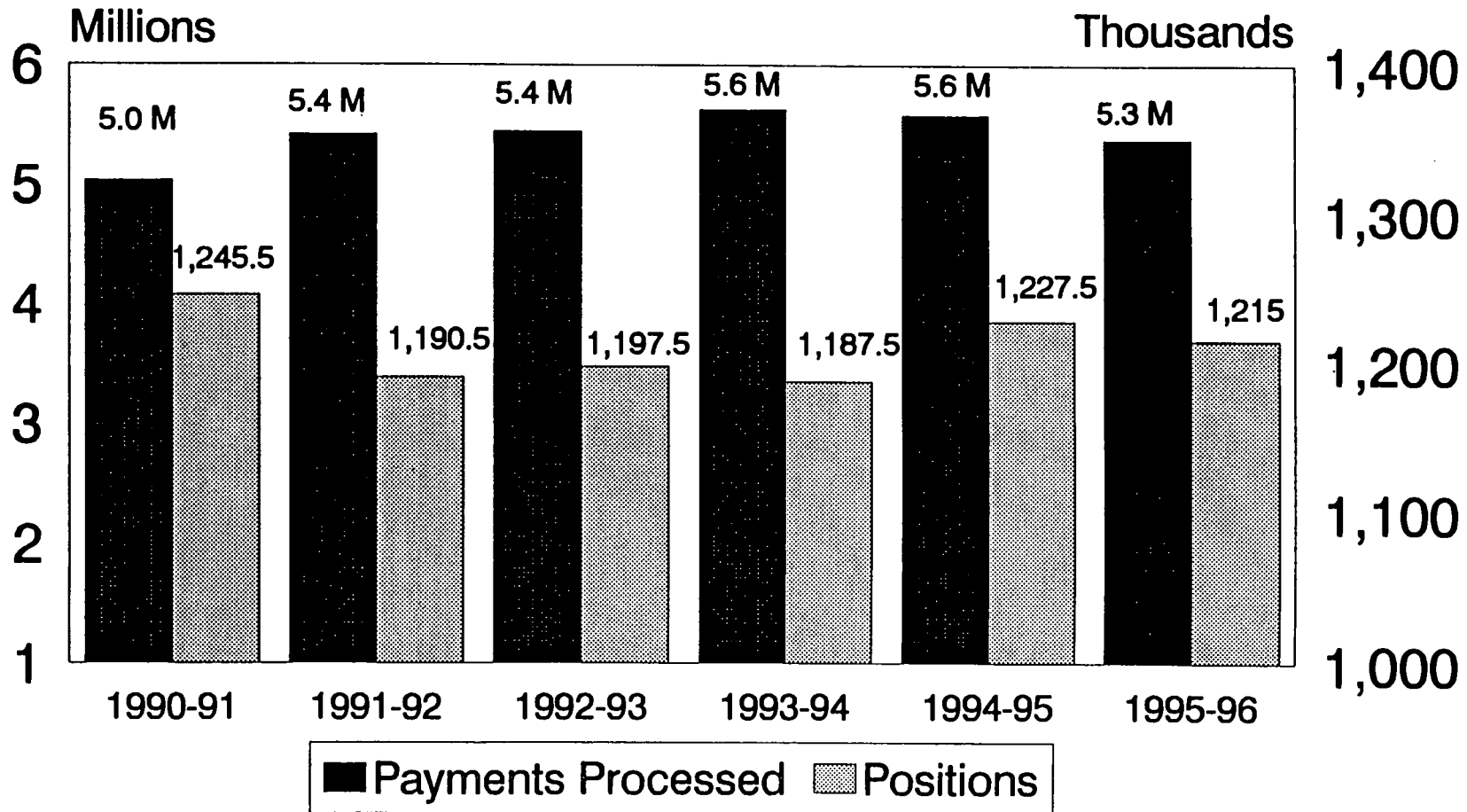
*For the period 10/1/93 - 6/30/94

February 7, 1997

Dec 9

North Carolina Department of Revenue

Comparison of Taxpayer Payments to Departmental Positions

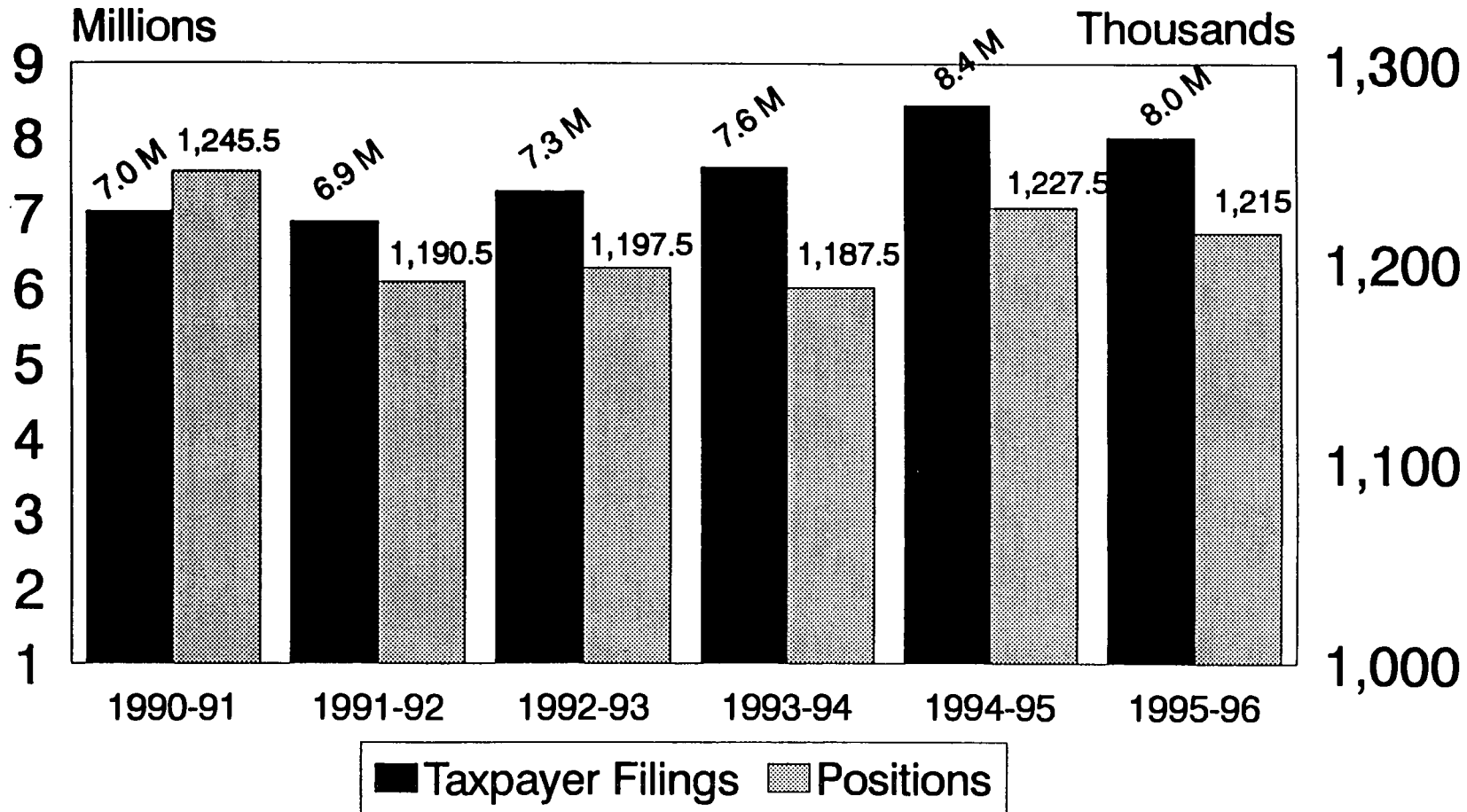


February 7, 1997

DOE10

North Carolina Department of Revenue

Comparison of Taxpayer Filings to Departmental Positions

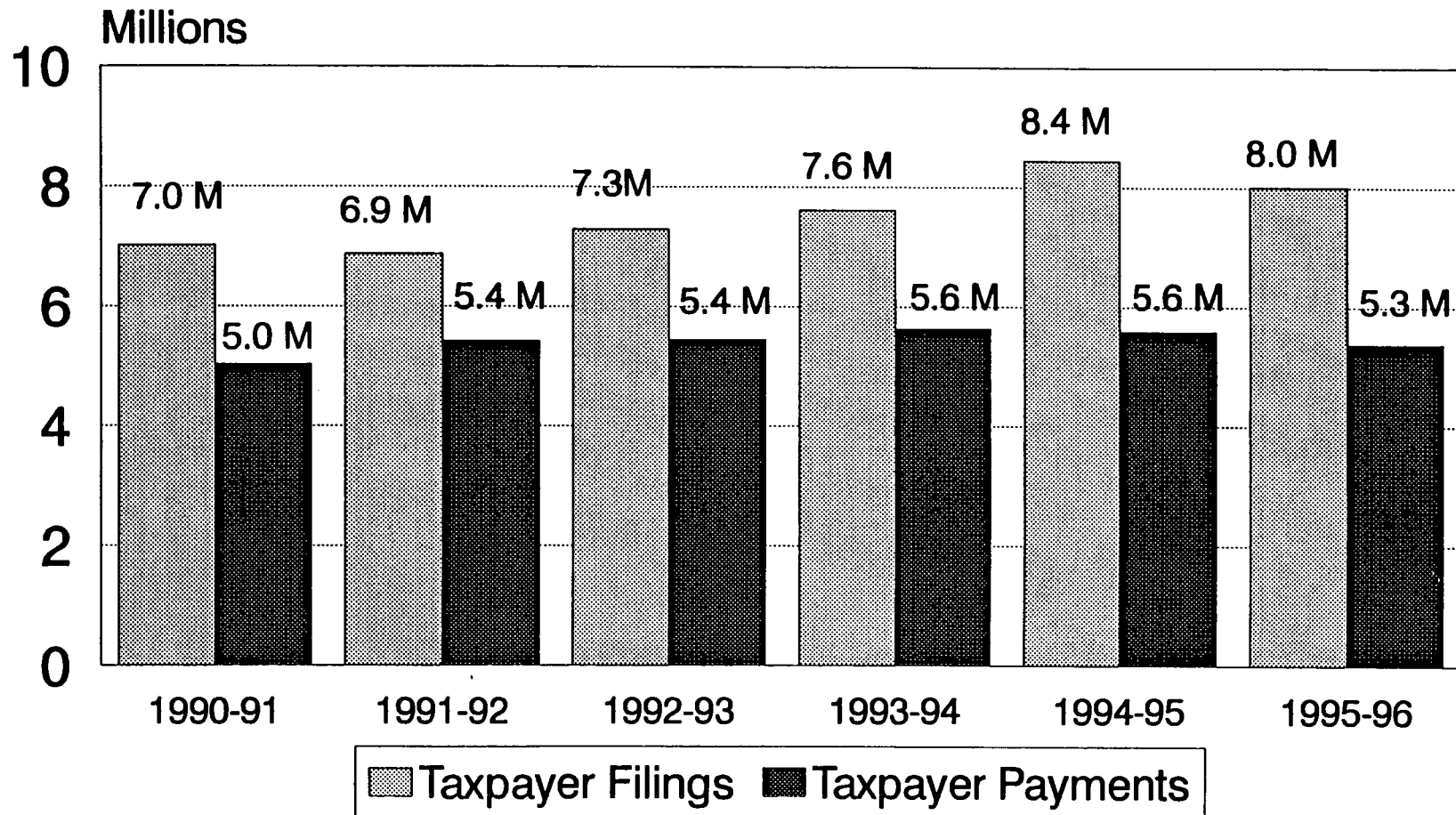


February 7, 1997

DOR 11

North Carolina Department of Revenue

Comparison of Taxpayer Filings to Taxpayer Payments



February 7, 1997

Doc 12

SECRETARY OF REVENUE

ATTORNEY GENERAL'S OFFICE

DEPUTY SECRETARY

ASSISTANT SECRETARY FOR MANAGEMENT INFORMATION SERVICES (MIS)

MANAGEMENT INFORMATION SERVICES DIVISION

TAX RESEARCH DIVISION

PERSONNEL DIVISION

SECURITY OFFICE

ADMINISTRATIVE SUPPORT

ADM. ASSISTANT

INTERNAL AUDIT

PUBLIC INFORMATION OFFICE

SPECIAL ASSISTANT

CONTROLLED SUBSTANCE TAX DIVISION

CRIMINAL INVESTIGATIONS DIVISION

ASSISTANT SECRETARY FOR TAX ADMINISTRATION

CORPORATE INCOME & FRANCHISE TAX DIVISION

SALES & USE TAX DIVISION

LICENSE & EXCISE TAX DIVISION

INDIVIDUAL INCOME, INHERITANCE, INTANGIBLES,
AND GIFT TAX DIVISION

AD VALOREM TAX DIVISION

MOTOR FUELS TAX DIVISION

ASSISTANT SECRETARY FOR TAX COMPLIANCE

OFFICE EXAMINATION DIVISION

OFFICE SERVICES DIVISION

ASSISTANT SECRETARY FOR FIELD OPERATIONS

INTERSTATE DIVISION

NORTHEAST DIVISION

SOUTHEAST DIVISION

CENTRAL DIVISION

WESTERN DIVISION

ASSISTANT SECRETARY FOR LEGAL & ADMINISTRATIVE SERVICES

ADMINISTRATIVE SERVICES DIVISION

ACCOUNTING DIVISION

RETURNS PROCESSING DIVISION

DUE 13

FISCAL DATA

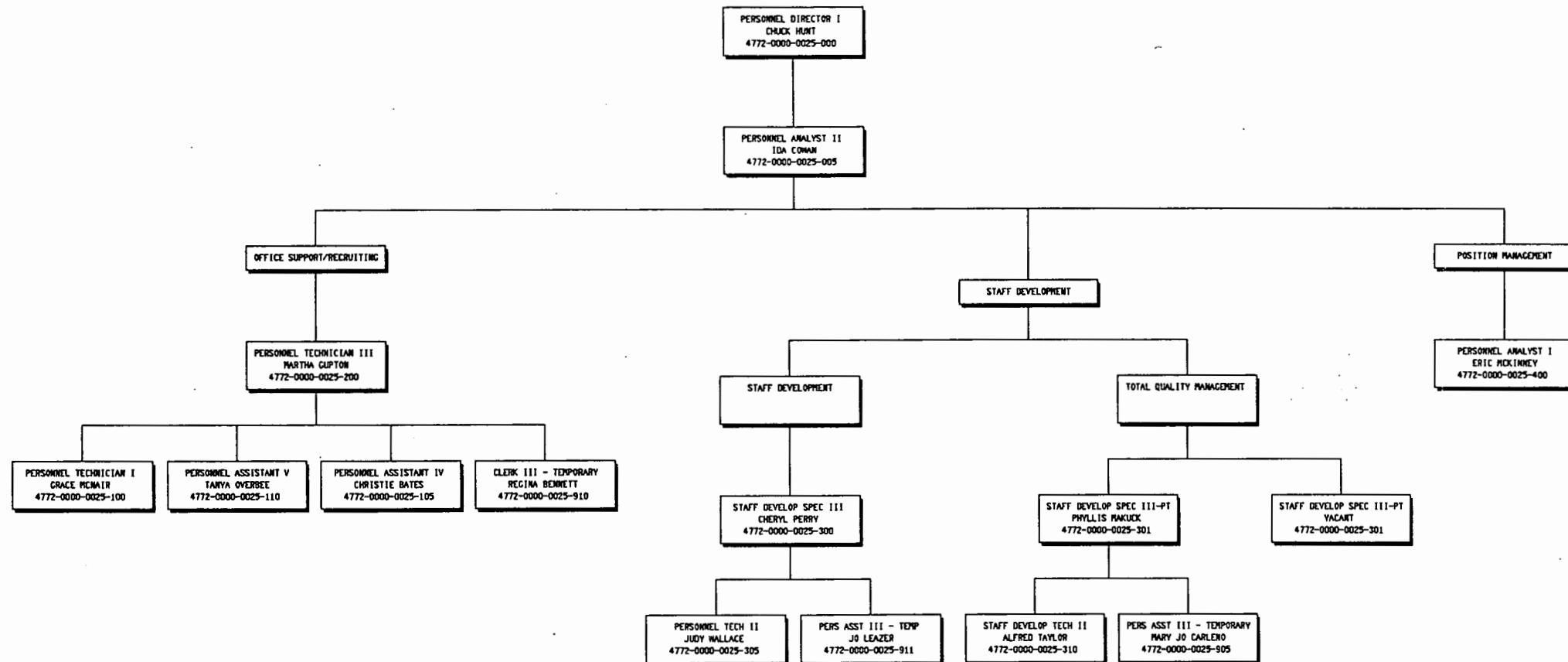
Department of Revenue

Budget Code 14700

Program Number 0540 - Revenue Collection

Continuation Budget

	<u>1995-96</u> <u>Actual</u>	<u>1996-97</u> <u>Authorized</u>	<u>1997-98</u> <u>Recommended</u>	<u>1998-99</u> <u>Recommended</u>
General Fund				
Requirements	\$80,830,825	\$71,093,683	\$70,076,544	\$70,897,482
Receipts	9,119,807	5,688,890	3,999,249	4,002,775
Appropriation	\$71,711,018	\$65,404,793	\$66,077,295	\$66,894,707
Positions	1,215.0	1,224.0	1,224.0	1,222.0



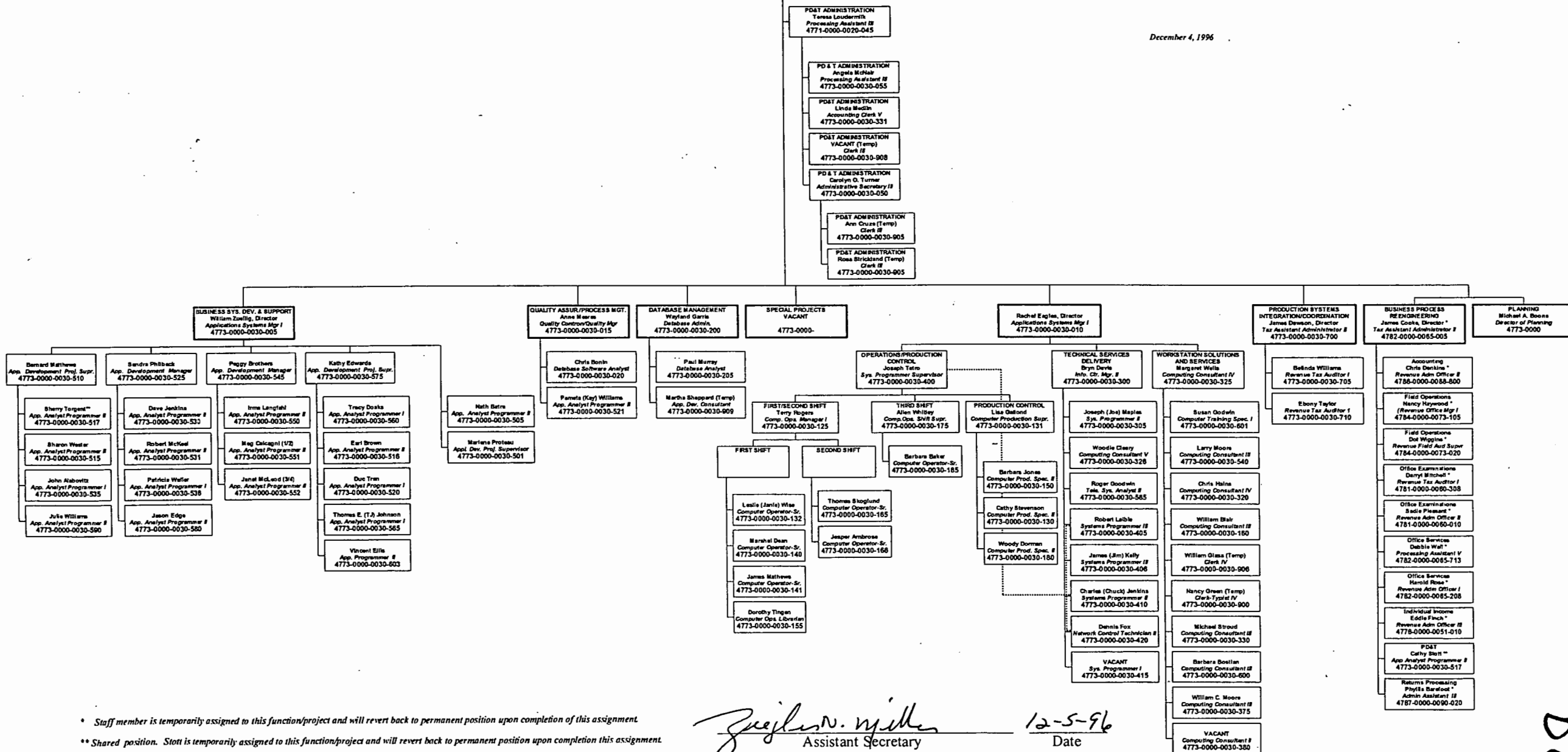
Signed: ES Hunt

Date: 3-3-97

Doc 15

Planning, Development & Technology
Ziegler Miller, Assistant Secretary
Information Systems Director II
4773-0000-0030-000

December 4, 1996



* Staff member is temporarily assigned to this function/project and will revert back to permanent position upon completion of this assignment

** Shared position. Stott is temporarily assigned to this function/project and will revert back to permanent position upon completion this assignment.

Ziegler N. Miller
Assistant Secretary

12-5-96
Date

Doc 16

DEPARTMENT OF REVENUE
TAX RESEARCH DIVISION

DIRECTOR
Tax Administrator I
4774-0000-0040-000

ADMINISTRATIVE SUPPORT
Office Assistant III
4774-0000-0040-010

ASSISTANT DIRECTOR
Tax Research Assistant Director
4774-0000-0040-005

TECHNICAL/SPECIAL STUDIES
1 Statistician II
(Programmer/Consultant)
4774-0000-0040-200

SPECIAL PROJECTS
1 Public Finance Analyst
4774-0000-0040-105

LOCAL GOVERNMENT
1 Tax Research Analyst
4774-0000-0040-110

SPECIAL REPORTS
1 Statistical Research
Assistant II
4774-0000-0040-100

STATISTICAL COMPILATION UNIT

1 Statistical Research Asst. II
4774-0000-0040-300

1 Statistical Research
Assistant I
4774-0000-0040-305

7 Statistical Assistants (V)
4774-0000-0040-310
4774-0000-0040-312
4774-0000-0040-313
4774-0000-0040-314
4774-0000-0040-315
4774-0000-0040-316
4774-0000-0040-317

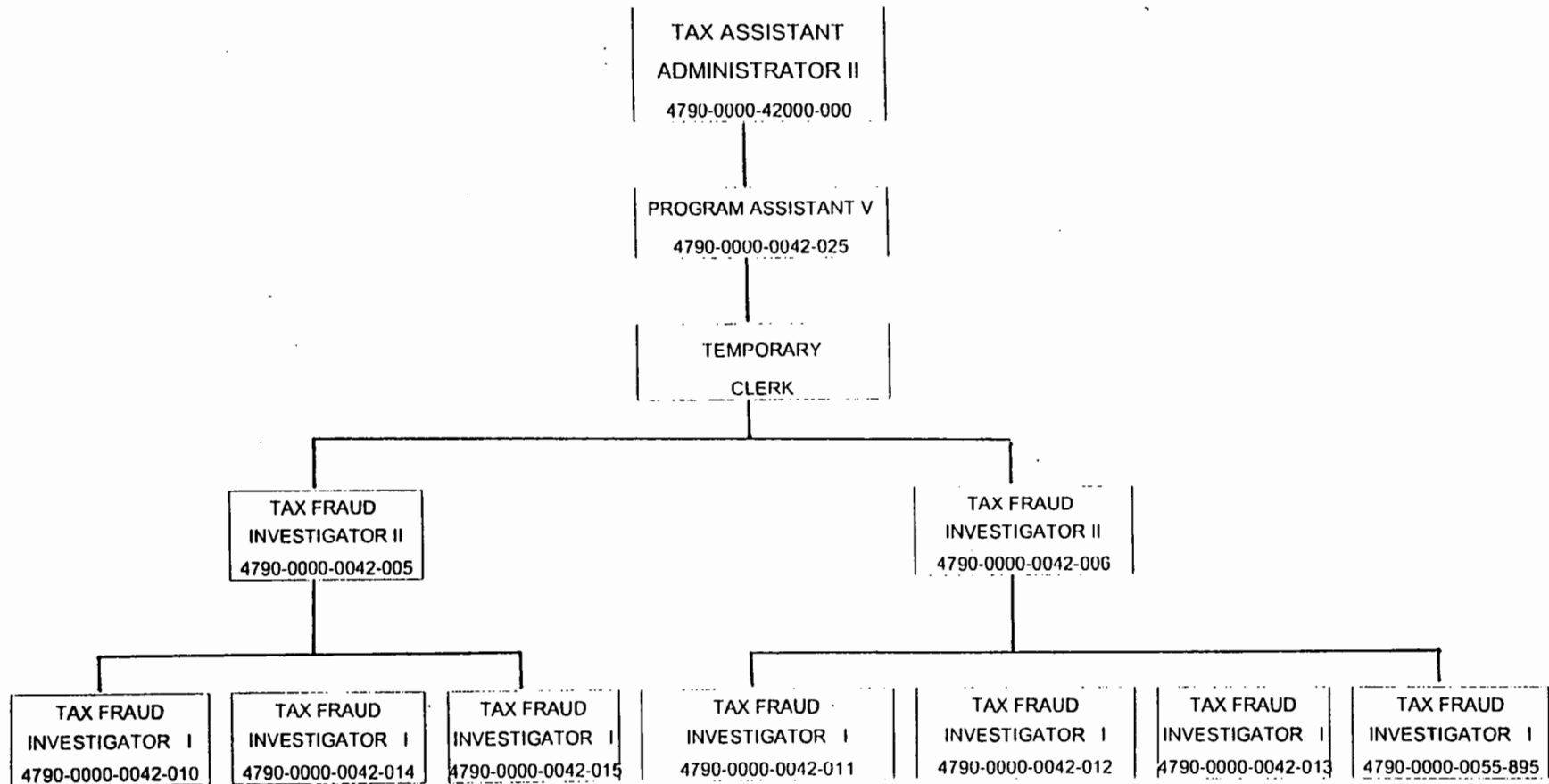
MAY 1996

S. Nicole Underwood
S. Nicole Underwood, Director, Tax Research Division

Doc 14

1-97

NORTH CAROLINA DEPARTMENT OF REVENUE
CRIMINAL INVESTIGATIONS DIVISION



Doc 18

Department of Revenue

Administration - Center 1600 (Program Number 0540 - Revenue Collection)

Administration includes the Secretary of Revenue's Office and those divisions and personnel reporting directly to either the Secretary or Deputy Secretary. The Center includes the following RCCs and/or sections:

Secretary's Office

Personnel Division

Management Information Services Division (Planning, Development and Technology)

Tax Research Division

Criminal Investigations Division

The Secretary's Office includes the Secretary and Deputy Secretary, public information officer, legislative liaison, internal audit, security (building and computer) and the administrative staff to the Secretary. The Secretary sets policy for the Department and reports directly to the Governor.

The **Personnel Division** has responsibility for all personnel related matters and oversees training for Departmental personnel.

The **Management Information Services Division (Planning, Development and Technology)** manages the Department's information resources, establishes resource management policies and procedures. The division develops and maintains standards, production software, and data processing and decision support systems, manages systems configurations, and gathers, stores, and processes data for tax administration, enforcement, and taxpayer assistance. MIS provides office automation systems, communication services, professional productivity systems, integrated database environments, enhanced data capture capabilities, and end-user training and computing for the Department.

The **Tax Research Division** estimates the revenue effect of proposed changes in the tax laws; compiles and publishes statistical data with respect to state tax schedules and local government taxation in North Carolina; works with the Department of Commerce in furnishing tax information to business and industrial prospects; and answers inquiries about North Carolina taxes from state agencies, local governments, and the general public.

The **Criminal Investigations Division** has responsibilities for the auditing and prosecuting of taxpayers suspected of fraudulent noncompliance of State tax laws.

FISCAL DATA

Administration - Center 1600
Program Number 0540 - Revenue Collection*

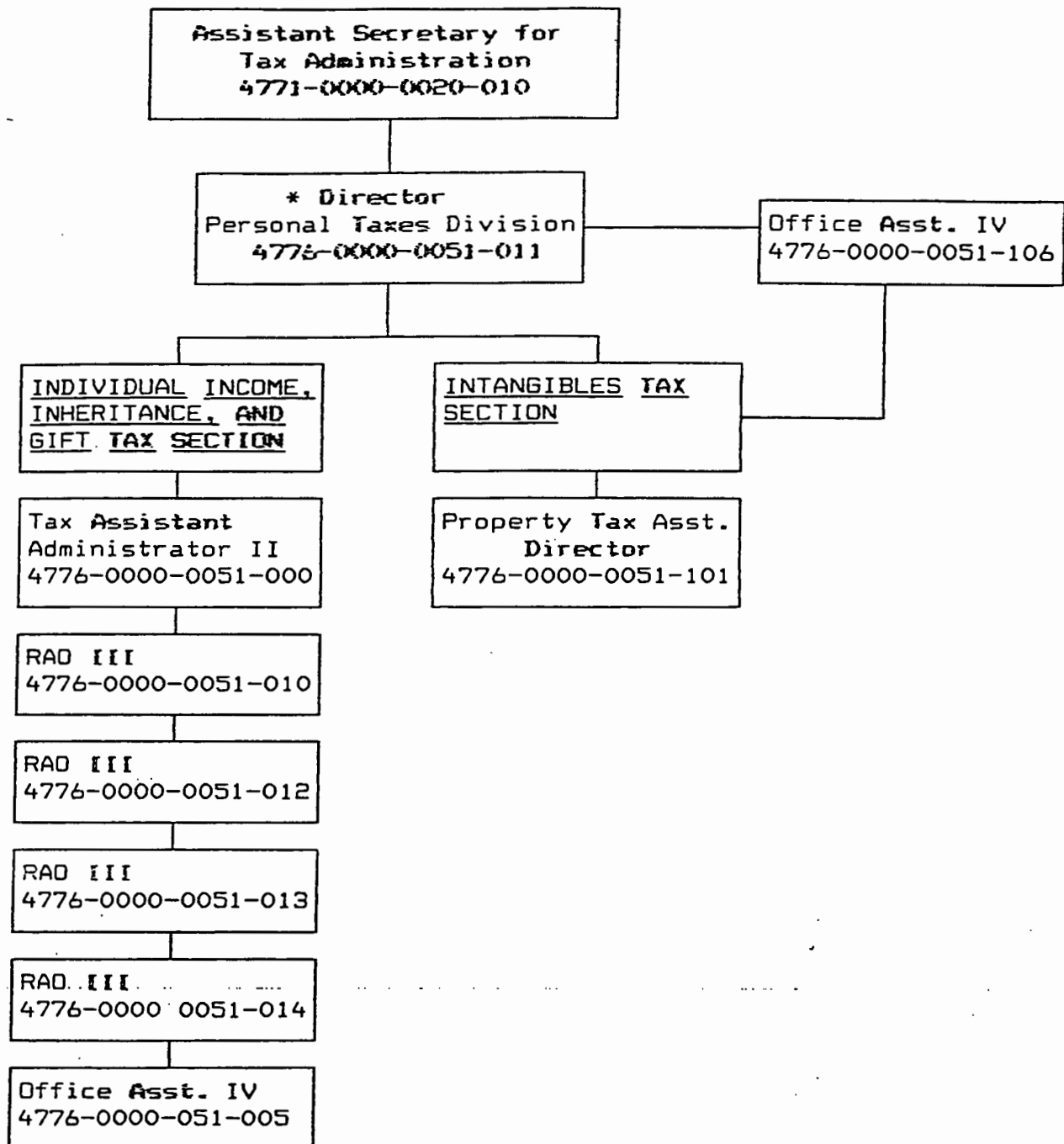
Continuation Budget

	<u>1995-96</u> <u>Actual</u>	<u>1996-97</u> <u>Authorized</u>	<u>1997-98</u> <u>Recommended</u>	<u>1998-99</u> <u>Recommended</u>
Total Requirements	\$23,823,253	\$15,997,445	\$14,512,800	\$15,298,089
Receipts	2,999,462	1,720,000	0	0
Appropriation	\$20,823,791	\$14,277,445	\$14,512,800	\$15,298,089
Positions	111.0	111.0	111.0	111.0

*This Center contributes 22.04% to the Revenue Collection Program

NORTH CAROLINA DEPARTMENT OF REVENUE
PERSONAL TAXES DIVISION

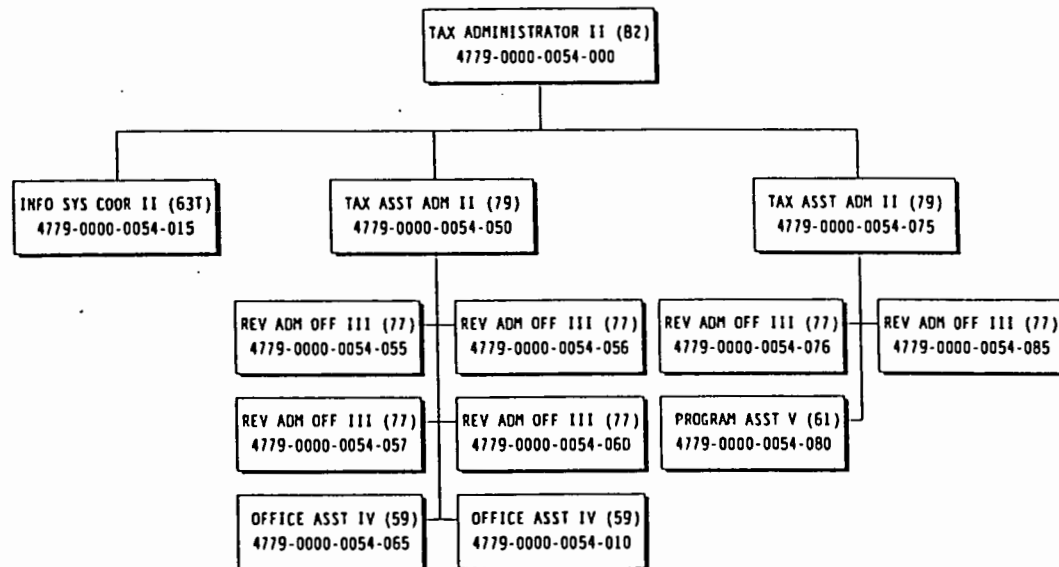
MARCH 15, 1994



*Working Title - Classified
as Tax Administrator II

Nancy A. Bomer
Division Director

NC DEPARTMENT OF REVENUE
SALES & USE TAX DIVISION
MAY 21, 1996



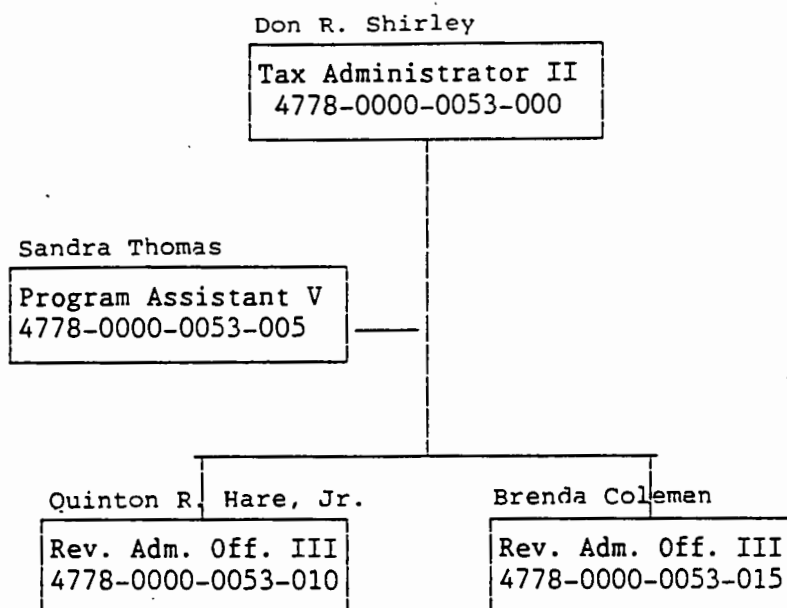
REASON FOR CHANGE: Effective June 1, 1996, Revenue Administrative Officer II, 54060, has been reallocated up to a Revenue Administrative Officer III.

SIGNED: Charles D. Calkins, Director

Doc 22

North Carolina Department of Revenue
Tax Administration

LICENSE AND EXCISE TAX DIVISION



Don R. Shirley
Don R. Shirley, Director
License & Excise Tax Division

3/11/96

Date

**NORTH CAROLINA
DEPARTMENT OF REVENUE**

**AD VALOREM
TAX DIVISION**

Tax Administrator I
4777-0000-0052-000

**Property Tax
Commission**

Tax Assistant Administrator I
4777-0000-0052-005

**Agency Legal
Specialist III**
4777-0000-0052-010

Office Assistant (IV)
4777-0000-0052-020

Office Assistant (IV)
4777-0000-0052-015

Property Tax Valuation Spec. II
4777-000-052-102

**THIS POSITION IS LOCATED IN THE
HENDERSONVILLE REVENUE OFFICE**

**Utilities/Sales Ratio
Valuation Branch**

Property Tax Valuation Spec. II
4777-0000-0052-200

Processing Assistant (V)
4777-0000-0052-205

Office Assistant (III)
4777-0000-0052-210

**Real Property Valuation
Branch**

Property Tax Valuation Spec. I
4777-0000-0052-100
4777-0000-0052-101
4777-0000-0052-103

**Personal Property Valuation
Branch**

Property Tax Valuation Spec. II
4777-0000-0052-300

Property Tax Valuation Spec. I
4777-0000-0052-305

Office Assistant (III)
4777-0000-0052-310

John C. Bailey
John C. Bailey, Director

8/29/96
Date

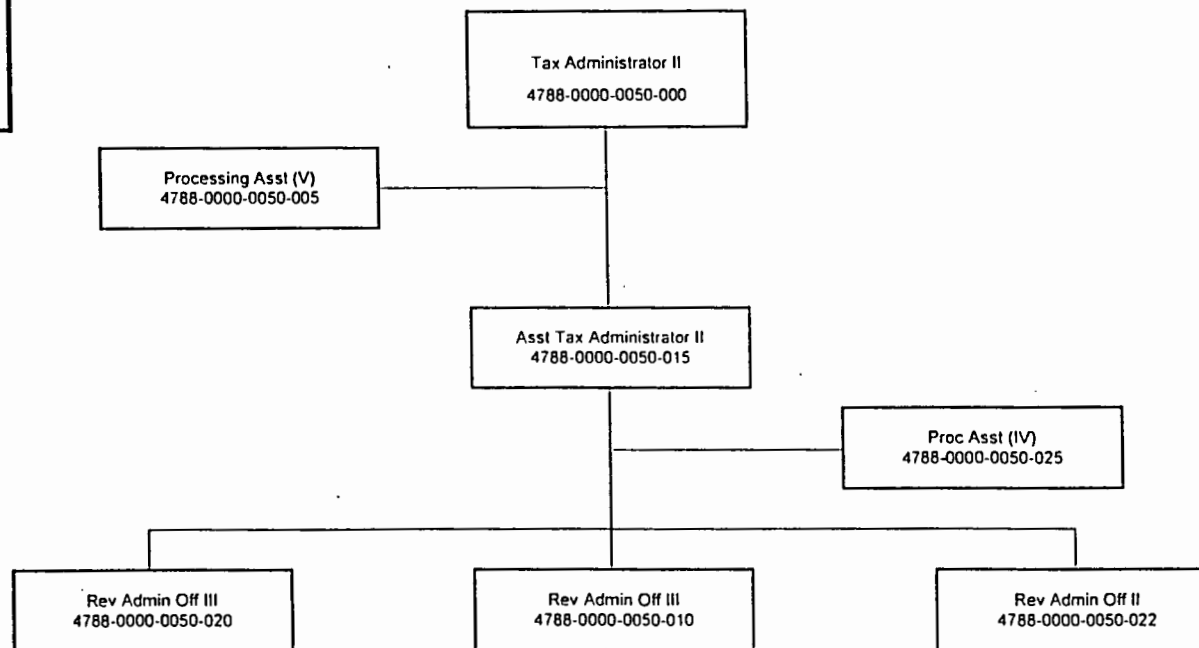
rev. 8/29/96

Doc 24

COI
APRIL 1996

**North Carolina
Department of Revenue

Corporate Income and
Franchise Tax Division**



**REASON
FOR
CHANGE**

- RTA I pos 4781-0000-0050-559 transferred from Office Exams eff. 1/1/96. Position # changed to 50-022.
- Reallocation to RAO II eff 4/1/96.

Signed:

W. H. Baker J

Date:

4-15-96

Done 25

Department of Revenue

Tax Administration - Center 1620 (Program Number 0540 - Revenue Collection)

Tax Administration encompasses administrative personnel in the divisions **Individual Income , Inheritance, Intangibles, and Gift (Personal Taxes); Sales and Use; License and Excise; Ad Valorem; and Corporate and Franchise.** These divisions formulate procedures for administering tax policy and communicate these procedures to Departmental personnel and the taxpaying public. These divisions are also actively involved in critiques of proposed legislation and the effects of legislative bills. Additional administrative responsibilities are to resolve technical issues, issue letter rulings, represent the Department at administrative tax hearings and issue rulings relative to appeals brought before the Property Tax Commission.

FISCAL DATA

**Tax Administration - Center 1620
Program Number 0540 - Revenue Collection***

Continuation Budget

	<u>1995-96 Actual</u>	<u>1996-97 Authorized</u>	<u>1997-98 Recommended</u>	<u>1998-99 Recommended</u>
Total Requirements	\$2,982,536	\$2,839,521	\$2,840,549	\$2,733,492
Receipts	110,290	0	0	0
Appropriation	\$2,872,246	\$2,839,521	\$2,840,549	\$2,733,492
Positions	49.0	49.0	49.0	47.0

*This Center contributes 3.75% to the Revenue Collection Program

February 3, 1997

NORTH CAROLINA DEPARTMENT OF REVENUE
TAX COMPLIANCE: OFFICE EXAMINATION DIVISION
OFFICE SERVICES DIVISION

Assistant Secretary for Tax Compliance

1 Program Assistant V

2 Processing Assistant III
 1 Clerk-Receptionist (III)
 1 Office Assistant III

OFFICE EXAMINATION DIVISION

OFFICE SERVICES DIVISION

Tax Administrator II

Tax Administrator I

Tax Assistant Administrator II

Tax Assistant Administrator II

TAXPAYER ASSISTANCE SECTION

2 Revenue Administration Officer III
 5 Revenue Administration Officer II
 15 Revenue Administration Officer I
 1 Revenue Tax Auditor I
 14 Processing Assistant III
 2 Processing Assistant IV
 1 Office Assistant IV
 1 Information Systems Coordinator I

EXAMINATION GROUPS I AND II

2 Revenue Tax Auditor III
 16 Revenue Tax Auditor II
 74 Revenue Tax Auditor I
 19 Revenue Tax Technician
 2 Revenue Administration Officer I
 6 Processing Assistant V
 2 Processing Assistant IV
 1 Processing Assistant III
 2 Office Assistant III

PROBLEM RESOLUTION

4 Revenue Tax Auditor I

Revenue Administration Officer II

Revenue Administration Officer II

EXAMINATION SUPPORT SECTION

1 Accounting Specialist I
 3 Processing Unit Supervisor V
 5 Processing Unit Supervisor IV
 7 Processing Assistant IV
 32 Processing Assistant III

BUSINESS LICENSE AND RETURNS UNIT

1 Revenue Administration Officer II
 1 Applications Analyst Programmer I
 3 Administrative Assistant I
 2 Administrative Assistant II
 1 Processing Assistant V
 9 Processing Assistant IV (9 pos.; 10 emp.)
 8 Processing Assistant III
 4 Accounting Clerk IV

**

** (1) SHARED PART-TIME PERMANENT POSITION

ACCOUNTS RECEIVABLE AND COLLECTIONS SECTION

2 Revenue Administration Officer I
 2 Administrative Assistant I
 3 Processing Assistant III
 10 Processing Assistant IV
 6 Processing Assistant V

Total Positions / Employees

Administration: 6
 Office Examination: 209 (208 pos.)
 Office Services: 67

TOTAL COUNT: 281 positions

282 employees

Bernice W. Thomas
 Bernice W. Thomas
 Assistant Secretary for Tax Compliance

Department of Revenue

Tax Compliance - Center 1640 (Program Number 0540 - Revenue Collection)

Tax Compliance comprises the **divisions of Office Examinations and Office Services**. These divisions administer the tax laws applicable to corporate income, estates and trusts, franchise, gift, individual income, inheritance, intangibles, license and excise, sales and use, and withholding, and perform auditing functions, and assist in collecting taxes.

FISCAL DATA

**Tax Compliance - Center 1640
Program Number 0540 - Revenue Collection***

Continuation Budget

	<u>1995-96 Actual</u>	<u>1996-97 Authorized</u>	<u>1997-98 Recommended</u>	<u>1998-99 Recommended</u>
Total Requirements	\$11,483,958	\$11,285,976	\$11,266,734	\$11,281,442
Receipts	345,994	170,176	191,453	192,487
Appropriation	\$11,137,964	\$11,115,800	\$11,075,281	\$11,088,955
Positions	283.0	283.0	283.0	283.0

*This Center contributes 17.22% to the Revenue Collection Program

**NORTH CAROLINA DEPARTMENT
OF REVENUE
FIELD OPERATIONS**

Donald J. Brown
ASSISTANT SECRETARY
400 Total Staff

Charlie Helms
REVENUE ADMINISTRATIVE OFFICER II

Jerry Coble
ITAS COORDINATOR/AUDIT PLANNING
COORDINATOR

Hailey Kirk
TRAINING COORDINATOR

Chris Moore
AUTOMATED DATA PROCESSING
COORDINATOR

ADMINISTRATIVE SUPPORT 3 PERMANENT

Lafonda Richburg
COMPUTING CONSULTANT II

Ralph Foster
DIRECTOR
WESTERN DIVISION
86 Total Staff

Kaye Honeycutt
DIRECTOR
INTERSTATE DIVISION
24 Total Staff

Robie McLamb
DIRECTOR
NORTHEASTERN DIVISION
92 Total Staff

John Sadoff
DIRECTOR
CENTRAL DIVISION
109 Total Staff

Ron Wicker
DIRECTOR
SOUTHEASTERN DIVISION
88 Total Staff

ASHEVILLE 8 RO/11 FA

ALGONQUIN, IL 1 FA

BURLINGTON 4 RO

ASHEBORO 3 RO

CLINTON 3 RO

FRANKLIN 1 RO

CHICAGO, IL 1 FA

DURHAM 12 RO/11 FA

CHARLOTTE 24 RO/22 FA

FAYETTEVILLE 10 RO/9 FA

GASTONIA 7 RO

COLUMBUS, OH 1 FA

ELIZABETH CITY 4 RO/4 FA

CONCORD 4 RO

GOLDSBORO 3 RO

HENDERSONVILLE 3 RO

CONYERS, GA 1 FA

GREENVILLE 5 RO

GREENSBORO 14 RO/17 FA

JACKSONVILLE 4 RO

HICKORY 7 RO/8 FA

HUNTINGDON VALLEY, PA 1 FA

HENDERSON 3 RO

HIGH POINT 4 RO

KINSTON 3 RO

LENOIR 3 RO

HOUSTON, TX 1 FA

NAGS HEAD 3 RO

LEXINGTON 3 RO

LILLINGTON 2 RO

MURPHY 1 RO

MARINA DEL RAY, CA 1 FA

RALEIGH 14 RO/15 FA

MOHRUE 4 RO

LUMBERTON 5 RO

N. WILKESBORO 2 RO

RALEIGH, NC 13 FA

ROCKY MOUNT 7 RO/7 FA

REIDSVILLE 3 RO

MOREHEAD CITY 3 RO

SHELBY 4 RO

RIVER EDGE, NJ 1 FA

WILSON 2 RO

SALISBURY 3 RO/7 FA

NEW BERN 4 RO/9 FA

STATESVILLE 4 RO

SANTA CLARA, CA 1 FA

ROCKINGHAM 5 RO/3 FA

WAYNESVILLE 3 RO

STAMFORD, CT 1 FA

SANFORD 3 RO

WILKESVILLE 14 RO/9 FA

SHALLOTTE 3 RO

SMITHFIELD 2 RO

WHITEVILLE 2 RO

WILMINGTON 8 RO/6 FA

Doc 29

Department of Revenue

Field Operations - Center 1660 (Program Number 0540 - Revenue Collection)

Field Operations is comprised of field auditors and revenue officers and is divided into **five geographic divisions: Interstate, Northeast, Southeast, Central and Western**. Auditors and officers are located in 45 offices throughout the state and 14 offices outside the state. Field Audit maintains an audit program to ensure compliance with tax laws, while revenue officers are responsible for taxpayer related services, obtaining delinquent returns and instituting forced collection procedures when necessary.

FISCAL DATA

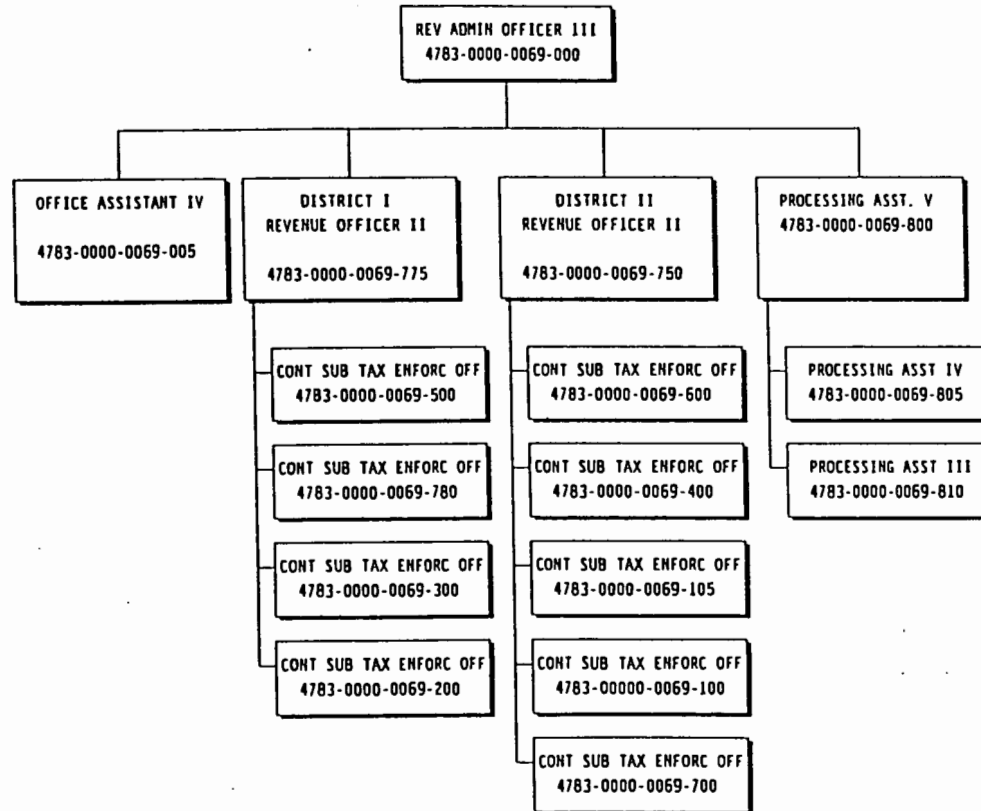
**Field Operations - Center 1660
Program Number 0540 - Revenue Collection***

Continuation Budget

	<u>1995-96 Actual</u>	<u>1996-97 Authorized</u>	<u>1997-98 Recommended</u>	<u>1998-99 Recommended</u>
Total Requirements	\$19,953,518	\$20,028,891	\$20,297,879	\$20,399,689
Receipts	110,676		0	0
Appropriation	\$19,842,842	\$20,028,891	\$20,297,879	\$20,399,689
Positions	406.0	415.0	415.0	415.0

*This Center contributes 29.17% to the Revenue Collection Program

**N. C. DEPARTMENT OF REVENUE
CONTROLLED SUBSTANCE TAX DIV.
APRIL 25, 1996**



SIGNED: Richard W. Bell
DATE: 4-29-96

Doc 31

Department of Revenue

Controlled Substance Tax - Center 1670 (Program Number 0540 - Revenue Collection)

The **Controlled Substance Tax Division** administers all aspects of assessments and collections of the excise tax levied on controlled substances. The Controlled Substance Tax Act was enacted in 1990 and requires the Department to return 75% of all unencumbered monies to participatory law enforcement agencies and the remaining 25% to the General Fund. This division must locate assets for garnishment or seizure and/or for sale in order to satisfy the claims of the State.

FISCAL DATA

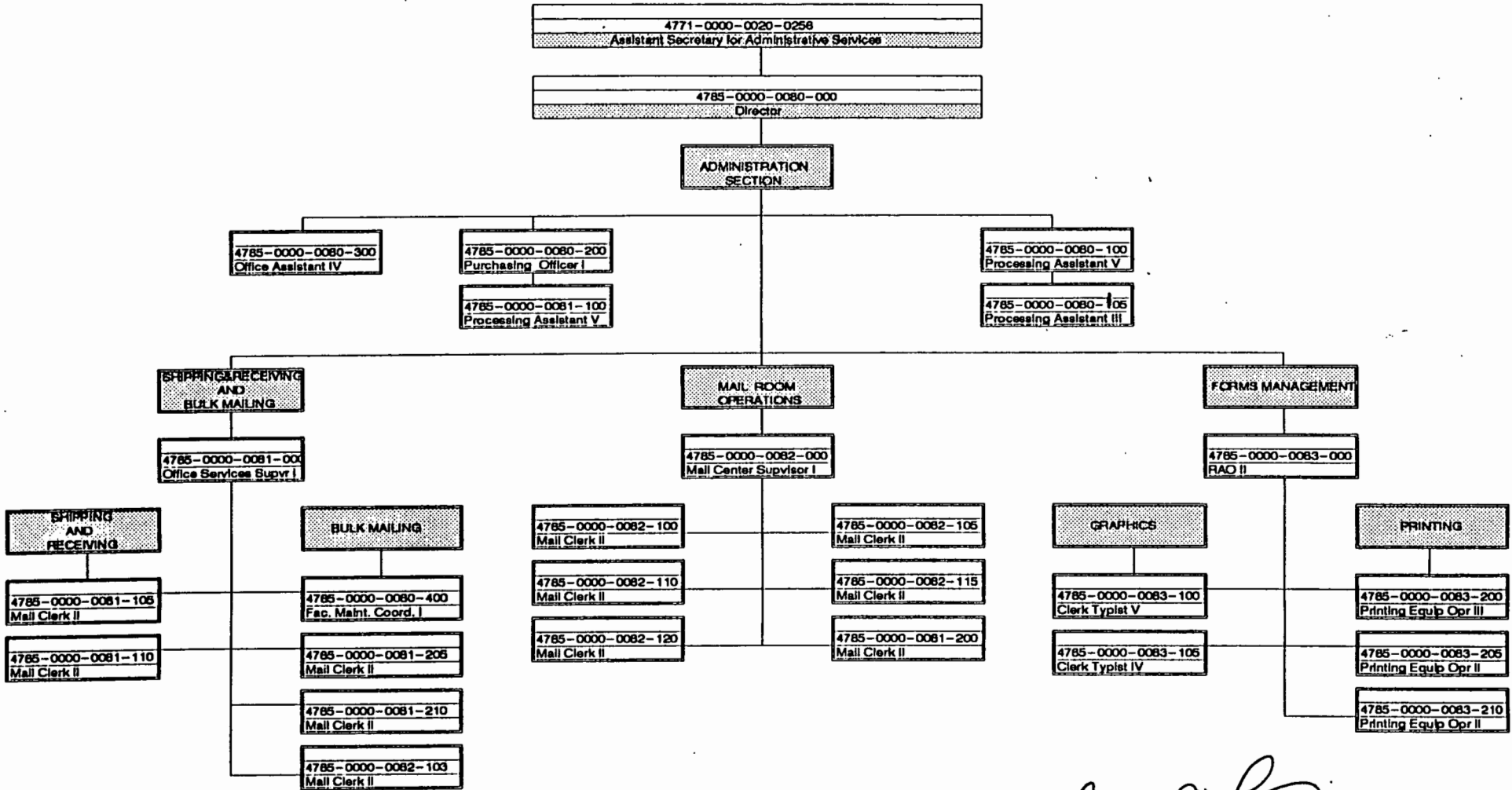
**Controlled Substance - Center 1670
Program Number 0540 - Revenue Collection***

Continuation Budget

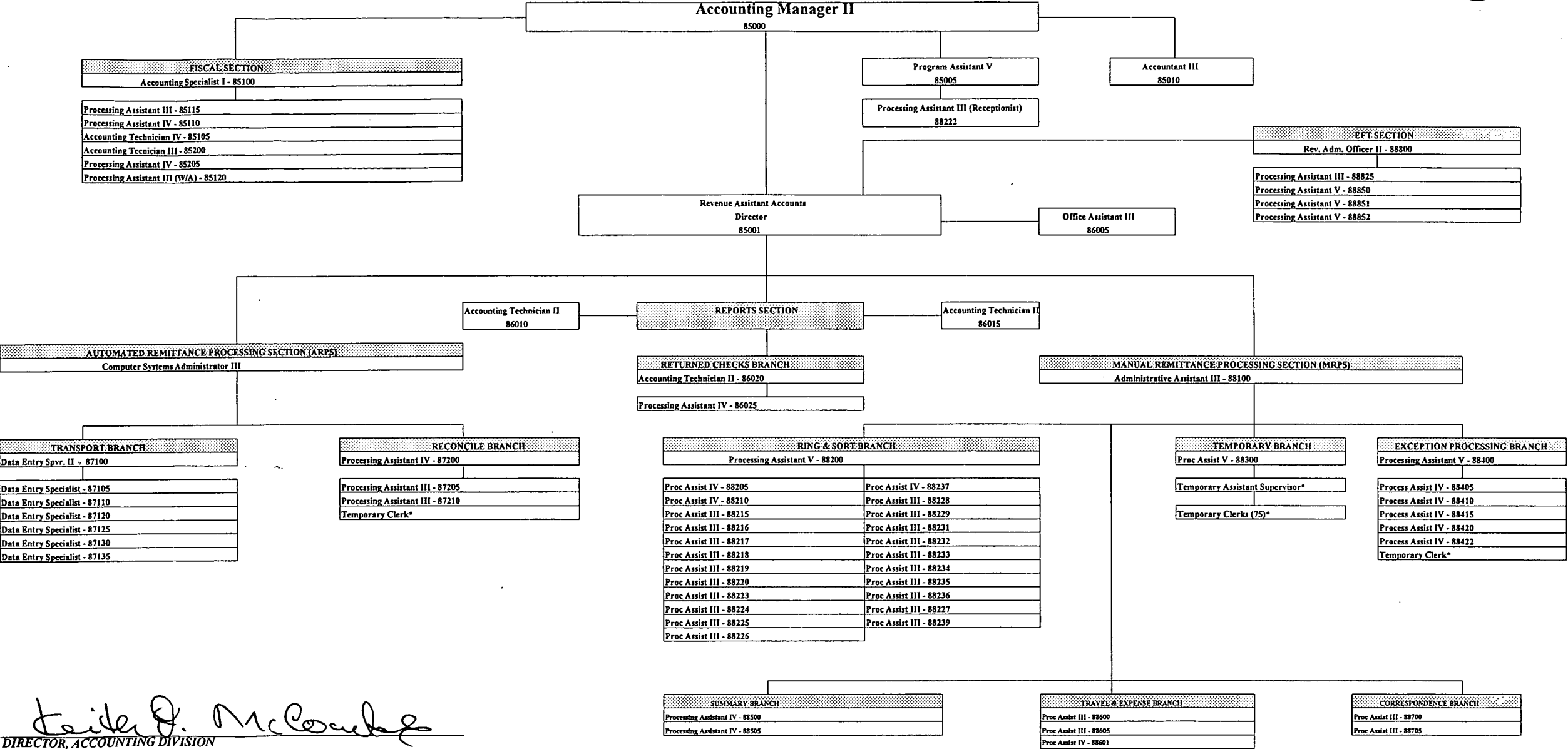
	<u>1995-96 Actual</u>	<u>1996-97 Authorized</u>	<u>1997-98 Recommended</u>	<u>1998-99 Recommended</u>
Total Requirements	\$847,175	\$803,263	\$817,724	\$817,916
Receipts	36,389	0	0	0
Appropriation	\$810,786	\$803,263	\$817,724	\$817,916
Positions	16.0	16.0	16.0	16.0

*This Center contributes 1.10% to the Revenue Collection Program

North Carolina Department of Revenue
Administrative Services Division



Thomas C. Lamar, Jr. 17 APR 96
Thomas C. Lamar, Jr. Date
Director

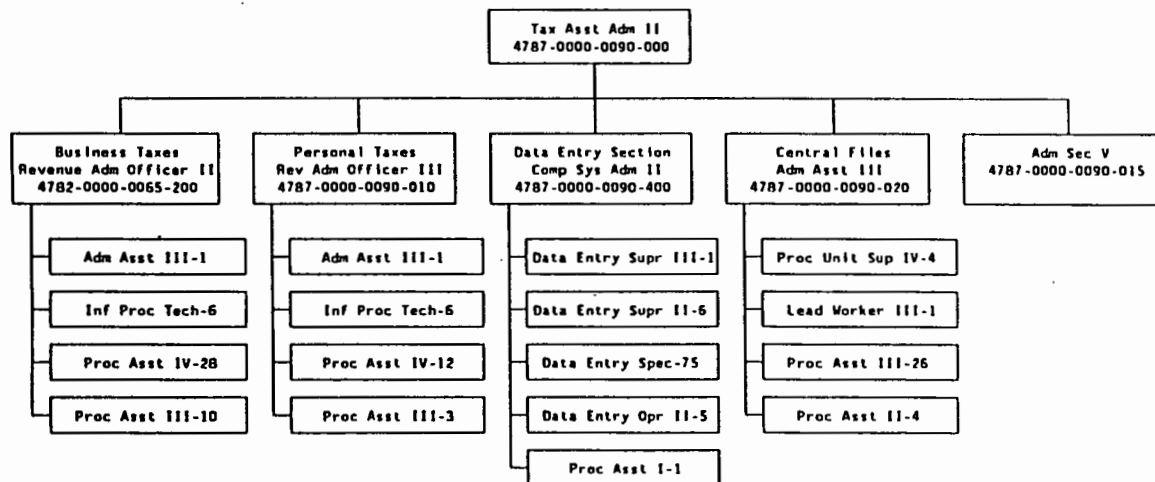


Teider J. McCoubie
DIRECTOR, ACCOUNTING DIVISION
2/4/97
Date

*Accounting employs approximately 78 temporary employees during peak seasonal periods.

DOE 34

NC Department of Revenue
Returns Processing Div
May 15, 1996



Edward H. West

DOR 35

Department of Revenue

Legal & Administrative Services - Center 1680 (Program Number 0540 - Revenue Collection)

Legal and Administrative Services is comprised of the **Administrative Services, Accounting, and Returns Processing Divisions**. All three divisions provide support and processing services to other Departmental divisions.

The **Administrative Services Division** is responsible for securing equipment, printing forms (in-house and outside), overseeing repairs to equipment and the building, mailings from and to taxpayers, and other related departmental services.

The **Accounting Division** receives, deposits, reports, and accounts for all tax receipts paid to the Department. The division assists in processing tax refunds for all tax schedules, maintains budgetary controls for the Department, keeps records of appropriations and disbursements, prepares payroll information, and maintains all time and pay records for the Department. It also maintains records of bonds placed with the Department as tax guarantees.

The **Returns Processing Division** processes data on tax returns and reports, maintains business registrations, and provides records management services for the Department's inactive files.

FISCAL DATA

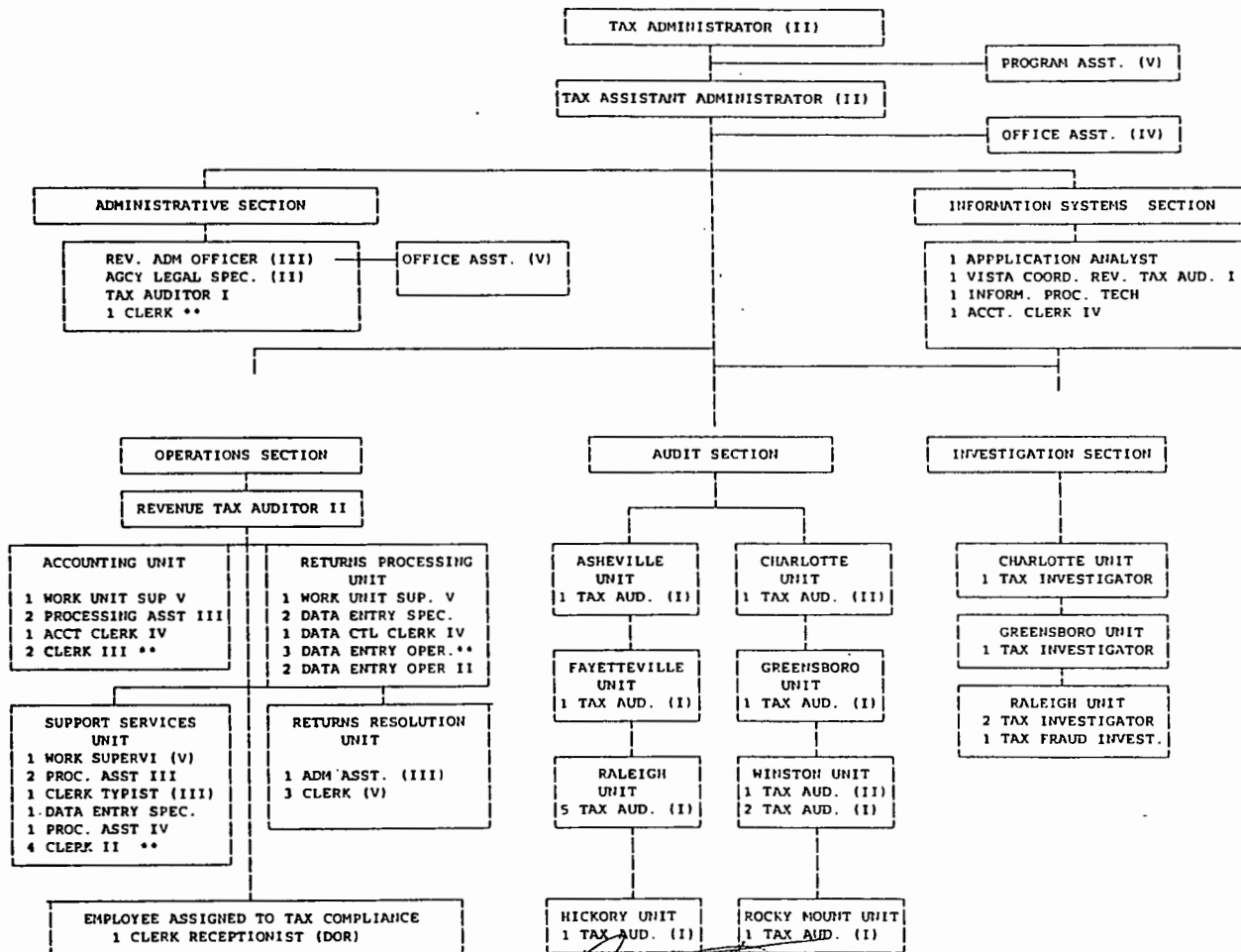
Legal & Administrative Services - Center 1680
Program Number 0540 - Revenue Collection*

Continuation Budget

	<u>1995-96</u> <u>Actual</u>	<u>1996-97</u> <u>Authorized</u>	<u>1997-98</u> <u>Recommended</u>	<u>1998-99</u> <u>Recommended</u>
Total Requirements	\$16,872,407	\$16,813,602	\$16,987,216	\$17,011,029
Receipts	649,246	473,729	454,154	454,463
Appropriation	\$16,223,161	\$16,339,873	\$16,533,062	\$16,556,566
Positions	287.0	287.0	287.0	287.0

*This Center contributes 22.04% to the Revenue Collection Program

NORTH CAROLINA DEPARTMENT OF REVENUE
MOTOR FUELS TAX DIVISION



FEBRUARY 1, 1996

** TEMPORARY EMPLOYEES

Robert E. Beck
ROBERT E. BECK, DIRECTOR

DOR 37

Department of Revenue

Motor Fuels - Center 1700 (Program Number 0540 - Revenue Collection)

The **Motor Fuels Tax Division** administers and collects the gasoline, special fuels and highway fuel use taxes, and inspection fees due on motor fuels and kerosene. The division also disseminates motor fuels tax information and conducts field and office audits, and examinations to insure compliance. This division is supported entirely by tax receipts deposited by the Department of Revenue to the credit of the North Carolina Department of Transportation (Highway and Highway Trust Fund).

FISCAL DATA

**Motor Fuels - Center 1700
Program Number 0540 - Revenue Collection***

Continuation Budget

	<u>1995-96</u> <u>Actual</u>	<u>1996-97</u> <u>Authorized</u>	<u>1997-98</u> <u>Recommended</u>	<u>1998-99</u> <u>Recommended</u>
Total Requirements	\$4,101,595	\$2,306,874	\$2,329,577	\$2,331,760
Receipts	4,101,457	2,306,874	2,329,577	2,331,760
Appropriation	\$138	\$0	\$0	\$0
Positions	45.0	45.0	45.0	45.0

*This Center contributes 3.24% to the Revenue Collection Program

Department of Revenue

Federal Grant Fuel Tax Evasion - Center 1702 (Program Number 0540 - Revenue Collection)

Grant monies have been provided by the Federal Highway Administration (FHWA) to address the problems associated with fuel tax evasion and to promote cooperation with other states and the Internal Revenue Service. The grant monies were authorized by the United States Congress in the 1991 Intermodal Surface Transportation Efficiency Act (ISTEA). To date total monies received have been \$381,843.72 since 1992.

FISCAL DATA**Federal Grant - Fuel Tax Evasion - Center 1702
Program Number 0540 - Revenue Collection *****Continuation Budget**

	<u>1995-96</u> <u>Actual</u>	<u>1996-97</u> <u>Authorized</u>	<u>1997-98</u> <u>Recommended</u>	<u>1998-99</u> <u>Recommended</u>
Total Requirements	\$91,840	\$131,407	\$131,407	\$131,407
Receipts	91,839	131,407	131,407	131,407
Appropriation	\$1	\$0	\$0	\$0
Positions	2.0	2.0	2.0	2.0

*This Center contributes .18% to the Revenue Collection Program

Department of Revenue

Federal Grant - Motor Carriers - Center 1704 (Program Number 0540 - Revenue Collection)

Grant monies have been provided by the Federal Highway Administration (FHWA) to assist states with the costs associated with entering the International Fuel Tax Agreement (IFTA). IFTA is a base state compact where the base state collects fuel use taxes from its resident carriers for all member jurisdictions. This collected tax is then forwarded to each jurisdiction. IFTA has simplified registration and reporting requirements for all carriers based in IFTA jurisdictions.

FISCAL DATA

**Federal Grant - Motor Carriers - Center 1704
Program Number 0540 - Revenue Collection***

Continuation Budget

	<u>1995-96 Actual</u>	<u>1996-97 Authorized</u>	<u>1997-98 Recommended</u>	<u>1998-99 Recommended</u>
Total Requirements	\$11,863	\$42,330	\$42,330	\$42,330
Receipts	11,862	42,330	42,330	42,330
Appropriation	\$1	\$0	\$0	\$0
Positions	0	0	0	0

*This Center contributes .06% to the Revenue Collection Program

Department of Revenue

Motor Fuels - Fuel Compliance - Center 1706 (Program Number - Revenue Collection)

Action by the Joint Legislative Transportation Oversight Committee in 1994 authorized monies to enhance computerization in the Motor Fuels Tax Division, develop procedures to exchange data with the Division of Motor Vehicles to detect under-reporting of North Carolina mileage by interstate truckers, and develop procedures to detect inaccurate reporting by gasoline distributors and special fuel suppliers.

FISCAL DATA

**Motor Fuels - Fuel Compliance - Center 1706
Program Number 0540 - Revenue Collection***

Continuation Budget

	<u>1995-96</u> <u>Actual</u>	<u>1996-97</u> <u>Authorized</u>	<u>1997-98</u> <u>Recommended</u>	<u>1998-99</u> <u>Recommended</u>
Total Requirements	\$266,713	\$394,374	\$400,328	\$400,328
Receipts	266,713	394,374	400,328	400,328
Appropriation	\$0	\$0	\$0	\$0
Positions	6.0	6.0	6.0	6.0

*This Center contributes .55% to the Revenue Collection Program

Department of Revenue

White Goods - Center 1800 (Program Number 0540 - Revenue Collection)

The White Goods Disposal Tax Act imposes an additional sales and use tax that can be either \$5.00 or \$10.00 for each white good sold. From the tax collected the Department can retain up to \$225,000 a year for the cost of administration with the remaining net collections being paid as follows: five percent to the Solid Waste Management Trust Fund, twenty percent to the White Goods Management Account and seventy-five percent to counties on a per capita basis. [This tax is set to sunset on July 1, 1998.]

FISCAL DATA

White Goods - Center 1800
Program Number 0540 - Revenue Collection*

Continuation Budget

	<u>1995-96 Actual</u>	<u>1996-97 Authorized</u>	<u>1997-98 Recommended</u>	<u>1998-99 Recommended</u>
Total Requirements	\$173,978	\$225,000	\$225,000	\$225,000
Receipts	173,889	225,000	225,000	225,000
Appropriation	\$89	\$0	\$0	\$0
Positions	4.0	4.0	4.0	4.0

*This Center contributes .32% to the Revenue Collection Program

Department of Revenue

Scrap Tire - Center 1820 (Program Number 0540 - Revenue Collection)

The Scrap Tire Disposal Act imposes a scrap tire disposal tax of one or two percent on the retail sale of each new motor vehicle tire. From the taxes collected the Department can retain up to \$225,000 a year for the cost of administration with the remaining net collections being paid as follows: five percent to the Solid Waste Management Trust Fund, twenty-seven percent to the Scrap Tire Disposal Account and sixty-eight percent to counties on a per capita basis.

FISCAL DATA

**Scrap Tire - Center 1820
Program Number 0540 - Revenue Collection***

Continuation Budget

	<u>1995-96</u> <u>Actual</u>	<u>1996-97</u> <u>Authorized</u>	<u>1997-98</u> <u>Recommended</u>	<u>1998-99</u> <u>Recommended</u>
Total Requirements	\$221,989	\$225,000	\$225,000	\$225,000
Receipts	221,990	225,000	225,000	225,000
Appropriation	\$(1)	\$0	\$0	\$0
Positions	6.0	6.0	6.0	6.0

*This Center contributes .32% to the Revenue Collection Program

3/5, 1997

Date _____

Am

FIRM OR AGENCY AND ADDRESS

NAME	FIRM OR AGENCY AND ADDRESS
Bernard Allen	Secy. of State
Bewley - butler	Residence
B. W. Thomas	"
J. I. By	"
Mike Dammal	"
Smith N. Coyle	✓
Mike Kottler	✓
Murriel Hoffman	✓
William Brodick	✓
Karen K. K. K. K.	✓
Don Renter	✓
Nellie Riley	OSP
Roslyn Savitt	NC Coalition Against Domestic Violence
Lois R. R.	OSC
Kathie Austin Podgett	OSPL
Jim Newell	OSBM
Ernest E. Holloway	"

JOINT APPROPRIATIONS SUBCOMMITTEE
ON
GENERAL GOVERNMENT

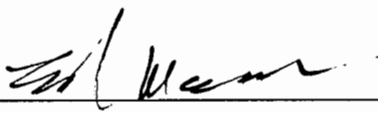
March 5, 1997

The Joint Appropriations Subcommittee on General Government met Wednesday, March 5, 1997 at 3:30 p.m. in room 425 of the Legislative Office Building. Four of the Senate members were present. Representatives present were: Co-Chair Ives, and Jeffus.

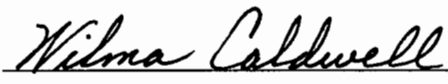
Mr. Dewey Sampson, of the Department of Revenue, informed Senator Warren, Committee Chair, that most of their material had been covered during the morning session; and, if agreeable, they would forego their presentations and just answer any questions which the members might have. There were no questions. However, Representative Ives asked that at some time they update the members on the initiative they brought before the General Assembly last year asking that some of their security positions be upgraded to police standards.

The meeting adjourned at 3:45 p.m.

Respectfully submitted,



Senator Ed Warren, Chairman



Wilma Caldwell, Committee Clerk

PM

Date _____

[illegible]

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT

March 6, 1997

The Joint Appropriations Subcommittee on General Government met on March 6, 1997 at 8:30 a.m. in Room 425 of the Legislative Office Building. Representative McCombs presided and the following members were present: Representative Ives, Cochair; Representative Sherrill, Cochair; Representatives Culpepper, Decker, Jeffus and Wainwright and five Senate members.

Representative McCombs called the meeting to order and introduced pages Alice Chang and P.J. Vincent, Jr. He then asked Secretary Katie Dorsett, Dept. of Administration, to present an overview of the department. She shared some of the department's accomplishments and achievements in efficiency and customer-friendly services. She then introduced the following executive staff members: Deputy Secretary for Government Operations David McCoy, Deputy Secretary for Internal Services and Programs Kenneth Wilkins, Assistant Secretary Martha Glass, Legal Counsel Glen Peterson, Public Information Officer Priscilla Smith, Fiscal Affairs Officer Kathy Crooke, Human Resources Manager Linda Coleman, Assistant Secretary for Veterans Affairs Charlie Smith and Agency for Public Telecommunications Director Leila Tvedt.

Secretary Dorsett referred to the following attachments as a part of her overview presentation: brochure about the department (attachment 1), organizational chart (attachment 2), budget summary (attachment 3) and chart for performance program budget (attachment 4). Senator Page asked for examples of ways the department has cut waste and improved efficiency. Secretary Dorsett responded with the following examples: redesigning the computer keyboard to incorporate it within the desk, eliminating the need to purchase an additional desk (savings of over \$200), motor fleet made major purchases of vehicles before models change (savings of over \$1 million), being energy conscious, cost wise and looking at alternative ways to keep from polluting the environment. Senator Ledbetter then asked how the Department of Administration avoids crossing wires with the Department of Human Resources. Secretary Dorsett replied that her department's role is one of advocating for individual and group needs whereas the Department of Human Resources is involved in the actual delivery of the services.

Secretary Dorsett introduced to the committee Mr. Walter Sturgeon, new Director of North Carolina Low-Level Radioactive Waste Management Authority. She then called

on Leila Tvedt, Executive Director of the Agency for Public Telecommunications to give her presentation. She gave an overview of the agency (attachment 5), after which the members asked questions. Rep. Ives asked if there is a fiber network across the state now that the agency uses. Ms. Tvedt responded that the grant for the information highway site went to Emergency Management, and her agency shares the equipment and maintains it for them. Rep. Ives commented that when the Board of Elections was here, they gave the committee a tape on educating precinct officials. He asked if the Agency for Public Telecommunications produced that tape. Ms. Tvedt responded that they did. Senator Page asked for clarification on the reason for the difference in figures for total estimated receipts for 1995-96 as opposed to 1998-99 (attachment 3). Kathy Crooke responded to this, stating that the majority of receipts come from the Division of Motor Vehicles where vehicles are leased across the state and from the courier service. She stated that the Agency for Public Telecommunications only has a small portion of the receipts that are shown. Senator Lucas asked what barometer is used to evaluate the effectiveness of the agency. Ms. Tvedt responded that a client survey has been started to ask clients if they are getting what they want. They also try to cover issues of statewide interest in the call-in program, and determine this by whether the calls are coming in and whether people are willing to participate in those calls. Senator Page then referred to the summary budget (attachment 3) and asked for clarification on the reason for the difference in figures for total requirements in the 1995-96 budget as opposed to the 1998-99 budget. Kathy Crooke responded, stating that most of this money will be used for facility management, maintaining buildings and grounds.

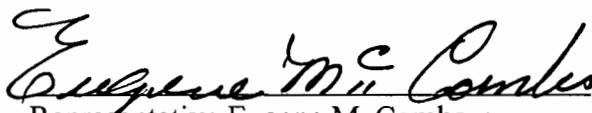
Charles Smith, Director of Veterans Affairs, spoke next and presented an overview of this agency (attachment 6). After the presentation, members asked questions. Rep. Ives asked how much this program costs the state. Mr. Smith responded that the state cost of the program is $\frac{1}{2}$ of the budget, which is about \$8 million. Rep. Ives then asked how the eligibility of a veteran's child to receive a scholarship is determined. Mr. Smith responded that the eligibility is determined by his office according to the statutes. Senator Lucas asked if a protocol is established now on the operations of the state veterans home. Mr. Smith responded that there is a statute concerning the state veterans home. Senator Warren inquired if the hospitals have an affiliation agreement with local hospitals. Mr. Smith responded that some of the services and treatments are shared with other hospitals. Senator Warren then asked if the hospitals are fully staffed. Mr. Smith stated that he would need to get some of this information from the hospital director. Senator Warren requested a report from Mr. Smith on the status of staffing. Rep. Decker asked what the holdup is on the veterans medal. Mr. Smith stated that the holdup is that there is currently not enough money to design, strike and make the medals. Senator Page asked for the residency requirements for qualifying for a scholarship. Mr. Smith stated that an applicant may qualify if the veteran entered service from the state of North


Carolina during a period of war and the disability was incurred during that period that he was a resident. If the veteran was not a resident, the child must have been born in North Carolina and continuously lived in the state since birth. Rep. Wainwright asked how many disabled war-time veterans there are in North Carolina. Mr. Smith responded that there are approximately 100,000. Rep. Wainwright then asked who makes the determination of who will fill the 150 beds in Fayetteville, and is there established criteria for making this determination. Mr. Smith stated that the North Carolina Veteran Affairs Commission is charged with making this determination and that there is established criteria. Evan Rodewald, staff advisor, stated that the Governor's Continuation Recommendations include about \$500,000 to operate the new veterans home that is being built. This money is to be non-recurrent, to be used until the home can be self-supporting. Senator Ledbetter asked if it is expected that Medicare and Medicaid funds will be used to operate the facility. Mr. Rodewald stated that a lot of the money is supposed to come from veterans benefits.

Robert Joyce, Executive Director of State Health Plan Purchasing Alliance Board, spoke next and gave an overview of his agency. At the end of his presentation, Rep Ives asked for clarification on the number of people currently insured. Mr. Joyce stated that there were 2,500 people insured.

The meeting was adjourned at 9:45 a.m.

Respectfully submitted,


Representative Eugene McCombs
Cochair


Suzanne M. Erskine
Committee Clerk

DEPARTMENT OF ADMINISTRATION

Joint Appropriations Subcommittee - General Government Presentation on Continuation Budget LOB 425

Secretary Katie Dorsett

Assistant Secretary for Administration - Martha Glass
Assistant Secretary for Veterans Affairs - Charles Smith
Agency General Counsel - R. Glen Peterson
Director, Public Information - Priscilla Smith
Director, Fiscal Management - Kathy Crooke
Director, Human Resources Management - Linda Coleman
Executive Director, Agency for Public Telecommunications - Leila Tvedt

Deputy Secretary David McCoy - Operations

State Construction - Speros Fleggas, Director
Purchase and Contract - John Leaston, Director
State Property - Joe Henderson
Motor Fleet Management - John Massey

Deputy Secretary Kenneth Wilkins - Internal Services and Programs

Council for Women - Juanita Bryant, Executive Director
Youth Advocacy and Involvement Office - Vida Mays, Director
NC Commission of Indian Affairs - Greg Richardson, Director
NC Human Relations Commission - Eddie Lawrence, Director
Governor's Advocacy Coun. for Persons with Disabilities - Ken Franklin, Act. Dir.
Facility Management - Tony Jordan, Director
Sid Chambers, Building Services, Presenting
State Capitol Police - Johnny Massey, Director

For Budgetary and Personnel Purposes:

Executive Director, State Health Plan - Robert Joyce
Vice Chairman, Board of Science and Technology - Norman Cohen



North Carolina Department of Administration

116 West Jones Street - Raleigh, N.C. 27603-8003 - (919) 733-7232 - <http://www.doa.state.nc.us/da/>

The Department of Administration is often referred to as the "business manager" of state government. Created in 1957, it provides numerous services for state government agencies. In addition to its role as services provider, the department is host to several councils and commissions which advocate for the special needs of North Carolina's citizens.

As the state's business manager, the department oversees such operations as building construction, purchasing and contracting for goods and services, maintaining facilities, managing state vehicles, policing the State Government Complex, acquiring and disposing of real property, and operating auxiliary services such as courier mail delivery and the disbursement of state and federal surplus property. The department offers still other services, including public service telecasts provided by the Agency for Public Telecommunications. The department assists veterans through the Division of Veterans Affairs.

There are several programs that advocate for the special needs of citizens of North Carolina that are included in the Administration Department. They include the Governor's Advocacy Council for Persons with Disabilities, the N.C. Office on the Americans with Disabilities Act, the N.C. Human Relations Commission, the N.C. Commission of Indian Affairs, the Youth Advocacy and Involvement Office, and the N.C. Council for Women. Most of these programs have an appointed council and a state staff, which advocate for persons with disabilities, minorities, youth and women.

The Department of Administration was re-established by the Executive Organization Act of 1971, to bring more efficient and effective management to state government. Prior to its enactment, over 300 agencies reported directly to the governor. Recognizing the difficulty of providing good management under those conditions, the department was re-created after successful passage and implementation of the reorganization bill. Under the provisions of the bill, the duties of the department were defined as "to serve as a staff agency to the governor and to provide for such ancillary services as other departments of state government might need to ensure efficient and effective operations."

The department has adopted the following mission statement to best reflect its purpose and goals.

Mission Statement

The North Carolina Department of Administration provides leadership to all state government agencies for the effective, efficient, economical and equitable delivery of services to the public. The department also provides advocacy, assistance and services to various segments of the state's population that have been traditionally underserved (G.S. 143-48, et. seq., G.S. 143-128, et. seq., G.S. 143B-336, et. seq.). The mission directs departmental efforts toward the accomplishment of the following goals:

- To acquire and develop properties and facilities and maintain a safe and suitable work environment.
- To develop and maintain an efficient system for the purchase and disposition of goods and services to meet the needs of government agencies.
- To achieve fair and equitable opportunities and representation for various segments of the population that have special needs.
- To provide administrative support to independent state government agencies.
- To improve public access to the environmental review process.
- To provide management and administrative support to divisions within the department to maximize efficiencies.
- To coordinate and promote a comprehensive program to elevate the level of importance of science, mathematics and technology.
- To provide quality service for citizens, public agencies and cable system affiliates through interactive teleconferencing, media productions and live programming.

The Department of Administration strives to serve as a role model for all of state government, working to ensure that taxpayers' dollars are used wisely and that good management is pervasive. Some activities designed to increase productivity in the department and throughout state agencies include the State Employee Suggestion System, which awards employees a percentage of money saved through their suggestions that are implemented by state government. The Continuous Management Improvement effort relies on input from departmental employees to improve services to other state agencies and to the public. The Human Resources Management Office in the department offers training to employees to help them perform their jobs more efficiently and effectively.

Office of the Secretary

The department is led by the Secretary of Administration, an appointee of the governor. There are several officers who report directly to the secretary, including the deputy secretary for government operations, the deputy secretary for programs, the general counsel, the assistant secretary, the department's chief fiscal officer, the director of the department's Human Resources Management Office, the director of public information, the director of the Agency for Public Telecommunications and the assistant secretary for veterans affairs. Some of these officers supervise divisions listed as follows:

Office of Fiscal Management

The Office of Fiscal Management accounts for all fiscal activity of the department in conformity with requirements of the Office of State Budget and Management, the Office of State Controller, the Department of State Auditor, the Department of State Treasurer and federal funding agencies. It files timely financial reports, purchases and pays for goods and services, invoices user agencies for central services, and recommends and administers fiscal policy within the department. The office also provides the same services for the Low-Level Radioactive Waste Management Authority, Lieutenant Governor, Board of Ethics, Board of Science and Technology, State Health Plan Purchasing Alliance Board and Office of State Personnel.

Human Resources Management Office

The Human Resources Management Office provides a range of services for the department, the Low-Level Radioactive Waste Management Authority, Lieutenant Governor, Board of Ethics, Board of Science and Technology, State Health Plan Purchasing Alliance Board and the Office of State Personnel. With the exception of the Office of State Personnel, where only payroll services are provided, the Human Resources Management Office's services encompass all major areas of public personnel administration in accordance with the requirements of the State Personnel Act. The personnel division is responsible for employee selection and recruitment, position management, training and development, employee and management relations, and health benefits administration. The office also administers the State Employee Suggestion System and the department's Safety and Health Program.

Public Information Office

The responsibilities of the Public Information Office (PIO) are varied. They include compilation, editing, formatting and preparing camera-ready copy of documents for the department's divisions and, on occasion, for the Governor's Office and other departments. The office is responsible for the *State Capitol Area Telephone Directory* and the Southern Bell Blue Pages of state government telephone listings. The PIO produces newsletters, brochures, booklets, graphics, etc., for the department's divisions, providing a cost-effective centralized area offering writing, editing and design expertise. The PIO writes and distributes press releases about breaking news events, announcements, special services and programs. The office plans special events, often in cooperation with the Governor's Office, such as the Governor's Media Adoption Summit and the speaker's bureau of the governor's appointed staff in the department. The PIO prepares speeches for the secretary. In addition, the PIO responds to public inquiries about departmental programs and services, assists the media with inquiries, arranges interviews and acts as spokesperson when needed. The PIO also advises the secretary and the executive staff on the best ways to communicate with the media and the external and internal publics.

Agency for Public Telecommunications

The Agency for Public Telecommunications operates public telecommunications facilities and provides state agencies with communications services that enhance public participation in government. The agency operates a television and radio production studio that offers media production, teleconferencing, and public service telecasts, such as OPEN/net. Programs are distributed via satellite to cable systems and community colleges by phone and by fiber.

Division of Veterans Affairs

The Division of Veterans Affairs assists veterans, their dependents and the dependents of deceased veterans in obtaining and maintaining those rights and benefits to which they are entitled by law.

Government Operations

Facility Management Division

The Facility Management Division provides preventive maintenance and repair services to the State Government Complex and some facilities used by government workers in outlying areas. Services include construction; renovation; housekeeping; landscaping; steam plant, HVAC and elevator maintenance; pest control; parking supervision; and lock shop operations.

Management Information Systems Division

The Management Information Systems Division provides leadership in the managing of the department's information resources. This division provides consulting services with emphasis on analyses of current operations and recommendations for improving operations, dissemination of information, and reducing costs. The division designs, develops or acquires, and implements solutions for the department's automation needs.

Motor Fleet and Courier Services Division

The Motor Fleet and Courier Services Division provides passenger vehicles to state agencies for employees in the performance of their duties. The division is a receipt-supported operation that purchases, maintains, assigns and manages the state's centralized fleet of approximately 6,121 vehicles. The division enforces state policy and regulations concerning the use of the vehicles. The division also administers Courier Service. A receipt-supported operation, Courier Service provides delivery of government mail to state offices in all 100 counties in North Carolina.

Division of Purchase and Contract

The Division of Purchase and Contract serves as the central purchasing authority for state government and certain other entities. Contracts are established for the purchase, lease and lease-purchase of the goods and services required by state agencies, institutions, public school districts, community colleges and the university system, totaling \$1.9 billion annually. In addition, local governments, charitable non-profit hospitals, local non-profit community sheltered workshops, certain child placement agencies or residential child care facilities, volunteer non-profit fire departments and rescue squads may use the services of the Division of Purchase and Contract. The division also administers both Federal Surplus Property and State Surplus Property agencies.

- **Federal Surplus Property.** Federal Surplus Property acquires and donates available federal surplus property to eligible state recipients -- government agencies, non-profit educational institutions and public health facilities. Operation costs are funded by receipts from sales.
- **State Surplus Property.** State Surplus Property sells supplies, materials and equipment owned by the state that is considered to be surplus, obsolete or unused. A service charge on goods sold provides funding for the agency.

State Capitol Police Division

The State Capitol Police Division, a law enforcement agency with police powers throughout Raleigh and state property in Wake County, provides security and property protection for state government facilities in Raleigh, Garner, Cary and Wake County. The agency protects employees and visitors; secures state-owned property; provides security for demonstrations, inaugurations, prison executions, personnel hearings; assists visitors to state facilities; investigates crimes committed on state property; and monitors burglar and fire alarms statewide.

State Construction Office

The State Construction Office is responsible for the review and approval of all plans and specifications for the construction or renovation of all state buildings; preparation of cost estimates relating to appropriation requests for the construction or renovation of state buildings; supervision of the letting of all contracts for the design, construction or renovation of all state buildings; and inspection and acceptance of all work done and materials used in the construction or renovation of all state buildings.

State-Local Relations Section

The State-Local Relations Section works with local governments, regional and multi-state organizations, the public, and state agencies in a variety of areas involving intergovernmental cooperation. The division manages the Appalachian Regional Commission grant program, coordinates project reviews required by the state and national Environmental Policy Acts, aids the governor in responding to federal (congressional and executive branch) issues, provides staff support for the North Carolina Local Government Partnership Council, and operates a project notification, review, and comment system to provide state and local agencies and the public with information about projects supported with public funds.

State Property Office

The State Property Office is responsible for state government's acquisition and disposition of all interest in real property whether by purchase, sale, exercise of power of eminent domain, lease or rental, with the exception of highway rights of way, the State Ports Authority and the Wanchese Seafood Industrial Park. This office is also responsible for the management of the submerged lands of the state, with the exception of aquaculture leases. The office maintains a computerized inventory of land and buildings owned or leased by the state and administers the allocation and reallocation of land and buildings among the various state agencies.

Programs

Governor's Advocacy Council for Persons with Disabilities

The Governor's Advocacy Council for Persons with Disabilities (GACPD) is part of a nationwide system of protection and advocacy agencies. It is a civil rights protection agency committed to serving citizens with disabilities. GACPD staff provide advocacy services, information and referral services, and legal representation to any citizen of North Carolina who has a physical or mental condition that substantially limits at least one major life activity and who feels he/she has been discriminated against because of a disability. Examples of disabilities include a mobility impairment, a learning disability, a developmental disability, a mental illness, or a neurological impairment. "Major life activities" are walking, seeing, speaking, learning, getting a job or an education, breathing, caring for oneself, hearing, and performing manual tasks. GACPD is guided by a 21-member board comprised of volunteers appointed by the state's top leaders in government.

North Carolina Council for Women

The North Carolina Council for Women advises the governor, the General Assembly and the principal state departments on the special needs of women in North Carolina. The council works cooperatively with local women's organizations, develops innovative projects and policy initiatives, and conducts workshops and training sessions to address women's needs. The council administers state and federal funds to local non-profit groups serving sexual assault and domestic violence victims. The council is also designated as the administrator for state funds which serve displaced homemakers. Staff in the Raleigh headquarters and six region directors provide technical assistance to individuals and public/private agencies.

North Carolina Commission of Indian Affairs

The North Carolina Commission of Indian Affairs was created by the North Carolina General Assembly in 1971 in response to the need of the state's Indian citizens to have a voice in their own affairs. Its purposes include bringing local, state and federal resources into focus for the implementation or continuation of meaningful programs for the state's Indian citizens; assuring the rights of Indians to pursue their cultural, social and religious traditions; and assisting in the development of social and economic opportunities for Indian people across the state.

North Carolina Human Relations Commission

The North Carolina Human Relations Commission provides services and programs aimed at improving relationships among all citizens of the state, while seeking to ensure equal opportunities in the areas of employment, housing, public accommodations, recreation, education, justice and governmental services. The commission also enforces the North Carolina Fair Housing Law and is fully substantially equivalent with the Division of Fair Housing within the U.S. Department of Housing and Urban Development. The commission participated in writing and implementing the Fair Housing goals for the Comprehensive Housing Affordability Strategy (CHAS) and the Consolidated Housing Plan required by the federal government. Further, the commission also serves as a resource to Community Development Block Grant recipients in helping them develop adequate Fair Housing plans. The commission supports and works with 52 local autonomous commissions throughout the state of North Carolina. In addition, the commission also serves as a clearinghouse to disseminate information concerning North Carolina's employment law to citizens.

North Carolina Office on the Americans with Disabilities Act

The North Carolina Office on the Americans with Disabilities Act was created by the General Assembly and began operation in September 1994 to help state and local governments, business and industry in complying with the Americans with Disabilities Act (ADA) of 1990. In addition to serving as a resource for government and business, the office is expected to assist individuals with disabilities and their families in understanding their rights under the law. Training, technical assistance and the establishment of an alternative dispute resolution process are some of the ways that the office will promote compliance with ADA. The office will also establish an ADA Resource Center.

Youth Advocacy and Involvement Office

The Youth Advocacy and Involvement Office (YAI/O), under the leadership and directives of councils and advisory groups and in cooperation with public and private agencies, serves as an advocate for children and youth. Through these collaborative efforts, this agency seeks to enhance the quality of life for North Carolina's children and youth through policy reviews, legislative recommendations, and positive intervention through leadership development and experiential educational opportunities.

DATE

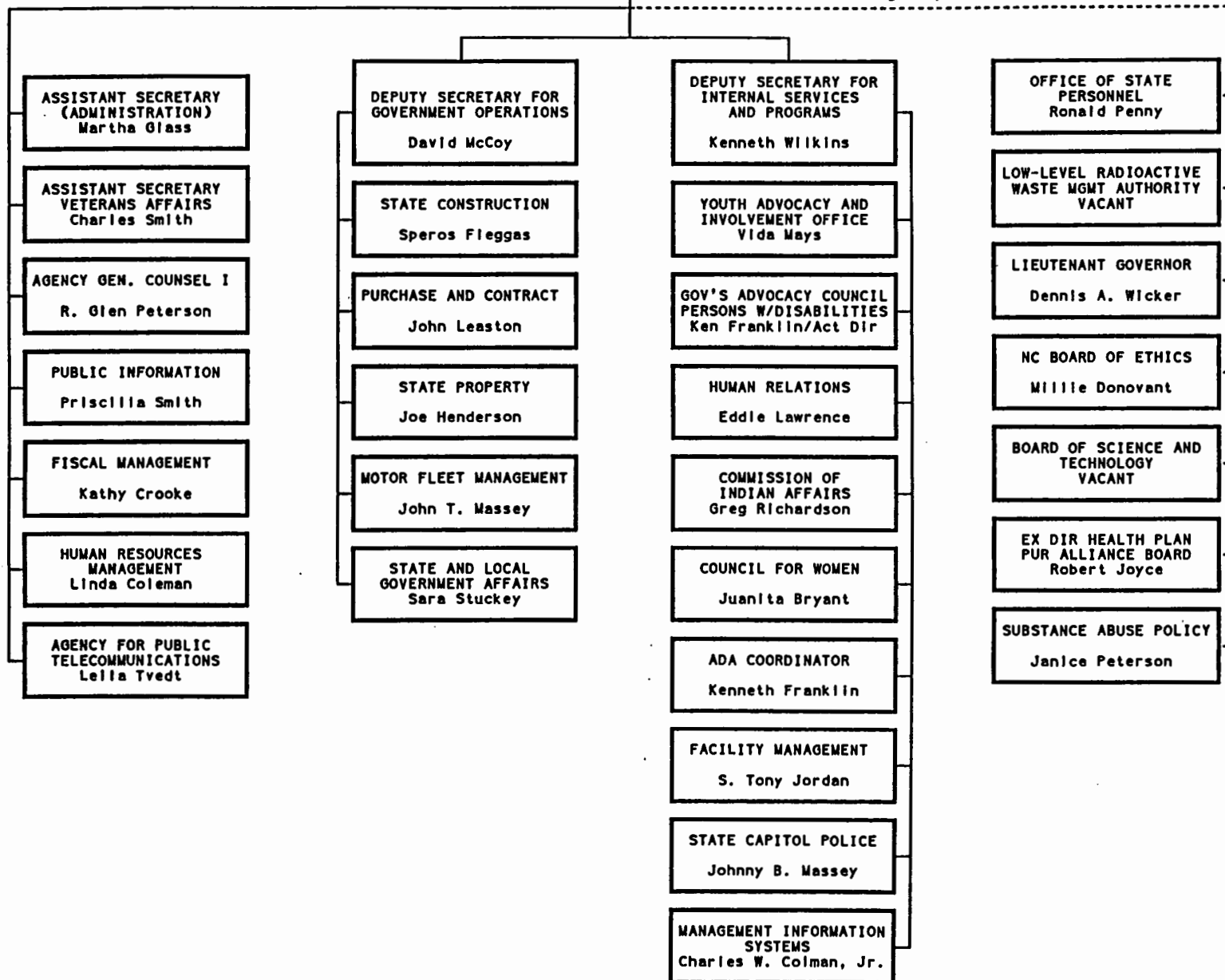
AGENCY HEAD SIGN.

DEPT. HEAD SIGN.

PERS. OFFICE SIGN.

SECRETARY
KATIE G. DORSETT

For Budgetary and Personnel Purposes



Attachment 2
General Government
March 6, 1997

DEPARTMENT OF ADMINISTRATION

Summary of Budget

	1995-96 Actual	1996-97 Authorized	1997-98 Recommended	1998-99 Recommended
Total Requirements	\$ 108,859,333	\$ 113,825,926	\$ 115,872,644	\$ 117,449,001
Total Estimated Receipts	58,306,496	56,572,186	57,614,907	57,796,658
Beginning Cash Balance	12,110,614	12,155,758	8,937,367	8,938,342
Ending Cash Balance	12,155,758	8,937,367	8,938,342	8,939,317
Increase/Decrease Cash Balance	45,144	(3,218,391)	975	975
Net Appropriations	\$ 50,597,981	\$ 54,035,349	\$ 58,258,712	\$ 59,653,318
Number of Positions	971.64	975.31	973.31	973.31

Notes:

35% of the budgeted appropriations is for Fund 1421 Facility Management

16% of the budgeted appropriations are "pass through" monies for grants, scholarships, aid to local governments, etc.

24% of the budgeted positions are supported from receipts

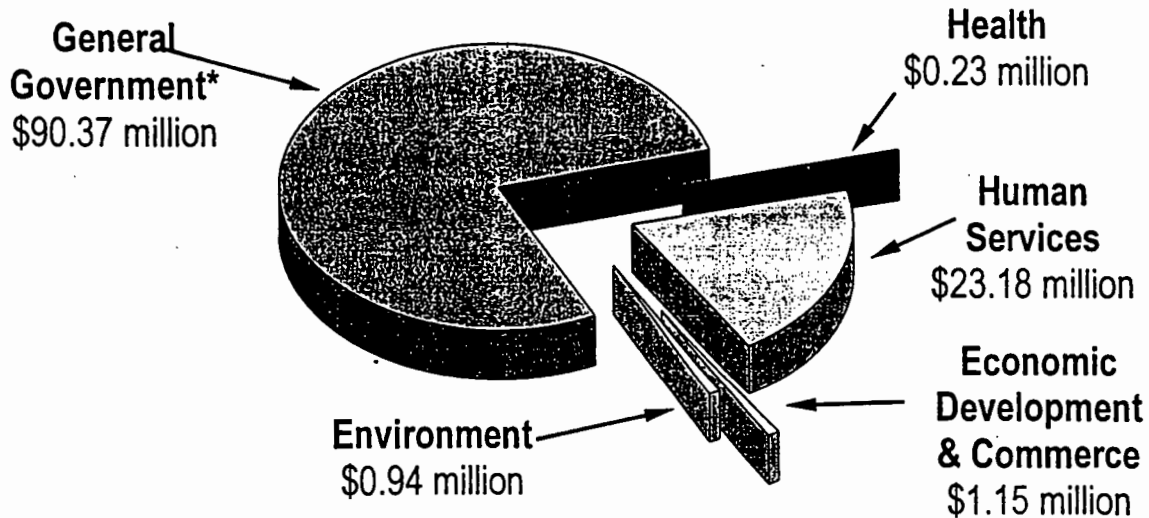
12% of the budgeted appropriations and 15% of the total positions funded by appropriations are in support of the Office of State Personnel

*Attachment 3
General Government
March 6, 1997*

Department of Administration

Attachment 4
General Government
March 6, 1997

1997-98 Recommended Total Requirements by Program Area \$ 115.87 million



* Note: The recommended requirement of \$90.37 million for DOA's General Government Program Area includes the Office of State Personnel's \$12.63 million.

Objectives

General Government Program Area

Personnel services (PIPB 0520)	<ul style="list-style-type: none"> By 1999, at least 60% of those agency participants surveyed will indicate that the knowledge and skills presented in training were relevant and transferable to the job. By 1999, client-centered technical assistance/consultation will be offered to 100% of the agencies/universities by Office of State Personnel staff. Monitor and evaluate the Human Resource System by analyzing agency programs against operational measures/standards according to schedule by 1999. By 1999, 90% of clients will provide positive feedback on Personnel Management Information System (PMIS) data services. By December 31, 1999, 100% of the policies/programs will have been reviewed to determine if consistent with current human resource (HR) trends and changed as feasible. Approximately 850 temporary staff provided to agencies, saving 15% over use of private sector suppliers.
Investments (PIPB 0530)	<ul style="list-style-type: none"> Offer a wide range of investment options, providing an opportunity for state employees to choose among fixed and variable funds with the goal of attaining a maximum return under the constraints of ensuring against loss of capital.
Purchasing (PIPB 0610)	<ul style="list-style-type: none"> Annually produce average market savings for open market contract awards by purchasing and contracts of 3% by 1999.
Courier services (PIPB 0620)	<ul style="list-style-type: none"> Increase the mail volume processed by the courier mail service for class A (letters) by 5% annually. Increase the mail volume processed by the courier mail service for class B (parcels) by 5% annually.
State fleet (PIPB 0630)	<ul style="list-style-type: none"> Maintain current mileage rate levels except for adjustments for inflation. Continue to provide state vehicles at approximately one-half the 1994 national average cost of approximately \$0.45 per mile.
Information technology & telecommunications management (PIPB 0640)	<ul style="list-style-type: none"> Increase the number of state agencies sponsoring programs on the Open Public Events Network (OPEN). Increase by 5% per year the number of state agencies using APT's teleconferencing facilities for statewide, multi-location staff development and training. By 1998, produce at least one interactive CD-I or CD-ROM audio/video production for a state agency client. Increase by 2% annually the number of eligible cable systems offered grants from this privately-supported fund to initiate their efforts to distribute Open Public Events Network programs to their cable subscribers.
Buildings and land (PIPB 0661)	<ul style="list-style-type: none"> By 2001, at least 75% of our client agencies will have a favorable opinion of services provided. By 2001, reduce the administrative cost of real estate transactions by 5 percent. By 1999, handle 80% of capital construction projects within budget. By the year 2000, assess all buildings over 3000 square feet in size.
Facility management services (PIPB 0662)	<ul style="list-style-type: none"> Increase the percentage of the preventive maintenance (PM) workload accomplished in the Recurring Work Program (RWP) by 4 percent annually. Prepare cost estimates without error in 95 percent of billed service projects, work orders, and contracts to ensure actual costs do not exceed estimated costs by more than 10%. Ensure that parking lots and decks for use by state employees and the public are maintained so that 95% of all available spaces are leased to either the state employees or the public to provide maximum revenue. Accomplish 100% of all required tasks on present and new landscape projects. By 2001, increase public contacts by 20%. By 2001, increase clearance rate of crimes investigated by 15%. By 2001, reduce the risk of fire damage and theft of state property through a 40% increase in monitored facilities.
Surplus property (PIPB 0663)	<ul style="list-style-type: none"> Increase total disposition of property by 6% by the year 2000. Transfer federal surplus property to at least 97 of the 100 counties within the state.
Boards & commissions (PIPB 0800)	<ul style="list-style-type: none"> Ensure that the review process for conflict of interest results in the total annual number of valid complaints of conflict of interest being no more than 2% of the total annual number of economic interest statements reviewed.

Environment Program Area

Radioactive Waste (PIPB 5520)	<ul style="list-style-type: none"> Maintain the proposed low-level radioactive waste disposal facility and low-level waste generators in conformance with the Radiation Protection Commission's Regulations for Protection Against Radiation and the terms and conditions of their respective licenses, if and when issued.
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Economic Development & Commerce Program Area

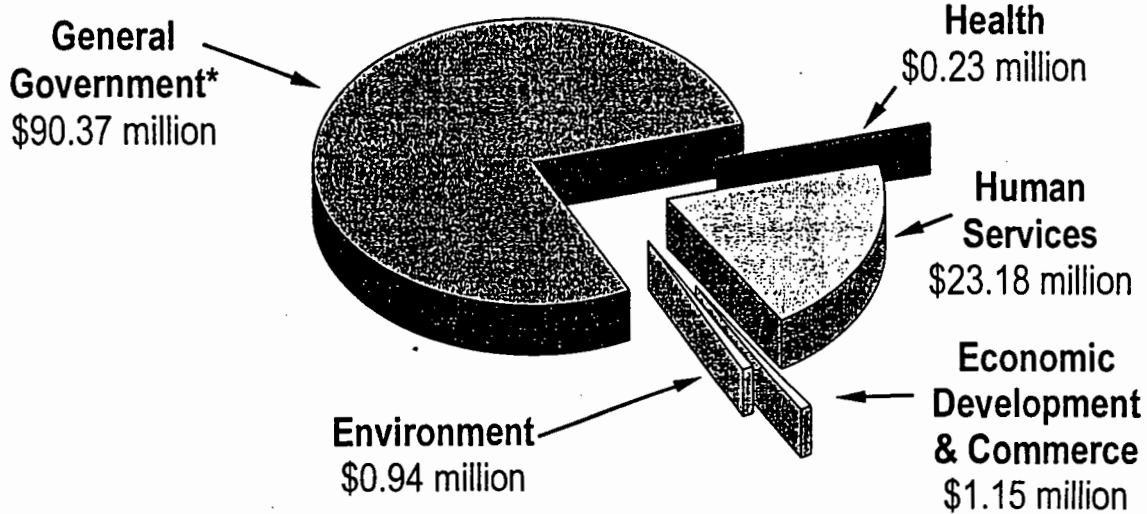
Technology development & deployment (PIPB 6420)	<ul style="list-style-type: none"> Increase the number of science and technology based research partnerships. Identify new problem-solving methods and techniques for industry in areas identified as targets of the Board of Science and Technology.
Assist county & community development (PIPB 6500)	<ul style="list-style-type: none"> Increase development capacity in at least 36 communities (counties and municipalities) per year. Increase alternative funding for the Indian tribes and organizations to operate programs within their communities.

Health Program Area

Substance abuse services (PIPB 1430)	<ul style="list-style-type: none"> At least 65% of clients receiving substance abuse treatment services in state institutions, area programs, and contract agencies will show a reduction in the annualized rate of days of acute hospital care utilization for substance abuse, psychiatric, and medical disorders. At least 50% of clients admitted to substance abuse treatment services will show a reduction in the rate of use of alcohol and other drugs.
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Department of Administration

1997-98 Recommended Total Requirements by Program Area \$ 115.87 million



Objectives

Human Services Program Area

Strengthen & preserve families & protect children from harm (P/PB 2100)

- Increase by 7% the number of functionally impaired or disabled adult Native American customers remaining at home consistent with their ability to function.
- By the year 2000, reduce by 10% repeated occurrences of family/partner violence (based on reported occurrences).
- Reduce the occurrences of sexual assault through the year 2000.

General Advocacy for vulnerable individuals or groups to protect their rights (P/PB 2400)

- To honor six (6) outstanding North Carolina women in six (6) different categories annually.
- By the year 2000, increase the number of women who are informed and able to exercise their social and economic rights and their right to impartial access to services.
- Increase the number of youth and young adults who are trained and participate in agency-sponsored programs by 5% per year by 2000.
- By 2000, three (3) key issues of unmet needs of children and youth will be identified and addressed.
- By 1999, increase by 10% the number of North Carolina citizens who are informed about children and youth issues, programs and policies.
- All North Carolina middle and high school students will have a source of current policies, laws and referral information regarding their rights and responsibilities.
- Increase the number of youth involved in Students Against Drunk Driving (SADD) by 5% per year by the year 2000.
- Administer designated funds to local agencies to promote Dr. King's philosophy of nonviolence and brotherhood on a year-round basis.
- Establish local human relations commissions in every county in North Carolina by the year 2000.
- Annually conduct 24 training sessions for law enforcement personnel.
- Increase the proportion of independent case advocacy services to those who are defined as underserved.
- Implement education, housing, employment, training, and social services programs statewide for Native American target population.
- Provide Educational Talent Search counseling, financial assistance, and post-secondary placement assistance to 600 Native American youth in order to increase their educational attainment level.
- Ensure agency personnel receive adequate training and administrative support to provide maximum assistance to clientele.
- Reduce the time required to process veterans' claims.
- Assure eligible children of veterans the opportunity to apply for and receive appropriate educational benefits provided by Article 4, Chapter 165 of the North Carolina General Statutes.
- Assure adequate maintenance be conducted at cemeteries.
- Increase the number of persons with disabilities who receive information about their rights under Hyatt v. Shalala by 20% every year until the end of the class reviews (approximately year 2000).
- Increase the number of persons with disabilities who receive self-advocacy training who live in non-institutional settings.
- Increase the number of persons with disabilities affected by non-litigation group advocacy and class action services.
- Increase public recognition and awareness of the accomplishments of persons with disabilities through the GACPD Awards Luncheon.
- Increase the number of persons with developmental disabilities who receive self-advocacy training who live in non-institutional settings.

Human Services Program Area (continued)

Employment Assistance to Individuals (P/PB 2500)

- Increase the percent and/or number of employment program customers placed in unsubsidized employment.

Substance to meet basic needs (P/PB 2700)

- Increase the number of Native American families' ability to pay energy costs.

Housing Assistance (P/PB 2800)

- Assist 905 families annually in receiving rental assistance to low-income households that fall below 50% of the state median income level in Columbus, Granville, Halifax, Hoke, Person, Sampson, and Warren counties.
- Provide utility assistance to 349 low-income households through HUD voucher/certificate programs in Columbus, Granville, Halifax, Hoke, Person, Sampson and Warren counties.
- Increase the efficiency in processing Fair Housing cases as evidenced by annually eliminating the number of aged cases.



*Attachment 5
General Government
March 6, 1997*

North Carolina Department of Administration

James B. Hunt, Jr., Governor
Katie G. Dorsett, Secretary

Agency for Public Telecommunications
Wade H. Hargrove, Chairman of the Board
Leila Tvedt, Executive Director

OVERVIEW AGENCY FOR PUBLIC TELECOMMUNICATIONS

The Agency for Public Telecommunications (APT), a division of the North Carolina Department of Administration, was founded in 1979 to provide telecommunications advice and assistance to state government. The Agency's mission is to increase public participation in government, to promote public access to government services, and to improve government efficiency through the use of telecommunications. In fulfilling that mission, APT offers a number of services to public agencies.

— Live Programs: On its Open Public Events Network, APT produces live, call-in programs on Tuesday and Thursday evenings. These programs are distributed by satellite to cable systems which carry these prime-time programs as a public service to their subscribers and to homes equipped with satellite downlink receivers. Each program includes a discussion between viewers who call from their homes and public officials, policy makers and others who participate as panelists from our Raleigh studio.

— Media Services: In serving public agencies' needs, APT offers a full range of production services ranging from conceptualization through project completion. Options include script writing, booking talent, shooting, editing, post-production, and distributing broadcast-quality audio and video according to the clients' needs and budgets. Our productions have received local and national awards for excellence.

— Teleconferencing: Using KU-Band and leased C-Band, APT provides full-motion video teleconferencing to receive sites at community colleges, public schools and other sites across North Carolina and in other states. This one-way video, two-way audio service includes network development and studio production. Conferencing by phone and fiber optic cable is also available, depending on the client's deadlines and budget.

BACKGROUND: APT is supported by a combination of legislative appropriations with corporate, foundation, and federal grants, and by receipts for teleconferencing and production services. Policy direction is provided by an appointed Board of Telecommunications Commissioners that meets quarterly.

For further information, please contact: the Agency for Public Telecommunications by phone or e-mail at OPEN@mail.doa.state.nc.us

116 West Jones Street Raleigh, North Carolina 27603-8003 Telephone 919.733.6341 Facsimile 919.715.3569

State Courier #51-01-00

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ADM-9

Agency for Public Telecommunications (APT) Accomplishments

1 -- promoting public participation in state government through the Open Public Events Network (OPEN)

(a) since APT began producing live, call-in programs on OPEN in 1984, there have been more than 25,000 calls from viewers watching by cable and satellite;

(b) legislators and other public officials and policy makers continue to affirm their commitment to this on-going dialogue with citizens by participating as panelists each Tuesday and Thursday evening;

(c) 58 cable systems carry OPEN as a public service to their subscribers; the value of their participation is estimated at \$1 million a year in time, personnel, and equipment;

(d) callers watching by cable or satellite have called from about 400 locations around the state and from several locations in other states;

(e) OPEN policies require fair, open, non-partisan coverage of issues. Topics have included a full range of government programs and services as well as public policy issues of statewide interest.

2 -- promoting efficiency and productivity in state government through telecommunications services to public agencies

(a) APT provides telecommunications advice and assistance through media productions and teleconferencing services;

(b) teleconferencing tools for clients include satellite, fiber, phone, and other technologies, depending on the clients' needs, deadlines, and budget;

(c) teleconferencing partners include community colleges, high schools, and other sites equipped for satellite or fiber communications;

(d) media productions services for clients include a full range of broadcast-quality audio and videotapes, from concept through completion;

(e) measured against the highest video industry standards, APT's media productions for clients have won awards at the regional and national level.

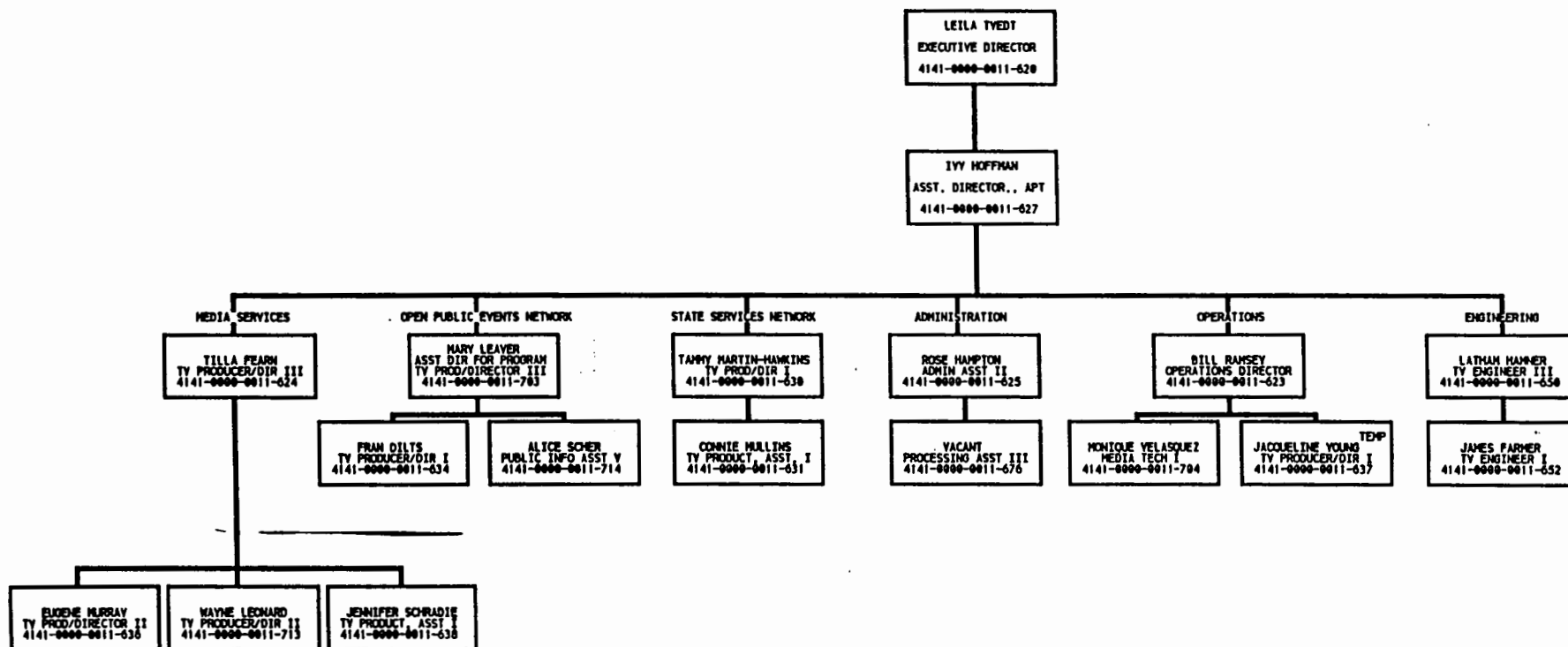
3 -- service to state government

(a) APT is a telecommunications services provider for other public agencies;

(b) telecommunications offers opportunity to save time and travel dollars and to distribute staff development and training more effectively;

(c) offers an alternative to costly duplication of equipment, staff, and facilities in other state agencies needing the expertise that APT offers.

(d) clients in this fiscal year alone have included nearly 75 divisions in 20 agencies of state government;



Open Public Events Network Cable Systems Participants

Albemarle (Baden, Locus, Millingport, Mt. Head, New London, Norwood, Oakboro, Richfield, Stanfield) Stanly CC/Time Warner Cable.....12	Chapel Hill (Effland, Mebane, Orange Co.) Time Warner Cable.....4	Greensboro City of Greensboro/Time Warner Cable.....13	Kannapolis (China Grove, Concord, Davidson, Enochville, Harrisburg, Landis, Mt. Pleasant, Cabarrus Co.) Time Warner Cable.....12	Morganton WMNC/CoMPAS.....2	Tarboro Multimedia Cable.....23
Asheboro (Climax, Franklinville, Pleasant Garden, Randleman, Ramseur, Seagrove, Sophia) Time Warner Cable.....8	Charlotte (Matthews, Mint Hill, Pineville, Weddington) City of Charlotte/Time Warner Cable.....16	Greenville Multimedia Cable.....7,9	Kill Devil Hills (Mann's Harbor, Manteo, Wanchese, Nags Head, Kitty Hawk, So. Shores) Falcon Cable.....20	New Bern (Bridgeton, River Bend, Trentwoods, Vanceboro) WNBTV Multimedia Cable..10	Wake Forest Time Warner Cable.....11
Bath (Farmville) Red's Cable TV.....6	Durham Time Warner Cable.....23, 4	Gulfport County (Archdale, Browns Summit, Climax, Gibsonville, High Point, Jamestown, Julian, McLeansville, Oak Ridge, Pleasant Garden, Sedgefield, Stokesdale, Summerfield) Time Warner Cable.....8	Knightdale (Zebulon) Time Warner Cable.....11	Raleigh City of Raleigh/Time Warner Cable.....22	Washington (Chocowinity, Washington Park) Multimedia Cable....7
Boone (Blowing Rock) ASU/Booth Communications.20	Fayetteville (Autryville, Dunn, Erwin, Falcon, Ft. Bragg, Godwin, Hope Mills, Parkton, Pope AFB, Spring Lake, Stedman, Wade) Time Warner Cable.....10	Hatteras (Avon, Buxton, Frisco, Rodanthe, Waves, Salvo) Falcon Cable.....20	Laurinburg (East Laurinburg, Gibson, Maxton, Robeson Co., Scotland Co.) Century Communications...26	Rockingham (Dobbins Heights, Hamlet, Hoffman, Richmond County) Time Warner Cable.....10	Whiteville (Brunswick, Chadbourne) Southeastern CC/Time Warner Cable.....4
Brevard (Rosman) Vivian Valley Cable TV.....4	Garner (Clayton) Time Warner Cable.....11	Hickory (Brookford, Claremont, Conover, Denver, Granite Falls, Hildebran, Longview, Newton, Rhodhiss, Sherrills Ford, Catawba Co.) Prime Cable of Hickory.....10	Lenoir (Cajah Mtn., Caldwell Co., Granite Falls, Hudson, Kings Creek, North Lakes, Rutherford College, Saw Mills) Caldwell CC/Charter Communications...10	Rocky Mount (Battleboro, Conetoe, Nashville, Princeville, Scotland Neck, Sharpsburg) Multimedia Cable..13	Wilmington (Leland, Odgen, Wrightsville Beach) Time Warner Cable.....11
Burlington (Elon College, Gibsonville, Graham, Haw River, Village of Alamance) Time Warner Cable.....5	Gastonia (Cramerton, Dallas, Gastonia, Lowell, McAdenville, Ranlo, Spencer Mtn, Stanley) Time Warner Cable.....7	High Point (Jamestown) Time Warner Cable.....8	Lexington (Thomasville) Time Warner Cable of Lexington.....12	Roxboro Helicon Cable.....9	Wilson (Black Creek, Elm City, Saratoga, Stantonsburg) Wilson Educational TV Ctte/Time Warner Cable.....16
Carrboro (Hillsborough) Time Warner Cable.....4	Gastonia (Bessemer City) Time Warner Cable.....9	Holly Springs Deacon Cable.....2	Morehead City (Atlantic Beach, Beaufort, Bogue, Cape Carteret, Cedar Point, Emerald Isle, Indian Beach, Havelock, Newport, Pine Knoll Shores, Swansboro, Carteret & Craven Counties) Time Warner Cable.....44	Salisbury (Cleveland, East Spencer, Faith, Granite Quarry, Rockwell, Spencer) Time Warner Cable.....12	Winston-Salem (Bermuda Run, Clemmons, Kernersville, Lewisville, Rural Hall, Walkertown, Forsyth Co.) City of Winston-Salem/Time Warner Cable.....13
Cary (Apex, Fuquay-Varina, Holly Springs, Morrisville) Time Warner Cable.....11	Goldsboro (Dudley, Fremont, Mt. Olive, Pikeville, Seymour Johnson AFB, Wayne Co.) Parker Adv./Time Warner Cable.....10	Jacksonville (Maysville, Pollocksville) Time Warner Cable.....10		Sanford (Broadway, Lemmon Springs, Lee Co., Moncure) Central CC/Charter Communications...13	
				Shelby (Boiling Springs, Casar, Kingstown, Earl, Fallston, Grover, Lattimore, Lawndale, Mooresboro, Patterson, Polkville, Waco) Cleveland CC/Time Warner Cable.....4	

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 Collect calls are accepted.

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*Attachment 6
General Government
March 6, 1997*

SUMMARY OF FUNCTIONS AND SERVICES AVAILABLE FROM THE NORTH CAROLINA DIVISION OF VETERANS AFFAIRS

The North Carolina Veterans Commission was created by unanimous vote of the 1945 General Assembly. In 1977, the North Carolina Division of Veterans Affairs was transferred to the Department of Administration. The function of the Division is to assist veterans and their families in the presentation, processing, proof and establishment of claims, privileges, rights and benefits as they may be entitled to under Federal, State or local laws. The Division also cooperates with the various governmental units and veterans organizations in seeking to serve veterans. The work of the Division does not supersede or duplicate similar efforts on behalf of veterans. It supplements and augments such efforts.

The Division is organized into the Assistant Secretary's Office located in Raleigh; a State Service Office located in the same building with the U.S. Department of Veterans Affairs Regional Office in Winston-Salem, 15 district Offices strategically located throughout the State, and two State Veterans Cemeteries located at Jacksonville and Black Mountain. Currently a third State Cemetery at Spring Lake is under construction. Also construction has begun on a 150 bed State Veterans Home in Fayetteville near the VA Medical Center.

The Assistant Secretary's Office is chiefly concerned with administration, training and information. It directs the activities of all offices of the Division, maintains financial records and approves disbursements. It performs those other functions normally expected of the principal office of any State agency.

The State Service Office in Winston-Salem is charged with the responsibility of maintaining a day-by-day working relationship with the U.S. Department of Veterans Affairs. Briefly, this office receives a veteran's claim, evidence and other information transmitted by the District Offices, personally presents the veteran's position to the appropriate U.S. Department of Veterans Affairs Section, and expedites action on all matters as necessary.

The District Offices are staffed by one or more District Service Officers, together with their clerical assistants. They are highly trained, full-time career personnel. These officers provide service directly to veterans and their dependents, and coordinate the activities of the affiliated County Service Officers within their districts. District Officers also assist counties by supplying publications, forms and reference data, reviewing claims prior to submission to the VA where they then become part of the veteran's permanent record. Nearly all of North Carolina's one hundred counties have County Service Officers. These persons are selected by their respective Board of County Commissioners and hold office at the pleasure of the Board.

The State Veterans Cemetery Program is staffed by a Program Manager located in the Assistant Secretary's Office. Each cemetery has a superintendent and three staff members. The cemeteries are for the burial of qualified North Carolina veterans and their dependents.

In addition to rendering service, advice and assistance to veterans and dependents, the Division also administers an outstanding program of State scholarships for the eligible children of certain deceased, disabled or prisoner of war/missing in action veterans.

Funds have been appropriated to construct and establish operation of a State Veterans Home in Fayetteville, North Carolina. This 150 bed facility will cost approximately \$10.6 million to build with \$6.9 million being provided by the U.S. Department of Veterans Affairs.

**MAJOR ACCOMPLISHMENTS ACHIEVED BY THE
DIVISION OF VETERANS AFFAIRS**

The State Scholarship for Children of War Veterans administered by the Division of Veterans Affairs and the North Carolina Veterans Commission awarded 339 scholarship during 1993; 337 in 1994; 369 in 1995; 341 in 1996.

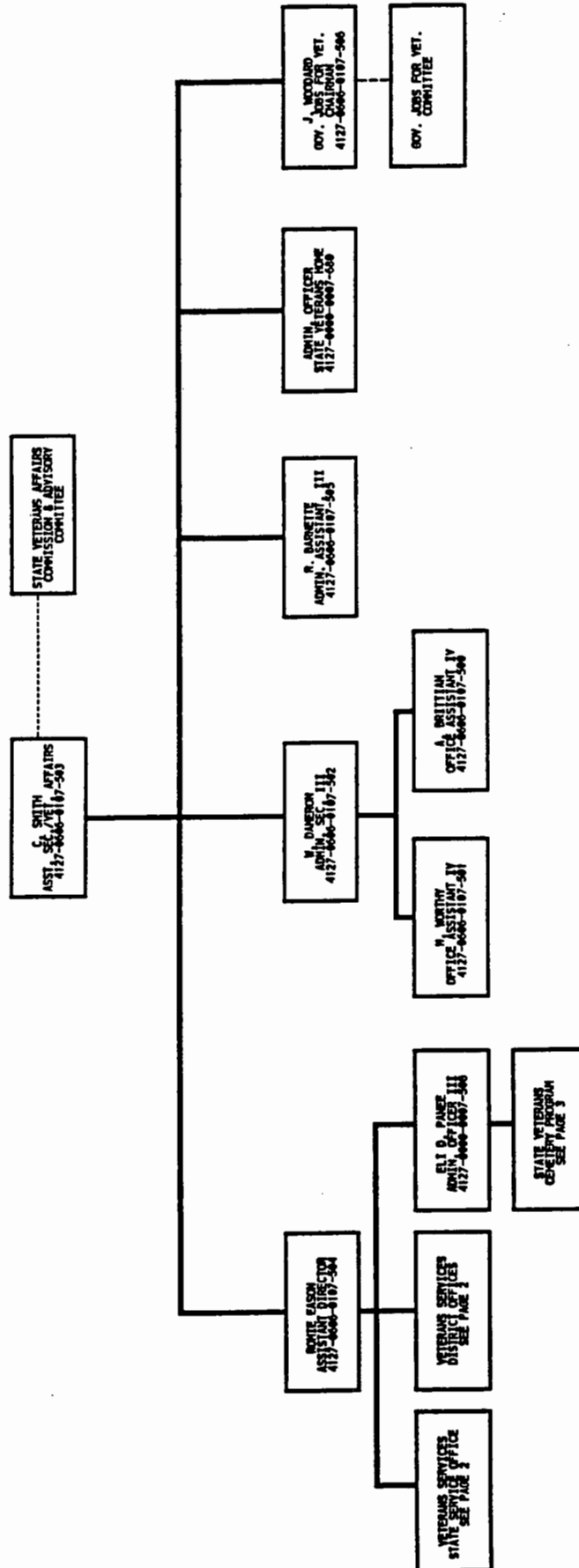
The cemetery in Black Mountain became operational on October 22, 1993, and Jacksonville became operational December 6, 1993. The General Assembly appropriated \$468,000 to build a third State Veterans Cemetery near Spring Lake on property conveyed to the State from Fort Bragg. We received the federal matching funds from the USDVA in the amount of \$776,000 for the construction of that cemetery. Construction began in May 1996 with a completion date set for the end of March 1997 with operation beginning in late April 1997.

In December 1994 we received 20.5 acres of property from Cumberland County and the VA Medical Center to construct North Carolina's first State Veterans Home in Fayetteville. We were awarded a construction grant in June 1996 from the USDVA totaling \$6,910,511. North Carolina's matching funds appropriated by the General Assembly was \$3,660,000 for a total construction budget of \$10,570,511. Completion date estimated to be May 1998.

The Governor's Jobs for Veterans Committee has worked to ensure that veterans receive preference for State employment.

A \$100,000 pledge from Kuwait was presented to the Governor and commission at a ceremony held at the State Capitol to be used for the construction of the Persian Gulf War memorial.

An accreditation and training program for the County Veterans Service Officers has been developed and implemented. County Service Officers have been trained and received accreditation from the USDVA. The district and county veterans service officer's received more than 600,000 request for assistance in FY 95/96.



NORTH CAROLINA



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STATE VETERANS CEMETERIES

N.C. Division of Veterans Affairs
N.C. Department of Administration

DIVISION OF VETERANS AFFAIRS
Bermarke Building, Suite 1065
225 N. Salisbury Street
Raleigh, North Carolina 27603-5941



THE STATE OF NORTH CAROLINA

permanently incapable of self-support because of physical or mental disability may also be interred.

This brochure is provided as an informal informational source and useful guide for those interested in learning more about the North Carolina State Veterans Cemetery Program, its requirements and operations. The information is written in general terms and should not be regarded nor taken as law or official regulation. The official law and rules guiding the State Veterans Cemetery System is established under Article 8A, Chapter 65, General Statutes of North Carolina.

ELIGIBILITY REQUIREMENTS

The following persons are eligible for interment at North Carolina State Veterans Cemetery:

A Qualified Veteran

Any former member of the U. S. Armed Forces whose service on active duty, other than for training, was terminated under honorable conditions.

North Carolina Resident

Only those veterans who are legal residents of North Carolina (1) at the time of death, or (2) for at least a period of 10 years, or (3) at the time the veteran entered the Armed Forces of the United States are eligible for interment.

Dependent(s)

The legal spouse (or widow or widower) and/or an unmarried minor child who is dependent upon the qualified veteran (at the time of death) meet eligibility requirements. In addition, an unmarried child who, before the age of 18, became

DEFINITIONS

For purposes of this article, the following definitions shall apply unless the context requires otherwise:

Honorable military service

- Service on active duty, other than for training, as a member of the Armed Forces of the United States, when the service was terminated under honorable conditions;
- Service on active duty as a member of the Armed Forces of the United States at the time of death, under honorable conditions;
- Service on active duty for training or full-time service as a member of the Reserve component of the Armed Forces; the Army National Guard; the Air National Guard; or the Reserve Officer Training Corps of the Army, Navy or Air Force at the time of death under honorable conditions.

Legal Resident

A person whose principal residence or abode is in this state, who uses this state to establish his right to vote and other rights in this state, and who intends to live in this state, to the exclusion of maintaining a legal residence in any other state.

PROOF OF ELIGIBILITY

Documentary evidence is required to provide proof and substantiate claim of military service, residence, marriage and children as well as dependent disability. It is the responsibility of the veteran, his survivors or legal representative to

VETERANS CEMETERY PROGRAM

furnish any evidence necessary to establish the eligibility of the veteran or the family member before interment in a North Carolina State Veterans Cemetery can be accomplished.

Proof of Military Service

The best document used to verify military service is DD Form 214 or an equivalent (Report of Separation from Active Duty). This document is given to the veteran upon discharge from active duty. Other forms of proof are items such as copies of military orders, identification (ID or "dog") tags, ID cards or any official correspondence that contains the service member's name and military service number. If records are lost, the cemetery superintendent as well as the state's veteran service officers are available to assist in obtaining replacement copies of key documents.

North Carolina Residency

- Verification of residence at time of entry into military service is documented on DD Form 214, Certificate of Release or Discharge from active duty.
- Residence at time of death or 10-year residency can be verified by tax records, utility bills, hospital bills, bank records, driver's license and official records from U.S. government, state or municipality agencies.
- Other acceptable documents are voting records, employment and education records.

Dependents

The primary source for verification of a spouse is a marriage certificate. Dependent children may be verified by a birth certificate or other legal documents such as adoption papers, divorce decrees or certified affidavits.

Proof of Disability of an Adult Dependent

A letter is required from the dependent's physician certifying the dependent became permanently incapable of self-support because of a physical or mental disability before attaining the age of 18 years. Medical records and other documents will be considered only as supporting or corroborating documents.

NORTH CAROLINA STATE VETERANS CEMETERIES

The Western Carolina State Veterans Cemetery is located in the beautiful Swannanoa Valley in the town of Black Mountain, which is approximately 12 miles east of Asheville. With an entrance from Old U.S. Highway 70, this site is centrally located for the 28 counties which make up the western region of the state. The address for the cemetery is:

Western Carolina State Veterans Cemetery
1270 Old U.S. Hwy 70 West
Black Mountain, N.C. 28711
Telephone (704) 669-0684
Fax (704) 669-0685

The Coastal Carolina State Veterans Cemetery is located on the northern boundary of Camp Lejeune Marine Corps Base in the city of Jacksonville. Access to the state veterans cemetery begins at Montford Point Road and passes through Memorial Cemetery which fronts the state site. The street address for the cemetery is: 110 Montford Point Road, Jacksonville, N.C. The mailing address is:

Coastal Carolina State Veterans Cemetery
P.O. Box 1486
Jacksonville, N.C. 28541
Telephone (910) 347-4550
Fax (910) 347-3570

GENERAL INFORMATION

Assignment of Space

- Only one grave site is authorized for a qualified veteran and his eligible family members.
- A grave site may not be reserved until the death of a person who is eligible for interment. A grave site shall be assigned once death certificates are presented and eligibility is confirmed.
- When an eligible family member dies before the qualified veteran dies, the veteran must sign an agreement to be interred in the same grave plot before the deceased family member can be interred in the veterans cemetery.

Veterans Cemetery Operations and Services

- There is no charge for the grave site or necessary interment services for a qualified veteran at any of the state veterans cemeteries. There is, however, a minimum charge for the opening and closing of the grave or any additional interment services for an eligible family member.
- A concrete vault or liner is required for burial in a state veterans cemetery. All expenses related to the purchase and placement of the vault or liner shall be paid for by the veteran, family survivors or estate.
- Graveside services are not permitted. Committal services will be held in the chapel or at a committal shelter. Family members may return to the grave site after the burial of the casket or urn is completed and the area is cleared of all equipment and materials.
- Only government-furnished grave markers will be authorized for use in the state veterans cemeteries. Installment of grave markers are part of the interment services.
- All arrangements for burial at a state veterans cemetery shall be made through a funeral

home (of the veteran's or family's choice). A funeral expenses are the sole responsibility of the veteran, family survivors or estate.

- The state shall not be responsible for any cost resulting from damage to, destruction or theft of a grave site, grave marker or any other grave monument on the cemetery grounds.
- The cemetery representative is available to assist the veteran, family or legal representative in the processing of applications for the headstone, flag or authorized DVA burial allowances.
- The cemetery staff will maintain the cemetery grounds to include grave sites and grave markers.

Not Eligible for Interment

- A person whose character of discharge was rated as dishonorable, bad conduct or undesirable.
- A veteran discharged or dismissed as a conscientious objector who refused to perform military duty, was a deserter, or an officer who accepted his resignation for the good of the service.
- A veteran who was convicted of subversive activities against the United States after separation from active military service.
- A veteran separated from the Armed Forces of the United States for the good of the service due to a willful and persistent unauthorized absence and issued a Clemency Discharge (DD Form 1993) pursuant to Presidential Proclamation No. 4313.
- Service members of National Guard or Reserve Forces of the United States who performed on "initial active duty training," "active duty for training" and/or "inactive duty training." Service rendered at the call of the governor of the state, unless subsequently federalized, does not constitute active duty.

THE NORTH CAROLINA COUNCIL FOR WOMEN

Mission Statement

The North Carolina Council for Women is the only state agency which advocates exclusively on behalf of women. Its mission is to advise the governor, the North Carolina Legislature and the principal state departments on the special needs of women in North Carolina by: identifying and assessing women's needs; collecting and distributing information and acting as a resource for the county and regional councils on the status of women; offering services to women in crisis, such as victims of sexual assault and domestic violence; cooperating with groups and individuals working on behalf of women, and working toward expanding equal opportunities in employment and education for women.

Major Program Accomplishments & Goals

Domestic Violence

- ▶ In 1993-94, the Council administered funding to 64 domestic violence programs at approximately \$17,500 per program and presently, the Council is providing state funding to 73 domestic violence programs at \$22,910.
- ▶ Attaining additional funding for existing domestic violence programs and funding for new programs with a goal of establishing a program in each of the 100 counties.

Sexual Assault

- ▶ In 1993-94, the Council administered state funding to 51 programs at \$17,500 per program and presently, the amount per program is the same for the 57 programs currently funded. (Total of \$18,940 each for state and federal funding.)
- ▶ Attain additional funding for existing sexual assault programs and funding for new programs.

Displaced Homemakers

- ▶ In 1993, the Council succeeded in securing funding in the amount of \$375,000 from the Legislature for a pilot program to serve the more than 500,000 displaced homemakers in North Carolina. Fifteen programs were funded at varying levels in the first year. Funding was included in the continuation budget for ongoing programming for this population, and now 23 programs serve women statewide. Three of these programs won national awards for innovation and service delivery to this population: Mecklenburg Women's Commission, HOPE4 program in Rutherfordton and Southeastern Community College for their One Stop Career Center.
- ▶ The new steps for welfare reform are bringing a surge of new clients for our Displaced Homemaker programs. We will be working harder than ever to attain adequate funding to service as many displaced homemakers as we possibly can.

Local Councils/Commissions for Women

- ▶ Over the past four years, the Council has focused on strengthening its grassroots network, of which local councils are a strong component. Five new local councils have been established, three have been revived, and there are currently 35 functioning statewide.
- ▶ Continue to work towards establishment of Local Councils/Commissions. Our past achievements are a testament to the fact that there are opportunities out there if we can tap into the resources in each county or community to build these local councils and commissions.

DEPARTMENT OF ADMINISTRATION

STATE HEALTH PLAN PURCHASING ALLIANCE BOARD

DATE

AGENCY HEAD SIGN.

DEPT. HEAD SIGN.

PERS. OFFICE SIGN.

10/22/96
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[Signature]

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The North Carolina Council for Women

The North Carolina Council for Women advises the governor, the General Assembly and the principal state departments on the special needs of women in North Carolina. The council works cooperatively with local women's organizations, develops innovative projects and policy initiatives, and conducts workshops and training sessions to address women's needs. The council administers state and federal funds to local non-profit groups serving sexual assault and domestic violence victims. The council is also designated as the administrator for state funds which serve displaced homemakers. Staff in the Raleigh headquarters and six region directors provide technical assistance to individuals and public/private agencies.

Major Program Accomplishments

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Displaced Homemakers

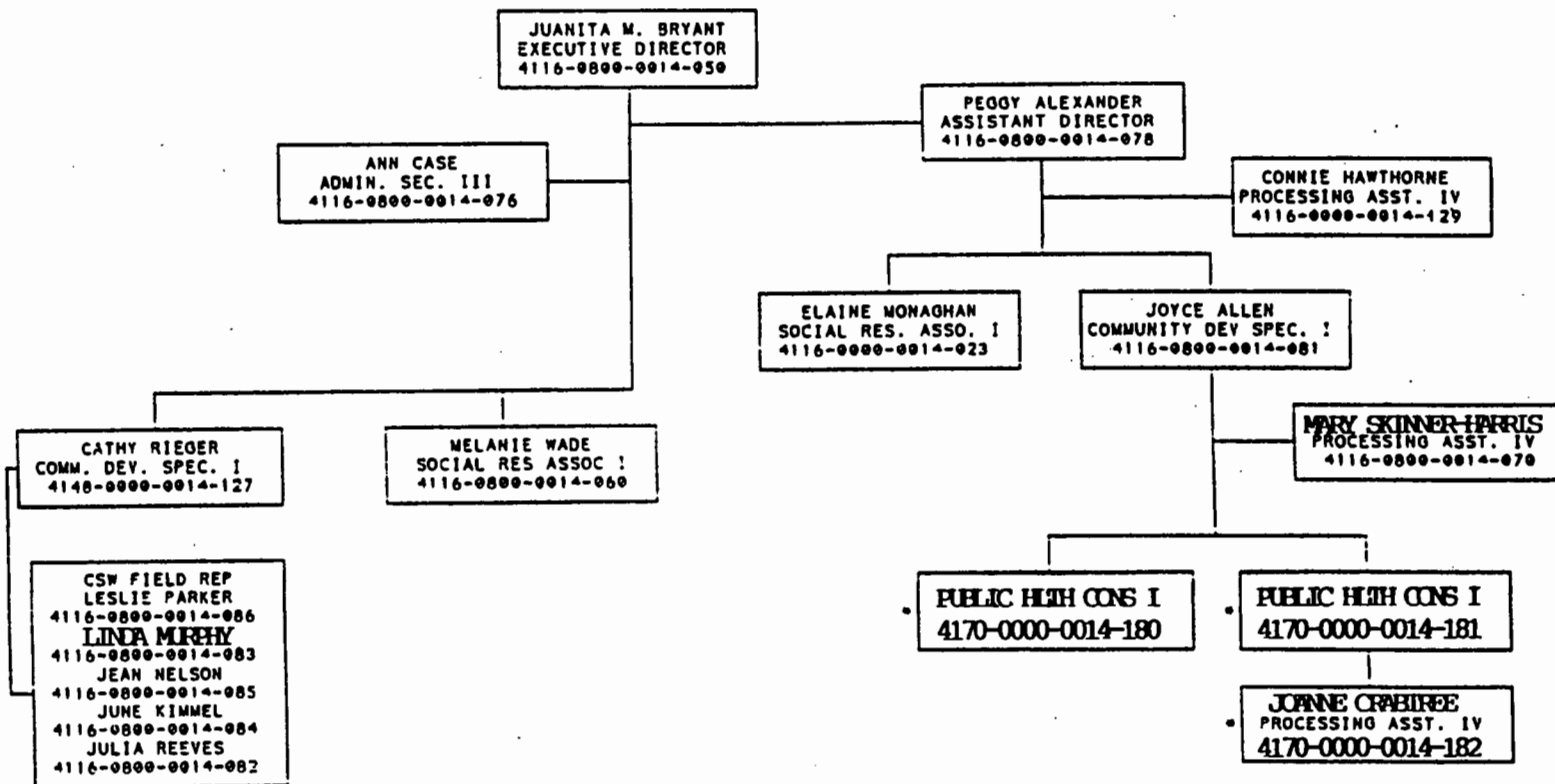
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DATE March 1997
AGENCY HEAD SIGN. Juanita M. Bryant
DEPT. HEAD SIGN. _____
PERS. OFFICE SIGN. _____

ADM-25



* THESE POSITIONS ARE FEDERALLY FUNDED

YOUTH ADVOCACY AND INVOLVEMENT OFFICE

The Youth Advocacy and Involvement Office (YAIO), under the leadership and directives of councils and advisory groups and in cooperation with public and private agencies, serves as an advocate for children and youth. Through these collaborative efforts, this agency seeks to enhance the quality of life for North Carolina's children and youth. Much of this work is done through policy and program reviews, legislative recommendations, and through leadership development and experiential education opportunities.

YAIO ACCOMPLISHMENTS

Adoption Grant:

- ♦ Created "Another Choice for Black Children," the state's first African-American adoption agency with a \$150,000 federal grant. Over 106 children have been placed by this agency in its first two years of existence.
- ♦ Over 200 foster children seeking adoption have been featured in Wednesday's Child and Sunday's Child media spots started as a result of this agency's efforts.

Mini-Grants:

- ♦ Last year, 20 youth organizations received \$11,500 in mini-grants for youth-related projects (average \$575)

Youth Legislative Assembly (YLA):

- ♦ 214 youth from 22 counties participated

Internship Program:

- ♦ Placed 100 interns each summer throughout North Carolina

Publications:

- ♦ VOICE FOR YOUTH, two editions (Spring '96, Summer '96) mailed 2,100 copies which included a comprehensive children and youth legislative update
- ♦ 11,500 copies of the last edition of KNOW YOUTH RIGHTS AND RESPONSIBILITIES handbook were distributed

Advocacy:

- ♦ Approximately 75 individual intervention cases are handled each year

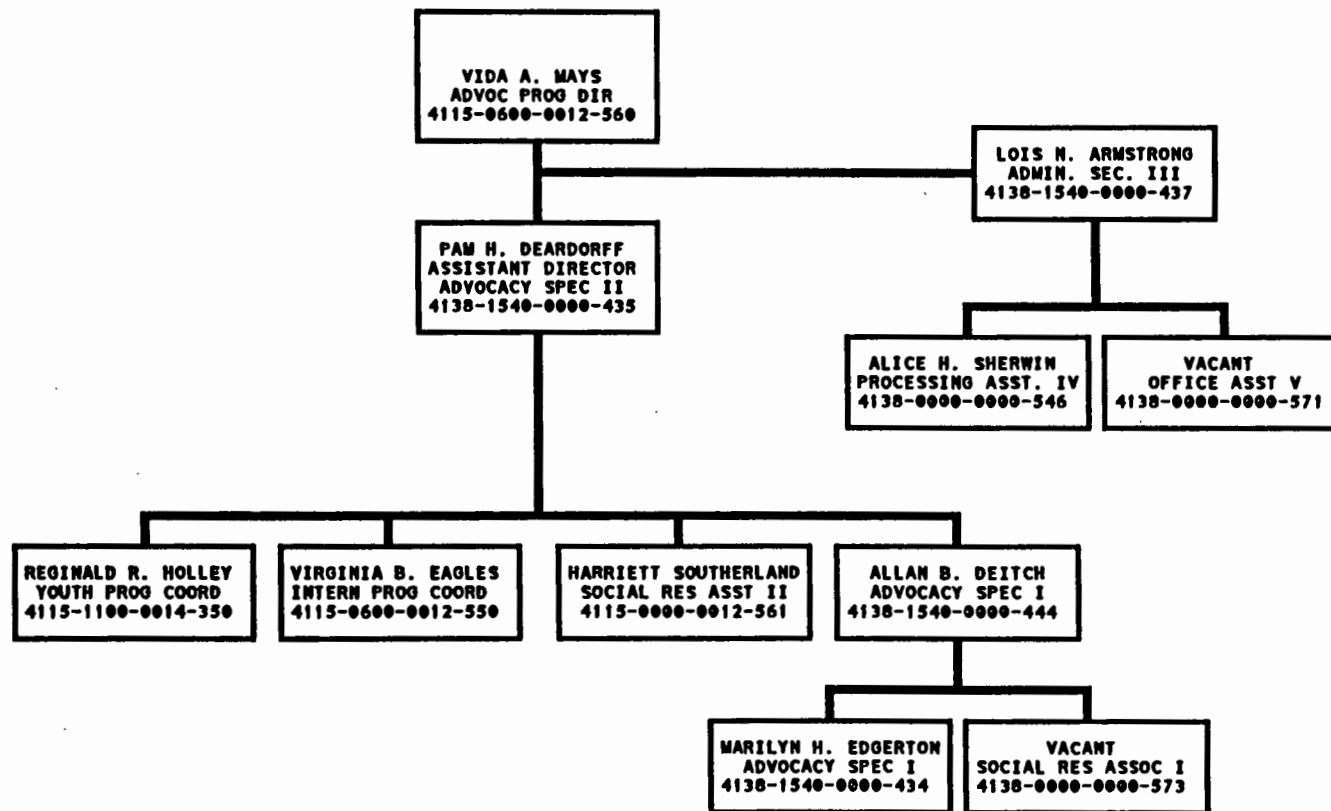
Students Against Driving Drunk (SADD):

- ♦ 221 students representing 33 counties attended a two-day conference sponsored by this office which also provides technical assistance to approximately 250 SADD chapters in North Carolina

Outreach:

- ♦ Funding Resources for Children Conference was held October 26, 1995, at McKimmon Center, Raleigh, with 200 participants

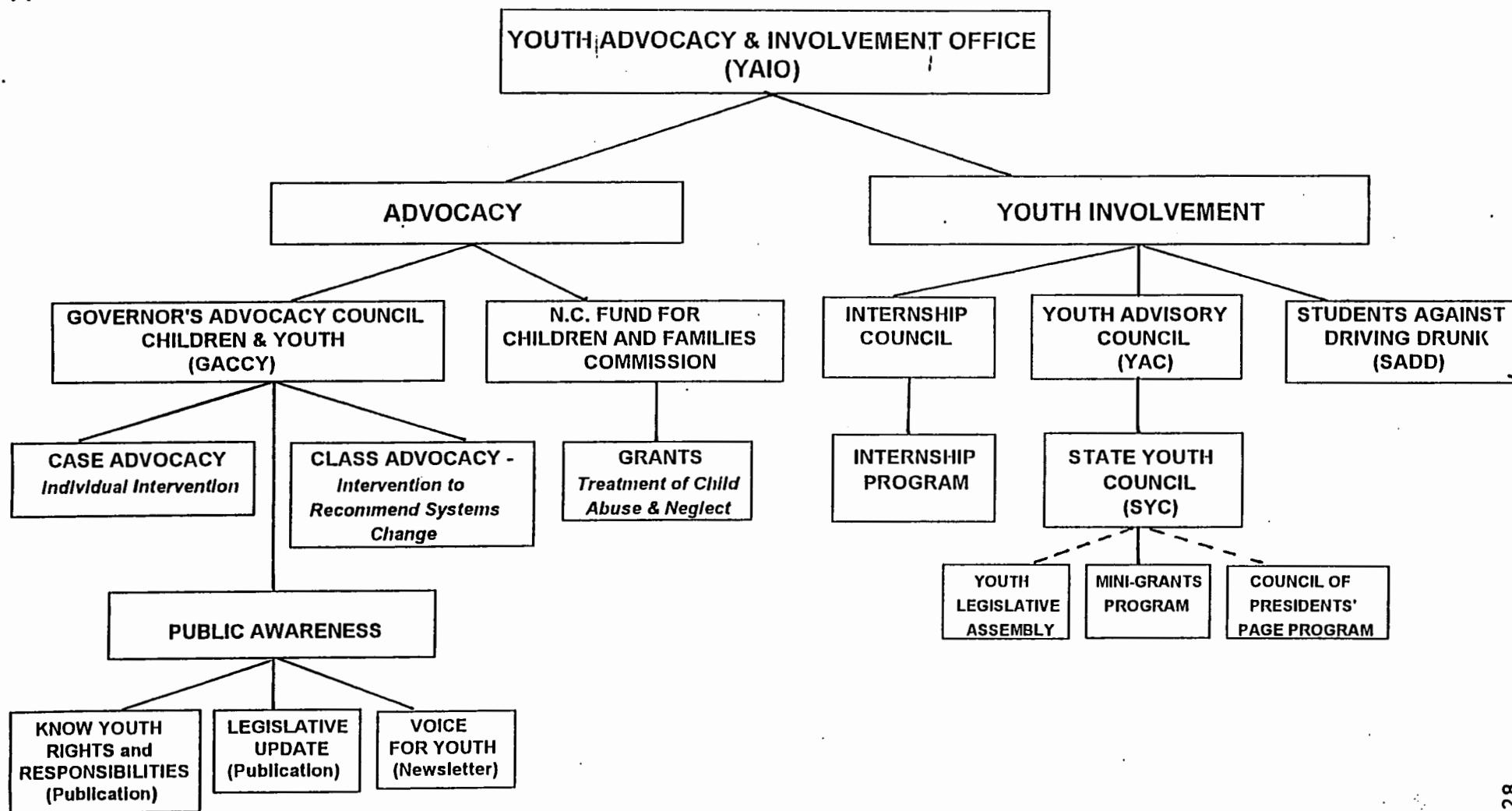
DATE October 1996
AGENCY HEAD SIGN. Vida A. Mays
DEPT. HEAD SIGN. _____
PERS. OFFICE SIGN. Linda D. Coleman



ADM-27

YOUTH ADVOCACY AND INVOLVEMENT OFFICE

MISSION STATEMENT: *The Youth Advocacy and Involvement Office (YAIO), under the leadership and directives of councils and advisory groups and in cooperation with public and private agencies, serves as an advocate for children and youth. Through these collaborative efforts, this agency seeks to enhance the quality of life for North Carolina's children and youth through policy reviews, legislative recommendations and positive intervention through leadership development and experiential educational opportunities.*



An 11-member staff provides support to each of these initiatives.

**North Carolina Commission of Indian Affairs
Summary of Activities and Accomplishments
SFY 94-95 & 95-96**

The North Carolina Commission of Indian Affairs was created by the North Carolina General Assembly in 1971 in response to the needs and concerns of the state's Indian citizens. Its purposes include bringing local, state and federal resource into focus for the implementation or continuation of meaningful programs for the state's Indian citizens; assuring the rights of Indians to pursue their cultural, social and religious traditions; and assisting in the development of social, economic, and educational opportunities for Indian people across the state. The North Carolina Commission of Indian Affairs administers numerous programs and activities to accomplish its mission.

Community Services Program -The Community Services Program provides in-home aide services and volunteer transportation for the elderly and disabled. The program provided over 6,400 meals for the elderly and physically challenged Indian senior citizens in Sampson County. The Community Services Program also provides Crisis Intervention services for eligible applicants who need assistance with their heating and cooling costs.

Economic Development - Cosponsored the Annual North Carolina Indian Business Association Conference. Cosponsored small business workshops with the N.C. Department of Transportation and the Bennington Corporation to increase the number of certified Indian businesses that can contract with the N.C. Department of Transportation. The commission sponsors a Community Services Block Grant and Community Action Partnership Program. The program is funded by the Office of Economic Opportunity, N.C. Department of Human Resources for the state tribes and organizations. Assisted in establishing the N.C. Indian Community Development Corporation in 1995. The Economic Development Program increased collaboration with the tribes and N.C. Community Colleges, Small Business Center through training and workshops held in Indian communities.

The Educational Talent Search Program - The Educational Talent Search Program is funded by a grant from the U.S. Department of Education, served 600 disadvantaged youth between the ages of 11-27 in twenty-seven middle, junior and senior high schools in eight counties of North Carolina including: Columbus, Cumberland, Guilford, Halifax, Harnett, Hoke, Sampson and Warren. The Program assists these students and their families each year by providing the following services: academic advising, college admission and financial aid applications, college entrance information, college entrance exam preparation, GED or high school reentry assistance, personal and career counseling, exposure to college campuses, workshops, and counseling for parents of students served. Staff members of the commission's Educational Talent Search Program monitor awards granted to American Indian students under the Incentive Scholarship and Grant Program for Native Americans. The program staff also coordinated the Indian Education Issues Forum will be held on Monday, August 14, 1995. A panel of presenters from across the state discussed the current status of Indian education in North Carolina. A public hearing was held on Tuesday, August 15, to gather public information and testimony.

Section 401 Job Training Partnership ACT (JTPA) Program - During the program year ending June 30, 1996, the commission's JTPA program sponsored thirty-five Indian students across the state through the classroom training component. The AWE component served fifteen individuals in the Waccamaw Siouan and Coharie communities. Twenty-three youths were employed by the Summer Youth Work Experience component. Forty-one Indian workers obtained unsubsidized employment through the assistance of the commission's JTPA offices. Commission of Indian Affairs JTPA program staff have been working in collaboration with local efforts to plan, develop, and implement One Stop Career Centers located in or near Indian communities. During the program year ending June 30 1995, the commission's JTPA program sponsored twenty-one Indian students across the state through the classroom training component. The AWE component served nine individuals in the Waccamaw Siouan and Coharie communities. Twenty youths were employed by the Summer Youth Work Experience component in Indian communities. Forty-three Indian workers obtained unsubsidized employment through the assistance of the commission's JTPA offices.

Section 8 Housing Assistance Program - The commission's Section 8 Housing program supports the education of eligible Indian and non-Indian families by providing decent, safe and sanitary housing for low income families. The program improves the health of participants by reducing stress by not being able to pay rent. The program improves education opportunities by providing eligible families with an opportunity to live in an environment conducive to learning. The program indirectly reduces crime and promotes healthy families by providing improved housing conditions. The program also reduces crime due to the fact that families or any family member who become involved in drug related criminal activity or alcohol abuse become ineligible to receive assistance. Program funds are used to subsidize the difference between the cost of rent and a maximum of 30 percent of the household's adjusted gross income. The program also serves as a stimulus to the economy of the local community through the utilization of privately owned rental house units. Lease agreements and rental assistance contracts are renewed annually to assure that the units occupied continue to meet U. S. Department of Housing and Urban Development (HUD) Housing Quality Standards and to assure that participants continue to be eligible for the program. This Section 8 Housing Assistance program is funded by HUD under an Annual Contributions Contract and provides housing assistance to 905 families. The program provides housing assistance in Granville, Hoke, Person, Sampson, and Warren counties. The program also provides housing assistance to eligible families in the counties of Columbus and Halifax through a special agreement with local public housing authorities.

Substance Abuse Prevention And Awareness Program - The commission's Substance Abuse Prevention and Awareness Program is formally known as the "*Earn Your Feather*" program. The program targets the counties of Cumberland, Halifax, Robeson and Warren for program activities. The aim of the program is to increase participation of Indian youth in existing prevention and intervention programs at the local and state level. The Substance Abuse Prevention and Awareness supports: education and crime prevention by providing Indian youth with information about the dangers of alcohol and other drug abuse; provides opportunities for Indian youth to participate in educational related activities; substance abuse prevention by sponsoring exhibits at various Indian events such as conferences; workshops; seminars; pow wows; substance abuse prevention by providing informational flyers; brochures and stickers for

Indian students and parents at community meetings; Indian Youth by providing staff assistance to the North Carolina Native American Youth Organization (NCNAYO) and the North Carolina Native American Council On Higher Education (NCNACOHE). The program is funded through a Substance Abuse Prevention and Treatment Block Grant from the North Carolina Department of Human Resources.

Special Initiatives

- Recognition of Indian Tribes and Organizations
- American Indian students under the Incentive Scholarship and Grant Program for Native Americans
- Native American Archaeology Forum
- North Carolina Indian Business Association
- North Carolina Indian Culture Center
- Governors' Interstate Indian Council
- Governor's Commission on Workforce Preparedness
- North Carolina Indian Housing Authority
- State Advisory Council on Indian Education

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PERS. OFFICE SIGN. [Signature]

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PROC. ASST. III
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4110-0900-0014-217
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PROC. ASST. III
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ECO. DEV. PROJECT
CLIFFTON RUDD
COMMUNITY DEV SPEC I
4110-0000-0014-381

JOB TRAIN PART ACT
E. RICHARDSON
COMM DEV SPEC I
4110-0901-0014-158

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PROC. ASST. IV
4110-0901-0014-190

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ADM-32



North Carolina Indians

North Carolina Department of Administration

N.C. Commission of Indian Affairs • 217 W. Jones Street, Raleigh, N.C. 27603-1336 • (919) 733-5998

Population

According to the 1990 U.S. Census, North Carolina's Indian population totals 80,155, giving the state the largest Indian population east of the Mississippi and the seventh largest Indian population in the nation. The Indian population comprises 1.2 percent of the state's total population.

American Indians live in each of the state's 100 counties. Approximately 80 percent of the Indian population of the state, however, lives in 11 counties of the state – Columbus, Cumberland, Guilford, Halifax, Hoke, Jackson, Mecklenburg, Robeson, Scotland, Swain and Wake. Fifty-one percent of the Indian population of the state lives in Robeson County, accounting for 39 percent of that county's total population.

Six Indian tribes possessing state recognition, including one tribe with federal recognition, live within the borders of the state as follows:

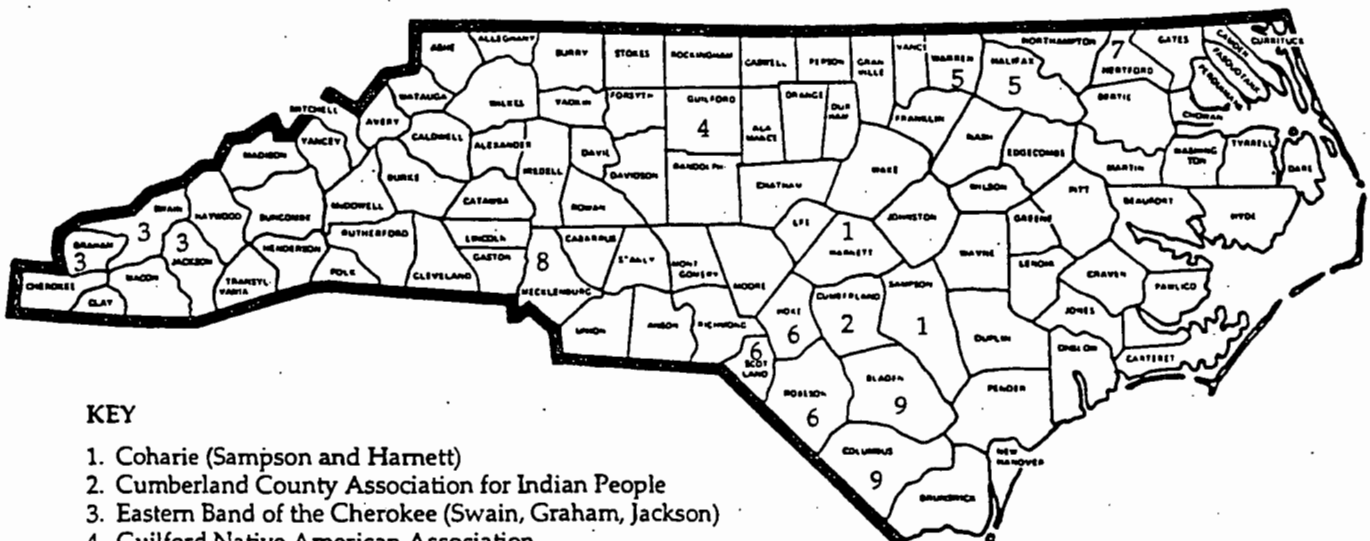
State Recognized

Coharie (Sampson and Harnett)
Haliwa-Saponi (Halifax and Warren)
Lumbee (Robeson, Hoke, Scotland)
Meherrin (Hertford)
Waccamaw-Siouan (Bladen and Columbus)

Federally Recognized

Eastern Band of Cherokee
(Swain, Graham, Jackson)

NOTE: Counties indicated are those in which the majority of the members of the respective tribe live.



KEY

1. Coharie (Sampson and Harnett)
2. Cumberland County Association for Indian People
3. Eastern Band of the Cherokee (Swain, Graham, Jackson)
4. Guilford Native American Association
5. Haliwa-Saponi (Halifax and Warren)
6. Lumbee (Robeson, Hoke, Scotland)
7. Meherrin (Hertford)
8. Metrolina Native American Association (Mecklenburg)
9. Waccamaw-Siouan (Bladen and Columbus)

These tribes vary in size from the Lumbee, with over 40,000 members, to the Meherrin, with fewer than 1,000 members. The Eastern Band of Cherokee, on the Qualla Boundary, is the only tribe in the state residing on a reservation. The Qualla Boundary is composed of 56,572 acres located over five counties.

The urban areas of Charlotte, Fayetteville and Greensboro have significant Indian populations due to the migration of Indians from rural areas of the state or from other states in the country in search of employment and other opportunities. Urban organizations serve these areas as follows: Cumberland County Association for Indian People (Fayetteville), Guilford Native American Association (Greensboro), and Metrolina Native American Association (Charlotte).

Age

- Thirty-nine percent of the American Indian population in the state is 20 years of age and under, compared with 29 percent of the state's total population.
- Nine percent of all N.C. American Indians are 60 years old and older, compared with approximately 17 percent of the state's total population.
- The median age of the state's American Indian population is 27.7 years, compared with the N.C. median age of 33.2 years.

Education

- Seventy-six percent of American Indians in North Carolina have educational levels of high school or less, compared with 56 percent of N.C. whites.
- Only 6 percent of N.C. American Indians have completed four or more years of college, compared with 7 percent of blacks and 13 percent of whites.
- Only 2 percent of N.C. American Indians possess a master's or professional degree, while 6 percent of whites have such degrees.

Income

- The median family income of N.C. American Indians is \$24,900, compared with \$33,242 for the total population.
- Twenty percent of American Indian families are headed by females with no husband present. Fifty-four percent of these families live in poverty, compared with 27 percent of white female-headed families.
- Approximately 25 percent of American Indians in the state live below the poverty level, compared with 8.6 percent of whites.

For more information contact:
North Carolina Commission of Indian Affairs
North Carolina Department of Administration
217 W. Jones Street
Raleigh, North Carolina 27603-1336
(919) 733-5998

Cumberland County Association for Indian People

The Cumberland County Association for Indian People (CCAIP) was established in 1965 to enhance and promote the self-sufficiency, socioeconomic development and self-determination of the approximately 4,000 American Indians living in the Fayetteville/Cumberland County area. The association is governed by a 10-member board of directors elected annually. CCAIP offices are located in the old Les Maxwell School Building which served Indian students from 1954 to 1967.

Programs offered by the association include Job Training Partnership Act (JTPA), cultural education, Head Start, child day care, a senior citizen meal site, adult and youth recreational services, small business development assistance, food pantry, information and referral, and a senior citizen program. The association also operates Four Feathers Enterprises, a furniture design and production business, and Four Feathers Arts and Crafts Center, a successful arts and crafts business.

Program services operated by the N.C. Commission of Indian Affairs in Cumberland County include Substance Abuse Prevention and Awareness, Educational Talent Search and in-home aide services for the elderly/physically challenged through the Community Services Program. In addition, Community Services Block Grant (CSBG) and Community Action Partnership Program (CAPP) funding is subcontracted to CCAIP by the commission each year. A cultural festival is sponsored by the Cumberland association each October.

Guilford Native American Association

Guilford Native American Association (GNAA) is a non-profit, urban organization established in 1975 to represent and serve the approximately 3,000 American Indians living in Guilford and surrounding counties. The mission of GNAA is to implement educational, cultural, social and economic programs and activities that will help American Indians achieve social and economic self-sufficiency and self-determination. GNAA is governed by a 10-member board of directors elected annually.

Major funding over the last several years from the Administration for Native Americans and the U.S. Department of Labor has assisted the association in the

implementation of several successful economic development projects. These include Guilford Native Industries, a Job Training Partnership Act (JTPA) program; the GNAA Child Day Care Center; The Indian Property Initiative (T.I.P.I.), a housing program; Rising Star Greetings, an all-occasion Indian greeting card enterprise; the Guilford Native American Art Gallery and Gift Shop; and Guilford Native Furniture Accessories. Community Services Block Grant (CSBG) and Community Action Partnership Program (CAPP) funding is subcontracted to GNAA by the N.C. Commission of Indian Affairs each year. In addition, the commission's Educational Talent Search Program serves eligible Indian students between the ages of 11 and 27 in Guilford County.

Special activities of GNAA include an annual powwow and cultural festival, youth and senior citizens projects, and the annual awarding of two \$1,000 scholarships to worthy Indian students.

Metrolina Native American Association

Metrolina Native American Association (MNAA) was established in 1976 to address the needs and concerns and promote the self-sufficiency and self-determination of the 4,500 American Indians residing in the 10-county area of the southern piedmont known as Metrolina. The association is governed by a nine-member board of directors elected by the Indian community annually.

The association operates a Job Training Partnership Act (JTPA) program and also offers cultural enrichment programs and economic development assistance. All activities are coordinated with other Indian organizations and programs as well as with area agencies and businesses. Funding for the association is provided by the U.S. Department of Labor, the North Carolina Arts and Science Council, the Office of Economic Opportunity, community donations and various fundraisers held each year by the association. Community Services Block Grant (CSBG) and Community Action Partnership Program (CAPP) funding is subcontracted to MNAA by the N.C. Commission of Indian Affairs each year.

Metrolina Indian News, the association's monthly newsletter, keeps community members informed of MNAA-sponsored activities. Special activities include annual cultural festivals and powwows, an annual Captain's Choice Golf Tournament, an MNAA Princess Pageant, and activities for youth and senior citizens.

North Carolina Commission of Indian Affairs

217 W. Jones Street
Raleigh, North Carolina 27603-1336
(919) 733-5998

Gregory A. Richardson, Executive Director
Paul Brooks, Chairman

Field Offices

Columbus County
Bolton
(910) 655-8778 (Section 8 Housing)
(910) 655-4689 (Community Services)
(910) 655-8708 (JTPA)

Cumberland County
Fayetteville
(910) 483-8442 (Community Services)

Crawville County
Oxford
(919) 693-2456 (Section 8 Housing)

Hallifax County
Hollister
(919) 586-4017
(Section 8 Housing)
(Community Services)

Hoke County
Raeford
(910) 875-2581 (Section 8 Housing)

Person County
Roxboro
(919) 599-0952 (Section 8 Housing)

Robeson County
Pembroke
(910) 521-0807 (Community Services)

Sampson County
Clinton
(910) 564-6152 (Community Services)
(910) 564-4941 (Section 8 Housing)
(910) 564-6726 (JTPA)

North Carolina Indian Tribes and Organizations

Coharie Intra-Tribal Council
Route 3, Box 340-E
Clinton, N.C. 28328
(910) 564-6909

Cumberland County
Avantillon for Indian People
102 Indian Drive
Fayetteville, N.C. 28301
(910) 483-8442

Eastern Band of Cherokee
P.O. Box 455
Cherokee, N.C. 28719
(704) 497-2771

Guilford Native
American Association
P.O. Box 5623
Greensboro, N.C. 27435
(910) 273-8686

Haliwa-Saponi Tribe, Inc.
P.O. Box 99
Hollister, N.C. 27844
(919) 586-4017

Lumbee Regional
Development Association
P.O. Box 68
Pembroke, N.C. 28372
(910) 521-8602

Meherrin Indian Tribe
P.O. Box 508
Winton, N.C. 27986
(919) 358-4375

Metrolina Native
American Association
2601-A East 7th Street
Charlotte, N.C. 28204
(704) 331-4818

Waccamaw-Siouan
Development Association
P.O. Box 221
Bolton, N.C. 28423
(910) 655-8778



NORTH CAROLINA INDIANS

North Carolina Commission of Indian Affairs

The North Carolina Commission of Indian Affairs is a state agency created by the N.C. General Assembly in 1971 to represent the interests and advocate for the rights and needs of the North Carolina Indian population. Commission programs are aimed at improving the educational, employment, health, and socioeconomic status of the American Indian citizens of the state. The commission operates under the direction and supervision of the N.C. Department of Administration and is one of five advocacy agencies housed within the department.

The membership of the commission is composed of 18 representatives from the state's six recognized Indian tribes and three urban Indian organizations, five state officials, and an appointee of both the speaker of the N.C. House of Representatives and the lieutenant governor. Ex-officio members include representatives from two statewide Indian youth organizations, the North Carolina Native American Youth Organization (NCNAYO) and the North Carolina Native American Council on Higher Education (NCNACOHE).

According to the 1990 U.S. Census, North Carolina's Indian population totals 80,155 giving the state the largest Indian population east of the Mississippi River and the seventh largest Indian population in the nation. Six Indian tribes call North Carolina home. The Lumbee, Coharie, Waccamaw-Siouan, Haliwa-Saponi and Meherrin Tribes are state recognized while the Eastern Band of the Cherokee possesses both state and federal recognition. In addition, three major urban Indian organizations serve the American Indian populations of Charlotte, Greensboro and Fayetteville.

State of North Carolina - James B. Hunt Jr., Governor
N.C. Department of Administration - Katie G. Thorne, Secretary
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Coharie

The Coharie Indian Tribe lives in Sampson and Harnett counties and has approximately 1,700 members. According to tradition, the Coharie are descended from Iroquoian-speaking tribes, the RI-Coharians or Saxapahaw who settled on the Cape Fear and Saxapahaw rivers and tributaries.

The Coharie Intra-Tribal Council Inc. is a non-profit agency established to promote the health, education, social and economic well-being of the Coharie people. It is housed in the old Eastern Carolina Indian School building, a school which served Indian people of Sampson, Harnett, Hoke, Columbus, Cumberland, Bladen and Person counties from 1942 to 1966. Programs operated by the Coharie Intra-Tribal Council include an arts and crafts/cultural enrichment program and VISTA. Economic development ventures include two day care centers serving children ages 0-12 and a fish farming operation.

Programs offered to the Coharie by the N.C. Commission of Indian Affairs include Section 8 Housing; Job Training Partnership Act (JTPA); Educational Talent Search; and Community Services, which provides volunteer transportation, a meal site and in-home aide services for the elderly/physically challenged. In addition, the commission subcontracts Low Income Energy Assistance Program (LIEAP) funding to the Coharie Intra-Tribal Council each year. The Coharie annual powwow is held each September.

Eastern Band of the Cherokee

The Eastern Band of the Cherokee live on the Qualla Boundary, a land area comprised of 56,572 acres directly adjacent to the Great Smoky Mountains National Park. The more than 10,000 members of the Eastern Band are descendants of those Cherokee who, in the late 1830s, remained in the mountains of North Carolina rather than be forced to march along the infamous "Trail of Tears" to Oklahoma.

Today, the Eastern Band of the Cherokee is the only tribe of North Carolina's six recognized tribes which possesses both state and federal recognition, lives on a reservation and is served by the Bureau of Indian Affairs in the U.S. Department of the Interior; the Indian Health Service in the U.S. Public Health Service; and the federal

departments of Labor, Commerce, and Health and Human Services. The North Carolina Commission of Indian Affairs subcontracts Community Action Partnership Program (CAPP) funding to the Eastern Band of the Cherokee each year.

Favorite local attractions include annual cultural festivals, the Occanalee Indian Village, the outdoor drama "Unto These Hills," trout fishing and the Museum of the Cherokee Indian. Traditional Cherokee arts and crafts such as baskets, pottery, beadwork, finger weavings, stone carvings and wood carvings are sold at the Qualla Arts and Crafts Mutual, an artist cooperative on the Qualla Boundary. The Cherokee Fall Festival is held each October.

Haliwa-Saponi

The Haliwa-Saponi live primarily in Halifax and Warren counties in the northern part of the state and regard Hollister and Bethlehem as the centers of their community. The Haliwa-Saponi Tribe is the third largest tribe in North Carolina with approximately 3,000 tribal members. Records indicate that the Haliwa-Saponi are descended from the Saponi, Tuscarora and Nansemond native peoples. They have been in Halifax and Warren counties since the late 1700s.

During the early 1950s, the tribal members built and maintained their own independent Indian school. However, consolidation and integration forced the closing of the school in 1969. The building is presently used for tribal community meetings, arts and crafts classes, recreational activities, and as a senior citizen nutrition site.

Programs operated by the Haliwa-Saponi Tribe for the benefit of its members include a day care center for children ages 0-5; senior citizens program; federal recognition project; Job Training Partnership Act (JTPA) program; alcohol, drug and pregnancy prevention project; energy assistance program; and economic development. Program services offered to the Haliwa-Saponi by the N.C. Commission of Indian Affairs include Child Abuse and Neglect Prevention; Substance Abuse Prevention and Awareness; Section 8 Housing Assistance; and Community Services, which provides volunteer transportation and in-home aide services to the elderly/physically challenged. In addition, Low Income Energy Assistance Program (LIEAP) funding is subcontracted to the Haliwa-Saponi by the commission each year. The Haliwa-Saponi hold an annual powwow each April.

Lumbee

The over 40,000 members of the Lumbee Tribe reside primarily in Robeson, Hoke and Scotland counties. The Lumbee Tribe is the largest tribe in North Carolina, the largest tribe east of the Mississippi and the ninth largest tribe in the nation. The Lumbee take their name from the Lumber River which winds its way through Robeson County.

The ancestors of the Lumbee were mainly Cheraw and related Siouan-speaking Indians who lived in the area of what is now Robeson County. The Lumbee people have been recognized by the state of North Carolina since 1885. In 1956 a bill was passed by the U.S. Congress which recognized the Lumbee as Indian, but denied the tribe full status as a federally recognized Indian tribe. Federal recognition for the tribe is currently being sought through federal legislation.

The Lumbee Regional Development Association (LRDA) is a private, non-profit organization established in 1968 to provide needed services to the Lumbee people. Programs currently operated by LRDA include Job Training Partnership Act (JTPA), Low Income Energy Assistance (LIEAP), Head Start, Educational Talent Search, Child Day Care and Tribal Enrollment. Economic development projects operated by LRDA include WYRU, the strongest AM radio station in Robeson County, and the Lumbee Model Poultry Farm.

The Substance Abuse Prevention and Awareness and Child Abuse and Neglect Prevention programs of the N.C. Commission of Indian Affairs serve Robeson County while the commission's Educational Talent Search and Section 8 Housing Assistance programs serve Hoke County. In addition, Community Action Partnership Program (CAPP) funding is subcontracted to LRDA by the commission each year. Lumbee powwows are held each May and October.

Meherrin

The Meherrin Indians number approximately 600 and reside in several small communities in Hertford, Bertie, Gates and Northampton counties. The Meherrin are of the same linguistic grouping as the Cherokee, Tuscarora and other tribes of the Iroquois Confederacy of New

York and Canada. "Meherrin" means "people of the muddy water" or "muddy water people."

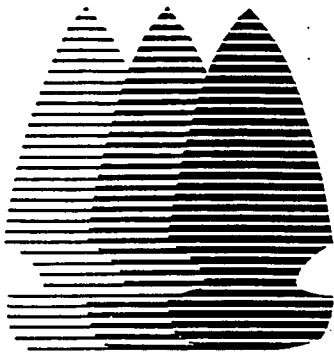
The Meherrin Tribe is governed by a chief and a seven-member tribal council elected by the tribe's enrolled membership. Programs operated by the tribe include a Federal Acknowledgment Project; Cultural Retention; and the Meherrin Trading Post, a tribal arts and crafts shop. Tribal services are funded by the Administration for Native Americans and funds generated through private donations and tribal fund-raising activities. Job training and employment services are provided to tribal members through the Job Training Partnership Act (JTPA) program of the North Carolina Commission of Indian Affairs. The Meherrin hold an annual powwow each October and a cultural festival each April.

Waccamaw-Siouan

The Waccamaw-Siouan Tribe of 1,800 members is located in the southeastern counties of Bladen and Columbus. The Waccamaw-Siouan call themselves the "People of the Fallen Star," recalling an old legend which tells of a ball of fire falling to earth and creating Lake Waccamaw.

The Waccamaw-Siouan Development Association (WSDA) is a non-profit organization created in 1971 to identify and address the educational, health, social and economic development needs of the Waccamaw-Siouan people. The association is governed by a five-member board of directors elected annually by the Waccamaw-Siouan people.

Current programs operated by WSDA include housing development for low and moderate income families, child day care, economic development and cultural rediscovery. Programs offered to the Waccamaw-Siouan by the N.C. Commission of Indian Affairs include Job Training Partnership Act (JTPA); Educational Talent Search; Section 8 Housing Assistance; and Community Services, which provides volunteer transportation and in-home aide services to the elderly/physically challenged. In addition, Low Income Energy Assistance Program (LIEAP) and Community Action Partnership Program (CAPP) funds are subcontracted to WSDA by the commission each year. The Waccamaw-Siouan Tribe holds an annual powwow each October.



North Carolina Indian Population (By County)

North Carolina Department of Administration

N.C. Commission of Indian Affairs • 217 West Jones Street, Raleigh, N.C. 27603-1336 (919) 733-5998

Alamance	303	Cumberland	4,425	Johnston	178	Randolph	453
Alexander	52	Currituck	66	Jones	8	Richmond	502
Alleghany	8	Dare	37	Lee	169	Robeson	40,511
Anson	69	Davidson	395	Lenoir	70	Rockingham	149
Ashe	21	Davie	86	Lincoln	120	Rowan	262
Avery	23	Duplin	104	McDowell	72	Rutherford	95
Beaufort	28	Durham	425	Macon	76	Sampson	876
Bertie	46	Edgecombe	73	Madison	19	Scotland	2,430
Bladen	464	Forsyth	551	Martin	20	Stanly	155
Brunswick	242	Franklin	74	Mecklenburg	1,936	Stokes	52
Buncombe	486	Gaston	397	Mitchell	19	Surry	66
Burke	133	Gates	8	Montgomery	92	Swain	3,075
Cabarrus	313	Graham	454	Moore	309	Transylvania	79
Caldwell	105	Granville	99	Nash	218	Tyrrell	4
Camden	21	Greene	16	New Hanover	435	Union	294
Carteret	269	Guilford	1,637	Northampton	42	Vance	69
Caswell	26	Halifax	1,711	Onslow	939	Wake	1,148
Catawba	232	Harnett	601	Orange	286	Warren	763
Chatham	125	Haywood	180	Pamlico	33	Washington	13
Cherokee	405	Henderson	197	Pasquotank	59	Watauga	59
Chowan	24	Hertford	228	Pender	76	Wayne	265
Clay	39	Hoke	3,176	Perquimans	18	Wilkes	69
Cleveland	114	Hyde	4	Person	181	Wilson	70
Columbus	1,370	Iredell	193	Pitt	214	Yadkin	22
Craven	319	Jackson	2,667	Polk	17	Yancey	27

TOTAL80,155

Source: 1990 U.S. Census

ADM-37

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NORTH CAROLINA INDIAN ORGANIZATIONS

For more information regarding a particular Indian tribe or services to Indians, contact the executive director:

Coharie Intra-Tribal Council

Route 3, Box 340-E
Clinton, N.C. 28328
Phone: (910) 564-6909

Cumberland County Association for Indian People

102 Indian Drive
Fayetteville, N.C. 28301
Phone: (910) 483-8442

Eastern Band of the Cherokee

P. O. Box 455
Cherokee, N.C. 28719
Phone: (704) 497-2771

Guilford Native American Association

P. O. Box 5623
Greensboro, N.C. 27403
Phone: (910) 273-8686

Haliwa-Saponi Indian Tribe

P. O. Box 99
Hollister, N.C. 27844
Phone: (919) 586-4017

Lumbee Regional Development Association

P. O. Box 68
Pembroke, N.C. 28372
Phone: (910) 521-8602

Meherrin Indian Tribe

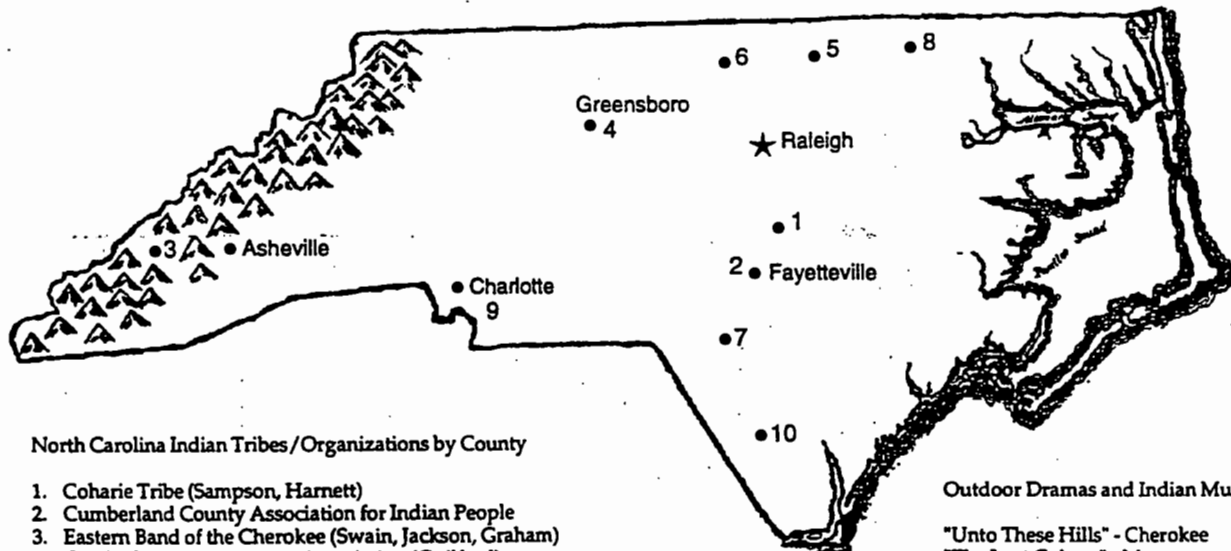
P. O. Box 508
Winton, N.C. 27986
Phone: (919) 358-4375

Metrolina Native American Association

2601-A East 7th Street
Charlotte, N.C. 28204
Phone: (704) 331-4818

Waccamaw-Siouan Development Association

P. O. Box 221
Bolton, N.C. 28423
Phone: (910) 655-8778



North Carolina Indian Tribes/Organizations by County

1. Coharie Tribe (Sampson, Harnett)
2. Cumberland County Association for Indian People
3. Eastern Band of the Cherokee (Swain, Jackson, Graham)
4. Guilford Native American Association (Guilford)
5. Haliwa-Saponi Tribe (Halifax, Warren)
6. Indians of Person County
7. Lumbee Tribe (Robeson, Scotland, Hoke)
8. Meherrin Tribe (Hertford)
9. Metrolina Native American Association (Mecklenburg)
10. Waccamaw-Siouan Tribe (Bladen, Columbus)

Outdoor Dramas and Indian Museums

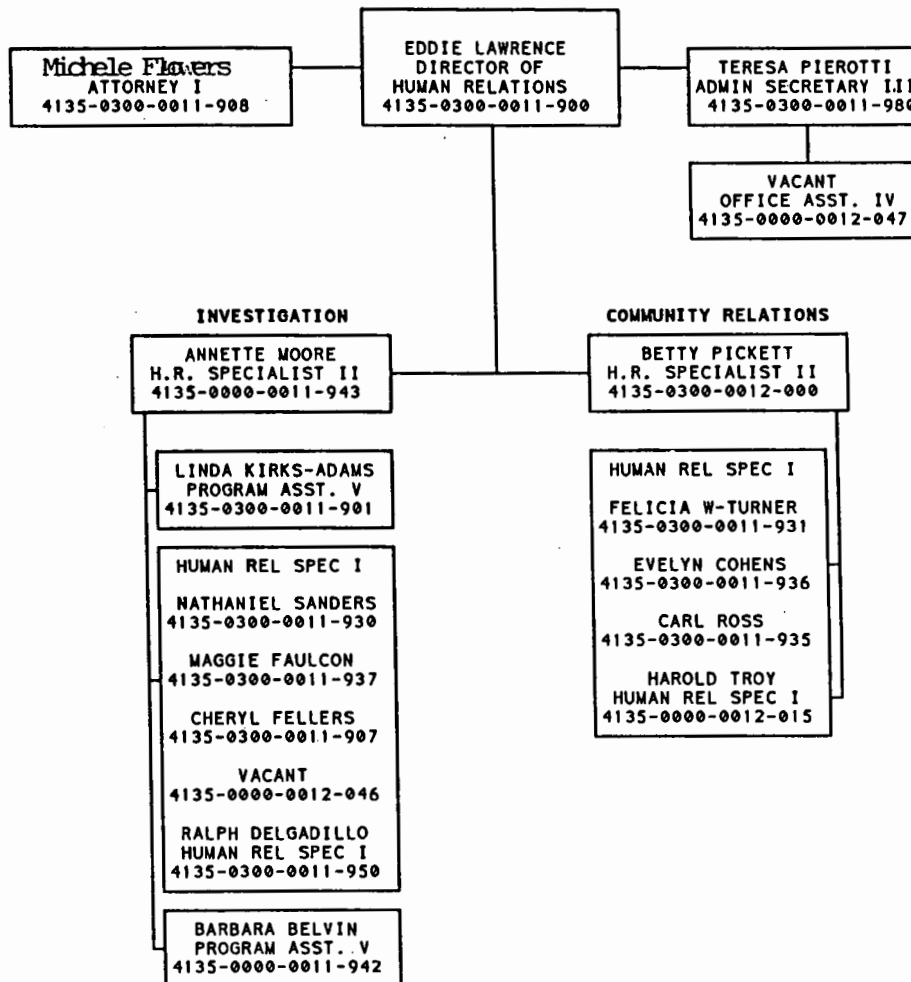
"Unto These Hills" - Cherokee
"The Lost Colony" - Manteo
"Strike at the Wind" - Pembroke
Town Creek Indian Mound, Mt. Gilead
Cherokee Indian Museum, Cherokee
Schiele Museum, Gastonia
Native American Resource Center,
Pembroke

The purpose of the **N. C. Human Relations Commission** is to advocate, enforce, and promote equality of opportunity in the areas of housing, fair employment practices, public accommodations, education, justice and governmental services for all people in North Carolina. The division serves as a focal point for developing, maintaining and improving human relations by fostering communication and encouraging the establishment of local human relations councils. The division also provides crisis intervention in potentially disruptive situations and promotes the right of every person in the state to live and work in peace and to be free of violence and intimidation.

Accomplishments for 1995-1996

- Investigated and closed 149 Fair Housing cases.
- Division has printed for distribution the State Fair Housing Act booklets, brochures, and posters in Spanish.
- The division has given outreach/community education and technical assistance to 208 housing consumers and providers.
- In 1995, the division co-sponsored the first N.C. Fair Housing Summit which was attended by housing advocates, consumers and providers.
- Answered approximately 10,500 telephone inquiries concerning employment concerns in 1995 and approximately 4,000 in 1996.
- The division co-sponsored the Annual Community Relations Symposium and Human Relations Awards Banquet in 1995 and a Human Relations Awards Reception was held in 1996.
- N.C. Martin Luther King, Jr. Commission awarded 52 mini-grants totaling \$80,750 in 1995 and 39 mini-grants totaling \$64,500 in 1996 to non-profit organizations to assist the local residents with year-round programs which practice the non-violent attributes espoused by Dr. Martin Luther King, Jr.
- Conducted 22 police community relations training programs with 425 participants.
- Solicited, secured and trained 107 HAVIN affiliates (Hate Violence Information Network).
- Received and investigated 78 hate/violence incidents and worked with crisis situations in Henderson and Charlotte.
- Assisted local human relations councils throughout the state and conducted training sessions for 13 local human relations councils.
- Conducted human relations/cultural diversity training for 3 city departments in Goldsboro and Lumberton.
- Worked to establish and reorganize 7 local human relations councils.
- Received grant from Z. Smith Reynolds Foundation in amount of \$35,000 to conduct statewide race relations training for local human relations councils.

DATE 10/11/86
 AGENCY HEAD SIGN. Eddie W. Lawrence
 DEPT. HEAD SIGN. _____
 PERS. OFFICE SIGN. _____



ADM-40

Governor's Advocacy Council for Persons with Disabilities

The Governor's Advocacy Council for Persons with Disabilities (GACPD) is part of a nationwide system of protection and advocacy agencies. It is a civil rights protection agency committed to serving citizens with disabilities in North Carolina.

GACPD staff provide advocacy services to any citizen of North Carolina who has a physical or mental condition that substantially limits one major life activity and who falls within the agency's priorities and case selection criteria as set by the board each year.

GACPD, a division of the N.C. Department of Administration, is guided by a 21-member board comprised of volunteers appointed by the state's top leaders in government.

Accomplishments:

I. Institutional Rights/Quality of Care:

- Investigated 231 allegations of abuse, neglect or exploitation of clients in the state's four psychiatric hospitals.
- Investigated 9 requests for an independent investigation of egregious abuse and/or neglect in facilities that provide care and treatment for persons with mental retardation.

II. Abuse and Neglect in the Community:

- Conducted 14 client rights training workshops to residents with developmental disabilities who reside in the community.
- Developed a survey of the 41 area mental health, developmental disabilities and substance abuse programs.

III. Community Inclusion:

- Monitored and provided comments in numerous contexts regarding managed care as it affects persons with disabilities.
- Addressed the needs of individuals with disabilities who receive homebound nursing services under Medicare and Medicaid.

IV. Education:

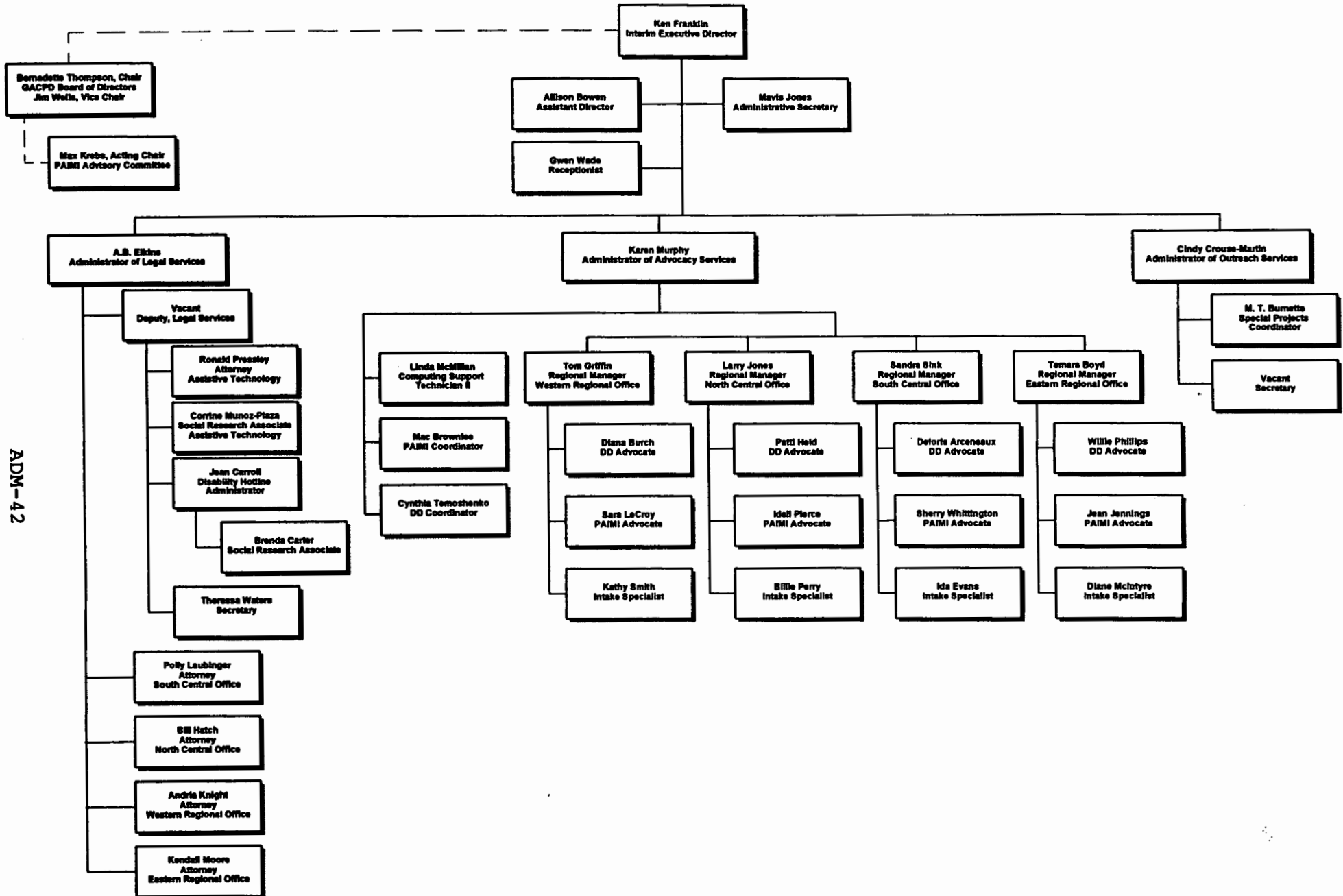
- Represented 167 clients with disabilities who were not receiving an appropriate education.
- Taught a class entitled "Special Education Law and Assistive Technology".

V. Employment:

- Assisted 121 clients who alleged employment discrimination because of a disability.
- Held an awards banquet to honor businesses who hire persons with disabilities.
- Worked with 30 Mayor's Committees to promote the employment of persons with disabilities.

Governor's Advocacy Council for Persons with Disabilities

Organizational Chart



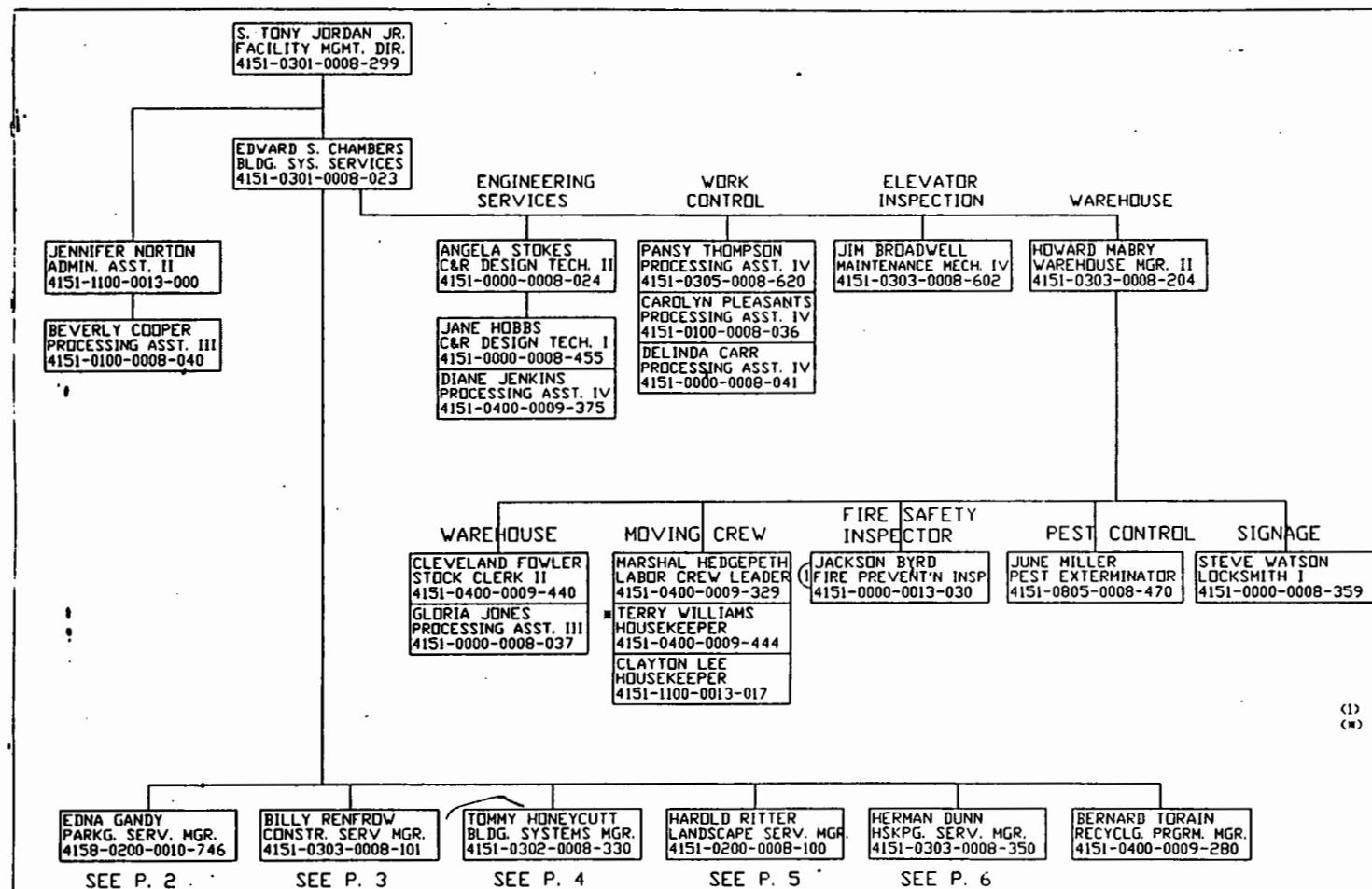
FACILITY MANAGEMENT DIVISION

Summary

Facility Management Division provides preventive maintenance and repair services to the State Government Complex and some facilities used by government workers in outlying areas. Services include minor new construction; renovation; carpentry; cabinetry; painting; housekeeping; landscaping; steam plant; HVAC; electrical; plumbing; welding; elevator maintenance, lock shop operation; fire and pest services, and parking supervision.

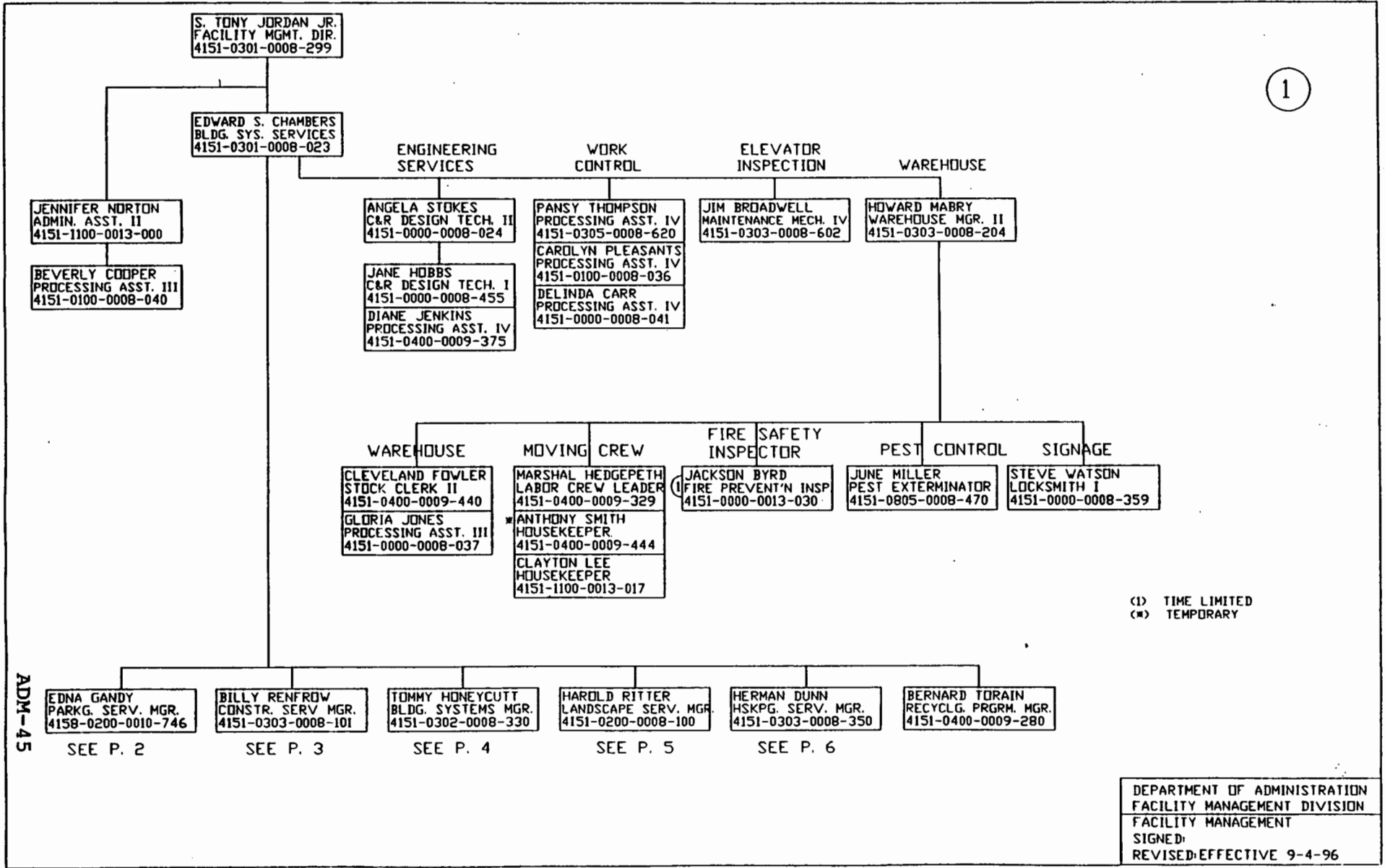
Accomplishments

1. Implemented a new Preventive Maintenance Program on July 1, 1995 in over 146 buildings and parking facilities consisting of over 1,950 equipment items.
2. Energy and Utility Savings Initiatives:
 - Reviewed and selected best rates for electricity usage.
 - Converted 1,840 fire exit signs and lights from incandescent to fluorescent and LED.
 - Changed purchasing of natural gas at the Central Heat Plant and saved over \$100,000 during the past two years compared to previous way.
 - Changed water rate for irrigation systems and eliminated sewer charges.
 - Insulated 11 of 22 historic homes on Blount Street.
 - Realized a savings of over \$387,000 in energy costs over the past two years despite rising energy prices.
3. Rebid elevator maintenance contract which resulted in a \$93,000.00 savings per year over previous contract.
4. Increased the number of inmates worked on a daily basis from 15 to 60.
5. Assumed responsibility for recycling program in the State Government Complex.
6. Completed an analysis of the current organization and received approval to implement a zonal maintenance concept for building systems equipment.



(1) TIME LIMITED
(*) TEMPORARY

DEPARTMENT OF ADMINISTRATION
FACILITY MANAGEMENT DIVISION
FACILITY MANAGEMENT
SIGNED:
REVISED: 2-28-97



(1) TIME LIMITED
(*) TEMPORARY

ADM-45

SEE P. 2

SEE P. 3

SEE P. 4

SEE P. 5

SEE P. 6

DEPARTMENT OF ADMINISTRATION
FACILITY MANAGEMENT DIVISION
FACILITY MANAGEMENT
SIGNED:
REVISED: EFFECTIVE 9-4-96

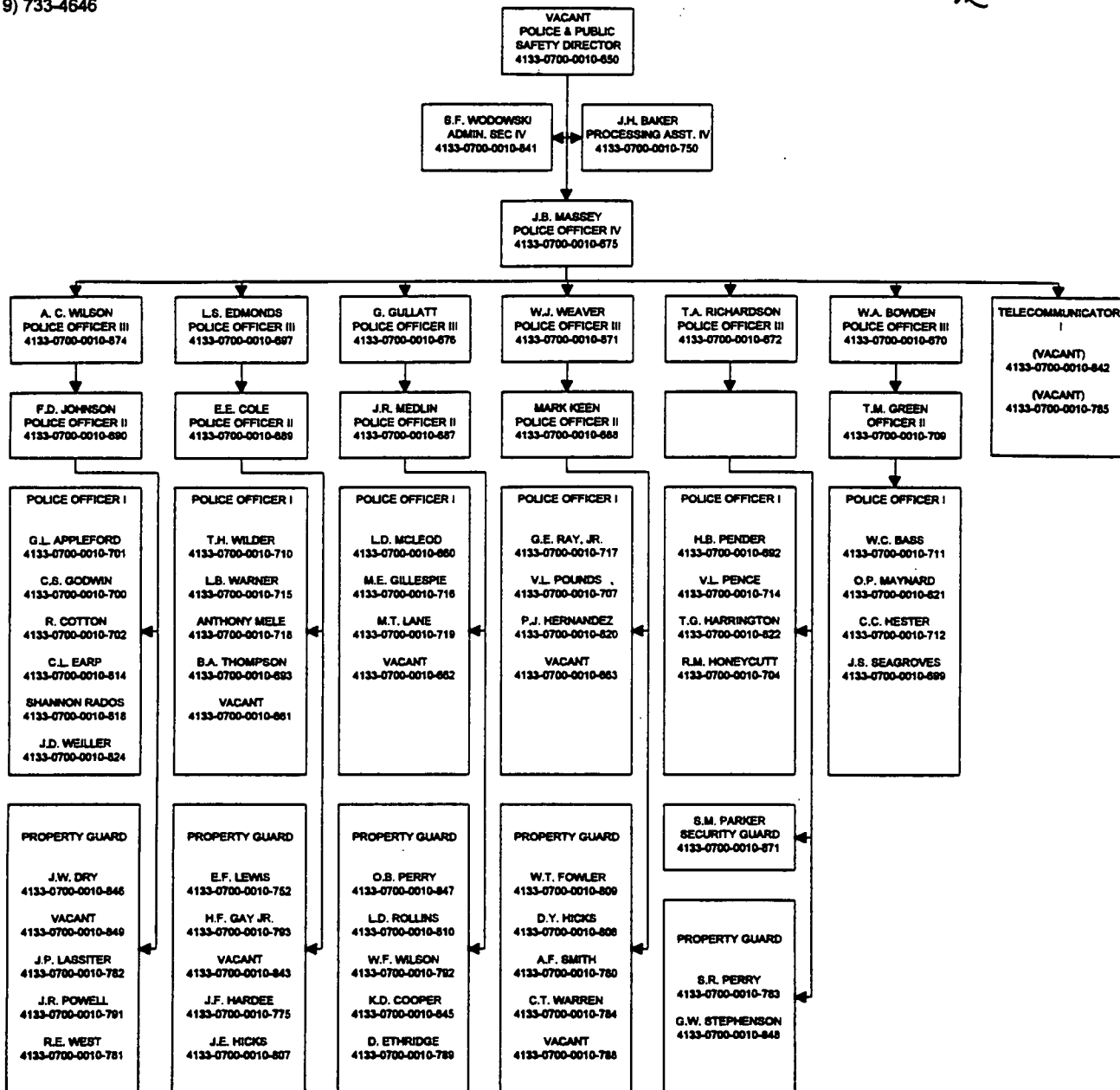
STATE CAPITOL POLICE DIVISION

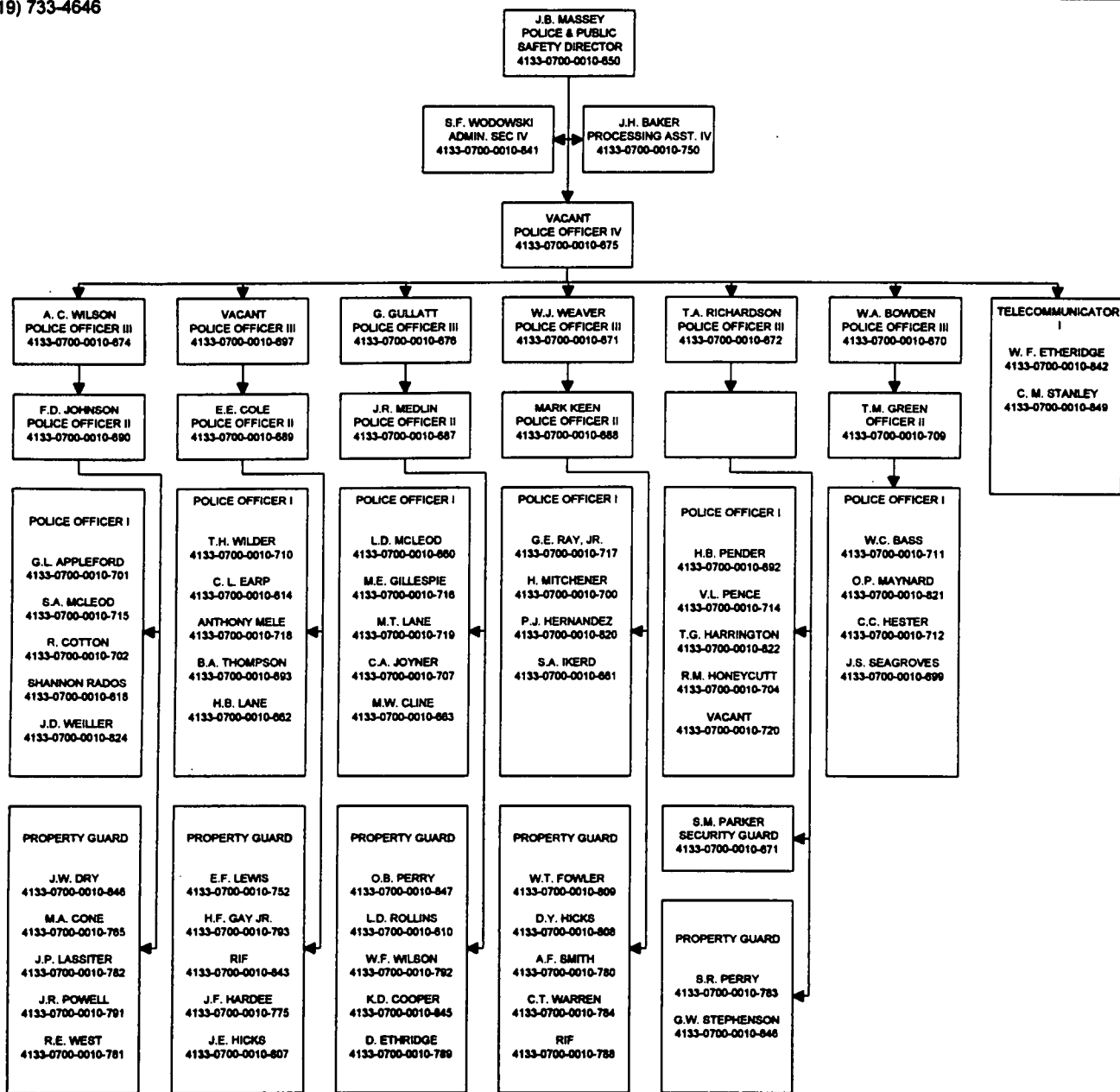
SUMMARY OF DIVISION

The State Capitol Police Division, a law enforcement agency with police powers throughout Raleigh and State property in Wake County, provides security and property protection for State government facilities in Raleigh, Garner, Cary, and Wake County. The agency protects employees and visitors; secures State-owned property; provides security for demonstrations, inaugurations, prison executions, personnel hearings; assists visitors to State facilities; investigates crimes committed on State property; and monitors burglar and fire alarm systems statewide.

ACCOMPLISHMENTS

The Division places an emphasis on assisting persons and motorists, armed special details, suspected unauthorized entries, and suspicious persons throughout the State government complex, and outlying facilities. During fiscal year 1995-96, 18, 229 contacts were made in these areas. In the same fiscal year, 1,027 investigations and vehicle stops were made, resulting in 235 citations issued and 103 arrests for various criminal violations. The Division monitors fire, mechanical, and burglar alarms for State facilities throughout the State at no charge. Today, there are 285 accounts on the alarm system.





STATE PROPERTY OFFICE

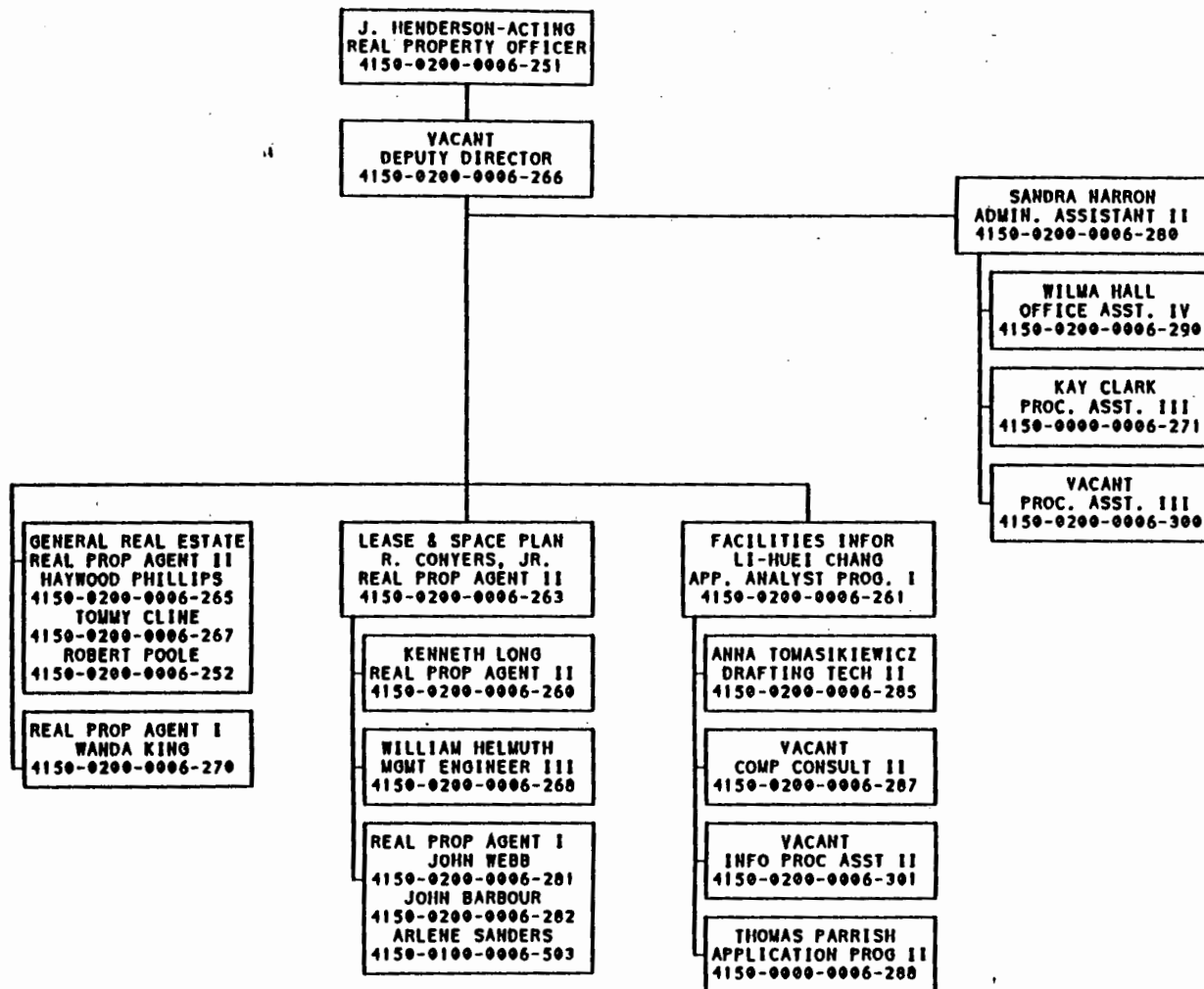
The State Property Office is responsible for state government's acquisition and disposition of all interest in real property whether by purchase, sale, exercise of power of eminent domain, lease or rental, with the exception of highway rights of way, the State Ports Authority and the Wanchese Seafood Industrial Park. This office is also responsible for the management of the submerged lands of the state, with the exception of aquaculture leases. The office maintains a computerized inventory of land and buildings owned or leased by the state and administers the allocation and reallocation of land and buildings among the various state agencies.

ACCOMPLISHMENTS

- We have managed a tremendous increase in work load while actually reducing our staff. In the early 1980's, the State Property Office was staffed with 27 positions and handled approximately 400 transactions per year. In 1996, the State Property Office was staffed with 21 positions and handled 1,232 transactions.
- The State Property Office has systematically developed methods to quicken the pace of transactions handled "in-house", and delegated more authority to State agencies to handle minor transactions. We have developed close working relationships with conservation groups who, under our direction, handle many of the transactions involving parks, natural areas and other sensitive lands.
- We have successfully implemented the provisions of Senate Bill 52 (Easements in State-owned Submerged Lands) without additional staff support and without any delays in the easement issuance process.
- We have upgraded the quality of our computerized land and building inventory and improved the mechanisms for acquiring and maintaining this information. The inventory and numerous reports are now available to the State agencies, the General Assembly and the public through the Internet. The inventory provides this office and the using agencies greater ability to "manage" the State's real property assets.
- We have developed strategies to consolidate agencies in both leased and owned buildings to effect savings in "shared facilities" such as receptionists, copy centers, mail and printing functions, etc., and to provide greater convenience to the public doing business with these offices.
- We have made significant progress in acquiring those properties funded by bonds issued for both the University System and the State Parks System.

- In general, we are seeking every conceivable way of "doing more with less", utilizing the resources of other agencies as opposed to increasing our in-house staff, and developing working relationships with conservation groups to handle land transactions for us. The next major step will be to "contract out" real estate acquisition to private firms on an experimental or "pilot project" basis and compare the costs with in-house acquisition.

AGENCY HEAD SIGN [Signature]
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PERS. OFFICE SIGN. [Signature]



ADM-51

SUMMARY: DOA - PURCHASE AND CONTRACT

Overview

The Division of Purchase and Contract serves as the central purchasing authority for state government and certain other entities. Contracts are established for the purchase, lease, lease-purchase of the goods and services required by all state agencies, institutions, universities, community colleges, and city and county boards of education amounting to \$3.078 billion annually. (1996 statistic) In addition, the Federal Surplus Property and State Surplus Property agencies manage the placement and disposition of surplus properties.

Our primary mission is to provide effective and efficient acquisition and disposal services for the State of North Carolina. This mission equates to savings to taxpayers and good customer service relationships. Long term strategies include improved accessibility to purchasing and materials management information, improved accountability, reduced costs, reduced processing time and enabling of employees. Short term strategies include improved communications and increased use of technology to perform work.

Major accomplishments

Average market savings accounted for through central purchasing for 1996 amounted to approximately \$42 million.

Enhanced Internet home page by frequent additions of purchasing information needed by State Agencies in day-to-day job.

Provided better customer service through electronic access to Statewide term contract information.

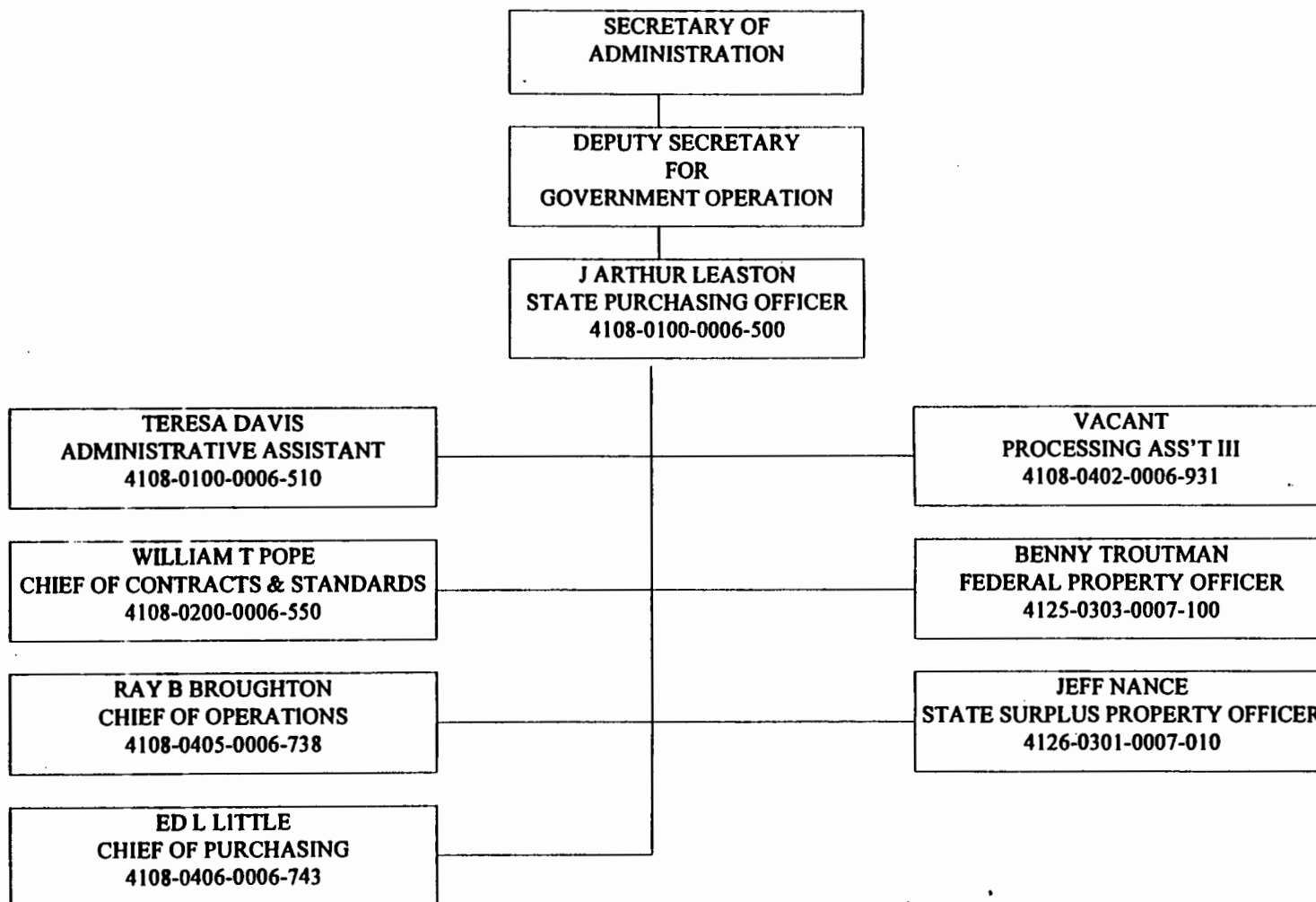
Reorganized purchasing organization for improved customer support by setting contract team in place to specifically handle Statewide term contracts. Balance of purchasers can now focus on improving timeliness and customer service for purchase requisitions received.

Held a successful Statewide purchasing seminar for all State Agencies (approximately 350 people) for training and improved communications on common issues.

Completed Continuous Improvement Process (CIP) on delivery benchmarking. Made changes in Invitations for Bids to improve vendor delivery timeframes.

Positive results in exceeding goals for doing business with Historically Underutilized Businesses. (HUB)

Implemented "central store concept" for designated state surplus property. This will allow for faster turnover of surplus items and better customer service.



ADM-53

P&C'S STRATEGY MANAGEMENT PLANS

PART ONE

OUR FOCUS & DIRECTION

Our Principles

- *Satisfy Customer Needs*
- *Encourage Divisionwide Teamwork*
- *Support Continuous Improvement*
- *Promote Data Driven Decisions*

Our Mission

To provide effective and efficient acquisition and disposal services for the State of North Carolina.

Our Vision

The Division of Purchase & Contract will be recognized and relied upon as the leader in acquisition and disposal services for the State of North Carolina.

P&C'S STRATEGY MANAGEMENT PLANS

PART TWO

THE VOICE OF OUR CUSTOMERS & BUSINESS

<u>External Customers:</u>	<u>Internal Customers:</u>	<u>Indirect Customers:</u>
<ol style="list-style-type: none">1. Non-Profit Organizations2. State Agencies3. Vendors4. Taxpayers5. General Assembly6. Advocacy Groups7. Local Governments8. Professional Organizations9. The Governor	<ol style="list-style-type: none">1. Staff2. DOA3. Other State Agencies4. General Assembly5. Secretary's Office6. Council Of State7. The Governor8. Board of Award	<ol style="list-style-type: none">1. OAH2. Vendors3. EPA4. State Auditor5. Federal Government6. State Agencies7. General Assembly8. Voters9. OSHA10. Special Interest Groups11. Local Government12. State Budget13. Media14. The Governor

Our Macro Processes

- Term Contracts
- Bid Process
- Surplus Disposal
- Hub Program
- Compliance
- Inspection
- Provide Service

P&C'S STRATEGY MANAGEMENT PLANS

PART THREE OUR STRATEGIES

Our Long Term Strategies

1. Improve Accessibility
2. Improve Accountability
3. Reduce Cost
4. Reduce Time
5. Enable Employees

Our Short Term Strategies

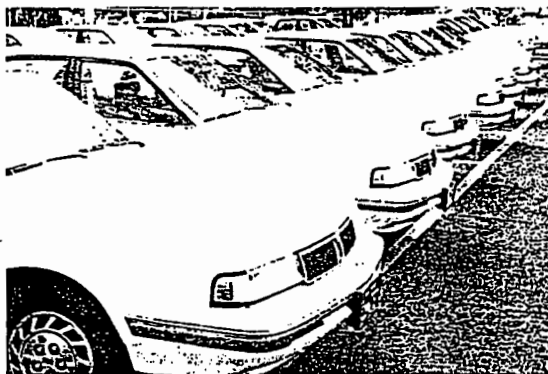
- Improve Teamwork
- Improve Organizational Structure
- Improve The Use Of Technology
- Improve The Administration of the Performance Management System in the Division
- Improve Customer Relations
- Maintain Reasonable Consistency and Stability in the Workplace
- Improve Communication

Motor Fleet Saves \$1.2 Million Through Savvy Purchasing



Cutting back on paper clips and rubber bands may be one way to save money. If enough offices cut back, the savings could be more than pocket change.

Now imagine we're not talking about paper clips and rubber bands, but cars. Imagine we're not talking about purchasing for one family but a whopping 525 vehicles for use by state government agencies. Then imagine almost \$1.25 million in savings.



That figure is not a figment of one's imagination. It represents an actual cost avoidance involving North Carolina taxpayers' money. In this particular case, the agency is the Motor Fleet Management Division in the Department of Administration. It's only one example of the savings made possible by state employees who make decisions about spending the state's

money as carefully as if they were spending their own.

Each year the Motor Fleet Management Division, which manages the centralized fleet of more than 6,000 state vehicles, provides replacement vehicles to state agencies for employees in the performance of their duties. Contract prices for 1997 models were substantially above 1996 figures, with increases ranging from \$942.45 to \$2,529.68 per unit among the seven categories. Instead of buying 1997 cars, the managers decided to buy 1996 models after July 1, 1996, and before the model year closed out.

The cost avoidance was made by purchasing 121 1996 Olds Cutlass station wagons, instead of 1997 Ford Taurus station wagons, and 404 1996 Olds Cutlass sedans, instead of 1997 Plymouth Breeze sedans.

The managers have been praised by their superiors for their "open-minded approach to managing our vehicle fleet" and as being "highly dedicated, enthusiastic, creative state employees." Whether it's paper clips or cars, it's good to know that money is being spent wisely in the Department of Administration and throughout state government. It's a responsibility not taken lightly, because state employees are taxpayers too!

**PRESENTATION TO
JOINT APPROPRIATIONS GENERAL GOVERNMENT SUBCOMMITTEE
by Speros J. Fleggas, PE, Director
State Construction Office
March 1997**

OVERVIEW

The overall coordination and management responsibility for implementation of the state's capital improvement program rests with the State Construction Office. The State Construction Office operates under two statutes -- G.S. 143-31.1, the Executive Budget Act, and G.S. 143-341, the Department of Administration Act.

The D.O.A. Act requires that the Department of Administration, in addition to having the responsibility to examine and approve all plans and specifications, prepare preliminary studies and cost estimates and assist all agencies in the preparation of requests for construction appropriations, supervise the letting of all contracts for the design, construction or renovation of all state buildings, and supervise and inspect all work done and materials used in the construction of state buildings. No such work may be accepted by the state or by any state agency until it has been approved by the department. In addition, the Facility Condition Assessment Program (FCAP) is administered by the State Construction Office. This program is responsible for identifying deficiencies in all state facilities over 3000 gross square feet.

Agencies and institutions submit budget estimates to the State Construction Office. The State Construction Office reviews the proposed work scope and develops a detailed estimate of cost. This constitutes the budget estimate for the project and is the budget used, if the project is submitted to the General Assembly for funding. Designers are selected in accordance with the procedures adopted by the State Building Commission. The State Construction Office serves as staff to the State Building Commission. Our office negotiates the design fees, oversees the executed contract and provides for design and general supervision of the construction work.

Each design phase is reviewed by the State Construction Office and design does not proceed to the next phase until approval is made for the phase of design that has been submitted for review. There are some 40 possible state reviews, permits and approvals that may be required on a project and the review process may involve up to 17 different state agencies. Of course, most projects do not require nearly that many review agency approvals. Our office, in addition to performing reviews, also essentially serves as a clearinghouse for review comments generated by other agencies. We check to see that comments and concerns are resolved prior to approval for receipt of bids. The State Construction Office has quite a lot of responsibility and is involved with all aspects of the design and construction of state buildings.

ACCOMPLISHMENTS

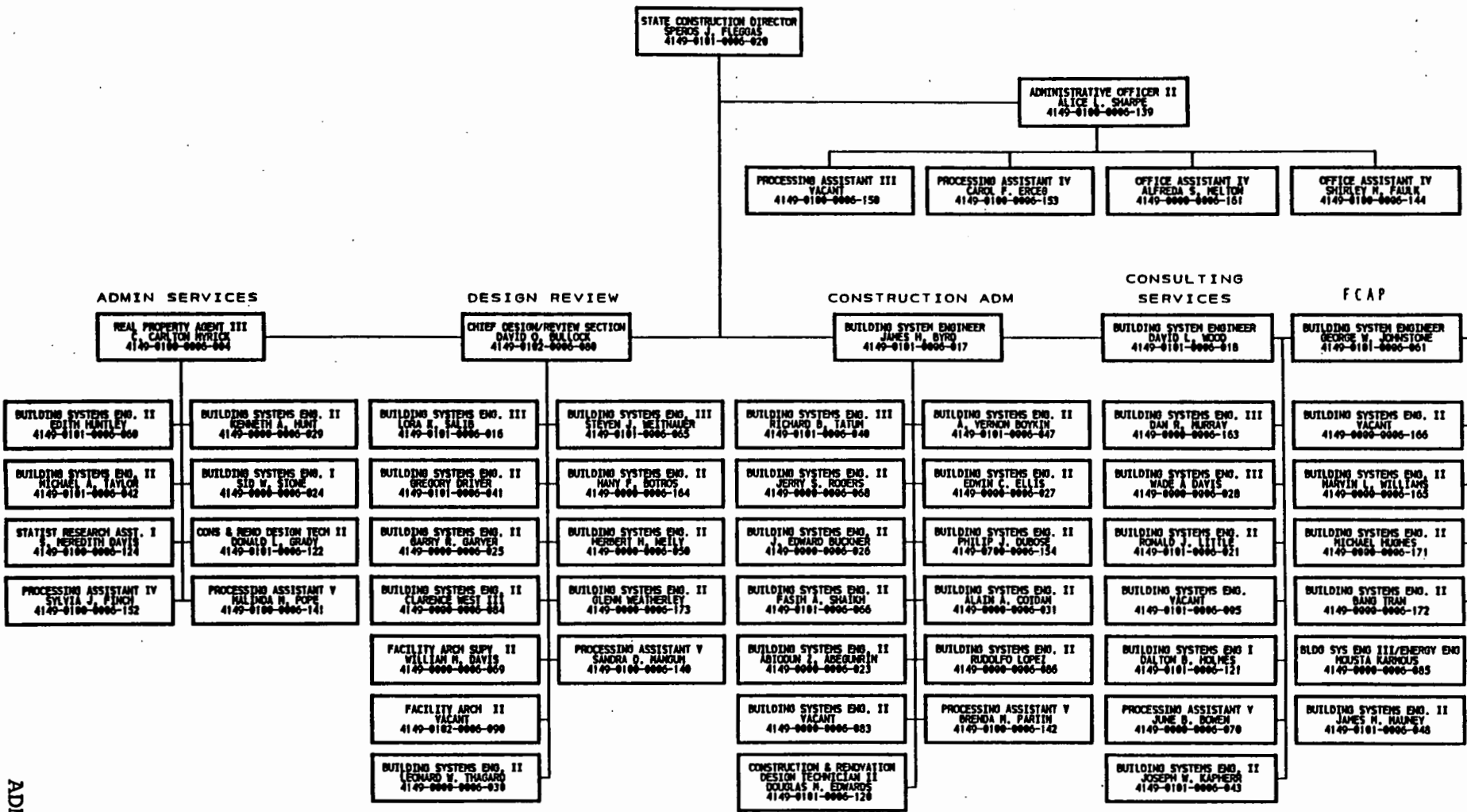
A major accomplishment for the State Construction Office is the completion of the emergency prison construction program funded from the \$87.5 million 1993 bond funds and the \$62.6 million 1994 Extra Session funds. These projects were placed under the responsibility of the Department of Administration and have been administered by the State Construction Office. Most have been completed on or ahead of schedule. Because of the efficient management of this program by our

office, enough beds are now available for the Department of Correction to bring in all the prisoners housed out-of-state. We should now have a surplus of beds to house prisoners.

In March, 1996, the FCAP program completed one cycle of assessments of all state-owned facilities 3000 gross square foot and larger including inventory, infrastructure, energy conservation projects and outstanding building deficiencies. It is now anticipated that a three-year cycle can be maintained.

As of January 1997, the State Construction Office had 1036 projects statewide in various stages of design with a design budget scope of \$1,457,888,508. We have under construction 383 active projects valued at \$926,760,381. The State Construction Office currently oversees on a statewide basis a total of 1419 projects that are in some stage of either design or construction valued at \$2,384,648,889. These figures include projects ranging in value from a few thousand dollars to one project, the Children's and Women's Hospital at North Carolina Memorial Hospital in Chapel Hill, with a total budget authorization of \$118.6 million.

The State Construction Office is critical to the accomplishment of Governor Hunt's Agenda. We are committed to efficient and effective management of the state's capital improvement program. Money saved from reduced costs and more efficient administration of capital projects is money that can be used to expand Smart Start and provide increased funds for the education of our children.



MOTOR FLEET MANAGEMENT

The Motor Fleet Management Division was created by the legislature in January 1982 as the central fleet agency for all of state government. The purpose of Motor Fleet Management is to serve North Carolina state employees by acquiring, maintaining, storing, repairing, replacing and supplying passenger vehicular transportation needed in the performance of official duties, in the most efficient and cost effective way. All state agencies, including universities--except for the State Bureau of Investigation and the State Highway Patrol -- are required to utilize Motor Fleet Management for their passenger vehicle transportation needs.

As of June 30, 1996, Motor Fleet Management had 7,115 active vehicles in its fleet, an increase of 642 vehicles over the previous year. Over the past seven years, Motor Fleet Management has had an average vehicle increase of 334 units a year. Projecting at 334 vehicles per year, by the year 2,000 there will be 8,117 vehicles in the state fleet.

Motor Fleet Management charges agencies for the use of vehicles on a per mile basis. The largest group of vehicles (compact, sedan, four cylinders) are charged out at a 20 cents per mile rate. Mileage rates range as high as 37 cents per mile for a four-wheel drive Suburban. All rates include gas, oil, tires, repairs and insurance. Motor Fleet management rates are very low when compared to the per mile driving costs, based on a composite national average of three domestically built cars: a subcompact, a mid-size and a full-size, issued by the American Automobile Association in **October 1995**. According to the American Automobile Association, "motorists now spend an average of 41.8 cents per mile in vehicle related costs" (gasoline, oil maintenance, depreciation and insurance). When compared with Motor Fleet Management's average cost of 25.8 cents per mile for compact, mid-size and full-size vehicles, the state is providing passenger vehicles at approximately 60 percent of the national average cost. Use of **October 1995**, American Automobile Association figures of 41.8 cents per mile average cost represents a 40 percent savings by Motor Fleet Management.

ACCOMPLISHMENTS

- Motor Fleet Management realized a total savings of over \$626,315 in the FY 95-96 budget in the purchase of new vehicles by comparing costs and analyzing the size requirements of vehicles needed. Motor Fleet Management switched its full sized sedans from the Chevrolet Caprice and 1996 Ford Crown Victoria to the 1996 Dodge Intrepid with a savings of \$4,169.54. per vehicle. A total of 118 vehicles have been ordered for a cost savings of \$492,005.72. Motor Fleet Management will also provide the Department of Correction with mid-size security (cage sedans) vehicles instead of full size cars for a savings of \$2,182.63 per vehicle. Thirty five vehicles have been ordered for a savings of \$76,392.05. Also vehicles used for roving patrol by the Department of Correction have been downsized. Instead of ordering 20 mid-sized, 4-wheel drive vehicles, 20 compact, 4-wheel drive vehicles were ordered. The savings per vehicle is \$2,915.76 for a saving of \$58,315.20.

- Although Motor Fleet Management is not yet required to purchase alternatively fueled vehicles, we already have three types of vehicles operating on alternative fuels. (Propane Vehicles, Compressed Natural Gas Vehicles and an Electric Vehicle). We purchased and installed conversion kits in 1995 to convert vehicles to use propane. (In our present fleet, we have one total electric car, one natural gas pick-up and six propane gas vans).
- A propane tank and dispensing system was installed at the Motor Pool on Peace Street to allow state-owned vehicles to fill up with propane gas. This site is in addition to the propane dispensing system located at the Blue Ridge facility. However, propane is available 7:00 a.m. through 5:00 p.m. and must be filled by a trained attendant, **not self-service.**
- In our Motor Pool on Peace Street, Motor Fleet Management added one Pontiac sedan with hand controls and one van for use by handicapped drivers. The van is equipped with a chair lift and hand controls to help ensure that these drivers have safe and reliable transportation available for their use.

JOHN T. MAJ. JR.
DIRECTOR
4128-0000-0010-200

SUE MCCAFFERTY
ADMIN ASSISTANT I
4128-0501-0010-160

DATE _____
AGENCY HEAD SIGN. _____
DEPT. HEAD SIGN. _____
PERS. OFFICE SIGN. _____

GARAGE

MANAGEMENT INFORMATION
AND BILLING UNIT

VEHICLE PROCUREMENT
AND ASSIGNMENT

FRANK WALLER
MOTOR POOL SUPERVISOR
4128-0501-0010-000

DANNY WILLIS/COMPUTER
SYS. COORDINATOR III
4128-0000-0010-204

FRANK EAGLES
ADMIN. OFFICER II
4128-0000-0010-205

PEACE ST. ANNEX

LARRY BLALOCK
AUTO PARTS SUPERVISOR
4128-0501-0010-110

RICKIE RAY
PROCESSING ASST. III
4128-0000-0010-240

ARNOLD NELSON
MECHANIC II
REPAIR/AUTHO/ACCI/SUP
4128-0501-0010-060

LLOYD SMITH
MECHANIC I
4128-0000-0010-242

CHRIS LUNSFORD
MECHANIC I
4128-0501-0010-080

MIKE HOPKINS
MECHANIC I
4128-0501-0010-100

VACANT
MECHANIC SUPER. II
4128-0501-0010-020

EDDIE WILLIAMS
MECHANIC SUPER. I
4128-0501-0010-041

MECHANIC II
GARY ACCORD
4128-0501-0010-065

MIKE COWART
4128-0000-0010-226

KENNETH PASCHAL
4128-0501-0010-064

HUBERT ARNOLD
4128-0501-0010-063

WILBER LONGWIRE
4128-0501-0010-061

DAVID PARRISH
4128-0000-0010-227

VACANT
4128-0501-0010-066

KELVIN KELLY
4128-0501-0010-062

MECHANIC I
VERNON SHELTON
4128-0000-0010-224

PATRICK SHERRELL
4128-0000-0010-228

CHARLES SEBERRY
MECHANIC SUPER. I
4128-0501-0010-042

MECHANIC I
PATRICK MCKOY
4128-0501-0010-121

ROBERT PARKER
PROCESSING ASST. III
4128-0501-0010-180

GEN. UTILITY WORKERS
LEE MURPHY
4128-0501-0010-081

RAY BOSWELL
4128-0501-0010-124

LAMONT THOMPSON
4128-0501-0010-128

DON EDDINS
4128-0501-0010-229

SHARON STUART
PROCESSING ASST III
4128-0000-0010-218

ACCOUNTING CLERK V
JACKIE PUGH
4128-0000-0010-207
FRANCES SULLIVAN
4128-0000-0010-234

ACCOUNTING CLERK IV
LISA JONES
4128-0000-0010-206
KATIE SHEARON
4128-0000-0010-202
CYNTHIA WANTYCH
4128-0000-0010-217
VACANT
4128-0000-0010-201

TINA RICHARDS
DATA CONTROL CLK III
4128-0000-0010-235

NAN MOBLEY
OFFICE ASST. III
4128-0501-0010-135

TOM HEMRICK
ADMIN. ASST. I
4128-0000-0010-236

HEATH CASH
PROCESSING ASST. IV
4128-0501-0010-133

DENNY HALL
PROCESSING ASST. IV
4128-0000-0010-216

J. WAYNE DENTON
PROCESSING ASST II
4128-0000-0010-241

PAMELA BRADSHAW
GUW
4128-0000-0010-129

STANLEY WILSON
GUW
4128-0501-0010-127

BARBARA JOHNSON
OFFICE ASSIST III
4128-0000-0010-083

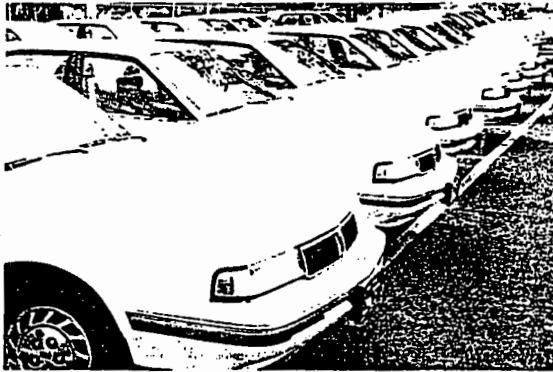
D.V. SMITH
MECHANIC I
4128-0501-0010-102

Motor Fleet Saves \$1.2 Million Through Savvy Purchasing



Cutting back on paper clips and rubber bands may be one way to save money. If enough offices cut back, the savings could be more than pocket change.

Now imagine we're not talking about paper clips and rubber bands, but cars. Imagine we're not talking about purchasing for one family but a whopping 525 vehicles for use by state government agencies. Then imagine almost \$1.25 million in savings.



That figure is not a figment of one's imagination. It represents an actual cost avoidance involving North Carolina taxpayers' money. In this particular case, the agency is the Motor Fleet Management Division in the Department of Administration. It's only one example of the savings made possible by state employees who make decisions about spending the state's

money as carefully as if they were spending their own.

Each year the Motor Fleet Management Division, which manages the centralized fleet of more than 6,000 state vehicles, provides replacement vehicles to state agencies for employees in the performance of their duties. Contract prices for 1997 models were substantially above 1996 figures, with increases ranging from \$942.45 to \$2,529.68 per unit among the seven categories. Instead of buying 1997 cars, the managers decided to buy 1996 models after July 1, 1996, and before the model year closed out.

The cost avoidance was made by purchasing 121 1996 Olds Cutlass station wagons, instead of 1997 Ford Taurus station wagons, and 404 1996 Olds Cutlass sedans, instead of 1997 Plymouth Breeze sedans.

The managers have been praised by their superiors for their "open-minded approach to managing our vehicle fleet" and as being "highly dedicated, enthusiastic, creative state employees." Whether it's paper clips or cars, it's good to know that money is being spent wisely in the Department of Administration and throughout state government. It's a responsibility not taken lightly, because state employees are taxpayers too!

COURIER SERVICE

Courier Service is totally receipts supported within the Department of Administration in which state customers pay for the use of its services.

Agency Goals

The State Courier Service plans to provide service to all 100 counties and provide service at 60% less than the cost of the US Postal Service.

Agency Accomplishments

The Courier Service is using six vans that have been converted to operate on propane gas. This provides the vehicles with a greater range of service since the vehicles will also operate on gasoline. The operation of these vehicles on propane helps our environment and helps to reduce our usage of gasoline.

I have provided you with the handout (*Courier Service Expands to 100 Counties*)

Program Budgeting

The main objective of the Courier Services' Performance Based Budget is to provide mail service at 60% less than the US Postal rate. By increasing participation in the State Courier Service by state agencies a savings to the state will result. The resulting savings can then be made available for the Governor's initiatives.

DIRECTOR
MOTOR FLEET
JOHN MASSEY
4130-0000-0010-200

STATE COURIER
MAIL SYSTEM MANAGER
BILLY HOWARD
4130-0503-0211-000

MAIL CENTER SUPER. III
NEWMAN A. JILES
4130-0503-0110-513

PROCESSING ASSISTANT III
DEBORAH H. PARKER
4130-0503-0110-518

PROCESSING ASSISTANT III
TERESA MORRIS
4130-0000-0011-040

DATE Oct-25-66
AGENCY HEAD SIGN [Signature]
DEPT. HEAD SIGN. [Signature]
PERS. OFFICE SIGN. [Signature]

MAIL CLERK II
KATHY MURPHY
4130-0503-0211-024

MAIL CLERK II
HENRETTE ELLISON
4130-0000-0010-530

COURIER DRIVERS

MAIL CLERK I's

MAIL CLERK I's

COURIER DRIVERS

PROCESSING ASST. II's

GEORGE HAYES 4130-0000-0010-536
MARTIN R. RUDD 4130-0000-0010-544
SIDNEY R. STONE 4130-0503-0110-524
LARRY MORRISEY 4130-0000-0011-038
SCOTT L. BRANCH 4130-0000-0010-545
LLOYD R. CAMPBELL 4130-0503-0110-512
MARK E. CARTER 4130-0503-0010-517
WAYMAN BUNCH 4130-0503-0110-525
RANDY M. EASON 4130-0000-0010-529
MYRA H. ELAM 4130-0000-0110-523
PHILLIP R. GREER 4130-0000-0010-543
JAMES FERRELL TP 4130-0000-0010-534
LINDA NANTZ TP 4130-0000-0010-534

MICHAEL HOLLOWAY 4130-0000-0110-527
ROLAND LENNON 4130-0503-0211-023
JAMES R. FOGG 4130-0503-0110-520
GLENDIA M. MCLEOD 4130-0503-0110-521
RUSTY GARDNER 4130-0000-0011-035
JAYON FLOWERS 4130-0000-0011-036
MICHAEL E. BROWN 4130-0000-0011-037

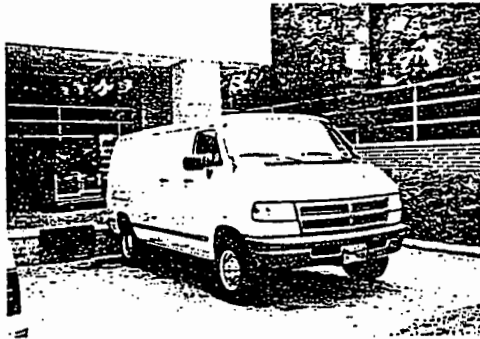
WILLIE ROGERS TP 4130-0503-0211-020
TIMIKA LITTLE TP 4130-0503-0211-020
KIM FOWLER TP 4130-0503-0211-026
JOSHUA ROLLAND TP 4130-0502-0011-029
DAVID KEARNEY TP 4130-0502-0011-029
PHILLIP MOODY 4130-0000-0010-540
DONELL WICKS TP 4130-0000-0010-540
ROBERT K. TURNAGE 4130-0503-0110-526
KENNETH LEE 4130-0503-0211-022
TONY BEST TP 4130-0503-0110-514

BERNARD BROWN 4130-0000-0010-510
KENNETH HIGH TP 4130-0000-0110-522
MILES C. CONNER 4130-0000-0010-528
CHRISTOPHER BRYANT 4130-0000-0010-531
MILTON MASSEY 4130-0503-0010-516
KEVIN LASSITER (T) 4130-0000-0010-537
JAMES F. KEEN 4130-0503-0110-515
STERLING D. MCKEE 4130-0000-0010-532
WILLIAM VICKERS 4130-0503-0010-511
LINWOOD HEATH 4130-0000-0010-547
JOHN ROGERS 4130-0503-0010-534
HAROLD METTS 4130-0503-0010-534
BRAD ORR 4130-0000-0010-548

KELLEY RICHARDSON TP 4130-0000-0011-039
ROBERT JOHNSON 4130-0000-0010-542
DEON WILLIAMS (T) 4130-0000-0011-032

ADM-66

Courier Service Expands to 100 Counties



State government mail is delivered at less than half the cost charged by the U.S. Postal Service, saving taxpayers over \$2 million annually.

The North Carolina State Courier Service delivers mail at bargain prices — 40 percent of federal postal rates — and has now been expanded to all of the state's 100 counties. Eligible customers are state agencies, the University of North Carolina system, community colleges, public school systems, and city and county governments with ties to state government.

Courier Service is a receipt-supported operation within the Department of Administration in which state customers pay for the use of its services. Courier Service serves over 3,700 different agencies, processing over 80,000 pieces of mail daily.

Courier Service provides one-day delivery between Raleigh and any city on a route and two-day delivery between any other two cities. Agencies receive economical overnight deliveries such as blood

samples and health specimens that must be tested within 24 hours and payroll checks to the state's community colleges, university system, prisons and Highway Patrol offices.

Courier Service delivers mail to numerous drop boxes where users can retrieve and deposit mail. It operates 17 mail routes with about 50 employees, including 25 drivers who log 4,000 miles a day.

Courier Service has operated continuously since its beginning in 1973, even in inclement weather. It has grown from one and one-half routes serving six towns.



The operation is constantly being updated and improved. The Courier Service directory has been placed on the Internet for easy retrieval of addresses, number codes and the latest changes. New scanners help workers process mail faster. In the future automated machines may replace hand sorting of the mail.

STATE HEALTH PLAN PURCHASING ALLIANCE BOARD

OVERVIEW

The State Health Plan Purchasing Alliance Board (SHPPA) was created in 1993 pursuant to Article 66 "Health Care Purchasing Alliance Act", G. S. 143-626(4) . The State Health Plan Purchasing Alliance is responsible for the oversight and reporting of the progress of six regional, state chartered, nonprofit private health purchasing alliances. The State Health Purchasing Alliance Board is composed of nine public members, the Commissioner of Insurance and the Lieutenant Governor.

MISSION STATEMENT

The mission of the State Health Plan Purchasing Alliance Board is to increase the affordability, efficiency and fairness of health coverage for all small employers in the State of the North Carolina.

SUMMARY OF AGENCY FUNCTIONS

The SHPPA Board's major functions are to ensure the following:

- Fair and affirmative marketing to small businesses
- Each alliance continues to meet the criteria for certification
- Actions affecting health care market conditions are not for private interest
- Alliance actions are consistent with the legislative intent
- Funds are administered in accordance with the Executive Budget Act

ADM-68

BUDGET SUMMARY

Appropriations to the State Health Plan Purchasing Alliance Board were placed in a Special Fund. In Fiscal Year 93-94 four million dollars was placed in this fund. The intent was for \$3.5 million to be placed in this fund for the purpose of operating the regional alliances. A half million (\$500,000) was intended for the carrying out of the legislative functions of the state board. A summary of continuation budget expenditures appears below.

SHPPA BOARD

EXPENDITURES

FY 93-94	\$180,916.52
FY 94-95	\$405,430.32
FY 95-96	\$373,000.54

SHPPA BOARD

	<u>APPROPRIATION</u>	<u>EXPENDITURES</u>	<u>BALANCE</u>
FY 96-97 (through 31 Jan.)	\$518,674.00	\$190,085.86	\$328,588.14

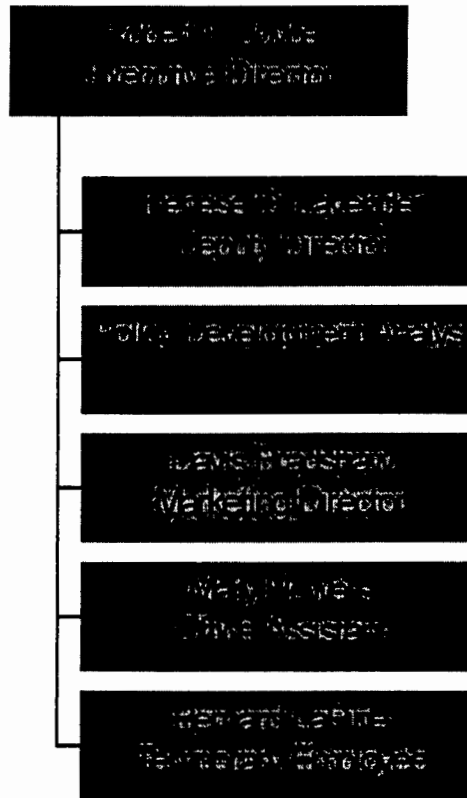
REGIONAL ALLIANCES

	<u>APPROPRIATION</u>	<u>UNENCUMBERED BALANCE</u>
(From inception of program through 31 Jan.)	\$3,500,000.00	\$1,891,112.40

BUDGET RECOMMENDATION

The State Health Plan Purchasing Alliance Board requests and recommends no increases in the continuation budget. The Board believes the current funding to be adequate but necessary to carryout the remaining and ongoing functions of the State Health Plan Purchasing Alliance Board.

ORGANIZATIONAL CHART



SHPPA GOALS

Strategies:

- Bring the market to the small-business buyers (owners and their employees)
- Empower small businesses by providing a benefits "apple-to-apples" comparison of benefits plans to make it easier to make their choices based on price, quality of network alliances and their individual needs
- Provide a place in the market where any business buyer can be guaranteed that top-quality health insurance plans can be purchased
- Empower more agents to show a full range of health insurance plans in the market to more small business buyers
- Provide a place in the market where all small business buyers can obtain fair and stable pricing over the long run (versus the "fountain of youth" where one company goes it alone because no one will get sick or older)

General Policy Goals:

- Turn health insurance for small business into a "buyer's market"
- Show the small business community, providers and carriers that a well-functioning buyer's market for health insurance can operate better than bureaucratic regulation
- Empower small businesses by showing them how grouping together can improve their general purchasing power

PERFORMANCE MEASURES & SHPPA ACCOMPLISHMENTS

The State Health Purchasing Alliances Board measures its performance based on completion of the duties set out in Article 66, Health Care Purchasing Alliance Act, N.C.G.S., Section 143-626. Duties of the Board, & Section 143-634. Antitrust Protection. The following list represents the status of the those 23 duties. Presently, the Board has completed 11 of these duties. Fourteen of the duties remain ongoing.

- **Market Areas.** Establish and modify market areas for alliances in the State.
Status: Complete/Ongoing
Comments: Six market areas have been established within the State.
- **Accountable Health Carriers.** Accept, determine eligibility, and designate carriers as Accountable Health Carriers.
Status: Ongoing
Comments: At this point we have 14 carriers designated as Accountable Health Carriers.
- **Community Sponsors.** Establish Alliances with community sponsors for each market area determined by the Board.
Status: Complete
Comments: Alliances incorporated in all six market areas

- **Annual Reviews.** Conduct annual reviews of the performance of each Alliance a summary of which is to be provided to the General Assembly and each Alliance.
 - (a) Each Alliance shall submit data to the Board quarterly to assist the Board in its review. This data includes, but is not limited to, the following:
 - (i) employer enrollment by employer size;
 - (ii) industry sector;
 - (iii) previous insurance status and number of employees within each insurance status;
 - (iv) number of total eligible employers in the market area participating in the Alliance;
 - (v) number of insured lives by county and insured category, including employees, dependents and other insured categories;
 - (vi) profiles of potential employer membership by county;
 - (vii) premium ranges for each qualified health care plan for Alliance members categories;
 - (viii) type and resolution of member grievances;
 - (ix) surcharges; and
 - (x) alliance financial statements.

Status: Ongoing

Comments: The Third Party Administrator will help collect and report this information for alliances.

- **Enrollment Procedures.** Develop standard enrollment procedures to be used in enrolling small employers and their eligible employees.

Status: Complete

Comments: Developed cooperatively with carriers, agents and alliances.

- **Conditions of Participation.** Establish conditions of participation for small employers and self-employed individuals that shall include, but not be limited to, the following:

- (a) Assurances that the member small employer is a valid small employer group;
- (b) Requirements involving qualified health plans;
- (c) Minimum employer contribution requirements;
- (d) Mechanism to provide for participation by eligible employees if their employer chooses not to participate; and
- (e) Mechanisms, such as a prepayment of premiums, to assure that payment will be made for coverage.

Status: Complete

Comments: Rules developed cooperatively with carriers, agents and third party administrator.

- **Right to Purchase Health Care Coverage.** Ensure that any small employer or any employee of a small employer who qualifies may purchase health care coverage.

Status: Complete

Comments: This has been accomplished through the guarantee issue provision and AHC participation requirements found in the request for proposals.

- **Compliance.** Ensure compliance with this Article by Alliances, small employers and employee enrollees.

Status: Ongoing

Comments: Quarterly reviews and reports

- **Financial Condition of Carrier.** Have the authority to request information about the financial condition of the carrier consistent with what is required to be submitted by the carrier to the Department of Insurance.

Status: Complete

Comments: This has been accomplished by including a provision in the Accountable Health Carrier designation process.

- **Fair and Affirmative Marketing.** Assure fair and affirmative marketing of the qualified health care plans.

Status: Complete/Ongoing

Comments: The Board has adopted a fair and affirmative marketing policy. It is anticipated that this policy will be monitored through the annual review of each Alliance.

- **Adopt Rules.** Adopt rules necessary to administer the provisions of this article.

Status: Complete

Comments: Rules 100 - 400 series have gone before the Rules Review Committee and are included in Title 24, Chapter 5 of the North Carolina Administrative Code. 100 Series (Community Sponsors); 200 Series (Market Areas); 300 Series (Designation Process for Accountable Health Carriers); 400 Series (Participating Small Employers).

- **Appoint Advisory Committees.** Appoint advisory committees that shall include persons with expertise in health benefits management and representatives of Accountable Health Carriers.

Status: Ongoing

Comments: A Designation Technical Review Committee and an AHC Advisory Committee have been appointed. Future advisory committees will possibly include a Marketing Advisory Committee.

- **Develop Uniform Standards.** Develop uniform standards for the data that Alliances collect from Accountable Health Carriers.

Status: Ongoing

Comments: Currently using HEDIS data set. Further standards being developed in cooperation with carriers.

- **Authority to Sue or be Sued.** Have the authority to sue or be sued, including taking action necessary for securing legal remedies on behalf of, or against Alliances, member small employers, or employee enrollees and their dependents.

Status: Complete

Comments: None

- **Receive or Accept Grants.** Have the authority to receive or accept grants, funds or contributions.
 Status: Ongoing
 Comments: None

- **Standardized Forms.** Develop and implement standardized forms for use by Accountable Health Carriers.
 Status: Complete
 Comments: Third-party administrator will manage and update these forms with input from all carriers and agents.

- **Surcharges.** Review, and limit if necessary, surcharges charged by each Alliance for administrative costs.
 Status: Ongoing
 Comments: Alliances will provide quarterly financial statements which will include fee schedules.

- **Develop Guidelines For Marketing.** Develop guidelines for marketing materials to be used in providing member small employers and their eligible employees with information regarding Accountable Health Carriers and their qualified health care plans.
 Status: Complete
 Comments: Marketing policy adopted. State will work with third-party administrator and regional alliances to review all marketing materials.

- **Grievance Procedures.** Develop grievance procedures to be used in resolving disputes between member small employers and Alliances.
 Status: Ongoing
 Comments: Carriers have grievance procedures in place. Alliances are developing grievance procedures.

- **Unresolved Grievances.** Receive, review, and act on appeals of grievances not resolved.

Status: Ongoing

Comments: None to date

- **Analyze Information.** Analyze information collected from Accountable Health Carriers and other sources and report findings that assist in improving the delivery or purchase of cost-effective health care.

Status: Ongoing

Comments: None

- **Annual Report.** Report annually on the operation of the of Board to the Joint Legislative Commission on Governmental Operations and the Governor.

Status: Ongoing

Comments: The SHPPA Board staff will appear before the Legislative Commission on Governmental Operations annually.

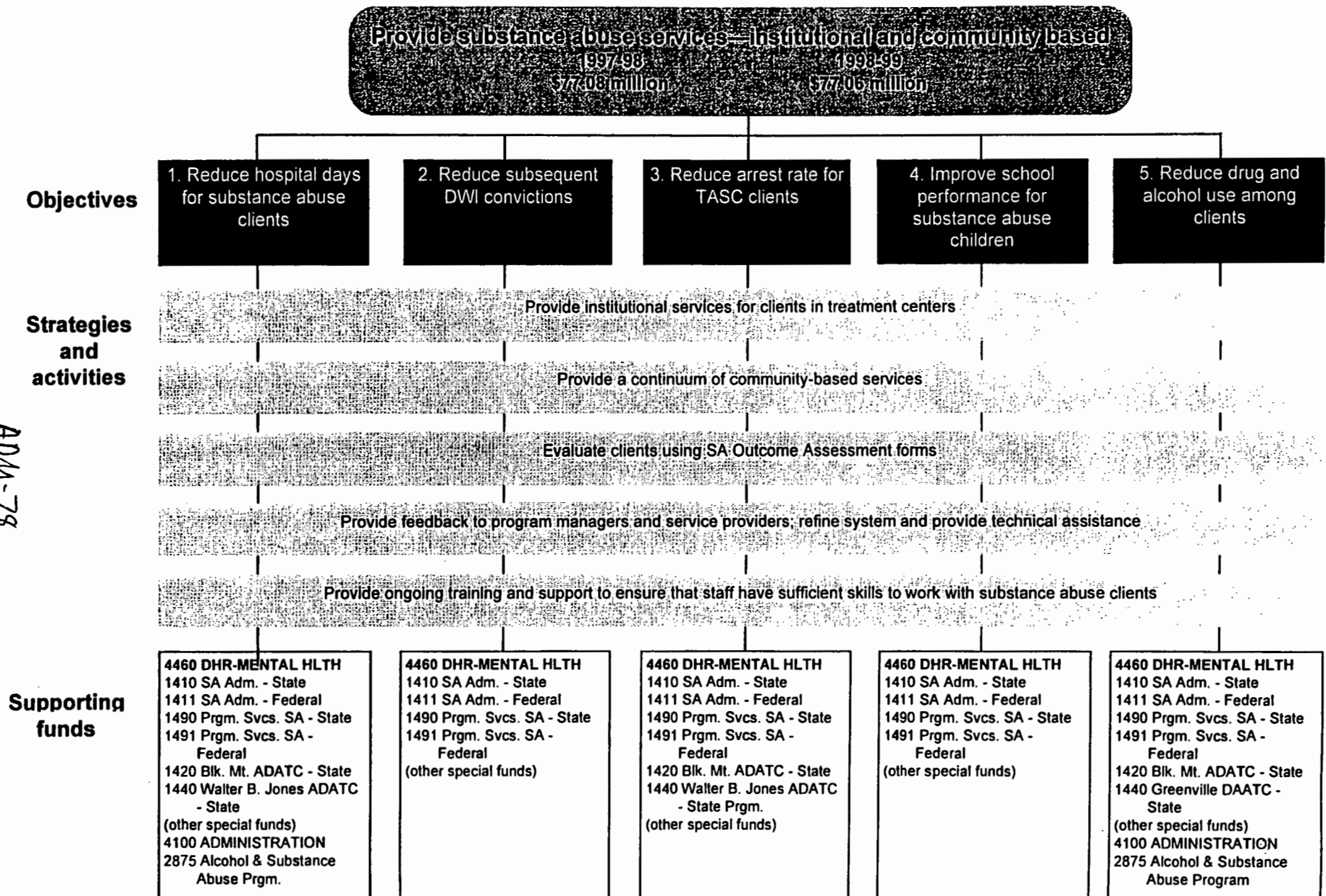
- **Anitrust Protection.** The Board shall actively supervise the Alliances to ensure that actions affecting market competition are not for private interests, but to accomplish the legislative intent herein. The Board shall also monitor conduct throughout the small employer market to ensure that the competitiveness of the small employer health coverage is not impeded.

Status: Ongoing

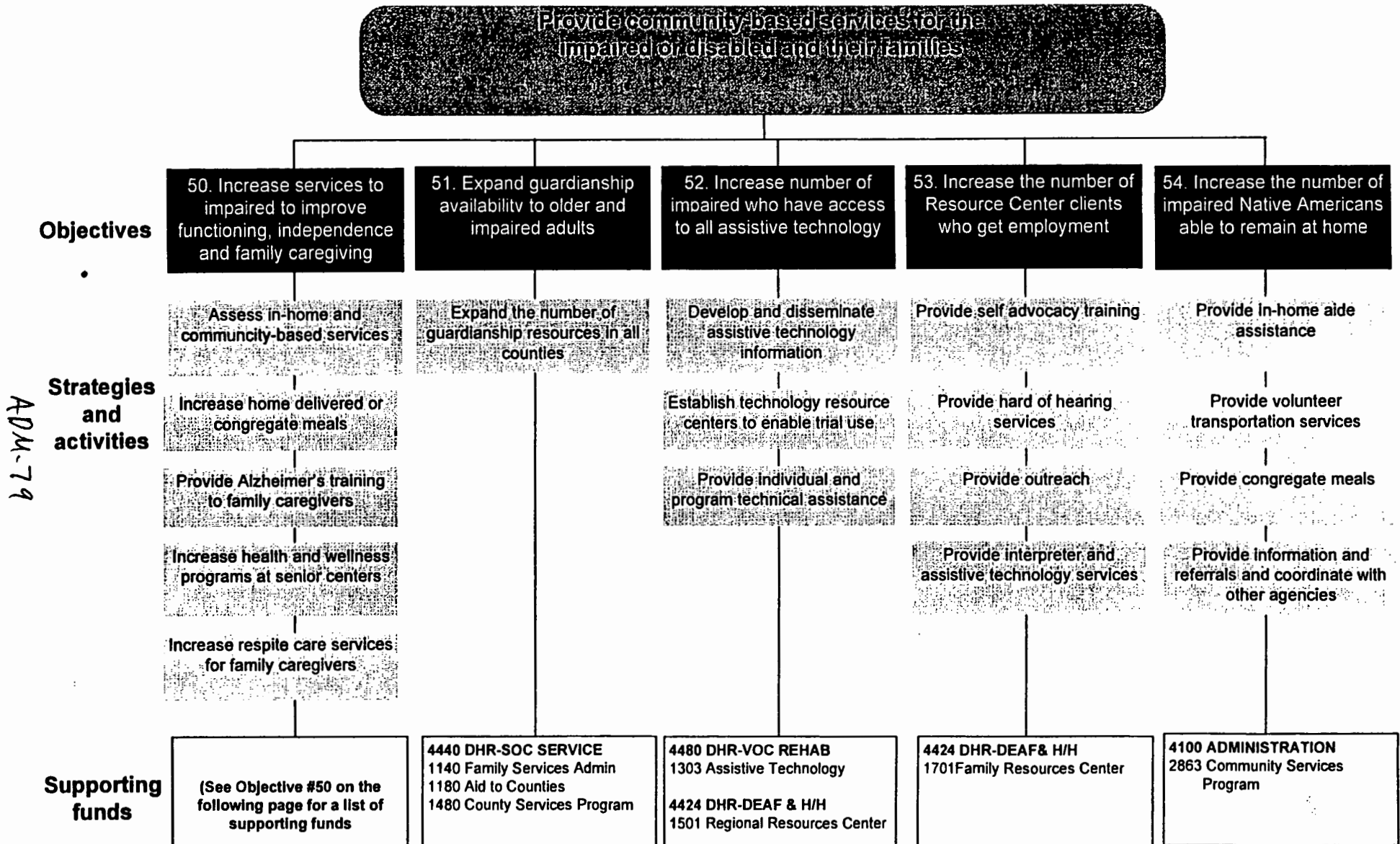
Comments: The SHPPA Board has developed a fair and affirmative marketing policy agreed to by the regional alliances. The Board also conducts annual reviews of the regional alliances. In addition, a non-profit audit of the alliances was conducted by the state auditors office. The regional alliances, on a quarterly basis, submit financial statements and reports to the Board.

1430 Provide substance abuse services—institutional and community-based

ADM-78



2100 Strengthen and preserve families and protect children from harm
Provide community-based services to the impaired or disabled and their families.



2100 Strengthen and preserve families and protect children from harm
Provide community-based services for adolescent parents and/or vulnerable adults.

Services for adolescent parents and vulnerable adults

Objectives

60. Increase healthy births

61. Reduce the rate of second pregnancies to teen parents

62. Reduce family/partner violence

63. Reduce sexual assault

Increase maternity home placements

Match teen with volunteer mentor/role model

Provide resources to protect and treat abused families/partners

Provide shelter, medical care and related services to sexual assault victims

Provide counseling and referrals to family planning services

Provide self-protection training and safety skills

Increase community awareness

Provide maternity home care

Improve high school completion rates

Provide counseling to those who need assistance in coping with family violence

Improve community resources and local advocacy

4440 DHR-SOC SERVICE
1140 Family Services Administration
1180 Aid to Counties
1410 Family Services Administration
1480 County Services Programs

4440 DHR-SOC SERVICE
1140 Family Services Administration
1180 Aid to Counties
1410 Family Services Administration
1480 County Services Programs

4100 ADMINISTRATION
1781 Domestic Violence Program
1782 Domestic Violence Center

4100 ADMINISTRATION
1734 Rape Crisis Program
2732 Rape Crisis/Prevention
2734 Rape Prevention

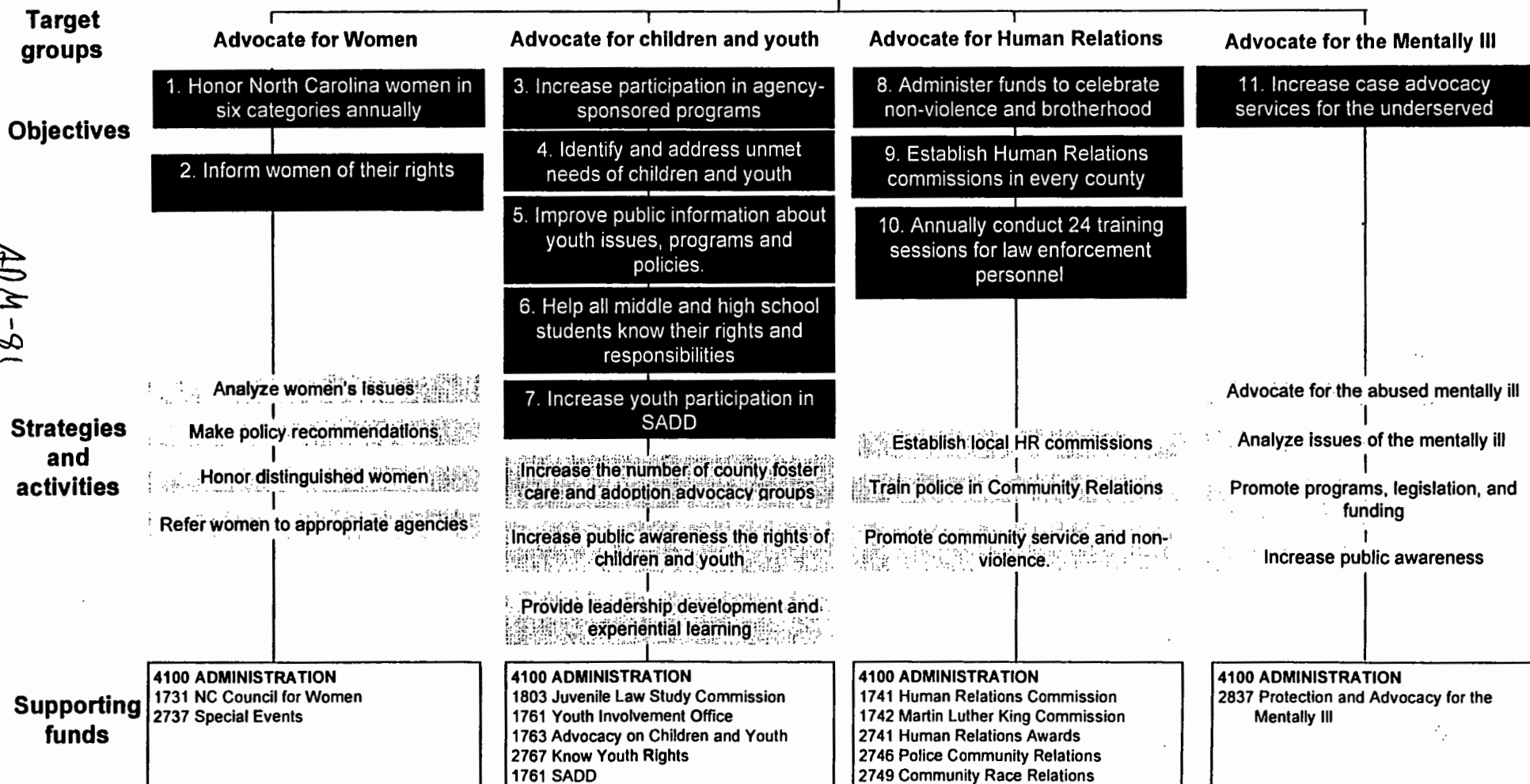
Strategies and activities

Supporting funds

ADN-80

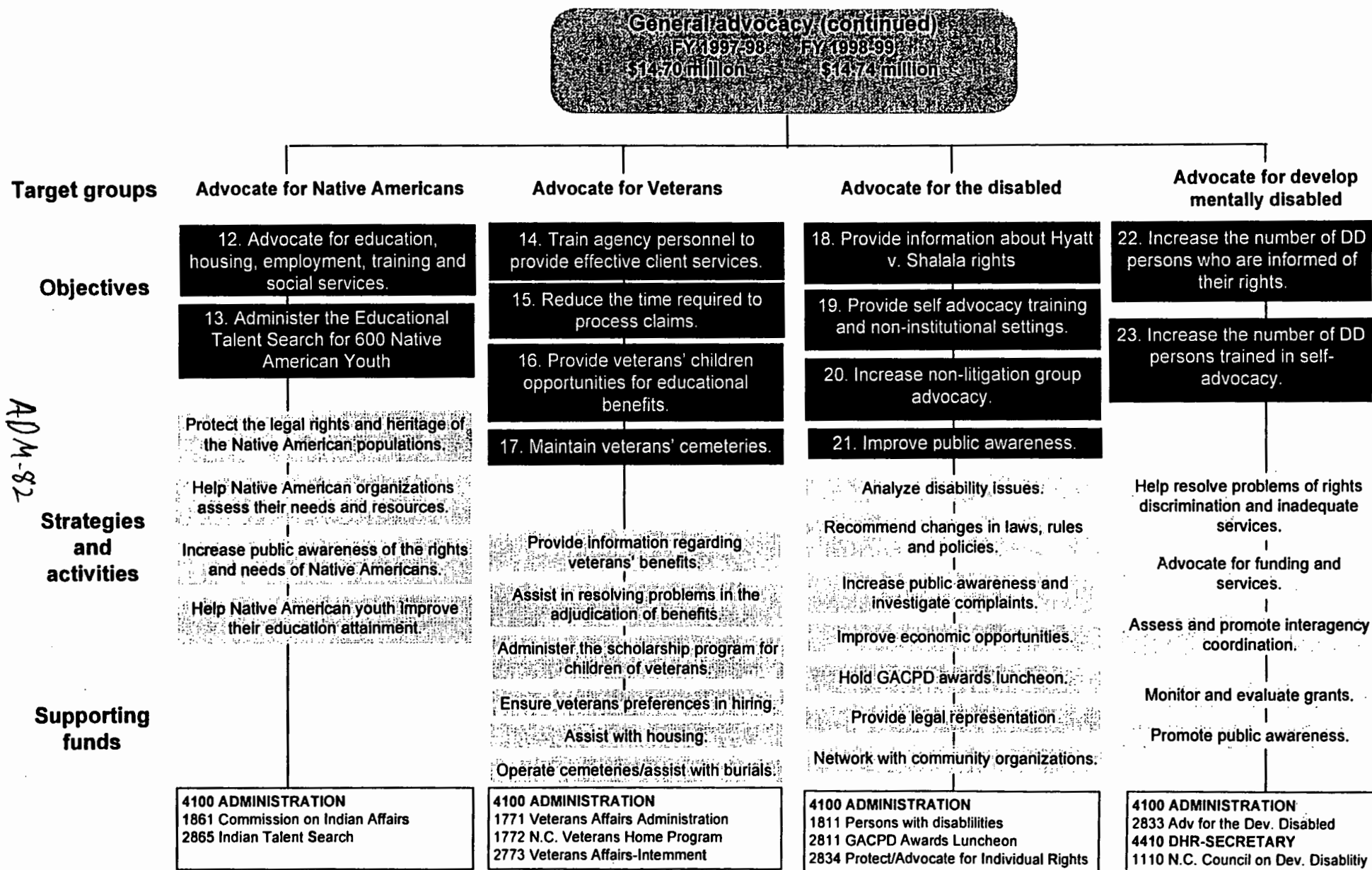
2400 Provide general advocacy for vulnerable individuals or groups to protect their rights

General advocacy
 FY 1997-98 FY 1998-99
 \$14.70 million \$14.74 million



ADM-81

2400 Provide general advocacy for vulnerable individuals or groups to protect their rights



ADM-82

2500 Provide assistance to individuals to get and maintain employment

Obtain and maintain employment

FY 1997-98 FY 1998-99
\$211.64 million \$212.47 million

Objectives

1. Increase employment program customers still employed one year later

2. Increase employment program enrollees in unsubsidized employment

3. Increase former public assistance recipients to remain off assistance

4. Maintain customer satisfaction at 90%

5. Increase employment in field of training

Strategies and activities

Determine customers' training and service needs; identify employers' employment needs.

Develop individualized employment goals and training plans with customers.

Process referrals; determine eligibility; plan and coordinate training and services.

Identify pool of employment opportunities; develop plan for job placement; educate employers.

Place customers; conduct follow-ups.

Improve cooperation among government agencies; private businesses and school systems.

Supporting funds

4440 DHR-SOC SERVICE
4450 DHR-BLIND SERV
4480 DHR-VOC REHAB
6800 COMM COLLEGE
4600 COMMERCE

3800 LABOR
4100 ADMINISTRATION
4440 DHR-SOC SERVICE
4450 DHR-BLIND SERV
4480 DHR-VOC REHAB
4600 COMMERCE
6800 COMM COLLEGE

4600 COMMERCE
6800 COMM COLLEGE

4450 DHR-BLIND SERV
4480 DHR-VOC REHAB
4440 DHR-SOC SERVICE
6800 COMM COLLEGE
4600 COMMERCE

4600 COMMERCE

Note: 4480 DHR-VOC REHAB Fund 1303 supports objectives 50 and 52 in P/PB 2100.

2500 Provide assistance to individuals to get and maintain employment

Obtain and maintain employment
FY 1997-98 FY 1998-99
\$211.61 million \$242.47 million

Objectives

6. Improve wages

7. Increase the percentage of youth moving into jobs

8. Increase rate of employment per staff year worked

9. Improve ratio of placement wage to prevailing wage

10. Increase Trust Fund Savings by placing UI claimants

11. Improve ratio of job referrals to job placements

12. Improve placements that hold jobs 150 days

Strategies and activities

Determine customers' training/service needs; identify employers' needs

Develop individualized goals and training plans with customers

Process referrals; determine eligibility; plan and coordinate training and services

Identify employment opportunities; develop job placement plan; educate employers

Place customers; conduct follow-ups

Improve cooperation between governments, businesses and school systems

Obtain job listings

Match registrants' skills with employment needs

Refer registrants to jobs

Place more UI claimants in jobs

Place more UI claimants in jobs

Supporting funds

4450 DHR-BLIND SERV
4480 DHR-VOC REHAB
4600 COMMERCE
6800 COMM COLLEGE

4480 DHR-VOC REHAB

4650 ESC

2800 Provide housing assistance

Housing assistance
FY 1997-98 FY 1998-99
\$80.60 million \$80.60 million

Objectives

1. Weatherize homes to improve energy efficiency for the poor, elderly and handicapped

2. Repair or replace inefficient heating systems for the poor, elderly and handicapped

3. Rehabilitate 600 homes and apartments annually

4. Assist 3,000 first time home buyers with buying new homes

5. Provide rental assistance to 3,600 low income renters annually

6. Produce 2,200 rental units and 200 special needs housing units annually

Strategies and activities

Provide programs and services to low-income homeowners and renters to reduce energy consumption

Deploy cutting edge diagnostic technology to increase heating system efficiency and reduce health and safety risks

Educate low-income populations about the economic, health and safety aspects of energy efficiency

Provide training and technical assistance to building science and trades industry

Award funds to rehabilitate substandard units

Provide technical assistance to assure quality construction

Monitor recipients to ensure program compliance

Provide below market rate financing to first-time home buyers

Provide tax credits to first-time home buyers

Provide down payment assistance and second mortgage financing

Pay rent subsidies on behalf of low income tenants

Monitor property owners and managers to ensure compliance

Provide technical assistance to property owners and managers

Administer Housing Tax Credit Program

Provide low cost permanent financing

Monitor projects for compliance

Supporting funds

4600 COMMERCE
1441 Weatherization Program

4600 COMMERCE
1441 Weatherization Program

3010 HSNF FINANCE
1100 Appropriations
2100 N. C. Housing Finance Agency

3010 HSNF FINANCE
1100 Appropriations
2100 N. C. Housing Finance Agency

3010 HSNF FINANCE
1100 Appropriations
2100 N. C. Housing Finance Agency

3010 HSNF FINANCE
1100 Appropriations
2100 N. C. Housing Finance Agency

5520 Radioactive waste

Objective

1. Maintain the proposed low-level radioactive waste disposal facility and low-level radioactive waste generators in conformance with the Radiation Protection Commission's Regulations for Protection Against Radiation and the terms and conditions of their respective licenses, if and when issued

Strategies and activities

License a facility that meets radiation protection standards to dispose of or generate low-level radioactive waste

Issue Site Access Licenses to those generators who seek access to the proposed facility and who meet the standards

Provide information to the public about low-level radioactive waste

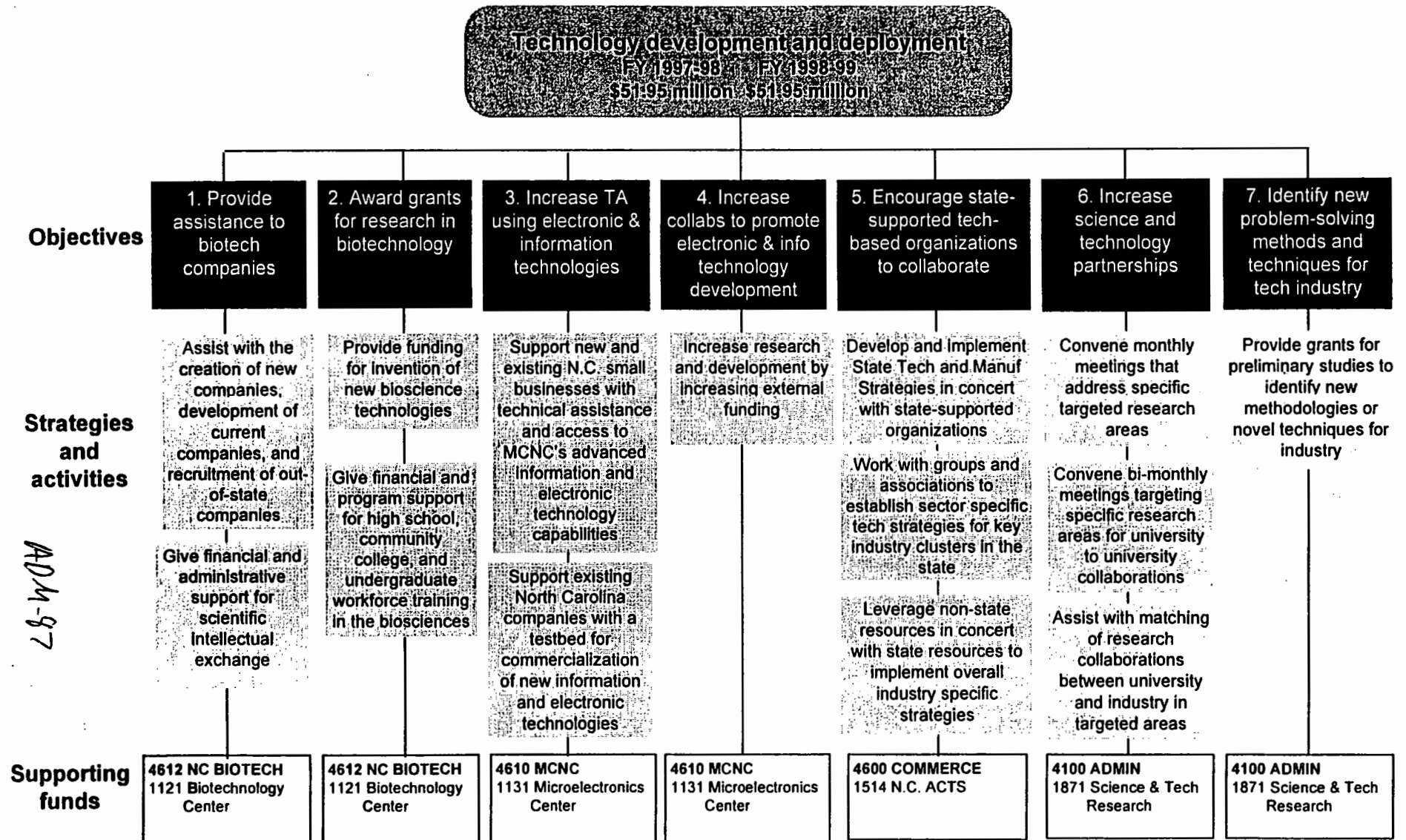
Supporting funds

4100 Administration
1872 Low-level Radioactive Waste Management Authority

Radioactive waste
FY 1997-98
\$xx million

FY 1998-99
\$xx million

6420 Technology development and deployment



6600 Assist counties and communities in orderly development

Community development
FY 1997-98 FY 1998-99
\$60.74 million \$60.73 million

Objectives

1. Increase development capacity in communities

2. Provide development assistance to communities

3. Have community assistance meet the needs of the clients

4. Build significant private and public investment in Main Street Communities

5. Rehabilitate substandard housing units in communities

Strategies and activities

Market DCA local government services through regional offices that are now aligned with the economic development partnership regions

Provide more strategic and general guidance to a larger number of communities

Coordinate service delivery between LROs, the Rural Economic Development Center, and the Division of Community Assistance

Promote the time-proven formula for downtown revitalization success that focuses on organization, promotion, design, and economic restructuring

Build partnerships and coalitions between business, government, and nonprofit organizations to leverage maximum private investment dollars in downtown revitalization projects

Develop HUD-backed loan pools for "gap financing" for economic development projects on a regional basis

Supporting funds

4100 ADMINISTRATION
2277 ARC-Consolidated Technical Assistance
4600 COMMERCE
1620 Local Planning and Management

4600 COMMERCE
1620 Local Planning and Management

4600 COMMERCE
1620 Local Planning and Management

4600 COMMERCE
1620 Local Planning and Management

4600 COMMERCE
1631 Community Development Block Grant

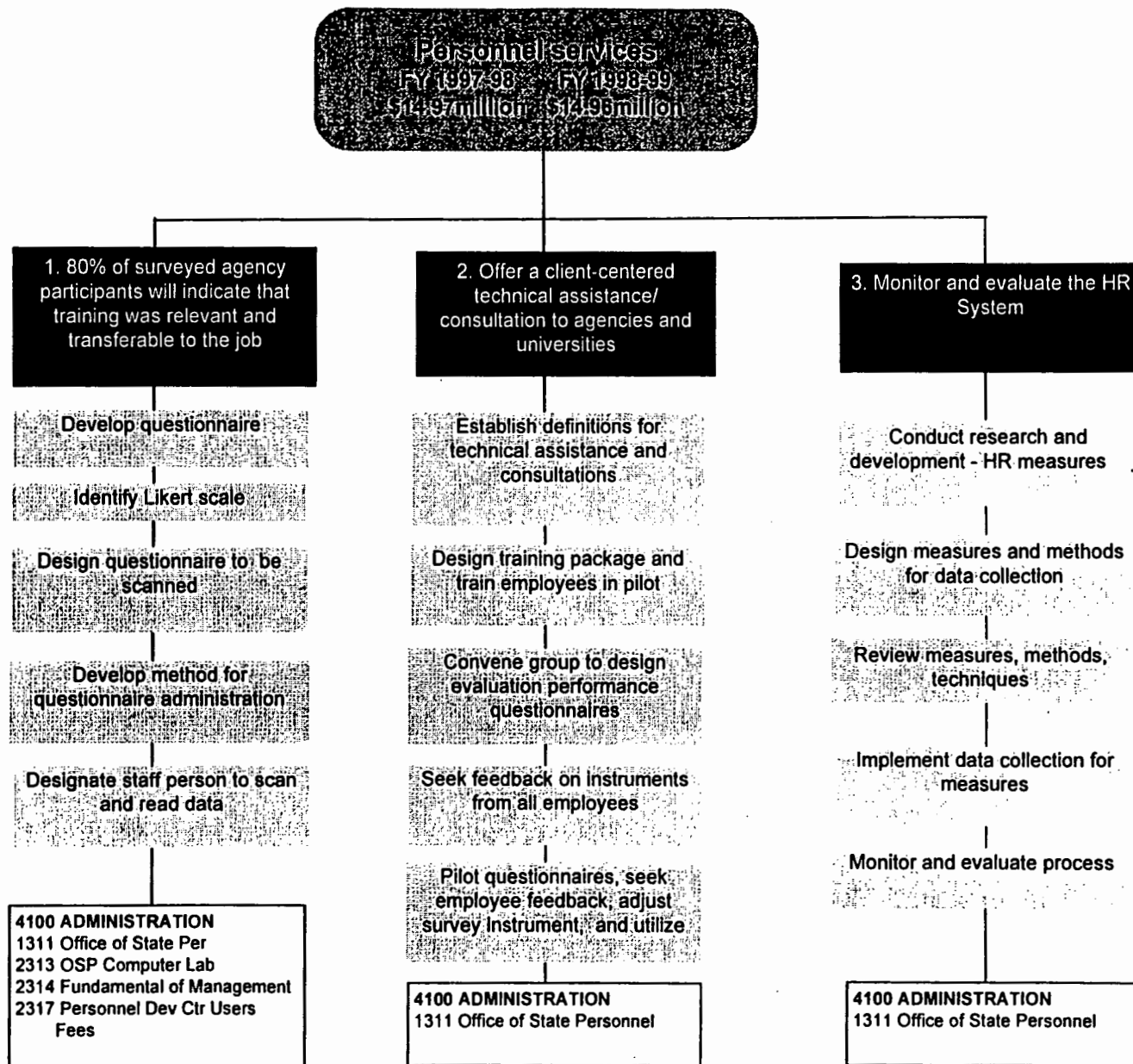
ADM-88

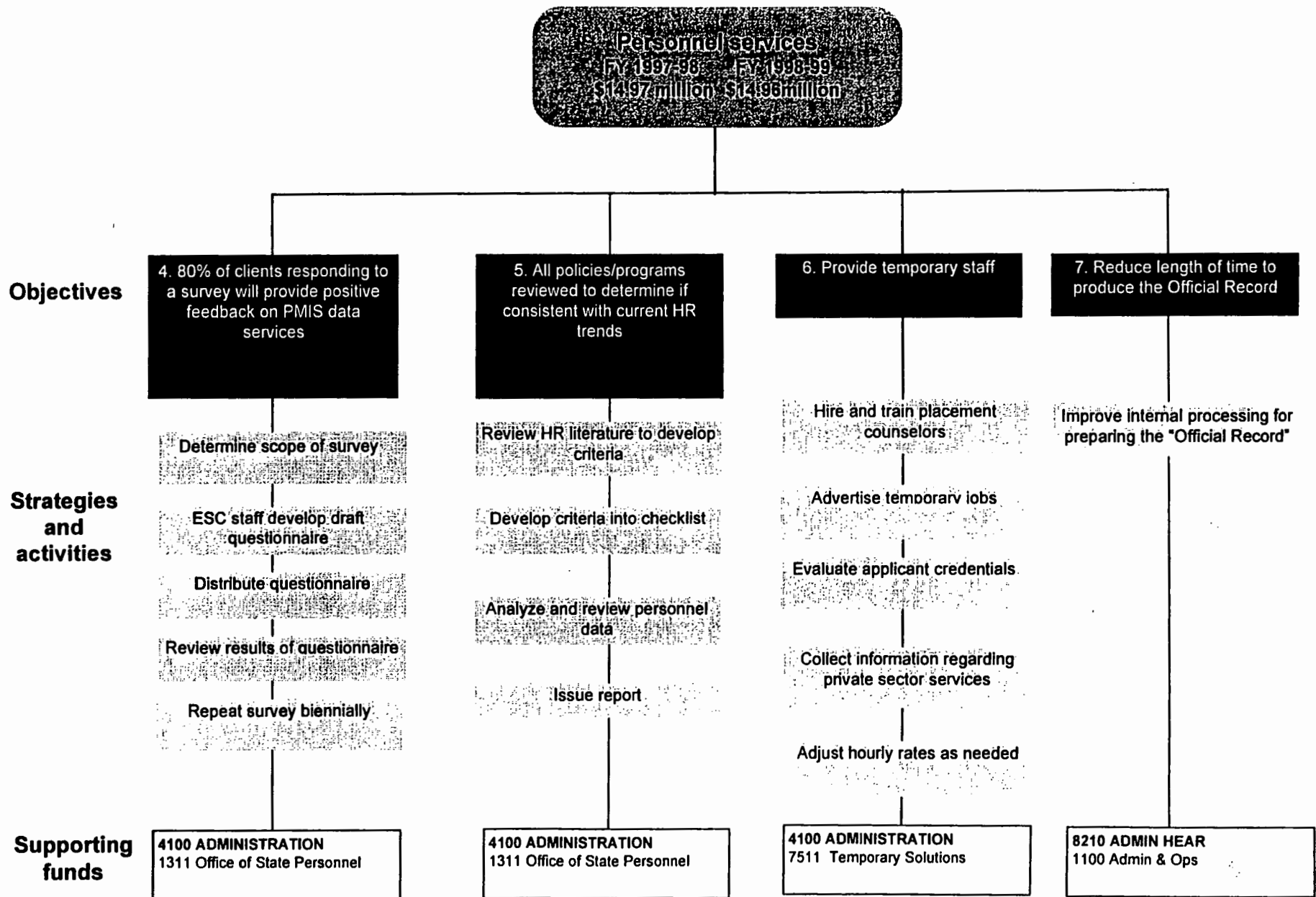
Objectives

Strategies and activities

Supporting funds

ADM-89



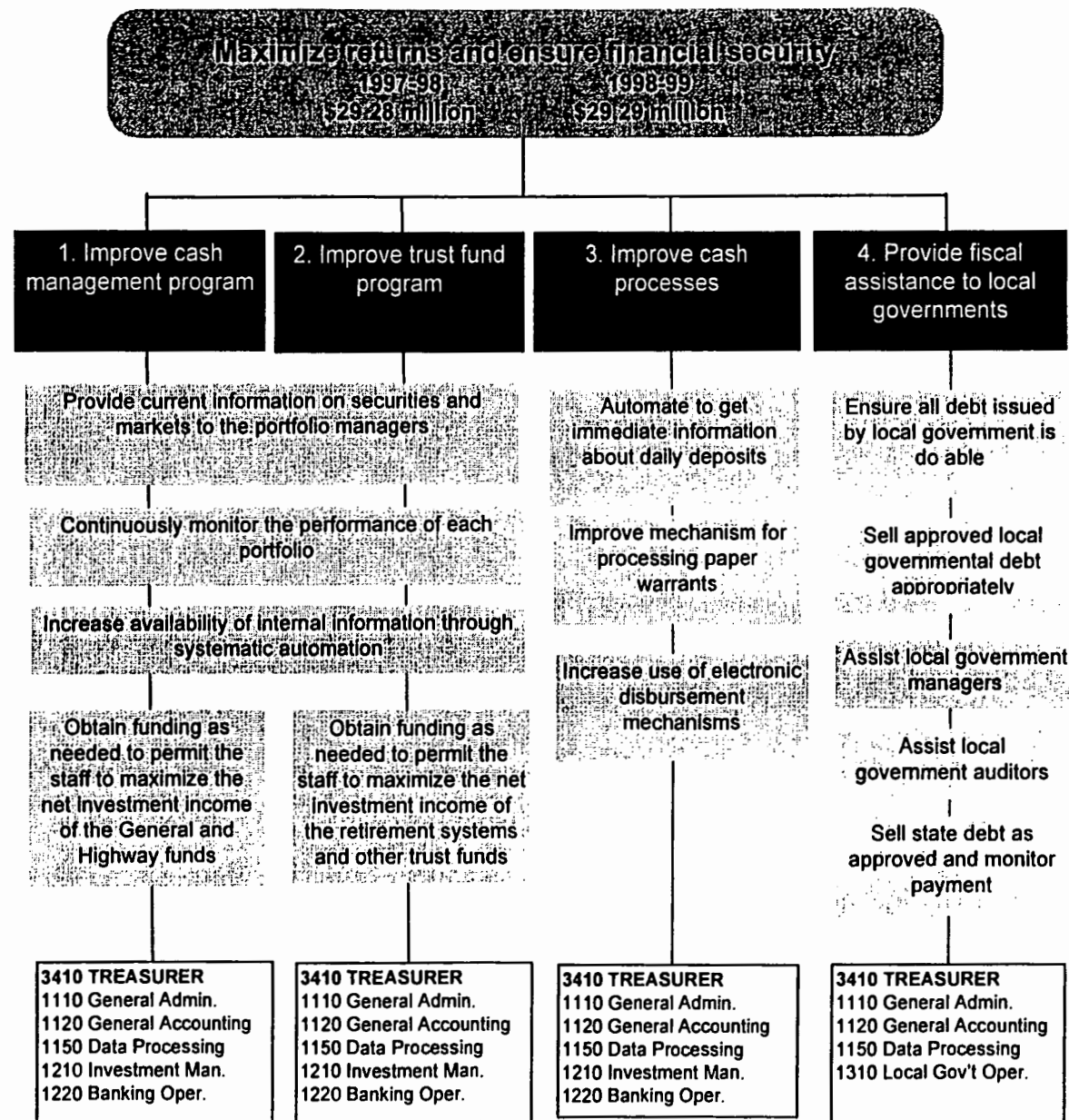


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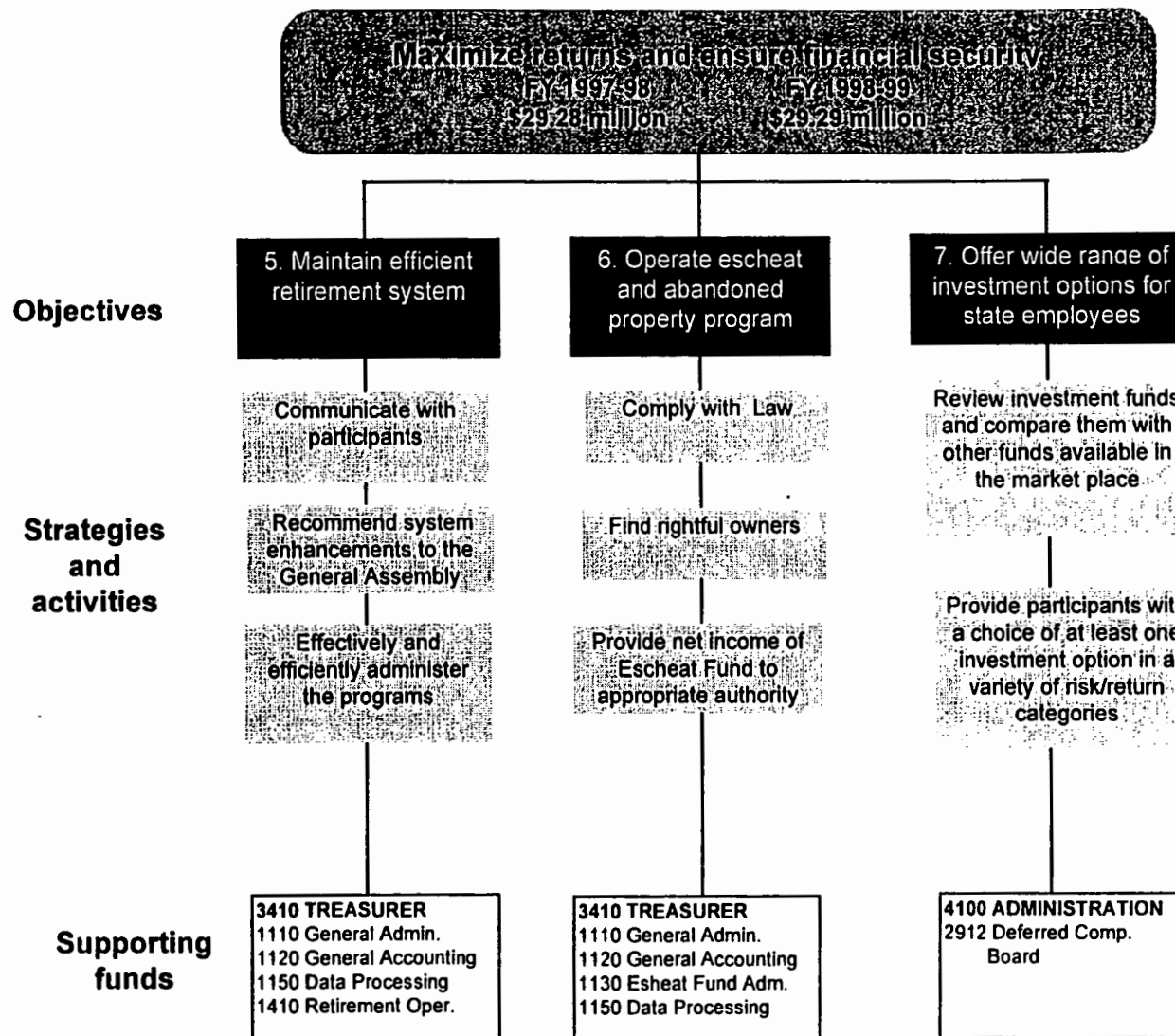
Objectives

Strategies and activities

Supporting funds



APM 91



ADM-92

Objectives

1. Annually produce average market savings for open market contract awards by the Division of Purchase and Contract of 3% by 1999

Strategies and activities

Issue clear solicitations

Encourage competition

Improve communications with end users

Improve contract award tracking system

Supporting funds

4100 ADMINISTRATION
1511 Purchasing and Contracting

Purchasing of goods and services

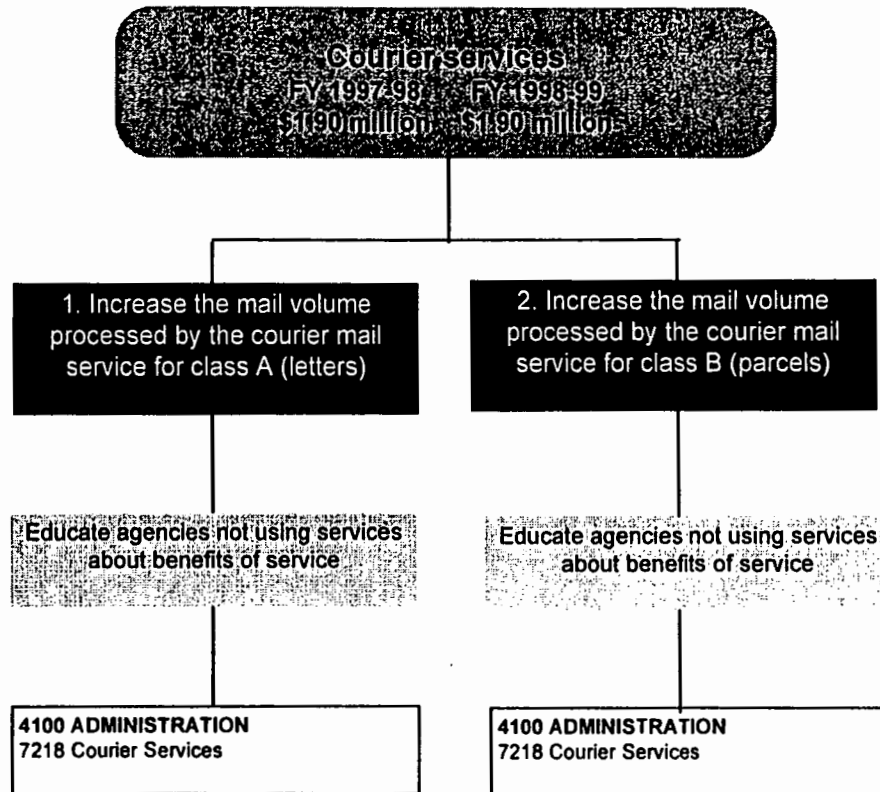
FY 1997-98 FY 1998-99
\$317 million \$376 million

APM-93

Objectives

Strategies
and
activities

Supporting
funds

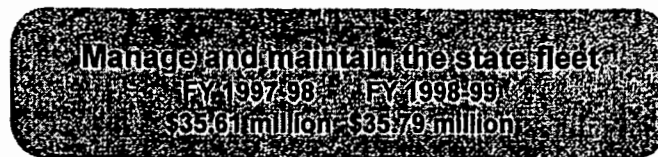


ADM-94

Objectives

Strategies and activities

Supporting funds



1. Maintain current mileage rate levels except for adjustments for inflation

2. Continue providing state vehicles at about 1/2 the national average cost of 45 cents per mile

3. Provide air transportation for state officials, personnel and corporate clients

Purchase vehicle with lowest life cycle

Use competitive bid process

Train pilots and mechanics as required

Re-sell fleet cars where cost per mile is lowest

Maintain cost control measures

Establish and maintain system of maintenance and inspection for aircraft

Utilize computer systems

Surplus vehicles at optimal replacement mileage

4100 ADMINISTRATION
7211 Motor Fleet Management

4100 ADMINISTRATION
7211 Motor Fleet Management

4300 COMMERCE
1112 Air Transportation Service

ADM-95

Provide information technology and telecommunications management

FY 1997-98
\$125.26 million

FY 1998-99
\$125.26 million

Objectives

1. Increase the number of agencies sponsoring call-in programs on OPEN by 2% per year

2. Increase the number of State Agencies using Video Teleconferencing facilities by 5% per year

3. By 1998, produce at least one interactive CD-I or CD-ROM for a state agency client

4. To increase by 2% per year, the number of eligible cable systems offered grants

5. Study expansion of Customer Support System

Strategies and activities

Analyze number of agency sponsors over past 3 years

Analyze possibilities for additional co-sponsorships

Analyze possibilities for foundation or corporate sponsorship of series

Analyze need for additional equipment to avoid scheduling conflicts

Analyze list of current users over the last three years

Analyze possibilities for additional client use

Analyze needs of teleconference receive sites

Market access of fiber site shared with Emergency Management

Analyze needs of client agencies that are interested in CD

Analyze APT equipment and training needs

Analyze potential and demand for CD productions by public agencies

Analyze market to determine what staff and equipment is for part-time hire

Analyze which NC cable systems are eligible for one-time grants

Analyze subscriber base, channel capacity and location of eligible systems

Analyze possibility of additional private funding when this private grant runs out

Examine expansion of access to the Customer Support System

Supporting funds

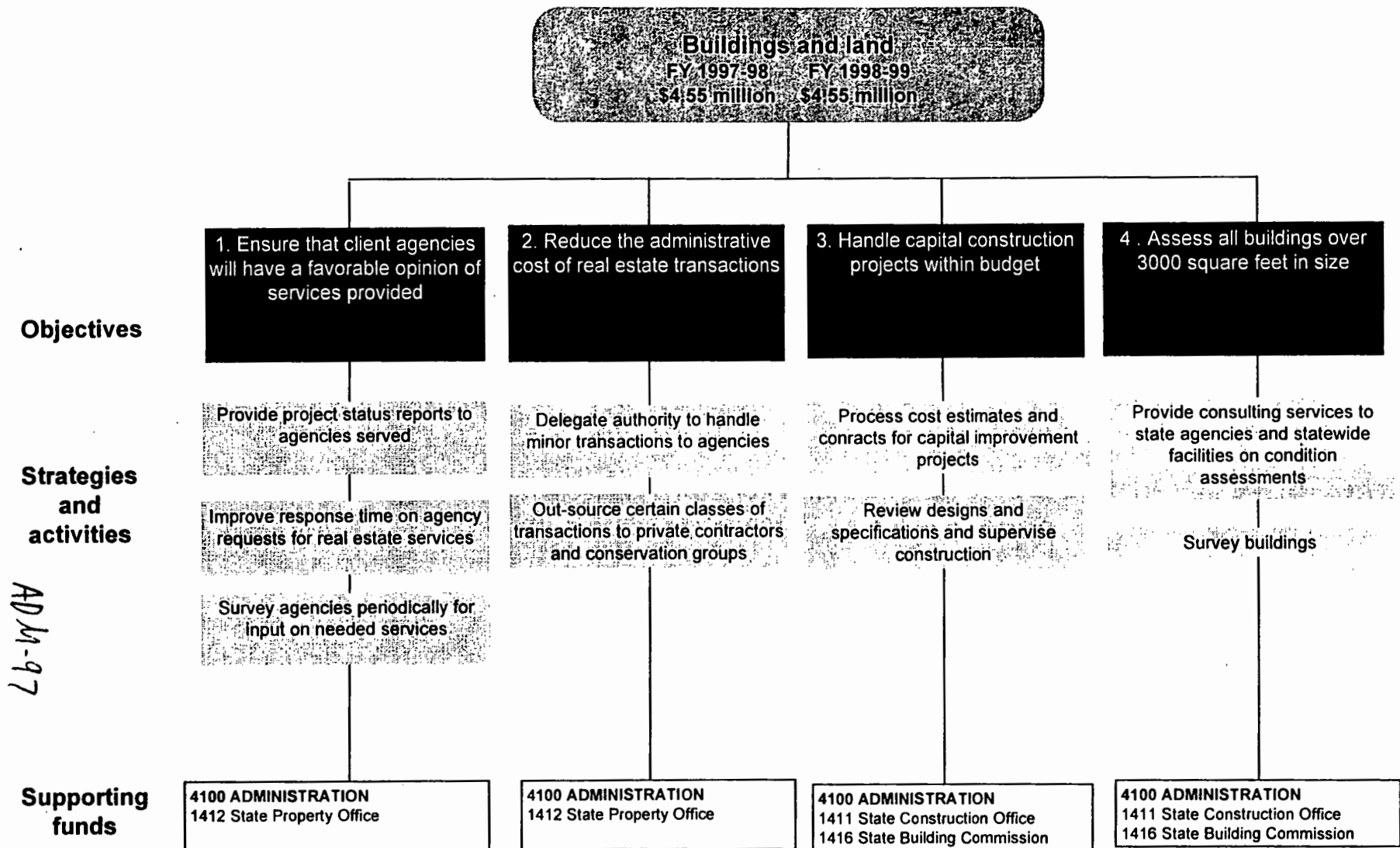
4100 ADMINISTRATION
1264 Agency for Public Telecommunications

4100 ADMINISTRATION
1264 Agency for Public Telecommunications

4100 ADMINISTRATION
1264 Agency for Public Telecommunications

Objective 4 is deleted. Grant funding was not continued for the 1997-99 biennium.

4160 CONTROLLER
7218 Distributed Computing Services

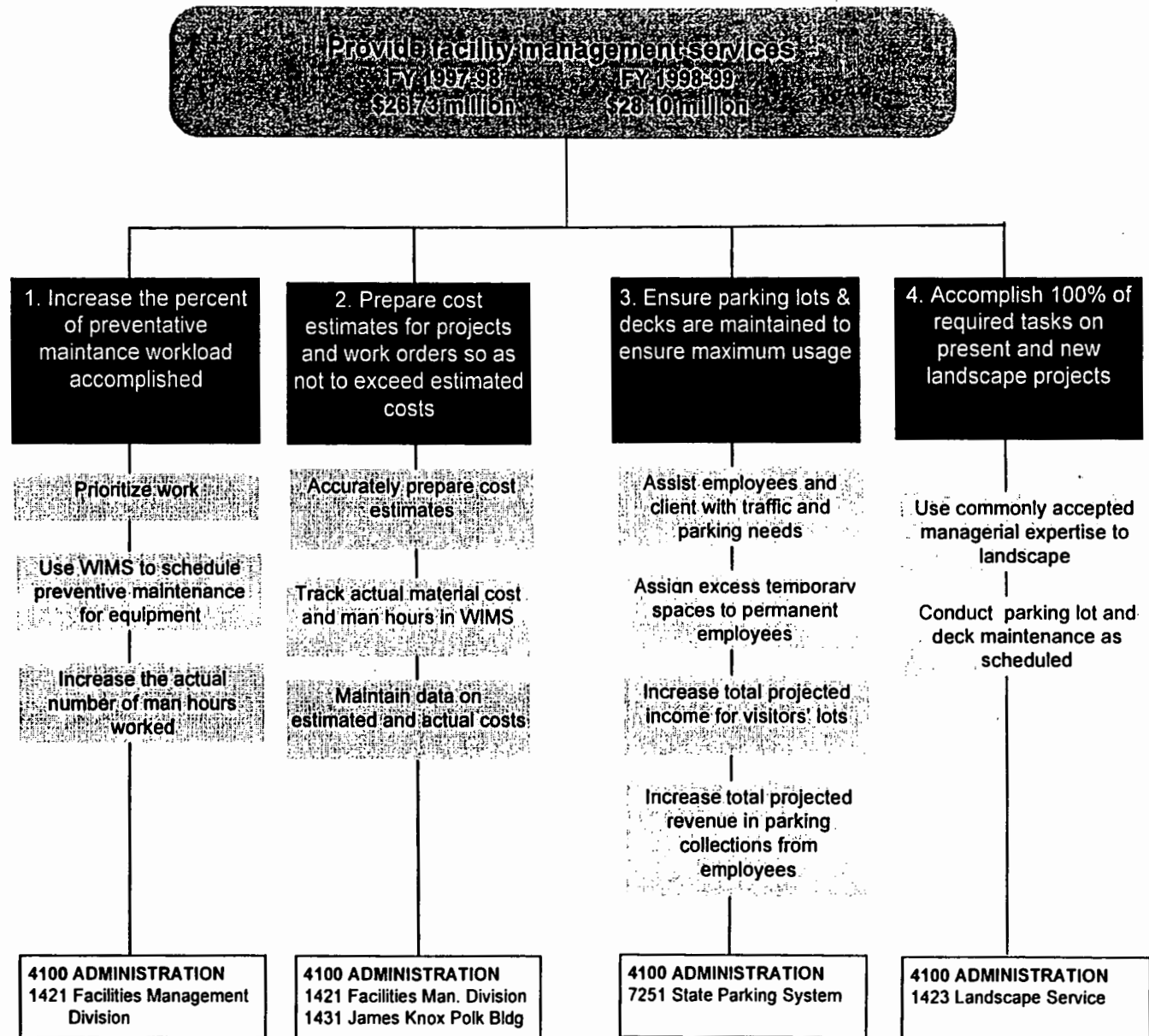


ADM-98

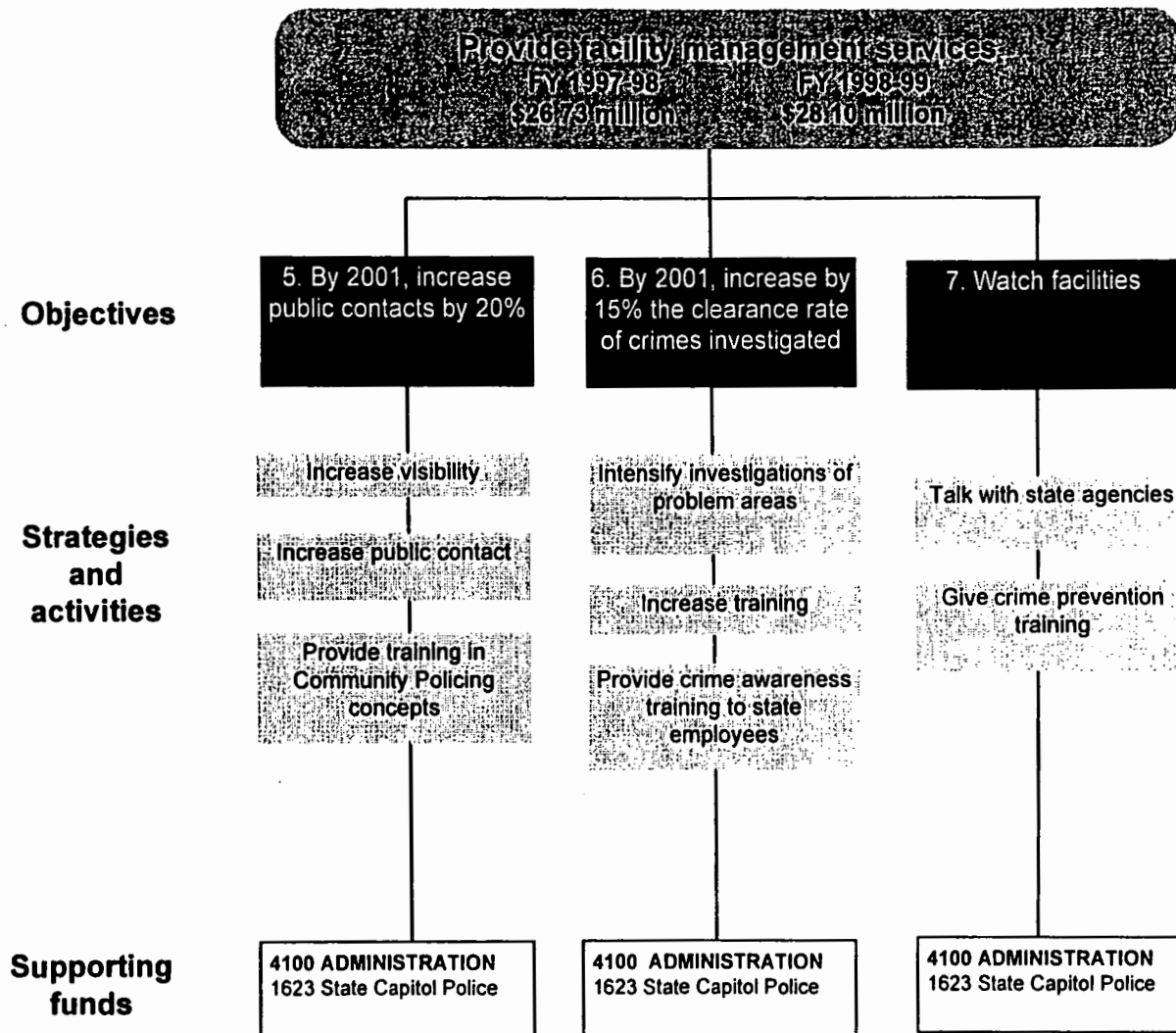
Objectives

Strategies and activities

Supporting funds

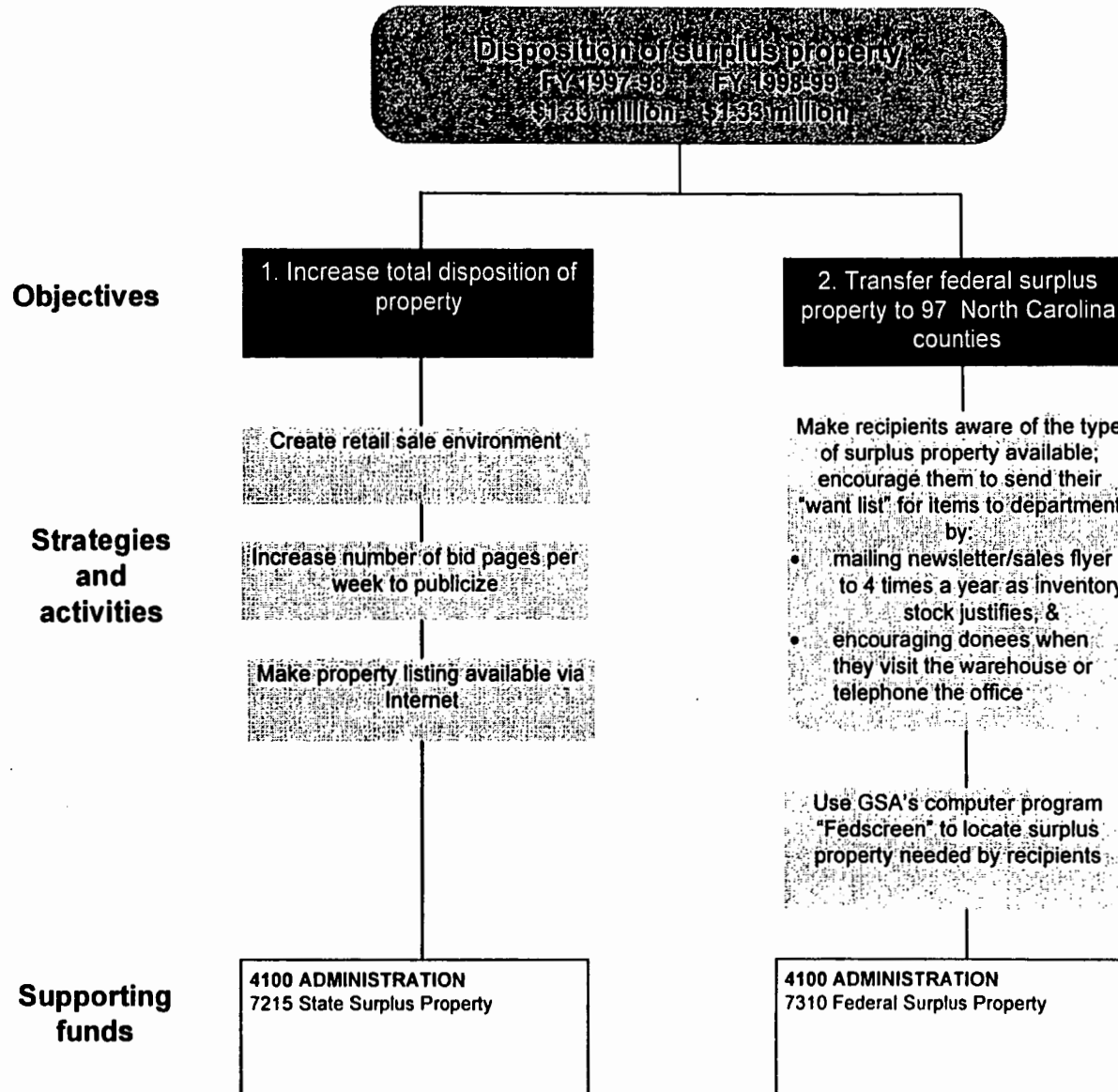


0662 Provide facility management services



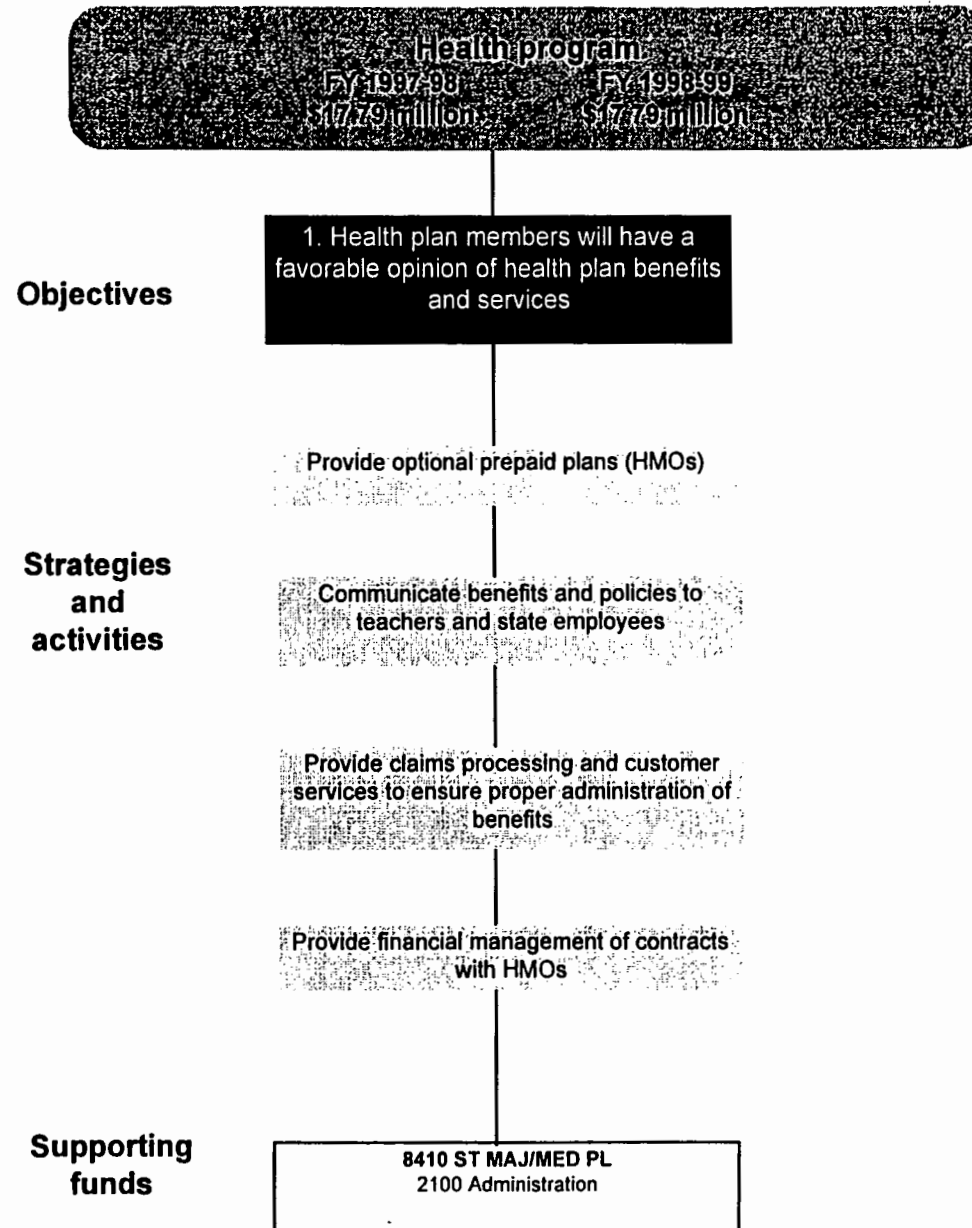
ANM-99

0663 Provide for the disposition of surplus property



ADM-100

ADM-101

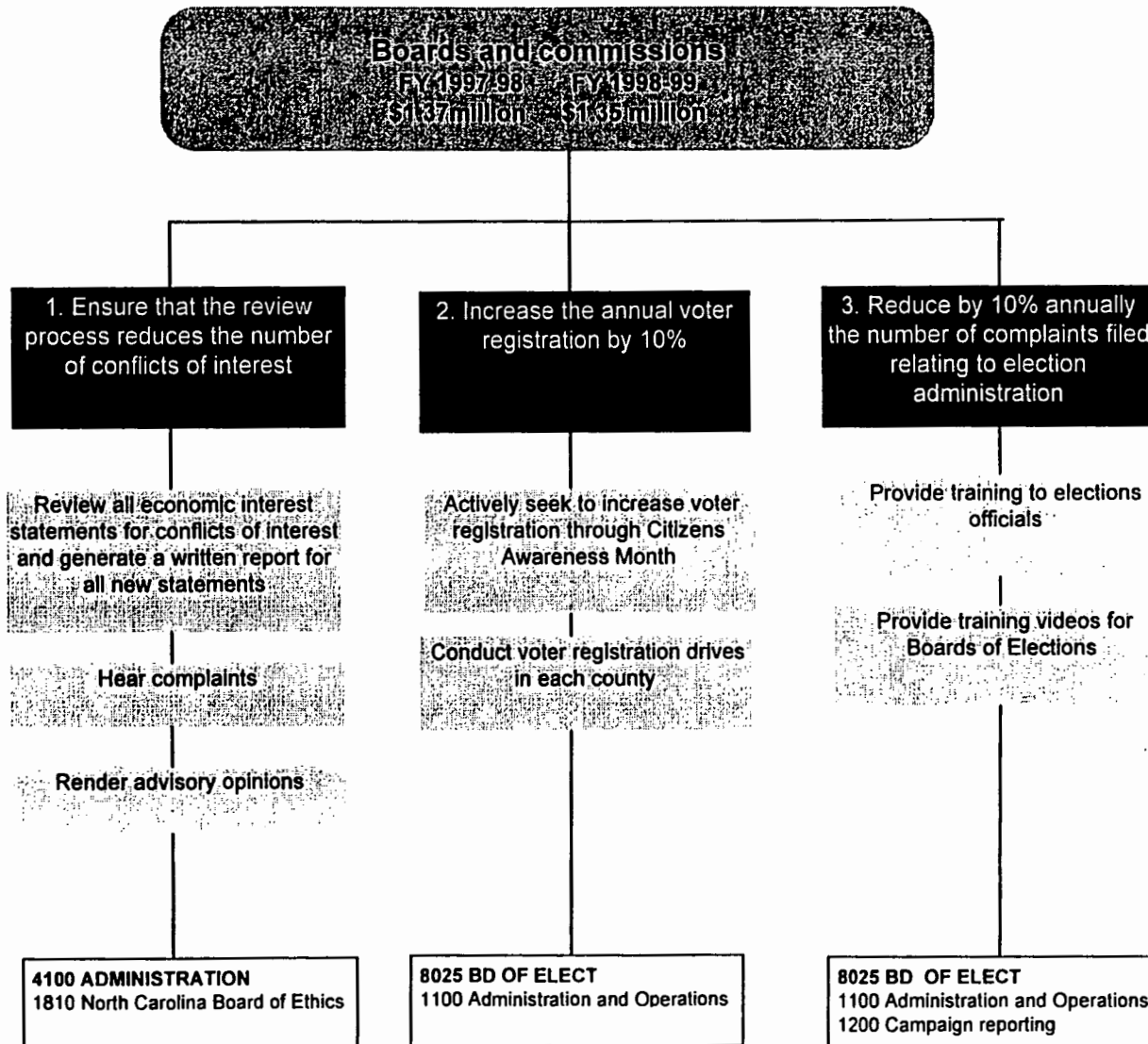


Objectives

Strategies and activities

Supporting funds

ADM-102



$$\frac{3}{6}$$

, 1997

AM

Date _____

NAME _____

FIRM OR AGENCY AND ADDRESS

Martin Glass	DOA
Roslyn Sault	NC Coalition Against Dom. Viol.
Quanita Bryant	NC Council for Women
Melanie Wicks	" "
Kenneth Wilkins	DOA
Charlie Smith	Veterans Affairs
Kelly Gosh	DOA
Sgt. Chamber	Facility Management, DOA
Jonny Jordan	Facility Management, DOA
Linda Coleman	DOA Human Res. Mgmt.
Pat Hammond	Caroline, Eastern Region
Doreen Lander	SHPPA - DOA
Bob Joyce	SHPPA - DOA
Walter Sturgeon	NCLLRWMA
Jim Newell	OSBM
Kathie Austin Padgett	OSPL
Timothy E. Hollaway	OSBM
Harold Byrd	Sec of State
Bernard Allen	Secy of State

JOINT APPROPRIATIONS SUBCOMMITTEE
ON
GENERAL GOVERNMENT

March 11, 1997

The Joint Appropriations Subcommittee on General Government met Tuesday, March 11, 1997 at 8:30 a.m. in room 425 of the Legislative Office Building. Four of the Senate members were present. Representatives present were: Co-Chairs Ives, McCombs and Sherrill; and Culpepper, Decker, Jeffus and Wainwright

Senator Warren chaired the meeting. He introduced Secretary Katie Dorsett of the Department of Administration. She, in turn, introduced Mr. Norm Cohen, Vice Chairman of the Board of Science and Technology, and asked him to brief the committee on the purpose and objectives of this Board.

Representative Sherrill asked if they were totally funded by public dollars. Mr. Cohen said that only about \$1 of every \$20 was public money. He said that the Board's role was to help begin an initiative, get them going, and then spin them off. Representative Ives said that he was very impressed with the multitude of things the Board is doing. He wanted to know how often they met, how many members they had and who appointed the members. Mr. Cohen responded that: they met every other month, they had about 18 members, and the Legislature and the Governor appointed them. Senator Warren wanted to know if any members were paid by the State. Mr. Cohen said their work was all done on a voluntary basis. The Committee praised the Board for its voluntary service, and Chairman Warren thanked Mr. Cohen for his presentation.

Mr. Kenneth Wilkins, Deputy Secretary of DOA, then introduced the DOA staff, and spoke briefly about internal services and programs. He was followed by Ms. Juanita Bryant, Executive Director of the Council for Women. (See attached DOA Report, pp. ADM-24-25.) Representative Wainwright expressed his gratitude for all they did, especially for their efforts with the Displaced Homemakers' program, and he noted that men were also assisted through this program. Representative Sherrill asked the

committee to support a bill on domestic violence which she is introducing. In response to Senator Warren's question as to why there is an increased number of cases, Ms. Bryant said that she felt it was due to increased knowledge of the program and more willingness on the part of clients to make their needs known.

Ms. Vida Mays, Director of the Youth Advocacy and Involvement program, gave the committee a brief overview of this program. She said that they, in cooperation with several other councils and groups, serve as an advocate for children and youth; that they seek to enhance the quality of life for North Carolina's children and youth. (See pp. ADM-26-28 of attached.) Representative Jeffus asked how they selected students for their Intern program; to which Ms. Mays replied that they send out project books to all colleges and universities, the students apply, and they select the most qualified ones to fill the available positions.

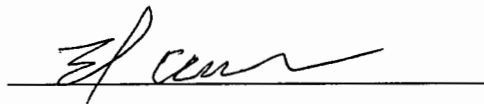
Representative Wainwright asked how many African American children were in the Adoption Program who have not been placed. Ms. Mays did not know. **He asked her to provide him with a list of names and ages of African American children in the adoption program.** She agreed to do so.

Mr. Greg Richardson, Director of the North Carolina Commission of Indian Affairs, then took a few minutes to go over the programs of the Commission. (You will find this information on pp. ADM-29-38 of the attached report.) According to the 1990 US Census, there are 80,155 Indians living in North Carolina, giving the State the largest Indian population east of the Mississippi River, and the seventh largest Indian population in the nation. Since the Federal Government only recognizes the Eastern Band of Cherokees, Representative Ives wanted to know how they determined who qualified as an "Indian," unless they belonged to this tribe. Mr. Richardson said that each tribe had its own criteria, and that **he would get Representative Sherrill a list of how many the State served by tribe.**

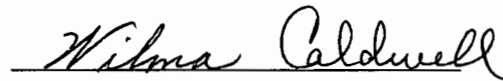
In response to Senator Warren's question about the number of Indians attending Pembroke University, Mr. Richardson said he did not know the number, but that a large number did attend because of the fine Indian studies program there.

There being no further questions, the meeting adjourned at 9:45 a.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Ed Warren", written over a horizontal line.

Senator Ed Warren

A handwritten signature in cursive script, appearing to read "Wilma Caldwell", written over a horizontal line.

Wilma Caldwell, Committee Clerk

3/11

AM

Date _____

NAME _____

FIRM OR AGENCY AND ADDRESS[illegible]

The Joint APPROPRIATIONS Subcommittee On General Government Meeting

Minutes

March 12, 1997 AM

The Joint APPROPRIATIONS Subcommittee on General Government met on March 12, 1997 in room 425 of the Legislative Office Building at 8:30 AM. The following members were present: Representatives Ives (Cochair), McCombs (Cochair), Sherrill (Cochair) Jeffus and four Senators. A Visitors Attendance Sheet is attached for visitors to the committee. Representative Ives presided.

Representative Ives called the meeting to order at 8:35 AM and introduced Eddie Lawrence the Director of the North Carolina Human Relations Commission under the Department of Administration. Mr. Lawrence gave an overview of the department (see ADM 39-40, Budget Book pp. D-41 to D-45 and the Performance Book pp. 2-114). Representative Jeffus asked if there are 57 commissions in 47 counties and are they planning any expansion and Mr. Lawrence replied that expansion is being pursued in all 100 counties.

Mr. Ken Franklin acting Director of the Governor's Advocacy Council for People with Disabilities addressed the committee to give an overview of this department. (see ADM - 41- 42, Budget Book pp. D 59- D61, and Performance Budget Book pp. 2-128). Senator Kinnaird asked if the Department of Transportation is helping fund transportation for the disabled employee and what is being done to secure funding from the Department of Transportation. Mr. Franklin responded that they are making sure compliance with the Americans With Disabilities Act is accomplished. His concern is the local agencies are not fully coordinated to help with transportation. Senator Kinnaird responded that she hoped that Mr. Franklin would look further into the Department of Transportation for money to transport disable employees because of the large amount of available money there.

Mr. Sid Chambers, Assistant Director of Facility Management, gave an overview of the of Facility Management and answered members' questions (see pp. D43- 5, Budget Book pp. D24-30, Performance Book pp. 10-170). Mr. Chambers explained the cost saving measures they are taking such as new insulation and new multi vendor contracts in the areas of administration, construction, landscaping and parking and the department's requests in the budget. Senator Kinnaird asked if there are any employees paid under the poverty level. Mr. Chambers replied that housekeeping is paid at pay grade 50 which is on the border line. Senator Kinnaird asked if these salaries were indexed and Mr. Chambers replied that they are given raises by the General Assembly. Representative Sherrill asked how much inmate labor they use. Mr. Chambers replied they use 45 inmates a day. He also said that they are trying to identify the inmates with skills to utilize those skills in the future. Senator Lucas asked if he had assessed the Secretary of State's Office and Mr. Chambers said that he had not been in that office for four months. Senator Page asked if Dorothea Dix Hospital landscaping is maintained by Facilities Management and Mr. Chambers responded that it is maintained by the hospital's own crew.

Mr. Johnny Massey addressed the committee about the Capitol Police (see pp. D43-45, Budget Book pp. D46-48, Performance Book pp. 10-170). Mr. Massey gave an overview of the duties of the Capitol Police and statistics concerning the department and explained necessary changes proposed in the budget. Senator Lucas asked if they were ready for the President's visit and he responded that the Capitol Police force was well prepared. Senator Lucas then asked when the 103 arrests take place and Mr. Massey said they are mostly at night. Representative Sherrill asked what training the Capitol Police officers receive and are they covered by the 5% retirement. Mr. Massey replied they are BLET certified and receive 5% retirement. Representative Sherrill asked if they are certified in pursuit training and Mr. Massey said at this time they are not and that this is a sensitive issue for law enforcement across the State. Senator Ledbetter asked if they had any bomb threats and Mr. Massey replied that they have had 11 since 1995 and that the bill before the Senate Committee now on bomb threats would be a good one to have because many are crank calls. Senator Kinnaird asked if there is a federal law for bomb threats and Mr. Massey replied that he was not aware of one and Representative Ives said there is a law for Federal Buildings only.

Deputy Secretary David McCoy of Governmental Operations gave an overview of the department and introduced each director and explained the functions of their divisions.

Mr. Joe Henderson, Director of the State Property Office gave an overview of ADM pp. 49-51, Budget Book pp. D21-22, Performance Book pp. 10-157. He explained that they are the real estate division for the State. Senator Kinnaird asked if the DOT Right of Way was under his authority and Mr. Henderson replied that it is not. Mr. Henderson spoke about the Master Plan for State Government Offices and about the evaluation of space the General Assembly requested in 1996.

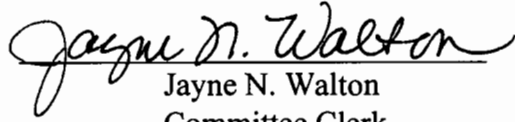
1. Office space used as storage space - no abuse
2. What should be located outside the Capitol - see Master Plan
3. Merit of consolidation to a single location - Master Plan solves
4. Priority system for government owned property - Master Plan outlines
5. Long term plan to end leased space - 78% owned and 22% leased
(Master Plan calls for 10 - 15% leased)

Senator Kinnaird asked if the Polk Youth Center would be razed in the 1996 Master Plan and Mr. Henderson answered that it would but the General Assembly would have to approve the plan first. Senator Lucas asked when the reduction in leased space is realized will the savings be translated into the building of a complex of offices? Mr. Henderson said there will be a savings because it is cheaper to own than to lease. Representative Sherrill asked is the State still aggressively using existing structures especially in outlying areas? Mr. Henderson answered that they are not as aggressive as they ought to be because the agency maintenance is left up to the agency to request funds to keep up the facilities and he explained that when space is requested, a space planner goes in and determines what is really needed.

Representative Ives thanked all the speakers for interesting presentations and adjourned the meeting at 9:50 AM.



Representative William M. Ives
Cochair



Jayne N. Walton
Committee Clerk

3/12, 1997

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ken Franklin	DOA - GACPD
Allison Bowen	DOA - GACPD
Eddie W. Lawrence	DOA - Human Relations
Martha Olson	DOA
Walt Cooke	DOA - Field Mgmt
Aick Chamber	DOA - Facility Mgmt
Johnny Massey	DOA State Capitol Police
John T. Massey	D.O.A Motor Fleet & Courier Services
Danny Willis	DOA Motor Fleet Mgt.
Joe Henderson	DOA State Property Office
Nisha Datta	Office of State Planning
Kathie Austin Padgett	OSPL
Nellie Riley	OSP
Carl Goodwin	OSP
Wilhel Riddle	OSP
Bernard Allen	SOS

The Joint APPROPRIATIONS Subcommittee on General Government

Minutes

March 12, 1997 PM

The Joint APPROPRIATIONS Subcommittee on General Government met on Wednesday, March 12, 1997 fifteen minutes after the last Chamber adjourned in the LOB in room 425. Members attending were Representatives Ives (Cochair), Sherrill (Cochair), Jeffus and three Senators with Representative Ives presiding. See attached Visitors Sheet for visitors in attendance.

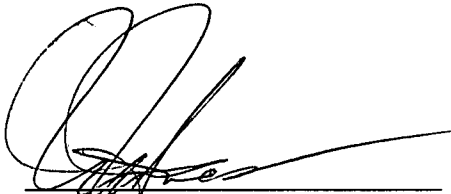
Representative Ives called the meeting to order at 4:07 PM and introduced Mr. John Leaston, Director of the Division of Purchase and Contract. Mr. Leaston gave an overview of the Division of Purchase and Contract (see pp. ADM 52-56, Budget Book pp. D31-33, Performance Book pp. 10-176). Mr. Leaston explained the history of the division, how used state computers were being allocated to public schools (Computer for Schools Program) and he also spoke of how the division helped out local organizations with equipment such as generators during Hurricane Fran. Mr. Leaston also said that the internet is being utilized by the Division of Purchase and Contract to list business being done in the office i.e. bid lists and projects status. Senator Lucas asked why African Americans are often passed over in receiving bids. Mr. Leaston replied that he understood what she was asking and that it is not always the case that many minorities are awarded contracts but not as much as he would like. He further explained that the division is trying to improve and is constantly looking for ways to do more business with minorities. Mr. Leaston also said that it up to the General Assembly to direct the division to give priority to certain groups and thus far that has not happened. Senator Warren asked Mr. Leaston to explain the process of awarding contracts. Mr. Leaston explained the process of how contracts are handled by the Board of Awards. Senator Lucas asked when the bids go out is there a criteria established to base the award of the contract. Mr. Leaston replied that the criteria is established before the bid is listed, then the division looks at the responses and evaluates them and makes a recommendation to the Board of Awards. Senator Lucas asked how many people are on the Board of Awards. Mr. Leaston replied there are fifteen. Representative Jeffus asked if the division sometimes takes the lowest bid rather than one of higher quality. Mr. Leaston responded that they establish a quality level and they look for the best price for the quality desired. Senator Page asked how many computers have been received by the public schools? Mr. Leaston replied that 75 have been sent to Sampson County and the division has requests for 200 more from various agencies. Senator Page followed up by asking if this was cost effective and what is the availability statewide? Mr. Leaston answered that it is cost effective and the Computer in Schools Program is available to everyone upon availability. Senator Page asked if they could supply 50% of the schools and Mr. Leaston said that he was not sure they could fill that great of a demand because the computers do not become available at that high of a rate. Senator Lucas asked if the division advises the vendors during the application process to make sure their applications include all necessary

information and specifics. Mr. Leaston said there is a number to call for help and also they have pre-bid conferences. Representative Ives asked if the division actually does the buying for the agencies and Mr. Leaston replied yes to a certain level; the University System has a benchmark of 35K and for other State Agencies it is 10K. Mr. Evan Rodewald (Fiscal Research) asked Mr. Leaston to explain the Procurement Card Program to the members. Mr. Leaston explained that this card will enable the agency to go directly to the source and purchase the product needed instead of going through the system to get the paper work to buy it. He said this would enable small businesses get paid faster which has been a big complaint and it will empower agencies to redirect their resources. Senator Lucas asked what is the definition of a small business? Mr. Leaston responded that it is a business worth \$500,000 or a business with 50 employees. Mr. Rodewald asked Mr. Leaston if the Procurement Card Program is still being planned as a pilot program. Mr. Leaston said many agencies are interested in the Procurement Card and the division has decided to include more agencies in the initial program. Mr. Rodewald responded that the members should be aware of the lack of accounting information that will be available with the Procurement Card program. Mr. Rodewald said the items purchased would not be easily tracked and whereas the program has it's good points, there is a trade off on the quality of accounting information. Senator Lucas asked why that information will not be attainable and Mr. Rodewald explained that the charges on the cards would not itemize what was bought, the charges would be listed by location and amount much like a bank credit card does and that Procurement Card vendors say that itemizing purchases with this system is a long way off. Mr. Leaston said some companies do have a higher level of reporting and the division will look at that during the selection process. Representative Sherrill said that she felt strongly about a Pilot Program to see how successful the Procurement Card was before putting it into widespread use, that it could be risky to implement it too quickly because it could cost too many tax dollars if it is abused. Mr. Leaston also said that the sales tax issue had been worked out with the Department of Revenue; however, a problem would exist if the card were used out of state. Mr. Leaston said that the card could be restricted to North Carolina only. Senator Lucas asked about a credit line and Mr. Leaston replied that this is a good way to control purchases as well as by programming the card to be used at certain companies, and by limiting each individual purchase to a certain amount. Also Mr. Leaston said that once the overall limit was reached the card would have to be reprogrammed by the division for more purchases.

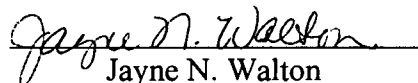
Representative Ives then introduced Mr. Speros Fleggas, Director of the State Construction Office and gave an overview of the State Construction Office (pp ADM 58-60, Budget Book pp. D19-21, Performance Book pp. 10-157). Mr. Fleggas answered questions about the State Construction projects and accomplishments. Senator Lucas requested data from Mr. Fleggas on the small business and minority contracts. Mr. Fleggas said his office is currently working on this and agrees with Senator Lucas that by making opportunities available to small business and minorities, it will create a good business climate for the State. Senator Lucas stated that she hoped the guidelines would be thoroughly explained to these bidders to help them secure more contracts. Representative Ives asked what are the requirements for contractors and subcontractors?

Mr. Fleggas replied subcontractors must be licensed and contractors must be licensed and bonded. Senator Lucas asked if anything has been done to help small businesses acquire bonding. Mr. Leaston said in the past that has been tried with little success; however, they have waived the necessary bonding in some cases and required letters of credit and partial payments to insure faithful performance.

Representative Ives thanked all the speakers for their presentations and adjourned the meeting at 4:55 PM.



Representative William M. Ives
Cochair



Jayne N. Walton
Committee Clerk

JOINT APPROPRIATIONS SUBCOMMITTEE
ON
GENERAL GOVERNMENT

March 13, 1997

The Joint Appropriations Subcommittee on General Government met Thursday, March 13, 1997 at 8:00 a.m. in room 425 of the Legislative Office Building. Four of the Senate members were present. Representatives present were: Co-Chairs Ives, McCombs and Sherrill; and , Culpepper, Jeffus and Wainwright. The meeting time was changed to permit the legislators to be in place for the visit of THE PRESIDENT OF THE UNITED STATES, William Clinton, the first ever visit to the General Assembly of a sitting president.

Senator Warren chaired the meeting and asked the Department of Administration to continue their overview. Mr. John Massey, Director of the Motor Fleet Management Division, gave his report. (See pp. Adm-61-67 in Department of Administration Report attached to March 12, Minutes.)

In response to Senator Lucas's question, Mr. Massey said that using alternatively fueled vehicles would not save money. He responded to Representative Sherrill's question that they would be happy for the Department of Transportation to take over maintenance of their vehicles; and to her question regarding mandatory carpooling for state agencies that his shop had no control over the vehicle once it left their premises.

Senator Ledbetter wanted to know their criteria for replacing vehicles. Mr. Massey said that they used three criteria: mileage, condition of vehicle and the Lemon Law; that two years ago the General Assembly mandated they change the mileage figure from 60,000 to 90,000 miles before a trade; and that this had proven very cost efficient. Mr. Massey also stated that their courier vans were driven up to 125,000 miles before a trade. He told the committee that the Courier Service was totally receipts supported and that they provide service to all 100 counties at 60 percent less than the US Postal Service.

Evan Rodewald, Fiscal Analyst, informed the committee that the Motor Fleet Division was planning a rate increase around April 1, and that this would impact other

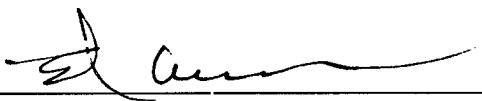
State agency budgets. Secretary Dorsett replied that the other agencies had been notified of this increase by written memo. Mr. Massey defended the rate increase because of the rise in maintenance costs.


Senator Warren asked Evan to send the committee a record of what they were doing in this regard.

Mr. Ron Penny, State Personnel Director, was introduced and he began the overview of his department. (A copy of his report is attached.) Representative Sherrill wanted to know if the General Assembly members had access to the Personnel Management Information System (PMIS). Mr. Penny said that only the Fiscal Staff had access. Michele Nelson, Fiscal Analyst, noted that Mr. Allen Rogers, GA Personnel Officer, also had access.

The meeting adjourned at 9:00 a.m. to reconvene Tuesday, March 18, 1997, at 8:30 a.m.

Respectfully submitted,



Senator Ed Warren, Chairman

Wilma Caldwell, Committee Clerk

Appropriations Subcommittee on General Government

3/13, 1997

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Robert Pearce	OSBM
Don Huffman	OSP
Gerry Fisher	OSP
Nelbi Riley	OSP
Kathie Austin Padgett	OSPL
J.W. Reed	OSBM
James Ennis	OSP
Carl Goodwin	OSP
Pepper D. Oliver	OSP
Martha Glass	DOA
Danny Willis	DOA - Motor Fleet Mgmt.
John Mossey	DOA M F M & Courier Serv. Vics
Kelly Grosh	DOA - Fiscal Mgmt.
David McCoy	DOA
Katie Sorrell	DOA
Ronald Penni	OSP
Glen Peterson	DOA
John R. B. d.	DOI
Bernard Allen	Secy. of State
Spencer Pleggen	State Const. Office
John Leaster	Purchase & Contract Division
Emoch E. Holloman	OSBM

MINUTES

GENERAL GOVERNMENT Joint Appropriations Subcommittee

March 18, 1997

The Joint Appropriations Subcommittee on General Government met on March 18, 1997 in Room 425 of the Legislative Office Building at 8:30 A.M. with Representative Wilma Sherrill, Cochair presiding.

The following members were present: Representative Sherrill, Cochair; Representative Ives, Cochair; Representative McCombs, Cochair; Representative Braswell, Representative Culpepper, Representative Jeffus, Representative Ives, Representative Wainwright, Representative Decker and five Senators.

The meeting was called to order by Representative Wilma Sherrill. She introduced Peggy Oliver, Director of Administrative Services Division,* who gave a presentation relative to the workings and needs of her division. (Notebook pp. OSP 22 - OSP 27).

Representative Sherrill then introduced Susan Ennis, Director of the Employee and Management Development Division* who gave a presentation on this division. (Notebook PP. OSP. 28 - OSP 33); (Performance Budget Book pp. 10-47).

Representative Sherrill introduced Carl Goodwin, Director of the Employee Risk Control Services Division* who gave a presentation on his division.* (Notebook pp. OSP 34 - OSP 39)

Representative Sherrill introduced Gerry Fisher, Director of the Employee Services Division.* (Notebook PP. OSP 40 - OSP 46) who gave a presentation her division.*

*(Budget Book pp. D15-D19 and Performance Budget Book pp. 10-39 to 10-50)

The meeting adjourned at 9:20 to reconvene one hour after Session.

The afternoon session convened at 4:30 P.M. with Representative Wilma Sherrill presiding. She called the meeting to order with the following members present:

Representative Sherrill, Cochair; Representative McCombs, Cochair; and three Senators.

Representative Sherrill introduced Nellie Riley, Director of the Equal Opportunity Services Division* who gave a presentation on that division.* (Notebook PP. ODP 47 - ODP 51).

Representative Sherrill introduced Don Huffman, Director of the Position Management Division* who have a presentation on that division. (Notebook pp. OSP 52 - OSP 56).

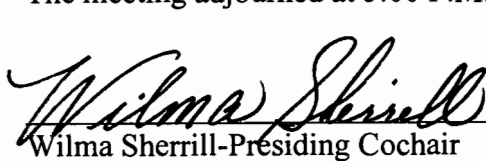
Representative Sherrill introduced Ronald G. Penny, Director of the Office of State Personnel. Mr. Penny made a few closing remarks.

*Budget Book pp. D15 - D19 and Performance Budget Book pp. 10-39 to 10-50)

Representative Sherrill then introduced Joseph DeLuca, Staff Director and Counsel with the Rules Review Commission who gave an overview of the work of this Commission. (Notebook pp. RRC 1 - RRC 4) (Budget Book pp. N 1 - N - 3) (Performance Budget Book pp. 10-183 and 10-188).

Representative Sherrill introduced Marvin Dorman, State Budget Officer. Mr. Dorman gave a partial presentation of the Office of State Budget and Management, to be continued at the meeting on Wednesday afternoon after Session. (Budget Book pp. J15 to J18) (Performance Budget Book pp. 10-27 to 10-37)

The meeting adjourned at 5:00 P.M.


Wilma Sherrill-Presiding Cochair


Rosa S. Kelley, Clerk

Appropriations Subcommittee on General Government March 18th, 1997

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

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Appropriations Subcommittee on General Government

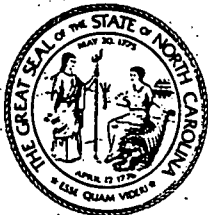
7-18, 1997 - 4:00 p.m.

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
JOE DELUCA	RULES REVIEW Commission
RON PENNY	OSP
Carl Goodwin	OSP
Neillie Riley	OSP
Don Huffman	OSP
Gerry Fisher	OSP
Peggy Oliver	OSP
Susan Ennis	OSP
Angela Francis	OSBM
Marvin Dorman	OSBM
Willie Riddick	OSP
Sharon Hargan	OSPL
Tom Dorman	OSPL
Bill Killman	OSPL
Ray W. Dyer	OSPL
Jim Howell	OSBM
KATHIE AUSTIN PADGETT	OSPL
Tim Johnson	OSPL
Emek E. Hallway	OSBM



North Carolina Department of Administration

116 West Jones Street - Raleigh, N.C. 27603-8003 - (919) 733-7232 - <http://www.doa.state.nc.us/doa/>

The Department of Administration is often referred to as the "business manager" of state government. Created in 1957, it provides numerous services for state government agencies. In addition to its role as services provider, the department is host to several councils and commissions which advocate for the special needs of North Carolina's citizens.

As the state's business manager, the department oversees such operations as building construction, purchasing and contracting for goods and services, maintaining facilities, managing state vehicles, policing the State Government Complex, acquiring and disposing of real property, and operating auxiliary services such as courier mail delivery and the disbursement of state and federal surplus property. The department offers still other services, including public service telecasts provided by the Agency for Public Telecommunications. The department assists veterans through the Division of Veterans Affairs.

There are several programs that advocate for the special needs of citizens of North Carolina that are included in the Administration Department. They include the Governor's Advocacy Council for Persons with Disabilities, the N.C. Office on the Americans with Disabilities Act, the N.C. Human Relations Commission, the N.C. Commission of Indian Affairs, the Youth Advocacy and Involvement Office, and the N.C. Council for Women. Most of these programs have an appointed council and a state staff, which advocate for persons with disabilities, minorities, youth and women.

The Department of Administration was re-established by the Executive Organization Act of 1971, to bring more efficient and effective management to state government. Prior to its enactment, over 300 agencies reported directly to the governor. Recognizing the difficulty of providing good management under those conditions, the department was re-created after successful passage and implementation of the reorganization bill. Under the provisions of the bill, the duties of the department were defined as "to serve as a staff agency to the governor and to provide for such ancillary services as other departments of state government might need to ensure efficient and effective operations."

The department has adopted the following mission statement to best reflect its purpose and goals.

Mission Statement

The North Carolina Department of Administration provides leadership to all state government agencies for the effective, efficient, economical and equitable delivery of services to the public. The department also provides advocacy, assistance and services to various segments of the state's population that have been traditionally underserved (G.S. 143-48, et. seq., G.S. 143-128, et. seq., G.S. 143B-336, et. seq.). The mission directs departmental efforts toward the accomplishment of the following goals:

- To acquire and develop properties and facilities and maintain a safe and suitable work environment.
- To develop and maintain an efficient system for the purchase and disposition of goods and services to meet the needs of government agencies.
- To achieve fair and equitable opportunities and representation for various segments of the population that have special needs.
- To provide administrative support to independent state government agencies.
- To improve public access to the environmental review process.
- To provide management and administrative support to divisions within the department to maximize efficiencies.
- To coordinate and promote a comprehensive program to elevate the level of importance of science, mathematics and technology.
- To provide quality service for citizens, public agencies and cable system affiliates through interactive teleconferencing, media productions and live programming.

The Department of Administration strives to serve as a role model for all of state government, working to ensure that taxpayers' dollars are used wisely and that good management is pervasive. Some activities designed to increase productivity in the department and throughout state agencies include the State Employee Suggestion System, which awards employees a percentage of money saved through their suggestions that are implemented by state government. The Continuous Management Improvement effort relies on input from departmental employees to improve services to other state agencies and to the public. The Human Resources Management Office in the department offers training to employees to help them perform their jobs more efficiently and effectively.

Office of the Secretary

The department is led by the Secretary of Administration, an appointee of the governor. There are several officers who report directly to the secretary, including the deputy secretary for government operations, the deputy secretary for programs, the general counsel, the assistant secretary, the department's chief fiscal officer, the director of the department's Human Resources Management Office, the director of public information, the director of the Agency for Public Telecommunications and the assistant secretary for veterans affairs. Some of these officers supervise divisions listed as follows:

Office of Fiscal Management

The Office of Fiscal Management accounts for all fiscal activity of the department in conformity with requirements of the Office of State Budget and Management, the Office of State Controller, the Department of State Auditor, the Department of State Treasurer and federal funding agencies. It files timely financial reports, purchases and pays for goods and services, invoices user agencies for central services, and recommends and administers fiscal policy within the department. The office also provides the same services for the Low-Level Radioactive Waste Management Authority, Lieutenant Governor, Board of Ethics, Board of Science and Technology, State Health Plan Purchasing Alliance Board and Office of State Personnel.

Human Resources Management Office

The Human Resources Management Office provides a range of services for the department, the Low-Level Radioactive Waste Management Authority, Lieutenant Governor, Board of Ethics, Board of Science and Technology, State Health Plan Purchasing Alliance Board and the Office of State Personnel. With the exception of the Office of State Personnel, where only payroll services are provided, the Human Resources Management Office's services encompass all major areas of public personnel administration in accordance with the requirements of the State Personnel Act. The personnel division is responsible for employee selection and recruitment, position management, training and development, employee and management relations, and health benefits administration. The office also administers the State Employee Suggestion System and the department's Safety and Health Program.

Public Information Office

The responsibilities of the Public Information Office (PIO) are varied. They include compilation, editing, formatting and preparing camera-ready copy of documents for the department's divisions and, on occasion, for the Governor's Office and other departments. The office is responsible for the *State Capitol Area Telephone Directory* and the Southern Bell Blue Pages of state government telephone listings. The PIO produces newsletters, brochures, booklets, graphics, etc., for the department's divisions, providing a cost-effective centralized area offering writing, editing and design expertise. The PIO writes and distributes press releases about breaking news events, announcements, special services and programs. The office plans special events, often in cooperation with the Governor's Office, such as the Governor's Media Adoption Summit and the speaker's bureau of the governor's appointed staff in the department. The PIO prepares speeches for the secretary. In addition, the PIO responds to public inquiries about departmental programs and services, assists the media with inquiries, arranges interviews and acts as spokesperson when needed. The PIO also advises the secretary and the executive staff on the best ways to communicate with the media and the external and internal publics.

Agency for Public Telecommunications

The Agency for Public Telecommunications operates public telecommunications facilities and provides state agencies with communications services that enhance public participation in government. The agency operates a television and radio production studio that offers media production, teleconferencing, and public service telecasts, such as OPEN/net. Programs are distributed via satellite to cable systems and community colleges by phone and by fiber.

Division of Veterans Affairs

The Division of Veterans Affairs assists veterans, their dependents and the dependents of deceased veterans in obtaining and maintaining those rights and benefits to which they are entitled by law.

Government Operations

Facility Management Division

The Facility Management Division provides preventive maintenance and repair services to the State Government Complex and some facilities used by government workers in outlying areas. Services include construction; renovation; housekeeping; landscaping; steam plant, HVAC and elevator maintenance; pest control; parking supervision; and lock shop operations.

Management Information Systems Division

The Management Information Systems Division provides leadership in the managing of the department's information resources. This division provides consulting services with emphasis on analyses of current operations and recommendations for improving operations, dissemination of information, and reducing costs. The division designs, develops or acquires, and implements solutions for the department's automation needs.

Motor Fleet and Courier Services Division

The Motor Fleet and Courier Services Division provides passenger vehicles to state agencies for employees in the performance of their duties. The division is a receipt-supported operation that purchases, maintains, assigns and manages the state's centralized fleet of approximately 6,121 vehicles. The division enforces state policy and regulations concerning the use of the vehicles. The division also administers Courier Service. A receipt-supported operation, Courier Service provides delivery of government mail to state offices in all 100 counties in North Carolina.

Division of Purchase and Contract

The Division of Purchase and Contract serves as the central purchasing authority for state government and certain other entities. Contracts are established for the purchase, lease and lease-purchase of the goods and services required by state agencies, institutions, public school districts, community colleges and the university system, totaling \$1.9 billion annually. In addition, local governments, charitable non-profit hospitals, local non-profit community sheltered workshops, certain child placement agencies or residential child care facilities, volunteer non-profit fire departments and rescue squads may use the services of the Division of Purchase and Contract. The division also administers both Federal Surplus Property and State Surplus Property agencies.

- **Federal Surplus Property.** Federal Surplus Property acquires and donates available federal surplus property to eligible state recipients – government agencies, non-profit educational institutions and public health facilities. Operation costs are funded by receipts from sales.
- **State Surplus Property.** State Surplus Property sells supplies, materials and equipment owned by the state that is considered to be surplus, obsolete or unused. A service charge on goods sold provides funding for the agency.

State Capitol Police Division

The State Capitol Police Division, a law enforcement agency with police powers throughout Raleigh and state property in Wake County, provides security and property protection for state government facilities in Raleigh, Garner, Cary and Wake County. The agency protects employees and visitors; secures state-owned property; provides security for demonstrations, inaugurations, prison executions, personnel hearings; assists visitors to state facilities; investigates crimes committed on state property; and monitors burglar and fire alarms statewide.

State Construction Office

The State Construction Office is responsible for the review and approval of all plans and specifications for the construction or renovation of all state buildings; preparation of cost estimates relating to appropriation requests for the construction or renovation of state buildings; supervision of the letting of all contracts for the design, construction or renovation of all state buildings; and inspection and acceptance of all work done and materials used in the construction or renovation of all state buildings.

State-Local Relations Section

The State-Local Relations Section works with local governments, regional and multi-state organizations, the public, and state agencies in a variety of areas involving intergovernmental cooperation. The division manages the Appalachian Regional Commission grant program, coordinates project reviews required by the state and national Environmental Policy Acts, aids the governor in responding to federal (congressional and executive branch) issues, provides staff support for the North Carolina Local Government Partnership Council, and operates a project notification, review, and comment system to provide state and local agencies and the public with information about projects supported with public funds.

State Property Office

The State Property Office is responsible for state government's acquisition and disposition of all interest in real property whether by purchase, sale, exercise of power of eminent domain, lease or rental, with the exception of highway rights of way, the State Ports Authority and the Wanchese Seafood Industrial Park. This office is also responsible for the management of the submerged lands of the state, with the exception of aquaculture leases. The office maintains a computerized inventory of land and buildings owned or leased by the state and administers the allocation and reallocation of land and buildings among the various state agencies.

Programs

Governor's Advocacy Council for Persons with Disabilities

The Governor's Advocacy Council for Persons with Disabilities (GACPD) is part of a nationwide system of protection and advocacy agencies. It is a civil rights protection agency committed to serving citizens with disabilities. GACPD staff provide advocacy services, information and referral services, and legal representation to any citizen of North Carolina who has a physical or mental condition that substantially limits at least one major life activity and who feels he/she has been discriminated against because of a disability. Examples of disabilities include a mobility impairment, a learning disability, a developmental disability, a mental illness, or a neurological impairment. "Major life activities" are walking, seeing, speaking, learning, getting a job or an education, breathing, caring for oneself, hearing, and performing manual tasks. GACPD is guided by a 21-member board comprised of volunteers appointed by the state's top leaders in government.

North Carolina Council for Women

The North Carolina Council for Women advises the governor, the General Assembly and the principal state departments on the special needs of women in North Carolina. The council works cooperatively with local women's organizations, develops innovative projects and policy initiatives, and conducts workshops and training sessions to address women's needs. The council administers state and federal funds to local non-profit groups serving sexual assault and domestic violence victims. The council is also designated as the administrator for state funds which serve displaced homemakers. Staff in the Raleigh headquarters and six region directors provide technical assistance to individuals and public/private agencies.

North Carolina Commission of Indian Affairs

The North Carolina Commission of Indian Affairs was created by the North Carolina General Assembly in 1971 in response to the need of the state's Indian citizens to have a voice in their own affairs. Its purposes include bringing local, state and federal resources into focus for the implementation or continuation of meaningful programs for the state's Indian citizens; assuring the rights of Indians to pursue their cultural, social and religious traditions; and assisting in the development of social and economic opportunities for Indian people across the state.

North Carolina Human Relations Commission

The North Carolina Human Relations Commission provides services and programs aimed at improving relationships among all citizens of the state, while seeking to ensure equal opportunities in the areas of employment, housing, public accommodations, recreation, education, justice and governmental services. The commission also enforces the North Carolina Fair Housing Law and is fully substantially equivalent with the Division of Fair Housing within the U.S. Department of Housing and Urban Development. The commission participated in writing and implementing the Fair Housing goals for the Comprehensive Housing Affordability Strategy (CHAS) and the Consolidated Housing Plan required by the federal government. Further, the commission also serves as a resource to Community Development Block Grant recipients in helping them develop adequate Fair Housing plans. The commission supports and works with 52 local autonomous commissions throughout the state of North Carolina. In addition, the commission also serves as a clearinghouse to disseminate information concerning North Carolina's employment law to citizens.

North Carolina Office on the Americans with Disabilities Act

The North Carolina Office on the Americans with Disabilities Act was created by the General Assembly and began operation in September 1994 to help state and local governments, business and industry in complying with the Americans with Disabilities Act (ADA) of 1990. In addition to serving as a resource for government and business, the office is expected to assist individuals with disabilities and their families in understanding their rights under the law. Training, technical assistance and the establishment of an alternative dispute resolution process are some of the ways that the office will promote compliance with ADA. The office will also establish an ADA Resource Center.

Youth Advocacy and Involvement Office

The Youth Advocacy and Involvement Office (YAIO), under the leadership and directives of councils and advisory groups and in cooperation with public and private agencies, serves as an advocate for children and youth. Through these collaborative efforts, this agency seeks to enhance the quality of life for North Carolina's children and youth through policy reviews, legislative recommendations, and positive intervention through leadership development and experiential educational opportunities.

DATE

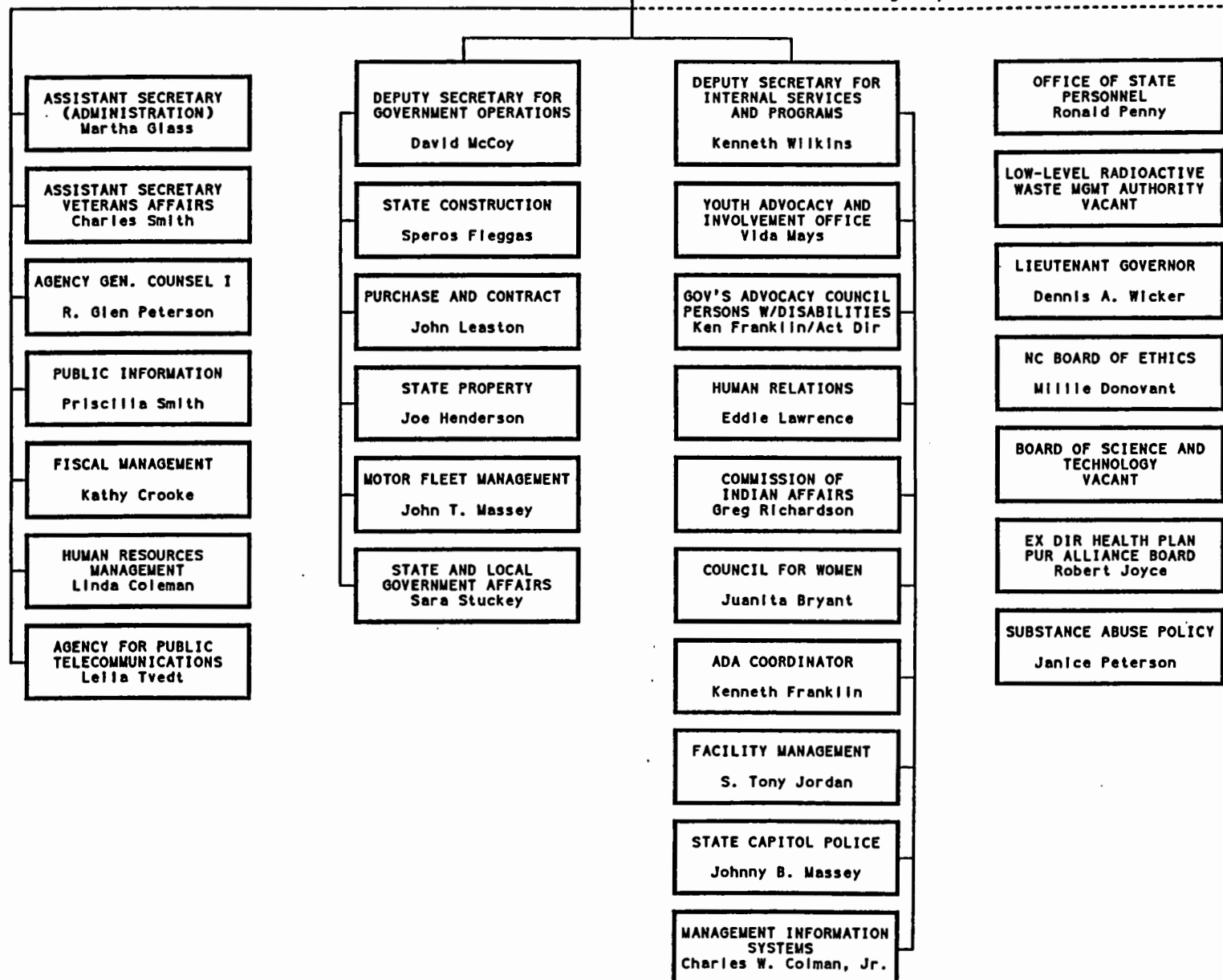
AGENCY HEAD SIGN. *Katie G. Dorsett*

DEPT. HEAD SIGN. _____

PERS. OFFICE SIGN. _____

SECRETARY
KATIE G. DORSETT

For Budgetary and Personnel Purposes



DEPARTMENT OF ADMINISTRATION

Summary of Budget

	1995-96 Actual	1996-97 Authorized	1997-98 Recommended	1998-99 Recommended
Total Requirements	\$ 108,859,333	\$ 113,825,926	\$ 115,872,644	\$ 117,449,001
Total Estimated Receipts	58,306,496	56,572,186	57,614,907	57,796,658
Beginning Cash Balance	12,110,614	12,155,758	8,937,367	8,938,342
Ending Cash Balance	12,155,758	8,937,367	8,938,342	8,939,317
Increase/Decrease Cash Balance	45,144	(3,218,391)	975	975
Net Appropriations	\$ 50,597,981	\$ 54,035,349	\$ 58,258,712	\$ 59,653,318
Number of Positions	971.64	975.31	973.31	973.31

Notes:

35% of the budgeted appropriations is for Fund 1421 Facility Management

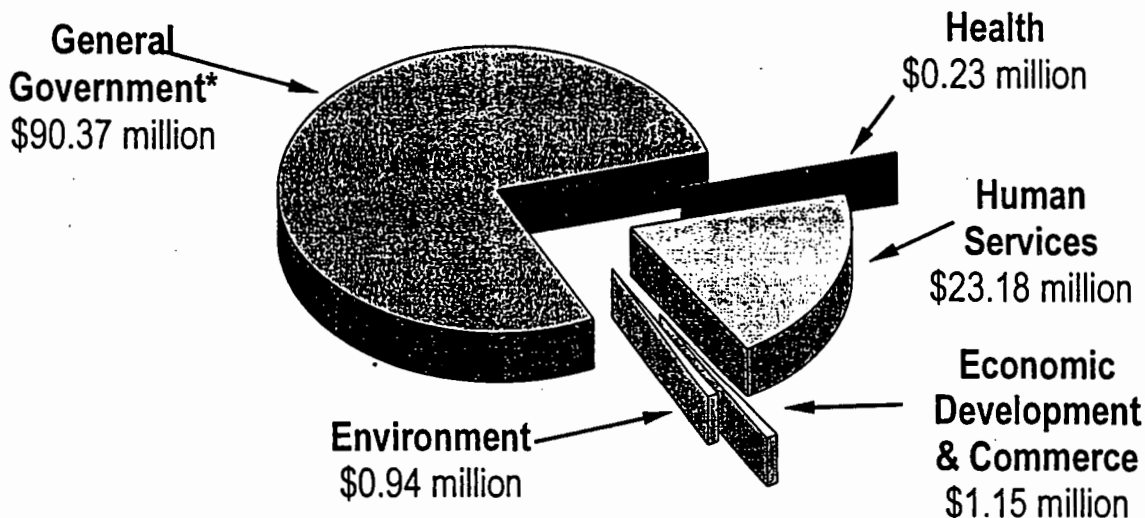
16% of the budgeted appropriations are "pass through" monies for grants, scholarships, aid to local governments, etc.

24% of the budgeted positions are supported from receipts

12% of the budgeted appropriations and 15% of the total positions funded by appropriations are in support of the Office of State Personnel

Department of Administration

1997-98 Recommended Total Requirements by Program Area \$ 115.87 million



* Note: The recommended requirement of \$90.37 million for DOA's General Government Program Area includes the Office of State Personnel's \$12.63 million.

Objectives

General Government Program Area

Personal services (PIPB 0520)	<ul style="list-style-type: none"> By 1999, at least 80% of those agency participants surveyed will indicate that the knowledge and skills presented in training were relevant and transferable to the job. By 1999, client-centered technical assistance/consultation will be offered to 100% of the agencies/universities by Office of State Personnel staff. Monitor and evaluate the Human Resource System by analyzing agency programs against operational measures/standards according to schedule by 1999. By 1999, 80% of clients will provide positive feedback on Personnel Management Information System (PMIS) data services. By December 31, 1999, 100% of the policies/programs will have been reviewed to determine if consistent with current human resource (HR) trends and changed as feasible. Approximately 850 temporary staff provided to agencies, saving 15% over use of private sector suppliers.
Investments (PIPB 0530)	<ul style="list-style-type: none"> Offer a wide range of investment options, providing an opportunity for state employees to choose among fixed and variable funds with the goal of attaining a maximum return under the constraints of ensuring against loss of capital.
Purchasing (PIPB 0610)	<ul style="list-style-type: none"> Annually produce average market savings for open market contract awards by purchasing and contracts of 3% by 1999.
Courier services (PIPB 0620)	<ul style="list-style-type: none"> Increase the mail volume processed by the courier mail service for class A (letters) by 5% annually. Increase the mail volume processed by the courier mail service for class B (parcels) by 5% annually.
State fleet (PIPB 0630)	<ul style="list-style-type: none"> Maintain current mileage rate levels except for adjustments for inflation. Continue to provide state vehicles at approximately one-half the 1994 national average cost of approximately \$0.45 per mile.
Information technology & telecommunications management (PIPB 0640)	<ul style="list-style-type: none"> Increase the number of state agencies sponsoring programs on the Open Public Events Network (OPEN). Increase by 5% per year the number of state agencies using APT's teleconferencing facilities for statewide, multi-location staff development and training. By 1998, produce at least one interactive CD-I or CD-ROM audio/video production for a state agency client. Increase by 2% annually the number of eligible cable systems offered grants from this privately-supported fund to initiate their efforts to distribute Open Public Events Network programs to their cable subscribers.
Buildings and land (PIPB 0641)	<ul style="list-style-type: none"> By 2001, at least 75% of our client agencies will have a favorable opinion of services provided. By 2001, reduce the administrative cost of real estate transactions by 5 percent. By 1999, handle 80% of capital construction projects within budget. By the year 2000, assess all buildings over 3000 square feet in size.
Facility management services (PIPB 0642)	<ul style="list-style-type: none"> Increase the percentage of the preventive maintenance (PM) workload accomplished in the Recurring Work Program (RWP) by 4 percent annually. Prepare cost estimates without error in 95 percent of billed service projects, work orders, and contracts to ensure actual costs do not exceed estimated costs by more than 10%. Ensure that parking lots and decks for use by state employees and the public are maintained so that 95% of all available spaces are leased to either the state employees or the public to provide maximum revenue. Accomplish 100% of all required tasks on present and new landscape projects. By 2001, increase public contacts by 20%. By 2001, increase clearance rate of crimes investigated by 15%. By 2001, reduce the risk of fire damage and theft of state property through a 40% increase in monitored facilities.
Surplus property (PIPB 0643)	<ul style="list-style-type: none"> Increase total disposition of property by 6% by the year 2000. Transfer federal surplus property to at least 97 of the 100 counties within the state.
Boards & commissions (PIPB 0800)	<ul style="list-style-type: none"> Ensure that the review process for conflict of interest results in the total annual number of valid complaints of conflict of interest being no more than 2% of the total annual number of economic interest statements reviewed.

Environment Program Area

Radioactive Waste (PIPB 5520)	<ul style="list-style-type: none"> Maintain the proposed low-level radioactive waste disposal facility and low-level waste generators in conformance with the Radiation Protection Commission's Regulations for Protection Against Radiation and the terms and conditions of their respective licenses, if and when issued.
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Economic Development & Commerce Program Area

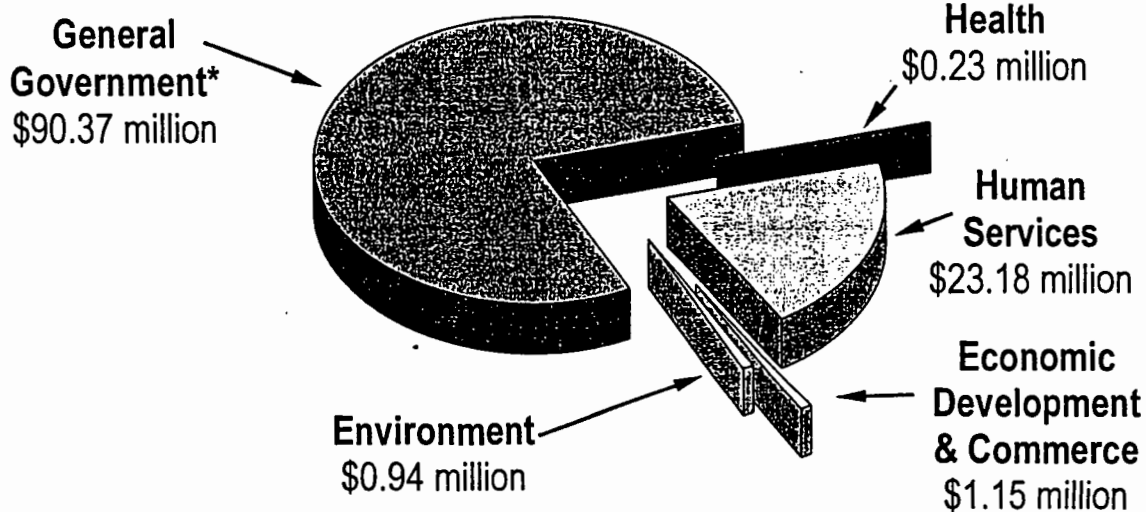
Technology development & deployment (PIPB 6420)	<ul style="list-style-type: none"> Increase the number of science and technology based research partnerships. Identify new problem-solving methods and techniques for industry in areas identified as targets of the Board of Science and Technology.
Assist county & community development (PIPB 6600)	<ul style="list-style-type: none"> Increase development capacity in at least 36 communities (counties and municipalities) per year. Increase alternative funding for the Indian tribes and organizations to operate programs within their communities.

Health Program Area

Substance abuse services (PIPB 1430)	<ul style="list-style-type: none"> At least 65% of clients receiving substance abuse treatment services in state institutions, area programs, and contract agencies will show a reduction in the annualized rate of days of acute hospital care utilization for substance abuse, psychiatric, and medical disorders. At least 50% of clients admitted to substance abuse treatment services will show a reduction in the rate of use of alcohol and other drugs.
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Department of Administration

1997-98 Recommended Total Requirements by Program Area \$ 115.87 million



Objectives

Human Services Program Area

Strengthen & preserve families & protect children from harm (P/PB 2100)

- Increase by 7% the number of functionally impaired or disabled adult Native American customers remaining at home consistent with their ability to function.
- By the year 2000, reduce by 10% repeated occurrences of family/partner violence (based on reported occurrences).
- Reduce the occurrences of sexual assault through the year 2000.

General Advocacy for vulnerable individuals or groups to protect their rights (P/PB 2400)

- To honor six (6) outstanding North Carolina women in six (6) different categories annually.
- By the year 2000, increase the number of women who are informed and able to exercise their social and economic rights and their right to impartial access to services.
- Increase the number of youth and young adults who are trained and participate in agency-sponsored programs by 5% per year by 2000.
- By 2000, three (3) key issues of unmet needs of children and youth will be identified and addressed.
- By 1999, increase by 10% the number of North Carolina citizens who are informed about children and youth issues, programs and policies.
- All North Carolina middle and high school students will have a source of current policies, laws and referral information regarding their rights and responsibilities.
- Increase the number of youth involved in Students Against Drunk Driving (SADD) by 5% per year by the year 2000.
- Administer designated funds to local agencies to promote Dr. King's philosophy of nonviolence and brotherhood on a year-round basis.
- Establish local human relations commissions in every county in North Carolina by the year 2000.
- Annually conduct 24 training sessions for law enforcement personnel.
- Increase the proportion of independent case advocacy services to those who are defined as underserved.
- Implement education, housing, employment, training, and social services programs statewide for Native American target population.
- Provide Educational Talent Search counseling, financial assistance, and post-secondary placement assistance to 600 Native American youth in order to increase their educational attainment level.
- Ensure agency personnel receive adequate training and administrative support to provide maximum assistance to clientele.
- Reduce the time required to process veterans' claims.
- Assure eligible children of veterans the opportunity to apply for and receive appropriate educational benefits provided by Article 4, Chapter 165 of the North Carolina General Statutes.
- Assure adequate maintenance be conducted at cemeteries.
- Increase the number of persons with disabilities who receive information about their rights under Hysti v. Shalala by 20% every year until the end of the class reviews (approximately year 2000).
- Increase the number of persons with disabilities who receive self-advocacy training who live in non-institutional settings.
- Increase the number of persons with disabilities affected by non-litigation group advocacy and class action services.
- Increase public recognition and awareness of the accomplishments of persons with disabilities through the GACPD Awards Luncheon.
- Increase the number of persons with developmental disabilities who receive self-advocacy training who live in non-institutional settings.

Human Services Program Area (continued)

Employment Assistance to Individuals (P/PB 2500)

- Increase the percent and/or number of employment program customers placed in unsubsidized employment.

Substance to meet basic needs (P/PB 2700)

- Increase the number of Native American families' ability to pay energy costs.

Housing Assistance (P/PB 2800)

- Assist 905 families annually in receiving rental assistance to low-income households that fall below 50% of the state median income level in Columbus, Granville, Halifax, Hoke, Person, Sampson, and Warren counties.
- Provide utility assistance to 349 low-income households through HUD voucher/certificate programs in Columbus, Granville, Halifax, Hoke, Person, Sampson and Warren counties.
- Increase the efficiency in processing Fair Housing cases as evidenced by annually eliminating the number of aged cases.



North Carolina Department of Administration

James B. Hunt, Jr., Governor
Katie G. Dorsett, Secretary

Agency for Public Telecommunications
Wade H. Hargrove, Chairman of the Board
Leila Tvedt, Executive Director

OVERVIEW AGENCY FOR PUBLIC TELECOMMUNICATIONS

The Agency for Public Telecommunications (APT), a division of the North Carolina Department of Administration, was founded in 1979 to provide telecommunications advice and assistance to state government. The Agency's mission is to increase public participation in government, to promote public access to government services, and to improve government efficiency through the use of telecommunications. In fulfilling that mission, APT offers a number of services to public agencies.

— Live Programs: On its Open Public Events Network, APT produces live, call-in programs on Tuesday and Thursday evenings. These programs are distributed by satellite to cable systems which carry these prime-time programs as a public service to their subscribers and to homes equipped with satellite downlink receivers. Each program includes a discussion between viewers who call from their homes and public officials, policy makers and others who participate as panelists from our Raleigh studio.

— Media Services: In serving public agencies' needs, APT offers a full range of production services ranging from conceptualization through project completion. Options include script writing, booking talent, shooting, editing, post-production, and distributing broadcast-quality audio and video according to the clients' needs and budgets. Our productions have received local and national awards for excellence.

— Teleconferencing: Using KU-Band and leased C-Band, APT provides full-motion video teleconferencing to receive sites at community colleges, public schools and other sites across North Carolina and in other states. This one-way video, two-way audio service includes network development and studio production. Conferencing by phone and fiber optic cable is also available, depending on the client's deadlines and budget.

BACKGROUND: APT is supported by a combination of legislative appropriations with corporate, foundation, and federal grants, and by receipts for teleconferencing and production services. Policy direction is provided by an appointed Board of Telecommunications Commissioners that meets quarterly.

For further information, please contact: the Agency for Public Telecommunications by phone or e-mail at OPEN@mail.doa.state.nc.us

116 West Jones Street Raleigh, North Carolina 27603-8003 Telephone 919.733.6341 Facsimile 919.715.3569

State Courier #51-01-00

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ADM-9

Agency for Public Telecommunications (APT) Accomplishments

1 -- promoting public participation in state government through the Open Public Events Network (OPEN)

(a) since APT began producing live, call-in programs on OPEN in 1984, there have been more than 25,000 calls from viewers watching by cable and satellite;

(b) legislators and other public officials and policy makers continue to affirm their commitment to this on-going dialogue with citizens by participating as panelists each Tuesday and Thursday evening;

(c) 58 cable systems carry OPEN as a public service to their subscribers; the value of their participation is estimated at \$1 million a year in time, personnel, and equipment;

(d) callers watching by cable or satellite have called from about 400 locations around the state and from several locations in other states;

(e) OPEN policies require fair, open, non-partisan coverage of issues. Topics have included a full range of government programs and services as well as public policy issues of statewide interest.

2 -- promoting efficiency and productivity in state government through telecommunications services to public agencies

(a) APT provides telecommunications advice and assistance through media productions and teleconferencing services;

(b) teleconferencing tools for clients include satellite, fiber, phone, and other technologies, depending on the clients' needs, deadlines, and budget;

(c) teleconferencing partners include community colleges, high schools, and other sites equipped for satellite or fiber communications;

(d) media productions services for clients include a full range of broadcast-quality audio and videotapes, from concept through completion;

(e) measured against the highest video industry standards, APT's media productions for clients have won awards at the regional and national level.

3 -- service to state government

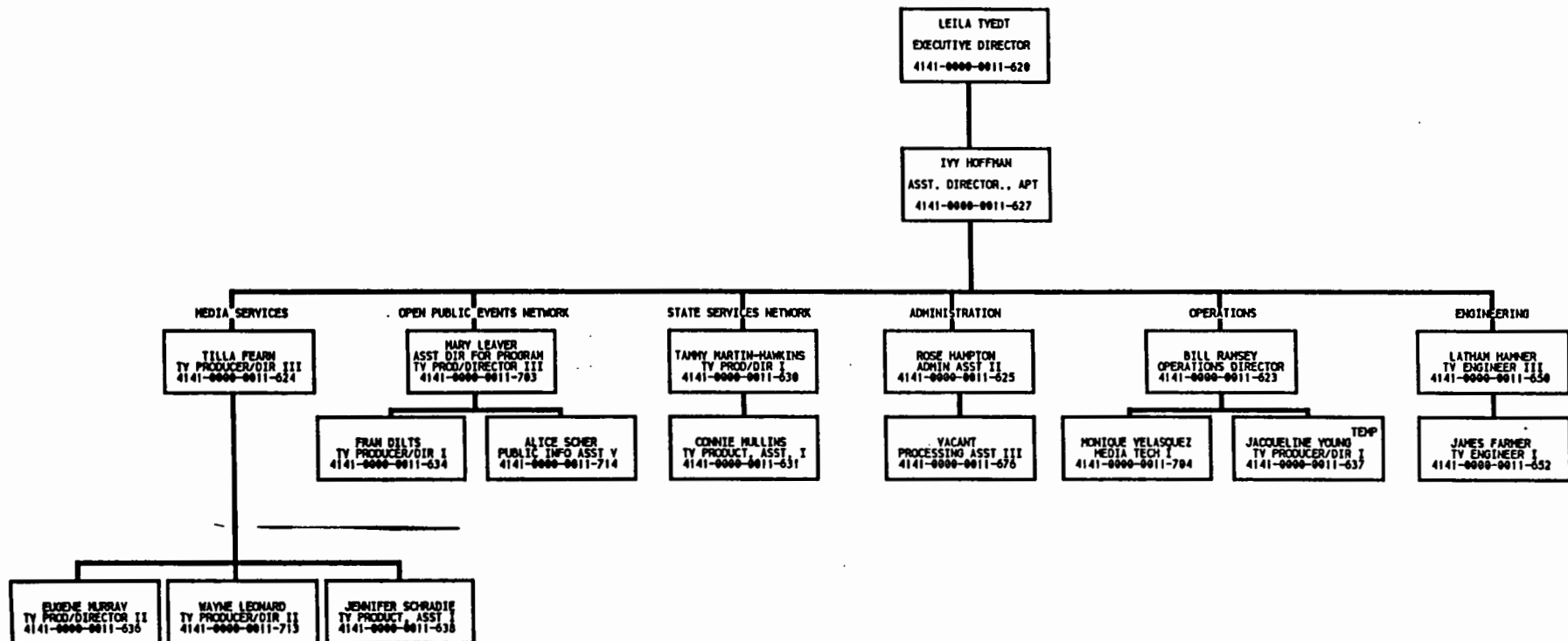
(a) APT is a telecommunications services provider for other public agencies;

(b) telecommunications offers opportunity to save time and travel dollars and to distribute staff development and training more effectively;

(c) offers an alternative to costly duplication of equipment, staff, and facilities in other state agencies needing the expertise that APT offers.

(d) clients in this fiscal year alone have included nearly 75 divisions in 20 agencies of state government;

DATE: _____
AGENCY HEAD SIGN. _____
DEPT. HEAD SIGN. *J. J. J.*
PERS. OFFICE SIGN. 2-23-97



ADM-11

Open Public Events Network Cable Systems Participants

Albemarle (Baden, Locus, Millingport, Mt. Head, New London, Norwood, Oakboro, Richfield, Stanfield) Stanly CC/Time Warner Cable.....12	Chapel Hill (Efland, Mebane, Orange Co.) Time Warner Cable.....4	Greensboro City of Greensboro/Time Warner Cable.....13	Kannapolis (China Grove, Concord, Davidson, Enochville, Harrisburg, Landis, Mt. Pleasant, Cabarrus Co.) Time Warner Cable.....12	Morganton WMNC/COMPAS.....2	Tarboro Multimedia Cable.....23
Asheboro (Climax, Franklinville, Pleasant Garden, Randleman, Ramseur, Seagrove, Sophia) Time Warner Cable.....8	Charlotte (Matthews, Mint Hill, Pineville, Weddington) City of Charlotte/Time Warner Cable.....16	Greenville Multimedia Cable.....7,9	Kill Devil Hills (Mann's Harbor, Manteo, Wanchese, Nags Head, Kitty Hawk, So. Shores) Falcon Cable.....20	New Bern (Bridgeton, River Bend, Trentwoods, Vanceboro) WNBT/Multimedia Cable..10	Wake Forest Time Warner Cable.....11
Bath (Farmville) Red's Cable TV.....6	Durham Time Warner Cable.....23, 4	Guilford County (Archdale, Browns Summit, Climax, Gibsonville, High Point, Jamestown, Julian, McLeansville, Oak Ridge, Pleasant Garden, Sedgefield, Stokesdale, Summerfield) Time Warner Cable.....8	Knightdale (Zebulon) Time Warner Cable.....11	Raleigh City of Raleigh/Time Warner Cable.....22	Washington (Chocowinity, Washington Park) Multimedia Cable....7
Boone (Blowing Rock) ASU/Booth Communications.20	Fayetteville (Autryville, Dunn, Erwin, Falcon, Ft. Bragg, Godwin, Hope Mills, Parkton, Pope AFB, Spring Lake, Stedman, Wade) Time Warner Cable.....10	Hatteras (Avon, Buxton, Frisco, Rodanthe, Waves, Salvo) Falcon Cable.....20	Laurinburg (East Laurinburg, Gibson, Maxton, Robeson Co., Scotland Co.) Century Communications...26	Rockingham (Dobbins Heights, Hamlet, Hoffman, Richmond County) Time Warner Cable.....10	Whiteville (Brunswick, Chadbourne) Southeastern CC/Time Warner Cable.....4
Brevard (Rosman) Ivan Valley Cable TV.....4	Garner (Clayton) Time Warner Cable.....11	Hickory (Brookford, Claremont, Conover, Denver, Granite Falls, Hildebran, Longview, Newton, Rhodhiss, Sherrills Ford, Catawba Co.) Prime Cable of Hickory.....10	Lenoir (Cajah Mtn., Caldwell Co., Granite Falls, Hudson, Kings Creek, North Lakes, Rutherford College, Saw Mills) Caldwell CC/Charter Communications...10	Rocky Mount (Battleboro, Conetoe, Nashville, Princeville, Scotland Neck, Sharpsburg) Multimedia Cable..13	Wilmington (Leland, Odgen, Wrightsville Beach) Time Warner Cable.....11
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Carrboro (Hillsborough) Time Warner Cable.....4	Gastonia (Bessemer City) Time Warner Cable.....9	Holly Springs Deacon Cable.....2	Morehead City (Atlantic Beach, Beaufort, Bogue, Cape Carteret, Cedar Point, Emerald Isle, Indian Beach, Havelock, Newport, Pine Knoll Shores, Swansboro, Carteret & Craven Counties) Time Warner Cable.....44	Salisbury (Cleveland, East Spencer, Faith, Granite Quarry, Rockwell, Spencer) Time Warner Cable.....12	Winston-Salem (Bermuda Run, Clemmons, Kernersville, Lewisville, Rural Hall, Walkertown, Forsyth Co.) City of Winston-Salem/Time Warner Cable.....13
Cary (Apex, Fuquay-Varina, Holly Springs, Morrisville) Time Warner Cable.....11	Goldsboro (Dudley, Fremont, Mt. Olive, Pikeville, Seymour Johnson AFB, Wayne Co.) Parker Adv./Time Warner Cable.....10	Jacksonville (Maysville, Pollocksville) Time Warner Cable.....10		Sanford (Broadway, Lemmon Springs, Lee Co., Moncure) Central CC/Charter Communications...13	
				Shelby (Boiling Springs, Casar, Kingstown, Earl, Fallston, Grover, Lattimore, Lawndale, Mooresboro, Patterson, Polkville, Waco) Cleveland CC/Time Warner Cable.....4	

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THE NORTH CAROLINA COUNCIL FOR WOMEN

Mission Statement

The North Carolina Council for Women is the only state agency which advocates exclusively on behalf of women. Its mission is to advise the governor, the North Carolina Legislature and the principal state departments on the special needs of women in North Carolina by: identifying and assessing women's needs; collecting and distributing information and acting as a resource for the county and regional councils on the status of women; offering services to women in crisis, such as victims of sexual assault and domestic violence; cooperating with groups and individuals working on behalf of women, and working toward expanding equal opportunities in employment and education for women.

Major Program Accomplishments & Goals

Domestic Violence

- ▶ In 1993-94, the Council administered funding to 64 domestic violence programs at approximately \$17,500 per program and presently, the Council is providing state funding to 73 domestic violence programs at \$22,910.
- ▶ Attaining additional funding for existing domestic violence programs and funding for new programs with a goal of establishing a program in each of the 100 counties.

Sexual Assault

- ▶ In 1993-94, the Council administered state funding to 51 programs at \$17,500 per program and presently, the amount per program is the same for the 57 programs currently funded. (Total of \$18,940 each for state and federal funding.)
- ▶ Attain additional funding for existing sexual assault programs and funding for new programs.

Displaced Homemakers

- ▶ In 1993, the Council succeeded in securing funding in the amount of \$375,000 from the Legislature for a pilot program to serve the more than 500,000 displaced homemakers in North Carolina. Fifteen programs were funded at varying levels in the first year. Funding was included in the continuation budget for ongoing programming for this population, and now 23 programs serve women statewide. Three of these programs won national awards for innovation and service delivery to this population: Mecklenburg Women's Commission, HOPE4 program in Rutherfordton and Southeastern Community College for their One Stop Career Center.
- ▶ The new steps for welfare reform are bringing a surge of new clients for our Displaced Homemaker programs. We will be working harder than ever to attain adequate funding to service as many displaced homemakers as we possibly can.

Local Councils/Commissions for Women

- ▶ Over the past four years, the Council has focused on strengthening its grassroots network, of which local councils are a strong component. Five new local councils have been established, three have been revived, and there are currently 35 functioning statewide.
- ▶ Continue to work towards establishment of Local Councils/Commissions. Our past achievements are a testament to the fact that there are opportunities out there if we can tap into the resources in each county or community to build these local councils and commissions.

DEPARTMENT OF ADMINISTRATION

STATE HEALTH PLAN PURCHASING ALLIANCE BOARD

DATE

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DEPT. HEAD SIGN.

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OFFICE ASSISTANT IV
4164-0000-0000-602

SUMMARY OF FUNCTIONS AND SERVICES AVAILABLE FROM THE NORTH CAROLINA DIVISION OF VETERANS AFFAIRS

The North Carolina Veterans Commission was created by unanimous vote of the 1945 General Assembly. In 1977, the North Carolina Division of Veterans Affairs was transferred to the Department of Administration. The function of the Division is to assist veterans and their families in the presentation, processing, proof and establishment of claims, privileges, rights and benefits as they may be entitled to under Federal, State or local laws. The Division also cooperates with the various governmental units and veterans organizations in seeking to serve veterans. The work of the Division does not supersede or duplicate similar efforts on behalf of veterans. It supplements and augments such efforts.

The Division is organized into the Assistant Secretary's Office located in Raleigh; a State Service Office located in the same building with the U.S. Department of Veterans Affairs Regional Office in Winston-Salem, 15 district Offices strategically located throughout the State, and two State Veterans Cemeteries located at Jacksonville and Black Mountain. Currently a third State Cemetery at Spring Lake is under construction. Also construction has begun on a 150 bed State Veterans Home in Fayetteville near the VA Medical Center.

The Assistant Secretary's Office is chiefly concerned with administration, training and information. It directs the activities of all offices of the Division, maintains financial records and approves disbursements. It performs those other functions normally expected of the principal office of any State agency.

The State Service Office in Winston-Salem is charged with the responsibility of maintaining a day-by-day working relationship with the U.S. Department of Veterans Affairs. Briefly, this office receives a veteran's claim, evidence and other information transmitted by the District Offices, personally presents the veteran's position to the appropriate U.S. Department of Veterans Affairs Section, and expedites action on all matters as necessary.

The District Offices are staffed by one or more District Service Officers, together with their clerical assistants. They are highly trained, full-time career personnel. These officers provide service directly to veterans and their dependents, and coordinate the activities of the affiliated County Service Officers within their districts. District Officers also assist counties by supplying publications, forms and reference data, reviewing claims prior to submission to the VA where they then become part of the veteran's permanent record. Nearly all of North Carolina's one hundred counties have County Service Officers. These persons are selected by their respective Board of County Commissioners and hold office at the pleasure of the Board.

The State Veterans Cemetery Program is staffed by a Program Manager located in the Assistant Secretary's Office. Each cemetery has a superintendent and three staff members. The cemeteries are for the burial of qualified North Carolina veterans and their dependents.

In addition to rendering service, advice and assistance to veterans and dependents, the Division also administers an outstanding program of State scholarships for the eligible children of certain deceased, disabled or prisoner of war/missing in action veterans.

Funds have been appropriated to construct and establish operation of a State Veterans Home in Fayetteville, North Carolina. This 150 bed facility will cost approximately \$10.6 million to build with \$6.9 million being provided by the U.S. Department of Veterans Affairs.

**MAJOR ACCOMPLISHMENTS ACHIEVED BY THE
DIVISION OF VETERANS AFFAIRS**

The State Scholarship for Children of War Veterans administered by the Division of Veterans Affairs and the North Carolina Veterans Commission awarded 339 scholarship during 1993; 337 in 1994; 369 in 1995; 341 in 1996.

The cemetery in Black Mountain became operational on October 22, 1993, and Jacksonville became operational December 6, 1993. The General Assembly appropriated \$468,000 to build a third State Veterans Cemetery near Spring Lake on property conveyed to the State from Fort Bragg. We received the federal matching funds from the USDVA in the amount of \$776,000 for the construction of that cemetery. Construction began in May 1996 with a completion date set for the end of March 1997 with operation beginning in late April 1997.

In December 1994 we received 20.5 acres of property from Cumberland County and the VA Medical Center to construct North Carolina's first State Veterans Home in Fayetteville. We were awarded a construction grant in June 1996 from the USDVA totaling \$6,910,511. North Carolina's matching funds appropriated by the General Assembly was \$3,660,000 for a total construction budget of \$10,570,511. Completion date estimated to be May 1998.

The Governor's Jobs for Veterans Committee has worked to ensure that veterans receive preference for State employment.

A \$100,000 pledge from Kuwait was presented to the Governor and commission at a ceremony held at the State Capitol to be used for the construction of the Persian Gulf War memorial.

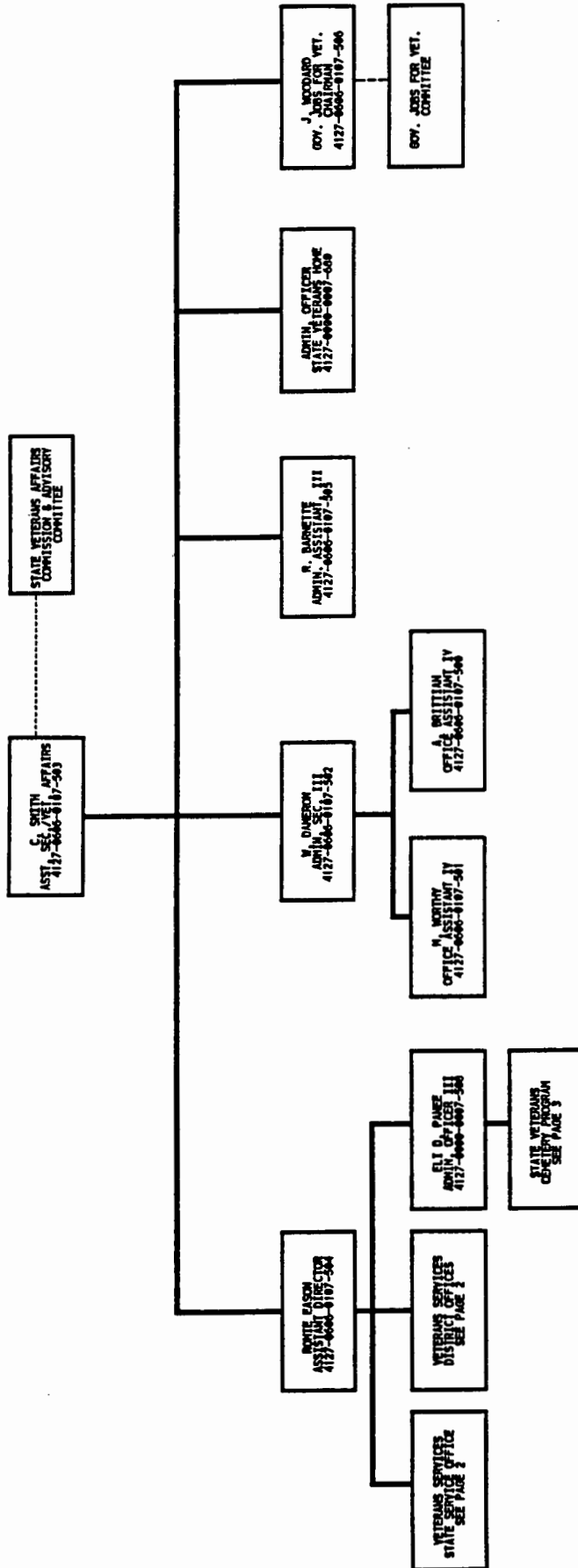
An accreditation and training program for the County Veterans Service Officers has been developed and implemented. County Service Officers have been trained and received accreditation from the USDVA. The district and county veterans service officer's received more than 600,000 request for assistance in FY 95/96.

10-2-46

AGENCY HEAD SIGN

DEPT. HEAD SIGNATURE

BEES: NEW STUDY



DIVISION OF VETERANS AFFAIRS
Bemarle Building, Suite 1065
25 N. Salisbury Street
Raleigh, North Carolina 27603-5941

NORTH CAROLINA



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STATE VETERANS CEMETERIES

N.C. Division of Veterans Affairs
N.C. Department of Administration



THE STATE OF NORTH CAROLINA

This brochure is provided as an informal informational source and useful guide for those interested in learning more about the North Carolina State Veterans Cemetery Program, its requirements and operations. The information is written in general terms and should not be regarded nor taken as law or official regulation. The official law and rules guiding the State Veterans Cemetery System is established under Article 8A, Chapter 65, General Statutes of North Carolina.

ELIGIBILITY REQUIREMENTS

The following persons are eligible for interment at North Carolina State Veterans Cemetery:

A Qualified Veteran

Any former member of the U. S. Armed Forces whose service on active duty, other than for training, was terminated under honorable conditions.

North Carolina Resident

Only those veterans who are legal residents of North Carolina (1) at the time of death, or (2) for at least a period of 10 years, or (3) at the time the veteran entered the Armed Forces of the United States are eligible for interment.

Dependent(s)

The legal spouse (or widow or widower) and/or an unmarried minor child who is dependent upon the qualified veteran (at the time of death) meet eligibility requirements. In addition, an unmarried child who, before the age of 18, became

permanently incapable of self-support because of physical or mental disability may also be interred.

DEFINITIONS

For purposes of this article, the following definitions shall apply unless the context requires otherwise:

Honorable military service

- Service on active duty, other than for training, as a member of the Armed Forces of the United States, when the service was terminated under honorable conditions;
- Service on active duty as a member of the Armed Forces of the United States at the time of death, under honorable conditions;
- Service on active duty for training or full-time service as a member of the Reserve component of the Armed Forces; the Army National Guard; the Air National Guard; or the Reserve Officer Training Corps of the Army, Navy or Air Force at the time of death under honorable conditions.

Legal Resident

A person whose principal residence or abode is in this state, who uses this state to establish his right to vote and other rights in this state, and who intends to live in this state, to the exclusion of maintaining a legal residence in any other state.

PROOF OF ELIGIBILITY

Documentary evidence is required to provide proof and substantiate claim of military service, residence, marriage and children as well as dependent disability. It is the responsibility of the veteran, his survivors or legal representative to

VETERANS CEMETERY PROGRAM

furnish any evidence necessary to establish the eligibility of the veteran or the family member before interment in a North Carolina State Veterans Cemetery can be accomplished.

Proof of Military Service

The best document used to verify military service is DD Form 214 or an equivalent (Report of Separation from Active Duty). This document is given to the veteran upon discharge from active duty. Other forms of proof are items such as copies of military orders, identification (ID or "dog") tags, ID cards or any official correspondence that contains the service member's name and military service number. If records are lost, the cemetery superintendent as well as the state's veteran service officers are available to assist in obtaining replacement copies of key documents.

North Carolina Residency

- Verification of residence at time of entry into military service is documented on DD Form 214, Certificate of Release or Discharge from active duty.
- Residence at time of death or 10-year residency can be verified by tax records, utility bills, hospital bills, bank records, driver's license and official records from U.S. government, state or municipality agencies.
- Other acceptable documents are voting records, employment and education records.

Dependents

The primary source for verification of a spouse is a marriage certificate. Dependent children may be verified by a birth certificate or other legal documents such as adoption papers, divorce decrees or certified affidavits.

Proof of Disability of an Adult Dependent

A letter is required from the dependent's physician certifying the dependent became permanently incapable of self-support because of a physical or mental disability before attaining the age of 18 years. Medical records and other documents will be considered only as supporting or corroborating documents.

NORTH CAROLINA STATE VETERANS CEMETERIES

The Western Carolina State Veterans Cemetery is located in the beautiful Swannanoa Valley in the town of Black Mountain, which is approximately 12 miles east of Asheville. With an entrance from Old U.S. Highway 70, this site is centrally located for the 28 counties which make up the western region of the state. The address for the cemetery is:

Western Carolina State Veterans Cemetery
1270 Old U.S. Hwy 70 West
Black Mountain, N.C. 28711
Telephone (704) 669-0684
Fax (704) 669-0685

The Coastal Carolina State Veterans Cemetery is located on the northern boundary of Camp Lejeune Marine Corps Base in the city of Jacksonville. Access to the state veterans cemetery begins at Montford Point Road and passes through Memorial Cemetery which fronts the state site. The street address for the cemetery is: 110 Montford Point Road, Jacksonville, N.C. The mailing address is:

Coastal Carolina State Veterans Cemetery
P.O. Box 1486
Jacksonville, N.C. 28541
Telephone (910) 347-4550
Fax (910) 347-3570

GENERAL INFORMATION

Assignment of Space

- Only one grave site is authorized for a qualified veteran and his eligible family members.
- A grave site may not be reserved until the death of a person who is eligible for interment. A grave site shall be assigned once death certificates are presented and eligibility is confirmed.
- When an eligible family member dies before the qualified veteran dies, the veteran must sign an agreement to be interred in the same grave plot before the deceased family member can be interred in the veterans cemetery.

Veterans Cemetery Operations and Services

- There is no charge for the grave site or necessary interment services for a qualified veteran at any of the state veterans cemeteries. There is, however, a minimum charge for the opening and closing of the grave or any additional interment services for an eligible family member.
- A concrete vault or liner is required for burial in a state veterans cemetery. All expenses related to the purchase and placement of the vault or liner shall be paid for by the veteran, family survivors or estate.
- Graveside services are not permitted. Committal services will be held in the chapel or at a committal shelter. Family members may return to the grave site after the burial of the casket or urn is completed and the area is cleared of all equipment and materials.
- Only government-furnished grave markers will be authorized for use in the state veterans cemeteries. Installment of grave markers are part of the interment services.
- All arrangements for burial at a state veterans cemetery shall be made through a funeral

home (of the veteran's or family's choice). A funeral expenses are the sole responsibility of the veteran, family survivors or estate.

- The state shall not be responsible for any cost resulting from damage to, destruction or theft of a grave site, grave marker or any other grave monument on the cemetery grounds.
- The cemetery representative is available to assist the veteran, family or legal representative in the processing of applications for the headstone, flag or authorized DVA burial allowances.
- The cemetery staff will maintain the cemetery grounds to include grave sites and grave markers.

Not Eligible for Interment

- A person whose character of discharge was rated as dishonorable, bad conduct or undesirable.
- A veteran discharged or dismissed as a conscientious objector who refused to perform military duty, was a deserter, or an officer who accepted his resignation for the good of the service.
- A veteran who was convicted of subversive activities against the United States after separation from active military service.
- A veteran separated from the Armed Forces of the United States for the good of the service due to a willful and persistent unauthorized absence and issued a Clemency Discharge (DD Form 1993) pursuant to Presidential Proclamation No. 4313.
- Service members of National Guard or Reserve Forces of the United States who performed on "initial active duty training," "active duty for training" and/or "inactive duty training." Service rendered at the call of the governor of the state, unless subsequently federalized, does not constitute active duty.

The North Carolina Council for Women

The North Carolina Council for Women advises the governor, the General Assembly and the principal state departments on the special needs of women in North Carolina. The council works cooperatively with local women's organizations, develops innovative projects and policy initiatives, and conducts workshops and training sessions to address women's needs. The council administers state and federal funds to local non-profit groups serving sexual assault and domestic violence victims. The council is also designated as the administrator for state funds which serve displaced homemakers. Staff in the Raleigh headquarters and six region directors provide technical assistance to individuals and public/private agencies.

Major Program Accomplishments

Domestic Violence

► In 1993-94, the Council administered funding to 64 domestic violence programs at approximately \$17,500 per program and presently, the Council is providing state funding to 73 domestic violence programs at \$22,910.

Sexual Assault

► In 1993-94, the Council administered state funding to 51 programs at \$17,500 per program and presently, the amount per program is the same for the 57 programs currently funded. (Total of \$18,940 each for state and federal funding.)

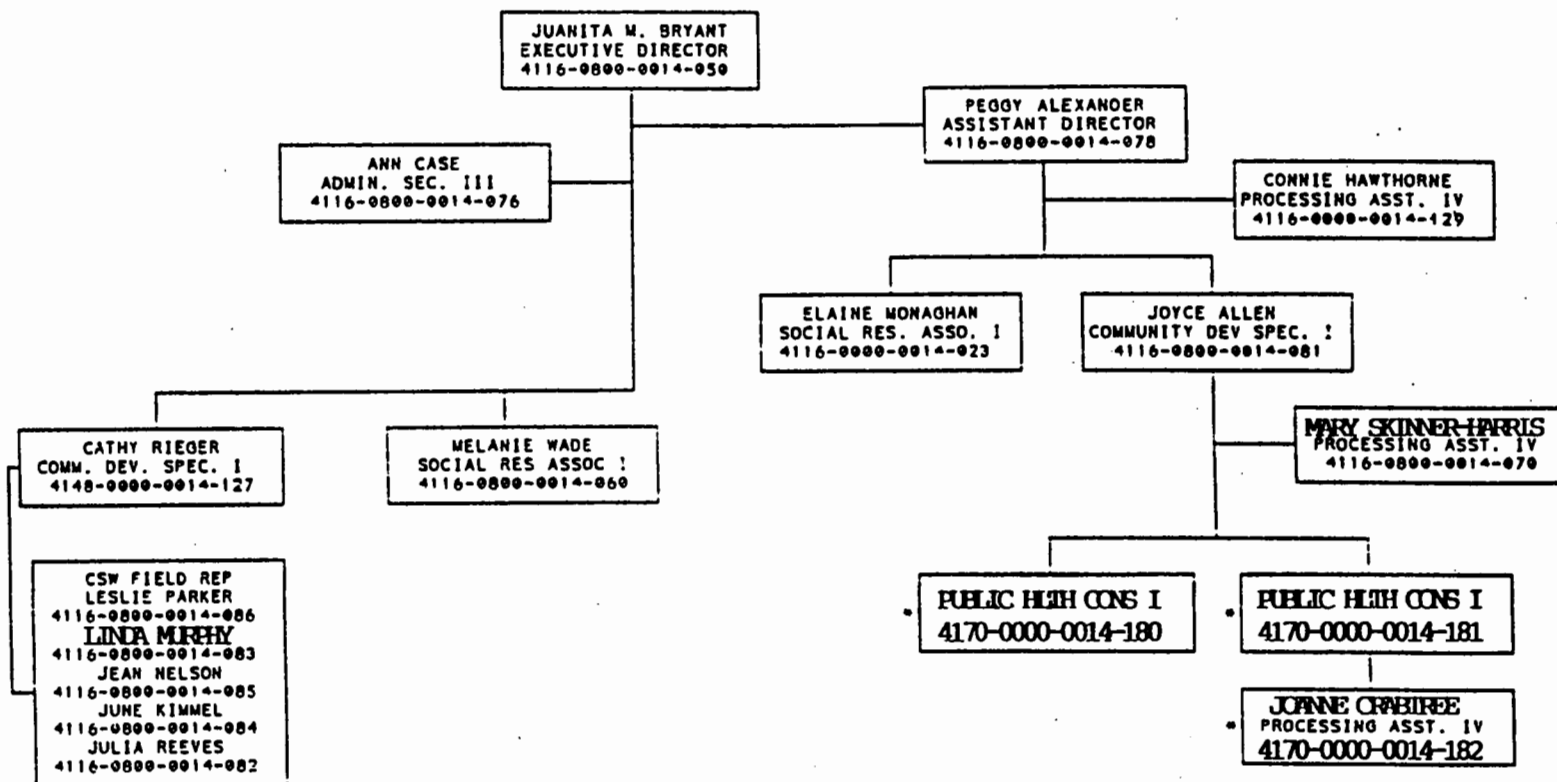
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► Over the past four years, the Council has focused on strengthening its grassroots network, of which local councils are a strong component. Five new local councils have been established, three have been revived, and there are currently 36 functioning statewide. Our past achievements are a testament to the fact that there are opportunities out there if we can tap into the resources in each county or community to build these local councils and commissions.

DATE March 1997
 AGENCY HEAD SIGN. Juanita M. Bryant
 DEPT. HEAD SIGN. _____
 PERS. OFFICE SIGN. _____



ADM-25

* THESE POSITIONS ARE FEDERALLY FUNDED

YOUTH ADVOCACY AND INVOLVEMENT OFFICE

The Youth Advocacy and Involvement Office (YAIO), under the leadership and directives of councils and advisory groups and in cooperation with public and private agencies, serves as an advocate for children and youth. Through these collaborative efforts, this agency seeks to enhance the quality of life for North Carolina's children and youth. Much of this work is done through policy and program reviews, legislative recommendations, and through leadership development and experiential education opportunities.

YAIO ACCOMPLISHMENTS

Adoption Grant:

- ♦ Created "Another Choice for Black Children," the state's first African-American adoption agency with a \$150,000 federal grant. Over 106 children have been placed by this agency in its first two years of existence.
- ♦ Over 200 foster children seeking adoption have been featured in Wednesday's Child and Sunday's Child media spots started as a result of this agency's efforts.

Mini-Grants:

- ♦ Last year, 20 youth organizations received \$11,500 in mini-grants for youth-related projects (average \$575)

Youth Legislative Assembly (YLA):

- ♦ 214 youth from 22 counties participated

Internship Program:

- ♦ Placed 100 interns each summer throughout North Carolina

Publications:

- ♦ VOICE FOR YOUTH, two editions (Spring '96, Summer '96) mailed 2,100 copies which included a comprehensive children and youth legislative update
- ♦ 11,500 copies of the last edition of KNOW YOUTH RIGHTS AND RESPONSIBILITIES handbook were distributed

Advocacy:

- ♦ Approximately 75 individual intervention cases are handled each year

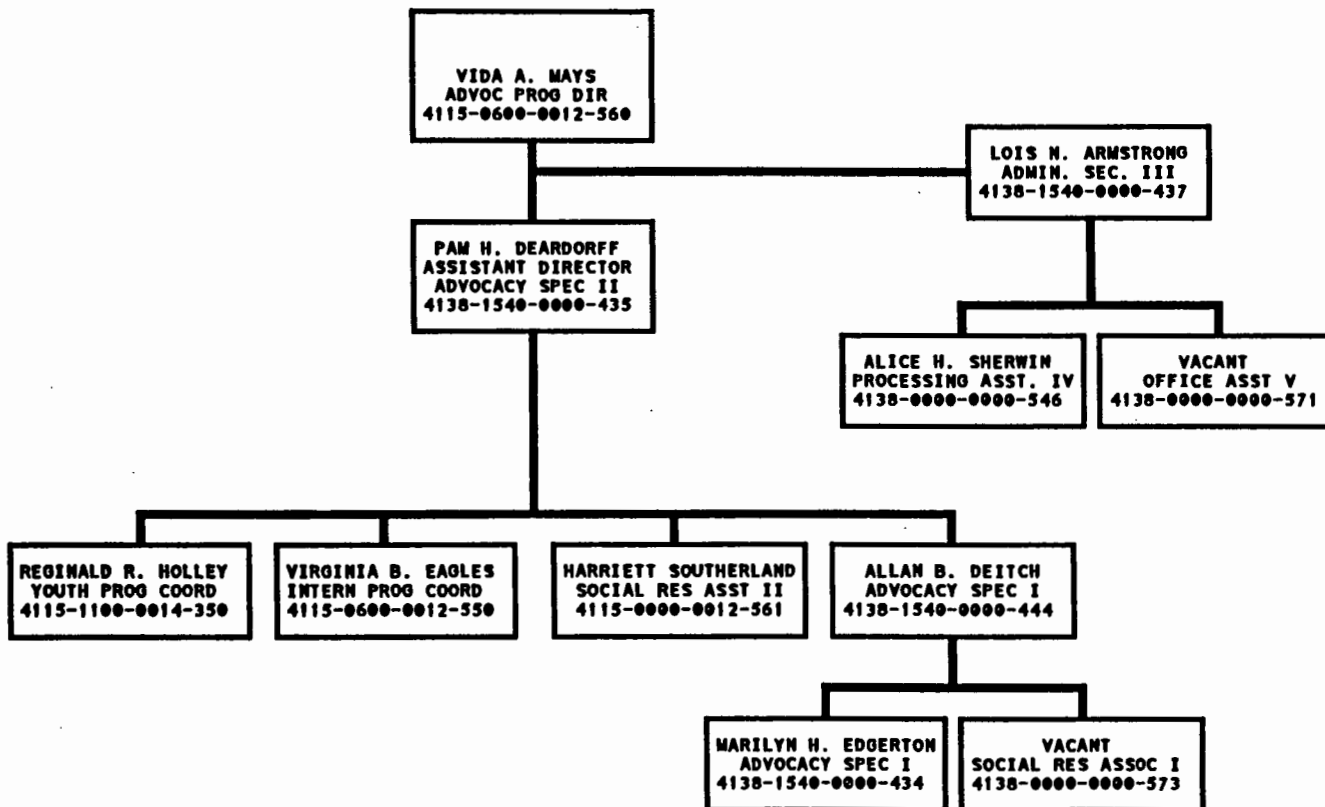
Students Against Driving Drunk (SADD):

- ♦ 221 students representing 33 counties attended a two-day conference sponsored by this office which also provides technical assistance to approximately 250 SADD chapters in North Carolina

Outreach:

- ♦ Funding Resources for Children Conference was held October 26, 1995, at McKimmon Center, Raleigh, with 200 participants

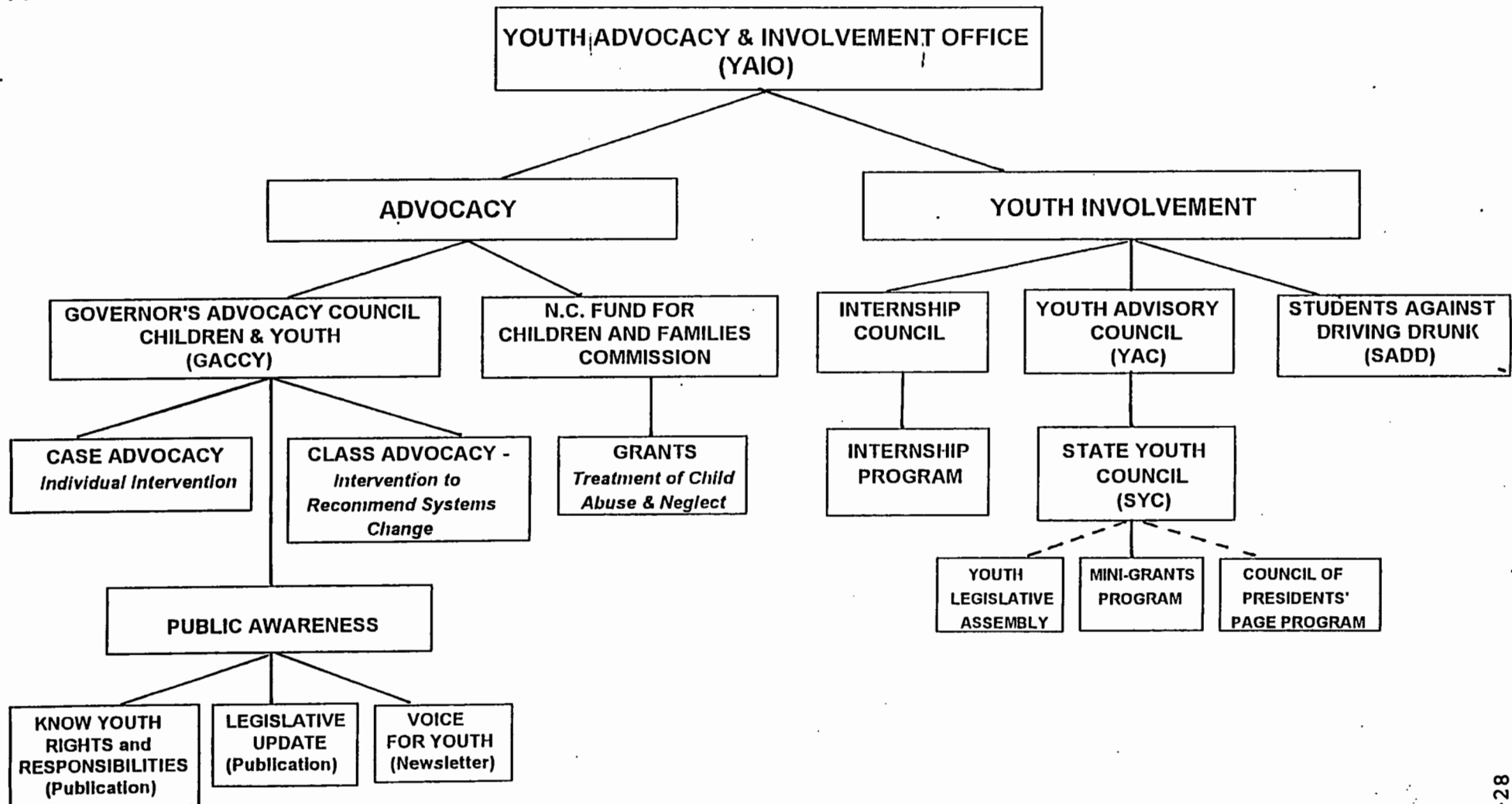
DATE October 1996
AGENCY HEAD SIGN. Vida A. Mays
DEPT. HEAD SIGN. _____
PERS. OFFICE SIGN. Lynda D. Coleman



ADM-27

YOUTH ADVOCACY AND INVOLVEMENT OFFICE

MISSION STATEMENT: *The Youth Advocacy and Involvement Office (YAIO), under the leadership and directives of councils and advisory groups and in cooperation with public and private agencies, serves as an advocate for children and youth. Through these collaborative efforts, this agency seeks to enhance the quality of life for North Carolina's children and youth through policy reviews, legislative recommendations and positive intervention through leadership development and experiential educational opportunities.*



An 11-member staff provides support to each of these initiatives.

**North Carolina Commission of Indian Affairs
Summary of Activities and Accomplishments
SFY 94-95 & 95-96**

The North Carolina Commission of Indian Affairs was created by the North Carolina General Assembly in 1971 in response to the needs and concerns of the state's Indian citizens. Its purposes include bringing local, state and federal resource into focus for the implementation or continuation of meaningful programs for the state's Indian citizens; assuring the rights of Indians to pursue their cultural, social and religious traditions; and assisting in the development of social, economic, and educational opportunities for Indian people across the state. The North Carolina Commission of Indian Affairs administers numerous programs and activities to accomplish its mission.

Community Services Program - The Community Services Program provides in-home aide services and volunteer transportation for the elderly and disabled. The program provided over 6,400 meals for the elderly and physically challenged Indian senior citizens in Sampson County. The Community Services Program also provides Crisis Intervention services for eligible applicants who need assistance with their heating and cooling costs.

Economic Development - Cosponsored the Annual North Carolina Indian Business Association Conference. Cosponsored small business workshops with the N.C. Department of Transportation and the Bennington Corporation to increase the number of certified Indian businesses that can contract with the N.C. Department of Transportation. The commission sponsors a Community Services Block Grant and Community Action Partnership Program. The program is funded by the Office of Economic Opportunity, N.C. Department of Human Resources for the state tribes and organizations. Assisted in establishing the N.C. Indian Community Development Corporation in 1995. The Economic Development Program increased collaboration with the tribes and N.C. Community Colleges, Small Business Center through training and workshops held in Indian communities.

The Educational Talent Search Program - The Educational Talent Search Program is funded by a grant from the U.S. Department of Education, served 600 disadvantaged youth between the ages of 11-27 in twenty-seven middle, junior and senior high schools in eight counties of North Carolina including: Columbus, Cumberland, Guilford, Halifax, Harnett, Hoke, Sampson and Warren. The Program assists these students and their families each year by providing the following services: academic advising, college admission and financial aid applications, college entrance information, college entrance exam preparation, GED or high school reentry assistance, personal and career counseling, exposure to college campuses, workshops, and counseling for parents of students served. Staff members of the commission's Educational Talent Search Program monitor awards granted to American Indian students under the Incentive Scholarship and Grant Program for Native Americans. The program staff also coordinated the Indian Education Issues Forum will be held on Monday, August 14, 1995. A panel of presenters from across the state discussed the current status of Indian education in North Carolina. A public hearing was held on Tuesday, August 15, to gather public information and testimony.

Section 401 Job Training Partnership ACT (JTPA) Program - During the program year ending June 30, 1996, the commission's JTPA program sponsored thirty-five Indian students across the state through the classroom training component. The AWE component served fifteen individuals in the Waccamaw Siouan and Coharie communities. Twenty-three youths were employed by the Summer Youth Work Experience component. Forty-one Indian workers obtained unsubsidized employment through the assistance of the commission's JTPA offices. Commission of Indian Affairs JTPA program staff have been working in collaboration with local efforts to plan, develop, and implement One Stop Career Centers located in or near Indian communities. During the program year ending June 30 1995, the commission's JTPA program sponsored twenty-one Indian students across the state through the classroom training component. The AWE component served nine individuals in the Waccamaw Siouan and Coharie communities. Twenty youths were employed by the Summer Youth Work Experience component in Indian communities. Forty-three Indian workers obtained unsubsidized employment through the assistance of the commission's JTPA offices.

Section 8 Housing Assistance Program - The commission's Section 8 Housing program supports the education of eligible Indian and non-Indian families by providing decent, safe and sanitary housing for low income families. The program improves the health of participants by reducing stress by not being able to pay rent. The program improves education opportunities by providing eligible families with an opportunity to live in an environment conducive to learning. The program indirectly reduces crime and promotes healthy families by providing improved housing conditions. The program also reduces crime due to the fact that families or any family member who become involved in drug related criminal activity or alcohol abuse become ineligible to receive assistance. Program funds are used to subsidize the difference between the cost of rent and a maximum of 30 percent of the household's adjusted gross income. The program also serves as a stimulus to the economy of the local community through the utilization of privately owned rental house units. Lease agreements and rental assistance contracts are renewed annually to assure that the units occupied continue to meet U. S. Department of Housing and Urban Development (HUD) Housing Quality Standards and to assure that participants continue to be eligible for the program. This Section 8 Housing Assistance program is funded by HUD under an Annual Contributions Contract and provides housing assistance to 905 families. The program provides housing assistance in Granville, Hoke, Person, Sampson, and Warren counties. The program also provides housing assistance to eligible families in the counties of Columbus and Halifax through a special agreement with local public housing authorities.

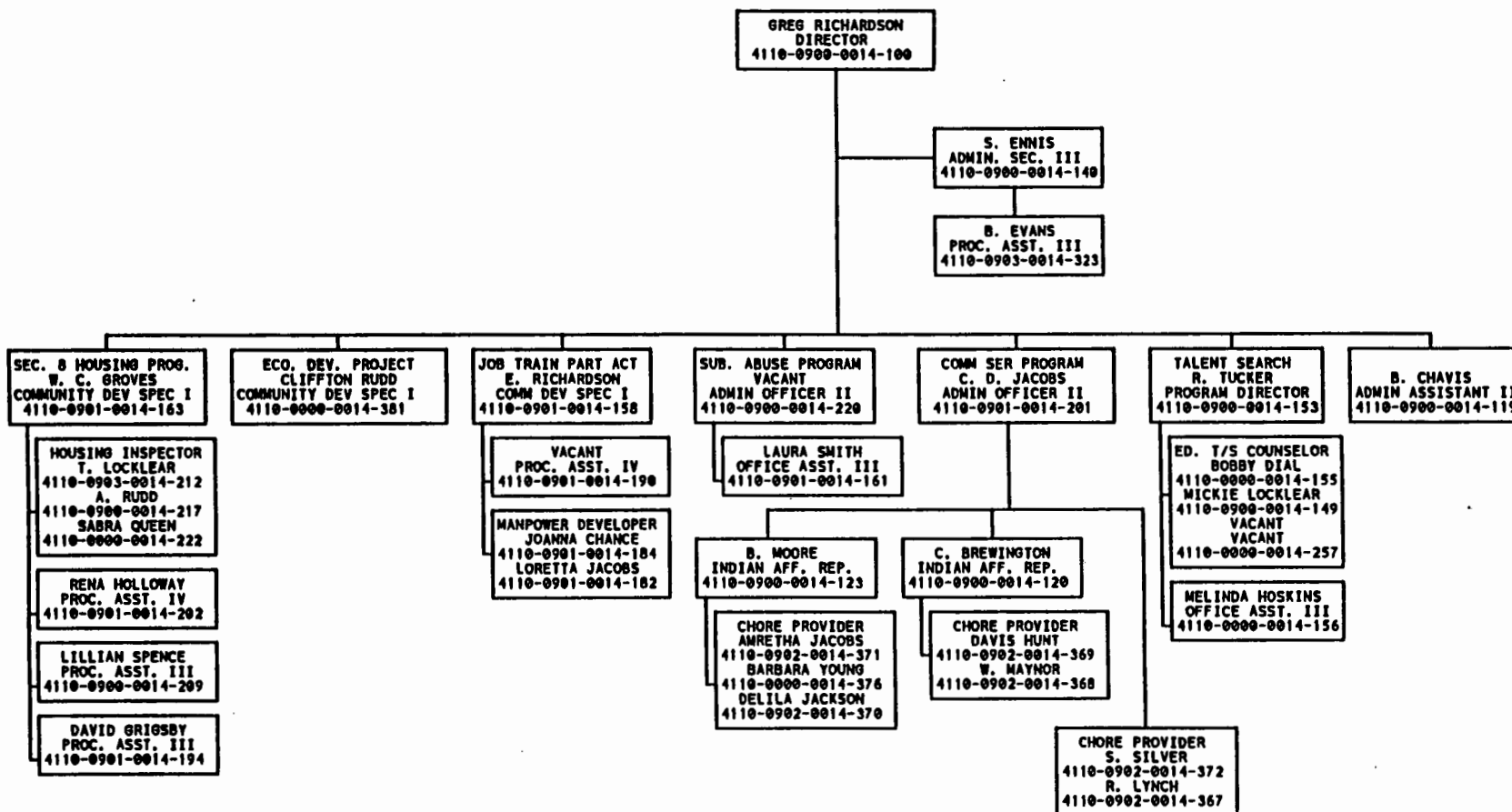
Substance Abuse Prevention And Awareness Program - The commission's Substance Abuse Prevention and Awareness Program is formally known as the "*Earn Your Feather*" program. The program targets the counties of Cumberland, Halifax, Robeson and Warren for program activities. The aim of the program is to increase participation of Indian youth in existing prevention and intervention programs at the local and state level. The Substance Abuse Prevention and Awareness supports: education and crime prevention by providing Indian youth with information about the dangers of alcohol and other drug abuse; provides opportunities for Indian youth to participate in educational related activities; substance abuse prevention by sponsoring exhibits at various Indian events such as conferences; workshops; seminars; pow wows; substance abuse prevention by providing informational flyers; brochures and stickers for

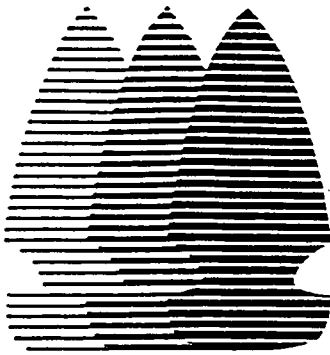
Indian students and parents at community meetings; Indian Youth by providing staff assistance to the North Carolina Native American Youth Organization (NCNAYO) and the North Carolina Native American Council On Higher Education (NCNACOHE). The program is funded through a Substance Abuse Prevention and Treatment Block Grant from the North Carolina Department of Human Resources.

Special Initiatives

- ♦ Recognition of Indian Tribes and Organizations
- ♦ American Indian students under the Incentive Scholarship and Grant Program for Native Americans
- ♦ Native American Archaeology Forum
- ♦ North Carolina Indian Business Association
- ♦ North Carolina Indian Culture Center
- ♦ Governors' Interstate Indian Council
- ♦ Governor's Commission on Workforce Preparedness
- ♦ North Carolina Indian Housing Authority
- ♦ State Advisory Council on Indian Education

ADM-32





North Carolina Indians

North Carolina Department of Administration

N.C. Commission of Indian Affairs • 217 W. Jones Street, Raleigh, N.C. 27603-1336 • (919) 733-5998

Population

According to the 1990 U.S. Census, North Carolina's Indian population totals 80,155, giving the state the largest Indian population east of the Mississippi and the seventh largest Indian population in the nation. The Indian population comprises 1.2 percent of the state's total population.

American Indians live in each of the state's 100 counties. Approximately 80 percent of the Indian population of the state, however, lives in 11 counties of the state – Columbus, Cumberland, Guilford, Halifax, Hoke, Jackson, Mecklenburg, Robeson, Scotland, Swain and Wake. Fifty-one percent of the Indian population of the state lives in Robeson County, accounting for 39 percent of that county's total population.

Six Indian tribes possessing state recognition, including one tribe with federal recognition, live within the borders of the state as follows:

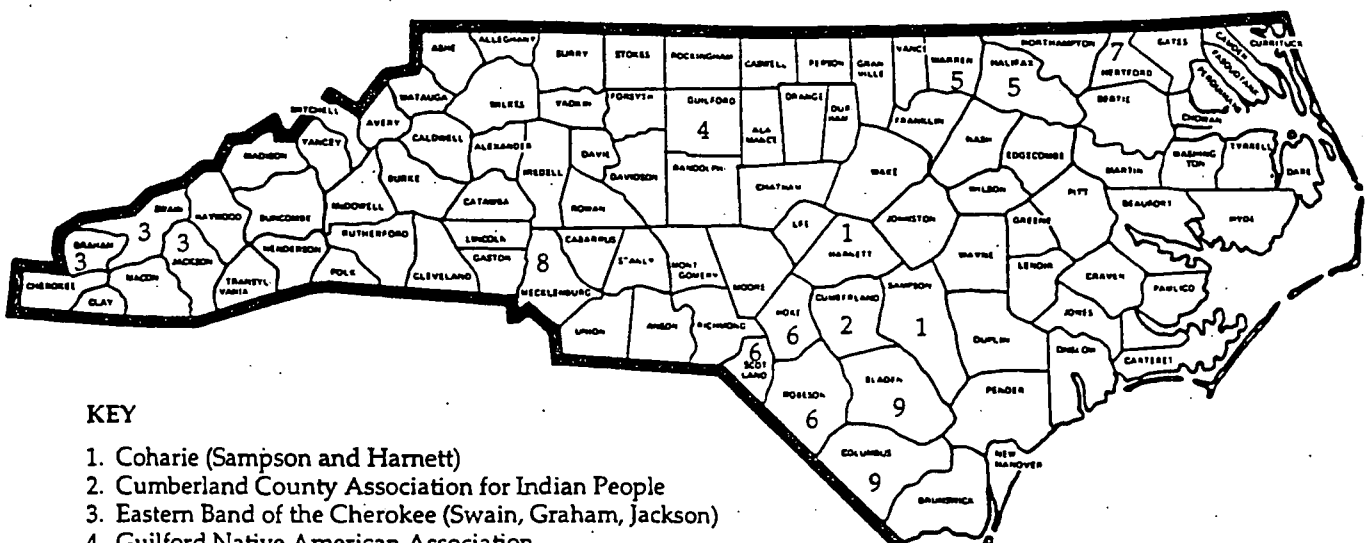
State Recognized

Coharie (Sampson and Harnett)
Haliwa-Saponi (Halifax and Warren)
Lumbee (Robeson, Hoke, Scotland)
Meherrin (Hertford)
Waccamaw-Siouan (Bladen and Columbus)

Federally Recognized

Eastern Band of Cherokee
(Swain, Graham, Jackson)

NOTE: Counties indicated are those in which the majority of the members of the respective tribe live.



KEY

1. Coharie (Sampson and Harnett)
2. Cumberland County Association for Indian People
3. Eastern Band of the Cherokee (Swain, Graham, Jackson)
4. Guilford Native American Association
5. Haliwa-Saponi (Halifax and Warren)
6. Lumbee (Robeson, Hoke, Scotland)
7. Meherrin (Hertford)
8. Metrolina Native American Association (Mecklenburg)
9. Waccamaw-Siouan (Bladen and Columbus)

These tribes vary in size from the Lumbee, with over 40,000 members, to the Meherrin, with fewer than 1,000 members. The Eastern Band of Cherokee, on the Qualla Boundary, is the only tribe in the state residing on a reservation. The Qualla Boundary is composed of 56,572 acres located over five counties.

The urban areas of Charlotte, Fayetteville and Greensboro have significant Indian populations due to the migration of Indians from rural areas of the state or from other states in the country in search of employment and other opportunities. Urban organizations serve these areas as follows: Cumberland County Association for Indian People (Fayetteville), Guilford Native American Association (Greensboro), and Metrolina Native American Association (Charlotte).

Age

- Thirty-nine percent of the American Indian population in the state is 20 years of age and under, compared with 29 percent of the state's total population.
- Nine percent of all N.C. American Indians are 60 years old and older, compared with approximately 17 percent of the state's total population.
- The median age of the state's American Indian population is 27.7 years, compared with the N.C. median age of 33.2 years.

Education

- Seventy-six percent of American Indians in North Carolina have educational levels of high school or less, compared with 56 percent of N.C. whites.
- Only 6 percent of N.C. American Indians have completed four or more years of college, compared with 7 percent of blacks and 13 percent of whites.
- Only 2 percent of N.C. American Indians possess a master's or professional degree, while 6 percent of whites have such degrees.

Income

- The median family income of N.C. American Indians is \$24,900, compared with \$33,242 for the total population.
- Twenty percent of American Indian families are headed by females with no husband present. Fifty-four percent of these families live in poverty, compared with 27 percent of white female-headed families.
- Approximately 25 percent of American Indians in the state live below the poverty level, compared with 8.6 percent of whites.

For more information contact:
North Carolina Commission of Indian Affairs
North Carolina Department of Administration
217 W. Jones Street
Raleigh, North Carolina 27603-1336
(919) 733-5998

Cumberland County Association for Indian People

The Cumberland County Association for Indian People (CCAIP) was established in 1965 to enhance and promote the self-sufficiency, socioeconomic development and self-determination of the approximately 4,000 American Indians living in the Fayetteville/Cumberland County area. The association is governed by a 10-member board of directors elected annually. CCAIP offices are located in the old Les Maxwell School Building which served Indian students from 1954 to 1967.

Programs offered by the association include Job Training Partnership Act (JTPA), cultural education, Head Start, child day care, a senior citizen meal site, adult and youth recreational services, small business development assistance, food pantry, information and referral, and a senior citizen program. The association also operates Four Feathers Enterprises, a furniture design and production business, and Four Feathers Arts and Crafts Center, a successful arts and crafts business.

Program services operated by the N.C. Commission of Indian Affairs in Cumberland County include Substance Abuse Prevention and Awareness, Educational Talent Search and in-home aide services for the elderly/physically challenged through the Community Services Program. In addition, Community Services Block Grant (CSBG) and Community Action Partnership Program (CAPP) funding is subcontracted to CCAIP by the commission each year. A cultural festival is sponsored by the Cumberland association each October.

Guilford Native American Association

Guilford Native American Association (GNAA) is a non-profit, urban organization established in 1975 to represent and serve the approximately 3,000 American Indians living in Guilford and surrounding counties. The mission of GNAA is to implement educational, cultural, social and economic programs and activities that will help American Indians achieve social and economic self-sufficiency and self-determination. GNAA is governed by a 10-member board of directors elected annually.

Major funding over the last several years from the Administration for Native Americans and the U.S. Department of Labor has assisted the association in the

implementation of several successful economic development projects. These include Guilford Native Industries, a Job Training Partnership Act (JTPA) program; the GNAA Child Day Care Center; The Indian Property Initiative (T.I.P.I.), a housing program; Rising Star Greetings, an all-occasion Indian greeting card enterprise; the Guilford Native American Art Gallery and Gift Shop; and Guilford Native Furniture Accessories. Community Services Block Grant (CSBG) and Community Action Partnership Program (CAPP) funding is subcontracted to GNAA by the N.C. Commission of Indian Affairs each year. In addition, the commission's Educational Talent Search Program serves eligible Indian students between the ages of 11 and 27 in Guilford County.

Special activities of GNAA include an annual powwow and cultural festival, youth and senior citizens projects, and the annual awarding of two \$1,000 scholarships to worthy Indian students.

Metrolina Native American Association

Metrolina Native American Association (MNAA) was established in 1976 to address the needs and concerns and promote the self-sufficiency and self-determination of the 4,500 American Indians residing in the 10-county area of the southern piedmont known as Metrolina. The association is governed by a nine-member board of directors elected by the Indian community annually.

The association operates a Job Training Partnership Act (JTPA) program and also offers cultural enrichment programs and economic development assistance. All activities are coordinated with other Indian organizations and programs as well as with area agencies and businesses. Funding for the association is provided by the U.S. Department of Labor, the North Carolina Arts and Science Council, the Office of Economic Opportunity, community donations and various fundraisers held each year by the association. Community Services Block Grant (CSBG) and Community Action Partnership Program (CAPP) funding is subcontracted to MNAA by the N.C. Commission of Indian Affairs each year.

Metrolina Indian News, the association's monthly newsletter, keeps community members informed of MNAA-sponsored activities. Special activities include annual cultural festivals and powwows, an annual Captain's Choice Golf Tournament, an MNAA Princess Pageant, and activities for youth and senior citizens.

North Carolina Commission of Indian Affairs

217 W. Jones Street
Raleigh, North Carolina 27603-1336
(919) 733-5998

Gregory A. Richardson, Executive Director
Paul Brooks, Chairman

Field Offices

Columbus County Bolton (910) 655-8778 (Section 8 Housing) (910) 655-4689 (Community Services) (910) 655-8708 (JTPA)	Hoke County Reeford (910) 875-2581 (Section 8 Housing)
Cumberland County Fayetteville (910) 483-8442 (Community Services)	Person County Roxboro (919) 599-0952 (Section 8 Housing)
Granville County Oxford (919) 693-2456 (Section 8 Housing)	Robeson County Fembridge (910) 521-4807 (Community Services)
Halifax County Hollister (919) 586-4017 (Section 8 Housing) (Community Services)	Sampson County Clinton (910) 564-6152 (Community Services) (910) 564-4941 (Section 8 Housing) (910) 564-6726 (JTPA)

North Carolina Indian Tribes and Organizations

Coharie Intra-Tribal Council Route 3, Box 340-E Clinton, N.C. 28328 (910) 564-6909	Lumbee Regional Development Association P.O. Box 68 Fembridge, N.C. 28372 (910) 521-8602
Cumberland County Association for Indian People 102 Indian Drive Fayetteville, N.C. 28301 (910) 483-8442	Meherrin Indian Tribe P.O. Box 508 Winston, N.C. 27386 (919) 358-4375
Eastern Band of Cherokee P.O. Box 455 Cherokee, N.C. 28719 (704) 497-2771	Metrolina Native American Association 2601-A East 7th Street Charlotte, N.C. 28204 (704) 331-4818
Guilford Native American Association P.O. Box 5623 Greensboro, N.C. 27435 (910) 723-8686	Waccamaw-Siouan Development Association P.O. Box 221 Bolton, N.C. 28423 (910) 655-8778
Haliwa-Saponi Tribe, Inc. P.O. Box 99 Hollister, N.C. 27844 (919) 586-4017	

State of North Carolina - James D. Hunt Jr., Governor
N.C. Department of Administration - Kaye G. Henson, Secretary
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NORTH CAROLINA INDIANS

North Carolina Commission of Indian Affairs

The North Carolina Commission of Indian Affairs is a state agency created by the N.C. General Assembly in 1971 to represent the interests and advocate for the rights and needs of the North Carolina Indian population. Commission programs are aimed at improving the educational, employment, health, and socioeconomic status of the American Indian citizens of the state. The commission operates under the direction and supervision of the N.C. Department of Administration and is one of five advocacy agencies housed within the department.

The membership of the commission is composed of 18 representatives from the state's six recognized Indian tribes and three urban Indian organizations, five state officials, and an appointee of both the speaker of the N.C. House of Representatives and the lieutenant governor. Ex-officio members include representatives from two statewide Indian youth organizations, the North Carolina Native American Youth Organization (NCNAYO) and the North Carolina Native American Council on Higher Education (NCNACOE).

According to the 1990 U.S. Census, North Carolina's Indian population totals 80,155 giving the state the largest Indian population east of the Mississippi River and the seventh largest Indian population in the nation. Six Indian tribes call North Carolina home. The Lumbee, Coharie, Waccamaw-Siouan, Haliwa-Saponi and Meherrin Tribes are state recognized while the Eastern Band of the Cherokee possesses both state and federal recognition. In addition, three major urban Indian organizations serve the American Indian populations of Charlotte, Greensboro and Fayetteville.

Coharie

The Coharie Indian Tribe lives in Sampson and Harnett counties and has approximately 1,700 members. According to tradition, the Coharie are descended from Iroquoian-speaking tribes, the Ri-Coherrians or Saxapahaw who settled on the Cape Fear and Saxapahaw rivers and tributaries.

The Coharie Intra-Tribal Council Inc. is a non-profit agency established to promote the health, education, social and economic well-being of the Coharie people. It is housed in the old Eastern Carolina Indian School building, a school which served Indian people of Sampson, Harnett, Hoke, Columbus, Cumberland, Bladen and Person counties from 1942 to 1966. Programs operated by the Coharie Intra-Tribal Council include an arts and crafts/cultural enrichment program and VISTA. Economic development ventures include two day care centers serving children ages 0-12 and a fish farming operation.

Programs offered to the Coharie by the N.C. Commission of Indian Affairs include Section 8 Housing; Job Training Partnership Act (JTPA); Educational Talent Search; and Community Services, which provides volunteer transportation, a meal site and in-home aide services for the elderly/physically challenged. In addition, the commission subcontracts Low Income Energy Assistance Program (LIEAP) funding to the Coharie Intra-Tribal Council each year. The Coharie annual powwow is held each September.

Eastern Band of the Cherokee

The Eastern Band of the Cherokee live on the Qualla Boundary, a land area comprised of 56,572 acres directly adjacent to the Great Smoky Mountains National Park. The more than 10,000 members of the Eastern Band are descendants of those Cherokee who, in the late 1830s, remained in the mountains of North Carolina rather than be forced to march along the infamous "Trail of Tears" to Oklahoma.

Today, the Eastern Band of the Cherokee is the only tribe of North Carolina's six recognized tribes which possesses both state and federal recognition, lives on a reservation and is served by the Bureau of Indian Affairs in the U.S. Department of the Interior; the Indian Health Service in the U.S. Public Health Service; and the federal

departments of Labor, Commerce, and Health and Human Services. The North Carolina Commission of Indian Affairs subcontracts Community Action Partnership Program (CAPP) funding to the Eastern Band of the Cherokee each year.

Favorite local attractions include annual cultural festivals, the Occaneechee Indian Village, the outdoor drama "Unto These Hills," trout fishing and the Museum of the Cherokee Indian. Traditional Cherokee arts and crafts such as baskets, pottery, beadwork, finger weavings, stone carvings and wood carvings are sold at the Qualla Arts and Crafts Mutual, an artist cooperative on the Qualla Boundary. The Cherokee Fall Festival is held each October.

Haliwa-Saponi

The Haliwa-Saponi live primarily in Halifax and Warren counties in the northern part of the state and regard Hollister and Bethlehem as the centers of their community. The Haliwa-Saponi Tribe is the third largest tribe in North Carolina with approximately 3,000 tribal members. Records indicate that the Haliwa-Saponi are descended from the Saponi, Tuscarora and Nansemond native peoples. They have been in Halifax and Warren counties since the late 1700s.

During the early 1950s, the tribal members built and maintained their own independent Indian school. However, consolidation and integration forced the closing of the school in 1969. The building is presently used for tribal community meetings, arts and crafts classes, recreational activities, and as a senior citizen nutrition site.

Programs operated by the Haliwa-Saponi Tribe for the benefit of its members include a day care center for children ages 0-5; senior citizens program; federal recognition project; Job Training Partnership Act (JTPA) program; alcohol, drug and pregnancy prevention project; energy assistance program; and economic development. Program services offered to the Haliwa-Saponi by the N.C. Commission of Indian Affairs include Child Abuse and Neglect Prevention; Substance Abuse Prevention and Awareness; Section 8 Housing Assistance; and Community Services, which provides volunteer transportation and in-home aide services to the elderly/physically challenged. In addition, Low Income Energy Assistance Program (LIEAP) funding is subcontracted to the Haliwa-Saponi by the commission each year. The Haliwa-Saponi hold an annual powwow each April.

Lumbee

The over 40,000 members of the Lumbee Tribe reside primarily in Robeson, Hoke and Scotland counties. The Lumbee Tribe is the largest tribe in North Carolina, the largest tribe east of the Mississippi and the ninth largest tribe in the nation. The Lumbee take their name from the Lumber River which winds its way through Robeson County.

The ancestors of the Lumbee were mainly Cheraw and related Siouan-speaking Indians who lived in the area of what is now Robeson County. The Lumbee people have been recognized by the state of North Carolina since 1885. In 1956 a bill was passed by the U.S. Congress which recognized the Lumbee as Indian, but denied the tribe full status as a federally recognized Indian tribe. Federal recognition for the tribe is currently being sought through federal legislation.

The Lumbee Regional Development Association (LRDA) is a private, non-profit organization established in 1968 to provide needed services to the Lumbee people. Programs currently operated by LRDA include Job Training Partnership Act (JTPA), Low Income Energy Assistance (LIEAP), Head Start, Educational Talent Search, Child Day Care and Tribal Enrollment. Economic development projects operated by LRDA include WYRU, the strongest AM radio station in Robeson County, and the Lumbee Model Poultry Farm.

The Substance Abuse Prevention and Awareness and Child Abuse and Neglect Prevention programs of the N.C. Commission of Indian Affairs serve Robeson County while the commission's Educational Talent Search and Section 8 Housing Assistance programs serve Hoke County. In addition, Community Action Partnership Program (CAPP) funding is subcontracted to LRDA by the commission each year. Lumbee powwows are held each May and October.

Meherrin

The Meherrin Indians number approximately 600 and reside in several small communities in Hertford, Bertie, Gates and Northampton counties. The Meherrin are of the same linguistic grouping as the Cherokee, Tuscarora and other tribes of the Iroquois Confederacy of New

York and Canada. "Meherrin" means "people of the muddy water" or "muddy water people."

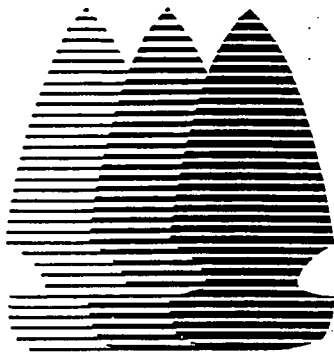
The Meherrin Tribe is governed by a chief and a seven-member tribal council elected by the tribe's enrolled membership. Programs operated by the tribe include a Federal Acknowledgment Project; Cultural Retention; and the Meherrin Trading Post, a tribal arts and crafts shop. Tribal services are funded by the Administration for Native Americans and funds generated through private donations and tribal fund-raising activities. Job training and employment services are provided to tribal members through the Job Training Partnership Act (JTPA) program of the North Carolina Commission of Indian Affairs. The Meherrin hold an annual powwow each October and a cultural festival each April.

Waccamaw-Siouan

The Waccamaw-Siouan Tribe of 1,800 members is located in the southeastern counties of Bladen and Columbus. The Waccamaw-Siouan call themselves the "People of the Fallen Star," recalling an old legend which tells of a ball of fire falling to earth and creating Lake Waccamaw.

The Waccamaw-Siouan Development Association (WSDA) is a non-profit organization created in 1971 to identify and address the educational, health, social and economic development needs of the Waccamaw-Siouan people. The association is governed by a five-member board of directors elected annually by the Waccamaw-Siouan people.

Current programs operated by WSDA include housing development for low and moderate income families, child day care, economic development and cultural re-discovery. Programs offered to the Waccamaw-Siouan by the N.C. Commission of Indian Affairs include Job Training Partnership Act (JTPA); Educational Talent Search; Section 8 Housing Assistance; and Community Services, which provides volunteer transportation and in-home aide services to the elderly/physically challenged. In addition, Low Income Energy Assistance Program (LIEAP) and Community Action Partnership Program (CAPP) funds are subcontracted to WSDA by the commission each year. The Waccamaw-Siouan Tribe holds an annual powwow each October.



North Carolina Indian Population (By County)

North Carolina Department of Administration

N.C. Commission of Indian Affairs • 217 West Jones Street, Raleigh, N.C. 27603-1336 (919) 733-5998

Alamance	303	Cumberland	4,425	Johnston	178	Randolph	453
Alexander	52	Currituck	66	Jones	8	Richmond	502
Alleghany	8	Dare	37	Lee	169	Robeson	40,511
Anson	69	Davidson	395	Lenoir	70	Rockingham	149
Ashe	21	Davie	86	Lincoln	120	Rowan	262
Avery	23	Duplin	104	McDowell	72	Rutherford	95
Beaufort	28	Durham	425	Macon	76	Sampson	876
Bertie	46	Edgecombe	73	Madison	19	Scotland	2,430
Bladen	464	Forsyth	551	Martin	20	Stanly	155
Brunswick	242	Franklin	74	Mecklenburg	1,936	Stokes	52
Buncombe	486	Gaston	397	Mitchell	19	Surry	66
Burke	133	Gates	8	Montgomery	92	Swain	3,075
Cabarrus	313	Graham	454	Moore	309	Transylvania	79
Caldwell	105	Granville	99	Nash	218	Tyrrell	4
Camden	21	Greene	16	New Hanover	435	Union	294
Carteret	269	Guilford	1,637	Northampton	42	Vance	69
Caswell	26	Halifax	1,711	Onslow	939	Wake	1,148
Catawba	232	Harnett	601	Orange	286	Warren	763
Chatham	125	Haywood	180	Pamlico	33	Washington	13
Cherokee	405	Henderson	197	Pasquotank	59	Watauga	59
Chowan	24	Hertford	228	Pender	76	Wayne	265
Clay	39	Hoke	3,176	Perquimans	18	Wilkes	69
Cleveland	114	Hyde	4	Person	181	Wilson	70
Columbus	1,370	Iredell	193	Pitt	214	Yadkin	22
Craven	319	Jackson	2,667	Polk	17	Yancey	27

TOTAL80,155

Source: 1990 U.S. Census

ADM-37

3,000 copies of this public document were printed at a cost of \$93.55, or \$.03 per copy.

NORTH CAROLINA INDIAN ORGANIZATIONS

For more information regarding a particular Indian tribe or services to Indians, contact the executive director:

Coharie Intra-Tribal Council

Route 3, Box 340-E
Clinton, N.C. 28328
Phone: (910) 564-6909

Cumberland County Association for Indian People

102 Indian Drive
Fayetteville, N.C. 28301
Phone: (910) 483-8442

Eastern Band of the Cherokee

P. O. Box 455
Cherokee, N.C. 28719
Phone: (704) 497-2771

Guilford Native American Association

P. O. Box 5623
Greensboro, N.C. 27403
Phone: (910) 273-8686

Haliwa-Saponi Indian Tribe

P. O. Box 99
Hollister, N.C. 27844
Phone: (910) 586-4017

Lumbee Regional Development Association

P. O. Box 68
Pembroke, N.C. 28372
Phone: (910) 521-8602

Meherrin Indian Tribe

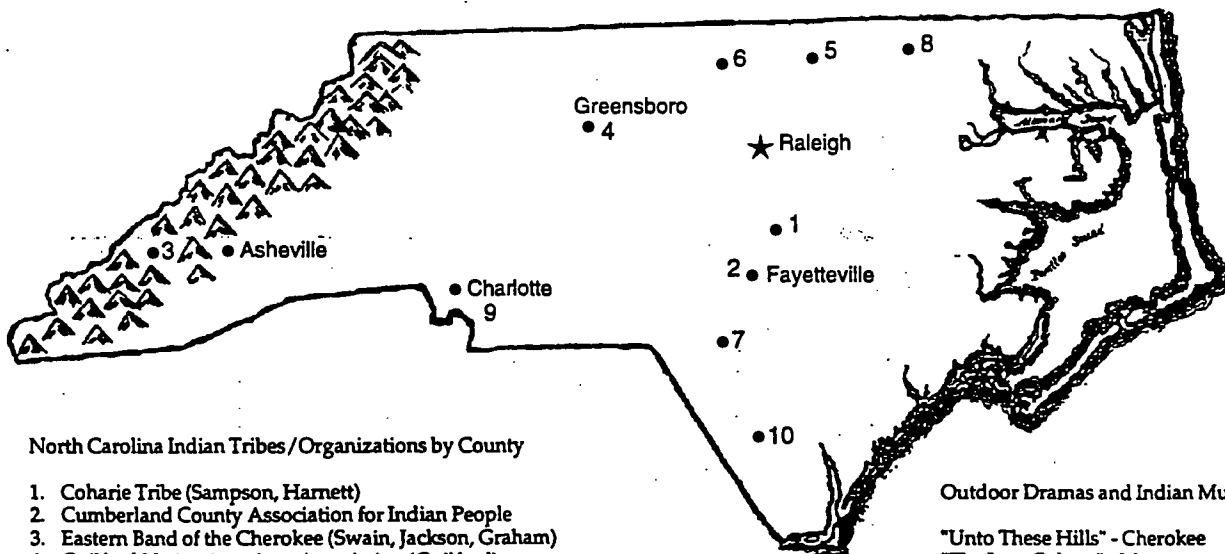
P. O. Box 508
Winton, N.C. 27986
Phone: (919) 358-4375

Metrolina Native American Association

2601-A East 7th Street
Charlotte, N.C. 28204
Phone: (704) 331-4818

Waccamaw-Siouan Development Association

P. O. Box 221
Bolton, N.C. 28423
Phone: (910) 655-8778



North Carolina Indian Tribes/Organizations by County

1. Coharie Tribe (Sampson, Harnett)
2. Cumberland County Association for Indian People
3. Eastern Band of the Cherokee (Swain, Jackson, Graham)
4. Guilford Native American Association (Guilford)
5. Haliwa-Saponi Tribe (Halifax, Warren)
6. Indians of Person County
7. Lumbee Tribe (Robeson, Scotland, Hoke)
8. Meherrin Tribe (Hertford)
9. Metrolina Native American Association (Mecklenburg)
10. Waccamaw-Siouan Tribe (Bladen, Columbus)

Outdoor Dramas and Indian Museums

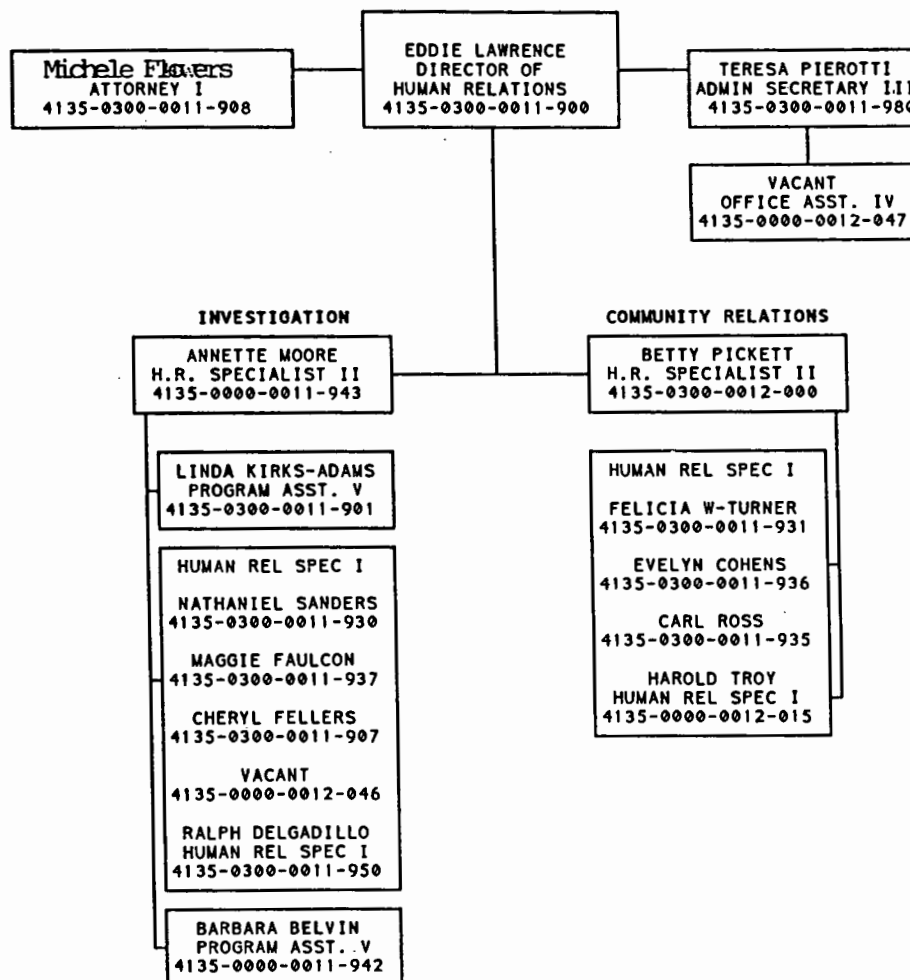
"Unto These Hills" - Cherokee
"The Lost Colony" - Manteo
"Strike at the Wind" - Pembroke
Town Creek Indian Mound, Mt. Gilead
Cherokee Indian Museum, Cherokee
Schiele Museum, Gastonia
Native American Resource Center,
Pembroke

The purpose of the **N. C. Human Relations Commission** is to advocate, enforce, and promote equality of opportunity in the areas of housing, fair employment practices, public accommodations, education, justice and governmental services for all people in North Carolina. The division serves as a focal point for developing, maintaining and improving human relations by fostering communication and encouraging the establishment of local human relations councils. The division also provides crisis intervention in potentially disruptive situations and promotes the right of every person in the state to live and work in peace and to be free of violence and intimidation.

Accomplishments for 1995-1996

- Investigated and closed 149 Fair Housing cases.
- Division has printed for distribution the State Fair Housing Act booklets, brochures, and posters in Spanish.
- The division has given outreach/community education and technical assistance to 208 housing consumers and providers.
- In 1995, the division co-sponsored the first N.C. Fair Housing Summit which was attended by housing advocates, consumers and providers.
- Answered approximately 10,500 telephone inquiries concerning employment concerns in 1995 and approximately 4,000 in 1996.
- The division co-sponsored the Annual Community Relations Symposium and Human Relations Awards Banquet in 1995 and a Human Relations Awards Reception was held in 1996.
- N.C. Martin Luther King, Jr. Commission awarded 52 mini-grants totaling \$80,750 in 1995 and 39 mini-grants totaling \$64,500 in 1996 to non-profit organizations to assist the local residents with year-round programs which practice the non-violent attributes espoused by Dr. Martin Luther King, Jr.
- Conducted 22 police community relations training programs with 425 participants.
- Solicited, secured and trained 107 HAVIN affiliates (Hate Violence Information Network).
- Received and investigated 78 hate/violence incidents and worked with crisis situations in Henderson and Charlotte.
- Assisted local human relations councils throughout the state and conducted training sessions for 13 local human relations councils.
- Conducted human relations/cultural diversity training for 3 city departments in Goldsboro and Lumberton.
- Worked to establish and reorganize 7 local human relations councils.
- Received grant from Z. Smith Reynolds Foundation in amount of \$35,000 to conduct statewide race relations training for local human relations councils.

DATE 10/11/66
 AGENCY HEAD SIGN. Eddie W. Lawrence
 DEPT. HEAD SIGN. _____
 PERS. OFFICE SIGN. _____



ADM-40

Governor's Advocacy Council for Persons with Disabilities

The Governor's Advocacy Council for Persons with Disabilities (GACPD) is part of a nationwide system of protection and advocacy agencies. It is a civil rights protection agency committed to serving citizens with disabilities in North Carolina.

GACPD staff provide advocacy services to any citizen of North Carolina who has a physical or mental condition that substantially limits one major life activity and who falls within the agency's priorities and case selection criteria as set by the board each year.

GACPD, a division of the N.C. Department of Administration, is guided by a 21-member board comprised of volunteers appointed by the state's top leaders in government.

Accomplishments:

I. Institutional Rights/Quality of Care:

- Investigated 231 allegations of abuse, neglect or exploitation of clients in the state's four psychiatric hospitals.
- Investigated 9 requests for an independent investigation of egregious abuse and/or neglect in facilities that provide care and treatment for persons with mental retardation.

II. Abuse and Neglect in the Community:

- Conducted 14 client rights training workshops to residents with developmental disabilities who reside in the community.
- Developed a survey of the 41 area mental health, developmental disabilities and substance abuse programs.

III. Community Inclusion:

- Monitored and provided comments in numerous contexts regarding managed care as it affects persons with disabilities.
- Addressed the needs of individuals with disabilities who receive homebound nursing services under Medicare and Medicaid.

IV. Education:

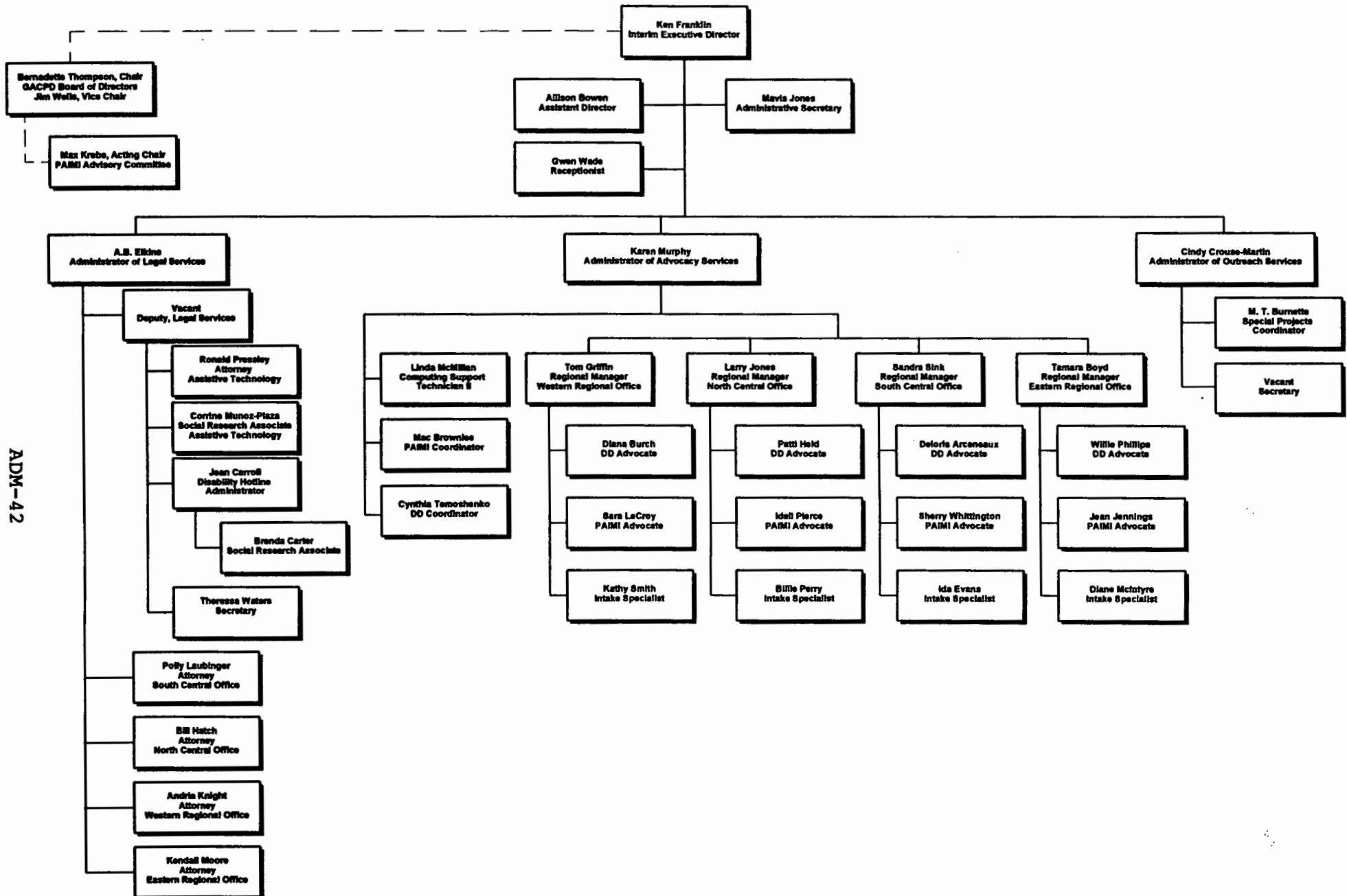
- Represented 167 clients with disabilities who were not receiving an appropriate education.
- Taught a class entitled "Special Education Law and Assistive Technology".

V. Employment:

- Assisted 121 clients who alleged employment discrimination because of a disability.
- Held an awards banquet to honor businesses who hire persons with disabilities.
- Worked with 30 Mayor's Committees to promote the employment of persons with disabilities.

Governor's Disability Council for Persons with Disabilities

Organizational Chart



FACILITY MANAGEMENT DIVISION

Summary

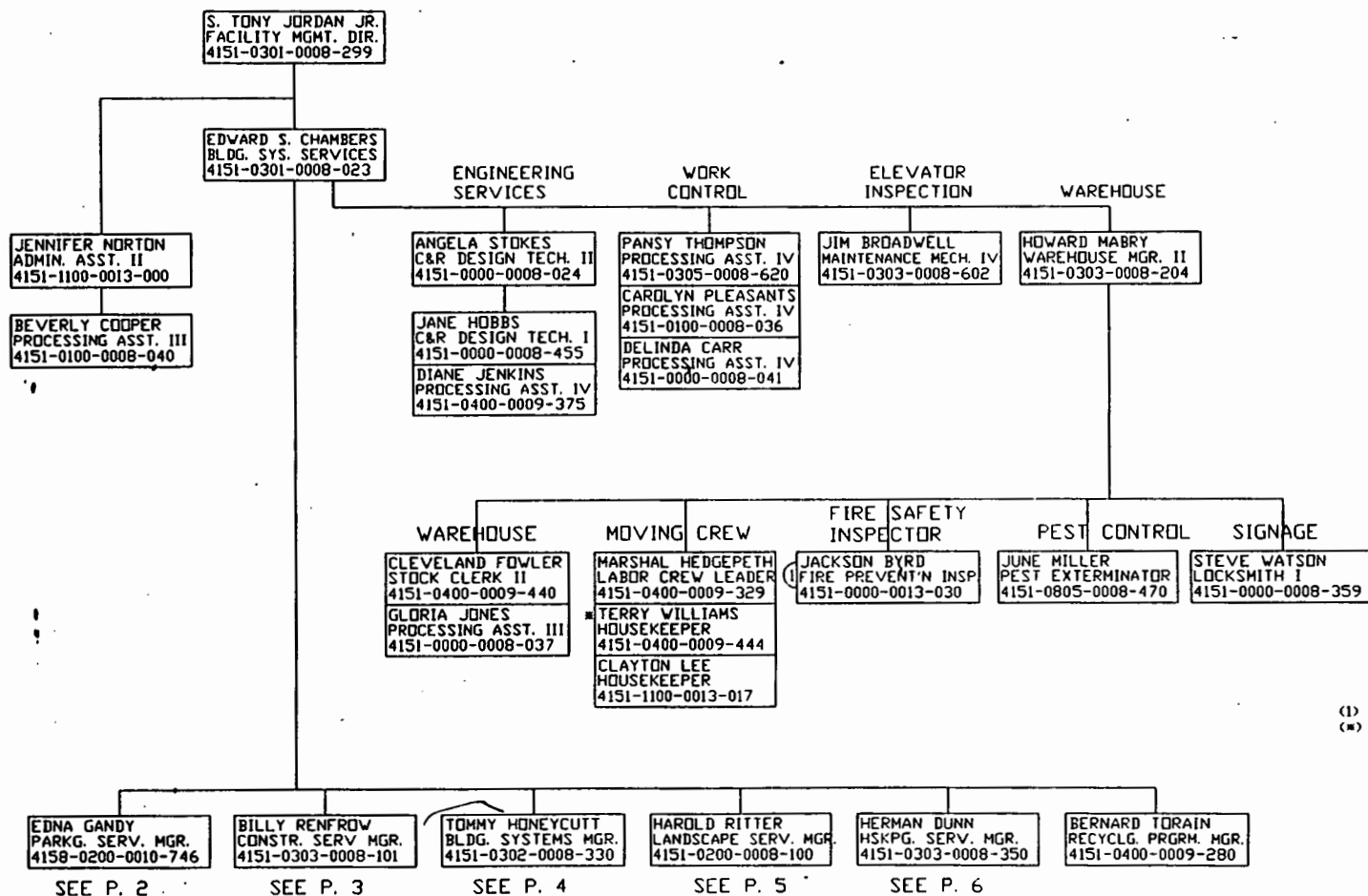
Facility Management Division provides preventive maintenance and repair services to the State Government Complex and some facilities used by government workers in outlying areas. Services include minor new construction; renovation; carpentry; cabinetry; painting; housekeeping; landscaping; steam plant; HVAC; electrical; plumbing; welding; elevator maintenance, lock shop operation; fire and pest services, and parking supervision.

Accomplishments

1. Implemented a new Preventive Maintenance Program on July 1, 1995 in over 146 buildings and parking facilities consisting of over 1,950 equipment items.
2. Energy and Utility Savings Initiatives:
 - Reviewed and selected best rates for electricity usage.
 - Converted 1,840 fire exit signs and lights from incandescent to fluorescent and LED.
 - Changed purchasing of natural gas at the Central Heat Plant and saved over \$100,000 during the past two years compared to previous way.
 - Changed water rate for irrigation systems and eliminated sewer charges.
 - Insulated 11 of 22 historic homes on Blount Street.
 - Realized a savings of over \$387,000 in energy costs over the past two years despite rising energy prices.
3. Rebid elevator maintenance contract which resulted in a \$93,000.00 savings per year over previous contract.
4. Increased the number of inmates worked on a daily basis from 15 to 60.
5. Assumed responsibility for recycling program in the State Government Complex.
6. Completed an analysis of the current organization and received approval to implement a zonal maintenance concept for building systems equipment.

1

ADM-44



(1) TIME LIMITED
(*) TEMPORARY

DEPARTMENT OF ADMINISTRATION
FACILITY MANAGEMENT DIVISION
FACILITY MANAGEMENT
SIGNED:
REVISED: 2-28-97

1

S. TONY JORDAN JR.
FACILITY MGMT. DIR.
4151-0301-0008-299

EDWARD S. CHAMBERS
BLDG. SYS. SERVICES
4151-0301-0008-023

ENGINEERING
SERVICES

ANGELA STOKES
C&R DESIGN TECH. II
4151-0000-0008-024

JANE HOBBS
C&R DESIGN TECH. I
4151-0000-0008-455
DIANE JENKINS
PROCESSING ASST. IV
4151-0400-0009-375

WORK
CONTROL

PANSY THOMPSON
PROCESSING ASST. IV
4151-0305-0008-620
CAROLYN PLEASANTS
PROCESSING ASST. IV
4151-0100-0008-036
DELINDA CARR
PROCESSING ASST. IV
4151-0000-0008-041

ELEVATOR
INSPECTION

JIM BROADWELL
MAINTENANCE MECH. IV
4151-0303-0008-602

WAREHOUSE

HOWARD MABRY
WAREHOUSE MGR. II
4151-0303-0008-204

JENNIFER NORTON
ADMIN. ASST. II
4151-1100-0013-000

BEVERLY COOPER
PROCESSING ASST. III
4151-0100-0008-040

WAREHOUSE

CLEVELAND FOWLER
STOCK CLERK II
4151-0400-0009-440
GLORIA JONES
PROCESSING ASST. III
4151-0000-0008-037

MOVING

MARSHAL HEDGEPEETH
LABOR CREW LEADER
4151-0400-0009-329
ANTHONY SMITH
HOUSEKEEPER
4151-0400-0009-444
CLAYTON LEE
HOUSEKEEPER
4151-1100-0013-017

CREW

FIRE SAFETY
INSPECTOR

JACKSON BYRD
FIRE PREVENT'N INSP
4151-0000-0013-030

PEST CONTROL

JUNE MILLER
PEST EXTERMINATOR
4151-0805-0008-470

SIGNAGE

STEVE WATSON
LOCKSMITH I
4151-0000-0008-359

(1) TIME LIMITED
(*) TEMPORARY

EDNA GANDY
PARKG. SERV. MGR.
4158-0200-0010-746

BILLY RENFROW
CONSTR. SERV. MGR.
4151-0303-0008-101

TOMMY HONEYCUTT
BLDG. SYSTEMS MGR.
4151-0302-0008-330

HAROLD RITTER
LANDSCAPE SERV. MGR.
4151-0200-0008-100

HERMAN DUNN
HSKPG. SERV. MGR.
4151-0303-0008-350

BERNARD TORAIN
RECYCLG. PRGRM. MGR.
4151-0400-0009-280

SEE P. 2

SEE P. 3

SEE P. 4

SEE P. 5

SEE P. 6

ADM-45

DEPARTMENT OF ADMINISTRATION
FACILITY MANAGEMENT DIVISION
FACILITY MANAGEMENT
SIGNED:
REVISED/EFFECTIVE 9-4-96

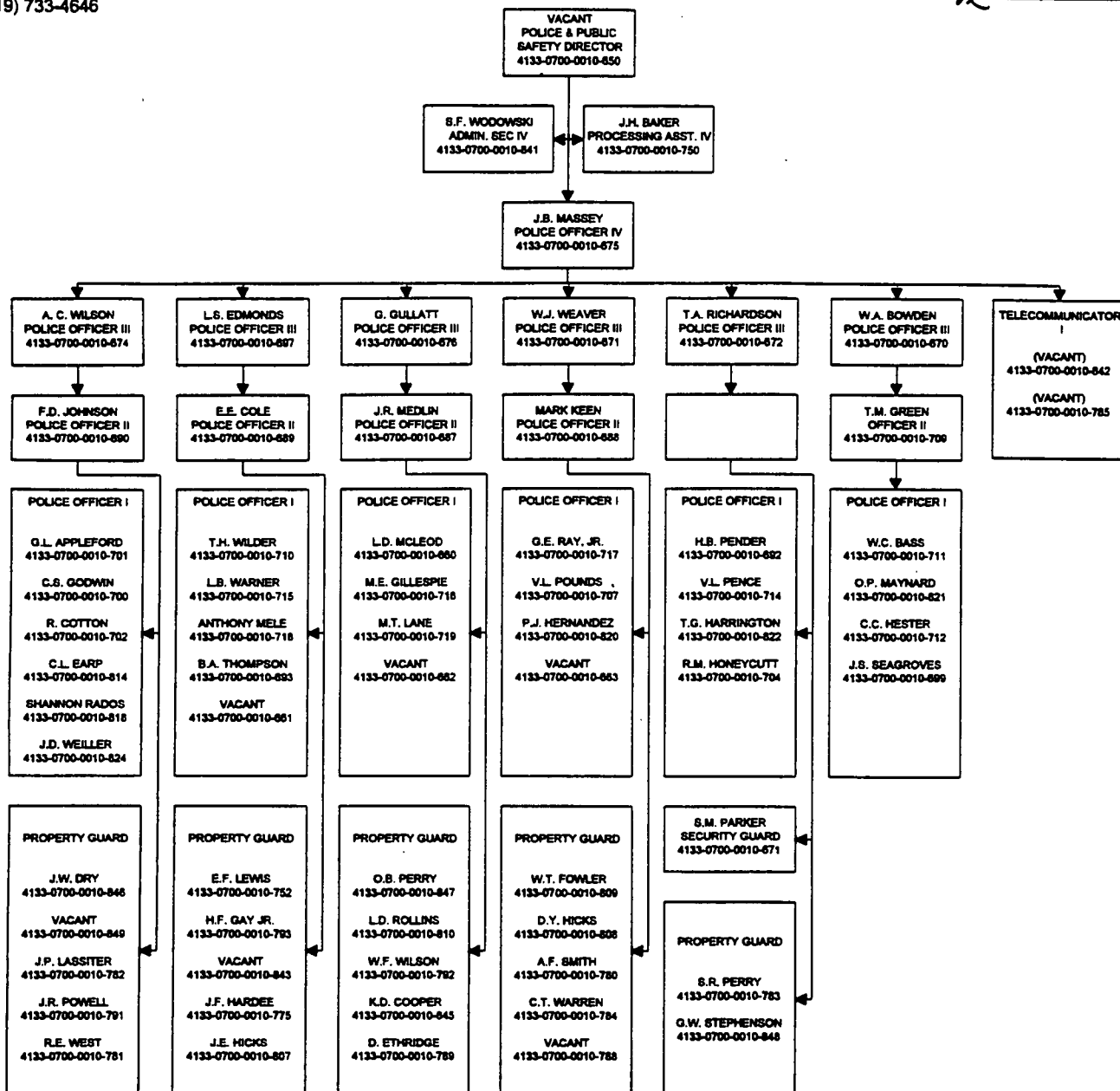
STATE CAPITOL POLICE DIVISION

SUMMARY OF DIVISION

The State Capitol Police Division, a law enforcement agency with police powers throughout Raleigh and State property in Wake County, provides security and property protection for State government facilities in Raleigh, Garner, Cary, and Wake County. The agency protects employees and visitors; secures State-owned property; provides security for demonstrations, inaugurations, prison executions, personnel hearings; assists visitors to State facilities; investigates crimes committed on State property; and monitors burglar and fire alarm systems statewide.

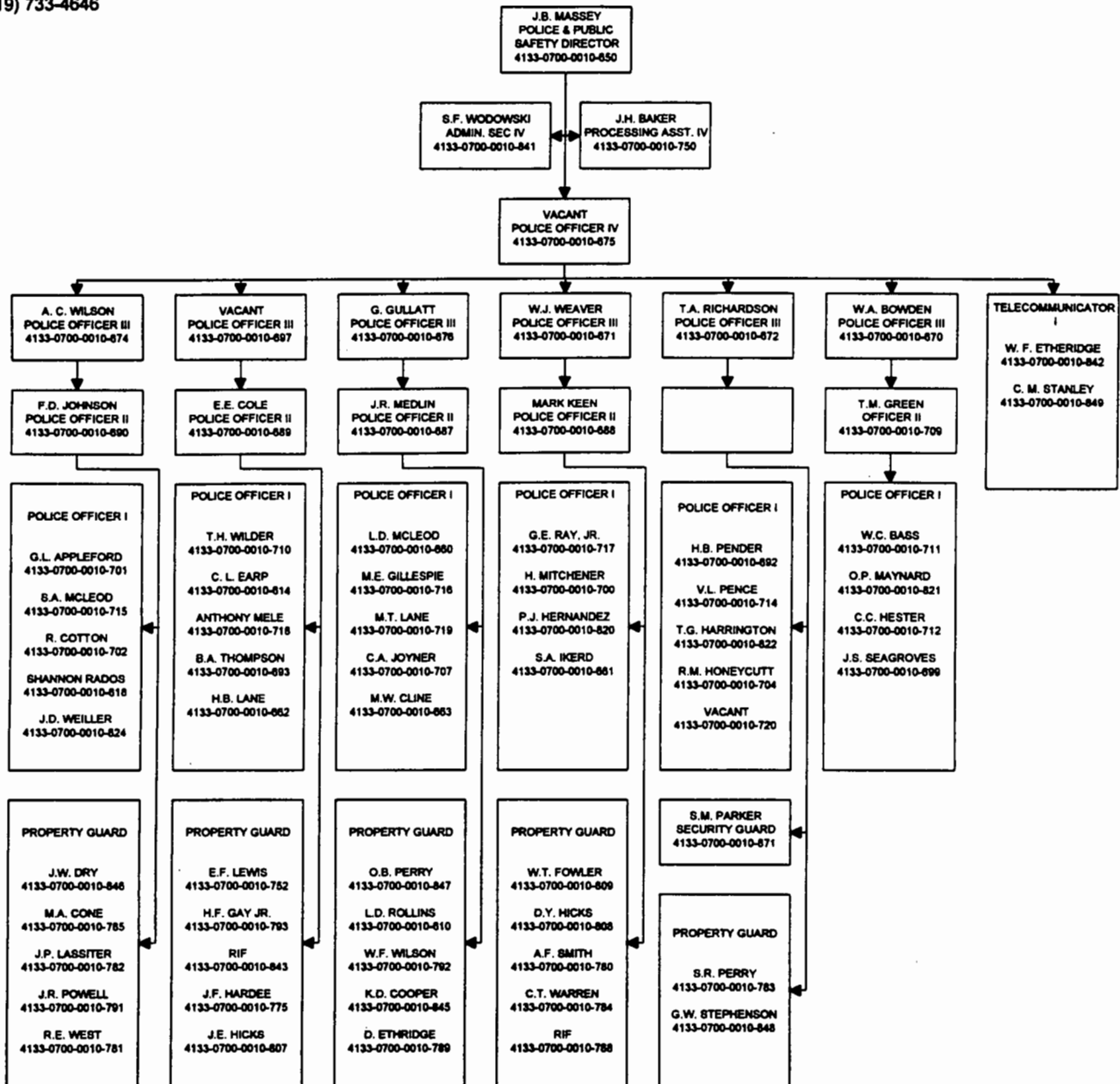
ACCOMPLISHMENTS

The Division places an emphasis on assisting persons and motorists, armed special details, suspected unauthorized entries, and suspicious persons throughout the State government complex, and outlying facilities. During fiscal year 1995-96, 18, 229 contacts were made in these areas. In the same fiscal year, 1,027 investigations and vehicle stops were made, resulting in 235 citations issued and 103 arrests for various criminal violations. The Division monitors fire, mechanical, and burglar alarms for State facilities throughout the State at no charge. Today, there are 285 accounts on the alarm system.



N.C. Department of Administration
State Capitol Police Division
431 N. Salisbury Street
Raleigh, N.C. 27603
(919) 733-4646

Date: _____
Agency Head Signature: _____
Dept. Head Signature: _____
Personnel Head Signature: _____



STATE PROPERTY OFFICE

The State Property Office is responsible for state government's acquisition and disposition of all interest in real property whether by purchase, sale, exercise of power of eminent domain, lease or rental, with the exception of highway rights of way, the State Ports Authority and the Wanchese Seafood Industrial Park. This office is also responsible for the management of the submerged lands of the state, with the exception of aquaculture leases. The office maintains a computerized inventory of land and buildings owned or leased by the state and administers the allocation and reallocation of land and buildings among the various state agencies.

ACCOMPLISHMENTS

- We have managed a tremendous increase in work load while actually reducing our staff. In the early 1980's, the State Property Office was staffed with 27 positions and handled approximately 400 transactions per year. In 1996, the State Property Office was staffed with 21 positions and handled 1,232 transactions.
- The State Property Office has systematically developed methods to quicken the pace of transactions handled "in-house", and delegated more authority to State agencies to handle minor transactions. We have developed close working relationships with conservation groups who, under our direction, handle many of the transactions involving parks, natural areas and other sensitive lands.
- We have successfully implemented the provisions of Senate Bill 52 (Easements in State-owned Submerged Lands) without additional staff support and without any delays in the easement issuance process.
- We have upgraded the quality of our computerized land and building inventory and improved the mechanisms for acquiring and maintaining this information. The inventory and numerous reports are now available to the State agencies, the General Assembly and the public through the Internet. The inventory provides this office and the using agencies greater ability to "manage" the State's real property assets.
- We have developed strategies to consolidate agencies in both leased and owned buildings to effect savings in "shared facilities" such as receptionists, copy centers, mail and printing functions, etc., and to provide greater convenience to the public doing business with these offices.
- We have made significant progress in acquiring those properties funded by bonds issued for both the University System and the State Parks System.

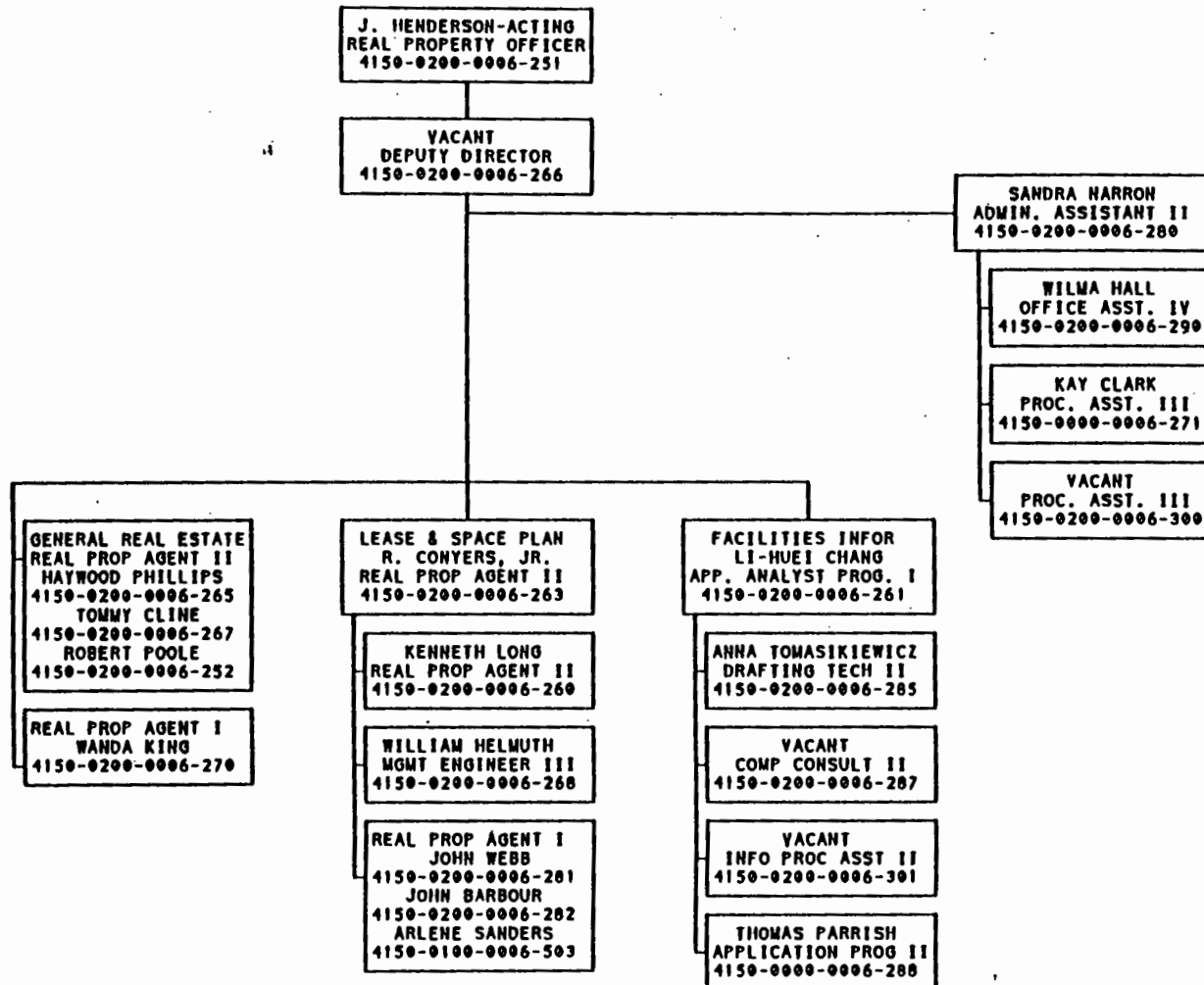
- In general, we are seeking every conceivable way of "doing more with less", utilizing the resources of other agencies as opposed to increasing our in-house staff, and developing working relationships with conservation groups to handle land transactions for us. The next major step will be to "contract out" real estate acquisition to private firms on an experimental or "pilot project" basis and compare the costs with in-house acquisition.

AGENCY HEAD SIGN

DEPT. HEAD SIGN.

PERS. OFFICE SIGN.

J. Henderson
Linda D. Coleman



ADM-51

SUMMARY: DOA - PURCHASE AND CONTRACT

Overview

The Division of Purchase and Contract serves as the central purchasing authority for state government and certain other entities. Contracts are established for the purchase , lease, lease-purchase of the goods and services required by all state agencies, institutions, universities, community colleges, and city and county boards of education amounting to \$3.078 billion annually. (1996 statistic) In addition, the Federal Surplus Property and State Surplus Property agencies manage the placement and disposition of surplus properties.

Our primary mission is to provide effective and efficient acquisition and disposal services for the State of North Carolina. This mission equates to savings to taxpayers and good customer service relationships. Long term strategies include improved accessibility to purchasing and materials management information, improved accountability, reduced costs, reduced processing time and enabling of employees. Short term strategies include improved communications and increased use of technology to perform work.

Major accomplishments

Average market savings accounted for through central purchasing for 1996 amounted to approximately \$42 million.

Enhanced Internet home page by frequent additions of purchasing information needed by State Agencies in day-to-day job.

Provided better customer service through electronic access to Statewide term contract information.

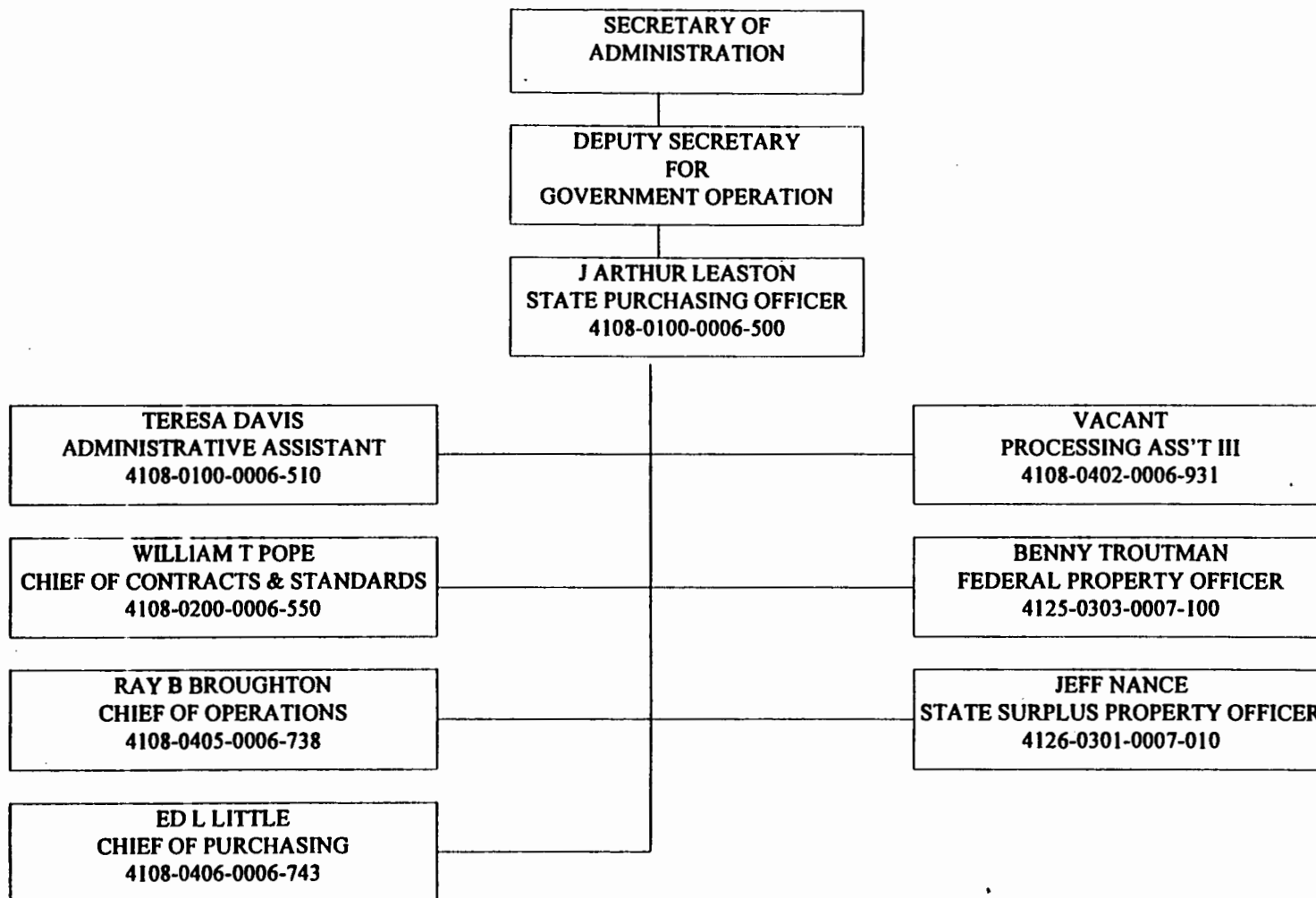
Reorganized purchasing organization for improved customer support by setting contract team in place to specifically handle Statewide term contracts. Balance of purchasers can now focus on improving timeliness and customer service for purchase requisitions received.

Held a successful Statewide purchasing seminar for all State Agencies (approximately 350 people) for training and improved communications on common issues.

Completed Continuous Improvement Process (CIP) on delivery benchmarking. Made changes in Invitations for Bids to improve vendor delivery timeframes.

Positive results in exceeding goals for doing business with Historically Underutilized Businesses. (HUB)

Implemented "central store concept" for designated state surplus property. This will allow for faster turnover of surplus items and better customer service.



ADM-53

P&C'S STRATEGY MANAGEMENT PLANS

PART ONE

OUR FOCUS & DIRECTION

Our Principles

- *Satisfy Customer Needs*
- *Encourage Divisionwide Teamwork*
- *Support Continuous Improvement*
- *Promote Data Driven Decisions*

Our Mission

To provide effective and efficient acquisition and disposal services for the State of North Carolina.

Our Vision

The Division of Purchase & Contract will be recognized and relied upon as the leader in acquisition and disposal services for the State of North Carolina.

P&C'S STRATEGY MANAGEMENT PLANS

PART TWO

THE VOICE OF OUR CUSTOMERS & BUSINESS

<u>External Customers:</u>	<u>Internal Customers:</u>	<u>Indirect Customers:</u>
<ol style="list-style-type: none">1. Non-Profit Organizations2. State Agencies3. Vendors4. Taxpayers5. General Assembly6. Advocacy Groups7. Local Governments8. Professional Organizations9. The Governor	<ol style="list-style-type: none">1. Staff2. DOA3. Other State Agencies4. General Assembly5. Secretary's Office6. Council Of State7. The Governor8. Board of Award	<ol style="list-style-type: none">1. OAH2. Vendors3. EPA4. State Auditor5. Federal Government6. State Agencies7. General Assembly8. Voters9. OSHA10. Special Interest Groups11. Local Government12. State Budget13. Media14. The Governor

Our Macro Processes

- Term Contracts
- Bid Process
- Surplus Disposal
- Hub Program
- Compliance
- Inspection
- Provide Service

P&C'S STRATEGY MANAGEMENT PLANS

PART THREE OUR STRATEGIES

Our Long Term Strategies

1. Improve Accessibility
2. Improve Accountability
3. Reduce Cost
4. Reduce Time
5. Enable Employees

Our Short Term Strategies

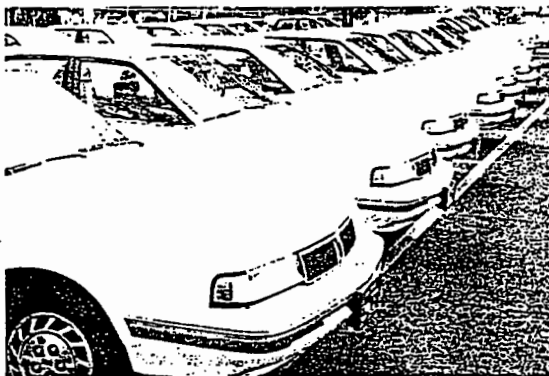
- Improve Teamwork
- Improve Organizational Structure
- Improve The Use Of Technology
- Improve The Administration of the Performance Management System in the Division
- Improve Customer Relations
- Maintain Reasonable Consistency and Stability in the Workplace
- Improve Communication

Motor Fleet Saves \$1.2 Million Through Savvy Purchasing



Cutting back on paper clips and rubber bands may be one way to save money. If enough offices cut back, the savings could be more than pocket change.

Now imagine we're not talking about paper clips and rubber bands, but cars. Imagine we're not talking about purchasing for one family but a whopping 525 vehicles for use by state government agencies. Then imagine almost \$1.25 million in savings.



That figure is not a figment of one's imagination. It represents an actual cost avoidance involving North Carolina taxpayers' money. In this particular case, the agency is the Motor Fleet Management Division in the Department of Administration. It's only one example of the savings made possible by state employees who make decisions about spending the state's

money as carefully as if they were spending their own.

Each year the Motor Fleet Management Division, which manages the centralized fleet of more than 6,000 state vehicles, provides replacement vehicles to state agencies for employees in the performance of their duties. Contract prices for 1997 models were substantially above 1996 figures, with increases ranging from \$942.45 to \$2,529.68 per unit among the seven categories. Instead of buying 1997 cars, the managers decided to buy 1996 models after July 1, 1996, and before the model year closed out.

The cost avoidance was made by purchasing 121 1996 Olds Cutlass station wagons, instead of 1997 Ford Taurus station wagons, and 404 1996 Olds Cutlass sedans, instead of 1997 Plymouth Breeze sedans.

The managers have been praised by their superiors for their "open-minded approach to managing our vehicle fleet" and as being "highly dedicated, enthusiastic, creative state employees." Whether it's paper clips or cars, it's good to know that money is being spent wisely in the Department of Administration and throughout state government. It's a responsibility not taken lightly, because state employees are taxpayers too!

**PRESENTATION TO
JOINT APPROPRIATIONS GENERAL GOVERNMENT SUBCOMMITTEE
by Speros J. Fleggas, PE, Director
State Construction Office
March 1997**

OVERVIEW

The overall coordination and management responsibility for implementation of the state's capital improvement program rests with the State Construction Office. The State Construction Office operates under two statutes – G.S. 143-31.1, the Executive Budget Act, and G.S. 143-341, the Department of Administration Act.

The D.O.A. Act requires that the Department of Administration, in addition to having the responsibility to examine and approve all plans and specifications, prepare preliminary studies and cost estimates and assist all agencies in the preparation of requests for construction appropriations, supervise the letting of all contracts for the design, construction or renovation of all state buildings, and supervise and inspect all work done and materials used in the construction of state buildings. No such work may be accepted by the state or by any state agency until it has been approved by the department. In addition, the Facility Condition Assessment Program (FCAP) is administered by the State Construction Office. This program is responsible for identifying deficiencies in all state facilities over 3000 gross square feet.

Agencies and institutions submit budget estimates to the State Construction Office. The State Construction Office reviews the proposed work scope and develops a detailed estimate of cost. This constitutes the budget estimate for the project and is the budget used, if the project is submitted to the General Assembly for funding. Designers are selected in accordance with the procedures adopted by the State Building Commission. The State Construction Office serves as staff to the State Building Commission. Our office negotiates the design fees, oversees the executed contract and provides for design and general supervision of the construction work.

Each design phase is reviewed by the State Construction Office and design does not proceed to the next phase until approval is made for the phase of design that has been submitted for review. There are some 40 possible state reviews, permits and approvals that may be required on a project and the review process may involve up to 17 different state agencies. Of course, most projects do not require nearly that many review agency approvals. Our office, in addition to performing reviews, also essentially serves as a clearinghouse for review comments generated by other agencies. We check to see that comments and concerns are resolved prior to approval for receipt of bids. The State Construction Office has quite a lot of responsibility and is involved with all aspects of the design and construction of state buildings.

ACCOMPLISHMENTS

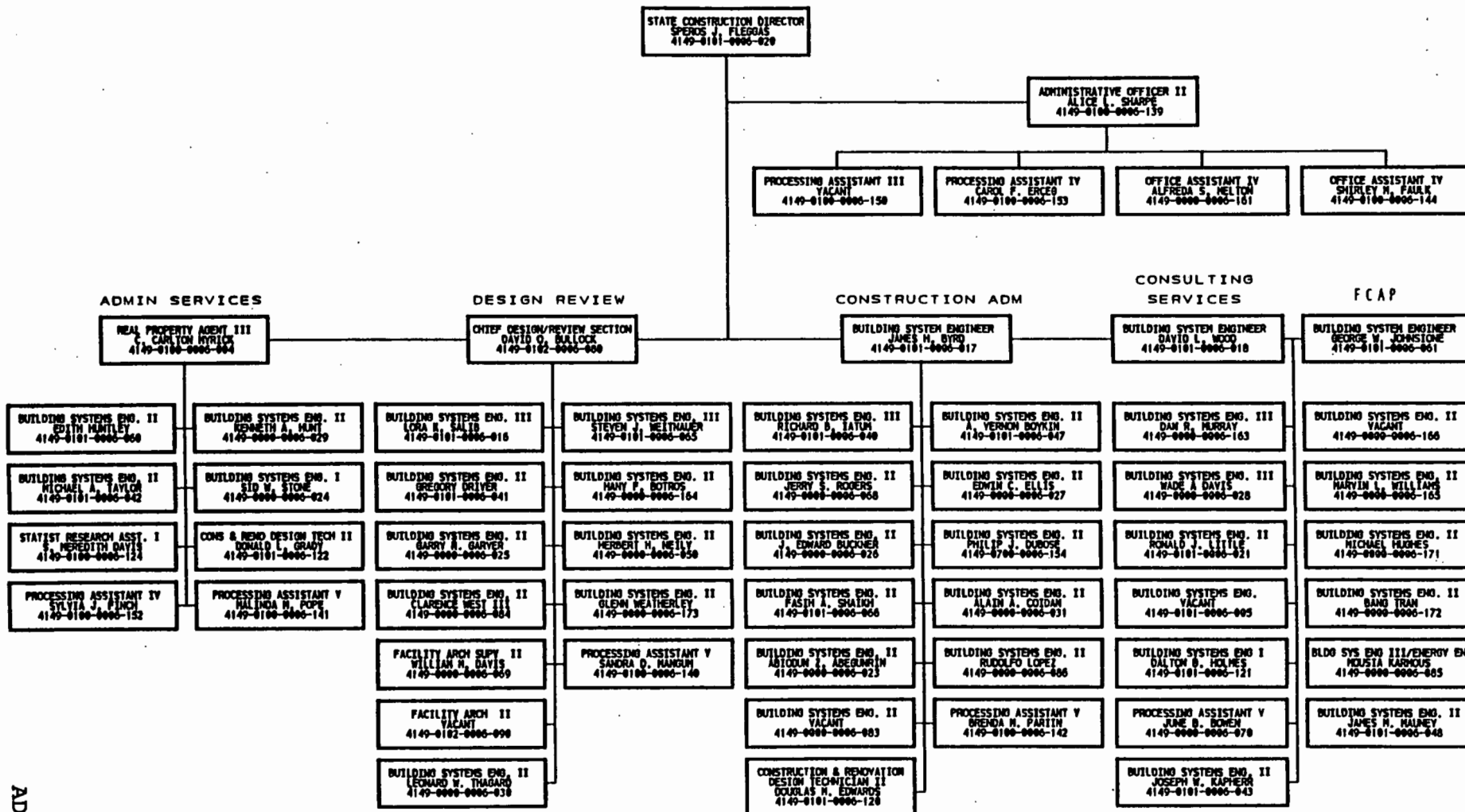
A major accomplishment for the State Construction Office is the completion of the emergency prison construction program funded from the \$87.5 million 1993 bond funds and the \$62.6 million 1994 Extra Session funds. These projects were placed under the responsibility of the Department of Administration and have been administered by the State Construction Office. Most have been completed on or ahead of schedule. Because of the efficient management of this program by our

office, enough beds are now available for the Department of Correction to bring in all the prisoners housed out-of-state. We should now have a surplus of beds to house prisoners.

In March, 1996, the FCAP program completed one cycle of assessments of all state-owned facilities 3000 gross square foot and larger including inventory, infrastructure, energy conservation projects and outstanding building deficiencies. It is now anticipated that a three-year cycle can be maintained.

As of January 1997, the State Construction Office had 1036 projects statewide in various stages of design with a design budget scope of \$1,457,888,508. We have under construction 383 active projects valued at \$926,760,381. The State Construction Office currently oversees on a statewide basis a total of 1419 projects that are in some stage of either design or construction valued at \$2,384,648,889. These figures include projects ranging in value from a few thousand dollars to one project, the Children's and Women's Hospital at North Carolina Memorial Hospital in Chapel Hill, with a total budget authorization of \$118.6 million.

The State Construction Office is critical to the accomplishment of Governor Hunt's Agenda. We are committed to efficient and effective management of the state's capital improvement program. Money saved from reduced costs and more efficient administration of capital projects is money that can be used to expand Smart Start and provide increased funds for the education of our children.



MOTOR FLEET MANAGEMENT

The Motor Fleet Management Division was created by the legislature in January 1982 as the central fleet agency for all of state government. The purpose of Motor Fleet Management is to serve North Carolina state employees by acquiring, maintaining, storing, repairing, replacing and supplying passenger vehicular transportation needed in the performance of official duties, in the most efficient and cost effective way. All state agencies, including universities--except for the State Bureau of Investigation and the State Highway Patrol -- are required to utilize Motor Fleet Management for their passenger vehicle transportation needs.

As of June 30, 1996, Motor Fleet Management had 7,115 active vehicles in its fleet, an increase of 642 vehicles over the previous year. Over the past seven years, Motor Fleet Management has had an average vehicle increase of 334 units a year. Projecting at 334 vehicles per year, by the year 2,000 there will be 8,117 vehicles in the state fleet.

Motor Fleet Management charges agencies for the use of vehicles on a per mile basis. The largest group of vehicles (compact, sedan, four cylinders) are charged out at a 20 cents per mile rate. Mileage rates range as high as 37 cents per mile for a four-wheel drive Suburban. All rates include gas, oil, tires, repairs and insurance. Motor Fleet management rates are very low when compared to the per mile driving costs, based on a composite national average of three domestically built cars: a subcompact, a mid-size and a full-size, issued by the American Automobile Association in **October 1995**. According to the American Automobile Association, "motorists now spend an average of 41.8 cents per mile in vehicle related costs" (gasoline, oil maintenance, depreciation and insurance). When compared with Motor Fleet Management's average cost of 25.8 cents per mile for compact, mid-size and full-size vehicles, the state is providing passenger vehicles at approximately 60 percent of the national average cost. Use of **October 1995**, American Automobile Association figures of 41.8 cents per mile average cost represents a 40 percent savings by Motor Fleet Management.

ACCOMPLISHMENTS

- Motor Fleet Management realized a total savings of over \$626,315 in the FY 95-96 budget in the purchase of new vehicles by comparing costs and analyzing the size requirements of vehicles needed. Motor Fleet Management switched its full sized sedans from the Chevrolet Caprice and 1996 Ford Crown Victoria to the 1996 Dodge Intrepid with a savings of \$4,169.54. per vehicle. A total of 118 vehicles have been ordered for a cost savings of \$492,005.72. Motor Fleet Management will also provide the Department of Correction with mid-size security (cage sedans) vehicles instead of full size cars for a savings of \$2,182.63 per vehicle. Thirty five vehicles have been ordered for a savings of \$76,392.05. Also vehicles used for roving patrol by the Department of Correction have been downsized. Instead of ordering 20 mid-sized, 4-wheel drive vehicles, 20 compact, 4-wheel drive vehicles were ordered. The savings per vehicle is \$2,915.76 for a saving of \$58,315.20.

- Although Motor Fleet Management is not yet required to purchase alternatively fueled vehicles, we already have three types of vehicles operating on alternative fuels. (Propane Vehicles, Compressed Natural Gas Vehicles and an Electric Vehicle). We purchased and installed conversion kits in 1995 to convert vehicles to use propane. (In our present fleet, we have one total electric car, one natural gas pick-up and six propane gas vans).
- A propane tank and dispensing system was installed at the Motor Pool on Peace Street to allow state-owned vehicles to fill up with propane gas. This site is in addition to the propane dispensing system located at the Blue Ridge facility. However, propane is available 7:00 a.m. through 5:00 p.m. and must be filled by a trained attendant, **not self-service.**
- In our Motor Pool on Peace Street, Motor Fleet Management added one Pontiac sedan with hand controls and one van for use by handicapped drivers. The van is equipped with a chair lift and hand controls to help ensure that these drivers have safe and reliable transportation available for their use.

JOHN T. MAJORITY JR.
DIRECTOR
4128-0000-0010-000

SUE MCCAFFERTY
ADMIN ASSISTANT I
4128-0501-0010-160

DATE _____
AGENCY HEAD SIGN. _____
DEPT. HEAD SIGN. _____
PERS. OFFICE SIGN. _____

GARAGE

FRANK WALLER
MOTOR POOL SUPERVISOR
4128-0501-0010-000

PEACE ST. ANNEX

MANAGEMENT INFORMATION
AND BILLING UNIT

VEHICLE PROCUREMENT
AND ASSIGNMENT

LARRY BLALOCK
AUTO PARTS SUPERVISOR
4128-0501-0010-110

RICKIE RAY
PROCESSING ASST. III
4128-0000-0010-240

ARNOLD NELSON
MECHANIC II
REPAIR/AUTHO/ACCI/SUP
4128-0501-0010-060

LLOYD SMITH
MECHANIC I
4128-0000-0010-242

CHRIS LUNSFORD
MECHANIC I
4128-0501-0010-080

MIKE HOPKINS
MECHANIC I
4128-0501-0010-100

VACANT
MECHANIC SUPER. II
4128-0501-0010-020

EDDIE WILLIAMS
MECHANIC SUPER. I
4128-0501-0010-041

MECHANIC II
GARY ACCORD
4128-0501-0010-065

MIKE COWART
4128-0000-0010-226

KENNETH PASCHAL
4128-0501-0010-064

HUBERT ARNOLD
4128-0501-0010-063

WILBER LONGWIRE
4128-0501-0010-061

DAVID PARRISH
4128-0000-0010-227

VACANT
4128-0501-0010-066

KELVIN KELLY
4128-0501-0010-062

MECHANIC I
VERNON SHELTON
4128-0000-0010-224

PATRICK SHERRELL
4128-0000-0010-228

CHARLES SEBERRY
MECHANIC SUPER. I
4128-0501-0010-042

MECHANIC I
PATRICK MCKOY
4128-0501-0010-121

ROBERT PARKER
PROCESSING ASST. III
4128-0501-0010-180

GEN. UTILITY WORKERS
LEE MURPHY
4128-0501-0010-081

RAY BOSWELL
4128-0501-0010-124

LAMONT THOMPSON
4128-0501-0010-128

DON EDDINS
4128-0501-0010-229

DANNY WILLIS/COMPUTER
SYS. COORDINATOR III
4128-0000-0010-204

SHARON STUART
PROCESSING ASST III
4128-0000-0010-218

ACCOUNTING CLERK V
JACKIE PUGH
4128-0000-0010-207
FRANCES SULLIVAN
4128-0000-0010-234

ACCOUNTING CLERK IV
LISA JONES
4128-0000-0010-206
KATIE SHEARON
4128-0000-0010-202
CYNTHIA WANTYCH
4128-0000-0010-217
VACANT
4128-0000-0010-201

TINA RICHARDS
DATA CONTROL CLK III
4128-0000-0010-235

FRANK EAGLES
ADMIN. OFFICER II
4128-0000-0010-205

NAN MOBLEY
OFFICE ASST. III
4128-0501-0010-135

TOM HEMRICK
ADMIN. ASST. I
4128-0000-0010-236

HEATH CASH
PROCESSING ASST. IV
4128-0501-0010-133

DENNY HALL
PROCESSING ASST. IV
4128-0000-0010-216

J. WAYNE DENTON
PROCESSING ASST II
4128-0000-0010-241

PAMELA BRADSHAW
GUW
4128-0000-0010-129

STANLEY WILSON
GUW
4128-0501-0010-127

BARBARA JOHNSON
OFFICE ASSIST III
4128-0000-0010-083

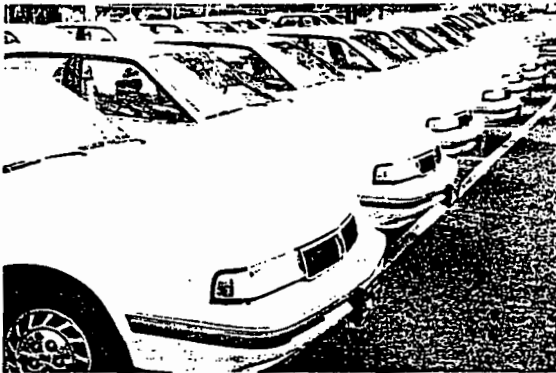
D.V. SMITH
MECHANIC I
4128-0501-0010-102

Motor Fleet Saves \$1.2 Million Through Savvy Purchasing



Cutting back on paper clips and rubber bands may be one way to save money. If enough offices cut back, the savings could be more than pocket change.

Now imagine we're not talking about paper clips and rubber bands, but cars. Imagine we're not talking about purchasing for one family but a whopping 525 vehicles for use by state government agencies. Then imagine almost \$1.25 million in savings.



That figure is not a figment of one's imagination. It represents an actual cost avoidance involving North Carolina taxpayers' money. In this particular case, the agency is the Motor Fleet Management Division in the Department of Administration. It's only one example of the savings made possible by state employees who make decisions about spending the state's

money as carefully as if they were spending their own.

Each year the Motor Fleet Management Division, which manages the centralized fleet of more than 6,000 state vehicles, provides replacement vehicles to state agencies for employees in the performance of their duties. Contract prices for 1997 models were substantially above 1996 figures, with increases ranging from \$942.45 to \$2,529.68 per unit among the seven categories. Instead of buying 1997 cars, the managers decided to buy 1996 models after July 1, 1996, and before the model year closed out.

The cost avoidance was made by purchasing 121 1996 Olds Cutlass station wagons, instead of 1997 Ford Taurus station wagons, and 404 1996 Olds Cutlass sedans, instead of 1997 Plymouth Breeze sedans.

The managers have been praised by their superiors for their "open-minded approach to managing our vehicle fleet" and as being "highly dedicated, enthusiastic, creative state employees." Whether it's paper clips or cars, it's good to know that money is being spent wisely in the Department of Administration and throughout state government. It's a responsibility not taken lightly, because state employees are taxpayers too!

COURIER SERVICE

Courier Service is totally receipts supported within the Department of Administration in which state customers pay for the use of its services.

Agency Goals

The State Courier Service plans to provide service to all 100 counties and provide service at 60% less than the cost of the US Postal Service.

Agency Accomplishments

The Courier Service is using six vans that have been converted to operate on propane gas. This provides the vehicles with a greater range of service since the vehicles will also operate on gasoline. The operation of these vehicles on propane helps our environment and helps to reduce our usage of gasoline.

I have provided you with the handout (*Courier Service Expands to 100 Counties*)

Program Budgeting

The main objective of the Courier Services' Performance Based Budget is to provide mail service at 60% less than the US Postal rate. By increasing participation in the State Courier Service by state agencies a savings to the state will result. The resulting savings can then be made available for the Governor's initiatives.

DIRECTOR
MOTOR FLEET
JOHN MASSEY
4130-0000-0010-200

STATE COURIER
MAIL SYSTEM MANAGER
BILLY HOWARD
4130-0503-0211-000

MAIL CENTER SUPER. III
NEWMAN A. JILES
4130-0503-0110-513

PROCESSING ASSISTANT III
DEBORAH H. PARKER
4130-0503-0110-518

PROCESSING ASSISTANT III
TERESA MORRIS
4130-0000-0011-040

DATE Oct-25-66
AGENCY HEAD SIGN. John Massey
DEPT. HEAD SIGN. John D. Coleman
PERS. OFFICE SIGN. John D. Coleman

MAIL CLERK II
KATHY MURPHY
4130-0503-0211-024

MAIL CLERK II
HENRETTE ELLISON
4130-0000-0010-530

COURIER DRIVERS

MAIL CLERK I's

MAIL CLERK I's

COURIER DRIVERS

PROCESSING ASST. II's

GEORGE HAYES
4130-0000-0010-536

MARTIN R. RUDD
4130-0000-0010-544

SIDNEY R. STONE
4130-0503-0110-524

LARRY MORRISEY
4130-0000-0011-038

SCOTT L. BRANCH
4130-0000-0010-545

LLOYD R. CAMPBELL
4130-0503-0110-512

MARK E. CARTER
4130-0503-0010-517

WAYMAN BUNCH
4130-0503-0110-525

RANDY M. EASON
4130-0000-0010-529

MYRA H. ELAM
4130-0000-0110-523

PHILLIP R. GREER
4130-0000-0010-543

JAMES FERRELL TP
4130-0000-0010-534

LINDA WANTZ TP
4130-0000-0010-534

MICHAEL HOLLOWAY
4130-0000-0110-527

ROLAND LENNON
4130-0503-0211-023

JAMES R. FOGG
4130-0503-0110-520

GLENDIA M. MCLEOD
4130-0503-0110-521

RUSTY GARDNER
4130-0000-0011-035

JAVON FLOWERS
4130-0000-0011-036

MICHAEL E. BROWN
4130-0000-0011-037

WILLIE ROGERS TP
4130-0503-0211-020

TIMIKA LITTLE TP
4130-0503-0211-020

KIM FOWLER TP
4130-0503-0211-026

JOSHUA ROLLAND TP
4130-0502-0011-029

DAVID KEARNEY TP
4130-0502-0011-029

PHILLIP WOODY
4130-0000-0010-540

DONELL WICKS TP
4130-0000-0010-540

ROBERT K. TURNAGE
4130-0503-0110-526

KENNETH LEE
4130-0503-0211-022

TONY BEST TP
4130-0503-0110-514

BERNARD BROWN
4130-0000-0010-510

KENNETH HIGH TP
4130-0000-0110-522

MILES C. CONNER
4130-0000-0010-528

CHRISTOPHER BRYANT
4130-0000-0010-531

MILTON MASSEY
4130-0503-0010-516

KEVIN LASSITER (T)
4130-0000-0010-537

JAMES F. KEEN
4130-0503-0110-515

STERLING D. MCKEE
4130-0000-0010-532

WILLIAM VICKERS
4130-0503-0010-511

LINWOOD HEATH
4130-0000-0010-547

JOHN ROGERS
4130-0503-0010-534

HAROLD METTS
4130-0503-0010-534

BRAD ORR
4130-0000-0010-548

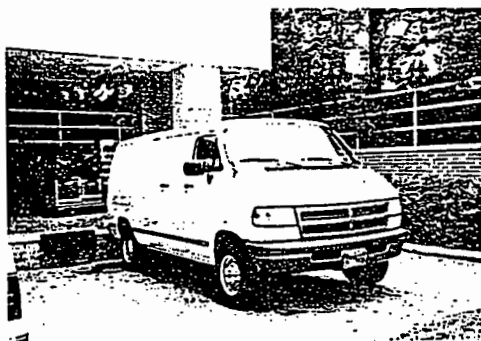
KELLEY RICHARDSON TP
4130-0000-0011-039

ROBERT JOHNSON
4130-0000-0010-542

DEON WILLIAMS (T)
4130-0000-0011-032

ADM-66

Courier Service Expands to 100 Counties



State government mail is delivered at less than half the cost charged by the U.S. Postal Service, saving taxpayers over \$2 million annually.

The North Carolina State Courier Service delivers mail at bargain prices — 40 percent of federal postal rates — and has now been expanded to all of the state's 100 counties. Eligible customers are state agencies, the University of North Carolina system, community colleges, public school systems, and city and county governments with ties to state government.

Courier Service is a receipt-supported operation within the Department of Administration in which state customers pay for the use of its services. Courier Service serves over 3,700 different agencies, processing over 80,000 pieces of mail daily.

Courier Service provides one-day delivery between Raleigh and any city on a route and two-day delivery between any other two cities. Agencies receive economical overnight deliveries such as blood

samples and health specimens that must be tested within 24 hours and payroll checks to the state's community colleges, university system, prisons and Highway Patrol offices.

Courier Service delivers mail to numerous drop boxes where users can retrieve and deposit mail. It operates 17 mail routes with about 50 employees, including 25 drivers who log 4,000 miles a day.

Courier Service has operated continuously since its beginning in 1973, even in inclement weather. It has grown from one and one-half routes serving six towns.



The operation is constantly being updated and improved. The Courier Service directory has been placed on the Internet for easy retrieval of addresses, number codes and the latest changes. New scanners help workers process mail faster. In the future automated machines may replace hand sorting of the mail.

STATE HEALTH PLAN PURCHASING ALLIANCE BOARD

OVERVIEW

The State Health Plan Purchasing Alliance Board (SHPPA) was created in 1993 pursuant to Article 66 "Health Care Purchasing Alliance Act", G. S. 143-626(4) . The State Health Plan Purchasing Alliance is responsible for the oversight and reporting of the progress of six regional, state chartered, nonprofit private health purchasing alliances. The State Health Purchasing Alliance Board is composed of nine public members, the Commissioner of Insurance and the Lieutenant Governor.

MISSION STATEMENT

The mission of the State Health Plan Purchasing Alliance Board is to increase the affordability, efficiency and fairness of health coverage for all small employers in the State of the North Carolina.

SUMMARY OF AGENCY FUNCTIONS

The SHPPA Board's major functions are to ensure the following:

- Fair and affirmative marketing to small businesses
- Each alliance continues to meet the criteria for certification
- Actions affecting health care market conditions are not for private interest
- Alliance actions are consistent with the legislative intent
- Funds are administered in accordance with the Executive Budget Act

ADM-68

BUDGET SUMMARY

Appropriations to the State Health Plan Purchasing Alliance Board were placed in a Special Fund. In Fiscal Year 93-94 four million dollars was placed in this fund. The intent was for \$3.5 million to be placed in this fund for the purpose of operating the regional alliances. A half million (\$500,000) was intended for the carrying out of the legislative functions of the state board. A summary of continuation budget expenditures appears below.

SHPPA BOARD

EXPENDITURES

FY 93-94	\$180,916.52
FY 94-95	\$405,430.32
FY 95-96	\$373,000.54

SHPPA BOARD

	<u>APPROPRIATION</u>	<u>EXPENDITURES</u>	<u>BALANCE</u>
FY 96-97 (through 31 Jan.)	\$518,674.00	\$190,085.86	\$328,588.14

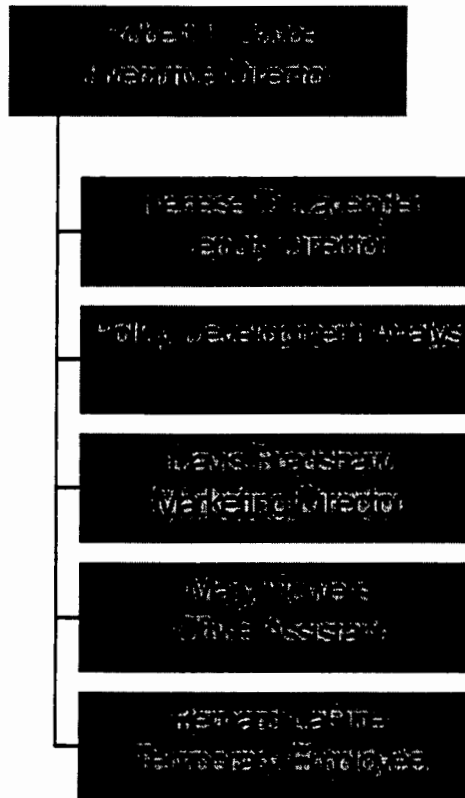
REGIONAL ALLIANCES

	<u>APPROPRIATION</u>	<u>UNENCUMBERED BALANCE</u>
(From inception of program through 31 Jan.)	\$3,500,000.00	\$1,891,112.40

BUDGET RECOMMENDATION

The State Health Plan Purchasing Alliance Board requests and recommends no increases in the continuation budget. The Board believes the current funding to be adequate but necessary to carryout the remaining and ongoing functions of the State Health Plan Purchasing Alliance Board.

ORGANIZATIONAL CHART



SHPPA GOALS

Strategies:

- Bring the market to the small-business buyers (owners and their employees)
- Empower small businesses by providing a benefits "apple-to-apples" comparison of benefits plans to make it easier to make their choices based on price, quality of network alliances and their individual needs
- Provide a place in the market where any business buyer can be guaranteed that top-quality health insurance plans can be purchased
- Empower more agents to show a full range of health insurance plans in the market to more small business buyers
- Provide a place in the market where all small business buyers can obtain fair and stable pricing over the long run (versus the "fountain of youth" where one company goes it alone because no one will get sick or older)

General Policy Goals:

- Turn health insurance for small business into a "buyer's market"
- Show the small business community, providers and carriers that a well-functioning buyer's market for health insurance can operate better than bureaucratic regulation
- Empower small businesses by showing them how grouping together can improve their general purchasing power

PERFORMANCE MEASURES & SHPPA ACCOMPLISHMENTS

The State Health Purchasing Alliances Board measures its performance based on completion of the duties set out in Article 66, Health Care Purchasing Alliance Act, N.C.G.S., Section 143-626. Duties of the Board, & Section 143-634. Antitrust Protection. The following list represents the status of the those 23 duties. Presently, the Board has completed 11 of these duties. Fourteen of the duties remain ongoing.

- **Market Areas.** Establish and modify market areas for alliances in the State.

 Status: Complete/Ongoing

 Comments: Six market areas have been established within the State.

- **Accountable Health Carriers.** Accept, determine eligibility, and designate carriers as Accountable Health Carriers.

 Status: Ongoing

 Comments: At this point we have 14 carriers designated as Accountable Health Carriers.

- **Community Sponsors.** Establish Alliances with community sponsors for each market area determined by the Board.

 Status: Complete

 Comments: Alliances incorporated in all six market areas

- **Annual Reviews.** Conduct annual reviews of the performance of each Alliance a summary of which is to be provided to the General Assembly and each Alliance.

- (a) Each Alliance shall submit data to the Board quarterly to assist the Board in its review. This data includes, but is not limited to, the following:
 - (i) employer enrollment by employer size;
 - (ii) industry sector;
 - (iii) previous insurance status and number of employees within each insurance status;
 - (iv) number of total eligible employers in the market area participating in the Alliance;
 - (v) number of insured lives by county and insured category, including employees, dependents and other insured categories;
 - (vi) profiles of potential employer membership by county;
 - (vii) premium ranges for each qualified health care plan for Alliance members categories;
 - (viii) type and resolution of member grievances;
 - (ix) surcharges; and
 - (x) alliance financial statements.

Status: Ongoing

Comments: The Third Party Administrator will help collect and report this information for alliances.

- **Enrollment Procedures.** Develop standard enrollment procedures to be used in enrolling small employers and their eligible employees.

Status: Complete

Comments: Developed cooperatively with carriers, agents and alliances.

- **Conditions of Participation.** Establish conditions of participation for small employers and self-employed individuals that shall include, but not be limited to, the following:

- (a) Assurances that the member small employer is a valid small employer group;
- (b) Requirements involving qualified health plans;
- (c) Minimum employer contribution requirements;
- (d) Mechanism to provide for participation by eligible employees if their employer chooses not to participate; and
- (e) Mechanisms, such a prepayment of premiums, to assure that payment will be made for coverage.

Status: Complete

Comments: Rules developed cooperatively with carriers, agents and third party administrator.

- **Right to Purchase Health Care Coverage.** Ensure that any small employer or any employee of a small employer who qualifies may purchase health care coverage.

Status: Complete

Comments: This has been accomplished through the guarantee issue provision and AHC participation requirements found in the request for proposals.

- **Compliance.** Ensure compliance with this Article by Alliances, small employers and employee enrollees.

Status: Ongoing

Comments: Quarterly reviews and reports

- **Financial Condition of Carrier.** Have the authority to request information about the financial condition of the carrier consistent with what is required to be submitted by the carrier to the Department of Insurance.

Status: Complete

Comments: This has been accomplished by including a provision in the Accountable Health Carrier designation process.

- **Fair and Affirmative Marketing.** Assure fair and affirmative marketing of the qualified health care plans.

Status: Complete/Ongoing

Comments: The Board has adopted a fair and affirmative marketing policy. It is anticipated that this policy will be monitored through the annual review of each Alliance.

- **Adopt Rules.** Adopt rules necessary to administer the provisions of this article.

Status: Complete

Comments: Rules 100 - 400 series have gone before the Rules Review Committee and are included in Title 24, Chapter 5 of the North Carolina Administrative Code. 100 Series (Community Sponsors); 200 Series (Market Areas); 300 Series (Designation Process for Accountable Health Carriers); 400 Series (Participating Small Employers).

- **Appoint Advisory Committees.** Appoint advisory committees that shall include persons with expertise in health benefits management and representatives of Accountable Health Carriers.

Status: Ongoing

Comments: A Designation Technical Review Committee and an AHC Advisory Committee have been appointed. Future advisory committees will possibly include a Marketing Advisory Committee.

- **Develop Uniform Standards.** Develop uniform standards for the data that Alliances collect from Accountable Health Carriers.

Status: Ongoing

Comments: Currently using HEDIS data set. Further standards being developed in cooperation with carriers.

- **Authority to Sue or be Sued.** Have the authority to sue or be sued, including taking action necessary for securing legal remedies on behalf of, or against Alliances, member small employers, or employee enrollees and their dependents.

Status: Complete

Comments: None

- **Receive or Accept Grants.** Have the authority to receive or accept grants, funds or contributions.

Status: Ongoing

Comments: None

- **Standardized Forms.** Develop and implement standardized forms for use by Accountable Health Carriers.

Status: Complete

Comments: Third-party administrator will manage and update these forms with input from all carriers and agents.

- **Surcharges.** Review, and limit if necessary, surcharges charged by each Alliance for administrative costs.

Status: Ongoing

Comments: Alliances will provide quarterly financial statements which will include fee schedules.

- **Develop Guidelines For Marketing.** Develop guidelines for marketing materials to be used in providing member small employers and their eligible employees with information regarding Accountable Health Carriers and their qualified health care plans.

Status: Complete

Comments: Marketing policy adopted. State will work with third-party administrator and regional alliances to review all marketing materials.

- **Grievance Procedures.** Develop grievance procedures to be used in resolving disputes between member small employers and Alliances.

Status: Ongoing

Comments: Carriers have grievance procedures in place. Alliances are developing grievance procedures.

- **Unresolved Grievances.** Receive, review, and act on appeals of grievances not resolved.

Status: Ongoing

Comments: None to date

- **Analyze Information.** Analyze information collected from Accountable Health Carriers and other sources and report findings that assist in improving the delivery or purchase of cost-effective health care.

Status: Ongoing

Comments: None

- **Annual Report.** Report annually on the operation of the of Board to the Joint Legislative Commission on Governmental Operations and the Governor.

Status: Ongoing

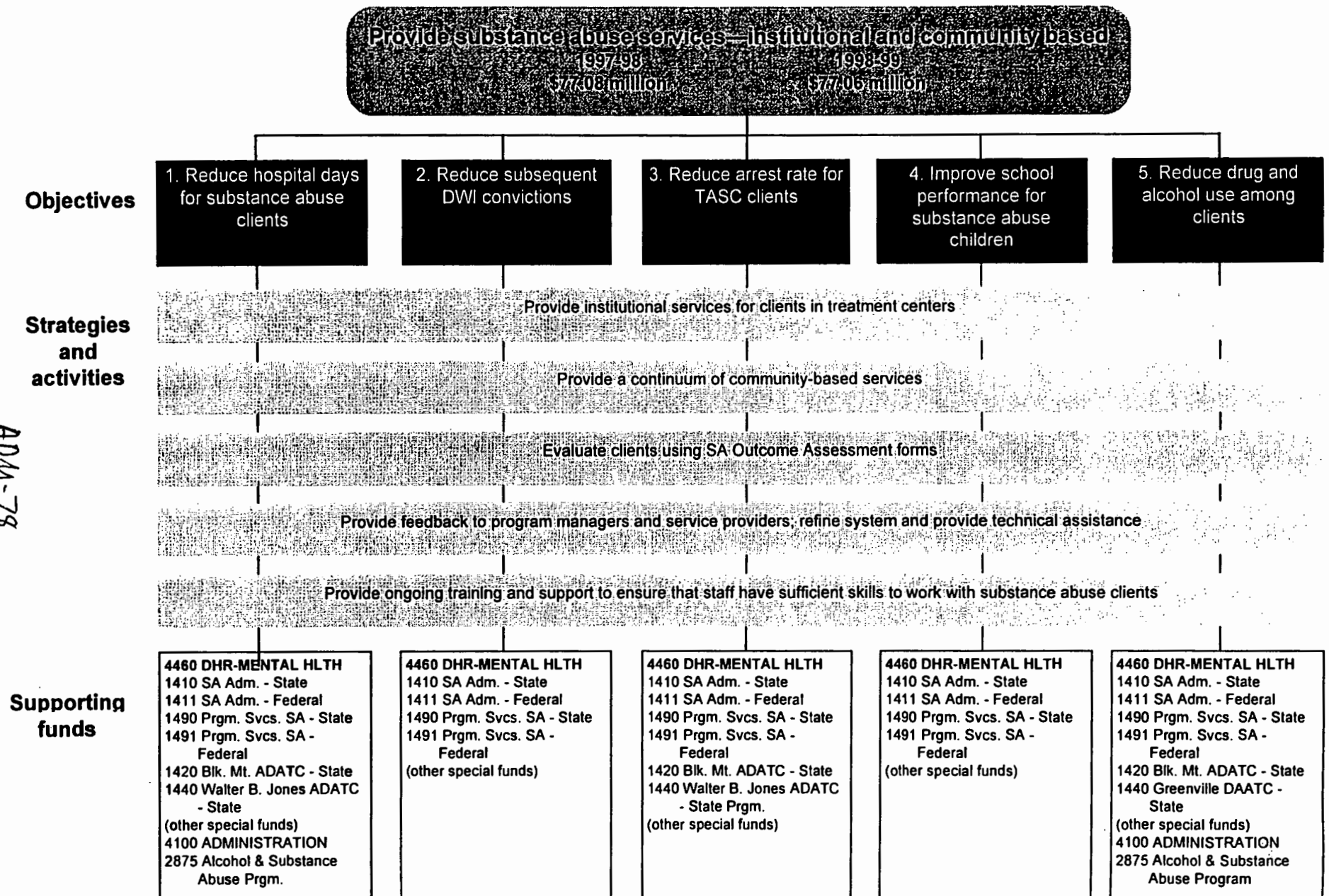
Comments: The SHPPA Board staff will appear before the Legislative Commission on Governmental Operations annually.

- **Anitrust Protection.** The Board shall actively supervise the Alliances to ensure that actions affecting market competition are not for private interests, but to accomplish the legislative intent herein. The Board shall also monitor conduct throughout the small employer market to ensure that the competitiveness of the small employer health coverage is not impeded.

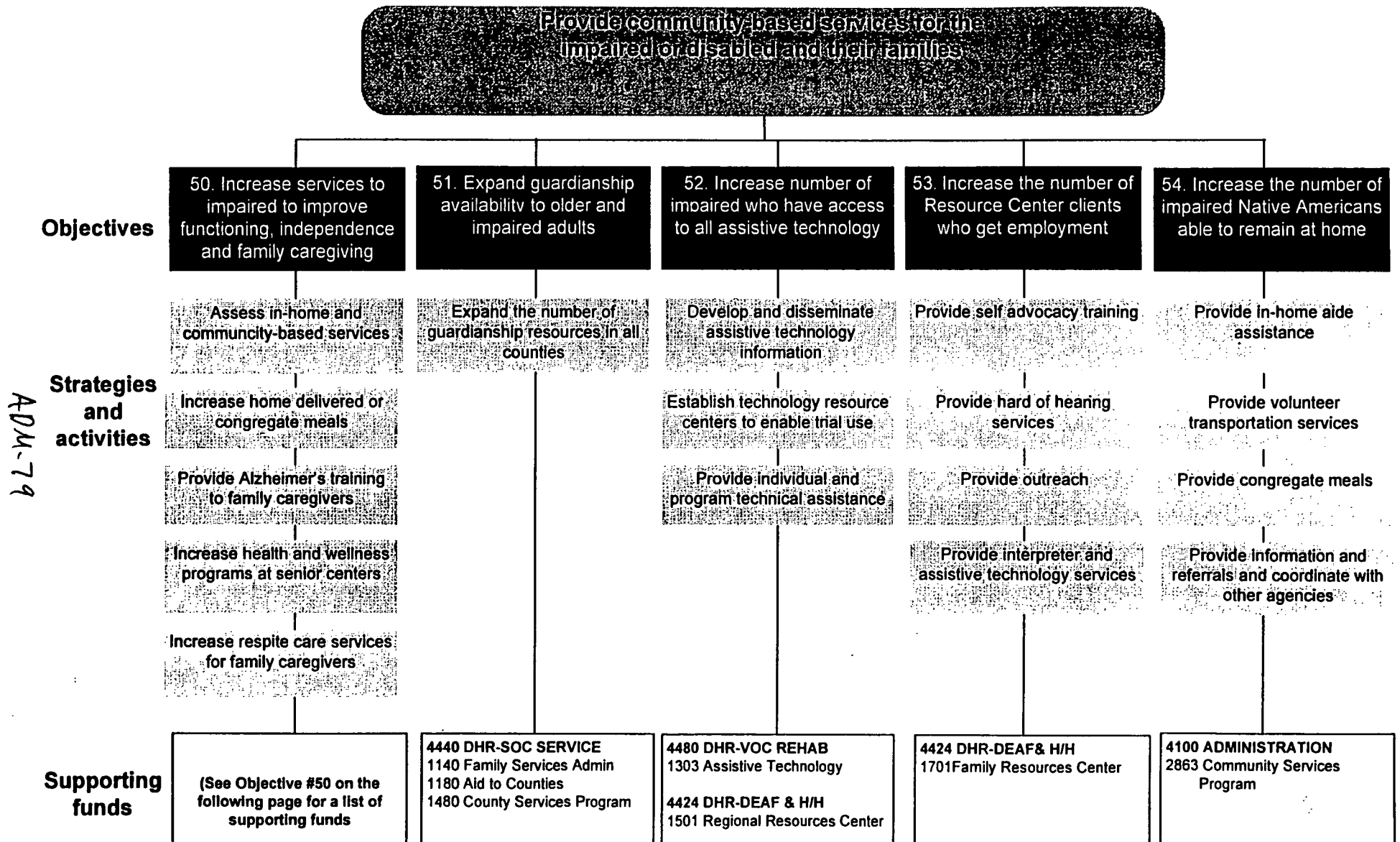
Status: Ongoing

Comments: The SHPPA Board has developed a fair and affirmative marketing policy agreed to by the regional alliances. The Board also conducts annual reviews of the regional alliances. In addition, a non-profit audit of the alliances was conducted by the state auditors office. The regional alliances, on a quarterly basis, submit financial statements and reports to the Board.

1430 Provide substance abuse services—institutional and community-based



2100 Strengthen and preserve families and protect children from harm
Provide community-based services to the impaired or disabled and their families.



2100 Strengthen and preserve families and protect children from harm
Provide community-based services for adolescent parents and/or vulnerable adults.

Services for adolescent parents and vulnerable adults

Objectives

60. Increase healthy births

61. Reduce the rate of second pregnancies to teen parents

62. Reduce family/partner violence

63. Reduce sexual assault

Increase maternity home placements

Match teen with volunteer mentor/role model

Provide resources to protect and treat abused families/partners

Provide shelter, medical care and related services to sexual assault victims

Provide counseling and referrals to family planning services

Provide self-protection training and safety skills

Increase community awareness

Provide maternity home care

Improve high school completion rates

Provide counseling to those who need assistance in coping with family violence

Improve community resources and local advocacy

ADN-80 Strategies and activities

Supporting funds

4440 DHR-SOC SERVICE
 1140 Family Services Administration
 1180 Aid to Counties
 1410 Family Services Administration
 1480 County Services Programs

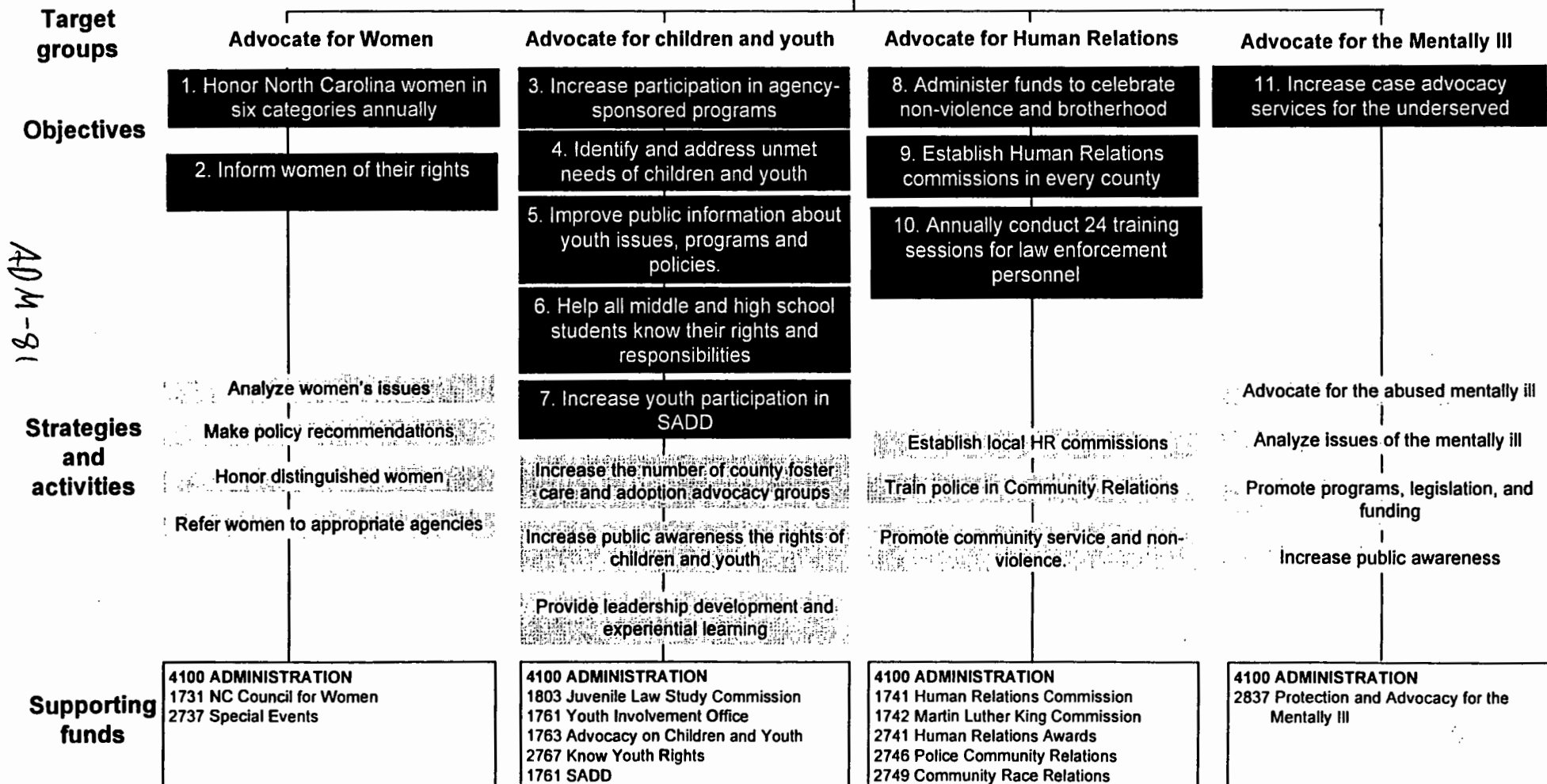
4440 DHR-SOC SERVICE
 1140 Family Services Administration
 1180 Aid to Counties
 1410 Family Services Administration
 1480 County Services Programs

4100 ADMINISTRATION
 1781 Domestic Violence Program
 1782 Domestic Violence Center

4100 ADMINISTRATION
 1734 Rape Crisis Program
 2732 Rape Crisis/Prevention
 2734 Rape Prevention

2400 Provide general advocacy for vulnerable individuals or groups to protect their rights

General advocacy
 FY 1997-98 FY 1998-99
 \$14.70 million \$14.74 million



2400 Provide general advocacy for vulnerable individuals or groups to protect their rights

General advocacy (continued)
 FY 1997-98 FY 1998-99
 \$14.70 million \$14.74 million

Target groups

Advocate for Native Americans

Advocate for Veterans

Advocate for the disabled

Advocate for develop mentally disabled

Objectives

12. Advocate for education, housing, employment, training and social services.
 13. Administer the Educational Talent Search for 600 Native American Youth

14. Train agency personnel to provide effective client services.
 15. Reduce the time required to process claims.
 16. Provide veterans' children opportunities for educational benefits.
 17. Maintain veterans' cemeteries.

18. Provide information about Hyatt v. Shalala rights
 19. Provide self advocacy training and non-institutional settings.
 20. Increase non-litigation group advocacy.
 21. Improve public awareness.

22. Increase the number of DD persons who are informed of their rights.
 23. Increase the number of DD persons trained in self-advocacy.

Strategies and activities

Protect the legal rights and heritage of the Native American populations.
 Help Native American organizations assess their needs and resources.
 Increase public awareness of the rights and needs of Native Americans.
 Help Native American youth improve their education attainment.

Provide information regarding veterans' benefits.
 Assist in resolving problems in the adjudication of benefits.
 Administer the scholarship program for children of veterans.
 Ensure veterans preferences in hiring.
 Assist with housing.
 Operate cemeteries/assist with burials.

Analyze disability issues.
 Recommend changes in laws, rules and policies.
 Increase public awareness and investigate complaints.
 Improve economic opportunities.
 Hold GACPD awards luncheon.
 Provide legal representation.
 Network with community organizations.

Help resolve problems of rights discrimination and inadequate services.
 Advocate for funding and services.
 Assess and promote interagency coordination.
 Monitor and evaluate grants.
 Promote public awareness.

Supporting funds

4100 ADMINISTRATION
 1861 Commission on Indian Affairs
 2865 Indian Talent Search

4100 ADMINISTRATION
 1771 Veterans Affairs Administration
 1772 N.C. Veterans Home Program
 2773 Veterans Affairs-Internment

4100 ADMINISTRATION
 1811 Persons with disabilities
 2811 GACPD Awards Luncheon
 2834 Protect/Advocate for Individual Rights

4100 ADMINISTRATION
 2833 Adv for the Dev. Disabled
 4410 DHR-SECRETARY
 1110 N.C. Council on Dev. Disability

ADM-82

2500 Provide assistance to individuals to get and maintain employment

Obtain and maintain employment

FY 1997-98 FY 1998-99

\$241.61 million

\$212.47 million

Objectives

1. Increase employment program customers still employed one year later

2. Increase employment program enrollees in unsubsidized employment

3. Increase former public assistance recipients to remain off assistance

4. Maintain customer satisfaction at 90%

5. Increase employment in field of training

Strategies and activities

Determine customers' training and service needs; identify employers' employment needs.

Develop individualized employment goals and training plans with customers.

Process referrals; determine eligibility; plan and coordinate training and services.

Identify pool of employment opportunities; develop plan for job placement; educate employers.

Place customers; conduct follow-ups.

Improve cooperation among government agencies, private businesses and school systems.

Supporting funds

4440 DHR-SOC SERVICE
4450 DHR-BLIND SERV
4480 DHR-VOC REHAB
6800 COMM COLLEGE
4600 COMMERCE

3800 LABOR
4100 ADMINISTRATION
4440 DHR-SOC SERVICE
4450 DHR-BLIND SERV
4480 DHR-VOC REHAB
4600 COMMERCE
6800 COMM COLLEGE

4600 COMMERCE
6800 COMM COLLEGE

4450 DHR-BLIND SERV
4480 DHR-VOC REHAB
4440 DHR-SOC SERVICE
6800 COMM COLLEGE
4600 COMMERCE

4600 COMMERCE

Note: 4480 DHR-VOC REHAB Fund 1303 supports objectives 50 and 52 in P/PB 2100.

2500 Provide assistance to individuals to get and maintain employment

Obtain and maintain employment

FY 1997-98 FY 1998-99
\$211.61 million \$212.47 million

Objectives

6. Improve wages

7. Increase the percentage of youth moving into jobs

8. Increase rate of employment per staff year worked

9. Improve ratio of placement wage to prevailing wage

10. Increase Trust Fund Savings by placing UI claimants

11. Improve ratio of job referrals to job placements

12. Improve placements that hold jobs 150 days

Strategies and activities

Determine customers' training/service needs; identify employers' needs.

Develop individualized goals and training plans with customers.

Process referrals; determine eligibility; plan and coordinate training and services.

Identify employment opportunities; develop job placement plan; educate employers.

Place customers; conduct follow-ups.

Improve cooperation between governments, businesses and school systems.

Obtain job listings

Match registrants' skills with employment needs

Refer registrants to jobs

Place more UI claimants in jobs

Place more UI claimants in jobs

Supporting funds

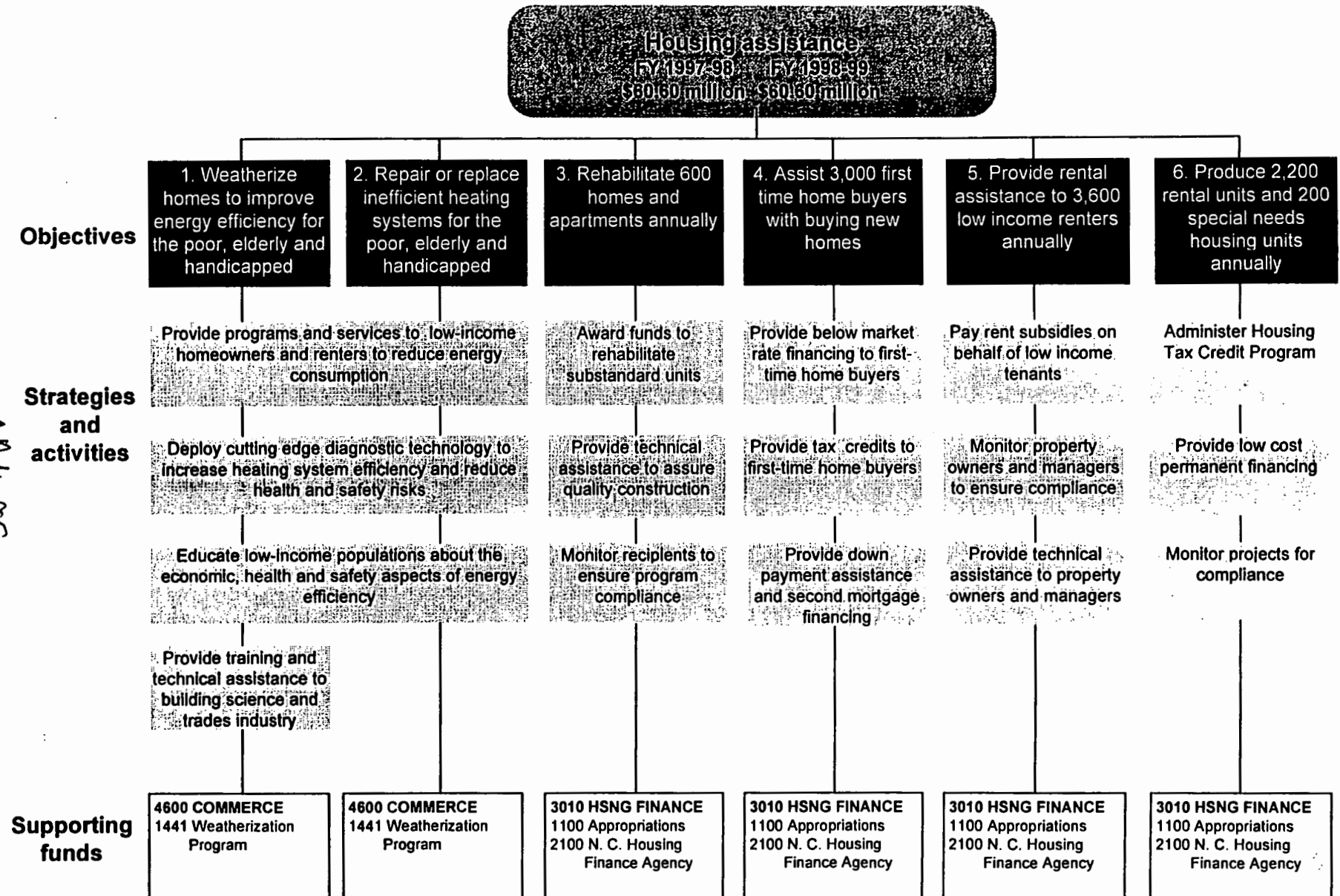
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4480 DHR-VOC REHAB
4600 COMMERCE
6800 COMM COLLEGE

4480 DHR-VOC REHAB

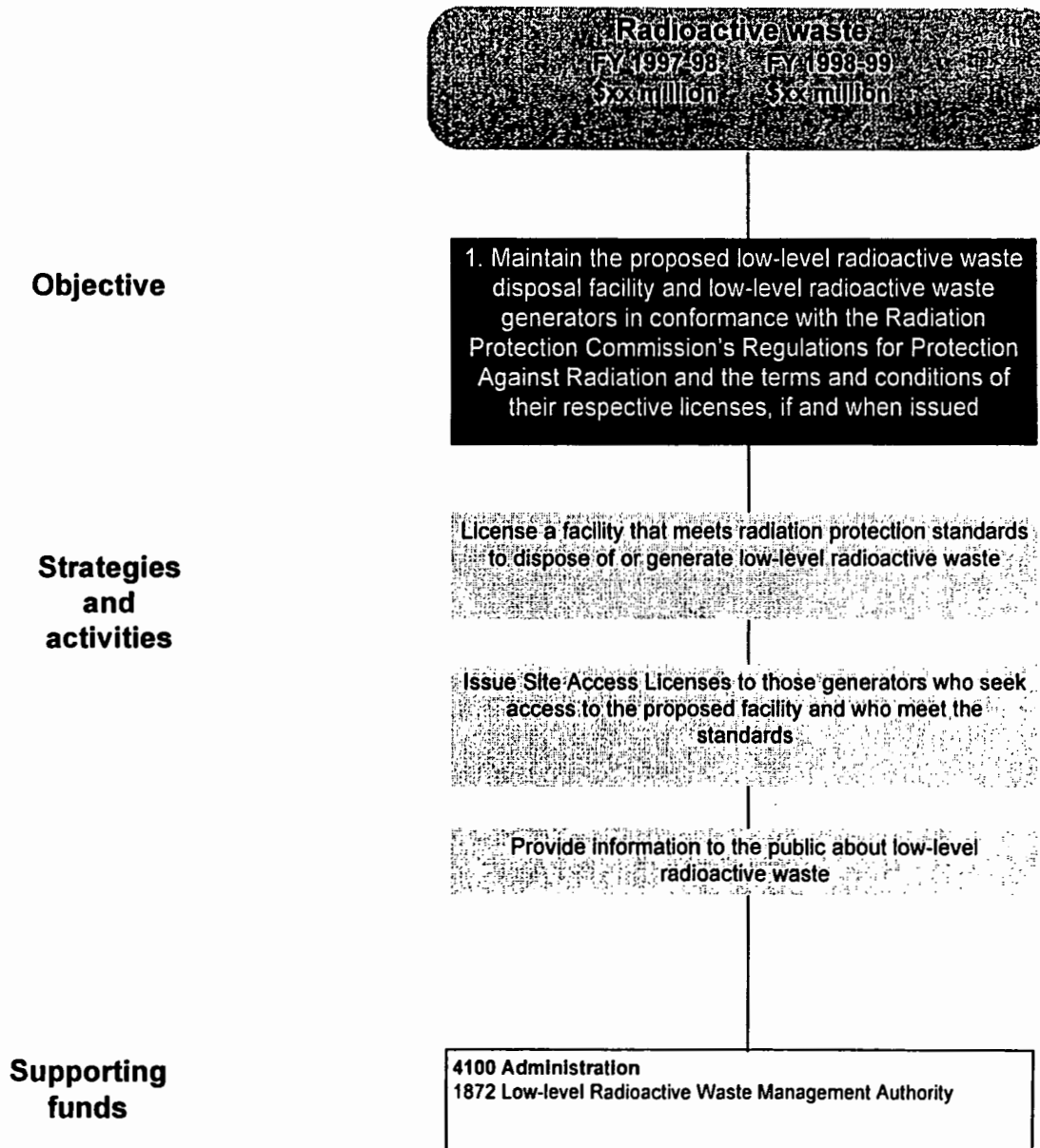
4650 ESC

2800 Provide housing assistance

ADN-85



5520 Radioactive waste



6420 Technology development and deployment

Technology development and deployment

FY 1997-98: \$51.95 million
FY 1998-99: \$51.95 million

Objectives

1. Provide assistance to biotech companies

2. Award grants for research in biotechnology

3. Increase TA using electronic & information technologies

4. Increase collabs to promote electronic & info technology development

5. Encourage state-supported tech-based organizations to collaborate

6. Increase science and technology partnerships

7. Identify new problem-solving methods and techniques for tech industry

Strategies and activities

Assist with the creation of new companies, development of current companies, and recruitment of out-of-state companies

Provide funding for invention of new bioscience technologies

Support new and existing N.C. small businesses with technical assistance and access to MCNC's advanced information and electronic technology capabilities

Increase research and development by increasing external funding

Develop and implement State Tech and Manuf Strategies in concert with state-supported organizations

Convene monthly meetings that address specific targeted research areas

Provide grants for preliminary studies to identify new methodologies or novel techniques for industry

Give financial and administrative support for scientific intellectual exchange

Give financial and program support for high school, college, and undergraduate workforce training in the biosciences

Support existing North Carolina companies with a testbed for commercialization of new information and electronic technologies

Work with groups and associations to establish sector specific tech strategies for key industry clusters in the state

Convene bi-monthly meetings targeting specific research areas for university to university collaborations

Assist with matching of research collaborations between university and industry in targeted areas

Supporting funds

4612 NC BIOTECH
1121 Biotechnology Center

4612 NC BIOTECH
1121 Biotechnology Center

4610 MCNC
1131 Microelectronics Center

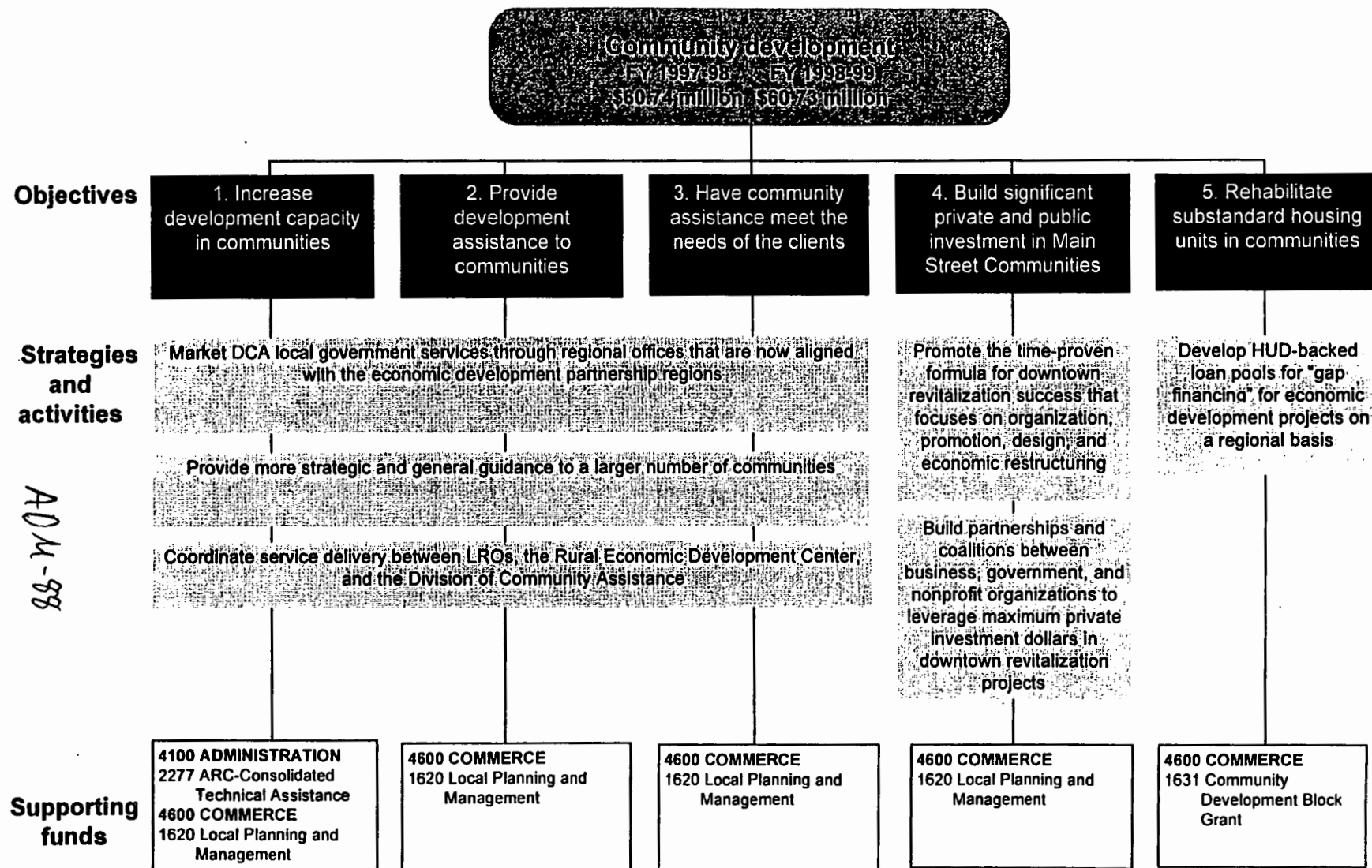
4610 MCNC
1131 Microelectronics Center

4600 COMMERCE
1514 N.C. ACTS

4100 ADMIN
1871 Science & Tech Research

4100 ADMIN
1871 Science & Tech Research

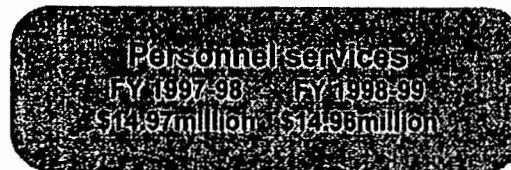
6600 Assist counties and communities in orderly development



Objectives

Strategies and activities

Supporting funds



1. 80% of surveyed agency participants will indicate that training was relevant and transferable to the job

Develop questionnaire

Identify Likert scale

Design questionnaire to be scanned

Develop method for questionnaire administration

Designate staff person to scan and read data

4100 ADMINISTRATION
1311 Office of State Per
2313 OSP Computer Lab
2314 Fundamental of Management
2317 Personnel Dev Ctr Users Fees

2. Offer a client-centered technical assistance/consultation to agencies and universities

Establish definitions for technical assistance and consultations

Design training package and train employees in pilot

Convene group to design evaluation performance questionnaires

Seek feedback on instruments from all employees

Pilot questionnaires, seek employee feedback, adjust survey instrument, and utilize

4100 ADMINISTRATION
1311 Office of State Personnel

3. Monitor and evaluate the HR System

Conduct research and development - HR measures

Design measures and methods for data collection

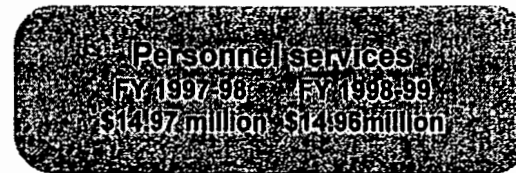
Review measures, methods, techniques

Implement data collection for measures

Monitor and evaluate process

4100 ADMINISTRATION
1311 Office of State Personnel

ADM-89



Objectives

4. 80% of clients responding to a survey will provide positive feedback on PMIS data services

5. All policies/programs reviewed to determine if consistent with current HR trends

6. Provide temporary staff

7. Reduce length of time to produce the Official Record

Strategies and activities

Determine scope of survey

ESC staff develop draft questionnaire

Distribute questionnaire

Review results of questionnaire

Repeat survey biennially

Review HR literature to develop criteria

Develop criteria into checklist

Analyze and review personnel data

Issue report

Hire and train placement counselors

Advertise temporary jobs

Evaluate applicant credentials

Collect information regarding private sector services

Adjust hourly rates as needed

Improve internal processing for preparing the "Official Record"

Supporting funds

4100 ADMINISTRATION
1311 Office of State Personnel

4100 ADMINISTRATION
1311 Office of State Personnel

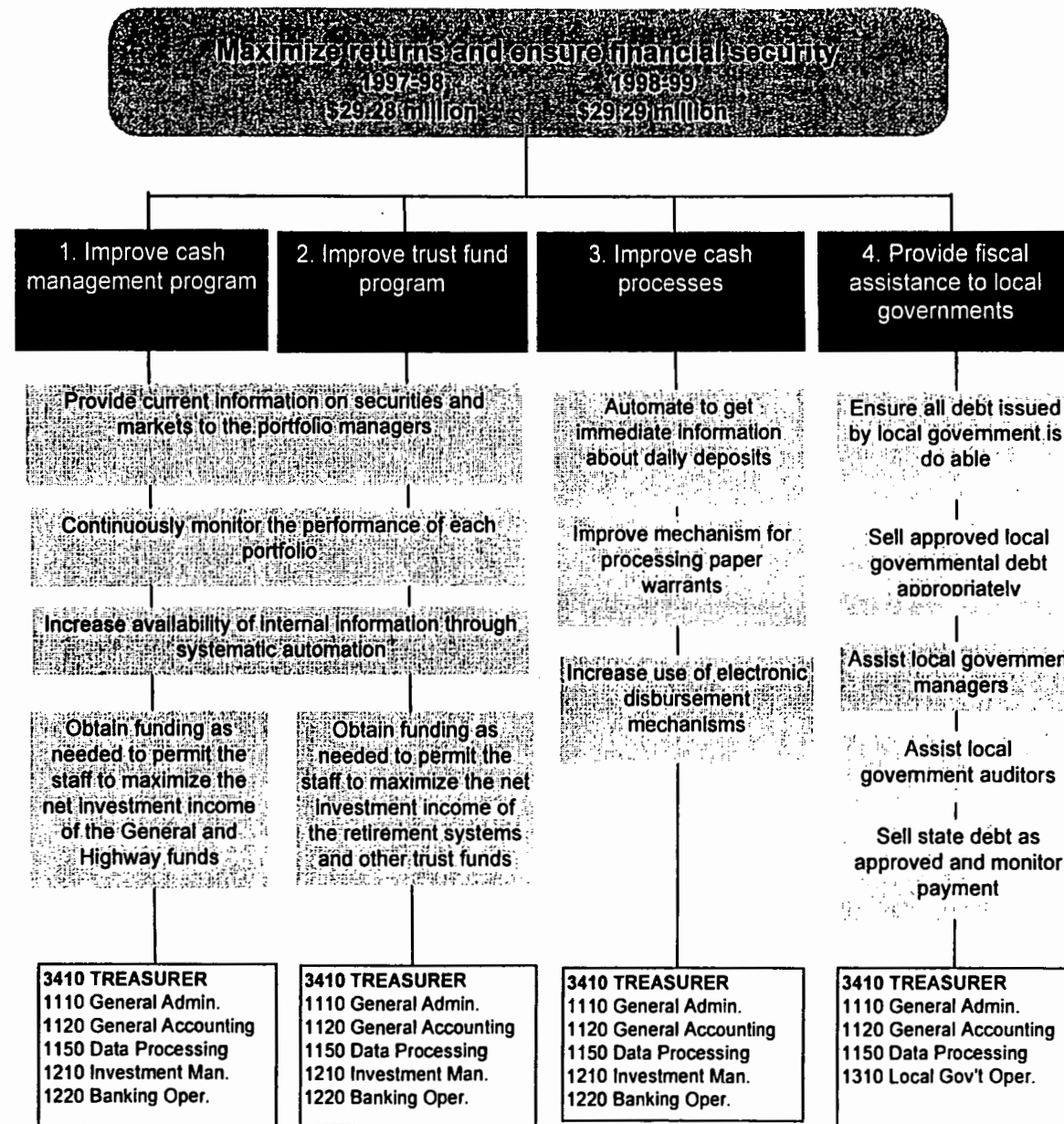
4100 ADMINISTRATION
7511 Temporary Solutions

8210 ADMIN HEAR
1100 Admin & Ops

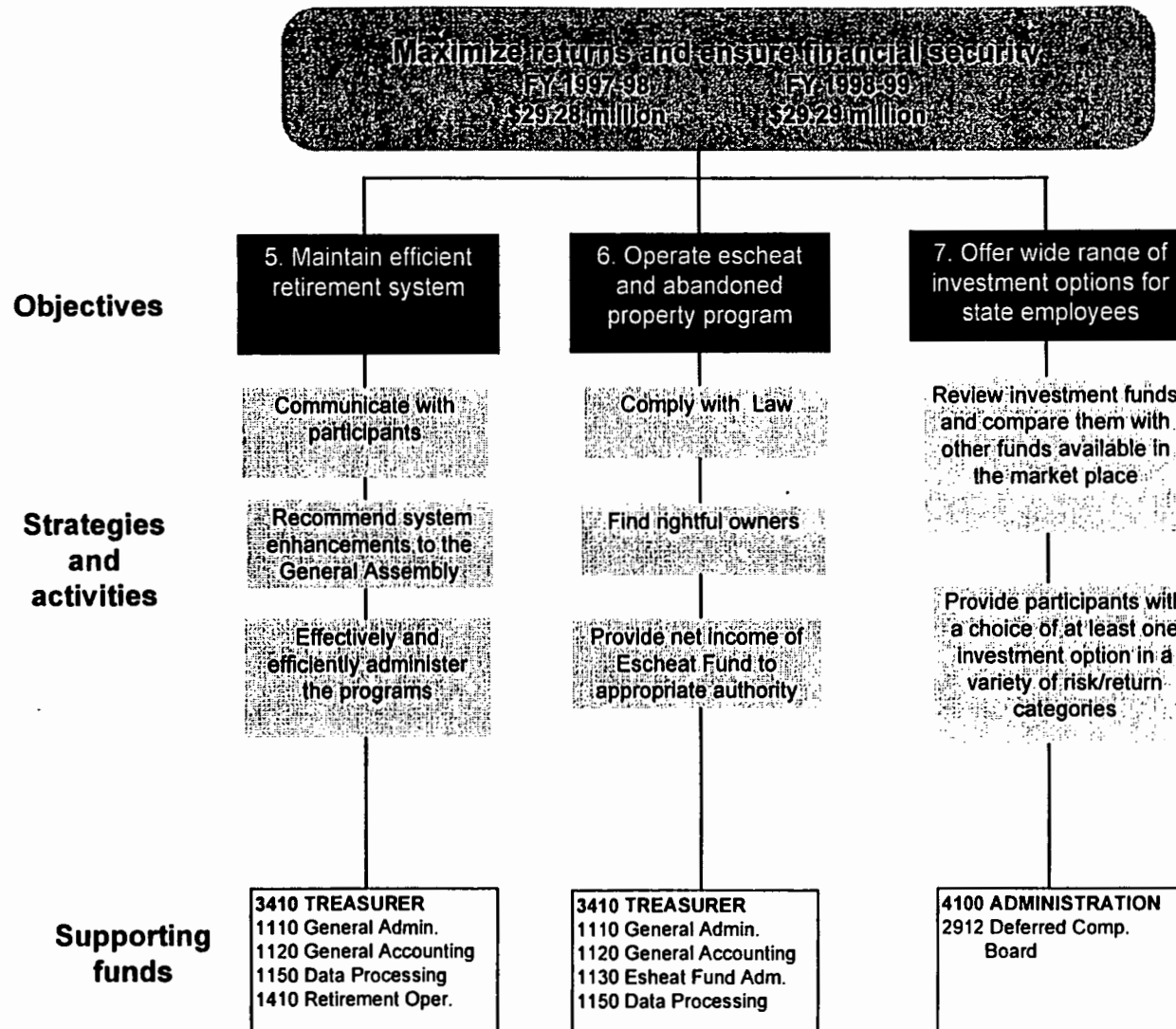
Objectives

Strategies and activities

Supporting funds

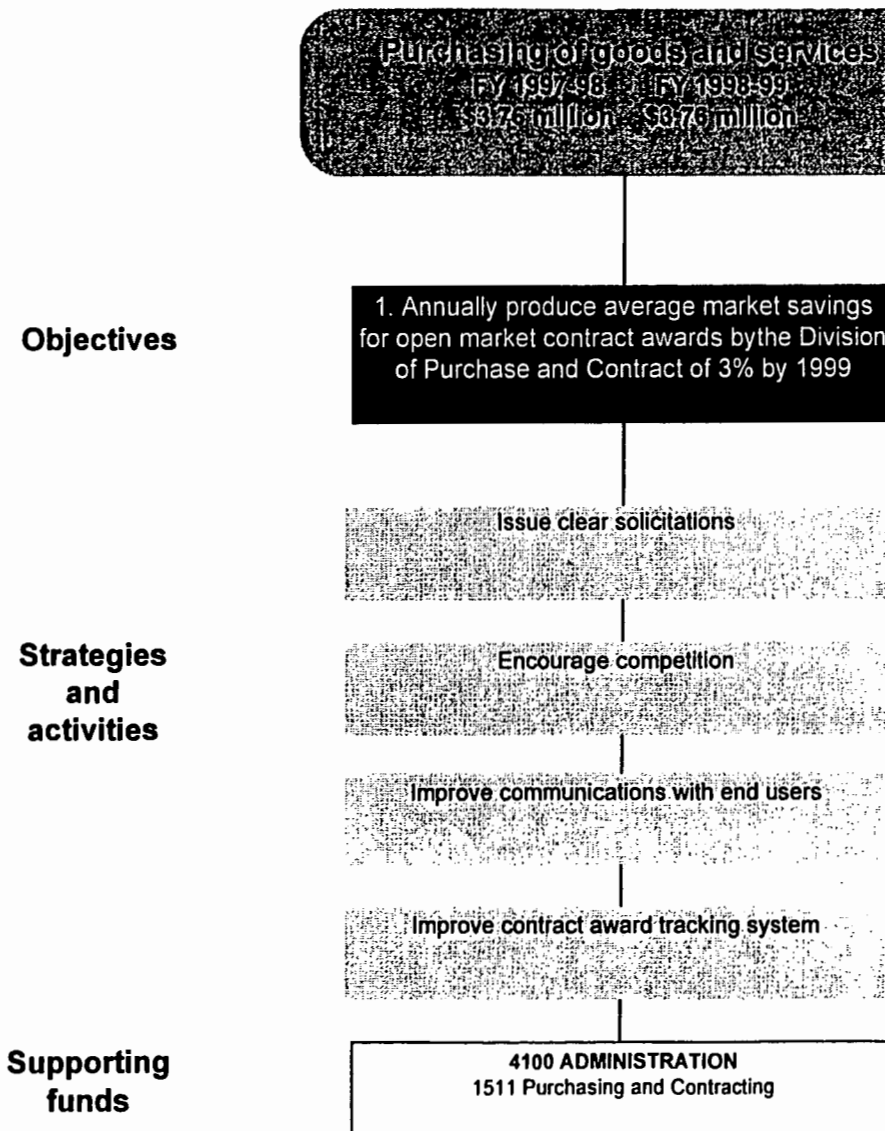


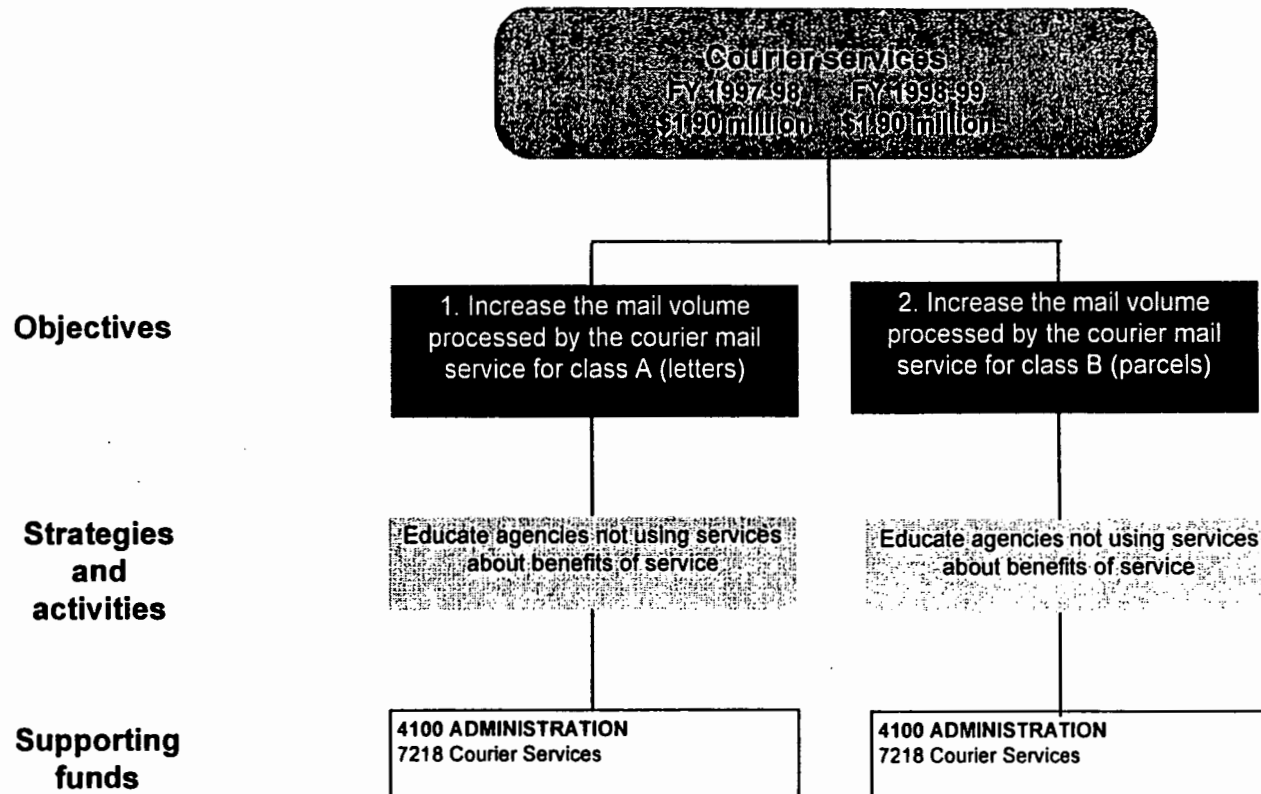
APM 91



ADM-92

APM-93



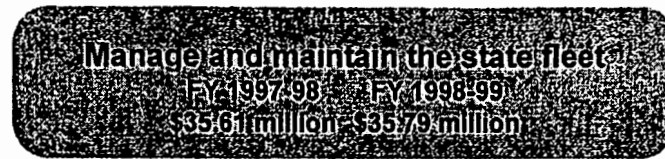


ADN-24

Objectives

Strategies and activities

Supporting funds



1. Maintain current mileage rate levels except for adjustments for inflation

Purchase vehicle with lowest life cycle

Re-sell fleet cars where cost per mile is lowest

Utilize computer systems

4100 ADMINISTRATION
7211 Motor Fleet Management

2. Continue providing state vehicles at about 1/2 the national average cost of 45 cents per mile

Use competitive bid process

Maintain cost control measures

Surplus vehicles at optimal replacement mileage

4100 ADMINISTRATION
7211 Motor Fleet Management

3. Provide air transportation for state officials, personnel and corporate clients

Train pilots and mechanics as required

Establish and maintain system of maintenance and inspection for aircraft

4300 COMMERCE
1112 Air Transportation Service

ADM-95

Provide information technology and telecommunications management

FY 1997-98

FY 1998-99

\$125.26 million

\$125.26 million

Objectives

1. Increase the number of agencies sponsoring call-in programs on OPEN by 2% per year

2. Increase the number of State Agencies using Video Teleconferencing facilities by 5% per year

3. By 1998, produce at least one interactive CD-I or CD-ROM for a state agency client

4. To increase by 2% per year, the number of eligible cable systems offered grants

5. Study expansion of Customer Support System

Strategies and activities

Analyze number of agency sponsors over past 3 years

Analyze possibilities for additional co-sponsorships

Analyze possibilities for foundation or corporate sponsorship of series

Analyze need for additional equipment to avoid scheduling conflicts

Analyze list of current users over the last three years

Analyze possibilities for additional client use

Analyze needs of teleconference receive sites

Market access of fiber site shared with Emergency Management

Analyze needs of client agencies that are interested in CD

Analyze APT equipment and training needs

Analyze potential and demand for CD productions by public agencies

Analyze market to determine what staff and equipment is for part-time hire

Analyze which NC cable systems are eligible for one-time grants

Analyze subscriber base, channel capacity and location of eligible systems

Analyze possibility of additional private funding when this private grant runs out

Examine expansion of access to the Customer Support System

AD-96

Supporting funds

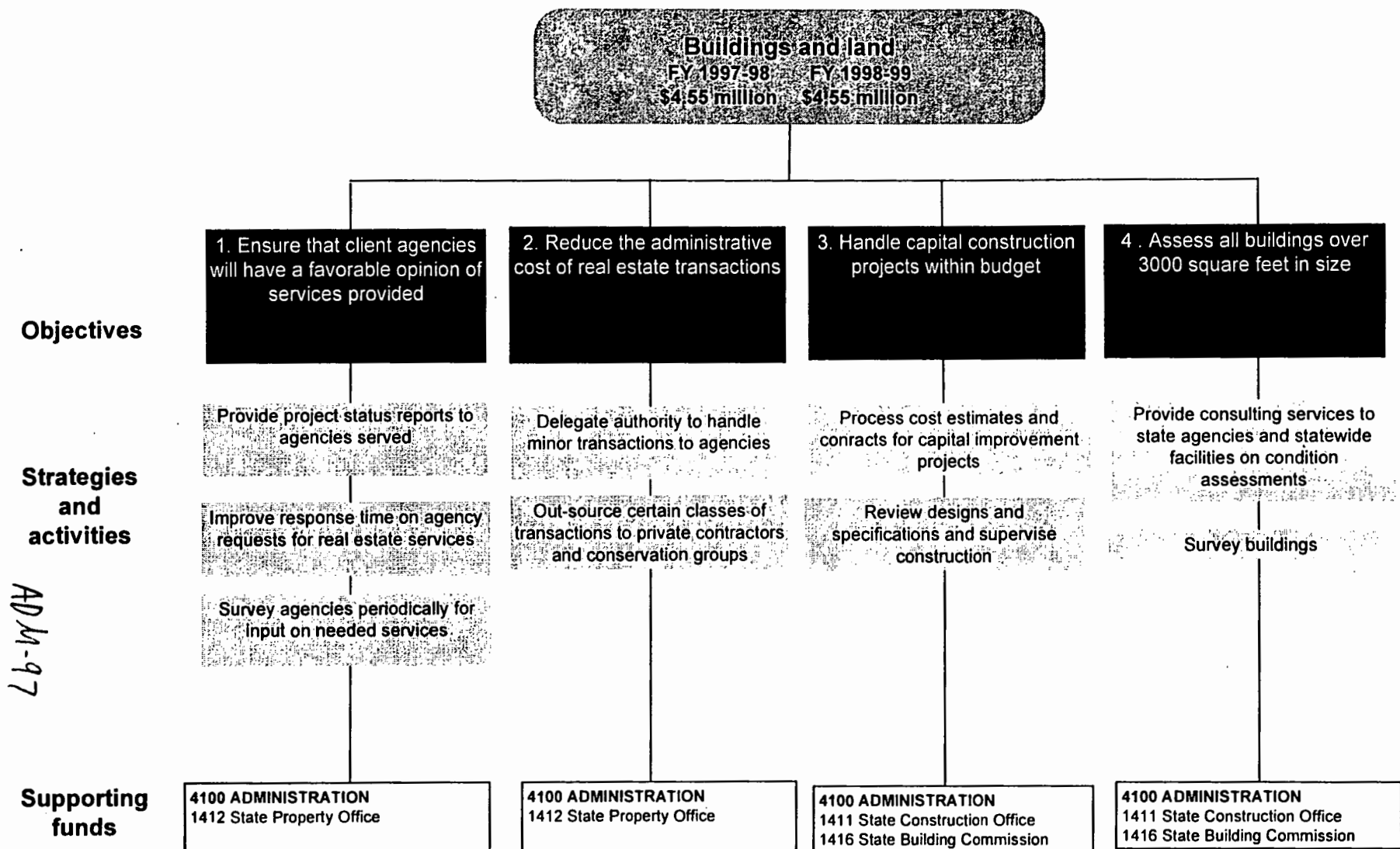
4100 ADMINISTRATION
1264 Agency for Public Telecommunications

4100 ADMINISTRATION
1264 Agency for Public Telecommunications

4100 ADMINISTRATION
1264 Agency for Public Telecommunications

Objective 4 is deleted. Grant funding was not continued for the 1997-99 biennium.

4160 CONTROLLER
7218 Distributed Computing Services

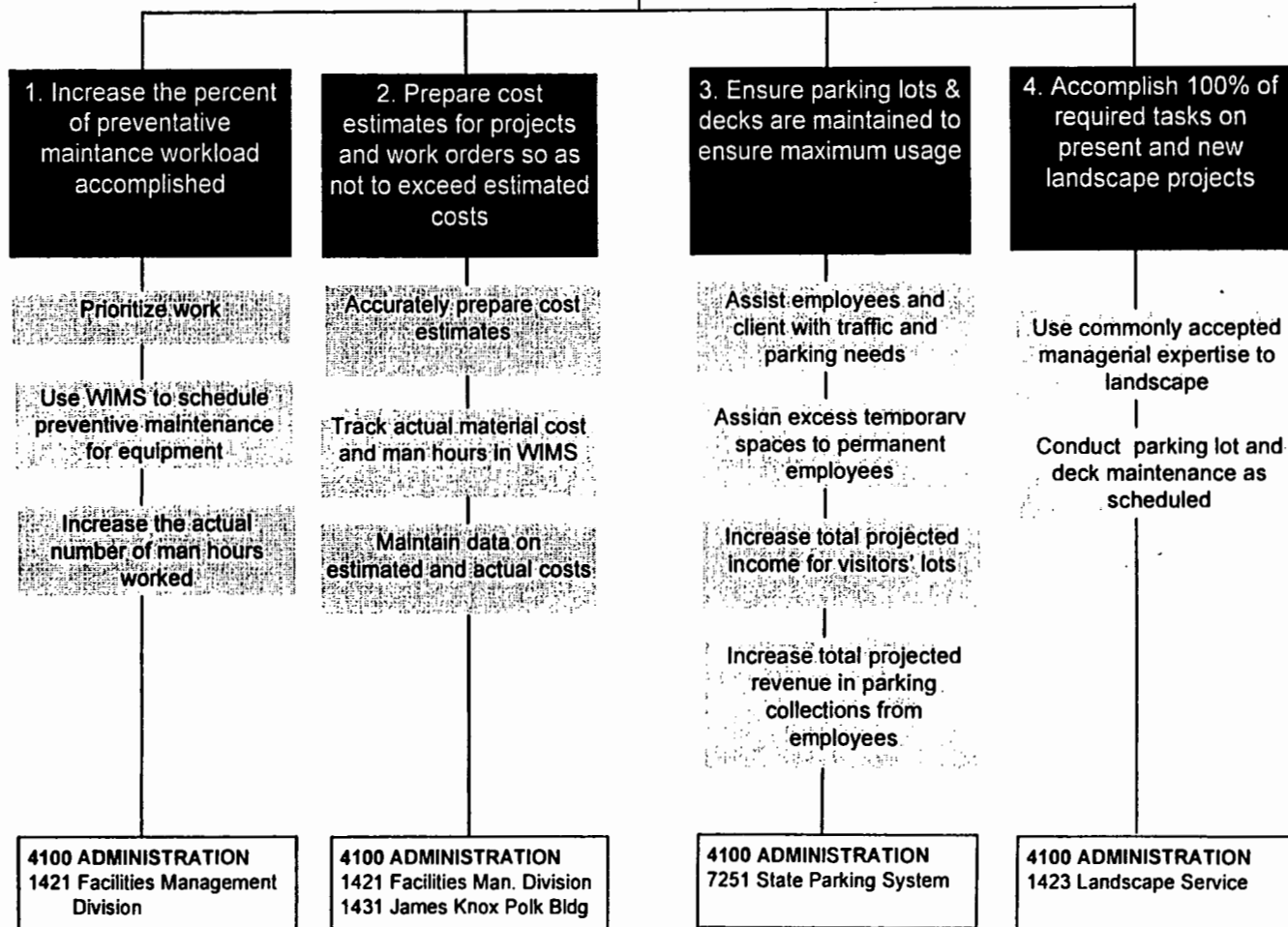
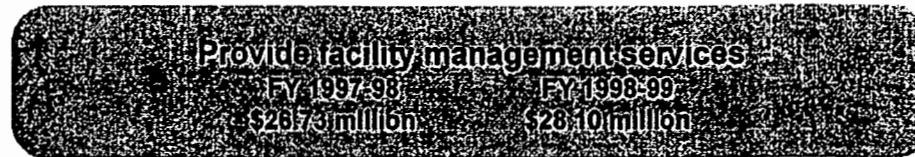


0662 Provide facility management services

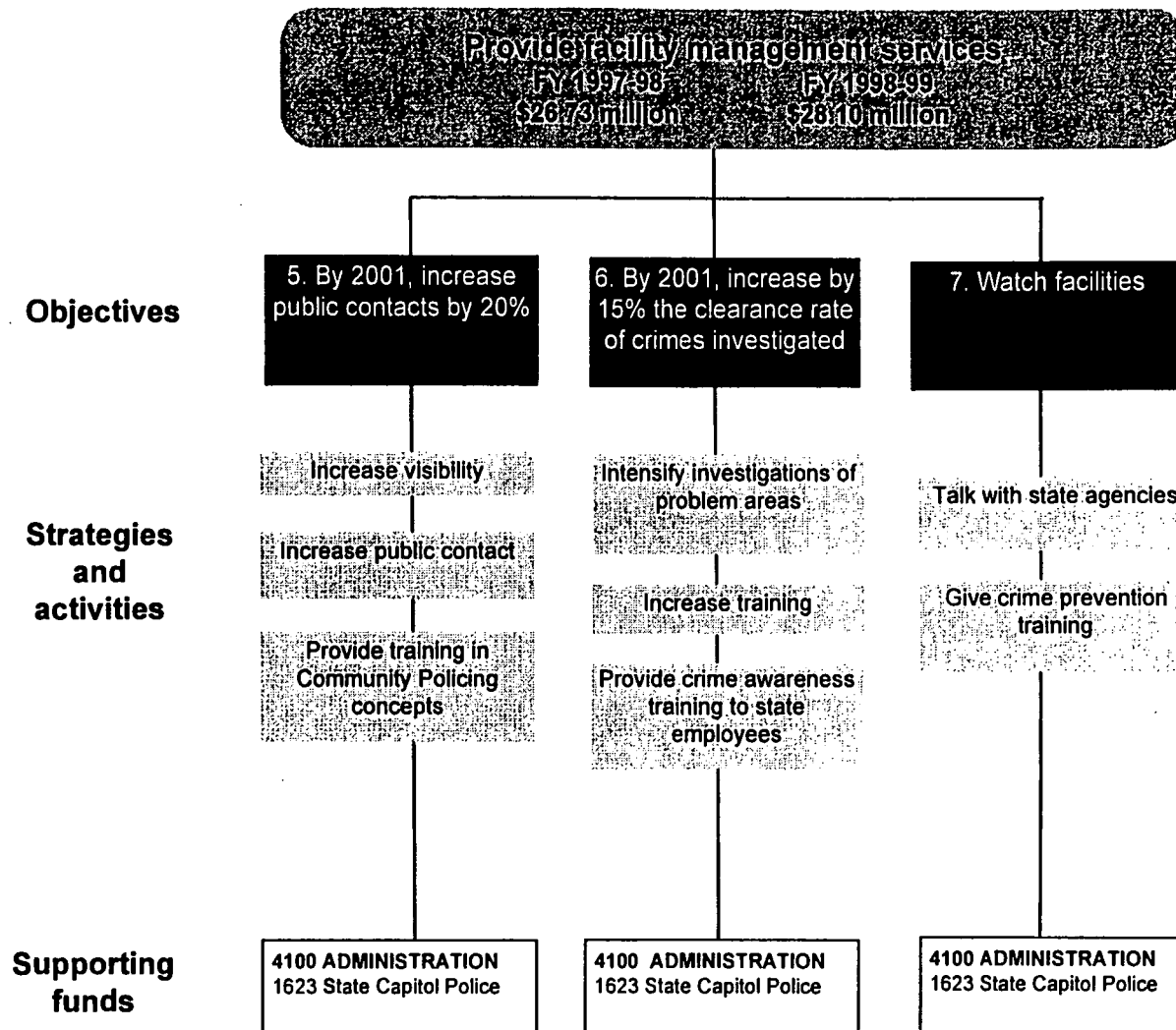
Objectives

Strategies and activities

Supporting funds



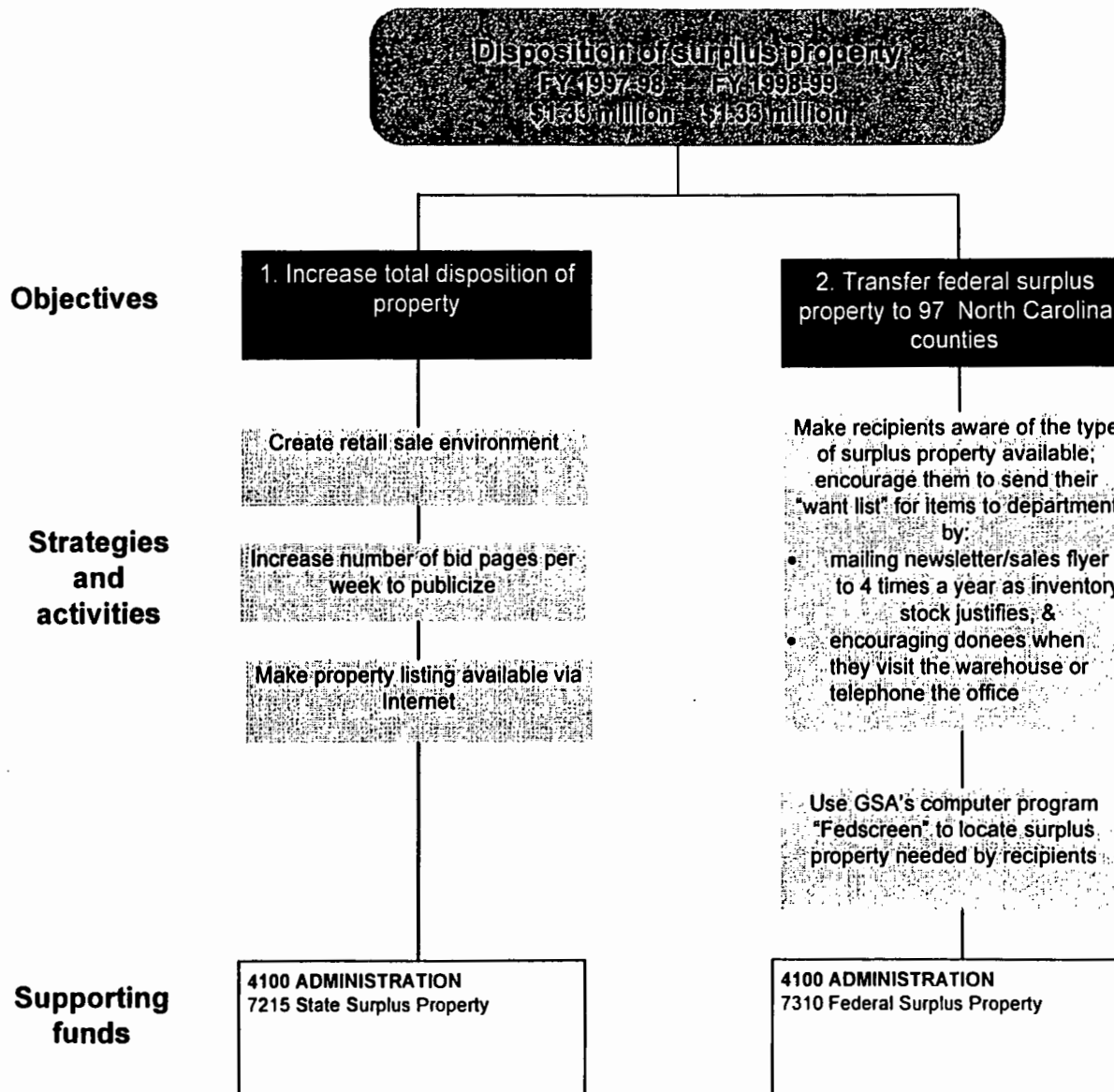
0662 Provide facility management services



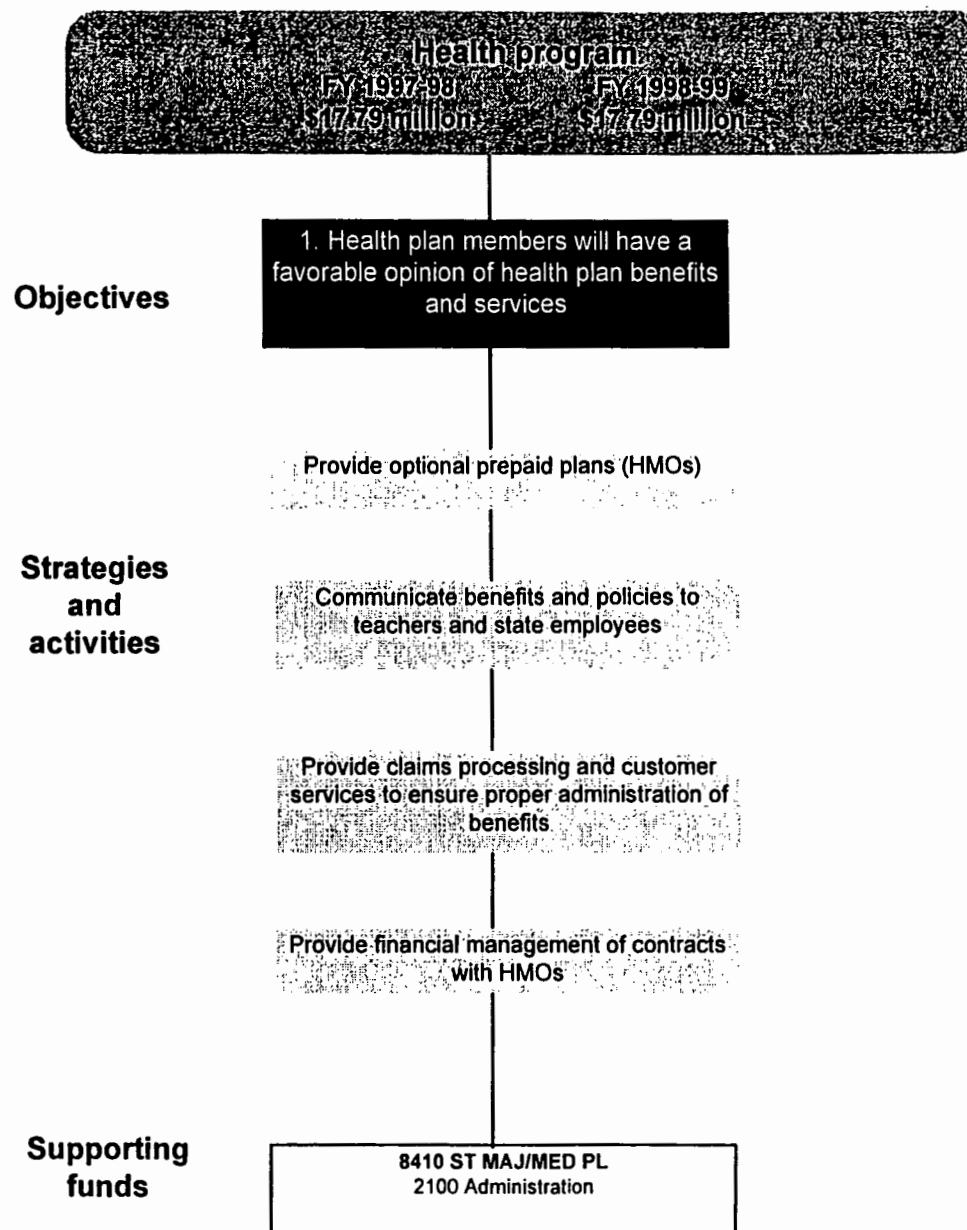
APM-99

0663 Provide for the disposition of surplus property

APM-100



ADM-101

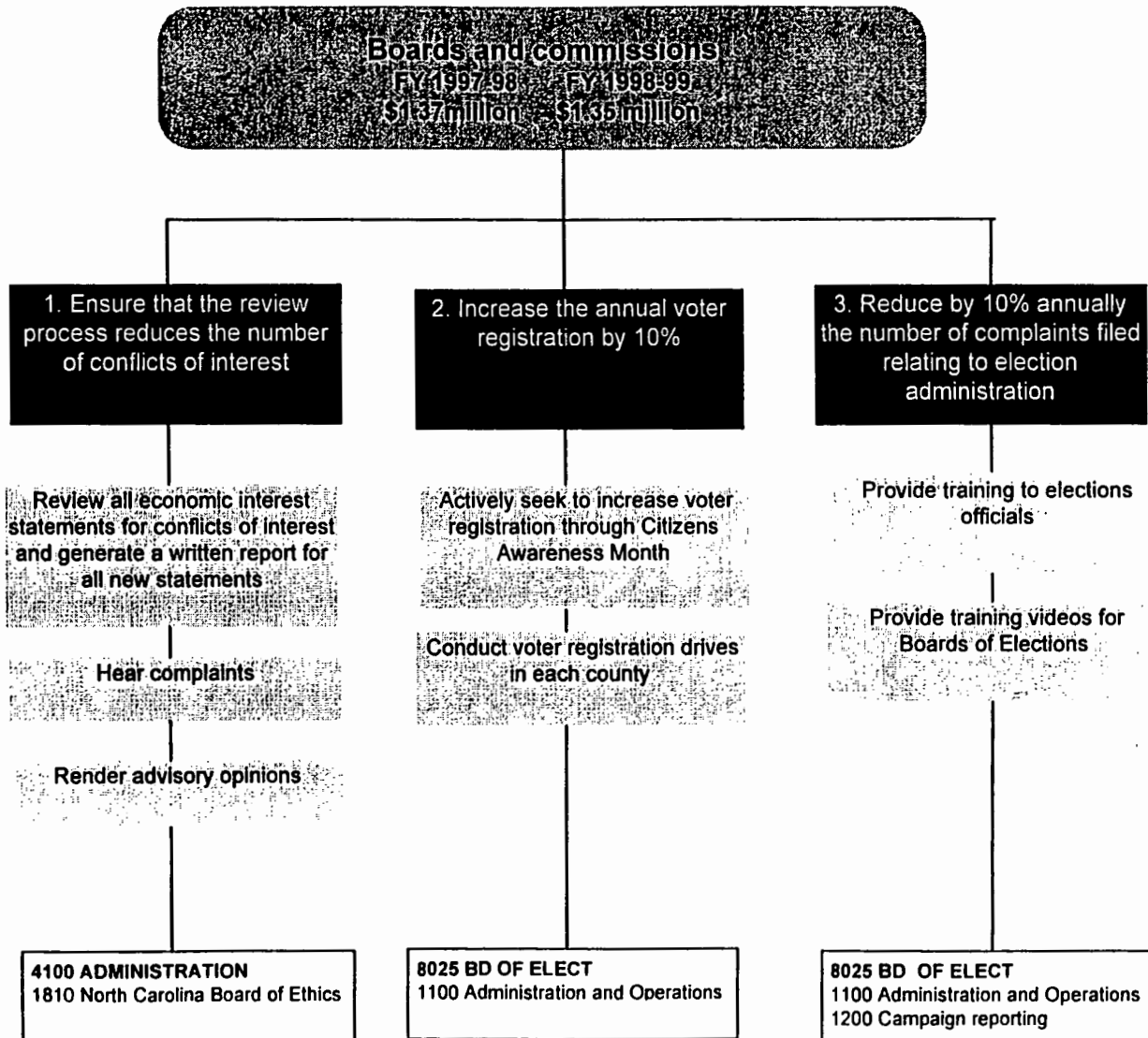


ADM-102

Objectives

Strategies and activities

Supporting funds



JOINT APPROPRIATIONS SUBCOMMITTEE

ON

GENERAL GOVERNMENT

March 19, 1997

The Joint Appropriations Subcommittee on General Government met Wednesday, March 19, 1997 at 4:15 p.m. in room 425 of the Legislative Office Building. All of the Senate members were present. Representatives present were: Co-Chairs Ives, McCombs and Sherrill; and Representative Jeffus.

Senator Warren, Chair for the day, asked Marvin Dorman, State Budget Officer, to explain the budget process to the Committee. Mr. Dorman gave each member a flow chart listing the personnel and their positions for the Office of State Budget and Management. (Attachment 1.) He said that the State's budget was a \$20 billion budget, with 16,000 programs and 30,000 line items. Attachment 1 also includes a list of the functions of the State Budget Office.


Mr. Dorman noted that Senator Warren was a member of the Advisory Budget Commission whose primary responsibility is to advise the Governor on the preparation of the biennial budget. The Commission also conducts biennial tours of state facilities and holds budget hearings in the late summer and early fall of each even-numbered year.

Senator Warren then introduced Franklin Freeman, the Governor's Chief of Staff. Mr. Freeman also furnished the members a handout with a flow chart listing the positions in the Governor's office, and the duties of each. (Attachment 2.)


Senator Warren thanked Mr. Dorman and Mr. Freeman for their presentations, and he said that he really enjoyed serving on the Appropriations/General Government Committee because it gave him the opportunity to learn so much about the functions of the State departments.

The meeting adjourned at 5:10 p.m.

Respectfully submitted,



Senator Ed Warren, Chairman



Wilma Caldwell, Committee Clerk

The Governor As Director of the Budget

The Governor's Budget Authority

- a. North Carolina's Constitution directs the Governor to "administer" the State Budget and to maintain a balanced budget.
- b. The Executive Budget Act states that the Governor is the Director of the Budget. The Governor may appoint someone to carry out the responsibilities of the Act.
- c. The Executive Budget Act provides the Governor as Director of the Budget with authority to carry out the budget affairs of the state, in capital improvement reviews, in overall state government management affairs, and in economic research and demographic matters.

The Governor is required by the Executive Budget Act to submit a balanced biennial budget to the General Assembly, along with any revenue bills.

The General Assembly, beginning with the 1973 Legislative Session, has chosen to have annual sessions within each biennium for the purpose of reviewing and updating the second year of the biennial budget. This second session usually begins in May of even-numbered years. Governors have participated in this second year budget review and updating beginning with the submission of new economic and revenue forecasts and supplemental budget recommendations.

Office of State Budget and Management

The Office of State Budget and Management assists the Governor in preparing and executing the state budget as well as assist in the management of state government. The office is located administratively within the Governor's Office.

ORGANIZATION

- Budget Sections
- Performance/Program Budget Function
- Management and Productivity Section
- Office Administrative Functions

FUNCTIONS

- Budget Preparation:
 - Assist the Governor in reviewing agencies' budget requests
 - Assist the Governor in formulating his budget recommendations
 - Staff the Advisory Budget Commission and assist it in its biennial tours of state departments and institutions and budget hearings
 - Present the Governor's budget recommendations to the General Assembly's committees and subcommittees
- Budget Administration:
 - Certify the legislatively authorized budget to departments and institutions
 - Quarterly Allotments
 - Salary Control
 - Travel and Other Matters
 - Budget Transfers
 - Capital Improvement Projects
 - Examine Progress of Revenue Collections
 - Prepare Revenue Forecasts
 - Prepare and Release Official Economic Forecasts
 - Prepare Fiscal/Economic Impact Analysis *for every rule*
- Management and Productivity Section:
 - Examine day-to-day operations and management of agencies
 - Studies to determine "overlapping" duties
 - Review Agencies' Forms and Reports
 - Special Studies directed by the Governor and/or the General Assembly
- Assistance to Departments in Budgetary and Managerial Areas
- Represent Departments Before:
 - The Governor
 - The Advisory Budget Commission
 - Legislative Committees

ADVISORY BUDGET COMMISSION

Fifteen (15) Member Commission

The Advisory Budget Commission is a fifteen (15) member body, with five (5) members each appointed by the:

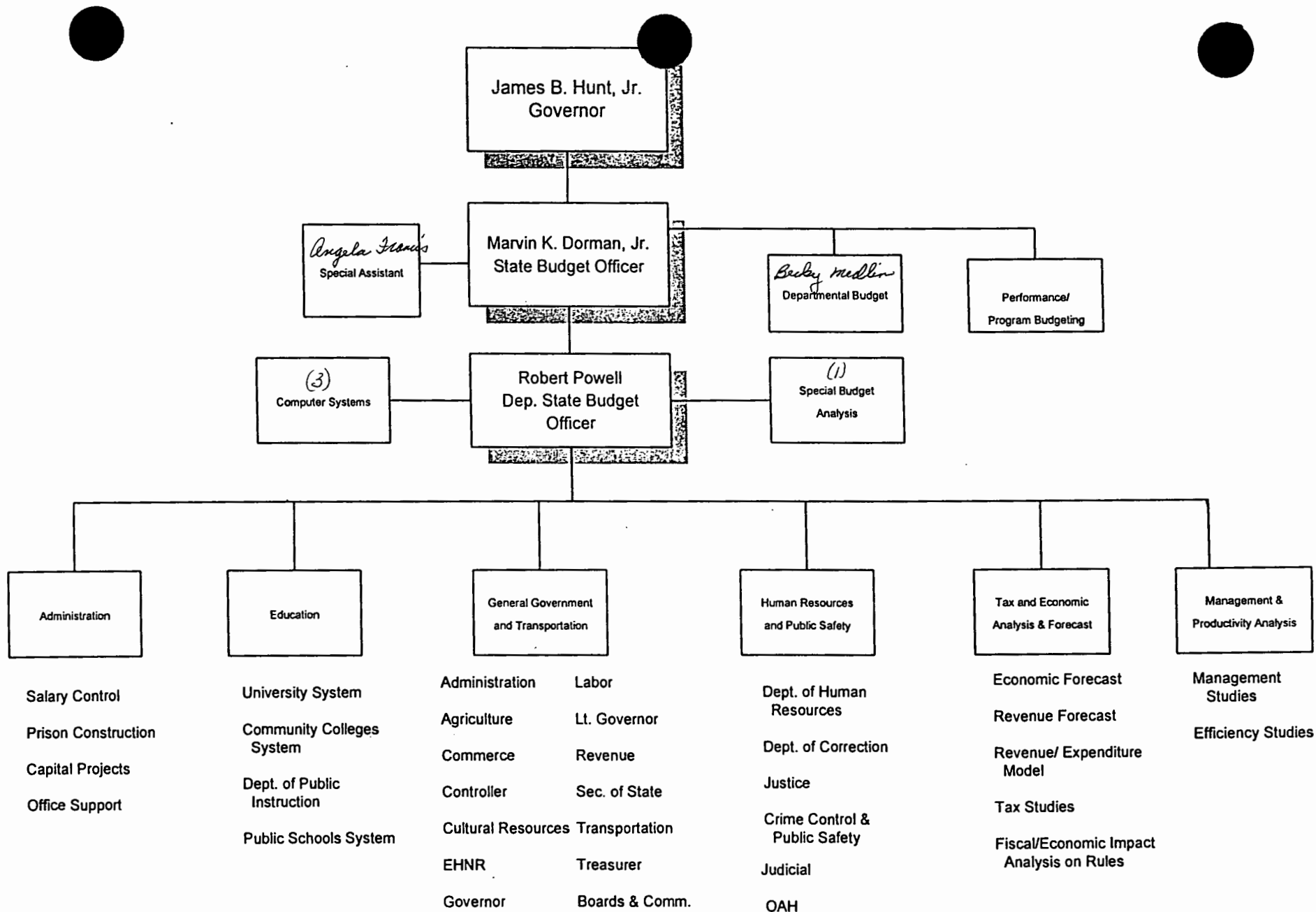
- Governor. If any legislators are appointed, a balance must be maintained between the Senate and the House.
- President of the Senate.
- Speaker of the House.

Periodic meetings are held to advise the Governor on certain budget, construction, contract, and salary matters as required by law. Staff assistance is provided to the Commission by the Office of State Budget and Management.

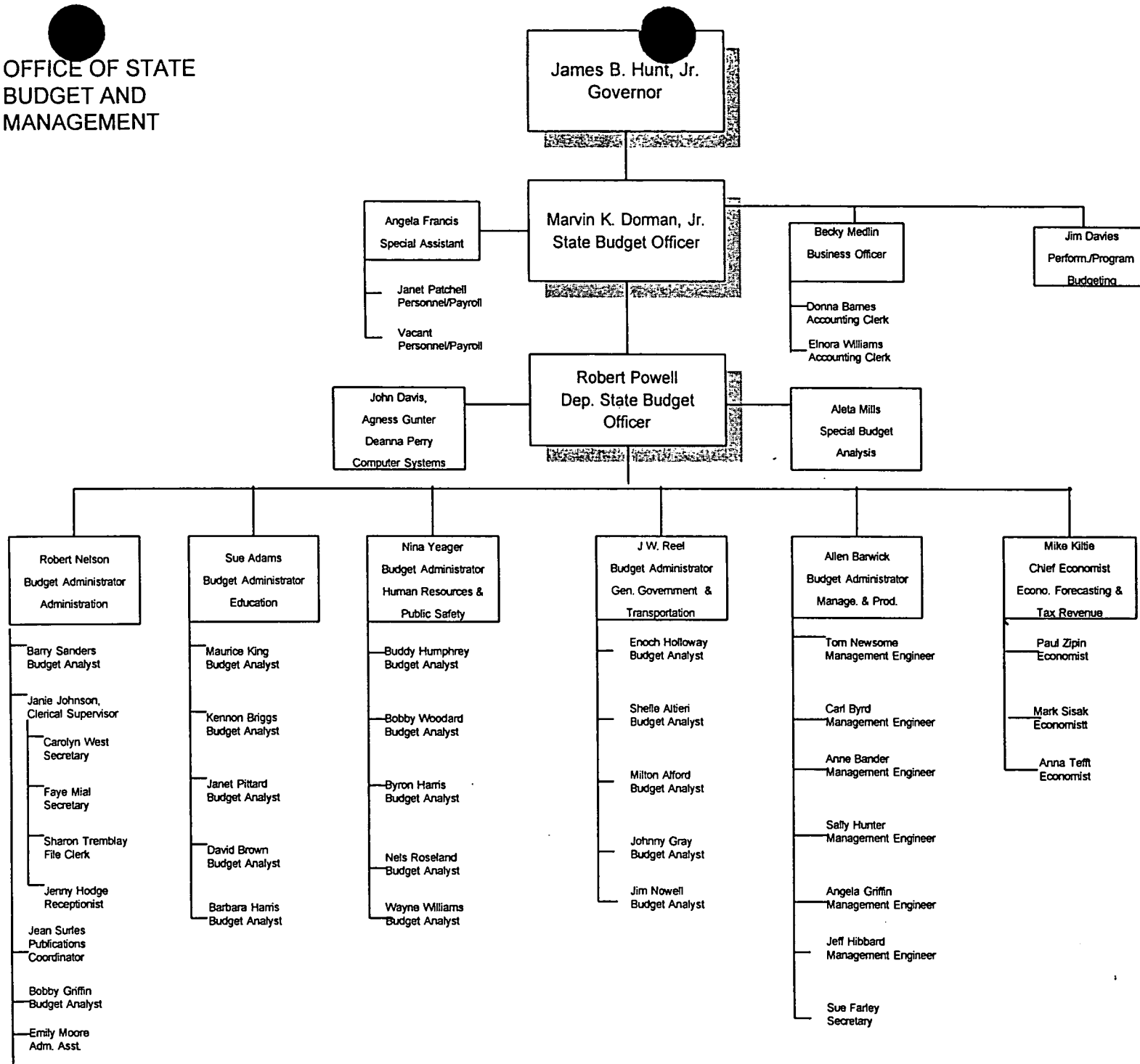
The primary responsibility of the Commission is to advise the Governor on the preparation of the biennial budget.

The Commission conducts biennial tours of state facilities and holds budget hearings in the late summer and early fall of each even-numbered year.

Commission members also serve on the Board of Awards which reviews and approves state contracts.

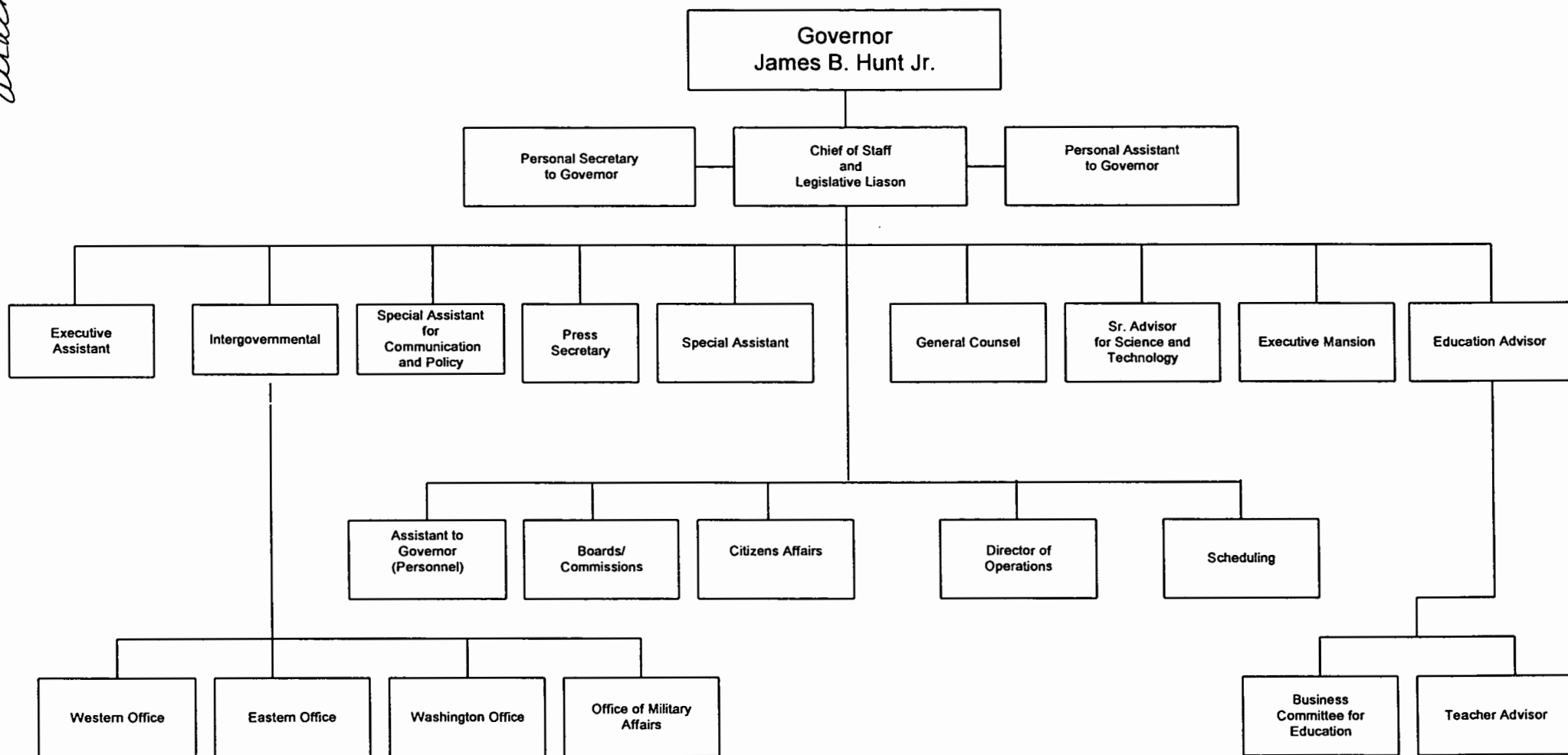


OFFICE OF STATE
BUDGET AND
MANAGEMENT



State Budget Officer

Date



Chief of Staff and Legislative Liaison

This employee serves as the chief assistant and chief legislative liaison for the Governor of North Carolina. Employee directs executive, managerial, professional and support staff in the delivery of state services and acts with the fully delegated authority of the Governor. Work involves providing leadership in setting state goals and objectives, representing the Governor, and working with the Legislature as the Governor's Legislative Liaison to ensure passage of the Governor's programs. Cabinet heads report to the Governor through this individual. Employee serves at the pleasure of the Governor.

This executive level work includes managing on behalf of the Governor the operation of Cabinet, Council of State, or other state government functions. Work involves representing the Governor with other government and legislative officials; and, performing related tasks.

Employee manages the operations of The Governor's Office with many diverse programs including service delivery programs. The office goals, objectives, and processes incorporate consideration of a wide variety of operational environments, many of which are outside the direct administrative control of the agency. Funding includes a combination of appropriated monies, federal block grants, other contracts/grants, and operational revenues.

Governor's Counsel

The Governor's Office of Legal Counsel currently has two full-time lawyers and one contract attorney. The contract attorney and one of the full-time attorneys provide the Chief of Staff assistance with legislative matters. The second full-time attorney counsels the Governor and, at the direction of the Governor or the Chief of Staff, the Governor's staff, on legal matters. Among other things, the attorney assists with the following: issues of relevance to the Council of State; executive orders; legal actions in which the Governor is a party or participant; administrative rules; clemency; judicial appointments; and constituent concerns. In addition, the attorney collaborates with the North Carolina Attorney General's Office on matters of mutual interest and concern.

The Senior Advisor to the Governor For Science & Technology and the Office for Technology

This office works on policy issues that affect the management of science and technology issues in North Carolina. Further, issues that affect North Carolina within the Congress, or with national treaties (such as NAFTA and GATT) that require responses from North Carolina on technology issues are addressed by this office. There is direct oversight of the Board of Science and Technology by this office.

The Senior Advisor has lead responsibilities with national issues on science and technology such as the US Innovation Partnership (A partnership between the federal government and the National Governors' Association). The Advisor follows telecommunications issues that may impact the economic competitiveness of North Carolina stemming from the 1996 Telecom Act of the US Congress and serves as the liaison to the Utilities Commission for the Governor on such issues.

The Senior Advisor, in addition to representing the Governor on the Board of Science and Technology, also represents the Governor on the following boards: School Technology Commission, MCNC Board of Technology Development, Authority Alliance for Competitive Technologies, serves as Chair of the Center for Geographical Information, serves as Chair of the NCIH Policy Council.

Executive Mansion

1. **Executive Assistant to the First Lady**
Office is located at the Executive Mansion. This staff person is in charge of the First Lady's schedule and for scheduling all events and special tours for the Mansion. Executive Assistant is responsible for the day-to-day operation of the First Lady's office, preparation of correspondence, meeting materials, and travel arrangements, and is the liaison to the Executive Mansion Fine Arts Committee in setting up meetings and preparing minutes.
2. **Residence Manager and Social Director**
This staff person is located at the Executive mansion and is responsible for the set up and implementation of all events at the Mansion. This staff person coordinates all meals and housekeeping duties and supervises trustee staff that perform these duties. The Residence Manager/Social Director maintains the household budget for the Executive Mansion. This staff person also is part of the team that interviews and hires trustee staff.

Governor's Education Office

The Governor's Education Office is comprised of two advisors/consultants and one clerical staff member. The office is responsible for all activities and responsibilities associated with education issues impacting the Governor. These responsibilities include serving as staff to the Education Cabinet, advising the Governor and his staff on education-related issues, serving as staff to the Teacher Advisory Committee and coordinating the budget-related items included in the Governor's budget. In addition, the staff serves as the Governor's liaison to approximately twenty boards and commissions, most noticeably the State Board of Education. Furthermore, the education staff works closely with the General Assembly regarding the Governor's education proposals.

1. Business Committee for Education

Also a part of the Governor's staff is the North Carolina Business Committee for Education. This 501(c)(3) organization, in operation since 1983, is comprised of over 100 businesses and industries whose total focus is improving education in North Carolina. The State of North Carolina provides

partial salary for the Executive Director and one clerical staff member, with NCBCE providing hundreds of thousands of dollars in funds and in-kind services to improve education. NCBCE is governed by a Board of Directors, and its president is J. Billie Ray, Jr., President of BellSouth-North Carolina.

2. Governor's Teacher Advisor's Office

The Governor's Teacher Advisor represents the point of view of practicing classroom teachers in the development of policy and programs to advance the teaching profession. The Teacher Advisor coordinates the work of the Teacher Advisory Committee; supports candidates seeking National Board Certification by providing information and materials; and provides on-going support and information to NC's National Board Certified teachers. The Teacher Advisor also works cooperatively with education organizations representing parents, teachers, administrators, higher education, and others.

Office of the Special Assistant to the Governor

This office advises the Governor on issues related to, but not limited to, minority citizens. The Office of the Special Assistant to the Governor is also responsible for assuring diversity in State Government's workforce.

Examples of duties include developing program initiatives which impact minority citizens, assisting with constituent services, making recommendations for boards and commissions, serving as the liaison to minority community organizations, tribes and professional associations, and representing the Governor at official functions. Additionally, the office coordinates the Governor's program to encourage business enterprises owned by minorities and handicapped persons in accordance with Executive Order Number 77.

Other responsibilities of the office include assisting in preparation of legislation, helping plan the Governor's schedule, hosting official visitors and developing the Governor's programs and initiatives.

Press Secretary

The Press Secretary serves as the Governor's spokesperson, coordinates communication efforts for the administration, and makes sure the press and public get information about their state government and the administration's position on various issues. The Press Office also prepares press releases, speeches and public service announcements for the Governor, as well as plans public events for the Governor.

Special Assistant for Communications & Policy

Responsible for overseeing the development of, research for & dissemination of the Governor's policy, policy positions & statements of policy. That includes overseeing communications efforts for

Administration; overseeing the Governor's Press Office; overseeing & coordinating speechwriting & policy research; and providing support for legislative analysis/veto tracking efforts.

Office of Intergovernmental Relations

The Office of Intergovernmental Relations coordinates federal, state, and state-local government matters for the Governor. This purpose includes interaction with relevant federal and local agencies, Congress, and relevant local elected officials. The purposes of the office are accomplished by reviewing letters, testimony, policy statements and other documents that define a state position on federal issues or local issues, including cross-cutting matters that affect several state agencies. The unit also serves as the point of contact and provides staff support for the state's participation in national and regional organizations such as the National Governors' Association, Southern Governors' Association, Southern Growth Policies Board, Council of State Governments, Appalachian Regional Commission and others. Staff works directly with personnel in the federal agencies and with Congressional members and staff. On state-local issues the unit is the liaison with the local government interests in the state. Staff works with the N.C. Association of County Commissioners, N.C. League of Municipalities, councils of government, the Local Government Partnership Council, as well as individual local officials. Intergovernmental Relations also initiated and continues to coordinate the N.C. Disaster Recovery Task Force effort dealing with local governments, federal and state agencies and Congressional members. The unit components are in Raleigh, the Washington D. C. Office, Governor's Eastern Office, Governor's Western Office, and the Governor's Military Liaison Office, co-located with the Eastern Office.

The Governor's Washington, D. C. Office maintains and enhances the state's ability to participate in the federal system by advocating the state's views to Congress, the state's congressional delegation, and federal agencies.

The Eastern and Western Governor's Offices, which are a part of the Intergovernmental Relations office, serve the people of eastern and western North Carolina by investigating and resolving their complaints and concerns with state government and advising them of appropriate resources when the problem does not come under the state's jurisdiction. The office also alerts the Governor, Cabinet members, and other appropriate personnel of problems in state government programs.

Executive Assistant

Serves as Deputy Chief of Staff. Responsible for the coordination of Cabinet officials, Governor's staff and departmental leadership to implement the Governor's agenda as well as utilize quality management practices to effectively serve the needs of the citizens and the communities throughout the state.

Assistant to Governor (Personnel)

- Manage constituency and legislative requests on employment matters
- Advise Governor and Chief of Staff on personnel issues
- Coordinate the identification and reporting of policy-making/confidential exempt positions

Boards and Commissions

The Governor's Office of Boards and Commissions is responsible for assisting the Governor in making appointments to approximately 380 state boards, commissions, and councils and keeping track of individual term expirations, resignations, and deaths.

The appointment process includes recruiting individuals to serve on state boards; reviewing qualifications for appointment; reviewing applications for individuals who are interested in serving; making certain that there is a geographic, gender, and racial balance on the board; and then making a recommendation to the Governor regarding whom he should appoint. Furthermore, the office monitors the progress of the various boards and the effectiveness of the appointees.

This office also processes the paperwork for each of the approximately 3,000 individuals who serve on boards, commissions, and councils, which includes generating a letter of appointment, a commission, and an oath of office, all of which must then be copied to several government agencies such as the Secretary of State and the State Archives.

In addition, this office also answers a large number of constituent inquiries regarding not only appointments to boards, but also concerning the issues affected by the actions of the various boards, commissions, and councils.

Governor's Office of Citizen Affairs

The mission of the Governor's Office of Citizen Affairs is to increase participation in the communities of North Carolina by encouraging citizen involvement and providing prompt response to citizen concerns. The office has two units: Citizen Involvement and Citizen Relations.

The Citizen Involvement Unit increases volunteerism, promotes interagency and community collaboration, recognizes community efforts of individuals and organizations, i.e. the Governor's Awards for Bravery and Heroism, the Governor's Awards for Outstanding Volunteer Service, certificates of appreciation (i.e. Long Leaf Pine, Honorary Tar Heel) and other citizen awards programs, provides training and technical assistance, and evaluates quality and sustainability of all funded programs and citizen involvement projects. The Governor's Office of Citizen Affairs also

houses the State Commission on National and Community Service which operates the AmeriCorps program for the state.

Through the Citizen Relations Unit, the Governor's Office of Citizen Affairs provides information and referral about State agencies, assists citizens with concerns and inquiries, and responds to Governor's correspondence. This unit handles all requests for proclamations and special letters, i.e. birthday, special occasions, welcome, congratulatory, commendations, special events, etc. One call to a toll-free number reaches knowledgeable staff who provide information and referral about state government services and timely response to all citizen concerns and inquiries.

Director of Operations

Serves as administrator of the Governor's Office. Responsibilities include:

Budget oversight - ensuring that budgeted funds are used properly and effectively;

Internal personnel procedures - providing information regarding proper procedures and benefits and programs available to state employees

Technology - upgrading existing procedures and instituting new efforts to use technology to improve communications and effectiveness

Office management - providing supplies, office space, etc.

Constituent services - supervising correspondence unit and ensuring timely response to constituent mail

Scheduling

This section manages the Governor's daily schedule. Responsibilities include:

Responding to requests from citizens and organizations for Governor's attendance at meetings and events via mail and telephone

Setting up office meetings with constituents, business leaders, civic leaders and others

Making travel arrangements for Governor

Wilma

Name of Committee

Date _____

NAME

FIRM OR AGENCY AND ADDRESS[illegible]

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT

March 20, 1997

The Joint Appropriations Subcommittee on General Government met on March 20, 1997 at 8:30 a.m. in Room 425 of the Legislative Office Building. Representative McCombs presided and the following members were present: Representative Ives, Cochair; Representative Sherrill, Cochair; Representatives Culpepper and Jeffus and three Senate members. For visitors in attendance, see the attached Visitors Sheet.

Representative McCombs called the meeting to order and introduced pages Michelle Smedley and Jean Miller. He then asked Dr. Sheron Morgan, Director of State Planning, to present an overview of the department. Dr. Morgan referred to the handout material (Attachment 1) as a part of her overview presentation. After Dr. Morgan's presentation, the committee members asked questions. Senator Kinnaird asked what the relationship is between the Department of State Planning and other county entities and what are the sources of the GIS that the local counties and governments use. Dr. Morgan responded that, in the case of GIS, there is a coordinating council with representatives from local government as well as representatives from the two associations on it. The corporate data base is made available to local governments. In the case of Geodetic Survey, the data is readily accessible. With relatively limited resources, the department is able to reach a lot of users both within government and the private sector. Senator Kinnaird then asked how much flows from the federal government. Dr. Morgan stated that they get everything in the state data center from the federal government.

Representative McCombs then introduced John Wilson, Chairman of the Roanoke Island Commission. Mr. Wilson asked Executive Director Delores Harrell to present an overview of the Commission. She did so, with the aid of handout material (Attachment 2). After the presentation, the members asked questions. Rep. Ives inquired if there was an admission charge and what it was. Ms. Harrell responded that there was a fee of \$4 for adults and \$2 for children, with a reduced rate for school groups. Rep. Ives then asked how much it costs to operate the facility. Ms. Harrell stated that the current appropriations are \$137,000 which is matched with revenues. Senator Ledbetter inquired as to how hurricane-proof the buildings are. Ms. Harrell responded that they were built knowing that this is an area where hurricanes may occur. Rep. Culpepper asked Ms. Harrell to tell the committee about last year's receipts. Ms. Harrell stated that they are roughly half with the receipts and the appropriations. The

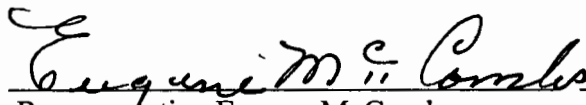
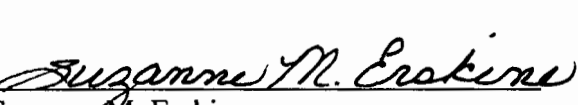
goal is for the receipts to become the largest portion of what they operate with. The receipts last year were about \$132,000, making this the site with the largest receipts. Rep. Sherrill asked if all receipts are rolled back into the commission. Staff confirmed that this is true.

Rep. McCombs then asked Secretary of State Elaine Marshall to come forward and present an overview of her department. Secretary Marshall introduced the following staff members: Bernard Allen, Legislative Liaison; Barbara Runyon, Budget Director; Scott Hamilton, Deputy Secretary; David Massey, Legal Counsel; Charlene Dawkins, Director of Corporations; Joan Silvey, Director of the Business License Office; Shawn Lemond, Boxing Commission; Robbie Mattox, Chief Deputy; Harold Butts, Administrative Deputy; Robert Wilson, Administrative Assistant; George Jeeter, Director of Communications; Forrest Goldston, Securities Attorney; Sharon Dawson. She then gave an overview of the Department, with the aid of handout material (Attachment 3). Rep. McCombs asked how this department got left out when all the equipment upgrading was done. Secretary Marshall replied that she really did not know, maybe the department has been underutilized and under-understood in the past. Rep. Culpepper asked how the securities unit generated revenues in excess of \$6.6 million. Secretary Marshall stated that these revenues come from a multitude of areas. People who register there are required to pay a fee. Senator Ledbetter asked how many counties have incorporated themselves into the statewide grid system of mapping. Dr. Morgan, Director of State Planning, was asked to give this information to Senator Ledbetter after the meeting. Rep. Ives asked for the figures for total income and total operating cost of the Department. Barbara Ruynon, Budget Director, stated that for the fiscal year ended June 30, 1996 \$4.989 million was spent and approximately \$14.8 million was taken in. Senator Warren asked if the Department works in concert with the banking commission, the savings and loan and small finance companies. Secretary Marshall stated that the banking community is definitely a significant user community. Senator Warren then asked if there are any major problems in the areas of fraud with the securities commission. Secretary Marshall replied that they do investigate complaints as they come in but also try to remain alert to scams that may be going on. The big scam market is with people who are unregulated. Senator Warren inquired if the Boxing Commission is supposed to be self-supporting in the long term. Secretary Marshall stated that she did not believe so. Senator Warren asked if there is a system devised to keep up with gate receipts. Shawn Lemmond responded that the commission is currently in the process developing a system for this. Rep. Ives inquired about the bill that he cosponsored last year with Rep. Black. pertaining to pay-per-view. Mr. Lemmond responded that the bill never got through Finance Committee.

Page 3 - General Government Minutes
March 20, 1997

There being no further questions, the meeting was adjourned at 9:45 a.m.

Respectfully submitted,

	
Representative Eugene McCombs	Suzanne M. Erskine
Cochair	Committee Clerk

North Carolina Office of State Planning

Mission Statement

The mission of the Office of State Planning is to improve the effectiveness of state policies and programs through strategic planning leadership, research, analysis, and information; and to address the planning information needs of other data users statewide.

Goals of the Office

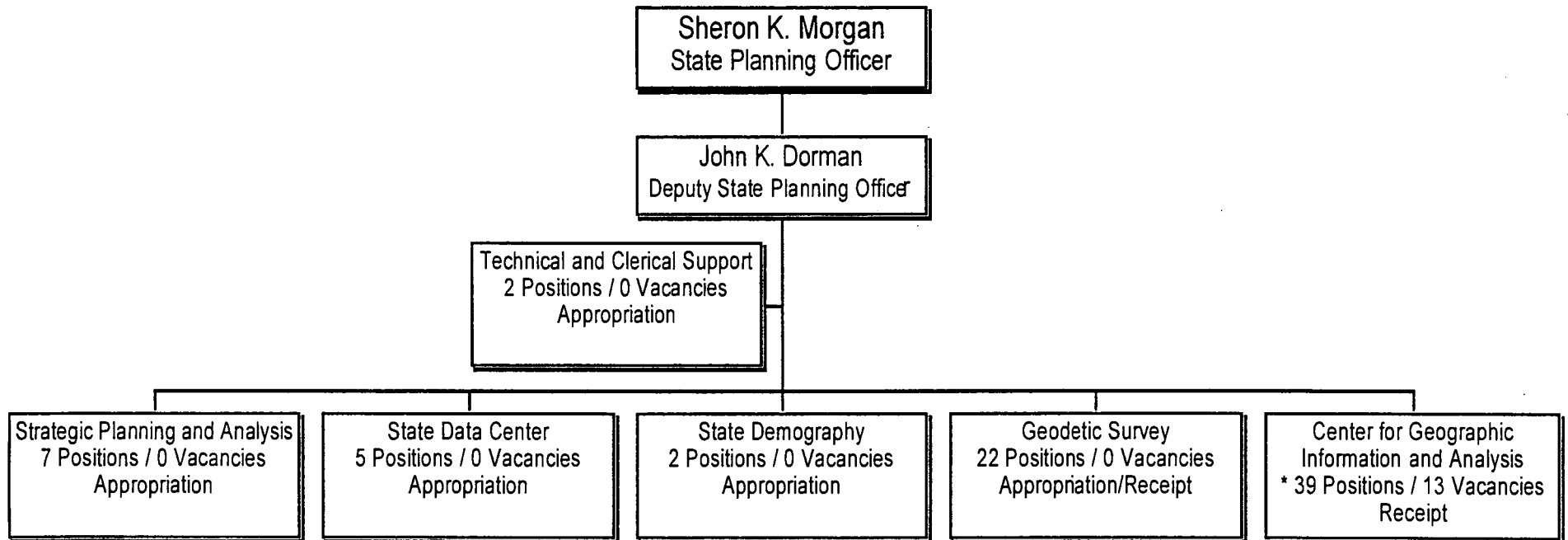
- State agencies will be able to obtain reliable, appropriate data from the Office of State Planning with ease and confidence.
- Customers of the Office of State Planning will understand key planning information, share it, and use it effectively.
- State agencies will have effective planners and planning processes that result in accountability and effective service delivery.

Organizational Structure

- Strategic Planning and Analysis
- State Data Center
- State Demography
- Geodetic Survey
- Center for Geographic Information and Analysis

North Carolina Office of State Planning

Organization Chart



* Note: 2 of the 39 positions listed for the Center for Geographic Information and Analysis are temporary positions.

Strategic Planning and Analysis

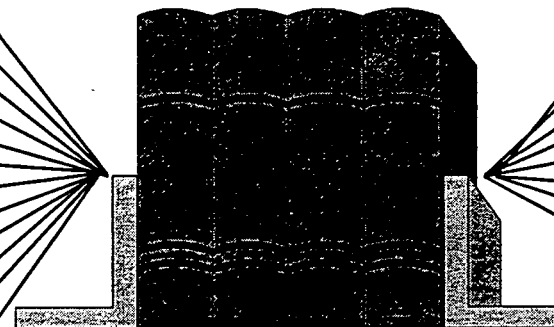
- Department Operations Planning
- Performance/Program Planning
- Performance/Program Evaluation

Perspective
of
Performance/Program Budgeting

Another Way of Looking at
Government Activities

Departments

Administration
Agriculture
Auditor
Commerce
Community Colleges
Controller
Correction
CCPS
EHNR
General Assembly
Governor
Human Resources
Justice
Labor
Lt. Governor
Public Instruction
Revenue
Secretary of State
Transportation
UNC System



North Carolina
General Statutes
& Constitution

Program Areas

Health
Human Services
Corrections
Justice & Public Safety
Environment
Econ. Develop. & Comm.
Education
Transportation
Cultural Resources
General Government

1997-98 Recommended Continuation Budget Summary
by Program Area
(in \$ millions)

Program Areas	Health	Human Services	Corrections	Justice & Public Safety	Environ.	Econ. Devl & Com.	Education	Transport.	Cultural Resources	General Govern.	Total
Departments											
Administration	0.23	23.18	-	-	0.94	1.15	-	-	-	90.37	115.87
Office of Administrative Hearings	-	-	-	-	-	-	-	-	-	2.34	2.34
Agriculture	9.29	2.66	-	-	4.71	59.11	-	-	-	-	75.77
Board of Elections	-	-	-	-	-	-	-	-	-	1.04	1.04
Commerce	0.29	178.92	-	-	-	174.04	-	0.03	-	2.20	355.48
Community Colleges	-	6.19	-	-	-	13.75	537.48	-	-	-	557.42
Correction	-	-	917.33	-	-	-	-	-	-	-	917.33
Crime Control and Public Safety	-	-	-	191.41	-	-	-	-	-	-	191.41
Cultural Resources	-	-	-	-	-	-	-	-	58.04	-	58.04
Environment, Health, and Natural Resources	362.89	-	0.60	-	218.71	7.10	-	-	-	1.09	590.39
General Assembly	-	-	-	-	-	-	-	-	-	31.12	31.12
Human Resources	5,316.86	1,696.11	52.72	-	-	-	34.28	-	-	-	7,099.97
Insurance	10.18	-	-	-	-	38.94	-	-	-	-	49.12
Judicial	-	-	-	347.82	-	-	-	-	-	-	347.82
Justice	-	-	-	72.54	-	-	-	-	-	-	72.54
Labor	18.42	4.18	-	-	-	1.94	-	-	-	-	24.54
Governor's Office	-	-	-	-	-	-	-	-	-	5.40	5.40
Office of State Budget and Management	-	-	-	-	-	-	-	-	-	3.74	3.74
Office of State Planning	-	-	-	-	-	-	-	-	-	4.25	4.25
Housing Finance Authority	-	45.20	-	-	-	-	-	-	-	-	45.20
Office of the Lieutenant Governor	-	-	-	-	-	-	-	-	-	0.59	0.59
Public Instruction	-	-	-	-	-	-	4,705.88	-	-	-	4,705.88
Revenue	-	-	-	-	-	-	-	-	-	70.08	70.08
Secretary of State	-	-	-	-	-	4.80	-	-	-	0.44	5.24
State Auditor	-	-	-	-	-	-	-	-	-	10.57	10.57
State Controller	-	-	-	-	-	-	-	-	-	141.08	141.08
State Treasurer	-	-	-	-	-	-	-	-	-	29.26	29.26
State Major Health Plan	-	-	-	-	-	-	-	-	-	17.27	17.27
Rules Review Commission	-	-	-	-	-	-	-	-	-	0.28	0.28
Transportation	-	-	-	-	2.63	-	-	2,413.59	-	-	2,416.22
University of North Carolina	412.75	-	-	-	-	-	1,820.30	-	-	-	2,233.05
Wildlife Resources Commission	-	-	-	-	48.09	-	-	2.29	-	-	50.38
Special Boards and Commissions	-	-	-	-	-	2.35	-	-	-	-	2.35
Compensation Increase	16.65	3.25	22.18	12.01	1.88	2.65	228.79	-	0.89	14.41	302.71
Debt Service / Federal Debt	0.77	-	23.61	0.12	42.98	-	78.35	-	-	0.43	146.26
Other Reserves	-	-	-	0.40	-	-	-	-	-	14.06	14.46
Total Requirements	6,148.33	1,959.69	1,016.44	624.30	319.94	305.83	7,405.08	2,415.91	58.93	440.02	20,694.47
Receipts/Cash Balances	4,111.43	1,499.43	103.29	218.17	159.49	181.89	1,071.98	540.05	6.42	209.80	8,101.95
General Fund Appropriation	2,036.90	460.26	913.15	406.13	160.45	123.94	6,333.10	0.00	52.51	230.22	10,716.66
Highway Fund Appropriation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,875.86	0.00	0.00	1,875.86
Number of Positions	20,089.69	5,582.36	20,355.05	8,670.88	3,406.51	2,452.85	28,197.46	14,334.60	718.63	3,350.05	107,158.08
Community College / Public School Employees	0.00	0.00	0.00	0.00	0.00	0.00	135,172.77	0.00	0.00	0.00	135,172.77

NOTE: The totals in this table represent total requirements in departments' budgets and are not adjusted for inter- and intra-department transfers.

1997-98 Recommended Continuation Budget Summary
for
General Government Subcommittee
(in \$ millions)

Program Areas	Health	Human Services	Corrections	Justice & Public Safety	Environ.	Econ. Devl & Com.	Education	Transport.	Cultural Resources	General Govern.	Total
Departments											
Administration	0.23	23.18	-	-	0.94	1.15	-	-	-	90.37	115.87
Office of Administrative Hearings	-	-	-	-	-	-	-	-	-	2.34	2.34
State Auditor	-	-	-	-	-	-	-	-	-	10.57	10.57
State Controller	-	-	-	-	-	-	-	-	-	141.08	141.08
Cultural Resources	-	-	-	-	-	-	-	-	58.04	-	58.04
General Assembly	-	-	-	-	-	-	-	-	-	31.12	31.12
Office of the Governor	-	-	-	-	-	-	-	-	-	5.40	5.40
Office of State Budget and Management	-	-	-	-	-	-	-	-	-	3.74	3.74
Office of State Planning	-	-	-	-	-	-	-	-	-	4.25	4.25
Housing Finance Authority	-	45.20	-	-	-	-	-	-	-	-	45.20
Insurance	10.18	-	-	-	-	38.94	-	-	-	-	49.12
Office of the Lieutenant Governor	-	-	-	-	-	-	-	-	-	0.59	0.59
Revenue	-	-	-	-	-	-	-	-	-	70.08	70.08
Rules Review Commission	-	-	-	-	-	-	-	-	-	0.28	0.28
Secretary of State	-	-	-	-	-	4.80	-	-	-	0.44	5.24
State Board of Elections	-	-	-	-	-	-	-	-	-	1.04	1.04
State Major Health Plan	-	-	-	-	-	-	-	-	-	17.27	17.27
Special Boards and Commissions	-	-	-	-	-	2.35	-	-	-	-	2.35
State Treasurer	-	-	-	-	-	-	-	-	-	29.26	29.26
Total Requirements	10.41	68.38	-	-	0.94	47.24	-	-	58.04	407.83	592.84
Receipts/Cash Balances	7.62	52.06	-	-	0.40	25.43	-	-	6.42	209.43	301.36
General Fund Appropriation	2.79	16.32	-	-	0.54	21.81	-	-	51.62	198.40	291.45
Highway Fund Appropriation	0.00	0.00	-	-	0.00	0.00	-	-	0.00	0.00	0.00
Number of Positions	101.00	281.26	-	-	8.00	451.25	-	-	718.63	3,325.06	4,885.20

Planning Outputs for Performance/Program Budgeting

The Performance Planning process produces 11 outputs that are incorporated in the Department Operations Plan and the Performance/Program Budget Documents. Three outputs are incorporated in each of the documents and provide a link between them: program objectives, outcome measures, and funds supporting objectives.

Performance Planning Outputs	Department Operations Plans	Program Budget (Volume 7)	Line-Item Budget (Volumes 1-6)
Mission statement	X		
Department Goals	X		
Trends and Implications	X	X	
Customers		X	
Expected Outcomes		X	X
Program Objectives	X	X	X
Administrative Objectives	X		
Outcome Measures		X	X
Performance Measures		X	X
Funds Supporting Objectives	X	X	X
Strategies/Activities	X	X	
Innovations	X		

Key Documents of Performance/Program Budgeting

Three key documents are associated with Performance/Program Budgeting:

1. Performance/Program Budget, by department (Volumes 1-6)

This document is considered the traditional line-item budget. There are six (6) volumes, which include all of the budget funds used to support state government services. The six volumes correspond to six (6) legislative committees set up to examine the Governor's recommended budget. The funds in each volume are grouped by department, and include line-by-line objects of expenditure, providing the basis for fiscal control. All of the funds are also cross referenced to the programs they support. There are approximately 1,350 budget funds.

2. Performance/Program Budget, by program (Volumes 7a and 7b)

This document groups budget information by program area and provides policy-related information on the purpose and intent of funds. There are ten (10) program areas, each representing a broad sector of public services--education, economic development and commerce, corrections, etc. Within each program area, funds are classified by program, subprogram or element, each addressing a type of policy issue, such as "Communicable disease" or "Access to health care." Fiscal information is presented by "categories of expenditure" rather than by specific "objects of expenditure." If funds were actually appropriated by categories rather than by objects, departmental managers would have greater flexibility in administering their funds. In the program presentation, funds from different departments are sometimes classified together if they address a similar policy issue.

3. Departments Operations Plan

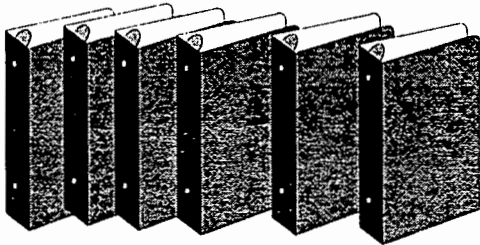
This document provides department operations plans for each of the principle department in state government. Plans included in this volume describe specifically how (through strategies and activities) each department's program objectives are being addressed by the department. In addition, each plan shows what new innovations are planned over the next six years to improve the performance of department or program activities. Both the departmental and program budget documents are cross-referenced to the department plan.

Cross-references

Certain reference points are used to link the *Performance/Program budget documents* with each other and with the *department operations plan*. Reference points include: program objectives, outcome measures (values only shown in budget documents), supporting funds, and P/PB codes.

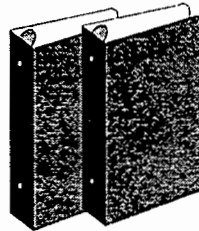
**Documents
of
Performance/Program Budgeting**

Three sets of documents support the 1997-99 State Performance Budget



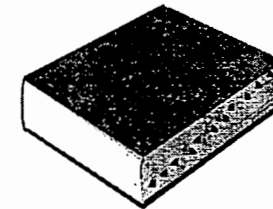
**6 budget volumes
Organizationally
Structured**

+



**2 budget volumes
Programmatically
Structured**

+



**1 planning volume
organizationally
Structured**

State Data Center

- Statistical Coordination
- County Profiles
- Log Into North Carolina (LINC)
- Liaison to Federal Census Bureau
- Community Resource Information System (CRIS)



County Profile

WAKE COUNTY

Wake County was formed in 1771 from Johnston, Cumberland, and Orange counties. Located in the east central section of the state, it is bounded by Johnston, Harnett, Chatham, Durham, Granville, and Franklin counties. It was named for Margaret Wake (1733-1819), wife of Governor William Tryon.

County seat: RALEIGH
Elevation (ft): 363

Total area (sq mi.): 856.2
Land area (sq. mi.): 843.7

Ranks are numbered from high to low. The graphic for each measure represents a uniform distance between the lowest and the highest county values. The position of the letter C for county (or letter S for state) indicates the relative standing between the county (state) and the highest and lowest county values. The relative standing between the state and county is also indicated. The letter B indicates that the county and state values fall near the same place relative to the highest and lowest county values.

Measure	County	Current Rank	1980 Rank	Highest County	Lowest County	State	S=State C=Co B=Both	
Population and Housing							Low	High
Population, 1995	518,271	2	3	577,479	3,812	7,194,238		C
Persons per square mile, 1995	621.5	5	8	1,094.9	8.5	147.7	S	C
Percent elderly, 1995	7.9	98	98	24.8	5.3	12.6	C S	
Children/elderly persons per 100 persons of working age, 1995	42.5	98	97	71.8	34.8	52.2	C	S
Percent of families that are single parent, 1990	22.6	67	na	40.5	16.4	26.6	C S	
Average housing value, 1990	\$115,924	3	2	\$132,024	\$41,546	\$79,016		S C
Health Status								
Birth rate, 1995	15.0	17	50	21.8	8.3	14.1		SC
Percent of births that are low-weight, 1995	7.5	77	63	17.8	4.2	8.7	CS	
Teenage pregnancy rate, average, 1993-95	6.6	93	46	14.1	2.5	9.4	C S	
Non-elderly death-rate, average, 1993-95	2.1	97	89	4.5	1.7	3.0	C S	
Medicaid eligibles per 1,000 population, 1995	89.7	98	69	320.1	76.1	157.9	C	S
Physicians per 10,000 population, 1994	8.3	15	13	34.2	0.0	7.4	B	
Hospital discharges per 1,000 population, 1993	92.4	83	78	169.8	40.8	106.2		CS
Percent of population aged 75 and over, 1995	3.2	98	97	12.0	1.9	5.3	C S	
Persons served in area mental health programs per 1,000 population, 1995	19.0	99	63	107.4	9.7	35.6	C S	

WAKE COUNTY

Measure

County	Current Rank	1980 Rank	Highest County	Lowest County	State
--------	--------------	-----------	----------------	---------------	-------

S=State C=Co

B=Both

Education Status

							Low	High
Percent of adults (aged 25+) with high school diploma, 1990	85.4	1	2	85.4	52.6	70.0	S C	
High school drop out rate, 1994	5.9	13	na	10.3	0.9	4.7	SC	
Community college enrollment per 1,000 adults, 1995	41.1	98	97	99.2	37.1	59.9	C S	
Average SAT score, 1995	938	2	na	987	689	865	S C	
Public school final month average daily membership, 1995	80,711	2	3	87,950	757	1,165,385	C	
Per pupil expenditures, 1995	\$4,463	85	26	\$7,979	\$3,987	\$4,749	CS	

Government

County government property tax per capita, 1995	\$442	8	10	\$638	\$134	\$325	S C	
Tax revenue as a pct. of all county government revenue, 1995	69.3	10	16	72.9	24.8	58.3	S C	
Voter registration rate, 1995	71.3	61	47	96.6	36.8	71.0	B	
Percent registered Democrat, 1995	52.0	70	58	94.2	13.7	56.7	B	
Percent registered Republican, 1995	34.8	38	46	76.3	4.4	33.4	B	

Safety

Crime rate, 1995	52.0	26	11	122.8	0.0	55.7	B	
Prison admission rate, 1995	2.6	59	36	6.8	0.3	3.3	C S	
Subst. reports of child abuse/neglect per 1,000 children, 1995	8.3	76	na	44.0	-0.8	15.5	C S	
Youth before court for first time per 1,000 children, 1995	13.3	94	85	48.6	6.9	20.8	C S	
Traffic accident rate, 1995	35.8	8	4	44.2	11.8	29.9	S C	

Economic conditions

Labor force, 1995	290,965	2	2	325,452	1,820	3,636,200	C	
Employed, 1995	284,080	2	2	315,557	1,639	3,478,600	C	
Unemployed, 1995	6,885	2	3	9,895	129	157,600	C	
Unemployment rate, 1995	2.4	99	56	16.5	1.9	4.3	C S	
Pct. of Non-Ag Wage-and-Salary jobs in manufacturing, 1994	9.8	91	94	58.2	2.3	25.7	C S	
Average wage per worker, 1994	\$25,526	5	8	\$31,901	\$13,722	\$23,429	S C	
Per capita income, 1994	\$24,841	2	3	\$25,993	\$11,938	\$19,567	S C	
Poverty rate, 1989	8.4	94	93	28.2	7.1	13.0	C S	

WAKE COUNTY

Measure

Current 1980 Highest Lowest
County Rank Rank County County State
S=State C=Co
B=Both

							Low	High
Food stamp reciprocity rate, 1995	43.9	96	82	221.3	35.8	85.9	C S	
Farm income as percent of total personal income, 1994	0.4	84	77	30.5	0.0	2.1	C S	
Harvested cropland as percent of all land, 1995	6.4	64	50	58.5	0.5	12.9	C S	
Gross retail sales per capita, 1995	\$14,760	6	4	\$24,976	\$2,165	\$12,036	S C	
Commuting ratio, 1990	1.1	19	16	1.4	0.4	1.0	B	

Environment/Infrastructure

Water use (gallons per day) per capita, 1990	209.4	52	na	38675.0	75.6	1348.0	B	
Point source emissions (tons) per square mile, 1994	4.9	46	na	449.4	0.0	20.1	C S	
Percent of homes that heat with (1990):								
electricity	49.2	11	12	72.6	8.0	42.0	S C	
fuel oil, kerosene, etc.	7.3	100	97	62.4	7.3	22.5	C S	
utility gas	34.6	6	4	42.2	0.0	18.6	S C	
wood	2.1	98	95	35.7	1.5	7.8	C S	
coal, tank gas, solar, other, and no fuel	6.9	66	61	35.6	2.2	9.0	B	
Registered vehicles per 1,000 population, 1995	800.8	40	1	913.3	549.8	768.0	SC	
Miles of paved road per square mile, 1995	2.2	10	19	2.5	0.4	1.4	S C	

Municipalities and Population, 1995**Employment by sector, March 1993**

RALEIGH	249,332				
CARY-WAKE	65,909	Sector	Employees	Pct.	
GARNER	17,248	AGRICULTURAL SERV., FORESTRY, AND FISHING	15	0.0%	
WAKE FOREST	7,388	MINING	355	0.2%	
APEX	6,827	CONSTRUCTION	14,738	6.5%	
FUQUAY-VARINA	5,389	MANUFACTURING	28,630	12.7%	
ZEBULON	3,956	TRANSPORTATION AND PUBLIC UTILITIES	19,516	8.6%	
WENDELL	3,605	WHOLESALE TRADE	16,630	7.4%	
KNIGHTDALE	3,463	RETAIL TRADE	49,577	22.0%	
HOLLY SPRINGS	3,203	FINANCE, INSURANCE, AND REAL ESTATE	16,638	7.4%	
MORRISVILLE-WAKE	2,017	SERVICES	79,560	35.2%	
ROLESVILLE	712	UNCLASSIFIED ESTABLISHMENTS	155	0.1%	
		TOTAL	225,814	100.0%	

**Nearest Commercial Carrier Airport
and Distance from County Seat**

Raleigh/Durham International 10 miles

**Nearest Sea Port and Distance from
County Seat**

Wilmington 116 miles

Highway Mileage, 1995

Paved: 1820.2 miles

Unpaved: 190.2 miles

Primary: 298.5 miles

Secondary: 1711.8 miles

Total: 2010.3 miles



What is CRIS?

- ❖ CRIS is an on-line information system available on the World-Wide Web at <http://www.cris.state.nc.us/CRIS>. It is designed to help local governments, small businesses, non-profit organizations, state agencies, and the general public find out about state and federal grant, loan, and technical assistance programs administered by North Carolina state agencies.

Who developed CRIS and who maintains it?

- ❖ CRIS was developed collaboratively by state and local agencies under the leadership of the Division of Community Assistance (Department of Commerce) and the State Library of North Carolina with input from the Office of State Budget and Management, the Office of State Planning, and others.
- ❖ The Office of State Planning maintains CRIS. A CRIS Coordinator has been designated to oversee database development, maintain the software, provide user support, and make enhancements to the system as needed.

Why was CRIS developed?

- ❖ To assist the N.C. Office of State Budget and Management, in cooperation with the N.C. Office of State Planning, in carrying out the responsibility *to compile and publish annually a catalog of grant-in-aid programs administered by state agencies* (N.C. Public Law Chapter 769, 1994, Sec. 8.4).
- ❖ To assist state agencies in providing improved access to state and federal loan and grant programs and technical assistance for businesses, local governments, and non-profit organizations.

How does CRIS work?

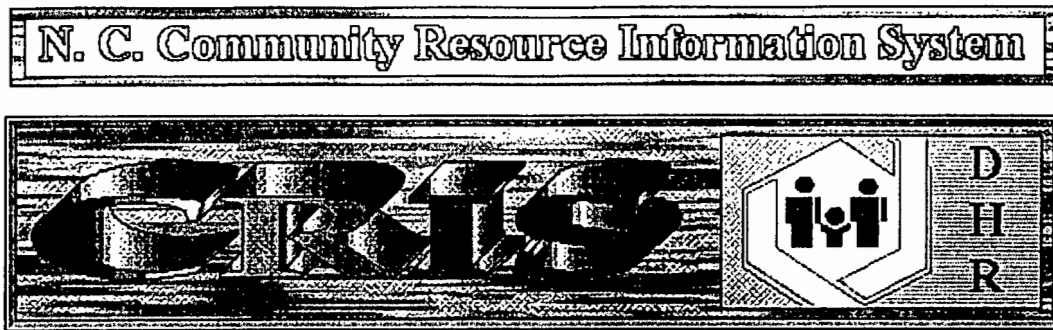
- ❖ CRIS is a truly interactive and dynamically-generated World-Wide Web site. World-Wide Web pages (i.e., HTML documents) are generated "on-the-fly" from a database as a result of user queries. Agencies may also create and update their own information over the Internet using on-screen forms and menus.
- ❖ Additional technical details about CRIS are available in the CRIS working plan. To view the working plan, choose "Learn About CRIS" on the CRIS home page.

How do I sign-up to be an information provider for CRIS?

- ❖ Complete the on-line registration form at <http://www.cris.state.nc.us/CRIS/register.html>

How do I find out more about CRIS?

- ❖ Contact the CRIS Coordinator: Joel Sigmon, Office of State Planning, 116 W. Jones St., Raleigh, NC 27603.
E-mail: jsigmon@ospl1.ospl.state.nc.us Phone: 919-733-4131 Fax: 919-715-3562



Smart Start

Purpose: To provide preschool age children and their families access to affordable, high quality early childhood education and other services necessary to help them enter school healthy and ready to learn.

Description: Smart Start is a comprehensive statewide initiative designed to provide the preschool children of North Carolina and their families with access to affordable, high quality early childhood education and family support services. Smart Start includes a variety of statewide and local initiatives designed to assure that children enter school ready to learn. In State fiscal year (SFY) 96-97, 43 of the selected counties have received funds to support strategic service plans. Twelve additional counties received funds to develop local plans. These counties anticipate receiving service funding in SFY 97-98. Central to the mission of the Smart Start Partnerships is the concept of collaboration. This is fostered at the state and local level through the formation of non-profit agencies, called partnerships, whose boards represent the business community, parents, religious community, private and public service delivery agencies and elected officials. The 55 participating counties have formed 47 partnerships. The North Carolina Partnership for Children, Inc. (NCPC) oversees the development and implementation of the local partnership projects. Specific service plans and service coordination take place at the county level. Each local partnership designs a comprehensive blueprint for addressing the needs of their community's young children and then requests proposals for implementing these plans.

How To Apply: The next selection process will be managed by the North Carolina Partnership for Children. You may request information from NCPC by calling the agency at (919) 821-7999.

Eligibility Requirements: As defined in G.S. 143B-168.14(a) (i.e. must be a local, private, nonprofit 501(c)(3) organization established on or after July 1, 1993 that meets the guidelines for local partnerships).

Program Web Page: <http://www.smartstart-nc.org>

Type of Assistance: Project Grant

Type of Applicant: Non-Profit Organizations

Deadline: As specified by either NCPC or the local partnership.

Legal Authority: HB 53, 1996 Session of the N.C. General Assembly

Funding Source: State

Fund Code: 1711

P/PB Number: 2200

Number of Awards: 47

Range of Award: \$100,000 to \$5,186,227

Funding Cycle: State fiscal year

State Funding Level: \$63,618,364 SFY 96-97

Total Funding: \$63,618,364 SFY 96-97

Matching Requirements: Legislation requires 20% match: 10% capital and 10% in-kind donations.

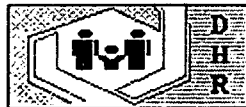
Keywords: child care | community planning and development | early childhood education

Contact Information:

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*Please send comments to: CRIS Coordinator
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State Demography

- **Municipal and County Population Estimates**
- **Population Projections**
- **Liaison to the Federal Census Bureau**

PERCENT OF COUNTY POPULATION LIVING IN ACTIVE MUNICIPALITIES

July 1, 1995

COUNTY	Total 95 Pop.	Non-Muni Pop.	Muni. Pop.	% Muni.
Alamance	115,295	45,559	69,736	60.5%
Alexander	30,168	27,896	2,272	7.5%
Alleghany	9,618	7,682	1,936	20.1%
Anson	23,828	17,293	6,535	27.4%
Ashe	22,992	20,330	2,662	11.6%
Avery	15,186	12,902	2,284	15.0%
Beaufort	43,330	29,406	13,924	32.1%
Bertie	20,638	14,979	5,659	27.4%
Bladen	29,790	21,964	7,826	26.3%
Brunswick	60,739	41,346	19,393	31.9%
Buncombe	188,736	105,488	83,248	44.1%
Burke	81,440	53,668	27,772	34.1%
Cabarrus	110,338	45,925	64,413	58.4%
Caldwell	73,726	39,749	33,977	46.1%
Camden	6,316	6,283	33	0.5%
Carteret	57,612	33,746	23,866	41.4%
Caswell	21,372	18,770	2,602	12.2%
Catawba	126,240	69,754	56,486	44.7%
Chatham	42,914	35,288	7,626	17.8%
Cherokee	21,824	18,647	3,177	14.6%
Chowan	14,031	8,644	5,387	38.4%
Clay	7,732	7,367	365	4.7%
Cleveland	89,136	56,374	32,762	36.8%
Columbus	51,268	37,677	13,591	26.5%
Craven	85,816	33,704	52,112	60.7%
Cumberland	294,010	180,869	113,141	38.5%
Currituck	15,818	15,818	0	0.0%
Dare	25,758	13,471	12,287	47.7%
Davidson	136,604	101,427	35,177	25.8%
Davie	29,735	25,112	4,623	15.5%
Duplin	42,772	30,088	12,684	29.7%
Durham	192,906	43,403	149,503	77.5%
Edgecombe	56,811	23,401	33,410	58.8%
Forsyth	279,904	79,486	200,418	71.6%
Franklin	41,649	35,667	5,982	14.4%
Gaston	178,442	78,610	99,832	55.9%
Gates	9,798	9,409	389	4.0%
Graham	7,466	6,642	824	11.0%
Granville	41,130	30,545	10,585	25.7%
Greene	16,794	14,592	2,202	13.1%
Guilford	372,097	97,506	274,591	73.8%
Halifax	57,468	32,615	24,853	43.2%
Harnett	76,960	56,173	20,787	27.0%
Haywood	49,946	35,202	14,744	29.5%
Henderson	76,250	60,431	15,819	20.7%
Hertford	22,468	14,133	8,335	37.1%
Hoke	27,334	23,289	4,045	14.8%
Hyde	5,211	5,211	0	0.0%
Iredell	103,462	66,819	36,643	35.4%
Jackson	28,798	26,252	2,546	8.8%

COUNTY	Total 95 Pop.	Non-Muni Pop.	Muni. Pop.	% Muni.
Johnston	95,413	63,815	31,598	33.1%
Jones	9,502	8,034	1,468	15.4%
Lee	46,014	24,219	21,795	47.4%
Lenoir	59,083	29,447	29,636	50.2%
Lincoln	55,592	48,338	7,254	13.0%
McDowell	37,244	31,430	5,814	15.6%
Macon	26,284	22,079	4,205	16.0%
Madison	17,778	14,787	2,991	16.8%
Martin	25,842	15,842	10,000	38.7%
Mecklenburg	577,479	49,746	527,733	91.4%
Mitchell	14,838	12,525	2,313	15.6%
Montgomery	23,828	15,670	8,158	34.2%
Moore	66,660	39,674	26,986	40.5%
Nash	83,966	35,515	48,451	57.7%
New Hanover	139,577	68,866	70,711	50.7%
Northampton	20,726	14,239	6,487	31.3%
Onslow	147,912	68,054	79,858	54.0%
Orange	105,821	44,341	61,480	58.1%
Pamlico	11,869	7,934	3,935	33.2%
Pasquotank	33,290	16,068	17,222	51.7%
Pender	34,671	29,027	5,644	16.3%
Perquimans	10,650	7,831	2,819	26.5%
Person	32,139	24,669	7,470	23.2%
Pitt	117,420	42,264	75,156	64.0%
Polk	15,743	12,501	3,242	20.6%
Randolph	115,548	82,111	33,437	28.9%
Richmond	45,404	25,681	19,723	43.4%
Robeson	110,990	75,420	35,570	32.0%
Rockingham	88,334	52,249	36,085	40.9%
Rowan	118,875	69,218	49,657	41.8%
Rutherford	59,082	40,791	18,291	31.0%
Sampson	50,523	37,572	12,951	25.6%
Scotland	34,718	16,885	17,833	51.4%
Stanly	53,784	29,644	24,140	44.9%
Stokes	41,071	34,655	6,416	15.6%
Surry	65,076	50,981	14,095	21.7%
Swain	11,568	10,462	1,106	9.6%
Transylvania	27,168	20,667	6,501	23.9%
Tyrrell	3,812	2,939	873	22.9%
Union	98,192	54,861	43,331	44.1%
Vance	40,041	23,396	16,645	41.6%
Wake	518,271	149,222	369,049	71.2%
Warren	18,137	15,955	2,182	12.0%
Washington	13,766	8,610	5,156	37.5%
Watauga	40,133	24,491	15,642	39.0%
Wayne	111,018	54,594	56,424	50.8%
Wilkes	62,056	54,733	7,323	11.8%
Wilson	67,839	22,276	45,563	67.2%
Yadkin	33,672	26,591	7,081	21.0%
Yancey	16,143	14,585	1,558	9.7%

North Car. 7,194,238 3,662,116 3,532,122 49.1%

Note: "Muni. Pop." refers to the population living in active municipalities.

**NORTH CAROLINA MUNICIPALITIES WITH POPULATIONS OVER 2,500
(RANKED BY SIZE)**

RANK	MUNICIPALITY	COUNTY	JULY 1995
1	CHARLOTTE	MECKLENBURG	469,809
2	RALEIGH	WAKE	249,332
3	GREENSBORO	GUILFORD	193,298
4	WINSTON-SALEM	FORSYTH	165,750
5	DURHAM	DURHAM, ORANGE	148,129
6	FAYETTEVILLE	CUMBERLAND	93,219
7	JACKSONVILLE	ONSLOW	75,069
8	HIGH POINT	DAVIDSON, FORSYTH, GUILFORD, RANDOLPH	71,791
9	ASHEVILLE	BUNCOMBE	68,474
10	CARY	CHATHAM, WAKE	65,912
11	WILMINGTON	NEW HANOVER	62,256
12	GASTONIA	GASTON	57,181
13	GREENVILLE	PITT	56,307
14	ROCKY MOUNT	EDGECOMBE, NASH	55,952
15	GOLDSBORO	WAYNE	47,992
16	CHAPEL HILL	DURHAM, ORANGE	43,539
17	BURLINGTON	ALAMANCE	42,273
18	WILSON	WILSON	40,232
19	CONCORD	CABARRUS	35,468
20	KANNAPOLIS	CABARRUS, ROWAN	34,423
21	HICKORY	BURKE, CATAWBA	30,058
22	KINSTON	LENOIR	25,729
23	SALISBURY	ROWAN	24,543
24	NEW BERN	CRAVEN	21,696
25	STATESVILLE	IREDELL	21,655
26	MONROE	UNION	21,273
27	HAVELOCK	CRAVEN	21,042
28	SANFORD	LEE	20,745
29	LUMBERTON	ROBESON	19,409
30	MATTHEWS	MECKLENBURG	18,362
31	ASHEBORO	RANDOLPH	17,971
32	ELIZABETH CITY	CAMDEN, PASQUOTANK	17,255
33	GARNER	WAKE	17,248
34	LEXINGTON	DAVIDSON	17,053
35	ROANOKE RAPIDS	HALIFAX	16,379
36	MORGANTON	BURKE	16,357
37	HENDERSON	VANCE	16,284
38	THOMASVILLE	DAVIDSON	16,174
39	LAURINBURG	SCOTLAND	15,904
40	ALBEMARLE	STANLY	15,903
41	LENOIR	CALDWELL	15,876
42	MINT HILL	MECKLENBURG	15,859
43	SHELBY	CLEVELAND	15,854
44	EDEN	ROCKINGHAM	15,598

RANK	MUNICIPALITY	COUNTY	JULY 1995
45	REIDSVILLE	ROCKINGHAM	14,280
46	CARRBORO	ORANGE	14,107
47	BOONE	WATAUGA	13,983
48	KERNERSVILLE	FORSYTH, GUILFORD	13,146
49	MOORESVILLE	IREDELL	12,536
50	NEWTON	CATAWBA	12,005
51	GRAHAM	ALAMANCE	11,183
52	TARBORO	EDGECOMBE	11,112
53	SMITHFIELD	JOHNSTON	10,706
54	ROCKINGHAM	RICHMOND	10,114
55	HOPE MILLS	CUMBERLAND	9,808
56	DUNN	HARNETT	9,700
57	SOUTHERN PINES	MOORE	9,668
58	WAYNESVILLE	HAYWOOD	9,530
59	WASHINGTON	BEAUFORT	9,421
60	HENDERSONVILLE	HENDERSON	9,274
61	CLINTON	SAMPSON	9,084
62	KINGS MOUNTAIN	CLEVELAND, GASTON	9,031
63	OXFORD	GRANVILLE	8,322
64	SPRING LAKE	CUMBERLAND	8,300
65	MOUNT HOLLY	GASTON	8,069
66	BELMONT	GASTON	8,013
67	CORNELIUS	MECKLENBURG	7,901
68	MOUNT AIRY	SURRY	7,818
69	ARCHDALE	GUILFORD, RANDOLPH	7,815
70	FOREST CITY	RUTHERFORD	7,776
71	MOREHEAD CITY	CARTERET	7,539
72	ROXBORO	PERSON	7,470
73	WAKE FOREST	WAKE	7,388
74	BLACK MOUNTAIN	BUNCOMBE	7,384
75	HUNTERSVILLE	MECKLENBURG	7,343
76	LINCOLNTON	LINCOLN	7,254
77	PINEHURST	MOORE	7,094
78	LEWISVILLE	FORSYTH	7,093
79	APEX	WAKE	6,827
80	HAMLET	RICHMOND	6,785
81	CLEMMONS	FORSYTH	6,520
82	CONOVER	CATAWBA	6,477
83	CLAYTON	JOHNSTON	6,458
84	INDIAN TRAIL	UNION	6,360
85	BREVARD	TRANSYLVANIA	6,063
86	WILLIAMSTON	MARTIN	5,854
87	WHITEVILLE	COLUMBUS	5,615
88	CHERRYVILLE	GASTON	5,566
89	FUQUAY-VARINA	WAKE	5,389

GROWTH OF LARGEST (AT 1990 CENSUS) MUNICIPALITIES FROM APRIL 1990 TO JULY 1995

RANK	MUNICIPALITY	POPULATION				LAND AREA (SQ. MILES)			
		1990	1995	TOTAL GROWTH	POPULATION ANNEXED	URBAN GROWTH	1990 LIMITS	ANNEXED 1990-95	1995 LIMITS
1	CHARLOTTE	395,934	469,809	73,875	36,435	37,440	174.23	37.67	211.90
2	RALEIGH	212,092	249,332	37,240	15,873	21,367	88.12	10.97	99.09
3	GREENSBORO	183,894	193,298	9,404	3,142	6,262	79.78	12.46	92.24
4	WINSTON-SALEM	143,485	165,750	22,265	18,930	3,335	71.11	28.38	99.49
5	DURHAM	136,612	148,129	11,517	4,235	7,282	69.26	10.99	80.25
6	FAYETTEVILLE	75,850	93,219	17,369	12,012	5,357	40.59	5.72	46.31
7	HIGH POINT	69,428	71,791	2,363	725	1,638	42.99	2.89	45.88
8	ASHEVILLE	61,855	68,474	6,619	3,920	2,699	34.94	6.05	40.99
9	WILMINGTON	55,530	62,256	6,726	0	6,726	29.69	0.13	29.82
10	GASTONIA	54,725	57,181	2,456	447	2,009	30.37	0.47	30.84
11	ROCKY MOUNT	49,961	55,952	5,991	3,516	2,475	25.33	8.97	34.30
12	GREENVILLE	46,305	56,307	10,002	7,644	2,358	18.93	4.77	23.70
13	CARY	44,397	65,912	21,515	6,592	14,923	31.15	7.65	38.80
14	GOLDSBORO	40,709	47,992	7,283	4,047	3,236	21.02	2.92	23.94
15	BURLINGTON	39,498	42,273	2,775	685	2,090	20.33	0.58	20.91
16	CHAPEL HILL	38,711	43,539	4,828	1,086	3,742	16.53	2.48	19.01
17	WILSON	36,930	40,232	3,302	2,329	973	18.50	3.20	21.70
18	JACKSONVILLE	30,398	75,069	44,671	42,959	1,712	12.99	27.73	40.72
19	KANNAPOLIS	29,709	34,423	4,714	3,045	1,669	15.69	5.32	21.01
20	HICKORY	28,474	30,058	1,584	558	1,026	20.31	1.51	21.82
21	CONCORD	27,347	35,468	8,121	5,183	2,938	21.80	13.59	35.39
22	KINSTON	25,295	25,729	434	427	7	13.13	3.37	16.50
23	SALISBURY	23,626	24,543	917	135	782	16.36	1.00	17.36
24	HAVELOCK	20,300	21,042	742	6	736	14.86	0.38	15.24
25	LUMBERTON	18,733	19,409	676	245	431	12.02	1.69	13.71
26	STATESVILLE	17,567	21,655	4,088	3,275	813	12.92	4.50	17.42
27	NEW BERN	17,363	21,696	4,333	3,625	708	10.22	10.84	21.06
28	LEXINGTON	16,581	17,053	472	2	470	11.99	0.37	12.36
29	MONROE	16,385	21,273	4,888	2,664	2,224	13.86	7.15	21.01
30	ASHEBORO	16,362	17,971	1,609	697	912	11.89	2.70	14.59
31	THOMASVILLE	15,915	16,174	259	49	210	10.08	0.07	10.15
32	ROANOKE RAPIDS	15,722	16,379	657	0	657	7.76	0.00	7.76
33	HENDERSON	15,655	16,284	629	441	188	7.08	0.59	7.67
34	EDEN	15,238	15,598	360	305	55	11.71	1.38	13.09
35	MORGANTON	15,085	16,357	1,272	432	840	16.72	1.19	17.91
36	ALBEMARLE	14,940	15,903	963	12	951	14.66	0.57	15.23
37	SANFORD	14,755	20,745	5,990	4,522	1,468	13.95	7.10	21.05
38	GARNER	14,716	17,248	2,532	100	2,432	11.37	0.34	11.71
39	SHELBY	14,669	15,854	1,185	929	256	8.78	0.89	9.67
40	ELIZABETH CITY	14,292	17,255	2,963	1,585	1,378	4.53	1.89	6.42
41	LENOIR	14,192	15,876	1,684	1,365	319	13.58	1.86	15.44
42	MATTHEWS	13,651	18,362	4,711	2,981	1,730	12.26	1.75	14.01
43	BOONE	12,949	13,983	1,034	1	1,033	5.49	0.09	5.58
44	REIDSVILLE	12,183	14,280	2,097	1,870	227	7.91	6.57	14.48
45	CARRBORO	12,134	14,107	1,973	808	1,165	3.53	0.46	3.99
TOTAL (of LARGEST)		2,190,152	2,541,240	351,088	199,839	151,249	1150.32	251.20	1401.52

North Carolina

Population Projections

1996 Series

COUNTY	July 1996	July 1997	July 1998	July 1999	July 2000	July 2001	July 2002	July 2003	July 2004	July 2005	July 2006
1 ALAMANCE	117,115	118,549	119,850	121,039	122,075	122,805	123,504	124,186	124,975	125,829	126,661
2 ALEXANDER	30,766	31,350	31,781	32,200	32,572	32,864	33,169	33,488	33,804	34,122	34,428
3 ALLEGHANY	9,555	9,497	9,472	9,467	9,456	9,430	9,400	9,377	9,359	9,338	9,314
4 ANSON	23,786	23,875	23,937	23,926	23,884	23,812	23,721	23,616	23,495	23,379	23,273
5 ASHE	23,166	23,312	23,411	23,500	23,558	23,567	23,586	23,600	23,620	23,638	23,634
6 AVERY	15,205	15,273	15,336	15,380	15,408	15,398	15,400	15,409	15,419	15,431	15,410
7 BEAUFORT	43,645	43,848	44,058	44,257	44,428	44,538	44,651	44,754	44,858	44,962	45,046
8 BERTIE	20,701	20,766	20,812	20,824	20,815	20,773	20,721	20,664	20,641	20,620	20,594
9 BLADEN	30,063	30,313	30,449	30,551	30,603	30,593	30,552	30,517	30,488	30,460	30,442
10 BRUNSWICK	62,750	64,770	66,667	68,388	69,996	71,369	72,801	74,276	75,794	77,315	78,765
11 BUNCOMBE	191,798	194,545	197,049	199,302	201,306	202,890	204,508	206,137	207,830	209,528	211,185
12 BURKE	82,866	84,109	85,106	85,944	86,663	87,201	87,704	88,240	88,759	89,257	89,741
13 CABARRUS	113,031	115,108	117,146	119,069	120,849	122,395	123,948	125,570	127,239	128,927	130,596
14 CALDWELL	74,338	74,949	75,506	75,986	76,389	76,627	76,860	77,086	77,295	77,514	77,709
15 CAMDEN	6,445	6,524	6,587	6,646	6,697	6,737	6,770	6,810	6,840	6,875	6,915
16 CARTERET	58,562	59,454	60,449	61,428	62,357	63,142	63,952	64,826	65,744	66,670	67,498
17 CASWELL	21,311	21,434	21,524	21,593	21,636	21,630	21,618	21,607	21,593	21,585	21,568
18 CATAWBA	127,942	129,566	131,076	132,510	133,865	135,014	136,109	137,175	138,210	139,265	140,368
19 CHATHAM	43,712	44,457	45,204	45,894	46,521	47,034	47,565	48,110	48,700	49,268	49,782
20 CHEROKEE	22,243	22,616	22,917	23,171	23,390	23,556	23,738	23,912	24,086	24,252	24,404
21 CHOWAN	14,140	14,192	14,272	14,373	14,466	14,537	14,592	14,664	14,737	14,793	14,856
22 CLAY	7,862	8,006	8,102	8,188	8,259	8,308	8,355	8,417	8,471	8,530	8,581
23 CLEVELAND	90,053	90,888	91,616	92,245	92,758	93,088	93,368	93,613	93,850	94,153	94,457
24 COLUMBUS	51,556	51,834	52,054	52,204	52,277	52,234	52,195	52,205	52,185	52,144	52,074
25 CRAVEN	86,789	87,424	88,269	89,162	90,047	90,855	91,651	92,470	93,300	94,155	94,892
26 CUMBERLAND	298,810	303,173	307,874	311,966	315,895	320,145	324,464	328,729	332,975	337,365	341,369
27 CURRITUCK	16,257	16,664	17,059	17,406	17,725	17,991	18,261	18,555	18,872	19,184	19,501
28 DARE	26,516	27,279	27,979	28,652	29,342	30,001	30,660	31,344	32,015	32,713	33,429
29 DAVIDSON	138,501	140,162	141,880	143,570	145,111	146,332	147,555	148,804	150,099	151,415	152,682
30 DAVIE	30,203	30,569	30,927	31,282	31,608	31,854	32,102	32,367	32,629	32,927	33,212
31 DUPLIN	43,413	43,934	44,388	44,741	45,014	45,178	45,355	45,514	45,682	45,845	46,011
32 DURHAM	194,685	196,569	198,667	201,277	203,902	206,329	208,738	211,171	213,553	215,975	218,536
33 EDGECOMBE	56,714	56,740	56,739	56,766	56,776	56,714	56,658	56,592	56,562	56,548	56,535
34 FORSYTH	284,157	287,468	290,315	292,907	295,303	297,229	299,104	300,947	302,810	304,677	306,511
35 FRANKLIN	42,605	43,589	44,539	45,436	46,277	47,019	47,791	48,569	49,350	50,172	51,017
36 GASTON	179,018	179,497	180,028	180,826	181,572	182,050	182,464	182,821	183,226	183,696	184,143
37 GATES	9,835	9,906	9,988	10,063	10,129	10,177	10,229	10,291	10,355	10,414	10,472
38 GRAHAM	7,556	7,623	7,654	7,689	7,718	7,742	7,748	7,754	7,758	7,775	7,825
39 GRANVILLE	41,523	42,023	42,557	43,063	43,526	43,875	44,252	44,680	45,139	45,590	46,007
40 GREENE	17,106	17,373	17,588	17,743	17,851	17,898	17,962	18,036	18,117	18,164	18,197
41 GUILFORD	378,067	383,388	387,934	392,023	395,676	398,549	401,406	404,339	407,320	410,401	413,357
42 HALIFAX	57,700	58,016	58,314	58,580	58,784	58,880	58,955	59,047	59,145	59,273	59,380
43 HARNETT	78,967	80,918	82,712	84,148	85,483	86,700	87,895	89,106	90,334	91,641	92,930
44 HAYWOOD	50,443	50,931	51,391	51,793	52,099	52,249	52,404	52,570	52,719	52,864	52,971
45 HENDERSON	77,549	78,837	80,058	81,251	82,322	83,126	83,947	84,823	85,779	86,709	87,553
46 HERTFORD	22,363	22,369	22,332	22,300	22,260	22,211	22,145	22,078	22,005	21,939	21,892
47 HOKE	28,526	29,596	30,489	31,158	31,759	32,287	32,819	33,350	33,920	34,472	35,026
48 HYDE	5,109	5,040	4,986	4,949	4,915	4,891	4,872	4,851	4,818	4,781	4,751
49 IREDELL	105,957	107,981	109,713	111,459	113,067	114,475	115,810	117,206	118,616	120,044	121,462
50 JACKSON	29,268	29,603	29,892	30,167	30,396	30,547	30,706	30,862	31,020	31,160	31,278
51 JOHNSTON	98,845	101,651	104,175	106,428	108,499	110,361	112,208	114,119	116,085	118,056	120,012
52 JONES	9,519	9,539	9,566	9,572	9,572	9,566	9,553	9,548	9,538	9,522	9,504
53 LEE	47,014	47,943	48,813	49,556	50,222	50,760	51,344	51,935	52,517	53,132	53,735
54 LENOIR	59,466	59,749	60,010	60,190	60,288	60,281	60,236	60,188	60,116	60,034	59,941
55 LINCOLN	56,782	57,879	58,915	59,867	60,764	61,550	62,344	63,155	63,958	64,791	65,626
56 MCDOWELL	37,696	38,059	38,326	38,540	38,701	38,771	38,849	38,931	39,007	39,074	39,123
57 MACON	26,757	27,268	27,750	28,190	28,577	28,859	29,174	29,519	29,847	30,190	30,503
58 MADISON	18,020	18,179	18,319	18,432	18,524	18,584	18,643	18,706	18,763	18,825	18,880
59 MARTIN	25,895	25,990	26,092	26,161	26,187	26,146	26,104	26,077	26,070	26,070	26,043
60 MECKLENBURG	592,634	606,368	618,853	631,155	643,083	654,137	665,152	676,303	687,653	699,269	710,911

North Carolina

Population Projections

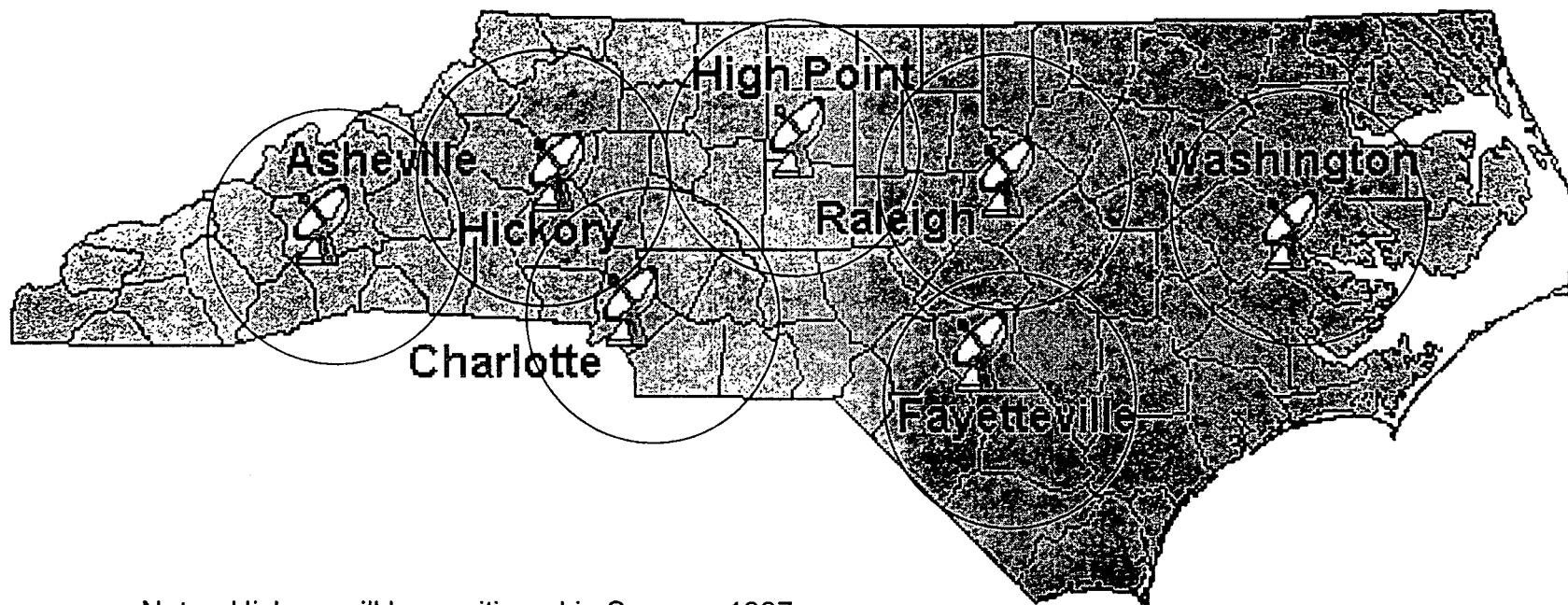
1996 Series

COUNTY	July 1996	July 1997	July 1998	July 1999	July 2000	July 2001	July 2002	July 2003	July 2004	July 2005	July 2006
MITCHELL	14,864	14,956	15,026	15,059	15,074	15,054	15,037	15,024	15,015	15,005	14,991
2 MONTGOMERY	24,090	24,199	24,336	24,443	24,539	24,595	24,649	24,703	24,753	24,803	24,857
63 MOORE	68,732	70,358	71,807	73,059	74,168	75,031	75,890	76,776	77,719	78,643	79,511
64 NASH	85,588	87,019	88,361	89,625	90,796	91,794	92,796	93,822	94,885	95,986	97,061
65 NEW HANOVER	144,043	147,761	151,108	154,087	156,748	158,955	161,183	163,452	165,838	168,288	170,649
66 NORTHAMPTON	20,714	20,694	20,647	20,590	20,513	20,397	20,293	20,193	20,089	19,976	19,855
67 ONSLOW	150,714	151,770	153,651	155,252	157,050	159,593	162,232	164,905	167,659	170,420	172,988
68 ORANGE	107,992	110,093	112,178	114,100	115,941	117,536	119,085	120,608	122,119	123,700	125,310
69 PAMLICO	11,972	12,078	12,168	12,255	12,330	12,370	12,415	12,472	12,531	12,593	12,645
70 PASQUOTANK	33,501	33,858	34,256	34,597	34,904	35,142	35,414	35,685	35,969	36,253	36,521
71 PENDER	35,773	36,945	37,995	38,980	39,894	40,692	41,533	42,389	43,255	44,131	44,973
72 PERQUIMANS	10,716	10,792	10,854	10,905	10,952	10,979	11,009	11,040	11,071	11,112	11,158
73 PERSON	32,608	33,015	33,349	33,631	33,863	34,005	34,160	34,309	34,488	34,670	34,834
74 PITT	119,276	121,233	123,178	125,108	127,010	128,868	130,722	132,591	134,536	136,506	138,466
75 POLK	15,931	16,128	16,359	16,572	16,761	16,907	17,058	17,208	17,363	17,508	17,636
76 RANDOLPH	117,405	119,306	121,002	122,664	124,238	125,591	126,924	128,302	129,713	131,127	132,570
77 RICHMOND	45,619	45,740	45,844	45,964	46,048	46,063	46,104	46,118	46,119	46,133	46,138
78 ROBESON	111,894	112,994	114,082	114,922	115,633	116,135	116,626	117,176	117,784	118,487	119,081
79 ROCKINGHAM	89,345	89,986	90,427	90,801	91,097	91,226	91,362	91,490	91,618	91,755	91,864
80 ROWAN	121,032	122,839	124,377	125,812	127,132	128,226	129,347	130,509	131,752	133,079	134,359
81 RUTHERFORD	59,479	59,868	60,239	60,613	60,950	61,196	61,452	61,686	61,919	62,147	62,378
82 SAMPSON	51,177	51,760	52,243	52,616	52,884	53,028	53,190	53,360	53,529	53,704	53,851
83 SCOTLAND	34,916	35,049	35,196	35,368	35,516	35,606	35,706	35,802	35,914	36,022	36,131
84 STANLY	54,301	54,633	54,969	55,341	55,680	55,938	56,205	56,475	56,755	57,035	57,301
85 STOKES	42,146	42,956	43,673	44,314	44,903	45,416	45,919	46,424	46,914	47,428	47,955
86 SURRY	66,110	66,833	67,439	67,983	68,439	68,737	69,049	69,376	69,728	70,061	70,354
87 SWAIN	11,662	11,747	11,809	11,871	11,922	11,934	11,969	12,016	12,060	12,098	12,124
88 TRANSYLVANIA	27,447	27,760	28,060	28,328	28,555	28,703	28,840	28,983	29,138	29,281	29,407
89 TYRRELL	3,752	3,727	3,724	3,708	3,690	3,667	3,639	3,615	3,599	3,564	3,540
90 UNION	101,507	104,459	107,024	109,339	111,500	113,451	115,449	117,518	119,651	121,810	123,926
1 VANCE	40,297	40,558	40,798	41,036	41,260	41,436	41,620	41,791	41,967	42,109	42,271
92 WAKE	538,131	556,992	574,323	590,447	605,837	620,205	634,867	649,869	665,105	680,630	696,265
93 WARREN	18,331	18,523	18,680	18,808	18,909	18,951	18,998	19,066	19,155	19,247	19,307
94 WASHINGTON	13,675	13,584	13,516	13,458	13,391	13,307	13,228	13,141	13,057	12,973	12,880
95 WATAUGA	40,607	41,142	41,639	42,077	42,464	42,730	43,010	43,310	43,614	43,923	44,213
96 WAYNE	112,331	113,410	114,360	115,297	116,135	116,797	117,432	118,054	118,671	119,267	119,797
97 WILKES	62,438	62,894	63,278	63,621	63,890	64,043	64,179	64,274	64,393	64,473	64,552
98 WILSON	68,583	68,977	69,345	69,681	69,956	70,082	70,213	70,385	70,564	70,743	70,906
99 YADKIN	34,464	35,118	35,688	36,179	36,611	36,954	37,291	37,656	38,034	38,395	38,743
100 YANCEY	16,278	16,403	16,521	16,624	16,706	16,750	16,796	16,846	16,903	16,957	16,991
101 NORTH CAR.	7,322,318	7,436,690	7,542,996	7,641,684	7,733,097	7,811,951	7,891,238	7,972,035	8,054,610	8,138,759	8,220,877

Geodetic Survey

- **Coordinate Statewide Geodetic Activities**
- **Develop and maintain high Accuracy Reference Network (HARN)**
- **Maintain Global Positioning System (GPS) Continuously Operating Reference System (CORS)**
- **Maintain access to the North Carolina Geodetic Survey Integrated Data Base**

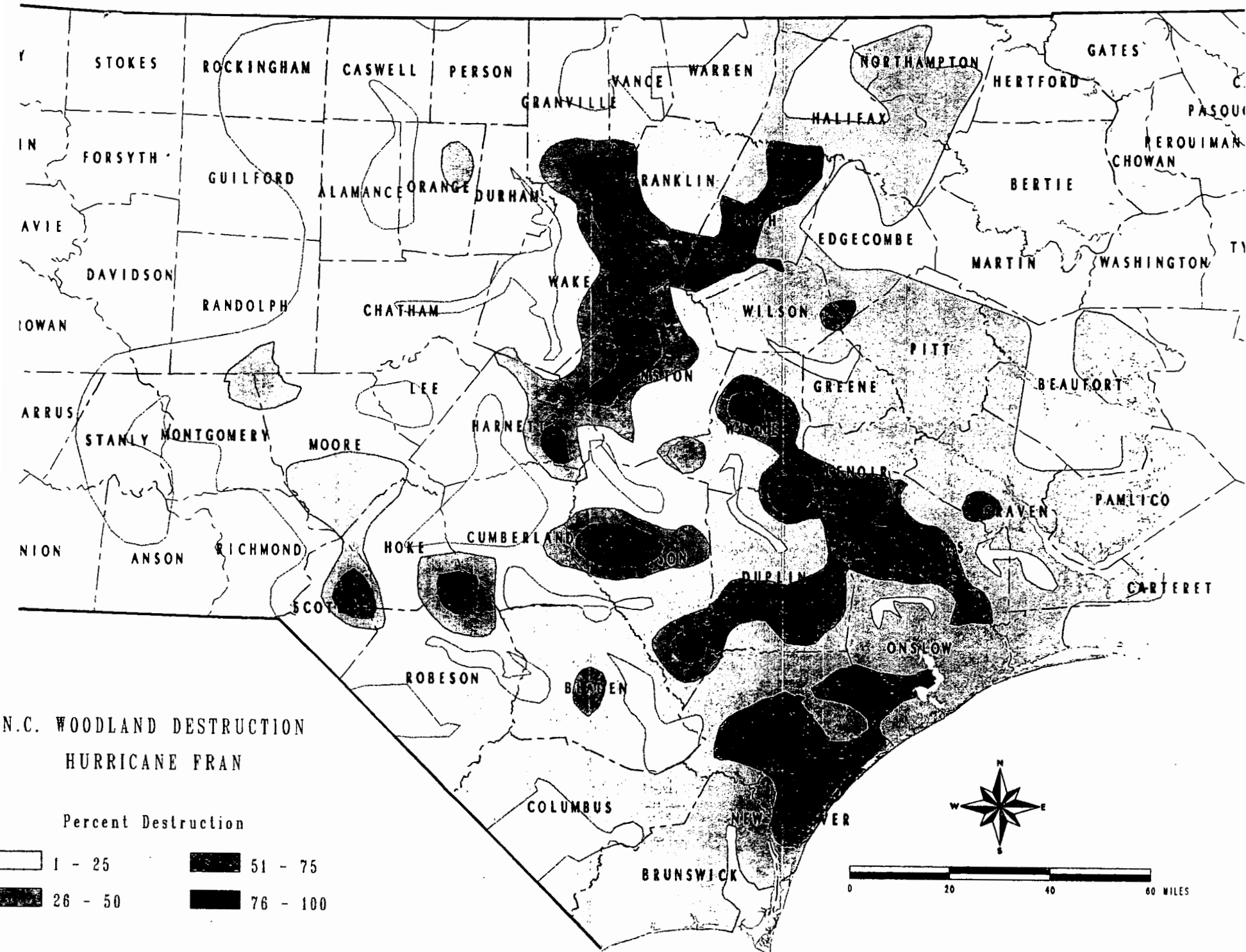
NCGS GPS Community Base Stations



Note: Hickory will be positioned in Summer 1997

Center for Geographic Information and Analysis (CGIA)

- **Coordinate Statewide Geographic Information Systems (GIS) Activities**
- **Maintain Geographic Data Clearinghouse**
- **Provide statewide, cost-effective geographic information and services**



*Attachment 2
General Government
March 20, 1997*

Suzanne Endine

REPORT OF THE ROANOKE ISLAND COMMISSION
to the General Assembly
February, 1997

ENABLING LEGISLATION:

The Roanoke Island Commission was established under Section 12.5, G.S. 143B-131, as an independent Commission located within the Department of Cultural Resources for historic resource management, organizational and budgetary purposes.

Its purpose is "to combine various existing entities in the spirit of cooperation for a cohesive body to protect, preserve, develop and interpret the historical and cultural assets of Roanoke Island. The Commission is further created to operate and administer the ELIZABETH II State Historic Site and Visitor Center, the ELIZABETH II, Ice Plant Island, and all other properties under the administration of the Department of Cultural Resources located on Roanoke Island having historical significance to the State of North Carolina, Dare County, or the Town of Manteo, except as otherwise determined by the Commission."

The Commission consists of six members appointed by the Governor, six members appointed by the President Pro Tempore of the Senate, six members appointed by the Speaker of the House of Representatives, and six ex-officio members including the Governor, the Attorney General, the Secretary of the Department of Transportation, the Chair of the Dare County Board of Commissioners and the Mayor of Manteo, or their designees. A listing of current members is attached.

IN ACCORDANCE WITH SECTION 143B-131.4, the Commission is pleased to present this report to the General Assembly for its 1997 regular session. In accordance with our legislation, this report will profile the following three key areas.

SUMMARY OF ACTIONS TAKEN BY COMMISSION CONSISTENT WITH ITS POWERS AND DUTIES AS INDICATED BY LEGISLATION.

1. To advise the Secretary of Transportation and adopt rules on matters pertaining to, affecting and encouraging restoration, preservation and enhancement of the appearance, maintenance and aesthetic quality of U.S. Highway 64/264 and NC 400 travel corridors on Roanoke Island and the grounds on Ice Plant Island.

The Roanoke Voyages Corridor is currently in its 13th year. The success of this on-going effort is apparent along the Roanoke Island travel corridors. Plantings originally installed as part of America's 400th anniversary of the birthplace of English-speaking America have continued to grow and thrive. A video was created by the Commission in 1996 utilizing DOT footage from 1970 illustrating what existed prior to the establishment of this scenic

travel corridor coupled with footage of today's corridor. This tool was utilized to reacquaint the public with the success of this effort. The video is also widely requested by other areas attempting to embark on such a project. This video was prepared at minimal cost due to donated services by Commission member, Angel Khoury, and narration by volunteer, Andy Griffith.

During 1996 the Roanoke Voyages Corridor applied for and was named a NC Scenic Byway.

The Commission worked jointly with DOT, Dare County Tourist Bureau, and NC Power to place powerlines underground on two key sections of the corridor. This work has occurred over the past two years.

A quarterly beautification award program has been initiated recognizing outstanding contributions to this effort by individuals and businesses.

A landscaping committee comprised of DOT state and local representatives, and the Corridor Administrator has been established to insure good communication and focus on this effort.

A Corridor Administrator is now employed 16 hours per week to oversee this effort. The Administrator's responsibilities include public information and education, application and permit issuance and enforcement.

A NC Trails Grant has been awarded for 1997 to add to an existing trail and develop a map of trail opportunities for visitors to Roanoke Island.

A new bridge is proposed for a portion of US Highway 64/264 which crosses Roanoke Island. A current request is before the General Assembly to insure the eastern approach will also be designated part of the Roanoke Voyages Corridor.

2. To operate the ELIZABETH II State Historic Site and Visitor Center and the ELIZABETH II as permanent memorials commemorating the Roanoke Voyages, 1584-1587.

The ELIZABETH II State Historic Site began serving visitors in 1984. The visitor experience includes a reception area, a small exhibit area, a 20-minute audio-visual orientation to the ship, and a tour of the ELIZABETH II, a 69 foot representative 16th century sailing vessel. When possible the ELIZABETH II sails to other ports to provide this history experience to a larger audience. Until engines were installed in 1993, voyages were extremely expensive due to the costs of tugboat assistance.

When the Commission began operating this site in 1995 its objectives were to continually improve the visitor experience and to serve a larger audience both locally and through voyages. Visitation statistics are attached.

A marketing study was commissioned in 1996 to define current successes and areas in need of improvement and to develop criteria for upcoming enhancements and development.

The Commission has focused on the upgrade of existing interpretive programming through personnel training and upgrade of interpretive apparel and props. The visitor experience is also being enhanced by the development of a new audio-visual program to better meet the needs of our audience, and new exhibits are in development for the new exhibit area currently under construction.

An innovative interpretive program will be offered on our new boardwalk facilities with the historic character, Thomas Harriott, beginning April, 1997. This program has been made possible by a grant from the Dare County Tourist Bureau.

The site is now operating additional hours to better serve the visiting public and additional days such as holidays when visitation is extremely high in this area.

As further support to program development, much needed technological upgrades have been pursued with the replacement of outdated computers and the improvement from original rotary-dial phone system.

Great efforts have been made to increase the visibility of the current program through local, regional and statewide events. A wonderful cooperative effort with the Museum of the Albemarle was held fall, 1996 during which time the ELIZABETH II toured for 9 days, its most extensive voyage in many years, and served 4,000 visitors, 3,000 of those being students. A July seminar for 25 outstanding teachers was held in cooperation with the North Carolina Center for the Advancement of Teachers at the site.

A joint promotion to school groups combining the talents and energies of other local sites such as THE LOST COLONY, the NC Aquarium, Ft. Raleigh NHS and the Elizabethan Gardens coupled with improved follow-up, has resulted in increased school group bookings for this spring.

The Friends of the ELIZABETH II, the non-profit support group for the site, continues to play a vital role. In January, 1997, this group voted to broaden its mission to become the non-profit support for the entire site including new facilities. This organization provides countless hours of service including the volunteer crew for the ELIZABETH II vessel.

Due to current construction on the site, the ELIZABETH II program was not open this January and February to allow for the major construction work that had to be accomplished at the visitor entrances. The site reopens March 1st.

Construction began in August, 1996 and has had some adverse impact on visitation. Through slight revision of admission fees, the site has maintained revenue levels.

3. To supervise the development of Ice Plant Island and to manage future facilities.

Construction on new facilities began in August, 1996. Actual construction activities are monitored by both State Construction and Department Capital Projects Coordinator. On-going site input is provided by the Facilities Maintenance Supervisor and the Executive Director.

Special recognition needs to be given to the Outer Banks History Center which is also located at the site. This Division of Archives and History facility has provided the Commission with office space since its establishment and until such time as facilities are completed.

One of the first steps by the Commission was to determine an appropriate title for the much expanded site. Following marketing recommendations and public input the name "**ROANOKE ISLAND FESTIVAL PARK**" was selected. Festival Park will be a celebration of education, history and the arts in furtherance of the goals of the State and the Department. The need for this expanded umbrella identity will become apparent below as new facilities are profiled. Logo development is in process at this time.

With the new site funded and ready to begin construction, infrastructure needed to be put in place. A permanent Executive Director was hired in December, 1995; an Operations Officer was hired in May, 1996; and a temp Special Projects Coordinator came on in December, 1996. Current budget requests continue to develop staff and operating funds for these new facilities.

Diagrams of new site facilities are attached. The facilities are scheduled to come on-line as follows:

Boardwalks:	April, 1997
Meeting room/Gallery and Office space:	July, 1997
Maintenance and Interpretive area:	July, 1997
Outdoor performance area:	Fall, 1997
Film theatre, Exhibit Area, Gift Shop:	December, 1997

BOARDWALKS: These new visitor areas will enhance the use of this beautiful island site. In addition to signage about what the visitor views from these areas, programs will also occur.

MEETING ROOM/GALLERY: In much smaller facilities, the Outer Banks History Center annually hosted up to 90 meetings per year. The state, regional and local communities are already planning usage of this space. In addition cooperative efforts with state and local arts organizations plan multiple art shows and receptions for this space upon completion. This portion of the facility will provide 3,000 sq. ft. of flexible, usable space.

OFFICES: The offices in this area will provide work space for the needed staff positions.

MAINTENANCE BUILDING: The original maintenance area to the site sustained severe damage a number of years ago. This new facility replaces that building. For the first time, it will provide space for proper maintenance of the ship and the ship's boat in addition to all facilities.

INTERPRETERS' AREA: Much needed dressing areas and interpretive clothing and prop storage will be provided in the maintenance building. Additional storage space, currently contracted off site, will be available.

OUTDOOR PERFORMANCE AREA: The bandstand will provide much needed program space for the site. A proposal is currently outstanding with the North Carolina School of the Arts to utilize this space for a 10 week, 5 days per week, Summer Institute. This institute will provide more widespread performance opportunity for the School of the Arts while providing the visitor to the site with on-going, high quality, arts programming. This space will also be used for site programming and general arts programming in collaboration with state and local arts groups in addition to general concert programming and community events.

FILM THEATRE: The primary purpose of this 238 seat film theatre is to present to our visitors a high-quality motion picture of 40 minutes in length dealing with the Native American culture prior to colonization attempts and the changes resulting when colonization begins. This venue will provide our visitors with a more in-depth understanding of this region's role in the development of this nation. A proposal has been received from the NC School of the Arts, School of Filmmaking to produce this film. A script has previously been developed working with professional scriptwriter, Carl Waldman.

The expertise of Commission member, Robert Girolami, has been utilized. Dr. David Phelps of ECU and the Commission of Indian Affairs will be asked to consult on this important piece. The film is to be installed April, 1998.

Commission member, and renowned theatre consultant, Robert Long has consulted on both the film theatre and the bandstand as has theatre consultants Boston Sound and Light to insure the effectiveness of both performance spaces.

EXHIBIT AREA: After two years of work by Committees, an exhibit consultant has been contracted to develop the Committee's goals for the exhibit program and bids have been let to exhibit design firms. As of January, a contract has been awarded and exhibit design is in process. The exhibit consultant continues to oversee exhibit development and the Commission feels most fortunate to have this expertise. Exhibits will be installed in the exhibit space by April, 1998.

GIFT SHOP: The Friends non-profit group has operated a very small gift shop at the ELIZABETH II for some time. This new facility will allow the further development of this important component of the site.

4. To advise the Secretary of the Department of Cultural Resources on matters pertinent to historical and cultural events on Roanoke Island.

The ELIZABETH II has hosted a number of historical and cultural events at the site over the years. The Commission has begun to actively pursue events which can be added to the site's offerings once new facilities are in place.

5. With the assistance of the Department of Cultural Resources, to identify, protect, preserve and protect properties on Roanoke Island having historical significance to the State of North Carolina, Dare County, or the Town of Manteo consistent with applicable State laws and rules.

The Commission is currently working in collaboration with the Town of Manteo to determine the best manner to preserve the rich maritime heritage of this area. An oral history was done during 1996 with a key member of that heritage. Possibilities are being explored utilizing the expertise of the NC Maritime Museum at Beaufort and the upcoming opportunity provided by Manteo's 100th anniversary. A goal is to establish a maritime position in order to begin such as effort.

6. To establish and collect a charge for admission to any property or event operated by the Commission.

The Commission voted a small increase in admission charges for the ELIZABETH II site. This action is outlined in the attached admission report.

7. To solicit and accept gifts, grants and donations.

The Commission has applied and received the following grants:

1. To place powerlines underground on causeway section of Roanoke Voyages Corridor.

Source: Dare County Tourist Bureau

Amount: \$30,000.

Date: Awarded 1995, Completed 1996

2. To develop a shoulder-season program to increase visitation and expand programming opportunities to our visitors.

Source: Dare County Tourist Bureau

Amount: \$7,000.

Date: January, 1997

3. To extend trailway system on site and develop map for visitors to

Roanoke Island in order to increase awareness and usage by visiting public.

Source: Adopt-A-Trail

Amount: \$11,140.

Date: January, 1997

4. Other donations received as per attached report.

8. To cooperate with the Secretary and Department of Cultural Resources and Department of Transportation and the Secretary and Department of Environment Health, and Natural Resources and other governmental agencies, officials and entities and provide them with assistance and advise.

This is a daily cooperative effort throughout our work on various projects.

9. To adopt and enforce such bylaws, rules and guidelines that the Commission deems to be reasonably necessary in order to carry out its powers and duties.

Current bylaws are attached.

10. To establish and maintain a "Roanoke Island Commission" separate fund composed of moneys which may come into its hands from gifts, donations, grants or bequests which funds will be used by the Commission for purposes of carrying out its duties and purposes herein set forth. The Commission may also establish a reserve fund to be maintained and used for contingencies and emergencies.

A report of this account is attached.

11. By cooperative arrangement with other agencies, groups, individuals, and other entities, to coordinate and schedule historical and cultural events on Roanoke Island.

We are currently working with local groups to present a Shakespeare Festival on Roanoke Island. Increased participation in such events will be possible as new facilities come on line. Cooperative arrangements are currently in process with NC School of the Arts, Dare County Arts Council, joint promotion between sites, and programs such as NC Center for the Advancement of Teachers.

12. Make recommendations to the Secretary of Cultural Resources concerning personnel and budgetary matters.

Staff development and supporting budgets for existing and facilities under construction have been recommended and submitted.

13. To acquire real and personal property by purchase, gift, bequest, devise and exchange.

Since the establishment of the Commission, no such action has occurred.

14. To administer the Roanoke Island Commission Fund and the Roanoke Island Commission Endowment Funds as provided in G.S. 143B-131.8.

Reports on these funds are attached.

15. To procure supplies, services, and property as appropriate and to enter into contracts, leases and other legal agreements consistent with State laws and Department rules to carry out the purposes of this Part and the duties of the Commission.

Contracts have been entered for the purposes of scriptwriting, exhibit development, programming, purchasing, etc. and have been entered utilizing Department and State policies and procedures.

RECOMMENDATIONS FOR LEGISLATION AND ADMINISTRATIVE ACTION TO PROMOTE AND DEVELOP THE ELIZABETH II STATE HISTORIC SITE AND VISITOR CENTER.

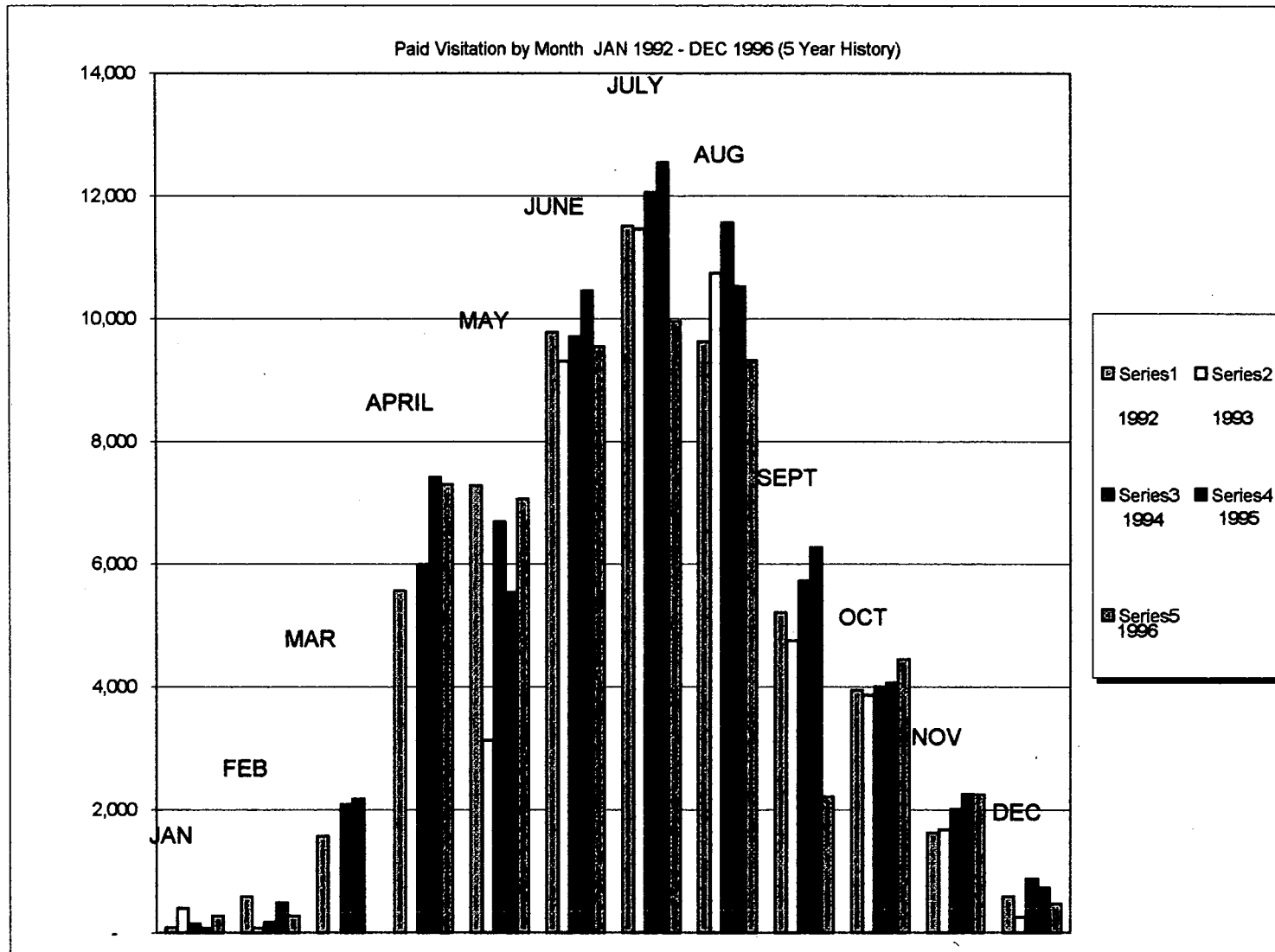
With construction in progress the site has developed budget requests for the needed infrastructure to operate the new facilities upon completion. Funding of pending budget requests is critical to the operation of this facility.

AN ACCOUNTING OF FUNDS RECEIVED AND EXPENDED.

Reports on all funds are attached.

As you review the progress of the Commission, it becomes apparent that the accomplishments made and goals set are achievable through the combined efforts of many. The Commission is most appreciative of the visit by the Advisory Budget Committee in September. The Commission is indebted to the support of the Department of Cultural Resources and the Department of Transportation and their respective staff members who work with this project. At this point in development, State Construction also plays a vital role as do many departments.

Thank you, as legislators, for your support of this important state site. Public awareness and understanding of the importance of this area and State as the birthplace of English-speaking America will result. In addition the State will have further established a facility that will provide educational, historical and arts opportunities to visitors from throughout the state, country and even internationally.



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**REPORT FROM ROANOKE ISLAND COMMISSION
ADMISSION FEES
JANUARY 27, 1997**

The *Elizabeth II* State Historic Site transferred administratively and operationally to the Roanoke Island Commission by legislation in 1995. This independent commission is located within the Department of Cultural Resources. The commission's duties include a directive "to establish and collect a charge for admission to any property or event operated by the Commission."

The *Elizabeth II* has charged admission since opening in 1984. Since 1984 the site has generated admission revenue of \$1,556,171, or an average of \$129,681 in annual admission revenue.

In August 1996 the Roanoke Island Commission authorized the following increase in admission fees:

	<u>Existing</u>	<u>Revised</u>
Adult	\$ 3.00	\$ 4.00
Senior	2.00	4.00
Children (over 6)	1.50	2.00
Adult Group (10 or more)	2.50	3.00
Senior Group	1.50	3.00
Children/School Groups	1.00	1.50

The following results have occurred:

10-year average paid visitation August - December	21,565
1996 paid visitation August - December	<u>18,676</u>
	- 2,887
10-year average admission revenue August - December	\$53,741
1996 admission revenue August - December	<u>59,593</u>
	\$+5,852

It is significant to note that visitation is down following this increase; however, it is also important to note that this site began a major capital improvement project on August 1, 1996. The construction activity is believed to have had a more adverse impact on visitation than the admission increase. Careful tracking of customer satisfaction has also revealed that the only unfavorable comments about the increase relate to the senior increase. We believe the positioning by the Commission with increased admission rates allows the site to maintain revenue levels, thereby continuing the quality of programming and keeping operating appropriation requests at the lowest possible level.

It should be noted that the *Elizabeth II* site is in a unique location. Visitation in this major tourist destination area is extremely strong and provides a large pool from which to draw. This same situation would not apply at many historic site locations.

Deloris Harrell

ROANOKE ISLAND COMMISSION

COMOCT.XLS

Summary of the Continuation Budget, Endowment, Revenue and Capital Improvement Accounts
CONTINUATION BUDGET JULY 1, 1996 - January 31, 1997
APPROPRIATIONS/INCOME

Carry over from 1995-96	\$ 1,427.88	
1996-97 Appropriations	\$ 312,769.00	
Sale of Surplus	\$ 647.22	
Salary Increase (State wide raise)	\$ 6,221.00	
Revenues as of 1/31/97 w/o endowment	\$ 63,087.40	(Actual Revenue \$83,091.45 - Endowment \$20,004.05 =

Revenue available for expenditures \$63,087.40)

Total Income
\$ 384,152.50
EXPENDITURES

Personal Services	\$ 180,029.72
Purchased Services	\$ 24,501.32
Supplies	\$ 1,569.63
Property, Plant and Equipment	\$ 8,274.06
Other Expenses & Adj.	\$ 375.00
Cash adjustment (payroll taxes)	\$ (10.52)
Encumbrances	\$ 9,028.77

Total Expenditures
\$ 223,767.98
BALANCE AS OF 1/31/97
\$ 160,384.52
ENDOWMENT ACCOUNT JULY 1, 1996 - JANUARY 31, 1997

Contribution as of June 30, 1996	\$ 33,120.99
Contributions 7/1/96 - 1/31/97	\$ 20,004.05
Interest earned 7/1/95 - 1/31/97	\$ 8,903.13

BALANCE AS OF 1/31/97
\$ 62,028.17
ACTUAL REVENUE JULY 1, 1996-JAN. 31, 1997

Balance as reported by NC Depart. of Cultural Resources

\$ 83,091.45

ROANOKE ISLAND COMMISSION ACCOUNT

January 1, 1995 - December 31, 1995

INCOME

Beginning Balance	\$ 4,676.96
Transfer of Roanoke Voyages and EII Committee	\$ 1,504.55
Drink Machine Contribution	\$ 287.17
Correction to expenses	\$ 240.07
Donation	\$ 5.00

TOTAL INCOME \$ **6,713.75**

EXPENDITURES

Postage	\$ 96.00
Misc. Subsistence	\$ 2,126.81
Supplies	\$ 350.40
Entertainment	\$ 90.00
Flowers	\$ 111.30
Gifts	\$ 45.00
Travel	\$ 308.89
Brochures/Advertisement	\$ 266.06

TOTAL EXPENDITURES \$ **3,394.46**

BALANCE AS OF 12/31/95**\$ 3,319.29****ROANOKE ISLAND COMMISSION CHECKING ACCOUNT**

AS OF 12/31/95

Beginning Balance	\$ 5,117.56	
Additions	\$ 2,036.79	
Reductions	\$ 3,782.06	
Sub Total	\$ 3,372.29	Statement Balance
Outstanding Deposits	\$ -	
Outstanding Checks	\$ 53.00	

Balance as of 12/31/95**\$ 3,319.29**

Outstanding checks

1019 Island Florist \$53.00

ROANOKE ISLAND COMMISSION ACCOUNT

January 1, 1996 - December 31, 1996

INCOME

Beginning Balance	\$ 3,319.29
Sale of Video	\$ 10.00
Tourist Bureau (N.C. Power pmt)	\$ 30,000.00
Check # 1019 voided	\$ 53.00

TOTAL INCOME	\$ 33,382.29
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EXPENDITURES

Postage	\$ 29.03	
Misc Subsistence	\$ 2,342.32	
Flowers	\$ 95.40	(\$53.00 ck replaced from 1995)
Gifts	\$ 163.27	
Travel	\$ 163.00	
Donations	\$ 50.00	
Video for Corridor	\$ 54.06	
N.C. Power Grant	\$ 30,000.00	

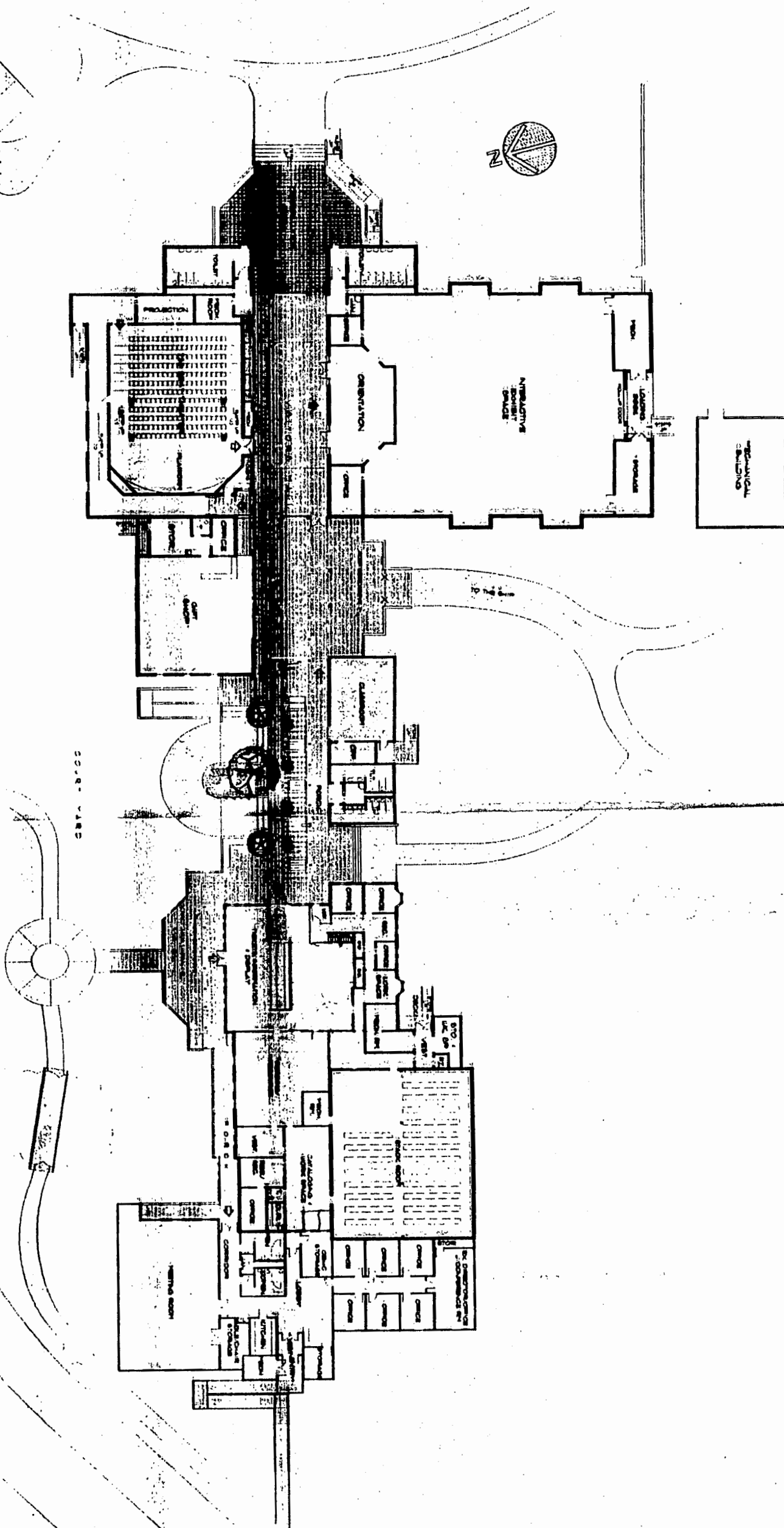
TOTAL EXPENDITURES	\$ 32,897.08
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BALANCE AS OF 12/31/96**\$ 485.21****ROANOKE ISLAND COMMISSION CHECKING ACCOUNT
AS OF 12/31/96**

Beginning Balance	\$ 601.29	
Additions	\$ -	
Reductions	\$ 116.08	
Sub Total	\$ 485.21	Statement Balance
Outstanding Deposits	\$ -	
Outstanding Checks	\$ -	

Balance as of 12/31/96**\$ 485.21**

Outstanding checks	
NONE	\$0.00



**ELIZABETH II HISTORIC SITE
OUTER BANKS HISTORY CENTER
MANTEO, NORTH CAROLINA**



CONTRACTORS SHALL VERIFY
AND BE RESPONSIBLE FOR
ALL DIMENSIONS & JOBS.

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ROANOKE ISLAND COMMISSION BY-LAWS

Article I. PURPOSE

The Roanoke Island Commission (the "Commission") is an independent commission of the State of North Carolina, located within the North Carolina Department of Cultural Resources for historic resource management, organizational, and budgetary purposes. Pursuant to applicable portions of the North Carolina General Statutes ("NCGS"), the primary purposes of the Commission are:

To combine various existing commissions, committees and entities in the spirit of cooperation for a cohesive body to protect, preserve, develop and interpret the historical and cultural assets of Roanoke Island;

To advise the Secretary of the Department of Transportation and adopt rules and policies on matters pertinent to and affecting and encouraging restoration, preservation and enhancement of the appearance and aesthetic quality of the US Highway 64-264 and NC 400 travel corridors on Roanoke Island;

To advise the Secretary of the Department of Cultural Resources and establish policies on matters pertinent to the operation and maintenance of the Elizabeth II State Historic Site and Visitors Center as permanent memorials commemorating the Roanoke Voyages, 1584-1587;

To advise the Secretary of the Department of Cultural Resources and establish policies on matters pertinent to the development of Ice Plant Island and to manage future facilities in cooperation with the Department of Cultural Resources;

To identify, preserve and protect properties located on Roanoke Island having historical significance to the State of North Carolina, Dare County or the Town of Manteo with the assistance of the Department of Cultural Resources;

To maintain appropriate and proper attention to Roanoke Island, its history and culture through cooperation with the Governor; and the General Assembly;

These purposes are to be carried out for the benefit and enjoyment of the citizens of North Carolina and those from across the country who visit the English speaking birthplace of our nation, Roanoke Island.

Article II. GOVERNING STATUTES, RULES AND GUIDELINES

Statutory authority for the Commission is set forth in Part 27A of Chapter 143B of NCGS. The Commission has adopted Rules and these Bylaws in accordance with NCGS Section 143B-131.2(9). The Commission may also adopt such guidelines and policies as are deemed necessary from time to time to carry out the purposes of the Commission.

Article III. OFFICES

The Offices of the Commission shall be located on Roanoke Island, North Carolina.

Article IV. MEETINGS

Section 1. Conduct of Meetings

Meetings shall be conducted according to the most current revision of Roberts Rules of Order, the Governing Statutes, and these By-laws.

Section 2. Commission Meetings

The Commission shall meet semiannually in the Spring and the Fall at such time and in such place as may be determined from time to time by the Commission. The Fall meeting shall be the annual meeting, the purposes of which shall include, but not be limited to, the election of all officers (except the Chair) and the transaction of such business as may come before the Commission.

Special meetings of the voting members may be called by the Chair, or any three voting members of the Commission. All meetings of the Commission may be held within or without the State of North Carolina.

Section 3. Quorum

A majority of the members of the Commission shall constitute a quorum for the transaction of business. The affirmative vote of a majority of the members present at meetings of the Commission shall be necessary for action to be taken by the Commission.

Section 4. Proxies

At all meetings of voting members, a voting member may vote by proxy executed in writing by the voting members. Such proxy shall be filed with the Executive Director of the Commission before or at the time of the meeting. No proxy shall be valid after the meeting for which it is given.

Article V. MEMBERS

Section I. Members and Selection

The Roanoke Island commission shall consist of 24 voting members appointed as follows: six members appointed by the governor; six members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, at least two of whom reside in Dare County; six members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives, at least two of whom reside in Dare County; and the following persons, or their designees, ex officio:

- a) The Governor;
- b) The Attorney General;
- c) The Secretary of the Department of Cultural Resources;
- d) The Secretary of the Department of Transportation;
- e) The Chair of the Dare County Board of Commissioners;
- f) The Mayor of Manteo.

Section 2. Terms of Members

Members shall serve for two-year terms, with no prohibition against being reappointed, except initial appointments shall be for terms as follows:

- 1) The Governor shall initially appoint three members for a term of two years and three members for a term of three years;
- 2) The General Assembly upon the recommendation of the President Pro Tempore of the Senate shall initially appoint three members for a term of two years and three members for a term of three years.
- 3) The General Assembly upon the recommendation of the Speaker of the House of Representatives shall initially appoint three members for a term of two years and three members for a term of three years.

Initial terms shall commence October 1, 1994. On or before September 15 of each year the Commission shall make such recommendations as it deems appropriate for new appointments or re-appointments.

Section 3. Vacancies

A vacancy in the Commission resulting from the resignation of a member or otherwise, shall be filled in the same manner in which the original appointment was made, and the term shall be for the balance of the unexpired term. Vacancies in appointments made by the General Assembly shall be filled in accordance with G.S. 120-122.

Section 4. Removal

Members may be removed by the Governor in accordance with G.S. 143B-13 for misfeasance, malfeasance or nonfeasance.

Section 5. Compensation

The Commission shall receive no salary as a result of serving on the Commission but shall receive per diem, subsistence and travel expenses in accordance with the provision of G.S. 138-5 and G.S. 138-6, as applicable. When approved by the Commission, members may be reimbursed for subsistence and travel expenses in excess of the statutory amount.

Article VI. OFFICERS

Section 1. Officers

The officers of the Commission shall be and include:

The Governor shall appoint a chair biennially from among the membership of the Commission.

The Commission shall elect from its membership a Vice Chair, Secretary, and Treasurer to serve two-year terms.

The Commission in its discretion may appoint a historian to serve at its pleasure. Initial terms shall commence on October 1, 1994.

Section 2. Powers and Duties

CHAIR. The Chair shall preside at the meetings of the Commission. The Chair, shall sign all written contracts and obligations of the Commission; shall be an ex-officio member of all committees; shall name and appoint such committees as may be needed, each committee to have its duties clarified unless the nature of it seems routine; shall schedule and give notice of the dates of Commission and committee meetings for the succeeding twelve month period; and shall perform such other duties as the Commission may assign.

VICE-CHAIR. The Vice-Chair shall perform such duties as may be assigned by the Chair.

SECRETARY. The Secretary shall review and approve the minutes of all business meetings, may sign all written contracts and obligations of the Commission with the Chair, and shall perform such other duties as may be assigned by the Chair.

TREASURER. The Treasurer and Executive Director shall, under the direction of the Chair and the Commission, administer the Roanoke Island Commission Fund and the Roanoke Island Commission Endowment Fund in accordance with NCGS Section 143B-131.8.

Section 3. Vacancy

A vacancy in any office other than the Chair because of death, resignation, removal, disqualification or otherwise, may be filled by the voting members for the unexpired portion of the term. The Governor shall fill any vacancy in the office of Chair; however, recommendations from the Commission may be submitted.

Article VII. COMMITTEES

Section 1. Standing Committees

There shall be four standing committees which are the:

- 1) Roanoke Voyages Corridor Committee;
- 2) Visual and Performing Arts Committee;
- 3) Elizabeth II Committee;
- 4) Maritime History Committee.

The Chair shall appoint three or more voting members to the standing committees, shall select a chair for each standing committee and shall assign the committee's duties unless otherwise assigned by the Commission. Any standing committee chair may recommended two additional non-voting committee members for approval by the Chair. Standing committees shall meet at least quarterly to carry out assigned duties. Quarterly reports following such meetings shall be made to the Chair for distribution to the full Commission.

Section 2. Standing Committee Responsibilities and Authorities

- 1) **Roanoke Voyages Corridor Committee**
Responsibility: To affect and encourage restoration, preservation and enhancement of the appearance and aesthetic quality of the U.S. 64/264 and N.C. 400 Corridor through Roanoke Island.
Authority: The Commission has delegated to the Corridor Committee authority to administer and enforce the Commission's Regulations and Standards which are related to Corridor restoration, preservation and enhancement.
- 2) **Visual and Performing Arts Committee**
Responsibility: To insure all visual and performing spaces on Ice Plant Island are built correctly and used appropriately to their maximum benefit.
Authority: Expenditures over \$1,000 require prior approval by the Executive Committee.
- 3) **Elizabeth II Committee**
Responsibility: To insure interactive history exhibition space and films are of the highest quality and to continually review and oversee the quality of the operation of the site.
Authority: Expenditures over \$1,000 require prior approval by the Executive Committee.
- 4) **Maritime History Committee**
Responsibility: Initially, to explore the opportunities for a maritime history museum.

Section 3. Executive Committee

The Executive Committee shall consist of:

- 1) The Commission Chair;
- 2) The Chairs of the four standing committees;
- 3) The Secretary of the North Carolina Department of Cultural Resources, or the Secretary's designee, who shall be a voting member of the Executive Committee;
- 4) The legal counsel assigned by the Attorney General shall provide legal advice to the Executive Committee;
- 5) The Executive Director shall be a non-voting member of the Executive Committee.

Between meetings, the Executive Committee shall have authority to act on behalf of the Roanoke Island Commission on such matters as the Chair may determine to be necessary and shall submit

reports of such actions to the full Commission in quarterly reports. The Executive Committee shall have no authority to amend or repeal the Regulations and Standards or these By-laws, or to amend or repeal any guideline, policy or resolution of the Commission.

Section 4. Other Committees

The Chair shall appoint three or more voting members to such other committees as the Chair deems appropriate or as may be created by motion and adopted by the voting members. The Chair shall select a chair of such other committees and shall assign its duties unless its duties are otherwise assigned by the Commission.

Article VIII. RECORDS

Each committee shall keep a written record of its proceedings and shall submit such records in quarterly reports to the voting membership. The Executive Director shall have the responsibility to ensure that accurate records and minutes of all Commission proceedings are maintained.

Article IX. FINANCES

All funds of the Commission shall be deposited to the credit of the Commission in such banks as are designated by the Executive Director, after consultation with the Chair and Treasurer. All checks and drafts issued against funds held by the Commission shall be signed by the Executive Director or the designated finance officer and shall be countersigned by either the Chair or Treasurer if the amount of the check or draft exceeds \$5,000.

Article X. AMENDMENTS TO BY-LAWS

Except as may be provided otherwise by law, these by-laws may be altered, amended or repealed, and new by-laws may be adopted by an affirmative vote of two thirds of the voting members present at any regular or at any special meeting of the Commission at which a quorum is present.

Article XI. EXECUTIVE DIRECTOR

The Executive Director of the Roanoke Island Commission shall be appointed by the Commission as the professional and managing official of the Commission. The salary of the Executive Director shall be set by the Commission.

Under the direction of the Chair the Executive Director shall manage the operations of the Commission to insure protection, preservation, development and interpretation of the historical and cultural assets of Roanoke Island.

The Executive Director's work involves significant contact with State personnel and Commission members to promote operations and the historical significance of Roanoke Island.

The Executive Director shall perform additional duties which shall include, but not be limited to:

Planning: Employee oversees the development of long-range plans for the operation of all aspects of the Commission's work on Ice Plant Island and Roanoke Island. Based on long-range planning efforts, employee sets short range goals and objectives and recommends staffing and budgetary needs.

Organizing and directing: Employee carries out the directives of the Commission in regard to hiring staff and establishing the organizational structure to manage the work. Employee, together with the Chair, makes decisions in the selection, promotion, dismissal, and salary adjustment of employees based upon guidelines established by the Commission.

Budgeting: Employee works with the Business Officer of the Department of Cultural Resources and the Office of State Budget to prepare the budget based on input from the Chair, the previous year's budget and the program plan for the coming year.

Employee is accountable to the Commission for the budgeting and expenditure of non-state funds.

Setting Work Standards: With input from the Chair, employee establishes the guidelines and develops the procedures for evaluating employee performance. Employee oversees and insures that performance standards are monitored.

Reviewing Work: Employee reviews the work and accomplishments of all functions and insures the planning goals are being met. Employee monitors the educational and interpretative activities through the satisfaction and feedback from Commission members, participants, and the public.

Facilities Management: Employee works to insure that facilities are constructed, managed and maintained to the highest quality and continually reviews the operations of the site.

Extent of supervision received: Employee works with considerable independence and is guided by general instructions from the Chair and Commission.

Recruitment Procedure: The Chair shall make recommendations to the Commission regarding the selection, promotion, dismissal or salary adjustments of the Executive Director.

*Attachment 3
General Government
March 20, 1997*

Budget Statement of Elaine F. Marshall, North Carolina Secretary of State to the Joint Committee on Appropriations and General Government

March 20, 1997

I want to thank the members of the committee for allowing me to make this brief presentation today. As you know, I have been North Carolina's Secretary of State for about two months. I think it is safe to say that those two months have been both extremely busy and extremely productive ones for the department.

The Secretary of State's department administers laws regarding corporations, limited partnerships, lobbyists, securities, trademarks, uniform commercial code, and real estate records. We collect, protect, and maintain hundreds of thousands of key business records. We assist business owners in finding all the licenses and permits they need to conduct their operations legally. We are where our state's business entities are legally created. We are where the paperwork to create financial capital is checked and regulated. In many important ways, we are the agency that keeps our business community operating on a fair and level playing field.

I am delighted and honored to report to you today that a new management team consisting of some of North Carolina government's finest career employees is now in place to help me administer the department's vital and varied duties. I can tell you these are people who understand modern business practices. These are people who know how to manage employees and build departmental morale. These are people who have committed themselves to making the Secretary of State's office the finest department in state government.

I would like to take just a moment and introduce some of these outstanding public servants to you . **(Introduce those staff members in attendance.)**

These administrators and I run a very lean agency. In fact, our people are doing more work without increased funding every day. Allow me to share with you just a few key 1995-1996 statistics from our Corporations section:

- There were more than 48,000 corporate filings last year, up 12 percent over 1995.
- There were more than 17,500 new businesses incorporated; a nine percent increase.
- There were about 4,000 "foreign" corporations authorized to do business in North Carolina; an 18 percent rise.

And that does not count handling the thousands upon thousands of annual reports the Corporations division maintains. These numbers show a dramatic increase in our workload. Every month, every week, every day, those numbers continue to rise and our hard-working employees continue to meet the challenge. You and I can be very proud of this agency's 119 employees who take so much pride in getting the job done even as the workload grows.

Today, there are three main points I would like to make about our 1997-1999 continuation budget as you look at the material before you. First, please note that \$300,000 in one-time expenditures from our last budget are now gone. If I don't do anything else today, perhaps I can bring a smile to your face by showing you a proposed budget that is actually smaller than its predecessor.

On a serious note, I hope this request shows just how sincere we are about running this department in an open and by-the-book manner. I know that the members of this committee are aware of the tremendous need for modernization in the Secretary of State's office. Senator Lucas and Representative Ives have both toured our offices recently. I think they will agree with me that we operate in Spartan conditions, at best.

I am sure you know that I plan to come back soon and ask for the funding we need to bring the department up to the 1990s business standard of service. Presently, much of our department is dependent on "computer" equipment dating back to the 1980s. Other office equipment dates back to the 1970s. Several supervisors take work home on a routine basis so that they can use their personal home computers to get their work done. We could have chosen to try to "sneak" a few bits and pieces of our expansion budget proposal into this continuation budget. But that is not how I want to start doing business with you and the other members of the General Assembly. The truth is that this continuation budget reflects the funding it takes to run the department as is, on a day to day basis. So this is the amount I am asking you to fund.

A second point I want to make is that our continuation proposal agrees with the amount proposed by Governor Hunt in his recommended budget for our department. I hope everyone who looks at this budget will agree that it is truly "low in fat," as all the commercials like to say. As a side-note, I will point out that this agency put more than \$14 million into the General Fund last year. This means our proposed continuation budget request is for about one third of the amount of revenue we generate for the State. Managing this income requires a great deal of staff work as most fees we charge are very small. We receive and deposit 1,600 checks on an average business day.

The third point I need to make today is a somewhat awkward one. The budget and departmental structure submitted to you for consideration was actually authored by my predecessor. Some things in the department have changed, and I believe improved, during the past two months. Those changes that may not be adequately reflected in your material include:

- The Department now has a true Chief Deputy Secretary. The old structure had, I believe, three deputies of equal standing. I have found that such arrangements can lead to bureaucratic inertia. The department now has a clearer chain of command.
- The North Carolina Boxing Commission's professional staff is now funded, in place, and actively regulating professional boxing in our State.
- The Department's new Information Technology Strategy plan has received the approval of the State's Information Resources Management Commission. You may recall that my predecessor's plan did not receive the Commission's approval. One important reason for this success is the position of Deputy Secretary of State for Information Technology which has been created and staffed in the past month.
- We continue to address the problems that the State Auditor found in the department some time ago. For example, starting in December, we began phasing in a centralized cash management system for all the monies we receive through fee collection and selling publications.
- Our Internet homepage is now fully functional and getting a great public response. We continue to add data to that Internet site so that the public can get the information they need without leaving their homes or offices. We are averaging 135 visits a day on the site.

We have shifted the structure of some the divisions within the department. These moves were made to group units more efficiently and to link similar duties together. The packet we handed out today contains both an old organizational chart and the new one that we now use. As you can see, the changes were limited. Please allow me to take a moment to walk you through our main organizational units:

The Administration Unit – supports the agency's internal operations. The Secretary of State, her deputy secretaries, legislative liaison, communications director, and the department's personnel, payroll, cash management, and budgetary staff members are also organized under this section.

The Lobbyist Registration Unit – administers the State Lobbying Act, which includes registering and reporting duties regarding legislative lobbyists and their principals. When alleged violations of the Lobbying Act are reported, this unit cooperates with the Attorney General's office regarding the investigation and resolution of those allegations.

The one employee in this unit, who also maintains other State records including certified acts of the General Assembly and administers North Carolina's Electoral College, maintains a database involving approximately 660 lobbyists. This person also produces a

periodic publication listing registered lobbyist information. During fiscal year 1995-1996 this program generated \$20,705 in General Fund revenues.

The Trademarks Unit – assists the public and business community in the registration of trademarks and service marks. Its two employees issue and renew approximately 2,000 marks per year. When our department receives allegations of counterfeit trademarks, these employees assist our Securities division in the investigation and resolution of those allegations.

This unit also authenticates documentation for various purposes. One of the major user groups are North Carolina couples seeking to adopt children from foreign countries. It handles approximately 3,750 such requests a year. This unit is one of the Secretary of State programs that is now managed through the Certification and Filing division instead of the General Administration unit.

The Corporations Unit – assists North Carolina in maintaining a positive business climate by providing for the prompt filing of corporate documents, and by providing information and technical assistance to the public. The Corporations unit's responsibilities include the review of corporate filings for compliance with statutory requirements and the custody of information which is part of the public record. Through annual reports, this unit keeps the North Carolina corporations database as current as possible. Upon request, this section provides information on corporations, limited liability companies, and limited partnerships and their registered agents' identities and addresses.

The Secretary of State is a substitute agent for service of process when a company fails to maintain a registered agent.

Some key statistics from calendar year 1996 include:

- Eleven document examiners filed 49,552 corporate documents.
- Five employees processed 145,237 annual corporate reports.
- The Corporations unit processed 27,989 orders for documents; over 18,000 of which involved more than one document.
- There were 1,306 same-day and 3,802 24-hour expedited filings processed.
- In March 1996 alone, 14,368 annual reports were processed by 5 employees.
- During the past 45 working days, the aging WANG data management system used in the section has been down a total of 24 hours and 45 minutes – a total of 3 standard working days.

The Securities Unit – registers and regulates securities dealers and salesmen, investment advisors and their representatives, and athlete agents and their representatives. The unit also regulates commodities activities not overseen by the Federal government. This section registers securities offerings made in North Carolina and examines the

documentary materials associated with those offerings. The Securities division conducts educational activities aimed at informing the investment public about securities offerings and their inherent risks.

The unit presently has 20 positions divided into registration, enforcement, and administrative sub-groups. During the most recent fiscal year, the Securities enforcement section prosecuted and convicted six persons of securities fraud and returned in excess of \$331,000 to the investing public. The Securities unit generated revenue of \$6,620,929 to the General Fund, based on the most recent figures.

The Business License Information Office (BLIO) Unit – is responsible for administering an accessible one-stop system that assists the business community to identify, acquire, and maintain state licenses and permits necessary to conduct business in North Carolina.

BLIO assists new and existing businesses by:

- Identifying licenses and permits needed for specific business proposals.
- Operating a clearinghouse for regulating and license information.
- Administering an automated master application system for data and fees.
- Making recommendations to the General Assembly for simplifying and automating licensure procedures.
- Publishing the *Directory of North Carolina State Business Licenses and Permits*.

Some of you may recall when this division was created in the 1980s. Has it been successful? In its first full year, 1989-1990, the group handled 11,394 inquiries. In fiscal year 1995-1996, that number stood at 23,121 consultations. I think that's a wonderful commentary on this group's usefulness.

The Uniform Commercial Code (UCC) Unit – assists the business and financial communities to make lending decisions by serving as the repository for information regarding security interests held against commercial and agricultural properties, and federal tax liens against corporations and partnerships. This unit performs research regarding these security interests and liens, based upon public requests for this information. The 12 UCC employees receive approximately 500 filings every business day, and perform approximately 20,000 research requests every year. This program also generates revenues, most recently in the amount of \$935,679 for the 1995-1996 fiscal year.

The Notary Unit – administers the State Notary Public Act, which includes commissioning notaries, training the approximately 150 Community College instructors who teach notary public classes, investigating complaints alleging violations of the Act, and responding to public information requests regarding the law and the program.

Notary Publics serve to acknowledge and verify documents, administer oaths, and help maintain a positive business climate in North Carolina. There are approximately 170,000 commissioned notaries in our State. This four-person unit currently processes more than 35,000 commissions, renewals, and amendments a year. This program also generates revenues, about \$839,106 for fiscal year 1995-1996.

The Publications Unit – maintains certified elections data and reports, publishes and distributes the *North Carolina Manual*, the *Directory of the State and County Officials of North Carolina*, the *Constitution of North Carolina*, and other vital State publications.

Three people do all the work to ready these important, and massive, books for printing. Our most recent *North Carolina Manual* ran almost 1,200 pages. The amount of telephone calls made and letters written by this staff to get the information that goes into these books is staggering.

Our two-person mailroom staff is also attached to this section.

The Land Records Management Unit – assists local governments to implement modern, state-wide standards for indexing land records. Our two employees provide technical consultation and assistance regarding land records management to local Register of Deeds offices and mapping offices across the State, responding to over 1,200 such requests from 75 counties in the last fiscal year.

We estimate that this unit will provide training to approximately 150 Register of Deeds employees this year, and certify over 200 property mappers.

The Boxing Unit – the department's newest division, provides staff support to the North Carolina Boxing Commission. This three-person group administers laws and administrative rules governing the state-wide program of the Boxing Commission. In 1996, the boxing unit staff licensed over 600 individuals and regulated 70 event nights. Staff members must travel to these events, held around the State, to see that all pertinent rules are followed.

North Carolina allows three types of professional fighting: kick boxing, "toughman" contests, and standard professional boxing. My personal observance is that this spectator sport is growing rapidly in North Carolina. I doubt many lawmakers thought there would be 70 nights of prize fights in this State in the first year after this act was passed.

I urge the Committee Members to note the graph in their packets showing how the business functions of many of these sections have grown over the past five years.

The Secretary of State's office participates in the performance program budget (PPB) process. The pie chart included in our packet to you shows that our budget supports policy objectives in two program areas: economic development/commerce and general

government. Out of a total budget of \$5.22 million, \$4.80 million goes toward Economic Development and Commerce; approximately \$440,000 goes to support General Government objectives.

We assist Economic Development and Commerce by licensing and registering businesses and corporations, by implementing the Notaries Act, and by administering the laws and rules governing the state-wide program of the Boxing Commission. Most of our work is in licensing and registering businesses and corporations.

The \$440,000 in General Government goes primarily toward maintaining and publishing public information, and providing county computerized mapping services. You may also know that the Secretary of State's office is responsible for maintaining certified elections data and reports from boards and commissions.

My hope is that this department is meeting its PPB obligations and responsibilities to the fullest extent possible. However, I realize this administration is young. Please let me know if the Secretary of State's office is not meeting your expectations in any regard concerning the PPB.

You will also find information in your packets regarding fiscal data on our continuation budget request, our mission statement and goals, publications, and a graph showing just how little the staffing for our department has grown in recent years.

Again, thank you for this opportunity to appear before you today. I hope you agree with me that the Secretary of State's office is operating in a fiscally responsible manner, that its services have never been more needed by the businesses and people of North Carolina, and that our requested budget deserves to be fully funded.

My staff and I will be very happy to answer any questions.

MISSION STATEMENT

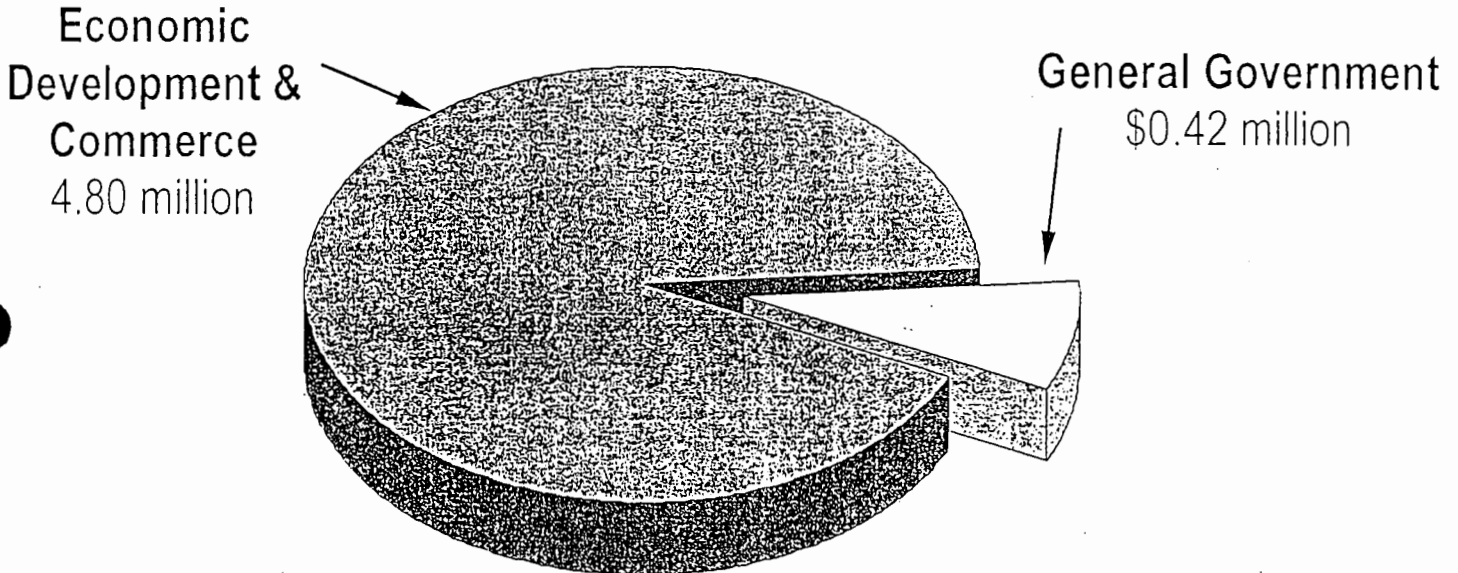
The mission of the Department of the Secretary of State is to serve and protect citizens, the business community and governmental agencies by facilitating business activities, by providing accurate and timely information, and by preserving documents and records.

PRIMARY GOALS

- ◇ To provide the business community and the public with easy access to accurate and timely information.
- ◇ To assist the business community with accurate and timely filing of necessary documents.
- ◇ To update, create and distribute major publications to better serve the citizens and educational facilities of North Carolina.
- ◇ To provide technical assistance to local governments and implement statewide standards for indexing land records.
- ◇ To investigate all complaints concerning notaries public, lobbyists, securities fraud, trademark counterfeiting.
- ◇ To promote public awareness regarding securities fraud.
- ◇ To promote the public confidence and trust in the regulatory process.
- ◇ To facilitate growth and development of the state's economy.

Department of the Secretary of State

1997-98 Recommended Total Requirements by Program Area \$5.22 million



Objectives

Economic Development and Commerce Program Area

Licensing and
registration of
businesses and
corporations
(P/PB 6910)

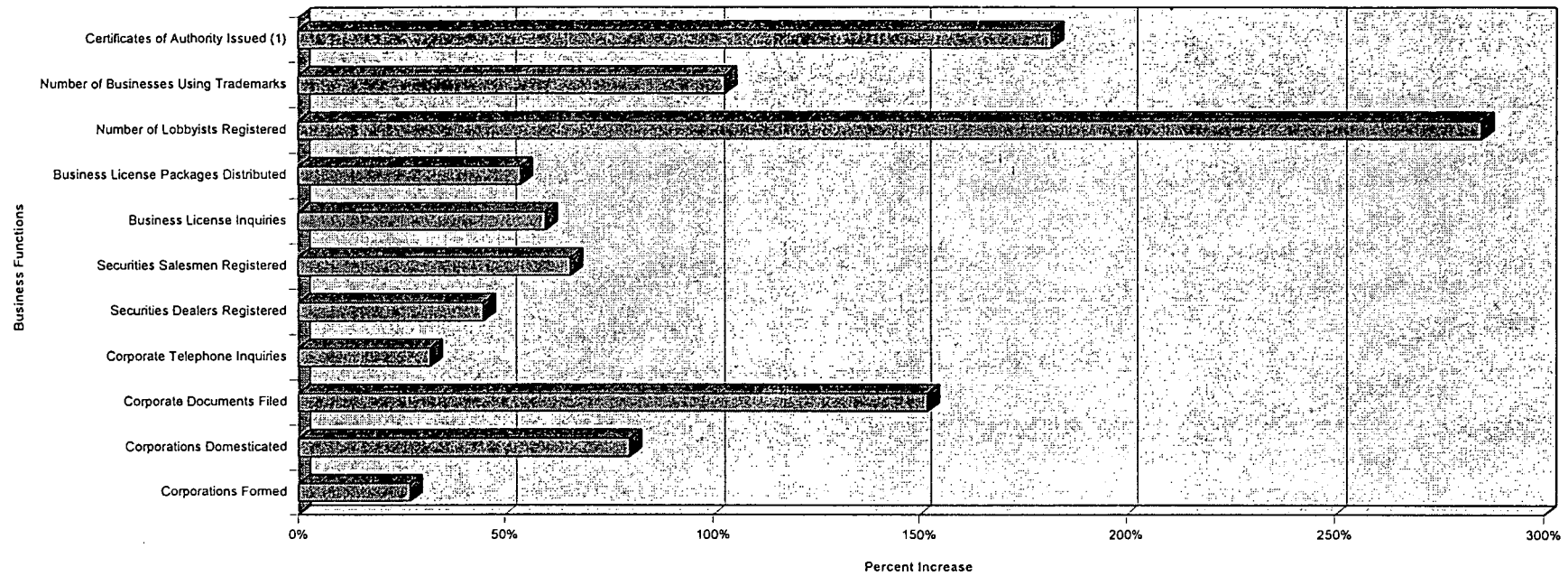
- Reduce complaints from the business community related to services administered by the Corporations Division.
- Maintain current turnaround time to obtain information and complete transactions.
- Reduce public complaints regarding Uniform Commercial Code filings.
- Reduce turnaround time spent in obtaining information and completing transactions related to Uniform Commercial Code services.
- Maintain current average time required for Notary appointments, reappointments and changes.
- Respond to all notary complaints within 24 hours.
- Bring all boxing activity into compliance in North Carolina.
- Increase the percentage of satisfied business License Information Office clients.
- Decrease the number of complaints regarding the licensing and permitting process administered by the Business License Office.
- Assist the public in making educated security decisions.

General Government Program Area

Data
Management
(P/PB 0650)

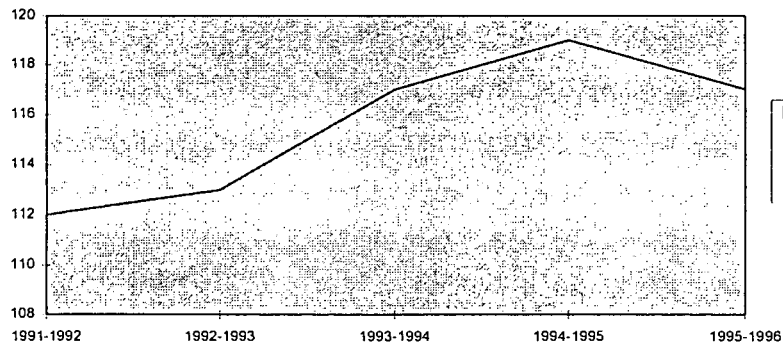
- Increase usage of county computerized mapping service to 100% within six years.
- Create, update, and distribute major publications.

Department of the Secretary of State
Increase in Work
From Fiscal Year 1992 to Fiscal Year 1996



(1) Statistics for Certificates of Authority compare Fiscal Year 1994 to 1996; other comparative information is not available

Number of Positions per Fiscal Year

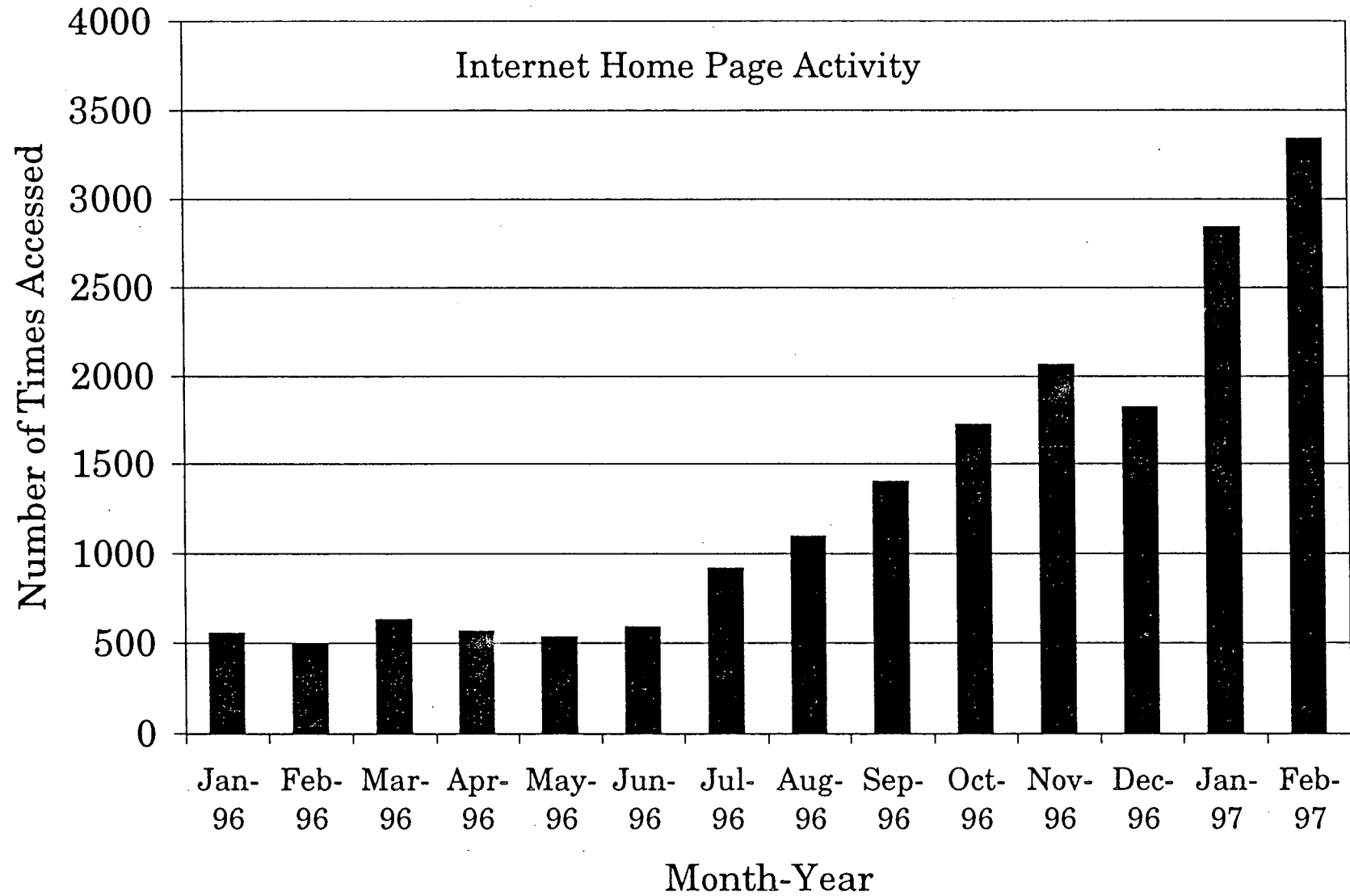


Based upon Office of
State Personnel
Actual Employee
Counts.

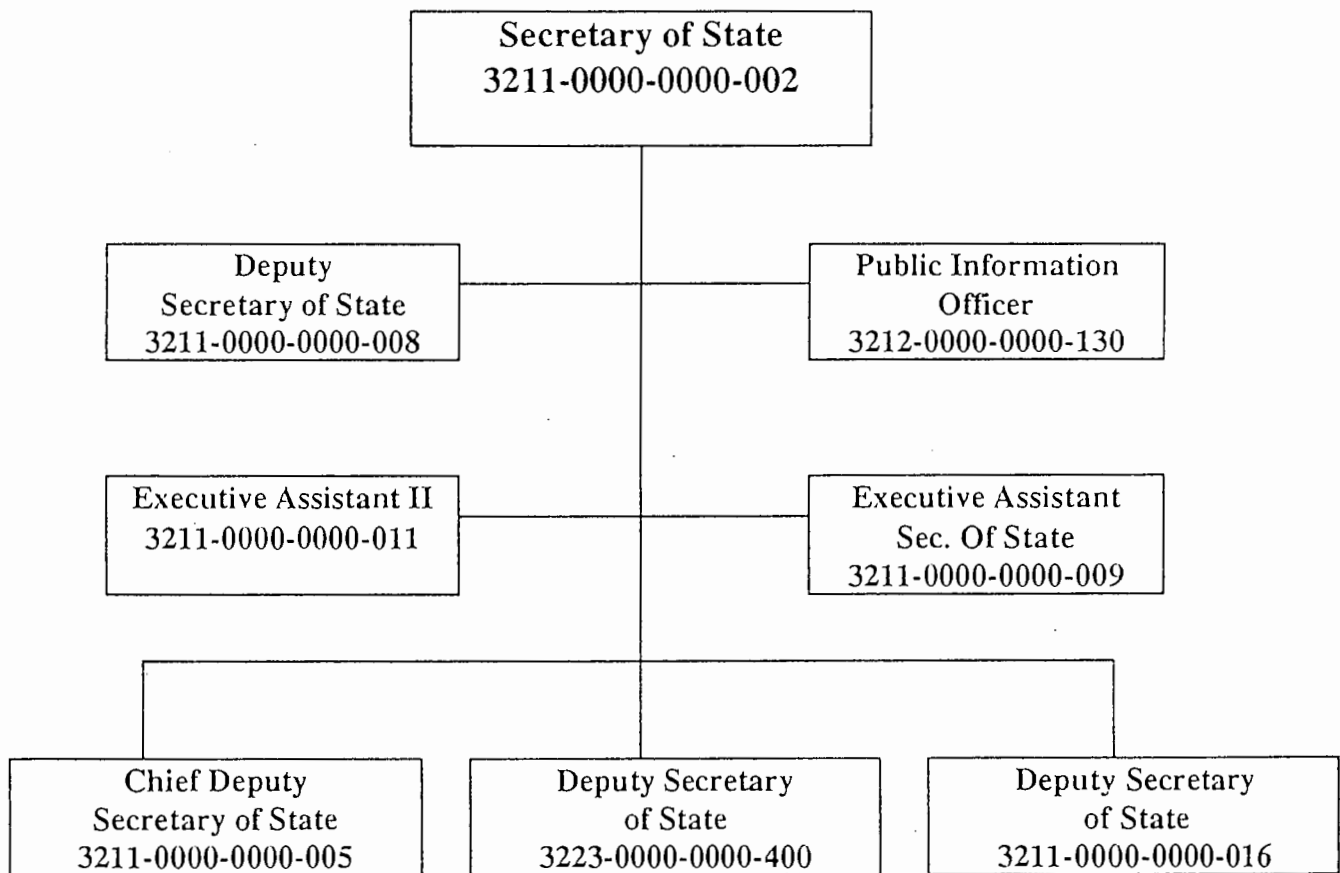
Percent Increase in Number of Positions
Fiscal Year 1992 through Fiscal Year 1996

	30-Jun-92	30-Jun-96	Number Change	Percent Change
Number of Positions	112	117	5	4.46%

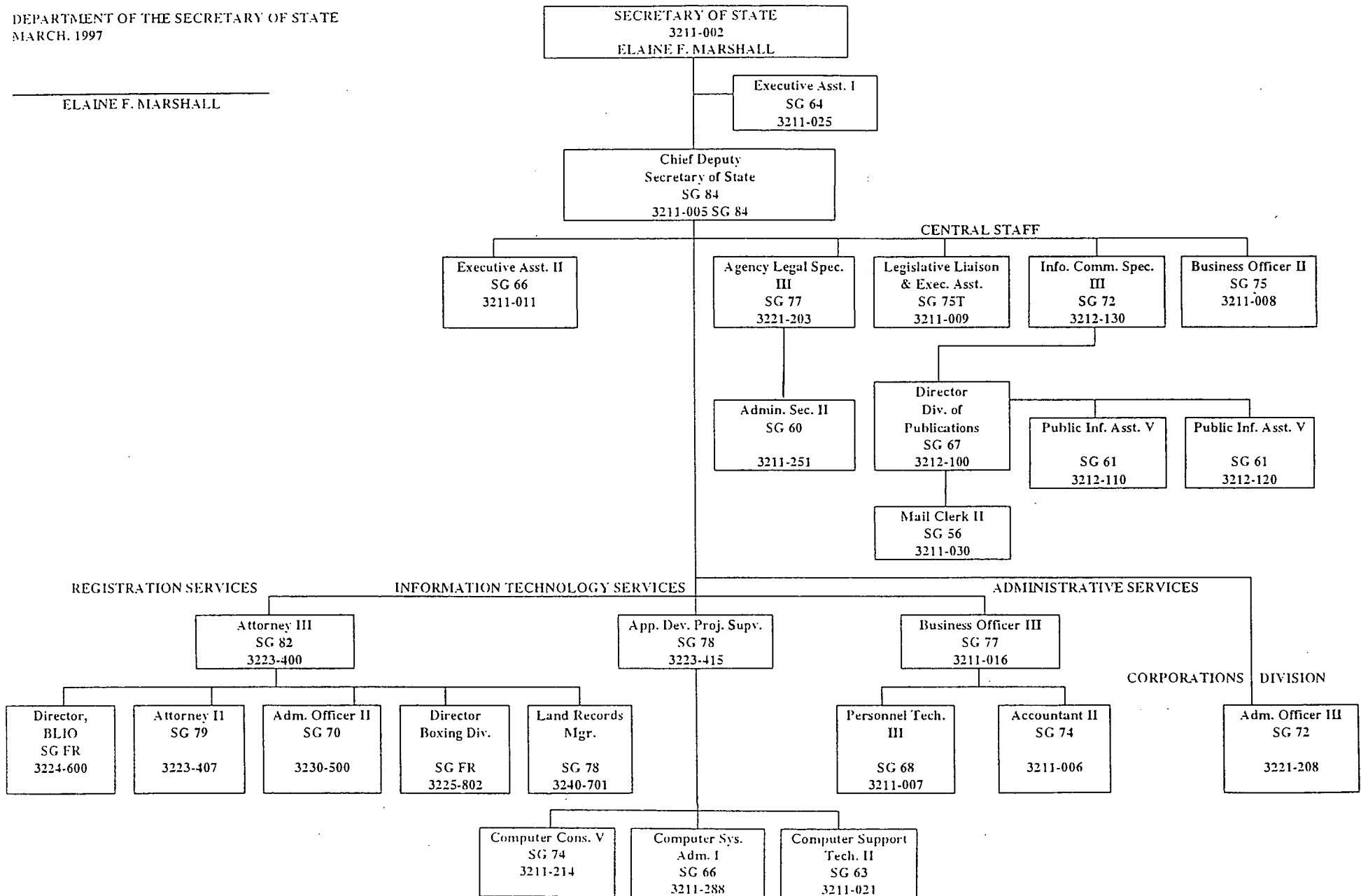
Department of the Secretary of State



Department of the Secretary of State (1996)



ELAINE F. MARSHALL



505-12

FISCAL DATA
DEPARTMENT OF THE SECRETARY OF STATE
CONTINUATION BUDGET

SUMMARY OF GENERAL FUND - 13200

<u>DESCRIPTIONS</u>	<u>1995-96 ACTUAL</u>	<u>1996-97 AUTHORIZED</u>	<u>1997-98 RECOMMENDED</u>	<u>1998-99 RECOMMENDED</u>
TOTAL REQUIREMENTS	\$4,989,193	\$5,501,667	\$5,237,801	\$5,225,469
RECEIPTS	\$263,598	\$152,950	\$152,950	\$152,950
APPROPRIATION	\$4,725,595	\$5,348,717	\$5,084,851	\$5,072,519
NUMBER OF POSITIONS	117.75	118.75	118.75	118.75

SUMMARY OF TRUST FUND (63200)

<u>DESCRIPTIONS</u>	<u>1995-96 ACTUAL</u>	<u>1996-97 AUTHORIZED</u>	<u>1997-98 RECOMMENDED</u>	<u>1998-99 RECOMMENDED</u>
TOTAL REQUIREMENTS	\$63,177	\$0,000	\$0,000	\$0,000
RECEIPTS	\$156,104	\$6,000	\$6,000	\$6,000
ENDING CASH BALANCE	\$236,082	\$242,082	\$242,082	\$242,082
CHANGE IN CASH BALANCE	\$92,927	\$6,000	\$6,000	\$6,000
NUMBER OF POSITIONS	0	0	0	0

NC STATE BUDGET REFERENCE PAGE NUMBER: O-1; O-21

FISCAL DATA
DEPARTMENT OF THE SECRETARY OF STATE
CONTINUATION BUDGET

SUMMARY OF GENERAL ADMINISTRATION
GENERAL FUND - 13200

<u>DESCRIPTIONS</u>	<u>1995-96 ACTUAL</u>	<u>1996-97 AUTHORIZED</u>	<u>1997-98 RECOMMENDED</u>	<u>1998-99 RECOMMENDED</u>
TOTAL REQUIREMENTS	\$817,828	\$884,508	\$883,132	\$883,948
RECEIPTS	\$945	\$1,000	\$1,000	\$1,000
GENERAL FUND APPROPRIATION	\$816,883	\$883,508	\$882,132	\$882,948
NUMBER OF POSTIONS	16	17	17	17

NC STATE BUDGET REFERENCE PAGE NUMBER: O-4- O-5

51-505

**FISCAL DATA
DEPARTMENT OF THE SECRETARY OF STATE
CONTINUATION BUDGET**

**SUMMARY OF PUBLICATIONS DIVISION
GENERAL FUND - 13200**

<u>DESCRIPTIONS</u>	<u>1995-96 ACTUAL</u>	<u>1996-97 AUTHORIZED</u>	<u>1997-98 RECOMMENDED</u>	<u>1998-99 RECOMMENDED</u>
TOTAL REQUIREMENTS	\$224,360	\$299,811	\$299,348	\$281,348
RECEIPTS	\$17,634	\$21,700	\$21,700	\$21,700
GENERAL FUND APPROPRIATION	\$206,726	\$278,111	\$277,648	\$259,648
NUMBER OF POSTIONS	4	4	4	4

NC STATE BUDGET REFERENCE PAGE NUMBER: O-6 O-7

91-505

**FISCAL DATA
DEPARTMENT OF THE SECRETARY OF STATE
CONTINUATION BUDGET**

**SUMMARY OF CORPORATIONS DIVISION
GENERAL FUND - 13200**

<u>DESCRIPTIONS</u>	<u>1995-96 ACTUAL</u>	<u>1996-97 AUTHORIZED</u>	<u>1997-98 RECOMMENDED</u>	<u>1998-99 RECOMMENDED</u>
TOTAL REQUIREMENTS	\$1,589,502	\$1,870,264	\$1,727,954	\$1,728,767
RECEIPTS	\$28,683	\$37,000	\$37,000	\$37,000
GENERAL FUND APPROPRIATION	\$1,560,819	\$1,833,264	\$1,690,954	\$1,691,767
NUMBER OF POSTIONS	42.75	42.75	42.75	42.75

NC STATE BUDGET REFERENCE PAGE NUMBER: O-7 - O-9

ans-17

**FISCAL DATA
DEPARTMENT OF THE SECRETARY OF STATE
CONTINUATION BUDGET**

**SUMMARY OF UNIFORM COMMERCIAL CODE
GENERAL FUND - 13200**

<u>DESCRIPTIONS</u>	<u>1995-96 ACTUAL</u>	<u>1996-97 AUTHORIZED</u>	<u>1997-98 RECOMMENDED</u>	<u>1998-99 RECOMMENDED</u>
TOTAL REQUIREMENTS	\$389,323	\$501,485	\$410,421	\$411,347
RECEIPTS	\$81,183	\$74,000	\$74,000	\$74,000
GENERAL FUND APPROPRIATION	\$308,140	\$427,485	\$336,421	\$337,347
NUMBER OF POSTIONS	12	12	12	12

NC STATE BUDGET REFERENCE PAGE NUMBER: O-9- O-11

**FISCAL DATA
DEPARTMENT OF THE SECRETARY OF STATE
CONTINUATION BUDGET**

**SUMMARY OF SECURITIES DIVISION
GENERAL FUND - 13200**

<u>DESCRIPTIONS</u>	<u>1995-96 ACTUAL</u>	<u>1996-97 AUTHORIZED</u>	<u>1997-98 RECOMMENDED</u>	<u>1998-99 RECOMMENDED</u>
TOTAL REQUIREMENTS	\$979,520	\$861,337	\$853,698	\$856,089
RECEIPTS	\$75,901	\$50	\$2,050	\$2,050
GENERAL FUND APPROPRIATION	\$903,619	\$861,287	\$851,648	\$854,039
NUMBER OF POSTIONS	23	20	20	20

NC STATE BUDGET REFERENCE PAGE NUMBER: O-11 - O-13

61-505

FISCAL DATA
DEPARTMENT OF THE SECRETARY OF STATE
CONTINUATION BUDGET

SUMMARY OF BUSINESS LICENSE INFORMATION OFFICE
GENERAL FUND - 13200

<u>DESCRIPTIONS</u>	<u>1995-96 ACTUAL</u>	<u>1996-97 AUTHORIZED</u>	<u>1997-98 RECOMMENDED</u>	<u>1998-99 RECOMMENDED</u>
TOTAL REQUIREMENTS	\$563,751	\$579,598	\$560,075	\$560,797
RECEIPTS	\$57	\$100	\$100	\$100
GENERAL FUND APPROPRIATION	\$563,694	\$579,498	\$559,975	\$560,697
NUMBER OF POSTIONS	13	13	13	13

NC STATE BUDGET REFERENCE PAGE NUMBER: O-13- O-15

FISCAL DATA
DEPARTMENT OF THE SECRETARY OF STATE
CONTINUATION BUDGET

SUMMARY OF NOTARY PUBLIC COMMISSION
GENERAL FUND - 13200

DESCRIPTIONS	1995-96 ACTUAL	1996-97 AUTHORIZED	1997-98 RECOMMENDED	1998-99 RECOMMENDED
TOTAL REQUIREMENTS	\$176,003	\$181,148	\$176,357	\$176,357
RECEIPTS	\$3,025	\$2,000	\$0	\$0
GENERAL FUND APPROPRIATION	\$172,978	\$179,148	\$176,357	\$176,357
NUMBER OF POSTIONS	5	5	5	5

NC STATE BUDGET REFERENCE PAGE NUMBER: O-15- O-17

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**FISCAL DATA
DEPARTMENT OF THE SECRETARY OF STATE
CONTINUATION BUDGET**

**SUMMARY OF LAND RECORDS MANAGEMENT DIVISION
GENERAL FUND - 13200**

<u>DESCRIPTIONS</u>	<u>1995-96 ACTUAL</u>	<u>1996-97 AUTHORIZED</u>	<u>1997-98 RECOMMENDED</u>	<u>1998-99 RECOMMENDED</u>
TOTAL REQUIREMENTS	\$248,906	\$137,803	\$141,266	\$141,266
RECEIPTS	\$56,170	\$0	\$0	\$0
GENERAL FUND APPROPRIATION	\$192,736	\$137,803	\$141,266	\$141,266
NUMBER OF POSTIONS	2	2	2	2

NC STATE BUDGET REFERENCE PAGE NUMBER: O-17 - O-18

000-77

FISCAL DATA
DEPARTMENT OF THE SECRETARY OF STATE
CONTINUATION BUDGET

SUMMARY OF BOXING COMMISSION
GENERAL FUND - 13200

<u>DESCRIPTIONS</u>	<u>1995-96 ACTUAL</u>	<u>1996-97 AUTHORIZED</u>	<u>1997-98 RECOMMENDED</u>	<u>1998-99 RECOMMENDED</u>
TOTAL REQUIREMENTS	\$0,000	\$185,713	\$185,550	\$185,550
RECEIPTS	\$0,000	\$17,100	\$17,100	\$17,100
GENERAL FUND APPROPRIATION	\$0,000	\$168,613	\$168,450	\$168,450
NUMBER OF POSTIONS	0	3	3	3

NC STATE BUDGET REFERENCE PAGE NUMBER: O-19 - O-20

Catalog of Publications

Following is a list of publications available from the Secretary of State Publications Division:

◆ 1996 Directory of State and County Officials

\$10.43 (in-state) mailed out

\$9.94 (out-of-state) mailed out

\$8.69 picked up

◆ 1997 *Directory of State and County Officials*

Available Summer of 1997

◆ 1993-94 *North Carolina Manual*

\$3.24 mailed out (limited number of editions available)

◆ 1995-96 *North Carolina Manual*

\$17.80 (in-state) mailed out

\$16.98 (out-of-state) mailed out

\$14.56 picked up

◆ 1997-98 *North Carolina Manual*

Available Summer of 1998

◆ 1996 *Directory of Boards and Commissions*

\$1.74 mailed out

◆ *Women of the General Assembly -- Leadership with a New Perspective*

\$1.01 mailed out

◆ 1995 *North Carolina Session Laws*

\$28.12 per two-volume set (in-state) mailed out

\$26.74 per two-volume set (out-of-state) mailed out

\$24.38 picked up

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on General Government 3/20, 1997

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY AND ADDRESS</u>
George Morris	OSC
Jim Howell	OSBM
Kathie Austin Padgett	OSPL
Francine Stephenson	OSPL
York E. Hollaway	OSBM
Ray W. Tley	OSPL
Zsolt Nagy	OSPL
John Downen	OSPL
Bruce Garner	Sec. of State
JOAN SILVEY	Secretary of State
J. Shawn Lemmond	Sec. of State Banking Commission
Rodney Modder	Sec. of State
Harold Pratt	Sec. of STATE
Robert Wilson	S.O.S.
George Jeter	Sec. of State
Frank Galea	Sec. of State
Talia H. Hoid	DOT
Kalif Powell	OSBM
Bucky Mullin	OSBM
Angela Francis	OSBM
Butz Byrd	DCR
Charlotte Hartman	SOS
David J. Massey	Sof S.
Scott Lempton	"
Barbara Runyan	Secretary of State
Glenn Marshall	SOS
Bernard Allen	SOS
Sharon Dawson	SOS
Martha Glass	DOA (over)

Bill Tillman

John Wilson

Cory Hixson

Helene Harrell

Kenner Vance

OSPL

Franklin Island Commission

Franklin Island Commission

" " "

DCR

JOINT APPROPRIATIONS SUBCOMMITTEE
ON
GENERAL GOVERNMENT

March 25, 1997

The Joint Appropriations Subcommittee on General Government met Tuesday, March 25, 1997 at 8:30 a.m. in room 425 of the Legislative Office Building. Four of the Senate members were present. Representatives present were: Co-Chairs Ives, McCombs and Sherrill; and Culpepper, Jeffus and Wainwright.

Senator Warren presided. He introduced Mr. Ferg Norton, Executive Director, First Flight Centennial Commission and asked him to bring the Committee up to date on the Commission's activities. Mr. Norton gave each of the Committee members a copy of the Commission's annual report for 1996. He reminded the members that the Commission was established by the 1994 General Assembly to develop and plan activities to commemorate the centennial of the first successful, manned, controlled, heavier-than-air, powered flight and other historical events related to the development of powered flight. He thanked the Departments of Cultural Resources and Transportation and the Office of the Attorney General for their cooperation and support. A copy of the report is attached to the minutes as Attachment 1.

Senator Kinnaird asked if the celebration will be a joint event with Ohio. Mr. Norton responded that their celebration will be primarily in the summer of 2003, while North Carolina's will be in the fall. He said that they had a splendid working relationship with Ohio- that they claimed the native son, while we claimed the flight. In response to Representative Culpepper's question, he noted that the monument was in very poor condition, and that its renovation will be a part of the project.

Chairman Warren then introduced Mr. Allen Barwick, Budget Administrator, Office of State Budget and Management, to report on the study of staff requirements in the Department of Revenue, which was requested in GS Chapter 16, Section 15.6, in the Second Extra Session of 1996. A copy of the report is attached as Attachment 2. Senator Warren asked Mr. Mike Hodges to quickly run through the process for collecting individual, corporate and estate taxes, which he did. Representative Sherrill asked if

there was a growing trend to file returns electronically. Mr. Hodges said there definitely was-- that North Carolina had been more successful than any other state in the number of returns filed electronically. Senator Ledbetter wanted to know what they were doing to catch and require compliance to the law of non-taxpayers. Mr. Hodges said they had increased the penalty from a misdemeanor to a felony, and that they have a fraud hotline so that citizens can anonymously report non-payers.

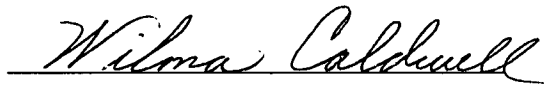
When Senator Warren said that their time had expired, Michele Nelson, Fiscal Analyst, asked that Mr. Barwick be allowed to go over the observations on Pages 10 through 12. Permission was granted. **Representative Sherrill also suggested that any FTE time percentages over 15 percent for work not related to a tax schedule be flagged.**

Senator Warren noted that the Senate would now meet separately to formulate their continuation budget to send to the House. He announced that their first meeting would be 15 minutes after Session. The meeting adjourned at 9:40 a.m.

Respectfully submitted,



Senator Ed Warren, Chairman



Wilma Caldwell, Committee Clerk

VISITOR REGISTRATION SHEET

Sen. Gore

3-25-97

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME

FIRM OR AGENCY AND ADDRESS

<u>George Moun</u>	<u>OSC</u>
<u>Mike Hogan</u>	<u>Dept of Revenue</u>
<u>Mike Borne</u>	<u>DOR</u>
<u>Geigh Miller</u>	<u>DOR</u>
<u>Keith McCouder</u>	<u>✓</u>
<u>Jim Corlitz</u>	<u>DOR</u>
<u>Renn Vance</u>	<u>DCR</u>
<u>Kathie Austin PADGET</u>	<u>USPL</u>
<u>Myrael Offeman</u>	<u>DOR</u>
<u>Jeff Hibbard</u>	<u>OSBM</u>
<u>Tom Newsome</u>	<u>OSBM</u>
<u>Alice Bander</u>	<u>OSBM</u>
<u>Sally Hunter</u>	<u>OSBM</u>
<u>Carl Howard</u>	<u>OSP</u>

FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

Melvin R. Daniels, Jr.
CHAIRMAN

Richard T. Howard
VICE-CHAIRMAN

SECOND ANNUAL REPORT

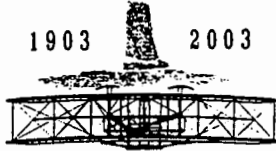
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FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

Melvin R. Daniels, Jr.
CHAIRMAN

Richard T. Howard
VICE-CHAIRMAN

MEMORANDUM

TO: North Carolina General Assembly

FROM: The Honorable Melvin R. Daniels, Jr., Chair
First Flight Centennial Commission

SUBJECT: First Flight Centennial Commission 1996 Annual Report

DATE: February 15, 1997

The First Flight Centennial Commission is pleased to present its annual report for 1996. The 1994 General Assembly established the commission to develop and plan activities to commemorate the centennial of the first successful, manned, controlled, heavier-than-air, powered flight and other historical events related to the development of powered flight. The commission has enjoyed, and is deeply grateful for, the cooperation and support of the Department of Cultural Resources, the Department of Transportation and the Office of the Attorney General whose efforts have contributed significantly to the accomplishment of our mission.

The commission has made considerable progress in many areas as we look ahead to the centennial year, 2003. We have continued to develop the organization by the addition of an executive director, refining administrative procedures, adjusting the standing committee and sub-committee structure and using unpaid advisors to gain additional expertise in the planning activities. We have purchased some office equipment and supplies and are taking steps to operate more autonomously. Full commission meetings have been held at least quarterly while standing committee and executive committee meetings have been held infrequently in an effort to conserve funds.

To date, funds for the commission have been limited. We are hopeful that our expansion budget submission will be approved and provide adequate monies to expand our planning efforts and begin activities which will inform people of all ages in our state, across the United States and beyond, about the Wright brothers' achievement, its impact on mankind, and North Carolina's role in that momentous "first flight". A 501 (c) (3) foundation, known as the First Flight Centennial Foundation, has been formed as the fund raising arm of the commission. Its purpose is to seek donations primarily for the purpose

of supporting the capital improvements projects at the Wright Brothers Memorial site in Kitty Hawk. These projects include restoration of the Wright Brothers Memorial and construction of a new visitor's center, both to be done in conjunction with the National Park Service. The commission will be pursuing other means of raising funds such as grants, gifts and contributions.

Highlights of 1996 activities have included participation with the U.S. Air Force at Seymour-Johnson Air Force Base, Goldsboro, in a ceremony in which a B-2 bomber was named Spirit of Kitty Hawk, in honor of the Wright brothers' first flight. Promotional events and educational programs to stimulate interest and inform the public are underway. Our commission and the 2003 Committee, the commission's counterpart from Ohio, exchanged visits to enhance the smooth working relationship which has developed between the two organizations. A task force from the commission met three times with the delegation from Ohio to agree on proposed legislation for submission to the U.S. Congress this year. This legislation, when passed, will form a national Centennial of Flight Commission. Our planning for the years up to and including 2003 is intensifying. It is becoming clearer that the scope of activities we undertake will be quite broad and will require professional expertise in the detail development and execution phases. A more comprehensive look at the year's activities is attached.

We are encouraged by our accomplishments and excited and enthusiastic as we move ahead. The First Flight Centennial will be an international event. The eyes of the world will be on North Carolina as we play our part in this commemoration.

FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

Melvin R. Daniels, Jr.
CHAIRMAN

Richard T. Howard
VICE-CHAIRMAN

COURSE OF ACTION

Since its inception in 1994, the FFCC has ambitiously reviewed its challenge by the enabling legislation to "plan and develop activities appropriate to commemorate the Centennial of the First Flight including the coordination of activities through-out the state and nation". Significant strides are being taken to accomplish this task. Practicality, however, mandates that primary focus, at least initially, be on our own states activities.

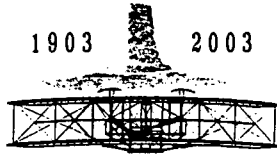
The Commission, with its specialized committees and sub-committees, advisors, and staff, has spent two years exploring objectives and avenues which will fulfill its purpose. 1997 marks the year to produce a sound, flexible master plan and timeline which will provide the framework and general outline for the what, when, and how of selected activities and programs.

Operationally and administratively, the FFCC has made significant progress. The Commission has registered its trademark, adopted by-laws, expanded its staff, and developed policies, forms, and procedures. To facilitate raising money to support our efforts, the Commission created a non-profit, tax-exempt corporation, called the First Flight Centennial Foundation, to act as the fund raising arm for the overall centennial effort. Currently, a Certified Public Accountant is conducting an audit of our financial operations. The Commission is well underway in completing necessary internal adjustments to insure smooth and effective operation.

FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

Melvin R. Daniels, Jr.
CHAIRMAN

Richard T. Howard
VICE-CHAIRMAN

COMMISSION COMPOSITION

The First Flight Centennial Commission (FFCC) is composed of twenty-six board members, numerous advisors and consultants, twenty committees, and sub-committees, and a Legislative Task Force. The members appointed to the Commission are chosen "from among individuals who have the ability and commitment to promote and fulfill the purposes of the Commission, including individuals who have demonstrated expertise in the fields of education, aeronautics, aerospace science, or history, who have contributed to development of the fields of aeronautics or aerospace science, or who have demonstrated a commitment to serving the public".

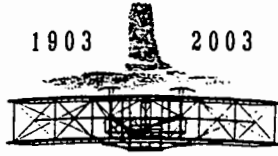
Currently, our Raleigh offices have three full-time staff. Within the year we anticipate hiring two and a half more positions, and project that by December 17, 2003, to have employed dozens of permanent, part-time, contractual, and temporary state and non-state personnel from the mountains to the coast. It has been proposed that by 1998 the Commission will require another set of offices located in the Kitty Hawk area near the Wright Brothers Memorial.

As a result of the Commission's role in this international celebration, we coordinate, collaborate, and interact regularly with numerous entities and state agencies including the Department of Cultural Resources, Department of Transportation, Department of Public Instruction, Office of Travel and Tourism, Attorney General's Office, First Flight Centennial Foundation, First Flight Society, branches of the military, various volunteer groups, statewide educational programs and schools, Ohio's 2003 Committee, National Park Service, universities and colleges, national interest groups, prominent elected state and national government officials and their appointed designees, aviation enthusiasts from all walks of life, and, in the very near future, a federal commission.

FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

Melvin R. Daniels, Jr.
CHAIRMAN

Richard T. Howard
VICE-CHAIRMAN

LEGISLATIVE TASK FORCE

The North Carolina First Flight Centennial Commission has established a smooth working relationship with the Ohio 2003 Committee to coordinate commemorative activities. In that vein, the Legislative Task Force (LTF) was formed to work with the Ohio 2003 Committee to draft federal legislation that will form a Centennial of Flight Commission at the national level. The LTF has met several times with its Ohio counterpart to refine the pending legislation and will meet again in March 1997 to finalize the proposal. The package will be presented to the sponsoring Congressmen, Rep. Jones (NC) and Rep. Hall (OH) who are expected to carry the bill forward. The Centennial of Flight Commission is expected to provide oversight, coordination, and support to the states which may develop activities related to the Centennial. Ultimately, it is anticipated that the Centennial of Flight Commission will become a national and international clearing house for distribution of information relating to activities and programs to insure that the American public and the world will be fully aware of the events leading up to and culminating with the December 17, 2003 celebration.

Sharing the Wright history

DDN 3-22-96 pg 2B

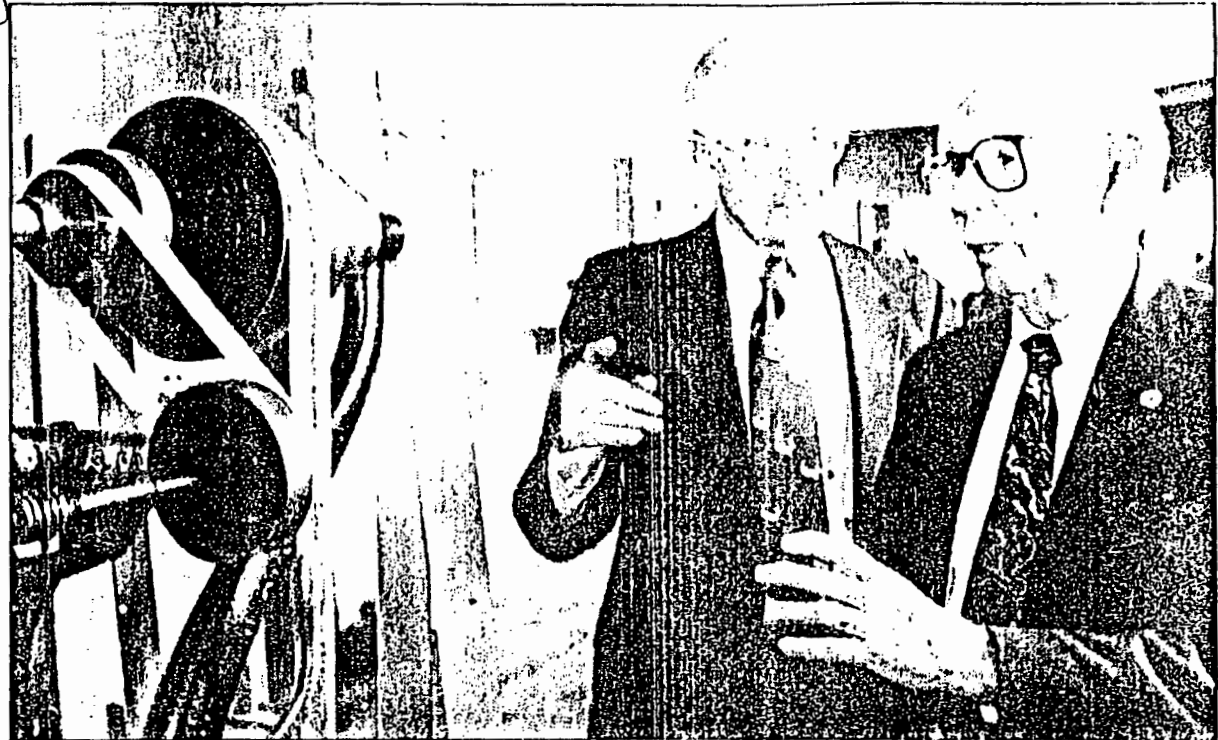
Ohio, N.C. planning for centennial

By Katherine Ullmer
DAYTON DAILY NEWS

In the Wright Cycle Shop on Williams Street where the Wright Brothers first tinkered with the idea of powered flight, a group of North Carolina tar heels and Ohio buckeyes began a two-day summit Thursday aimed at making the 100th Anniversary of Flight celebration a collaboration.

The Wright brothers made their historic first flight on Dec. 17, 1903, at Kitty Hawk, N.C. The state has rightful claims on that first flight, but "you have claims on the Wright brothers. They spent most of their lives here," said Richard Howard, vice chairman of the North Carolina First Flight Centennial Commission.

Howard and four other commission representatives, including retired North Carolina state Sen. Russell Walker; Will Plentl, director of the state's Department of Aviation; Gottfried Cheshire, a representative of U.S. Sen. Jesse Helms; and Al Jones, a commission member,



JIM RUTLEDGE/DAYTON DAILY NEWS

Flight talk: Wilkinson Wright (left) and retired North Carolina state Sen. Russell Walker, a member of North Carolina's First Flight Centennial Commission, talk about the drive system in the Wright Cycle Shop, 23 Williams St. The 2003 Committee welcomed the North Carolina delegation Thursday.

were greeted by *Dayton Daily News* publisher Brad Tillson and Mary Mathews, co-chairs of 2003's Century of Flight Group. The organization is planning Dayton's celebration in 2003. The Wright brothers'

grandnephew, Wilkinson Wright, and several other Dayton dignitaries attended.

The two groups visited Hawthorn Hill, Huffman Prairie and the U.S. Air Force Museum.

"This is an opportunity for us

to show the members of the North Carolina commission what we have here in Dayton," Tillson said. "We want to look at the ways we can cooperate as we prepare ways to celebrate the centennial."

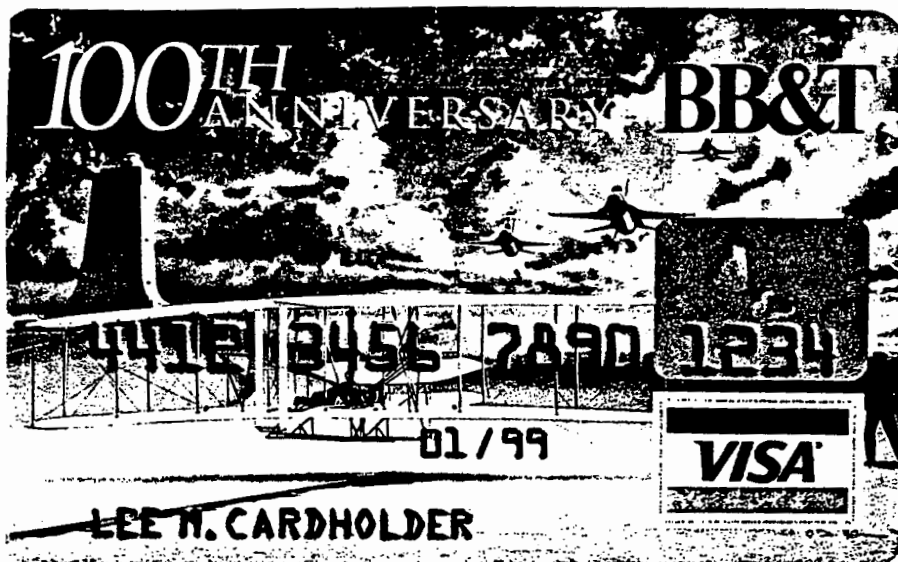
SUMMARY OF CENTENNIAL OF FLIGHT COMMEMORATION ACT

(As Introduced in the 103rd Congress-1994)

- The bill establishes the Centennial of Flight Commission with 25 members.
- The purpose of the Commission is to plan America's celebration of the 100th anniversary of the Wright brothers 1903 first flight.
- Members include the following named federal officials: Librarian of Congress, Archivist, Secretary of the Interior, Director of National Air and Space Museum, Secretary of Education, Secretary of Defense, and Secretary of Transportation.
- Members also include four members chosen from among persons recommended by the majority leader of the Senate and the Speaker of the House.
- Members include the Governors of Ohio and North Carolina, the mayors of Dayton and Kill Devil Hills, the executive director of the 2003 Committee, and the President of the First Flight Society of Kitty Hawk.
- The Commission would promote, coordinate, and assist activities around the country and act as a clearing house of information. The Commission would also make recommendations to other government bodies and international organizations.
- The Commission would be charged with emphasizing the roles of Ohio and North Carolina in the activities of the Wright brothers.
- The Commission would be charged with avoiding duplication of the locally-planned activities in Dayton and Kitty Hawk by the 2003 Committee and the First Flight Society.
- The Commission would be authorized \$500,000 annually. It could hire staff, accept additional donations, and license a logo to celebration sponsors.
- The Commission would expire in 2004.



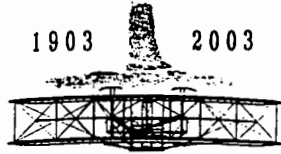
1903 **FIRST FLIGHT** 2003
CENTENNIAL FOUNDATION



FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

Melvin R. Daniels, Jr.
CHAIRMAN

Richard T. Howard
VICE-CHAIRMAN

FIRST FLIGHT CENTENNIAL FOUNDATION

The FFCC's Grants, Bequests, and Gifts Committee was originally formed to "accept grants, contributions, devices, bequests, gifts, and services" for the purpose of providing support to the Commission and to seek funding for projects, activities, events, and programs appropriate to support the goals of the Commission. To accomplish this, expecting that government funding would probably not be available to completely fund the vast commemorative program, the committee was instructed to create a non-profit, tax exempt corporation (501 (c) (3)) to act as the fundraising arm of the overall centennial effort. The First Flight Centennial Foundation (FFCF) was formed in June 1995.

Within a year's time, the FFCF had elected officers, developed a mission statement dedicated to celebrate the 100 year anniversary of the Wright brothers' first powered flight, adopted by-laws, and registered its logo in North Carolina and nationally to insure complete safeguarding of the fundraising program.

Planning for the Foundation fundraising program is well underway. Trone Advertising, Inc. of High Point, NC has been hired to develop a marketing, advertising, and public relations plan, as well as an ongoing public information program.

To provide the highest stature possible for the observance and commemoration of the 100th anniversary of the historic 1903 flight, the Foundation recognized the necessity of clearly appraising objectives and assessing funding goals. The firm of Ross, Johnston, & Kersting (RJ&K) was retained to conduct a feasibility study to determine both public and private financial support to fund the objectives of the Commission.

A preliminary list of projects which will be the objectives of the Foundation fund-raising efforts include;

1. Monument refurbishing and pylon restoration,
2. New Visitor Center and exhibits,
3. Statewide educational programs,
4. Construction of replica aircraft,
5. Special events, 2003 Celebration International.

The feasibility study states that an initial fund raising target is in the \$13 to \$17 million range. Other sources such as the US Mint Coin Program, B B & T Affinity credit card, and State and Federal sources "would suggest that the final tally of all revenue raised by the Foundation could easily exceed \$25 to \$30 million over the next six years." This would be ample to complete the goals of the Commission.

Ross, Johnston & Kersting, the development consultant, has produced a detailed step-by-step campaign plan that, when implemented, will accomplish the objectives as revised by the Commission and Foundation.

The Foundation has begun the implementation of the campaign plan by 1) securing the services of Moser, Mayer and Phoenix, architectural firms for design of the Monument restoration, and 2) retained the public relations firm of Trone Advertising and, 3) retained Curtis Prins and Associates, legislative consultants to prepare and assist in getting legislation passed for a commemorative coin. Trone has prepared a comprehensive marketing plan for the Foundation.

Funds have been raised for the initial phase of the Monument restoration and this project will be announced on December 17th of this year with rededication of the Monument tentatively scheduled for July of 1997.

The campaign plan created by R. J. & K. will be implemented during 1997. The first step is to secure volunteer leadership for a Campaign Steering Committee. State and National Chairs will be identified. A list of lead and major gift prospects capable of gifts of \$100,000 and above will be compiled. Once sufficient funds are secured a Campaign Director will be hired along with other support staff. Discussions will begin with key state and federal officials regarding availability of funds for targeted campaign objectives. Professional presentations will be developed and solicitation of major gifts and sponsorships will begin. The 1997 fund raising goal is \$3 million.

WRIGHT BROTHERS COIN PROGRAM

AN UPDATED REVIEW

**PREPARED FOR
THE FIRST FLIGHT FOUNDATION**

October, 1996

**PREPARED BY:
PRINS ASSOCIATES
LEGISLATIVE CONSULTANTS
MIDDLEBURG, VA.**

The Wright Brothers Coin (WBC) continues to be the projected star of the commemorative coin programs between now and the year 2003.

Although there are 10 coin programs which have been authorized but not begun, none should adversely affect the WBC since most of the programs are for events that are not as significant as the 100th anniversary of the first manned flight. In addition, the 10 programs all have much smaller mintage numbers than does the WBC.

On the downside, the lower mintage numbers and the fact that only one of the 10 coin programs (Jackie Robinson gold and silver) is made up of more than a single coin, could result in a reduction of both total mintage and number of coins for the WBC. This is not a given, since the magnitude of the Wright Brother's achievement should lend great weight to a multiple coin program with higher mintage totals.

While coin programs in recent years have generally not achieved the expectations of their sponsors, there is no reason to believe that the WBC should not be a big seller both in the coin collector community and the among the general public. The primary reasons for the lack of success among recent coin programs has been the selection of themes for the coin and the marketing efforts to sell the coins.

While all of the previous coin program have had laudable themes, only three programs in the past 22 years have produced surcharges to their sponsors above \$50 million. The coins and the amounts of surcharges produced are:

- 1984 Olympic Games \$73.5
- 1986 Statue of Liberty \$83.2
- Constitution of the United States \$52.7

Both the Statue of Liberty and Constitution coins generated large amounts of surcharges because of the magnitude of the theme of the coin. The Olympic Coin was successful because it was the first commemorative coin in 50 years in which surcharge payments to sponsors were involved. Coupled with the theme, the major reason that these three programs were successful was the marketing effort. Unless the U. S. Mint and the sponsoring organization put forth a major marketing effort, including heavy media advertising, the program will have limited success.

To that end, it is significant to note that the First Flight Foundation has planned a major marketing effort, including an emphasis on pre-sales and will make certain that the Mint spends all of the money. Indeed, the legislation for the WBC includes the language: **MARKETING EXPENSES**--The Secretary (of the Treasury) shall ensure that--(1) a plan is established for marketing the coins minted under this Act: and (2) Adequate funds are made available to cover the costs of carrying out that marketing plan..."

That language is extremely important because in recent coin programs the Mint has not used adequate funds to market coin programs and in many cases has simply turned the marketing funds back to the Treasury to show increased income for the U. S. Government.

Few of the recent coin programs have hired coin marketing firms to manage sales. The First Flight Foundations has a clear lead in that area by hiring an experienced marketing organization from the inception of the WBC.

While the WBC was not enacted during this Congress, commitments have been obtained by leaders of both Houses to consider the legislation early in the 105th Congress. There have been some questions raised by Mint and Congressional staffs about the three coin program and the mintage numbers. However, it is felt that a good case can be made for keeping the program in its current configuration. Even if there are adjustments made by the Congress, there should still be major income to the Foundation from the surcharges.

At present, the legislation calls for a three coin program, gold, silver and clad. The breakdown of the coins is as follows:

- 500,000 \$20 gold coins with a surcharge of \$35 each
- 3 million one dollar silver coins with a surcharge of \$10 each
- 10 million clad coins with a surcharge of \$1 each

If all of the coins were sold, the total surcharges to the Foundation would be \$57.5 million. While a total sellout is not likely, it is our best opinion that this will be the most successful coin program since the 1987 Constitution coin program.

It should also be noted that under the Statue of Liberty coin program, all 500,000 gold coins were sold. Because of the importance of the Wright Brothers' achievement, it is not unreasonable to believe that all of the gold coins will be sold as well as a significant number of silver and clad.

No clad coins have been authorized in the 10 coin programs currently awaiting minting. A clad coin is one that has little if any metallic value such as the current quarter or dime. These coins are composed of a copper inside with a "clad" shell of zinc. This process was begun when silver prices increased dramatically.

The Citizens Coin Advisory Commission (CCAC), a group authorized by Congress and appointed by the President to watchdog Government coin programs, has not been a fan of clad coins and thus has not approved them in recent programs. However, the clad coin is an important part of any coin program that has a central site, such as Kitty Hawk in its selling scheme. Visitors to Kitty Hawk might not be willing to spend \$29 or more for a silver coin but certainly would be willing to spend the \$5 to \$7 it would cost for a clad coin. Coin collectors do not like clad coins and thus the resistance by the CCAC. However, if we make a case that the average person, who wants a souvenir from Kitty Hawk, should have an opportunity to buy a clad coin, we should be able to persuade Congress to go along with that idea.

As mentioned above, if all the WBC are sold, the income to the Foundation would be \$57.5 million. If, however, Congress cuts the number of coins and the mintage, the income would be lower, even though there is a greater chance of a sellout.

The Jackie Robinson coin program, if all coins are sold, would result in surcharges of \$5.5 million. A worst case scenario, would be that Congress creates a WBC along the exact same specifications of the Robinson coin. I have no reason to believe that will happen. While the Robinson coin recognizes the first black player in Major League Baseball, certainly that is not as significant an accomplishment as the first manned flight.

It is also improbable that the Robinson coin will have any widespread appeal in foreign markets, particularly in Europe, where baseball is little known. The WBC, on the other hand, should enjoy considerable foreign sales.

The nine other approved coin program should also not have great foreign appeal, since they are for the most part commemorating events or people that are totally connected with the United States. These programs are: Dolly Madison, George Washington, Black Revolutionary War Patriots, Franklin Roosevelt, Yellowstone National Park, National Law Enforcement Officers Memorial, Botanic Gardens, Robert Kennedy and West Point.

CONCLUSION

While the total income to the Foundation is in large part based on the size of the coin program Congress authorizes, it is our opinion that, at the very least, surcharges should exceed \$20 million. If the Congress allows the Wright Brothers program as currently structured, we believe surcharge income of \$30 million to \$40 million is not out of the question. These estimates are based on sample market testing, theme of the coin and the marketing program to be undertaken by the Mint and the Foundation.

The two key ingredients in the success of a coin program are theme and marketing. In 1986, the Statute of Liberty had both a highly regarded theme and an excellent marketing program. The result was a Mint record \$83.2 in surcharges. This was a three coin program, with mintage numbers only slightly higher than the WBC.

Contrast the Statute of Liberty coin with the Christopher Columbus coin which in 1992 commemorated the 500th anniversary of the discovery of America. That program brought in only \$7.6 million in surcharges. The chief reason for the low surcharges for a truly worthy event, was the timing and marketing of the coins.

A political fight in Congress caused an almost two year delay in getting approval of the coin. When the legislation was finally passed, there was only a six month window to design, promote and sell the coins. On top of that, the Mint spent little money on marketing the coins. Even though the Mint had a multi-million dollar advertising budget, it spent so little of that money, that the sponsors of the coin sought legislation to require the Mint to turn over the unspent advertising budget to the sponsors.

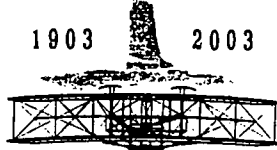
The WBC has universal appeal both with the Mint, the CCAC, the Congress and the public. While some of these groups may favor limitations on coin numbers and mintage, there is widespread support for the coin program.

Given that support, we believe that the WBC will be a major success and will be credited with reviving a declining commemorative coin market.

FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

FINANCE COMMITTEE

Melvin R. Daniels, Jr.
CHAIRMAN

Richard T. Howard
VICE-CHAIRMAN

RESPONSIBILITIES

It is the responsibility of the Finance Committee to monitor all expenditures to assure that the funds of the Commission are dispensed in accordance with the approved budget and in accordance with the State of North Carolina statutes.

DUTIES

Prepare a budget to cover expenses of approved projects and programs, ensure that funds approved would not exceed expected revenue, present the proposed budget to the Executive Committee for approval, after which, present to full Commission for their approval.

The Finance Committee, formed mid-1996, has been extremely active and has worked diligently to facilitate and determine necessary financial steps and procedures that must be developed to comply with the provisions of the applicable state laws and regulations under which the Commission is required to operate. It will:

- Develop a tentative budget using current funds to assist the various committees in developing and executing their programs and activities
- Develop a line item budget to better monitor expenditures
- Keep Commission and the Chairman advised of status of funds available
- Assist in developing an expansion budget to provide funds for programs and activities leading up to year 2003

- Recommend to the Commission an outside auditor to audit books and records of the Commission.
- Meet with auditor to review his audit and recommendations.

FINANCIAL REPORT

[Federal Tax ID # 56-1945584]

INCOME

January 1995 - February 1997

Personal Services Contract:

(Balance of \$75,000 commitment from DCR 2/13/96 in compliance with the 1994 Session Laws) \$ 52,429

DCR Grant:

(1995 Session of the North Carolina General Assembly appropriation) 100,000

DCR Grant:

(1996 Session of the North Carolina General Assembly appropriation) 100,000

Miscellaneous: (Promotional sales, credit refund) 5,293

TOTAL \$257,722

PROJECT DISBURSEMENTS

July 1, 1996 - June 30, 1997

Bank Account: (Checking Summary)

Checking Account Balance to Date \$141,435

Estimate of Expenses to Year End 141,435

PROJECTED BALANCE -0-

WORKSHEET II EXPANDED BUDGET REQUEST

9/30/96)

1
2 BUDGET CODE: 4800 DEPARTMENT: Cultural Resources DIVISION/ INSTITUTION: Archives and History Priority No. of
3 FUND NUMBER: 1210193 FUND TITLE: First Flight Commission--Receipts
4 PROGRAM NUMBER: 9100 PROGRAM TITLE: Preserve Historic Resources
5 TITLE OF REQUEST: First Flight Centennial Commission

6a STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

7a YES ☐ NO ☒

8a IF YES, ATTACH A COPY OF THE DRAFT.

9a

10

	1997-98	1998-99
6b TOTAL REQUIREMENTS	950,872	1,199,669
7b TOTAL RECEIPTS	0	0
8b APPROPRIATION	950,872	1,199,669
9b TOTAL POSITIONS	4.00	5.00

NARRATIVE:

Located within the Department of Cultural Resources for organizational, budgetary, and administrative purposes, the purpose of the First Flight Centennial Commission (FFCC) is to develop and plan activities to commemorate the centennial of the first successful, manned, controlled, heavier-than-air, powered flight and other historical events related to the development of powered flight. Established by the 1994 North Carolina General Assembly, the FFCC is well on its way in providing the highest stature possible for the observance and commemoration of the one-hundredth anniversary of the Wright brothers' historic 1903 Kitty Hawk flight. This celebration will showcase North Carolina on a worldwide basis. In this spirit, the Commission is aggressively pursuing activities, projects, and events not only to honor the invention of the first powered flight, but also to highlight the tremendous impact this truly American achievement has had on virtually the entire world.

The Commission is comprised of twenty-six board members, numerous advisors and consultants, twenty committees and subcommittees, and several task forces. Currently, we have only three full-time staff, but project that by December 17, 2003, we will have employed literally dozens of permanent, part-time, contractual, and temporary state and non-state personnel from the mountains to the coast. It is projected that, by 1998, the Commission will have another set of fully operational offices, equipment, and staff located in Kitty Hawk.

As a result of the Commission's pivotal role in this enormous international celebration, we find ourselves daily coordinating, collaborating, and interacting with numerous entities: many state agencies—the Department of Cultural Resources, the Department of Transportation, the Department of Public Instruction, and the Office of Travel and Tourism; the First Flight Centennial Foundation, the First Flight Society, the ICAURUS Committee, all branches of the military, numerous volunteer groups, statewide educational programs, the Office of the Attorney General, Ohio's 2003 Committee, the National Park Service, national interest groups, prominent elected state and national governmental officials and their appointed designees, and, in the very near future, a federal commission.

BUDGET 143-3.5

Detail of budget is to be provided at the NCAS Agency Management Report detail level.

REQUIREMENTS:

ACCOUNT NO.	ACCOUNT TITLE
531211	SPA-Reg Salaries-Approp
531311	Reg(NS) Temp Wages-Appro
531511	Social Sec Contrib-Appro
531521	Reg Retire Contrib-Appro
531561	Med Ins Contrib-Appro
531651	Compensation to Board Mem
532192	Honorariums
532199	Misc Contractual Services
532490	Maint Agreement-Other
532512	Rent/Lease-Buildings/Office
532513 900	Workshop/Conf-Room Rental
532714	Transp-Grnd-In State
532715	Transp-Ground-Out State In US
532719	Transp-Other Out-of-Country
532721	Lodging, In-State
532724	Meals, In-State
532722	Lodging, Out-of-State
532725	Meals, Out-of-State
532723	Lodging, Out of Country
532726	Meals, Out of Country
532729	Misc Subsist. Out of Country
532731	Bd/Non-Employee Transp
532731 900	Bd/Non Empl. Transp, Workshop,/Conf
532732	Bd/Non Emp. Subsis.
532732	Bd/Non Emp. Subsis (Out of State)
532732 900	Bd/Non Empl. Subis, Workshop/Conf
532811	Telephone Service
532840	Postage, Freight, and Delivery
532850	Print, Bind, Duplicate
532860	Advertising
532919	Other Insurance
532942	Other Emp. Educational Exp.
533110	General Office Supplies
533900	Other Materials & Supp
534511	Furn-Office
534522	Equipment-Computers
534528	Equipment-Communications
534539	Other Equipment
534610	Art/Artifacts (Edu. Equipment/Exhibits)
535830	Subscriptions and Memberships
536890	Cont. Educ Grts/Rec

1997-98	1998-99	1999-00	2000-01	2001-02
\$100,347	117,725	120,621	120,621	120,621
25,000	34,000	34,000	34,000	34,000
9,589	11,607	11,829	11,829	11,829
10,868	12,750	13,063	13,063	13,063
6,652	8,387	8,676	8,676	8,676
30,000	38,000	43,000	43,000	43,000
8,000	21,000	30,000	30,000	30,000
72,000	77,000	85,000	85,000	85,000
1,400	1,800	2,000	2,000	2,000
26,000	26,000	26,000	26,000	26,000
12,580	15,000	18,000	18,000	18,000
14,000	20,000	25,000	25,000	25,000
6,000	8,000	10,000	10,000	10,000
0	3,000	6,000	6,000	6,000
5,933	12,000	14,000	14,000	14,000
2,967	6,000	7,000	7,000	7,000
10,000	16,333	18,000	18,000	18,000
5,000	8,167	9,000	9,000	9,000
0	0	900	900	900
0	0	200	200	200
0	1,000	2,000	2,000	2,000
28,000	32,000	35,000	35,000	35,000
5,000	8,000	15,000	15,000	15,000
57,000	66,000	80,000	80,000	80,000
18,000	23,000	26,000	26,000	26,000
15,000	24,000	30,000	30,000	30,000
8,000	10,000	12,000	12,000	12,000
20,000	25,000	30,000	30,000	30,000
61,385	75,000	75,000	75,000	75,000
83,000	80,000	60,000	60,000	60,000
2,400	2,500	2,600	2,600	2,600
4,000	5,000	6,000	6,000	6,000
4,000	8,000	8,000	8,000	8,000
5,000	9,000	9,000	9,000	9,000
10,121	7,260	1,000	1,000	1,000
10,185	7,940	1,700	1,700	1,700
4,000	4,200	500	500	500
4,500	9,000	10,000	1,500	1,500
137,900	225,000	50,000	50,000	50,000
5,500	6,000	6,000	6,000	6,000
121,545	135,000	150,000	150,000	150,000

		Actual 1995-96	Authorized 1996-97					
15		Requirements		950,872	1,199,669	1,092,088	1,083,588	1,083,588
16		Number of F.T.E.*	0.00	0.00	3.83	4.83	5.00	5.00
	RECEIPTS:							
17								
18		Receipts		0	0	0	0	0
19		APPROPRIATION		950,872	1,199,669	1,092,088	1,083,588	1,083,588
20		CHANGE IN CASH BALANCE						

Priority No.

of

POSITIONS REQUESTED:

Detail of the positions included in this expansion request.

[illegible]

**** Minimum level salary for the classification requested unless supporting OSP documentation attached.**

#Total F.T.E's equal the number of total F.T.E.'s shown on Page 3, Line 16 of this request.

23 DOES THIS EXPANSION REQUEST RELATE TO A CAPITAL IMPROVEMENT PROJECT?

YES

NO ☒ X

24 IF YES, TITLE OF C.I. PROJECT:

25 | C.I. BUDGET CODE:

ITEM NUMBER:

PROJECTED COMPLETION DATE:

SPACE REQUIREMENTS: G.S. 120-36.7 (c)

26 | DOES THIS REQUEST REQUIRE ADDITIONAL SPACE?

YES ☒

NO

IF YES, COMPLETE THE FOLLOWING:

	Office	Storage	Other
1. General office supplies			
2. Office equipment			
3. Office furniture			
4. Office supplies			
5. Office equipment			
6. Office furniture			
7. Office supplies			
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9. Office furniture			
10. Office supplies			
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97. Office supplies			
98. Office equipment			
99. Office furniture			
100. Office supplies			

27 Type of Space:

X	
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28 Additional Square Footage Required

29 Estimated Cost of Space Requirements

1997-98

1998-99

1999-00

2000-01

2001-02

3,058

4,000

4,000

4,000

4,000

\$19,877.00

\$26,000.00

\$26,000.00

\$26,000.00

\$26,000.00

FFCC Equipment

New Equipment—First Flight Centennial Commission

1997-98 1998-99

Office Equip

Desks

Executive desk	683	
Secretarial desks (2)	1,060	
L-secretarial desk	736	
Secretarial desks (2)		1,114

Chairs

Executive chairs (2)	1,300	
Secretarial chairs (2)	900	
Executive chair		685
Secretarial chair		473

Bookcases

48" high (8)	1,440	
48" high (4)		760
60" high (2)		462

Desk Calculators

2	220	
2		230

File Cabinets

4-drawer letter size (5)	1,115	
4-drawer lateral file	300	
4-drawer letter size (5)		1,175
4-drawer lateral file		315

Electronic Typewriters

1	425	
1		435

Photocopiers

1	870	
1		925

Computer Tables

4	840	
2		442

Printer Stands

2	232	
2		244

Computer Equipment

Computer/Basic Software

3	7,875	
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FFCC Equipment

2	5,514
---	-------

Laser Jet Printers

2	2,310
---	-------

2	2,426
---	-------

Presentation Equipment

(Slide presentation equip)

4,500	9,000
-------	-------

24,806	24,200
--------	--------

Personnel

Personnel--FFCC (4,000 salary reserve)

Position	Grade	Base	Months	FET	Year	SS	Retire	Ins	Total
1997-98									
FFCC Administrator	76	37,294	12	1.00	37,294	2,853	4,039	1,735	45,921.13
Historic Sites Spec. III	70	28,731	12	1.00	28,731	2,198	3,112	1,735	35,775.69
Office Assistant V	61	19,840	12	1.00	19,840	1,518	2,149	1,735	25,241.63
Office Assistant III	57	17,378	10	0.83	14,482	1,108	1,568	1,446	18,603.88
				3.83	100,347	7,677	10,868	6,652	125,542.33
1998-99									
FFCC Administrator	76	37,294	12	1.00	37,294	2,853	4,039	1,735	45,921.13
Historic Sites Spec. III	70	28,731	12	1.00	28,731	2,198	3,112	1,735	35,775.69
Office Assistant V	61	19,840	12	1.00	19,840	1,518	2,149	1,735	25,241.63
Office Assistant III	57	17,378	12	1.00	17,378	1,329	1,882	1,735	22,324.65
Office Assistant III	57	17,378	10	0.83	14,482	1,108	1,568	1,446	18,603.88
				4.83	117,725	9,006	12,750	8,387	147,866.99
1999--									
FFCC Administrator	76	37,294	12	1.00	37,294	2,853	4,039	1,735	45,921.13
Historic Sites Spec. III	70	28,731	12	1.00	28,731	2,198	3,112	1,735	35,775.69
Office Assistant V	61	19,840	12	1.00	19,840	1,518	2,149	1,735	25,241.63
Office Assistant III	57	17,378	12	1.00	17,378	1,329	1,882	1,735	22,324.65
Office Assistant III	57	17,378	12	1.00	17,378	1,329	1,882	1,735	22,324.65
				5.00	120,621	9,228	13,063	8,676	151,587.76

11
12
13

Description:

New/ Existing*	Actual 1995-96	Authorized 1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
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Number of posters distributed to national airports

Continuation

	0	0	7,500	10,000	15,000	15,000	15,000
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Expansion

N							
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Revised

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Number of aviation-related workshops and conferences

Continuation

	0	0	7	11	16	25	40
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Expansion

N							
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Revised

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Continuation

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Expansion

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Revised

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Continuation

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Expansion

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Revised

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Continuation

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Expansion

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Revised

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Continuation

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Expansion

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Revised

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Continuation

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Expansion

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Revised

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27

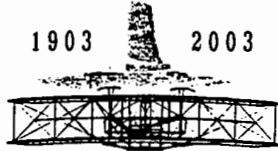
Note: Attach a graphic if necessary to explain the change in measures.

* Indicate if this is a New (N) or Existing Measure (E).

FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

Melvin R. Daniels, Jr.
CHAIRMAN

Richard T. Howard
VICE-CHAIRMAN

NOTES ON EXPANSION BUDGET

January 27, 1997

- The September 30, 1996 Expansion Budget request reflects projected developmental "start-up" requirements.
- The budget covers administration, operations and events.
- Budget highlights:
 - Development of speakers bureau kits to include eight large, free-standing exhibits for conferences, table-top exhibits and suitcase exhibits.
 - Promotional and public relations - related expenses (to include hiring of professional firm),
 - Expenses for regular commission meetings, and meetings of the committees, executive committee, and Legislative Task Force.
 - Staff expansion.
 - Office equipment.
 - Educational programs.

FIRST FLIGHT CENTENNIAL COMMISSION

ACTIVITIES & EVENTS COMMITTEE

"THE EVENT OF THE CENTURY"

December 17th 1903 - DECEMBER 17TH 2003

1996 - Activities and Events



April 20-21

Booth and displays at the Wilmington Air Show. Estimated attendance by the Air Show committee in excess of 35,000.

May 5

Booth and displays at the Raleigh Durham Airport. Attendance was in excess of 50,000.

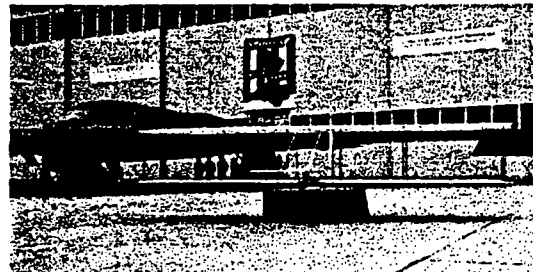
September 2

Booth and displays at Seymour Johnson Air Force Base open house. Estimated attendance in excess of 35,000.

December 15-16

Booth and display at Seymour Johnson AFB. Attendance estimated between 8,000 and 10,000. Naming ceremony of the B-2 "Spirit of Kitty Hawk". Committee arranged to exhibit Rick Young's reproduction of the Wright Brothers 1902 glider next to the B-2. From the 1902 Glider to the B-2. Attached are documents relating to the naming ceremony.

Governor Hunt, Senators Helms and Faircloth, Representative Jones, General Ronald Fogleman; Chief of Staff of the Air Force, Kent Kresa; CEO of Northrop Grumman, General Richard Hawley; Commander Air Combat Command and many other dignitaries were in attendance.



December 17



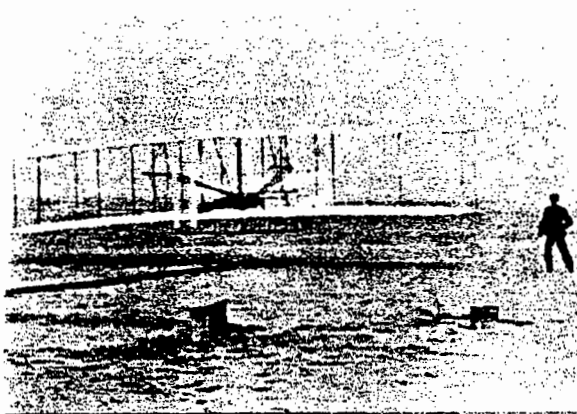
Displays by the Commission, the United States Air Force, Northrop/Grumman and the First Flight Society .were setup in a large tent provided by the First Flight Society for the event. Several hundred people attended the ceremony, held outside, at the Wright Memorial. Speakers included Mr. Kresa, CEO of Northrop/Grumman, General Hawley, Commander of the Air Force Combat Command, Mr. Davenport representing Lawrence Sperry, Tom Crouch of the Smithsonian Air & Space Museum and Tom Probrezeny, President of the Experimental Aviation Association. (Lawrence Sperry was honored for his contributions to Aviation and Paul & Tom Probrezeny as founder and president, respectfully, of the Experimental Aviation Association.) .

The scheduled fly-over of 27 military aircraft from the Air Force, Navy and the Coast Guard, including the B-2 "Spirit of Kitty Hawk" was cancelled due to the weather. The "Spirit of Kitty Hawk" was airborne and did fly over at 35,000 feet. Commission members participated all events.

Additional Activities in 1996

Commission members addressed many organizations including Rotary clubs, Associations, Societies and other civic organizations. They were interviewed on radio programs and articles appeared in a number of newspapers.

The North Carolina Congressional Delegation was briefed on the plans of the commission at a breakfast held in Washington D.C. in the Rayburn Building in September. General Ronald Fogleman, Chief of Staff of the Air Force was present. Updates of these plans will be presented to the delegation each September in Washington, DC and to individual members upon request.



1997 Activities

The Events and Activities Committee is currently concerned with increasing the visibility and public awareness of the commission. Displays and exhibits are planned for large public events appropriate to this mission.

Air Shows

Raleigh/Durham Air Port
Sun N' Fun EAA, Lakeland, Florida
EAA annual Oshkosh Fly-in, Oshkosh, Wisconsin



Open Houses

Seymour Johnson Air Force Base
Cherry Point Marine Corps Station
Elizabeth City Coast Guard Station
Pope Air Force Base/Fort Bragg
Langley Air Force Base



Additional Activities

The Events and Activities Committee will develop special programs to further commission objectives such as:

Speakers Bureau of Commission and Foundation members and others to increase public awareness of the activities and objectives of the FFCC;

Assist the FFCCF in the development of a Mobile Activity Unit with displays and operational reproductions of significant Wright aircraft to tour appropriate public events throughout North Carolina and the country;

Establish annual ProAM celebrity golf tournament on the Outer Banks to raise funds and provide promotional opportunities;

Staff booths and exhibits at existing fly-ins and other aviation related public events throughout North Carolina and across the country;

Explore joint venture opportunities with other organizations and institutions which can further the objectives of the FFCC such as the Smithsonian National Air and Space Museum, NASA, Experimental Aircraft Association, American Institute of Aeronautics and Astronautics, aviation/aerospace organizations and military service organizations;

Develop Ambassador's Program of celebrities, political and military leaders, notable aviation and aerospace personalities and other public figures to participate in commission activities;

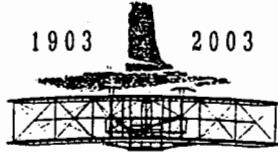
Develop additional events and activities to increase public awareness of the commission and the lives and achievements of the Wright brothers.



FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

Melvin R. Daniels, Jr.
CHAIRMAN

Richard T. Howard
VICE-CHAIRMAN

March 5, 1996

Dear First Flight Centennial Commission Members:

"It's a done deal!" said Gen. Joseph Ralston. "North Carolina will now have **"The Spirit of Kitty Hawk."** The new vice chairman of the Joint Chiefs of Staff promised Monday, February 19, 1996 that the Air Force will name a B-2 **"The Spirit of Kitty Hawk."**

Tentatively, the naming ceremony will take place the morning of December 16th at Seymour Johnson Air Force Base. Then, the stealth bomber will make a flyover at the Dec. 17th celebration of the first flight by the Wright Brothers at Kitty Hawk at 10:35 a.m.

A very sincere thank-you is extended to the people who worked very hard on their success in accomplishing this unique feat; other B-2s are named after states. First and foremost, hearty congratulations go to Col. James E. "Red" Smith who said it would happen--and it did! Also, the efforts and support of Senator Marc Basnight, Gen. Loh, Congressman Walter Jones, Senator Jesse Helms, Will Plentl, Al Jones, Senator Sam Nunn of Georgia and each and every member of the First Flight Centennial Commission have proven to be invaluable.

Truly we are now on the move!

Melvin R. Daniels, Jr.
Chairman of the Commission

CENTENNIAL FIRST FLIGHT
IN HONOR OF THE 100TH ANNIVERSARY
OF THE ARMY AIR CORPS
1916-1996



DECEMBER 16, 1996
B-2 NAMING CEREMONY
SEYMOUR JOHNSON AIR FORCE BASE



United States Senate

WASHINGTON, DC 20510-3301

March 6, 1996

BGen Lance Smith
Commander - 4th Wing
1510 Wright Avenue
Suite 100
Goldsboro, NC 27531-2468

Dear Brigadier General Smith:

I am delighted to learn that the U. S. Air Force will honor my home state by conferring upon a B-2 the name, "Spirit of Kitty Hawk," in a ceremony this year on December 17.

I am aware, as are most Americans, that the B-2 is the most technologically advanced fighter aircraft in the history of aviation. I am therefore pleased that B-2 No. 12 or 13 will bear the name of the place where Wilbur and Orville Wright in 1903 successfully conducted the first sustained flights in a heavier-than-air vehicle.

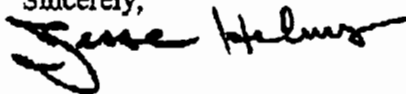
It is especially appropriate that the ceremony be held at Seymour Johnson Air Force Base, which is uniquely qualified to host - and to provide a safe and secure site necessary for such an historic event.

As the Air Force embarks on its next 50 years, it is important that all Americans note the efforts and achievements of those who led the USAF to world supremacy in the skies. And, of course, we must remember with pride those two brothers who chose Kitty Hawk as the place to pursue their dream despite the failures of those who had tried before them.

Wilbur and Orville Wright's vision brought the world to the reality of aviation. I am proud that the U. S. Air Force will commemorate its 50th Anniversary in North Carolina.

With best wishes, I salute you.

Sincerely,



JESSE HELMS:dww



**DEPARTMENT OF THE AIR FORCE
OFFICE OF THE CHIEF OF STAFF
UNITED STATES AIR FORCE
WASHINGTON DC 20330**

20 FEB 1996


**HQ USAF/CVA
1670 Air Force Pentagon
Washington DC 20330-1670**

**The Honorable Walter B. Jones
House of Representatives
Washington DC 20515-0001**

Dear Mr. Jones

Thank you for your excellent suggestion to name a B-2 aircraft "The Spirit of Kitty Hawk." When General Ralston relayed your idea, it was met here with immediate approval and we have given Air Combat Command the green light to schedule the event for December 1996. We will add this to our master calendar and ensure appropriate Headquarters Air Force participation at the ceremony.

Until then, Headquarters Air Combat Command will work with your office and local event coordinators to finalize the planning. Please let me know if I can be of further assistance.

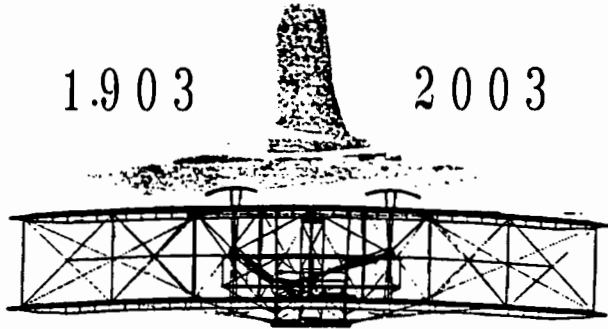

**LLOYD W. NEWTON
Lieutenant General, USAF
Assistant Vice Chief of Staff**

**cc:
Senator Jesse Helms
Mr. Troy Pate**

FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

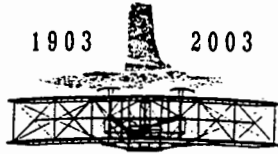
FIRST FLIGHT CENTENNIAL COMMISSION

LOGO

FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

Melvin R. Daniels, Jr.
CHAIRMAN

Richard T. Howard
VICE-CHAIRMAN

LOGO - EMBLEM COMMITTEE

RESPONSIBILITIES

To design, seek clearance for and register with the Secretary of State, a logo as the official emblem of the First Flight celebration, in coordination with the Federal Advisory Commission. The committee shall issue rules, to be adopted by the Commission, regarding the use of the logo.

ACCOMPLISHMENTS

- Developed and registered the First Flight Centennial logo
- Promotional sale items have been sold to highlight the activities of the FFCC; t-shirts, ornaments, caps, lapel pins, and polo shirts
- A special run of the "Two Brothers to the B-2" t-shirts were sold at the December, 1996 events at Seymour Johnson Air Force Base and Kitty Hawk to celebrate the 93rd Anniversary of Flight and the 50th Anniversary of the Air Force
- The Dare County Tourist Bureau will print our logo on inquiry response envelopes in an effort to help build awareness for the Commission
- 25' banner was produced for the B-2 christening ceremony to be used for other exhibitions and conferences to promote the 100th anniversary of flight

For the next two years we will develop other products and signage for the logo that will build awareness of the coming Centennial of Flight. We will organize a briefing of interested legislators on what the Commission has accomplished and what the Commission has planned for the years ahead.

FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

Melvin R. Daniels, Jr.
CHAIRMAN

Richard T. Howard
VICE-CHAIRMAN

FACILITIES AND MEMORIAL COMMITTEE

MEMORANDUM OF AGREEMENT

The Facilities and Memorial Committee in 1995 was charged by the Commission with the responsibility of studying construction of a new visitors center facility and restoration and retrofit of the Wright Brothers Memorial pylon. In February, 1996, the Facilities and Memorial Committee met to discuss the draft language for the Memorandum of Agreement between the National Park Service (NPS) and the First Flight Centennial Foundation. This important agreement sets out the authority of the National Park Service in the design and construction of the proposed new Wright Brothers National Memorial (WBNM) visitor center and remedial work to the granite pylon. The agreement also details how the First Flight Centennial Foundation is to negotiate with contractors and architectural and engineering firms, and to advertise and solicit bids. The NPS only has review and approval authority in the proposed work. The Memorandum of Agreement was completed and executed in June, 1996.

DESIGN SPECIFICATIONS FOR PYLON RESTORATION TREATMENT (PHASE I); PRELIMINARY PROGRAMMING, CONCEPTUAL DESIGN OF SCOPE AND DESIGN INTENT - NEW VISITOR'S CENTER

In July, 1996, the committee met with restoration Architect/Engineer firm Moser Mayer Phoenix Associates, P.A., who agreed to provide the following work as a donation to the First Flight Centennial Foundation.

- Preparation of plans, specifications for phase I pylon restoration
- Preliminary programming, conceptual design for new Visitor's Center at WBNM
- Site visits during restoration work to assist construction contractors, quality control

During October and November, 1996, the architectural and engineering team met several times with the construction team, NPS staff and State Historical Preservation Office to outline preliminary pylon construction work, plans and specifications for pylon restorative work, and construction sequencing for the project. A target date of January, 1997 was set for work to begin on pylon restoration. Phase I restoration work could be completed as early as May, 1997. In 1997, we anticipate that the committee will work with Moser Mayer Phoenix Associates, P.A. to discuss and plan development of preliminary programming requirements for the new Visitor's Center at Kill Devil Hills. Development criteria for this facility includes graphic and written requirements such as site plans, spaces, relationships between spaces on the site, exhibition concepts, and other design issues such as basic layout, and elevations showing exterior design of the Visitor's Center.

FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

Melvin R. Daniels, Jr.
CHAIRMAN

Richard T. Howard
VICE-CHAIRMAN

EDUCATION COMMITTEE

Shall give due consideration to the need to educate the public regarding the research and development of powered flight, and to acknowledge the development of aeronautics, aerospace science, and the aerospace industry, including the development of the glider and Orville and Wilber Wright's contribution to the development of the glider, and to the development of aerospace science and the aerospace industry, including space exploration.

During 1995-1996 the First Flight Centennial Commission Education Committee established and refined the Commission's educational priorities and began program implementation. The Education Committee established working sub-committees and worked closely with the History Committee to define joint strategies. Local school educators and representatives of other interested organizations were invited to attend Education Committee meetings to make suggestions and comment on Committee plans.

During the summer of 1995, the FFCC's first intern, Educational Development Coordinator and Commission advisers researched, reviewed, and prepared a report on textbooks currently used in North Carolina classrooms. It was reported that, "The First Flight was mentioned in several science, technology, American history, and world history books but much of the information was sketchy or even incorrect." The Committee recommended the development of supplementary materials for use in the classroom and the possibility of updating textbooks to reflect correct information.

Listed in order of importance, the following priorities were adopted by the First Flight Centennial Commission Education Committee:

- to build alliances with aviation organizations
- to assist the history committee with the Kitty Hawk Cup Competition
- to initiate a 2003 Project for school children

- to conduct regional and state wide aviation conferences
- to provide seminars for North Carolina teachers
- to develop educational publications and materials
- to conduct general educational dissemination efforts

In line with these priorities, the following activities, projects or programs have been initiated:

INTERNATIONAL AVIATION ART CONTEST

With support from the North Carolina Department of Transportation, the First Flight Centennial Commission is a co-sponsor of the 1997 International Aviation Art Contest. This contest for children ages 6-17 is conducted annually by the National Aeronautic Association, National Association of State Aviation Officials, and Federal Aviation Administration, in cooperation with the Federation Aeronautique Internationale. This years creative competition invites children to design their own aviation/space theme postage stamp for the imaginary country, Aeromania. Winners will be selected in three age categories and state winners will have the opportunity to compete at the national level. National winners will advance to the international competition. The deadline for competition entries is February 21, 1997.

THE KITTY HAWK CUP COMPETITION

The Kitty Hawk Cup Competition is an annual contest for North Carolina middle and high school students begun in the 1996-97 school year. Teams of five or more students carry out research on local aviation history and with the support from five or more local sponsors complete a project. The FFCC has provided grants to teams to assist in carrying out their projects. The winning team will receive their awards at a luncheon and have their projects displayed at the North Carolina Museum of History. The Education Committee has provided support for the Kitty Hawk Cup Competition by soliciting input from teachers and administrators on guidelines for the competition, developing the initial layout for the registration brochure, and promoting participation through teacher publications and meetings.

THE FIRST FLIGHT CENTENNIAL SCHOOLS PROJECT

The First Flight Centennial Schools Project is a grassroots educational program for elementary schools which builds partnerships between existing aviation organizations and classroom teachers. Participants are classroom teachers and their students in Kindergarten through fifth grade who agree to carry out three or more school/community aviation-related activities during the year.

The project was initiated in October, 1996 when registration brochures with suggested activities were mailed to all public schools in the state through central office supervisors. The program received the support of the state Superintendent of Public Instruction. Applications have been received from 47 schools, representing 31 of the 119 school systems in the state and involving 344 teachers and an estimated 8,059 students. (See attached list and distribution map).

Activities which teachers plan to carry out during the year include the following: visits to the Wright Brothers National Memorial, teaching centers, purchasing books about the Wright Brothers, reading stories and poems, creative and research based writing, vocabulary development, science of flight experiments, visits to local airports, classroom visits by aviation professionals, participation in the International Aviation Art Contest, creating models, flying kites, writing and producing a play, birthday celebrations for Wilbur and Orville Wright, inviting Air Bear to the classroom, and participating in the Young Eagles Program. The activities are based within the framework of the goals and objectives of the North Carolina curriculum and develop required knowledge and skills.

The Education Committee mailed certificates and packets of educational materials to participating schools and developed a First Flight Centennial Schools newsletter, "Airborne". Included in the packets were:

- An annotated bibliography of grade-level appropriate children's literature about the Wright Brothers, aviation, aviation history, flight related projects and other topics for K-5 children
- A contact list of organizations that have aviation education programs and materials, either free or at modest costs, available to teachers and students
- Air Bear Coloring Book
- "The Birds Started It!: Development of Flight" booklet

- The Mini Page, "Let's Learn about Flying" issue
- "Historical Aircraft by DOT" from AOPA
- A colorful "Roomarang" with flying instructions
- First Flight Centennial Commission poster and brochure
- International Aviation Art Contest 1997 brochure and/or poster
- November 1996 issue of "Airborne" newsletter

Participants have been asked to report completed activities to the Education Committee and contribute teaching strategies to the newsletter. A program description, suggested budget and timeline were prepared, approved by the Education Committee and submitted to the Commission. We hope to involve all elementary schools in the state by December 17, 2003.

THE CLASS OF 2003

The North Carolina Class of 2003 will involve a group of representative students selected from schools across the state. These students will be brought together periodically to participate in an array of aviation education related activities and events. The Class of 2003 will serve as ambassadors for the First Flight Centennial Commission until they graduate from high school. Over time the number of participants will be expanded and activities correlated with the Dayton Class of 2003. A scholarship award will be presented in 2003 to one or more students who have participated in the project.

Detailed planning for this program is scheduled to take place early in 1997 with announcements about the project and an application form sent to all North Carolina public and private schools that have a sixth grade early in the 1997-98 school year. The application form will include writing a brief essay of 250 words or less on the topic, "Why Was the Wright Brothers' Flight on December 17, 1903 Important and How Do You Think Its 100th Anniversary Should Be Celebrated?" Any sixth grade student may submit an application with the written approval of their parents and their classroom teacher and/or principal. The Education Committee of the First Flight Centennial Commission will review the applications and select 40 students as the initial members of the Class of 2003. Five students will be selected from each of eight geographic regions to insure state wide participation. Additional applications, up to 40, will be kept on reserve as replacements. Consideration will

be given to a balance of boys, girls, and ethnic groups. Plans have been discussed for a variety of activities for the Class of 2003 including a summer Aviation Camp during the summer of 1998.

NORTH CAROLINA FIRST FLIGHT SYMPOSIUM

Still in the planning phase, the North Carolina First Flight Symposium is envisioned as a three day conference for a general adult audience. A group of aviation scholars was identified to develop a theme and general parameters for the symposium. Last November, Commission representatives attended a planning session for aviation conferences in 1998 and 2003 planned by the Dayton, Ohio 2003 Committee. Our goal is to develop a complementary educational program, probably in 1999.

ADDITIONAL PROJECTS

Other activities during 1995-1996 include: (1) a one-half day aviation workshop for K-3 teachers at East Carolina University on October 3, 1996 in conjunction with the Center for Economic Education's Staff development program; (2) initial research into the "Wright Brothers at Kitty Hawk" mural at the Williamston, NC Post Office. The mural was photographed and a post card produced.

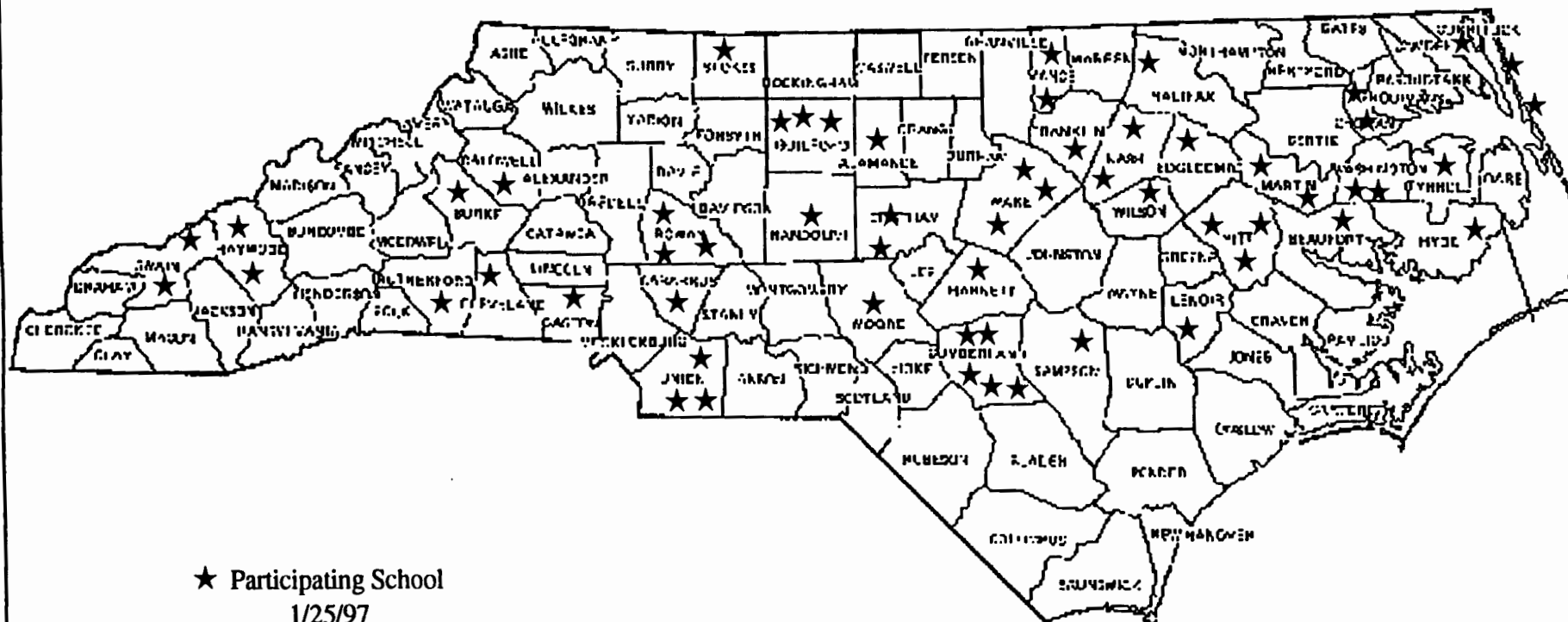
Projects, programs, or activities that are among priorities of the Education Committee but still in the discussion stage include the following:

- Aviation seminars for North Carolina teachers
- Posting educational information and announcements on the First Flight Centennial Commission web page
- Developing traveling exhibits and displays
- Providing educational materials for students, teachers, and general adult audiences.
- A broadening of the educational scope to include not only educational initiatives, but information for the general public by the inclusion of media, radio, public television and all forms of networking.

FIRST FLIGHT CENTENNIAL SCHOOLS PROGRAM

Participating Schools

January 1997





NORTH CAROLINA DEPARTMENT OF PUBLIC INSTRUCTION

301 North Wilmington Street, Education Building
Raleigh, NC 27601-2825

BOB ETHERIDGE
State Superintendent

September 20, 1996

Dear North Carolina Teachers:

I heartily endorse the activities of the First Flight Centennial Commission in its efforts to commemorate the 100th anniversary of powered flight, through North Carolina elementary schools. The concept is sound and the materials are excellent.

North Carolina has a rich heritage of personal achievements in which we all take pride. It is in passing along that heritage through the schools that we inspire new generations of young North Carolinians to dream dreams and to strive to achieve those dreams.

I have reviewed the steps in the process of becoming a First Flight Centennial School. Surely your school's participation in this initiative will afford elementary students not only the opportunity to know more about the origin of powered flight, but also to appreciate more fully the great North Carolina heritage.

I commend this endeavor for your careful consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Etheridge", with a long horizontal line extending from the end of the signature.

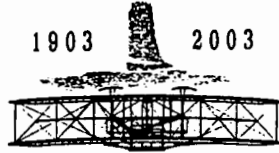
Bob Etheridge

BE/IW/mwp

FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

Melvin R. Daniels, Jr.
CHAIRMAN

Richard T. Howard
VICE-CHAIRMAN

HISTORY COMMITTEE

Shall give due consideration to the historical setting in which the First Flight of the Wright Brothers took place and the contribution of powered flight to the development of transportation worldwide, and the contribution that powered flight has made to worldwide trade and the economic development of the United States and all Nations, and the contribution that powered flight has made to world peace and security.

ARTICLES PUBLISHED

The following were published by Tom Parramore in *The Southern Aviator*, "First Flights" monthly columns:

March, 1996	North Carolina's Aviation Legacy
May, 1996	NC aviation poet, William Henry Rhodes, 1822-1876
June, 1996	18th - 19th century NC - locale aviation fiction; NC balloon exhibits, 1859 - 1890; Delia Jaquin, first NC aeronaut
August, 1996	NC's first mass UFO sightings, 1897
September, 1996	NC airplane, airship builders, designers, 1902
November, 1996	Tar Heels who helped the Wright Brothers, 1900
December, 1996	Tar Heels who helped the Wright Brothers, 1901-1903

The following were published by Tom Parramore in *WWI Aero: Journal of the Early Aeroplane*:

August, 1996	"UFO's (1897 in NC) and the Beginnings of Powered Flight"
August, 1996	"In God's Image? The (1912) Kinston Demoiselle"

The following were published by Tom Parramore in *Tar Heel Junior Historian*:

- | | |
|--------------|---|
| Spring, 1996 | "Lindy's Kids", Tar Heel teenagers who built and/or flew planes (1928 - 1940) |
| Spring, 1996 | "Whatever Happened to that Family Airplane?" Tar Heel efforts to build "flivver" planes (1909 - 1959) |

The following was published by Tom Parramore in *Tributaries*, Journal of the NC Maritime History Council:

- | | |
|---------------|---|
| October, 1996 | "The Carolina Aircraft Company", Navy seaplanes built in Raleigh, Smithfield, and Goldsboro in World War I. |
|---------------|---|

The following was published by Tom Parramore in *King's Landing*, newsletter of the Murfreesboro Historical Association:

- | | |
|-------------|-------------------------|
| March, 1996 | "The Gatling Monoplane" |
|-------------|-------------------------|

TALKS GIVEN

- | | |
|----------------|---|
| November, 1995 | Lenior County Historical Society, Kinston: "The Daring Young Lady of Queen Street", Kinston's aviation history 1910 - 42. |
| February, 1996 | North Carolina Social Studies Council, Greensboro: "Orville Flies Again", early NC Aviation History and 1996-97 Kitty Hawk Cup competition. |
| March, 1996 | Kinston Rotary Club: 1911 Demoiselle airplane built in Kinston |
| November, 1996 | Quiet Birdmen: Aviation in NC, 1903 - 20 |
| December, 1996 | Opening of Cape Fear Museum Aviation Exhibit, Wilmington: Aviation Heritage of the Lower Cape Fear, 1871 - 1930. |

MISCELLANEOUS ACTIVITIES

Trips to Dayton, Ohio in July, 1995 and November, 1996 to consult with the Dayton 2003 Committee;

Remarks on WRAL-TV News about Ohio and North Carolina license plate mottoes;

Discussions with Capital Broadcasting Co. and A.J. Fletcher Foundation about possible NC Aviation feature video;

Discussion with NC aeronautical academicians about prospective NC symposium on aviation history;

Contacts with Ms. Ann Angel on writing Wright Brothers play;

Discussions with several communities on commemorative airplane replica projects;

Archival research in Dayton, Ohio, Washington DC, Wilmington, Chapel Hill, Raleigh, and Smithfield;

Discussions with Global Transpark, Inc. concerning sponsoring Kitty Hawk Cup awards;

Institution of 1996 - 97 Kitty Hawk Cup competition for NC public and private schools with 6th grade and above;

Arrangements for and sponsorship of public showing of American Experience film, "The Wright Stuff" at NC Museum of History;

Discussion with *Charlotte Observer* concerning possible cooperation with FFCC;

Contacts with Robert A. Erickson on identification of WWI pilots;

Manned booth at RDU April airshow; and numerous others.

COLLECTIONS

Collections of data, photos, blueprints, and videos from or about the following, among others:

Pilots J.C. and Anna Pennington (Wilmington), Laverne Rehder (Southport), Marie and Truman Miller (Raleigh, Kinston), Raymond Allison (Salisbury), George Alton Stewart (Coats, Raleigh), John A. Parrott, Jr. (Kinston), Jeter C. Cox (Charlotte), Bill Poley (Charlotte), Pete Arnaiz (Raleigh), Gus Leazar (Raleigh, Davidson), Montrose Tull (Kinston, Chapel Hill), Gene and Dan Mills (Raleigh), Burckhardt Rehder (Wilmington), 1907 helicopter builder Luther Paul (Beaufort), 1921 bi-plane builder Carr E. Booker (Raleigh), 1928 monoplane builder George Goodman (Salisbury), parachutist Tommy Moore (Kinston), 1908-31 airplane builder W. W. Christmas (Warrenton), 1910 airplane builder David Palmgren (Wilmington), 1911 multiplane builder M. F. H. Gouverneur (Wilmington), 1911 Demoiselle builders Ross and John Bailey (Kinston), 1910 airplane builder C. C. Coddington (Charlotte), 1918 NC-built Curtiss seaplanes (Raleigh, Smithfield, Goldsboro), first woman parachutist Tiny Broadwick (Oxford), Piedmont Airline history, Walter Turner, Pope Air Force Base history, Roy Parker, Carolina Aero Club, J.C. and Anna Pennington, first NC licenses woman pilot Mary Webb Nicholson, Carolina Historic Aviation Council (Charlotte), Caswell-Nash DAR (Raleigh).

*An Aviation
Heritage
Competition for
North Carolina
Middle And
High School
Students*



KITTY HAWK CUP

1996-1997

HISTORY COMMITTEE

KITTY HAWK CUP BROCHURE

Bet you didn't know...

year old Dwight Cross, Jr. of Huntersville flew airplanes and performed aerial stunts before he was in the first grade.

- ✈ 11-year-old Tom Tate of Kitty Hawk flew in a Wright brothers' glider a year before Orville Wright did.
- ✈ 14-year-old Evelyn Sanborn of Swannonoa helped her 17-year-old brother Brian build and fly an airplane.
- ✈ 14-year-old John Parrott of Kinston flew an airplane to Philadelphia and back in 1928.

*North Carolina's
aviation heritage is
waiting to be discovered.*

1996-1997 Grant Application

Competition opens August 19, 1996 (Wilbur Wright's Birthday)

Deadline for Grant Application is October 30, 1996

Deadline for Project Submission is April 16, 1997 (Orville Wright's Birthday)

School/Club: _____ Principal: _____

Address: _____ Zip: _____ Telephone: () _____

Student Project Participants (a minimum of five):

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Teacher or other

Adult sponsor: _____ Address: _____ Zip: _____

Home Telephone: () _____ School or Business Telephone: () _____

Organizations or persons who pledge funds, goods or services to a value of \$25 or more for your project:

Name:	Address:	Telephone:
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

On a separate sheet describe your project in 100 words or less.

The FFCC maintains a large file of data on aviation in North Carolina communities. See web-site <http://www.firstflight.org> or call (919) 787-2287 for further data about topics or sources. Begin your project as soon as you like. If your project proposal receives a FFCC grant, grant funds will be sent to you by December 1, 1996. If your completed project is too large or unsuited for sending to FFCC, send photos and a written description of the finished project by April 16, 1997. Send completed grant application form to:

Kitty Hawk Cup
109 East Jones Street, Suite 246-C
Raleigh, North Carolina 27601-8807

Questions? Call (919) 715-0209

Sponsor's Signature: _____ Date: _____

● The Wright Centennial

Standing on the top of Big Kill Devil Hill, you feel like you own the world. A mere 90 feet high, the tall dune offers a commanding view of North Carolina's Outer Banks and that most hallowed of places for aviators: The strip of sand where the Wright Brothers made mankind's first powered flights.

While the view today is cluttered with beach-front houses and time-shares, it is not difficult to envision the desolation and hardships this narrow ribbon of land must have presented to the Wright Brothers and those who helped them with their experiments.

As the ever-present wind whips around you and, in winter, bites through your clothes, it's almost impossible to imagine that at the foot of this hill on Dec. 17, 1903, less than 100 years ago, it all began.

Wilbur Wright started his serious pursuit of the study of flight in 1896, when he read of the death of Otto Lillenthal. Lillenthal's experiments with gliders led Wilbur and his younger brother Orville to devote their spare time to understanding aeronautical principles.

Over the following few years, the brothers' determination and focus grew, and the steady winds and soft sands of North Carolina's Outer Banks lured the brothers to the site of hundreds of glider flights and their achievement of the ultimate quest: the powered flight by man in a heavier-than-air machine.

This special section on plans for the Wright Centennial is the first of many that will appear over the coming years.

BY BILL DE BRAUWER

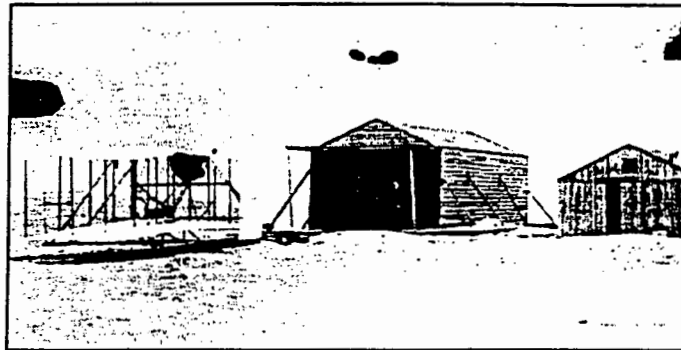
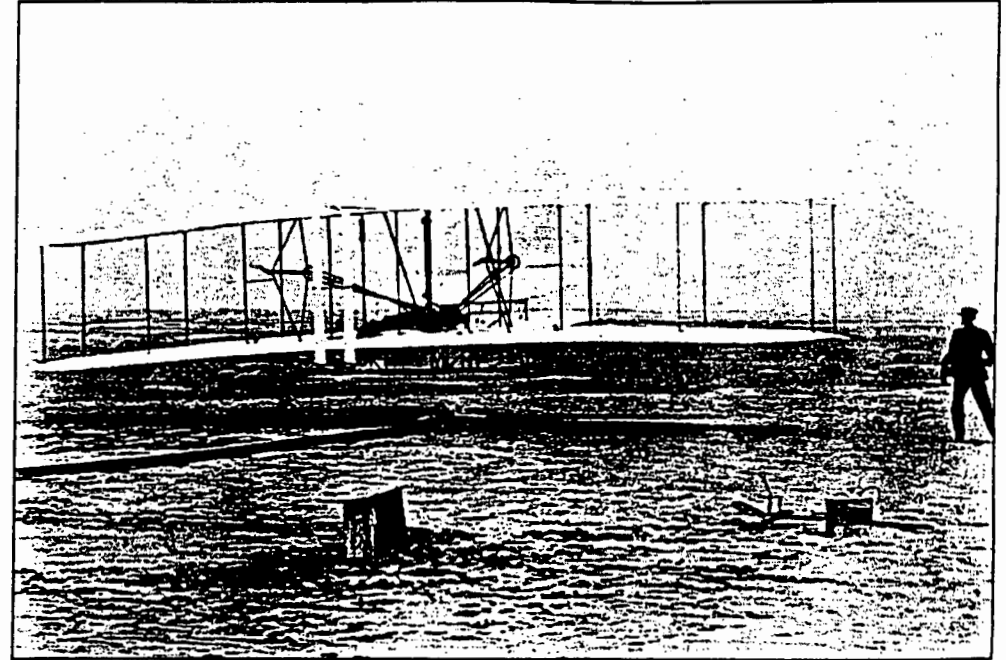
As it is with many historic moments, the feat is remembered clearly while many of the details are not.

Orville and Wilbur Wright were born to Rev. Milton Wright, who would later become a bishop of the United Brethren Church, and Susan Koener Wright. The brothers enjoyed a large family that included two older brothers and a younger sister and grew up in a comfortable family setting in Dayton, Ohio.

Until that historic day in 1903, the two brothers led an unassuming life, never venturing far from Dayton. They worked hard and diligently and showed no signs of wanting to start a family. In 1892, Orville and Wilbur opened a bicycle shop in Dayton, which they turned into a prosperous business.

Separated by four years, the two brothers were a contrast in style and character. Orville, the younger, was outgoing and a sharp dresser. Wilbur was more withdrawn, quiet, a

Both, however, shared a passionate interest in the flight experiments that were being undertaken at the time by such pioneers as Otto Lillenthal and Samuel



10:35 a.m., Dec. 17, 1903 — the moment when Orville Wright lifted off into the wind at Kitty Hawk as man took to the air in a machine under its own power for the first time. John T. Daniels took the photograph — his first ever. Left, the Wright's camp in November 1903. Wilbur is seen standing in the shed.

experiments in earnest.

Using the tools to manufacture the bicycles in their shop, Orville and Wilbur began constructing models of their designs. They also began looking for a site with consistent winds and sandy areas for landings free of obstructions which could interfere with erratic glider and powered flights.

The National Weather Bureau provided them with a list of possible sites and after writing to each place, they settled on the sand dunes a few miles south of Kitty Hawk, N.C.

Between 1900 and 1903, the brothers would travel back and forth between Kitty Hawk and Dayton, testing their gliders and theories. All their work was performed in relative obscurity, although they corresponded regularly with others who were performing similar experiments.

Most of the work during those three years was spent finding a solution to the stability and control problems encountered by earlier pioneers. Orville and Wilbur also realized they needed a light-weight engine to power the plane. Since such an engine did not exist, they built one themselves, with the help of mechanic Charles Taylor.

duced a little more than 12 horsepower.

The Wrights also designed the two propellers, abandoning the air screw concept used by other pioneers. They realized that an efficient propeller would have to be a rotating air foil. The new design revolutionized all future propeller development.

On Dec. 14, 1903, the brothers were satisfied they had a flyable craft. Enlisting the help of some locals, they carried the 700 pound craft to the bottom of Big Hill, where they had laid a 60-foot-long launching rail which would guide the plane during its takeoff roll.

Stepping away, one of the brothers pulled out a coin. Wilbur won the toss. As the plane lifted off, the nose pitched up, the plane stalled and crashed to the ground. Wilbur was uninjured, but the plane was damaged.

The Wright Brothers spent the next two days repairing the plane. On Dec. 17, Orville laid down at the controls of the plane and at precisely 10:35 a.m. lifted into the air. For the next 12 seconds, Orville flew 120 feet. He had become the first person to fly a plane which flew under its own power and could land at a place level or higher than the area from which it took off.

From the sands of Kitty Hawk for future generations

Continued from page 18

They flew three more times that day, the brothers alternating turns at the controls. The fourth flight, with Wilbur at the controls, lasted 59 and travelled 852 feet.

During their jubilation at their success, the brothers had neglected to attend to the plane. A sudden gust of wind raised one of the wingtips and the plane rolled backwards. The plane was destroyed and the Wright Flyer would never fly again.

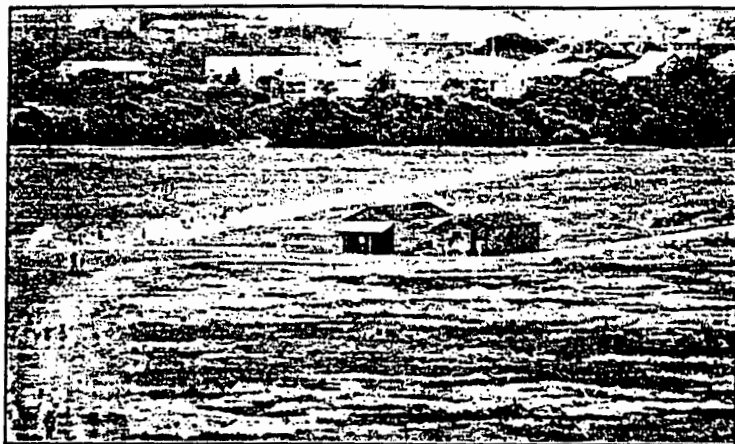
Strange as it may seem now, this historic event received almost no notice at the time. After the completion of their four flights, the Wright Brothers sent a telegram to their sister in Dayton, telling her of their success and asking her to inform the press. The Dayton newspaper didn't seem impressed, prompting this quote from reporter Frank Tunison, the local representative of the Associated Press: "Fifty-seven seconds, hey? If it had been 57 minutes, then it might have been a news item."

The paper did say that the Wright Brothers would be home by Christmas.

The few press accounts which did make it in the papers were grossly inaccurate. The following morning, the Virginia-Pilot ran this headline: "Flying machine soars 3 miles in teeth of high wind over sand hills and waves at Kitty Hawk on Carolina Coast."

Eventually, the Wrights would get the recognition they deserved for their accomplishments. Wilbur died in May 1912 of typhoid but Orville would become a millionaire and both would earn their names in the history books.

The original Wright Flyer was shipped in 1925 to the Science Museum in England. Orville had become angry with the Smithsonian Institute for its refusal to recognize the Wright Brothers as the fathers of flight. When the Smithsonian finally conceded in 1942, the Wright Flyer was shipped back to the U.S. The Wright Flyer which now hangs in the museum is about 70 percent original.



Visitors to the Wright Brothers National Memorial have made a well worn trail the length of the first four flights.

In the words of Wilbur Wright, circa 1901

Excerpts from Wilbur Wright's speech in 1901 to the Western Society of Engineers presents the scientific basis for the Wright's development of three-axis control of airplanes. The speech is a remarkable insight into the genius of the Wrights and the progress of mankind. The speech is reproduced in its entirety on the World Wide Web along with additional information on the plans for the 100th anniversary of the first flights in 2003.

SOME AERONAUTICAL EXPERIMENTS. a Mr. WILBUR WRIGHT, Dayton, Ohio.

[Presented to the Western Society of Engineers September 18, 1901.]

INTRODUCTION BY PRESIDENT CHANUTE.

"Engineers have, until recent years, fought shy of anything relating to aerial navigation. Those who ventured, in spite of the odium attached to that study, to look into it at all became very soon satisfied that the great obstacle in the way was the lack of a motor sufficiently light to sustain its weight and that of an aeroplane upon the air. Fifteen years ago the lightest steam motor was the marine engine, weighing 60 pounds to the horsepower, while the gas engine weighed very much more; the locomotive weighed 200 pounds per horsepower. During the past fifteen years a great change has taken place. Steam motors have been produced weighing only 10 pounds per horsepower, and gas engines have been lightened down to 12 1/2 to 15 pounds per horsepower, so that the status, so far as engineers are concerned, is very greatly changed, and there is some hope that, for some limited purposes at least, man will eventually be able to fly through the air. There is, however, before that can be carried out — before a motor can be applied to a flying machine — an important problem to solve — that of safety or that of stability.

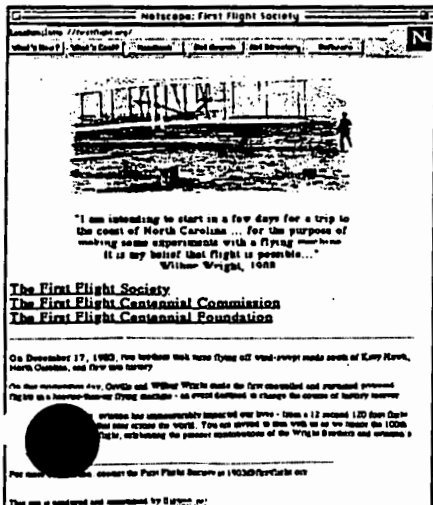
"I had the honor of telling you, some four or five years ago, something about the progress that had been made up to that time. Since then further advances have been made by two gentlemen from Dayton, Ohio — Mr. Wilbur Wright and Mr. Orville Wright — who tried some very interesting experiments in October, 1900. These experiments were conducted on the seashore of North Carolina, and were again resumed last July. These gentlemen have been bold enough to attempt some things which neither Lilienthal, nor Pilcher, nor myself dared to do. They have used surfaces very much greater in extent than those which hitherto had been deemed safe, and they have accomplished very remarkable results, part of which it was my privilege to see on a visit, which I made to their camp about a month ago.

"I thought it would be interesting to the members of this society to be the first to learn of the results accomplished, and therefore I have the honor of presenting to you Mr. Wilbur Wright."

ADDRESS BY WILBUR WRIGHT.

"The difficulties which obstruct the pathway to success in flying-machine construction are of three general classes: (1) Those which relate to the construction of the sustaining wings; (2) those which relate to the generation and application of the power required to drive the machine through the air; (3) those relating to the balancing and steering of the machine after it is actually in flight. Of these difficulties two are already to a certain extent solved. Men already know how to construct wings or aeroplanes which, when driven through the air at sufficient speed, will not only sustain the weight of the wings themselves, but also that of the engine and of the engineer as well. Men also know how to build engines and screws of sufficient lightness and power to drive these planes at sustaining speed. As long ago as 1884 a machine weighing 8,000 pounds demonstrated its power both to lift itself from the ground and to maintain a speed of from 30 to 40 miles per hour, but failed of success owing to the inability to balance and steer it properly. This inability to balance and steer still confronts students of the flying problem, although nearly eight years have passed. When this one feature has been worked out, the age of flying machines will have arrived, for all other difficulties are of minor importance.

The person who merely watches the flight of a bird gathers the impression that the bird has nothing to think of but the flapping of its wings. As a matter of fact this is a very small part of its mental labor. To even mention all the things the bird must constantly keep in mind in order to fly securely through the air would take a considerable part of the evening. If I take this piece of paper, and after placing it parallel with the ground, quickly let it fall, it will not settle steadily down as a staid, sensible piece of paper ought to do, but it insists on contravening every recognized rule of decorum, turning over and darting hither and thither in the most erratic manner, much after the style of an untrained horse. Yet this is the



THE EVENT OF THE CENTURY

FIRST FLIGHT CENTENNIAL COMMISSION
POSTER

FIRST FLIGHT CENTENNIAL

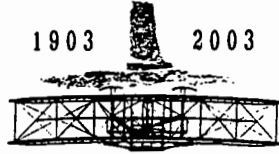
WRIGHT BROTHERS
DECEMBER 17, 1903 • DECEMBER 17, 2003

KITTY HAWK, NORTH CAROLINA

FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

Melvin R. Daniels, Jr.
CHAIRMAN

Richard T. Howard
VICE-CHAIRMAN

PUBLICITY AND PUBLIC RELATIONS COMMITTEE

On December 17, 2003, the nation will celebrate the 100th anniversary of the Wright brothers historic first flight that lifted off at Kitty Hawk, North Carolina..

In honor of this event, the First Flight Centennial Commission through its Publicity and Public Relations Committee, has begun to make the state, nation, and world aware of the very special events that have begun and will continue for the next seven years to commemorate this world class historical event. At the same time, in conjunction with the Department of Commerce and Transportation, we are beginning to develop a year long aviation and tourism agenda to insure that regardless when visitors come to the state, they will have an opportunity to participate in a Wright Brothers "flavored" event.

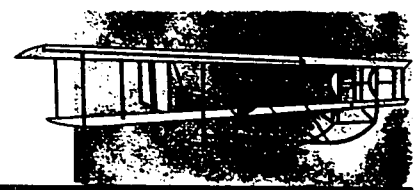
The committee, working with the Department of Transportation (DOT) developed and distributed across North Carolina, and at national aviation events, a "You are Invited" brochure to encourage people to come and take part in the year long observances. An initial run of 7,000 brochures were prepared and distributed based upon the experiences gained with the initial single color run of brochure, several other prototypes were developed and evaluated. After selecting a final layout, 50,000 four color brochures were printed. These brochures will be the commission standard for the foreseeable future.

The "You are Invited" brochures were the first step in the promotion process. The second step was to develop a poster to promote the First Flight Centennial. Three different concepts were developed and the final configuration contained modified elements from all three concepts. The initial printing run consisted of 10,000 posters. These "The Event of the Century" posters have been sent overseas and distributed through the Division of Travel and Tourism, as well as through the Commission and DOT. *In January 1997, 5,000 posters were sent to every state in the United States to be distributed to every public airport in the country by the*

Aviation Division of the DOT. The posters have also been given out at individual events by Commission members. The posters have been acclaimed to be one of the best ever produced by the state and are apparently in demand from a collectors standpoint. The posters have already become a "timeless" publication and will continue to service as a basic event announcement.

ONGOING PROJECTS

- The Commission and committee, working with the Federal Aviation Administration, and Federation Aeronautique Internationale and the NC DOT, are co-sponsoring through 2003, the annual International Art Contest which is designed to make school children around the world aware of the role and importance of aviation. We will work to involve the Wright Brothers accomplishment in each year of the program culminating with a First Flight theme for the 2003 contest. The DOT prepared and distributed, in bulk, 75,000 copies of the annual contest announcement. The distribution covered schools across the nation. Other international organizations were responsible for worldwide distributions.
- The Education Committee developed an excellence in aviation competition contest for North Carolina's school kids. The Publicity and Public Relations committee supported a project called "The Kitty Hawk Cup" competition by producing 2,000 brochures through the DOT for the education committee activities.
- An Internet home page for the Commission has been developed through the committee and The Southern Aviator. The page will become more important in the future as we move towards 2003. Properly linked and with key information available, the website could be a major worldwide information distribution center.
- The Southern Aviator, supported by the committee and other members of the Commission, published one of the monthly issues dedicated to the First Flight, the commemoration and the groups helping to prepare for 2003.
- The development of an information video and slide presentation for use with civic groups and other public situations calling for media type presentations by the commission representation or others.



Wright Brothers National Memorial

GENERAL MANAGEMENT PLAN

A Plan For
Development,
Visitor Use and
Protection Of
The National
Memorial

December 1996
North Carolina

Prepared by the
National Park Service

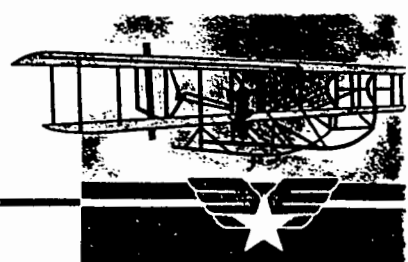


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Introduction...

The steps proposed by this plan will ensure that the resources contained within the memorial will be protected and treasured in perpetuity and that national and international visitors will enjoy and benefit from their experience at Wright Brothers National Memorial.

The year 2003 marks the 100th anniversary of the Wright brothers triumph at Kitty Hawk. The National Park Service (NPS) anticipates international attention focusing on December 17, 2003, and the months leading up to that significant date. This General Management Plan will form the foundation for management and development actions to take place in anticipation of the 100-year celebration. The steps proposed by this plan will ensure that the resources contained within the memorial will be protected and treasured in perpetuity and that national and international visitors will enjoy and benefit from their experience at Wright Brothers National Memorial.

Planning for the 50th anniversary began only two to three years before 1953; the results were disappointing. Beginning the planning process for the centennial celebration now and placing a high priority on it will assist the NPS in preparing the memorial for an event of international proportions. In 2003 the eyes of the world will focus on the 431-acre site in Kill Devil Hills, North Carolina.

The Kill Devil Hill Monument was established by the Act of March 2, 1927. The Executive Order of March 3, 1933, transferred administrative responsibility of the monument to the NPS. The site was established to commemorate the first successful human attempt at heavier-than-air, controlled, powered flight. The existing 431-acre land base mobilizes the remaining dunes existing during the

Wright brothers flight experiments at the turn of the century. The Secretarial Order of December 1, 1953, redesignated the area and monument as Wright Brothers National Memorial.



Orville and Wilbur Wright, Belmont Park, Long Island, October 1910.

Purpose And Need For The Plan

Public Law 95-625 (92 Stat. 3467) directs the Director of the NPS to prepare and revise a general management plan for the preservation and use of each unit of the National Park System. A general management plan sets forth the basic management philosophy for a park and provides strategies for addressing issues and achieving management objectives over a 5 to 10-year period. Two types of strategies are presented in the general management plan: 1) those required to manage and protect the park's resources and 2) those required to provide for visitor use and interpretation of the resources. Programs, actions, and support facilities necessary for efficient park operation and visitor use are identified based on these strategies. In addition, plans must be consistent with NPS Management Policies; be in compliance with legislative and executive requirements; reflect resource limitations, visitor safety considerations, and budgetary constraints; and recognize the concern expressed by the public and other agencies during planning efforts.

Management Objectives...

Management objectives have been developed that provide direction for the overall administration of the park and guide the preparation of the general management plan.

Visitor Experience:

To provide a setting that helps the visitor to experience a sense of time and place which existed on December 17, 1903, and to realize the magnitude of the Wright brothers' achievements.

Resource Management:

To preserve, protect, and manage the cultural resources including artifacts and monuments associated with the achievements of the Wright brothers to inspire this and future generations.

Interpretation:

To interpret the events leading to the first, heavier-than-air, controlled, powered flight and its impact on the history of mankind.

To demonstrate the fundamental aerodynamic principles discovered in the Wright brothers' experiments which lead to man's conquest of the air.

To promote visitor appreciation and understanding of the two men responsible for this achievement.

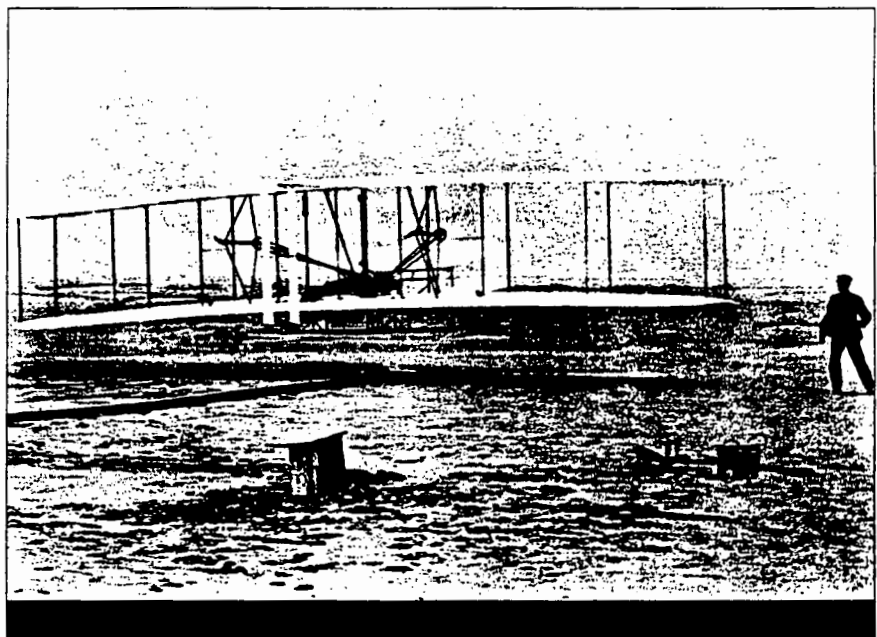
Commemorative Events:

To foster and promote through partnership opportunities special activities at the site which commemorate the achievements of the Wright brothers in powered flight.

Issues:

Based upon the management objectives, the following issues are addressed in the General Management Plan:

- What steps can be taken to improve access into and out of the park? Should the visitor entrance and exit remain off U.S. 158 or is there a more suitable location?
- Should the facilities of the park accommodate the anticipated growth in visitation? What changes will be needed to accommodate major increases in visitation?
- What steps can be taken to ensure a quality visitor experience? Should a limit be placed on the number of visitors entering the park? What can be done to maximize the flight room talk?
- What steps can be taken to prepare the park for the 100th anniversary and to carry the story of the Wright brothers into the 21st Century?



The Plan...

Construct A New Visitor/Administrative Facility West Of U.S. 158 And Redesign The U.S. 158 Entrance To The Park

The NPS framed the General Management Plan to provide a satisfying experience for the memorial's visitors, to respond to the issues facing the memorial, and to address the direction set out in the Act of March 2, 1927, and the management objectives.

The plan recommends a new visitor/administrative facility west of U.S. 158 and redesigning the U.S. 158 entrance to the park.

Two elements of this plan predominate many of the issues facing the management of the memorial as the NPS prepares for the centennial of flight in 2003 and forges into the 21st Century. By addressing 1) the function and location of a new visitor/administrative facility and 2) the location and enhancement of the visitor's entrance, the NPS will lay the groundwork for solving many of the problems besetting the memorial today; problems that will surely exacerbate in the future. During the plan's preparation, the NPS coordinated its efforts with various State and local agencies and interest groups. Implementation of the plan will be dependent upon continued coordination and support. New funding sources and technological advances are available to the NPS that address issues identified in the plan. A summary comparison of how the plan addresses the issues is shown in Table 1. Table 2 shows the costs for implementing the plan.

Worldwide interest in the centennial of flight also stimulates reconsideration of the memorial for "World Heritage" status. In preparation for the 100th anniversary of flight, the NPS will resubmit its application for this international recognition.

Concept

- *Construct a new visitor/administrative facility*
- *Redesign U.S. 158 entrance*
- *Enhance interpretive messages*

The NPS will construct a new visitor/administrative facility designed to inspire park visitors about the achievements of the Wright brothers. Visitors will enter the park from U.S. 158, but a redesigned intersection will alleviate vehicle entrance and egress problems.

The NPS's interpretive efforts will be focused in the Visitor Center, allowing the visitor to contemplate the memorial landscape on its own terms. Through a series of interpretive media and devices in the Visitor Center, park visitors will learn about the Wright brothers contributions to aviation and the effects those accomplishments had on humankind. Then, armed with this information, visitors can venture onto the memorial's landscape and visit the areas where the Wrights conducted their glider experiments, where the first flights ascended, and where the Nation built a lofty monument and memorial landscape in their honor.

The NPS will prepare for the events culminating with the centennial of flight on December 17, 1903. In order to meet the demands associated with this international event and to accommodate the needs of resource protection and visitor services of the 21st Century, the NPS will embark on an ambitious program which will, to a large extent, depend upon the assistance of the First Flight Centennial Foundation created by the State of North Carolina. Legislation may also be introduced into the U.S. Congress for the creation of a national commission.

A summary comparison of how the plan addresses the issues is shown in Table 1. Table 2 shows the costs for implementing the plan. (see pages 19-23)

The Plan...continued

road system linking the existing entrance with the road around Kill Devil Hill will be removed and the area grubbed and revegetated.

Fee Collection

- *Fee collection plaza*
- *Automated and cash transactions*

The NPS will work closely with the local community and organizations to publicize the fee system at the memorial. Visitors will be made aware of the collection system prior to entering the park.

Nevertheless, strategically placed signs will remind visitors of the fee collection system.

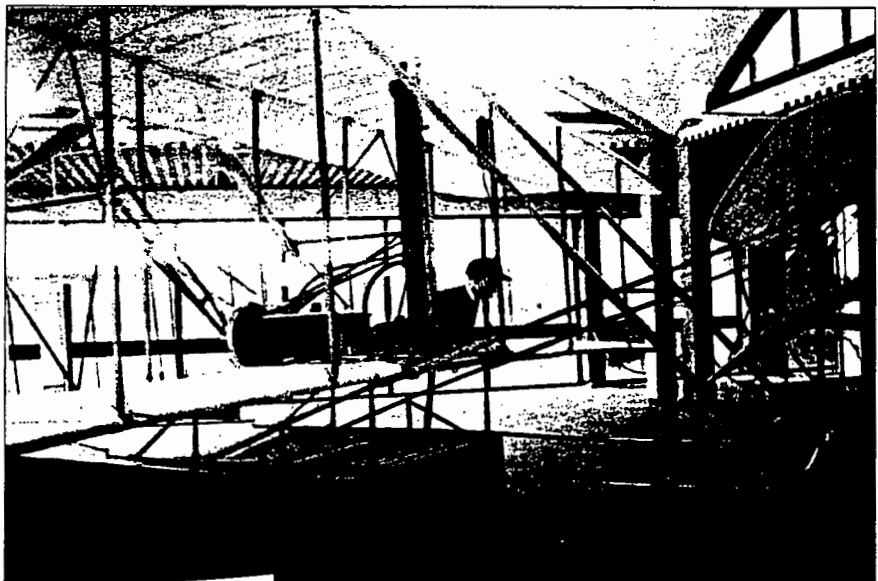
The southbound deceleration (or stacking) lane will permit the NPS to collect fees as vehicles enter the memorial instead of collecting the fee while exiting. Northbound vehicles will use the jug handle turn and stack accordingly. Traffic signals will be calibrated and sufficient stacking space allotted to prevent congestion between northbound and southbound entering vehicles. A fee collection plaza (3 lanes) consisting of 3 booths will hasten visitor entrance into the memorial and will accommodate all sizes and types of vehicles. A vegetative barrier will screen the fee collection plaza from the Visitor Center and the rest of the park.

The NPS, by instituting an automated fee collection system that uses bank/credit cards, might eliminate the need to use currency to enter the park. Some booths may collect automated transactions, while other booths will accommodate memorial visitors requiring a cash transaction.

Visitor Use

- *New visitor /administrative facility*
- *5,000 square feet administrative space*
- *12,000 to 15,000 square feet for visitors*
- *Multiple interpretive venues*
- *Wright flyer*
- *Wright glider*
- *Quarters/hangar exhibit*
- *Feature film*
- *Ranger talk auditorium*
- *High tech exhibits*
- *Video link with Dayton Aviation Heritage NHP*

To accommodate the demands generated by the centennial of flight and of the 21st Century, the NPS in cooperation with the North Carolina First Flight Centennial Foundation will construct a new visitor/administrative facility. The facility will be



The Plan...continued

considered when visitation levels reach excessively crowded conditions.

The audiovisual area will feature a film (perhaps a mini-IMAX) of approximately 20 to 22 minutes in length to complement the ranger talk in the First Flight auditorium. Specialized features (8 to 10 minutes in length) on various aspects of the Wright brothers story will also be available in this area. This space will accommodate approximately 200 visitors.

Continuing a long-established tradition, the First Flight auditorium talk will feature the inspirational story of triumph and achievement of the Wright brothers with the replica Wright flyer as the backdrop. To promote maximum contact and comprehension at this presentation, the audience will be limited to 200 visitors. Consideration will be given to shortening the talk to approximately 20 minutes.

As Wilbur and Orville Wright successfully explored the limits of technology in the early 20th Century, the NPS, in one area of the Visitor Center, will employ high tech methods to relate the Wright brothers story. Monitors, computers, and other types of interactive or audiovisual media will draw various age groups to this area. In order to avoid having an individual monopolize the various stations and exhibits, the NPS will design most stations to accommodate group activities. The NPS will solicit the expertise of software and hardware manufacturers to assist in the development and support of the technology for these exhibits.

The NPS will complement its high tech exhibits with areas devoted to artifacts, story boards, panels, dioramas, or photographs. These exhibits will explain the saga of the Wright brothers achievements and be designed to inform visitors representing many age and interest levels.

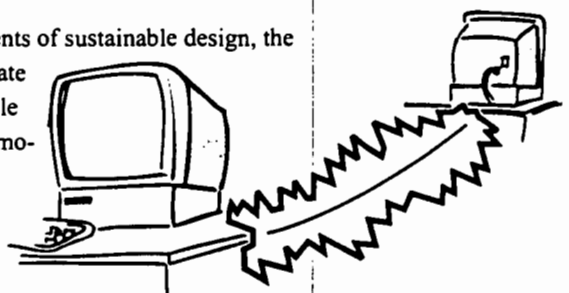
The messages conveyed at Wright Brothers National

Memorial culminate with the events of December 17, 1903, and the effects of the Wrights' achievements on humankind. The park can relate only a portion of this inspirational story. Another national park system unit in Ohio, the Dayton Aviation Heritage National Historical Park, complements and broadens the story of the Wright brothers. To enhance the interpretive programs at both sites, the NPS may establish a video link between the parks in Kill Devil Hills and Dayton. The parks will cooperate with the local school districts to develop programs and educational materials to supplement the on-site and video visits. Special programs, such as First Flight auditorium talks or commemorative celebrations, will be linked to Dayton. Similar types of special events or Wright-related educational programs will be broadcast to Kill Devil Hills. Educational programs could be linked directly to the two sites or to schools in North Carolina and Ohio.

The Eastern National Park and Monument Association sales outlet will be located in an area near the facility's exit. This layout will lessen crowding in the orientation area and promote a smooth flow of visitor movement through the facility.

By incorporating elements of sustainable design, the facility will accommodate changes in use. Movable interior walls to accommodate space for large numbers of visitors for commemorative events or special exhibitions, flexible mechanical systems (for example, the ability to easily move HVAC ducts and electrical conduits), alternative energy sources, and the flexibility to expand without compromising the integrity of the building will all be incorporated. Rest rooms will be located on the exterior of the

The park can relate only a portion of this inspirational story. Another national park system unit in Ohio, the Dayton Aviation Heritage National Historical Park, complements and broadens the story of the Wright brothers. To enhance the interpretive programs at both sites, the NPS may establish a video link between the parks in Kill Devil Hills and Dayton.



The Plan...continued

Starting at the commemorative boulder visitors will venture along another stabilized trail that follows the path of the first four flights of December 17, 1903, the extent of each flight signified by a marker. The NPS will consider replacing the present markers with those that are less conspicuous on the landscape. The Wayside Exhibit Plan will address this issue more specifically. A 60-foot long steel monorail, a replica of the starting rail which stabilized the flyer during take off, parallels this path. Referred to as the "Junction Railroad" by the Wright brothers, the original rail consisted of four 15-foot two-by-fours.

Turning toward the southwest, visitors will begin their journey along a stabilized trail from the First Flight area to the base of Kill Devil Hill. This path follows a wide road which was part of the memorial's design in the late 1920s and early 1930s. From the base of the hill, visitors may ascend to the memorial pylon perched approximately 90 vertical feet above the hill's base. A series of historic paths wind up the hill, gradually reaching the base of the memorial pylon. To accommodate visitors who arrive at Kill Devil Hill without stopping at the First Flight Area, the NPS will construct two additional trails. One trail will follow the road to the northern base of the hill; the other trail will begin at the eastern parking area and connect with the hill's trail system. This linkage will mirror the trail connector on the opposite side of the hill and complete the symmetrical design.

From the top of Kill Devil Hill visitors will gain a perspective of the surrounding landscape while contemplating the achievements of Wilbur and Orville Wright. Following their descent from the hill, visitors will follow another path to the Visitor Center, to the first flight site, or perhaps to the west and take in an airplane ride at the First Flight strip.

Returning to the Visitor Center visitors will be presented with a variety of choices including:

1) completing their visit and leaving; 2) reentering the facility and obtaining or purchasing additional information; or 3) driving their vehicles around Kill Devil Hill—and stopping at one of the parking areas along the road or taking a ride in the concessionaire-operated airplane—and exiting the park.

To preserve the sanctity of the commemorative design and the memorial landscape and to encourage visitors to become pedestrians on the landscape rather than drivers or passengers in a vehicle, the NPS will restrict access to the full circular drive. During the peak use season, the NPS will close to vehicular traffic the northern portion of the circular road between the parking areas. The NPS will install gates or removable bollards to close that portion of the road. At its discretion the NPS will open the road during such times as periods of nonpeak use, inclement weather, or during commemorative events. A screened cul-de-sac located near the First Flight concessionaire will permit buses and vehicles to turn around. Traffic will be two way at this time.

Returning to the Visitor Center visitors will be presented with a variety of choices including:

1) completing their visit and leaving; 2) reentering the facility and obtaining or purchasing additional information; or 3) driving their vehicles around Kill Devil Hill - and stopping at one of the parking areas along the road



The Plan...continued

Memorial Pylon

- *Restore to past grandeur*
- *Visitor access to bottom floor*
- *Reilluminate beacon*

Visitors will be encouraged to climb Kill Devil Hill to the base of the memorial pylon, however access to the structure will be limited to the ground floor when staff is available. The NPS will install gates across the stairways to prohibit visitor access up the stairs.

Material deterioration and mechanical problems have beset the memorial pylon since it was built in 1932. Water has seeped through the structure and the electrical system is outmoded. A Historic Structure Assessment Report prepared by the NPS had identified specific problems and preservation actions. To restore the memorial pylon to its stature of a bygone era, the beacon atop the structure will be reilluminated.

Vegetation Management

- *Enhance visitor views*
- *Screen modern intrusions*
- *Reduce maintenance*

In particular instances the visitor experience will be enhanced through the selective removal or addition of vegetation. By planting, thinning, or removing vegetation, the NPS will direct and enhance views within and outside the memorial.

Visitors looking toward and beyond the First Flight area notice single-engine aircraft taking-off and landing on a regular basis. Because the vegetative line separating the memorial's open area from the First Flight Airstrip is so thick, visitors seldom see the aircraft taxiing down the airstrip. Thinning or removing some of this vegetation adjacent to the airstrip (Figure 1) will enable visitors to observe the small aircraft, thus, perhaps, broadening their interest and understanding of the story of flight. After experiencing the First Flight auditorium talk and observing the exhibits, visitors will have a clear view of these aircraft soaring into or descending from the sky. Nonetheless, a balance between visual access in the historic scene and noise buffer must be achieved.

Another type of visitor experience will be enhanced by selective removal of vegetation. The illuminated memorial pylon serves as a striking monument to the Wright brothers, especially during nighttime hours. Vehicles travelling north and south along U.S. 158, in most instances, gain a clear view of the memorial pylon. However, some vegetation has grown so high on park property along the highway to obscure this view. The NPS will selectively thin or trim this vegetation and work with other property owners along U.S. 158 to ensure that this view will be maintained.



The Plan...continued

On the other hand, some selective planting of vegetative screens along park boundaries will help seal visitors within the confines of the memorial and reduce the impact of adjacent development on the visitor's experience. This situation is apparent at the park's entrance. Although adjacent land uses cannot entirely be screened from visitors, the addition of vegetation at this location will help soften distracting sights and sounds and focus visitors attention on the Wright brothers story. Maintaining the vegetation along U.S. 158 in the area of the Visitor Center will also shelter visitors from the noise and traffic generated by the busy thoroughfare.

Vegetation management guidelines will also be based on reducing staff hours required for mowing, trimming, and maintenance. Specific actions will include prescribed mowing times or seasons and altering perceptions of what the site should look like (for example taller grasses and less understory).

Additional Facility Development Or Removal

- *Expand car and plane parking at First Flight Airstrip*
- *New concession structure at airstrip*
- *Relocate maintenance facilities*
- *Remove 1930s superintendent's house*



Anticipating increases in small plane use of the First Flight Airstrip, the NPS will expand the capacity of the vehicle and plane parking areas serving the airstrip. The plane parking area will expand by a factor of 1.25, while the vehicle parking area will expand 2 to 2.5 times its present size. These actions will entail additional paving and the removal of a small amount of vegetation.

NPS will replace and relocate the inadequate First Flight concession structure. The new structure will complement the new visitor center, be located

nearby, and provide sanitary facilities and some shelter from the sun and rain. Enhanced signing along the circular road will direct visitors to this location. The vacated site will be cleared, grubbed, and replanted with native vegetation.

Several structures serve or have served as employee housing over the years. The Cape Hatteras Group superintendent occupied a 1930s brick structure located on the south portion of the memorial, off Colington Road, near the maintenance area. In an effort to remove non-visitor related structures from the memorial's landscape and reduce the disruption to the park's natural and cultural resources, the NPS will remove the building, obliterate the surrounding impervious surfaces (roads and walkways), and restore the vacant land with native vegetation.

In similar fashion, the need to provide employee housing at the memorial has waned. The community offers sufficient numbers of adequate housing. Currently, several employees occupy trailers located in a housing compound on the west side of the memorial off Colington Road. The NPS will phase out employee housing, remove the trailers and associated development, and replant the area with native vegetation or consider this site for the location of a new maintenance area. However, what little seasonal and volunteer housing needs might exist will be considered as part of the Cape Hatteras Group's Bodie Island Housing Initiative.

In another effort to remove non-visitor related structures from the memorial's landscape and reduce the disruption to the park's natural and cultural resources, the NPS will relocate its maintenance facility from its current location (off Colington Road and south of Kill Devil Hill). The physical facilities are barely adequate to serve the park and have been constructed in a piecemeal manner. The NPS will also remove the asphalt

III

The Plan...continued

road linking the superintendent's house and the maintenance area with the circular drive and Colington Road. The disturbed area will be grubbed and stabilized with native vegetation. Maintenance vehicles may enter the park from Colington Road via the First Flight Airstrip road.

Three possible locations (Figure 1), all within the park's boundaries but away from primary historic resources and visitor activity, will qualify to accommodate the new maintenance area. Site A currently is the site for employee housing which will be removed. Site B, located across the road from the housing compound, served as the location for a Civilian Conservation Corps camp in the 1930s. Site C, located west of the "emergency clear zone," is another disturbed area. All three sites have been disturbed within the past 50 to 60 years. Selection of a preferred site will take the following criteria into consideration: 1) remote location, away from visitor experience areas; 2) minimal disturbance to prime cultural and natural resources; 3) sufficient area, approximately two acres; 4) safe road entrance; and 5) to minimize costs, take advantage of existing infrastructure.

Costs and Staffing

- \$26,565,400
- *Local and state government responsible for U.S. 158 improvements*
- *Slight increase in staff*

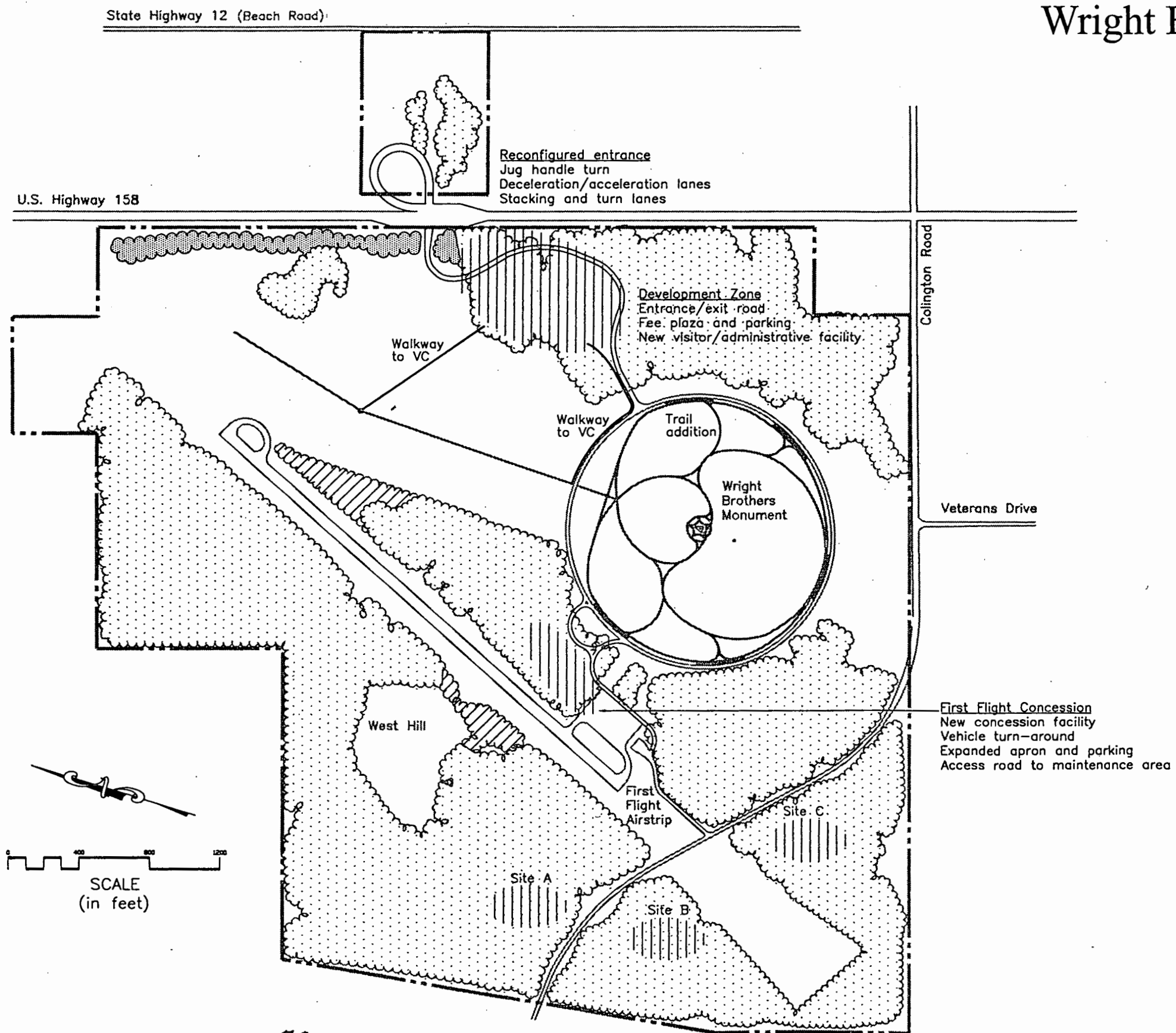
Completing the developments outlined under this plan will cost \$26,565,400. Improvements associated with U.S. 158 including deceleration and acceleration lanes, the jug handle turn, and the enhanced traffic signal system are not included. Local or State agencies will be responsible for these improvements. This plan will require the services of a projectionist and a person skilled to maintain the high tech interpretive equipment. The park will consider adding staff members or contracting for these services.



Wright Brothers National Memorial

Kill Devil Hills North Carolina

**Construct A New
Visitor/Administrative
Facility West Of
U.S. 158 And
Redesign The
U.S. 158 Entrance
To The Park**



Legend

- Property line
- Existing trees/shrubs
- Tree/shrub plantings
- Tree/shrub thinning
- Development areas
- Proposed roads and trails
- Proposed maintenance area

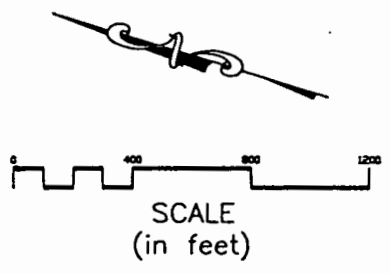


Figure 1.

Table 1

A Summary of how the Wright Brothers National Memorial General Management Plan addresses the issues.

Issues:	The Plan
<i>Prepare for 2003</i>	<input checked="" type="checkbox"/> New visitor center, exhibits, and parking area.
<i>Memorial Pylon</i>	<input checked="" type="checkbox"/> Historic Structure Assessment Report to recommend specific actions (e.g. electrical, masonry, and beacon repair).
<i>Visitor Center Improvements</i>	<input checked="" type="checkbox"/> New visitor center, exhibits, and parking area; <input checked="" type="checkbox"/> Ensure quality experience; <input checked="" type="checkbox"/> Protect cultural and natural resources; <input checked="" type="checkbox"/> Enhance scenic/historic views; <input checked="" type="checkbox"/> Relocate/improve concession facilities; <input checked="" type="checkbox"/> Enhance interpretation; <input checked="" type="checkbox"/> Reservation system; <input checked="" type="checkbox"/> Relocate maintenance; and <input checked="" type="checkbox"/> Remove superintendent's house.
<i>Accommodate Park Visitor</i>	<input checked="" type="checkbox"/> New visitor center; <input checked="" type="checkbox"/> New parking area; <input checked="" type="checkbox"/> Reservation system; and <input checked="" type="checkbox"/> Relocate/improve concession facilities.
<i>Visitor Circulation</i>	<input checked="" type="checkbox"/> Designated stabilized trails; <input checked="" type="checkbox"/> Visitor center design; <input checked="" type="checkbox"/> Transition areas; <input checked="" type="checkbox"/> Enhanced information; and <input checked="" type="checkbox"/> Portion of circular road closed.
<i>Limited Staff</i>	<input checked="" type="checkbox"/> Supplement with automated fee collection; <input checked="" type="checkbox"/> Sustainable design; <input checked="" type="checkbox"/> Reservation system; and <input checked="" type="checkbox"/> Use of Volunteers-in-the-Park.
<i>Fee Collection</i>	<input checked="" type="checkbox"/> Automated bank/credit card at fee plaza as entering park.

please continue

Table 1 - continued

A Summary of how the Wright Brothers National Memorial General Management Plan addresses the issues.

Issues:	The Plan
<i>Visitor Entrance</i>	<input checked="" type="checkbox"/> Off US 158; <input checked="" type="checkbox"/> Southbound deceleration lane; <input checked="" type="checkbox"/> Northbound jug handle turn; <input checked="" type="checkbox"/> Enhance traffic signal.
<i>Additional Facility Development or Removal</i>	<input checked="" type="checkbox"/> Relocate maintenance facility; and <input checked="" type="checkbox"/> Remove superintendent's house.
<i>Adjacent Land Use & Vegetation Management</i>	<input checked="" type="checkbox"/> Soften effect of adjacent land use and reveal internal views.
<i>Accommodate Local Use</i>	<input checked="" type="checkbox"/> Beach parking
<i>Relationship with Dayton</i>	<input checked="" type="checkbox"/> Video link for programs; and <input checked="" type="checkbox"/> Educational materials in North Carolina and Ohio.



Table 2

The Plan: Construct a new visitor/administrative facility west of U.S. 158 and redesign the U.S. 158 entrance to the park.

Development Item:	Gross Construction Costs:
New visitor center Site prep and new construction Administrative and visitor center furnishing Flagpole, landscaping, planting, and site work	\$8,058,800
Stabilize memorial pylon**	\$115,300
Interpretive/commemorative circulation Interpretative display planning and production Artifact conservation Waysides, planning, and production Interactive video and projection system Surface stabilized trail (16,250 lf)	\$9,567,250
Fee collection plaza 3 toll booths	\$129,700
Construct new maintenance area on 2-acre site and use existing infrastructure Site prep and new construction Administration building furnishing 10 KW generator with shelter Flammable materials storage building Chain link fence and gate Paved parking and parking lot lighting Directional/informational sign	\$1,209,850
Entrance and parking Main entrance and roadway signs Clear vegetation Entrance road construction Parking area for 225 vehicles	\$897,900
Remove existing visitor center and parking area Building, parking lot and road removal Underground storage tank removal and reclamation with native plants	\$367,900

please continue

Table 2 - continued

The Plan: Construct a new visitor/administrative facility west of U.S. 158 and redesign the U.S. 158 entrance to the park.

Development Item:	Gross Construction Costs:
Relocate maintenance area to undeveloped 2-acre site (additional costs) Entrance road construction	\$21,850
Relocate First Flight concession Medium clear/grub Remove building Construct concession and sanitary facility Paved parking Directional/informational sign	\$80,750
Vegetation screens and management Along U.S. 158 Remove/thin vegetation at airstrip/First Flight area Remove/thin vegetation between airstrip and West Hill	\$157,100
Remove park housing Remove mobile homes, concrete pads, and road Land reclamation with native plants	\$21,750
Remove maintenance area Building, pad, and road removal Land reclamation with native plants	\$109,900
Remove superintendent's house Building and road removal Land reclamation with native plants	\$38,750
Rework park's drainage system Install 40"-corrugated pipe	\$475,500
Development Item	Gross Construction Costs
Subtotal Gross Construction Costs	\$21,252,300
Advance and Project Planning Costs	\$5,313,100
The Plan's Total Project Costs	\$26,565,400
* Price based on 1991 Means Facilities Cost Data **To be determined by findings of HSAR Septic design for 3,500 visitors and a peak of 5,000/day	

- PS = Personal Services
- P = Publications
- A/ID = Architectural and Interior Design Elements
- M = Museum Exhibits
- W = Waysides
- A = Audio-Visual
- HF = Historic Furnishings

Table 3

Treatment of interpretation of the various themes at resource locations.

Resources/Themes:	1st Flight Dec. 17, 1903	1903 Flyer	Wright Brothers Profile	Significance of First Flight	Outer Banks Environment	Glider Experiments	Camp Life	Dayton Work	1902 Glider (wings control)	Attempts of Others	Wrights after 1903	Aviation/Aerospace Milestones	Memorialization	Park Development	Changes in Environment	Orientation
Desk/ Info Area																PS, P, M
Theater AV Area (8-10 Minutes)	A	A	A	A	A	A	A		A				A			
Theater AV Area (20-22 Minutes)	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A
Flyer Room	PS, M, A	PS, M, A		P, S												
Glider Room						M, PS, A	PS	PS	M, PS, A							
Exhibit Area	M	M, A	M	M	M	M, A	M, HF, PS	M	M	M	M	M	M		M	
High Tech Exhibit Area	M, A	M, A			M, A			M, A	M, A	M, A		M, A				
Sales Area	P, A	P, A	P, A	P, A	P, A	P, A	P, A	P, A	P, A	P, A	P, A	P, A	P, A	P, A	P, A	P, A
First Flight Area	PS, W												PS			
Memorial Pylon	W					PS, W							PS			
1903 Campsite		PS					PS, W						PS			
Transition Zone (VC Foyer)	M		M	M												
Transition Zone (VC To First Flight Area)	PS, W				PS						A/ID					PS, M, A/ID
Transition Zone (Parking Lot to VC)	A/ID			A/ID												W, A/ID
Transition Zone (First Flight Area to Pylon Paths)					W	W	W	W								W
Big Kill Devil Hill							W									W
First Flight Airstrip																W
West Hill						W		W								
Off-Site	PS, A, P	PS, A, P	PS, A, P	PS, A, P	PS, A, P	PS, A, P	PS, A, P	PS, A, P	PS, A, P	PS, A, P	PS, A, P	PS, A, P	PS, A, P	PS, A, P	PS, A, P	PS, A, P
Kill Devil Hills Lifesaving Station	W	W		W	W											
Kill Deveil Hills Post Office				W												
Kitty Hawk Lifesaving Station	W			W												
Dayton Aviation Heritage NHP	A, P	A, P		A, P	A, P	A, P	A, P		A, P				A, P	A, P	A, P	A, P
Aycock Brown Welcome Center	M, W			M, W												

FIRST FLIGHT COMMISSION ESTABLISHED

Sec. 7. (a) Chapter 143 of the General Statutes is amended by adding the following new Article to read:

"ARTICLE 67.

"First Flight Centennial Commission.

"§ 143-640. Commission established; purpose; members; terms of office; quorum; compensation; termination.

(a) Establishment. -- There is established the First Flight Centennial Commission. The Commission shall be located within the Department of Cultural Resources for organizational, budgetary, and administrative purposes.

(b) Purpose. -- The purpose of the Commission is to develop and plan activities to commemorate the centennial of the first successful manned, controlled, heavier-than-air, powered flight (in this Article referred to as 'the First Flight') and other historical events related to the development of powered flight.

(c) Membership. -- The Commission shall consist of 26 members, as follows:

- (1) Four persons appointed by the Governor.
- (2) Four persons appointed by the President Pro Tempore of the Senate.
- (3) Four Persons appointed by the Speaker of the House of Representatives.
- (4) The following persons or their designees, ex officio:
 - a. The Governor.
 - b. The President Pro Tempore of the Senate.
 - c. The Speaker of the House of Representatives.
 - d. The United States Senators from this State.
 - e. The member of the United States House of Representatives for the Third Congressional District.
 - f. The Governor of the State of Ohio.
 - g. The Secretary of the Department of Cultural Resources.
 - h. The Superintendent of the Cape Hatteras National Seashore of the United States National Park Service.
 - i. The chair of the Centennial of Flight Commemoration Commission.
 - j. The President of the First Flight Society.
 - k. The chair of the Dare County Board of Commissioners.
 - l. The Mayor of the Town of Kill Devil Hills.
 - m. The chair of the Dare County Tourism Board.

The members appointed to the First Flight Centennial Commission shall be chosen from among individuals who have the ability and commitment to promote and fulfill the purposes of the Commission, including individuals who have demonstrated expertise in the fields of aeronautics, aerospace science, or history, who have contributed to the development of the fields of aeronautics or aerospace science, or who have demonstrated a commitment to serving the public.

(d) Terms. -- Members shall serve for two-year terms, with no prohibition against being reappointed, except initial appointments shall be for terms as follows:

- (1) The Governor shall initially appoint two members for a term of two years and two members for a term of three years.
- (2) The President Pro Tempore of the Senate shall initially appoint two members for a term of two years and two members for a term of three years.
- (3) The Speaker of the House of Representatives shall initially appoint two members for a term of two years and two members for a term of three years.

Initial terms shall commence on July 1, 1994.

(e) Chair. -- The chair shall be appointed biennially by the Governor from among the membership of the Commission. The initial term shall commence on July 1, 1994.

(f) Vacancies. -- A vacancy in the Commission or as chair of the Commission resulting from the resignation of a member or otherwise shall be filled in the same manner in which the original appointment was made and the term shall be for the balance of the unexpired term.

(g) Compensation. -- The Commission members shall receive no salary as a result of serving on the Commission but shall receive per diem, subsistence, and travel expenses in accordance with the provisions of G.S. 120-3.1, 138-5, and 138-6, as applicable. When approved by the Commission, members may be reimbursed for subsistence and travel expenses in excess of the statutory amount.

(h) Removal. -- Members may be removed in accordance with G.S. 143B-13 as if that section applied to this Article.

(i) Meetings. -- The chair shall convene the Commission. Meetings shall be held as often as necessary, but not less than four times a year.

(j) Quorum. -- A majority of the members of the Commission shall constitute a quorum for the transaction of business. The affirmative vote of a majority of the members present at meetings of the Commission shall be necessary for action to be taken by the Commission.

(k) Termination of Commission. -- The Commission shall terminate June 30, 2004, which is six months after the 100th anniversary of the First Flight.

"§ 143-641. Powers and duties of the Commission.

(a) Powers and Duties. -- The Commission shall have the following powers and duties:

- (1) To plan and develop activities appropriate to commemorate the centennial of the First Flight, including the coordination of activities throughout the State and nation.
- (2) To coordinate with the national Centennial of Flight Commemoration Commission and the 2003 Fund Commission of Ohio in planning and promoting commemorative events and activities.
- (3) To appoint a director, who shall be exempt from the State Personnel Act, to employ other staff as it deems necessary, subject to the State Personnel Act, and to fix their compensation.

- (4) To adopt bylaws by a majority vote of the Commission.
- (5) To accept grants, contributions, devises, bequests, gifts, and services for the purpose of providing support to the Commission. The funds and property shall be retained by the Commission, and the Commission shall prescribe rules under which the Commission may accept donations of money, property, or personal services, and determine the value of donations of property or personal services.
- (6) To design, seek clearance for, and register with the Secretary of State a logo as the official emblem of the First Flight celebration, in coordination with the federal advisory commission. The Commission shall issue rules regarding the use of the logo.

(b) Commemoration Activities. -- In planning and implementing appropriate activities to commemorate the centennial of the First Flight, the Commission shall give due consideration to:

- (1) The historical setting in which the First Flight of the Wright Brothers took place.
- (2) The contribution of powered flight to the development of transportation worldwide.
- (3) The contribution that powered flight has made to worldwide trade and the economic development of the United States and all nations.
- (4) The contribution that powered flight has made to world peace and security.
- (5) The need to educate the public regarding the research and development of powered flight, and to acknowledge the development of aeronautics, aerospace science, and the aerospace industry, including the development of the glider and Orville and Wilbur Wright's contribution to the development of the glider.
- (6) The development of aerospace science and the aerospace industry since the First Flight, including the development of space exploration.
- (7) The importance of activities to commemorate the First Flight and to honor Orville and Wilbur Wright and their contribution to powered flight.
- (8) The need to expand the facilities of the Wright Brothers National Memorial to honor Orville and Wilbur Wright and to educate the public regarding the development of powered flight and the development of aeronautics and aerospace science since the First Flight.
- (9) The commitment and efforts of the First Flight Society and the National Park Service to preserving the Wright Brothers National Memorial and to honoring Orville and Wilbur Wright on the centennial of the First Flight.

(c) Contract Authority. -- The Commission may procure supplies, services, and property as appropriate, and may enter into contracts, leases, or other legal agreements to carry out the purposes of this Article. All contracts, leases, or legal agreements entered

into by the Commission shall terminate on the date of termination of the Commission. Termination shall not affect any disputes or causes of action of the Commission that arise before the date of termination, and the Department of Cultural Resources may prosecute or defend any causes of action arising before the date of termination. All property acquired by the Commission that remains in the possession of the Commission on the date of termination shall become the property of the Department of Cultural Resources.

"§ 143-642. Assignment of property; offices.

(a) Assignment of Property. -- Upon request of the Commission, the head of any State Agency may assign property, equipment, and personnel of such agency to the Commission to assist the Commission in carrying out its duties under this Article. Assignments under this subsection shall be without reimbursement by the Commission to the agency from which the assignment was made. Property and equipment that remains in the possession of the Commission on the date of the termination of the Commission shall revert to the agency from which the property was acquired.

(b) Office Space. -- The Department of Cultural Resources shall provide office space in Raleigh for use as offices by the First Flight Centennial Commission, and the Department of Cultural Resources shall receive no reimbursement from the Commission for the use of the property during the life of the Commission.

"§ 143-643. Commission reports.

(a) Annual Report. -- Before July 1, 1995, the Commission shall submit to the General Assembly a comprehensive report incorporating specific recommendations of the Commission for commemoration of the First Flight and other historical events related to the development of powered flight. After the initial report, the Commission shall submit a report to the General Assembly within 30 days of the convening of each Regular Session of the General Assembly until the Commission terminates. The report shall include:

- (1) Recommendations for appropriate activities for the commemoration, including:
 - a. Publications, both printed and electronic, of books, periodicals, films, videotapes, and other promotional and educational materials.
 - b. Scholarly projects, conferences, lectures, seminars, and programs.
 - c. Libraries, exhibits, and museums.
 - d. Competitions and awards for historical, scholarly, artistic, and other works and projects related to the centennial.
 - e. Ceremonies and celebrations, including a calendar of major activities, commemorating the centennial and other related historical events and achievements.
- (2) Recommendations for legislation and administrative action to promote and develop the commemoration.
- (3) An accounting of funds received and expended.

(b) Final Report. -- The Commission shall submit a final report to the General Assembly no later than June 30, 2004. The final report shall include:

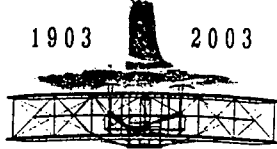
- (1) A summary of the activities of the Commission.
- (2) A final accounting of funds received and expended by the Commission.
- (3) Recommendations concerning the disposition of historically significant property donated to or acquired by the Commission."

(b) The Department of Cultural Resources shall use funds within its budget for the 1994-95 fiscal year, in the amount of seventy-five thousand dollars (\$75,000) for the establishment and operation of the First Flight Centennial Commission during the term of the Commission.

FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

Melvin R. Daniels, Jr.
CHAIRMAN

Richard T. Howard
VICE-CHAIRMAN

FIRST FLIGHT CENTENNIAL COMMISSION MEMBERS

January 29, 1997

Ms. Artie Ange
100-M Sunset Blvd.
Corolla, NC 27927
Phone: (919) 453-4110 (w) and fax
(919) 441-5011 (h)

Mr. Russell W. Berry, Jr., Superintendent
Cape Hatteras National Seashore
Route 1, Box 675
Manteo, NC 27954
Phone: (919) 473-2111, ext. 150
Fax: (919) 473-2595

Mrs. Kay P. Carrington
2023 Landings Way
Raleigh, NC 27615
Phone: (919) 790-0959 (h)
Fax: (919) 790-1038

Mr. Godfrey Cheshire, Jr.
Chair, Coin and Stamp Sub-Committee
2522 Wake Drive
Raleigh, NC 27608
Phone: (919) 832-6800 (w)
(919) 782-0130 (h)
Fax: (919) 832-8043

Mr. J. Edward Cofield, Sr.
2322 Wade Avenue
Raleigh, NC 27607
Phone: (919) 834-3166 (h)
(919) 833-5811

First Flight Centennial Commission

Members (continued)

The Honorable Melvin R. Daniels, Jr.

Chairman of the Commission

Box 346 / One Rochelle Drive

Elizabeth City, NC 27909

Phone: (919) 338-2141 (w)

(919) 338-6939 (h)

Fax: (919) 331-6085

Mr. Michael W. Haley

1031 Summit Avenue, Suite 2W-1

Greensboro, NC 27415

Phone: (910) 275-5475 (w)

Fax: (910) 275-5803

Mr. John M. Harris

Chair, Logo-Emblem Committee

P. O. Box 1839

Nags Head, NC 27959

Phone: (919) 441-4127, ext. 15

Fax: (919) 441-7597

Mr. Aubrey F. Heath

Chair, Housing and Transportation Sub-Committee

P. O. Box 1351

Nags Head, NC 27959

Phone: (919) 480-1033 (w)

(919) 441-8493 (h)

Fax: (919) 441-2713

Mr. Richard T. Howard; Vice-Chairman of the Commission

Chair, Grants, Bequests and Gifts Committee

812 North Elm Street

Greensboro, NC 27401

Phone: (910) 274-0765 (w)

Fax: (910) 379-9977

Mr. Alton "Al" V. Jones

Chair, Activities and Events Committee

P. O. Box 2656

Kill Devil Hills, NC 27948

Phone: (919) 441-2424 (h)

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First Flight Centennial Commission

Members (continued)

Mr. Warren C. Judge, III
Chairman, Dare County Tourism Board
P.O. Box 3189
Kill Devil Hills, NC 27948
Phone: (919) 441-1649 (w)
Fax: (919) 441-1663 (w)

Secretary Betty Ray McCain
North Carolina Department of Cultural Resources
109 East Jones Street
Raleigh, NC 27601-2807
Phone: (919) 733-4867 (w)
Fax: (919) 733-1564

Mr. Mike McClanahan
c/o District Congressional Office
102-C Eastbrook Drive
Greenville, NC 27858
Phone: (919) 931-1003 (w)
Fax: (919) 931-3762

Mr. Kenneth M. McIntyre
P. O. Box 2228
Chapel Hill, NC 27515
Phone: (919) 929-2268 (h)
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Mr. Kenneth Mann
First Flight Society
2422 Wrightsville Avenue
Nags Head, NC 27959
Phone: (919) 480-1500 (w)
(919) 473-3024 (h)
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Mr. W. J. "Jack" Overman, Jr.
Military Activities Sub-Committee
178 Dogwood Circle
Manteo, NC 27954
Phone & Fax: (919) 473-2126 (h)

First Flight Centennial Commission

Members (continued)

Dr. Thomas "Tom" C. Parramore
Chair, History Committee
5012 Tanglewood Drive
Raleigh, NC 27612
Phone: (919) 787-2287 (h)

Mr. Willard G. Plentl; Chair, Pub. & PR Comm.
Director, Division of Aviation / NC DOT
P.O. Box 25201
Raleigh, NC 27611
Phone: (919) 571-4904 (w)
(919) 847-4699 (h)
Fax: (919) 571-4908

Mrs. Jean G. Rogers
Chair, Education Committee
908 Woodlawn Drive
Williamston, NC 27892
Phone: (919) 792-4245 (h)
Fax: (919) 792-1965

Mr. Mark D. Selph
Chair, Facilities and Memorial Committee
P. O. Box 17187
Raleigh, NC 27619
Phone: (919) 571-4183, ext. 232
Fax: (919) 571-4703

Mr. James E. "Red" Smith
P. O. Box 775
Princeton, NC 27569-0775
Phone: (919) 936-9361 (home and fax)

The Honorable Russell Walker; Chair, Task Force Comm.
Chair, Personnel Committee
1004 Westmont Drive
Asheboro, NC 27203
Phone: (910) 625-2574 (h)
Fax: (910) 625-5742

First Flight Centennial Commission

Members (continued)

The Honorable Duncan Wright
P. O. Box 1719
Kill Devil Hills, NC 27948
Phone: (919) 441-7281 (w)
(919) 480-4003 (h)
Fax: (919) 441-7946

Mr. Wilkinson (Wick) Wright
1194 Mary Lane West
Miamisburg, OH 45342
Phone: (937) 866-1383 (h)
Fax: (937) 222-8658

Administrative Services:

Ms. Mitchell D. Bowden, Administrator
NC DCR / Division of Archives and History
109 East Jones Street
Raleigh, NC 27601-2807
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(919) 715-7379 (w)
Fax: (919) 715-8959
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Ms. Kay McEwen
FFCC Executive Secretary
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(919) 782-0935 (h)
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Ferg Norton
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(919) 715-0209 (w)
(919) 781-4454 (h)
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First Flight Centennial Commission

Advisors:

Mrs. Elizabeth B. Cofield
Consultant - Education Committee
2322 Wade Avenue
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Phone: (919) 834-3166 (h)

Mary H. Doll, District Interpreter
Consultant - Education Committee
Wright Brothers National Memorial
Post Office Box 2539
Kill Devil Hills, NC 27948
Phone: (919) 441-7430
Fax: (919) 441-7730
E-mail: mary_doll@nps.gov

Mr. Tim Gaylord, Airport Adm., Dare Cnty Reg. Airport
Advisor - Housing & Transportation Sub-Committee
P.O. Box 429 / 410 Airport Road
Manteo, NC 27954
Phone: (919) 473-2600 (w)
Fax: (919) 473-1196

Mr. Edward C. Greene
Advisor - Exper.-Homebuilt Aircraft Sub-Comm.
P.O. Box 728
Wanchese, NC 27955-0728
Phone: (919) 473-3525

Mr. Todd H. Huvard, Ed. & Publ., Southern Aviator
Advisor - Publicity & Public Relations Committee
404 Hillsborough Street, Suite 200
Raleigh, NC 27603
Phone: (919) 839-1600 (w)
(919) 553-7488 (h)
Fax: (919) 839-1055 (w)

First Flight Centennial Commission

Advisors (continued)

Mr. G. W. Meadows, Just Fly
Advisor - Ultralight Aircraft Sub-Committee
109 Carlow Avenue
Kill Devil Hills, NC 27948
Phone: (919) 480-3552 (w)
(919) 480-2774 (h)
Fax: (919) 480-0117
E-Mail: justfly@interpath.com

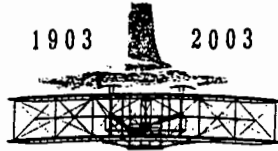
Mr. Charles J. Murray, Special Deputy Attorney Gen.
NC Dept. of Justice / Raney Building
P. O. Box 629
Raleigh, NC 27602-0629
Phone: (919) 733-6026 (w)
Fax: (919) 715-3849

Lt. Col. (sel) William C. "Bud" Redmond
Military Liaison - Military Activities Sub-Committee
Project Officer for the B-2 Naming Ceremony
105 Sawgrass Place
Goldsboro, NC 27534
Phone: (919) 736-6211 (w) or (919) 736-6932
(919) 778-3464 (h)
Fax: (919) 736-5616
E-mail: redmondw@cs4bncc.seymourjohnson.af.mil (w)
E-mail: redmon@mail.gld.com (h)

FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

Melvin R. Daniels, Jr.
CHAIRMAN

Richard T. Howard
VICE-CHAIRMAN

FIRST FLIGHT CENTENNIAL COMMISSION APPOINTMENTS & DESIGNEES

G. S. 143-640

Term-two years/staggered

Governor's Appointees:

Expiration of Term

John M. Harris
Aubrey F. Heath
Alton V. Jones
Dr. Thomas C. Parramore

June 30, 1998
June 30, 1998
June 30, 1997
June 30, 1997

President Pro Tem of the NC Senate's Appointees:

Expiration of Term

The Honorable Melvin R. Daniels (Chairman of the Commission)
Max Fenson (resigned); James E. Smith
Mark D. Selph
John A. Watkins (resigned); Willard G. Plentl, Jr.

July 1, 1997
July 1, 1998
July 1, 1998
July 1, 1997

Speaker of the NC House's Appointees:

Expiration of Term

J. Edward Cofield, Sr. (appointed by Dan Blue)
Michael W. Haley (appointed by Harold J. Brubaker)
Kenneth M. McIntyre (appointed by Dan Blue)

June 30, 1997
June 30, 1997
June 30, 1997

Ex-Officio Members or Their Designees:

Expiration of Term

The Governor of North Carolina:

Gov. James B. Hunt, Jr.
The Honorable Russell Walker (designee)

POG

The President Pro Tempore of the NC Senate:

The Honorable Marc Basnight
Artie Ange

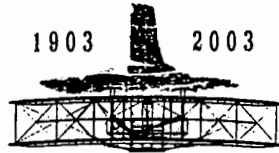
December 31, 1998

<u>The Speaker of the NC House of Representatives:</u>	<u>Expiration of Term</u>
The Honorable Harold J. Brubaker Kay Carrington (designee)	June 30, 1997
 <u>The United States Senators from North Carolina:</u>	
The Honorable Jesse Helms:	
The Honorable Godfrey Cheshire, Jr. (designee)	term
The Honorable Lauch Faircloth	
Richard T. Howard (designee)	December 31, 1998
 <u>The member of the United States House of Representatives for the 3rd Congressional District:</u>	
The Honorable Walter Jones, Jr.	
Mike McClanahan (designee)	term
 <u>The Governor of Ohio:</u>	
Gov. George Voinovich	
Wilkinson Wright (designee)	POG
 <u>The Secretary of the North Carolina Department of Cultural Resources:</u>	
Sec. Betty Ray McCain	term
Jean Rogers (designee)	June 30, 1998
 <u>The Superintendent of the Cape Hatteras National Seashore of the United States National Park Service:</u>	
Russell W. Berry, Jr.	term
 <u>The President of the First Flight Society:</u>	
James E. Smith (term ended); Ken Mann	term
 <u>The Chair of the Dare County Board of Commissioners:</u>	
The Honorable R. V. Owens	
W.J. Overman Jr. (desingee)	term
 <u>The Mayor of the Town of Kill Devil Hills, North Carolina:</u>	
The Honorable T. L. Gray (term ended);	
The Honorable Duncan Wright	term
 <u>The Chair of the Dare County Tourism Board:</u>	
Robert D. Middlebrooks (term ended);	
Warren C. Judge, III	

FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

Melvin R. Daniels, Jr.
CHAIRMAN

Richard T. Howard
VICE-CHAIRMAN

First Flight Centennial Commission

January 1997

Eleven Standing Committees (Legislative Task Force included)

Ten Sub-Committees

Executive Committee

Chair: Melvin R. Daniels Jr.; **Vice Chair:** Richard T. Howard; **Personnel Committee:** Russell Walker; **Activities and Events Committee:** Al Jones; **Finance Committee:** Godfrey Cheshire Jr.; **Facilities and Memorial Committee:** Mark Selph; **Logo Emblem Committee:** John Harris; **Education Committee:** Jean Rogers; **History Committee:** Thomas Parramore; **Grants, Bequests and Gifts Committee:** Richard Howard; **Publicity and Public Relations Committee:** William Plentl.

Finance Committee

Chair: Godfrey Cheshire Jr.
Russell Walker
Mark Selph
Artie Ange
Ex Officio: Senator Melvin R. Daniels, Jr.

Task Force

Chair: Russell Walker
Ken Mann
Richard T. Howard
Al Jones
Ex Officio: Melvin R. Daniels, Jr.

Education Committee

Duties: Shall give due consideration to the need to educate the public regarding the research and development of powered flight, and to acknowledge the development of aeronautics, aerospace science, and the aerospace industry, including the development of the glider and Orville and Wilbur Wright's contribution to the development of the glider, and to the development of aerospace science and the aerospace industry, including space exploration.

FFCC Standing Committees & Sub-Committees

Education Committee (continued)

Chair: Jean G. Rogers
Kay P. Carrington
J. Edward Cofield, Sr.
Thomas C. Parramore
James E. "Red" Smith
Artie Ange
Ex Officio: Melvin R. Daniels, Jr.
Consultants: Elizabeth B. Cofield
Mary H. Doll

The North Carolina Class of 2003 Sub-Committee

Chair: Kay P. Carrington
Elizabeth and J. Edward Cofield, Sr.
Wilkinson Wright

First Flight Elementary Schools and Classes Sub-Committee

Chair: James E. "Red" Smith
Jean G. Rogers
Elementary School Teacher and/or Principal (*to be designated*)

Kitty Hawk Cup Sub-Committee (Historical Research/Writing)

Chair: Thomas C. Parramore
Members of the History Committee

Teacher Seminars Sub-Committee

Chair: Jean G. Rogers
Douglas Wilms (*Director of the NC Geography Alliance*)

History Committee

Duties: Shall give due consideration to the historical setting in which the First Flight of the Wright Brothers took place and the contribution of powered flight to the development of transportation worldwide, and the contribution that powered flight has made to worldwide trade and the economic development of the United States and all Nations, and the contribution that powered flight has made to world peace and security.

FFCC Standing Committees & Sub-Committees

History Committee (continued)

Chair: Thomas C. Parramore
Russell F. Berry, Jr.
J. Edward Cofield, Sr.
Aubrey F. Heath
Jean Rogers
Ex Officio: Melvin R. Daniels, Jr.

Facilities and Memorial Committee

Duties: Shall give due consideration to the need to expand the facilities of the Wright Brothers National Memorial to honor Orville and Wilbur Wright and the commitment and efforts of the First Flight Society and the National Park Service to preserving the Wright Brothers National Memorial and ways to honor Orville and Wilbur Wright on the Centennial of the First Flight.

Chair: Mark D. Selph
Russell W. Berry, Jr.
Aubrey F. Heath
Richard T. Howard
Alton "Al" Jones
Mike McClanahan
Ex Officio: Melvin R. Daniels, Jr.

Objectives: The committee's primary objectives are to expand the present facility located on the Park Service tract at the Wright Brothers Memorial, and to obtain a viable aviation facility that will be able to accommodate commuter airline service for the Dare County area. Expansion, upgrading or rehabilitation of the Wright Memorial facilities and the monument remain this committee's top planning priority. In addition, the overall transportation needs of the Dare County area will be addressed by the committee. A subcommittee will be named to explore ways and means to see that the most critical transportation needs are met. The Facilities and Memorial Committee agree that it is a more practical strategy to undertake these two primary objectives as opposed to studying a number of other less important peripheral issues.

Housing and Transportation Sub-Committee

Chair: Aubrey F. Heath
J. Edward Cofield
Warren C. Judge, III
Artie Ange
Advisor: Tim Gaylord

FFCC Standing Committees & Sub-Committees

Activities and Events Committee

Duties: Planning and scheduling activities and events to commemorate the First Flight and to honor Orville and Wilbur Wright and their contribution to powered flight. To coordinate such events with those of other states or national programs.

Chair: Alton V. "Al" Jones
Russell W. Berry, Jr.
John Harris
Aubrey F. Heath
Warren C. Judge, III
Kenneth M. McIntyre
Ken Mann
Will Plentl
Col. James E. "Red" Smith
Russell Walker
Duncan Wright
W.J. "Jack" Overman, Jr.
Ex Officio: Melvin R. Daniels, Jr.

Objectives: This committee is working closely with the First Flight Society to prepare for three events in 1996—Wilbur Wright's birthday in April, August 19th (National Aviation Day and Orville Wright's birthday), and December 17th (92nd year of powered flight). The committee plans to establish a speakers bureau with individuals traveling around the state and addressing various groups and schools. The talks will center on the Wright Brothers and other air-minded people in the state that were working on aviation projects at about the same time as the Wrights. The committee also plans to participate in air shows across North Carolina to have the entire state take part in the First Flight Centennial celebrations.

Military Activities Sub-Committee

Chair: Col. James E. "Red" Smith
Godfrey Cheshire
Edward Greene
Mike McClanahan
Ken McIntyre
Ken Mann
Russell Walker
Advisors: W. J. "Jack" Overman, Jr.

Military Liaisons & Project Officers for the B-2 Naming Ceremony:
Lt. Col. (sel) William C. "Bud" Redmond

FFCC Standing Committees & Sub-Committees
Activities and Events Sub-Committees (continued)

Experimental-Homebuilt Aircraft Sub-Committee

Chair: Will Plentl
Russ Berry
Advisors: Tim Gaylord
Edward Greene

Ultralight Aircraft Sub-Committee

Chair: John Harris
Mike Haley
Duncan Wright
Advisor: G.W. Meadows

First Flight Invitational Golf Tournament Sub-Committee

Chair: TBA
Members: TBA

Publicity and Public Relations Committee

Chair: Willard G. Plentl, Jr.
Michael W. Haley
Alton V. "Al" Jones
Ken Mann
Ex Officio: Melvin R. Daniels, Jr.
Advisor: Todd Huvard

Logo-Emblem Committee

Duties: To design, seek clearance for and register with the Secretary of State, a logo as the official emblem of the First Flight celebration, in coordination with the Federal Advisory Commission (if and when). The committee shall issue rules, to be adopted by the Commission, regarding the use of the logo.

Chair: John Harris
Russell W. Berry, Jr.
Kay P. Carrington
Godfrey Cheshire, Jr.
James E. "Red" Smith
Ex Officio: Melvin R. Daniels, Jr.

FFCC Standing Committees & Sub-Committees

Logo-Emblem Committee (continued)

Objectives: This committee developed criteria for a logo to be used as the official emblem of the First Flight Centennial celebration. Artists donated their services to design the logo, and the winning design was recommended and accepted by the full board.

In compliance with the enabling legislation with regard to the Commission's power concerning its logo, N.C.G.S. § 143-641 (a)(b), "The Commission shall issue rules regarding the use of the logo", the use of the word "rules" raises the possibility that the General Assembly intended that the Commission adopt rules setting out guidelines under the Administrative Procedures Act (APA) prior to authorizing any specific agreement for the use of the logo.

The Attorney General's Office drafted the language to start the APA process and that draft has been given to the Department of Cultural Resources APA coordinator to create the "rule". It is intended that the First Flight Centennial Commission will adopt the rule, and guidelines for usage will be developed and implemented.

Coin and Stamp Sub-Committee

Chair: Godfrey Cheshire, Jr.
Richard T. Howard
Alton V. "Al" Jones
Mike McClanahan
Russell Walker

Grants, Bequests and Gifts Committee

Duties: To accept grants, contributions, devices, bequests, gifts, and services for the purpose of providing support to the Commission. The funds and property shall be retained by the Commission, and the Commission shall prescribe rules under which the Commission may accept donations of money, property, or personal services and determine the value of donations of property or personal services.

Chair: Richard T. Howard
Michael W. Haley
Kenneth M. McIntyre
James E. "Red" Smith
Duncan Wright
Ex Officio: Melvin R. Daniels, Jr.

FFCC Standing Committees & Sub-Committees
Grants, Bequests and Gifts Committee (continued)

Objectives: The committee met twice and heard presentations by the North Carolina Community Bankers and BB&T concerning an affiliation with the Commission resulting in an "affinity credit card". The Commission voted to enter into negotiations with BB&T. The committee, with assistance from the Attorney General's Office, prepared Articles of Incorporation and By-Laws to establish a non-profit foundation to facilitate the mission of the Commission. These documents were approved by the Commission and submitted and were accepted by the Secretary of State.

Personnel Committee

Duties: Commission shall interview for a Director, who shall be exempt from the State Personnel Act, and to employ other staff as it deems necessary, subject to the State Personnel Act, and to fix their compensation.

Chair: Russell Walker
John Harris
Alton V. "Al" Jones
Willard G. Plentl, Jr.
Jean G. Rogers
W.J. "Jack" Overman, Jr.
Ex Officio: Melvin R. Daniels, Jr.

Commission Attorney: Charles J. Murray

Commission Executive Director: Ferg Norton

Commission Administrator: Mitchell D. Bowden

Commission Secretary: Kay McEwen

c:\ffcc\meetings\committees\assignments



North Carolina Department of Cultural Resources
Office of the Secretary

James B. Hunt, Jr., Governor

Betty Ray McCain, Secretary

MEMORANDUM

TO: Joint Appropriations Subcommittee on General Government:
The Honorable William Ives The Honorable Edward Warren
The Honorable Gene McCombs The Honorable Jeanne Lucas
The Honorable Wilma Sherrill The Honorable Eleanor Kinnaird
The Honorable Maggie Jeffus The Honorable Dan Page
The Honorable William Wainwright The Honorable Jesse Ledbetter
The Honorable Sam Ellis
The Honorable Michael Decker
The Honorable William Culpepper, III
The Honorable Jerry Braswell

FROM: Betty Ray McCain, Secretary *BRMcC*
North Carolina Department of Cultural Resources

SUBJECT: First Flight Centennial Commission Annual Report

DATE: February 12, 1997

I'm very pleased to present the second annual report of the First Flight Centennial Commission, which was established during the 1994 Session of the North Carolina General Assembly.

The attached report outlines the many activities of the commission during the past two years of operation. The commission's chairman, The Honorable Melvin R. Daniels, has provided an overview of this report on page one.

The First Flight Centennial Commission will oversee the celebration of the 100th anniversary of the Wright Brothers' flight in 2003. This commemoration will showcase North Carolina on a worldwide basis. I am delighted to be a member of the commission and to have a part in the promotion of our state's historic resources to such a wide audience. The Department of Cultural Resources appreciates your continued support for the First Flight Centennial Commission.

Please call me or Deputy Secretary Betsy Buford at 733-4867 if you have any questions or if we may be of assistance to you.

Attachment

BRM/kmb

109 East Jones Street • Raleigh, North Carolina 27601-2807
(919) 733-4867



North Carolina Department of Cultural Resources
Office of the Secretary

James B. Hunt, Jr., Governor

Betty Ray McCain, Secretary

MEMORANDUM

TO: The Honorable Marc Basnight, President Pro Tempore of the Senate
The Honorable Harold J. Brubaker, Speaker of the House of Representatives

FROM: Betty Ray McCain, Secretary *BRM. e*
North Carolina Department of Cultural Resources

SUBJECT: First Flight Centennial Commission Annual Report

DATE: February 12, 1997

I'm very pleased to present the second annual report of the First Flight Centennial Commission, which was established during the 1994 Session of the North Carolina General Assembly.

The attached report outlines the many activities of the commission during the past two years of operation. The commission's chairman, The Honorable Melvin R. Daniels, has provided an overview of this report on page one.

The First Flight Centennial Commission will oversee the celebration of the 100th anniversary of the Wright Brothers' flight in 2003. This commemoration will showcase North Carolina on a worldwide basis. I am delighted to be a member of the commission and to have a part in the promotion of our state's historic resources to such a wide audience. The Department of Cultural Resources appreciates your continued support for the First Flight Centennial Commission.

Please call me or Deputy Secretary Betsy Buford at 733-4867 if you have any questions or if we may be of assistance to you.

Attachment

BRM/kmb

Many thanks!

**Report to the General Assembly
as directed by House Bill 53, Section 15.6 -- 1996 Session**

**STUDY OF UNIT COST AND STAFFING REQUIREMENTS
N.C. DEPARTMENT OF REVENUE**

Prepared by

**Office of State Budget and Management
Management & Productivity Section**

**and the
North Carolina Department of Revenue**

March 1997

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Automated Systems' Anticipated Impact on Unit Costs, and Staff Requirements	10
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Appendices

Appendix A:	Legislation Directing the Study
Appendix B:	Summaries by Tax Schedules
Appendix C:	Definitions and Terms in Use
Appendix D:	List of Tasks Performed in DOR
Appendix E:	Time Summary Sheet Sample
Appendix F:	FTE by Division and Tasks

REPORT TO LEGISLATURE ON DOR

BACKGROUND/LEGISLATIVE BASIS FOR THE STUDY - HOUSE BILL 53:

The 1996 General Assembly directed the Office of State Budget and Management (OSBM) to work with the Department of Revenue (DOR) to assess the staff requirements of DOR. House Bill 53's Section 15.6 specifically directed OSBM to determine the variety of unit costs related to workload as influenced by existing laws, resulting policies and procedures adopted by DOR. Appendix A contains a copy of the legislation. This report is submitted in fulfillment of the legislation.

DOR administers 19 main tax schedules; however, for purposes of this study, we focused on the 10 major schedules administered by DOR. These 10 tax schedules are derived by combining some of the smaller tax schedules with its logical major tax schedule (e.g., combining privilege license tax, soft drink tax, alcoholic beverage tax, etc., under License and Excise Tax). DOR not only collects revenues for the state's General and Highway funds, but is also the agency that distributes certain revenues back to local governments, other state agencies and other legislatively specified entities. The department has personnel in field offices located throughout the state who collect taxes, audit taxpayers and provide taxpayer assistance. In addition, DOR maintains offices throughout the country as a part of its Interstate Audit Division. Auditors in this division conduct audits of taxpayers that do business in North Carolina and have tax liabilities with the state. The tax schedules administered by the department have a wide variety of rules, filing requirements, tax rates and affect a wide variety of taxpayers.

This report depicts DOR's operations by putting objective measures on each tax schedule that are a direct result of the laws, policies and procedures that govern the work.

The two specific elements on which the General Assembly wanted information, and the way they are being used in this report are:

- **Unit Cost:** the direct and indirect costs associated with producing a defined item of work. In the case of the Department of Revenue, several different definitions of a unit of work will be used. These will include such things as the cost of processing per taxpayer in a particular tax schedule; cost per tax return filed; cost per dollar collected for each tax schedule; etc. Note: unit costs, as used in this report, are only the actual cost per specific tax schedule during fiscal year 1995-96, and do not necessarily reflect what are optimal unit costs.
- **Assess Staff Requirements:** the number of staff required to perform the various duties. Again, it is important to note that for this report, the staff requirements for the various duties are based on actual fiscal year 1995-96 operations, and do not necessarily reflect what are optimum staff requirements.

Chart 1, following this page, presents the summary of unit costs and staffing for fiscal year 1995-96. It also contains comparison data from FY 1993-94 and 1994-95. More detailed information about each tax schedule is provided in Appendix B which includes:

- Statutory Basis of the Tax Schedule
- Population Covered
- General Information on Collections, Taxpayers, etc.

Appendix C contains a detailed listing of other definitions and terms used in this report and on the above charts in order to ensure all understand the interpretations made by OSBM and DOR.

METHODOLOGIES USED TO CONDUCT THE STUDY

A variety of tools were used to conduct this study within the short time frame allowed. These tools generated the information for use in this report and serve as supplemental information that DOR may find useful in their internal improvement efforts. The tools are described below.

Master Task List by Tax Schedule:

A list of the tasks that are performed in DOR was developed by DOR staff. All tasks were identified as being performed in support of a specific tax schedule (such as conducting an audit for the Corporate Income and Franchise tax schedule), or in support of the overall administration of the department (such as personnel functions or providing security for the building). The full list is contained in Appendix D.

Individual Staff Time Allocation Estimate for FY95-96:

An estimate of time that each employee was available to work was then derived. Starting with 2,080 hours in a normal work year, DOR managers then subtracted the time that each employee was not available to work during FY95-96 (because of taking annual or sick leave, leave without pay, or due to state holidays.). Any overtime for which they were compensated (paid or time off) was added to this total. Whatever balance of their time was remaining at the end of this process was then allocated to the tasks from the master list shown in Appendix D. If employees worked on tasks within their own division, they completed the task and time sheets for this only; however, if they were "shared" with another division (e.g., to help with mail opening during the April 15th rush), the times for this were compiled on a separate sheet. Temporary employees' time was captured based on a group of temporaries working within an area. These sheets (a copy of which is in Appendix E to this report) were then submitted to OSBM for compilation.

Full Time Equivalent (FTE):

An average full time equivalency (FTE) of 1748 hours was used throughout this report. This number was based on the net hours available for work; i.e., 2,080 hours per year minus holidays and average eligible leave time.

UNIT COST AND STAFFING FOR THE DEPARTMENT OF REVENUE BY MAJOR TAX SCHEDULE

FY1995-96

COST BY MAJOR TAX SCHEDULE FY 1995-1996

Cost Category	Ad Valorem	Controlled Substances	Corporate Income and Franchise	Individual Income	Individual Income - Withholding	Insurance	Intangibles	License and Excise	Motor Fuels	Sales and Use	Total
Personnel Costs - Tax Specific	\$724,584	\$789,999	\$3,144,587	\$13,958,635	\$4,032,410	\$106,352	\$546,717	\$2,148,936	\$2,024,198	\$12,888,616	\$40,363,034
Personnel Costs - Distributable	\$134,719	\$177,534	\$728,080	\$3,754,307	\$1,077,833	\$23,576	\$118,902	\$504,564	\$507,269	\$2,831,911	\$9,856,695
Percent of Personnel Costs Distributed	15.7%	18.3%	18.8%	21.2%	21.1%	18.1%	17.6%	19.0%	20.0%	18.0%	19.6%
Total Personnel Costs	\$859,303	\$967,533	\$3,872,668	\$17,710,942	\$5,110,243	\$129,927	\$663,619	\$2,653,500	\$2,531,467	\$15,720,527	\$50,219,729
Non-Personnel Costs	\$89,067	\$181,490	\$1,664,497	\$8,579,256	\$2,464,087	\$54,057	\$268,031	\$1,153,211	\$747,791	\$6,557,864	\$21,739,350
Total Costs	\$948,370	\$1,129,023	\$5,537,165	\$26,290,198	\$7,574,330	\$183,984	\$931,650	\$3,806,711	\$3,279,257	\$22,278,391	\$71,959,079
Number Taxpayers		5,026	270,637	4,707,639	174,000	1,240	15,467	246,653	38,199	187,895	5,646,756
Cost Per Taxpayer		\$224.64	\$20.46	\$5.58	\$43.53	\$148.37	\$60.23	\$15.43	\$85.85	\$118.57	\$12.74
Number Returns		5,026	270,637	4,094,728	1,785,141	4,880	15,467	315,938	120,910	1,892,870	8,505,597
Cost Per Return		\$224.64	\$20.46	\$8.42	\$4.24	\$37.70	\$60.23	\$12.05	\$27.12	\$11.77	\$8.46
				\$8.27 (Combined)							
Dollars Collected		\$6,021,424	\$1,488,531,887	\$1,324,247,525	\$4,568,316,823	\$261,226,528	\$12,825,323	\$318,754,097	\$1,027,274,764	\$4,471,549,102	\$13,479,316,045
Cost Per \$1000 Collected		\$187.50	\$3.72	\$4.45 (Combined)		\$0.70	\$72.64	\$11.94	\$3.19	\$4.98	\$5.34

See Note 1

See Note 2

See Note 3

FTE ALLOCATION BY MAJOR TAX SCHEDULE FY 1995-1996

FTE Category	Ad Valorem	Controlled Substances	Corporate Income and Franchise	Individual Income	Individual Income - Withholding	Insurance	Intangibles	License and Excise	Motor Fuels	Sales and Use	Total FTE
Permanent Personnel - Tax Specific	15.80	20.46	76.37	352.93	105.82	2.40	13.03	53.27	52.29	312.32	1004.69
Temporary Personnel - Tax Specific		0.37	9.02	87.36	20.59	0.37	0.68	5.91	7.20	19.80	161.28
Total Tax Specific Personnel	15.80	20.82	85.39	440.30	126.41	2.76	13.71	59.17	59.49	332.12	1155.97
Distributable Personnel	3.03	3.99	16.37	84.43	24.24	0.53	2.63	11.35	11.41	63.69	221.66
Total All FTE	18.83	24.81	101.76	524.72	150.64	3.30	16.34	70.52	70.90	395.80	1377.63
Number Taxpayers		5,026	270,637	4,707,639	174,000	1,240	15,467	246,653	38,199	187,895	5,646,756
Taxpayers per FTE		203	2,660	8,972	1,155	376	947	3,498	539	475	4,099
Number Returns		5,026	270,637	4,094,728	1,785,141	4,880	15,467	315,938	120,910	1,892,870	8,505,597
Returns per FTE		203	2,660	7,804	11,850	1,481	947	4,480	1,705	4,782	6,174
				8,706 (Combined)							
Dollars Collected		\$6,021,424	\$1,488,531,887	\$1,324,247,525	\$4,568,316,823	\$261,226,528	\$12,825,323	\$318,754,097	\$1,027,274,764	\$4,471,549,102	\$13,478,747,474
Dollars Collected Per FTE		\$242,669	\$14,627,745	\$2,523,701	\$30,325,161	\$79,277,979	\$784,954	\$4,519,998	\$14,489,286	\$11,297,361	\$9,784,007

See Note 1

See Note 2

See Note 3

FTE Not Allocated to Schedule

Tax Research	Other non schedule specific taxes	Admin	Grand Total
13.76	0.53	187.25	1206.22
1.14	0.37	18.62	171.41
14.89	0.90	205.87	1377.63
16% distributable (221.66 FTE of 1377.63 FTE)			

COMPARISON DATA

FY 93-94	FY 94-95	FY 95-96	2 Year Change
Collections \$11,794,390,104	Collections \$12,798,432,577	Collections \$13,479,316,045	14.3%
Returns 8,630,674	Returns 8,975,674	Returns 8,505,597	-1.4%
Taxpayers 5,713,153	Taxpayers 5,864,642	Taxpayers 5,646,756	-1.2%
Total Cost \$64,270,499	Total Cost \$67,374,998	Total Cost \$71,959,079	12.0%
Cost Per \$1000 Collected \$5.45	Cost Per \$1000 Collected \$5.27	Cost Per \$1000 Collected \$5.34	-2.0%
Cost Per Return \$7.45	Cost Per Return \$7.51	Cost Per Return \$8.46	13.6%
Cost Per Taxpayer \$11.25	Cost Per Taxpayer \$11.49	Cost Per Taxpayer \$12.74	13.3%

Note 1: No unit cost is assigned for Ad Valorem Taxes because the Division is not responsible for their collection. It assists local governments in the application of their various property tax laws and serves as staff to the Property Tax Commission.

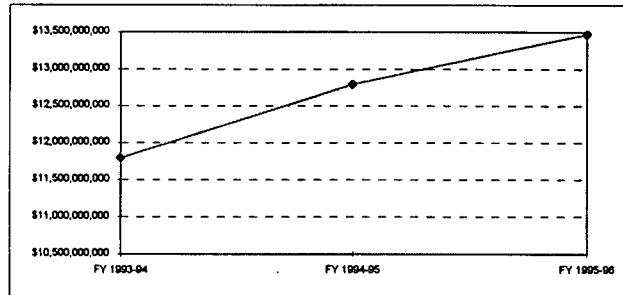
Note 2: The Controlled Substances Division assesses the illegal possession of controlled substances with local law enforcement agencies. Collection is generally the result of a forced collection activity such as the sale of personal property and therefore has a higher unit cost.

Note 3: Intangibles Tax was repealed 1/1/95; however, processing, compliance and collection activities will continue for several years, distorting the unit cost.

Gross Tax Collections, Returns Filed, Number Taxpayers
FY 1994 thru 1996

Chart 1, Page 2

Tax Schedule	FY 1993-94 Gross Collections	FY 1994-95 Gross Collections	FY 1995-96 Gross Collections
Ind. Income - Withholding	3,954,750,098.43	4,299,450,260.55	4,568,316,823.18
Sales and Use Tax	3,885,902,374.95	4,175,997,578.93	4,454,884,455.19
Individual Income	972,606,503.99	1,060,227,363.76	1,196,282,359.95
Motor Fuels	968,230,501.03	979,234,136.67	1,027,274,784.26
Corporate Income	800,856,004.07	963,212,824.80	987,813,236.92
Franchise	445,388,782.87	464,871,177.36	498,415,508.95
Insurance	225,856,122.81	243,863,598.80	261,226,527.89
Beverage	161,270,239.37	163,387,868.44	168,753,148.25
Inheritance	108,670,014.29	112,540,810.10	116,768,979.91
Tobacco Products	38,202,306.74	44,793,989.53	46,888,806.09
Privilege License	38,200,826.77	65,623,679.88	42,412,583.73
Soft Drink	36,618,008.72	38,899,567.73	39,822,257.72
Real Estate Conveyance	17,827,086.74	19,971,181.24	20,899,301.38
Intangibles	128,807,972.45	130,435,857.36	12,825,322.51
Gift Tax	13,445,628.55	9,233,875.97	11,195,185.51
Scrap Tire	6,584,233.07	8,553,351.98	8,779,143.69
White Goods Disposal	2,536,176.26	7,810,843.70	7,885,503.40
Controlled Substances	161,270,239.37	5,735,002.80	6,021,424.25
Primary Forest Products	1,865,391.20	1,919,468.68	1,888,680.33
Miscellaneous	618,180.66	654,393.43	568,570.70
Freight Car Lines	416,245.00	435,744.80	434,480.64
Totals	\$ 11,764,390,104.43	\$ 12,796,432,577.51	\$ 13,479,316,044.53

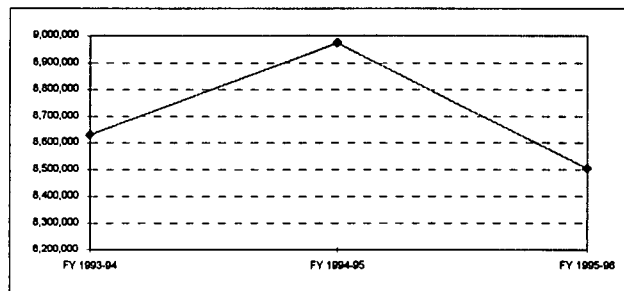


Gross Collections

Notes:

- (1) Intangibles Tax repealed effective 1/1/95. Fiscal impact was expected to be \$123.8M
- (2) An increased personal exemption (\$149.3M impact) and a per child tax credit (\$83.7M impact) were enacted reducing income tax collections.
- (3) The total negative impact on tax collections of the above changes, along with other minor ones, was expected to be \$363.3M. Without these changes, 1995-96 collections would have been \$13.842M.

Tax Schedule	FY 1993-94 Number Returns Filed	FY 1994-95 Number Returns Filed	FY 1995-96 Number Returns Filed
Individual Income	3,673,831	3,925,493	4,062,728
Sales and Use Tax	1,950,818	2,167,603	1,844,162
Ind. Income - Withholding	1,577,056	1,656,124	1,785,141
Privilege License	263,806	236,398	243,785
Franchise	200,029	211,801	149,914
Motor Fuels	176,554	169,007	120,910
Corporate Income	165,132	177,538	119,467
Beverage	46,877	45,659	47,129
Scrap Tire	36,058	36,657	34,410
Intangibles	286,402	290,904	15,467
White Goods Disposal	4,701	14,340	14,298
Tobacco Products	20,540	13,322	13,448
Soft Drink	10,124	10,580	11,176
Inheritance	8,634	8,527	8,000
Controlled Substances	4,229	4,091	5,026
Insurance			4,880
Gift Tax	1,985	4,355	4,000
Primary Forest Products	1,188	1,158	1,149
Real Estate Conveyance	400	400	400
Freight Car Lines	123	116	107
Totals	8,630,487	8,975,874	8,505,597

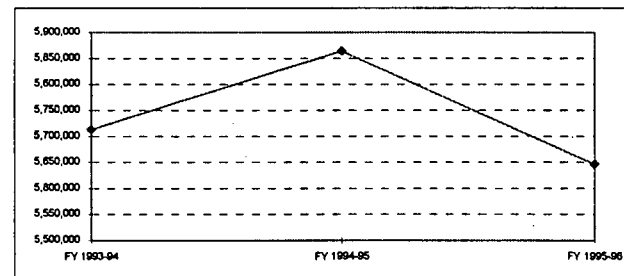


Number Returns Filed

Notes:

- (1) Intangibles Tax repealed effective 1/1/95.
- (2) Motor Fuels Tax Returns were reduced due to a change in the point of taxation from the wholesalers and distributors to the major oil companies when motor fuels are purchased by wholesalers and distributors at the terminal tank. Effective 1/1/96.
- (3) Sales Tax Returns were less due to a processing backlog.
- (4) Corporate Income and Franchise Returns were less due to a D.O.R. change in the counting method.

Tax Schedule	FY 1993-94 Number Taxpayers	FY 1994-95 Number Taxpayers	FY 1995-96 Number Taxpayers
Individual Income	4,382,136	4,520,245	4,695,639
Privilege License	263,806	236,398	243,785
Sales and Use Tax	171,481	171,900	182,865
Ind. Income - Withholding	163,000	168,000	174,000
Franchise	200,029	211,801	149,914
Corporate Income	165,132	177,538	119,467
Motor Fuels	58,637	61,489	38,199
Intangibles	286,402	290,904	15,467
Inheritance	8,634	8,527	8,000
Controlled Substances	4,229	4,091	5,026
Gift Tax	1,985	4,355	4,000
Scrap Tire	3,291	3,482	3,533
Beverage	998	1,059	1,896
White Goods Disposal	1,183	1,845	1,497
Insurance			1,240
Primary Forest Products	1,188	1,158	1,149
Soft Drink	436	474	524
Tobacco Products	343	379	348
Freight Car Lines	123	116	107
Real Estate Conveyance	100	100	100
Totals	5,713,153	5,864,642	5,646,756



Number Taxpayers

Notes:

Same as above

Note: Black shaded areas represent decreases in FY 1995-96

Individual Staff Hourly Rates:

All positions, permanent and temporary, were confirmed by OSBM with DOR. Hourly rates were developed for permanent employees based on salary, fringe benefits, hospitalization, etc. (from PMIS data base). Temporary employee average hourly rates were determined by dividing the total costs for temporaries by the number of hours worked.

Measures of Activity and Performance:

All division managers and their lead staff met with OSBM analysts and developed a series of activity measures for all tax schedules and tasks in the department. These measures provide objective information about workloads as well as performance (such as dollars collected) for total units and tax schedules (not by individuals).

Compilation of Time, Activity and Personnel Cost Data:

The time sheets for all employees were submitted to OSBM where data were entered that would link the staff times with personnel costs and workload measures. The data provide information about the time required to perform specific tasks within the different tax schedules. OSBM staff prepared several analyses derived from the time data submitted.

Departmental Cost and Administrative Staff Allocation:

For the tasks that had been identified at the outset as being part of a specific tax schedule, the time and personnel costs were calculated for each task related to the specific tax schedule. Those personnel costs that were identified as being part of the overall administration of the department were then distributed based on the number of FTE assigned to each tax schedule after the compilation of all data submitted. Non personnel costs which were identifiable to a specific tax schedule were charged to that tax schedule. If non-personnel costs were not identifiable to a specific tax schedule, the costs were distributed based on the FTE assigned to a particular tax schedule. Transfers of moneys into subsequent fiscal years were not charged as costs (\$8.8 million) and a Quality Initiative transfer of \$25,000 also was not charged.

ORGANIZATION, STAFFING AND OTHER GENERAL INFORMATION ABOUT DOR:

The department reorganized in 1992 to a more "functional" model, where staff performing similar tasks (e.g. files maintenance or compliance reviews) were organized together to allow the department greater flexibility with staffing assignments. This allows the department to meet various tax schedule workload demands and significant workload peaks based on mandated deadlines and turnaround times.

Chart 2, following this page, illustrates the current organization and functions of the Department of Revenue, including numbers of permanent and temporary FTE assigned to each area. It also reflects actual numbers of FTE available after adjusting for employees required to be shared with other divisions in support of major DOR activities.

It should be noted that the number of actual reported FTEs does not necessarily reflect the total number of employees utilized during the year because shared employees are usually assigned for relatively short periods of time to help overcome tight deadlines. For example, the chart shows the Accounting Division with four additional reported permanent FTEs as compared to assigned FTEs; however, during mail opening immediately following April 15, several hundred permanent and temporary employees are needed to process returns and money expeditiously.

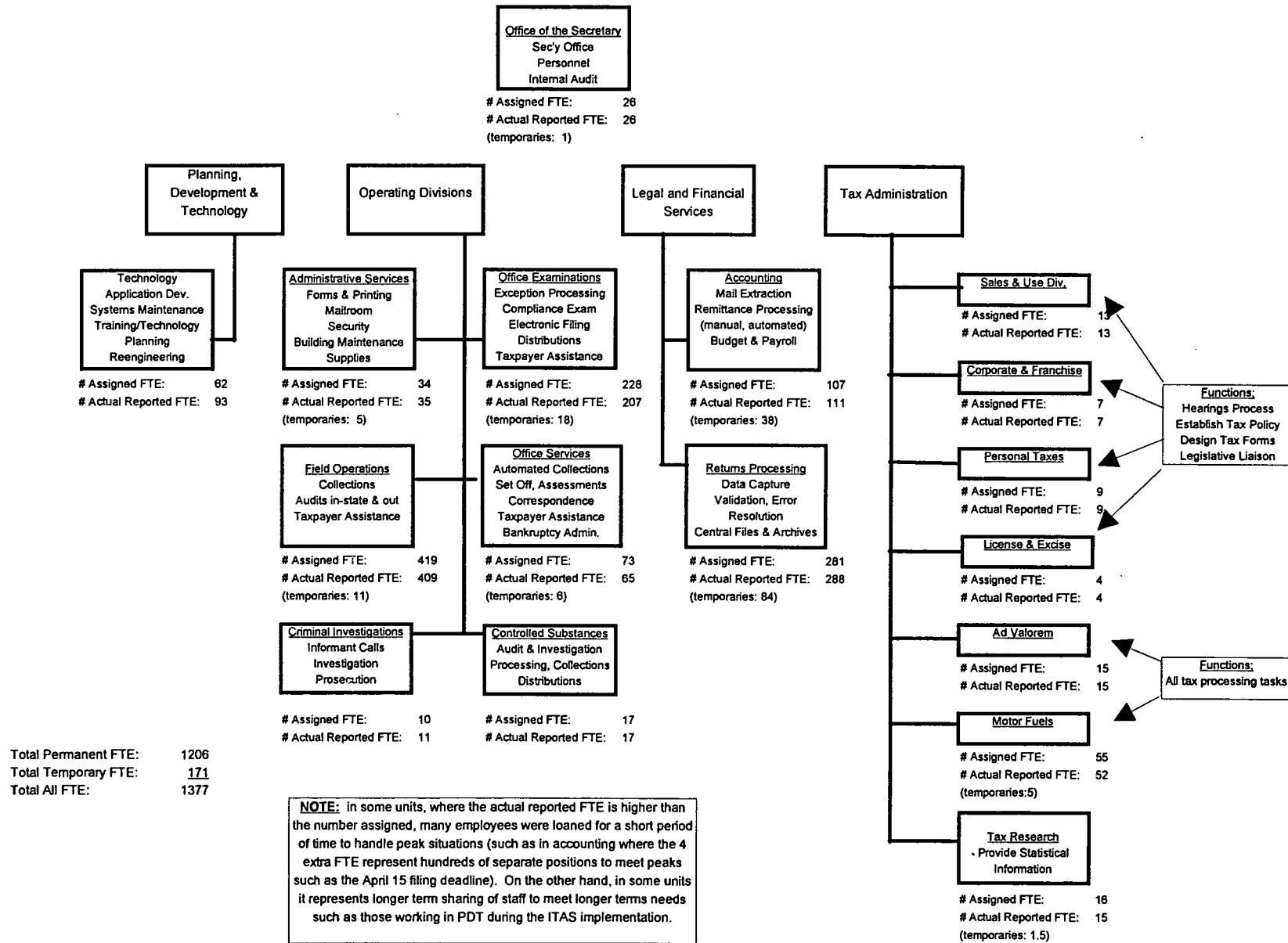
On the other hand, in other units such as Planning, Development and Technology (PDT), the assigned FTE represent a number of staff borrowed from other units for much longer periods of time in order to meet other departmental needs such as implementation of ITAS and the related reengineering efforts, which should start phasing out as soon as the transition phase concludes. Chart 3 shows the "home division" of staff and to what divisions they were loaned.

Referring back to Chart 2, it also indicates the level of temporaries used in each division. Just as it does with shared positions, DOR uses temporaries to supplement the workforce at peak times. Chart 4 demonstrates why this is important by graphing the incoming mail for the department by days of the year.

NOTE: in reviewing Chart 2, there are several tax schedules and divisions that are not part of this functional model, and operate partially or wholly separate, in terms of support from the processing units. Examples of these are the Motor Fuels, Controlled Substance and Tax Research Divisions.

NC Department of Revenue Organization and Assigned vs. Actual FTE (including temporaries)

Chart 2



FTE BY HOME DIVISION AND DIVISION IN WHICH THEY WORKED

Chart 3

Home Division Division in Which Worked	Accounting	Ad Valorem	Admin-DOR	Administrative Services	Controlled Substances	Corporate & Franchise	Criminal Investigations	Field Operations	Internal Audit	License & Excise	Motor Fuels	Office Examinations	Office Services	PDT	Personal Taxes	Personnel	Returns Processing	Sales & Use	Security	Tax Research	Grand Total ACTUAL
Accounting	106.0											3.2	2.0				0.3				111.5
Administrative Services	0.5			31.0																	31.5
Controlled Substances					17.0																17.0
Criminal Investigations							10.0				1.0										11.0
DOR Administration			13.0											1.0							14.0
Field Operations								408.0				1.0									409.0
Office Examinations											1.0	204.0	2.0								207.0
Office Services								1.0				4.5	59.0								64.5
PDT	0.2							10.0	1.0		1.0	8.6	9.0	61.0			1.5				92.3
Personnel																12.0					12.0
Returns Processing	0.6							1.0				6.3	1.0				279.0			1.0	288.9
Security																		3.0			3.0
Tax Administration		15.0				7.0				4.0	52.0				9.0			13.0		15.0	115.0
Grand Total ASSIGNED	107.3	15.0	13.0	31.0	17.0	7.0	10.0	420.0	1.0	4.0	55.0	227.6	73.0	62.0	9.0	12.0	260.8	13.0	3.0	16.0	1376.7

NOTES:

Grand Total/Assigned Row (bottom row above): Referring to Chart 2, this is the top number that shows the total FTE assigned to a division.

Grand Total/Actual Column (final column above): Referring to Chart 2, this is the lower number that shows the actual FTE who worked in a unit.

The rows and columns labeled DOR Administration, Personnel, Internal Audit, and Security on the above chart are all counted in the Office of the Secretary on Chart 2.

The row labeled Tax Administration on the above chart are separated on Chart 2 into specific tax units, which are columns on the above chart (such as Ad Valorem, Corporate & Franchise, etc.).

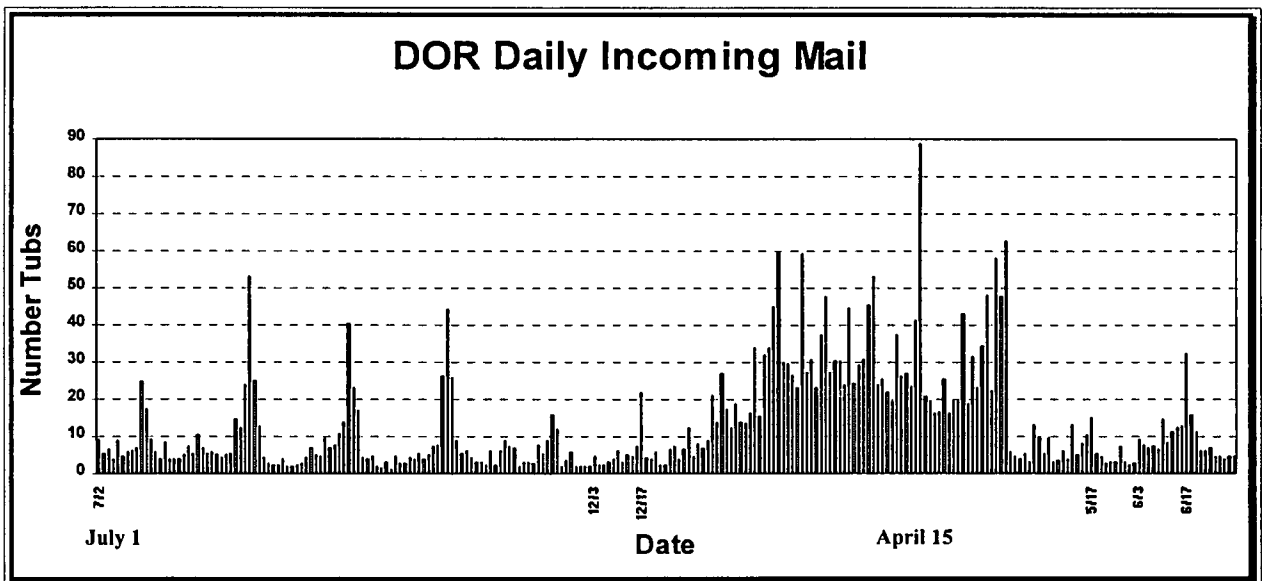
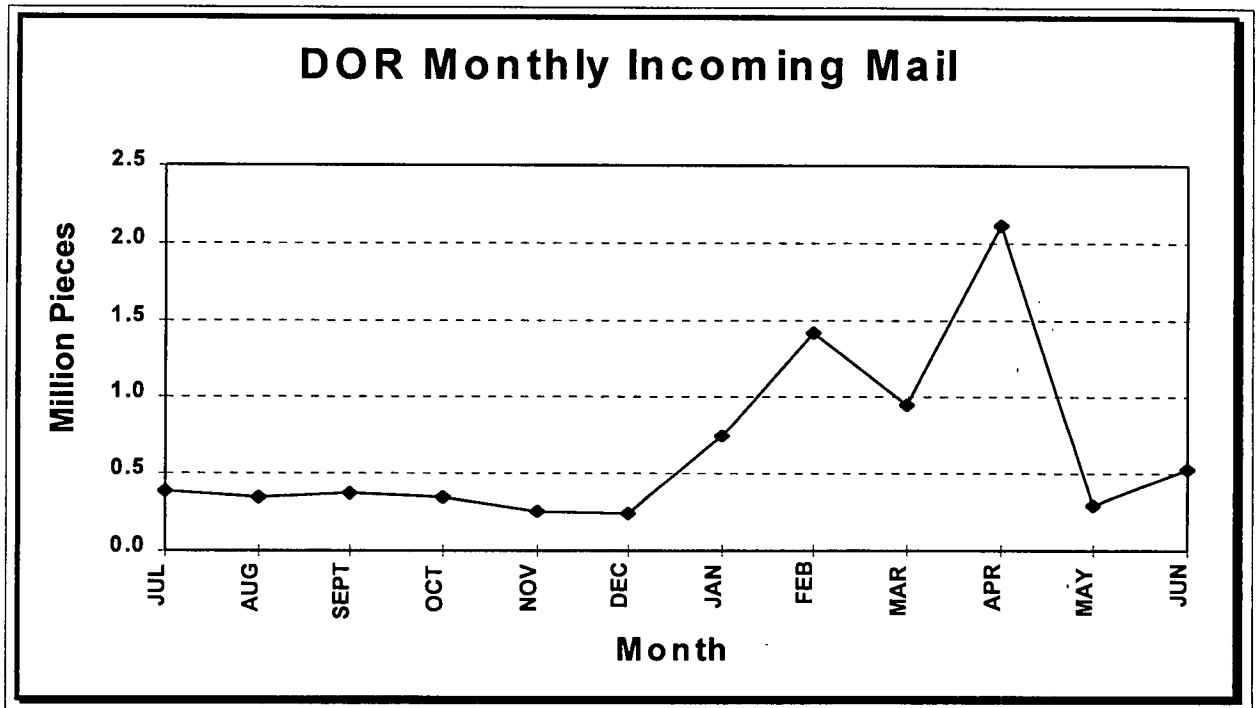
KEY TO CHART

The Use of Different Models To Meet Workload Demands

Accounting Division had 106 FTE assigned to the Accounting Division, who also were working in the Accounting Division, and it shared 1.2 FTE with other divisions, as shown in the first column of data above. It received 3.2 FTE from Office Examinations Division (looking at the first row of data under the heading "Office Examinations"). A review of the time sheet submissions from DOR showed that those 3.2 FTE were provided by 115 separate position numbers, indicating the use of many people for short term assistance, in this case primarily to meet the April 15th filing deadline.

In contrast, PDT had 61 FTE assigned and working in all the units of PDT, and it shared 1 FTE with DOR Administration. However it received 10 FTE from the Field Operations Division which were provided by only 18 separate position numbers, indicating longer term sharing of resources away from their base division, in this case to meet ITAS implementation and related re-engineering needs, which should be phasing out once ITAS is fully implemented.

Chart 4



AUTOMATED SYSTEMS' ANTICIPATED IMPACT ON THE UNIT COSTS AND STAFF REQUIREMENTS

The department has been undergoing a major systems replacement effort for several years. The Integrated Tax Administration System (ITAS) which is nearing completion will greatly enhance compliance and taxpayer assistance capabilities by linking the taxpayer and his or her various tax schedule information together. Additionally, once fully implemented the department will utilize the new system to automate numerous administrative tasks (such as work allocation for collection staff, initiating preliminary research for audit and compliance activity, and checking collection cases against other state systems such as ESC) that individuals used to do manually.

Chart 5 illustrates the department's variety of automated systems, both within the central office as well as in the field offices throughout the state.

Full implementation of ITAS, and related processing improvements is expected to occur by 1997. The key elements that remain to be accomplished include:

- System Acceptance
- Motor Fuels
- Audit Selection
- Revenue Enhancement Tracking/Reporting
- Automated Federal Change Process (CP2000)
- Failure To Pay Penalty Legislation
- Case Management

OBSERVATIONS

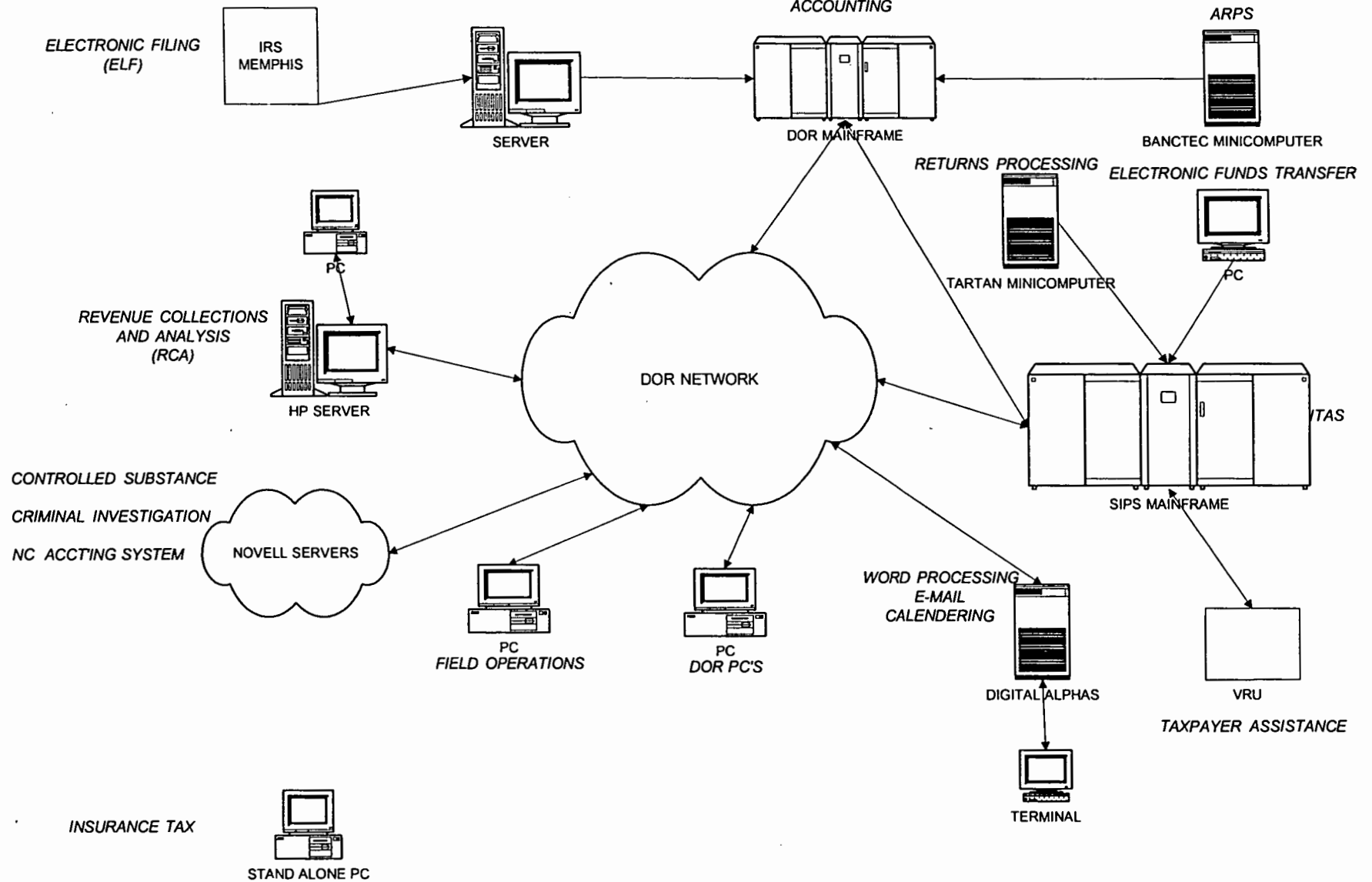
The time frame for completing the study created a special challenge for OSBM and DOR. A large volume of information had to be assembled within a relatively short period of time and a significant amount of time was required to determine the appropriate methodology to use in order to fulfill the requirements of the study. While OSBM and DOR staff worked well together, the time constraints did not permit them to fully assess the staffing requirements for DOR. A great deal of useful information was developed for determining unit costs and this information will be valuable as baseline information. It also serves as a starting point for further analysis of cost components for the purpose of reducing costs where possible.

The following general observations are made with the understanding that this is the starting point. No similar initiative has been done for state government, and a great deal has been learned in the process -- both in terms of methodologies and areas that need to be studied in all agencies, not just the Department of Revenue.

DOR APPLICATIONS BY PLATFORM

INHERITANCE
LICENSE AND EXCISE
MOTOR FUELS
INTANGIBLES
ACCOUNTING

CHART 5



Unit Cost Observations:

As Chart 1 indicates, there have been important changes that affected DOR's unit costs. One tax schedule has been repealed, yielding little new collections, and yet there are still tasks that must be performed until all processing (such as audits, etc.) are fully completed; this increases their unit cost. The number of taxpayers and returns also went down in certain areas due to changes in points of taxation; however, because staffing levels remained the same, the cost per taxpayer and per return increased. The cost per \$1,000 collected nevertheless remained the same.

The process that was begun because of this mandated study ties specific staff to specific processes and tax schedules. In order to reap the benefits of ITAS improvements, of tax schedule and point of taxation improvements, and to mitigate the impact of repealing sections of the tax schedules, it is important that this methodology be continued in a systematic, streamlined way. By doing so, supervisors can quickly assess which aspects of the various processes need improvement in order to control or reduce unit costs.

Staffing Observations:

Administrative Time: As shown in Chart 1, over 15% of the FTE in DOR is not related to a tax schedule. Appendix F details this for the various divisions. It is unclear what portion of this is due to limitations of the automated system doing work allocation and other administrative tasks. Until a close analysis of the organization, processes, and automation in those areas is completed, the strategy to address this cannot be developed.

Shared Resources: Charts 2-4 provide a useful look at the different needs being met through shared resources and temporaries. In order to determine the best approach both to meet periodic peaks versus the longer-term needs, it is important to continue to capture and analyze data about the sharing of resources; coupled with activity measures, results, and backlog data, this kind of analysis can help ensure that the priority work does not suffer due to loss of staff through sharing; it can also point out when it is appropriate to permanently move staff due to changing workload demands within the department that heretofore were met through temporarily sharing resources.

Performance Budgeting and Staffing: To optimize staffing levels, it is important to routinely link the tasks performed with the resources needed and the results achieved (such as increased collections, more audits, more returns processed with fewer resources, faster service for taxpayers, etc.).

Use of Temporaries as a Staffing Tool: As Charts 2, 3 and 4 indicate, the Department has made good use of temporaries to meet predictable variations in workload. An analysis of the cost of the temporaries was made which shows that temporaries cost approximately half what the permanent staff do for the same hours of work. Not all units in DOR lend themselves to the use of temporaries, and no recommendation is made to immediately replace permanent staff with temporaries; however, it is an area that warrants further review for all state agencies, to develop

specific plans to convert permanent positions to temporaries, where appropriate, through attrition. Criteria need to be developed on a case-by-case basis for this, that include such things as percentage of positions that need to remain permanent; availability of qualified temporary labor pool to meet the specific work demand; supervisory training issues; etc.

Importance of Automated Systems: When ITAS is fully operational, it is expected that there will be a reduction or a leveling in unit cost per tax schedule, as the system automates manual processes and collects additional revenue through enhanced compliance measures. As noted earlier, ITAS should be fully operational by 1997. To date, ITAS has cost the state \$28.4 million in hardware, software, programming, SIPS processing costs, and consulting fees. It has been reported that it will yield an additional \$122.49 million due to reduced processing costs and increased compliance. The methodologies developed for this study will be continued by DOR in order to monitor and report on progress towards this goal, and to focus reengineering efforts on those manual processes that need to be automated soonest in order to achieve this.

SUMMARY

The FTE allocation data and workload volume measures generated as a part of the effort to assess staff requirements will be useful to DOR as it continues with implementation of Total Quality Management initiatives in the Agency. DOR is committed to the process of continuous improvement which includes a systematic approach to regularly reviewing its organizational structure, business processes and resource utilization. In fact, DOR has developed detailed plans and has begun implementing improvements (including personnel resource reallocations and development of natural work teams). It can now review the data collected and target primary efforts at the divisions whose administrative time was excessive, since it is those where the greatest impact will be felt when business processes are improved. It can identify areas where changes are needed (automated and manual) to improve workflow, collections, reduce administrative time, and improve management information. It can document its progress over the years in making the department as streamlined and responsive for the taxpayers of this state. It will do this through the following internal processes:

- Strategic Planning
- Organizational Planning (which includes review of Span of Control issues)
- Business Process Re-engineering
- Implementing the Information Technology Strategy and Information Action Plan
- Implementing Total Quality Management and continuous process improvement through the guidance of the Quality Council.

Additionally, involving department personnel in continuous improvement activities is consistent with the agency's focus on employee development and empowerment. All of these activities are key ingredients in the DOR's goal of providing value-added services for the taxpayers of North Carolina.

APPENDICES

Appendix A:	Legislation Directing the Study
Appendix B:	Summaries by Tax Schedules
Appendix C:	Definitions and Terms in Use
Appendix D:	List of Tasks Performed in DOR
Appendix E:	Time Summary Sheet Sample
Appendix F:	FTE by Division and Tasks

APPENDIX A

HOUSE BILL 53 – SECTION 15.6

ASSESS REVENUE STAFF REQUIREMENTS

Sec. 15.6. The State Budget Office, Management and Productivity Unit shall work with the Department of Revenue to assess the Department's staff requirements. Specifically, it shall determine the variety of unit costs related to workload as influenced by existing laws and resulting policies and procedures adopted by the Department of Revenue.

The State Budget Officer and the Secretary of Revenue shall make a joint final report to the House and Senate Appropriations Subcommittees on General Government by March 1, 1997, on the results of this assessment.

Requested by: Senators Plyler, Perdue, Odom, Representatives Holmes, Creech, Esposito

APPENDIX B

INDIVIDUAL TAX SCHEDULE SUMMARY INFORMATION

The following charts present information about the tax schedules considered in this study. Each sheet lists:

- FTE Allocation with analytical summary of per unit measures
- Statutory basis and a brief description of the tax schedule (Source: North Carolina Tax Guide 1996, prepared by the Office of State Budget and Management)
- Other tax schedules that are included in the major schedule, if applicable (e.g., License & Excise is comprised of several)
- Fiscal Year 1995-96 Statistics on Collections, Returns Filed, and Numbers of Taxpayers Per Schedule (Source: DOR Accounting Division)

The tax schedules are listed as follows:

- Controlled Substances
- Corporate Income & Franchise Taxes
- Individual Income Taxes
- Individual Income Taxes -- Withholding
- Insurance Taxes
- Intangibles Taxes
- License & Excise Taxes
- Motor Fuels Taxes
- Sales & Use Taxes

CONTROLLED SUBSTANCE TAXES
FY 1995-1996

APPENDIX B
Controlled Substance Taxes

FTE ALLOCATION	Total FTE
Permanent Personnel Tax Specific	20.46
Temporary Personnel Tax Specific	0.37
Distributable Personnel	3.99
TOTAL ALL FTE:	24.81

ANALYTICAL SUMMARY: FY 1995-1996

Category	Amount	
Number of Taxpayer Entities	5,026	
Cost per Taxpayer Entity	\$224.64	
Number of Returns Filed	5,026	
Cost per Return	\$224.64	
Cost per \$1,000 Collected	\$187.50	
Gross Collections	\$6,021,424	
Number of Taxpayers per FTE	203	
Number of Returns per FTE	203	

STATUTORY BASIS

Controlled Substances Tax: G.S. 105-113.105 to 105-113.113

Key Elements of Tax: A tax is levied to generate revenue for the State and for local law enforcement agencies, and for the General Fund. The excise tax rate varies depending on the type of unit of measurement of the controlled substance in question (e.g. by plant, by pound, by gram, etc.).

CORPORATE INCOME AND FRANCHISE TAXES
FY 1995-1996
(General Fund Tax)

FTE ALLOCATION	Total FTE
Permanent Personnel Tax Specific	76.37
Temporary Personnel Tax Specific	9.02
Distributable Personnel	16.37
TOTAL ALL FTE:	101.76

ANALYTICAL SUMMARY: FY 1995-1996

Category	Amount
Number of Taxpayer Entities	270,637
Cost per Taxpayer Entity	\$20.46
Number of Returns Filed	270,637
Cost per Return	\$20.46
Cost per \$1,000 Collected	\$3.72
Gross Collections	\$1,488,531,887
Number of Taxpayers per FTE	2,660
Number of Returns per FTE	2,660

STATUTORY BASIS

Corporate Income: G.S. 105-130 to 150-132 and G.S. 105-163.25 to 105.163.37
Franchise Tax: G.S. 105-114 to 105-129.1
Freight Cars: G.S. 105-228.1 to 105-228.2
Forest Products: G.S. 113A-189 to 113A-196
Key Elements of Tax:

Includes: Corporate Income Tax, which levies taxes on corporations' net income; Franchise Taxes levied on electric power companies, gas and utility companies, telegraph and telephone companies, cooperative organizations, mutual burial associations, and certain railway cars and transportation systems; Freight Car Tax which taxes gross earning of freight line companies; and Forest Product Tax which levies taxes on all primary forest products harvested on lands in North Carolina.

INDIVIDUAL INCOME TAXES**FY 1995-1996****(General Fund Tax)****APPENDIX B***Individual Income Taxes*

FTE ALLOCATION	Total FTE
Permanent Personnel Tax Specific	352.93
Temporary Personnel Tax Specific	87.36
Distributable Personnel	84.43
TOTAL ALL FTE:	524.72

ANALYTICAL SUMMARY: FY 1995-1996

Category	Amount	
Number of Taxpayer Entities	4,707,639	
Cost per Taxpayer Entity	\$5.58	
Number of Returns Filed	4,094,728	
Cost per Return	\$6.42*	* \$8.27 Combined with Individual Income Withholding
Cost per \$1,000 Collected	\$4.45*	* Combined with Individual Income Withholding
Gross Collections	\$1,324,247,525	
Number of Taxpayers per FTE	8,972*	* 7,228 Combined with Individual Income Withholding
Number of Returns per FTE	7,804*	* 8,706 Combined with Individual Income Withholding

STATUTORY BASIS

Individual Income: G.S. 105.33 to 105-159.1, 105-163.01 to 105-163.09, 105-163.1 to 105-163.25

Inheritance Tax: G.S. 105.2 to 105.32

Gift Tax: G.S. 105-188 to 105-197

Key Elements of Tax; Individual income taxes are levied on the income of individuals, and the requirements closely follow the federal tax code. All revenues are deposited to the General Fund. Individuals file annually, and employers remit withholding taxes quarterly; individuals also sometimes submit estimated payments quarterly. Gift taxes are levied against the donor on property transferred as gifts in excess of \$10,000 with certain family and other special exemptions. Inheritance taxes are applicable to property in the state transferred at the time of death by residents of the state or those who own tangible property in the state. There are certain exemptions and deductions.

INDIVIDUAL INCOME TAXES - WITHHOLDING

APPENDIX B
Individual Income Taxes

FY 1995-1996
 (General Fund Tax)

FTE ALLOCATION	Total FTE
Permanent Personnel Tax Specific	105.82
Temporary Personnel Tax Specific	20.59
Distributable Personnel	24.24
TOTAL ALL FTE:	150.64

ANALYTICAL SUMMARY: FY 1995-1996

Category	Amount	
Number of Taxpayer Entities	174,000	
Cost per Taxpayer Entity	\$43.53	
Number of Returns Filed	1,785,141	
Cost per Return	\$4.24	
Cost per \$1,000 Collected	\$8.27*	* Combined with Individual Income
Gross Collections	\$4,568,316,823	
Number of Taxpayers per FTE	1,155*	* 7,228 Combined with Individual Income
Number of Returns per FTE	11,850*	* 8,706 Combined with Individual Income

STATUTORY BASIS

Individual Income/Withholding: G.S. 105-163.1 to 150-163.24

Key Elements of Tax: Individual income taxes are levied on the income of individuals, and the requirements closely follow the federal tax code. All revenues are deposited to the General Fund. Individuals file annually, and employers remit withholding taxes quarterly; individuals also sometimes submit estimated payments quarterly.

INSURANCE TAXES**FY 1995-1996**

(General Fund Tax)

APPENDIX B
Insurance Taxes

FTE ALLOCATION	Total FTE
Permanent Personnel Tax Specific	2.4
Temporary Personnel Tax Specific	0.37
Distributable Personnel	0.53
TOTAL ALL FTE:	3.3

ANALYTICAL SUMMARY: FY 1995-1996

Category	Amount	
Number of Taxpayer Entities	1,240	
Cost per Taxpayer Entity	\$148.37	
Number of Returns Filed	4,880	
Cost per Return	\$37.70	
Cost per \$1,000 Collected	\$0.70	
Gross Collections	\$261,226,528	
Number of Taxpayers per FTE	1,240	
Number of Returns per FTE	1,481	

STATUTORY BASIS**Insurance Taxes:** G.S. 105-228.3 to 150-228.10, and 58-33.125

Key Elements of Tax: Three levies are made against insurance companies -- a gross premium tax, a regulatory charge, and license fees. The gross premium tax makes up over 98% of the collections.

INTANGIBLES TAXES**FY 1995-1996**

(General Fund Tax - No Longer in Effect)

APPENDIX B
Intangibles Taxes

FTE ALLOCATION	Total FTE
Permanent Personnel Tax Specific	13.03
Temporary Personnel Tax Specific	0.68
Distributable Personnel	2.63
TOTAL ALL FTE:	16.34

ANALYTICAL SUMMARY: FY 1995-1996

Category	Amount	
Number of Taxpayer Entities	15,467	
Cost per Taxpayer Entity	\$60.23	
Number of Returns Filed	15,467	
Cost per Return	\$60.23	
Cost per \$1,000 Collected	\$72.64	
Gross Collections	\$12,825,323	
Number of Taxpayers per FTE	947	
Number of Returns per FTE	947	

STATUTORY BASIS

**Eliminated January 1, 1995 -- however, there is still some carryover workload
G.S. 105-198 to 105-217**

Key Elements of Tax: Intangibles personal property tax include taxes on accounts receivable; notes, bonds and other debt evidences; shares of stock and units of investment funds; and beneficial interest in foreign trusts

LICENSE AND EXCISE TAXES

FY 1995-1996

(General Fund Tax)

APPENDIX B

License and Excise Taxes

FTE ALLOCATION	Total FTE
Permanent Personnel Tax Specific	53.27
Temporary Personnel Tax Specific	5.91
Distributable Personnel	11.35
TOTAL ALL FTE:	70.52

ANALYTICAL SUMMARY: FY 1995-1996

Category	Amount
Number of Taxpayer Entities	246,653
Cost per Taxpayer Entity	\$15.43
Number of Returns Filed	315,938
Cost per Return	\$12.05
Cost per \$1,000 Collected	\$11.94
Gross Collections	\$318,754,097
Number of Taxpayers per FTE	3,498
Number of Returns per FTE	4,480

STATUTORY BASIS

Privilege License Tax: G.S. 105.33 to 105.113.1 **Tobacco Products Tax:** G.S. 105.113.2 to 105.113.4

Soft Drink Tax: G.S. 105.113.41 to 105.133.67

Beverage Tax: G.S. 105-113.68 to 105-113.104; 18B-902

Real Estate Conveyance Excise Tax G.S. 105-228.28 to 105-228.36

Key Elements of Tax:

Privilege License: Applies to certain businesses, firms, corporations, and persons. Most are subject to a uniform tax with a levy of \$50. All goes to General fund
Tobacco Products: Tax per package of 20 cigarettes levied on distributors, plus distributor license fees for certain distributors, and wholesale excise tax on tobacco products other than cigarettes, as well as license fees. Discounts granted for timely payments. All goes to General Fund

Soft Drink Tax: Applies to distributors, wholesale or retail dealers who file monthly report and pay rates per bottle or can sold; rates per gallon of liquid base products; rates per ounce of dry base not converted to liquid; and rate per gallon on resulting liquid. All goes to General fund

Beverage Tax: Annual license fees imposed on manufacturing, bottling, selling of beer and wine; excise taxes on beer, wine and spirituous liquors. Most remains in the General Fund, but some goes to Dept. of Agriculture for grape promotion, to DHR for rehabilitation programs, and to localities.

Excise Tax on Conveyances: administered by county governments, the tax is imposed on transactions conveying an interest in real estate located in N.C. Rate is based on value of each deed or instrument and half the proceeds remaining with the respective county, and half is remitted to Department of Revenue, less 2% for

MOTOR FUELS TAXES**FY 1995-1996**

(Highway Fund Tax)

APPENDIX B*Motor Fuels Taxes*

FTE ALLOCATION	Total FTE
Permanent Personnel Tax Specific	52.29
Temporary Personnel Tax Specific	7.2
Distributable Personnel	11.41
TOTAL ALL FTE:	70.9

ANALYTICAL SUMMARY: FY 1995-1996

Category	Amount	
Number of Taxpayer Entities	38,199	
Cost per Taxpayer Entity	\$85.85	
Number of Returns Filed	120,910	
Cost per Return	\$27.12	
Cost per \$1,000 Collected	\$3.19	
Gross Collections	\$1,027,274,764	
Number of Taxpayers per FTE	539	
Number of Returns per FTE	1,705	

STATUTORY BASIS

G.S. 105-430 to 105-449.01, 105-449.6 to 105-449.139

Key Elements of Tax: Motor Fuels Tax is administered by DOR for the Highway Fund; it is levied on all motor fuel sold, distributed or used in the state and is adjusted every 6 months. Certain entities are exempt from the tax.

SALES AND USE TAXES**FY 1995-1996**

(General Fund Tax)

APPENDIX B*Sales and Use Taxes*

FTE TYPE	Total FTE
Permanent Personnel Tax Specific	312.32
Temporary Personnel Tax Specific	19.8
Distributable Personnel	63.69
TOTAL ALL FTE:	395.8

ANALYTICAL SUMMARY: FY 1995-1996

Category	Amount
Number of Taxpayer Entities	187,895
Cost per Taxpayer Entity	\$118.57
Number of Returns Filed	1,892,870
Cost per Return	\$11.77
Cost per \$1,000 Collected	\$4.98
Gross Collections	\$4,471,549,102
Number of Taxpayers per FTE	475
Number of Returns per FTE	4,782

STATUTORY BASIS

State Sales Tax: G.S. 105-164.1 to 105-164.44A
Local Sales Tax: G.S. 105-164.1 to 105-164.44A and 105-463 to 105-474
White Goods Tax: G.S. 105-187.22 to 105-187.24 and 130A-309.81 to 130A-309.83
Scrap Tire Tax: G.S. 105-187.15 to 105-187.19
Key Elements of Tax:

This tax schedule covers several different areas, and rates. Different rates are imposed on retail sales, leases, rentals; on gross receipts derived by utilities; combustibles, etc. A variety of exemptions also apply, as do different rates depending on to whom an item is sold. Merchants submit payments monthly on schedules prescribed by law and depending on amount of sales. Some taxpayers are permitted to file quarterly reports. There is also a Local Government component of the Sales and Use Tax, where counties may levy 2%; the proceeds of this portion of the sales tax, less the cost of administration, are returned quarterly to the counties (half is returned to the county in which it was collected; the balance is distributed on a per capita basis, and then based on how the counties elect to share with municipalities. Also considered in this tax schedule are fees collected as part of the purchase of tires and of "white goods" such as household appliances. These taxes are collected to cover the costs of future disposal, and they are distributed to state entities, with 75% of the remaining taxes distributed to counties on a per capita basis. The scrap tire tax is distributed between the Solid Waste Management Trust Fund (10%), and counties (90% - on a per capita basis).

Appendix C

DEFINITIONS FOR TERMS USED IN THIS REPORT

Unit Cost: the direct and indirect costs associated with producing a defined item of work. In the case of the Department of Revenue, several different definitions of a unit of work will be used. These will include such things as the cost of processing per taxpayer in a particular tax schedule; cost per tax return filed; cost per dollar collected for each tax schedule; etc. Note: unit costs, as used in this report, are only the actual cost per specific tax schedule during fiscal year 1995-96, and do not necessarily reflect what are optimal unit costs.

Personnel Costs: the actual salary and payroll taxes of permanent and temporary Department of Revenue staff who designated hours of work to specific tasks. (Also includes fringe benefits for DOR employees)

Non-Personnel Costs: using actual expenditures for such things as data communications, systems development, printing, building maintenance and security, forms, etc.

Full Time Equivalent (FTE): The availability of the time of one person for a full work (after deducting for average annual leave, holidays, etc.) An average full time equivalency of 1748 hours was used throughout this report. This number was based on the net hours available for work; i.e., 2080 hours per year minus holidays and average eligible leave time.

Distributed Costs: based on the time allocation of personnel to tasks associated with tax schedules, the personnel and non-personnel costs that were **not** assigned to tasks associated with tax schedules were distributed to show the degree of support they provide to each tax schedule and are therefore also part of that tax schedules' cost.

Direct Non Personnel Costs: certain non-personnel costs could be associated with specific tax schedules (such as printing costs for Sales and Use Tax materials); where this kind of precision was possible, the direct non-personnel costs were assigned to a specific tax schedule

Assess Staff Requirements: determine the number of staff required to perform the various duties. Again, it is important to note that for this report, the staff requirements for the various duties are based on actual fiscal year 1995-96 operations, and do not necessarily reflect what are optimum staff requirements

Functional Organization: Several years ago, the Department moved towards a more "functional" organization, where units that performed similar tasks for different tax schedules were put into one unit to provide support for all tax schedules. This was done in order to allow DOR to shift staff resources as needed for the different peaks of the different tax schedules. Some tax units however remain relatively autonomous, handling all their own functions internally (such as Motor Fuels and Controlled Substances).

APPENDIX D

MASTER LIST OF TASKS PERFORMED BY DOR IN CARRYING OUT THEIR DUTIES

The following list includes all possible tasks associated with all tax schedules and with non-tax specific activities that go on in the Department of Revenue. Each task was given its own unique identification number that ties the task to the tax schedule, because some tasks occur in every operation. The unique identification numbers were used by staff in allocating their FY95-96 time.

FTE Time Allocation

Appendix D

MASTER LIST OF ALL TASKS, TASK IDS, AND ORGANIZATIONAL UNITS

Division	Tax Schedule or Activity	Task	Task ID
Accounting	Ad Valorem	Mail extraction	1
Accounting	Ad Valorem	Remittance processing	2
Accounting	Ad Valorem	Accounts receivable	3
Accounting	Ad Valorem	Refunds/distributions	4
Accounting	Controlled Substances	Mail extraction	5
Accounting	Controlled Substances	Remittance processing	6
Accounting	Controlled Substances	Accounts receivable	7
Accounting	Controlled Substances	Refunds/distributions	8
Accounting	Corporate Income & Franchise	Mail extraction	9
Accounting	Corporate Income & Franchise	Remittance processing	10
Accounting	Corporate Income & Franchise	Accounts receivable	11
Accounting	Corporate Income & Franchise	Refunds/distributions	12
Accounting	Individual Income	Mail extraction	13
Accounting	Individual Income	Remittance processing	14
Accounting	Individual Income	Accounts receivable	15
Accounting	Individual Income	Refunds/distributions	16
Accounting	Individual Income - Withholding	Mail extraction	17
Accounting	Individual Income - Withholding	Remittance processing	18
Accounting	Individual Income - Withholding	Accounts receivable	19
Accounting	Individual Income - Withholding	Refunds/distributions	20
Accounting	Insurance	Mail extraction	21
Accounting	Insurance	Remittance processing	22
Accounting	Insurance	Accounts receivable	23
Accounting	Insurance	Refunds/distributions	24
Accounting	Intangibles	Mail extraction	25
Accounting	Intangibles	Remittance processing	26
Accounting	Intangibles	Accounts receivable	27
Accounting	Intangibles	Refunds/distributions	28
Accounting	License and Excise	Mail extraction	29
Accounting	License and Excise	Remittance processing	30
Accounting	License and Excise	Accounts receivable	31
Accounting	License and Excise	Refunds/distributions	32
Accounting	Motor Fuels	Mail extraction	33
Accounting	Motor Fuels	Remittance processing	34
Accounting	Motor Fuels	Accounts receivable	35
Accounting	Motor Fuels	Refunds/distributions	36
Accounting	Sales and Use	Mail extraction	37
Accounting	Sales and Use	Remittance processing	38
Accounting	Sales and Use	Accounts receivable	39
Accounting	Sales and Use	Refunds/distributions	40
Accounting	Other non schedule specific taxes	Mail extraction	41
Accounting	Other non schedule specific taxes	Remittance processing	42
Accounting	Other non schedule specific taxes	Accounts receivable	43
Accounting	Other non schedule specific taxes	Refunds/distributions	44
Accounting	Administration	Budget	45
Accounting	Administration	Financial reporting	46
Accounting	Administration	Payroll	47
Administrative Services - Administration	Administration	Administration	48
Administrative Services - Administration	Administration	Management/Supervision	49
Administrative Services - Administration	Administration	Maintenance Requests	50
Administrative Services - Administration	Administration	Number of Personnel	51
Administrative Services - Administration	Administration	Maintain Directories	52
Administrative Services - Administration	Administration	Process Invoices	53
Administrative Services - Administration	Administration	Maintenance Contracts	54
Administrative Services - Forms Mgmt.	Administration	Meetings	55

FTE Time Allocation

Appendix D

MASTER LIST OF ALL TASKS, TASK IDS, AND ORGANIZATIONAL UNITS

Division	Tax Schedule or Activity	Task	Task ID
Administrative Services - Forms Mgmt.	Administration	Employee Evaluation	56
Administrative Services - Forms Mgmt.	Administration	Employee Hiring	57
Administrative Services - Forms Mgmt.	Administration	Researching New/Replacement Forms	58
Administrative Services - Forms Mgmt.	Administration	Maintain Perpetual Forms Inventory	59
Administrative Services - Forms Mgmt.	Administration	Manage Forms Contracts	60
Administrative Services - Forms Mgmt.	Administration	Management/Supervision	61
Administrative Services - Forms Mgmt.	Administration	Recording Time	62
Administrative Services - Forms Mgmt.	Administration	Monthly - Yearly Reports	63
Administrative Services - Forms Mgmt.	Administration	Ordering General Use Forms	64
Administrative Services - Forms Mgmt.	Administration	Verify/Approve Invoice for Payment	65
Administrative Services - Forms Mgmt.	Corporate Income & Franchise	Manage Forms Contracts	66
Administrative Services - Forms Mgmt.	Corporate Income & Franchise	Manage Forms Contracts with Personal	67
Administrative Services - Forms Mgmt.	Corporate Income & Franchise	Verify/Approve Invoice for Payment	68
Administrative Services - Forms Mgmt.	Individual Income	Manage Forms Contracts	69
Administrative Services - Forms Mgmt.	Individual Income	Manage Forms Contracts with Personal	70
Administrative Services - Forms Mgmt.	Individual Income	Verify/Approve Invoice for Payment	71
Administrative Services - Forms Mgmt.	Individual Income - Withholding	Update Specifications for Scanline	72
Administrative Services - Forms Mgmt.	Individual Income - Withholding	Consult on Forms Design	73
Administrative Services - Forms Mgmt.	Individual Income - Withholding	Manage Forms Contracts	74
Administrative Services - Forms Mgmt.	Individual Income - Withholding	Manage Forms Contracts with Personal	75
Administrative Services - Forms Mgmt.	Individual Income - Withholding	Send Master File/Update Tapes to Ven	76
Administrative Services - Forms Mgmt.	Individual Income - Withholding	Verify/Approve Invoices for Payment	77
Administrative Services - Forms Mgmt.	License and Excise	Manage Forms Contracts	78
Administrative Services - Forms Mgmt.	Motor Fuels	Manage Forms Contracts	79
Administrative Services - Forms Mgmt.	Sales and Use	Update Specifications for Scanline	80
Administrative Services - Forms Mgmt.	Sales and Use	Consult on Forms Design	81
Administrative Services - Forms Mgmt.	Sales and Use	Manage Forms Contracts	82
Administrative Services - Forms Mgmt.	Sales and Use	Manage Forms Contracts with Personal	83
Administrative Services - Forms Mgmt.	Sales and Use	Send Master File/Update Tapes to Ven	84
Administrative Services - Forms Mgmt.	Sales and Use	Verify/Approve Invoice for Payment	85
Administrative Services - Graphics	Ad Valorem	Design Forms	86
Administrative Services - Graphics	Ad Valorem	Create Plates	87
Administrative Services - Graphics	Ad Valorem	Receive & Process Orders	88
Administrative Services - Graphics	Controlled Substances	Design Forms	89
Administrative Services - Graphics	Controlled Substances	Create Plates	90
Administrative Services - Graphics	Controlled Substances	Receive & Process Orders	91
Administrative Services - Graphics	Corporate Income & Franchise	Design Forms	92
Administrative Services - Graphics	Corporate Income & Franchise	Create Plates	93
Administrative Services - Graphics	Corporate Income & Franchise	Receive & Process Orders	94
Administrative Services - Graphics	Individual Income	Design Forms	95
Administrative Services - Graphics	Individual Income	Create Plates	96
Administrative Services - Graphics	Individual Income	Receive & Process Orders	97
Administrative Services - Graphics	Individual Income - Withholding	Design Forms	98
Administrative Services - Graphics	Individual Income - Withholding	Create Plates	99
Administrative Services - Graphics	Individual Income - Withholding	Receive & Process Orders	100
Administrative Services - Graphics	Insurance	Design Forms	101
Administrative Services - Graphics	Insurance	Create Plates	102
Administrative Services - Graphics	Insurance	Receive & Process Orders	103
Administrative Services - Graphics	Intangibles	Design Forms	104
Administrative Services - Graphics	Intangibles	Create Plates	105
Administrative Services - Graphics	Intangibles	Receive & Process Orders	106
Administrative Services - Graphics	License and Excise	Design Forms	107
Administrative Services - Graphics	License and Excise	Create Plates	108
Administrative Services - Graphics	License and Excise	Receive & Process Orders	109
Administrative Services - Graphics	Motor Fuels	Design Forms	110

FTE Time Allocation

Appendix D

MASTER LIST OF ALL TASKS, TASK IDS, AND ORGANIZATIONAL UNITS

Division	Tax Schedule or Activity	Task	Task ID
Administrative Services - Graphics	Motor Fuels	Create Plates	111
Administrative Services - Graphics	Motor Fuels	Receive & Process Orders	112
Administrative Services - Graphics	Sales and Use	Design Forms	113
Administrative Services - Graphics	Sales and Use	Create Plates	114
Administrative Services - Graphics	Sales and Use	Receive & Process Orders	115
Administrative Services - Graphics	Administration	Clerical Work for FMO orders	116
Administrative Services - Graphics	Administration	Assistance	117
Administrative Services - Graphics	Administration	Employee Evaluation	118
Administrative Services - Graphics	Administration	Design Forms	119
Administrative Services - Graphics	Administration	Create Plates	120
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Administrative Services - Printshop	License and Excise	Bindery	145
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Criminal Investigations	Individual Income	Clearinghouse for Informants' Calls	194
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Criminal Investigations	Individual Income - Withholding	Clearinghouse for Informants' Calls	196
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Criminal Investigations	License and Excise	Investigate Alleged Criminal Violations	201
Criminal Investigations	Motor Fuels	Clearinghouse for Informants' Calls	202
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Field Operation Auditors	Individual Income	Conduct Audits	211
Field Operation Auditors	Individual Income	Taxpayer Assistance/Education	212
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Field Operation Auditors	License and Excise	Conduct Audits	220
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Field Operation Auditors	Sales and Use	Conduct Audits	223
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Field Operations Revenue Officers	Individual Income	Collect Accounts Receivable	231
Field Operations Revenue Officers	Individual Income	Collect Delinquent Accounts	232
Field Operations Revenue Officers	Individual Income - Withholding	Taxpayer Assistance/Education	233
Field Operations Revenue Officers	Individual Income - Withholding	Collect Accounts Receivable	234
Field Operations Revenue Officers	Individual Income - Withholding	Collect Delinquent Accounts	235
Field Operations Revenue Officers	Intangibles	Taxpayer Assistance/Education	236
Field Operations Revenue Officers	Intangibles	Collect Accounts Receivable	237
Field Operations Revenue Officers	Intangibles	Collect Delinquent Accounts	238
Field Operations Revenue Officers	License and Excise	Taxpayer Assistance/Education	239
Field Operations Revenue Officers	License and Excise	Collect Accounts Receivable	240
Field Operations Revenue Officers	License and Excise	Collect Delinquent Accounts	241
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Field Operations Revenue Officers	Sales and Use	Collect Accounts Receivable	243
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Field Operations/Interstate	Corporate Income & Franchise	Plan/Research	287
Field Operations/Interstate	Corporate Income & Franchise	Conduct Audits	288
Field Operations/Interstate	Corporate Income & Franchise	RAR/Amended Returns	289
Field Operations/Interstate	Corporate Income & Franchise	Process Audits	290
Field Operations/Interstate	Intangibles	Plan/Research	291
Field Operations/Interstate	Intangibles	Conduct Audits	292
Field Operations/Interstate	Intangibles	Process Audits	293
Field Operations/Interstate	License and Excise	Plan/Research	294
Field Operations/Interstate	License and Excise	Conduct Audits	295
Field Operations/Interstate	License and Excise	Process Audits	296
Field Operations/Interstate	Sales and Use	Plan/Research	297
Field Operations/Interstate	Sales and Use	Conduct Audits	298
Field Operations/Interstate	Sales and Use	RAR/Amended Returns	299
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Field Operations/Interstate	Administration	Administration	301
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Field Operations/Interstate	Administration	Management/Supervision	303
Field Operations/Interstate	Administration	Train New Employees	304
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Office Examinations	Corporate Income & Franchise	Examine Returns for Compliance	307
Office Examinations	Corporate Income & Franchise	Taxpayer Assistance/Education	308
Office Examinations	Corporate Income & Franchise	Utility Franchise Distribution	309
Office Examinations	Corporate Income & Franchise	Process Collections	310
Office Examinations	Corporate Income & Franchise	Taxpayer Account Financial Maintenance	311
Office Examinations	Corporate Income & Franchise	Files Maintenance	312
Office Examinations	Corporate Income & Franchise	Correspondence	313
Office Examinations	Corporate Income & Franchise	Administration	314
Office Examinations	Individual Income	Review/Process Exception Returns	315
Office Examinations	Individual Income	Examine Returns for Compliance	316
Office Examinations	Individual Income	Taxpayer Assistance/Education	317
Office Examinations	Individual Income	Process Collections	318
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Office Examinations	Individual Income	Correspondence	321
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Office Examinations	Insurance	Process Collections	338
Office Examinations	Insurance	Administration	339
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Office Examinations	Intangibles	Examine Returns for Compliance	342
Office Examinations	Intangibles	Taxpayer Assistance/Education	343
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Office Examinations	Intangibles	Taxpayer Account Financial Maintenance	345
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Office Examinations	Sales and Use	Taxpayer Assistance/Education	858
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Office Examinations	Sales and Use	Correspondence	860
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Office Services	Corporate Income & Franchise	Incoming Phone Calls	364
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Office Services	Corporate Income & Franchise	Outgoing Correspondence	367
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Office Services	Corporate Income & Franchise	Data Entry	373
Office Services	Corporate Income & Franchise	ELF Acceptance	374
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Office Services	Corporate Income & Franchise	Cases	377
Office Services	Corporate Income & Franchise	Monitor Work	378
Office Services	Corporate Income & Franchise	Administration	379
Office Services	Individual Income	Collections	380
Office Services	Individual Income	Incoming Phone Calls	381
Office Services	Individual Income	Outgoing Phone Calls	382
Office Services	Individual Income	Incoming Correspondence	383
Office Services	Individual Income	Outgoing Correspondence	384
Office Services	Individual Income	Penalty Waivers	385
Office Services	Individual Income	Discharges	386
Office Services	Individual Income	Refunds/Review Items	387
Office Services	Individual Income	Proof of Claims	388
Office Services	Individual Income	Maintain A/R System	389
Office Services	Individual Income	Data Entry	390
Office Services	Individual Income	ELF Acceptance	391
Office Services	Individual Income	ELF Employee Program	392
Office Services	Individual Income	Set-Off/Offsets	393
Office Services	Individual Income	Cases	394
Office Services	Individual Income	Monitor Work	395
Office Services	Individual Income	Administration	396
Office Services	Individual Income - Withholding	Collections	397
Office Services	Individual Income - Withholding	Incoming Phone Calls	398
Office Services	Individual Income - Withholding	Outgoing Phone Calls	399
Office Services	Individual Income - Withholding	Incoming Correspondence	400
Office Services	Individual Income - Withholding	Outgoing Correspondence	401
Office Services	Individual Income - Withholding	Penalty Waivers	402
Office Services	Individual Income - Withholding	Discharges	403
Office Services	Individual Income - Withholding	Refunds/Review Items	404
Office Services	Individual Income - Withholding	Proof of Claims	405
Office Services	Individual Income - Withholding	Maintain A/R System	406
Office Services	Individual Income - Withholding	Data Entry	407
Office Services	Individual Income - Withholding	ELF Acceptance	408
Office Services	Individual Income - Withholding	ELF Employee Program	409
Office Services	Individual Income - Withholding	Set-Off/Offsets	410
Office Services	Individual Income - Withholding	Cases	411
Office Services	Individual Income - Withholding	Monitor Work	412
Office Services	Individual Income - Withholding	Administration	413
Office Services	Intangibles	Collections	414
Office Services	Intangibles	Incoming Phone Calls	415
Office Services	Intangibles	Outgoing Phone Calls	416
Office Services	Intangibles	Incoming Correspondence	417
Office Services	Intangibles	Outgoing Correspondence	418
Office Services	Intangibles	Penalty Waivers	419
Office Services	Intangibles	Discharges	420
Office Services	Intangibles	Refunds/Review Items	421
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Office Services	Intangibles	Data Entry	424
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Division	Tax Schedule or Activity	Task	Task ID
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Office Services	Intangibles	Cases	428
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Office Services	Intangibles	Administration	430
Office Services	License and Excise	Collections	431
Office Services	License and Excise	Incoming Phone Calls	432
Office Services	License and Excise	Outgoing Phone Calls	433
Office Services	License and Excise	Incoming Correspondence	434
Office Services	License and Excise	Outgoing Correspondence	435
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Office Services	License and Excise	Discharges	437
Office Services	License and Excise	Refunds/Review Items	438
Office Services	License and Excise	Proof of Claims	439
Office Services	License and Excise	Maintain A/R System	440
Office Services	License and Excise	Data Entry	441
Office Services	License and Excise	ELF Acceptance	442
Office Services	License and Excise	ELF Employee Program	443
Office Services	License and Excise	Set-Off/Offsets	444
Office Services	License and Excise	Cases	445
Office Services	License and Excise	Monitor Work	446
Office Services	License and Excise	Administration	447
Office Services	Motor Fuels	Collections	448
Office Services	Motor Fuels	Incoming Phone Calls	449
Office Services	Motor Fuels	Outgoing Phone Calls	450
Office Services	Motor Fuels	Incoming Correspondence	451
Office Services	Motor Fuels	Outgoing Correspondence	452
Office Services	Motor Fuels	Penalty Waivers	453
Office Services	Motor Fuels	Discharges	454
Office Services	Motor Fuels	Refunds/Review Items	455
Office Services	Motor Fuels	Proof of Claims	456
Office Services	Motor Fuels	Maintain A/R System	457
Office Services	Motor Fuels	Data Entry	458
Office Services	Motor Fuels	ELF Acceptance	459
Office Services	Motor Fuels	ELF Employee Program	460
Office Services	Motor Fuels	Set-Off/Offsets	461
Office Services	Motor Fuels	Cases	462
Office Services	Motor Fuels	Monitor Work	463
Office Services	Motor Fuels	Administration	464
Office Services	Sales and Use	Collections	465
Office Services	Sales and Use	Incoming Phone Calls	466
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Division	Tax Schedule or Activity	Task	Task ID
Office Services	Sales and Use	Outgoing Correspondence	469
Office Services	Sales and Use	Penalty Waivers	470
Office Services	Sales and Use	Discharges	471
Office Services	Sales and Use	Refunds/Review Items	472
Office Services	Sales and Use	Proof of Claims	473
Office Services	Sales and Use	Maintain A/R System	474
Office Services	Sales and Use	Data Entry	475
Office Services	Sales and Use	ELF Acceptance	476
Office Services	Sales and Use	ELF Employee Program	477
Office Services	Sales and Use	Set-Off/Offsets	478
Office Services	Sales and Use	Cases	479
Office Services	Sales and Use	Monitor Work	480
Office Services	Sales and Use	Administration	481
Office Services	Administration	Collections	482
Office Services	Administration	Incoming Phone Calls	483
Office Services	Administration	Outgoing Phone Calls	484
Office Services	Administration	Incoming Correspondence	485
Office Services	Administration	Outgoing Correspondence	486
Office Services	Administration	Penalty Waivers	487
Office Services	Administration	Discharges	488
Office Services	Administration	Refunds/Review Items	489
Office Services	Administration	Proof of Claims	490
Office Services	Administration	Maintain A/R System	491
Office Services	Administration	Data Entry	492
Office Services	Administration	ELF Acceptance	493
Office Services	Administration	ELF Employee Program	494
Office Services	Administration	Set-Off/Offsets	495
Office Services	Administration	Cases	496
Office Services	Administration	Monitor Work	497
Office Services	Administration	Administration	498
PDT/Business Process Reengineering	Administration	Data Collection	845
PDT/Business Process Reengineering	Administration	Data Analysis	846
PDT/Business Process Reengineering	Administration	Recommendation Development	847
PDT/Business Process Reengineering	Administration	Administration	848
PDT/Business Systems	Controlled Substances	Project Management	499
PDT/Business Systems	Controlled Substances	Specifications and Design	500
PDT/Business Systems	Controlled Substances	Code and Test	501
PDT/Business Systems	Controlled Substances	Convert/Implement	502
PDT/Business Systems	Controlled Substances	Train	503
PDT/Business Systems	Controlled Substances	Document	504
PDT/Business Systems	Controlled Substances	Other and Estimating	505
PDT/Business Systems	Corporate Income & Franchise	Project Management	506
PDT/Business Systems	Corporate Income & Franchise	Specifications and Design	507
PDT/Business Systems	Corporate Income & Franchise	Code and Test	508
PDT/Business Systems	Corporate Income & Franchise	Convert/Implement	509
PDT/Business Systems	Corporate Income & Franchise	Train	510
PDT/Business Systems	Corporate Income & Franchise	Document	511
PDT/Business Systems	Corporate Income & Franchise	Other and Estimating	512
PDT/Business Systems	Individual Income	Project Management	513
PDT/Business Systems	Individual Income	Specifications and Design	514
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PDT/Business Systems	Individual Income	Train	517
PDT/Business Systems	Individual Income	Document	518
PDT/Business Systems	Individual Income	Other and Estimating	519
PDT/Business Systems	Individual Income - Withholding	Project Management	520
PDT/Business Systems	Individual Income - Withholding	Specifications and Design	521
PDT/Business Systems	Individual Income - Withholding	Code and Test	522
PDT/Business Systems	Individual Income - Withholding	Convert/Implement	523
PDT/Business Systems	Individual Income - Withholding	Train	524
PDT/Business Systems	Individual Income - Withholding	Document	525
PDT/Business Systems	Individual Income - Withholding	Other and Estimating	526
PDT/Business Systems	License and Excise	Project Management	527
PDT/Business Systems	License and Excise	Specifications and Design	528
PDT/Business Systems	License and Excise	Code and Test	529
PDT/Business Systems	License and Excise	Convert/Implement	530
PDT/Business Systems	License and Excise	Train	531
PDT/Business Systems	License and Excise	Document	532
PDT/Business Systems	License and Excise	Other and Estimating	533
PDT/Business Systems	Motor Fuels	Project Management	534
PDT/Business Systems	Motor Fuels	Specifications and Design	535
PDT/Business Systems	Motor Fuels	Code and Test	536
PDT/Business Systems	Motor Fuels	Convert/Implement	537
PDT/Business Systems	Motor Fuels	Train	538
PDT/Business Systems	Motor Fuels	Document	539
PDT/Business Systems	Motor Fuels	Other and Estimating	540
PDT/Business Systems	Sales and Use	Project Management	541
PDT/Business Systems	Sales and Use	Specifications and Design	542
PDT/Business Systems	Sales and Use	Code and Test	543
PDT/Business Systems	Sales and Use	Convert/Implement	544
PDT/Business Systems	Sales and Use	Train	545
PDT/Business Systems	Sales and Use	Document	546
PDT/Business Systems	Sales and Use	Other and Estimating	547
PDT/Business Systems	Administration	On-call	548
PDT/Business Systems	Administration	Departmental Meetings	549
PDT/Business Systems	Administration	Management/Supervision	550
PDT/Business Systems	Administration	Personnel	551
PDT/Business Systems	Administration	Special Projects and Administration	552
PDT/Business Systems	Administration	Training	553
PDT/Business Systems	Administration	Project Management	863
PDT/Business Systems	Administration	Specifications & Design	864
PDT/Business Systems	Administration	Code/Test	865
PDT/Business Systems	Administration	Convert/Test	866
PDT/Business Systems	Administration	Train	867
PDT/Business Systems	Administration	Document	868
PDT/Business Systems	Administration	Other	869
PDT/Business Systems	Administration	On-Call	870
PDT/Database Administration	Administration	SIPS DB Maintenance	554
PDT/Database Administration	Administration	SIPS DB Integrity	555
PDT/Database Administration	Administration	SIPS DB Performance	556
PDT/Database Administration	Administration	SIPS DB Administration	557
PDT/Database Administration	Administration	SIPS Security Design Administration	558
PDT/Database Administration	Administration	SIPS CICS Administration	559
PDT/Database Administration	Administration	SIPS Batch Cycle Technical Support	560
PDT/Database Administration	Administration	SIPS Software Administration	561
PDT/Database Administration	Administration	Client/Server DB Administration	562

FTE Time Allocation

Appendix D

MASTER LIST OF ALL TASKS, TASK IDS, AND ORGANIZATIONAL UNITS

Division	Tax Schedule or Activity	Task	Task ID
PDT/Database Administration	Administration	DOR DB Integrity	563
PDT/Planning	Administration	Administration	564
PDT/Planning	Administration	Facilitate Meetings	565
PDT/Planning	Administration	Developing Materials	566
PDT/Planning	Administration	Attend Meetings	567
PDT/Planning	Administration	Consultations	568
PDT/Planning	Administration	Conduct Training	569
PDT/Planning	Administration	Special Projects	570
PDT/Production Systems	Administration	ITAS Project Management	849
PDT/Production Systems	Administration	ITAS Testing/Problem Resolution	850
PDT/Production Systems	Administration	ITAS Training	851
PDT/Production Systems	Administration	Audit Selection	852
PDT/Production Systems	Administration	Administration	853
PDT/Quality Assurance	Administration	Migrations	571
PDT/Quality Assurance	Administration	Verification and Compare	572
PDT/Quality Assurance	Administration	Batch Jobs/Processes/Programs and Fi	573
PDT/Quality Assurance	Administration	24 Hour On-call	574
PDT/Quality Assurance	Administration	Standards/Policies/Procedures	575
PDT/Quality Assurance	Administration	Disaster Recovery	576
PDT/Quality Assurance	Administration	User Interface/Support	577
PDT/Quality Assurance	Administration	Meetings	578
PDT/Quality Assurance	Administration	Training	579
PDT/Quality Assurance	Administration	Special Projects	580
PDT/Technology Services	Ad Valorem	Take Help Desk Calls	581
PDT/Technology Services	Ad Valorem	Resolve Help Desk Calls, Level 1	582
PDT/Technology Services	Ad Valorem	Resolve Help Desk Calls, Level 2	583
PDT/Technology Services	Ad Valorem	H/W, S/W Installations and Moves	584
PDT/Technology Services	Ad Valorem	H/W, S/W Consultations for Order	585
PDT/Technology Services	Ad Valorem	Print	586
PDT/Technology Services	Ad Valorem	Monitor System	587
PDT/Technology Services	Ad Valorem	Disaster Recovery	588
PDT/Technology Services	Ad Valorem	Tape Mounts	589
PDT/Technology Services	Ad Valorem	Job Scheduling	590
PDT/Technology Services	Ad Valorem	SIRS	591
PDT/Technology Services	Ad Valorem	Systems Administration	592
PDT/Technology Services	Ad Valorem	Network Management	593
PDT/Technology Services	Ad Valorem	Client Support	594
PDT/Technology Services	Controlled Substances	Take Help Desk Calls	595
PDT/Technology Services	Controlled Substances	Resolve Help Desk Calls, Level 1	596
PDT/Technology Services	Controlled Substances	Resolve Help Desk Calls, Level 2	597
PDT/Technology Services	Controlled Substances	H/W, S/W Installations and Moves	598
PDT/Technology Services	Controlled Substances	H/W, S/W Consultations for Order	599
PDT/Technology Services	Controlled Substances	Print	600
PDT/Technology Services	Controlled Substances	Monitor System	601
PDT/Technology Services	Controlled Substances	Disaster Recovery	602
PDT/Technology Services	Controlled Substances	Tape Mounts	603
PDT/Technology Services	Controlled Substances	Job Scheduling	604
PDT/Technology Services	Controlled Substances	SIRS	605
PDT/Technology Services	Controlled Substances	Systems Administration	606
PDT/Technology Services	Controlled Substances	Network Management	607
PDT/Technology Services	Controlled Substances	Client Support	608
PDT/Technology Services	Corporate Income & Franchise	Take Help Desk Calls	609
PDT/Technology Services	Corporate Income & Franchise	Resolve Help Desk Calls, Level 1	610
PDT/Technology Services	Corporate Income & Franchise	Resolve Help Desk Calls, Level 2	611
PDT/Technology Services	Corporate Income & Franchise	H/W, S/W Installations and Moves	612

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MASTER LIST OF ALL TASKS, TASK IDS, AND ORGANIZATIONAL UNITS

Division	Tax Schedule or Activity	Task	Task ID
PDT/Technology Services	Corporate Income & Franchise	H/W, S/W Consultations for Order	613
PDT/Technology Services	Corporate Income & Franchise	Print	614
PDT/Technology Services	Corporate Income & Franchise	Monitor System	615
PDT/Technology Services	Corporate Income & Franchise	Disaster Recovery	616
PDT/Technology Services	Corporate Income & Franchise	Tape Mounts	617
PDT/Technology Services	Corporate Income & Franchise	Job Scheduling	618
PDT/Technology Services	Corporate Income & Franchise	SIRS	619
PDT/Technology Services	Corporate Income & Franchise	Systems Administration	620
PDT/Technology Services	Corporate Income & Franchise	Network Management	621
PDT/Technology Services	Corporate Income & Franchise	Client Support	622
PDT/Technology Services	Individual Income	Take Help Desk Calls	623
PDT/Technology Services	Individual Income	Resolve Help Desk Calls, Level 1	624
PDT/Technology Services	Individual Income	Resolve Help Desk Calls, Level 2	625
PDT/Technology Services	Individual Income	H/W, S/W Installations and Moves	626
PDT/Technology Services	Individual Income	H/W, S/W Consultations for Order	627
PDT/Technology Services	Individual Income	Print	628
PDT/Technology Services	Individual Income	Monitor System	629
PDT/Technology Services	Individual Income	Disaster Recovery	630
PDT/Technology Services	Individual Income	Tape Mounts	631
PDT/Technology Services	Individual Income	Job Scheduling	632
PDT/Technology Services	Individual Income	SIRS	633
PDT/Technology Services	Individual Income	Systems Administration	634
PDT/Technology Services	Individual Income	Network Management	635
PDT/Technology Services	Individual Income	Client Support	636
PDT/Technology Services	Individual Income - Withholding	Take Help Desk Calls	637
PDT/Technology Services	Individual Income - Withholding	Resolve Help Desk Calls, Level 1	638
PDT/Technology Services	Individual Income - Withholding	Resolve Help Desk Calls, Level 2	639
PDT/Technology Services	Individual Income - Withholding	H/W, S/W Installations and Moves	640
PDT/Technology Services	Individual Income - Withholding	H/W, S/W Consultations for Order	641
PDT/Technology Services	Individual Income - Withholding	Print	642
PDT/Technology Services	Individual Income - Withholding	Monitor System	643
PDT/Technology Services	Individual Income - Withholding	Disaster Recovery	644
PDT/Technology Services	Individual Income - Withholding	Tape Mounts	645
PDT/Technology Services	Individual Income - Withholding	Job Scheduling	646
PDT/Technology Services	Individual Income - Withholding	SIRS	647
PDT/Technology Services	Individual Income - Withholding	Systems Administration	648
PDT/Technology Services	Individual Income - Withholding	Network Management	649
PDT/Technology Services	Individual Income - Withholding	Client Support	650
PDT/Technology Services	Insurance	Take Help Desk Calls	651
PDT/Technology Services	Insurance	Resolve Help Desk Calls, Level 1	652
PDT/Technology Services	Insurance	Resolve Help Desk Calls, Level 2	653
PDT/Technology Services	Insurance	H/W, S/W Installations and Moves	654
PDT/Technology Services	Insurance	H/W, S/W Consultations for Order	655
PDT/Technology Services	Insurance	Print	656
PDT/Technology Services	Insurance	Monitor System	657
PDT/Technology Services	Insurance	Disaster Recovery	658
PDT/Technology Services	Insurance	Tape Mounts	659
PDT/Technology Services	Insurance	Job Scheduling	660
PDT/Technology Services	Insurance	SIRS	661
PDT/Technology Services	Insurance	Systems Administration	662
PDT/Technology Services	Insurance	Network Management	663
PDT/Technology Services	Insurance	Client Support	664
PDT/Technology Services	Intangibles	Take Help Desk Calls	665
PDT/Technology Services	Intangibles	Resolve Help Desk Calls, Level 1	666
PDT/Technology Services	Intangibles	Resolve Help Desk Calls, Level 2	667

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MASTER LIST OF ALL TASKS, TASK IDS, AND ORGANIZATIONAL UNITS

Division	Tax Schedule or Activity	Task	Task ID
PDT/Technology Services	Intangibles	H/W, S/W Installations and Moves	668
PDT/Technology Services	Intangibles	H/W, S/W Consultations for Order	669
PDT/Technology Services	Intangibles	Print	670
PDT/Technology Services	Intangibles	Monitor System	671
PDT/Technology Services	Intangibles	Disaster Recovery	672
PDT/Technology Services	Intangibles	Tape Mounts	673
PDT/Technology Services	Intangibles	Job Scheduling	674
PDT/Technology Services	Intangibles	SIRS	675
PDT/Technology Services	Intangibles	Systems Administration	676
PDT/Technology Services	Intangibles	Network Management	677
PDT/Technology Services	Intangibles	Client Support	678
PDT/Technology Services	License and Excise	Take Help Desk Calls	679
PDT/Technology Services	License and Excise	Resolve Help Desk Calls, Level 1	680
PDT/Technology Services	License and Excise	Resolve Help Desk Calls, Level 2	681
PDT/Technology Services	License and Excise	H/W, S/W Installations and Moves	682
PDT/Technology Services	License and Excise	H/W, S/W Consultations for Order	683
PDT/Technology Services	License and Excise	Print	684
PDT/Technology Services	License and Excise	Monitor System	685
PDT/Technology Services	License and Excise	Disaster Recovery	686
PDT/Technology Services	License and Excise	Tape Mounts	687
PDT/Technology Services	License and Excise	Job Scheduling	688
PDT/Technology Services	License and Excise	SIRS	689
PDT/Technology Services	License and Excise	Systems Administration	690
PDT/Technology Services	License and Excise	Network Management	691
PDT/Technology Services	License and Excise	Client Support	692
PDT/Technology Services	Motor Fuels	Take Help Desk Calls	693
PDT/Technology Services	Motor Fuels	Resolve Help Desk Calls, Level 1	694
PDT/Technology Services	Motor Fuels	Resolve Help Desk Calls, Level 2	695
PDT/Technology Services	Motor Fuels	H/W, S/W Installations and Moves	696
PDT/Technology Services	Motor Fuels	H/W, S/W Consultations for Order	697
PDT/Technology Services	Motor Fuels	Print	698
PDT/Technology Services	Motor Fuels	Monitor System	699
PDT/Technology Services	Motor Fuels	Disaster Recovery	700
PDT/Technology Services	Motor Fuels	Tape Mounts	701
PDT/Technology Services	Motor Fuels	Job Scheduling	702
PDT/Technology Services	Motor Fuels	SIRS	703
PDT/Technology Services	Motor Fuels	Systems Administration	704
PDT/Technology Services	Motor Fuels	Network Management	705
PDT/Technology Services	Motor Fuels	Client Support	706
PDT/Technology Services	Sales and Use	Take Help Desk Calls	707
PDT/Technology Services	Sales and Use	Resolve Help Desk Calls, Level 1	708
PDT/Technology Services	Sales and Use	Resolve Help Desk Calls, Level 2	709
PDT/Technology Services	Sales and Use	H/W, S/W Installations and Moves	710
PDT/Technology Services	Sales and Use	H/W, S/W Consultations for Order	711
PDT/Technology Services	Sales and Use	Print	712
PDT/Technology Services	Sales and Use	Monitor System	713
PDT/Technology Services	Sales and Use	Disaster Recovery	714
PDT/Technology Services	Sales and Use	Tape Mounts	715
PDT/Technology Services	Sales and Use	Job Scheduling	716
PDT/Technology Services	Sales and Use	SIRS	717
PDT/Technology Services	Sales and Use	Systems Administration	718
PDT/Technology Services	Sales and Use	Network Management	719
PDT/Technology Services	Sales and Use	Client Support	720
Personnel	Administration	Management/Supervision	721
Personnel	Administration	Train Current Employees	722

FTE Time Allocation

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MASTER LIST OF ALL TASKS, TASK IDS, AND ORGANIZATIONAL UNITS

Division	Tax Schedule or Activity	Task	Task ID
Personnel	Administration	Evaluate Staff Performance	723
Personnel	Administration	Administration	724
Personnel	Administration	Departmental Committees	725
Personnel	Administration	Special Projects	726
Personnel	Administration	Other Meetings	727
Personnel	Administration	Employee Hiring	728
Personnel	Administration	Salary Administration	729
Personnel	Administration	Forms Processing	730
Personnel	Administration	Benefits	731
Personnel	Administration	Recruitment	732
Personnel	Administration	Training/Staff Development	733
Personnel	Administration	Position Management/Classification	734
Personnel	Administration	Policy Administration/Employee Relatio	735
Personnel	Administration	Miscellaneous	736
Personnel	Administration	Overtime/Work Undone	737
Returns Processing	Corporate Income & Franchise	Validation	738
Returns Processing	Corporate Income & Franchise	Data Capture	739
Returns Processing	Corporate Income & Franchise	Error Resolution	740
Returns Processing	Corporate Income & Franchise	Central Files	741
Returns Processing	Corporate Income & Franchise	Archive	742
Returns Processing	Individual Income	Validation	743
Returns Processing	Individual Income	Data Capture	744
Returns Processing	Individual Income	Error Resolution	745
Returns Processing	Individual Income	Central Files	746
Returns Processing	Individual Income	Archive	747
Returns Processing	Individual Income - Withholding	Validation	748
Returns Processing	Individual Income - Withholding	Data Capture	749
Returns Processing	Individual Income - Withholding	Error Resolution	750
Returns Processing	Individual Income - Withholding	Central Files	751
Returns Processing	Individual Income - Withholding	Archive	752
Returns Processing	Intangibles	Validation	753
Returns Processing	Intangibles	Data Capture	754
Returns Processing	Intangibles	Central Files	755
Returns Processing	Intangibles	Archive	756
Returns Processing	Motor Fuels	Data Capture	757
Returns Processing	Motor Fuels	Central Files	758
Returns Processing	License and Excise	Data Capture	759
Returns Processing	License and Excise	Central Files	760
Returns Processing	Sales and Use	Validation	761
Returns Processing	Sales and Use	Data Capture	762
Returns Processing	Sales and Use	Error Resolution	763
Returns Processing	Sales and Use	Central Files	764
Returns Processing	Sales and Use	Archive	765
Returns Processing	Corporate Income & Franchise	Business Registration	838
Returns Processing	Individual Income	Business Registration	839
Returns Processing	Individual Income - Withholding	Business Registration	840
Returns Processing	Intangibles	Business Registration	841
Returns Processing	Motor Fuels	Business Registration	842
Returns Processing	License and Excise	Business Registration	843
Returns Processing	Sales and Use	Business Registration	844
Security	Administration	Awareness and Training	766
Security	Administration	Computer Security	767
Security	Administration	Physical Security	768
Security	Administration	Security Projects	769
Security	Administration	Audits, Incidents, Investigations	770

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Appendix D

MASTER LIST OF ALL TASKS, TASK IDS, AND ORGANIZATIONAL UNITS

Division	Tax Schedule or Activity	Task	Task ID
Security	Administration	General	771
Tax Admin./Ad Valorem	Ad Valorem	Legislation	772
Tax Admin./Ad Valorem	Ad Valorem	Appeals	773
Tax Admin./Ad Valorem	Ad Valorem	Taxpayer Education/Assistance	774
Tax Admin./Ad Valorem	Ad Valorem	Internal Education/Assistance	775
Tax Admin./Ad Valorem	Ad Valorem	Forms Design and Publications	776

FTE Time Allocation

Appendix D

MASTER LIST OF ALL TASKS, TASK IDS, AND ORGANIZATIONAL UNITS

Division	Tax Schedule or Activity	Task	Task ID
Tax Admin./Ad Valorem	Ad Valorem	Formulate Tax Policy	777
Tax Admin./Ad Valorem	Ad Valorem	Distributions	778
Tax Admin./Ad Valorem	Ad Valorem	Administration	779
Tax Admin./Ad Valorem	Ad Valorem	Public Service Company Appraisals	780
Tax Admin./Corporate Income & Franchise	Corporate Income & Franchise	Legislation	781
Tax Admin./Corporate Income & Franchise	Corporate Income & Franchise	Appeals	782
Tax Admin./Corporate Income & Franchise	Corporate Income & Franchise	Taxpayer Education/Assistance	783
Tax Admin./Corporate Income & Franchise	Corporate Income & Franchise	Internal Education/Assistance	784
Tax Admin./Corporate Income & Franchise	Corporate Income & Franchise	Forms Design and Publications	785
Tax Admin./Corporate Income & Franchise	Corporate Income & Franchise	Formulate Tax Policy	786
Tax Admin./Corporate Income & Franchise	Corporate Income & Franchise	Administration	787
Tax Admin./License and Excise	License and Excise	Legislation	788
Tax Admin./License and Excise	License and Excise	Appeals	789
Tax Admin./License and Excise	License and Excise	Taxpayer Education/Assistance	790
Tax Admin./License and Excise	License and Excise	Internal Education/Assistance	791
Tax Admin./License and Excise	License and Excise	Forms Design and Publications	792
Tax Admin./License and Excise	License and Excise	Formulate Tax Policy	793
Tax Admin./License and Excise	License and Excise	Distributions-Beer & Wine	794
Tax Admin./License and Excise	License and Excise	Soft Drink Registrations	795
Tax Admin./License and Excise	License and Excise	Administration	796
Tax Admin./Motor Fuels	Motor Fuels	Appeals	797
Tax Admin./Motor Fuels	Motor Fuels	Administration	798
Tax Admin./Motor Fuels	Motor Fuels	Taxpayer Education/Assistance	799
Tax Admin./Motor Fuels	Motor Fuels	Internal Education/Assistance	800
Tax Admin./Motor Fuels	Motor Fuels	Formulating Tax Policy	801
Tax Admin./Motor Fuels	Motor Fuels	Legislation	802
Tax Admin./Motor Fuels	Motor Fuels	Forms Design and Publications	803
Tax Admin./Motor Fuels	Motor Fuels	Distributions	804
Tax Admin./Motor Fuels	Motor Fuels	Examination	805
Tax Admin./Motor Fuels	Motor Fuels	Collections	806
Tax Admin./Motor Fuels	Motor Fuels	Processing	807
Tax Admin./Personal Taxes	Individual Income	Taxpayer Education/Assistance	808
Tax Admin./Personal Taxes	Individual Income	Internal Education/Assistance	809
Tax Admin./Personal Taxes	Individual Income	Legislation	810
Tax Admin./Personal Taxes	Individual Income	Formulating Tax Policy	811
Tax Admin./Personal Taxes	Individual Income	Forms Design and Publications	812
Tax Admin./Personal Taxes	Individual Income	Appeals	813
Tax Admin./Personal Taxes	Individual Income	Administration	814
Tax Admin./Personal Taxes	Individual Income	Distributions	815
Tax Admin./Personal Taxes	Intangibles	Taxpayer Education/Assistance	816
Tax Admin./Personal Taxes	Intangibles	Internal Education/Assistance	817
Tax Admin./Personal Taxes	Intangibles	Legislation	818
Tax Admin./Personal Taxes	Intangibles	Formulating Tax Policy	819
Tax Admin./Personal Taxes	Intangibles	Forms Design and Publications	820
Tax Admin./Personal Taxes	Intangibles	Appeals	821
Tax Admin./Personal Taxes	Intangibles	Administration	822
Tax Admin./Personal Taxes	Intangibles	Distributions	823
Tax Admin./Research	Tax Research	Revenue Estimates	824
Tax Admin./Research	Tax Research	Database Compilation	825
Tax Admin./Research	Tax Research	Information; Scheduled Data Releases	826
Tax Admin./Research	Tax Research	Local Government	827
Tax Admin./Research	Tax Research	Economic Development	828
Tax Admin./Research	Tax Research	Administration	829
Tax Admin./Sales and Use	Sales and Use	Appeals	830
Tax Admin./Sales and Use	Sales and Use	Taxpayer Education/Assistance	831

FTE Time Allocation**Appendix D****MASTER LIST OF ALL TASKS, TASK IDS, AND ORGANIZATIONAL UNITS**

Division	Tax Schedule or Activity	Task	Task ID
Tax Admin./Sales and Use	Sales and Use	Internal Education/Assistance	832
Tax Admin./Sales and Use	Sales and Use	Legislation	833
Tax Admin./Sales and Use	Sales and Use	Formulating Tax Policy	834
Tax Admin./Sales and Use	Sales and Use	Administration	835
Tax Admin./Sales and Use	Sales and Use	Forms Design and Publications	836
Tax Admin./Sales and Use	Sales and Use	Distributions	837

APPENDIX E

SAMPLE TIME SHEET SUBMITTED BY DOR STAFF ALLOCATING FY95-96 TIME

This is the time sheet on which every person's work time was recorded, using the codes shown in Appendix D.

Permanent Employee FTE Time Allocation

Division: . . .

POSITION NUMBER:
TOTAL NET HOURS WORKED:
TOTAL HOURS OVERTIME:
EMPLOYEE NAME:

Division	Tax Schedule or Activity		Hours	Task ID
Field Operation Auditors	Corporate Income & Franchise	Plan/Research		207
Field Operation Auditors	Corporate Income & Franchise	Conduct Audits		208
Field Operation Auditors	Corporate Income & Franchise	Taxpayer Assistance/Education		209
Field Operation Auditors	Individual Income	Plan/Research		210
Field Operation Auditors	Individual Income	Conduct Audits		211
Field Operation Auditors	Individual Income	Taxpayer Assistance/Education		212
Field Operation Auditors	Individual Income - Withholding	Plan/Research		213
Field Operation Auditors	Individual Income - Withholding	Conduct Audits		214
Field Operation Auditors	Individual Income - Withholding	Taxpayer Assistance/Education		215
Field Operation Auditors	Intangibles	Plan/Research		216
Field Operation Auditors	Intangibles	Conduct Audits		217
Field Operation Auditors	Intangibles	Taxpayer Assistance/Education		218
Field Operation Auditors	License and Excise	Plan/Research		219
Field Operation Auditors	License and Excise	Conduct Audits		220
Field Operation Auditors	License and Excise	Taxpayer Assistance/Education		221

APPENDIX F

FTE BY DIVISION, TASK AND TAX SCHEDULE

The following charts depict for each division in DOR the tasks that the division performs for specific tax schedules or that are done for non-tax-related functions of the department. The left axis lists the tasks of the division and the columns list the tax schedules as well as non-tax specific administration and tax research entities. These are considered the non-allocated time. At the end of each division's table, the total FTE is calculated, as is the percentage of time spent on tasks not associated with specific tax schedules vs. the percentage of FTE spent total against tax schedules.

In reviewing the following pages, these explanations were noted by DOR:

Office Services Division (found on page 3 of this Appendix): Approximately half of the administrative task percentage was assigned for work on the ITAS Project. This division has a high percentage of professional employees whose technical expertise, especially in the business taxes, was needed to help in completion of the ITAS Project.

Field Operations Division (found on page 4 of this Appendix): The relatively high percentage assigned to administrative tasks results from the interpretation of the word "administrative." Upon further review it was determined that many of these tasks should have been assigned to specific tax schedule-related activities.

Criminal Investigations Division (found on page 5 of this Appendix): The relatively high percentage assigned to administrative tasks results from the interpretation of the word "administrative." Upon further review it was determined that many of these tasks should have been assigned to specific tax schedule-related activities.

FTE BY DIVISION, TASK AND TAX SCHEDULE

APPENDIX F

DIVISION	Task	Administration	Tax Research	Total Not Charged to Tax Schedule	Ad Valorem	Controlled Substances	Corporate Income and Franchise	Individual Income	Individual Income - Withholding	Insurance	Intangibles	License and Excise	Motor Fuels	Other non schedule specific taxes	Sales and Use	Total Charged to a Tax Schedule	Grand Total
ACCOUNTING	Accounts receivable					0.01	0.21	1.13	0.96	0.01	0.01	0.07	0.00	0.03	0.71	3.15	3.15
	Administration	0.00		0.00													0.00
	Budget	5.13		5.13													5.13
	Business Registration						0.05		0.20			0.02			0.34	0.61	0.61
	Data Analysis	0.04		0.04													0.04
	Data Collection	0.03		0.03													0.03
	Financial reporting	2.38		2.38													2.38
	Incoming Mail Sort/Cut, Distribute	0.53		0.53													0.53
	ITAS Project Management	0.05		0.05													0.05
	Mail extraction					0.33	2.56	10.25	7.14	0.33	0.33	1.01	1.59	0.33	9.52	33.38	33.38
	Payroll	2.44		2.44													2.44
	Recommendation Development	0.02		0.02													0.02
	Refunds distributions				0.00	0.01	0.09	0.66	0.64	0.01	0.01	0.07	0.02	0.01	0.68	2.20	2.20
	Remittance processing					0.36	3.49	15.78	15.81	0.41	0.36	1.62	2.03	0.47	16.68	57.03	57.03
	ACCOUNTING Total	10.62		10.62	0.00	0.71	6.39	27.83	24.76	0.76	0.71	2.79	3.64	0.84	27.93	96.36	106.98
	% of administrative and tax specific times			9.93%												90.07%	100.00%
RETURNS PROCESSING	Administration	0.00		0.00													0.00
	Archive						0.48	1.97	0.06						0.02	2.54	2.54
	Business Registration						0.40		7.81			0.15			11.92	20.27	20.27
	Central Files						5.04	17.65	4.17		0.04	0.70	0.06		9.87	37.53	37.53
	Data Analysis	0.04		0.04													0.04
	Data Capture						4.24	68.34	1.78		0.07	0.51	0.01		19.64	94.58	94.58
	Data Collection	0.03		0.03													0.03
	Error Resolution						3.76	23.65	5.45						7.41	40.27	40.27
	ITAS Project Management	0.79		0.79													0.79
	ITAS Testing Problem Resolution	0.10		0.10													0.10
	ITAS Training	0.55		0.55													0.55
	Mail extraction					0.00	0.03	0.10	0.07	0.00	0.00	0.01	0.02	0.00	0.09	0.32	0.32
	Recommendation Development	0.02		0.02													0.02
	Validation						3.73	57.89	7.46		0.36				14.07	83.51	83.51
	RETURNS PROCESSING Total	1.53		1.53		0.00	17.67	169.60	26.79	0.00	0.47	1.37	0.08	0.00	63.02	279.02	280.55
	% of administrative and tax specific times			0.55%												99.45%	

FTE BY DIVISION, TASK AND TAX SCHEDULE

APPENDIX F

DIVISION	Task	Administration	Tax Research	Total Not Charged to Tax Schedule	Ad Valorem	Controlled Substances	Corporate Income and Franchise	Individual Income	Individual Income - Withholding	Insurance	Intangibles	License and Excise	Motor Fuels	Other non schedule specific taxes	Sales and Use	Total Charged to a Tax Schedule	Grand Total
OFFICE EXAMINATION	Accounts receivable								0.74							0.74	0.74
	Administration	0.29		0.29			1.25	15.35	0.48	0.15	0.19				2.02	19.45	19.74
	Audit Selection	1.01		1.01													1.01
	Business Registration						0.07		0.29			0.03			0.50	0.89	0.89
	Collect Accounts Receivable							1.34								1.34	1.34
	Compliance Programs														0.96	0.96	0.96
	Correspondence						2.15	26.81		0.18	1.60	6.93			1.51	39.18	39.18
	Correspondence Amended								1.25							1.25	1.25
	Data Analysis	0.08		0.08													0.08
	Data Collection	0.08		0.08													0.08
	Discharges							0.08							0.04	0.12	0.12
	Distributions														0.22	0.22	0.22
	ELF Acceptance							3.35								3.35	3.35
	ELF Employee Program							0.82								0.82	0.82
	Error Resolution							4.80							0.57	5.37	5.37
	Examine Returns for Compliance						5.29	7.81		0.42	0.01	3.88				17.40	17.40
	Files Maintenance						1.38	9.27		0.24	0.27	0.99			1.34	13.50	13.50
	Filing Purging								2.40							2.40	2.40
	Foreign Delinquents								0.01							0.01	0.01
	ITAS Project Management	1.37		1.37													1.37
	ITAS Testing Problem Resolution	4.66		4.66													4.66
	ITAS Training	1.09		1.09													1.09
	Mail extraction					0.03	0.26	0.99	0.67	0.03	0.03	0.10	0.16	0.03	0.89	3.20	3.20
	Management and Supervision											0.44				0.44	0.44
	Manual Assessments								0.12							0.12	0.12
	Mismatch - Annual Reconciliation								4.88							4.88	4.88
	Notice Transfers								0.00							0.00	0.00
	Overpayments								0.15							0.15	0.15
	Process Collections						0.85	3.10		0.27	0.19	10.72			0.94	16.07	16.07
	Recommendation Development	0.05		0.05													0.05
	Refunds Review Items							0.16								0.16	0.16
	Refunds to Qualifying Entities														2.98	2.98	2.98
	Remittance processing								0.01							0.01	0.01
	Reports								0.01							0.01	0.01
	Returned Mail								0.04							0.04	0.04
	Review and Process Exception Report														3.24	3.24	3.24
	Review Forms and Documents														0.19	0.19	0.19
	Review Process Exception Reports								1.72							1.72	1.72
	Review Process Exception Returns						2.91	21.48		0.23		0.48				25.09	25.09
	Special Projects								0.17							0.17	0.17
	Systems Support											1.02				1.02	1.02
	Taxpayer Account Financial Maintena						2.49	1.94			0.68	1.12			1.05	7.28	7.28
	Taxpayer Assistance and Education						3.98	33.24	0.63	0.06	0.11	0.98			6.32	45.31	45.31
	Utility Franchise Distribution						0.13									0.13	0.13
OFFICE EXAMINATION Total		8.63		8.63		0.03	20.75	130.54	13.57	1.58	3.09	26.67	0.16	0.03	22.79	219.22	227.85
% of administrative and tax specific times				3.79%												96.21%	100.00%

FTE BY DIVISION, TASK AND TAX SCHEDULE

APPENDIX F

DIVISION	Task	Administration	Tax Research	Total Not Charged to Tax Schedule	Ad Valorem	Controlled Substances	Corporate Income and Franchise	Individual Income	Individual Income - Withholding	Insurance	Intangibles	License and Excise	Motor Fuels	Other non schedule specific taxes	Sales and Use	Total Charged to a Tax Schedule	Grand Total
OFFICE SERVICES	Administration	5.32		5.32			0.16	0.84	0.10						0.10	1.20	6.52
	Business Registration								0.05						0.18	0.23	0.23
	Cases						0.81	2.02	0.72			0.34	0.06		1.69	5.63	5.63
	Collections						0.37	1.12	0.50			0.12	0.05		0.56	2.72	2.72
	Correspondence							0.07								0.07	0.07
	Data Analysis	0.11		0.11													0.11
	Data Collection	0.12		0.12													0.12
	Discharges						0.05	0.10	0.05						0.05	0.24	0.24
	ELF Employee Program							0.40								0.40	0.40
	Error Resolution							0.09							0.36	0.45	0.45
	Examine Returns for Compliance						0.51	0.02								0.53	0.53
	Incoming Correspondence						1.48	4.16	1.03			0.29	0.09		1.48	8.53	8.53
	Incoming Phone Calls						2.13	5.12	4.66			0.12	0.02		3.53	15.59	15.59
	ITAS Project Management	0.96		0.96													0.96
	ITAS Testing Problem Resolution	3.51		3.51													3.51
	ITAS Training	0.70		0.70													0.70
	Mail extraction					0.01	0.10	0.37	0.25	0.01	0.01	0.04	0.06	0.01	0.33	1.19	1.19
	Maintain AR System						0.04		0.02						0.14	0.20	0.20
	Manage Forms Contracts with Person														0.03	0.03	0.03
	Outgoing Correspondence						2.86	7.99	1.74						2.44	15.03	15.03
	Outgoing Phone Calls						0.18	0.90	0.19			0.05			0.89	2.20	2.20
	Penalty Waivers						0.06	0.55	0.66						0.37	1.64	1.64
	Proof of Claims						0.27	0.28	0.28			0.04	0.03		0.28	1.19	1.19
	Recommendation Development	0.07		0.07													0.07
	Refunds Review Items							0.51								0.51	0.51
	Remittance processing					0.00	0.02	0.13	0.13	0.00	0.00	0.01	0.00	0.00	0.13	0.43	0.43
	Review Process Exception Returns						0.21	0.11								0.32	0.32
	Set-Off and Offsets							3.45								3.45	3.45
	Taxpayer Assistance and Education						0.24	0.14								0.38	0.38
	Validation						0.05								0.36	0.41	0.41
	OFFICE SERVICES Total	10.80		10.80		0.01	9.53	28.36	10.38	0.01	0.01	1.00	0.32	0.01	12.94	62.58	73.38
	% of administrative and tax specific times			14.72%												85.28%	100.00%

FTE BY DIVISION, TASK AND TAX SCHEDULE

APPENDIX F

DIVISION	Task	Administration	Tax Research	Total Not Charged to Tax Schedule	Ad Valorem	Controlled Substances	Corporate Income and Franchise	Individual Income	Individual Income - Withholding	Insurance	Intangibles	License and Excise	Motor Fuels	Other non schedule specific taxes	Sales and Use	Total Charged to a Tax Schedule	Grand Total
FIELD OPERATIONS	Administration	46.38		46.38													46.38
	Attend computer training	0.15		0.15													0.15
	Attend Meetings	0.16		0.16													0.16
	Attend Technical Meetings						0.09		0.03							0.12	0.12
	Audit Selection	0.37		0.37													0.37
	Business Registration						0.07		0.28			0.03				0.37	0.37
	Central Files											0.47				0.47	0.47
	Claims for Refund						0.99									0.99	0.99
	Clerical Tasks	0.46		0.46													0.46
	Collect Accounts Receivable						2.19	37.89	11.34		1.56	3.13			19.28	75.40	75.40
	Collect Delinquent Accounts						0.03	0.01	23.77			7.51			60.59	91.92	91.92
	Computer Support (hardware, software)	1.95		1.95													1.95
	Conduct Audits						8.38	4.98	0.33		4.22	4.50			69.80	92.21	92.21
	Conduct Training	0.11		0.11													0.11
	Consultations	0.05		0.05													0.05
	Coordinate Statewide Activities	0.25		0.25													0.25
	Data Analysis	0.08		0.08													0.08
	Data Collection	0.06		0.06													0.06
	Departmental Committees	0.18		0.18													0.18
	Developing Materials	0.43		0.43													0.43
	Employee Evaluation	0.25		0.25													0.25
	Employee Hiring	0.29		0.29													0.29
	Facilitate Meetings	0.16		0.16													0.16
	Federal Retiree Project							0.01								0.01	0.01
	File Key Sort reports	1.18		1.18													1.18
	Incoming Correspondence														0.13	0.13	0.13
	Incoming Phone Calls														0.38	0.38	0.38
	IRS DOR Joint Projects						0.01	0.01	0.01						0.02	0.04	0.04
	ITAS Project Management	0.64		0.64													0.64
	ITAS Support (assist in policy and pro	0.20		0.20													0.20
	ITAS Support - Tax Specific						0.09	0.12	0.04						0.05	0.31	0.31
	ITAS Testing Problem Resolution	2.96		2.96													2.96
	ITAS Training	4.28		4.28													4.28
	Management and Supervision	33.25		33.25													33.25
	Other Meetings	0.08		0.08													0.08
	Outgoing Correspondence														0.09	0.09	0.09
	Outgoing Phone Calls														0.17	0.17	0.17
	Penalty Waivers														0.08	0.08	0.08
	Plan and Research						1.69	0.63			0.14	0.56			7.11	10.13	10.13
	Process Audits						0.45					0.11			0.38	0.95	0.95
	Process Field Audits						0.18	0.37	0.01		0.00	0.00			0.59	1.16	1.16
	Produce document notices	1.15		1.15													1.15
	Provide Technical Training						0.16		0.03							0.20	0.20
	Recommendation Development	0.05		0.05													0.05
	Refunding Project										0.00					0.00	0.00
	Special Projects	0.27		0.27													0.27
	Taxation of Athletes and Entertainers							0.04								0.04	0.04
	Taxpayer Assistance and Education						0.22	15.17	6.49		1.56	3.96			17.77	45.18	45.18
	Technical Assistance	0.01		0.01													0.01
	Train Current Employees	1.57		1.57													1.57
	Train New Employees	1.80		1.80													1.80
	FIELD OPERATIONS Total	98.77		98.77			14.54	59.23	42.32		7.50	20.28			176.45	320.33	419.10
% of administrative and tax specific times				23.57%												76.43%	100.00%

FTE BY DIVISION, TASK AND TAX SCHEDULE

APPENDIX F

DIVISION	Task	Administration	Tax Research	Total Not Charged to Tax Schedule	Ad Valorem	Controlled Substances	Corporate Income and Franchise	Individual Income	Individual Income - Withholding	Insurance	Intangibles	License and Excise	Motor Fuels	Other non schedule specific taxes	Sales and Use	Total Charged to a Tax Schedule	Grand Total
CRIMINAL INVESTIGATION	Administration	1.98		1.98													1.98
	Clearinghouse for Informants' Calls							0.34	0.26						0.36	0.97	0.97
	Investigate Alleged Criminal Violation							2.89	0.18				0.28		4.01	7.36	7.36
	CRIMINAL INVESTIGATIONS Total	1.98		1.98				3.24	0.44				0.28		4.37	8.33	10.31
	% of administrative and tax specific times			19.17%												80.83%	100.00%
AD VALOREM	Administration				0.14											0.14	0.14
	Appeals				5.39											5.39	5.39
	Distributions				0.04											0.04	0.04
	Forms Design and Publications				0.13											0.13	0.13
	Formulate Tax Policy				0.03											0.03	0.03
	ITAS Training	0.03		0.03													0.03
	Legislation				0.13											0.13	0.13
	Mail extraction					0.00	0.01	0.03	0.02	0.00	0.00	0.00	0.01	0.00	0.03	0.11	0.11
	Public Service Company Appraisals				3.33											3.33	3.33
	Taxpayer Assistance and Education				6.24											6.24	6.24
	AD VALOREM Total	0.03		0.03	15.43	0.00	0.01	0.03	0.02	0.00	0.00	0.00	0.01	0.00	0.03	15.54	15.57
	% of administrative and tax specific times			0.19%												99.81%	100.00%
CONTROL SUBSTANCE	Accounts receivable					0.94										0.94	0.94
	Administration					2.53										2.53	2.53
	Appeals					3.27										3.27	3.27
	Collect Assessments					8.34										8.34	8.34
	Distribution of Taxes					0.79										0.79	0.79
	Issue Assessments					1.03										1.03	1.03
	ITAS Training	0.17		0.17													0.17
	CONTROL SUBSTANCE Total	0.17		0.17		16.90										16.90	17.07
	% of administrative and tax specific times			0.99%												99.01%	100.00%
CORPORATE & FRANCHISE	Administration						2.30									2.30	2.30
	Appeals						0.46									0.46	0.46
	Forms Design and Publications						0.26									0.26	0.26
	Formulate Tax Policy						0.83									0.83	0.83
	Internal Education Assistance						0.50									0.50	0.50
	Legislation						0.48									0.48	0.48
	Taxpayer Assistance and Education						1.68									1.68	1.68
	CORPORATE & FRANCHISE Total						6.51									6.51	6.51
	% of administrative and tax specific times															100.00%	100.00%

FTE BY DIVISION, TASK AND TAX SCHEDULE

APPENDIX F

DIVISION	Task	Administration	Tax Research	Total Not Charged to Tax Schedule	Ad Valorem	Controlled Substances	Corporate Income and Franchise	Individual Income	Individual Income - Withholding	Insurance	Intangibles	License and Excise	Motor Fuels	Other non schedule specific taxes	Sales and Use	Total Charged to a Tax Schedule	Grand Total
LICENSE & EXCISE	Administration											0.40				0.40	0.40
	Appeals											0.27				0.27	0.27
	Distributions Beer Wine											0.17				0.17	0.17
	Forms Design and Publications											0.10				0.10	0.10
	Formulate Tax Policy											0.08				0.08	0.08
	Internal Education Assistance											0.90				0.90	0.90
	Legislation											0.32				0.32	0.32
	Soft Drink Registrations											0.34				0.34	0.34
	Taxpayer Assistance and Education											1.52				1.52	1.52
	LICENSE & EXCISE Total											4.10				4.10	4.10
	% of administrative and tax specific times															100.00%	100.00%
MOTOR FUELS	Administration												8.59			8.59	8.59
	Appeals											0.77				0.77	0.77
	Clearinghouse for Informants' Calls													0.05		0.05	0.05
	Collections												5.52			5.52	5.52
	Distributions											0.02				0.02	0.02
	Examination												11.52			11.52	11.52
	Forms Design and Publications											0.88				0.88	0.88
	Formulate Tax Policy											0.45				0.45	0.45
	Internal Education Assistance											2.69				2.69	2.69
	Investigate Alleged Criminal Violation							0.33	0.01			0.68				1.02	1.02
	ITAS Project Management	1.00		1.00													1.00
	Legislation												0.38			0.38	0.38
	Processing												10.32			10.32	10.32
	Taxpayer Assistance and Education						0.16	0.86	0.02				10.86		0.03	11.93	11.93
	MOTOR FUELS Total	1.00		1.00			0.16	1.19	0.03				52.67		0.08	54.13	55.13
	% of administrative and tax specific times			1.81%												98.19%	100.00%
PERSONAL TAXES	Accounts receivable				0.01											0.01	0.01
	Administration	0.03		0.03				1.54			0.32					1.86	1.88
	Appeals							1.28			0.15					1.43	1.43
	Data Analysis	0.04		0.04													0.04
	Data Collection	0.05		0.05													0.05
	Distributions										0.28					0.28	0.28
	Forms Design and Publications							0.70								0.70	0.70
	Formulate Tax Policy							0.25			0.01					0.25	0.25
	ITAS Training	0.34		0.34													0.34
	Legislation							0.71			0.04					0.74	0.74
	Mail extraction					0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.04	0.04
	Recommendation Development	0.02		0.02													0.02
	Taxpayer Assistance and Education							2.63			0.64					3.27	3.27
	PERSONAL TAXES Total	0.48		0.48	0.01	0.00	0.00	7.10	0.01	0.00	1.44	0.00	0.00	0.00	0.01	8.57	9.05
	% of administrative and tax specific times			5.31%												94.69%	100.00%

FTE BY DIVISION, TASK AND TAX SCHEDULE

APPENDIX F

DIVISION	Task	Administration	Tax Research	Total Not Charged to Tax Schedule	Ad Valorem	Controlled Substances	Corporate Income and Franchise	Individual Income	Individual Income - Withholding	Insurance	Intangibles	License and Excise	Motor Fuels	Other non schedule specific taxes	Sales and Use	Total Charged to a Tax Schedule	Grand Total
SALES AND USE TAXES	Administration														1.26	1.26	1.26
	Appeals														5.64	5.64	5.64
	Distributions														0.01	0.01	0.01
	Forms Design and Publications														0.10	0.10	0.10
	Formulate Tax Policy														1.06	1.06	1.06
	ITAS Project Management	0.14		0.14													0.14
	Legislation														0.36	0.36	0.36
	Mail extraction					0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.05	0.05
	Taxpayer Assistance and Education														4.20	4.20	4.20
	SALES AND USE TAXES Total	0.14		0.14		0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00	12.64	12.67	12.81
% of administrative and tax specific times				1.12%												98.88%	

FTE BY DIVISION.TASK AND TAX SCHEDULE

APPENDIX F

DIVISION	Task	Administration	Tax Research	Total Not Charged to Tax Schedule	Ad Valorem	Controlled Substances	Corporate Income and Franchise	Individual Income	Individual Income - Withholding	Insurance	Intangibles	License and Excise	Motor Fuels	Other non schedule specific taxes	Sales and Use	Total Charged to a Tax Schedule	Grand Total
ADM-DOR	Administration	11.53		11.53													11.53
	Hearings Process	0.94		0.94													0.94
	Support Hearings Process	0.94		0.94													0.94
	ADM-DOR Total	13.42		13.42													13.42
	% of administrative and tax specific times			100.00%													100.00%
INTERNAL AUDIT	Code and Test	0.60		0.60													0.60
	Project Management	0.23		0.23													0.23
	Specifications and Design	0.17		0.17													0.17
	INTERNAL AUDIT Total	1.00		1.00													1.00
	% of administrative and tax specific times			100%													100%

FTE BY DIVISION, TASK AND TAX SCHEDULE

APPENDIX F

DIVISION	Task	Administration	Tax Research	Total Not Charged to Tax Schedule	Ad Valorem	Controlled Substances	Corporate Income and Franchise	Individual Income	Individual Income - Withholding	Insurance	Intangibles	License and Excise	Motor Fuels	Other non schedule specific taxes	Sales and Use	Total Charged to a Tax Schedule	Grand Total
ADMINISTRATIVE SERVICE	Accounts Payable	0.48		0.48													0.48
	Administration	1.46		1.46													1.46
	Assistance	0.58		0.58													0.58
	Attend Training	0.07		0.07													0.07
	Bindery	0.14		0.14	0.01	0.00	0.02	0.02	0.03	0.00	0.01	0.02	0.02		0.03	0.16	0.31
	Building Maintenance	1.83		1.83													1.83
	Bulk Mailing	3.81		3.81													3.81
	Clerical Work for FMO orders	0.14		0.14													0.14
	Consult on Forms Design								0.02						0.02	0.04	0.04
	Create Plates	0.24		0.24	0.01		0.03	0.04	0.03			0.04	0.12		0.04	0.31	0.54
	Design Forms	0.23		0.23	0.01		0.02	0.03	0.02		0.01	0.04	0.15		0.03	0.30	0.53
	Employee Evaluation	0.01		0.01													0.01
	Employee Hiring	0.01		0.01													0.01
	Incoming Mail Sort/Cut, Distribute	3.26		3.26													3.26
	Interviews	0.01		0.01													0.01
	Inventory Control	0.23		0.23													0.23
	Issue Decals	0.23		0.23													0.23
	Maintain Directories	0.10		0.10													0.10
	Maintain Paper and Printing Supplies	0.09		0.09													0.09
	Maintain Perpetual Forms Inventory	0.02		0.02													0.02
	Maintenance Contracts	0.08		0.08													0.08
	Maintenance Requests	0.29		0.29													0.29
	Manage Forms Contracts						0.00	0.01	0.01			0.01	0.01		0.00	0.04	0.04
	Manage Forms Contracts with Person						0.04	0.11	0.11						0.09	0.35	0.35
	Management and Supervision	1.50		1.50													1.50
	Match Paperwork and Deliver	0.21		0.21													0.21
	Meetings	0.66		0.66													0.66
	Monthly - Yearly Reports	0.01		0.01													0.01
	Number of Personnel	0.05		0.05													0.05
	Operate Warehouse	0.68		0.68													0.68
	Operating Supply Room	2.13		2.13													2.13
	Ordering General Use Forms	0.01		0.01													0.01
	Other	0.44		0.44													0.44
	Outgoing Mail Pickup and Apply Posta	2.79		2.79													2.79
	Performance Appraisal	0.06		0.06													0.06
	Performance Appraisals	0.06		0.06													0.06
	Post Cards	0.10		0.10													0.10
	Printing	1.22		1.22	0.01	0.01	0.15	0.58	0.21	0.00	0.02	0.10	0.28		0.32	1.68	2.90
	Process Bulk Forms	0.58		0.58													0.58
	Process Invoices	0.06		0.06													0.06
	Process Mis-directed Mail	0.64		0.64													0.64
	Purchase Order Changes	0.30		0.30													0.30
	Quotes	0.80		0.80													0.80
	Receive and Process Orders	0.07		0.07	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.01	0.02		0.03	0.09	0.15
	Recording Time	0.02		0.02													0.02
	Requisitions	0.55		0.55													0.55
	Researching New Replacement Forms	0.20		0.20													0.20
	Seminars	0.01		0.01													0.01
	Send Master File Update Tapes to Ve								0.02						0.02	0.04	0.04
	Stock Room, Machine Room, and Sta	1.08		1.08													1.08
	Train Employees	0.49		0.49													0.49
	Training	0.14		0.14													0.14
	Update Specifications for Scanline								0.00						0.01	0.01	0.01
	Verify, Approve Invoice for Payment	0.00		0.00			0.00	0.00	0.02						0.01	0.03	0.03
	ADMINISTRATIVE SERVICES Total	28.12		28.12	0.05	0.01	0.26	0.80	0.45	0.00	0.04	0.22	0.60		0.61	3.06	31.17
% of administrative and tax specific times				90.19%												9.81%	100.00%

FTE BY DIVISION, TASK AND TAX SCHEDULE

APPENDIX F

DIVISION	Task	Administration	Tax Research	Total Not Charged to Tax Schedule	Ad Valorem	Controlled Substances	Corporate Income and Franchise	Individual Income	Individual Income - Withholding	Insurance	Intangibles	License and Excise	Motor Fuels	Other non schedule specific taxes	Sales and Use	Total Charged to a Tax Schedule	Grand Total
PDT	Administration	1.06		1.06													1.06
	Audit Selection	0.20		0.20													0.20
	Batch Jobs Processes Programs and	0.21		0.21													0.21
	Client Server DB Administration	0.06		0.06													0.06
	Client Support				0.03	0.26	0.39	1.02	0.43	0.01	0.10	0.25	0.34		0.72	3.55	3.55
	Code and Test					0.15	1.59	1.87	0.58			0.41	0.02		1.80	6.43	6.43
	Convert Implement					0.13	0.57	0.94	0.18			0.15	0.01		0.38	2.34	2.34
	Departmental Meetings	0.22		0.22													0.22
	Disaster Recovery	0.21		0.21	0.01	0.05	0.21	0.26	0.26	0.01	0.01	0.08			0.19	1.06	1.27
	Document					0.11	0.18	0.19	0.03						0.15	0.66	0.66
	DOR DB Integrity	0.09		0.09													0.09
	ELF Acceptance							0.00								0.00	0.00
	HW, SW Consultations and Moves				0.02	0.15	0.22	0.34	0.25	0.07	0.03	0.07	0.14		0.32	1.61	1.61
	HW, SW Consultations for Order				0.01	0.06	0.09	0.60	0.18	0.03	0.01	0.13	0.07		0.35	1.53	1.53
	ITAS Project Management	0.66		0.66													0.66
	Job Scheduling				0.04	0.21	0.83	1.03	0.91	0.02	0.02	0.31			0.75	4.12	4.12
	Management and Supervision	4.07		4.07													4.07
	Meetings	0.11		0.11													0.11
	Migrations	0.73		0.73													0.73
	Monitor System				0.06	0.30	1.15	1.43	1.28	0.03	0.03	0.43			1.04	5.74	5.74
	Network Management				0.03	0.33	0.49	0.66	0.54	0.02	0.07	0.17	0.33		0.66	3.29	3.29
	On call	0.01		0.01													0.01
	On-call	1.10		1.10													1.10
	Other and Estimating							0.02							0.03	0.05	0.05
	Personnel	0.49		0.49													0.49
	Printing				0.02	0.10	0.39	0.48	0.43	0.01	0.01	0.14			0.35	1.92	1.92
	Project Management					0.05	0.32	0.14	0.11				0.02		0.35	0.99	0.99
	Proof of Claims							0.00								0.00	0.00
	Resolve Help Desk Calls, Level 1				0.01	0.09	0.14	0.18	0.14	0.05	0.02	0.05	0.09		0.18	0.95	0.95
	Resolve Help Desk Calls, Level 2				0.01	0.13	0.19	0.25	0.19	0.07	0.03	0.07	0.13		0.25	1.30	1.30
	SIPS Batch Cycle Technical Support	0.25		0.25													0.25
	SIPS CICS Administration	0.15		0.15													0.15
	SIPS DB Administration	0.09		0.09													0.09
	SIPS DB Integrity	0.16		0.16													0.16
	SIPS DB Maintenance	0.62		0.62													0.62
	SIPS DB Performance	0.82		0.82													0.82
	SIPS Security Design Administration	0.05		0.05													0.05
	SIPS Software Administration	0.09		0.09													0.09
	SIRS				0.01	0.06	0.25	0.31	0.28	0.01	0.01	0.10			0.23	1.25	1.25
	Special Projects	0.07		0.07													0.07
	Special Projects and Administration	1.15		1.15													1.15
	Specifications and Design					0.33	1.31	1.06	0.30				0.01		1.29	4.30	4.30
	Standards, Policies, Procedures	0.11		0.11													0.11
	Systems Administration				0.04	0.40	0.61	0.81	0.67	0.02	0.08	0.20	0.40		0.81	4.04	4.04
	Take Help Desk Calls				0.01	0.14	0.20	0.27	0.27	0.07	0.03	0.07	0.14		0.27	1.48	1.48
	Tape Mounts				0.01	0.06	0.24	0.31	0.27	0.01	0.01	0.09			0.22	1.22	1.22
	Train					0.03	0.10	0.09	0.04						0.14	0.40	0.40
	Training	0.31		0.31													0.31
	User Interface Support	0.35		0.35													0.35
	Verification and Compare	0.27		0.27													0.27
	PDT Total	13.72		13.72	0.31	3.14	9.48	12.27	7.34	0.41	0.43	2.70	1.71		10.47	48.26	61.98
	% of administrative and tax specific times			22.13%												77.87%	100.00%

FTE BY DIVISION, TASK AND TAX SCHEDULE

APPENDIX F

DIVISION	Task	Administration	Tax Research	Total Not Charged to Tax Schedule	Ad Valorem	Controlled Substances	Corporate Income and Franchise	Individual Income	Individual Income - Withholding	Insurance	Intangibles	License and Excise	Motor Fuels	Other non schedule specific taxes	Sales and Use	Total Charged to a Tax Schedule	Grand Total
PERSONNEL	Administration	0.12		0.12													0.12
	Benefits	1.03		1.03													1.03
	Departmental Committees	0.56		0.56													0.56
	Employee Hiring	0.15		0.15													0.15
	Evaluate Staff Performance	0.09		0.09													0.09
	Forms Processing	1.39		1.39													1.39
	Management and Supervision	0.13		0.13													0.13
	Miscellaneous	2.18		2.18													2.18
	Other Meetings	0.75		0.75													0.75
	Policy Administration Employee Relati	0.33		0.33													0.33
	Position Management Classification	1.60		1.60													1.60
	Recruitment	0.38		0.38													0.38
	Salary Administration	0.15		0.15													0.15
	Special Projects	0.03		0.03													0.03
	Train Current Employees	0.02		0.02													0.02
	Training Staff Development	3.36		3.36													3.36
	PERSONNEL Total	12.26		12.26													12.26
	% of administrative and tax specific times			100.00%													
SECURITY	Audits, Incidents, Investigations	0.28		0.28													0.28
	Awareness and Training	0.11		0.11													0.11
	Computer Security	0.97		0.97													0.97
	General	0.25		0.25													0.25
	Physical Security	0.97		0.97													0.97
	Security Projects	0.63		0.63													0.63
	SECURITY Total	3.22		3.22													3.22
	% of administrative and tax specific times			100.00%													
TAX RESEARCH	Administration		1.35	1.35													1.35
	Appeals														0.05	0.05	0.05
	Business Registration						0.05		0.22			0.02			0.37	0.67	0.67
	Database Compilation		7.44	7.44													7.44
	Economic Development		0.24	0.24													0.24
	Formulate Tax Policy														0.13	0.13	0.13
	Information; Scheduled Data Releases		2.69	2.69													2.69
	Local Government		1.49	1.49													1.49
	Mail extraction					0.00	0.02	0.09	0.06	0.00	0.00	0.01	0.01	0.00	0.08	0.28	0.28
	Revenue Estimates		1.68	1.68													1.68
	Taxpayer Assistance and Education														0.15	0.15	0.15
	TAX RESEARCH Total		14.89	14.89		0.00	0.08	0.09	0.28	0.00	0.00	0.03	0.01	0.00	0.78	1.27	16.16
	% of administrative and tax specific times			92.14%												7.86%	
	Grand Total	205.87	14.89	220.77	15.80	20.82	85.39	440.30	126.41	2.76	13.71	59.17	59.49	0.90	332.12	1156.86	1377.63
	Percent of Total			16.03%												83.97%	

VISITOR REGISTRATION SHEET

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VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME

FIRM OR AGENCY AND ADDRESS

Willie Riddick

DdR

Bernard Allen

SOS

Robert Power

OSBM

Allen Barwick

OSB

Thelma P. King

OSP

Norma Rosefield

DCR

Back Street

PPRB

Box 2

1. 1997-98 Interim Joint Appropriations – General Government
2. 1998 Joint Appropriations – General Government
3. 1997 Joint Appropriations – Human Resources
4. 1997-98 Interim Joint Appropriations – Human Resources