

1998

**JOINT
APPROPRIATIONS -
GENERAL
GOVERNMENT
COMMITTEE**

MINUTES

THE JOINT APPROPRIATIONS SUBCOMMITTEE

ON

GENERAL GOVERNMENT

MINUTES

1997 - 1998 SESSION

Senator Ed Warren, Senate Chair
Representative Bill Ives, House Co-Chair
Representative Gene McCombs, House Co-Chair
Representative Wilma Sherrill, House Co-Chair

Wilma Caldwell, Senate Committee Clerk
Jayne Walton, House Committee Clerk
Suzanne Erskine, House Committee Clerk
Rosa Kelley, House Committee Clerk

JOINT MEETINGS OF THE APPROPRIATIONS SUBCOMMITTEE
ON GENERAL GOVERNMENT

1997 - 1998 SESSION

May 12, 1998

May 14, 1998

May 19, 1998

May 20, 1998

May 26, 1998

May 27, 1998

July 9, 1998

JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT

1998 SESSION

Senator Ed Warren, Chair	Room 623 LOB	733-5953	Wilma Caldwell
Senator Jeanne Lucas, V. Chair	Room 628 LOB	733-5870	Bernie David-Yerumo
Senator Eleanor Kinnaird	Room 1117 LB	733-7850	Kathie Young
Senator Jesse Ledbetter	Room 520 LOB	733-5748	Peggy Halifax
Senator Dan Page	Room 1414 LB	733-7659	Steve Crim

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

ATTENDANCE

Appropriations Subcommittee On General Government

(Name of Committee)

[illegible]

Appropriations Subcommittee On General Government

(Name of Committee)

[illegible]

Appropriations Subcommittee On General Government

(Name of Committee)

[illegible]

AGENDA

Joint Appropriations Subcommittee
on
General Government

May 12, 1998
Room 425
10:30 AM

Chairman: Senator Ed Warren

Discussion of the Governor's Recommended Budget Changes for
FY 1998-99

Departments with Reductions and Expansion

Office of the Governor

State Budget and Management

State Planning

Administration

Cultural Resources

Revenue

JOINT APPROPRIATIONS SUBCOMMITTEE

ON

GENERAL GOVERNMENT

Minutes

May 12, 1998

The Joint Appropriations Subcommittee on General Government met Tuesday, May 12 at 10:30 a.m. in Room 415 of the Legislative Office Building. Three of the Senate members were present, including the Chair, Senator Warren. Representatives present were: Co-Chairs Ives, McCombs and Sherrill; and Culpepper, Decker, Jeffus, and Esposito.

Senator Warren introduced John Dorman, Deputy Director of the Office of State Planning, who presented items to be cut from the Office's budget (see Page 4 of Attachment 1). John also presented the Expansion Budget items totaling \$3,900,000 NR (see Page 6 of Attachment 1). In response to Representative Decker's question, John said that South Carolina would be paying \$150,000 as their cost for the County Boundary Resurvey Program. He also said that the survey information will be put on the Web. Representative McCombs asked if these expansion items were in the Governor's budget. John said that they were.

Mr. Marvin Dorman, State Budget Officer, then presented the budget reductions and Expansion Budget items for the Governor's Office. (See Pages 2, 3, 7 and 8 of Attachment 1.) Representative Decker wanted to know if there had been any progress in consolidating the postal systems and using bar codes. Mr. Dorman said they were indeed working on this, and that they estimated a savings of \$1.5 million. He said that the Courier Service would not be eliminated because it is still cheaper—departments pay one-half the rate charged by the Postal Service.

Senator Kinnaird asked Mr. Dorman if his department had begun to consider the effect of the court decision to refund State retirees taxes. He said that they understood they could still appeal. However, they estimate it will cost the State \$1.1 Billion if they should have to pay back both State and Federal employees, and that the State would lose \$128 Million per year because it could no longer tax the retirement funds.

Senator Kinnaird then asked if the Intangibles Tax issue could be raised. Mr. Dorman said that it could, and if the State had to repay all the Intangibles taxes, it would cost \$330 million, bringing the total cost of tax refunds by the State to \$1.4 billion.

Senator Warren then asked Ms. Katie Dorsett, Secretary of the Department of Administration, to present the reductions for her Department. She introduced her staff and announced that the Department had received an award from the North Carolina Recycling Association for their computer recycling project in which they repair surplus computers and sell them to the public schools at \$20 per computer; and for their Motor Fleet Management pilot project in which they have old law enforcement vehicles rebuilt and use them in other agencies. The cost for rebuilding them is \$10,000 as compared to \$22,000 for a new vehicle. (Attachment 2, Pages 1-3 lists and explains the Department's reductions.) Representative Ives complimented the Department on its energy savings, (Item 6, Page 1, Attachment 2). Secretary Dorsett then went over the Department's Expansion Budget items. She introduced Cathy White, new Executive Director of the North Carolina Ethics Board, (see Pages 4, 5 and 6 of Attachment 2).

Senator Warren then introduced Betty McCain, Secretary of the Department of Cultural Resources, who presented and explained the reductions and Expansion Budget requests for her Department. (See Attachment 3) Representative Decker asked why the First Flight Centennial Commission expansion funds were not non-recurring. Secretary McCain noted that this program would go on until 2003 with educational programs in the public schools and tourist programs. She said that she hoped the State stamp in 2003 would celebrate the First Flight Centennial. (See Item 3, Page 21 and Pages 26 a and b) Attachment 3)

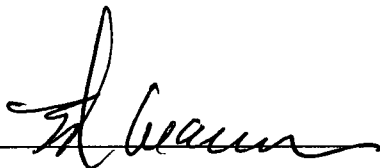
Senator Ledbetter and Representative Culpepper were concerned about the historical value of the W. Kerr Scott Farm. (Item 8, Page 22, Attachment 3) Senator Kinnaird noted that she would like to see the Ethics Board put out a publication with the rules listed and let the remainder of the appropriation go to the Department of Cultural Resources. Representatives Jeffus and Decker echoed Senator Kinnaird's statement.

Secretary Muriel Offerman, Department of Revenue, gave a brief overview of the work of her Department, after introducing her staff. She noted that the Federal retirees refunds, intangibles refunds, workforce study, and stabilization of the Integrated Tax Administration System had kept everyone very busy. During the month of April Secretary Offerman said they received \$2.2 billion (which surpassed April of 1997 by 13.7 percent); that they handled 1,176,943 more transactions than last year (up 6.6 percent); and that average daily deposits exceeded April of 1997 by 18.6 percent. When asked about customer service, she stated that they have 41 field offices, electronic filing, (there have been over 7 billion electronic filings and over \$11 billion earned in interest since its inception); access to forms and instructions on their Website (which received 100,000 hits); and a pre-recorded "Tax Talk" message available 24 hours daily. The reductions and Expansion Budget items for the Department of Revenue are itemized in Attachment 4.

Senator Warren announced that the Committee would meet in the second floor lobby of the Legislative Office Building to go on a site visit of the State Personnel Development Center.

The meeting adjourned at 12:20 p.m.

Respectfully submitted,



Senator Ed Warren, Chairman



Wilma Caldwell, Committee Clerk

Recommended Changes to the 1998-99 State Budget

- Office of the Governor
- Office of State Budget and Management
- Office of State Planning

May 11, 1998

Subcommittee on General Government

General Government Team

Fiscal Research Division

Office of the Governor
Operating Efficiencies

1998-99

1. Reduce Various Operating Line Items

Funds are reduced from the budget of the Office of the Governor in various line items including travel, communications, data processing and printing.

\$ (77,255)

Subtotal - Office of the Governor

\$ (77,255)

Office of State Budget and Management
Operating Efficiencies

1998-99

1. Reduce Travel, Communications and Data Processing

Funds are reduced from the budget of the Office of State Budget and Management for travel, communications and data processing.

\$ (59,263)

Subtotal - Office of State Budget and Management

\$ (59,263)

Office of State Planning
Operating Efficiencies

1998-99

1. Reduce Contractual Services and Communications

Funds are reduced from the budget of the Office of State Planning for contractual services and communications.

\$ (6,118)

Subtotal - Office of State Planning

\$ (6,118)

OFFICE OF THE GOVERNOR
Reductions for FY 1998-99
Budget Code 13000

1998-99 Certified Budget	
Appropriations	\$5,150,352
	<u>.015</u>
Total 1.5%	\$ 77,255

5331xx - Office Supplies	10,000
532xxx - Purchased Services	62,255
5345xx - Office Furniture & Equipment	<u>5,000</u>
Total	\$ 77,255

Code 13005

Office of State Budget
and Management

Budget Reductions

1998-99

1310 Office of State Budget

2700	Travel and other Employee expenses	\$ 9,263
2800	Communications and Data Processing	<u>\$ 50,000</u>
	Total Reductions	<u>\$ 59,263</u>

1998-99 Reductions
OFFICE OF STATE PLANNING

	<u>1998-99</u>
2199 Miscellaneous Contractual Services	(1,118)
<u>2800 Communication & Data Processing</u>	<u>(5,000)</u>
Reduction Total	(6,118)

**1998-99 Recommended Changes
General Fund**

Office of the Governor

1. Continue Deputy Chief of Staff Position

Funds are recommended to continue the Deputy Chief of Staff position for the Office of the Governor.

\$ 107,959

Number of Positions

1.0

Total Recommended Changes for Office of the Governor

\$ 107,959

Number of Positions

1.0

NR - Nonrecurring

Office of State Budget and Management

1998-99

1. Training and Operating Support

Funding is recommended to provide staff training for state departments and agencies in the area of performance measures, office equipment and travel, data processing, and printing related to 1999-01 budget preparation.

\$ 65,000

160,000 NR

Total Recommended Changes for Office of State Budget and Management

\$ 65,000

160,000 NR

Office of State Planning

1. Digital Orthophotography Appropriation

Funding is recommended to participate in a shared plan for the continuing development of digital orthophotography in North Carolina. The demand for digital orthophotos (DOQQs) in North Carolina is escalating with increased popularity and use of computer mapping software and geographic information systems. Digital orthophotos are an essential framework component used by state agencies, universities, local governments, and the private sector in geospatial planning and analysis.

\$ 3,600,000 NR

2. County Boundary Resurvey Program

Funding is recommended for the Geodetic Survey Program to re-establish and monument county boundaries to insure that these boundaries are easily identifiable, preserved over time, and referenced to the North Carolina State Plane Coordinate System. This program will require seven years to resurvey the county boundaries of each county in North Carolina. A portion of this funding will support the survey of a section of the North Carolina/South Carolina boundary based on recommendations of the Joint State Boundary Commission.

300,000 NR

Total Recommended Changes for Office of State Planning

\$ 3,900,000 NR

NR - Nonrecurring

1998-99 Recommended Changes
(Line Item Detail)

Office of the Governor

1998-99

1. Continue Deputy Chief of Staff position

1110-1100 EPA Salaries	\$ 90,000
1110-1500 Employee Benefits	<u>17,959</u>

\$ 107,959

1998-99 Recommended Changes

Office of State Budget and Management

1998-99

1. **Training and Operating Support**

Funding is recommended to provide staff training for state departments and agencies in the area of performance measures, office equipment and travel, data processing, and printing related to 1999-01 budget preparation.

\$ 65,000
160,000 NR

Line Item Detail

Requirements:

<u>Account No.</u>	<u>Account Title</u>	<u>Request 1998-99</u>
1310 - 2700	Travel (ABC)	\$ 25,000
1310 - 2800	Data Processing Services	25,000
1310 - 2850	Printing	35,000
1310 - 2940	Training Expense	65,000
1310 - 4500	Equipment	<u>75,000</u>
	Requirements	\$ 225,000

1998-99 Recommended Changes
OFFICE OF STATE PLANNING

Expansion

13006-1412

1211	SPA-Reg Salaries-App (Time Limited Pos)	33,042
1511	FICA	2,528
1521	Retirement	3,578
1561	Hospitalization	1,736
2714	Transp - Ground In-State	5,000
2721	Lodging - In-State	4,116
2199	Miscellaneous Contractual Services	250,000

23006-2510

2199	Miscellaneous Contractual Services	3,150,000
2821	Computer / Data Processing	500,000

Department of Administration
Operating Efficiencies1998-99

1. **Reduce Salary Reserve - Secretary's Office**
A quality leadership position was reduced in the Secretary's Office creating salary reserve which is reduced from the budget. \$ (12,736)
 2. **Reduce Salary Reserve - Human Resources Management**
A staff development position was reduced in the Human Resources Management Office creating salary reserve which is reduced from the budget. (5,259)
 3. **Delete Public Relations Coordinator Position - Health Plan Purchasing Alliance**
The Public Relations Coordinator position for the Health Plan Purchasing Alliance is deleted from the budget. (45,621)
Number of Positions (1.0)
 4. **Reduce Salary Reserve - State Property Office**
A real property agent position was reduced in the State Property Office creating salary reserve which is reduced from the budget. (9,478)
 5. **Reduce Data Processing Services - Fiscal Management**
Reduce data processing services in the Fiscal Management Division. (1,563)
 6. **Reduce Operating Support - Facility Management Division**
Utility cost (electricity) is reduced due to conservation efforts in state buildings, and other operating budget reductions. (428,000)
- Subtotal - Department of Administration \$ (502,657)
Number of Positions (1.0)

Department of Administration

1. Secretary's Office \$12,736
-Reduce Budgeted Position No. 4101-0000-0000-068
531211 Salaries \$10,750
Fringe Benefits \$ 1,986

This position is the Quality Leadership Coordinator position that was reallocated at a lower pay grade which gave us a savings of \$12,736.

2. Human Resources Management \$ 5,259
-Reduce Budgeted Position No. 4117-0000-0000-155
531211 Salaries \$4,439
Fringe Benefits \$ 820

This position is the Staff Development Coordinator whose position was reduced from 2/3 time to 1/2 time for a savings of \$5,259.

3. State Health Purchasing Alliance \$45,621
-Abolish Position No. 4164-0000-0000-606 (Span of Control)
531211 Salaries \$37,041
Fringe Benefits \$ 8,580

This item addresses the State Health Purchasing Alliance which is housed in our department for bookkeeping and personnel assistance. If you have questions, you need to check with our State Budget Director Marvin Dorman. Robert Joyce, the director of the program, is also here to answer questions.

4. State Construction Office \$ 9,478
-Reduce Budgeted Position No. 4149-0100-0006-004
531211 Salaries \$8,000
Fringe Benefits \$1,478

The amount of compensation was reduced for a Real Property Agent position which amounted to a savings of \$9,478.

5. Fiscal Management \$ 1,563
-Reduce Operating Budget
532821 Computer Data Processing Services

We have reduced data processing services and the printing of reports in Fiscal Management for a savings of \$1,563.

6. Facility Management	\$428,000
-Reduce Operating Budget	
532310 Repairs to Building	
AC Systems	\$60,000
Electrical Systems	\$60,000
Plumbing	\$ 8,000
532210 Electrical	\$300,000

We have reduced our Facilities Management budget by a total of \$428,000. Part of the reduction is from energy savings of \$300,000 through energy conservation measures such as the addition of time clocks, reduction of hours that lights are used, installation of energy efficient equipment and most importantly, the establishment of a standard temperature for state owned buildings.

(Breakdown of \$300,000 in electrical savings)

1. Historic Houses	\$ 15,000
2. Various Small Buildings	\$ 5,000
3. Garner Road Buildings #2,4,12,16	\$ 8,000
4. Revenue Building AC System	\$ 15,000
5. History Museum	\$ 10,000
6. Parking Deck Lights	\$ 10,000
7. Electrical Cost Parking Deck Lights #17, #65	\$ 62,000
8. Chillers (Reduce Operation Time)	\$175,000

In addition, we are proposing additional savings of \$128,000 in preventative maintenance measures that will reduce the need for repairs for our air condition systems, electrical systems and plumbing services.

The total reductions for the Department of Administration from the General Fund:
\$502,657

Department of Administration

1998-99

1. **North Carolina Ethics Board**

The North Carolina Ethics Board was created by Executive Order to serve as the State entity to prevent conflict of interest in the Executive Branch of State Government and to handle any conflicts that may occur. Funds are recommended for staff and operations of this new board.

\$ 203,300
2.0

Number of Positions

Total Recommended Changes for Department of Administration

\$ 203,300
2.0

Number of Positions

1998-99 Recommended Changes

Department of Administration

1998-99

1. North Carolina Ethics Board

The North Carolina Ethics Board was created by Executive Order to serve as the State entity to prevent conflict of interest in the Executive Branch of State Government and to handle any conflicts that may occur. Funds are recommended for staff and operations of this new board.

\$ 203,300
2.0

Number of Positions

Line Item Detail

Requirements:

<u>Account No.</u>	<u>Account Title</u>	<u>Request 1998-99</u>
1301 531211	SPA-Regular Salaries-Appropriation	\$ 95,138
1301 531461	EPA & SPA-Longevity Pay-Appropriation	374
1301 531511	Social Security Contribution-Appropriation	7,162
1301 531521	Regular Retirement Contribution-Appropriation	10,144
1301 531561	Medical Insurance Contribution-Appropriation	3,472
1301 531651	Compensation to Board Member	300
1301 532199	Contracted Services	20,000
1301 532310003	Rep Bldg-Elect Systems	150
1301 532333	Repairs-Other Equipment	300
1301 532430	Maintenance Agreement-Equipment	414
1301 532441	Maintenance Agreement-Software	36
1301 532712	Air Out of State Within US	1,500
1301 532714	Transportation-Ground-In state	800
1301 532715	Ground Out of State Within US	500
1301 532721	Lodging - In State	800
1301 532722	Lodging Out of State Within US	800
1301 532725	Meals Out of State Within US	300
1301 532728	Miscellaneous Out of State Within US	100
1301 532731	Board/Non-Employee Transportation	1,900
1301 532732	Board/Non-Employee Subsistence	790
1301 532811	Telephone Service	608
1301 532840001	Post, FR & Del-Mailing Services	19
1301 53284003	Post, FR & Del-Postal Meter	1,063
1301 532850	Print, Bind, Duplicate	1,031
1301 532942	Employee Training Expense	300

1998-99 Recommended Changes
Administration - Line Item Detail - Continued

Requirements:

<u>Account No.</u>	<u>Account Title</u>	<u>Request 1998-99</u>
1301 533110	General Office Supplies	\$ 2,000
1301 533120	Data Processing Supplies	200
1301 534511	Furniture-Office	1,000
1301 534521	Office Equipment	500
1301 534710	Computer Software	1,000
1301 535830	Membership Dues & Subscription	598
1301 535900	Other Expenses	<u>50,001</u>
	Requirements	203,300
	No. of Positions (F.T.E.)	2.0

Department of Cultural Resources
Operating Efficiencies1998-99

1. Various Efficiency Reductions

Listed below are recommended reductions to the divisions within Cultural Resources resulting from the department's efforts to reduce operating cost.

Office of the Secretary	\$ (14,366)	
Administrative Services	(14,884)	
Archives and History	(10,144)	
Historical Publications	(10,110)	
Archives and Records	(42,414)	
Number of Positions	(1.0)	
Historic Sites	(104,277)	
Tryon Palace	(18,961)	
State Capitol/Visitor Services	(6,921)	
N. C. Maritime Museum	(12,606)	
State Historic Preservation Office	(20,768)	
Number of Positions	(.25)	
Western Office	(5,429)	
Museum of Art	(55,338)	
North Carolina Symphony	(4,948)	
State Library Services	(63,200)	
Museum of History	(72,320)	
Total - Various Efficiency Reductions		\$ (456,686)
Number of Positions		(1.25)



North Carolina Department of Cultural Resources
Office of the Secretary

James B. Hunt, Jr., Governor

Betty Ray McCain, Secretary

MEMORANDUM

TO: Members of the General Government Subcommittee
FROM: Secretary Betty Ray McCain *BRMcC*
SUBJECT: Various Efficiency Reductions – Department of Cultural Resources
DATE: April 28, 1998

Below I have listed our greatest concerns in our department's budget reductions:

- **\$62,300 State Library Services**

The State Library offered State Aid grant funds as its \$313,417 budget reduction, which was not accepted. Instead, a cut of \$62,300 was imposed from State Library operations. This cut will **close the library's Genealogy Services on Saturdays and eliminate 86% of annual purchases of Genealogy research books.**

- **\$6,921 State Capitol/Visitor Services**

This reduction will **close** the State Capitol on six holidays, all Sundays, and ½ days on Saturdays.

- **\$14,366 Office of the Secretary**

This reduction will **eliminate** the state appropriation for the North Carolina Awards.

- **\$14,884 Administrative Services**

This reduction will virtually **eliminate all computer purchases** for the budget office.

-2-

Fund 1110 Office of the Secretary, Department of Cultural Resources

Recommended reduction: \$14,366

Reduce 532199 Miscellaneous Contractual Services (North Carolina Awards)

- The Office of the Secretary's appropriated budget, excluding salaries, is about \$80,000. This supports a staff of 19 people with statewide responsibilities.
- The \$14,366 cut would eliminate the state appropriation for the North Carolina Awards.

Fund 1120 Administrative Services, Department of Cultural Resources

Recommended Reduction: \$14,884

Reduce 534522 Equipment-Computers

- 75% (over \$110,000 of the Administrative Services' budget is devoted to computer operations for the entire department.
- This \$14,884 cut will reduce the computer equipment purchase line item to less than \$2,000.
- We anticipate replacing the department's e-mail server next year at a cost of over \$20,000.

The "Death of the Thousand Cuts"?

This division has long been regarded as one of the best public history agencies in the nation, and both we and our many long-time co-workers are grateful for the widespread public and private support that has made this possible. We note that, virtually since its inception in 1903, Archives and History has enjoyed the support of the general public, of every Governor, of the vast majority of every General Assembly, and, since Archives and History's change from department to division, of every DCR secretary.

This support continues today. Yet, we are becoming increasingly disheartened about the division's future. Ad hoc budget resources, particularly those for popular projects, continue to be available (and, in many cases, increased); resources for administering and managing North Carolina public history in the mid- and long-term continue to dwindle.

The current round of mandated budget cuts is one of at least seven over the past ten years. Their cumulative effect has been an ever-increasing focus on short-term concerns (particularly the management of popular, ad hoc projects). But Archives and History has always been a long-term agency, one of the few charged with managing state real and personal property in perpetuity. The division also follows numerous scholarly pursuits, undertaking projects that, of necessity, span decades. Work related to such objectives is neither glamorous nor communicable in "sound bites," but it is critical to the future public history of the state.

Already extremely short-handed, we have elected to meet the immediate requirements for cuts from non-personnel line items. The total amount available in these items totals \$257,490; at the Fund level, we have cut each such line item by the same percentage (approximately 6.55%) in order to meet our mandated total budget reduction of \$16,855.

If we are to have any hope of maintaining our long-term public history commitments, the present round of cuts will be the last we can make without major alterations to our overall program. These changes will require a realignment of all divisional Funds and Sections, and must place a higher priority on providing the resources necessary to meet our long-term legal and curatorial commitments rather than on programs with current popular appeal. Thus, while the sky hasn't fallen yet, the cracking sounds are becoming more and more ominous.

HISTORICAL PUBLICATIONS SECTION
DIVISION OF ARCHIVES AND HISTORY
DEPARTMENT OF CULTURAL RESOURCES
109 EAST JONES STREET
RALEIGH NC 27601-2807
(919) 733-7442
FAX (919) 733-1439

MEMORANDUM:

DATE: January 2, 1998

TO: Jeffrey J. Crow

FROM: Joe Mobley *JAM*

SUBJECT: Mandated Budget Reduction, FY 1998-1999

The mandated budget reduction of \$10,110.00 (1.5%) for Historical Publications Section for the FY 1998-1999 represents a diminished capacity to publish materials on North Carolina history and probably will mean that at least one new or reprinted publication will not be funded and issued.

This publication therefore will be denied to North Carolina's teachers, students, tourists, and citizens. The State of North Carolina will also lose the revenue generated by the sale of the book.



North Carolina Department of Cultural Resources

James B. Hunt Jr., Governor
Betty Ray McCain, Secretary

Division of Archives and History
Jeffrey J. Crow, Director

January 8, 1998

Memorandum

To: Jeffrey Crow and Larry Misenheimer

From: David Olson

Re: Effect of Budget Cut on Archives and Records Section

The proposed cut of \$42,414 from the Archives and Records Section's budget will make it more difficult for us to provide public service in our state archives. The majority of this cut is in personnel costs, and it is planned that one position will be eliminated as a result of this cut. The position will in all likelihood be in the archival services branch (this year we eliminated a position in the records services branch). This will mean that our ability to provide service to our patrons will be affected. We will have to transfer functions for the lost position to other staff, and this will inevitably mean that the delivery of our reference service will become more strained.

This will be the seventh position cut from the Archives and Records Section since 1993. While everyone still believes that we have one of the better archival and records management programs in the country, the cumulative and immediate effects of these cuts have compromised the program to a point where the provision of basic services (such as those provided in our search room) is in jeopardy. It is ironic that in the name of building up the state's educational programs, that one of its premier educational and informational resources is being slowly decimated.

djo

cc: Branch Heads

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PROPOSED 1.5% CUT FROM NORTH CAROLINA HISTORIC SITES

FUNDS 1241 AND 1992 FOR FISCAL YEAR 1998-99

The Historic Sites Section cannot make a 1.5% cut and meet basic expectations. Our current level of services cannot be maintained by our state funding level; nevertheless citizens, community leaders, and support groups continue to seek and expect enhancements at sites. As tourism, especially heritage tourism, continues to become an increasingly important resource and revenue maker for our State, North Carolina Historic Sites can play a larger and more significant role. It is our Section's wish and desire to improve the North Carolina Historic Sites to meet this challenge, but this cut will decimate our ability to do so.

As a general rule, you must first spend money to develop your resource. If marketed properly, visitors come and use the facilities. Wear and tear occurs. You must then reinvest to maintain your facilities to continue attracting visitors. You must spend more if you wish to expand and serve even larger numbers of visitors. This cut, and the ones in past years, erode our program's ability to maintain visitation levels and add new visitors.

The mission of the Section is to preserve, interpret, operate, maintain, and develop the North Carolina Historic Sites.

Preserve--The backlog of repairs to our facilities statewide will continue to increase significantly and spiral upward. In the past we have used a portion of general fund monies for some major repairs, not covered by the state Reserve for Repairs and Renovations. This cut will further hamper our efforts to preserve our sites.

Interpret—As we have pulled monies to make repairs to our historic structures, our educational exhibits, audiovisuals, and printed materials have gone lacking. Monies for important archaeological and historical research, design and development of new materials, installation and implementation of these improved services, and the maintenance of current materials have not been available. We have temporary exhibits that were put in during the 1960s that are still being used. Visitors, especially if you want them to become recurring visitors, demand that we offer more for their visit. We are not fulfilling our educational duties to our visitors. We have already curtailed off-site visits and have begun to curtail special events (both in size and frequency). There has been a loss of visitors to our sites which bring the cost of services up and reduce the economic and cultural benefit of sites to communities. The school children of North Carolina are denied previsit educational materials, and the quality of their experience at the sites suffers. We lose our future.

Operate and Maintain--Every site should have the minimum of four permanent employees. We have not reached this minimum staffing level yet. We depend on temporary employees to a great extent. Many of those employees are only at the federal minimum wage. Our temporaries can make more at fast food restaurants, and it is getting more difficult to provide quality visitor services. Also as we have used general fund monies for major repairs, the day-to-day repairs and needs at our historic sites continue to backlog and mount. Continuation funding to operate has been less than adequate in recent years, and developing sites often drain funds from the established sites.

Develop—We are experiencing more and more discontent from communities and support groups at our inability to manage the development and marketing of our North Carolina Historic Sites. The developing sites, of course, lose from this reduction, and unfinished basic visitor services and facilities are noticed in local communities by leading citizens who in turn seek answers from legislators and other officials. Our older sites also suffer. Exhibits are stale. Technology has bypassed our exhibits and communications with the public. Our ability to offer added value has been and will be greatly curtailed. There are no funds left to advertise and market our sites. We want to be an integral part of heritage tourism in the state, but that will not happen at this level of funding.

Tryon Palace

HISTORIC SITES & GARDENS

January 6, 1998

TO: Dr. Jeffrey Crow, Director,
North Carolina Division of Archives and History

FROM: Kay P. Williams, Administrator, *KPW*
Tryon Palace Historic Sites and Gardens

SUBJECT: Response to Required Budget Cut of \$18,961 from the
FY 1998-1999 1242 Tryon Palace Historic Sites & Gardens Budget

I suggest that the mandated \$18,961 cut in appropriated funds for the FY 1998-1999 Tryon Palace Budget be accomplished by eliminating **object 2512--\$3,070** and funding the following line items from receipts rather than appropriated funds:

OBJECT	AMOUNT FUNDED IN FY 1998-99
2840 Postage, Freight & Delivery	\$ 10,590
2850 Print, Bind, Duplicate	5,050
2942 Other Emp Educational Ex	350
Total	\$ 15,990

The overall total including a cut of \$3,070 by eliminating **object 2512** and changing **objects 2840, 2850 and 2942** to receipts funding is \$19,060.

Object 2512-Rent/Lease Buildings/Office is no longer needed with the move of our conservation lab to the Douglas Property that the state leases from the Kellenberger Historical Foundation for \$1.00 a year.

Two of the line items to be changed to receipts funding directly relate to our tour operation which is largely funded from receipts and which generates the receipts. The majority of our postage funding is expended on direct mail promoting our tour program

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and responding to inquiries from the public about tours or special event programs. The Printing and Binding line item funds the printing of tickets for our tour operation. The line item entitled Other Employee Educational Expense is less directly tied to the tour operation since it supports special training required for state employees. However all training received by our employees positively affects the experience of the public visiting Tryon Palace Historic Sites and Gardens.

Slightly more than 42% of our budget in FY 1998-99 is funded by receipts. Eighty-five per cent of our total budget is in permanent and temporary salary line items with about a third of the salary line items funded by receipts. The remaining 15% for operations or \$272,628 is funded from appropriated funds. Of that amount, \$232,095 or 85% of the non-salary line items fund essential areas to continue normal operations such as utilities (natural gas and electricity), telephone, utility vehicle rental, and repair and maintenance of buildings, grounds and equipment. A budget cut of \$18,961 would have to come from the remaining \$40,533 and would seriously affect the quality of the education program at Tryon Palace Historic Sites and Gardens. It includes funds to replace aging equipment, artifact and research material purchases, and limited travel funds that are used to send state employees to required training and meetings.

Our ability to continue to meet our budget goal for earned receipts is based on sustaining and improving our public programs. Our audience demands more programs and better programs each year. We compete with Biltmore and Colonial Williamsburg for audience with no funding for advertising or promotion other than \$10,590 for postage and \$5,050 to print tickets to sell to the public. Both Biltmore and Colonial Williamsburg have marketing budgets in excess of two million dollars a year. In addition we are not located near an interstate highway, near an urban area or close to an area with a major airport. Consequently, the majority of our visitors visit Tryon Palace Historic Sites and Gardens as a destination and the decision to come is made before they leave home. We continue to attract an audience by offering a strong history education program and providing a quality experience to each visitor. If the quality of the experience or the education program is weakened, our attendance and ability to earn receipts will also be diminished.

I have chosen to not eliminate a position or temporary salary money because we are hard pressed to sustain the quality of Tryon Palace Historic Sites and Gardens with the staff we currently have. Nearly all temporary employees and more than two thirds of the permanent employees are involved in providing services directly to the public including guided tours, living history demonstrations, special events, lectures, programs, educational services and history research or museum operations consultation. The remaining third are primarily involved in either business operations such as purchasing, processing forms required by the state and budget operations or in maintenance of buildings and gardens, all of which are critical to continue to attract the public. We are a lean organization that works hard to maintain a quality historic attraction and history education program. The loss of the housekeeper position last year left us with two housekeepers to daily clean and maintain approximately 84,000 square feet of interior space including bathrooms and museum exhibit space. Needless to say, the quality of our housekeeping has been eroded and we are still trying to offset that loss.

Finally, we have an excellent record of managing our receipts budget. We monitor earnings and receipts spending continuously and adjust spending to compensate for down periods in earnings. An example would be FY 1996-97 when we were hit by both Hurricanes Bertha and Fran: we experienced a significant decrease in attendance for the two months of the hurricanes as well as a continued decrease for the following six months. We anticipated the shortfall, reduced spending to compensate, and worked with the Budget Office at the Department of Cultural Resources to manage the decrease so that we would not have a significant shortfall. We also began an intense public outreach effort that has resulted in a 15.3% increase in attendance year to date for this fiscal year and a 27.6% increase in receipts for the same period. Funding an additional \$19,100 from receipts will not adversely affect the receipts-funded portion of our budget.

Please let me know if I can supply additional information.



North Carolina Department of Cultural Resources

James B. Hunt Jr., Governor
Betty Ray McCain, Secretary

January 7, 1998

Division of Archives and History
Jeffrey J. Crow, Director

MEMORANDUM

To: Larry Misenheimer

From: Sam Townsend 

Subject: FALLOUT (IMPACT) of Mandated Budget
Reductions, FY 1998-99, SC/VS Section

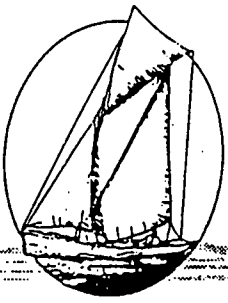
1. In addition to holidays on which we already are closed (New Year's, Thanksgiving Day and Christmas holidays), the Capitol and Visitor Center will be closed on six more holidays (Labor Day, Veterans Day, Thanksgiving Friday, Martin Luther King's Birthday, Good Friday and Memorial Day). This will deny all touring and all visitor services to about 1,000* visitors annually who normally would come to the facilities. (Note that we plan to continue our July 4th Celebration and to operate our facilities on the celebration day.)
2. The Capitol and Visitor Center will be closed on all Sundays and operations will be reduced to only four hours on all Saturdays (probably 11 a.m. - 3 p.m.). This will deny all touring and visitor services to about 16,000* visitors annually who normally would come to the facilities.
3. We expect complaints on these closings from the visiting public, other local agencies involved in the visitor industry, and from legislators (especially those who refer visitors to the Visitor Center).

*NOTE: I base these figures on an estimated average visitation of about 20 per hour, which could be a little low.

cc: Carol Henderson

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North Carolina Maritime Museum

Fund 1245 NC Maritime Museum

January 7, 1998

Dr. Jeff Crow, Director
NC Division of Archives and History

Dr. Crow

As you are aware, the NC Maritime Museum has suffered from years of neglect under a dissimilar parent agency. Our budget has been eroded by many of these mandated cuts, higher utility costs, inflation, and other factors beyond our control. The loss of our Harborside building has cost us \$12,000 per year in additional rents, which must be covered by our operating fund. We are now at the point that there is only one non-salary line item to which we can make a large reduction. We have identified our Repairs to Buildings account.

It was hoped that we could use this money for replacement of our Watercraft Center doors. Due to what we believe is a design fault, the doors have retained moisture, and have rotted from the inside. There are six regular-sized doors which need to be replaced, two of which have broken off their hinges and are no longer functional. There are four very large doors (1/2 ton each) which present a life safety risk.

Sincerely,

Bobby P. Springle
Acting Director

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Impact of Budget Cuts
State Historic Preservation Office
January 6, 1998

Personnel staff cost cutting will require the elimination of a support position or conversion of a full-time professional position to part-time status. As our section has had its number of staff positions reduced by nearly one-third over the past decade, our ability to respond to citizen demands for services and to comply with mandated federal and state program responsibilities has been and will continue to be diminished.

Telephone service and postage budget reductions will make it difficult to respond to rising programmatic and public assistance demands, particularly those generated by (a) the state's new preservation tax credit incentives (administered by our section and effective January 1, 1998), and (b) the Queen Anne's Revenge shipwreck recovery project.

Since we are a field office, we will have to cut back on services to our region. We are dependent upon our ability to travel throughout the region and to make contact with our constituents by telephone and other communication methods. Budget cuts will limit us in these areas. Also, we will be unable to further upgrade our office equipment. Supply cuts will hamper our ability to provide services such as photography and other copy work.

Fallout

After this cut, the state will be providing only \$451,288 in operating support for the Museum. Out of that has to come all the basic unavoidable costs of doing business such as insurance on the collection, maintenance of the electronic security system, telephone bill, postage, and supplies. These items total \$175,988 and are essentially untouchable if we are to continue in existence.

This leaves just \$275,300 that the state contributes to pay for researching, shipping, insuring, and installing exhibitions; educational programs; Park Theater programs; books for the reference library; equipment needs; travel; advertising; printing; and everything else.

In many years over the past decade, the Museum's (non-personnel) operating support has been cut, while costs have increased. The effects of this shrinkage in state support are being felt throughout this institution. The Museum's infrastructure has suffered from lack of routine replacement and upgrading of basic furnishings and fixtures, many of which are now over fifteen years old. Carpet is badly worn and soiled in many areas; visitors have been injured when old worn out furniture has collapsed; various kinds of equipment throughout the Museum are obsolete and/or in a bad state of repair because we have lacked the funds to properly address these issues.

The Museum of Art Foundation is not able to make up this shortfall in state support. The Foundation currently has an accumulated deficit of over six hundred thousand dollars from supporting Museum programs in prior years. That deficit threatens the very existence of the Foundation, and it must be recouped before the Foundation is able to take on more of the cost of operating the institution. This additional reduction in the state's support will only further weaken North Carolina's major statewide visual arts resource.

Fund 1360 North Carolina Symphony

North Carolina Symphony

Budget Reduction: \$4,948

This reduction of \$4,948 in telephone service will leave \$1,971 in the Symphony's telephone budget and the foundation will have to pick up nearly all of the state's portion of the telephone bill.

State appropriation for Symphony operating expenses (minus salaries) is currently about \$26,000.

State Library of North Carolina--Budget Reduction

Title: Reduce Genealogy Services \$63,000 in SFY 98/99

Basic Impacts:

- ⇒ Would close Genealogy branch on Saturday
- ⇒ Would eliminate Saturday (8 hr.) Genealogy position
- ⇒ Would eliminate 86% of SFY 97/98 print/non-print Genealogy materials purchases

Visibility Factor(s):

Closing Genealogy on Saturdays would draw immediate attention from the public as would the cessation of repairs to existing equipment. Stopping the purchase of new materials would be less likely to be noticed at first but would become more apparent as time elapsed in the new SFY.

Line Account Number	Amount	Impact
531312- Temporary Salary	\$ 2,562	Eliminate 8 hr. Saturday position
531512- Social Security	\$ 196	"
534630- Lib. Lrn. Res. Coll	\$60,242	Reduces SFY 97/98 Genealogy materials budget by 86%
TOTAL	\$63,000	

MEMORANDUM

Date: January 19, 1998
To: Renne Vance
From: Jim McNutt *gan*
Re: Requested language for budget cuts

Cuts in operating funds at the North Carolina Museum of History will critically impair our ability to offer family nights and weekend programs and limit development of new programs at the Museum of the Cape Fear and the Museum of the Albemarle. Cuts in funds for interactive video needs will prevent the timely transmission of new programs to remote areas of the state, while limiting funds for exhibit development and computer software will keep the Museum from completing its current drive to inventory the collections and provide public access to the collections. If operating funds continue to diminish in the face of expanded capital projects, the Museum will not be able to sustain the service levels promised when the facilities were planned.

1998-99 Recommended Changes
General Fund - Continued

Department of Cultural Resources

		<u>1998-99</u>	
1.	N. C. Symphony Grant - Memorial Auditorium Funds are recommended to provide a one-time grant-in-aid to the North Carolina Symphony Society for acoustical enhancements to the new Raleigh Memorial Auditorium Performing Arts Center.	\$ 3,000,000	NR
2.	State Civil War Sites Nonrecurring funds are recommended for the preservation, improvement, and promotion of the state's Civil War era sites.	1,000,000	NR
3.	First Flight Centennial Commission The commission was formed in 1994 by the General Assembly to develop and plan activities to commemorate the centennial of the first successful manned, powered flight and other historical events related to the development of powered flight. It is recommended that funds be provided for personnel and operating expenses to help the commission fulfill it's mission to produce a celebration that will showcase North Carolina on a world-wide basis.	975,000	
4.	Indian Heritage Research Funds are recommended to provide a Research Historian position to conduct and disseminate scholarly research on the history of Native Americans in North Carolina and to develop statewide educational and public information programs to publicize the results of the research projects. Number of Positions	50,000 1.0	
5.	Historic Sites Position Funds are recommended to provide a Historic Site Assistant position to help with the administration and interpretation of the Horne Creek Farm historic site. Number of Positions	23,535 1.0	
6.	Leased Space for Records Storage The State Records Center and the Old Farmer's Market house the records of all state agencies. Both facilities are full and cannot accommodate further records storage. It is recommended that funds be provided to lease warehouse space to house the tremendous backlog of records that exists in file cabinets, hallways, and offices in agencies statewide, and for shelving.	255,000	NR

NR - Nonrecurring

1998-99 Recommended Changes
General Fund - Cultural Resources - Continued

		<u>1998-99</u>	
7.	Queen Anne's Revenge Nonrecurring funds are recommended for further retrieval and conservation of artifacts, and for the continued protection of the site believed to be Blackbeard's flagship.	\$ 250,000	NR
8.	W. Kerr Scott Farm Reserve It is recommended that this property be accepted as a State historic site consistent with the requirements of G.S. 121-12(b) and that planning for the development of this site begin with this appropriation. <i>17 acres</i>	50,000	NR
9.	Grassroots Arts Program This recommendation will expand funds appropriated for the Grassroots Arts grants by 25%. These funds are allocated for local arts activities in every county on a per capita basis	335,750	NR
Total Recommended Changes for Department of Cultural Resources		\$ 1,048,535	
		4,890,750	NR
Number of Positions		2.0	



North Carolina Department of Cultural Resources
Office of the Secretary

James B. Hunt, Jr., Governor

Betty Ray McCain, Secretary

MEMORANDUM

TO: Members of the General Government Subcommittee

FROM: Secretary Betty Ray McCain *BRMcC*

SUBJECT: Expansion Items in the Governor's Budget – Department of Cultural Resources

DATE: May 6, 1998

Attached please find documentation for each Department of Cultural Resources item in the Governor's recommended changes to the 1998-99 state budget.

We look forward to working with you during the short session and appreciate your support of our Department's work.

Fund 1360 North Carolina Symphony

Expansion Request: \$3,000,000

In the last decade, there have been numerous studies and much discussion about building additional performance facilities in Raleigh. Those discussions have come to fruition with plans for two additional performance spaces adjacent to Raleigh Memorial Auditorium. Regarded as one of the finest multi-purpose halls in eastern North Carolina, Raleigh Memorial Auditorium is the only major performance facility in the city and last year hosted more than 200 events attended by 320,000 patrons. The North Carolina Symphony alone was the presenter for more than 50 of those events. In every year of the last decade, it has become more difficult for The North Carolina Symphony and other performance groups to schedule events and rehearsals for this high-demand facility. Many needs are going unmet because of the lack of space.

The Raleigh Memorial Auditorium Performing Arts Center project is scheduled to become a reality sometime in the year 2000. The project is a public/private partnership between the City of Raleigh, Wake County, The North Carolina Symphony, and other individual, corporate and foundation contributors. The funding formula includes \$14 million of public support from the City and County and \$11 million in private support raised through the efforts of the Performing Arts Advisory Committee and the Trustees of The North Carolina Symphony.

Although the \$25,000,000 funding package will provide good, basic facilities, the acoustical and theatrical consultants for the project have recommended that several options be considered to improve the acoustical properties of the hall. These would include increasing the concrete mass on the exterior walls, installing an acoustical ceiling, orchestra risers, a quality sound system and drapes to monitor the sound for large and small groups, at a total cost of \$3,000,000. These additions would also make the facility more usable for a wider variety of performing arts experiences. The requested **\$3,000,000 one-time appropriation** would make a dramatic difference in providing North Carolinians the finest acoustical hall in the State.

The options that could be provided with the \$3,000,000 would give this State its first dedicated concert hall, a state-of-the-art facility that would become a destination that statewide residents and visitors could enjoy with great pride. It would be a magnificent home for The North Carolina Symphony, one of the State's cultural jewels with a 65-year history of serving North Carolinians. It would also open up other possibilities for performance groups throughout the State – from orchestras and choruses of our great colleges and universities, to secondary school bands, orchestras, and choruses for more educational concerts by The Symphony and other state partners in arts education. The enhanced facility would indeed do justice to North Carolina, one of the few states in the country with a proud history of calling itself “a State of the Arts.”

Promotion and Improvements to the state's Civil War Sites

\$1 million

These funds will continue to develop and promote the state's Civil War sites. These historic sites have not had a significant infusion of funds since the Civil War centennial ended in 1965. Entrenchments and other battlefield features are in need of preservation at many of our sites. Visitor center exhibitions and other facilities do not meet museum standards. In particular, the traveling public expects quality, interactive programs that meet both their entertainment and educational needs. Preserving fortifications and improving interpretive features are essential to building Heritage Tourism. In addition, this funding may attract private donations, along with corporate and foundation support to establish these sites as definitive civil war travel locations. Promotion of Civil War sites includes marketing the statewide Civil War trails system, broadcast video production, and traveling exhibits.

State historic site improvements will include:

Bentonville Battleground - Establish driving tours of battlefield; begin planning for exhibition center for the largest battle ever fought in N. C.

CSS Neuse - Preservation and interpretation of CSS Neuse

Bennett Place - Complete electronic database roster of civil war soldiers

Fort Fisher - Restoration and interpretation of Battery Buchanan and Shepherd's Battery

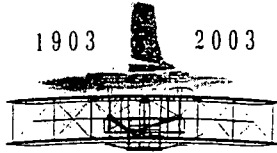
Fort Anderson - Archaeology and reconstruction of Fort Anderson, Battery A, First Gun
Emplacement

Vance Birthplace - Establish scenic buffer around historic site; produce new audiovisual program in visitor center

FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

1903 2003



CENTENNIAL COMMISSION

Thad Woodard
COMMISSION CHAIRMAN

Richard T. Howard
VICE-CHAIRMAN

May 1, 1998

MEMORANDUM

TO: Deputy Secretary Betsy Buford

FROM: Ferg Norton

RE: Expansion Budget Needs

Attached is a print-out of the 1998-99 needs for First Flight Centennial Commission. Established by the 1994 North Carolina General Assembly, the purpose of First Flight Centennial Commission 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. The Commission is well on its way to providing the highest stature possible for the observance and commemoration of the 100th anniversary of the Wright brothers' historic 1903 Kitty Hawk flight. This celebration will showcase North Carolina on a worldwide basis.

To fulfill the broad-based educational mandates stipulated by the enabling statutes, the Commission has defined and established public informational and educational priorities, program development and statewide implementation strategies. Working with educators, historians, and representatives from aviation, aeronautics, and related technological fields, the Commission has defined specific educational opportunities for adults and students to participate and contribute to the ongoing activities leading up to the grand finale. Each activity provides unique and age-appropriate opportunities for students and adults to learn and contribute to the aviation heritage of the state and nation while participating in an historic event. Currently 18,000 children have participated in FFCC programs.

The Commission is working daily with many state agencies, including the Department of Public Instruction, Office of Travel and Tourism, and Department of Transportation, as well as all branches of the military, numerous volunteer groups, statewide and national educational programs, Ohio's 2003 Committee, the National Park Service, and, in the very near future, a federal commission.

FIRST FLIGHT CENTENNIAL COMMISSION 1998-99 PROJECTION

PERSONNEL/CONTRACT SVC					
EXECUTIVE DIRECTOR		\$ 60,000			
ADMIN. OFFICER		\$ 46,000			
ADMIN. SECY		\$ 26,100			
EDUCATION DEV. COORD.		\$ 36,800			
RECEPTIONIST		\$ 19,000			
STAFF PLANNER/COORDINATOR	X	\$ 90,000			
TEMPORARY SERVICES		\$ 3,000			
FUNDRAISING AND PROMOTION	X	\$ 85,000			
STAFF BUDGET OFFICER	X	\$ 52,000			
		\$ 417,900	\$ 417,900		
OPERATIONS					
PARKING		\$ 300			
SUPPLIES		\$ 10,800			
COMPUTERS/SOFTWARE	X	\$ 4,500			
WEB SITE MANAGEMENT	X	\$ 14,000			
EQUIPMENT MAINTENANCE		\$ 1,500			
TELEPHONE		\$ 11,800			
PRINTING/DUPLICATING		\$ 29,500			
POSTAGE, FREIGHT, FEDEX		\$ 12,000			
AUDIT		\$ 3,500			
LEGAL FEES	X	\$ 6,000			
INSURANCE	X	\$ 15,000			
		\$ 108,900	\$ 108,900		
TRAVEL					
FFCC MEETINGS		\$ 22,000			
EXECUTIVE COMMITTEE MTGS		\$ 6,000			
COMMITTEE MEETINGS		\$ 9,600			
DEC 16-17		\$ 8,000			
OHIO		\$ 4,800			
DC		\$ 5,600			
OTHER TRAVEL(LAK, OSH, NBAA)		\$ 8,000			
INTERNAT'L REPRESENTATION		\$ 6,000			
		\$ 70,000	\$ 70,000		
EDUCATION / PUBLIC AFFAIRS					
EDUCATION PROGRAMS	X	\$ 85,200			
NEWSLETTERS		\$ 5,000			
LICENSING STARTUP		\$ 15,000			
CENTENNIAL PROMOTIONS		\$ 12,000			
PROMOTIONAL BROCHURES	X	\$ 11,000			
		\$ 128,200	\$ 128,200		
A & E PRELIMINARY STUDY					
		\$ 250,000	\$ 250,000		
	X		\$ 975,000		

Research Historian for Native Americans

Department of Cultural Resources
Division of Archives and History-Director's Office, Fund 1210
Research Branch, Center #120

531211	SPA Regular Salaries	\$30,038	Historic Sites Specialist III (gr. 70)
531511	Social Security	2,298	
531521	Reg. Retirement Contr.	3,254	
531561	Med. Ins. Contr.	1,736	
532714	Trans.Grnd.-In State	2,000	
532721	Lodging-In State	1,000	
532724	Meals-In State	500	
532811	Telephone	1,000	
532840	Postage	1,000	
532850	Printing	1,000	
533900	Other Materials/Supplies	1,174	
534511	Furniture	1,000	
534522	Equipment-Computers	2,000	
534528	Computer Software	1,000	
534630	Libr.& Learning Res.Coll.	1,000	
Total		\$50,000	

A Historic Sites Specialist III position is requested for Native American studies in the Research Branch of the Division of Archives and History. The specialist would be responsible for conducting and disseminating scholarly research on the history of Native Americans in North Carolina. The specialist would develop statewide educational and public information programs to publicize the results of the research projects. In addition, the specialist would be available to assist various historical organizations develop interpretive public programs incorporating Native American history. This position would be a resource for Native Americans who heretofore have had little opportunity to learn more about their unique culture and heritage.

Historic Interpreter I for Horne Creek Living Historical Farm \$23,535

During the past fiscal year one of the permanent positions at Horne Creek Farm was reallocated to the Western Office of the Division of Archives and History in Asheville. There is an urgent need for another Historic Interpreter at Horne Creek Farm. In October 1996, the Hauser farmhouse was restored. The furnishings plan for the farmhouse was completed and most of the period artifacts and reproductions have been purchased and installed in the house. The farmhouse is a living history farmhouse with demonstrations of turn-of-the century farm and domestic life with many hands-on demonstrations for the visiting public. Visitation has already increased with this new addition to the site interpretation, especially school groups and families. The site is very labor intensive with handling of the crops, orchards, farm animals, domestic skills, and other interpretive activities. The site currently has three permanent employees and sorely needs the additional interpreter to assist with demonstrations and farm chores. Examples of event programs at Horne Creek Farm are shearing of sheep, spinning, dyeing, quilting, sewing, churning, cooking, canning, preserving, wood working, planting, and harvesting following the seasons of farmlife. The life on the farm, children's tasks and games, and the history of a piedmont farm family are presented to the public. The site maintains many heirloom varieties of vegetables, orchard trees, and rare breeds of farm livestock. Traditional turn-of-the century farming methods are portrayed as part of the site's programming. Horne Creek Farm is an excellent asset to North Carolina's burgeoning heritage tourism market as well as a great learning laboratory for North Carolina's school children. The addition of this Interpreter position will aid the site in a better portrayal of farm life.

STATE OF NORTH CAROLINA
Department of Cultural Resources
Raleigh 27601-2807*Memorandum*

Date: May 6, 1998

To: Jeffrey J. Crow

From: David J. Olson 

Subject: Justification for Leased Space for Records Storage

The 1998-99 Recommended Changes to the General Fund for submission to the 1998 short session of the General Assembly includes \$255,000 for Leased Space for Records Storage. This figure, identified in the document as nonrecurring, should be listed as \$130,000 recurring funds for leased warehouse space and \$125,000 nonrecurring funds for the purchase of standard shelving for the leased space. It is essential that \$130,000 be made a recurring expenditure as it will be several years until the construction of a new state records center alleviates the need for rental space.

The current State Records Center, which is located at 215 N. Blount Street, Raleigh, was built twenty-three years ago. Currently the State Records Center building holds in excess of 129,000 cubic feet of public records in a facility designed to hold 120,000 cubic feet of records. For a number of years requests from state agencies to store records scheduled to be transferred to the State Records Center [under records retention and disposition schedules created under the authority and direction of G.S. 132] have exceeded the space to store these records. During the 1992-1994 biennium, the agency received additional space for the storage of nearly 20,000 cubic feet of records at the site of the old State Farmer's Market. The extra space enabled the Records Services Branch to address a serious backlog of records that had been awaiting transfer to the center, but the backlog of records immediately filled that facility with inactive records. Floodwaters following Hurricane Fran inundated 2,000 cubic feet of public records and effectively pointed out that this facility is not appropriate for records storage. The State Records Center also stores approximately 3,000 cubic feet of records of other agencies at the Old State Records Center site located on Lane Street.

The proliferation of scanning systems, computers, and electronic formats has not, as predicted, lowered the amount of paper records created, filed, and stored by public agencies. In fact, predictions of the "paperless office" have been replaced with the reality of growing paper files across government offices. In addition, factors such as "unfunded mandates" have required agencies to keep records series long past the date of scheduled destruction. For example, the Department of Revenue is storing thousands of cubic feet of income tax records (which according to official records retention and disposition schedules would have been destroyed) at rented space in Raleigh because of pending court and legislative actions. The State Records Center holds a number of Industrial Commission workers' compensation files which also have been scheduled for destruction; however, court orders have prohibited their disposal. Increasing prison populations with resulting inmate files have increased the volume of records retained. In addition to the Department of Revenue noted above, the Department of Correction, the Department of

Commerce, and the North Carolina Housing Finance Agency have been forced to lease space for records storage. Rental storage space for these agencies alone totals nearly \$338,000 annually. The Department of Transportation is storing inactive files, which are scheduled for transfer to the State Records Center, at several of its own facilities. At one point in 1995 there were nearly 10,000 cubic feet of records awaiting transfer to the State Records Center. Many more records of public agencies remain in file cabinets, basements, storage rooms, etc. at an expensive per square foot cost. If there were adequate space for the storage of scheduled semicurrent records, the cost to the state in terms of expensive filing cabinets and office space would be reduced significantly.

It should be noted that the request for leased space was originally part of a \$743,030 package to fund mandated records management services to public officials in **all 100 counties**. In addition to the \$255,000 noted above, the request included funding for 10 positions, travel funds, micrographic and archival storage supplies, computers, microfilm reader printers, microfilm cameras, and other equipment. A number of county officials have requested that records scheduled for permanent preservation be transferred to the custody of the Division of Archives and History. Such records as deed books and deeds of trust from the offices of county registers of deeds as well as court minute books, orders and decrees, and special proceedings from the county clerks of court could be housed in the facility since the State Archives currently has insufficient space to store these permanently valuable public records. The state's growth has been followed by the allied proliferation of public records. Land transactions and conveyances as well as court records have shown a particular escalation in number. Requests from local officials, especially registers of deeds and clerks of court, to transfer records for preservation in the State Archives or to film essential records for security either have been delayed, often for years, or cannot be filled with existing staff, storage space, and other available resources.

1998-99 Recommended Changes
General Fund - Cultural Resources

Item 7. Queen Anne's Revenge

This request supports continued protection, investigation, study, and retrieval and conservation of artifacts from the shipwreck believed to be Blackbeard's flagship, Queen Anne's Revenge, and allied public display and educational presentations related to the early eighteenth-century vessel. The request is for one year only (FY 1998-99) and includes no permanent employees. Rather, it provides temporary salaries for temporary replacement of, or assistance to, permanent employees assigned full or part-time to the project. Funding for a sustained recovery/conservation effort will be requested for FY 1999-2001.

As presented, this request supports the following:

- * Continued operation of security stations and associated communications channels and law-enforcement contract with the Carteret County Sheriff's Department
- * Continued conservation (in-progress) of previously recovered artifacts
- * A one-month dive to further investigate the extent of the wreck, recover endangered artifacts, and perform a variety of scientific tests
- * Analysis and testing by UNC-CH, Duke University, and other institutions
- * Technical equipment and digital stations to support the continuing investigation
- * Costs for transport, set-up, and take-down of a travelling artifact exhibit (and insurance for same) touring North Carolina (tour begins this fiscal year)
- * Project associated travel, per diem, and motor vehicle operation
- * Operational support for the Maritime Heritage Trail, a consortium of governmental and private, non-profit coastal heritage attractions desiring to make the fullest and best public use of the information and artifactual materials derived from the project.

This research and development project continues protection and investigation of a primary North Carolina historical resource, and is designed to provide maximum historical, educational and heritage tourism benefits to North Carolina.

Account	Name	Amount
531311	Reg(N S) Temp Wages-Appr	90,000
531511	Social Sec Contrib-Appro	6,885
532199	Misc Contractual Services	40,000
532210	Enrg Ser-Electrical	5,000
532333	Repairs-Other Equipment	5,000
532490	Maint Agreement-Other	900
532714	Transportation-Gm-In State	15,000
532721	Lodging-In State	2,900
532722	Lodging-Out of Sta, In US	1,500
532724	Meals-In State	5,800
532725	Meals-Out Of State, In US	1,200

532728 Misc. Subsistence-Out of Sta, In US	800
532732 Bd/Non-Employee Subsis	1,750
532811 Telephone Service	4,000
532821 Computer/Data Process Svc	6,865
532840 Postage, Freight & Deliv	600
532919 Other Insurance	2,000
533900 Other Materials & Supp	10,000
534522 Equip-Computers	14,000
534529 Equip-Custody & Security	2,800
534539 Other Equipment	32,000
534630 Lbrry&Lming Resrce Coll	200
534710 Computer Software	800

250,000

Funds for Kerr Scott Farm

\$50,000

The Kerr Scott Farm was listed in the National Register of Historic Places in 1987 in recognition of its state-wide significance. The farmstead, the home of two North Carolina governors, may join the state historic sites program and be administered by the Department of Cultural Resources. In 1972, the North Carolina Historical Commission approved state historic site designation for the Kerr Scott Farm. Seventeen acres including the Scott farmhouse, barn, and over a dozen other agricultural dependencies will be transferred from the Scott family to the state to create the new site.

The \$50,000 requested for the project in Fiscal Year 1998-1999 will be utilized for preliminary site planning, historical research, and other support costs. Establishing an on-site presence and beginning the lengthy planning process will be major goals. A Historic Sites Specialist I (full time, temporary status) will coordinate start-up activities at the new site. This person will evaluate site needs in restoration/stabilization as well as program development. This preliminary planning will be critical to establishing the scope of work for architects and other specialists when funds for these phases become available. This person will also serve as the department's point person for the Kerr Scott Farm project in working with interested groups.

The department also will utilize funds to hire a contracted historical researcher. This trained historian will conduct a detailed historical analysis of the history of the Kerr Scott Farm and the two governors born there. This report will form the basis for the future planning and development of site tour material and exhibit planning. Remaining funds will be utilized by section personnel for project-related travel and other support expenses.

Department of Cultural Resources

Celebrating 30 years of
the arts in all 100 counties

Raleigh, NC 27601-2807

Mary B. Regan
Executive DirectorBetty Ray McCain
Secretary
Department of Cultural ResourcesJames B. Hunt, Jr.
Governor
State of North Carolina**Memorandum**

To: Donna Rosefield
From: Mary B. Regan
Subject: Governor's Budget
Date: May 6, 1998

The Governor's Budget includes a recommendation of \$335,750 in nonrecurring funds for the Arts Council's Grassroots Arts Program. This is a 25% increase for this particular program. The nationally acclaimed Grassroots program works through one of the oldest and most highly respected networks of local arts councils in the country. In FY96-97, 660 arts and community organizations were supported through the program which put state funds into each of our 100 counties on a per capita basis. County allotments range from \$688 for Tyrrell to \$108,726 for Mecklenburg. The FY97-98 appropriation is \$1,343,367 or 18.3 cents per citizen. **Because of the benefit of advance planning at the local level in each of our counties, we hope that the Legislature can convert this funding to be recurring.**

This recommendation comes from a larger expansion budget request of \$2.1 million as follows:

- **Grassroots Arts Program** – Requested increase: \$1,156,633. This would have provided a total Grassroots budget of \$2.5 million.
- **Cultural Tourism Initiatives** – Requested increase: \$300,000. Cultural tourism is the fastest growing segment of North Carolina's second largest industry and our arts organizations and cultural communities are central to this economic growth. This would fund the Blue Ridge Heritage Initiative designed to promote sustainable economic development in communities off the Parkway, a similar project being developed in the eastern counties, and the state's major summer arts and cultural festivals.
- **Arts and Education Partnerships** – Requested increase: \$300,000. This program develops and supports collaborations between arts organizations and the public schools to improve student learning through the arts. In its first four years and with an annual budget of \$250,000, 62 partnerships united 57 arts organizations with 50 different school systems, of which 24 are in low-wealth counties. Results have been remarkable and because of the program's success, demand far outstrips our ability to respond.
- **Operating Support** – Requested increase: \$343,367. The state provides only four months of operating support, after which the Arts Council is reliant on federal funding for its basic operation. If the state assumed all operating costs, the Arts Council could use any available federal funds for grants to non-profit organizations. This would also make the Arts Council more competitive in securing additional federal grants.

Department of Revenue
Operating Efficiencies

REDUCTIONS
Attachment 4

1998-99

1. **Reduce Funding for Administration of Federal Retiree Refund Program**

Nonrecurring funds in the amount of \$1.2 million were provided for administering the federal retiree refund program through April 15, 2001. The department will absorb the administrative cost of the program from its operating budget, thereby reverting the available balance \$741,902 to the general fund.

\$ (741,902) NR

2. **Reduce Contractual Services**

Reduce contractual services in the Planning Development and Technology (PDT) Division.

(326,098)

Subtotal - Department of Revenue

\$ (326,098)

Total

\$ (741,902) NR
\$ (1,068,000)

[illegible]

1998-99 Recommended Changes
General Fund - Continued

Department of Revenue

1998-99

1. **Develop New Remittance Processing System**

Funding is recommended to address the need for a new remittance processing system compliant with year 2000 requirements. The current remittance processing system is over twelve years old and the hardware and software have become obsolete and noncompliant with year 2000 requirements. Funding also is recommended for nine positions to support current technological development operations.

\$	500,000	
	12,000,000	NR
	9.0	

Number of Positions

Total Recommended Changes for Department of Revenue

\$	500,000	
	12,000,000	NR
	9.0	

Number of Positions

Line Item Detail

Requirements:

<u>Account No.</u>	<u>Account Title</u>	<u>Request 1998-99</u>
Planning, Development and Technology		
160005 531211	SPA Regular Salaries	\$ 321,912
160005 531511	Social Security Contributions	24,627
160005 531521	Retirement Contributions	34,863
160005 531561	Medical Insurance Contributions	11,718
160005 532811	Telephone Service	3,159
160005 533110	General Office Supplies	23,621
160005 534511	Furniture-Office (Workstation and Chair)	43,200
160005 534521	Office Equipment (Calculator)	900
160005 534522	Equipment - Computer (Desktop)	36,000
160005 534522	Equipment - Computer (Data Capture Initiative)	<u>12,000,000</u>
	Requirement	\$ 12,500,000

VISITOR REGISTRATION SHEET

Joint Appropriations on General Government 5-12-98 AM
 Name of Committee Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

Benner Vance	DCR
Donna Rosefield	DCR
Esther Manheimer	Bill Drafting
Sports Plegger	State Const office
Theresa Smith	Dept of Adm.
Ann L. Harris	Sec of State
Margie Boccieri	Board of Science
Jim Maxwell	OSBM
Kathie Austin Pedgett	OSPL
John Dorman	OSPL
Gary W. Thompson	Geodetic Survey
Zsolt Nagy	OSPL - Center for Geographic Information
Martha Glass	DOA
Glen Peterson	DOA
Tony Jordan	DOA
Ken Wilkins	DOA
Bob Bar McKinnon	DER
Betsy Buford	DCR
James White	Board of Ethics
Carl Goodman	OSP
Robert Price	Taden/Price Well

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Keith McCoubert	Dept. of Revenue
Mike Boone	Dept. of Revenue
Landy Cooke	Dept. of Revenue
Mike Hodges	" "
Samuel S. Huffman	" "
Carlton Reynolds	Dept. of Admin.
Frederic S. Smith	Dept. of Admin.
Harry Crook	" "
Willie Riddle	DOR
Bernard Allen	SOS
Scott Hyman	AP
Suzanne Jones	Intern (Rep. Esposito)

AGENDA

Joint Appropriations Subcommittee
on
General Government

May 14, 1998
Room 415
9:00 AM

Chairman: Senator Ed Warren

Department of Administration and Office of State Controller

Report on Procurement Card Pilot
(Per Sec. 27.1, Chapter 443, 1997 Session Laws)

John Leaston
State Purchasing Officer

Chuck Cooper
Assistant State Controller

JOINT APPROPRIATIONS SUBCOMMITTEE

ON

GENERAL GOVERNMENT

May 14, 1998

Minutes

The Joint Appropriations Subcommittee on General Government met Thursday, May 14, 1998 at 9:00 a.m. in Room 415 of the Legislative Office Building. Four of the Senate members were present. Representatives present were: Co-Chairs Ives and McCombs; and Culpepper, Ellis, and Jeffus.

Senator Ed Warren chaired the meeting. He introduced John Leaston, State Purchasing Officer, who then asked Barbara Stone-Newton to explain the North Carolina Procurement Card program. Michele Nelson, Fiscal Analyst, told the Committee that this report had been presented to the Statewide, Capital and General Government subcommittee of the Government Operations Committee. A copy of Ms. Stone-Newton's report is attached. (Attachment 1) Representative Ives asked if any of the states which had tried using the cards had stopped using them. Ms. Stone-Newton did not know of any. Representative Ellis wanted to know if this would reduce accounts-payable personnel. She was not sure at this time.

Mr. Chuck Cooper, Assistant State Controller, was then asked to give his Office's assessment of the Procurement Card. (See Attachment 2 for a copy of his statement.) He said that the Controller's Office was definitely a proponent of the Procurement Card. However, they did offer six recommendations which they felt needed to be accomplished before it was implemented statewide. They are listed on Page 5 of Attachment 2.

In response to several questions by Committee members, Mr. Cooper noted that:

- Pilot programs are reconciled independently. They believe there should be a standard automated reconciliation process that is provided to all agencies.
- Information would be lost as it relates to specific commodities, and
- Need to be sure we do not automate on one end and cause more work somewhere else.

In response to Representative Ives' question, Ms. Stone-Newton said that CoreStates was the financial company which won the contract for the Procurement Card, and that their profit came from the merchant.

Senator Kinnaird wanted to know if the vendor had to be approved by the State, if all accounts would be paid within thirty days so that no interest would be paid, and if the card could be used for wholesale as well as retail purchases. Mr. Leaston stated that all the present State regulations would apply to use of the card, that they were required to pay all bills within thirty days, and that the card could be used for wholesale or retail purchases. Mr. Cooper stated that the agencies would determine from which fund the card bills would be paid, in response to Representative Ives question.

Representative McCombs asked Mr. Leaston what his office thought of the six recommendations from the State Controller's Office. He said that he was confident that together they could work them out before the sunset date of July 1 set forth in the legislation setting up the pilot programs. Mr. Cooper said that the Controller's Office would not be in favor of proceeding with the process until the six recommendations had been met.

Ms. Nelson advised the Committee that the pilot program could be continued into next year if necessary. However, Mr. Leaston stated that it was important that the program be statewide by July 1, and he reiterated that he believed the six recommendations could be met by that date.

Representative Ellis suggested that the Committee could have the two agencies involved draw up a bill which would allow the program to go forward if there was not a budget bill by July 1. This may be done at a later date.

Warren Plonk, Fiscal Analyst, noted that contract rules were different depending on where the card was issued, and that the Committee should be cautious to be sure the State gets the best interest rate. He suggested that they might want to consult with the Treasurer's office about this, and that they should also look at the payment date—is there

Joint Appropriations/General Government Subcommittee

May 14, 1998

Page 3

a grace period, etc. Mr. Leaston said that since they were required to pay within 30 days that there would be no interest due. The Controller, Mr. Ed Renfrow, stated that under their system a bill was supposed to be paid on the date it was due—not a day before or a day after.

In response to Senator Kinnaird's question regarding misuse of cards, Ms. Stone-Newton reminded the Committee that all current State regulations would apply to card users, and that any misuse would be subject to penalties defined by those regulations.

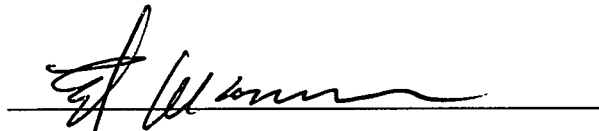
Representative Ellis wanted to know if the legislation which set up the pilot programs allowed the program to expand. Ms. Nelson stated that the legislation did not address what happened after July 1, 1998. She also noted that this could probably be handled by Special Provision in the budget bill.

Mr. Leaston responded to Senator Ledbetter's question as to length of contract with CoreStates by stating that the current one would be five years. Senator Warren wanted to know if CoreStates specialized in procurement cards, and Mr. Leaston said that they did not specialize but that they did do a lot of them.

The Committee asked the Purchasing Office and the Office of the Controller to report back to the Committee after a couple of weeks as to their progress in working out the six recommendations.

The meeting adjourned at 10:15 a.m.

Respectfully submitted,

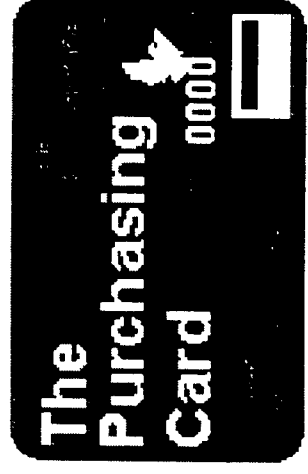


Senator Ed Warren, Chairman



Wilma Caldwell, Committee Clerk

North Carolina Procurement Card Program



Procurement (or purchasing) cards are specialized corporate/organizational charge cards used to obtain goods and services.

Card programs can streamline the process of order generation, invoicing, and payment.

Procurement cards have been used in private business for years. Over half the states now also use them.

Pilot program was mandated by General Assembly in 1997.

P&C sought a wide range of pilots - large and small agencies, centralized and decentralized, automated and manual processes.

Representative agencies and campuses implemented card programs
and monitored the results.

Through this pilot, we have explored the potential of procurement
cards and resolved many issues concerning reporting,
reconciliation, and procedures.

Pilot Sites

State Agencies

Department of Administration
Department of Environment & Natural Resources
Department of Health & Human Services
State Auditor

Universities

East Carolina University
North Carolina A&T State University
North Carolina State University *
UNC-Chapel Hill
UNC-Wilmington
UNC Hospitals

Community Colleges

Alamance Community College
Central Piedmont Community College

Local School Systems

Wake County *

* separate contracts

Implementation Team

Fiscal Research Division
Department of the State Auditor
Office of State Budget and Management
Office of State Controller
Department of Revenue
Division of Purchase and Contract

Concerns with Existing Methods

Why is the same process often used to obtain all goods,
regardless of cost and complexity?

The time and cost to generate a purchase order may be
out of proportion to the order's value.

State government has many around-the-clock operations,
including maintenance and repairs.

Emergency purchases are difficult to handle
through normal procedures.

Consider the 80/20 rule:

In a typical purchasing environment,
80% of order volume represents only 20%
of total dollars spent.

This is true in state government.

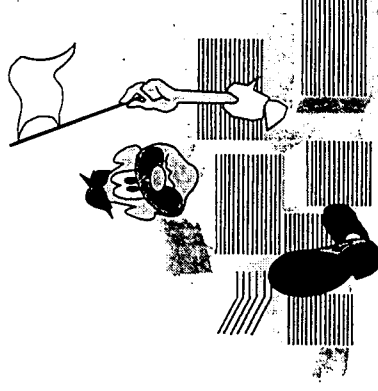
...for example:

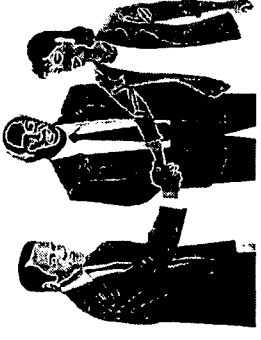
*** In 1997, NCAS agencies processed over 92,000 purchase orders for goods costing less than \$2,500.**

*** These were 84% of the total P.O.'s issued, but only 10% of all dollars spent.**

*** The average P.O. amount within this range was \$500.20. (Almost 40% averaged \$106.19.)**

*** Many other small purchases did not generate purchase orders, but were handled through local purchase authorizations (LPA's), vouchers, reimbursement, etc.**





Purchasing professionals can use more of their time on complex, high dollar purchases and less on processing routine small orders.

Use of innovative purchasing techniques such as Best Value can be expanded.

Accounts Payable issues fewer individual checks to vendors.

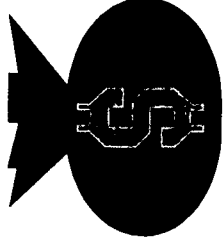
Potential for EFT / consolidated payments is enhanced.

Managers have detailed reports on small purchase activity.

Users receive goods sooner.

Temptation to “go around the system” is minimized

Buying from local vendors is simpler.



The total cost of processing a purchase order is estimated at \$75.00 - 125.00.

Processing a payment check costs approximately \$35.00.

A card transaction costs less than \$20.00
(in some cases under \$5.00).

Examples of Impact

State Department

Monthly Volume	\$81,958
Number of Transactions	786
<\$50	364
\$50-100	148
\$100-300	222
\$300-500	37
\$500-1000	15
Total Number of Vendors	257
Vendors with 1 Transaction	145

145 fewer checks = \$5,075 potential savings that month

Community College

Monthly Volume	\$53,497	
Number of Transactions	335	
<\$50	153	46% < \$50
\$51-250	119	81% < \$250
\$251-500	29	90% < \$500
\$500 +	34	

University

Average Monthly Volume	\$280,000
Average Number of Transactions	810
Average Dollar Amount Per Transaction	\$346.00

Replaces approximately 700 individual checks
to vendors per month for a potential cost avoidance of \$24,500.00

Division

One relatively small division states that over 80,000 purchases per year in the client service area could be handled with procurement cards rather than processed as LPA's or reimbursements. 60,000 of these are under \$200; balance under \$500.

If only one minute per transaction can be saved:
80,000 minutes = 1,333 hours or 33 workweeks.

Time savings affect all involved in the process - requesters, purchasing, and accounting.

How is the Program Managed?

Through a competitive procurement,
P&C established contract for all state agencies,
including limits on use (example: \$2,500 limit per purchase).

Using agencies can set more stringent guidelines
and choose flexibility options.

There is no charge for issuance or maintenance of cards

All requests for cards are routed through Purchasing,
Fiscal Management, or other designee at using agency.

Agency maintains control of who has cards and how they are used.

Procurement Card Control Features

Limit by:

Total dollars per month

Amount per transaction

Amount per billing cycle

Number of transaction per cycle

SIC/MCC codes or vendor type

Different criteria for various areas

How Are Vendors Affected?

- * No special enrollment is necessary.
- * Salespeople do not have to handle purchase orders or similar paperwork.
- * Invoicing is simplified or eliminated.
- * Vendor receives payment within several business days rather than waiting for “net 30”.
- * Term contract dealers/distributors can also process orders through the card.

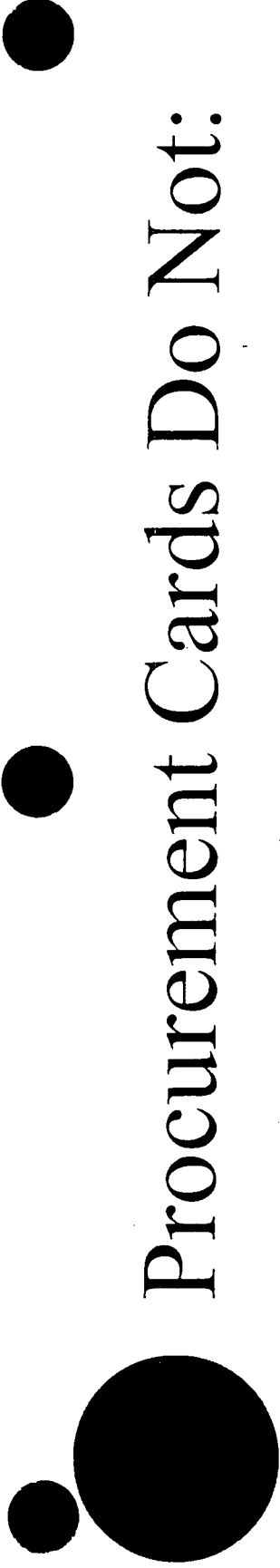
Vendor Comments

“It has made it easier for companies to do business with you.”

“Overall savings of time with less paperwork involved”

“Anytime bills are paid at service it cuts down on Receivable Department. No statements must be sent. No credit applications to be reviewed. No calls for late payment.”

**Response from HUB's (Historically Underutilized Businesses)
at statewide forums was very enthusiastic.**



Procurement Cards Do Not:

Replace competitive procurement procedures

Change financial reporting/accounting guidelines

Give users a blank check

Have equal application in all situations

Eliminate other alternatives

Procurement Cards Can Save:

Time

Expense

Paperwork

Frustration



State of North Carolina
Office of the State Controller

James B. Hunt, Jr.
Governor

April 22, 1998

Edward Renfrow
State Controller

MEMORANDUM

To: Joint Appropriations Subcommittee on General Government
Joint Legislative Commission on Governmental Operations
North Carolina General Assembly

From: Edward Renfrow
State Controller

A handwritten signature of Edward Renfrow in black ink.

Subject: Procurement Card Pilot Program

As directed by the 1997 session of the General Assembly, the Office of the State Controller (OSC) presents the following report on the results of the pilot procurement card program. The pilot program has been directed by the Division of Purchase & Contract (P&C) with the OSC monitoring the progress of this effort and its impact on the business information available to agencies and central managers. The OSC attended two pilot program meetings conducted by P&C, during which the status of agencies' use of the procurement card was discussed. The OSC attended several meetings with P&C on this issue and conducted a session with the Office of the State Auditor, Office of State Management and Budget, Department of Revenue, Legislative Fiscal Research Division, and P&C to discuss the impact of the procurement card on the statewide uniform business information available to central managers.

The results of the pilot agencies' use of the procurement card are contained in the report prepared and issued by the P&C. This OSC report will focus on the potential impact on uniform statewide information as a result of the procurement pilot implementation and other issues that must, in the opinion of OSC, be addressed prior to statewide implementation.

Statewide implementation of the procurement card program has the potential to save the state money, as well as make small purchasing transactions more efficient. The procurement card is only one of many E-Commerce innovations that have the potential to improve the business processes in state agencies. The North Carolina Accounting System (NCAS) has currently included in the system many electronic capabilities and plans to incorporate additional best practice E-Commerce solutions into the NCAS model as they become available (see attached NCAS E-Commerce Status). These improvements will be of questionable value, however, if in the process the state loses the information necessary to manage its operations. The need to reconcile the efficiencies of the card with statewide information requirements raises several issues.

1. What level of policies, procedures, and process uniformity is needed to assure that the procurement card process safeguards the state's assets appropriately?
2. What information should be captured and retained from a procurement card transaction, so that both central and individual agency managers can effectively manage the state's business interests?
3. What information is available from Core States (the procurement card provider) to meet these information requirements and can this data be passed to North Carolina business systems electronically?
4. If the transaction data collected and transmitted by Core States cannot meet all the information requirements, what alternative automation can be achieved to make this process as efficient as possible and serve as a replacement for existing automation in the NCAS?

Statewide Standard Policies, Procedures and Processes

The implementation of any new statewide administrative functionality places a series of requirements on the state's central managers. These requirements include the definition of standard statewide policies and procedures, the development of automated processes that enhance the consistent management of the business activities, and the promotion of the timeliness and uniformity of information while allowing for any unique agencies' requirements. The pilot procurement card program currently requires agencies to develop many of the policies, procedures, and automated reconciliation processes individually rather than approaching this from a central perspective. Examples of these requirements in the procurement card pilot include defining how budgets are controlled, developing recommended management approval levels, defining the frequency of the reconciliation process related to the Core States card statement, and development of reconciliation processes that are reasonably automated and provide sufficient internal controls.

These policies, procedures, and processes should be developed from a statewide perspective to reduce the cost of the procurement system, improve the quality of the controls built into the business process, and enhance the quality of the resulting information. This should be done prior to general distribution of the procurement card.

Accounting and Budget Control

For the users of the core software of the North Carolina Accounting System (NCAS), which is accessed by over 5000 state employees in seventy-five general government agencies, many purchases begin with a requisition that is checked against a budget for sufficient funds. Those funds are automatically encumbered real time to cover the subsequent purchasing transaction. Smaller dollar purchases are also allowed, that do not require a purchase order and are direct invoiced in the NCAS. Funds are checked at that time. With the procurement card, as is the case with direct invoices in the NCAS, funds are not checked prior to the purchase, nor are they automatically encumbered. Agencies control expenditures with the procurement card by setting aside funds for procurement card transactions and/or by limiting the amount of purchases that a card can accomplish during the month.

For budget control purposes, as well as for management effectiveness, agencies need to capture expenditures in the general ledger at the full statewide account level. In addition, those expenses must be recognized by fund, by agency operating division, and sometimes by federal or state grants and programs (NCAS center).

A statewide uniform set of budgetary and accounting control procedures for procurement card transactions must be developed. These would assure that appropriate budgetary controls are in place, that proper accounting distributions are coded in an efficient and timely fashion, and that standard dollar and commodity type limits are defined to assure the safeguarding of the state's assets and the accumulation of required information. This should be done prior to general distribution of the procurement card.

Historical Procurement Information

The NCAS accumulates purchasing history, as well as total transactions by vendor, for purchasing activities of primary (core software) users when purchase orders are created. Additionally, the long-term NCAS statewide information strategy requires this same level of procurement information be provided to the statewide information database from all agencies, including those agencies that use other core accounting software. Procurement card transactions bypass the requisitioning and purchase order process, thereby eliminating the ability for these transactions to record and accumulate that portion of purchasing history. The procurement card as implemented by one of the pilot agencies, the Department of Administration (DOA) utilizes the card as a replacement for small purchases that would not normally result in the creation of a purchase order and, therefore, has little or no impact on the procurement information currently available. Some pilot agencies envision a much broader use of the card with relatively high dollar levels and a fuller range of commodity types, which will impact the level of information available for reporting and analysis. Other potential reporting that would no longer be automatically available through NCAS include HUB transactions, recycled goods, and vendor history.

Core States does maintain vendor federal ID numbers and HUB codes, which could be used to provide information for reporting through NCAS. These transaction identifiers would have to be interfaced into the NCAS information. Since such updates would not come through accounts payable, the totals could not be reconciled with the total of accounts payable transactions. The vendor of record in NCAS accounts payable would be Core States.

The reduction in procurement history information that could result from the use of the procurement card must be clearly understood by key central managers. Once understood appropriate dollar and/or commodity type limits can be defined to assure that the state retains the desired level of information on key procurement activities while utilizing the capabilities of the procurement card. This should be done prior to general distribution of the procurement card.

Tax Tracking and Reporting

Agencies are required to report taxes paid to vendors by county. Agencies also are required to capture out-of-state transactions and transactions where in-state vendors fail to charge the sales tax, and remit the appropriate taxes to the Department of Revenue. Both of these are automatically captured in NCAS through accounts payable transactions. The NCAS core software uses invoice data to record taxes by county, including the accrual of taxes not charged but payable to the Department of Revenue.

The invoices from Core States do not display taxes. Since card transactions are paid to Core States, the NCAS will no longer be able to automatically capture tax information for card transactions. The agencies must manually calculate how much of the invoice represents taxes.

The result of the procurement card as currently planned would be to replace an accurate automated process with a less efficient and less reliable manual process. A standard, automated process should be developed that facilitates the efficient accumulation of this tax information. The Department of Revenue offered its opinion in a letter dated April 7, 1998, that procurement card transactions were not exempt from this requirement.

1099 Reporting of Procured Services

Payments of more than \$600 per year to eligible vendors for services must be reported to the Internal Revenue Service. The NCAS reports this data via magnetic tape for all agencies. The data is captured from accounts payable transactions that recognize a 1099 flag added during invoice entry. Agencies are liable for 1099 reporting for any eligible transactions via the procurement card, but these transactions are combined into one invoice from Core States.

Part of the 1099-reporting requirement is to provide the vendor's federal ID number and eligibility (individual, partnership, sole proprietorship, provider of medical services, etc.). We are trying to determine if Core States can provide both the eligibility and federal ID number for individual transactions. If this were true, then we may be able to provide an alternative way to create the 1099 flag. Another option would be to exclude services from the procurement card program entirely and thereby eliminate the reporting issue.

A standard, automated process should be developed that facilitates the efficient accumulation of this tax information or consideration should be given to exempting services from procurement card purchases. The Department of Revenue offered its opinion in a letter dated April 7, 1998, that procurement card transactions were not exempt from this requirement.

Summary

In summary, the OSC supports the implementation of all E-Commerce innovations that can make the state's business processes more efficient and effective. The procurement card is but one of many

system enhancements of which the state will want to take advantage. However, the lessons learned from the successful implementation of the NCAS should not be forgotten as the state moves forward in automating and streamlining its other business processes. Strong coordination from all central managers and a statewide approach to implementing systems that support any element of the state business enterprise is required if these systems are to provide long-term value to the state.

Our specific recommendations related to the continued statewide implementation of the procurement card program are as follows:

- 1. Define statewide standard policies and procedures for the use of the procurement card**
- 2. Confirm the minimum statewide information requirements related to procurement card transactions**
- 3. Develop a standard automated reconciliation process that is provided to all agencies**
- 4. Define and develop the required process to feed procurement card accounting and vendor information efficiently into NCAS**
- 5. Develop effective standard processes for the collection of required tax information**
- 6. Define and develop any new agency and statewide reports relating to procurement card activities**

We appreciate the opportunity to present this report to the General Assembly and look forward to continuing to assist in the evolution of the state's business practices and systems. We are available at your convenience for additional discussions.

Office of the State Controller
North Carolina Accounting System (NCAS)
NCAS and E-Commerce

The NCAS must be prepared to meet the challenges of the E-Commerce revolution. The introduction of the Internet into the array of technological solutions that can be used by the NCAS should be viewed as an opportunity to even more effectively meet the NCAS users' needs and to reduce the time and cost of accomplishing their daily activities. However, we must implement these capabilities with an appreciation of the high-level of system controls and information collection built into the current NCAS environment. These controls and data definitions are necessary to deliver timely and quality information to agency and central managers for better decision making. All technological improvements should be married to best business practices and the uniform information needs of the state.

The NCAS is already engaged in E-Commerce. The following are examples of current capabilities in use, current capabilities not yet implemented and new functionality that is being planned.

Current NCAS Electronic Capabilities in Use

1. Requisitions are sent electronically to approvers and then on to the buyers (or the warehouse for usage orders) for processing.
2. Purchase orders and receipts are routed electronically to Accounts Payable for matching against the vendor's invoice.
3. Bank reconciliation data from the Treasurer's Office is received on electronic media and loaded it into NCAS.
4. NCAS automated interfaces, including such statewide processes as payroll, purchasing history and budgeting, share data across the statewide environment.
5. Files are electronically passed from AP to Fixed Assets within NCAS.
6. Use of LAN/WAN to produce and distribute NCAS agency and statewide reports in RMDS and SmartStream DSS.
7. Use of Web Browser access to all NCAS system documentation.

NCAS Electronic Capabilities Not Yet Implemented

1. Purchase Orders can be faxed directly out of the NCAS files to vendors. We are in the final testing of this and will move into production by June 30.
2. EFT files can be created for the Treasurer's Office to utilize in making electronic funds transfers. Additionally, the consolidation of the "check write" function into a statewide process is being considered. This would reduce the numbers of checks and/or EFT transactions to a vendor.
3. NCAS allows ERS (Evaluated Receipt Settlement), whereby the system automatically creates an invoice upon receipt of a vendor's goods. This saves time for both the vendor and us, and should allow us to negotiate better term contracts with our large suppliers. Obviously, this could not be used with all vendors, and buyers would have to have the prices right on such purchases.
4. Elimination of all paper reporting in favor of on-line and distributed reports is possible in the NCAS. This is a statewide policy decision.

NCAS Future E-Commerce Capabilities Planned/Available

1. Web Browser SmartStream Requisitioning – project begins April 1998 – with links to Internet catalogues and long-term implementation of a totally electronic procurement and payment process
2. Web Browser SmartStream DSS access – project begins summer 1998
3. Workflow messaging in NCAS SmartStream version – pilot at General Assembly begins Fall 1998
4. Electronic Disbursement and Receipt of Funds in Cash Management function in NCAS - TBD

VISITOR REGISTRATION SHEET

Joint Appropriations Sub on General Gov

5-14-98

Name of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

Ardon Deer

Revenue

Charles Cilli

"

Mike Hodges

"

Glen Peterson

DOA

Jim Newell

OSBM

Koslyn Smith

NC Coalition Against Domestic Violence

Gwen Canady

OSC

Ed Rempson

OSC

CHUCK COOPER

OSC

Carl Goodwin

OSP

Aldo Rosta

P&C

Debbie Stout

PPAP

Jim Blackburn

Assoc. County Commissioners

Tracy

AGENDA

Joint Appropriations Subcommittee
on
General Government

May 19, 1998
Room 425

Chairman: Representative Bill Ives

8:30 AM

OFFICE OF STATE CONTROLLER

Report on Accounts Receivable
(Per Senate Bill 39, Chapter 490, 1997 Session Laws)

Dr. McGr., Greg Dawson
Coopers & Lybrand
Don Waugh
Assistant State Controller

OFFICE OF STATE BUDGET AND MANAGEMENT

Report on Revenue Workload Requirements
(Per Sec. 29, Chapter 443 , 1997 Session Laws)

Anne Bander
Management Analyst

15 Minutes After Session

OFFICE OF STATE BUDGET AND MANAGEMENT

Report on Study to Combine Programs to Help Women and
Children (Per Sec. 27, Chapter 443 , 1997 Session Laws)

Jeff Hibbard
Management Analyst

Discussion of Budget Changes for FY 1998-99

Office of State Controller
(Governor's Reductions and Agency Expansion Requests)

MINUTES

JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT

May 19, 1998

The Joint Appropriations Subcommittee on General Government met on May 19, 1998 at 8:30 a.m. in Room 425 of the Legislative Office Building. Representative Ives presided, and the following members were present: Representative Ives, Cochair; Representative McCombs, Cochair; Representatives Culpepper, Decker, Jeffus, Wainwright and two Senate members. Also present were fiscal research staff advisors Michele Nelson, Dwayne Pinkney and Warren Plonk. For a list of visitors in attendance, see the attached Visitors Sheet.

Representative Ives called the meeting to order and introduced pages Michael Perch of Wake Co., James Barnhill of Johnston County, Catherine Best of Pinehurst and Renee Perry of Edenton. He then introduced Don Waugh, Assistant State Controller, who presented a report on accounts receivable for the Office of State Controller.

Mr. Waugh referred to his visit before the subcommittee in March 1998, at which time he discussed the annual statewide accounts receivable report. He stated that it is very difficult to collect the information that is included in this report and that, in regard to the compliance issues in the statewide accounts receivable statute, they are really not in compliance. Senate Bill 39 from the last session requested them to do a study related to the feasibility of operating a clearing house for bad debt collection. Realizing the problems that exist in accounts receivable, they decided to also initiate a study that would look at the entire state environment related to accounts receivable collections and set offs. They partnered with Coopers & Lybrand L.L.P. and initiated the study in February. Mr. Waugh referred the members to attachment 1, Cooper & Lybrand's detailed analysis report, and attachment 2, an executive summary, including a letter to the committee and 21 slides.

Greg Dawson, Senior Manager of Cooper & Lybrand, then came forward to assist Mr. Waugh in briefing the members on the basics of the study, referring to attachment 2 throughout his presentation.

After the presentation, the committee members asked questions. Rep. Ives asked how the necessary programs can be rewritten and integrated by the year 2000. Mr. Waugh stated that the state has the year 2000 project under tight control. Rep. Ives then noted that DPI has the lowest compliance, and asked if DPI has ever talked to Revenue. Mr. Waugh stated that they have and explained that the reason DPI is lowest on the list probably relates to their priority status. Rep. Ives then asked if agencies can communicate electronically between each other. Mr. Waugh stated that they can, but that there are new things coming that will make it much easier to do so. Mr. Dawson added that there is so much paper and that it is difficult to share paper across agencies. Rep. Culpepper asked what difference it makes to one state agency what the accounts receivable situation is of another agency. Mr. Waugh stated that more than each agency needing this information, the state of North Carolina does. Debtor information, such as addresses, is needed by other agencies. Rep. Decker asked what the 25% amounts to in real dollars in the states of Maryland, Minnesota and New Jersey and over a period of how many years was that. Mr. Dawson stated that it was a significant amount, but he would have to get back with Rep. Decker on the dollar amount. Responding to an inquiry by Rep. Ives, Mr. Waugh stated that they are suggesting that the clearing house be housed with DOR. Rep. Decker asked how far back the window for gross past due accounts receivable goes. Mr. Waugh stated that the figures are based on the last fiscal year. Rep. Ives asked if there is any process to write off bad debt. Mr. Waugh responded that there is such a process and that in the statewide accounts receivable report in March there were about \$460 million in write offs during the last fiscal year. The bad debt that they are trying to collect would hopefully avoid a write off. Rep. Ives thanked Mr. Waugh for his interesting presentation.

Rep. Ives then introduced Anne Bander, Management Analyst for the Office of State Budget and Management, who came forward to present a report on revenue workload requirements. She referred to attachment 3, Staffing Study Report, as an aide in her presentation. Members asked questions throughout the presentation. Rep. Decker asked, regarding the ratio of this year to last year, could this also be due to the fact that the revenue stream has gone up and the number of employees has not, therefore creating a large decrease in the ratio of cost per revenue generated. Ms. Bander replied that is certainly a part of it. Rep. Wainwright asked how much of the information that is in the report was collected and how much was submitted by the department. Ms. Bander replied that they relied on published information. Rep. Decker discussed how North Carolina compares to New Jersey in number of citizens per DOR employee. Ms. Bander stated that it is hard to look at the individual states as opposed to the composite. Rep.

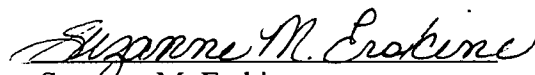
Wainwright asked what effect the change of collection method for motor fuel and the elimination of the intangibles tax has had on the staffing at DOR. Ms. Bander responded that, in regard to the intangibles tax, the time of the 15 staff who were working with intangibles is now being redirected to other tax schedules. Rep. Wainwright then asked how the employees were placed in other schedule related activities. Ms. Bander stated that she could get that information. Rep. Wainwright asked where we stand in regard to ITAS and the reduction in staffing/increasing collections. Ms. Bander stated that it is very early in this process. Sen. Warren asked if there is any retraining available for employees who are moved from one job to another. Ms. Bander responded that the Department is responsible for retraining them. Rep Decker asked what the implication is for using fiscal year 1996-97 as the basis for the staffing model. Ms. Bander responded that it gives the base line of 1,420. Rep. Decker requested that the charts be reproduced in a one-page form. Sen. Lucas asked what additional funding would be needed to implement all of the recommendations that are being made. State Budget Officer Marvin Dorman stated that, after the General Assembly responds to the study, they would sit down with the Department and translate the recommendations into a budget request that would go before the governor and probably come before the General Assembly in 1999.

Rep. Ives expressed his appreciation for a very informative morning. The meeting was adjourned at 10:10 a.m.

Respectfully submitted,



Representative William M. Ives
Cochair



Suzanne M. Erskine
Committee Clerk

Page 1 of 2
VISITOR REGISTRATION SHEET

General Govt. joint
ame of Committee
19 May 1998
Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
STUART DIXON	N.C. Natural Gas Corp.
GREG DAWSON	Coopers & Lybrand
Don Wong	OSC
Lynn Muchmore	DFR - GA
JENNIFER LEE	NCBA
Nellie Riley	OSP
2 R. Brown	OSC
Robert Powell	OSBM
Jim Powell	OSBM
Paul Goodwin	OSPERSONNEL
Nike Hodges	Dept of Rev
Terri McCoub	Revenue
Nike Bone	Revenue
Anne Bander	OSBM
Margie Sorman	OSBM
Sharon Canady	OSC
Jane D. Pridmore	Coopers & Lybrand
Carla M. Shylton	OSC
Frank K. Lewis	Sec. of State
Sally Hunter	OSBM
Alvin Garland	Electricities

Page 2 of 2
VISITOR REGISTRATION SHEET

General Gov't Joint

ame of Committee

May 19, 1998

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

Don Waugh
Bernard Allen

Jim Hall

Kathie Austin Padgett

State Controllers Office

SOS

COOPERS & LYBRAND

USP

Coopers
& Lybrand

Coopers & Lybrand L.L.P.

a professional services firm



Analysis of the Accounts Receivable Function Within the State of North Carolina

May 8, 1998

COOPERS & LYBRAND

CONSULTING

Office of the State Controller



Agenda

- **Section 1 - Introduction**
- **Section 2 - Current Operations**
- **Section 3 - Findings**
- **Section 4 - Recommendations**
- **Section 5 - Next Steps**



Introduction - Project Background

In response to Senate Bill 39 which ratified Chapter 105A of the General Statutes ("An Act to Revise the Setoff Debt Collection Act") during the last legislative session and responsibilities related to GS 147-86.20-27 (Statewide Accounts Receivable Program), the Office of the State Controller (OSC) initiated a comprehensive study related to accounts receivable, collection of bad debts, and debt set off procedures for the State government environment. The firm of Coopers & Lybrand L.L.P. (C&L) was retained to assist the OSC conduct this study. The project team that interviewed the agencies and compiled the report consisted of both OSC and C&L staff.



Introduction - Project Objective

The objective of this effort is to look at how to improve the accounts receivable function within the State of North Carolina focusing on:

- developing a series of issues and recommendations for the implementation of a statewide accounts receivable system
- developing a series of recommendations that address the feasibility of creating a clearinghouse for bad debt collection information and creating a clearinghouse for the bad debt collection process



Introduction - Scope

The scope of this analysis includes:

- **Processes** - The project team has, through interviews and questionnaires, determined the processes that are used to process accounts receivable and bad debt collection.
- **Technology** - The project team has, through on-site and telephonic interviews and questionnaires, determined what technology is currently in place to process and to track accounts receivable, what technology is currently in place to collect delinquent accounts and perform tax set off, and how effectively this technology is being used.
- **Best Practice** - The project team has, through research and conversation with Best Practice organizations, determined Best Practice for accounts receivable processing and tracking and the bad debt collection process. Existing processes, technology, and costs were analyzed against the Best Practice identified.

Introduction - Agency Participants



• Office of the State Controller	OSC	A/R Central Management
• Department of Health and Human Services	DHHS	Joyce Johnson
• Employment Securities Commission	ESC	Glenn Smyre
• Department of Correction	DOC	Sam Newman
• Department of Agriculture and Consumer Services	NCDA&CS	Pam Keith
• Department of Environment and Natural Resources	DENR	Rod Davis
• Department of Administration	DOA	Kathy Crooke
• Department of Transportation	DOT	Wayne Stallings
• UNC Controller's Office	UNC*	Dennis Press
• UNC Hospitals	UNC*	Charles Ayscue
• UNC Physicians and Associates	UNC*	Lacy Farrell
• UNC Dental Faculty Practice	UNC*	Sharon Turner
• North Carolina State University	NCSU	Paula Tate
• Department of Revenue	DOR	Keith McCombs
• North Carolina League of Municipalities	LM	Ellis Hankins
• North Carolina Association of County Commissioners	CC	Ron Aycock
• Department of Public Instruction	DPI	Jim Barber
• Office of the Attorney General	AG	Harry Bunting

* UNC Hospitals, Physicians&Associates, and Dental Faculty Practice will be referenced as UNC

All organizations provided invaluable support and information for which the Project Team is grateful.

Introduction - Project Approach & Methodology

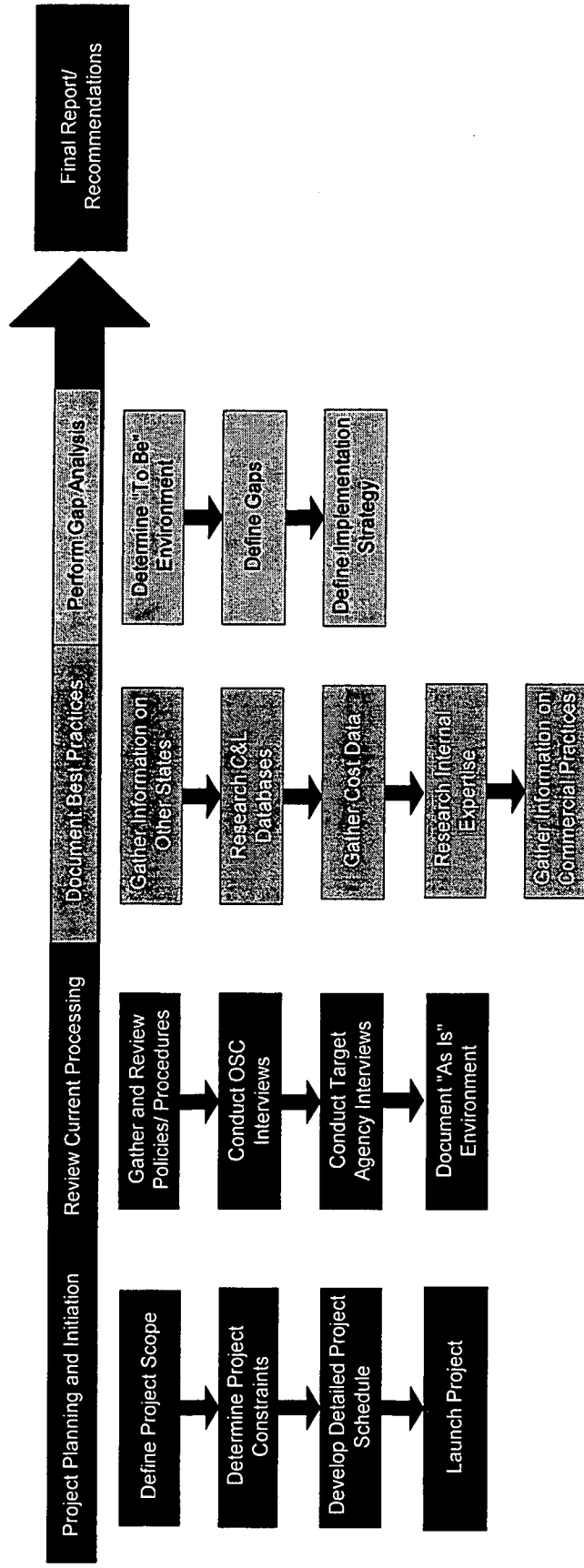


Agencies presented in this report are representative of all agencies in the State of North Carolina. Data presented in this report was gathered through a combination of structured interview sessions, review of original source documentation and follow up calls with the appropriate agency staff. Although no audit nor attestation was performed on the data provided by North Carolina personnel, it is believed to be accurate and representative of the status of operations.



Introduction - Project Approach & Methodology

The following approach was used:



Source documentation and publications are noted as appropriate on slides.



Introduction - Financial Systems Master Plan

North Carolina Accounting System (NCAS)

- Scope
 - Maintenance of timely, reliable, accurate, consistent, and complete information on the State of North Carolina government entity
- Major Themes
 - Promotes a consistent philosophy in the use of uniform financial standards, policies and procedures
 - Promotes an infrastructure facilitating information sharing
 - Promotes a consistent technical infrastructure statewide

“The uniform accounting policies, procedures, and centralized financial information are the foundation of NCAS and allow the state to operate in a fiscally responsible and consistent manner.”

Introduction- Definitions



The following are defined below for clarification:

- **Accounts Receivable (A/R)** - An asset of the State reflecting a debt that is owed to the State and has not been received by the State agency servicing the debt. The term includes claims, damages, fees, fines, forfeitures, loans, overpayments, and tuition as well as penalties, and other costs authorized by law. The term does not include court costs or fees assessed in actions before the General Court of Justice or counsel fees and other expenses of representing indigents under Article 36 of Chapter 7A of the General Statutes. (Source: North Carolina Statewide Accounts Receivable Program Policy - G.S. 147-86.20)
- **Bad Debt** - A receivable of the State that is past due (i.e. over 90 days) or is considered delinquent.
- **Bad Debt Clearinghouse** - A clearinghouse can include one or both of the following concepts: a.) a centralized database of shared information, b.) a centralized agency conducting the actual collection procedure.

Introduction - Document Format



The remainder of this document will discuss:

- **Section 2- Current Operations**
 - This section provides an overview of current accounts receivable related processing for each participating agency.
- **Section 3- Findings**
 - This section compares, on a finding by finding basis, the evaluation of the effectiveness, approach, and technology used for each of the participating agencies.
- **Section 4- Recommendations**
 - This section presents the recommendations for the State for the most advantageous option.
- **Section 5- Next Steps**
 - This section presents the suggested next steps for the recommendations addressed in Section 4.



Agenda

- Section 1 - Introduction
- **Section 2 - Current Operations**
- Section 3 - Findings
- Section 4 - Recommendations
- Section 5 - Next Steps

Current Operations



The following section identifies the financial criteria used to identify the current operations of each organization:

- **A/R at 6/30/97** - The total receivables balance documented in the Comprehensive Annual Financial Report at year end.
- **Total Revenue** - The total Revenue balance documented in the Comprehensive Annual Financial Report at year end.
- **Gross Past Due A/R** - Amount of receivables that an agency considers delinquent or past due.

- **Bad Debt Reserve** - Amount allotted for bad debt in a reserve account.
- **FY 97 Gross Write Offs** - Total of accounts that are declared uncollectable and written off.
- **Write Offs as a Percentage of Revenue** - Gross Write Offs divided by Total Revenue.

Current Operations



The following section describes the technology criteria used to identify the current operations of each organization.

•**Current Architecture** - Brief description of the agency system architecture including hardware, software, database engine, and operating environment.

•**Number of Systems** - The number of known Accounts Receivable systems utilized within the agency.

•**Interest/Penalty Charges** - Agencies were asked whether or not their systems are capable of calculating interest and penalty charges for delinquent accounts.

•**Year 2000 Compliance** - Percentage of current systems in use that the agency estimates are capable of operating up to and beyond the turn of the century. This number represents an agency estimate. Proof of compliance was not provided.

•**Data Sharing (Intra-Agency)** - The amount of data that is shared by multiple systems within the same agency. The level is measured using the following three categories and based upon the estimation of the agency:

- Low - generally do not share data electronically
- Medium - share data electronically on an ad-hoc or random basis
- High- generally do share most data electronically within agency systems

•**Data Sharing (Inter-Agency)** - The amount of agency data that is shared with other agencies within the state. The level is measured using the following three categories and based upon the estimation of the agency:

- Low - generally do not share data electronically
- Medium - share data electronically on an ad-hoc or random basis
- High- generally do share most data electronically with other agencies systems

Current Operations



The following section describes the technology criteria used to identify the current operations of each organization.

• **Imaging Implementation** - Imaging technology uses document scanners to convert paper documents; historical records, paper files, forms etc. to electronic files. These electronic copies provide an exact replica of the hard copy documents.

• **Workflow Implementation** - Workflow systems standardize and automate work processes, whether it is simply routing electronic documents or the automation of processes that contain complicated rules and conditions. Workflow rigorously enforces business rules, creates and tracks statistics on bottlenecks and delays, and has the capability to adjust the routing scheme on the fly.

• **EC/EDI Implementation** - Electronic Commerce and Electronic Data Interchange (EC/EDI) technology provides an organization with the ability to conduct business electronically, without or with reduced paper forms and excess inventory.

• Agencies were asked whether or not their systems utilize these three technologies. Their response represents the agency's estimate and has been determined in the following manner:

- **No** - most agency systems generally do not utilize the technology in question
- **Yes** - most agency systems generally utilize the technology in question



Current Operations

Department of Health and Human Services

Financial Overview

A/R at 6/30/97	\$535,751,165
% of Total State A/R	13%
Total Revenue	\$4,787,410,670
Gross Past Due A/R	\$103,816,376
Bad Debt Reserve	\$28,614,625
FY 97 Gross Write Offs	\$146,035,657
Write Offs as % of Revenue	3%

Current Technology:

Mainframe CICS - Flat file

Current Systems

- GEAC (DMA)
- ACTS (Child Support)
- ARBS (CBO)
- Standalone AR (Other)

Level of Data Sharing



Technology Used?	Yes	No
Imaging		✓
Workflow		✓
EC/EDI		✓
Interest and Penalty Charges	25%	75%
Year 2000 Compliant	50%	50%

Source: Interviews, Agency Completed Questionnaires



Current Operations

Employment Security Commission

Financial Overview

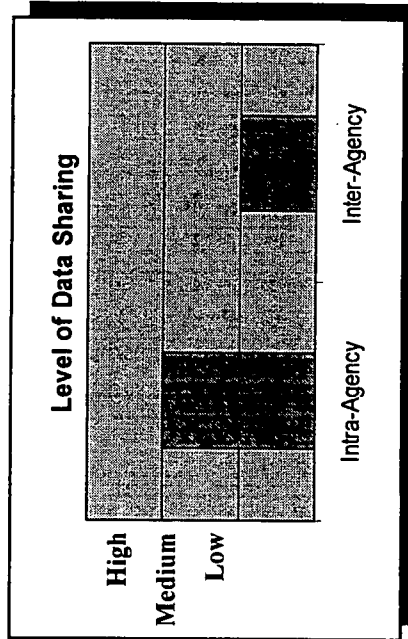
A/R at 6/30/97	\$107,733,501
% of Total State A/R	3%
Total Revenue	\$384,690,200
Gross Past Due A/R	\$33,954,705
Bad Debt Reserve	\$19,945,650
FY 97 Gross Write Offs	\$12,618,493
Write Offs as % of Revenue	3%

Current Technology:

Mainframe CICS - Flat file

Current Systems

- GUIDE (Benefits)
- Unemployment Trust (Benefits)
- Tax System (Tax)



Technology Used?	Yes	No
Imaging	33%	67%
Workflow		✓
EC/EDI		✓
Interest and Penalty Charges	50%	50%
Year 2000 Compliant	✓	

Source: Interviews, Agency Completed Questionnaires



Current Operations

Department of Correction

Financial Overview

A/R at 6/30/97	\$11,764,903
% of Total State A/R	<1%
Total Revenue	\$109,355,733
Gross Past Due A/R	\$2,687,848
Bad Debt Reserve	\$0
FY 97 Gross Write Offs	\$0
Write Offs as % of Revenue	0%

Current Technology:

Client/Server UNIX -
Sybase

Current Systems

Data-Ease

Level of Data Sharing

High		
Medium		
Low		
	Intra-Agency	Inter-Agency

Technology Used?	Yes	No
Imaging		✓
Workflow		✓
EC/EDI		✓
Interest and Penalty Charges		✓
Year 2000 Compliant		✓

Source: Interviews, Agency Completed Questionnaires



Current Operations

Department of Agriculture and Consumer Services

Financial Overview

A/R at 6/30/97	\$6,398,474
% of Total State A/R	<1%
Total Revenue	\$33,413,771
Gross Past Due A/R	\$70,684
Bad Debt Reserve	\$0
FY 97 Gross Write Offs	\$3,457
Write Offs as % of Revenue	1%

Current Technology:

Client/Server - dBase 4
database and application

Current Systems

- Veterinary Program (Rollins Laboratory)
- Standards (Standards)
- Markets (Markets)

Level of Data Sharing

High		
Medium		
Low		
	Intra-Agency	Inter-Agency

Technology Used?	Yes	No
Imaging		✓
Workflow		✓
EC/EDI		✓
Interest and Penalty Charges		✓
Year 2000 Compliant	33%	67%

Source: Interviews, Agency Completed Questionnaires



Current Operations

Department of Environment and Natural Resources

Financial Overview

A/R at 6/30/97	\$323,557,293
% of Total State A/R	8%
Total Revenue	\$387,168,573
Gross Past Due A/R	Not Available
Bad Debt Reserve	\$126,187
FY 97 Gross Write Offs	\$0
Write Offs as % of Revenue	0%

Current Technology:

Client/Server - Fox Pro
2.6 database and
application

Current Systems

- Water Quality
- Air Quality Fee
- Construction Loans

Level of Data Sharing

High		
Medium		
Low		
	Intra-Agency	Inter-Agency

Technology Used?	Yes	No
Imaging		✓
Workflow		✓
EC/EDI		✓
Interest and Penalty Charges		✓
Year 2000 Compliant	50%	50%

Source: Interviews, Agency Completed Questionnaires



Current Operations

Department of Administration

Financial Overview

A/R at 6/30/97	\$6,142,234
% of Total State A/R	<1%
Total Revenue	\$56,263,824
Gross Past Due A/R	\$438,145
Bad Debt Reserve	\$0
FY 97 Gross Write Offs	\$0
Write Offs as % of Revenue	0%

Current Technology:

Client/Server - Visual Fox
Pro database and
application

Current Systems

- Courier
- Temporary Solutions
- Federal Surplus
- State Surplus
- Motor Fleet Management
- Parking

Level of Data Sharing

High		
Medium		
Low		
	Intra-Agency	Inter-Agency

Technology Used?	Yes	No
Imaging	✓	
Workflow		✓
EC/EDI		✓
Interest and Penalty Charges		✓
Year 2000 Compliant	50%	50%

Source: Interviews, Agency Completed Questionnaires



Current Operations

Department of Transportation

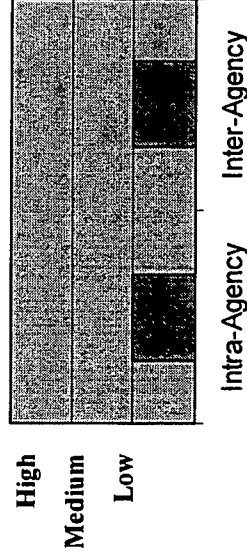
Financial Overview

A/R at 6/30/97	\$227,211,489
% of Total State A/R	6%
Total Revenue	\$2,418,185,132
Gross Past Due A/R	\$4,956,954
Bad Debt Reserve	\$4,835,134
FY 97 Gross Write Offs	\$472,646
Write Offs as % of Revenue	<1%

Current Technology:
Mainframe CICS - Flat
file

Current Systems
• AR System

Level of Data Sharing



Technology Used?	Yes	No
Imaging		✓
Workflow		✓
EC/EDI		✓
Interest and Penalty Charges		✓
Year 2000 Compliant		✓

Source: Interviews, Agency Completed Questionnaires



Current Operations

UNC Hospitals, Physicians & Associates, and Dental Faculty Practice

Financial Overview

A/R at 6/30/97	\$82,786,019
% of Total State A/R	2%
Total Revenue	\$462,781,666
Gross Past Due A/R	\$98,100,322
Bad Debt Reserve	\$22,131,889
FY 97 Gross Write Offs	\$27,277,433
Write Offs as % of Revenue	6%

Current Technology:

Mainframe CICS - Flat file

Current Systems

- Shared Medical Systems (SMS)
- Patient Accounting System (PAS)
- Patient A/R System (PARS)

Level of Data Sharing

High			
Medium			
Low			
	Intra-Agency	Inter-Agency	

Technology Used?	Yes	No
Imaging		✓
Workflow		✓
EC/EDI	✓	
Interest and Penalty Charges	67%	33%
Year 2000 Compliant	67%	33%

Source: Interviews, Agency Completed Questionnaires



Current Operations

NC State University

Financial Overview

A/R at 6/30/97	\$40,826,160
% of Total State A/R	1%
Total Revenue	\$468,523,278
Gross Past Due A/R	\$16,393,100
Bad Debt Reserve	\$2,289,000
FY 97 Gross Write Offs	\$396,569
Write Offs as % of Revenue	<1%

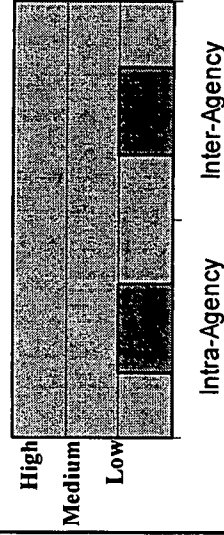
Current Technology:

Mainframe

Current Systems

- Student Accounts
- Non Student

Level of Data Sharing



Technology Used?	Yes	No
Imaging		✓
Workflow		✓
EC/EDI		✓
Interest and Penalty Charges		✓
Year 2000 Compliant		✓

Source: Interviews, Agency Completed Questionnaires



Current Operations

Department of Revenue

Financial Overview

A/R at 6/30/97	\$556,014,482
% of Total State A/R	14%
Total Revenue	\$10,676,813,581
Gross Past Due A/R *	\$238,265,807
Bad Debt Reserve *	\$159,614,435
FY 97 Gross Write Offs	\$14,570,450
Write Offs as % of Revenue	< 1%

* Excludes Controlled Substance Tax

Current Technology:

Mainframe CICS - Flat file

Current Systems:

- ITAS
- VISTA

Level of Data Sharing

High			
Medium			
Low			
	Intra-Agency	Inter-Agency	

Technology Used?	Yes	No
Imaging		✓
Workflow		✓
EC/EDI		✓
Interest and Penalty Charges	✓	
Year 2000 Compliant	✓	

Source: Interviews, Agency Completed Questionnaires



Current Operations

Department of Public Instruction

Financial Overview

A/R at 6/30/97	\$33,801,306
% of Total State A/R	1%
Total Revenue	\$468,043,260
Gross Past Due A/R	\$1,496,646
Bad Debt Reserve	\$33,040,532
FY 97 Gross Write Offs	\$9,794
Write Offs as % of Revenue	<1%

Current Technology:

Client/Server - Open
Systems - Flat file

Current Systems

- Scholarship Loans
- Textbooks Warehouse
- Publications

Level of Data Sharing



Technology Used?	Yes	No
Imaging		✓
Workflow		✓
EC/EDI		✓
Interest and Penalty Charges	33%	67%
Year 2000 Compliant		✓

Source: Interviews, Agency Completed Questionnaires

Current Operations



Office of the State Controller

Statutory Responsibilities include:

- To prescribe, develop, operate, and maintain a uniform State accounting system for all State agencies (G.S. 143b-426.39)
- To develop, implement and monitor a uniform Statewide cash management plan for all State agencies (G.S. 147-86.10, .11)
- To establish a Statewide accounts receivable program including the setting of policies and procedures, debtor information requirements, debt setoff policies, and reporting requirements (G.S. 147-86.20-.27)
- Preparing an annual Comprehensive Annual Financial Report on a GAAP basis (G.S. 143-20.1)

NCAS Responsibilities include:

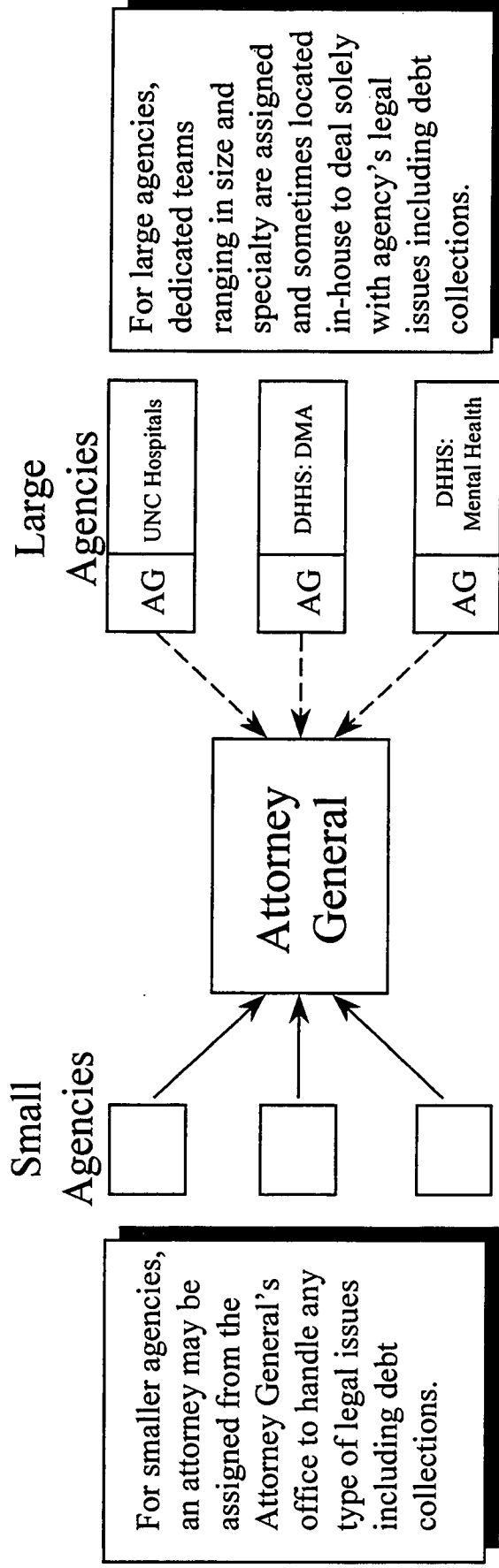
- To ensure that system capabilities are in compliance with statutory responsibilities
- To ensure that NCAS and all related subsystems maintain timely, reliable, accurate, consistent, and complete accounting information on the State of North Carolina government entity
- To develop, implement and maintain integrated financial management systems for State government reporting and analysis
- To ensure that a uniform technical infrastructure is deployed to all users of the system

"The uniform accounting policies, procedures, and centralized financial information are the foundation of NCAS and allow the state to operate in a fiscally responsible and consistent manner."

Current Operations



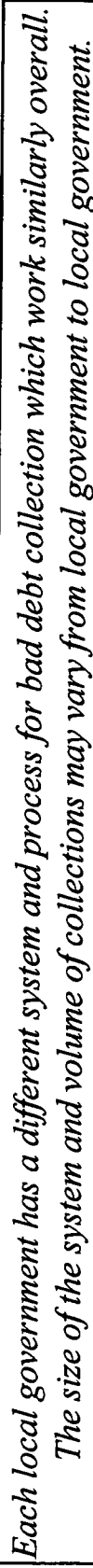
Attorney General



Collections relating to the Attorney General's Office is a decentralized, non-standard process. Their processes are specific to each agency's need. Thus, the level and scope of attention from the Attorney General on debt collection varies throughout the agencies.

Source: Interviews, Agency Completed Questionnaires

The League of Municipalities and County Commissioners Association was included in the study to determine if their systems can be linked to the statewide bad debt collection effort.



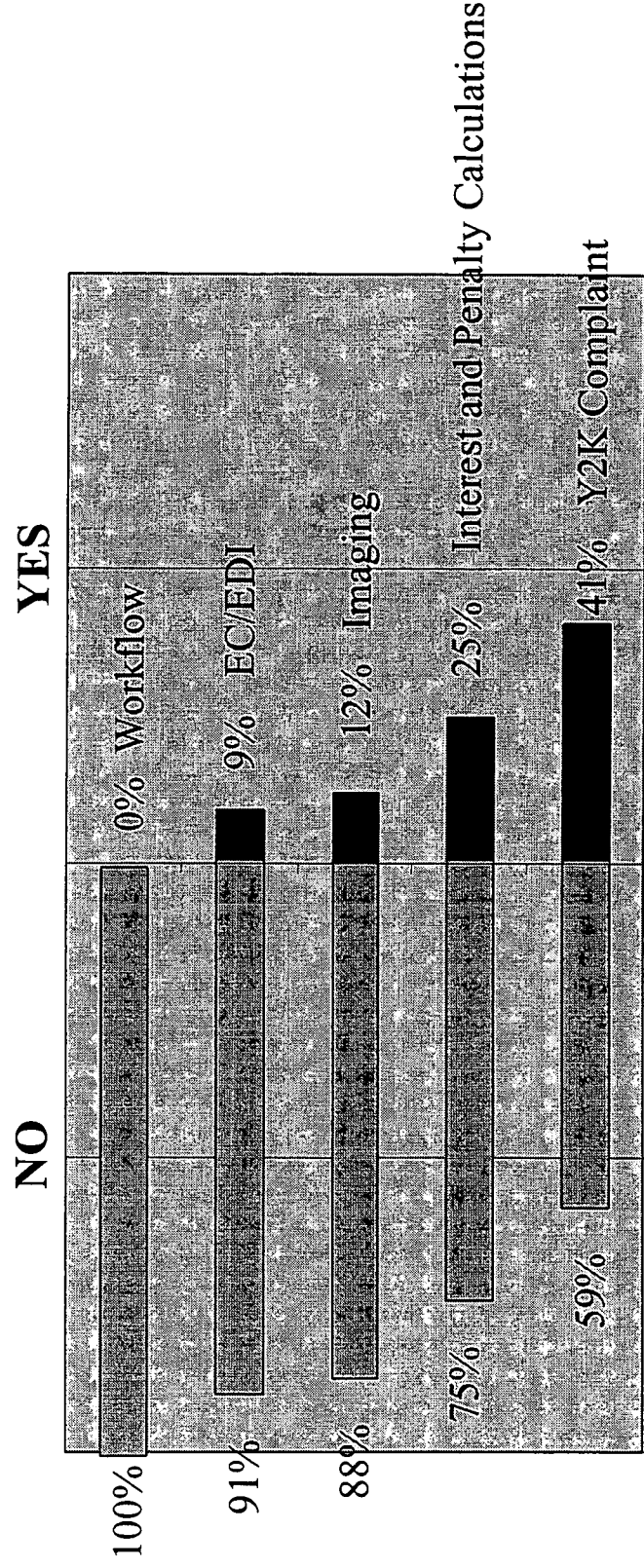
Coopers & Lybrand L.L.P.

Office of the State Controller

Current Operations - Technology Summary



The following provides a technology summary of the eleven agencies and numerous different systems included in the study.



82% of agencies have *LOW* Inter-Agency Data Sharing
73% of agencies have *LOW* Intra-Agency Data Sharing

Source: Interviews, Agency Completed Questionnaires



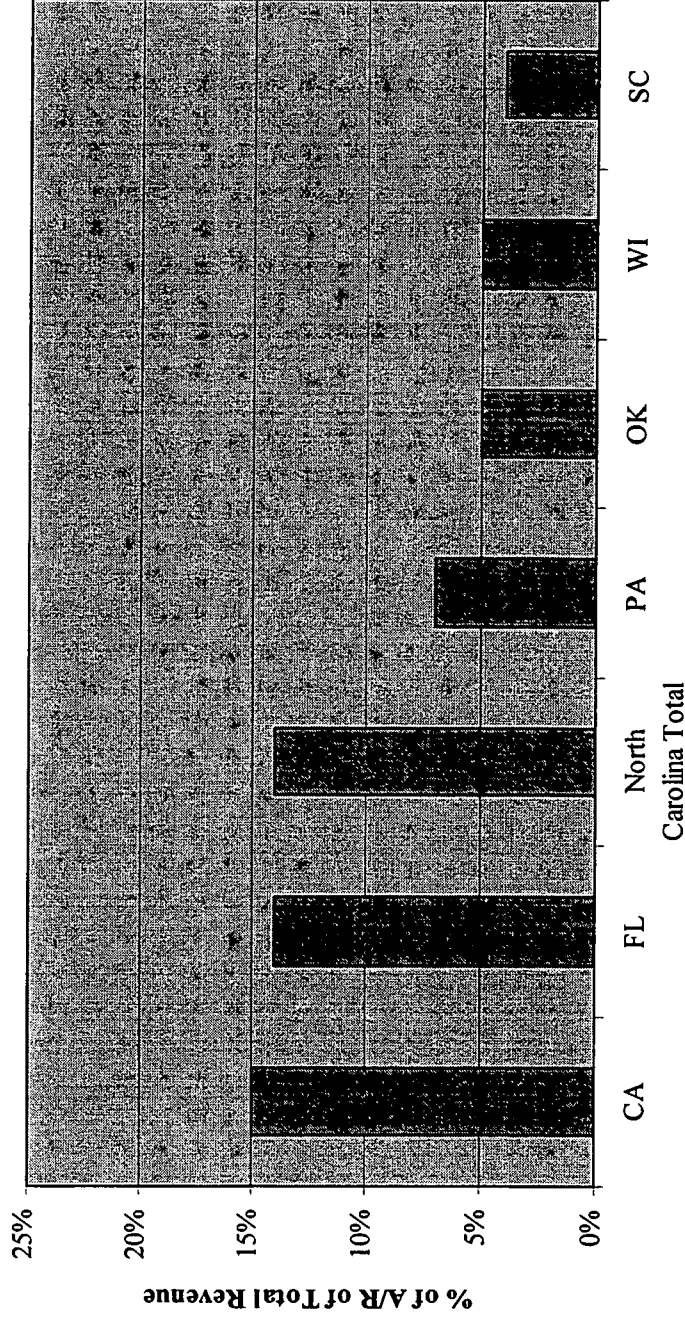
Agenda

- Section 1 - Introduction
- Section 2 - Current Operations
- **Section 3 - Findings**
 - Effectiveness
 - Process
 - Technology
 - Outsourcing
 - Proposed Structure
- Section 4 - Recommendations
- Section 5 - Next Steps



Findings: Effectiveness

Finding: In comparison to other states, NC has a comparable percentage of total A/R to total revenues.



While North Carolina is similar, other states such as South Carolina have implemented highly automated accounts receivable technology and have centralized their debt collection process.

Source: State Comprehensive Annual Financial Reports



Findings: Effectiveness

Finding: Not all North Carolina agencies participate in tax set off.

The below agencies are prioritized by "first come, first served" as is current policy.

	Gross Past		Number of		Gross Amount of		Percent of	
	Due A/R		Refund Set Offs		Refund Set Offs		Total Gross Amount	
NCSU	\$16,393,100		482		\$85,282.34		0.79%	
UNC	\$98,100,323		11,150		\$2,250,853.72		20.75%	
ESC	\$33,954,705		747		\$130,480.63		1.20%	
DPI	\$468,043,260		43		\$11,324.77		0.10%	
DENR	N/A		8		\$1,750.56		0.02%	
DHHS	\$103,816,276		20,053		\$4,543,778.41		41.90%	
DOC	\$2,687,848		0		\$0.00		0.00%	
NCDA & CS	\$70,684		0		\$0.00		0.00%	
DOA	\$438,145		0		\$0.00		0.00%	
DOT	\$4,956,954		0		\$0.00		0.00%	
Other Agencies*	N/A		22,105		\$3,822,133.29		35.24%	
TOTAL			54,588		\$10,845,604		100.00%	

* Agencies other than those included in this study.

Avg. Gross Amt.
per Set Off
\$198.68

DOR Administration
Costs
\$504,027

DOR Cost
per Set Off
\$9.23

These agencies do not
participate in the tax
set off program.

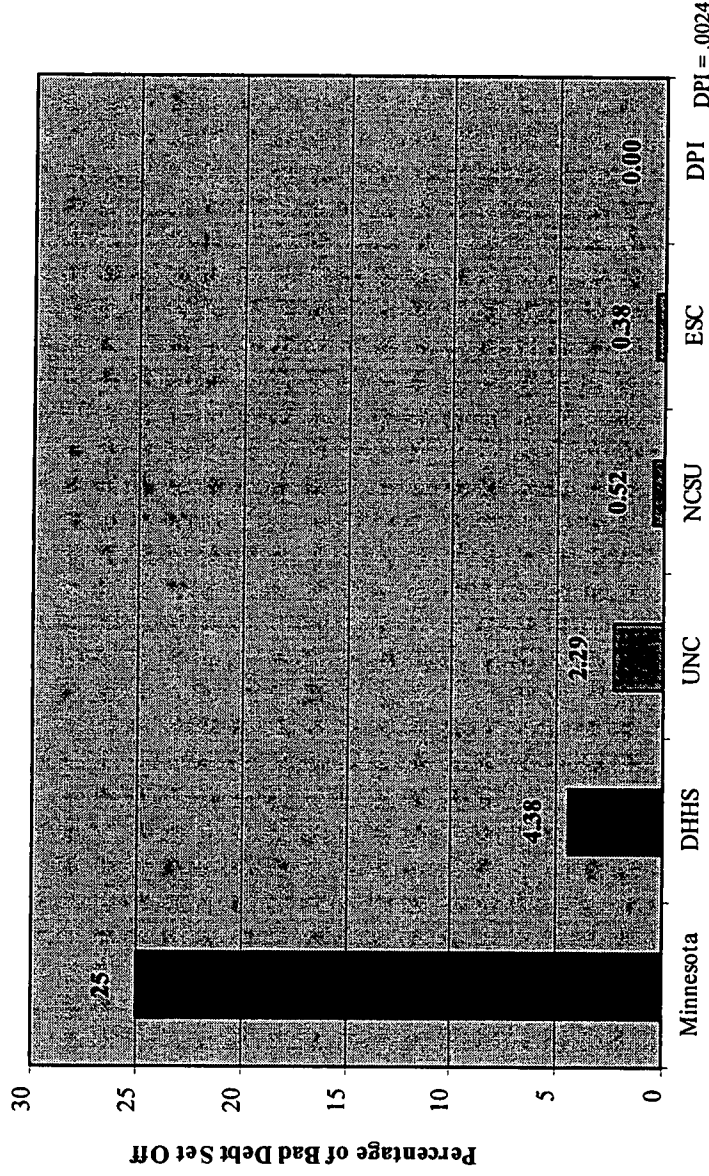
Source: Receivable Summary Report and DOR Report



Findings: Effectiveness

Finding: North Carolina State agencies collect less than 5% of bad debt through tax set off/intercept, while Best Practice organizations set off over 25%.

Minnesota has recently implemented a centralized collection enterprise (MCE), a not-for-profit collection management service operated by the Department of Revenue.



Not all North Carolina agencies participate in the Department of Revenue's Tax Set Off Program. Set Off payments are based on a "first come first serve" basis in the order agencies signed up for the program in 1979.

Source: NCAS & Agency Receivable Summary Report, Minnesota Department of Revenue and Federal Report: GAO/AIMD-97-48
Coopers & Lybrand L.L.P. Office of the State Controller



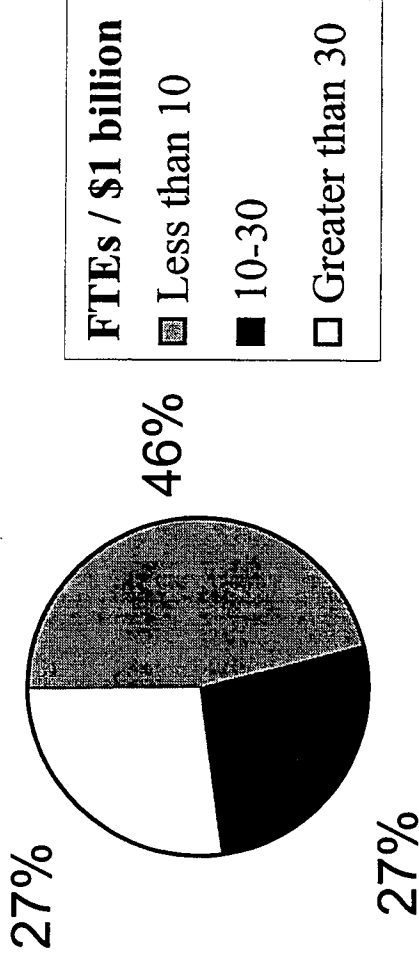
Findings: Effectiveness

Finding: Best Practice organizations allocate to A/R processing activities 4 FTEs per \$1 billion in total revenue.

Best Practice is based upon organizations who:

- have highly automated accounts receivable systems
- utilize EC/EDI
- automate and/or outsource collection efforts
- standardize the number of FTEs based on Revenue

Percentage of NC agencies* as compared to Best Practice



* Most North Carolina agencies do not track staff time engaged in A/R activities. The percentages shown are based on their best estimate of FTEs devoted to A/R processing.

Source: Interviews, Agency Completed Questionnaires, C&L Benchmarking Analysis



Findings: Effectiveness

Finding: Best Practice organizations determine and monitor the appropriate key performance indicators and goals, while a majority of North Carolina agencies do not.

Objective	Performance Indicators	Best Practice	North Carolina
Cost Effectiveness	Processing cost per remittance	✓	
Cost Effectiveness	Total Expense Levels (systems, personnel, etc.)	✓	
Process Efficiency	Process cost as a percent of total Ops. Cost	✓	
Process Efficiency	FTE per \$x of A/R	✓	
Process Efficiency	Total Expense Levels (systems, personnel, etc.)	✓	
Technology Utilization	Percent Remittance processed electronically	✓	
Quality	Days on Hand- tracked	✓	
Quality	Write Offs as % of Revenue- tracked	✓	
Transaction Volume	Number of Remittances per FTE	✓	

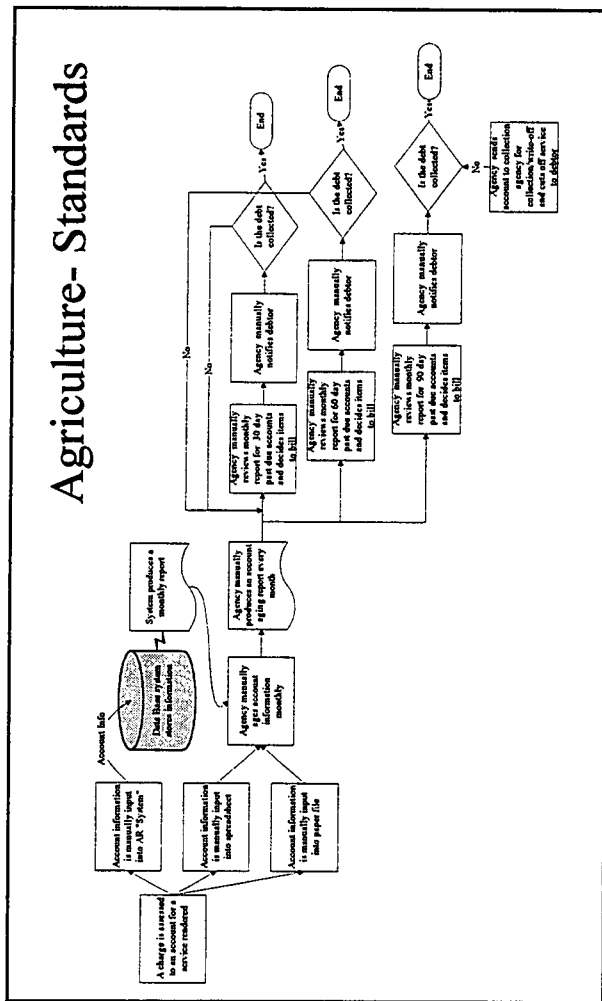
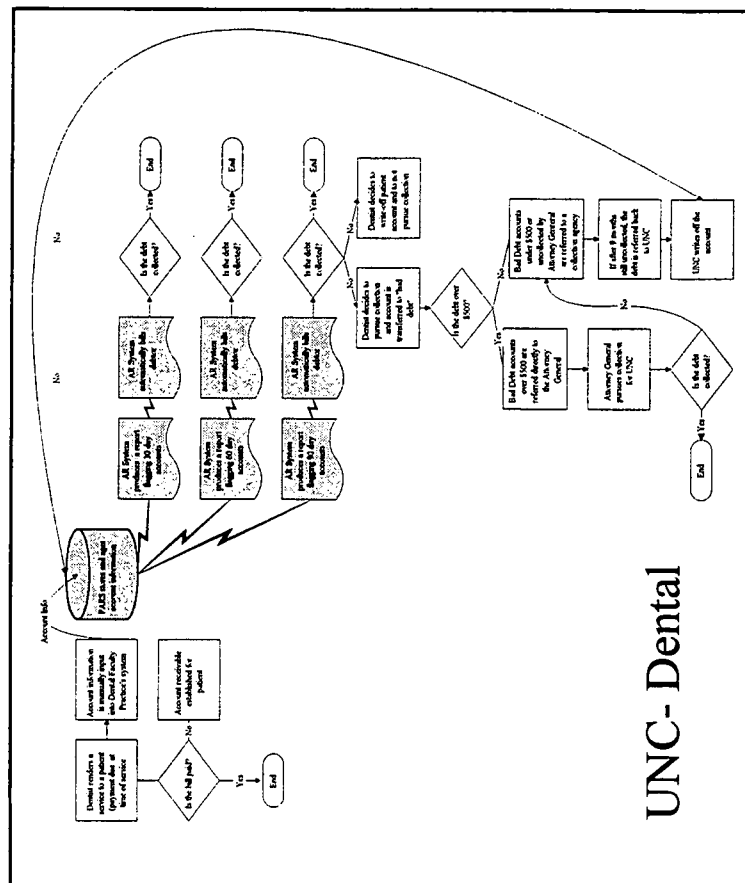
While some agencies in North Carolina could provide us calculated information, none had this information readily available nor track it daily.

Source: Best Practice Research, Interviews, Agency Completed Questionnaires



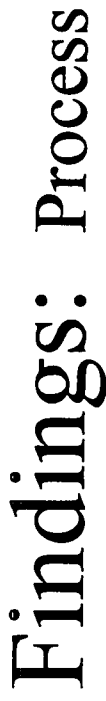
Findings: Process

Finding: Best Practice organizations have an efficient and linear accounts receivable process; North Carolina does not.



"The uniform accounting policies, procedures, and centralized financial information are the foundation of NCAS and allow the state to operate in a fiscally responsible and consistent manner."

Source: Interviews, Agency Completed Questionnaires

[illegible]

Source: Interviews, Agency Completed Questionnaires

Findings: Process



Finding: Best Practice organizations prioritize collections first by dollar amount and then by the age of accounts, while North Carolina prioritizes collections in the opposite order.

North Carolina

NC agencies mainly prioritize account collection through:

1. **Age - Oldest overdue accounts**
2. **Dollar Amount - Highest value among remaining accounts**

Best Practice

Best Practice organizations prioritize account collection through:

1. **Dollar Value - Provide more cash into the revenue cycle if collected**
2. **Age - Oldest overdue accounts provide higher interest and penalty charges**

Best Practice organizations also proactively search for indicators that suggest an increased risk of default by debtors. The organizations then attempt to prevent a default by addressing these indicators.

Source: Interviews, Agency Completed Questionnaires, and Coopers Best Practice Research



Findings: Process

Finding: Although State law allows wage garnishment in certain instances, few agencies have the ability to fully utilize the practice in collecting debts owed to the state.

- Currently there is no automated system in place to identify delinquent debtors statewide.
- While there are several General Statutes permitting wage garnishment, further legislation is needed to expand the usage to include many other forms of debt.
- Although a majority of agencies agree it is a problem, it is not known how big the problem is, since this information is not tracked.
- Wage Garnishment is currently allowed for taxes, child support and public hospitals.



Findings: Process

Finding: Best Practice organizations have standard aging processes; North Carolina's aging processes are widely inconsistent.

Aging	NC Agency Most Effective	NC Agency Moderately Effective	NC Agency Least Effective
0-30 days	36%	22%	7%
31-60 days	21%	13%	2%
61-90 days	14%	5%	0%
>90 days	29%	60%	91%

North Carolina's most effective agency collects 36% of accounts receivable in the first 30 days while the least effective agency collects only 7%.

"The uniform accounting policies, procedures, and centralized financial information are the foundation of NCAS and allow the state to operate in a fiscally responsible and consistent manner."

Source: Receivables Summary Report



Findings: Process

Finding: Agencies throughout North Carolina do not consistently apply procedures nor utilize processes for identifying areas of continuous improvement.

Efforts for achieving Best Practice should:

INCREASE:

- Cash flow
- Customer satisfaction
- Understanding the causes of bad debt

REDUCE:

- A/R processing costs
- Past Due balances
- Amount of bad debt write-offs or reserves
- Redundant and iterative processes

IMPROVE:

- Controls and accountability over past due receivables
- Quality, timeliness, and relevance of credit and A/R information
- Cash application via automated means

Findings - Technology



Finding: North Carolina Agencies have numerous different A/R systems. All of the systems would have to be queried in order to get a statewide view of the current A/R.

DHHS
•GEAC (DMA)
•ACTS (Child Support)
•ARBS (CBO)
•Standalone AR (Other)
ESC
•GUIDE (Benefits)
•Unemployment Trust (Benefits)
•Tax System (Tax)

DENR
•Water Quality
•Air Quality Fee
•Construction Loans

DOC
•Data-Ease

DOT
•AR System

DPI
•Scholarship Loans
•Textbooks Warehouse
•Publications

NCDA&CS
•Veterinary Program (Rollins Laboratory)
•Standards (Standards)
•Markets (Markets)

DOR
•ITAS
•VISTA

DOA

•Courier
•Temporary Solutions
•Federal Surplus
•State Surplus
•Motor Fleet Management
•Parking

NCSU

•Student Accounts
•Non-Student

UNC

•Shared Medical Systems (SMS)
•Patient Accounting System (PAS)
•Patient A/R System (PARS)

Source: Interviews, Agency Completed Questionnaires



Findings: Technology

Finding: Best Practice A/R systems store accounts receivable information.

Best Practice Organizations capture the following information:	Best Practices	North Carolina Average Score
Personal Demographics	👍	=
Employment Demographics	👍	=
Historical: Services Rendered	👍	👍
Historical: Financial	👍	👍
Identifier Information	👍	=
Co-Payer Information	👍	=
User Change Log	👍	👍

👍	Captures nearly all information
=	Captures some information
👍	Captures little to no information

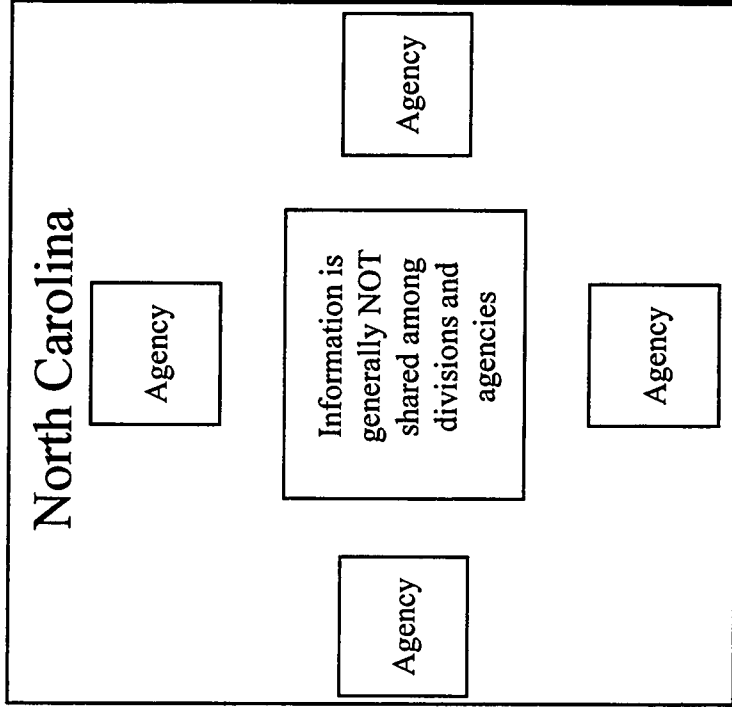
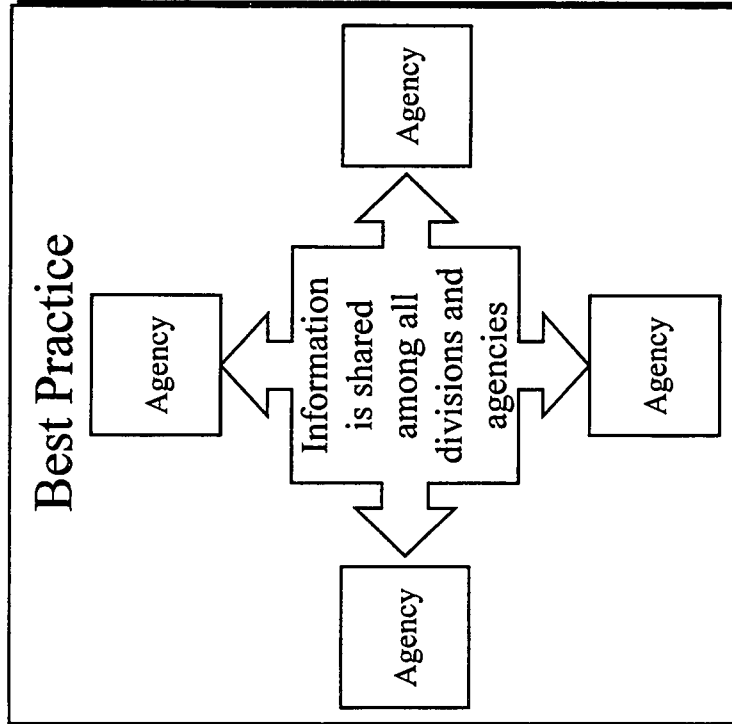
Best Practice organizations capture nearly all relevant information and limit redundant data entry.

Source: Best Practice Research, Interviews, and Agency Completed Questionnaires



Findings: Technology

Finding: Best Practice A/R systems share information with other financial systems.



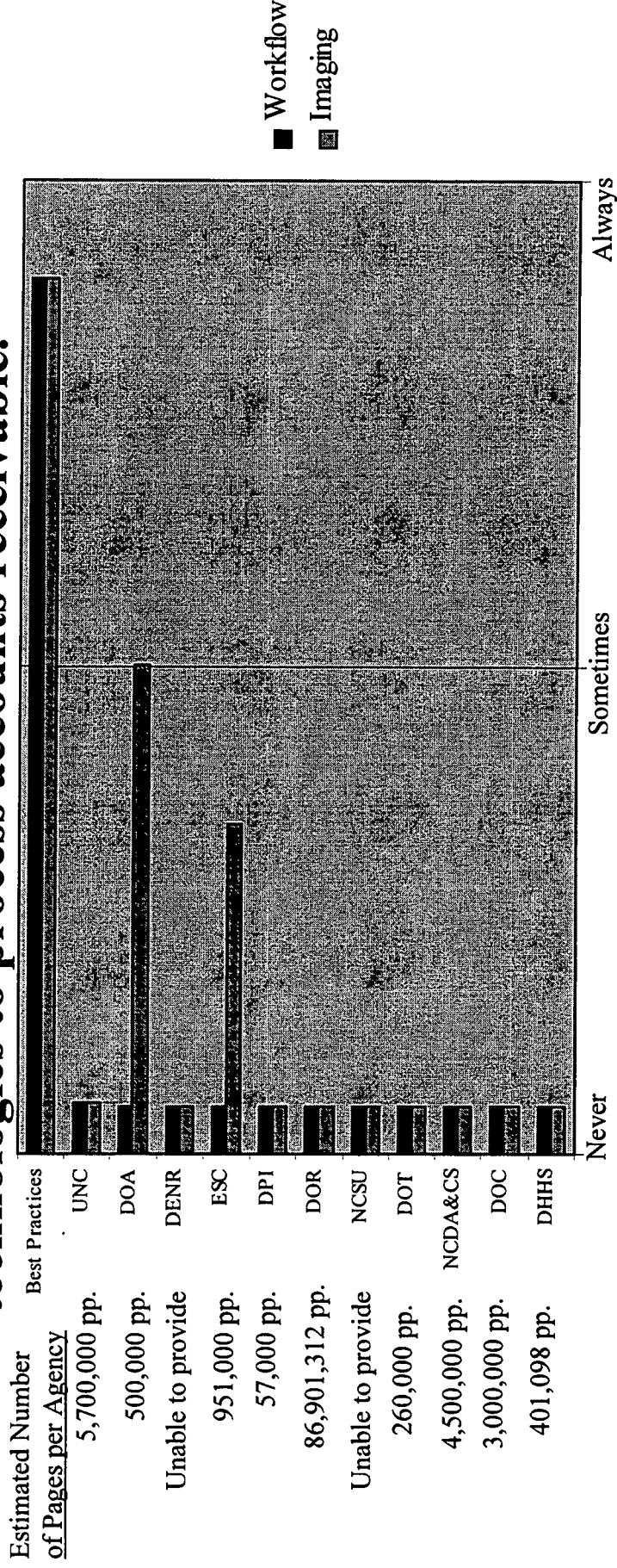
Child Support has ability to gather data from other agencies, but does not reciprocate service.

Best Practice organizations share information to limit redundant data entry, obtain current and accurate data, and increase the speed of tracking and collecting from debtors.



Findings: Technology

Finding: Best Practice A/R systems use imaging and workflow technologies to process accounts receivable.



Best Practice organizations armed with integrated imaging and workflow systems can count on:

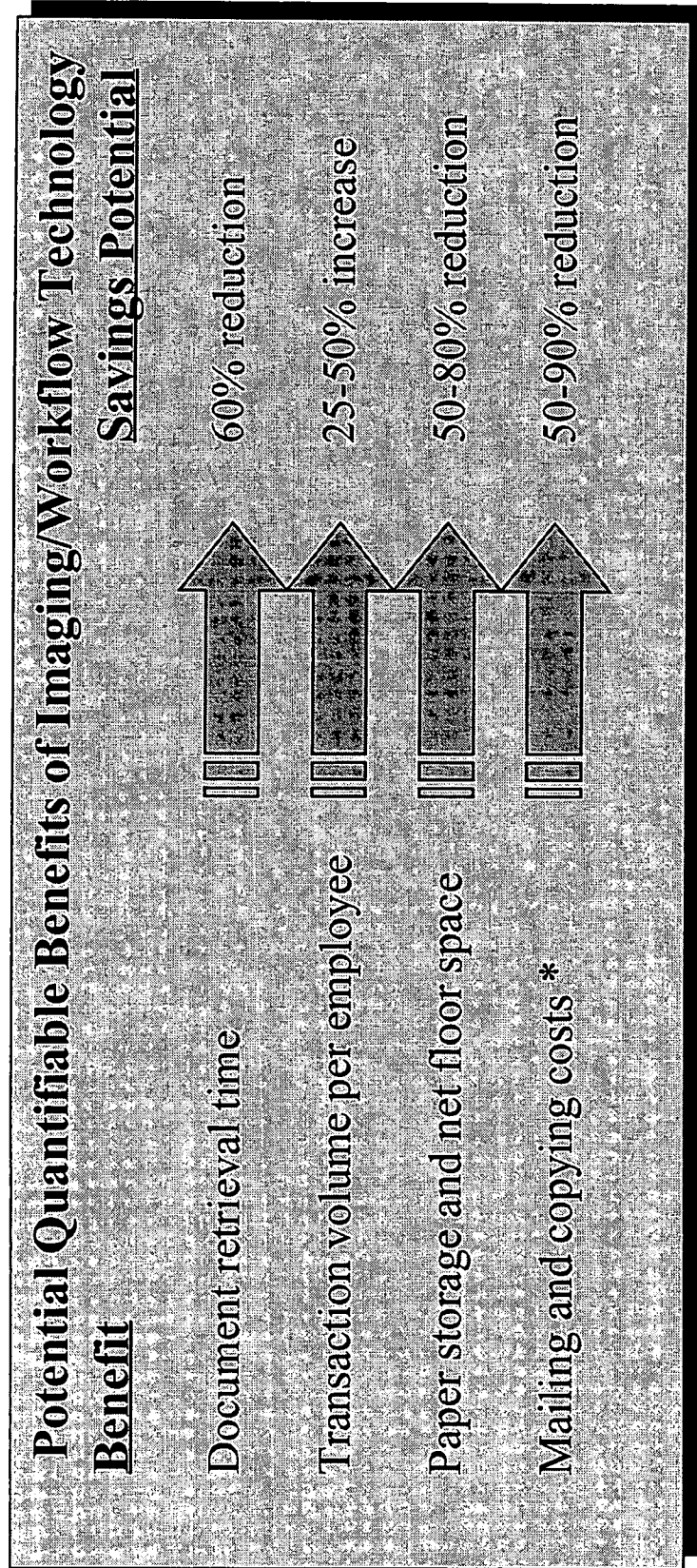
- Improved turn around time
- Reduced time and effort to collect receivables
- Reduced errors and paper
- Improved reporting capabilities

Source: Technical Questionnaires, Gartner Group, Best Practice Data



Findings: Technology

Finding: Best Practice A/R systems use imaging and workflow technologies to process accounts receivable.



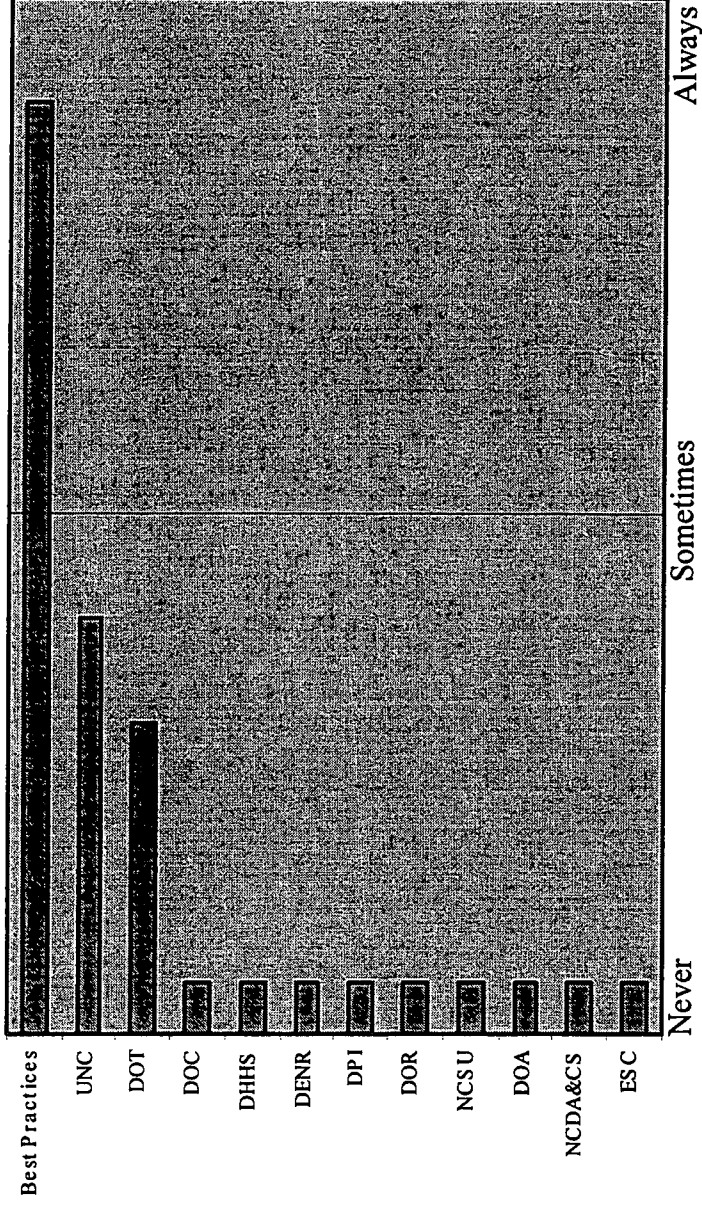
* Only when coupled with PC fax cards or PC networks

Source: Gartner Group

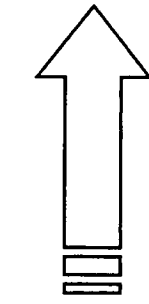


Findings: Technology

Finding: Best Practice A/R systems use EC/EDI technology to process accounts receivable.



Best Practice organizations armed with integrated EC/EDI systems can count on:



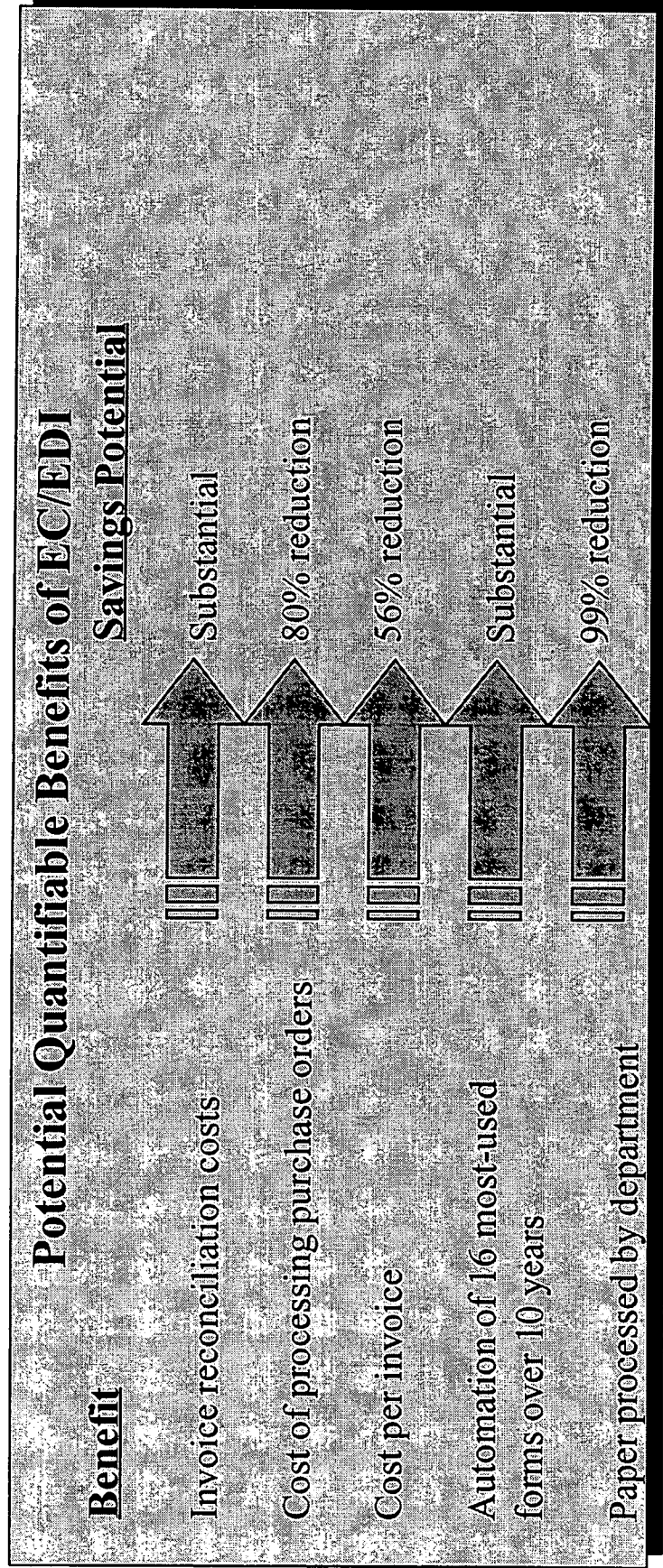
- Increased data accuracy
- Increased speed of receivable processing
- Increased speed of document routing and communication

Source: Gartner Group, Interviews, Agency Completed Questionnaires



Findings: Technology

Finding: Best Practice A/R systems use EC/EDI technology to process accounts receivable.



Source: Gartner Group



Findings: Technology

Finding: Best Practice organizations have a standardized technology plan.

	Best Practice	North Carolina Agencies *
Hardware Suite Plans	✓	
Software Suite Plans	✓	
Database Engine Plans	✓	
Desktop Environment Plans	✓	

A technology plan ensures interoperability of system components, ensures business needs are met, and ensures budgetary constraints do not hinder the advancement of technology. The State has a statewide architecture plan prescribed by the IRMC, that with proper application and enforcement, provides the roadmap to Best Practice systems.

* Each of the agencies were unable to provide nor have a standardized technology plan for A/R related activities.

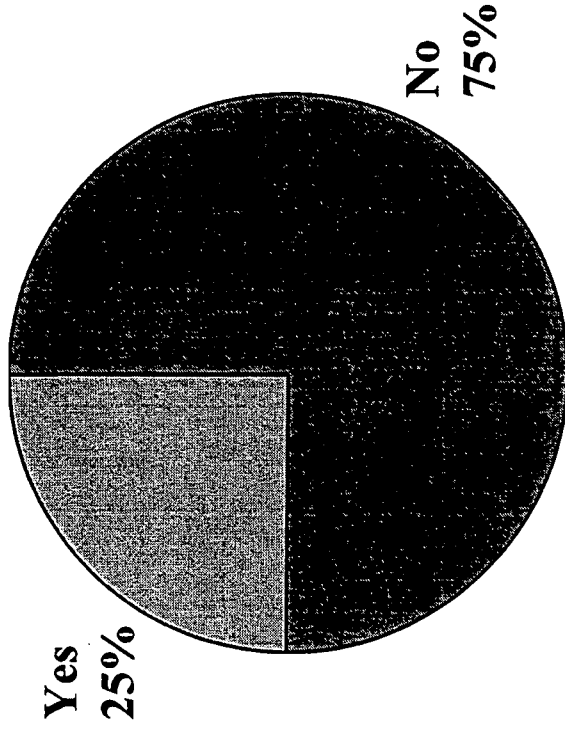
Source: Gartner Group and Technical Interviews

Findings: Technology



Finding: Best Practice organizations have systems in place to assess interest and penalties to delinquent accounts.

Systems in Place in NC Agencies



“Federal laws allow it, but NC has no formal position...would require major system modifications.”
•*Child Support*

“Capability exists within the system; however...this function has not proven usable. Therefore calculations are made manually as required”
•*DMA*

Centralizing collection information and efforts would promote uniform interpretation of laws and regulations.

Source: Interviews and Agency Completed Questionnaires



Findings: Outsourcing

Finding: North Carolina makes limited use of collection agencies to perform bad debt collection.

North Carolina Collection Agencies March 1998 - April 1997					
	Total Collected	Fee Percentage	Net to State	Avg. Gross Amt./Transaction	Recovery Rate
Agency 1 - Education	\$616,327	16.50%	\$514,647	\$238.24	4.13%
Agency 2A - Education	\$100,038	16.50%	\$83,532	\$365.10	0.94%
Agency 2B - Justice	\$16,894	16.50%	\$14,106	\$116.00	0.43%
Agency 3 - Education	\$533,209	14.50%	\$461,556	\$181.00	3.51%

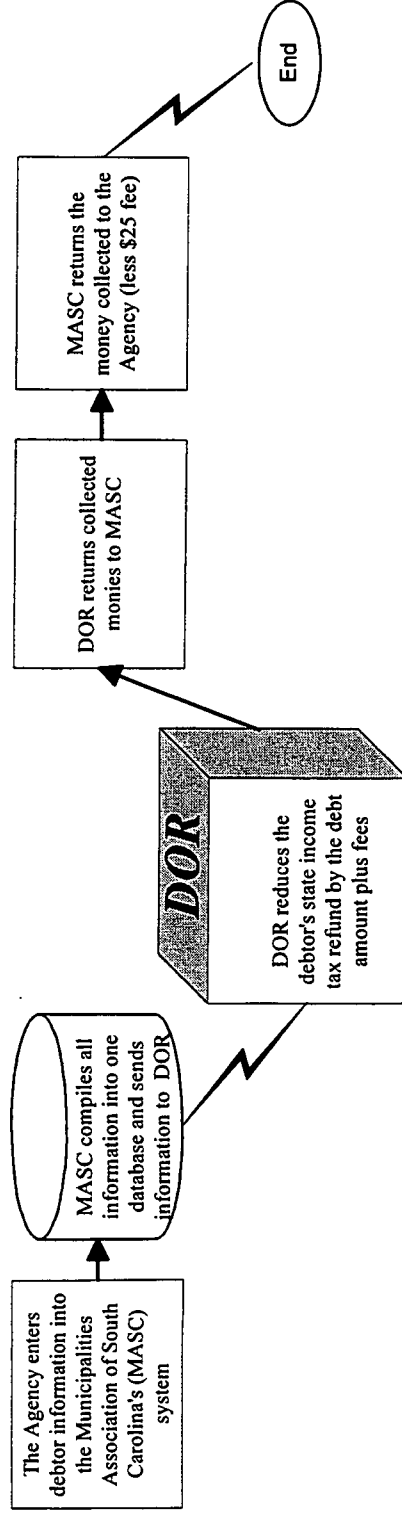
Source: Collection Agencies



Findings: Outsourcing

Finding: Best Practice organizations have centralized operational data stores of information used for tax set off of delinquent A/R accounts.

South Carolina: Centralized Tax Set Off



South Carolina Tax Set Off Successes

Year 1: \$2 Million
Year 2: \$6 Million (200% increase from Year 1)
Year 3: \$20 Million (233% increase from Year 2)

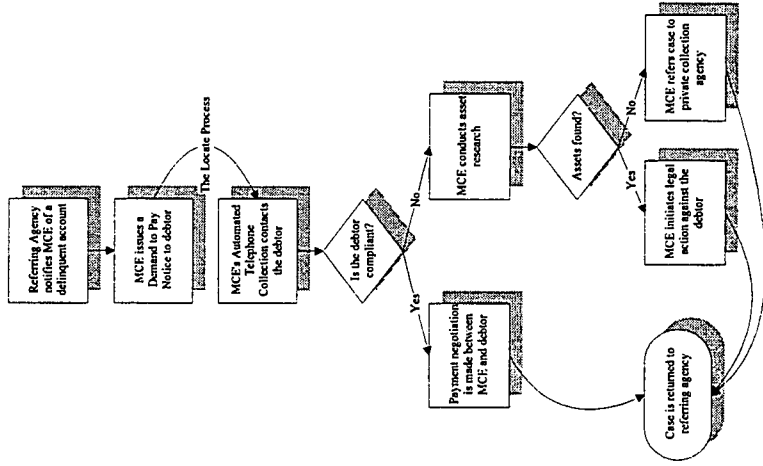
Source: Best Practice Research, South Carolina DOR



Findings: Outsourcing

Finding: Best Practice organizations who use collection agencies have a more linear and efficient collection process.

Minnesota Collection Enterprise (MCE): Centralized Collections



MCE is a not-for-profit, state-run collection management service operated by DOR. It is designed to act as a centralized debt collection center for the State. State legislation allowing the following activities has allowed the MCE to be more successful in debt collection:

- **The “Locate Process”- Centralized/Accessible Information**

Has authority to access databases of 9 state agencies including DOR, AG, Secretary of State, and District Courts

- **Payment Negotiations**

Uses letters, notices, and payment plans (approximately 80% of collections voluntarily paid)

- **Legal Actions**

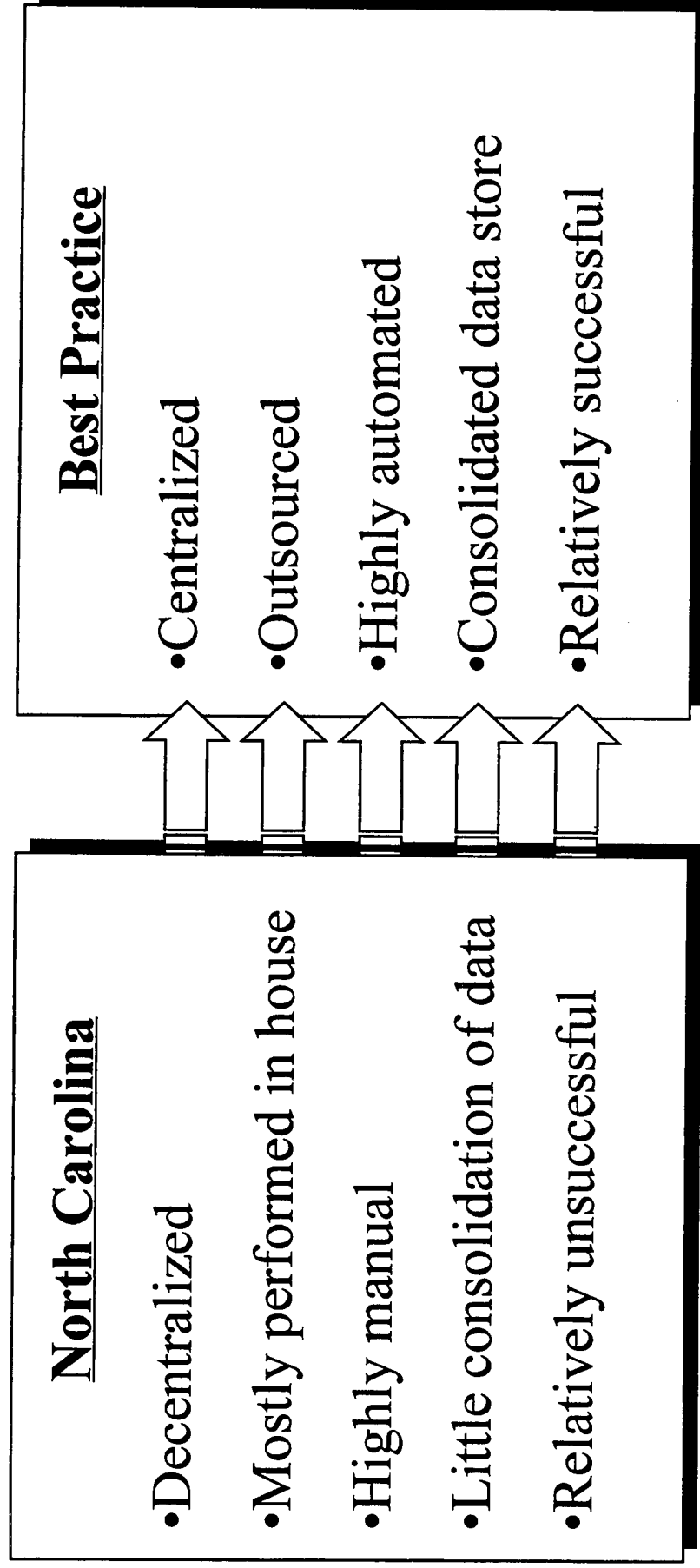
Has authority to initiate actions such as judgements, bank and wage levies, license revocation and property seizure

Source: Minnesota DOR, Minnesota Collection Enterprise “Recovering Receivables for the Public Benefit”



Findings: Outsourcing

Finding: In summary, Best Practice organizations who outsource bad debt collections are relatively successful overall.





Findings: Summary Existing A/R Systems

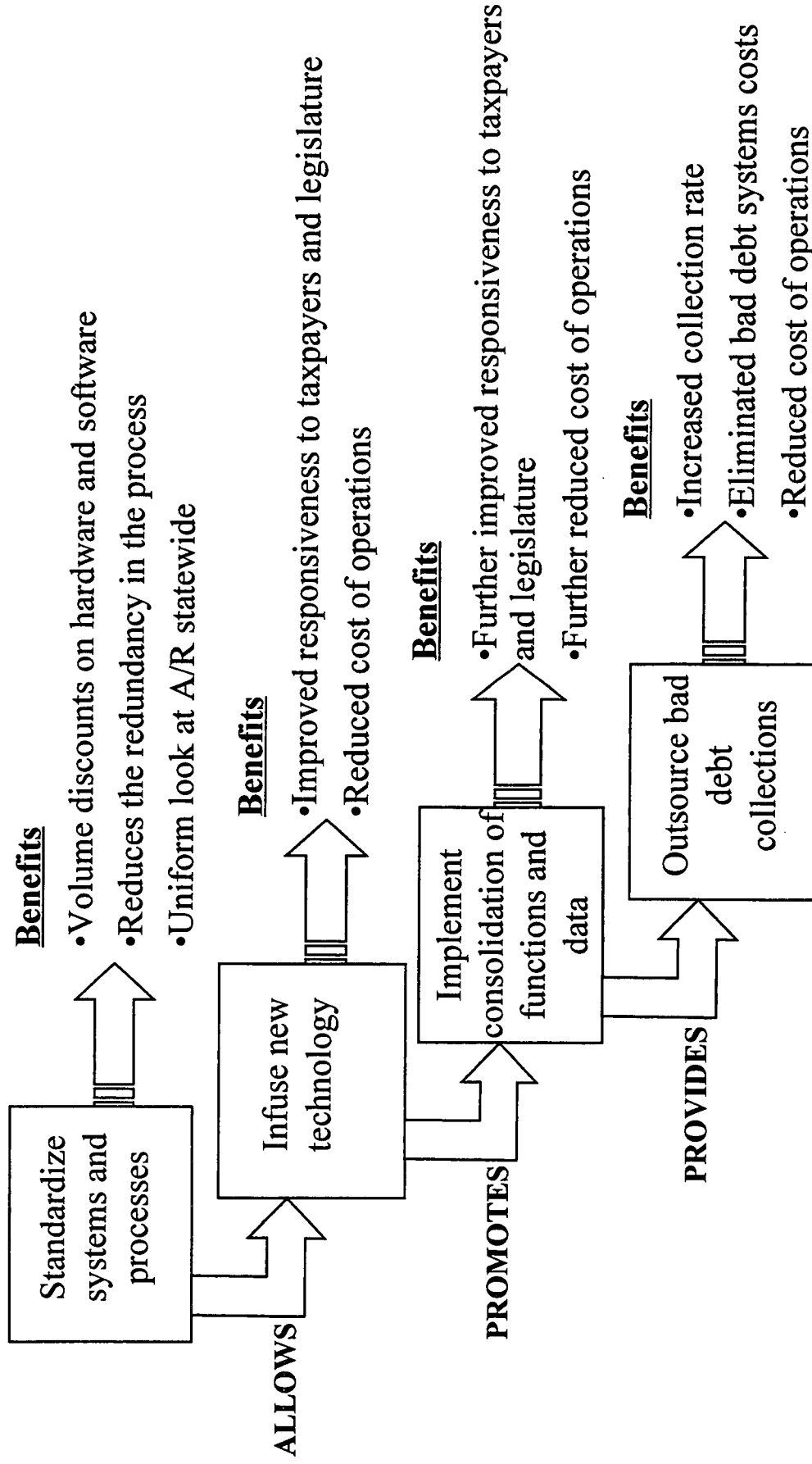
- **Non-standard systems performing standard functions**
- **Lack of integrated systems**
- **Absence of a consolidated statewide view**
- **Sub-standard effectiveness of bad debt collection**

Results In

**Higher Cost
for
Lesser
Performance**



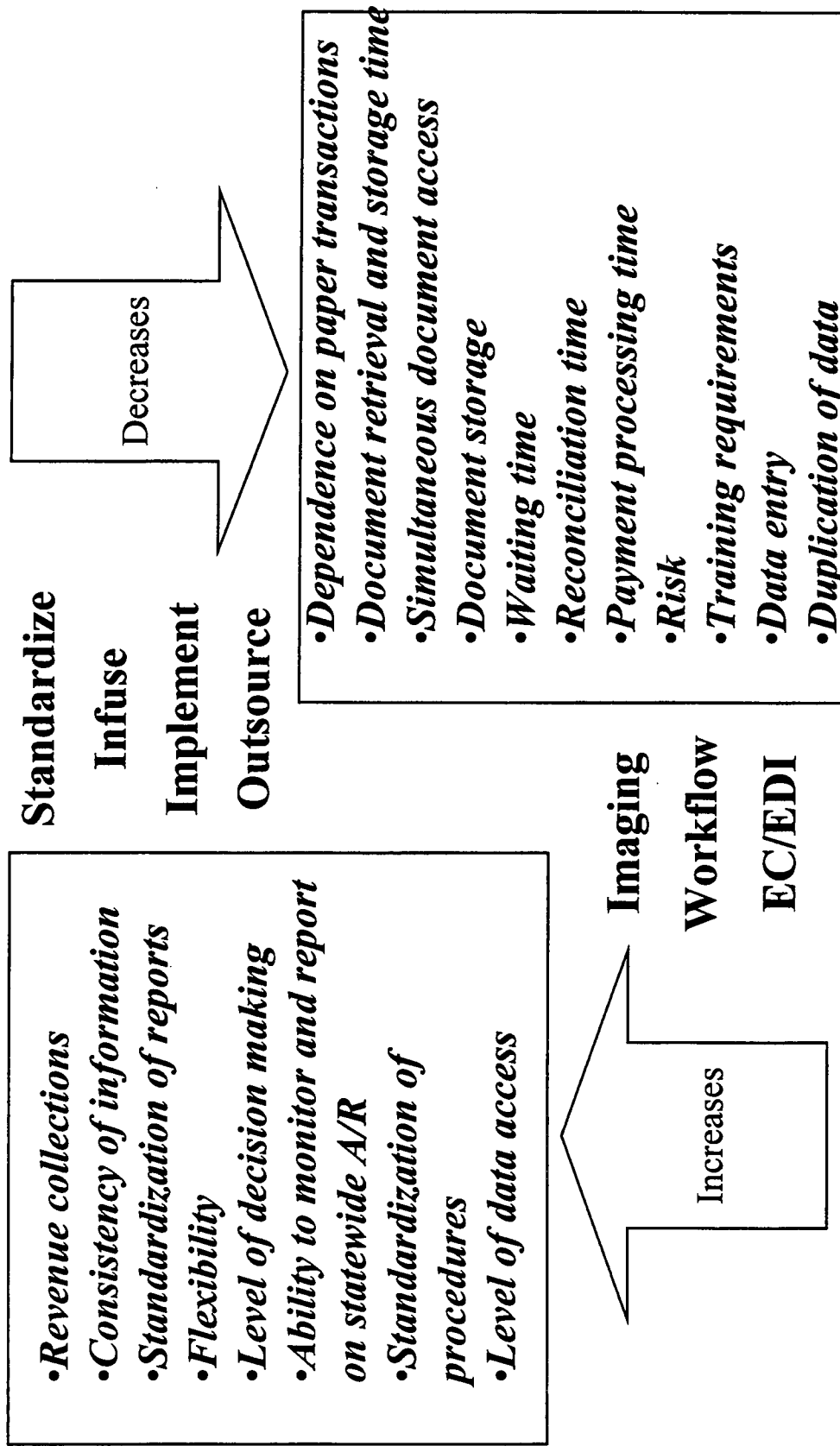
Findings: Proposed Structure





Findings: Proposed Structure

Summary of Benefits





Findings: Proposed Structure

Organizations who have implemented new technology, centralized bad debt collections, and have outsourced bad debt collections have realized the following gains:

New collection technology and centralization have led the following organizations to increase cash collections by the indicated percentages.

Minnesota	+25%
Maryland	+30%
New Jersey	+25%
County of Shelby- TX	+45%
County of Santa Barbara	+25%
County of Santa Clara	+24%
County of Contra Costa	+22%

Average Increase +28%

Resulted in increased interest income and increased cash collections.

The outsourced centralized bad debt collections could be funded with little up front state funding.
Bad debt collection activities could be paid for with vendor collection fees.

Source: Outsourcing Vendor Interviews and C&L Benchmarking Database

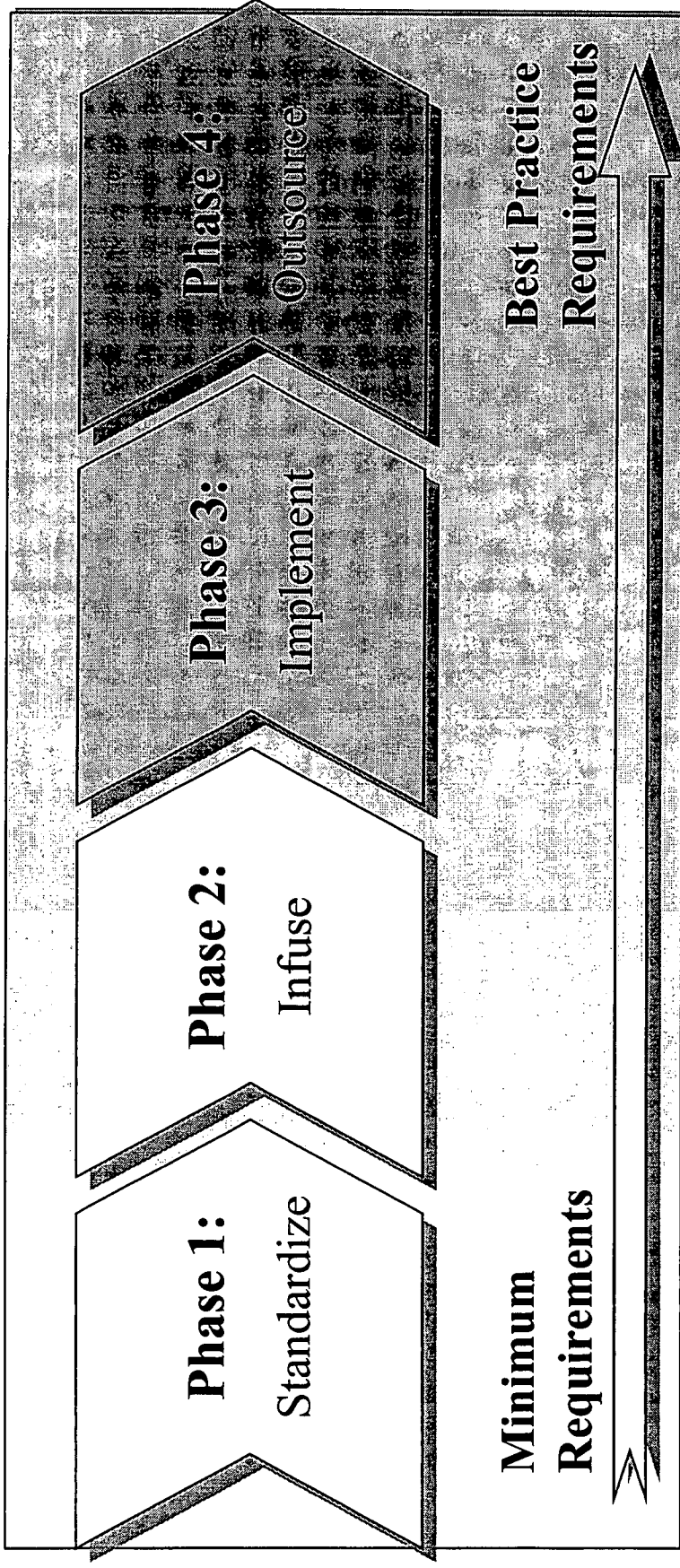


Agenda

- Section 1 - Introduction
- Section 2 - Current Operations
- Section 3 - Findings
- **Section 4 - Recommendations**
- Section 5 - Next Steps



Recommendations



The recommendations provide several phases to fulfill the minimum requirements towards achieving Best Practice standards.



Recommendations



Phase 1 Recommendation: Standardize

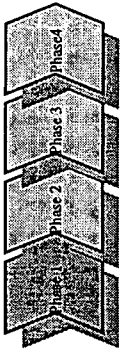
Develop an integrated and standardized statewide level technology plan for A/R, including agency billing requirements.

Supporting Facts:

- ⌘ A technology plan can help to ensure standardization which can reduce technology costs across the enterprise 25%-40%.
- ⌘ A technology plan enables the state to take better advantage of volume discounts.
- ⌘ A technology plan including performance metrics will ensure accountability across agencies to adhere to and perform up to the standard.
- ⌘ Standardization is imperative for future centralization and consolidation.



Recommendations



Phase 1 Recommendation: Standardize

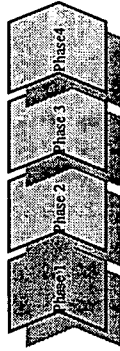
Redesign A/R and debt set off processes and systems to standardize bad debt collections, maximize automation, and minimize manual processes.

Supporting Facts:

- ✧ Best Practice organizations collect 98% of their total receivables. North Carolina does not capture this information.
- ✧ Best Practice organizations that have implemented integrated systems and outsourced bad debt collections have increased collections by an average of 28%.
- ✧ North Carolina does not have a standard aging process, therefore the aging procedures are widely inconsistent.
- ✧ DOR is the collection center for states, such as Minnesota, that have centralized bad debt collection activities.



Recommendations



Phase 1 Recommendation: Standardize

Continue the Requirements Analysis phase to determine the best way to implement new technologies related to A/R.

Supporting Facts:

- ⌘ A requirements analysis allows organizations to maximize use of current technology.
- ⌘ A requirements analysis allows proper funding and budgets.
- ⌘ A requirements analysis allows organizations to assess current technology and utilize as much current technology as possible in the redesigned architecture.
- ⌘ Best Practice organizations complete a requirements analysis before implementing or changing any processes or systems.
- ⌘ Requirements are 85 times more expensive to include during post-implementation than during the initial requirements analysis.



Recommendations



Phase 2 Recommendation: Infuse

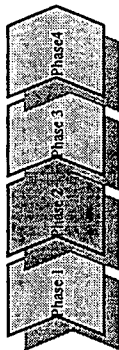
Implement an integrated A/R system that utilizes imaging and workflow technologies.

Supporting Facts:

- ✧ Best Practice organizations aggressively invest in imaging and workflow technologies.
- ✧ Best Practice organizations armed with these technologies can reduce document retrieval time 60%.
- ✧ Best Practice organizations can increase transaction volume per employee 25%-50% through imaging and workflow.
- ✧ Imaging and workflow technologies can decrease paper storage and net floor space 50%-80%.
- ✧ Imaging and workflow technologies can decrease mailing and copying costs 50%-90%.



Recommendations



Phase 2 Recommendation: Infuse

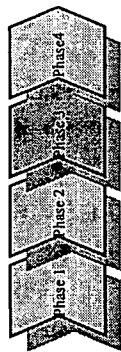
Implement an integrated A/R system that utilizes EC/EDI technology.

Supporting Facts:

- ⌘ Best Practice organizations have automated their collection processes through Electronic Commerce (EC) and Electronic Data Interchange (EDI).
- ⌘ Best Practice organizations armed with EC/EDI technology can substantially decrease invoice reconciliation costs.
- ⌘ EC/EDI technology can decrease the cost of purchase orders by 80%.
- ⌘ EC/EDI technology can decrease the cost per invoice by 56%.



Recommendations



Phase 3 Recommendation: Implement

Establish and administer a highly automated data warehouse for accounts receivable information for state government agencies.

Supporting Facts:

- ✧ Best Practice organizations have a centralized data warehouse for accounts receivable information, while North Carolina does not.
- ✧ Best Practice organizations typically share data, while North Carolina does not.
- ✧ Best Practice organizations capture complete demographic information, historical information, and payment information for each debtor, while North Carolina does not.



Recommendations



Phase 3 Recommendation: Implement

Continue to explore and analyze the possibilities of expanding wage garnishment to further increase bad debt collections.

Supporting Facts:

- ✗ Best Practice organizations collect debts through wage garnishment, while North Carolina has limited application of wage garnishment.
- ✗ Further legislation is needed to expand the use of wage garnishment to include other forms of debt. This would increase the ability and number of state entities that presently are unable to utilize this method of collection.



Recommendations



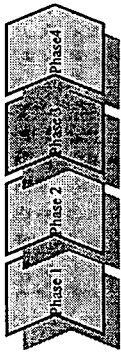
Phase 3 Recommendation: Implement

Implement statewide the ability to assess interest and penalties on accounts receivable.

Supporting Facts:

- ✧ Best Practice organizations have systems in place that assess interest and penalties on accounts receivable.
- ✧ Only 25% of North Carolina's systems have the capability to assess interest and penalty fees.
- ✧ Along with interest and penalty assessments, credit card payments provide an incentive to debtors and increase collections and shift the collection burden to the credit card company. However, current legislation on discount fees conflicts with standard credit vendor agreements, and limits the acceptance of credit cards by State agencies.

Recommendations



Phase 3 Recommendation: Implement

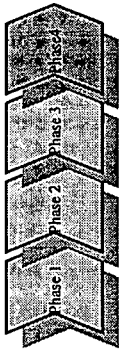
Establish and administer a highly automated and centralized clearinghouse for bad debt collection.

Supporting Facts:

- ✗ Centralized data stores, such as Minnesota, have increased tax set off of bad debt collections to 25%.
- ✗ Best Practice organizations collect over 25% of bad debt through tax set off while North Carolina collects less than 5%.
- ✗ The DOR currently provides debt set off and has the expertise to administer the clearinghouse activities with additional resources.
- ✗ Currently, organizations/agencies do not have the ability to communicate and share bad debt information.
- ✗ Establishing a centralized clearinghouse would support future outsourcing.



Recommendations



Phase 4 Recommendation: Outsource

Outsource, but administer under the control of DOR, the bad debt collection process.

Supporting Facts:

- ⌘ As provided by Senate Bill 39, local governments may submit a debt owed to it for collection through tax set off. However, a system does not currently exist for this process. A phased outsourcing plan will accommodate local government participation in debt set off as required.
- ⌘ States that outsource and incorporate new technology, such as South Carolina and Minnesota, have increased bad debt collections by an average of 28%.
- ⌘ It will require minimal State funding to integrate current systems to the outsourced centralized collection clearinghouse.
- ⌘ The DOR currently provides debt set off and has the expertise to administer the clearinghouse activities with additional resources.



Agenda

- Section 1 - Introduction
- Section 2 - Current Operations
- Section 3 - Findings
- Section 4 - Recommendations
- **Section 5 - Next Steps**



Next Steps

Proposed Implementation

	Month	1-3	4-6	7-9	10-12	13-15	16-18	19-21	22-24	25-27	28-30	31-33	34-36
Phase 1: Standardize													
1.1 Develop Technology Plan													
1.2 Reengineer Business Processes													
1.3 Develop a Requirements Analysis													
Phase 2: Infuse													
2.1 Incorporate Imaging/Workflow													
2.2 Incorporate EC/EDI													
Phase 3: Implement													
3.1 Implement A/R Data Warehouse													
3.2 Incorporate Wage Garnishment													
3.3 Incorporate Interest/Penalties													
3.4 Centralized Clearinghouse													
Phase 4: Outsource													
4.1 Generate Outsourcing RFP													
4.2 Identify Capable Vendors													
4.3 Develop RFP													
4.4 Select Vendor													
4.5 Begin Outsourced Operations													
4.6 Expand Outsourced Operations													



Next Steps

The State of North Carolina should take the following steps towards implementation:

- ⇒ OSC should brief the State Legislature on the current state of the accounts receivable technological environment.
- ⇒ OSC should ask the State for funding to begin Phase 1 Recommendations.
- ⇒ OSC should allocate funds and secure contractor support to facilitate Phase 1 Recommendations and initial clearinghouse activities.

"The uniform accounting policies, procedures, and centralized financial information are the foundation of NCAS and allow the state to operate in a fiscally responsible and consistent manner."



Conclusion

By moving aggressively, the State of North Carolina can improve the accounts receivable function and achieve substantial savings in a short time frame by using proven methods and technologies to develop an integrated A/R and bad debt collection system.



Attachment 2
Jt. Gen. Gov't.
May 19, 1998

State of North Carolina
Office of the State Controller

James B. Hunt Jr.
Governor

Edward Renfrow
State Controller

May 18, 1998

MEMORANDUM

TO: Joint Appropriations Subcommittee on General Government

FROM: Edward Renfrow 
State Controller

SUBJECT: Analysis of the Accounts Receivable Function Report

In response to Senate Bill 39, which ratified Chapter 105A of the General Statutes ("An Act to Revise the Setoff Debt Collection Act") during the last legislative session and responsibilities related to GS 147-86.20-27 (Statewide Accounts Receivable Program), the Office of the State Controller initiated a comprehensive study related to accounts receivable, collection of bad debts, and debt set off procedures for the state government environment. Coopers and Lybrand L.L.P. (C&L), partnered with North Carolina's Office of the State Controller (OSC), conducted this study to examine opportunities for improvement for the State of North Carolina's accounts receivable (A/R) function.

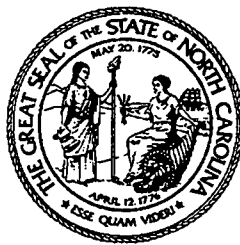
The objective included developing a series of issues and recommendations for implementation of a statewide A/R system and addressing the feasibility of creating a clearinghouse for bad debt collection information. The scope of this study included the processes and the technologies used for A/R and bad debt collection comparable to Best Practice organizations. The project approach involved gathering information through a combination of structured interview sessions with twelve representative state agencies, review of state policies and procedures, and follow up calls with the appropriate agency staff. This report provides a financial overview of the participating agencies, a summary of current technology, the findings of the study, as well as conclusions and recommendations for the State of North Carolina. We believe that by adopting the aggressive approach outlined within this report, the State of North Carolina can improve the accounts receivable function and achieve substantial savings in a short time frame through increased revenue and greater operational efficiencies.

An Executive Summary and the detailed Analysis of the Accounts Receivable Function Report are attached for your review.

Attachments

3512 Bush Street • Raleigh, North Carolina 27609-7509 • Telephone (919) 981-5454
State Courier 56-50-10 • FAX (919) 981-5567





Analysis of the Accounts Receivable Function Within the State of North Carolina

EXECUTIVE SUMMARY

May 8, 1998

North Carolina Office of the
State Controller
and
Coopers & Lybrand Consulting

Coopers
& Lybrand

Coopers & Lybrand LLP.
a professional services firm



EXECUTIVE SUMMARY

In response to Senate Bill 39, which ratified Chapter 105A of the General Statutes ("An Act to Revise the Setoff Debt Collection Act") during the last legislative session and responsibilities related to GS 147-86.20-27 (Statewide Accounts Receivable Program), the Office of the State Controller initiated a comprehensive study related to accounts receivable, collection of bad debts, and debt set off procedures for the State government environment. Coopers and Lybrand L.L.P. (C&L), partnered with the Office of the State Controller (OSC), conducted this study to examine opportunities for improvement for the State of North Carolina's accounts receivable (A/R) function.

The objective included developing a series of issues and recommendations for implementation of a statewide A/R system and addressing the feasibility of creating a clearinghouse for bad debt collection information. The scope of this study included the processes and the technologies used for A/R and bad debt collection comparable to Best Practice organizations. The project approach involved gathering information through a combination of structured interview sessions with representative State agencies, reviewing state policies and procedures, and executing follow up calls with the appropriate agency staff. This report provides a financial overview of the participating agencies, a summary of current technology, the findings of the study, as well as conclusions and recommendations for the State of North Carolina.

KEY TECHNOLOGY OBSERVATIONS

Several major technology observations pertaining to the State of North Carolina's A/R and bad debt collection systems emerged:

- A small percentage of systems (25%) have the ability to calculate interest and penalty charges on late payments.
- A large number of agencies report a low level of inter-agency and intra-agency data sharing.
- Best Practice technologies are rarely used in North Carolina. Technologies such as Imaging, Workflow, and EC/EDI can increase the turn around time and increase data accuracy. Only 12% of the systems have implemented imaging, 0% have implemented Workflow, and 9% have implemented EC/EDI.
- Only 41% of the systems are believed to be Year 2000 compliant.
- None of the agencies were able to provide a technology plan for A/R related systems.



FINDINGS

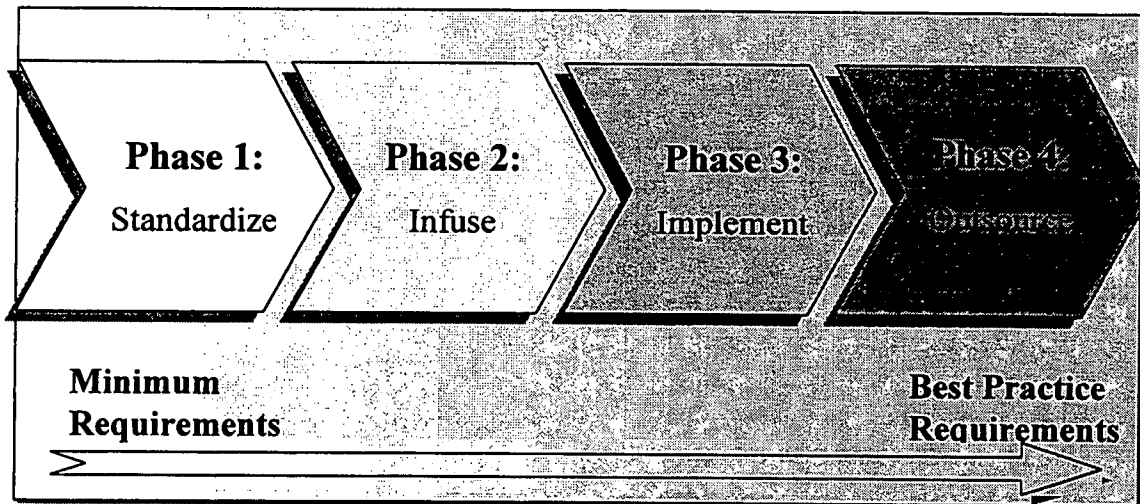
The following are additional findings and observations derived from North Carolina agency interviews, interviews with Best Practice companies, and additional research conducted by the C&L Team.

- Best Practice organizations have systems in place that allow them to monitor A/R performance and effectiveness. North Carolina does not monitor the appropriate key performance indicators and goals. An example of some of the metrics that North Carolina should monitor to improve operations is A/R days on hand, processing costs per remittance, FTEs per \$ billion of A/R, and Write Offs as a percent of A/R.
- Best Practice organizations have standardized processes for A/R and bad debt collection. North Carolina's processes are neither efficient nor linear for A/R or bad debt collection. Since the processes are not standard, aging and bad debt collection practices are widely inconsistent. For example, North Carolina's most effective agency collects 36% of A/R in the first 30 days while the least effective collects only 7%. In addition to non-standard processes, North Carolina prioritizes bad debt collections differently than Best Practice organizations. Best Practice organizations focus first on the dollar amount of the debt when prioritizing collections, while North Carolina focuses first on the age of the accounts.
- Best Practice organizations have standardized, centralized, and integrated systems for A/R processing and bad debt collection. North Carolina agencies have a wide variety of systems. In order to get a statewide view of the current A/R status, each of the numerous systems would have to be queried. Best Practice organizations use imaging, workflow, and EC/EDI in conjunction with their A/R systems to integrate their systems. These technologies allow agencies and divisions to easily share and transfer information which North Carolina is currently unable to do. Best Practice organizations that have implemented new technologies and have centralized and outsourced bad debt collections have experienced a 28% increase in A/R collections.
- Best Practice organizations use various methods to collect bad debt. Best Practice organizations use tax set off for 25% of their bad debt collection while North Carolina only sets off approximately 5%. Other debt collection methods such as wage garnishment, use of collection agencies, and administering interest and penalties on overdue accounts are effectively used in Best Practice organizations for bad debt collection while North Carolina makes very little use of these methods. The limited use is due primarily to statutory restrictions and system limitations.



RECOMMENDATIONS

The findings and observations led to several recommendations. These recommendations provide four phases in order for the State of North Carolina to fulfill the minimum requirements toward achieving Best Practice standards. The phases and steps are as follows:



Phase 1: Standardize

- **Develop an integrated and standardized agency level technology plan for A/R, including agency billing requirements.** A technology plan must be more than an architectural schema. It must also be accountable to performance metrics. To ensure that these metrics are achieved, standard policies and procedures must be in place and enforced through the technology plan. Standardization allows for a 25%-40% reduction in technology costs and allows the state to take advantage of volume discounts. Standardization is required for future consolidation and integration.
- **Redesign A/R and debt set off processes and systems to standardize bad debt collections, maximize automation, and minimize manual processes.** A/R and bad debt collection processes should be similar across agencies to ensure a uniform view of A/R and bad debt collection. Integrating technology into the processes will minimize manual efforts while streamlining the process.
- **Continue the Requirements Analysis phase to determine the best way to implement new technologies related to A/R.** A requirements analysis allows for proper funding and budgets to be prepared for system modifications. These system modifications must be consistent among all state agencies. Requirements



are 85 times more expensive to include during post-implementation than during the initial requirements analysis.

Phase 2: Infuse

- **Implement an integrated A/R system that utilizes imaging and workflow technologies.** Best Practice organizations aggressively invest in imaging and workflow technologies. Imaging and workflow technologies can streamline and dramatically reduce overall process time for both A/R processing and bad debt processing and collections. Organizations armed with these technologies can reduce document retrieval time by 60%, increase transactional volume by 20%-50%, decrease paper storage and net floor space by 50%-80%, and decrease mailing and copying costs by 50%-90%.
- **Implement an integrated A/R system that utilizes EC/EDI technology.** Best Practice organizations have automated their A/R collection process through Electronic Commerce (EC) and Electronic Data Interchange (EDI). EC/EDI technologies facilitate information flow and easy payment. Organizations armed with EC/EDI can substantially decrease invoice reconciliation costs, decrease the cost of purchase orders by up to 80%, and decrease the cost per invoice by 56%.

Phase 3: Implement

- **Establish and administer a highly automated data warehouse for accounts receivable information for state government agencies.** A data warehouse captures complete demographic information, historical information, and payment information for each debtor. Each agency could access the information and have the ability to query the information.
- **Continue to explore and analyze the possibilities of expanding wage garnishment to further increase bad debt collections.** Current legislation permits the limited use of wage garnishment; however, further legislation is needed to expand the usage to include other forms of debt. This would increase the number of state entities that are able to utilize this method of bad debt collection. With advanced technologies in place to speed information flow of debtors across and between agencies, wage garnishment can be used more effectively as an incentive to collect outstanding A/R.
- **Implement statewide the ability to assess interest and penalties on accounts receivable.** Best Practice organizations with integrated systems calculate interest and penalties, but a majority (75%) of North Carolina agencies do not have this



ability. Along with interest and penalty fees, credit card payments provide incentive to debtors and increased bad debt collections to State agencies. However, current legislation on discount fees conflicts with standard credit vendor agreements, and limits the acceptance of credit cards by State agencies. By accepting credit card payments and levying interest and penalty fees on all A/R, North Carolina will be able to collect a greater percentage of total A/R through ease or incentive.

- **Establish and administer a highly automated and centralized clearinghouse for bad debt collection.** States that utilize centralized data stores, such as the State of Minnesota, have increased tax set off collections to 25%. North Carolina could increase tax set off by implementing a data store of information for all agencies to share. The information clearinghouse would support future outsourcing. The DOR currently provides debt set off and has the expertise to administer the clearinghouse activities, but would need additional resources to operate the centralized clearinghouse.

Phase 4: Outsource

- **Outsource, but administer under the control of DOR, the bad debt collection process.** A phased outsourcing plan can accommodate local government participation in debt set off as required by Senate Bill 39. However, a system does not currently exist for this process. States that have outsourced bad debt collection and implemented new technology, such as Minnesota and South Carolina, have increased cash collections by an average of 28%. DOR currently provides debt set off and has the expertise to administer the clearinghouse with additional resources.

NEXT STEPS

The State of North Carolina should take the following steps towards implementation:

- OSC should brief the State Legislature on the current state of the accounts receivable technological environment.
- OSC should ask the State for funding to begin Phase 1 Recommendations.
- OSC should allocate funds and secure contractor support to facilitate Phase 1 Recommendations and initial clearinghouse activities.



CONCLUSION

By adopting an aggressive approach, the State of North Carolina can improve the accounts receivable function and achieve substantial savings in a short time frame by using proven methods and technologies to develop an integrated A/R and bad debt collection system.

Office of State Budget & Management

**NORTH CAROLINA
DEPARTMENT OF REVENUE**

**STAFFING STUDY REPORT
AS DIRECTED BY 1997 SESSION LAWS**



**STATE OF NORTH CAROLINA
Office of State Budget and Management
Management and Productivity Section
Raleigh, North Carolina 27603-8005**

March 1998

INTRODUCTION AND BACKGROUND

Senate Bill 352 Section 29 directed the Office of State Budget and Management (OSBM) to *"...complete work on the assessment of the Department of Revenue (DOR)'s staff requirements initiated pursuant to Section 15.6 of Chapter 18 of the Session Laws, Second Extra Session 1996. In the final phase of the study, the Office of State Budget and Management shall review workload requirements and make specific recommendations about staffing for the Department..."* A copy of the full text of Section 29 is attached Appendix A to this report.

The earlier study referred to in the legislation was a study completed in the spring of 1997, in which unit costs related to workload were developed. An assessment of staff requirements was made based on actual fiscal year 1995-96 operations. The current study was designed to take advantage of the data compiled earlier, update it to reflect changes, and to develop a model which could be used now and in the future for calculating staffing requirements on a consistent basis, and based on objective measures.

OSBM analysts would like to express their appreciation to the staff of the Department of Revenue for the provision of large amounts of data in order for us to conduct this analysis and for the time spent reviewing the methodologies and the results of our analyses. Their cooperation was invaluable.

METHODOLOGIES

To conduct the study, OSBM requested DOR management to provide an estimate of every staff person's time spent doing specific tasks in support of the various tax schedules in effect. [Note: The task list originally developed for the 1997 study was modified for the 1998 study to more clearly reflect the work in a meaningful way, that was compatible with earlier data, so that trends could be monitored. Appendix B contains the full listing used in this study.] In addition, interviews were held with division and section heads to discuss their staff allocation, to understand law, policy and processing changes that affected their specific units, as well as future initiatives or specific workload and staffing concerns.

Production data was also gathered to add to information from previous studies that show staffing, returns processed, dollars collected, etc. in order to understand what progress has been made and areas affected by changing work or tax situations.

Budget and expenditure information was also provided by DOR. And finally, research was conducted of other states, via a survey conducted by DOR staff, which was also analyzed by OSBM and added to through government data on the Internet, to see how North Carolina compares to states with similar tax structures in place.

COST AND STAFFING COMPARISONS

Chart 1, following this page, presents the unit cost and staffing by tax schedule. It shows total expenditures by tax schedule, and then uses multiple indicators to look at the activities and workload of the Department to derive unit costs. For example, the indicators which measure workload as well as results, are:

- Number of taxpayers
- Number of returns
- Dollars collected

Based on this year's expenditures, the chart shows the unit cost based on each of these.

The lower half of the chart uses DOR's full time equivalent (FTE) staff numbers provided by DOR management. It shows how many provide direct support to each tax schedule, and how many were "distributed" (administrative support provided to a tax schedule). Again, the same indicators are used to derive the workload per FTE. Looking at the final column on the chart ("Ratio"), it is clear that the department is meeting or exceeding last year's productivity on nearly every basis shown.

CHART 1 – NC Department of Revenue Unit Cost and Staffing by Tax Schedule – FY1996-97

Unit Costs	Ad Valorem	Controlled Substances	Corporate Income and Franchises	Individual Income	Ind. Income Withholding	Insurance	Intangibles	License & Excise	Motor Fuels	Other Non-Schedule Specific Taxes	Sales and Use	FY 96-97 Totals	Last Year FY 1995-96	Ratio of This Year to Last
Personal Costs - Tax Specific	\$748,715.79	\$821,162.75	\$3,401,145.89	\$15,022,568.27	\$4,918,210.65	\$100,241.39	\$849,539.23	\$2,659,214.85	\$2,253,644.35	\$31,870.75	\$15,302,015.78	\$46,009,144.77	\$40,383,034.00	1.140
Personal Costs - Distributable	\$100,808.42	\$124,028.98	\$457,929.31	\$3,022,667.62	\$682,188.59	\$13,498.67	\$87,454.71	\$358,041.41	\$303,434.67	\$4,264.21	\$2,000,290.50	\$6,194,618.09	\$9,856,895.00	0.628
Total Personal Costs	\$849,524.21	\$1,045,191.73	\$3,859,075.20	\$17,045,235.89	\$5,580,407.24	\$113,738.05	\$736,993.94	\$3,017,256.26	\$2,557,079.02	\$35,934.96	\$17,302,306.28	\$52,202,762.86	\$50,239,929.00	1.032
Total Non Personnel Costs	\$317,213.11	\$485,285.33	\$1,415,103.02	\$7,232,748.75	\$2,181,617.15	\$39,308.42	\$235,850.50	\$1,002,364.64	\$3,248,985.14	\$18,654.21	\$6,064,725.39	\$22,243,265.66	\$21,739,350.00	1.023
Total Costs	\$1,166,737.32	\$1,530,477.06	\$5,274,178.22	\$24,277,984.64	\$7,762,024.39	\$153,046.45	\$972,844.44	\$4,019,620.90	\$5,807,064.16	\$55,589.17	\$23,367,031.67	\$74,446,028.52	\$71,979,279.00	1.035
Number Taxpayers		8,069	300,499	4,778,879	174,581	1,778	134	199,653	32,213	513,189	180,449	5,684,206	5,848,756	1.007
Cost Per Taxpayer		\$252.18	\$17.55	\$5.08	\$44.46	\$86.03	\$7,260.01	\$20.13	\$180.27	\$1.08	\$123.01	\$13.10	\$12.14	1.028
Number Returns		8,069	300,499	4,157,733	1,833,142	7,052	113	315,969	\$4,756	\$1,000,000	2,128,588	8,901,921	8,505,397	1.047
Cost Per Return		\$252.18	\$17.55	\$5.04	\$4.02	\$21.70	\$6,608.22	\$12.72	\$106.05	\$1.00	\$111.02	\$8.36	\$8.46	0.989
Dollars Collected		\$8,674,155	\$1,828,165,281	\$1,579,833,070	\$4,821,400,008	\$288,537,804	\$8,497,102	\$321,708,808	\$1,060,368,365	\$708,080	\$4,748,361,971	\$14,592,252,440	\$13,479,318,045	1.083
Cost Per \$1,000 Collected		\$229.32	\$3.24			\$0.53	\$148.73	\$12.49	\$3.33	\$78.73	\$4.93	\$5.10	\$5.34	0.958
FTE														
Tax Schedule Specific FTE	15.8	20.8	87.8	451.4	135.7	2.8	15.0	82.6	59.5	1.2	373.4	1,235.8	1,155.97	1.069
Distributable FTE	2.0	2.8	10.9	55.9	18.8	0.3	1.9	7.7	7.4	0.1	48.3	151.9	221.88	0.685
Total FTE	17.7	23.4	98.6	507.3	154.5	3.1	16.8	90.3	66.8	1.3	421.7	1,387.7	1,377.85	1.007
Number Taxpayers		8,069	300,499	4,778,879	174,581	1,778	134	199,653	32,213	513,189	180,449	5,684,206	5,848,756	1.007
Taxpayers Per FTE		260	3,048	9,419	1,145	578	8	2,840	482	425,000	454	4,096	4,099	0.999
Number Returns		8,069	300,499	4,157,733	1,833,142	7,052	113	315,969	\$4,756	\$1,000,000	2,128,588	8,901,921	8,505,397	1.047
Returns Per FTE		260	3,048	8,195	12,079	2,282	7	4,485	819	\$1,000,000	5,007	6,415	6,174	1.039
Dollars Collected Per FTE		\$285,502	\$10,505,519	\$3,113,987	\$32,278,522	\$89,358,920	\$386,425	\$4,578,276	\$16,310,943	\$532,404	\$11,313,573	\$10,515,726	\$9,784,007	1.073

Chart 2 below, "Productivity Comparison by Tax Schedule", takes the available staff FTE and divides it by the number of returns processed for each tax schedule to derive the minutes per return to process. Again, in nearly all cases the processing time was reduced, some quite significantly. (Note: The major increase was for Intangibles Tax which is being phased out).

Chart 2 -- Productivity Comparison By Tax Schedule					
Fy 1996-97 vs 1995-96					
	Returns Processed Per FTE			Minutes Per Return	
	1995-96	1996-97	% Incr/Decr.	FY 1995-96	FY 1996-97
Individual Income/Withholding	11,850	12,679	7.0%	8.96	8.38
Individual Income	7,804	8,195	5.0%	13.61	12.96
Sales & Use Tax	4,782	5,067	6.0%	22.21	20.96
License & Excise	4,480	4,495	0.3%	23.71	23.63
Corporate Income & Franchise	2,680	3,046	14.5%	39.92	34.87
Insurance	1,481	2,282	54.1%	71.71	46.54
Motor Fuels (point of collection change)	1,705	819	-52.0%	62.29	129.67
Controlled Substance	203	260	28.1%	523.15	408.46
Intangibles (eliminated)	947	7	-99.3%	112.14	15,171.43
All Schedules	6,177	6,415	3.9%	17.19	16.43

The use of multiple indicators, as shown on Charts 1 and 2, to look at work such as DOR does is important because the dollars collected are not the only measure of value. Often the same amount of work may yield lower dollar returns, such as when the food tax percentage was reduced; the same number of records had to be processed but fewer dollars were collected, and this will continue to be a factor into the future.

In addition to looking at the processing activity over the past several years, another key factor to consider is the trend in staffing. Chart 3, below, shows the comparison between the number of returns filed over the past eight years compared to the growth in full-time staff, because this is another means of assessing productivity in an agency. As the chart indicates, there has been a relatively steady increase in the number of returns filed over the past few years, but the permanent staffing of the department has actually dropped, indicating that there have been operating improvements to allow work to continue as well as it has, as shown in Charts 1 and 2.

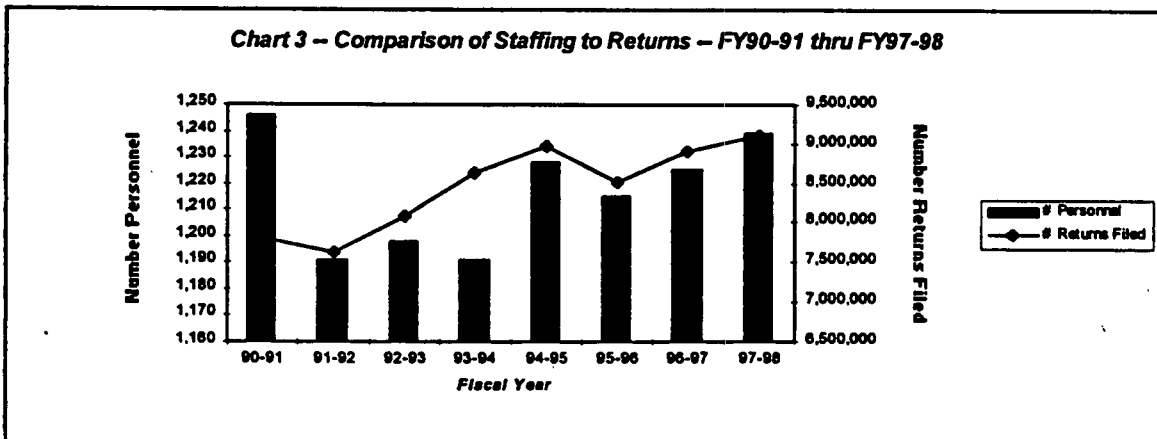


Chart 4, "Comparisons with Other States", uses the same indicators as Chart 1 (and adds a few others for information), to show how North Carolina compares to other states. These states were selected because their tax system is roughly equivalent to that in North Carolina in terms of number of tax schedules, and other factors such as population. The chart was developed from a survey conducted by DOR staff, supplemented by information OSBM gathered from government sources on the Internet by these states. In looking at the factors on the chart, on average, North Carolina's Department of Revenue is processing more work, at far lower cost per return and with greater yield than the group of states shown on the chart.

CHART 4 – COMPARISONS WITH OTHER STATES							
State	Returns Processed Per D.O.R. Employee	Cost Per Return	Cost Per \$1,000 Collected	Dollars Collected Per D.O.R. Employee	Dollars Per Return	Returns Per Capita	Number Citizens Per D.O.R. Employee
Washington	1561	\$43.13	\$6.76	\$9,951,219.51	\$6,375.00	0.30	5,268
Wisconsin	2089	\$49.69	\$13.11	\$7,914,857.47	\$3,789.00	0.53	3,929
Montana	2439	\$16.09	\$22.72	\$1,726,508.91	\$708.00	1.84	1,326
Wyoming	2551	\$46.47	\$25.70	\$4,612,244.90	\$1,808.00	0.52	4,898
Alabama	4082	\$14.00	\$15.70	\$3,639,598.63	\$892.00	1.35	3,028
Pennsylvania	4748	\$9.62	\$5.60	\$8,157,099.70	\$1,718.00	0.92	5,179
Indiana	5368	\$10.21	\$7.67	\$7,146,327.00	\$1,331.26	1.21	4,448
Mississippi	5682	\$9.83	\$10.37	\$5,385,274.74	\$948.00	1.96	2,904
Illinois	6806	\$8.60	\$7.10	\$8,241,082.41	\$1,211.00	1.41	4,836
New Jersey	7571	\$8.71	\$5.87	\$11,236,881.68	\$1,484.00	1.15	6,572
Ohio	8495	\$8.63	\$5.72	\$12,816,691.51	\$1,509.00	1.02	8,346
Virginia	9486	\$6.22	\$5.84	\$10,102,381.00	\$1,064.95	1.20	7,885
North Carolina	7267	\$8.36	\$5.10	\$11,912,043.00	\$1,639.23	1.27	5,714
Average	5073	\$19.27	\$11.01	\$7,577,513.96	\$1,903.18	1.12	4,885
	43% more returns in N.C. than average of other states	43% of average cost/return in N.C. than average of other states	46% of average cost to collect \$1,000 in N.C. than average of other states	57% more collected per DOR employee than average of other state	86% of average dollars collected per return in NC than average of other states	14% more returns processed per citizen in NC than average of other states	17% more citizens per DOR employee

UPDATE FROM THE PREVIOUS STUDY

Last year's report made several observations which are related to the above charts. The progress made by DOR is noteworthy with respect to this study, and has a bearing on the staffing recommendations made later. The main issues from the prior study are discussed briefly below, along with issues pertaining to the current legislative request.

1. **Unit Cost:** Regarding unit costs, it was noted that monitoring the allocation of FTE to tax schedules in order to compare resource with external factors (number of taxpayers and returns, for example) is important in order for DOR to assess what is affecting workload and where processes might need further study. DOR has been doing this, and is expanding their effort by looking at sister states. What the combination of analyses would indicate is that while some improvement in dollars collected may be attributable to a stronger economy, the cost per return processed and the number of citizens per DOR employee would indicate that the internal processing improvements are effective as well in keeping unit costs under control.
2. **Administrative Staffing:** Observations related to staffing in last year's report indicated concerns with the high percentage (16%) of time that was unable to be attributed to a specific tax schedule and was therefore considered "administrative". This has been reduced to 11% since that time, presumably attributed to less demand from ITAS-related committee work now that the main tax schedules are implemented, and a stronger emphasis by management on the need to control overhead. The

availability of those staff resources to do "tax-related" work may also account for the improved productivity noted in the previous charts, as well as in the reduction in the backlog reported by DOR management. To reduce the backlog, they redeployed some paraprofessional staff to handle certain tasks and use administrative officers to do the more complex tasks which comprised the backlog, resources which in prior years had been used in much of the planning and testing for various ITAS modules. The lower the administrative time allocation, the higher the availability of staff for mandated/program work.

3. ITAS: The implementation of ITAS was another key factor in last year's report, and the observation was made of the need to continue to track activity, using the system, in order to ensure that full information is available about workload and the impact of the system. This year, more data has been available to the analysts than was available last year. This trend is strongly encouraged, because ITAS is a key tool for the department in many ways, the investment of significant funds for automation needs to be justified, and the information on workload it can provide will prove invaluable in making resource management decisions and setting policy and priorities for compliance. Two areas where this is a particular issue are the field and auditing activities. The field has 30% of the total DOR staff. Their workload consists of three key elements: collection, auditing, and taxpayer assistance. Allocating staff and tracking work in collection and auditing are critical to ensure workload is evenly distributed, and that work priorities are reviewed from a cost justification basis. The information affects policies such as at what point to change system review tolerances or which units should handle certain work types (such as CCU versus the field).
4. Sharing of Resources and Use of Temporary Staff: These were other related observations as staffing models. In the case of shared resources, DOR routinely moved staff to other units or areas to resolve a temporary workload peak or address specific problems. Likewise, using temporary staff to meet predictable workload variations was highlighted. Both of these are excellent tools to address specific staffing needs and DOR continues to effectively use both tools. The key, as noted in last year's report, is to monitor this reallocation of staff, to ensure no negative impact on work in the "home" unit when a person is temporarily transferred to another unit, and to be able to determine whether a permanent reallocation or permanent staff increase is justified.

All of the above observations from the previous report are still factors in proposing the staffing that is needed for the department.

THE DEPARTMENT OF REVENUE IN FY96-97: KEY CHANGES AND EMERGING ISSUES AFFECTING STAFFING

As noted earlier with reference to the charts, DOR is operating more efficiently than last year, based on its own data, and it appears that DOR is operating more efficiently and effectively than a number of other similar states. And the issues about which observations were made in last year's study (see above) continue to be issues that DOR will want to stay on top of.

However, several new issues have emerged in the past fiscal year that must also be included in considering the staffing requirements and in proposing a staffing model. The issues and their relationship to staffing include:

1. Year 2000 Efforts and Remittance Processing: With the Year 2000 effort underway, the directive has been that agencies may request funds to correct the limitations of their system. However, in making their requests, the funds are limited to replacement of software, not upgrades or major new systems. In the case of DOR, its Remittance Processing System (RPS), which was installed nearly 15 years ago, is the one most affected by the Year 2000 issue. According to DOR, the RPS paid for itself, through expedited receipt of funds and the related additional interest income, within 18 months of being implemented. The system is in need of replacement, and funds would be available from the Year 2000 effort to fix the specific problems by replacing it. However, DOR is very interested in considering a much enhanced total electronic commerce system, that would also include scanning equipment (which would significantly reduce the current staff required for data capture, data editing, central files and archives, and the related lag or delay time), and would speed up data retrieval capabilities both at the time of entry and during later reviews by DOR staff, not to mention the cash management benefits of the automated remittance processing. A substantial annual labor savings is not unrealistic in this area

of the department, which allows redirection of resources to areas where there are increased labor needs based on changing workloads. IBM has been contracted by DOR, and is in the process of doing, a project to identify specific staff requirements, system needs, and labor savings; the report will be completed by June.

2. **Backlogs:** DOR provided data on the backlog situation. Although they made strides in reducing the backlog last year through the sharing of resources (as discussed earlier in the observations) to concentrate on specific areas, much remains to be done. It is their contention that additional staffing will be needed to eliminate this within the statutory time frames, rather than continuing to rely on the temporary deployment of staff. Moreover, it is DOR's contention that the level of staff to reduce the backlogs requires more than entry level staff in many cases, so the use of temporary staff is not a total solution either. Appendix C depicts the backlog situation and the estimate of hours from DOR that they think would be required to clear this up. The issue of backlogs is a significant one because of several factors: it represents lost potential revenues due to the state if not pursued, or if the statute of limitations expires; it creates additional work as more time elapses and additional correspondence and calls result; and it diminishes the effectiveness of the tax compliance message that DOR wishes to communicate.
3. **ITAS:** more tax schedules and longer historical data is now available to DOR staff via computer. The availability of key information on computer, rather than relying solely on paper files for audits, responding to inquiries, and processing collections has increased certain staff efficiencies. In addition to being a key tool for them to do work, however, the ability of ITAS to initiate work also affects the workloads. ITAS can review multiple tax schedule returns, can target specific review items, and generate letters related to review items. Not only does this create work for the staff who will eventually talk with the taxpayers and possibly conduct an audit, it creates work in other divisions, from the mailroom to the field offices. It has also required additional work to capture the additional information that forms the basis of doing better reviews via computer.
4. **Other Automation Improvements:** as with the ITAS improvements, other automation improvements have greatly benefited DOR in recent years, and the trend is continuing.
 - **Electronic Filing:** The number of people filing individual income tax returns electronically is the highest in the nation, and has been increasing at a rate of over 25% over the past couple years. Electronic returns represented nearly 14% of all returns last year, compared to 11% the year before and 9% prior to that. (Chart 5 below shows the history on this.) Until this year, the only electronic returns that were permitted were refund returns; however, tax due returns are now being allowed. From a workload standpoint, a refund return still requires manual matching of taxpayer documentation once it is physically received in the mail (e.g. W-2, other documentation). Tax due returns will require this as well as matching the checks with the returns. However, the electronic filing reduces the staff requirements for data capture, editing and filing so it is to the state's advantage to continue to promote this program. It is estimated that for every 50,000 electronic returns, one less FTE is required due to reduction in manual data entry.

Chart 5 – Electronic Filing History

Tax Year	1993	1994	1995	1996	1997-Projected
Electronic Returns	334,268	287,611	369,310	462,979	523,342
Paper Returns	2,704,863	2,905,267	2,868,369	2,924,348	2,965,605
Total Returns	3,039,131	3,192,878	3,235,679	3,387,327	3,488,947
Increase in Total Returns		5.1%	1.3%	4.7%	3.0%
Ratio (Paper to Electronic)	8.1	10.1	7.8	6.3	5.7
Electronic - % of Total Returns	11.0%	9.0%	11.4%	13.7%	15.0%

- **Electronic Funds Transfer:** The number of EFT transactions has increased over 2,000% since 1993-94. The gross receipts have increased over 1000%, and the interest earnings have increased 1500%. Like electronic return processing, there are still some manual aspects to EFT's; staff still need to match remittance documents with the automated records and similar work; the

cost of their time doing this is more than offset by the funds being received faster and the interest accruing sooner. Up until now, the EFT taxpayers have been primarily those who are required to submit electronically, namely those who owe \$20,000 or more per month per tax. As such, it has been limited to the major corporations in the state. Voluntary use of EFT's is now beginning for those owing less than the base amount. While the staff required to process the transactions will be the same on a per-transaction basis, average dollar processed per transaction and the average interest earned per transaction will begin to diminish. Chart 6 below depicts this pattern for the four prior years and projects through the current year 97-98.

Chart 6 – Electronic Funds Transfer History					
Electronic Funds Transfers:	93-94	94-95	95-96	96-97	97-98 Projected
Gross Receipts	\$680,113,954	\$3,489,859,515	\$6,246,822,286	\$7,679,660,083	\$8,831,609,096
Interest Earnings	\$242,562	\$1,864,212	\$3,362,941	\$3,955,615	\$4,592,437
Transactions	7,189	24,811	99,173	160,797	209,036
<i>Incr - Gross Receipts</i>		413%	79%	23%	15%
<i>Incr - Interest Earnings</i>		669%	80%	18%	16%
<i>Incr - Transactions</i>		242%	303%	62%	30%
% Interest to Receipts	0.036%	0.053%	0.054%	0.052%	0.052%
Receipts/Transaction	\$94,473	\$141,801	\$62,989	\$47,760	\$42,249
Add'l. Interest/Transaction	\$33.69	\$75.75	\$33.91	\$24.60	\$21.97

The increased use of electronic submissions (returns or funds) is an important one for DOR in that it provides positive and tangible rewards to the department: funds and information are processed faster, more accurately, and with less hands-on activity. However, the need to staff appropriately to ensure the support activities can keep the pace with the automation is very important. This is a case where automation can actually increase staff requirements, but if done carefully will more than pay for itself in increased revenues to the state.

5. Changing Workflow and Processing Issues Throughout the Organization: In the case of DOR, there are many work units which support each tax schedule. For example, an increase in the number of individual income tax returns filed has a direct bearing on the workload in the DOR mailroom, although it may only have a minimal bearing on the Building Maintenance staff or the Criminal Investigations Division. Likewise, the creation of new programs or enhancing automation can alter established processing flows or staffing requirements. Examples could include raising the limit for which collections would be handled by the Central Collection Unit in the Raleigh office, which could significantly increase their workload and possibly reduce the workload of Revenue Officers in the field, or allow their efforts to be redirected towards other priorities. Another example is the proposed project, where the IRS, based on its analyses, would generate potential reviews to be done at the state level. This would initiate automated letters to taxpayers, and these letters generate numerous phone calls and response letters. Some will result in actual audits and/or assessments for back taxes. This kind of initiative involves the DOR staff throughout the organization, but in different combinations than for a traditional review. This close interrelationship of all the units in support of an activity that can yield revenue is important in understanding the staffing model being proposed. DOR has been working on the internal processes as part of its Total Quality effort and to ensure smooth integration of the ITAS with manual processes. The two studies for the legislature have provided them information about meeting existing needs and their staffing complement's allocation of time to specific processes and tax schedules. This will become increasingly important during these transitional times.
6. Court Rulings: An appeals court recently ruled that it was illegal to collect taxes on Controlled Substances, a decision which could eliminate a key revenue source, as well as a whole work unit of 25 people. However, if upheld, it could make available staff resources needed in other areas, but who are already familiar with many of the department's operations and would therefore need less training.
7. Tax Law and Policy Changes: changes occurred this past year, which affect operations, unit costs, and revenues. One change this year was reducing Sales Tax on specific items, which reduced the collections without reducing the workload requirements. Another change was in how taxes will be

collected, such as in Motor Fuels, which reduced processing requirements but also actually increased collections. Because taxation is not a static field, adaptability to these changes is a continuing need for DOR.

CONCLUSIONS

DOR is an agency that is still undergoing major changes as a result of its automation efforts. Some significant changes are occurring, and while the ITAS and other innovations in automation become more mature, this kind of rapid change will continue. DOR has structured itself to be a flexible organization (through its use of temporary staff, reengineering, and the functional organization structure) that can adapt quickly to changes, and it is going to need excellent data in order to understand when and where changes need to be quickly made. And it will need to make decisions, knowing which are cost-justified, and which are not cost-justified, but perhaps important to do based on other criteria.

The data gathered for this and the prior study, along with the taxpayer data they already maintain, will be critical to allocating their resources wisely. The data also indicate, however, that DOR may be at capacity, especially when compared with other states and given that DOR has a substantial backlog. DOR has realized almost a 20% increase in processing productivity since beginning the implementation of ITAS. With the primary tax schedules completed, we believe that processing productivity may have reached its limit during FY1996-97, creating an acceptable base of processing productivity to be used until further automation is implemented, i.e., scanning of tax forms, electronic archival and retrieval of records, etc.

And finally, there are still limitations to the availability of certain data that the analysts on the study team believe is important to have in order to make internal processing and resource allocation decisions. Much of this would be data that ITAS should be able to provide but which is still unavailable, such as analysis of the backlog by number of taxpayers represented, caseloads of field staff by type of cases, and other similar aspects that help in decision making about resources. This issue of "case management" is a major DOR initiative at this time, in recognition of its importance.

RECOMMENDATIONS

Recommendation 1: Use fiscal year 1996-97 as the base year for purposes of the staffing model

Recommendation 2: Use the model shown below to ensure that changes in demands on the Department and changes in how work is accomplished (especially in the area of automation) can be accommodated in a systematic fashion, that has flexibility. The mechanism must distinguish between recurring and short-term transitional needs objectively.

PROPOSED STAFFING FORMULA	
	RETURNS
BASE STAFFING	■ RETURNS PER FTE
	- Adjustments for methods/automation improvements
	- Adjustments for increasing ratio of ELF (Electronic Filing)
	+ Adjustments for increasing ratio of EFT (Electronic Funds Transfers)
	+ Adjustments for cost/benefit justifications
	+/- Adjustments for tax law changes
	+ Unaccomplished work (backlog), customer service/response time improvement
TOTAL STAFFING REQUIREMENTS	

Recommendation 3: Based on the staffing model, above, the trend data shown previously in the report, and the anticipated workload changes, the following staffing changes are recommended:

- Addition of 2 full time permanent staff at a minimum to accommodate increased EFT workloads.
- Reduction of 1 full time permanent staff based on reduced workload requirements in data capture for Electronic Filing
- 21 full time equivalent staff are needed to handle existing workloads for the current year in excess of what was anticipated being needed by DOR. NOTE: These can be a mix of temporary and permanent if DOR believes that it gives them the flexibility and sufficient coverage to meet their needs. Funding should be made available as if they are to be permanent). For the coming fiscal year, their total staffing complement will need to increase to 1,453 to meet projected increases.
- Reduction/redirection of 15 staff with the continued phase out of the Intangibles Tax schedule (NOTE: data shown in the report were for last fiscal year; since that time 13 of the 15 have already been redirected, and only 2 remain to complete the close-out of all aspects of this tax schedule)
- Addition of 55 time-limited temporary staff for the coming fiscal year to reduce the existing backlog. It is hoped that more senior existing permanent staff can be transferred to handle the more complex backlog work, allowing some of the time-limited positions to be filled with entry level temporaries who require little training.

Formula for Staffing	FY97-98	FY98-99	Basis for Numbers
RETURNS RETURNS PER FTE	1,420	1,453	OSBM projects 2.3% increase annually in number of returns (for FY97-98: 9,109,336 and for FY98-99: 9,318,550), but the number of returns processed per FTE to remain at 6,415
Adjustments for methods/automation improvements	unknown	unknown	
Adjustments for increasing ratio of ELF (Electronic Filing)	-1	-2	Assumption: 60,484 per year increase. On assumption that for every 50,000 ELF, can reduce 1 FTE
Adjustments for increasing ratio of EFT (Electronic Funds Transfers)	2	4	Assume 30% additional EFT transactions per year:
Adjustments for cost/benefit justifications	unknown	unknown	
Adjustments for tax law changes.		-15	Near final phase of Intangibles Tax which will free up 10-15 staff shown in FY97-98's time allocation as supporting this schedule
Unaccomplished work (backlog), customer service/response time improvement.		55	Estimated by DOR at 55 FTE, due to actual work plus "re-work" when notices sent late, etc. (see Appendix B). OSBM recommends these be Time-Limited Positions
TOTAL STAFFING REQUIREMENTS	1,421	1,495	

NOTE: DOR anticipated it would use 1400 FTE in this fiscal year. (This includes permanent and temporary staff)

Recommendation 4: An exception should be granted to DOR to purchase a more advanced remittance processing system with scanning and retrieval capabilities, rather than simply replacing the existing machine or correcting the Year 2000 issues.

Recommendation 5: DOR needs to develop a better reporting/tracking capacity from ITAS in order to obtain workload information as well as information about results of work to ensure that maximum data is available to decision makers, particularly when making cost/benefit justifications for staffing increases as well as setting priorities for compliance. This is especially critical in looking at areas, such as EFT, the Field, Office Exams, and Office Services, where there may be opportunities to redirect staff.

APPENDIX A

***SENATE BILL 352, SECTION 29
STUDY REVENUE'S STAFF REQUIREMENTS***

SENATE BILL 352

STUDY REVENUE'S STAFF REQUIREMENTS

Section 29. The Office of State Budget and Management, Management and Productivity Unit, shall complete work on the assessment of the Department of Revenue's staff requirements initiated pursuant to Section 15.6 of Chapter 18 of the Session Laws, Second Extra Session 1996. In the final phase of the study, the Office of State Budget and Management shall review workload requirements and make specific recommendations about staffing for the Department. The Office of State Budget and Management shall make a final report to the House and Senate Appropriations Subcommittees on General Government and the Fiscal Research Division of the General Assembly by March 31, 1998, on the results. Prior to March 31, 1998, the Department of Revenue shall report to the Joint Legislative Commission on Governmental Operations before creating any new personnel positions.

Requested by: Senator Warren

APPENDIX B

***LIST OF PRIMARY TASKS USED TO ESTIMATE FTE
BY DEPARTMENT OF REVENUE***

LIST OF PRIMARY TASKS USED TO ESTIMATE FTE

Division	Task	FTE	% of total
Accounting	Mail extraction, sort and distribution	33.92	2.4%
	Remittance processing	57.76	4.2%
	Budget and payroll	15.29	1.1%
Returns Processing	Data capture	115.28	8.3%
	Validation/error resolution	125.22	9.0%
	Central files/archives	40.06	2.9%
Office Exams	Exceptions processing	41.34	3.0%
	Compliance examination	95.33	6.9%
	ELF (electronic filing)	4.17	0.3%
	Distribution	0.36	0.0%
	Taxpayer assistance	66.67	6.2%
Office Services	Compliance	20.03	1.4%
	Setoffs	3.65	0.3%
	Correspondence	23.63	1.7%
	Taxpayer assistance	24.92	1.8%
	Bankruptcy	1.43	0.1%
Motor Fuels	Appeals	0.77	0.1%
	Compliance	38.02	2.7%
	Tax Policy	4.42	0.3%
	Taxpayer assistance	11.93	0.9%
Control Substances	Audit/investigation	2.7	0.2%
	Processing/collections	13.58	1.0%
	Distribution	0.79	0.1%
Field Operations	Collections	217.58	15.7%
	In-state Audits	118.44	8.5%
	Out-of-state Audits	24.85	1.8%
	Taxpayer assistance	58.23	4.2%
Criminal Investigations	Criminal investigations	10.3	0.7%
Ad Valorem	Appeals	5.53	0.4%
	Appraisals	3.66	0.3%
	Taxpayer Assistance	6.37	0.5%
License and Excise	Appeals	0.27	0.0%
	Tax Policy	3.51	0.3%
	Legislation	0.32	0.0%
Personal Taxes	Appeals	1.44	0.1%
	Tax Policy and Education	6.88	0.5%
	Legislation	0.75	0.1%
Sales and Use Tax	Appeals	5.64	0.4%
	Tax Policy and Education	6.78	0.5%
	Legislation	0.36	0.0%
Corporate and Franchise	Appeals	0.46	0.0%
	Tax Policy and Education	5.57	0.4%
	Legislation	0.48	0.0%
Tax Research	Tax research	16.15	1.2%
Admin. (Secretary's Office, etc)	Administration	13.41	1.0%
Personnel	Personnel	12.26	0.9%
Administrative Services	Purchasing	2.28	0.2%
	Forms mgmt/graphics/printing	4.89	0.4%
	Maintenance	2.26	0.2%
	Mail operation	12.64	0.9%
	Warehousing/supply	5.37	0.4%
	Administration	3.74	0.3%
Planning, Development, Tech.	Data base administration	2.38	0.2%
	System development and application	27.32	2.0%
	Network and client support	17.73	1.3%
	Operations	14.3	1.0%
Internal Audit	Internal audit	1	0.1%
Security	Security tasks/projects	3.22	0.2%
Totals Per Tax Schedule		1367.7	100.0%

APPENDIX C

BACKLOG OF WORK REQUIREMENTS

ESTIMATED BY DEPARTMENT OF REVENUE

Appendix C

**ESTIMATED HOURS AND FTE NEEDED TO CLEAR
OUT BACKLOG DURING COMING FISCAL YEAR**

Division Responsible To Do Work	Section Responsible for Work	Estimated Hours To Complete Undone Work	Estimated FTE To Complete Undone Work
Office Examinations	Business License & Returns	1,521	1
	Examinations Support	4,278	2
	Receiving	1,008	1
	Correspondence Unit Teams		
	Examinations (Audit)	75,164	43
	Insurance Premium		0
	TOTAL/OFFICE EXAMS	81,971	47
Office Services	Central Collection Unit	5,750	3
	Bankruptcy Unit	1,455	1
	Taxpayer Assistance	6,403	4
	TOTAL/OFFICE	13,608	8
			0
	GRAND TOTALS	95,579	55

AGENDA

Joint Appropriations Subcommittee
on
General Government

May 20, 1998
Room 425
8:30 AM

Chairman: Representative Gene McCombs

Report on Study to Combine Programs to Help Women and
Children (Per Sec. 27, Chapter 443 , 1997 Session Laws)

Jeff Hibbard,
Management Analyst
Office of State Budget
and Management

Discussion of the Governor's Recommended Budget Changes for
FY 1998-99

Department of Secretary of State
(*Expansion, Only*)

Joint APPROPRIATIONS/Subcommittee on General Government

Minutes

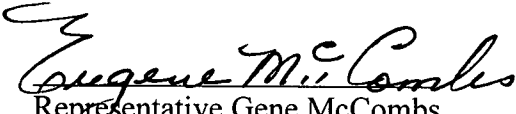
May 20, 1998, AM

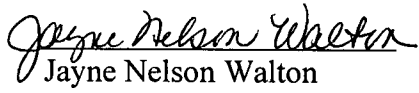
The Joint Subcommittee on General Government met on Wednesday, May 20, 1998 in the Legislative Office Building in Room 425 at 8:30 a. m. The following members were present: Representatives Ives (Cochair), McCombs (Cochair), Sherrill (Cochair), Braswell, Culpepper, Decker, Ellis, Jeffus, Wainwright and two Senators. Representative Gene McCombs presided.

Representative McCombs called the meeting to order at 8:36 a. m. and introduced Mr. Jeff Hibbard from the Office of State Budget and Management. Mr. Hibbard gave an overview of the Study to Combine Programs to Help Women and Children and reported their findings and recommendations (see attachment #1). Representative Sherrill stated that she opposed the recommendations because it would cause more bureaucracy and would like to hear more from the Council of Women. After hearing from Ms. Juanita Bryant and Mr. John Tanner of the N. C. Women's Council and the N. C. Division of Social Services respectively, Representative McCombs requested a breakdown of Table II in the report. Representative Ives moved to ask the Office of Budget and Management to bring an alternate plan back to the committee that does not require a fourth agency to combine programs to help women and children and instead use an existing agency to supervise and create a more cooperative effort among the three agencies concerned. Ms. Juanita Bryant asked the committee to receive her written response, and it was handed out to the members (see attachment #2). The motion was restated and carried.

Representative McCombs then introduced the Secretary of State Elaine Marshall to speak to the committee about the Governor's Recommended Budget Changes for FY 1998-99, a comparison of receipts from 1995 through 2/28/98 (see attachment #3), and expansion items that the Secretary of State is requesting (see attachment #4). Secretary Marshall and several of her staff members gave an overview of the expansion requests and a breakdown of the requests by division along with an explanation of problems in the past and why it is important for these items to be included in the expansion budget. Secretary Marshall added that the requests on attachment #4 are prioritized. Secretary Marshall also said that the added expenses will be covered by the increase in revenues and that these expansion items are necessary for the Department of Secretary of State to operate efficiently. Representative Wainwright asked Mr. Jim Nowell of the Office of Budget and Management if he felt comfortable with these requests. Mr. Nowell responded that he thought the requests were reasonable. Representative Ives added that it is time to send a realistic budget request back to the leadership and hoped everyone would keep that in mind while deliberating the issues.

Representative McCombs thanked Secretary Marshall and her staff for the informative report on their budget and adjourned the meeting at 9:55 a. m.


Representative Gene McCombs
Cochairman


Jayne Nelson Walton
Committee Clerk

Study to Combine Programs to Help Women and Children

**As Directed by Senate Bill 352, Section 27
Enacted During 1997 Session**



**STATE OF NORTH CAROLINA
Office of State Budget and Management
Management and Productivity Section
Raleigh, North Carolina 27603-8005**

March 1998

I INTRODUCTION

Senate Bill 352, of the 1997 Session of the North Carolina General Assembly, directed the Office of State Budget and Management (OSBM) to "...study the feasibility of consolidating the budgets and services and the administration of federal and State grants for domestic violence programs and rape crisis programs in the State..." Appendix A is a copy of the legislation authorizing the study. The legislation also specified which state agencies and programs were to be considered in the course of the study, and for an analysis of ways to promote more efficient, effective, and coordinated services at the state and local levels. OSBM is required to report its findings to the House and Senate Appropriations Subcommittees on General Government and the Fiscal Research Division by March 31, 1998.

The 1995 Session of the North Carolina General Assembly, Chapter 507, Section 11.3, directed the Fiscal Research Division to conduct a study of almost identical scope and purpose. OSBM obtained a copy of this report, and it is attached as Appendix B for reference.

II METHODOLOGY

The methodologies in this study included the following:

- An organizational and programmatic comparison of the domestic violence and rape crisis programs in North Carolina and other states
- A survey of local agencies providing domestic violence and rape crisis services around the state (the results from the survey are attached as Appendix C of this report)
- The collection of domestic violence and rape crisis program and financial data from the North Carolina Council for Women (CFW), the Governor's Crime Commission (GCC), and the Division of Social Services (DSS)
- Interviews with selected staff of CFW, GCC, and DSS
- Interviews with selected individuals outside North Carolina state government having program expertise or program experience in domestic violence and rape crisis
- A review of the study completed by the Fiscal Research Division as directed by the 1995 Session of the North Carolina General Assembly

III FINDINGS

North Carolina has approximately 90 domestic violence and rape crisis programs, serving all 100 counties in the state. Each program receives funds from a variety of sources, with approximately \$5.0 million in state appropriations and \$14 million in federal funds distributed around the state during FY 1996-1997. There are 3 state agencies, the North Carolina Council for Women, the Governor's Crime Commission, and the Division of Social Services which all distribute funds to local programs.

Program Overview

a. **Department of Administration - Council for Women:** The CFW provides state funds for domestic violence programs and shelters throughout the state. The grants are funded through appropriations, made up of a portion of marriage license fees. CFW funds cannot be used to start a local domestic violence center. CFW also employs 4 regional directors, located throughout the state to provide technical assistance, training, and other services. These regional directors not only serve domestic violence programs, but perform other activities for CFW not related to domestic violence and rape crisis.

b. **Department of Crime Control and Public Safety - Governor's Crime Commission:** GCC administers two block grants from the U.S. Department of Justice, one being the Victims of Crime Act (VOCA), the other is the Violence Against Women Act (VAWA). The VOCA grant is intended to provide assistance to crime victims, and is used in North Carolina to support a wide variety of programs, of which domestic violence and rape crisis are included. The VAWA grant is intended to provide better coordination and response of the criminal justice system to women who have been victims of violent crimes. Federal guidelines stipulate that VAWA funds must be divided between law enforcement, prosecution, victim services, and discretionary purposes. GCC limits the availability of VOCA and VAWA funding for a specific program to two years under a single grant application. This is a GCC stipulation on the grant funds, and not a federal requirement.

c. **Department of Health and Human Services - Division of Social Services:** The Division of Social Services administers the Family Violence Prevention and Services grant, funded from the U.S. Department of Health and Human Services. The designated purpose of this grant is to address the problem of domestic and family violence, and to increase the awareness of these issues to the public. Table 1 is a breakdown of the funding sources for the three agencies, with additional data about the types of grants awarded.

Table 1. Grant Sources, Type, and Grant Timeline

Agency	Funding Source of Grant	Type of Grant	Period of Grant	Grant Fiscal Year
Council for Women	State Appropriations	Competitive, Non competitive	Annual	State Fiscal Year, Federal Fiscal Year
Crime Commission	Federal Grant (DOJ)	Competitive	Multi-year	Federal Fiscal Year
Social Services	Federal Grant (HHS)	Competitive	Multi-year	Federal Fiscal Year

As indicated in the table, GCC and DSS both receive federal grants, through the Department of Justice, and the Department of Health and Human Services. Table 2 is a breakdown of the various types of grants administered by each of the three agencies.

Table 2. Domestic Violence, Sexual Assault, And Other Related Program Grants, FY 1995-1998

Agency	Name of Grant	FY 1997-1998	FY 1996-1997	FY 1995-1996
CFW	Rape Prevention (Fund 2734)	\$ 934,854	\$ 752,963	\$ 622,929
	Domestic Violence (Fund 1781)	\$ 2,897,046	\$ 1,744,458	\$ 1,242,581
	Sexual Assault (Fund 1734)	\$ 926,353	\$ 925,160	\$ 924,441
	Displaced Homemakers (Fund 1732)	\$ 381,487	\$ 379,005	\$ 380,426
	Domestic Violence Center (Fund 1782)	\$ 1,394,622	\$ 1,302,675	\$ 1,253,508
	Rape Crisis Services (Fund 2732)	\$ 187,110	\$ 187,110	\$ 187,110
	Administrative Overhead	\$ (310,891)	\$ (241,653)	\$ (157,453)
	Agency Total	\$ 6,410,581	\$ 5,049,718	\$ 4,453,542
GCC	Victims of Crime Act (VOCA)	\$ 7,256,000	\$ 10,400,000	\$ 3,300,000
	Violence Against Women Act (VAWA)	\$ 3,440,000	\$ 3,300,000	\$ 2,900,000
	Administrative Overhead	\$ (534,000)	\$ (685,000)	\$ (310,000)
	Agency Total	\$ 10,162,000	\$ 13,015,000	\$ 5,890,000
DSS	Family Violence Prevention	\$ 1,274,729	\$ 938,053	\$ 583,464
	Administrative Overhead	\$ (63,736)	\$ (46,903)	\$ (29,173)
	Agency Total	\$ 1,210,993	\$ 938,053	\$ 583,464
Statewide Total		\$ 17,783,574	\$ 19,002,771	\$ 10,927,006

Notes: 1) Crime Commission VOCA Grants - these grants are funded through fines. The grant amount varies from year to year due to the inability to accurately project collections. The amounts shown in the table are not the total amount of VOCA funds allocated to North Carolina. Only the portion of that grant allocated to domestic violence and

sexual assault is shown. GCC is allowed to use up to 5% of the total grant for administration, with standard practice being to reallocate unused administrative funds to programs.

2) Crime Commission VAWA Grants - this grant is exclusively for domestic violence, sexual assault, and stalking. GCC reports that all VAWA funds are allocated for DV and SA as no applications for stalking grant have been submitted.

3) Council for Women Fund 2734: The amount for FY 97-98 is estimated based on administrative expenditure history.

The amount of administrative overhead varies by agency, with GCC and DSS funding all or part of the administrative staff salaries through grant funds as allowed, whereas CFW funds administrative staff salaries through state appropriations. Table 3 is a breakdown of the full-time equivalent positions allocated to domestic violence and rape crisis, with the amount and types of funds supporting those positions.

Table 3. Number of Full-Time Equivalent Positions, Salaries, and Funding Source Supporting State-Level Domestic Violence and Rape Crisis Program Administration, FY 1997-1998

Agency	Number of Full Time Equivalent Positions	Pro-Rata Annual Salary	Pro-Rata Annual Benefits	Total Salary & Benefits
CFW Total	7.3	\$ 221,809	\$ 53,576	\$ 275,385
GCC Total	3.9	\$ 189,891	\$ 44,206	\$ 234,097
DSS Total	0.52	\$ 22,511	\$ 5,032	\$ 27,543
Total	11.72	\$ 387,529	\$ 91,819	\$ 479,078

Program Operations and Findings

Each of the three agencies pursues its goals and objectives separate from the other. There is no common statewide approach to address both domestic violence and sexual assault, and it is common for many local agencies not to have a plan in place to address the issues at the local level, other than what is required by the CFW, GCC, and DSS separately. There is limited coordination among the three agencies, primarily in the area of grant allocation. During the grant review processes for each agency, it is not uncommon to find a representative from CFW, DSS and GCC serving on one another's grant review committee. There are instances where different local organizations in the same county received domestic violence and sexual assault grant funds, and then pursued strategies to address these issues separately from another in the same area of the state, creating administrative and program inefficiencies due to the overlapping nature of their efforts, in addition to the additional administrative overhead required for each local agency in terms of staff salaries, rent, utilities, transportation, etc. To some extent, the fragmented funding streams from the federal government serve to compound the problem in that each federal grant has its particular program requirements and its own set of reporting requirements that each local program receiving those grant funds must follow.

Each of the three agencies has staff who serve the local agencies and administer the grant funds. All of the staff and administrative functions related to administering the programs in the three agencies are similar. In most cases, all three agencies are performing the following tasks: preparing grant applications, mailing applications and other grant materials, providing technical program assistance, assistance with grants administration, and technical support and training for staff and local agency board members. In addition, each of the three state agencies also conducts grants workshops around the state, intended to provide prospective and past applicants with baseline information about application and program requirements.

None of the three agencies tracks or reports the amount of funds allocated toward programs and services that target the prevention of domestic violence and sexual assault versus the funding allocated towards the delivery of post-assault services. Standard monitoring and

reporting of the funds in these categories provides local and state agencies with a more accurate measure of the effectiveness of the services and programs provided around the state.

The administrative burden on the local agencies is not insignificant. Because each grant requires program reporting, agencies are required to account for specific types of activity according to which particular grant they are reporting upon. In addition, each local agency has to administer the grant budget and complete other types of financial reports to comply with the grant requirements. Table 4 is a comparison between the time per month that each local agency would allocate for the administration of grants.

Table 4. Average Hours of Grant Administration per Grant per Local Agency

Grant/State Agency	Average Hours of Grant Administration per Month per Local Agencies
DHHS	6.1
CFW	11.5
GCC - VOCA	10.4
GCC - VAWA	9.9

IV. RECOMMENDATIONS

- 1. The various funds (Fund 1731, Fund 1781, Fund 1734, and Fund 1732) less marriage license monies) should be consolidated under one fund number. Fund 1782 should be maintained separately as this fund tracks receipts realized from the sale of marriage licenses.**

Findings

This is an administrative consolidation to reduce the number of funds displayed in the budget related to domestic violence and sexual assault. The funds could be tracked at a lower level within the accounting structure to monitor expenditures and program reporting requirements, as long as the accounting structure with the Department of Administration can accommodate the need to track the expenditures at a lower level with the fund. In the case of CFW, the fact that a local agency can qualify for one grant automatically makes them eligible for another type of grant. For example, if a local agency applies for a Domestic Violence (Fund 1781) grant, the approval of their grant application automatically qualifies them to receive monies from the Domestic Violence Center (Fund 1782).

- 2. An Advisory Council from existing agencies should be established to provide improved program coordination and administration at the state level. The chairperson of the advisory council should rotate annually between DSS, GCC and CFW. Staff support for the advisory council would be provided by the agency which the advisory council chairperson represents. No additional budgetary increases will be necessary. The advisory council would be responsible for coordinating the administration and awarding of all domestic violence and sexual assault grants. All grant applications will be considered by the advisory council. The advisory council, upon a majority vote, will then forward recommendations for grant awards to CFW, GCC, and DSS for funding. Meetings of the advisory council will be held at least twice a year. Annually, the advisory council will develop a progress report on domestic violence and sexual assault.**

Findings

Given the lack of administrative and program coordination between the three programs, a formal body should be established as a means to coordinate the overall domestic violence and sexual assault effort throughout the state. The advisory council should be made up of members representing stakeholders from around the state all having an interest in domestic violence and sexual assault.

OSBM recommends that the membership of the advisory council consist of the following professions:

- one representative each from DSS, CFW, GCC (to rotate annually)
- a representative from local law enforcement
- a representative from a statewide philanthropic organization
- a representative from a statewide grass-roots organization focusing on domestic violence and sexual assault
- a representative from the judicial branch
- a representative who is a District Attorney
- a representative from academia that studies domestic violence and sexual assault
- a representative who is a County Commissioner
- staff to the advisory council from the chairperson's agency (non-voting)

3. a. The advisory council should conduct a statewide needs assessment and develop statewide plan for both domestic violence and sexual assault. The advisory council will develop the plan and report its findings to the General Assembly no later than April 1st, 1999.

Findings

There is a real need to provide a planning and coordination mechanism for the local agencies around the state to develop a regional plan, and fold these regional plans into a statewide plan. If a local organization wanted to establish a domestic violence center and receive funding from the state, that local organization would first have to have its district approve the concept and plan, before it would be submitted to the state for funding. The districts could be organized around the 39 judicial districts in the state. This organization provides a sound basis in that the building blocks of the legal system throughout the state are already in place, with counties grouped into these districts

There is no single organization in the state that directs the effort against domestic violence and sexual assault. Programs are operated separately from one another, different types of statistics are kept on each program, and there were varying degrees of accountability by the local programs to the state, depending on which of the three agencies funded that program. Furthermore, none of the three programs could speak to the effectiveness of the domestic violence and sexual assault programs around in the state in an attempt to determine if significant progress was being made statewide. It was also impossible to identify what areas or populations of the state required more assistance and program focus due to the lack of a statewide view. Because the primary focus of CFW, DSS, and GCC in this case is to provide assistance to local agencies they fund, it was impossible to incorporate the three views together to determine if the grant funds expended were having a desired impact across the state. There is a real need to provide a planning and coordination mechanism for the local agencies around the state to develop a regional plan, and fold these regional plans into a statewide plan. For example, if a local group wanted to establish a domestic violence center and receive funding from the state, that local entity would first have to have its regional council approve its concept and plan, before it would be submitted to the state for approval and possible funding.

The following table is a proposed outline for the development of the statewide plan:

Table 5. Key Functions and Activities for a Statewide Plan

Activity	Responsibility	Timeline
Designate and assemble Advisory Council	GCC, CFW, DSS	July-August 1998
Advisory Council develop statewide plan with communities	Advisory Council	Aug 1998-Jan 1999
Advisory Council present statewide plan to General Assembly	Advisory Council	April 1, 1999
Implement statewide plan	Advisory Council	May 1999

b. The advisory council should formally consider contracting a single non-profit organization specializing in domestic violence and sexual assault to serve as the administrative contact for local service providers around the state.

Findings

A single, non-profit agency should become the administrative and program focal point for all the local agencies and programs around the state. The lack of a single resource that local service providers could turn to for assistance was a theme heard constantly throughout the course of this study from state and local agencies alike. This agency would provide services such as coordinated training and technical assistance, assistance in grant preparation, and program support. Under this scenario, all regional programs (as outlined in recommendation 3a) would submit their grant applications to the non-profit in lieu of CFW, DSS, and GCC. The advisory council would then meet together with the nonprofit to review the applications and determine the funding allocation for those programs for that year. There is precedent for this model in several other states, most notably the State of New Hampshire. New Hampshire has contracted the administration of its domestic violence and sexual assault programs to a non-profit agency with those program specialties. A review of available literature and interviews with program experts in other states indicated that this model is ideal in that administrative costs are reduced by some 10-15%, allowing more program funds to be allocated to local service providers. Corresponding reductions in staff should accompany any reduction in workload requirements at the state level as a result of contracts, agreements, etc.

4. The allocation formula for all domestic violence and sexual assault grants that are not currently competitive should be a predetermined base amount, with an additional allocation based on numbers of clients served, and size of client population or other factors. The allocation formula can be adjusted over time to allow for changes in statewide emphasis.

Findings

At present, CFW is the only organization within the state that awards grant funds on a non-competitive basis. The current process takes the total amount of appropriations available, divided by the number of approved grant applications for those funds, and then allocates the funds on an equal basis. What is not taken into consideration is that fact that local shelters around the state serve different numbers of clients, and the client pool can be dramatically different given the area of the state the shelter is serving. A base funding level should be established for all programs across the state, and the allocation would increase as number of clients served and size of client population increases. Because shelters that historically serve larger numbers of victims require more overhead through additional staff, larger facilities, additional utility costs, etc., at present, these organizations receive the same amount of funding

from non-competitive grants as those shelters serving less clients. As the statewide plan is developed and implemented, changes in the allocation formula can be made for decreased or increased emphasis on program directions.

5. All state agencies providing domestic violence and sexual assault grant funds to local programs within the state should require a common documented grievance process for victims receiving services from a local shelter.

Findings

At present, there is no formal process by which a victim can complain about a local shelter in which they received domestic violence or sexual assault services. Given this, there is no way for state agencies that fund those programs to receive, monitor, or follow-up on complaints that might point to larger problem within that local agency. A documented process provides victims the opportunity to give direct feedback to funding agencies about the level, type, and quality of service that they received from the local agency.

6. Consideration should be given to allowing VOCA and VAWA funds to be utilized to fund programs beyond the two year deadline as is current practice.

Findings

Although not a federal requirement, GCC places a two year limit the use of these funds by local agencies. This means that a local agency can only use VOCA and VAWA funds for two years, and then must turn to other sources for alternative funding. GCC has allowed a third year of funding on an limited exception basis only, with the standard practice to allowing two-year funding only. By allowing programs to apply for and receive funds beyond the two year limit, it provides another source of funds available to qualified programs.

7. The advisory council should sponsor a biennial program evaluation by a third party, such as the Office of State Budget and Management, Management Section. The third party evaluator would present its findings to the advisory council upon completion of the study every two years.

Findings

A periodic program evaluation by a third party will provide the advisory council with feedback regarding the effectiveness of outcomes, and areas for improvement. Systems for measurement of outcomes and accountability could be established and monitored throughout the state, serving to enhance program effectiveness through improved delivery of services at the local level throughout the state.

V. CONCLUSION

A more focused, consolidated, and better coordinated effort to address both domestic violence and sexual assault throughout the state will provide more program accountability through better documentation, a clearer picture of the progress, and better service to local service providers around the state. While other states have consolidated their efforts (Maryland and South Carolina), what is most important is the development of a coordinated statewide approach that gives state grant administrators and local agencies and much clearer idea of the problems that remain, and the progress they have made.

The OSBM analyst would like to thank the Council for Women, Division of Social Services, and the Governor's Crime Commission, for their cooperation and assistance during this study.

APPENDIX A

**Senate Bill 352 of the 1997 Session of the
North Carolina General Assembly**

PART XXVII. DEPARTMENT OF ADMINISTRATION

Requested by: Senators Perdue, Plyler, Odom, Representatives Ives, McCombs, Sherrill

COMBINE PROGRAMS TO HELP WOMEN AND CHILDREN

Section 27. The Office of State Budget and Management shall study the feasibility of consolidating the budgets and services and the administration of federal and State grants for domestic violence programs and rape crisis programs in the State, including those programs currently administered by the Council for Women, Department of Administration, the Governor's Crime Commission, Department of Crime Control and Public Safety, and the Division of Social Services, Department of Human Resources. This study shall include an analysis of the feasibility of combining budgets and services of the NC Council for Women (Fund 1731), the Domestic Violence Program (Fund 1781), the Domestic Violence Center (Fund 1782), the Displaced Homemakers Program (Fund 1732), and the Rape Crisis Program (Fund 1734) and an analysis of ways to promote more efficient and effective coordination of resources and services at the State and local levels. The Office of State Budget and Management shall report the findings and recommendations of the study to the House and Senate Appropriations Subcommittees on General Government and the Fiscal Research Division by March 31, 1998.

Requested by: Senator Warren, Representatives Ives, McCombs, Sherrill

APPENDIX B

**Study on Consolidation of Domestic Violence Grant Administration
Fiscal Research Division, May 1996**

STUDY ON CONSOLIDATION

OF

DOMESTIC VIOLENCE

GRANT ADMINISTRATION

Prepared by the Fiscal Research Division

May, 1996

EXECUTIVE SUMMARY

This report is in response to Chapter 507, Section 11.3 of the 1995 Session Laws which directs the Fiscal Research Division of the General Assembly to evaluate the feasibility of consolidating the administration of State domestic violence grants. Specifically the Division is to:

"study the feasibility of consolidating the function of administering the federal and State grants for centers for victims of domestic violence..."

This study focuses on the organizational structure of State domestic violence programs, not on their performance.

OVERVIEW OF STATE DOMESTIC VIOLENCE (DV) PROGRAMS

North Carolina distributes about \$2.3 million in state funds and \$2.8 million in federal funds to local domestic violence programs for a total of \$5.1 million. These funds are distributed through three state agencies: the Department of Administration (DOA); Crime Control and Public Safety; and, the Department of Human Resources (DHR). Each of these programs is discussed below.

Department of Administration - Council for Women (CFW) - In 1995-96, the Council will distribute about \$2.3 million to 67 local domestic violence organizations. In addition to funding, the Council also provides assistance in the application process, and trains staff who work in shelters as well as board members.

Crime Control and Public Safety - The Governor's Crime Commission (GCC) - The GCC administers three federal block grants that together provide about \$1.5 million for local domestic violence programs. The Victims of Crime Act grant program (VOCA) provided \$850,000 to 20 domestic violence programs in FY 1996. The GCC has chosen to restrict these funds for new projects only. The Violence Against Women Act (VAWA) provided about \$200,000 for domestic violence programs. VAWA differs from other sources in that it funds not only shelters and other victims programs, but also programs that affect law enforcement and the courts. The Drug Control and System Improvement grant program (DCSI) provides about \$430,000 for 5 domestic violence programs. In addition to funding, the Governors Crime Commission provides technical assistance when requested.

DHR - Office of Economic Opportunity (OEO) - The OEO makes some grant money available to DV organizations through the Emergency Shelter Grant (ESG) program. ESG funds are primarily used to help fund homeless shelters and because some domestic violence victims qualify as homeless, about \$750,000 was provided to 50 DV shelters in FY 95-96.

FINDINGS

Our findings are outlined below:

Finding 1: Administrative Structure is Duplicative

Duplication is inherent in the administrative structure of State domestic violence programs. One way this duplication manifests itself is in the similarities in the administrative functions of all three agencies:

- All three agencies administer grants.
- Each agency has its own committee to review grant proposals and recommend grant awards.
- Personnel in each of these agencies perform similar functions: assisting grants review committees, reviewing grants, monitoring the activities of grant recipients, conducting site visits, and providing technical assistance.

The estimated domestic violence staffing and personnel costs for all three agencies are summarized in the following chart:

DOMESTIC VIOLENCE ADMINISTRATION

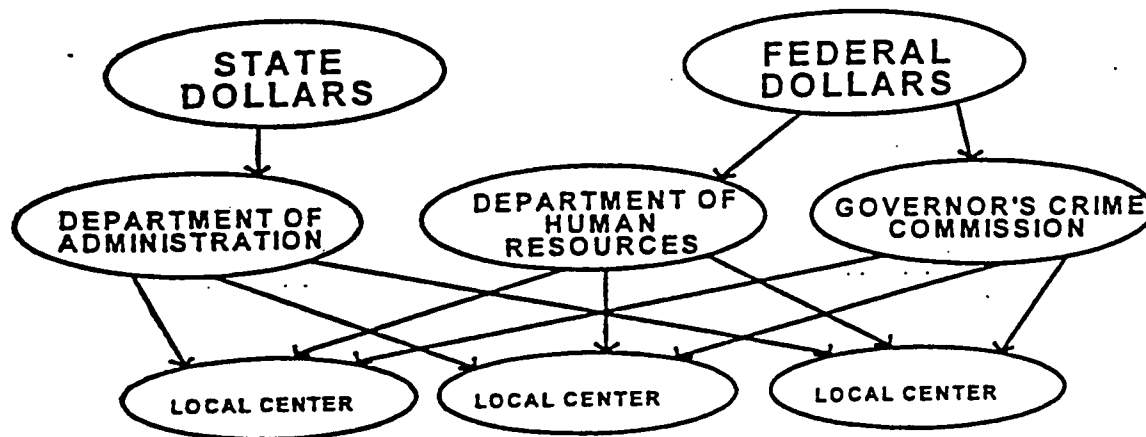
AGENCY	POSITIONS (FTE)	PERSONNEL COSTS
DHR-DSS	0.7	\$29,000
DHR-OEO	0.4	\$19,000
GCC	1.5	\$68,000
DOA-CFW	<u>3.0</u>	<u>\$112,000</u>
Total	5.6	\$228,000

Another example of duplication is that each agency makes grants to the same types of organizations - non-profit shelters. In many cases, the three agencies make grants to the very same organizations. Consider the following statistics:

- In fiscal year 1995-96, the three agencies awarded 180 grants to 85 domestic violence organizations.
- Of the 85 organizations, 65% received funds from at least two agencies and 23% received funds from all three agencies.
- Over 80% of the domestic violence grant money awarded in 1995-96 went to organizations that received funds from at least two of the three State agencies.

The flow of domestic violence funds is illustrated in the chart below.

CURRENT FLOW OF DOMESTIC VIOLENCE FUNDS



Finding 2: Structure Burdensome to Local DV Centers

Our survey of local DV organizations attempted to determine how much time and effort local centers spend complying with the terms of different state grant requirements. The number of hours respondents reported spending on the various grant requirements is listed in the chart below:

EFFORT DV CENTERS DEVOTE TO ADMINISTERING STATE GRANTS

	Annual Hours of Grant Administration				Total 4 Programs
	DHR- FVP	DHR- ESG	GCC	CFW	
Average time to complete applications	26	16	32	21	95
Average time for reporting	34	33	44	33	144
Average time for budget administration	31	39	41	37	148
Median time for other administration (data collection, audits, attending meetings, program development)	63	48	90	66	267
TOTAL ANNUAL HOURS	154	136	207	157	654

Most Survey Respondents Favor Consolidation

The burdensome administrative tasks outlined above are a major reason that 67% of survey respondents believed the State should consolidate the administration of DV programs. Typical comments were:

"It would reduce the amount of paperwork, repetitiveness, and time that is currently required by the different grant applications."

"[Consolidation] would greatly help our agency. The time, effort and confusion related to reporting and data collection required for the various funding sources would be reduced..."

"More accurate data from all DV agencies should result from consolidation."

"[Consolidation] would make the grant application process simpler."

Finding 3: Current Structure Discourages Focus

Because no one single agency or organization oversees all of the State's domestic violence efforts, these efforts appear to lack coordination and focus. Under the current structure, three separate committees decide how to spend three separate budgets for one fundamental purpose. These three committees sometimes have different views about how money should be spent to combat domestic violence. In effect, the three agencies are pursuing the problem of domestic violence independently of each other. Another related problem is that with three separate agencies administering domestic violence funds, no single agency or State official can be held accountable for management of the programs or for program results.

Finding 4: Justifications for Current Structure Not Compelling

In our research we heard a number of arguments in favor of the current administrative structure. These arguments are discussed below. We found none of them compelling enough to justify maintaining the current administrative structure.

Each agency is most familiar with its own funding requirements. We believe the grant-specific knowledge under each agency could be retained if all programs were under one roof. Furthermore, if some of the differences in the grant requirements could be eliminated, grant-specific knowledge could become less critical.

Each agency provides different strengths. We believe the individual skills each agency provides could be retained under a consolidated administrative structure.

Consolidation would decrease funding for DV centers. We do not believe that consolidating the administration of grants would lead to less grant funding. In fact, if consolidation led to lower administrative costs, administrative money could be diverted to grants.

Consolidation would lead to too much agency control. It is true that consolidating grant programs would give one agency more control over domestic violence funding than any one agency currently has. However, we believe this greater control will help ensure better uses of State domestic violence funds, and resolve problems of accountability and lack of focus.

Risk of losing one "monolithic" State grant is too great. We do not believe that consolidating grant administration would necessarily lead to the policy of pooling all grant moneys into one large, single grant. A central agency could establish different grants; for example one for ongoing operations and one for start-up funding.

Finding 5: Other States Have Consolidated

In telephone interviews with six states, we found two, South Carolina and Maryland, that had consolidated their domestic violence programs in order to simplify administration for local organizations and to use resources more effectively.

Finding 6: Domestic Violence Programs are Closely Linked to Sexual Assault Programs

The administration of domestic violence programs and sexual assault programs are closely linked. Many recipients of DV funds also receive sexual assault funds from both State and federal sources. In the Department of Administration and in the Governor's Crime Commission, personnel who administer DV grants also administer sexual assault grants. The funding totals and personnel costs for all DV and sexual assault grants programs are listed below:

RESOURCES FOR DOMESTIC VIOLENCE AND SEXUAL ASSAULT, 1995-96

	<u>Grants</u>	<u>Personnel</u>	
		<u>Positions FTE's</u>	<u>Costs</u>
Council for Women			
Domestic Violence	\$2.2 million	3.0	\$112,000
Sexual Assault	1.1 million	1.8	69,000
Governor's Crime Commission			
Domestic Violence	1.5million	1.5	68,000
Sexual Assault	.7 million	.8	36,000
DHR-Family Violence Prevention (DV)	.5 million	.7	29,000
DHR-Emergency Shelter Grants (DV)	<u>.8 million</u>	<u>.4</u>	<u>19,000</u>
TOTAL	\$6.8 million	8.2	\$333,000

RECOMMENDATIONS

1. Consolidate the Administration of Domestic Violence Grant Funds

Consolidating the domestic violence grant programs of Social Services, Governor's Crime Commission, and Council for Women should significantly reduce the duplication of effort among these agencies, reduce the administrative burden on local domestic violence programs and allow the state to better focus its resources on the domestic violence problem.

2. Emergency Shelter Grant Program Should Remain Separate

The Office of Economic Opportunity's Emergency Shelter Grant Program provides some funding to shelters which provide services to victims of domestic violence. However, the primary focus of the Emergency Shelter Grant program is shelter for the homeless population. Because most of the ESG funds are not spent on domestic violence shelters, and because domestic violence is not the primary cause of homelessness, we believe that the Emergency Shelter Grant program should remain separate from a consolidated domestic violence program.

3. Include Sexual Assault Grant Programs In Consolidation

If the State included sexual assault programs in the consolidation of domestic violence programs, sexual assault programs could benefit from similar efficiencies. Including sexual assault programs would also make it easier to avoid "splitting" positions devoted to both domestic violence and sexual assault.

OPTIONS

The administration of domestic violence grants could be consolidated under any State agency currently involved with domestic violence. The advantages and disadvantages of consolidation under each of the three agencies are outlined in the chart below:

CONSOLIDATION OPTIONS

<u>Option</u>	<u>Pros</u>	<u>Cons</u>
Consolidation under DHR	- Domestic Violence and Sexual Assault are consistent with DHR mission - DHR most experienced with grant administration	- Potential for less visibility - DHR has least experience with domestic violence and sexual assault
Consolidation under Governor's Crime Commission	- Experience with grants administration	- DV and SA not completely consistent with mission of GCC or Crime Control and Public Safety
Consolidation under Council for Women	- Most involvement with local DV organizations	- Domestic violence and sexual assault least consistent with DOA mission - Council for Women has least experience with grants administration

METHODOLOGY

To conduct our research we used the following approach:

- We reviewed the management structures of the Council for Women; the Governor's Crime Commission and the Division of Social Services
- We interviewed the program staff for each Division/Program
- We interviewed the Director of the N.C. Coalition Against Domestic Violence
- We conducted a total of nine site visits with local centers for domestic violence
- We surveyed 76 local domestic violence programs
- We interviewed officials from six states
- We reviewed literature and research resources

BACKGROUND ON DOMESTIC VIOLENCE (DV) PROBLEM

Domestic violence ranges from verbal abuse to homicide. Some commonly cited national statistics on domestic violence include:

- 4 million women were abused by their husbands or boyfriends last year (Source: Congressional Quarterly).
- In 1991 at least 21,000 domestic violence crimes against women were reported to police every week (Source: American Bar Association Commission on Domestic Violence).
- About 35% of women visiting hospital emergency rooms are there because of domestic violence injuries (Source: American Bar Association Commission on Domestic Violence).

The North Carolina State Bureau of Investigation reported 96 murders and 173 sexual assaults in 1994 as a result of domestic violence. However, many cases of domestic violence either go unreported or are not recorded as domestic violence.

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INTRODUCTION

This report is in response to Chapter 507, Section 11.3 of the 1995 Session Laws which directs the Fiscal Research Division of the General Assembly to evaluate the feasibility of consolidating the administration of State domestic violence grants. Specifically the Division is to:

"study the feasibility of consolidating the function of administering the federal and State grants for centers for victims of domestic violence ..."

Our mission to study the feasibility of consolidating State domestic violence programs required that we examine the organizational structure of State domestic violence grant programs objectively and critically. Our examinations have led to findings that are critical of this administrative structure. We would like to emphasize that our criticisms of the organizational structure are not criticisms of the programs themselves. Program effectiveness was not the focus of our research, so we will not speak to questions of whether State programs are effective. We can say that the majority of the domestic violence professionals at the state and local level that we spoke to were very knowledgeable about the domestic violence problem and committed to the fight against it.

This report first provides a brief background information on the domestic violence problem. The next section contains an overview of some domestic violence programs. We then discuss the methodology we used in conducting our research and the findings that resulted from this research. Finally, we evaluate the various ways domestic violence programs could be consolidated.

We appreciate the cooperation and assistance we received from the Council for Women, the Governor's Crime Commission, the Department of Human Resources and from local domestic violence programs.

BACKGROUND ON DOMESTIC VIOLENCE PROBLEM

Domestic violence includes a range of behaviors ranging from verbal abuse to homicide. Research suggests that when unchecked, domestic violence usually increases in frequency and severity.

In the United States, the overwhelming majority (95%) of adult victims of domestic violence are women. These women are from every race, age group, socioeconomic group, religious affiliation and profession. Other commonly cited statistics on domestic violence in the U.S. are highlighted below.

- 4 million women were abused by their husbands or boyfriends last year (Source: Congressional Quarterly).
- In 1991 at least 21,000 domestic violence crimes against women were reported to police every week (Source: American Bar Association Commission on Domestic Violence).
- About 35% of women visiting hospital emergency rooms are there because of domestic violence injuries (Source: American Bar Association Commission on Domestic Violence).

The North Carolina State Bureau of Investigation reported that 96 murders and 173 sexual assaults occurred in 1994 as a result of domestic violence. However, these numbers are misleading. Most experts agree that many episodes of domestic violence go unreported to law enforcement, and of the cases reported, some are not categorized as domestic violence in the statistical records.

OVERVIEW OF STATE DOMESTIC VIOLENCE PROGRAMS

Currently, the State of North Carolina distributes approximately \$2.3 million in State funds and \$2.8 million in federal funds to local domestic violence programs. The State distributes and administers these funds through three separate agencies: (1) The Council for Women within the Department of Administration; (2) The Governor's Crime Commission within the Department of Crime Control and Public Safety; and (3) The Division of Social Services and Office of the Secretary within the Department of Human Resources. The following sections outline the responsibilities and structure of these agencies and their DV program.

Council for Women (CFW) - Department of Administration

The General Assembly designates the CFW as the agency responsible for administering state grants to domestic violence programs and shelters. The General Assembly began allocating funds for these programs in FY 1982-83. In 1991, the General Assembly increased marriage license fees from \$20 to \$40, with a portion of these collections going to domestic violence programs. The combination of these two state funding sources totals approximately \$2.3 million in FY 1995-96 and provides funding for 67 local domestic violence centers. The CFW funds are different from other sources of funding in that they may not be used for the start-up of local DV centers.

Grants Administration

The CFW employs one grants administrator, one secretary and six region directors who help administer the grants. Based on information provided by the Council, the total amount of time these eight employees devote to domestic violence is equivalent to about three full-time positions. The grants administrator and region directors assist grantees in several areas:

- assisting in the application process
- providing training to shelter personnel and board members
- making sure grantees are following state guidelines.

The region directors visit each grantee about twice each year to assist in these areas.

Governor's Crime Commission (GCC) - Department of Crime Control & Public Safety

The GCC serves as the chief advisory board to the Governor and Secretary of Crime Control & Public Safety on crime and justice issues. One of the GCC's main responsibilities is to administer five federal block grants which are received each year from the U.S. Department of Justice. Although three of these block grants provide approximately \$1.5 million for domestic violence programs, none are specifically designated by the federal government for that purpose. A description of each of these three federal grant programs is outlined below.

Victims of Crime Act (VOCA)

Congress began allocating VOCA funds in 1984 to assist states in providing direct services to victims. In FY 1995-96, total funding in North Carolina from VOCA was about \$2.4 million. Roughly \$850,000 of this money went to 20 domestic violence organizations. The balance of these funds was used to fund programs for sexual assault, child abuse and elder abuse.

Although not required by the federal government, the Governor's Crime Commission has chosen to restrict use of VOCA funds for new projects only. Therefore, programs are typically funded for only two years. However, some programs may receive funding beyond two years if the focus of services changes.

Violence Against Women Act (VAWA)

Congress began allocating VAWA funds in 1994 in an attempt to help coordinate the response of the criminal justice system to violent crime against women. North Carolina recently received about \$430,000, which provided funding for 10 programs throughout the state. About \$200,000 of this money went to domestic violence initiatives. The rest of the money

funded sexual assault initiatives and grants administration. Federal rules require that funds be divided equally between law enforcement, prosecution, victim services and discretionary purposes.

Drug Control and System Improvement (DCSI)

Congress began appropriating DCSI grant funds in 1985 to assist state and local governments in improving the criminal justice system and drug enforcement efforts. The Governor's Crime Commission recently awarded \$430,000 (or 4%) of their DCSI grant funds to 5 programs which provide direct services to victims of domestic violence. Of the 24 federally-approved uses for DCSI funds, only one relates to victims services.

Administration of Governor's Crime Commission Grants

The GCC employs approximately 1.5 full-time equivalent positions involved in administering grants related to domestic violence. These employees assist prospective grantees in the application process, monitor expenditures to make sure grantees are meeting guidelines, and provide technical assistance when requested.

Division of Social Services (DSS) Department of Human Resources - Family Violence and Prevention Services (FVP)

In 1984, Congress passed the Family Violence Prevention and Services Act to address the problem of domestic violence and increase public awareness. In 1986, the State received its first FVP appropriation and designated the Division of Social Services as grants administrator. In FY 1995-96, the Family Violence Prevention and Services (FVP) grant provided \$540,000 to 31 domestic violence programs in the state.

The Division of Social Services employs a Program Coordinator at "seven tenths" (0.7) time to administer FVP grants. This position assists prospective grantees in the application process and provides technical assistance when called upon.

Office of Economic Opportunity (OEO)/Department of Human Resources - Emergency Shelter Grants (ESG)

Congress began appropriating ESG funds in 1986 to improve the quality of existing homeless shelters and to provide funding for additional shelters. The funds flow from the U.S. Department of Housing and Urban Development to state and local governments. The State money is awarded through the Office of Economic Opportunity within the Office of the Secretary in the Department of Human Resources. In FY 1995-96, the Office has made grants in the amount of \$2,300,000. Of this amount, \$750,000 was provided to 50 shelters providing services to victims of domestic violence statewide.

Administration of ESG Funds

The Office of Economic Opportunity employs a Program Coordinator who spends about 40% of his time administering ESG funds. This individual coordinates grant activities at the state level and acts as the liaison too with federal officials for reporting and other requirements.

METHODOLOGY

To research the feasibility of consolidating the administration of federal and state grants for domestic violence centers, we used the following approach:

- We reviewed the management structures of the Council for Women, the Governor's Crime Commission and the Division of Social Services
- We interviewed the program staff for each Division/Program
- We interviewed the Director of the N.C. Coalition Against Domestic Violence
- We conducted nine site visits with local centers for domestic violence
- We surveyed 76 local domestic violence programs
- We interviewed officials from six states
- We reviewed literature and research resources

FINDINGS

Finding 1: Administrative Structure is Duplicative

Our research indicates that the current organizational structure is a primary factor in the duplication of effort among the three agencies responsible for administration of State domestic violence funds.

Similar administrative functions

The three agencies administer their domestic violence programs in similar ways. Some of these similarities are highlighted below:

- The domestic violence efforts of all three agencies revolve around administering grants to local programs.
- Each agency has a separate committee to review grant proposals and make funding recommendations.
- Personnel in each of these agencies perform similar functions: assisting grants review committees, reviewing grants, monitoring the activities of grant recipients, conducting site visits, and providing technical assistance.

Separate site visits conducted by agency staff are duplicative. Each agency typically visits each of its grantees at least once per year. Our survey of local domestic violence centers suggests that DHR's Family Violence Prevention staff and the Governor's Crime Commission staff typically visit their grantees once per year. The Council For Women typically visits DV centers twice per year. Although staff for all three agencies often visit the same centers, they are responsible for information related only to their own grant programs. For example, DHR does not review records pertaining to the programs of DOA or the Governor's Crime Commission. Likewise, DOA is not required to report on a local center's use of DHR funds, even if

DOA has evidence that those funds have been used improperly. The full time equivalent positions and the corresponding personnel costs devoted to domestic violence for each agency are listed below.

DOMESTIC VIOLENCE ADMINISTRATION

AGENCY	POSITIONS (FTE)	PERSONNEL COSTS
DHR- Social Services	0.7	\$29,000
DHR - Office of Secretary	0.4	\$19,000
Crime Commission	1.5	\$68,000
Council for Women	<u>3.0</u>	<u>\$112,000</u>
TOTAL	5.6	\$228,000

Duties performed by personnel in each agency differ in minor ways. For example, because the Council For Women bases its funding decisions on a non-competitive application process, CFW staff spend less time working with grant review committees than do their counterparts at the Governor's Crime Commission and the Division of Social Services. Likewise, administrative functions are organized somewhat differently from program to program; in the Governor's Crime Commission, fiscal compliance is handled by fiscal compliance specialists, whereas with the Council for Women, fiscal compliance is handled by the grants administrator and the region directors.

Despite minor differences, each program appears to perform the same basic functions. If the administration of domestic violence funds was consolidated under one agency, this duplication could be eliminated and resources could be deployed to greater effect. The State could reduce personnel costs and increase grant money, or it could maintain current staffing levels and assign staff in a more coordinated, efficient manner. For example, if all staff were consolidated under one agency, less staff time could be spent reviewing applications and visiting sites, and more time could be devoted to long range planning and technical assistance.

Agencies make grants to same organizations

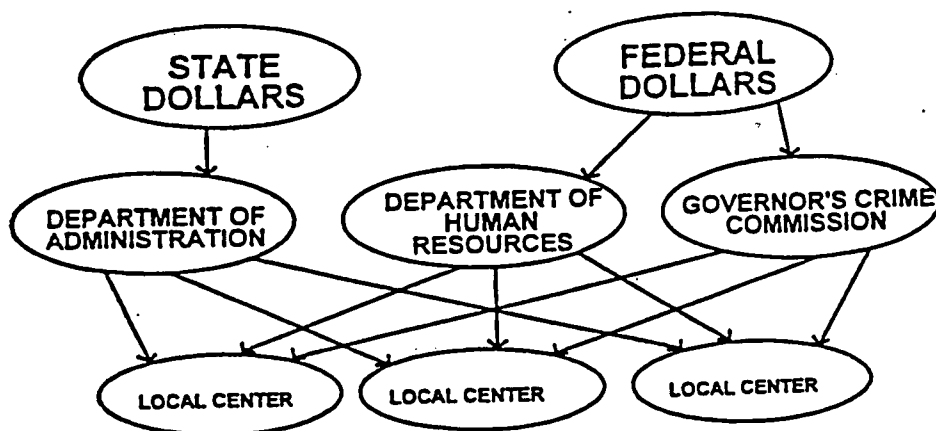
The funding decisions that the three agencies make often overlap. Virtually all local domestic violence centers apply for state and federal grant funds from one or more of the three state agencies. These grants are generally awarded to the same types of organizations - non-profit shelters. In our survey of grant recipients, over 80% of respondents provided shelter services.

The grants that each agency awarded in fiscal year 1995-96 are attached as Attachment 1. This data suggests that the three agencies often award grants to the same organizations:

- In fiscal year 1995-96, the three agencies awarded 180 grants to 83 domestic violence organizations.
- Of the 83 organizations, 65% received funds from at least two agencies and 23% received funds from all three agencies.
- Over 80% of the domestic violence dollars awarded in 1995-96 went to organizations that received funds from at least two of the three State agencies.

The chart below illustrates how funds flow from the State and federal governments to many local domestic violence organizations.

CURRENT FLOW OF DOMESTIC VIOLENCE FUNDS



Finding 2: Administrative Structure Is Burdensome to DV Centers

As mentioned earlier, the majority of local domestic violence centers receive grants from more than one state agency. Our research indicated that approximately two out of every three centers receive grants from at least two different state agencies, and almost one-quarter of these organizations receive grants from all three state agencies. Our survey of domestic violence centers attempted to determine how much time and effort local centers spend complying with the grant requirements of different state agencies. Results of the survey are summarized in Attachment 4. Key information from the survey is discussed below.

Grant Applications

Grant applications are duplicative and burdensome. Applicants must review budgets, assess needs, collect relevant data, write proposals, submit proposals to board members, make changes based on board comments, and submit the finished application. While these tasks may be considered routine for any application process, this process must be replicated for each State grant from which a local program chooses to seek funding.

The chart below indicates that survey respondents reported spending, on average, 16-32 hours on each grant application.

	Average Hours to Complete Application
DHR - Family Violence Prevention	26
DHR - Emergency Shelter Grant	16
Governor's Crime Commission	32
Council for Women	<u>21</u>
Total - 4 Programs	95

Source: Survey of Domestic Violence Centers

A typical center that applied for funding from all four programs would spend about 95 hours on the application process.

Budget Administration

Of the 24 survey respondents who receive more than one grant through the state, 78% maintain a separate budget for each grant. The time survey respondents devote to administering these budgets is listed below.

	Average Annual Hours to Administer Budgets
DHR - Family Violence Program	31
DHR - Emergency Shelter Grant	39
Governor's Crime Commission	41
Council for Women	<u>37</u>
Total - 4 Programs	148

Source: Survey of Domestic Violence Centers

A center that received grants from all four programs would spend about 148 hours per year administering budgets.

Reporting

Domestic violence centers must report regularly to each state agency from which they receive funds. Each state agency requires regular financial and progress reports. The number of reports required by each program and the amount of time required for reporting is listed below.

	<u>Annual Reporting Requirements</u>		
	Number of Financial Reports	Number of Progress Reports	# of Hours Complying With Reporting Requirements
DHR - Family Violence Program	12	2	34
DHR - Emergency Shelter Grant	11	2	33
Governor's Crime Commission	11	3	44
Council for Women	<u>5</u>	<u>5</u>	<u>33</u>
Total - 4 Programs	39	12	144

Source: Survey of Domestic Violence Centers

Over the course of a year, a center that received funding from all four programs would file approximately 50 reports to state agencies, and would spend about 144 hours complying with reporting requirements.

Attachment 2 summarizes the time that DV centers reported spending complying with all aspects of state grant requirements. A center that received grants from all four programs could spend about 650 hours per year applying for funds, administering budgets, and complying with reporting and administrative requirements. At \$10 per hour, the cost of administering all four state grants would be about \$6,500, or about seven percent of the average amount respondents reported receiving from these grant programs. We believe the time and effort local domestic violence centers spend administering grants could be significantly reduced if domestic violence grant programs were consolidated. An example of how administrative burdens can be reduced is provided by an exercise that the Division of Social Services and the Council for Women recently conducted. At the direction of the General Assembly, the two agencies developed a consolidated grant application package. Before consolidation, the two grant applications were 73 pages long. The consolidated package was reduced to 21 pages. The budget sections on the applications were reduced from ten pages to two. Other changes were made to simplify the application process for applicants who had received grants in previous years.

Consolidation may enable local DV organizations to maintain a single budget for all grants they receive through the State, and could also facilitate a dramatic reduction in reporting requirements. These simplifications would reduce the administrative burden on local centers and free up staff time which could be devoted to direct services and other program issues.

Most Respondents Favor Consolidation

The duplicative and burdensome administrative tasks discussed above are a major reason that 67% of respondents indicated the state should consolidate its DV grants administration. This percentage might have been higher if respondents had better understood what we meant by consolidation. For example, some respondents thought consolidation meant reducing the amount of money allocated to grantees. Another respondent thought

consolidation referred to local domestic violence centers rather than to state administration. Typical survey comments from respondents on the subject of consolidation were:

“It would reduce the amount of paperwork, repetitiveness, and time that is currently required by the different grant applications.”

“[Consolidation] would greatly help our agency. The time, effort and confusion related to reporting and data collection required for the various funding sources would be reduced.”

“More accurate data from all DV agencies should result from consolidation.”

“[Consolidation] would make the grant application process simpler.”

Finding 3: Current Structure Discourages Focused Approach

Because no single agency or organization oversees all of the State’s domestic violence efforts, these efforts appear to lack coordination and focus. Under the current structure, three separate committees decide how to spend three separate budgets for one fundamental purpose. These three committees have different views about how state and federal money should be spent. For example, the Governor’s Crime Commission operates under a policy of “seed” funding of programs. This policy, which has been in effect since the inception of the grant program, results in DV centers receiving funds for a two-year period. Conversely, the Council for Women operates under the policy of equal distribution of funds or base funding for programs and contends that one-time infusions of funds may be counter-productive. The different views reflected in these policies are not necessarily bad. Different views of a problem can lead to better solutions when those differences are communicated, resolved and incorporated into one cohesive strategy. However, the different views on domestic violence are not being formally communicated or resolved. The three agencies are pursuing the problem of domestic violence independently of each other.

Another problem that may be directly attributed to the current organizational structure is that with three separate agencies administering

domestic violence funds, no single agency or State official can be held accountable for the management of the program or program results.

Finding 4: Justifications for Current Structure Are Not Compelling

Our research did not uncover any compelling reasons to continue administering domestic violence funds out of three separate agencies. The most common objection to consolidation voiced by the three agencies was that each agency knew its own funding requirements better than the other agencies. For example, the Governor's Crime Commission has a better understanding of the grant requirements for VOCA, VAWA and DCSI than do the Council for Women and DHR. However, if personnel from the three agencies were retained under a consolidated administrative structure, their grant specific expertise would be retained as well. Also, consolidation could result in fewer distinctions among the various domestic violence grants. If so, grant-specific expertise would be less critical. Most of the agency personnel we spoke to acknowledged that the current administrative structure for domestic violence grants is inefficient and could be improved.

Although most of the domestic violence organizations that responded to our survey favored consolidation, about one-third objected to consolidation for a variety of reasons. One objection raised by grant recipients was that each agency provides different skills and strengths. We believe that these skills and strengths could be retained if domestic violence grant programs were consolidated. Domestic violence professionals and the strengths they bring with them could simply be reorganized under one agency. Likewise, the different perspectives represented on the different grants review committees could be represented on one central grants review committee.

Other respondents feared that consolidation would decrease funding levels for grants. However, consolidation of the administration of domestic violence grants has nothing to do with the grant levels themselves. In fact, consolidation could actually increase the level of funding if the General Assembly elected to cut administrative positions and reallocate these administrative dollars to grants.

One respondent said that consolidation would give one state agency too much control. It is true that consolidation would give one agency more

control over domestic violence funds, but in order for the state to maximize the impact of these funds, we believe this increased control is necessary.

Finally, one respondent said that under the current grant structure, he could diversify his risk of losing a grant. For example, if he lost funding from one agency he could probably get replacement funding from another agency. However, if all grant programs were consolidated, the loss of one "monolithic" grant would be too great. Although this concern is a reasonable one, consolidation would not necessarily mean that the grants themselves would be consolidated. The central agency could make different grants; for example, one grant could be given on a non-competitive basis, annual basis and others could be awarded competitively.

Finding 5: Other States Have Consolidated

In order to compare North Carolina's organizational structure to other states, we conducted six telephone interviews with staff in other states. Of the six states contacted, Maryland and South Carolina have consolidated their DV programs (except for the Emergency Shelter Grant Program) under one agency. South Carolina consolidated its DV programs to simplify the application and reporting processes for local grant recipients. State representatives in Maryland indicated that they consolidated domestic violence grant funds into one agency in order to use resources more efficiently and in order to facilitate statewide planning for these services. A summary of our findings on other states is provided below.

HOW OTHER STATES HANDLE DOMESTIC VIOLENCE GRANTS

	# of Agencies Administering Grants	Number of Personnel	Total Funding	% State Funding
South Carolina	1	4 FTE	\$4.2 million	26%
Kentucky	1	3 FTE*	\$5.2 million*	96%
Georgia	2	2 FTE*	\$3.2 million*	34%
Florida	3	2.5-4 FTE*	\$6.6 million*	85%
Maryland	1	Not Available	\$3.3 million	42%
Alabama	2	Not Available	\$2.4 million	15%
North Carolina	3	5.6 FTE	\$5.1 million	45%

*Excludes administration of VOCA, VAWA, DCSI funds

Other Related Findings

Finding 6: Domestic Violence Programs are Closely Linked to Sexual Assault Programs

Many recipients of domestic violence grants also receive sexual assault grants. In a study by the Council for Women in 1994, of the 64 counties that had domestic violence and/or sexual assault programs, 37 (58%) of those counties had access to both domestic violence and sexual assault services through a single program.

In both the Department of Administration and the Governor's Crime Commission, the personnel who administer domestic violence programs also administer the sexual assault programs. Five Governor's Crime Commission employees devote about 1.5 full-time equivalent positions to domestic violence and about .8 full-time equivalent positions to sexual assault. Eight employees in the Department of Administration devote about 3.0 full-time positions and the time they spend on sexual assault is equal to about 1.8 full-time positions. The funding totals and personnel costs for each program are outlined below.

RESOURCES DEVOTED TO DOMESTIC VIOLENCE AND SEXUAL ASSAULT, 1995-96

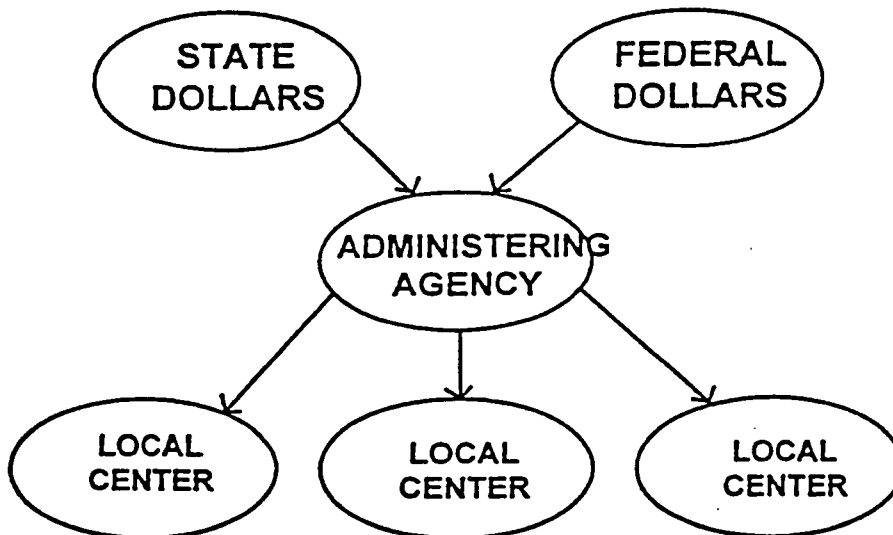
	<u>Grants</u>	<u>Personnel</u>	
		<u>Positions</u>	<u>Costs</u>
		<u>FTE's</u>	
Council for Women			
Domestic Violence	\$2.2 million	3.0	\$112,000
Sexual Assault	\$1.1 million	1.8	69,000
Governor's Crime Commission			
Domestic Violence	\$1.5 million	1.5	68,000
Sexual Assault	\$0.7 million	.8	36,000
DHR-Family Violence			
Prevention	\$0.5 million	.7	29,000
DHR-Emergency Shelter			
Grants	\$0.8 million	.4	19,000
Total:	\$6.8 million	8.2	\$333,000

RECOMMENDATIONS

Consolidate the Administration of Domestic Violence Grant Funds

Consolidating the administration of Family Violence Prevention, Governor's Crime Commission, and Council for Women domestic violence grants should significantly reduce the duplication of effort among these agencies, reduce the administrative burden on local domestic violence programs and allow the state to better focus its resources on the domestic violence problem. A diagram of how grant funds might flow under a consolidated structure is presented below.

RECOMMENDED FLOW OF DOMESTIC VIOLENCE FUNDS



Emergency Shelter Grant Program Should Remain Separate

The Office of Economic Opportunity Emergency Shelter Grant Program provides some funding to shelters which provide services to victims of domestic violence. However, the primary focus of the Emergency Shelter Grant Program is shelter for the homeless population. Because most of the

ESG funds are not spent on domestic violence shelters, and because domestic violence is not the primary cause of homelessness, we believe that the Emergency Shelter Grant program should remain separate from a consolidated domestic violence program.

Include Sexual Assault Grant Programs in Consolidation

If the state included sexual assault programs in the consolidation of domestic violence programs, sexual assault programs could benefit from similar efficiencies. Including sexual assault programs in consolidation plans would also make it easier to avoid "splitting" positions devoted to both domestic violence and sexual assault.

OPTIONS

The administration of domestic violence grants could be consolidated under any State agency currently involved with domestic violence. The advantages and disadvantages of consolidation under each of the three agencies are discussed below.

Consolidation at DHR

DV Consistent with DHR Mission

The major advantage of consolidating domestic violence and sexual assault programs under DHR is that these programs are consistent with the mission statements of DHR and the Division of Social Services. Attachment 3 lists the mission statements for all agencies and divisions currently involved with domestic violence. The very first sentence of DHR's mission statement says that DHR "provides services...to achieve and maintain health, social and economic well-being, and self-respect." A sentence within the mission statement of Social Services states that "The division of social services strives to: ensure that children and adults are protected from abuse, neglect, exploitation..." North Carolina's domestic violence programs, which are primarily geared towards providing shelter and other services to victims, are consistent with these missions. The good fit between DSS and domestic violence programs is also apparent in the kinds of programs DSS offers. DSS is responsible for supervising local departments of social services, including Child and Adult Protective Services which seeks to protect children, elderly and disabled adults from abuse and neglect.

DHR Most Experienced with Grant Administration

Of the three agencies that administer domestic violence grant money, DHR is the most experienced with administering grant programs. This experience

is reflected in the amount of grant money DSS administers. As the chart below indicates DSS administers far more grant money than its counterparts in the other agencies.

Agency/Division	FY95-96 Grant Amount
Social Services	\$112 million
Crime Control and Public Safety	\$20 million
Gov. Crime Commission (GCC)	\$17 million
Department of Administration(DOA)	\$12 million
Council For Women (CFW)	\$ 4 million

Potential for Less Visibility in DSS/DHR

A potential problem with consolidating the administration of domestic violence and sexual assault programs under the DSS is that the programs could suffer from reduced visibility. Many directors of domestic violence centers told us they believed that domestic violence programs would "get lost" within DHR. This concern may be the reason why several survey respondents voiced a preference for consolidation of domestic violence grants administration under the Council for Women.

Least Experience with Domestic Violence and Sexual Assault

Of the three agencies considered to house the State's domestic violence and sexual assault programs, DSS devotes the fewest personnel to these grant programs. This fact is illustrated in the chart below.

Personnel Devoted to Domestic Violence and Sexual Assault		
Program/Division	Domestic Violence	Sexual Assault
Social Services	.7 FTE	0 FTE
Crime Commission	1.5 FTE	.8 FTE
Council for Women	3.0 FTE	1.8 FTE

Also, DSS has been administering DV grants only since 1986, whereas the Council for Women has been administering DV grants since 1982, and the Governor's Crime Commission has been administering DV grants since 1986.

Consolidation at Governor's Crime Commission

Grants Administration Experience

Although the Governor's Crime Commission does not administer as many grants as does Social Services, they are experienced in grants administration. In fact, the entire staff of the Governor's Crime Commission is almost exclusively devoted to grants administration.

DV Inconsistent with Mission

The missions of Crime Control and Public Safety and the Governor's Crime Commission are only partially consistent with the State's domestic violence programs. The mission of CCPS is "controlling crime and providing for public safety," and the mission of the Crime Commission is "improving the criminal justice system." These missions are not totally inconsistent with domestic violence; domestic violence is a "public safety" issue, and some domestic violence funds do go toward "improving the criminal justice system." However, as discussed earlier, most of the State's domestic violence efforts go towards providing services to victims. These services are more consistent with the mission and programs of DHR/DSS.

Consolidation at Council for Women

Most Involvement with Local Domestic Violence Organizations

The Council for Women has been administering domestic violence grants and assisting in the development and growth of local DV programs for several years. Many of the local domestic violence centers in the state were established with the help of the Council. Because their efforts have been broader than simply administering DV funds, the Council has developed a unique working relationship with local centers. This role is perceived by local centers differently from the roles DSS and GCC play. Site visits and survey responses both suggest that the Council has developed a broader relationship with local domestic violence centers. While DSS and GCC both provide support and technical assistance related to domestic violence, CFW plays a greater and a broader role at the local level in terms of program administration and development. CFW's involvement includes board and staff training in organizational development, fiscal management, and local collaboration with human service organizations.

Least Experience with Grants Administration

The Council administers fewer grants than the other two agencies, and because the grants it does administer have fewer restrictions, the Council may have difficulty managing the more complex federal grants administered by the Crime Commission and Social Services.

Domestic Violence Less Consistent with DOA Mission

The mission statement for DOA is very long and inclusive. Among its goals are:

- To acquire and develop properties
- To maintain an efficient system for the purchase and disposition of goods and services
- To achieve fair and equitable opportunities and representation for various segments of the population that have special needs
- To improve public access to the environmental review process
- To elevate the level of importance of science, math and technology

This diverse mission statement parallels the large number of unrelated programs at DOA such as Veteran's Affairs, Motor Fleet Management, State Construction and the Board of Science and Technology. This wide variety in programs was viewed as a problem by the Government Performance Audit Committee. GPAC recommended that only agencies that provided administrative services remain in DOA. They recommended that all divisions that provided public services or advocacy (like the Council for Women and its domestic violence program) be moved out of DOA because "the presence of these units in DOA detracts from DOA's service mission." In other words, GPAC believed that programs like the Council for Women interfered with DOA's ability to focus on its responsibilities for managing the administration of State government.

APPENDIX C

Tabulated Survey Results

Survey for Domestic Violence/Rape Crisis Service Providers

1. List all federal and state funding sources that support your agency's domestic violence and/or rape crisis programs.

<u>Funding Source</u>	<u>Amount of Funding</u>	<u>Period of Funding</u>
Example: Dept of Justice (VOCA)	\$15,000	10/1/97 - 9/30/99

2. Please indicate which services your organization provides. Check all that apply.

☐ Shelter	☐ Training	☐ Transportation
☐ Advocacy	☐ Prevention	☐ Counseling
☐ Referral	☐ Crisis Hotline	☐ Other (please explain)
☐ Community Education		

3. How did the combined application used two years ago affect your agency in applying for grants?
How did the current consolidated mailing of separate applications affect your agency?

4. Please indicate your financial and progress reporting requirement for each grant you receive:

<u>Grant Type</u>	<u># Financial Reports/Year</u>	<u># Progress Reports/Yr</u>
DHHS/Family Violence Program Grant		
Governor's Crime Commission Grant (VOCA)		
Governor's Crime Commission Grant (VAWA)		
Council for Women Grant		

5. On the average, how many hours per month are spent completing each of the required reports for your federal and/or state grant representative(s)?

<u>Grant Representative</u>	<u>Avg Hours per Month Spent on Reports</u>	
	<u>Financial Reports</u>	<u>Program Reports</u>
DHHS/Family Violence Program Grant		
Governor's Crime Commission VOCA Grant		
Governor's Crime Commission VAWA Grant		
Council for Women Grant		

6. On the average, how many hours per month are spent administering each budget?

<u>Grant Representative</u>	<u>Avg Hours per Month Spent on Budgets</u>
DHHS/Family Violence Program Grant	
Governor's Crime Commission VOCA Grant	
Governor's Crime Commission VAWA Grant	
Council for Women Grant	
Other (please identify)	

7. Other than funding, what other types of support/assistance do you receive from the your state grant representative(s)? Check all that apply.

<u>Grant Representative</u>	<u>Tech Assistance</u>	<u>Planning</u>	<u>Advocacy</u>	<u>Other</u>
DHHS/Family Violence Program	☐	☐	☐	☐
Governor's Crime Commission (VAWA)	☐	☐	☐	☐
Governor's Crime Commission (VOCA)	☐	☐	☐	☐
Council for Women	☐	☐	☐	☐
Other (please identify)	☐	☐	☐	☐

8. How many times per year does your state grant representative conduct site visits?

<u>Grant Representative</u>	<u>Avg Number of Visits per Year</u>	<u>Avg Length of Each Visit</u>
DHHS/Family Violence Program		
Governor's Crime Commission (VOCA)		
Governor's Crime Commission (VAWA)		
Council for Women		
Other (please identify)		

9. Does your federal and/or state grant representative require formally adopted goals and objectives related to domestic violence and sexual assault?

☐ Yes ☐ No

10. In cases where you receive more than 1 type of domestic violence and/or sexual assault grant, are those program objectives different?

☐ Yes ☐ No ☐ We receive only 1 state grant

11. Would you prefer combined reporting for those agencies from which you receive federal and/or state grants?

☐ Combined program reports ☐ Combined financial reports ☐ Doesn't matter to my agency

12. If you could change the state's domestic violence and sexual assault programs, what would you change, and why?

TABULATED SURVEY RESULTS

(The figures shown indicate number of responses in that category)

2. Please indicate which services your organization provides. Check all that apply.

Shelter	42	Training	53	Transportation	44
Advocacy	56	Prevention	51	Counseling	50
Referral	56	Crisis Hotline	54	Other (please explain)	
Community Education	55				

Other:

Child Advocacy Center Certified 1/98

Support Group

Child Care

Material Assistance

Housing and Employment Assistance

Direct Services (rent, medical, etc.)

Volunteer Recruitment

Parenting component

Prevention programs to schools

Court advocacy

Programs for children

Offender

Children's Program

Summer Day Camp

Crises could care and transitional housing

Court Accompaniment, Domestic Violence Program Advisory Council

Battered Treatment Program

Support Group

Parenting Class

Support Groups, court advocacy

Individual support group

Treatment Group for Abusers

Court Accompaniment, assistance with filing protective orders

Shelter

SA, Children's, Substance Abuse Support Groups

Support group, Children's program

Court preparation, accompaniment and advocacy. Accompaniment with law enforcement. Direct services to victims.

Transitional living - moving from shelter into independent living.

Primary medical care through the Open Door clinic.

Children's services.

Support group and low or no cost clothing and household items.

Abuser Treatment (Counseling)

Parent Enrichment Classes

Services of victims of SA

Children's Program

Asst. w/50-B

Support Group for abused women.

Support groups.

3. How did the combined application used two years ago affect your agency in applying for grants?
How did the current consolidated mailing of separate applications affect your agency?

Comments

- a. Did not affect either.
- b. The application process this year was hectic, but forms were less cumbersome and easy to use.
- c. The combined application saved little time and caused confusion.
- d. The combined application was more difficult to prepare for submission than the separate application. Confirmation of which project was to be identified with which grant proposal had to be made repeatedly.
- e. There was no difference to our agency.
- f. The combining of applications for DOA is practical. Combining the DOA Domestic Violence and DHHS Family Violence Prevention was a little confusing.
- g. The combined application for reporting total budget for the NC Council for Women and the FVPSA was made easier for the current funding year. Separate applications for each grant source are still required with reports due for each one during the grant period.
- h. The combining of DOA and DHHS applications made the process easier. VOCA and VAWA applications are combined and that make it more efficient.
- i. We were totally confused by the combined application. It was hard to stay focused on the various components needs while writing the proposal, a very stressful process. I feel if each agency has applications ready, they should make them available whether the other agencies are ready or not. We need more time to compile such detailed and diverse requests.
- j. The combined application was too time consuming. I find the overall application process confusing and I am always overwhelmed by the volume of material to read and understand. It's difficult to keep everything straight.
- k. Because we only provide rape crisis services, we were not affected.
- l. A consolidated mailing is fine, varied types of data requests, reporting and forms are time consuming, but not difficult.
- m. We never received a consolidated application.
- n. In some ways it made the application easier. However, our fiscal year parallels only that of the DV grant. We apply for other grants and local funds (United Way, county government) and by the May submission date we barely know the allocation results. If the FVP grant was 7/1 to 6/30, the combined application would be more helpful. October 1st is a long time away from the May 31 deadline for application.
- o. Easier to use the consolidated mailing.
- p. The first year was confusing.
- q. Both were OK. The current mailing was simple and easier to submit.
- r. The combined application confused us.
- s. We applied for Family Violence Prevention funds as well as our usual domestic violence state funds and only got the domestic violence funds. We sometimes do not apply for federal funds because our chances are so slim and it is not worth the extra time spent when you have almost no chance to receive these funds.
- t. Filing the applications are too time consuming.
- u. The process is much clearer now. Reports are much clearer on the instructions.
- v. I found the combined application to be very confusing, but it had no effect since we only got the Domestic Violence Grant and not the Family Violence Prevention Grant. The consolidated mailing is fine and seems to make things easier.
- w. One application is more time efficient.
- x. Consolidation of agency information, policies, programs, etc., is much more efficient.
- y. Though it was convenient to have only one application form for both grants, this made finding the information needed for grants management and reporting of these two separate sources a little more difficult. Since reporting forms remain separate, I think the consolidated mailing of separate applications is better.

z. The more the application process can be consolidated, the better for the local agencies.

7. Other than funding, what other types of support/assistance do you receive from the your state grant representative(s)? Check all that apply.

<u>Grant Representative</u>	<u>Tech Assistance</u>	<u>Planning</u>	<u>Advocacy</u>	<u>Other</u>
DHHS/Family Violence Program	19	11	7	6
Governor's Crime Commission (VAWA)	23	14	4	5
Governor's Crime Commission (VOCA)	35	18	8	5
Council for Women	39	28	36	10
Other (please identify)	7	2	4	2

8. How many times per year does your state grant representative conduct site visits?

<u>Grant Representative</u>	<u>Avg Number of Visits per Year</u>	<u>Avg Length of Each Visit</u>
DHHS/Family Violence Program	29	1.1 hours
Governor's Crime Commission (VOCA)	38	2 hours
Governor's Crime Commission (VAWA)	32	1.9 hours
Council for Women	57	1.6 hours
Other (please identify)		

9. Does your federal and/or state grant representative require formally adopted goals and objectives related to domestic violence and sexual assault?

50 Yes 4 No

10. In cases where you receive more than 1 type of domestic violence and/or sexual assault grant, are those program objectives different?

40 - Yes 11 - No 3 - We receive only 1 state grant

11. Would you prefer combined reporting for those agencies from which you receive federal and/or state grants?

11 Combined program reports 20 Combined financial reports 15 Doesn't matter to my agency

12. If you could change the state's domestic violence and sexual assault programs, what would you change, and why?

State funds are not available until October but the programs need the money earlier.

Increasing funding for sexual violence programs from the state so that it is closer to the level of D.V. funding.

So many counties have inadequate access to rape crisis services or no access at all.

Joint DV/SA programs tend to divert most resources to DV, leaving the sexual assault response staff feeling like an afterthought in their own organizations.

Continue to give more (dollars) \$'s as you did this year.

Grants Manager's Response: As grants manager for our agency, I would like to see the money available from state and federal sources disbursed using a formula that includes a set amount available for essential services to domestic and sexual violence survivors, and an additional amount based upon the number of

people served and the number of services provided by the organization. As with most agencies, much of our time is spent searching for funds and completing grant applications and proposals to secure these funds.

Currently, the Department of Justice and the Department of Health and Human Services have competitive grants' processes that look to fund programs for a limited amount of time. I understand that this action is taken to give new programs a chance to begin and to look for a stable-funding base in order to continue. Unfortunately, private foundations are also geared toward only one to two years of funding for programs, with an emphasis on the new and innovative program.

This focus causes many older, essential services that are effectively addressing the issues of domestic and sexual violence, to lose over the new and innovative program

Also, from an agency budgeting standpoint (though this is not my role), I believe the old adage, "A bird in the hand is worth two in the bush," is appropriate. I would like to know from year to year the amount we can expect from the state, then look to our community for additional funding for essential services, and finally seek private foundations for new programs.

Program Director's Response: As a program director for a relatively new sexual assault program, I would like to see more resources and guidance for new programs. Resources such as volunteer training, training materials, practical program ideas and steps of implementation, and basic policy ideas would all be very beneficial to programs as we try to provide consistent, quality state wide services.

More funding and less paperwork - takes away from direct services.

Two year investigation - VOCA/UFWH, make it available

Allow grantees to purchase vehicles/equipment with grant funds (allow us to attend auctions with other state agencies)

Provide state benefits/health insurance etc. ...for employees of non-profits.

I would suggest that funding not be halted at the beginning of a fiscal year but that funds are drawn from another source until the legislature finishes its session.

I want the funds from Council for Women to remain noncompetitive - they're the life blood of small, rural programs.

All grants that are victim related i.e., (VAWA, VOCA, DOA-SA, DV & ML should have one grant information proposal to establish eligibility for the agency. Then, separate individual budget request could be submitted for each grant.

If one state agency kept the central file on eligibility of programs, then each grant source would verify eligibility through this source. This would be much more effective and cut down on duplication of paper work by the agencies and the state and federal funders.

An individual program could then send in yearly updates to the state eligibility agency (i.e., new board, by laws changes, etc) This would allow all funding sources to see at a glance what victim funding was going where and would require only one monitoring per program.

Reported monthly. Receive funds monthly.

Wouldn't change. We find strong support and sensitivity among our Council for Women program representatives.

Question Number 12 regarding Changes recommended:

It is recommended that A singular block grant mechanism be made available that incorporates any federal and state funds to local agencies.

There should be a limit on the time that the legislature is involved in the budget decision making process. Delays for 1997-1998 caused by the legislature put us into October before we received notification of award for NCCFW funds. this put both state and local agencies in a serious bind.

Funds for "one time, one year only" efforts should be de-emphasized. More emphasis should go to sustaining existing programs.

It is urged that more emphasis be placed on ongoing funding for core services, based upon program and administrative performance. Currently, funds are limited by the continual emphasis on new projects with nearly all state and federal funds. As an example, VOCA is limited to two years of funding before a new grant process begins.

That new process emphasizes the development of new programs rather than performance and subsequent support of existing programs. This is not a federal requirement for VOCA, but is instead a requirement placed on these funds by the state. State administrators and local agencies struggle to meet this requirement while simultaneously assisting local agencies in sustaining existing efforts.

Few of the funds involved assist in the administrative support of an agency. VOCA and VAWA are both limited to direct services. ESGP only allows 10% of the budget to go to administration. NCCFW and FVPSA make more allowances for this with their funds. Support for administrative is critical to the local agency effort. These limits place an artificial "cap" on the salary paid to the Director and Shelter Manager of an agency. Currently, with regard to our Executive Director and Shelter Manager positions we are more than \$5,000 below the rest of non-profits in our region of the state. This gap is even larger when we are compared overall to non-profits in our region of the state. This gap is even larger when we are compared overall to non-profits in the state. Any study to date should be discarded and further study should be made to compare us among public and non-profit agencies across the state. This information should be then used to assist in determining budget needs.

An "incentive based" system could be developed that:

1. Establishes the standards required of a sustained agency effort. They could include service and program requirements, fiscal requirements, and administrative requirements. New agencies would get a waiver for the first one to two years until they are established. On-going agencies could be monitored and subsequently certified.
2. Upon certification they would be eligible for the funds that are available, based upon the type and level of services offered.
3. Contingency funds could be set aside for special situations that would help overcome major barriers to programs and services.
4. Given the limits that they must overcome, state agency staff efforts to be helpful are commendable. The involvement of state agency staff could be centered upon assignments to territories where they would be more available and more familiar with the needs of agencies within their assignment. However they are spread very thin across the state. Local agency heads (Executive Directors) are spread thin as they work to maintain grants, reports, and communication with state officials. The time that is "freed" could be placed in development of innovative efforts and consolidation of program and service materials for local agency use/adaptation.
5. Budget Line Items (Chart of Accounts) for each of these are different.

6. Statistical Reports call for different information as well. Sometimes an unduplicated count of clients is required. At other times the emphasis is on shelter days and average daily census. Some information is called for monthly. Some is called for quarterly and some is required as part of an annual report. This can be consolidated in a way that local agencies are collecting the data during the year in the format that will be required monthly, quarterly and annually.

It is hoped that the legislature would pass on the opportunity to reduce the funds and positions made available to the state agencies to do their work. They provide a good service to local agencies and they need every penny they currently get. They probably could use more funds to improve their monitoring and technical assistance. It is also hoped that the legislature could be the social and economic impact of the work that is done by Domestic Violence and Sexual Assault Agencies. If they could understand this, then additional funds would become available to do the work we do.

Both state and local agencies need to be represented in the decision making process. It is admirable that a survey is being conducted to get input from local agencies. It would be a bigger accomplishment to include representation in the decision making process. If you are already doing so, that's great.

It would be nice if we didn't have to spend so much time on grant writing for every pot of money and if we had all the money received on the same fiscal year. It would be simpler to allot each program a set amount per fiscal year and specify the amount to be spent on domestic violence services and amount to be spent on sexual assault services and give sexual assault services more than they have been getting, as a large portion of sexual assaults are perpetrated against children and they require a great deal of specialized help. For programs who have been in operation over 10 years and have audits and other safeguards, it would be nice not to have to "jump through so many hoops!! We need less bureaucracy and more focus on victims!

More guidance and suggestions on issues and how to present to the community.
More public awareness on the state level.

We never know what our budget will be until October of each year. 3 months into our fiscal year. A corporation with a budget over \$1000,000.00 is a business and it should be run as such with a good fiscal policy and foundation. We don't even know if we can keep our staff - most of whom are dedicated to our purpose and are well trained. In progress reports, I've found that many shelters do not interpret what they do in the same manner so some statistics are incorrectly given.

Do you mean the actual programs or the ways we are funded? From being in the sexual assault field for 15 years and in the domestic violence field for 5 years, I would change very little about the programs except their instability of their funding. The delivery of services to victims, the community education programs, the teamwork with police, DSS, emergency rooms and others - plus the incredible dedication and commitment of staff: impressive, excellent, valuable.

But imagine what it feels like to receive only \$18,940 from the State of North Carolina and to hold garage sales, etc., just to make ends meet? We can't afford postage....and here comes an offer of \$15,000 from Centers for Disease Control with their stipulations attached: you can only use this money for prevention programs. Well, sure - we already do those and could improve them with the money, but the rent is still due!!

Join statistical and financial reports so that data required is the same. At this time each funding agency has their own requirements. It's time consuming and at times confusing.

One application form so that application process is standardized. This will save time and money. We submit the same information and documents to several state departments, but there is no sharing of that information.

Length of time from start of Fiscal Year (7/1) until receipt of state funded programs for domestic violence/sexual assault is ridiculous and for all the programs I have spoken to, nerve racking. Some years we have not received funding until the second quarter in October and one year in November. While the State expects budget and program reports on a timely basis. Running our programs depends on a quick turn around.

Quarterly program reports keeps you focused and up to date on progress.

I am new in this position and in the beginning I felt overwhelmed by all of the forms and reports, but with time, I have found the reports to be logical, self-explanatory, and very user friendly. Most of all, all of our funding representatives return calls and are very helpful to our program. Actually, the forms that are provided by each funding source are necessary and helpful for our annual audit.

It would be our hope that any administrative changes would not affect local program funding.

VOCA and other state grants should be handled in the same way Department of Administration administers their grants, money divided equally among programs. This would allow the programs in the state to worry less about funding. The competitive process is much more stressful and leaves program administrators concerned with where their programs funds are going to come from. I also feel that the Council for Women should administer the funds.

To have a standardized criteria for each program to follow so all programs are operating on a consistent and accountable level.

More funding

More state wide sharing of information/stats

More timely payments

On-line reporting

I would like to see some of the domestic violence money be allotted to programs such as ours which do not operate the shelter, but provide counseling, court accompaniment and assistance with filing protective order to over 2,000 clients per year. This type of program has reduced the cost of housing clients and forcing them to relocate.

Request for funding for more than one year. A software program for Domestic Violence Prevention agencies be made available that will create the data for the required statistics.

I have always found the staff at the Council on Women and the Governor's Crime Commission to be very helpful and concerned with my needs.

Advance notice of potential grant opportunities – to often grant opportunities can be missed because we weren't on the lookout for them or prepared with proposal plans.

Private agencies should receive all information regarding available grants – in the past, state agencies have been notified of grant opportunities while private agencies were not. More focus on the small, private agencies is needed.

Simplified application process with adequate time for preparation – the process is often too complex; instructions are often vague and unclear. Too often, the deadline data is within 10 to 14 days of receipt, which does not allow sufficient preparation time.

Funding periods extended to multi-years – a lot of staff time and energy is used in writing grant proposals, designing projects, and developing budgets – the process is quite costly. Multi-year funding would be

more efficient, as well as assist in getting a project firmly grounded before the need to re-apply or seek other funding.

The programs could be more efficient by establishing more uniformity and by creating a simple renewal process for those funds, which are continued each year.

More coordination between state agencies.

Less bureaucracy, paper work

Less time delay for money to get to programs.

Provide funding for two years with quarterly reports due. Provide an annual workshop/training by professionals to service providers regarding expanding programs.

I am new in my position and need more time to make an assessment.

I am a new Director so I'm not certain about all the answers to some of the questions. However, I'm not absolutely certain continuing everything will make it easier for us in administering the money.

Focus put on Program Advisory Councils as the primary oversight entity and correspondence on issues of importance directed to the Board of Directors and Chief Administrator.

Correspondence not received by the proper authorities can result in matters of importance not being addressed.

State Administration of DHHS Family, Violence Prevention and Services and Governor's Crime Prevention VOCA trends to be administered by the North Carolina Council for Women.

The reporting and financial reports could be combined. We need separate technical assistance for best assistance. The technical support for grant writing and report assistance is vital to program operation.

2 year limitations on VOCA/VAWA, make it available continuously.

More money available.

More funds available as "free money" to be used as needed when unexpected expenses occur (Example: van repair, heating, roof repair etc...).

Allow grantees to purchase vehicles/equipment with grant funds (all us to attend auctions with other state agencies).

Provide state benefits/health insurance, etc... for employees of non-profits.

If funding could be established based on a set standard of servers provided, instead of being related to new projects and/or program objectives, then combined reporting would be possible and efficient. One yearly report that would give all program statistics and accomplishments could be distributed to all funders. As it stands now, each funding source has its own reporting requirements and is only interested in the particular project it funded.

Grant match formula consistently for all grants. For example, the amount reported on the financial reports for some is the gross amount and some it is the net amount reimbursed.

All grants be operated on the same fiscal year ending June 30th.

We would like DV & SA funding to come as one lump sum in order to assist total program.

More support and more visits on site.

Prevention Education Funding for:

Pre-school, elementary, middle, high school and college students. Prevention Education is a critical issue in keeping our children (of all ages) safe.

I would lift the 2 year cap on VOCA and VAWA and not make programs who are serving victims compete with each other. I would also place Family Violence, VOCA, and VAWA under the Council for Women. I would also look at the resources in N.C. for planning and goal setting and not at programs outside of N.C. This money used to travel out of state could be put to good use here in North Carolina. Each program would be treated with fairness and rural areas would get top priority.

Make funding year round, year after year. Our clients are year-round and finding funding to help them could be detrimental to their healing if it is not provided.

Offer guidelines on amount available to request for upcoming year.

Expedient turn round on CVC and RVA reimbursement so our client's credit may be protected.

Funding should be made available depending on the number of clients/population served, not a straight across-the-board budget for all agencies regardless of size.

Drop 2 year funding limit

Provide enough money to sustain

Distinguish between information required of state vs local agencies, - different function

State office doesn't directly serve victims

More visits from representatives. Simpler application process.

Combine/consolidate financial and program reporting. Need more uniformity for statistical reporting.

If the combined application two years ago is an indication of the results of consolidation, we would not consolidate all grants. This caused confusion and saved very little time. We can only imagine the results of mass consolidation. Additionally, administration by different departments provides strength and support to specific components of domestic violence and sexual assault programs. We would, however, change the way grants are renewed:

1) For those grants that are non-competitive and distributed equally, information requirements should be minimal with proven programs. There is always financial and statistical accountability through reports and audits, thus a program update, and short and long-range program plans should provide all necessary information.

2) For competitive grants, comprehensive information would initially be necessary, but again, approval for renewal should never force programs to do away with or redesign tried and effective services simply to look new. Let's support what works with simplicity, as well as accountability. Foundations often ask only for final reports, trusting that choosing to fund a program already means that the program is fiscally sound, accountable, and proven. State requirements often feel like time-consuming and redundant exercises that rob precious time from victims needing services.



North Carolina Department of Administration

James B. Hunt Jr., Governor
Katie G. Dorsett, Secretary

N.C. Council for Women
Juanita M. Bryant, Executive Director

Memorandum

To: Whom It May Concern

From: Juanita M. Bryant, Executive Director
North Carolina Council for Women

This communication is in response to the "Study to Combine Programs to Help Women and Children" done by the office of State Budget and Management per Senate Bill 352, of the 1997 Session of the North Carolina General Assembly. A similar study was done by the Fiscal Research Division following the 1995 Session of the General assembly, Chapter 507, Section 11.3.

We would especially like to go on record as stating that if the programs are combined that we feel the Council for Women should be the agency designated to administer the grants to the local programs as working with these programs to meet the needs of women and their families at the grass roots level is what we do best. Additionally, we have both the experience and the infrastructure to administer. We are enclosing a documentation of these reasons. We are also documenting our response to the recommendations in the study.

If there are any questions please let me know.



RESPONSE TO OFFICE OF STATE BUDGET'S REPORT ON
"STUDY TO COMBINE PROGRAMS TO HELP WOMEN AND CHILDREN"

RESPONSES TO RECOMMENDATIONS:

Recommendation 1.

The various funds (Fund 1731, Fund 1734, and Fund 1732) less marriage license monies) should be consolidated under one fund number. Fund 1782 should be maintained separately as this fund tracks receipts realized from the sale of marriage licenses.

Response

Several years ago, the CFW requested permission from the State Budget Office to consolidate some of their various budget codes for more efficient reporting, etc. It was denied. Therefore, this recommendation is one which is acceptable to the CFW and we would recommend.

Recommendation 2.

An Advisory Committee from existing agencies should be established to provide improved program coordination and administration at the state level. The chairperson of the advisory council should rotate annually between DSS, GCC and CFW. Staff support for the advisory council would be provided by the agency which the advisory council chairperson represents. No additional budgetary increases will be necessary. The advisory council would be responsible for coordinating the administration and awarding of all domestic violence and sexual assault grants. All grant applications will be considered by the advisory council. The advisory council, upon a majority vote, will then forward recommendations for grant awards to CFW, GCC, and DSS for funding. Meetings of the advisory council will be held at least twice a year. Annually, the advisory council will develop a progress report on domestic violence and sexual assault.

Response

The CFW has in place a domestic violence/sexual assault committee. Therefore, to establish another one would be redundant. The advisory council which is addressed in Rec. #2 is not inclusive of all of the persons which should be involved in such a council. Also, some of the persons listed would be grant applicants and it would appear that this would constitute a conflict of interest. If such a Council is established, other agencies which might be included are: DHHS, NCCADV, NCCASA, NC Medical Society, Office of Women's Health and we feel an alternative plan would be for the Division heads (CFW, DSS, GCC, etc.) and their program directors or planners to meet quarterly for program coordination. (Agency Coordination Team).

Recommendation 3a.

The advisory council should conduct a statewide needs assessment and develop statewide plan for both domestic violence and sexual assault. The advisory council will develop the plan and report its findings to the General Assembly no later than April 1st, 1999.

Response

As far as a needs assessment and plan: The needs assessment funded in 1994 by Z. Smith Reynolds should be updated. This could be accomplished by the agency coordination team. In addition, a statewide planning committee could be appointed through the agency team and could consist of experts in the fields of domestic violence and sexual assault, as well as other state and local persons.

The regional plan outlined in the report would be cumbersome and add an additional burden to the development of local programs. The approval process would be greatly lengthened and this would only create another level of approval for the programs.

Recommendation 3b.

The advisory council should formally consider contracting a single non-profit organization specializing in domestic violence and sexual assault to serve as the administrative contact for local service providers around the state.

Response

The CFW could not agree at all with this concept. The CFW is closer to the grass roots agencies and works very closely in the development and assistance to local programs. Comparing the State of NC to the State of New Hampshire as far as size and population is not a fair comparison. Additionally, some of the smaller states do not have a Council for Women and do not have the infrastructure that North Carolina is fortunate enough to have. As a state agency the CFW is accountable to the Legislature and we also monitor the local programs for their accountability. To consider a single non-profit as the administrative contact is creating another level or agency to oversee CFW, GCC and DSS. Both a non-profit agency and an advisory council would require funding and this would be taken away from service providers.

Recommendation 4.

The allocation formula for all domestic violence and sexual assault grants that are not currently competitive should be a predetermined base amount, with an additional allocation based on numbers of clients served, and size of client population or other factors. The allocation formula can be adjusted over time to allow for changes in statewide emphasis.

Response

The allocation formula has some merit and is something that can be worked on and studied for a future date. Note: legislative change in the current statute would have to be made as far as distribution of funds.

Recommendation 5.

All state agencies providing domestic violence and sexual assault grant funds to local programs within the state should require a common documented grievance process for victims receiving services from a local shelter.

Response

We must be careful if we are to require a grievance policy for each agency to follow. There could be some procedure established, but we would want to be careful not to put the state in a position to be sued by a disgruntled client. However, guidelines could be established but it would be important for this to be delegated to each program's local board and not the state.

Recommendation 6.

Consideration should be given to allowing VOCA and VAWA funds to be utilized to fund programs beyond the two year deadline as is current practice.

Response

Does not deal directly with CFW.

Recommendation 7.

The advisory council should sponsor a biennial program evaluation by a third party, such as the Office of State Budget and Management, Management Section. The third party evaluator would present its findings to the advisory council upon completion of the study every two years.

Response

The program evaluation by a third party could have merit. However, every two years seems too often and our recommendation would be for this to possibly be done every four years.

19-Mar-98

DEPARTMENT OF THE SECRETARY OF STATE

Comparison of Receipts in Reverting Budget Code to Appropriations in Operating Budget Code

<u>Fund/Divison</u>	<u>FY 95-96</u>	<u>FY 96-97</u>	<u>FY 97-98</u> <u>As of 2-28-98</u>
1110/Lobbyist Registration	\$20,705.35	\$86,060.55	\$7,909.55
1110/Trademarks	31,570.00	28,461.25	26,426.25
1110/Authentications	33,494.21	51,310.32	43,753.40
1120/Publications	286.44	2,178.34	1,084.16
1210/Corporations	6,327,248.27	8,019,468.79	6,187,717.99
1220/Uniform Commercial Code	935,679.05	919,414.81	746,589.00
1230/Securities	6,620,928.89	7,397,333.57	6,968,524.28
1300/Notaries	839,105.19	820,584.16	515,695.40
1400/Land Records	<u>2,860.00</u>	<u>420.00</u>	<u>2,540.00</u>
Total	\$14,811,877.40	\$17,325,231.79	\$14,500,240.03

17% increase from FY 95-96 to FY 96-97

If receipts for FY 97-98 continue at the current rate, the total will be approximately \$21,750,360 which is a 26% increase from FY 96-97.

The Department's base budgeted appropriations for fiscal year 1997-98 are \$5,467,770.

SUMMARY LIST OF SUPPLEMENTAL EXPANSION REQUESTS

Department: Secretary of State

Priority Number	Program Description (Concise Sentences)	SOS Requested 1998-99	Gov. Requested 1998-99	SOS Requested Recurring	Gov. Requested Recurring 1998-99	SOS Requested Non-recurring	Gov. Requested Non-recurring	SOS # Positions	Gov. # Positions
1	Year 2 of 2 Technology Replacement Project	\$784,385	\$784,385	\$134,385	\$134,385	\$650,000	\$650,000	1	1
2	Uniform Commercial Code Staff Expansion	493,424	116,918	456,108	116,918	37,316	0	17	4
3	Corporations Division Staff Expansion	474,143	254,586	390,155	254,586	83,988	0	10/5*	3/5*
4	Securities Registration Staff Expansion	237,185	47,018	223,995	47,018	13,190	0	5	1
5	Publications Staff Expansion	38,040	0	25,162	0	12,878	0	1	0
6	Gen. Admin (Budget/Personnel) Staff Expansion	68,874	32,010	52,624	32,010	16,250	0	2	1
7	Gen. Admin (Trademark/Authentications) Staff Expar	144,438	30,360	114,831	30,360	29,607	0	3	1
8	Notary Public Commission Staff Expansion	64,521	0	53,942	0	10,579	0	1	0
9	Departmental Salary Reserves	52,930	0	52,930	0	0	0	0	0
10	Microfilm Conversion to Electronic Format - UCC	390,474	0	23,278	0	367,196	0	0	0
11	Establish and Support Business Information Program	269,839	0	214,839	0	55,000	0	2	0
12	Boxing Commission Contractural Services	23,000	0	23,000	0	0	0	0	0
Total		\$ 3,041,253	\$1,265,277	\$1,765,249	\$615,277	\$1,276,004	\$650,000	42	11
								5*	5*
								47	16

*Includes the equivalent
of 5 temporary positions

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

BUDGET CODE: 13200 DEPARTMENT: 1900 SECRETARY OF STATE FUND TITLE: Reserve Computer Upgrade DIVISION/ INSTITUTION: 1 of 12

PROGRAM NUMBER: 6910 PROGRAM TITLE: Licensing & Registration of Business/Corp. TITLE OF REQUEST: Year 2 of 2 Year Technology Replacement Project

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT? YES ☐ NO ☒

IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	784,385
APPROPRIATION	0
TOTAL POSITIONS	784,385
	1.00

NARRATIVE:

Need

This request is for the funds required to implement the second year of the technology improvement/replacement project for the Department of the Secretary of State the first year of which was funded in fiscal year 1997-1998. The first year funding concentrated on building a technology infrastructure to support modern technology and eliminate some of the problems related to the old WANG computer system and the old "dumb" terminals. During the first year the Department also sent several applications development and maintenance requests to SIPS to improve productivity and provide more efficient and modern ways of processing information. Some of these requests had been delayed for several years due to lack of funds to pay SIPS for working on them. During the first year, the Department also used some of the funding to develop solutions to provide more of the Department's information via the Internet to reduce some of the load on the Department's telephone customer service section. The number of accesses to the Department's home page has increased during the year from less than 3,000 in January 1997 to almost 10,000 in November and 6,500 in December 1997. In January 1998, the number of accesses climbed to almost 13,000 an increase of 10,000 over the previous January. The implementation of a department wide LAN allowed us to provide staff with access to SIPS mainframe applications via the state's WAN instead of through the SIPS (SNA) gateway on the WANG. This has improved productivity by providing much faster information response time and less downtime due to frequent WANG system problems and the workload on the WANG. WANG went out of business several years ago and no longer produces hardware or software. The WANG system software is not Year 2000 compliant and the support vendor said it will not be fixed and made compliant. A LAN/PC support position was included to support the proposed 2nd shift for the UCC section.

Change to the Present Strategy

The department is still depending upon the WANG minicomputer purchased in 1990 to handle several mission critical applications in the department. The WANG has served the department well, but it is out of capacity, has outdated technology, is hard to get serviced, and is frequently out of service. The WANG still handles all of the department's imaging applications. This includes imaged annual reports since 1992. The WANG also handles all of the scanned trademarks registered with the Department of the Secretary of State. The WANG serves as the print server for the many certificates and documents that the department produces for the public. This second year's funding will permit us to continue updating the department's technology and secure a modern replacement for the WANG and migrate all of the current data and the rest of the information processing functions from the WANG to a modern open imaging architecture. The WANG system is averaging over 8 hours of production down time each month. When the WANG is down, all of the above mentioned functions are down.

Anticipated Outcomes

The anticipated outcome of this request is the migration of all of the remaining data and information processing functions from the WANG minicomputer to a modern open solution that includes an in-house server to support modern imaging and client/server processing. This will make further improvements to our productivity, provide more reliable service by eliminating most of our downtime, and allow us to provide more information to the public via the Internet.

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

BUDGET CODE: 13200 DEPARTMENT: 1220 SECRETARY OF STATE DIVISION/INSTITUTION: 2 of 12
 FUND NUMBER: 1220 FUND TITLE: Uniform Commercial Code CERTIFICATION & FILING

PROGRAM NUMBER: 6910 PROGRAM TITLE: Licensing & Registration of Bus/Corp
 TITLE OF REQUEST: Staff Expansion

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☐ NO ☒

IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	493,424
APPROPRIATION	0
TOTAL POSITIONS	493,424
	17.00

NARRATIVE:

NEED

During the Fiscal Years 96-97 and 97-98 the Uniform Commercial Codes Section, of the Certification and Filing Division, has experienced increases in the following areas:

- 1) 33% increase in the number of Continuation filings; 2) 34% increase in the number of Release filings; 3) 25% increase in the number of Termination filings;
- 4) 35% increase in the number of Assignment filings; 5) 25% increase in the number of Amendment filings; 6) 8% increase in the number of Request for Research filings; 7) 11% increase in the number of Federal Tax Lien filings.

Changes to present strategy

The current areas that must be enhanced from base levels to meet the needs of North Carolina's business community are as follows:

- a) Additional personnel for current daily workflow.
- b) Additional personnel for a second shift to handle: b1) increased mail processing and sorting; b2) data processing personnel to input, proof and process the increasing filings of documents; b3) research the records for request for record researches; b4) front counter activities as appropriate.
- c) Additional equipment and supplies to speed the flow of information between the business community and the Uniform Commercial Code Section employees.

Anticipated Outcomes

The anticipated outcomes from this funding request are the increased ability to respond to the business community's inquiries, a decrease in turnaround time in filings, technological improvements to increase the work flow efficiency thus providing our users with more proficient and excellent customer service, and the elimination of the need for additional storage facility space. The business community and the economy of North Carolina are negatively affected by the Uniform Commercial Code filings not being processed within a twenty-four hour turnaround.

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

BUDGET CODE: 13200 DEPARTMENT: 1210

FUND NUMBER: 6910

PROGRAM NUMBER: Staff Expansion

TITLE OF REQUEST: STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☐ NO ☒

IF YES, ATTACH A COPY OF THE DRAFT.

Secretary of State

FUND TITLE: Corporations Division

PROGRAM TITLE: Licensing & Registration of Business Corporations

DIVISION/ INSTITUTION:

Priority No. 3 of Corporations

12

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	474,143
APPROPRIATION	0
TOTAL POSITIONS	474,143
	15.00

NARRATIVE:

Need

Recent Chamber of Commerce reports state that the number of new businesses in our area alone(Raleigh/Durham/Chapel Hill) has increased 19% in the past year. During the Fiscal Years 94-95, 95-96, and 96-97 the Corporations Division has experienced activity increases in the following areas:

- 1) 17% increase in the number of Business Articles of Incorporation filings; 2) 12% increase in the number of Non-Profit Articles of Incorporation filings; 3) 28% increase in the number of Foreign Corporations domesticated (certificate of authority filings); 4) 16% increase in the number of Annual Reports received; 5) 60% increase in the number of Articles of Organization filings; 6) 38% increase in the number of Order Requests received; and 7) 12% increase in the total number of Corporate Documents received.

Changes to the Present Strategy

The current areas that must be enhanced from base levels to meet the needs of North Carolina's corporate citizens are as follows:

- a) Additional staff to handle the front counter activities; document examiners to review documents in a timely fashion and to reduce turnaround time for filing documents; information technicians to provide quick and efficient phone assistance to the 1500 customers that call daily on the direct lines; responding to messages left on the toll free number and to written inquiries to our division; and data processing personnel to input and process the ever-increasing orders for certified copies of documents, annual reports, and the continued increase in overall corporate filings.
- b) Additional equipment and supplies to: 1) store an overflow of essential archived documents which have to be stored in the Division for a number of years before being transferred to Archives & History or destroyed (at least until scanning and optical storage for all documents is available to the entire division; 2) speed the flow of information between the corporate community and the Division's employees; and 3) supplement the Department's need for additional photocopying capabilities.
- c) Conduct a study with SIPS for development of an optical scanning/storage/retrieval system for the Document Examiners Section.
- d) Inform all corporations registered in North Carolina about new procedures via direct mail.
- e) Train all new and existing employees on 1)state-of-the-art technologies that will be put into use in the next 5 years; 2) pertinent and emerging issues such as EEOC, sexual harassment, internet use, and related state policies; 3) new telephone system that will be integrated with the Corporations Division data base; and 4) customer service expertise and related procedures.

Anticipated Outcomes

The anticipated outcomes from this funding request are the increased accessibility to customers' inquiries, the decrease in turnaround time in filings, technological improvements to increase work flow efficiently thus providing our users with more proficient and effective customer service. Specific measures of output expected to be affected by this funding request have been gathered and are available.

POSITIONS REQUESTED:	Detail of the positions included in this expansion request.

GRADE

CLASSIFICATION/EFFECTIVE DATE:

[illegible][illegible]

1998-99	Annual	Budgeted
FTE	Salary**	Salary

[illegible]

TOTAL

**** Minimum level salary for the classification requested unless supporting OSP documentation attached.**

DOES THIS EXPANSION REQUEST RELATE TO A CAPITAL IMPROVEMENT PROJECT?

YES

NO ☒

IF YES, TITLE OF C.I. PROJECT:

C.I. BUDGET CODE:

ITEM NUMBER:

PROJECTED COMPLETION DATE:

SPACE REQUIREMENTS: G.S. 120-36.7 (c)

DOES THIS REQUEST REQUIRE ADDITIONAL SPACE?

YES ☐

NO X ☒ **IF YES, COMPLETE THE FOLLOWING:**

[illegible]

Type of Space:

Additional Square Footage Required

Estimated Cost of Space Requirements

MOTOR POOL REQUIREMENTS:

DOES THIS REQUEST REQUIRE ADDITIONAL VEHICLES FROM THE STATE MOTOR POOL?

YES

NO ☒

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

BUDGET CODE: 13200 DEPARTMENT: 1230 SECRETARY OF STATE FUND TITLE: Securities Registration DIVISION/ INSTITUTION: Securities Priority No. 4 of 12

PROGRAM NUMBER: 6910 PROGRAM TITLE: Licensing & Registration of Business/Corp.

TITLE OF REQUEST: Staff Expansion

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☐ NO ☒

IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	237,185
APPROPRIATION	0
TOTAL POSITIONS	237,185
	5.00

NARRATIVE:

Need

1) During the Fiscal Years 94-95, 95-96, and 96-97, the Securities Division has seen a dramatic 78% increase in the number of public offerings registered in the State (\$22,991,101,218 just in the first 6 months of 1997). There is currently only one individual in the Division who reviews and approves the applications. With the recent and anticipated continued crush of filings, any delay in the application process literally puts North Carolina businesses "on hold" in obtaining their investment capital to implement business plans in North Carolina. This ultimately results in a loss of new revenue coming into the State.

2) As a result of the national Securities Markets Improvement Act of 1996, the N. C. Securities Division has the sole responsibility of monitoring the business operations and office practices of approximately 230 investment adviser firms having their principal business operations in North Carolina. The Division will need to perform field audits on these firms on a regular, ongoing basis in order to confirm that they are in compliance with the Investment Advisers Act.

3) Broker/Dealer registrations have increased approximately 42% since 1993.

4) Investment adviser registrations have increased approximately 6% since 1995. Investment Adviser Representative registrations have increased approximately 15% since 1995.

Changes to the Present Strategy

The current areas that must be enhanced from base levels to meet the needs of North Carolina's business community are as follows:

- Additional staff to examine securities registration applications; to perform the 230 audits per year (and more depending on how many register during 1998); and administrative support persons to aid in forwarding technical phone inquiries, managing additional paperwork associated with the increases experienced in each section for the last 4 years, and to relieve existing technical employees of some of the clerical duties that they have had to take on due to necessity.
- Additional equipment and supplies to 1) speed the flow of information between the business community and the Division; 2) supplement the Division's present and future needs for photocopying; and 3) provide the needed equipment to the investigative unit so that their conduct of investigations will continue to be of the highest caliber.
- Study the additional computerization needs of the entire Division with regard to optical scanning, storage, and retrieval.
- Inform all investor advisers registered in North Carolina about new procedures via direct mail.
- Train new and existing employees on 1) state-of-the-art technologies that will be implemented during the next five years; 2) current and emerging issues such as EEOC, sexual harassment policies, internet use, and other related state policies; 3) customer service expertise; and 4) methods to increase productivity and efficiency in the workplace.

Anticipated Outcomes

The anticipated outcomes from this funding request are increased ability to respond to the business community's inquiries, a decrease in turnaround time for securities application approvals, facilitation of investment in North Carolina's economy by more businesses, technological improvements to increase efficiency of work flow, and the ability to continue effective investigation of violations of the securities and investment adviser laws.

Detail of the positions included in this expansion request.

12

CLASSIFICATION/EFFECTIVE DATE:

[illegible][illegible]

**** Minimum level salary for the classification requested unless supporting OSP documentation attached.**

NO ☒

C.I. BUDGET CODE: _____ ITEM NUMBER: _____ PROJECTED COMPLETION DATE: _____

DOES THIS REQUEST REQUIRE ADDITIONAL SPACE?

NO ☒ IF YES, COMPLETE THE FOLLOWING:

[illegible]

Estimated Cost of Space Requirements

NO ☒ X

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

BUDGET CODE: 13200 DEPARTMENT: 1120 SECRETARY OF STATE PRIORITY NO. 5 OF 12
 FUND NUMBER: 650 FUND TITLE: Publications DIVISION/ INSTITUTE: Publications
 PROGRAM NUMBER: 650 PROGRAM TITLE: Data Management

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	38,040
APPROPRIATION	0
TOTAL POSITIONS	38,040
	1.00

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☐ NO ☒

IF YES, ATTACH A COPY OF THE DRAFT.

NARRATIVE:

Mail Clerk II -- The Department of the Secretary of State (SOS) currently generates over \$17 million in revenues from service fees and charges each year. A large majority of that revenue arrives at the department via mail. An SOS study conducted in January, 1998, indicates that the department's ratio of pieces of mail handled daily per mail center employee is much higher than those of state agency mail centers with roughly comparable or greater mail flows. SOS has also been encouraged by state management experts to expedite processing of checks for deposit with the state treasurer. SOS currently has only a single Mail Clerk II position to process its mail. Flows have increased so much in recent years that the mail center depends on other divisions within the department to lend personnel each day to assist the mail clerk in processing mail. Adding the requested position will allow SOS to more properly size its mail center operations to efficiently handle the actual mail flows it now experiences. Failure to implement this position will likely lead to constant personnel turnover in the mail center, failure to provide checks for processing in as timely a manner as possible and more disruption to other divisions as their employees are forced to work on an ad-hoc basis in the mail room to assist the existing mail clerk.

Temporary Mail Clerk I (2) -- The Publications Division is currently formatting the 1998-99 North Carolina Manual for publication in late spring or early summer, 1998. Traditionally, the publisher has drop-shipped the entire 5,000-copy press run to SOS for mailing to customers. The mailing process can often take the Director of Publications and the division's two editorial assistants nearly six to eight weeks of full-time work to complete. The requested amount will allow the division to hire two temporary mail clerks for eight weeks at 40 hours each per week. Implementing these temporary positions will significantly lower the labor costs the department incurs in mailing the books while, at the same time, freeing up the division editorial director and assistants to continue implementing the division's document design and production program. Failure to implement will bring the division's publication design and production and information dissemination services to staff and clientele to a virtual halt for two months.

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

BUDGET CODE: 13200 DEPARTMENT: 1110 SECRETARY OF STATE DIVISION/INSTITUTION: 6 of 12
 FUND NUMBER: 6998 PROGRAM TITLE: General Administration
 TITLE OF REQUEST: Staff Expansion

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☐ NO ☒

IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	68,874
APPROPRIATION	0
TOTAL POSITIONS	68,874
	2.00

NARRATIVE:

Accounting Clerk IV

The Cash Management Section was created as a part of the Budget Division of the Department of the Secretary of State in December 1996. The purpose of this section is to centralize the receipt of cash in the agency and comply with state policy for depositing funds. Three permanent employees were transferred from other areas in the department into the Cash Management Office during the first five months of its existence. During this period, receipts from the UCC, Notaries, and Annual Reports sections were processed in this office. Based upon studies by the Division of Purchase and Contract and the Office of State Controller, two of the employees were transferred out during 1997; one as a newly created purchasing agent and the other as the coordinator for monthly accounting data in the North Carolina Accounting System. It was impossible for the one remaining employee to handle the three division's receipts, so UCC funds were returned to the UCC Division for processing.

From May 1997, until the present, the Cash Management Office has been staffed with the one permanent employee plus various temporaries hired through temporary agencies as well as other employees in the agency rotating from various divisions for short periods of time. Funding for the temporaries has been from departmental lapsed salaries. The department is now almost fully staffed and lapsed salaries are no longer available. The requested Accounting Clerk IV position is needed to maintain the workflow for the current divisions. Staffing is already at the stage of real concern. Processing is consistently 1-2 days behind. This means that as many as 1,500 checks are not being deposited daily.

Future plans are to phase in the cash receipts from all divisions in the agency which is an additional eight sources. Needs for this implementation are being assessed by the Administrative Analysis Section of the Department of Administration. Those recommendations will be forthcoming and additional staffing requests will be made upon completion of this study.

Administrative Services Assistant V

The Deputy Secretary for Administration has several sections for which he is responsible. They include the agency receptionist, safety, EEO and training coordinator, personnel, and budget & finance. There is no clerical support for this section at all which consists of ten employees. The requested Administrative Services Assistant would provide the needed clerical support for four individuals: the Deputy Secretary for Administration, Personnel Officer, Safety, EEO, and Training Coordinator, and Budget Director. Duties to include, but are not limited to, special projects as needed, composing, preparing, and mailing correspondence, preparing and submitting weekly, monthly, and quarterly reports, filing, scheduling, mail pickup and delivery, as well as providing relief for the receptionist during breaks, lunch, vacation, and other absences. These duties are currently being shared by other division personnel who have to interrupt their normal assignments which creates backlogs.

Priority No. of

CLASSIFICATION/EFFECTIVE DATE:

[illegible]

1998-99 F.T.E	Annual Salary**	1998-99 Budgeted Salary
1.000	\$19,138	\$19,138
1.000	\$20,743	\$20,743
2.000		\$39,881

TOTAL

**** Minimum level salary for the classification requested unless supporting OSP documentation attached.**

DOES THIS EXPANSION REQUEST RELATE TO A CAPITAL IMPROVEMENT PROJECT?

YES

NO ☒ **X**

C.I. BUDGET CODE:

ITEM NUMBER:

PROJECTED COMPLETION DATE:

SPACE REQUIREMENTS: G.S. 120-36.7 (c)

DOES THIS REQUEST REQUIRE ADDITIONAL SPACE?

YES ☐

NO ☒ IF YES, COMPLETE THE FOLLOWING:

Office	Storage	Other
1	2	3
4	5	6
7	8	9
10	11	12
13	14	15
16	17	18
19	20	21
22	23	24
25	26	27
28	29	30
31	32	33
34	35	36
37	38	39
40	41	42
43	44	45
46	47	48
49	50	51
52	53	54
55	56	57
58	59	60
61	62	63
64	65	66
67	68	69
70	71	72
73	74	75
76	77	78
79	80	81
82	83	84
85	86	87
88	89	90
91	92	93
94	95	96
97	98	99
100	101	102
103	104	105
106	107	108
109	110	111
112	113	114
115	116	117
118	119	120
121	122	123
124	125	126
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322	323	324
325	326	327
328	329	330
331	332	333
334	335	336
337	338	339
340	341	342
343	344	345
346	347	348
349	350	351
352	353	354
355	356	357
358	359	360
361	362	363
364	365	366
367		

Type of Space:

Additional Square Footage Required

Estimated Cost of Space Requirements

MOTOR POOL REQUIREMENTS:

DOES THIS REQUEST REQUIRE ADDITIONAL VEHICLES FROM THE STATE MOTOR POOL?

YES

NO[X]

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

BUDGET CODE: 13200 DEPARTMENT: 1110 SECRETARY OF STATE PRIORITY NO. 7 OF 12
 FUND NUMBER: 6998 FUND TITLE: General Administration DIVISION/ INSTITUTION: Trademarks/Authentications
 PROGRAM NUMBER: 6998 PROGRAM TITLE: Economic Dev. & Commerce Support Serv.
 TITLE OF REQUEST: Staff Expansion

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☐ NO ☒

IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	144,438
APPROPRIATION	0
TOTAL POSITIONS	144,438
	3.00

NARRATIVE:

NEED

During the years of 1996 and 1997 the Trademarks/Authentications Section, has seen dramatic increases in the following areas:

- 1) 65% increase in request for information;
- 2) 55% increase in Certificates of Use filings;
- 3) 52% increase in Assignment filings;
- 4) 200% increase in correspondence.
- 5) 50% increase in authentication certificates requests

Changes to present strategy

The current areas that must be enhanced from the base levels to meet the needs of North Carolina's business community are as follow:

- a) additional personnel to examine and review trademark registration applications in a timely manner and to reduce the turnaround time for filings;
- b) to provide quick and efficient phone assistance to citizens that call requesting information daily;
- c) responding to messages left on voice mail and to written inquiries;
- d) personnel to input and process the orders for copies;
- e) input and process of data entry;
- f) researching files for information requests;
- g) implementation of training in the area of trademark fraud for local law enforcement;
- h) personnel for investigations of trademark fraud and Training Coordinator
- i) personnel for issuing authentication certificates

Anticipated Outcomes

The anticipated outcomes from this funding request are the increased accessibility to customers' inquiries, the decrease in turnaround time in filings, technological improvements to increase work flow efficiency thus providing our users with more proficient and effective customer service, training for local law enforcement officers in the areas of trademark fraud, and the ability to investigate fraud.

POSITIONS REQUESTED:

CLASSIFICATION/EFFECTIVE DATE:

**** Minimum level salary for the classification requested unless supporting OSP documentation attached.**

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

BUDGET CODE: 13200 DEPARTMENT: 1300 SECRETARY OF STATE DIVISION/ INSTITUTION: Notary Public Commission PRIORITY NO. 8 OF 12
 FUND NUMBER: 6910 FUND TITLE: PROGRAM TITLE: Licensing & Registration of Business/Corp. CERTIFICATION & FILING

PROGRAM NUMBER: 6910 TITLE OF REQUEST: Staff Expansion

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☐ NO ☒ IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	64,521
APPROPRIATION	0
TOTAL POSITIONS	64,521
	1.00

NARRATIVE:

Need

In 1996, the Certification and Filing Division was formed in the organizational plan for the Department of the Secretary of State. The Division combined the Notary Section, Uniform Commercial Code Section, Trademarks/Authentication Section, and the Lobbyist Section. The Director of the new Division had previously served as the Director of the Notary Division. The Notary Division had (1) director, (1) supervisor, and (3) employees before the reorganization. The Notary Section now has (1) supervisor and (3) employees. The removal of the working director has created a shortage of employees in the section. The Notary Section has a backlog of filing that has not been performed for almost a year.

Changes to Present Strategy

The current areas that must be enhanced from below base levels to meet the needs of North Carolina's Notary Public citizens are as follows:
 a) Additional personnel to replace the decrease in number of assigned personnel in the Notary Section to handle the volume of original applications, re-appointment applications, amendments, and to provide quick and efficient public service to the 150,000 Notary Public customers.
 b) Additional equipment and supplies to store essential archived documents which have to be stored in the section for a number of years and implement an on-line optical scanning-storage-retrieval system for the section thus improving technological efficiency of work flow.

Anticipated Outcomes

The anticipated outcomes from this funding request are increased ability to respond to the business community, Community College System, Registers of Deeds, and customers inquiries, as well as the decrease in turnaround time of processing applications and technological improvements to increase efficiency of work flow.

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

BUDGET CODE: 13200 DEPARTMENT: 1900 Secretary of State Priority No. 9 of 12

FUND NUMBER: 6910 FUND TITLE: Reserve Funds DIVISION/ INSTITUTION:

PROGRAM NUMBER: 6910 PROGRAM TITLE: Licensing & Registration of Business/Corp.

TITLE OF REQUEST: Salary Reserves

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☐ NO ☒

IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	52,930
APPROPRIATION	0
TOTAL POSITIONS	52,930
	0.00

NARRATIVE:

The Department of the Secretary of State has 118 positions. When Secretary Marshall came into office in January 1997, one of the first items on her agenda was to find out what each person's job was in the Department. The absence of adequate position descriptions had figured prominently in the earlier investigation by the Department of the State Auditor.

To accomplish this task, the Department contracted with a personnel consultant to help prepare updated job descriptions. The consultant also helped comprehensively train all employees regarding the use of the state's Performance Management System as a means of reviewing work performance. In conjunction with the training and preparation of job descriptions, the consultant reviewed all job specifications in the Department. During that review, the consultant found eighteen (18) positions that need to be reclassified; five (5) in range adjustments needed; and six (6) positions that did not get their OSSOG adjustments that were due in 1995. Subsequent to the consultant's extensive job study, it became apparent that other positions in the Department's Technology section should be reclassified. This increased the reclassifications by three (3) positions.

The requests for upgrades were submitted to the Office of State Personnel. Many determinations have been received which will require this additional reserve. Available salary reserve has already been reduced to essentially zero in order to partially fund the results of this study and OSP directed range revisions. Failure to fund this request would mean that employees continue to be denied that which they rightfully deserve and have earned in their service to the citizens of North Carolina.

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

BUDGET CODE: 13200 DEPARTMENT: 1220 SECRETARY OF STATE PRIORITY NO. 10 of 12
 FUND NUMBER: 6910 FUND TITLE: LICENSING & REGISTRATION OF BUSINESS/CORP. DIVISION/INSTITUTION: Certification and Filing

PROGRAM NUMBER: 6910 PROGRAM TITLE: Microfilm Conversion to Electronic Format

TITLE OF REQUEST: STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☐ NO ☒

IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	390,474
APPROPRIATION	0
TOTAL POSITIONS	390,474
	0.00

NARRATIVE:

Need

The Certification and Filing Division has experienced tremendously high volumes of filings and requests for public assistance. The Division needs to redesign the information storage system with technological improvements to make the records efficiently accessible to the business community of North Carolina.

Changes to Present Strategy

The current areas that must be enhanced from base levels to meet the needs of North Carolina's business citizens are as follows:

- Transfer existing microfilm to optical scanning, storage, and retrieval, and go day forward with Instant-Optical Scanning system for all filings
- Redesign the workflow to develop efficient procedures for filing and research

Anticipated Outcomes

The anticipated outcomes from this funding request are the increased accessibility to customers' inquiries, the decrease in turnaround time in filings, technological improvements to increase work flow efficiency thus providing our users with more proficient and effective customer service, and the elimination of the need for additional storage facility space.

Detail of the positions included in this expansion request.

GRADE

CLASSIFICATION/EFFECTIVE DATE:

[illegible][illegible]

1998-99 E.T.E	1998-99 Annual Salary**	1998-99 Budgeted Salary

[illegible]**TOTAL**

**** Minimum level salary for the classification requested unless supporting OSP documentation attached.**

DOES THIS EXPANSION REQUEST RELATE TO A CAPITAL IMPROVEMENT PROJECT?

IF YES, TITLE OF C.I. PROJECT:

C.I. BUDGET CODE:

ITEM NUMBER:

PROJECTED COMPLETION DATE:

SPACE REQUIREMENTS: G.S. 120-36.7 (c)

DOES THIS REQUEST REQUIRE ADDITIONAL SPACE?

NO ☒ IF YES, COMPLETE THE FOLLOWING:

Office	Storage	Other

Type of Space:

Additional Square Footage Required

Estimated Cost of Space Requirements

NOX	IF YES, COMPLETE THE FOLLOWING:		
1997-98	1998-99	1999-00	2000-01 2001-02

MOTOR POOL REQUIREMENTS:

DOES THIS REQUEST REQUIRE ADDITIONAL VEHICLES FROM THE STATE MOTOR POOL?

**DOES THIS REQUEST
IF YES, HOW MANY?**

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

BUDGET CODE: 13200 DEPARTMENT: 1240 SECRETARY OF STATE PRIORITY NO. 11 OF 12
 FUND NUMBER: 6910 FUND TITLE: Business License Information Office Business License
 PROGRAM NUMBER: 6910 PROGRAM TITLE: Licensing & Registration of Bus./Corp.

TITLE OF REQUEST: Establish and Support Business Information Program
 STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☒ NO ☐
 IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	269,839
APPROPRIATION	0
TOTAL POSITIONS	269,839
	2.00

NARRATIVE:

Need

The Department requests funding to create and support a Small Business Information Program to increase the support of new and existing businesses based on the final report and recommendations of the *North Carolina Governor's Conference on Small Business* and the economic projections for North Carolina reported by the Department of Commerce.

Change to Current Strategy

Creation of a small business information program within the Department of the Secretary of State.

Anticipated Outcomes

This program will provide the existing and potential North Carolina small business community with a single point of contact within State government for identification of services available to them. The program will work with the small business community to help identify possible avenues for resolution of small business complaints. Services may include: helping small businesses identify possible causes of delays in issuing regulatory permits; helping to recognize inconsistencies between regulatory agencies; establishing a clearinghouse for authoritative sources and procedures; and development of a governmental information resource center for small businesses. The program will provide a one-stop resource center for governmental information related to business related issues, needs and concerns. This program will provide: faster access to government services by the business community, streamlining of inconsistent business related rules and procedures to the benefit of both government and business, and consolidation of business related information within State government.

Section 1. G.S. ____ is amended by adding a new section as follows:

§ ____. **Small Business Information Program.**

- (a) Within the Department of the Secretary of State there shall be a small business information program. The program will serve as a liaison between the small business community and units of state and local government, in order to foster a more effective flow of information between the small business community and the government.
- (b) The small business information staff will work with the small business community to help identify possible avenues for resolution of small business complaints relating to government. Services may include the development of an information resource center for small businesses. This resource center will serve as a clearinghouse for governmental information related to small businesses in this State.
- (c) All units of state and local government shall, upon request, furnish the small business information staff with any forms or other information in their possession which would serve as an aid or service to small businesses. The consolidated information will be made available at the small business information resource center and via other appropriate technological mediums, including the Internet.

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

BUDGET CODE: 13200 DEPARTMENT: 1500 Secretary of State Priority No. 12 of 12
 FUND NUMBER: 6910 FUND TITLE: Boxing Commission DIVISION/INSTITUTION: Boxing
 PROGRAM NUMBER: Contractual Services
 TITLE OF REQUEST: Licensing & Registration of Business/Corp.

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☐ NO ☒

IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	23,000
APPROPRIATION	0
TOTAL POSITIONS	23,000
	0.00

NARRATIVE:

The Boxing Commission was formed by the General Assembly to begin operation January 1996 to regulate boxing, kickboxing, and toughman events across the state. This division operated with one person until October 1996. Funding for this division began with the 1996-97 budget. Commission staff was hired October 1996.

Originally, the budget did not have contractual service funds included. However, the Commission has adopted a procedure for using independent contractors to provide needed personnel resources for the regulation of events. This process was codified with passage of SB992 in the 1997 long session. This cost effectively addresses the seasonal requirements of the industry. At present we have 20 independent agents trained to work events. In budget year 1996-97, the division spent \$22,033.69 to pay independent agents. These funds were obtained from the department's lapsed salaries. Funding for the current fiscal year has also been from lapsed salaries. The department no longer has sufficient lapsed salaries to fund this. We anticipate the need of \$23,000.00 for the 1998-99 budget year. Due to the lack of historical data, we are unable to estimate the need for growth of this funding, therefore, we can only project this reoccurring need level for future years.

Without independent agents, the Boxing Commission would need an additional 4-6 full time employees to be able to regulate the current number of events across the state. The Commission regulated 78 events in calendar year 1996 and 67 in 1997.

Priority No. 12 of 12

POSITIONS REQUESTED:**GRADE**

CLASSIFICATION/EFFECTIVE DATE:

[illegible][illegible]

**** Minimum level salary for the classification requested unless supporting OSP documentation attached.**

DOES THIS EXPANSION REQUEST RELATE TO A CAPITAL IMPROVEMENT PROJECT?

YES

NO ☒ **X**

NO ☒

C.I. BUDGET CODE:

ITEM NUMBER:

PROJECTED COMPLETION DATE:

SPACE REQUIREMENTS: G.S. 120-36.7 (c)

DOES THIS REQUEST REQUIRE ADDITIONAL SPACE?

YES ☐

NO[X

1

NO ☒ IF YES, COMPLETE THE FOLLOWING:

Office	Storage	Other
1	2	3
4	5	6
7	8	9
10	11	12
13	14	15
16	17	18
19	20	21
22	23	24
25	26	27
28	29	30
31	32	33
34	35	36
37	38	39
40	41	42
43	44	45
46	47	48
49	50	51
52	53	54
55	56	57
58	59	60
61	62	63
64	65	66
67	68	69
70	71	72
73	74	75
76	77	78
79	80	81
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85	86	87
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91	92	93
94	95	96
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103	104	105
106	107	108
109	110	111
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325	326	327
328	329	330
331	332	333
334	335	336
337	338	339
340	341	342
343	344	345
346	347	348
349	350	351
352	353	354
355	356	357
358	359	360
361	362	363
364	365	366
367		

Other	Storage	Other

Type of Space:

Additional Square Footage Required

Estimated Cost of Space Requirements

MOTOR POOL REQUIREMENTS:

DOES THIS REQUEST REQUIRE ADDITIONAL VEHICLES FROM THE STATE MOTOR POOL?

YES ☐

NO ☒ **X**

NO ☒ X

VISITOR REGISTRATION SHEET

Joint: General Govt. AM 20 May 1998
 Name of Committee Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR STATE AGENCY AND ADDRESS
Bernard Allen	SOG
Roslyn Smith	NC Coalition Against Domestic Violence
Joan Canale	DOA/NC Council for Women
Martha Bryant	DOA/NC Council for Women
George Allen	" " " "
Kate P. Dorsett	Dept of Administration
John Tanner	Division of Social Services
Alice Coleman	Division of Social Services
Ken Wilkins	DOA
Martha Glue	DOA
Barry Bryant	Governor's Crime Commission
Rob Lusk	"
Chadwick Hawkins	DOA
Shawn Lemmond	Sec. of State
Bruce Garner	Sec. of State
Jim Newell	OSBM
Frank Edwards	Sec. of State
Wayne P. Holder	Sec. of State
Michael P. G.	Sec. of State
David S. Massey	Secretary of State

VISITOR REGISTRATION SHEET

AM

5/20/98

Name of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

Frank Lewis

Sec. of State

Kelli KUKURA

DuPont

Kathie Austin Padgett

OSPL

Ann Harris

Sec. of State

Lindsey Ligett

Sec. of State

Carl Goodwin

OSP

Heather Jail

OSA

George Jeter

NC SOS

Anne Bander

OSBM

Clair Allshale

SOS

Scott Templeton

SOS

Rodney Maddox

SOS

Dennis Patterson

AP

AGENDA

Joint Appropriations Subcommittee on General Government

**May 20, 1998
Room 425
3:00**

Chairman: Representative Gene McCombs

Discussion of Budget Changes for Fiscal Year 1998-99

- Department of Insurance
(Agency Expansion Requests)
- Office of Administrative Hearings
(Agency Expansion Requests)

Joint APPROPRIATIONS/Subcommittee on General Government

Minutes

May 20, 1998 PM

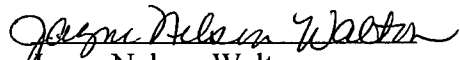
The Joint APPROPRIATIONS/Subcommittee on General Government met on Wednesday, May 20, 1998 in Room 425 of the Legislative Office Building at 3:00 p. m. Members present were: Representatives Ives (Cochair), McCombs (Cochair), Culpepper, Jeffus and four Senators with Representative McCombs presiding.

Representative McCombs called the meeting to order at 3:30 p. m. and introduced Mr. Dascheil Propes of the Department of Insurance who presented a prioritized list of expansion requests for the Department of Insurance (see attachment #1). Mr. Propes discussed the needs the Department is facing regarding: personnel, keeping up with the growth of the HMO industry and acquiring up to date computer technology with qualified individuals to adequately regulate insurance entities..

Next on the agenda was Judge Julian Mann of the Office of Administrative Hearings who gave an overview of their expansion requests with the assistance of Ms. Molly Masich (see attachment #2). Judge Mann expressed the importance of removing the sunset on the Civil Rights Division, the need for updated computer technology and the Offices' desire to continue the automation of the Rules Division and provided a line item detail of their requests.

After a brief discussion with the committee, Representative McCombs thanked Mr. Propes (DOI), and Judge Mann (OAH) for their presentations and adjourned the meeting at 4:30 p. m.


Representative Eugene McCombs
Cochairman


Wayne Nelson Walton
Committee Clerk

**Department of Insurance
Expansion Budget Request 1998-99**

Priority	Issues	Description	Requirements	Positions
1	Information Service Crisis	Computers, servers, LAN and E-Mail communications are mandatory for use with interagency and industry purposes.	615,634	3
2	HMO Issues	To accommodate the rapid growth in HMOs and enable agency auditors to perform field examinations.	1,603,259	20
3	Consumer Protection Fund	Provide expert consultation and legal services to assist state in rate cases.	500,000	-
4	Field Audit & Reg Actions Contract Svc; Law Enforcement Officers Pay Plan	Experts are mandatory to perform studies for reinsurance, adequacy of reserve and actuarial opinions; to bring ELO pay plan up to comparable state levels.	638,520	-
5	Safety Services Engineer/Inspector	Additional staff for plan review section to maintain an acceptable level of review and code consultation services.	212,707	3
6	Building Security	To prevent robberies of personal belongings and state-owned equipment.	104,852	1
7	Injury Prevention Specialist	Creation of an appropriated position to coordinate the Buckle-Up Kids Child Passenger Safety Program.	51,407	1
8	Fire & Rescue Printing	To meet the growing demand for technical and instructional materials by fire and rescue personnel.	55,000	-
9	Insured Asset Data Base Update	Software update for insured state property to ensure property is adequately covered by insurance.	50,000	-
10	TPA Regulation	Regulatory responsibility for third party administrators and service companies for self-insured workers comp groups.	303,853	4
			<u>4,135,232</u>	<u>32</u>

Department of Insurance Expansion Budget Request 1998-99

The Department of Insurance must share data and have access to information maintained by banks and insurance entities. Internet, world wide web and automated forms submissions are the norm in the insurance industry. In order to audit, regulate and control insurance operations, the Department must have updated computer equipment, software and staff. HMOs are growing dramatically and are required to be regulated by the State. The Department in carrying out these regulatory functions must have adequate and current equipment and staff. A recent survey of state agencies shows the ratio of information services personnel to total employees averaged 1:29; DOI has a ratio of 1:64. Without adequate computer equipment and supporting staff, the Department cannot efficiently regulate insurance entities.

Expenditure Descriptions	Requirements 1998-99
Postage/Office Supplies/Printing	5,200
Travel (meals/lodging/training/etc.)	37,200
Salary (including benefits)	141,834
Contractual Services	12,000
Telephone/DP	900
Computer/Furniture/Equipment	418,500
Total Requirements	<u>615,634</u>

Department of Insurance Expansion Budget Request 1998-99

Priority Item # 2

NC General Statutes require examinations of Health Maintenance Organization (HMO) operations at least every three years. Additional staffing is needed because of the large increase in the number of licensed HMOs. In addition, experience over the last year shows that the need for close monitoring of corrective action and to follow-up on examination findings is paramount; this need will continue. The number of licensed HMOs has increased from 10 in 1993 to 29 as of February 1, 1998. The number of licensed companies will continue to grow. Until 1994, only 2 HMOs required out-of-state travel. That number has grown to 8 and will increase. Consequently, our travel budget will accommodate only 10 months of examination. Without budget expansion we will not be able to meet our statutory requirements.

As managed care becomes more pervasive in North Carolina, market conduct examinations will be increasingly important to ensure that consumers are getting the coverage that they have purchased and that the systems put into place by HMOs do not impede consumer access to care. The recent passage of significant managed care regulation and laws dictates that more specific aspects of HMO operations must be checked during examination.

The Managed Care & Health Benefits Division currently has 2 exam teams comprised of a total of 6 examiners. A supervising examiner works closely with both teams, visiting them on-site during exams. This person has responsibility for much of the examinations. Addition of the personnel requested would give us 4 teams plus additional supervisory capability necessary to support 3 teams, improve the ability to follow-up on issues as needed and maintain the ability to perform follow-up examinations of newly licensed HMOs. Schedules permitting, these teams can also assist in the audit and examination of traditional health carriers (non-HMOs) where we are only reaching 20% per year.

Expenditure Descriptions	Requirements 1998-99
Postage/Office Supplies/Printing	20,100
Travel (meals/lodging/training/etc.)	241,600
Salary (including benefits)	1,063,209
Contractual Services	44,100
Telephone/DP	22,400
Computer/Furniture/Equipment	211,850
Total Requirements	<u>1,603,259</u>

**OFFICE OF ADMINISTRATIVE HEARINGS
SUMMARY OF EXPANSION BUDGET REQUEST
FOR THE FISCAL YEAR 1998/99**

Priority Number	Program Description	Requested 1998-99
1	Funding for OAH Budget Deficiencies	\$ 129,146
	Federal Rec'pt	(32,000)
	Appropriation	161,146
	This request is for increases in line items having funding deficiencies that are critical to the continuing operations of this Agency and to replace the federal contract receipts with General Fund Appropriations. These line items include legal services (for the hiring of Administrative Law Judges on a temporary basis to hear specific cases in which this agency may have a conflict), contractual services (for temporary contracting for hearings assistants), maintenance agreements, rent of office space, data processing services, library/ learning resources and employee education. This will also provide funding to replace computer equipment on a scheduled three year cycle. The decrease in receipts from federal funds is requested because of the uncertainty in the availability and amount of federal dollars available to the OAH from EEOC. During the 1996-97 Fiscal year OAH did not receive any federal funds from EEOC. As of February 25, 1998, the agency does not have a signed contract for the 1997-98 fiscal year and the availability and amount of funds for the agency is uncertain. Because of the OAH's budget is small and is structured such that all requirements are necessary for the operation of the agency, the failure to receive budgeted federal receipts disrupts agency services and the agency can not meet its financial commitments.	
	Recurring	157,546
	Non Recurring	3,600
2	Hearings Div. Automation, clerical support and ALJ training	\$ 93,212
	No. of Positions	1.00
	This request is for funds to complete an integrated program for the Hearings Division automation project, to provide a fulltime clerical assistant that is urgently needed due to increased workloads and to provide funding for two Administrative Law Judge training conferences.	
	Recurring	54,332
	Non Recurring	38,880
3	Rules Division Automation and Internet Access to Register and Code	\$ 143,100
	This request will provide funding to continue the automation in the Rules division including enabling this agency to make the North Carolina Register and the North Carolina Administrative Code available on the Internet, provide funds for project management for the Regulink project and the development of a subscription database for subscribers to the Register and Code.	
	Recurring	39,600
	Non-Recurring	103,500
4	Reduce Backlog of Cases in Civil Rights Division	\$ 83,071
	No. of Positions	2.00
	This request is to establish and fund two positions in the Civil Rights division to implement new requirements to investigate political discrimination cases and to help reduce the backlog of cases in this division. EEOC specifies that the average age of cases in the Civil Rights inventory should be no more than 270 days. Currently, 69.3% of the cases in our inventory are substantially above that threshold.	
	Recurring	76,171
	Non-Recurring	6,900
TOTAL REQUIREMENTS		\$ 448,529
FEDERAL RECEIPTS		(32,000)
TOTAL EXPANSION BUDGET REQUEST		\$ 480,529
TOTAL RECURRING		\$ 327,649
TOTAL NON-RECURRING		\$ 152,880
TOTAL POSITIONS		3.00

**OFFICE OF ADMINISTRATIVE HEARINGS
LINE ITEM DETAIL FOR EXPANSION BUDGET REQUEST
1998-99 FISCAL YEAR**

Priority
Number

1

Funding for OAH Budget Deficiencies

\$ 161,146

1100	2110001	Legal Services - Judge	12,000
1100	2170002	Temp Agency Contracts	28,200
1100	2441	Maintenance Agreement - Software	21,143
1100	2512	Rent/Lease - Buildings	7,803
1100	2821	Computer/Data Processing Services	9,500
1100	452X	DP Equipment	45,500
1100	4630	Library & Learning Resources	5,000
1100	2101	Receipts-Federal Contract	32,000

2

Hearings Division -Automation, Clerical Support & ALJ Training

\$ 93,212

1100	1211	SPA Reg Salaries	20,743
1100	15XX	Employee Benefits	5,569
1100	2140001	Internal Systems Imp/Intergration	51,600
1100	2199	Miscellaneous Contactal Services	8,000
1100	27XX	Travel	7,300

3

Rules Division - Automation and Internet Access

\$ 143,100

1100	2140001	Internal Systems Imp./Integration	69,900
1100	2140002	Automation Services	43,200
1100	2141	Maintenance Agreement - Software	30,000

4

Reduce Civil Rights Caseload backlog

\$ 83,071

1100	1211	SPA Reg Salaries	54,812
1100	15XX	Employee Benefits	13,601
1100	27XX	Travel	5,358
1100	2811	Telephone Service	1,800
1100	3110	General Office Supplies	600
1100	451X	Office Furniture & Equipment	2,100
1100	452X	DP Equipment	4,800

1997 Sess. Laws 513, Sec. 5 reads as rewritten:

"Section 5. Section 1 of this act is effective when it becomes law, applies to charges pending or filed on and after that ~~date, and expires December 31, 1998.~~ date. The remainder of this act becomes effective July 1, 1997, and applies to all suggestions and innovations pending on that date that were submitted under the former State Employee Suggestion Program as authorized by G.S. 143-340(1) on or before June 30, 1997."

VISITOR REGISTRATION SHEET

(Joint) General Govt. PM 20 May 1998
 Name of Committee Date

VISITORS: Please sign below and return to Committee Clerk.

NAME FIRM OR STATE AGENCY AND ADDRESS

Camille Skinston

DAH

Molly Masich

DAH

Jim Howell

OSBM

Jim Newmar

DOI

Barbara Morales Burke

DOI

Wade Shawish

DOI

Kathia (Austin Padgett)

OSPL

Ken Wright

BEBSNL

Joan Mann

DAH

Willie Riddick

DOE

W.K. Hale

DOI

Joint APPROPRIATIONS/General Government

May 12, 1998

Minutes

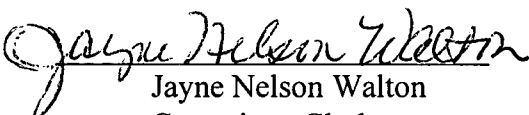
The Joint APPROPRIATIONS/General Government Committee went on a site visit of the Office of State Personnel. Members present were: Representatives Ives (Cochair) and Sherrill (Cochair) with Representative Ives presiding.

Representative Ives called the meeting to order at 3:40 p. m. and introduced Mr. Ron Penney, Director of the Office of State Personnel. Mr. Penney gave a slide presentation and overview of OSP and its' functions and programs (see attachment #1). Mr. Penney also said that there is no money in the Governor's Budget for OSP. Mr. Penney talked to the members about the problems with contract companies calling into the Department and finding out employee information so they can be hired away. Then Mr. Penney spoke to the committee about the new OSP Web Page. Mr. Penney then talked about the Beacon Award that is coming up on June 15, 1998 at the Museum of History (see attachment #2).

Representative Ives thanked Mr. Penney for his time and adjourned the meeting at 5:00 p. m.



Representative William M. Ives
Cochair



Jayne Nelson Walton
Committee Clerk

att # 1
5/12/98

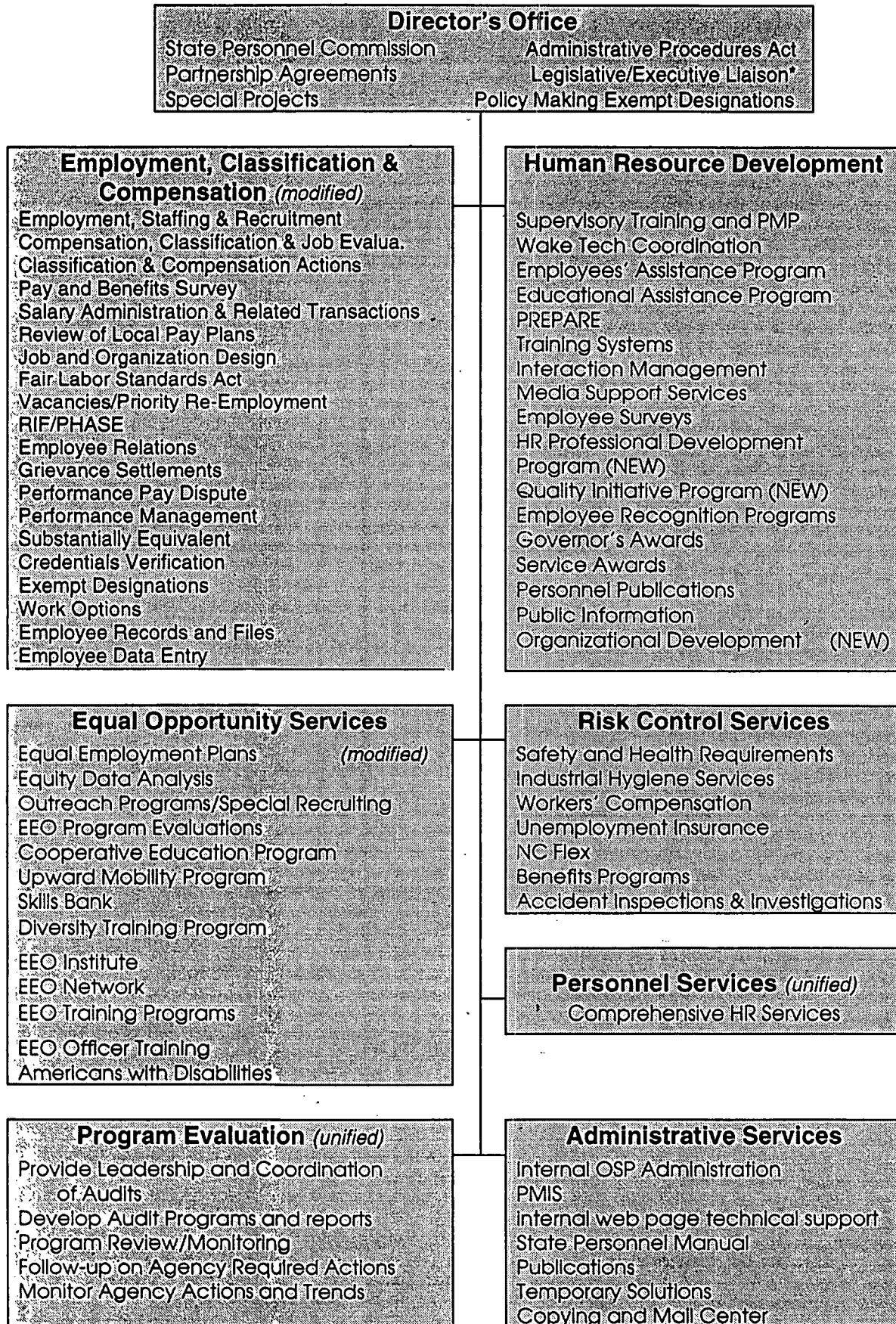
General Government Appropriations

Office of State Personnel
Update

April 22, 1998

OSP Key Functions

- Research, develop and maintain an effective and efficient HR system
- Enhance the ability of agency/university personnel professionals through technical assistance in the delivery of human resource services
- Monitor, evaluate and improve the human resource system
- Provide consolidated data collection reports to clients on status of HR system
- Provide services to agencies/universities
- Provide classification, training and other HR services in most difficult cases or when it is cost efficient



Employment, Classification and Compensation Division

- Research, develop and maintain contemporary HR systems & policies
 - Classification & Compensation studies
 - Employee Relations
 - Performance Management
 - Local Govt. & Substantially Equivalent
 - Recruitment and Selection
-

Delegated Authority to Agencies

Classification Authority -- 88%

Salary Administration Authority -- 85%

UNC Partnership

- Delegate day-to-day HR decisions to universities
- Establish agreement with UNC-GA instead of individual universities
- UNC-GA delegates to each campus

Recruitment and Selection

- Respond to legal and policy issues
 - Assist in development and modification of recruitment and selection plans
 - Assist in filing and developing reduction-in-force plans
 - Design and present recruitment and selection training
-

Reporting Requirement for 886

- New Hire and Promotions
- Compensation
- Discipline and Grievances
- Equivalencies
- Exempt Positions
- Recruitment and Selection Measures and Standards
- Workforce Representation

Senate Bill 886

Reporting Requirements

Purpose: To report on certain personnel functions and practices to the Joint Legislative Commission on Governmental Operations.

REPORT REQUIREMENT	DESCRIPTION	REFERENCE	DATA COLLECTION METHOD
1. New Hire and Promotion	New hire and promotion data for each state agency by demographic group.	Section 8 (c)	Mandatory input into the PMIS system by agencies at the time of each related personnel transaction.
2. Compensation	Compensation data for each state agency by demographic group and salary stratification.	Section 8 (c)	Mandatory input into the PMIS system by agencies at the time of each related personnel transaction.
3. Discipline	Disciplinary data for each state agency by type of disciplinary action and demographic group.	Section 8 (c)	Warnings entered into PMIS on a voluntary basis by agencies. Dismissals, demotions, and suspensions are mandatory input by the agency at time of action.
4. Grievances	Grievance data for current and former employees and applicants. Includes data on grievance type by demographic group, cost, and resolution method.	Section 8 (b)	Data is inputted into the PMIS system at the discretion of the agencies. OSP reconciles data on issues that are presented to the State Personnel Commission.
5. Equivalencies	Analysis of hiring or promotion of State employees using equivalencies when equivalencies were not cited in the position description.	Section 8 (b)	Data is inputted into the PMIS system at the discretion of the agencies. OSP reviews data during salary administration procedures.
6. Exempt Positions	Analysis of the placement of exempt positions within established salary ranges.	Section 8 (e)	Data is derived from PMIS based on other mandatory input items.
7. Recruitment and Selection Measures and Standards	Relates to the development of a systematized approach to recruitment utilizing standards and outcomes across agency lines.	Section 8 (d)	Measure and standards are used to determine impact of SB886 on the personnel system. Outcome measures collected through PMIS. Process measures used in monitoring.
8. Workforce Representation	Provides the total SPA workforce by agency and demographic group. Utilized for comparison purposes. Year end 1997 is the benchmark year.	comparison data - not required	Data is derived from standard employee census reports available through the PMIS.

OSP will conduct desk audits on a quarterly basis to review issues related to this report.

Career Opportunity Center

- Electronic vacancy posting system
 - PHASE Center
 - Skills Bank
 - Model Cooperative Education program
 - Recruitment for hard-to-fill jobs
 - Career planning for existing employees
 - Internship Program
-

Personnel Services Division

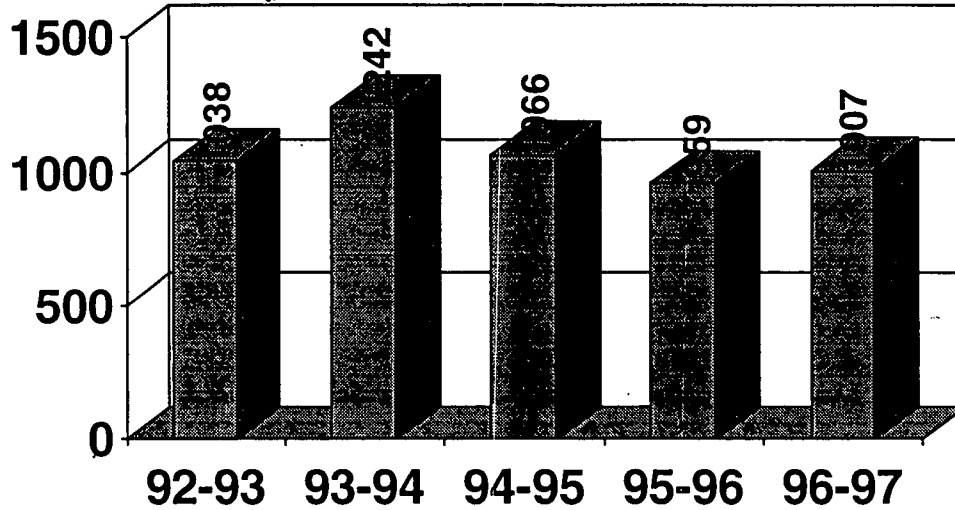
- New Division
 - Provides comprehensive HR Services to agencies without sufficient resources
-

Administrative Services

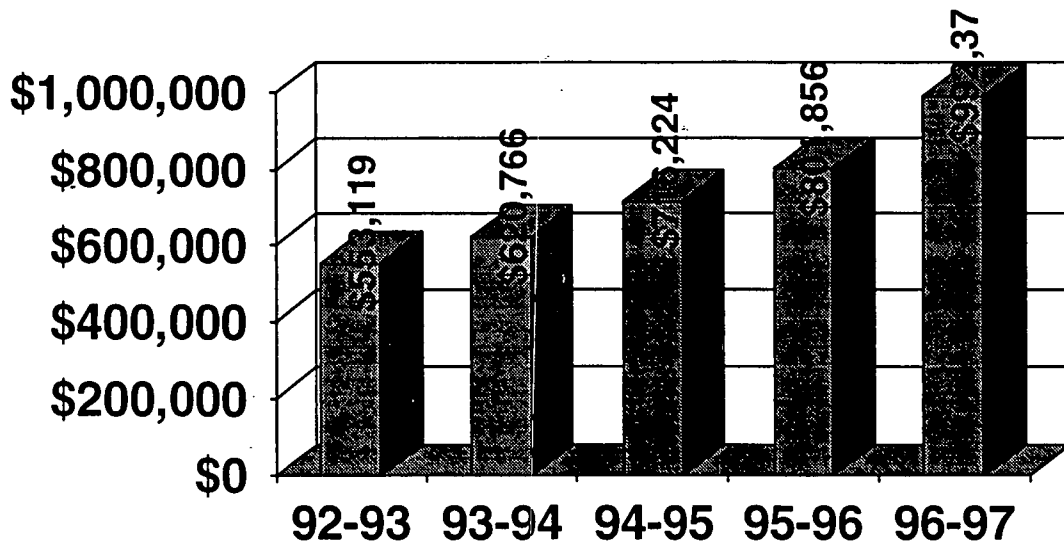
- Business, budget, personnel management & internal operations for OSP
- Personnel Management Information System (PMIS)
 - ◊ OSP Home page
- Temporary Solutions
- State Personnel Manual

Temporary Solutions

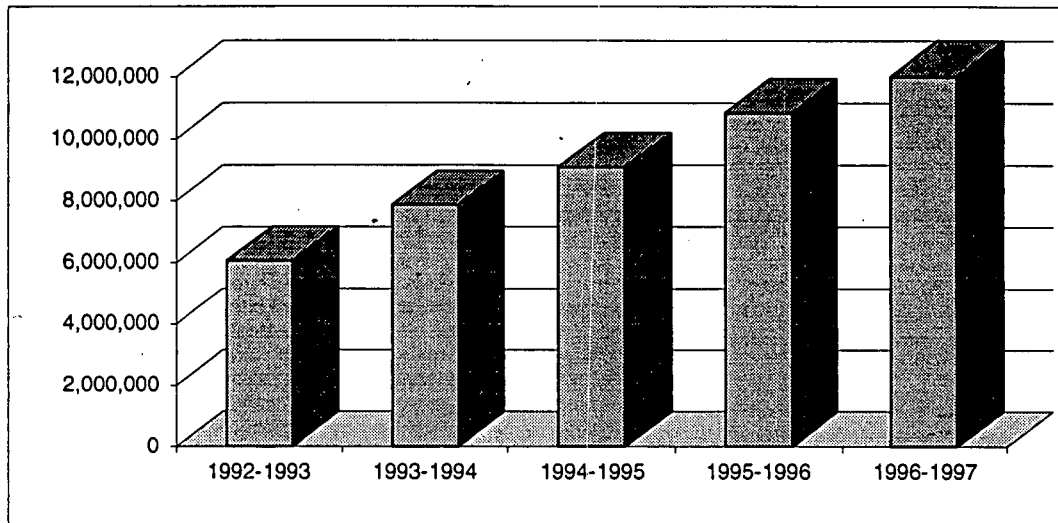
Placements per Fiscal Year



*Amounts Saved Each Fiscal year
(compared to private temporary agencies)*

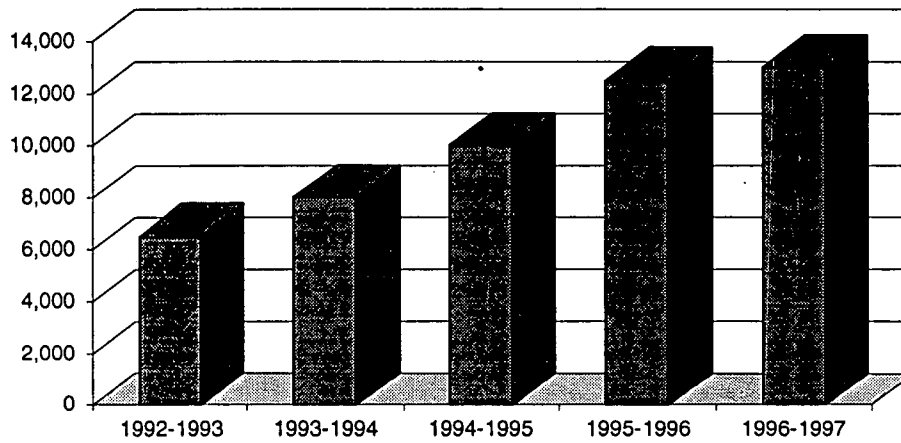


Growth in Computer Updates/Inquiries



	93-94	94-95	95-96	96-97	97-98	Total Increase
Nu. Of Computer Updates/Inquiries	7.854 million	9.071 million	10.8 million	12 million	13 million	5.146 million
Percentage Increase		15.5%	19.06%	11.11%	8.33%	65.52%

Growth in Management Requests



	92-93	93-94	94-95	95-96	96-97	Total Increase
Nu. of Mgmt. Reports Requested	6,500	8,000	10,000	12,500	13,000	6,500
Percentage Increase		23.08%	25%	25%	4%	100%



MISSION DRIVEN - CLIENT CENTERED

The North Carolina Office of State Personnel

GUIDING THE WAY THROUGH THE NC PERSONNEL SYSTEM

State Employee and Public Information

- [OSP & Its Services](#)
- [Salary, Benefits & Training](#)
- [Policies & Publications](#)
- [Career Opportunities](#)
- [Understanding Personnel](#)
- [Quick Facts & Related Links](#)

Last updated April 2, 1998

Human Resource System

- [Legislature](#)
- [Reports](#)
- [Commission & Roundtable](#)

To request additional personnel information:



Call our 24 hour voice mail system:
1-888-WANT OSP (1-888-926-8677)

E-mail us:
[OSP Web](#)

Office of State Personnel
116 W. Jones Street
Raleigh, NC 27603-8004



Click flag to return to North Carolina Home Page

[Return to top of this page](#)

Risk Control Service Division

- Benefits Programs
 - NC Flex
 - Workers' Compensation
 - Safety & Health
 - Accident Investigations & Inspections
 - Industrial Hygiene Services
 - Unemployment Insurance
-

Salary and Benefits

Employee Average Benefits as Percent of Payroll*
7-1-97

Category	Percentage
Holidays	4.62%
Sick Leave	4.62%
Vacation Leave	7.60% **
OASI - DI	7.65%
Retirement	9.94% ***
Health Insurance	5.91% * (7/1/97)
Disability Income Plan	0.52%
Longevity	1.32%
Total	42.18%

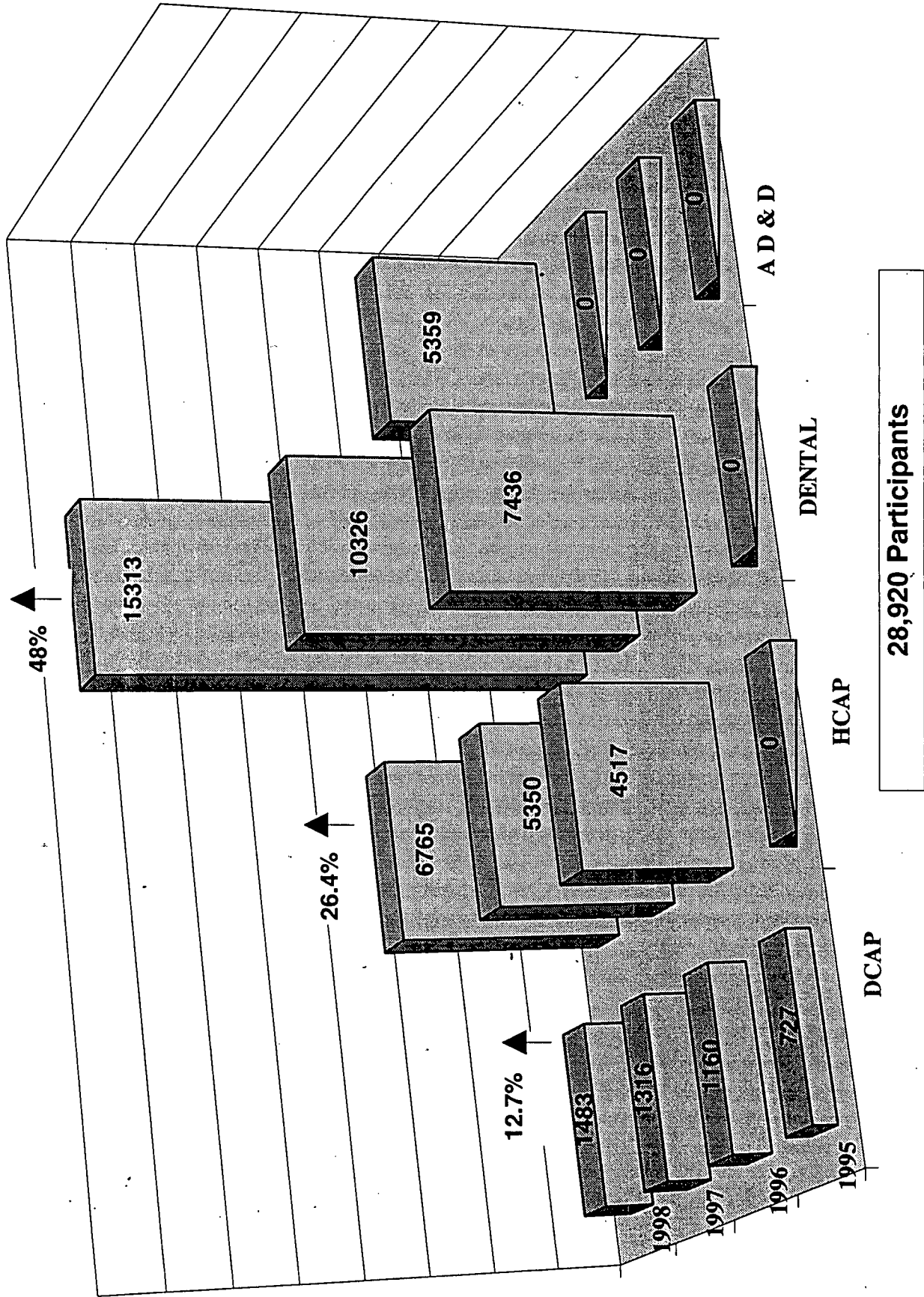
* *For any individual employee the total amount will vary unless the employee's salary is equal to the average of all employees on the payroll. If the salary is above the average, the percentage for paid insurance benefits will be lower; if the salary is below the average, the percentage for paid insurance benefits will be higher.*

** *The vacation leave computation is based on the average vacation leave granted to all employees - 19 3/4 days each year.*

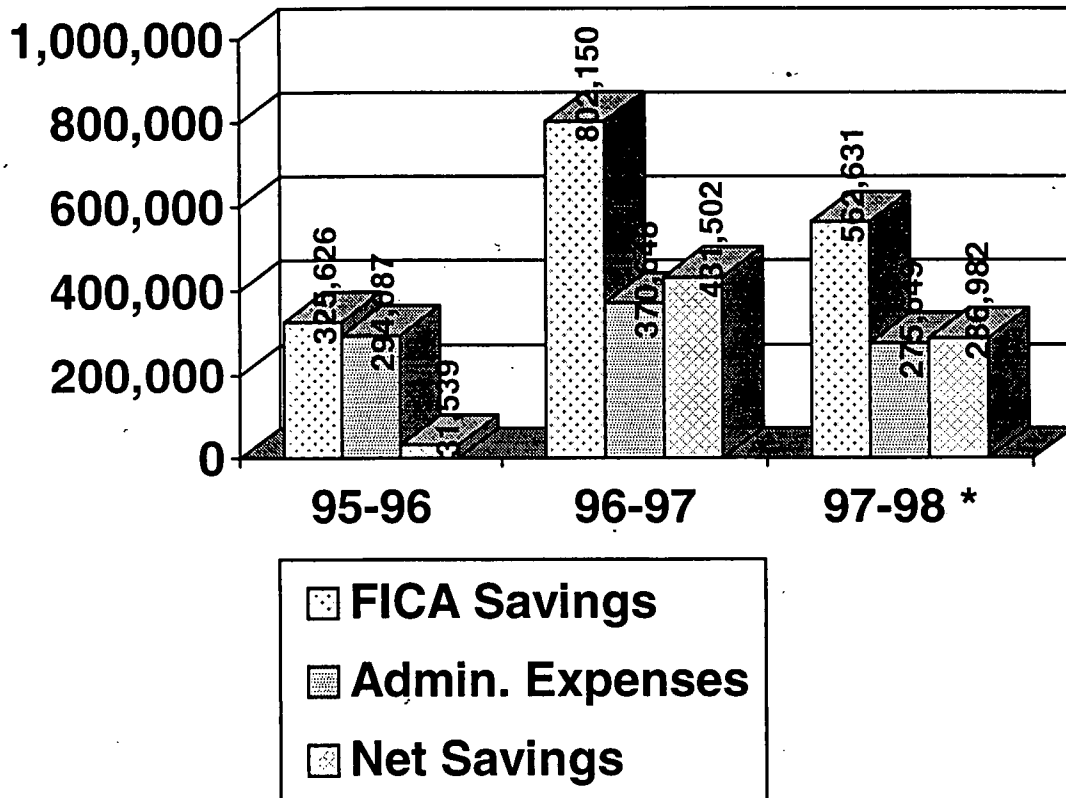
*** *This contribution rate includes .16% for Death Benefit Trust Fund and 2.00% for Retirees Health Benefit Fund.*

When you add the 42.18% of benefits to the State's average salary of \$29,381 it is worth \$41,774

NC Flex Employee Participation



NC Flex Savings



* through January 1998

Health Care Flexible Spending Account

If you have medical, dental, vision or hearing expenses for yourself or your family that are not paid by insurance, but which you pay for out of pocket

Dependent Care Spending Account

If you have a child under age 13 for whom you have day care expenses or after school expenses

Pre-Tax Dental Plan

Premiums are deducted before federal, state and Social Security taxes are taken out

Discount Vision Care

Free to NC Flex participants – services include eye exams, glasses and contact lenses

NCFlex Tax Savings Estimator

Numbers Highlighted in **Green** Can Be Changed, Numbers Highlighted in **Red** Cannot Be Changed

Married Filing Jointly				Single Employee			
Not for use with Total Pay of less than \$13,000				Not for use with Total Pay less than \$6,400			
	After-tax	Pre-tax		After-tax	Pre-tax		
Total Pay	\$29,381.00	\$29,381.00		\$29,381.00	\$29,381.00	Total Pay	
Flex Contributions	\$0.00	\$1,200.00		\$0.00	\$1,200.00	Flex Contributions	
401(k)/403(b) Contributions	\$2,200.00	\$2,200.00		\$2,200.00	\$2,200.00	401(k)/403(b) Contributions	
Number of Exemptions	2					Number of Exemptions	1
6% Retirement Plan Contribution	\$1,762.86	\$1,762.86		\$1,762.86	\$1,762.86	6% Retirement Plan Contribution	
Standard Deduction--Federal	\$7,100.00	\$7,100.00		\$4,250.00	\$4,250.00	Standard Deduction--Federal	
Standard Deduction--State	\$5,000.00	\$5,000.00		\$3,000.00	\$3,000.00	Standard Deduction--State	
Adjusted Taxable Wages--Federal	\$13,018.14	\$11,818.14		\$18,518.14	\$17,318.14	Adjusted Taxable Wages--Federal	
Adjusted Taxable Wages--State	\$16,418.14	\$15,218.14		\$20,418.14	\$19,218.14	Adjusted Taxable Wages--State	
Federal Tax Liability	\$1,952.72	\$1,772.72		\$2,777.72	\$2,597.72	Federal Tax Liability	
NC State Tax Liability	\$985.09	\$913.09		\$1,301.77	\$1,217.77	NC State Tax Liability	
Social Security Tax	\$2,247.65	\$2,155.85		\$2,247.65	\$2,155.85	Social Security Tax	
Miscellaneous Deductions	\$0.00	\$0.00		\$0.00	\$0.00	Miscellaneous Deductions	
After-tax Insurance or Expenses	\$1,200.00	\$0.00		\$1,200.00	\$0.00	After-tax Insurance or Expenses	
Take Home Pay - Annual	\$20,795.54	\$21,139.34		\$19,653.86	\$20,009.66	Take Home Pay - Annual	
Take Home Pay - Monthly	\$1,732.96	\$1,761.61		\$1,637.82	\$1,667.47	Take Home Pay - Monthly	
Increase in Take Home Pay - Annual		\$343.80			\$355.80	Increase in Take Home Pay - Annual	
Increase in Take Home Pay - Monthly		\$28.65			\$29.65	Increase in Take Home Pay - Monthly	

WC PILOT PROGRAM PAID LOSSES

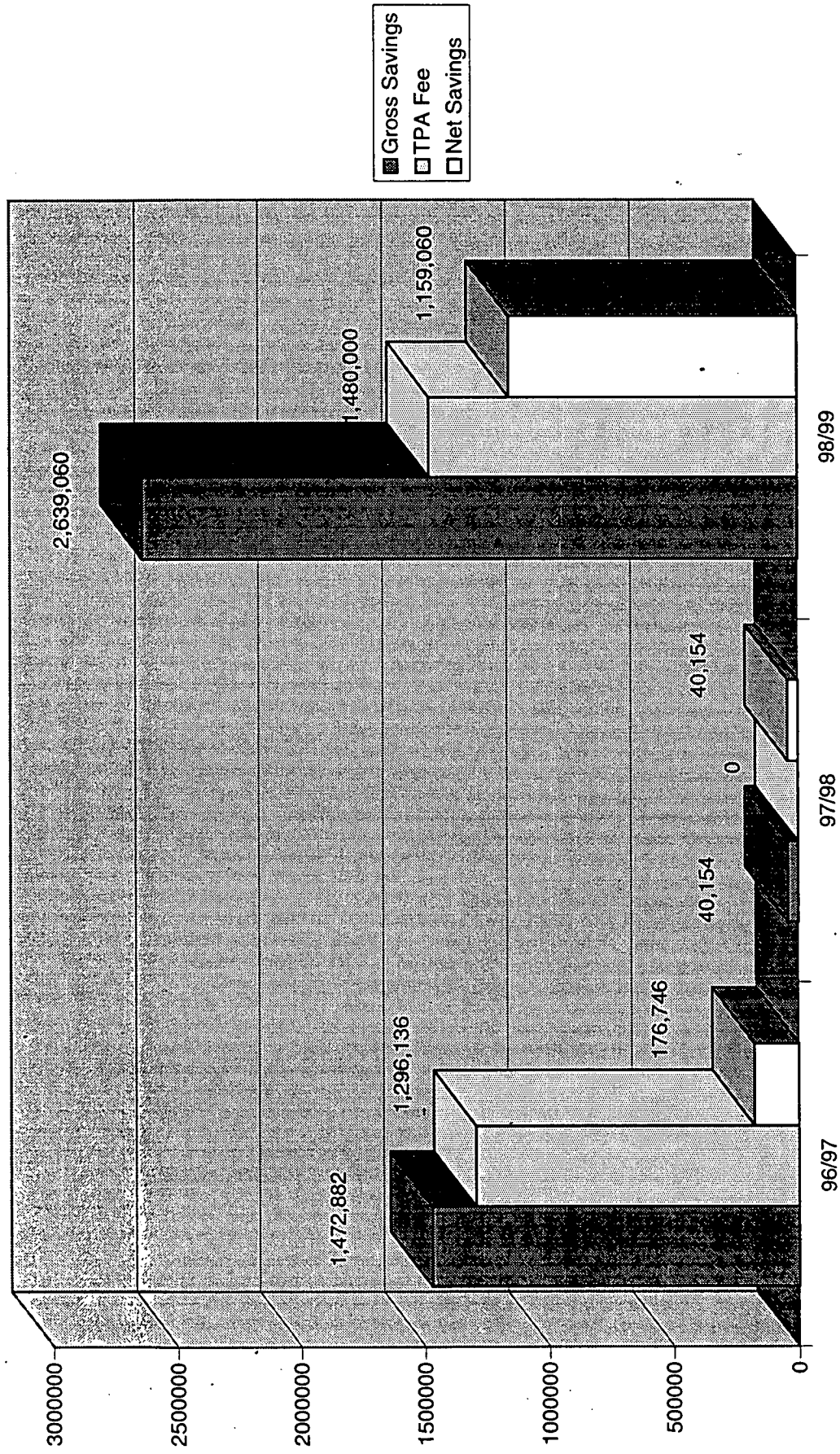


Note: 98/99 Actual Costs are estimated

WORKERS' COMPENSATION PILOT PROGRAM

3 YEAR COMPARISON OF

GROSS SAVINGS, TPA FEE AND NET SAVINGS



Employee Recognition Programs

Existing Programs

- Employee Appreciation Week
- Service Awards
- Excellence in State Government Week
 - ◊ Governor's Awards for Excellence

New Programs

- Richard Caswell Award*
- Fatalities in Line of Duty
- Model Recognition Program

** Recognizing employees with over 45 years of state service*

Equal Opportunity Service Division

- Develop and maintain a working environment that treats employees fair, equitable and ethical manner
- Develop strategies and tools to promote, attract and retain a diverse workforce
 - ◊ Partnership with Highway Patrol to develop a specific Cultural Awareness Initiative for employees and the Basic School
- Analyze (data, policies and practices), monitor and evaluate progress with regard to equal opportunity
- Reports

Equal Employment Opportunity Institute

- Understanding EEO laws and how they impact day-to-day managerial decisions
- New strategies to effectively manage diversity and fairness issues
- Positive tools to successfully operate in a diverse, challenging and complex workforce

Summary of EEOI Participants; July 1991 – December 1997

Ethnic Group	Males	%	Females	%	Total	% Total Participation
White	2,007	48%	1,121	27%	3,128	75%
Black	579	14%	431	10%	1,010	24%
Native American	33	.007%	11	.001%	44	.001%
Hispanic	11	.002%	6	.001%	17	.004%
Asian American	13	.003%	3	.001%	16	.003%
Dutch Indonesian	1	.001%	0	0	1	.001%
Other	1	.001%	0	0	1	.001%
Total	2,645	63%	1,572	37%	4,217	100%

Program Evaluation Division

- Develop Audit Programs & Reports
- Conduct Program Reviews
- Monitor Agency Actions & Trends

Human Resource Development Division

- Quality Initiative (new)
 - Organizational Development (new)
 - Employees' Assistance Program
 - Awards and Recognition Programs
 - Public Manager Program
 - Supervisory and Management Training
 - Human Resource Professional Development Program
-

Human Resource Professional Development Program

- Targeted to personnel office staffs
 - Develop technical skills
 - Develop consultation skills
 - Personnel adds more value to the agency's operation
 - More effective delivery of personnel services
-

1 - 888 - WANT OSP



The Beacon

*Guiding NC State Employees through their Personnel System
Issue 31* Published by the Office of State Personnel *April 1998*

In Keeping for a Lifetime

The Office of State Personnel is proud to announce a new award for employees who have worked with the state for over 45 years. Seventeen individuals will receive the Richard Caswell Award this summer for their continued service to North Carolina.

Named for first governor of the independent state of North Carolina, the Richard Caswell Award provides an opportunity to thank employees who have dedicated their lives to public service. A ceremony and reception will be held in their honor at the North Carolina Museum of History on June 15. A slide show will depict the employees at various stages in their state career. The first recipients of the Richard Caswell Award are:

- **Harlan E. Boyles** of Raleigh
(State Treasurer's Department)
- **Peggy A. Carson** of Greenville
(Crime Control and Public Safety)
- **Ernest H. Dark Sr.**
(UNC at Chapel Hill)
- **William R. Deans** of Washington
(Department of Motor Vehicles)
- **James A. Graham** of Raleigh
(Department of Agriculture)
- **Richard G. Gregory** of Durham
(Department of Transportation)
- **Frank Hightower** of Morven
(Anson County Superior Court)
- **W.J. Hubbard** of Durham
(UNC at Chapel Hill)
- **Betty B. Jenkins** of Belmont
(Gaston County Superior Court)
- **Rachel M. Joyner** of Nashville
(Nash County Superior Court)
- **Ethleen B. Larkin** of Raleigh
(Employment Security Commission)
- **Hazel W. Keith** of Wake Forest
(retired Department of Correction)
- **Ruben W. McElrath** of Greensboro
(N.C. A&T University)
- **Allie L. Thompson** of Greensboro
(N.C. A&T University)
- **John V. Turner** of Raleigh
(N.C. Central University)
- **Eula K. Vereen** of Greensboro
(N.C. A&T University)
- **Leonard T. Zandy** of Burgaw
(Department of Transportation)

Like the winners of his award, Richard Caswell dedicated most of his adult life to North Carolina. He started his career as the clerk of courts in Orange County before becoming active in the military during the Revolution. He served as Governor from 1776 - 1780 and then again from 1784 - 1787, acting as State Controller in between the two terms. Caswell served as a delegate to the Constitutional Convention in Philadelphia in 1787 and then served as a state senator until his death at age 60.

AGENDA

Joint Appropriations Subcommittee
on
General Government

May 26, 1998
Room 425
8:30 AM

Chairman: Senator Ed Warren

Discussion of Budget Changes for FY 1998-99

Office of State Controller
(Governor's Reduction and Agency Expansion Requests)

Department of the Treasurer
(Governor's Expansion, only)

Office of the Lieutenant Governor
(Governor's Expansion, Only)

Board of Elections
(Governor's Expansion, Only)

JOINT APPROPRIATIONS SUBCOMMITTEE

ON

GENERAL GOVERNMENT

Minutes

May 26, 1998

The Joint Appropriations Subcommittee on General Government met Tuesday, May 26, 1998 at 8:30 a.m. in room 425 of the Legislative Office Building. Three of the Senate members were present. Representatives present were: Co-Chairs Ives, McCombs and Sherrill; and Culpepper, Ellis, Jeffus, and Wainwright.

Senator Warren chaired the meeting and welcomed the members and guests. He then asked Ed Renfrow, Controller, to present his office's reductions and expansion items. (Attachment 1) In response to Representative Sherrill's question, Mr. Renfrow said that the position deleted was occupied by George Morris, who has retired. He noted that the continuation items were needed to continue the level of support necessary for the successful daily production of the North Carolina Accounting System. They are continuing to upgrade and add systems to their program, which requires training and technology for its use, he said. Mr. Renfrow explained that the non-recurring item on Page 2 was to cover the shortfall in data processing costs.

Michele Nelson, Fiscal Analyst, noted that there were two additional items needed which were not in the Governor's budget. They are \$750,000 for Accounts Receivable and \$900,000 for the General Assembly's pilot program. Mr. Renfrow stated that the upgrade of the programs in Accounts Receivable would assist the State in making good decisions and would speed up the process of turning around cash, thus decreasing the amount of bad debts which have to be written off.

Zee Lamb, Chief Counsel for the Lt. Governor's office, was asked to present their requests. (Attachment 2) He noted that they had two staff members at the Capitol and six members located in the Blount Street office. The requests for workstations, office accessories and software were needed to allow networking between the two offices, he said. Representative Ellis asked him to check out the price of the scan jet, as he believed the price listed was high. Mr. Lamb said that he would do so.

Representative Ellis asked if there had ever been a statewide space needs study. He said that it seemed to him money could be saved by locating all of one agency's personnel in one building rather than scattering them all over town. **He asked Michele to have a list drawn up with a breakdown of space by rental, owned or leased.**

In the absence of anyone from the Board of Elections, Dwayne Pinkney, Fiscal Analyst, presented their Expansion requests of \$585,000 recurring and \$160,000 non-recurring for the Statewide computerized voter registration program. (Attachment 3).

State Treasurer Harlan Boyles then presented for his office. He noted that all of the requests seek to provide resources needed to keep up with the growing demands upon their programs, consistent with expectations set by the General Assembly and the people they serve. One priority item not listed in the Governor's budget was for 21,100 square feet and the funds to alter the space to fit their needs. (Attachment 4) Mr. Boyles noted that all of their programs are self-supporting from fees, but that the General Assembly had to approve them.

After Mr. Boyles budget presentation, Senator Warren asked him to bring the Committee up to date on the Retirement Fund. Mr. Boyles said that for the last twelve months the rate of gain had been as high as 60 percent; with 26 percent rate earned over the past ten years. He noted that the employee puts in 6 percent and the State puts in 8 to 27 percent; and that if an employee retired today with 30 years of service, they would get 52 percent of their highest three years' salary. He said that the Bailey case would not affect the Retirement Fund, but that the Faulkenberry disability case would affect it by about \$450M.

Senator Warren then asked how he found people who made decisions on investments. Mr. Boyles said that much of it was done by in-house analysts, but that they did have about eight external managers who were selected based on their track records.

Joint Appropriations/General Government Subcommittee

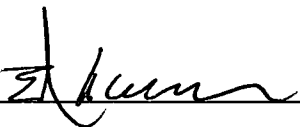
May 26, 1998

Page 3

After other general discussion with the Treasurer, the meeting adjourned at 9:40

a.m.

Respectfully submitted,

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

Senator Ed Warren, Chairman

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

Wilma Caldwell, Committee Clerk

Office of State Controller
Operating Efficiencies

1998-99

1. Delete Assistant State Controller Positions

As part of the Span of Control effort the Office of State Controller is deleting the Assistant State Controller position from the budget.

Number of Positions

\$ (85,012)
(1.0)

Subtotal - Office of State Controller

Number of Positions

\$ (85,012)
(1.0)

OFFICE OF THE STATE CONTROLLER
SUMMARY LIST OF EXPANSION BUDGET REQUESTS
FY 98-99 (Short Session)
BUDGET CODE: 14160

PROGRAM DESCRIPTION

FY 98-99
\$ Amount

Continuation Budget

Priority # 1: NCAS Daily Production Support

Continuation funding is requested in the following line items to continue the level of support necessary for the successful daily production of the NCAS:

532140 Outside Services	\$300,000
532440 Computer Hardware Maintenance	10,000
532441 Computer Software Maintenance	90,000
532522 Lease - Computer Equipment	600,000
533821 Data Processing Costs	500,000
Total Requirements	\$1,500,000
Receipts	0
Appropriation	\$1,500,000
Number of Positions	(0)

Non-Recurring Budget

Priority # 1: FY 98 Budget Shortfall

One-time funding is requested to cover the FY 98 shortfall in Data Processing costs of the NCAS.

533821 Data Processing Costs	\$550,000
Total Requirements	\$550,000
Receipts	0
Appropriation	\$550,000
Number of Positions	(0)

OFFICE OF THE STATE CONTROLLER
Expansion Budget Requests
FY 98-99 (Short Session)

The Office of the State Controller (OSC) has the responsibility to operate the North Carolina Accounting System (NCAS). The purpose of the NCAS is to maintain for the benefit of central and agency managers timely, reliable, accurate, consistent and complete financial, budgetary and management information on the N.C. State government entity. To achieve these goals the OSC provides financial systems development, NCAS documentation support, NCAS systems administration, NCAS client support, central fiscal policies and procedures control, and preparation of statewide periodic financial reports from NCAS. The OSC provides this central NCAS support mechanism that is more efficient by performing system design, development, implementation and maintenance tasks for the benefit all agencies concurrently. This central approach also facilitates the uniformity and access to financial information for central and agency managers.

The NCAS utilizes Geac (formerly Dun & Bradstreet Software) Enterprise Server application software for all financial functions. This includes general ledger, budgetary control, financial controller, accounts payable, purchasing, inventory, accounts receivable, fixed assets, and several information access tools, including client/server based SmartStream Decision Support System. The Geac software offers significant functionality and flexibility, operates in an environment that includes MVS Enterprise Server (mainframe), UNIX SmartStream (client/server), Internet Web Browsers, and the full range of telecommunication and network applications, which results in the need for increased functional and technical production monitoring. An effort has begun to expand the NCAS technical environment to include a full range of client/server based Geac SmartStream business applications as well as exploit the electronic business capabilities of the Internet Web Browsers. This will provide the NCAS with a logical technical evolution pathway that offers improved user access features, workflow business processes, more easily implemented and maintained software, and an underlying technology that is in concert with the State's technical architecture strategy. Efficiencies are derived through the centralized approach to this management of the NCAS. The NCAS currently supports in excess of 5000 statewide users of the system.

The following priorities are in support of the NCAS and are organized under the appropriate continuation or non-recurring budget categories:

Continuation Budget

Priority # 1: NCAS Daily Production Support

Continuation funding is requested in the following line items to continue the level of support necessary for the successful daily production of the NCAS:

532140	Systems Implementation/Integration Services	\$300,000
532440	Maintenance Agreement – Data Processing Equipment	10,000
532441	Maintenance Agreement - Software	90,000
532522	Rental/Lease of Data Processing Equipment	600,000
533821	Computer/Data Processing Services	500,000

532140 Systems Implementation/Integration Services - The increase in this line item is needed to provide minimal required level of resources to assist OSC technical staff in supporting and effecting changes to the NCAS in a timely manner by providing experienced Geac Enterprise Server and SmartStream expertise related to operational tasks. This line item recognizes that the NCAS is not a stagnant product, but must be constantly monitored, refined and improved to provide maximum benefit to the users of the system and the users of the financial and budgetary information that is created and maintained in the NCAS. Sufficient funds in this area assure that the 5000 plus users of the NCAS are appropriately supported.

OFFICE OF THE STATE CONTROLLER
Expansion Budget Requests
FY 98-99 (Short Session)

Page 2

- 532440 Maintenance Agreement – Data Processing Equipment** – The increase in this line item is due to the addition of computer equipment that must be protected by maintenance agreements. Due to the complexity of the NCAS network and technical environment and the number of clients being supported by this system, key hardware is under maintenance support from the original vendors. This provides protection for the state's investment in these key systems and assures rapid response if problems occur.
- 532441 Maintenance Agreement – Software** – The increase in this line item is needed to support additional NCAS software maintenance agreements. Due to the complexity of the NCAS network and software environment and the strategic direction to outsource software research and development, key software is under maintenance support from the original vendor. This provides protection for the state's investment in these key systems. This increase reflects the increase in annual maintenance due to the acquisition of client/server based NCAS software. This amount reflects a discount in the normal maintenance amount for this product due to the centralized support aspect and statewide contract licenses with the vendor.
- 532522 Rental/Lease of Data Processing Equipment** – This line item is established to provide budget for the leasing of a UNIX server of sufficient capacity and power to support the modeling of the NCAS Geac SmartStream application software as this software is pilot implemented in the General Assembly. This server will also support the other NCAS evolution implementation projects planned by the OSC and provide the technical platform for the agencies' migration to the client/server based SmartStream applications. The establishment of this line item reduces the overall increase in line item 532821 Computer/Data Processing Services. This is a three-year lease with a final ownership payment option of \$1. The alternative cost to buy the server with a three-year maintenance contract is \$1.6 M.
- 532821 Computer/Data Processing Services** - Capacity planning for the NCAS has estimated the changes in the NCAS data processing budget due to the addition of state agency staff utilizing the extended financial functions, the increased number of overall users, and the increased overall utilization of the NCAS capabilities. The OSC has been monitoring the use and data processing costs of the NCAS since statewide implementation of the core financial functions in July 1995. The overall increase in this line item was reduced by the establishment of line item 532522 Rental/Lease of Data Processing Equipment, which recognized the redistribution of the UNIX server costs.

Non-Recurring Budget

Priority # 1: FY 98 Budget Shortfall

One-time funding is requested to cover the FY 98 shortfall in Data Processing costs of the NCAS.

533821	Computer/Data Processing Services	\$550,000
532821	Computer/Data Processing Services – This line item is needed to cover the shortfall in FY 97-98 budget authorization for data processing services related to the daily operation of the NCAS.	

Lt. Gouvernois Office

Quantity	Model Number	Description	Unit Price	Total Price
DeskPro Workstations				
5	270760-005	Compaq DeskPro 4000	1,480.00	7,400.00
5	307710-001	Compaq V75 17" Monitor	505.00	2,525.00
1	PILA8465B	Intel 10/100 PCI NIC	65.00	65.00
File Server & Accessories				
1	273720-003	Compaq ProLiant 800	2,700.00	2,700.00
1	225483-001	Compaq 64MB Ram upgrade	625.00	625.00
1	169804-001	Compaq 100Base-TX Module	92.00	92.00
1	295353-B21	Compaq 4/16 tape drive	837.00	837.00
Software				
1	NWSS30-C	Cheyenne Server Suite	595.00	595.00
1	NWFS5-5A	5 Users Additive License	296.00	296.00
12	LIC-002466-001	Novell InterNetwork	96.21	1,154.52
9	LIC-002224-001	GroupWise	66.08	594.72
9	LIC-002223-001	GroupWise SMTP Gateway	2.24	20.16
9	353-00217	MS Office Pro 97 CD	236.29	2,126.61
Misc				
1	AL2012E01	BayStack 350T Switch	1,737.10	1,737.10
1	SU1000NET	APC 1000 UPS	494.00	494.00
2	J2556B#ABA	HP JetDirect 10/100 cards	350.00	700.00
1	C1310A#ABA	HP Scanjet	2,660.00	2,660.00
			Total	\$24,622.11

State Board of Elections

1998-99

1. Statewide Computerized Voter Registration

Since 1994-95, the General Assembly has appropriated \$6.5 million for the development and implementation of the statewide computerized voter registration project. Since the original needs assessment in 1995, a detailed RFP has been issued and awarded to a vendor and more accurate cost figures are now known, which are greater than the original estimate. Additional funds are recommended for data communication costs, hardware and software maintenance, equipment replacement, and nonrecurring funds are recommended for third party quality assurance.

\$ 585,000
160,000 NR

Total Recommended Changes for State Board of Elections

\$ 585,000
160,000 NR

NR - Nonrecurring

STATE BOARD OF ELECTIONS - RECOMMENDED CHANGES 1998-99

	<u>Fund</u>	<u>Account</u>	<u>Recurring</u>	<u>Non-recurring</u>
1. Statewide Computerized Voter Registration	1100	532199		160,000
		532441	145,000	
		532812	140,000	
		532821	200,000	
		534522	100,000	
		TOTAL	585,000	160,000

**Department of State Treasurer
Supplemental Budget Expansion Request**

Statement by Harlan E. Boyles
State Treasurer

Four of our expansion budget requests to the Governor by the Department of State Treasurer have been included by the Governor in his supplemental recommendations. All of these requests seek to provide resources needed to keep up with the growing demands upon our programs, consistent with expectations set by the General Assembly and by the people we serve. None of these requests involve new or expansion programs. Three of the requests include funds to increase automation that would make our program more efficient and more effective.

1. Our highest priority is to increase automation and staff of the Retirement Division so that we may provide better service to our current and future retirees. Demands upon this program increased by 30 percent in 1997 alone. There have been many suggestions from members of the General Assembly that we ought to improve this program. We have installed a new phone system and upgraded much of the infrastructure with resources that the General Assembly provided earlier. The recommendation before you now would enable us to bring the customer service area of our retirement division to an adequate level of operation.
2. Our second priority is to provide a replacement for the current check reader-sorter in the Investment Banking Division that processes in excess of 20 million warrants annually. This equipment is now 13 years old and has begun to experience frequent maintenance problems. This need is urgent.
3. Our third priority is to provide an additional person to assist with our investment management duties. Our total investment portfolio is growing at a faster rate than our ability to cope. It should be noted that a one basis point (0.01%) change in the overall yield for a year is equivalent to a \$5.5 million gain.
4. Our fourth priority is to improve the effectiveness of the Escheat Fund Administration by adding a professional-level supervisor to the operations side of this section. At the present time there is only one professional level supervisor for operations. He is also the Escheat Administrator and he is faced with other duties. An additional supervisor is needed to account for and safeguard the securities and tangible property of this program.

There was an additional request to the Governor not included in his budget that we ask for your consideration. As the result of growing demands upon our program, we asked for 21,100 square feet of additional space. Some of our operations, particularly in the Retirement Division are extremely cramped now and cannot be expanded without additional space. We are currently negotiating with the Department of Health and Human Services and the State

Budget Office to take over the rest of the 5th floor in the Albemarle Building and part of the 6th floor. We are requesting appropriations to pay for the new rent of this space on an on-going basis, and for one-time funds for alterations and improvements such as upgrading electronic connections to LANs.

There is one other budgetary issue that must be considered. Our Department will sustain substantial administrative costs arising from the recent NC Supreme Court Decision in Bailey II. These will involve mass mailings notifying retirees who are affected by the decision, extensive changes in retirement computer programs, and extensive calls from anxious retirees. We anticipate that our request for these additional funds, regarding the Bailey II case will be included in the Department of Revenue's supplemental request for that same purpose.

We respectfully submit these recommendations for your considerations and assure you that each of these items is vitally needed in order to allow us to continue to serve the people of North Carolina.

SUMMARY LIST OF SUPPLEMENTAL EXPANSION REQUESTS

Department: State Treasurer

Priority Number	Program Description (Concise Sentences)	Requested 1998-99																								
1	Retirement Systems Operations To provide adequate response to unanticipated increase in request for services from members. This Division experienced a 30% increase in requests for service compared to past years.	<table> <tr> <td>Requirements</td><td>\$</td><td>1,304,253</td></tr> <tr> <td>Receipts</td><td></td><td></td></tr> <tr> <td>Federal</td><td></td><td></td></tr> <tr> <td>Local</td><td></td><td></td></tr> <tr> <td>Other</td><td></td><td>1,304,253</td></tr> <tr> <td>Appropriation</td><td>\$</td><td>0</td></tr> <tr> <td>No. of Positions</td><td></td><td>10.00</td></tr> </table>	Requirements	\$	1,304,253	Receipts			Federal			Local			Other		1,304,253	Appropriation	\$	0	No. of Positions		10.00			
Requirements	\$	1,304,253																								
Receipts																										
Federal																										
Local																										
Other		1,304,253																								
Appropriation	\$	0																								
No. of Positions		10.00																								
2	Banking Operations To provide a replacement to the IBM 3890 check processor which has become old and unreliable. The replacement will use new technology as well as outsourcing some of this function to the Federal Reserve Bank in Charlotte. The General Fund will be reimbursed for \$738,000 to Budget Code 19997.	<table> <tr> <td>Requirements</td><td>\$</td><td>738,000</td></tr> <tr> <td>Receipts</td><td></td><td></td></tr> <tr> <td>Federal</td><td></td><td></td></tr> <tr> <td>Local</td><td></td><td></td></tr> <tr> <td>Other</td><td></td><td></td></tr> <tr> <td>Non Tax Revenue</td><td></td><td>738,000</td></tr> <tr> <td>Appropriation</td><td>\$</td><td>0</td></tr> <tr> <td>No. of Positions</td><td></td><td>0.00</td></tr> </table>	Requirements	\$	738,000	Receipts			Federal			Local			Other			Non Tax Revenue		738,000	Appropriation	\$	0	No. of Positions		0.00
Requirements	\$	738,000																								
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Federal																										
Local																										
Other																										
Non Tax Revenue		738,000																								
Appropriation	\$	0																								
No. of Positions		0.00																								
3	Escheat Fund Administration Provide adequate professional level supervision on the operation side of the Section.	<table> <tr> <td>Requirements</td><td>\$</td><td>52,426</td></tr> <tr> <td>Receipts</td><td></td><td></td></tr> <tr> <td>Federal</td><td></td><td></td></tr> <tr> <td>Local</td><td></td><td></td></tr> <tr> <td>Other</td><td></td><td>52,426</td></tr> <tr> <td>Appropriation</td><td>\$</td><td>0</td></tr> <tr> <td>No. of Positions</td><td></td><td>1.00</td></tr> </table>	Requirements	\$	52,426	Receipts			Federal			Local			Other		52,426	Appropriation	\$	0	No. of Positions		1.00			
Requirements	\$	52,426																								
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No. of Positions		1.00																								

SUMMARY LIST OF SUPPLEMENTAL EXPANSION REQUESTS

Department: State Treasurer

Priority Number	Program Description (Concise Sentences)	Requested 1998-99																								
4	Investment Management To provide sufficient staff and resources to maintain the ever increasing investment pool. Assets under management at June 30, 1997 totalled \$51.0 billion and can be expected to grow substantially in the future. By Statute, the Investment Pool reimburse the General Fund for the net expenditures for the year. The General Fund will be reimbursed for \$309,932 to Budget Code 19997.	<table> <tr> <td>Requirements</td><td>\$</td><td>309,932</td></tr> <tr> <td>Receipts</td><td></td><td></td></tr> <tr> <td> Federal</td><td></td><td></td></tr> <tr> <td> Local</td><td></td><td></td></tr> <tr> <td> Other</td><td></td><td></td></tr> <tr> <td>Non Tax Revenue</td><td></td><td>309,932</td></tr> <tr> <td>Appropriation</td><td>\$</td><td>0</td></tr> <tr> <td>No. of Positions</td><td></td><td>1.00</td></tr> </table>	Requirements	\$	309,932	Receipts			Federal			Local			Other			Non Tax Revenue		309,932	Appropriation	\$	0	No. of Positions		1.00
Requirements	\$	309,932																								
Receipts																										
Federal																										
Local																										
Other																										
Non Tax Revenue		309,932																								
Appropriation	\$	0																								
No. of Positions		1.00																								

Requirements	\$	2,404,611
Receipts		
Federal		
Local		
Other		
Non Tax Revenue		1,356,679
Appropriation	\$	1,047,932
0		
No. of Positions		12.00

Summary of Request	Recurring	Nonrecurring	Total
1 To provide adequate response to members	\$ 478,253	\$ 826,000	\$ 1,304,253
2 Replace processing system		738,000	738,000
3 Supervision for Escheat Administration	45,426	7,000	52,426
4 Portfolio management staff	52,932	257,000	309,932
Total	\$ 576,611	\$ 1,828,000	\$ 2,404,611

**Department of State Treasurer
Program Performance Measures
Fiscal Years 1994-95 to 1996-97**

	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>
<u>Departmental Administration</u> (Funds 1110 and 1120)			
General Departmental Administration Costs as a percent of total Departmental Expenditures	6.8%	6.5%	6.1%
 <u>Escheats Administration</u> (Fund 1130)			
Dollar amount of property escheated per employee	\$1,166,000	\$1,608,000	1,439,000
 <u>Investment Management</u> (Fund 1210)			
Ratio of cost of administration of the portfolios to the Investment Earnings	0.15%	0.12%	0.08%
Ratio of cost administration of the portfolios to assets under Management at market	0.010%	0.008%	0.007%
 <u>Banking Operations</u> (Fund 1220)			
Number of warrants processed per employee	1,700,000	1,700,000	1,700,000
 <u>Local Government Operations</u> (Fund 1310)			
Value of bonds and notes sold per employee	\$47,100,000	\$96,200,000	\$124,200,000
 <u>Retirement Operations</u> (Fund 1410)			
Number of members per employee	5,172	5,873	5,970

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

BUDGET CODE: 13410 DEPARTMENT: State Treasurer PRIORITY No. 1 of 4

FUND NUMBER: 1410 FUND TITLE: Retirement Operations DIVISION/ INSTITUTION: Retirement Operations

PROGRAM NUMBER: 0530 PROGRAM TITLE: Executive Administration

TITLE OF REQUEST: Provide adequate response to unanticipated increase in request from member

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT? YES ☐ NO ☒

IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	1,304,253
APPROPRIATION	1,304,253
TOTAL POSITIONS	0
	10.00

The year 1997 showed a spurt in requests for assistance from members of about 30% towering over the increases seen in prior years (for example the increase from 1995 to 1996 was 11%). Our expectations were that the continuing automation effort would allow us to handle the normal (10-12%) increases per year in requests before 7/1/99. This unanticipated increase has forced the Division to rethink the organization needed to handle the increased request for services together with the higher increases expected in the future. As an aggravating factor, the Division eliminated 10 positions between 6/2/95 and 1/1/97. As a matter of record the Teachers' and State Employees' Retirement System alone increased active and retired members by 41,000 or 9% to 494,000 active and retired members between December 31, 1994 and December 31, 1997.

Summary of request

	<i>Recurring</i>	<i>Nonrecurring</i>	<i>Total</i>
<i>Personal services</i>	\$278,253	\$	\$278,253
<i>Operating expenses</i>	95,000	380,000	480,000
<i>Capital expenditures</i>	5,000	166,000	166,000
<i>Total</i>	\$378,253	\$ 546,000	\$924,253

In order to keep the current automation within the Division at peak productivity it is necessary to increase funds available for support. Recurring funds are requested for hardware and software maintenance. Non recurring funds are requested for "cleaning up" our current databases so that they can be upgraded to relational databases and to upgrade the RAID storage unit to prevent a bottleneck from occurring and to increase current productivity.

Summary of request

	<i>Recurring</i>	<i>Nonrecurring</i>	<i>Total</i>
<i>Personal services</i>	\$	\$ 140,000	\$140,000
<i>Operating expenses</i>	100,000		100,000
<i>Capital expenditures</i>		140,000	140,000
<i>Total</i>	\$ 100,000	\$ 280,000	\$ 380,000

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

BUDGET CODE: 13410 DEPARTMENT: State Treasurer Priority No. 2 of 4
 FUND NUMBER: 1220 FUND TITLE: Banking Operations DIVISION/ INSTITUTION: Investment and Banking
 PROGRAM NUMBER: 0530 PROGRAM TITLE: Executive Administration
 TITLE OF REQUEST: Replace warrant processing system
 STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT? YES ☐ NO ☒
 IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	738,000
TO BE REIMBURSED	0
TOTAL POSITIONS	738,000
	0.00

NARRATIVE:

Because the IBM 3890 Check Processor is becoming old and is beginning to become unreliable, we have investigated alternative ways to process State warrants received from the banking system. The system envisioned by this budget request will provide the functional requirements at approximately the same initial cost but with lower operating costs to the State Treasurer. In addition, the current costs to the agencies and to State Archives should decrease because paid paper warrants will no longer be used.

The proposal calls for receiving all warrants to be paid from the Federal Reserve Bank in Charlotte in the dual form of electronic records and electronic images. We will process the electronic records into our accounting system and store the electronic images on optical disks. In addition, we will make optical images available to the agencies through the Internet. Warrants and checks originating with the State and brought to us will be processed on a small document processor which is included in this proposal.

<i>Summary of request</i>	<i>Recurring</i>	<i>Nonrecurring</i>	<i>Total</i>
<i>Capital expenditures</i>		<i>\$738,000</i>	<i>\$738,000</i>

It is known that there will be both cost savings (e.g. maintenance on existing hardware and software) and new costs incurred (e.g. maintenance on the new hardware and software, and fees to be paid to the Federal Reserve Bank for services received). It is not known at this time whether one will be greater than the other. Necessary changes for the 1999-2000 Biennium will be included in the upcoming budget provision for that period.

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

BUDGET CODE: 13410 DEPARTMENT: State Treasurer FUND TITLE: Escheat Administration PRIORITY No. 3 of 4
 FUND NUMBER: 1130 PROGRAM NUMBER: 0530 PROGRAM TITLE: Executive Administration DIVISION/INSTITUTION: Administrative Services
 TITLE OF REQUEST: Provide adequate professional level supervision
 STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT? YES ☐ NO ☒
 IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	52,426
APPROPRIATION	52,426
TOTAL POSITIONS	1.00

NARRATIVE:

The increase in the number of receipts, the number of holders reporting and the complexity of the issues requires higher level of operating supervision over the processing for the Escheat Fund. In particular, the use of professional level supervision will enable the Escheat Administrator to concentrate on the managerial and policy level issues being generated by operations on an on-going basis. The new supervisor will concentrate on the processing of incoming receipts from holders and the refund of receipts to the true owners.

Summary of Request

	<i>Recurring</i>	<i>Nonrecurring</i>	<i>Total</i>
<i>Personal expenses</i>	\$ 40,426		\$ 40,426
<i>Operating expenses</i>	4,500		4,500
<i>Capital expenses</i>	500	7,000	7,500
<i>Total</i>	\$ 45,426	\$ 7,000	\$ 52,426

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

BUDGET CODE: 13410 DEPARTMENT: State Treasurer PRIORITY No. 4 of 4
 FUND NUMBER: 1210 FUND TITLE: Investment Management DIVISION/ INSTITUTION: Investment and Banking
 PROGRAM NUMBER: 0530 PROGRAM TITLE: Executive Administration
 TITLE OF REQUEST: Sufficient staff to effectively administer assets under management
 STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT? YES ☐ NO ☒
 IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	309,932
TO BE REIMBURSED	309,932
TOTAL POSITIONS	1.00

Each year the market value of the assets under management of the Division is growing substantially in size from \$33.1 billion at June 30, 1994 to \$39.3 billion at June 30, 1995 to \$44.6 billion at June 30, 1996 to \$51.0 billion at June 30, 1997. This growth can be confidently expected to continue into the future, since two-thirds of the growth is investment earnings of the Retirement Systems alone. As we have grown we have gradually added staff to administer and invest the growing asset pool. Again this year we need to add staff to effectively accomplish our statutory duties.

Summary of Request

	Recurring	Nonrecurring	Total
Personal expenses	\$ 47,932		\$ 47,932
Operating expenses	4,500		4,500
Capital expenses	500	7,000	7,500
Total	\$ 52,932	\$ 7,000	\$ 59,932

In addition, many of the current accounting systems used by the Division are old and need major attention to make them efficient. We propose to investigate integrated software currently available in the marketplace to replace the current systems. During this investigation we expect to prepare a preliminary design to be used to purchase the system during the 1999-2001 biennium.

Summary of request

	Recurring	Nonrecurring	Total
Operating expenses	\$250,000		\$250,000

High Priority Request to Office of State Budget and Management
NOT INCLUDED in Governors Request

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

BUDGET CODE: 13410 DEPARTMENT: State Treasurer FUND TITLE: All DIVISION/ INSTITUTEION: All Priority No. 2 of 6

FUND NUMBER: All PROGRAM NUMBER: 0530 PROGRAM TITLE: Executive Administration

TITLE OF REQUEST: Obtain 21,100 additional square feet in the Albemarle Building

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT? YES ☐ NO ☒

IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	664,250
TO BE REIMBURSED	620,250
TOTAL POSITIONS	44,000
	0.00

NARRATIVE:

Since we last obtained additional space we have added permanent personnel and have added additional equipment. These have both required use of space so that some of the operating Sections are becoming increasingly cramped for space. We are requesting an additional 21,100 square feet and the funds to alter the space to fit our needs.

We have allocated the space as follows.

	Sq. Ft.	Recurring Rent	Building Imp	Non Recurring Office Equip	DP Equip	Total
1110 General Administration	300	\$ 3,750	\$ 1,500	\$ 1,500	\$ 1,500	\$ 8,250
1120 Departmental Accounting	2,500	31,250	27,000	27,000	27,000	112,250
1130 Escheat Administration	1,800	22,500	22,500	22,500	22,500	90,000
1150 Information Services	2,100	26,250	10,500	10,500	10,500	57,750
1310 State and Local Government Finance	1,600	20,000	8,000	8,000	8,000	44,000
1410 Retirement Operations	12,800	160,000	64,000	64,000	64,000	352,000
	21,100	\$ 263,750	\$ 133,500	\$ 133,500	\$ 133,500	\$ 664,250

Negotiations are currently being conducted among the Department, the Department of Health and Human Services and the Office of State Budget and Management on what is the best way to allow the Department to expand onto the 5th floor and/or the 6th floor of the Albemarle Building, now occupied by parts of the Department of Health and Human Services.

VISITOR REGISTRATION SHEET

May 26, 1998

Name of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

John Morgan	OSC
Gwen Canady	OSC
Edward Bentrow	OSC
Zee Lamb	LT. Gov.
Don Warr	OSC
Chuck Cooper	OSC
Bernard Allen	SOS
Jim Newell	OSBM
Kathie Austin Padgett	DSPL
Heather Gail	OSF
Byron K. Harris	OSBM
Bekki Stuart	PPAP
Steve Albright	NCOST
Charles Heatherly	Treasurer
Harlan Boyles	State Treasurer

AGENDA

Joint Appropriations Subcommittee
on
General Government

May 27, 1998
Room 425
9:00 AM

Chairman: Representative Bill Ives

Review of Budget Changes for FY 1998-99

Joint APPROPRIATIONS/Subcommittee on General Government

Minutes

May 27, 1998

The Joint APPROPRIATIONS/Subcommittee on General Government met on Wednesday, May 27, 1998 at 9:00 a. m. in Room 425 of the Legislative Office Building. The following members were present: Representatives Ives (Cochair), McCombs (Cochair), Braswell, Culpepper, Jeffus and three Senators. Representative Ives presided.

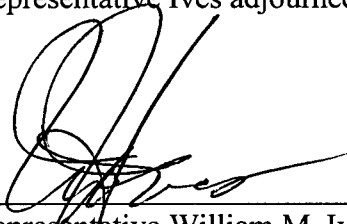
Representative Ives called the meeting to order at 9:10 a. m. and introduced Mr. Warren Plonk of Fiscal Research who gave an overview of the Office of the Governor, the Office of State Budget and Management and the Office of State Planning (see attachment #1). Mr. John Dorman of the Office of State Planning addressed questions from the members concerning the Geodetic Survey of the North Carolina and South Carolina boundary. Mr. Plonk continued with the overview of the Office of the Lieutenant Governor and their request for \$25,000 for a computer link. Mr. Plonk then went over the budget of the Office of Administrative Hearings and Ms. Molly Masich addressed the committee to explain their need for putting the NC Register and Rules online. Ms. Masich said this would provide the Rules to everyone for one appropriation and a small fee to keep the information on the internet.

Ms. Michele Nelson of Fiscal Research was introduced and gave an overview of the Office of the State Controller (see attachment #2). Ms. Nelson then gave an overview of the Department of Cultural Resources (see attachment #2). Representative Jeffus asked for more details on the Department of Archives and History, the Capital Visitor's Center and the N. C. Museum of Art. Secretary Betty Rae McCain said the cut at the Archives was to close the genealogy department on Saturdays. Representative Jeffus asked to flag the three items to revisit. Senator Kinnaird stated that she was not willing to cut the Department of Cultural Resource's budget and would write a resolution to revisit those items. Representative Jeffus then added the Museum of History and the State Public Libraries to the items she wished to have flagged. A discussion ensued over the depth of the cuts and where they came from. Representative Sherrill reminded Senator Kinnaird that the cuts were the Governor's idea. Mr. Marvin Dorman of the Office of State Budget and Management said the reason for the deep cuts were taken to get the teachers' salaries up to the national level, and the departments were asked where they could take the cuts. Mr. Dorman gave some examples to demonstrate how the Governor arrived at those cuts and what the projected target was at that time. Ms. Nelson continued with the nine expansion items in the budget for the Department of Cultural Resources. Representative Culpepper asked how the Governor prioritized the expansion items. Mr. Dorman replied that they are prioritized according to the interests of the Governor and that the Secretary of each department has input into that list. Senator Kinnaird asked for background on the progress of restoring the Scott Farm. Mr. Dorman explained the process of how the State

acquired the Scott Farm and what it includes. Senator Kinnaird asked Mr. Dorman about the \$250,000 tax credit for corporations and asked him to look into land trust conservancies for historic sites restoration for non-corporations. Mr. Dorman said he would look into the matter for her. Ms. Nelson then continued with an overview of the budget for the Department of Revenue and Rules Review (see attachment #2).

Mr. Warren Plonk gave an overview of the budget for the Department of Insurance (see attachment #1, p.1 and 2). Mr. Plonk said there are no reductions and no expansion in the Governor's Budget. The Department of Insurance is requesting \$1.5 million in expansion money for the HMO surcharge. Mr. Daschiel Propes said this would generate approximately \$1.7 million without Blue Cross Blue Shield and \$3.3 million with Blue Cross Blue Shield and that this would be more than enough to pay for the line item.

Representative Ives adjourned the meeting at 10:12 a. m.



Representative William M. Ives
Cochair



Jayne Nelson Walton
Committee Clerk

Summary
Recommended Changes to the 1998-99 State Budget

General Government Subcommittee
May 26, 1998
Room 425
9:00

- Office of the Governor
- Office of State Budget and Management
- Office of State Planning
- Department of Insurance
- Office of Administrative Hearings
- Office of the Lt. Governor

General Government Agency

	1998-99 Governor's Reductions	1998-99 Percent Reductions	1998-99 Governor's Expansion	1998-99 Department Expansion
OFFICE OF THE GOVERNOR				
Reduce Operating Line Items	(\$77,255)	1.5%		-
Continue Deputy Staff Position	-	-	\$107,959 R	-
Total			\$107,959	
OFFICE OF STATE BUDGET AND MANAGEMENT				
Reduce Travel, Communications and Data Processing	(\$59,263)	1.5%		-
Training and Operating Support	-	-	\$65,000 R	-
Total			\$160,000 NR	\$225,000
OFFICE OF STATE PLANNING				
Reduce Contractual Services and Communication	(\$6,118)	0.34%		-
Digital Orthophotography Appropriation			\$3,600,000 NR	-
County Boundary Survey Program			\$300,000 NR	-
Total			\$3,900,000	
OFFICE OF THE LT. GOVERNOR				
Reduce Operating Line Item	-	-	-	
Update Computer System	-	-	-	\$25,000 R
Total				\$25,000
OFFICE OF ADMINISTRATIVE HEARINGS				
Reduce Operating Line Item	-	-	-	
Funding for Operating Deficiencies	-	-	-	\$157,546 R
				\$3,600 NR
Hearings Division Automation, Clerical Support ALJ Training	-	-	-	\$54,332 R
Position - Hearings Division				\$38,880 NR
				1.0
Rules Division Automation and Internet Access to Register and Code	-	-	-	\$39,600 R
				\$103,500 NR
Reduce Backlog of Cases in Civil Rights Division	-	-	-	\$76,171 R
Positions - Civil Rights Division	-	-	-	\$6,900 NR
Total				2.0
				\$480,529
DEPARTMENT OF INSURANCE				
Reduce Operating Line Item	-	-	-	
Information Service Computer Upgrade	-	-	-	\$18,500 NR
Positions - Information Services				\$597,134 R
				3.0
HMO Audits and Field Examinations	-	-	-	\$211,600 NR
Positions - HMO Auditors and Examinations	-	-	-	\$1,391,659 R
				20.0
Consumer Protection Fund	-	-	-	\$500,000 NR
Field Audit and Regulatory Action Contract/Law Enforcement Pay Plan	-	-	-	\$638,520 R
Safety Services Engineer/Inspector	-	-	-	\$19,200 NR
Positions - Safety Services				\$193,507 R
				3.0

Building Security	-	-	-	\$66,900 NR
Positions - Building Security				\$37,952 R 1.0
Injury Prevention Specialist	-	-	-	\$6,400 NR
Positions - Injury Prevention				\$45,007 R 1.0
Fire and Rescue Printing	-	-	-	\$55,000 R
Insured Asset Data Base Update	-	-	-	\$50,000 NR
TPA Regulation	-	-	-	\$27,300 NR
				\$276,553 R 4.0
Total				\$4,135,232

Recommended Changes to the 1998-99 State Budget

- Office of the Governor
- Office of State Budget and Management
- Office of State Planning

May 11, 1998
Subcommittee on General Government
General Government Team
Fiscal Research Division

1998-99

1. Reduce Various Operating Line Items

Funds are reduced from the budget of the Office of the Governor in various line items including travel, communications, data processing and printing.

\$ (77,255)

Subtotal - Office of the Governor

\$ (77,255)

Office of State Budget and Management
Operating Efficiencies

1998-99

1. Reduce Travel, Communications and Data Processing

Funds are reduced from the budget of the Office of State Budget and Management for travel, communications and data processing.

\$ (59,263)

Subtotal - Office of State Budget and Management

\$ (59,263)

Office of State Planning
Operating Efficiencies

1998-99

1. Reduce Contractual Services and Communications

Funds are reduced from the budget of the Office of State Planning for contractual services and communications.

\$ (6,118)

Subtotal - Office of State Planning

\$ (6,118)

OFFICE OF THE GOVERNOR
Reductions for FY 1998-99
Budget Code 13000

1998-99 Certified Budget
Appropriations

\$5,150,352
.015

Total 1.5% \$ 77,255

5331xx - Office Supplies	10,000
532xxx - Purchased Services	62,255
5345xx - Office Furniture & Equipment	<u>5,000</u>
Total	\$ 77,255

Code 13005

Office of State Budget
and Management

Budget Reductions

1998-99

1310 Office of State Budget

2700	Travel and other Employee expenses	\$ 9,263
2800	Communications and Data Processing	<u>\$ 50,000</u>
	Total Reductions	<u><u>\$ 59,263</u></u>

1998-99 Reductions
OFFICE OF STATE PLANNING

	<u>1998-99</u>
2199 Miscellaneous Contractual Services	(1,118)
<u>2800 Communication & Data Processing</u>	<u>(5,000)</u>
Reduction Total	(6,118)

Office of the Governor

1. Continue Deputy Chief of Staff Position

Funds are recommended to continue the Deputy Chief of Staff position for the Office of the Governor.

\$	107,959
	1.0

Number of Positions

Total Recommended Changes for Office of the Governor

\$	107,959

Number of Positions

1.0

NR - Nonrecurring

Office of State Budget and Management

1998-99

1. Training and Operating Support

Funding is recommended to provide staff training for state departments and agencies in the area of performance measures, office equipment and travel, data processing, and printing related to 1999-01 budget preparation.

\$	65,000	
	160,000	NR

Total Recommended Changes for Office of State Budget and Management

\$	65,000	
	160,000	NR

Office of State Planning

1. Digital Orthophotography Appropriation

Funding is recommended to participate in a shared plan for the continuing development of digital orthophotography in North Carolina. The demand for digital orthophotos (DOQQs) in North Carolina is escalating with increased popularity and use of computer mapping software and geographic information systems. Digital orthophotos are an essential framework component used by state agencies, universities, local governments, and the private sector in geospatial planning and analysis.

\$ 3,600,000 NR

2. County Boundary Resurvey Program

Funding is recommended for the Geodetic Survey Program to re-establish and monument county boundaries to insure that these boundaries are easily identifiable, preserved over time, and referenced to the North Carolina State Plane Coordinate System. This program will require seven years to resurvey the county boundaries of each county in North Carolina. A portion of this funding will support the survey of a section of the North Carolina/South Carolina boundary based on recommendations of the Joint State Boundary Commission.

300,000 NR

Total Recommended Changes for Office of State Planning

\$ 3,900,000 NR

NR - Nonrecurring

1998-99 Recommended Changes
(Line Item Detail)

Office of the Governor

1998-99

1. Continue Deputy Chief of Staff position

1110-1100 EPA Salaries

\$ 90,000

1110-1500 Employee Benefits

17,959

\$ 107,959

Office of State Budget and Management

1998-991. **Training and Operating Support**

Funding is recommended to provide staff training for state departments and agencies in the area of performance measures, office equipment and travel, data processing, and printing related to 1999-01 budget preparation.

\$ 65,000
160,000 NR

Line Item Detail

Requirements:

<u>Account No.</u>	<u>Account Title</u>	<u>Request 1998-99</u>
1310 - 2700	Travel (ABC)	
1310 - 2800	Data Processing Services	\$ 25,000
1310 - 2850	Printing	25,000
1310 - 2940	Training Expense	35,000
1310 - 4500	Equipment	65,000
	Requirements	<u>75,000</u>
		\$ 225,000

1998-99 Recommended Changes
OFFICE OF STATE PLANNING

Expansion

13006-1412

1211	SPA-Reg Salaries-App (Time Limited Pos)	33,042
1511	FICA	2,528
1521	Retirement	3,578
1561	Hospitalization	1,736
2714	Transp - Ground In-State	5,000
2721	Lodging - In-State	4,116
2199	Miscellaneous Contractual Services	250,000

23006-2510

2199	Miscellaneous Contractual Services	3,150,000
2821	Computer / Data Processing	500,000

AGENDA

Joint Appropriations Subcommittee on General Government

**May 20, 1998
Room 425
3:00**

Chairman: Representative Gene McCombs

Discussion of Budget Changes for Fiscal Year 1998-99

- Department of Insurance
(Agency Expansion Requests)
- Office of Administrative Hearings
(Agency Expansion Requests)

**Department of Insurance
Expansion Budget Request 1998-99**

Priority	Issues	Description	Requirements	Positions
1	Information Service Crisis	Computers, servers, LAN and E-Mail communications are mandatory for use with interagency and industry purposes.	615,634	3
2	HMO Issues	To accommodate the rapid growth in HMOs and enable agency auditors to perform field examinations.	1,603,259	20
3	Consumer Protection Fund	Provide expert consultation and legal services to assist state in rate cases.	500,000	-
4	Field Audit & Reg Actions Contract Svc; Law Enforcement Officers Pay Plan	Experts are mandatory to perform studies for reinsurance, adequacy of reserve and actuarial opinions; to bring ELO pay plan up to comparable state levels.	638,520	-
5	Safety Services Engineer/Inspector	Additional staff for plan review section to maintain an acceptable level of review and code consultation services.	212,707	3
6	Building Security	To prevent robberies of personal belongings and state-owned equipment.	104,852	1
7	Injury Prevention Specialist	Creation of an appropriated position to coordinate the Buckle-Up Kids Child Passenger Safety Program.	51,407	1
8	Fire & Rescue Printing	To meet the growing demand for technical and instructional materials by fire and rescue personnel.	55,000	-
9	Insured Asset Data Base Update	Software update for insured state property to ensure property is adequately covered by insurance.	50,000	-
10	TPA Regulation	Regulatory responsibility for third party administrators and service companies for self-insured workers comp groups.	303,853	4
			<u>4,135,232</u>	<u>32</u>

Department of Insurance Expansion Budget Request 1998-99

The Department of Insurance must share data and have access to information maintained by banks and insurance entities. Internet, world wide web and automated forms submissions are the norm in the insurance industry. In order to audit, regulate and control insurance operations, the Department must have updated computer equipment, software and staff. HMOs are growing dramatically and are required to be regulated by the State. The Department in carrying out these regulatory functions must have adequate and current equipment and staff. A recent survey of state agencies shows the ratio of information services personnel to total employees averaged 1:29; DOI has a ratio of 1:64. Without adequate computer equipment and supporting staff, the Department cannot efficiently regulate insurance entities.

Expenditure Descriptions	Requirements 1998-99
Postage/Office Supplies/Printing	5,200
Travel (meals/lodging/training/etc.)	37,200
Salary (including benefits)	141,834
Contractual Services	12,000
Telephone/DP	900
Computer/Furniture/Equipment	418,500
Total Requirements	615,634

Department of Insurance
Expansion Budget Request 1998-99

Priority Item # 2

NC General Statutes require examinations of Health Maintenance Organization (HMO) operations at least every three years. Additional staffing is needed because of the large increase in the number of licensed HMOs. In addition, experience over the last year shows that the need for close monitoring of corrective action and to follow-up on examination findings is paramount; this need will continue. The number of licensed HMOs has increased from 10 in 1993 to 29 as of February 1, 1998. The number of licensed companies will continue to grow. Until 1994, only 2 HMOs required out-of-state travel. That number has grown to 8 and will increase. Consequently, our travel budget will accommodate only 10 months of examination. Without budget expansion we will not be able to meet our statutory requirements.

As managed care becomes more pervasive in North Carolina, market conduct examinations will be increasingly important to ensure that consumers are getting the coverage that they have purchased and that the systems put into place by HMOs do not impede consumer access to care. The recent passage of significant managed care regulation and laws dictates that more specific aspects of HMO operations must be checked during examination.

The Managed Care & Health Benefits Division currently has 2 exam teams comprised of a total of 6 examiners. A supervising examiner works closely with both teams, visiting them on-site during exams. This person has responsibility for much of the examinations. Addition of the personnel requested would give us 4 teams plus additional supervisory capability necessary to support 3 teams, improve the ability to follow-up on issues as needed and maintain the ability to perform follow-up examinations of newly licensed HMOs. Schedules permitting, these teams can also assist in the audit and examination of traditional health carriers (non-HMOs) where we are only reaching 20% per year.

Expenditure Descriptions	Requirements 1998-99
Postage/Office Supplies/Printing	20,100
Travel (meals/lodging/training/etc.)	241,600
Salary (including benefits)	1,063,209
Contractual Services	44,100
Telephone/DP	22,400
Computer/Furniture/Equipment	211,850
Total Requirements	1,603,259

**OFFICE OF ADMINISTRATIVE HEARINGS
SUMMARY OF EXPANSION BUDGET REQUEST
FOR THE FISCAL YEAR 1998/99**

Priority Number	Program Description	Requested 1998-99
1	Funding for OAH Budget Deficiencies	\$ 129,146
	This request is for increases in line items having funding deficiencies that are <u>critical</u> to the continuing operations of this Agency and to replace the federal contract receipts with General Fund Appropriations. These line items include legal services (for the hiring of Administrative Law Judges on a temporary basis to hear specific cases in which this agency may have a conflict), contractual services (for temporary contracting for hearings assistants), maintenance agreements, rent of office space, data processing services, library/ learning resources and employee education. This will also provide funding to replace computer equipment on a scheduled three year cycle. The decrease in receipts from federal funds is requested because of the uncertainty in the availability and amount of federal dollars available to the OAH from EEOC. During the 1996-97 Fiscal year OAH did not receive any federal funds from EEOC. As of February 25, 1998, the agency does not have a signed contract for the 1997-98 fiscal year and the availability and amount of funds for the agency is uncertain. Because of the OAH's budget is small and is structured such that all requirements are necessary for the operation of the agency, the failure to receive budgeted federal receipts disrupts agency services and the agency can not meet its financial commitments.	Federal Rec'pt Appropriation (32,000) 161,146
		Recurring 157,546 Non Recurring 3,600
2	Hearings Div. Automation, clerical support and ALJ training	\$ 93,212
	This request is for funds to complete an integrated program for the Hearings Division automation project, to provide a fulltime clerical assistant that is urgently needed due to increased workloads and to provide funding for two Administrative Law Judge training conferences.	No. of Positions 1.00 Recurring 54,332 Non Recurring 38,880
	Rules Division Automation and Internet Access to Register and Code	\$ 143,100
	This request will provide funding to continue the automation in the Rules division including enabling this agency to make the North Carolina Register and the North Carolina Administrative Code available on the Internet, provide funds for project management for the Regulink project and the development of a subscription database for subscribers to the Register and Code.	Recurring 39,600 Non-Recurring 103,500
4	Reduce Backlog of Cases in Civil Rights Division	\$ 83,071
	This request is to establish and fund two positions in the Civil Rights division to implement new requirements to investigate political discrimination cases and to help reduce the backlog of cases in this division. EEOC specifies that the average age of cases in the Civil Rights inventory should be no more than 270 days. Currently, 69.3% of the cases in our inventory are substantially above that threshold.	No. of Positions 2.00 Recurring 76,171 Non-Recurring 6,900
TOTAL REQUIREMENTS		
FEDERAL RECEIPTS		\$ 448,529
		(32,000)
TOTAL EXPANSION BUDGET REQUEST		\$ 480,529
		TOTAL RECURRING \$ 327,649
		TOTAL NON-RECURRING \$ 152,880
AL POSITIONS		3.00

OFFICE OF ADMINISTRATIVE HEARINGS
LINE ITEM DETAIL FOR EXPANSION BUDGET REQUEST
1998-99 FISCAL YEAR

Priority
Number

1

Funding for OAH Budget Deficiencies

\$ 161,146

1100	2110001	Legal Services --Judge	12,000
1100	2170002	Temp Agency Contracts	28,200
1100	2441	Maintenance Agreement - Software	21,143
1100	2512	Rent/Lease - Buildings	7,803
1100	2821	Computer/Data Processing Services	9,500
1100	452X	DP Equipment	45,500
1100	4630	Library & Learning Resources	5,000
1100	2101	Receipts-Federal Contract	32,000

2

Hearings Division -Automation, Clerical Support & ALJ Training

\$ 93,212

1100	1211	SPA Reg Salaries	20,743
1100	15XX	Employee Benefits	5,569
1100	2140001	Internal Systems Imp/Intergration	51,600
1100	2199	Miscellaneous Contactal Services	8,000
1100	27XX	Travel	7,300

3

Rules Division - Automation and Internet Access

\$ 143,100

1100	2140001	Internal Systems Imp./Integration	69,900
1100	2140002	Automation Services	43,200
1100	2141	Maintenance Agreement - Software	30,000

4

Reduce Civil Rights Caseload backlog

\$ 83,071

1100	1211	SPA Reg Salaries	54,812
1100	15XX	Employee Benefits	13,601
1100	27XX	Travel	5,358
1100	2811	Telephone Service	1,800
1100	3110	General Office Supplies	600
1100	451X	Office Furniture & Equipment	2,100
1100	452X	DP Equipment	4,800

Quantity	Model Number	Description	Unit Price	Total Price
DeskPro Workstations				
5	270780-005	Compaq DeskPro 4000	1,480.00	7,400.00
5	307710-001	Compaq V75 17" Monitor	505.00	2,525.00
1	PILA8465B	Intel 10/100 PCI NIC	65.00	65.00
File Server & Accessories				
1	273720-003	Compaq ProLiant 800	2,700.00	2,700.00
1	225483-001	Compaq 64MB Ram upgrade	625.00	625.00
1	169804-001	Compaq 100Base-TX Module	92.00	92.00
1	295353-B21	Compaq 4/16 tape drive	837.00	837.00
Software				
1	NWSS30-C	Cheyenne Server Suite	595.00	595.00
1	NWFS5-5A	5 Users Additive License	296.00	296.00
12	LIC-002468-001	Novell InterNetwork	96.21	1,154.52
9	LIC-002224-001	GroupWise	66.08	594.72
9	LIC-002223-001	GroupWise SMTP Gateway	2.24	20.16
9	353-00217	MS Office Pro 97 CD	236.29	2,126.61
Misc				
1	AL2012E01	BayStack 350T Switch	1,737.10	1,737.10
1	SU1000NET	APC 1000 UPS	494.00	494.00
2	J2556B#ABA	HP JetDirect 10/100 cards	350.00	700.00
1	C1310A#ABA	HP ScanJet	2,660.00	2,660.00
Total			\$24,622.11	

Post-it Fax Note		7671	Date
To	J. J. J.		From
Co. Dept.			Ca.
Phone #			Phone #
Fax #			Fax #

Departments	1998-99 Governor's Recomm'd Reduction	1998-99 Percent % Reduction	1998-99 Governor's Recomm'd Expansion	1998-99 Department Requested Expansion
STATE CONTROLLER (OSC)				
Departmentwide	\$(85,012) (1.0)			
NCAS Daily Production Support				\$1,500,000
FY 98 Budget Shortfall				550,000 NR
Statewide Accounts Receivable and Debt Setoff Implementation				750,000
NCAS Smart Stream Pilot Project				900,000 NR
Subtotal - OSC	\$(85,012)	.81%		\$2,250,000 \$1,450,000 NR
Position	(1.0)			-
CULTURAL RESOURCES				
Office of the Secretary	(14,366)			
Administrative Services	(14,884)			
Archives & History	(10,144)			
First Flight Centennial Commission			\$975,000 (#3)	
Queen Anne's Revenge			250,000 NR (#7)	
Indian Heritage Research			50,000 (#4) 1.0	
Historical Publications	(10,110)			
Archives & Records	(42,414) (1.0)			
Leased Space for Records Storage			255,000 NR (#6)	

Departments	1998-99 Governor's Recomm'd Reduction	1998-99 Percent % Reduction	1998-99 Governor's Recomm'd Expansion	1998-99 Department Requested Expansion

CULTURAL RESOURCES (cont.)

Historic Sites	\$(104,277)			
State Civil War Sites			\$1,000,000 NR (# 2)	
W. Kerr Scott Farm Reserve			50,000 NR (#8)	
Historic Sites Position			23,535 (#5) 1.0	
Tryon Palace	(18,961)			
State Capitol/Visitors Center	(6,921)			
N.C. Maritime Museum	(12,606)			
State Historic Preservation Office	(20,768) (.25)			
Western Office	(5,429)			
Museum of Art	(55,338)			
N.C. Arts Council	-			
Grassroots Arts Program			335,750 NR (#9)	
N.C. Symphony	(4,948)			
Memorial Auditorium Grant			3,000,000 NR (#1)	
State Library Services	(63,200)			
Museum of History	(72,320)			
Subtotal - Cultural Resources	\$(456,686)	.84%	\$1,048,535 \$4,890,750 NR	
Positions	(1.25)		2.0	

<u>Departments</u>	1998-99 Governor's Recomm'd Reduction	1998-99 Percent % Reduction	1998-99 Governor's Recomm'd Expansion	1998-99 Department Requested Expansion

REVENUE

Federal Retiree Admin. Acct. \$(741,902) NR

Administration (326,098)

Develop New Remittance
Processing System

\$500,000
12,000,000 NR
9.0

Subtotal - Revenue

\$(326,098)

\$500,000

Positions

\$(741,902) NR 1.55% \$12,000,000 NR

9.0

RULES REVIEW COMMISSION

Website Server & Home Page

-

-

-

\$10,000

25,000 - 20,000 NR

Subtotal - Rules Review Commission

-

-

-

\$10,000

\$25,000 - 40,000 NR

Office of State Controller
Operating Efficiencies1998-99

1. Delete Assistant State Controller Positions

As part of the Span of Control effort the Office of State Controller is deleting the Assistant State Controller position from the budget.

Number of Positions

\$ (85,012)
(1.0)

Subtotal - Office of State Controller

Number of Positions

\$ (85,012)
(1.0)

PROGRAM DESCRIPTION

FY 98-99
\$ Amount

Continuation Budget

Priority # 1: NCAS Daily Production Support

Continuation funding is requested in the following line items to continue the level of support necessary for the successful daily production of the NCAS:

532140 Outside Services	\$300,000
532440 Computer Hardware Maintenance	10,000
532441 Computer Software Maintenance	90,000
532522 Lease - Computer Equipment	600,000
533821 Data Processing Costs	500,000
Total Requirements	\$1,500,000
Receipts	0
Appropriation	\$1,500,000
Number of Positions	(0)

Non-Recurring Budget

Priority # 1: FY 98 Budget Shortfall

One-time funding is requested to cover the FY 98 shortfall in Data Processing costs of the NCAS.

533821 Data Processing Costs	\$550,000
Total Requirements	\$550,000
Receipts	0
Appropriation	\$550,000
Number of Positions	(0)

OFFICE OF THE STATE CONTROLLER
Expansion Budget Requests
FY 98-99 (Short Session)

The Office of the State Controller (OSC) has the responsibility to operate the North Carolina Accounting System (NCAS). The purpose of the NCAS is to maintain for the benefit of central and agency managers timely, reliable, accurate, consistent and complete financial, budgetary and management information on the N.C. State government entity. To achieve these goals the OSC provides financial systems development, NCAS documentation support, NCAS systems administration, NCAS client support, central fiscal policies and procedures control, and preparation of statewide periodic financial reports from NCAS. The OSC provides this central NCAS support mechanism that is more efficient by performing system design, development, implementation and maintenance tasks for the benefit all agencies concurrently. This central approach also facilitates the uniformity and access to financial information for central and agency managers.

The NCAS utilizes Geac (formerly Dun & Bradstreet Software) Enterprise Server application software for all financial functions. This includes general ledger, budgetary control, financial controller, accounts payable, purchasing, inventory, accounts receivable, fixed assets, and several information access tools, including client/server based SmartStream Decision Support System. The Geac software offers significant functionality and flexibility, operates in an environment that includes MVS Enterprise Server (mainframe), UNIX SmartStream (client/server), Internet Web Browsers, and the full range of telecommunication and network applications, which results in the need for increased functional and technical production monitoring. An effort has begun to expand the NCAS technical environment to include a full range of client/server based Geac SmartStream business applications as well as exploit the electronic business capabilities of the Internet Web Browsers. This will provide the NCAS with a logical technical evolution pathway that offers improved user access features, workflow business processes, more easily implemented and maintained software, and an underlying technology that is in concert with the State's technical architecture strategy. Efficiencies are derived through the centralized approach to this management of the NCAS. The NCAS currently supports in excess of 5000 statewide users of the system.

The following priorities are in support of the NCAS and are organized under the appropriate continuation or non-recurring budget categories:

Continuation Budget

Priority # 1: NCAS Daily Production Support

Continuation funding is requested in the following line items to continue the level of support necessary for the successful daily production of the NCAS:

532140	Systems Implementation/Integration Services	\$300,000
532440	Maintenance Agreement – Data Processing Equipment	10,000
532441	Maintenance Agreement - Software	90,000
532522	Rental/Lease of Data Processing Equipment	600,000
533821	Computer/Data Processing Services	500,000

532140 Systems Implementation/Integration Services - The increase in this line item is needed to provide minimal required level of resources to assist OSC technical staff in supporting and effecting changes to the NCAS in a timely manner by providing experienced Geac Enterprise Server and SmartStream expertise related to operational tasks. This line item recognizes that the NCAS is not a stagnant product, but must be constantly monitored, refined and improved to provide maximum benefit to the users of the system and the users of the financial and budgetary information that is created and maintained in the NCAS. Sufficient funds in this area assure that the 5000 plus users of the NCAS are appropriately supported.

OFFICE OF THE STATE CONTROLLER
Expansion Budget Requests
FY 98-99 (Short Session)

Page 2

- 532440 **Maintenance Agreement – Data Processing Equipment** – The increase in this line item is due to the addition of computer equipment that must be protected by maintenance agreements. Due to the complexity of the NCAS network and technical environment and the number of clients being supported by this system, key hardware is under maintenance support from the original vendors. This provides protection for the state's investment in these key systems and assures rapid response if problems occur.
- 532441 **Maintenance Agreement – Software** – The increase in this line item is needed to support additional NCAS software maintenance agreements. Due to the complexity of the NCAS network and software environment and the strategic direction to outsource software research and development, key software is under maintenance support from the original vendor. This provides protection for the state's investment in these key systems. This increase reflects the increase in annual maintenance due to the acquisition of client/server based NCAS software. This amount reflects a discount in the normal maintenance amount for this product due to the centralized support aspect and statewide contract licenses with the vendor.
- 532522 **Rental/Lease of Data Processing Equipment** – This line item is established to provide budget for the leasing of a UNIX server of sufficient capacity and power to support the modeling of the NCAS Geac SmartStream application software as this software is pilot implemented in the General Assembly. This server will also support the other NCAS evolution implementation projects planned by the OSC and provide the technical platform for the agencies' migration to the client/server based SmartStream applications. The establishment of this line item reduces the overall increase in line item 532821 Computer/Data Processing Services. This is a three-year lease with a final ownership payment option of \$1. The alternative cost to buy the server with a three-year maintenance contract is \$1.6 M.
- 532821 **Computer/Data Processing Services** - Capacity planning for the NCAS has estimated the changes in the NCAS data processing budget due to the addition of state agency staff utilizing the extended financial functions, the increased number of overall users, and the increased overall utilization of the NCAS capabilities. The OSC has been monitoring the use and data processing costs of the NCAS since statewide implementation of the core financial functions in July 1995. The overall increase in this line item was reduced by the establishment of line item 532522 Rental/Lease of Data Processing Equipment, which recognized the redistribution of the UNIX server costs.

Non-Recurring Budget

Priority # 1: FY 98 Budget Shortfall

One-time funding is requested to cover the FY 98 shortfall in Data Processing costs of the NCAS.

533821	Computer/Data Processing Services	\$550,000
532821	Computer/Data Processing Services – This line item is needed to cover the shortfall in FY 97-98 budget authorization for data processing services related to the daily operation of the NCAS.	

SUPPLEMENTAL EXPANSION BUDGET REQUEST

BUDGET CODE: 14160 DEPARTMENT: 1000 PRIORITY No. 4 of 4

FUND NUMBER: 0550 FUND TITLE: Office of the State Controller DIVISION/ INSTITUTION:

PROGRAM NUMBER: NCAS Evolution Implementation Projects PROGRAM TITLE: Financial Operations

TITLE OF REQUEST: NCAS Evolution Implementation Projects

STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☐ NO ☒

IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	\$3,500,000
APPROPRIATION	\$0
TOTAL POSITIONS	\$750,000
	0

Narrative:

Statewide Accounts Receivable and Debt Setoff Implementation

Funding is requested for functional and technical contractual services support to continue efforts related to the implementation of best business practices associated with accounts receivable processing and bad debt collection. A study was initiated on February 4, 1998 in response to Senate Bill 39 which ratified Chapter 105A of the General Statutes ("An Act to Revise the Setoff Debt Collection Act") during the last legislative session and responsibilities related to GS 147-86.26 (Statewide Accounts Receivable Program). The study is addressing whether it is desirable and feasible for the State to establish a central clearinghouse for compiling debt set-off information required by the Department of Revenue and a comparison of current accounts receivable, debt collections and debt setoff procedures to that of both public and private sector best business practices. It is anticipated that the firm of Coopers & Lybrand, which has been retained to assist the OSC conduct this study, will identify gaps in processing techniques between best practice organizations and North Carolina in the areas of accounts receivable processing and bad debt collection. Recommendations will focus on opportunities that may be defined as either having potential for significant cost reduction, having potential for dramatically increasing service levels or increasing revenue to the State. Additional findings will document concerns identified during this project which are subjects for further analysis. The funding requested will provide 3 FTE to follow-up on study recommendations and continue efforts towards implementation of best business practices. It is anticipated that further funding request will be necessary to fully implement best business practices associated with accounts receivable processing and bad debt collection.

SUPPLEMENTAL EXPANSION BUDGET REQUEST

BUDGET CODE: 14160 DEPARTMENT: 1000 OFFICE OF THE STATE CONTROLLER PRIORITY No. 3 of 4

FUND NUMBER: 0550 FUND TITLE: Office of the State Controller DIVISION/ INSTITUTION:

PROGRAM NUMBER: NCAS SmartStream Pilot Project PROGRAM TITLE: Financial Operations

TITLE OF REQUEST: STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT?

YES ☐ NO ☒

IF YES, ATTACH A COPY OF THE DRAFT.

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	\$900,000
APPROPRIATION	\$0
TOTAL POSITIONS	\$900,000
	0

Narrative:

One-Time funding is requested to implement the General Assembly as a pilot agency on the Geac SmartStream client/server version of the North Carolina Accounting System.

The "Systems Implementation/Integration Services" (\$500,000) - This line item is needed to provide systems implementation resources to assist the OSC and General Assembly staff in the implementation of the General Assembly on the Geac SmartStream client/server version of the NCAS. This pilot implementation will provide the NCAS with a clear technological evolution path for ultimate statewide migration of the current agencies from the Enterprise Server to the client/server environment.

The "Computer Software" (\$400,000) - This line item supports the cost of the Geac SmartStream client/server software that will be implemented at the General Assembly. This pilot implementation will provide the NCAS with a clear technological evolution path for ultimate statewide migration of the current agencies from the Enterprise Server to the client/server environment.

Department of Cultural Resources
Proposed Budget Reductions 1998-99

1.	Fund 1110 Office of the Secretary	<u>\$ 14,366</u>
	532199 Misc. Contractual Services	
	Subtotal - Fund 1110	\$ 14,366
2.	Fund 1120 Administrative Services	<u>\$ 14,884</u>
	534522 Equipment - Computers	
	Subtotal - Fund 1120	\$ 14,884
3.	Fund 1210 Director's Office, Division of Archives and History	\$ 360
	532199 Misc. Contractual Services	968
	532210 Energy Ser. Electrical	101
	532230 Energy Ser. Water and Sewer	226
	532390 Repairs - Other	240
	532490 Maint Agreement - Other	65
	532513 Rent/Lease - Other Facilities	62
	532590 Rent/Lease - Other Property	1,265
	532714 Transp. - Ground in State	75
	532715 Transp. - Ground Out of State	131
	532721 Lodging - In State	131
	532722 Lodging Out of State	145
	532724 Meals - In State	88
	532725 Meals - Out of State	65
	532727 Misc. - In State	65
	532728 Misc. - Out of State	453
	532731 Board/Non-Employee Transp.	231
	532732 Board/Non-Employee Subs.	2,322
	532811 Telephone	26
	532821 Computer/Data Process. Serv.	417
	532840 Postage, Freight, Del.	262
	532850 Print, Bind, Duplicate	10
	532860 Advertising	262
	532911 Property - Insurance	183
	532919 Other Insurance	13
	532942 Other Employee Educ. Exp.	1189
	533110 General Office Supplies	17
	533350 Motor Vehicle Repl. Parts	408
	533900 Other Materials/Supplies	

Fund 1210 Director's Office, Div. of Archives & History - Continued

534511 Furniture Office	\$ 98
534522 Equipment - Computers	627
534539 Other Equipment	69
534630 Library and Learning Rcs. Coll.	151
534710 Computer Software	203
535830 Memberships Dues and Sub.	216
536914 Confederate Cemetery Grant	<u>165</u>

Subtotal - Fund 1210

\$ 10,144

4. **Fund 1220 Historical Publications**

532850 Print, Binding, Duplication

\$ 10,110

Subtotal - Fund 1220

\$ 10,110

✓5. **Fund 1230 Archives and Records**

531211 SPA - Reg. Salaries (Eliminate Pos. #2138)

\$ 19,895

531511 Social Security

1,522

531521 Reg. Retirement Cont.

2,155

531561 Med. Insurance Cont.

1,735

532390 Repairs - Other

5,000

532850 Print, Binding, Duplication

12,106

Subtotal - Fund 1230

\$ 42,414

(1.00)

6. **Fund 1241 Historic Sites**

532210 Energy Ser. - Electrical

\$ 30,000

532220 Energy Ser. - Nat. Gas/Propane

3,000

532230 Energy Ser. - Water and Sewer

1,000

532241 Energy Ser. - Fuel Oil

1,000

532390 Repairs - Other

12,000

532714 Transp. - Ground-In State

1,000

532721 Lodging - In State

1,000

532722 Lodging - Out of State

1,000

532724 Meals - In State

277

532725 Meals - Out of State

1,000

533110 General Office Supplies

1,000

533350 Motor Vehicle Repl. Parts

3,000

533900 Other Materials and Supplies

10,000

534511 Furniture - Office

2,000

534522 Equipment - Computers

10,000

	Fund 1241 Historic Sites - Continued	
	534528 Equipment - Communications	\$ 1,000
	534539 Equipment - Other	10,000
	534449 Other Motorized Vehicles	5,000
	534610 Art and Artifacts	<u>11,000</u>
	Subtotal - Fund 1241	\$104,277
7.	Fund 1242 Tryon Palace Historic Sites and Gardens	
	532512 Rent/Lease - Buildings/Office	\$ 3,070
	532840 Postage	10,491
	532850 Printing	5,050
	532942 Other Employee Ed. Exp.	<u>350</u>
	Subtotal - Fund 1242	\$ 18,961
✓8.	Fund 1243 State Capitol/Visitor Services	
	531311 Reg. Temporary Wages	\$ 6,392
	531511 Social Security	<u>529</u>
	Subtotal - Fund 1243	\$ 6,921
9.	Fund 1245 NC Maritime Museum	
	532310 Repairs - Buildings	<u>\$ 12,606</u>
	Subtotal - Fund 1245	\$ 12,606
10.	Fund 1250 State Historic Preservation Office	
	531211 SPA Reg. Salaries (Reduce ^{Position} budgeted salary of #2604)	\$ 15,907
	531511 Social Security ^{to .75}	1,217
	531521 Retirement	1,723
	532811 Telephone	961
	532840 Postage	<u>960</u>
	Subtotal - Fund 1250	\$ 20,768 (.25)
11.	Fund 1290 Western Office	
	532714 Transportation - Ground-In State	\$ 1,048
	532811 Telephone	500
	532850 Printing	500
	532942 Other Employee Edu. Exp.	150
	533110 General Office Supplies	<u>500</u>

Fund 1290 Western Office - Continued

533900 Other Materials and Supplies	\$ 500
534511 Furniture - Office	310
534522 Equipment - Computers	208
534539 Other Equipment	1,513
535830 Membership Dues/Subscription	<u>200</u>

Subtotal - Fund 1290

\$ 5,429

✓12.

Fund 1320 Museum of Art

531211 SPA - Reg. Salaries (Reduce budgeted salary of #3147)	\$ 8,585
531511 Social Security	656
531521 Regular Retirement	929
532199 Misc. Contractual Services	25,000
534610 Art and Artifacts	<u>20,168</u>

Subtotal - Fund 1320

\$ 55,338

13. **Fund 1340 NC Symphony**

532811 Telephone

\$ 4,948

Subtotal - Fund 1340

\$ 4,948

14. **Fund 1410 State Library Services**

531312 Temporary Salary	\$ 2,562
531512 Social Security	196
534630 Library and Learn Res. Coll.	<u>60,442</u>

Subtotal - Fund 1410

\$ 63,200

15. **Fund 1500 NC Museum of History**

532199 Misc. Contractual Services	\$ 10,000
532714 Trans. - Ground-In State	2,320
533900 Other Materials and Supplies	10,000
534511 Office Furniture	20,000
534610 Art and Artifacts	20,000
534710 Computer Software	<u>10,000</u>

Subtotal - Fund 1500

\$ 72,320

Grand Total - Department of Cultural Resources

\$456,686
(1.25)

CULTURAL RESOURCES - RECOMMENDED CHANGES 1998-99

	Fund	Account	Recurring	Non-recurring	Positions
1. N.C. Symphony Grant - Memorial Auditorium	1360	5369xx		3,000,000	
2. State Civil War Sites	1241	537121		1,000,000	
3. First Flight	1210	536901	975,000		
4. Indian Heritage Research Position	1210	531211	30,038		
		531511	2,298		
		531521	3,254		
		531561	1,736		
		532714	2,000		
		532721	1,000		
		532724	500		
		532811	1,000		
		532840	1,000		
		532850	1,000		
		533900	1,174		
		534511	1,000		
		534522	2,000		
		534528	1,000		
		534630	1,000		
		TOTAL	50,000		1.0
5. Historic Sites Position	1241	531211	18,398		
		531511	1,408		
		531521	1,993		
		531561	1,736		
		TOTAL	23,535		1.0
6. Leased Space for Records Storage	1230	532199		130,000	
		534539		125,000	
		TOTAL		255,000	
7. Queen Anne's Revenge	1210	531311		90,000	
		531511		6,885	
		532xxx		94,650	
		533xxx		9,265	
		534xxx		49,200	
		TOTAL		250,000	
8. W. Kerr Scott Farm Reserve	1241	5371xx		50,000	
9. Grassroots Arts Program	1330	536990		335,750	
DEPARTMENT TOTAL			1,048,535	4,890,750	2.0

Fund 1360 North Carolina Symphony

Expansion Request: \$3,000,000

In the last decade, there have been numerous studies and much discussion about building additional performance facilities in Raleigh. Those discussions have come to fruition with plans for two additional performance spaces adjacent to Raleigh Memorial Auditorium. Regarded as one of the finest multi-purpose halls in eastern North Carolina, Raleigh Memorial Auditorium is the only major performance facility in the city and last year hosted more than 200 events attended by 320,000 patrons. The North Carolina Symphony alone was the presenter for more than 50 of those events. In every year of the last decade, it has become more difficult for The North Carolina Symphony and other performance groups to schedule events and rehearsals for this high-demand facility. Many needs are going unmet because of the lack of space.

The Raleigh Memorial Auditorium Performing Arts Center project is scheduled to become a reality sometime in the year 2000. The project is a public/private partnership between the City of Raleigh, Wake County, The North Carolina Symphony, and other individual, corporate and foundation contributors. The funding formula includes \$14 million of public support from the City and County and \$11 million in private support raised through the efforts of the Performing Arts Advisory Committee and the Trustees of The North Carolina Symphony.

Although the \$25,000,000 funding package will provide good, basic facilities, the acoustical and theatrical consultants for the project have recommended that several options be considered to improve the acoustical properties of the hall. These would include increasing the concrete mass on the exterior walls, installing an acoustical ceiling, orchestra risers, a quality sound system and drapes to monitor the sound for large and small groups, at a total cost of \$3,000,000. These additions would also make the facility more usable for a wider variety of performing arts experiences. The requested **\$3,000,000 one-time appropriation** would make a dramatic difference in providing North Carolinians the finest acoustical hall in the State.

The options that could be provided with the \$3,000,000 would give this State its first dedicated concert hall, a state-of-the-art facility that would become a destination that statewide residents and visitors could enjoy with great pride. It would be a magnificent home for The North Carolina Symphony, one of the State's cultural jewels with a 65-year history of serving North Carolinians. It would also open up other possibilities for performance groups throughout the State – from orchestras and choruses of our great colleges and universities, to secondary school bands, orchestras, and choruses for more educational concerts by The Symphony and other state partners in arts education. The enhanced facility would indeed do justice to North Carolina, one of the few states in the country with a proud history of calling itself “a State of the Arts.”

Promotion and Improvements to the state's Civil War Sites

\$1 million

These funds will continue to develop and promote the state's Civil War sites. These historic sites have not had a significant infusion of funds since the Civil War centennial ended in 1965. Entrenchments and other battlefield features are in need of preservation at many of our sites. Visitor center exhibitions and other facilities do not meet museum standards. In particular, the traveling public expects quality, interactive programs that meet both their entertainment and educational needs. Preserving fortifications and improving interpretive features are essential to building Heritage Tourism. In addition, this funding may attract private donations, along with corporate and foundation support to establish these sites as definitive civil war travel locations. Promotion of Civil War sites includes marketing the statewide Civil War trails system, broadcast video production, and traveling exhibits.

State historic site improvements will include:

Bentonville Battleground - Establish driving tours of battlefield; begin planning for exhibition center for the largest battle ever fought in N. C.

CSS Neuse - Preservation and interpretation of CSS Neuse

Bennett Place - Complete electronic database roster of civil war soldiers

Fort Fisher - Restoration and interpretation of Battery Buchanan and Shepherd's Battery

Fort Anderson - Archaeology and reconstruction of Fort Anderson, Battery A, First Gun
Emplacement

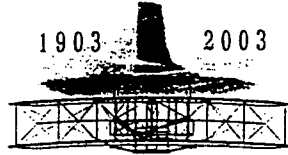
Vance Birthplace - Establish scenic buffer around historic site; produce new audiovisual
program in visitor center

FIRST FLIGHT

December 17, 1903 Kitty Hawk, North Carolina

Thad Woodard
COMMISSION CHAIRMAN

1903 2003



Richard T. Howard
VICE-CHAIRMAN

CENTENNIAL COMMISSION

May 1, 1998

MEMORANDUM

TO: Deputy Secretary Betsy Buford

FROM: Ferg Norton

RE: Expansion Budget Needs

Attached is a print-out of the 1998-99 needs for First Flight Centennial Commission. Established by the 1994 North Carolina General Assembly, the purpose of First Flight Centennial Commission 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. The Commission is well on its way to providing the highest stature possible for the observance and commemoration of the 100th anniversary of the Wright brothers' historic 1903 Kitty Hawk flight. This celebration will showcase North Carolina on a worldwide basis.

To fulfill the broad-based educational mandates stipulated by the enabling statutes, the Commission has defined and established public informational and educational priorities, program development and statewide implementation strategies. Working with educators, historians, and representatives from aviation, aeronautics, and related technological fields, the Commission has defined specific educational opportunities for adults and students to participate and contribute to the ongoing activities leading up to the grand finale. Each activity provides unique and age-appropriate opportunities for students and adults to learn and contribute to the aviation heritage of the state and nation while participating in an historic event. Currently 18,000 children have participated in FFCC programs.

The Commission is working daily with many state agencies, including the Department of Public Instruction, Office of Travel and Tourism, and Department of Transportation, as well as all branches of the military, numerous volunteer groups, statewide and national educational programs, Ohio's 2003 Committee, the National Park Service, and, in the very near future, a federal commission.

FIRST FLIGHT CENTENNIAL COMMISSION 1998-99 PROJECTION

PERSONNEL/CONTRACT SVC					
EXECUTIVE DIRECTOR		\$ 60,000			
ADMIN. OFFICER		\$ 46,000			
ADMIN. SECY		\$ 26,100			
EDUCATION DEV. COORD.		\$ 36,800			
RECEPTIONIST		\$ 19,000			
STAFF PLANNER/COORDINATOR	X	\$ 90,000			
TEMPORARY SERVICES		\$ 3,000			
FUNDRAISING AND PROMOTION	X	\$ 85,000			
STAFF BUDGET OFFICER	X	\$ 52,000			
		\$ 417,900	\$ 417,900		
OPERATIONS					
PARKING		\$ 300			
SUPPLIES		\$ 10,800			
COMPUTERS/SOFTWARE	X	\$ 4,500			
WEB SITE MANAGEMENT	X	\$ 14,000			
EQUIPMENT MAINTENANCE		\$ 1,500			
TELEPHONE		\$ 11,800			
PRINTING/DUPLICATING		\$ 29,500			
POSTAGE, FREIGHT, FEDEX		\$ 12,000			
AUDIT		\$ 3,500			
LEGAL FEES	X	\$ 6,000			
INSURANCE	X	\$ 15,000			
		\$ 108,900	\$ 108,900		
TRAVEL					
FFCC MEETINGS		\$ 22,000			
EXECUTIVE COMMITTEE MTGS		\$ 6,000			
COMMITTEE MEETINGS		\$ 9,600			
DEC 16-17		\$ 8,000			
OHIO		\$ 4,800			
DC		\$ 5,600			
OTHER TRAVEL(LAK, OSH, NBAA)		\$ 8,000			
INTERNAT'L REPRESENTATION		\$ 6,000			
		\$ 70,000	\$ 70,000		
EDUCATION / PUBLIC AFFAIRS					
EDUCATION PROGRAMS	X	\$ 85,200			
NEWSLETTERS		\$ 5,000			
LICENSING STARTUP		\$ 15,000			
CENTENNIAL PROMOTIONS		\$ 12,000			
PROMOTIONAL BROCHURES	X	\$ 11,000			
		\$ 128,200	\$ 128,200		
A & E PRELIMINARY STUDY					
		\$ 250,000	\$ 250,000		
	X		\$ 975,000		

Research Historian for Native Americans

Department of Cultural Resources
Division of Archives and History-Director's Office, Fund 1210
Research Branch, Center #120

531211	SPA Regular Salaries	\$30,038	Historic Sites Specialist III (gr. 70)
531511	Social Security	2,298	
531521	Reg. Retirement Contr.	3,254	
531561	Med. Ins. Contr.	1,736	
532714	Trans.Grnd.-In State	2,000	
532721	Lodging-In State	1,000	
532724	Meals-In State	500	
532811	Telephone	1,000	
532840	Postage	1,000	
532850	Printing	1,000	
533900	Other Materials/Supplies	1,174	
534511	Furniture	1,000	
534522	Equipment-Computers	2,000	
534528	Computer Software	1,000	
534630	Libr.& Learning Res.Coll.	1,000	
Total		\$50,000	

A Historic Sites Specialist III position is requested for Native American studies in the Research Branch of the Division of Archives and History. The specialist would be responsible for conducting and disseminating scholarly research on the history of Native Americans in North Carolina. The specialist would develop statewide educational and public information programs to publicize the results of the research projects. In addition, the specialist would be available to assist various historical organizations develop interpretive public programs incorporating Native American history. This position would be a resource for Native Americans who heretofore have had little opportunity to learn more about their unique culture and heritage.

Historic Interpreter I for Horne Creek Living Historical Farm \$23,535

During the past fiscal year one of the permanent positions at Horne Creek Farm was reallocated to the Western Office of the Division of Archives and History in Asheville. There is an urgent need for another Historic Interpreter at Horne Creek Farm. In October 1996, the Hauser farmhouse was restored. The furnishings plan for the farmhouse was completed and most of the period artifacts and reproductions have been purchased and installed in the house. The farmhouse is a living history farmhouse with demonstrations of turn-of-the century farm and domestic life with many hands-on demonstrations for the visiting public. Visitation has already increased with this new addition to the site interpretation, especially school groups and families. The site is very labor intensive with handling of the crops, orchards, farm animals, domestic skills, and other interpretive activities. The site currently has three permanent employees and sorely needs the additional interpreter to assist with demonstrations and farm chores. Examples of event programs at Horne Creek Farm are shearing of sheep, spinning, dyeing, quilting, sewing, churning, cooking, canning, preserving, wood working, planting, and harvesting following the seasons of farmlife. The life on the farm, children's tasks and games, and the history of a piedmont farm family are presented to the public. The site maintains many heirloom varieties of vegetables, orchard trees, and rare breeds of farm livestock. Traditional turn-of-the century farming methods are portrayed as part of the site's programming. Horne Creek Farm is an excellent asset to North Carolina's burgeoning heritage tourism market as well as a great learning laboratory for North Carolina's school children. The addition of this Interpreter position will aid the site in a better portrayal of farm life.

STATE OF NORTH CAROLINA
Department of Cultural Resources
Raleigh 27601-2807**Memorandum**

Date: May 6, 1998

To: Jeffrey J. Crow

From: David J. Olson *DJO*

Subject: Justification for Leased Space for Records Storage

The 1998-99 Recommended Changes to the General Fund for submission to the 1998 short session of the General Assembly includes \$255,000 for Leased Space for Records Storage. This figure, identified in the document as nonrecurring, should be listed as \$130,000 recurring funds for leased warehouse space and \$125,000 nonrecurring funds for the purchase of standard shelving for the leased space. It is essential that \$130,000 be made a recurring expenditure as it will be several years until the construction of a new state records center alleviates the need for rental space.

The current State Records Center, which is located at 215 N. Blount Street, Raleigh, was built twenty-three years ago. Currently the State Records Center building holds in excess of 129,000 cubic feet of public records in a facility designed to hold 120,000 cubic feet of records. For a number of years requests from state agencies to store records scheduled to be transferred to the State Records Center [under records retention and disposition schedules created under the authority and direction of G.S. 132] have exceeded the space to store these records. During the 1992-1994 biennium, the agency received additional space for the storage of nearly 20,000 cubic feet of records at the site of the old State Farmer's Market. The extra space enabled the Records Services Branch to address a serious backlog of records that had been awaiting transfer to the center, but the backlog of records immediately filled that facility with inactive records. Floodwaters following Hurricane Fran inundated 2,000 cubic feet of public records and effectively pointed out that this facility is not appropriate for records storage. The State Records Center also stores approximately 3,000 cubic feet of records of other agencies at the Old State Records Center site located on Lane Street.

The proliferation of scanning systems, computers, and electronic formats has not, as predicted, lowered the amount of paper records created, filed, and stored by public agencies. In fact, predictions of the "paperless office" have been replaced with the reality of growing paper files across government offices. In addition, factors such as "unfunded mandates" have required agencies to keep records series long past the date of scheduled destruction. For example, the Department of Revenue is storing thousands of cubic feet of income tax records (which according to official records retention and disposition schedules would have been destroyed) at rented space in Raleigh because of pending court and legislative actions. The State Records Center holds a number of Industrial Commission workers' compensation files which also have been scheduled for destruction; however, court orders have prohibited their disposal. Increasing prison populations with resulting inmate files have increased the volume of records retained. In addition to the Department of Revenue noted above, the Department of Correction, the Department of

Commerce, and the North Carolina Housing Finance Agency have been forced to lease space for records storage. Rental storage space for these agencies alone totals nearly \$338,000 annually. The Department of Transportation is storing inactive files, which are scheduled for transfer to the State Records Center, at several of its own facilities. At one point in 1995 there were nearly 10,000 cubic feet of records awaiting transfer to the State Records Center. Many more records of public agencies remain in file cabinets, basements, storage rooms, etc. at an expensive per square foot cost. If there were adequate space for the storage of scheduled semicurrent records, the cost to the state in terms of expensive filing cabinets and office space would be reduced significantly.

It should be noted that the request for leased space was originally part of a \$743,030 package to fund mandated records management services to public officials in **all 100 counties**. In addition to the \$255,000 noted above, the request included funding for 10 positions, travel funds, micrographic and archival storage supplies, computers, microfilm reader printers, microfilm cameras, and other equipment. A number of county officials have requested that records scheduled for permanent preservation be transferred to the custody of the Division of Archives and History. Such records as deed books and deeds of trust from the offices of county registers of deeds as well as court minute books, orders and decrees, and special proceedings from the county clerks of court could be housed in the facility since the State Archives currently has insufficient space to store these permanently valuable public records. The state's growth has been followed by the allied proliferation of public records. Land transactions and conveyances as well as court records have shown a particular escalation in number. Requests from local officials, especially registers of deeds and clerks of court, to transfer records for preservation in the State Archives or to film essential records for security either have been delayed, often for years, or cannot be filled with existing staff, storage space, and other available resources.

1998-99 Recommended Changes
General Fund - Cultural Resources

Item 7. Queen Anne's Revenge

This request supports continued protection, investigation, study, and retrieval and conservation of artifacts from the shipwreck believed to be Blackbeard's flagship, Queen Anne's Revenge, and allied public display and educational presentations related to the early eighteenth-century vessel. The request is for one year only (FY 1998-99) and includes no permanent employees. Rather, it provides temporary salaries for temporary replacement of, or assistance to, permanent employees assigned full or part-time to the project. Funding for a sustained recovery/conservation effort will be requested for FY 1999-2001.

As presented, this request supports the following:

- * Continued operation of security stations and associated communications channels and law-enforcement contract with the Carteret County Sheriff's Department
- * Continued conservation (in-progress) of previously recovered artifacts
- * A one-month dive to further investigate the extent of the wreck, recover endangered artifacts, and perform a variety of scientific tests
- * Analysis and testing by UNC-CH, Duke University, and other institutions
- * Technical equipment and digital stations to support the continuing investigation
- * Costs for transport, set-up, and take-down of a travelling artifact exhibit (and insurance for same) touring North Carolina (tour begins this fiscal year)
- * Project associated travel, per diem, and motor vehicle operation
- * Operational support for the Maritime Heritage Trail, a consortium of governmental and private, non-profit coastal heritage attractions desiring to make the fullest and best public use of the information and artifactual materials derived from the project.

This research and development project continues protection and investigation of a primary North Carolina historical resource, and is designed to provide maximum historical, educational and heritage tourism benefits to North Carolina.

Account	Name	Amount
531311	Reg(N S) Temp Wages-Appr	90,000
531511	Social Sec Contrib-Appro	6,885
532199	Misc Contractual Services	40,000
532210	Enrg Ser-Electrical	5,000
532333	Repairs-Other Equipment	5,000
532490	Maint Agreement-Other	900
532714	Transportation-Gm-In State	15,000
532721	Lodging-In State	2,900
532722	Lodging-Out of Sta, In US	1,500
532724	Meals-In State	5,800
532725	Meals-Out Of State, In US	1,200

532728 Misc. Subsistence-Out of Sta, In US	800
532732 Bd/Non-Employee Subsis	1,750
532811 Telephone Service	4,000
532821 Computer/Data Process Svc	6,865
532840 Postage, Freight & Deliv	600
532919 Other Insurance	2,000
533900 Other Materials & Supp	10,000
534522 Equip-Computers	14,000
534529 Equip-Custody & Security	2,800
534539 Other Equipment	32,000
534630 Lbrry&Lming Resrce Coll	200
534710 Computer Software	800

250,000

Funds for Kerr Scott Farm

\$50,000

The Kerr Scott Farm was listed in the National Register of Historic Places in 1987 in recognition of its statewide significance. The farmstead, the home of two North Carolina governors, may join the state historic sites program and be administered by the Department of Cultural Resources. In 1972, the North Carolina Historical Commission approved state historic site designation for the Kerr Scott Farm. Seventeen acres including the Scott farmhouse, barn, and over a dozen other agricultural dependencies will be transferred from the Scott family to the state to create the new site.

The \$50,000 requested for the project in Fiscal Year 1998-1999 will be utilized for preliminary site planning, historical research, and other support costs. Establishing an on-site presence and beginning the lengthy planning process will be major goals. A Historic Sites Specialist I (full time, temporary status) will coordinate start-up activities at the new site. This person will evaluate site needs in restoration/stabilization as well as program development. This preliminary planning will be critical to establishing the scope of work for architects and other specialists when funds for these phases become available. This person will also serve as the department's point person for the Kerr Scott Farm project in working with interested groups.

The department also will utilize funds to hire a contracted historical researcher. This trained historian will conduct a detailed historical analysis of the history of the Kerr Scott Farm and the two governors born there. This report will form the basis for the future planning and development of site tour material and exhibit planning. Remaining funds will be utilized by section personnel for project-related travel and other support expenses.

Proposed Budget

Kerr Scott Farm

Historic Sites Specialist I (full time, temporary)	\$30,000
Contractual Services	\$15,000
Travel, Other Support Costs	\$ 5,000
	\$50,000

Department of Cultural Resources

Celebrating 30 years of
the arts in all 100 counties

Raleigh, NC 27601-2807

Mary B. Regan
Executive DirectorBetty Ray McCain
Secretary
Department of Cultural ResourcesJames B. Hunt, Jr.
Governor
State of North Carolina**Memorandum**

To: Donna Rosefield
From: Mary B. Regan
Subject: Governor's Budget
Date: May 6, 1998

The Governor's Budget includes a recommendation of \$335,750 in nonrecurring funds for the Arts Council's Grassroots Arts Program. This is a 25% increase for this particular program. The nationally acclaimed Grassroots program works through one of the oldest and most highly respected networks of local arts councils in the country. In FY96-97, 660 arts and community organizations were supported through the program which put state funds into each of our 100 counties on a per capita basis. County allotments range from \$688 for Tyrrell to \$108,726 for Mecklenburg. The FY97-98 appropriation is \$1,343,367 or 18.3 cents per citizen. **Because of the benefit of advance planning at the local level in each of our counties, we hope that the Legislature can convert this funding to be recurring.**

This recommendation comes from a larger expansion budget request of \$2.1 million as follows:

- **Grassroots Arts Program** – Requested increase: \$1,156,633. This would have provided a total Grassroots budget of \$2.5 million.
- **Cultural Tourism Initiatives** – Requested increase: \$300,000. Cultural tourism is the fastest growing segment of North Carolina's second largest industry and our arts organizations and cultural communities are central to this economic growth. This would fund the Blue Ridge Heritage Initiative designed to promote sustainable economic development in communities off the Parkway, a similar project being developed in the eastern counties, and the state's major summer arts and cultural festivals.
- **Arts and Education Partnerships** – Requested increase: \$300,000. This program develops and supports collaborations between arts organizations and the public schools to improve student learning through the arts. In its first four years and with an annual budget of \$250,000, 62 partnerships united 57 arts organizations with 50 different school systems, of which 24 are in low-wealth counties. Results have been remarkable and because of the program's success, demand far outstrips our ability to respond.
- **Operating Support** – Requested increase: \$343,367. The state provides only four months of operating support, after which the Arts Council is reliant on federal funding for its basic operation. If the state assumed all operating costs, the Arts Council could use any available federal funds for grants to non-profit organizations. This would also make the Arts Council more competitive in securing additional federal grants.

Department of Revenue
Operating Efficiencies1998-991. **Reduce Funding for Administration of Federal Retiree Refund Program**

Nonrecurring funds in the amount of \$1.2 million were provided for administering the federal retiree refund program through April 15, 2001. The department will absorb the administrative cost of the program from its operating budget, thereby reverting the available balance \$741,902 to the general fund.

\$ (741,902) NR

2. **Reduce Contractual Services**

Reduce contractual services in the Planning Development and Technology (PDT) Division.

(326,098)

Subtotal - Department of Revenue

\$ (326,098)

Total

\$ (741,902) NR

\$ (1,068,000)

	<u>Code/Fund</u>	<u>Account</u>	<u>Recurring</u>	<u>Non-recurring</u>

Page 1

1998-99 Recommended Changes
General Fund - Continued

Department of Revenue

1998-99

1. Develop New Remittance Processing System

Funding is recommended to address the need for a new remittance processing system compliant with year 2000 requirements. The current remittance processing system is over twelve years old and the hardware and software have become obsolete and noncompliant with year 2000 requirements. Funding also is recommended for nine positions to support current technological development operations.

\$ 500,000
12,000,000 NR
9.0

Number of Positions

Total Recommended Changes for Department of Revenue

\$ 500,000
12,000,000 NR
9.0

Number of Positions

Line Item Detail

Requirements:

<u>Account No.</u>	<u>Account Title</u>	<u>Request 1998-99</u>
Planning, Development and Technology		
160005 531211	SPA Regular Salaries	\$ 321,912
160005 531511	Social Security Contributions	24,627
160005 531521	Retirement Contributions	34,863
160005 531561	Medical Insurance Contributions	11,718
160005 532811	Telephone Service	3,159
160005 533110	General Office Supplies	23,621
160005 534511	Furniture-Office (Workstation and Chair)	43,200
160005 534521	Office Equipment (Calculator)	900
160005 534522	Equipment - Computer (Desktop)	36,000
160005 534522	Equipment - Computer (Data Capture Initiative)	<u>12,000,000</u>
	Requirement	\$ 12,500,000

SUPPLEMENTAL EXPANSION BUDGET WORKSHEET

BUDGET CODE: 18300 DEPARTMENT: Rules Review Commission PRIORITY No. 1 of 1
 FUND NUMBER: 1100 DIVISION/INSTITUTION: Rules Review Commission
 PROGRAM NUMBER: 0800
 FUND TITLE: General Fund
 PROGRAM TITLE: Boards & Commissions
 TITLE OF REQUEST: Funding to set up a WWW Server & Home Page
 STATUTORY CHANGES/SPECIAL PROVISIONS REQUIRED TO IMPLEMENT? YES ☐ NO ☒
 IF YES, ATTACH A COPY OF THE DRAFT.

NARRATIVE:

Hardware (\$10,000-\$15,000), software (\$15,000-\$25,000), installation, and maintenance (\$10,000) to set up a World Wide Web (WWW) Server and WWW Home Page. This will allow all citizens of North Carolina equal and open access to comment on proposed rules from most state agencies. (Many state agencies already have such a system in place).

TOTAL REQUIREMENTS	1998-99
TOTAL RECEIPTS	50,000
APPROPRIATION	-
TOTAL POSITIONS	50,000
	0.00

BUDGET: GS-143-36

Detail of budget is to be provided at the NCAS Agency Management Review

tail Intel.

Priority No.

1

of

REQUIREMENT:

ACCOUNTING:

ACCOUNT TITLE

Authorized 1997-98

Authorized 1998-99

Request 1998-99

Projected 2000-01

Projected 2001-02

Projected 2002-03

534528

Communications Equipment

534710

Software

534528

Maintenance of equipment

-0-

-0-

-0-

-0-

-0-

-0-

10-15,000

5-25,000

10,000

-0-

-0-

-0-

-0-

-0-

-0-

-0-

-0-

-0-

10,000 10,000 10,000 10,000 10,000

Requirements

No. of Positions (F.T.E)

RECEIPTS:

Receipts

APPROPRIATION

CHANGE IN CASH BALANCE

* Complete Detail information for total positions requested on the following page.

VISITOR REGISTRATION SHEET

Joint App. on General Govt.

27 May 1998

Name of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

Renne Vance	DCR
Betty Ray McCain	DCR
Hayden T. Day	OSPL
Tom Donna	OSPL
Karen Siderelis	OSPL
Ealt Nagy	OSPL
Angela Francis	OSBM
Jim Nowell	OSBM
CHUCK COOPER	OSC
Gwen Canady	OSC
Doris Wang	OSC
Heather J. J. J.	OSR
Willie R. D. D.	OSR
Nellie Riley	OSR
Melley Masuh	OAH
Camille Winston	OAH
Kim Wylot	OSR
Starla McKenney	DOI
Dorothy Propes	DOI
Jon Ann Harris	Sanford Holshouse

JOINT APPROPRIATIONS SUBCOMMITTEE
ON
GENERAL GOVERNMENT
MINUTES
July 9, 1998

The House Appropriations Subcommittee on General Government met on Thursday, July 9, 1998 at 8:30 a.m. in Room 425 of the Legislative Office Building. Those present were: Representative Wilma Sherrill, Co-Chair; Representative Bill Ives, Co-Chair; Representative Eugene McCombs, Co-Chair; Representative Sam Ellis; Representative Bill Culpepper; Representative Maggie Jeffus and Representative William Wainwright. Representative Sherrill presided.

Representative Sherrill called the meeting to order and introduced Muriel Offerman, Secretary of the Department of Revenue who explained the automatic receipts processing system. They were forced to make a change in developing a new remittance processing system. After planning and working on the new system, she said they truly need the 12 million dollars set out in the Governor's proposed budget.

Staff then presented special provisions of the General Government's proposed recommendations as follows: (Attach. No. 1)

1. Department of Administration.
2. Domestic Violence.
3. Cultural Resources.
4. Roanoke Island Commission Changes.
5. United Arts Council.
6. Procedure for Awards of Cultural Resources Grants.
7. Study Reclassification of State Museum Branch Directors.
8. Office of Administrative Hearings.
9. Office of Secretary of State.
10. Transfer Boxing Commission to Department of Commerce.
11. Office of State Budget and Management.
12. State Board of Elections.
13. Office of State Controller.

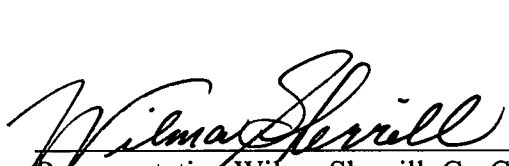
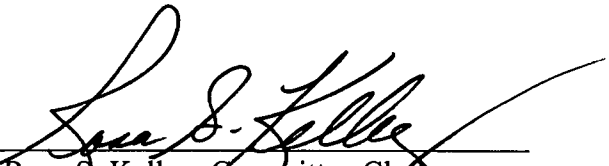
Representative McCombs made a motion to change the date on Line 4, Page 172 under the State Board of Elections, from December 31, 1998 to July 1, 1999. The motion was passed.

Staff then presented the first round of the recommendations of the House Appropriations Subcommittee for Fiscal Year 1998-99 budget. (Attach. No. 2)

After all items that had be deleted from the Senate's proposed budget were presented, the summary of recurring and non-recurring totals for General Government were: (Attach. No. 3)

Governor's Proposed Budget	\$28,904,809
Senate's Proposed Budget	\$49,662,020
House's Proposed Budget	\$24,017,940

The meeting adjourned at 9:30 a.m. to meet again on Monday, July 13, 1998 at 4:30 p.m.

	
Representative Wilma Sherrill, Co-Chair	Rosa S. Kelley, Committee Clerk

Attach. No. 1

7/9/98

SENATE APPROPRIATIONS COMMITTEE

REPORT ON THE CONTINUATION, EXPANSION AND CAPITAL BUDGET

JUNE 30, 1998

General Government



Senator Beverly Perdue
Co-Chairman



Senator Aaron Plyler
Co-Chairman



Senator Fountain Odom
Co-Chairman

Administration

GENERAL FUND

Total Budget Approved 1997 Session

FY 98-99

\$57,814,012

Budget Changes

(1111) Office of the Secretary

1 Reduce Salary Reserve

(\$12,736) R

A quality leadership position was reduced in the Secretary's Office creating salary reserve which is reduced from the budget.

(1121) Fiscal Management

2 Reduce Data Processing Services

(\$1,563) R

Reduce data processing services and the printing of reports in Fiscal Management.

(1122) DOA Personnel

3 Reduce Salary Reserve – HR Management

(\$5,259) R

A staff development position was reduced in the Human Resources Management Office creating salary reserve which is reduced from the budget.

(1225) Health Plan Purchasing Alliance

4 Eliminate Public Relations Coordinator Position

(\$45,621) R

Eliminate the Public Relations Coordinator Position within the State Health Plan Purchasing Alliance Board, including salary and benefits.

-1.00

(1412) State Property Office

5 Reduce Salary Reserve – State Property Office

(\$9,478) R

A real property agent position was reduced in the State Property Office creating salary reserve which is reduced from the budget.

6 State Property Office Positions

\$287,998 R

Funds six new positions in the State Property Office to address workload increases resulting from recent legislation involving Easements in State-Owned Submerged Lands, the Clean Water Trust Fund and Wetlands Restoration Program, and the Capital Improvement Planning Act.

6.00

Senate Subcommittee on General Government

(1421) Facilities Management Division

7 Reduce line items -- Facility Management

(\$428,000) R

Reduce Operating Budget lines

-532310 Repairs to Building

AC Systems (\$60,000)

Electrical Systems (\$60,000)

Plumbing (\$ 8,000)

-532210 Electrical (\$300,000)

Breakdown of \$300,000 in electrical savings

1. Historic Houses (\$15,000)

2. Various Small Buildings (\$ 5,000)

3. Garner Road Buildings #2,
#4,12,16 (\$ 8,000)

4. Revenue Building AC System (\$15,000)

5. History Museum (\$10,000)

6. Parking Deck Lights (\$10,000)

7. Electrical Cost Parking
Deck Lights #17,#65 (\$62,000)

8. Chillers (Reduce Opera-
tion time) (\$175,000)

(1731) Council for Women

8 Domestic Violence Prevention Funds

\$1,000,000 NR

Appropriates \$1 million to the Department of Administration for the North Carolina Council for Women. The Council for Women shall provide grants from these funds to existing domestic violence programs, including the North Carolina Coalition Against Domestic Violence, Inc., and for the development of new domestic violence programs. The Department of Administration or the Council for Women shall not use any of the funds for operating expenses.

(1810) Ethics Board

9 North Carolina Ethics Board

\$203,300 R

The North Carolina Ethics Board was created by Executive Order to serve as the State entity to prevent conflicts of interest in the Executive Branch of State Government. Funds are recommended for staff and operations of the Board.

2.00

Budget Changes

(\$11,359) R

Total Position Changes

\$1,000,000 NR

7.00

Revised Total Budget

\$58,802,653

Auditor

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$10,016,613

Budget Changes

(1210) Field Audit Division

10 Audit Resources – Smart Start

\$649,129 R

Fund staff positions to audit the statewide and local partnerships in accordance with legislative mandate.

\$38,940 NR
6.00

11 Audit Positions and Contract Audit Funding

\$748,959 R

Funds four additional audit positions to allow the Department to increase the scope of its performance and financial audits of government agencies and to address backlogs of allegations of fraud and abuse.

\$25,960 NR
4.00

(1210) Field Audits Division

12 Audit Resources - Smart Start

\$120,270 R

Transfer from the Division of Childhood Development continuation funds to support audits of Early Childhood Development Initiatives Program.

Budget Changes

\$1,518,358 R

\$64,900 NR

Total Position Changes

10.00

Revised Total Budget

\$11,599,871

Cultural Resources

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$56,053,016

Budget Changes

(1110) Office of the Secretary

13 Miscellaneous Contractual Services

(\$14,366) R

Reduce (532199) by eliminating funds for the North Carolina Awards.

14 Grants to Local Organizations

Provide funds to local arts, cultural, and historical organizations; and local museums as grants-in-aid.

\$8,000,000 NR

(1120) Administrative Services

15 Computer Equipment

(\$14,884) R

Reduce funding in line item (534522).

16 Computer Operations

Provide funding to replace the server and support maintenance agreement.

\$2,700 R
\$58,000 NR

Senate Subcommittee on General Government

(1210) Archives and History - Administration

17 Adjust Various Line Item Expenditures

(\$10,144) R

532199 Misc. Contractual Services	\$ 360
532210 Energy Ser. Electrical	968
532230 Energy Ser. Water and Sewer	101
532390 Repairs - Other	226
532490 Maint Agreement - Other	240
532513 Rent/Lease - Other Facilities	65
532590 Rent/Lease - Other Property	62
532714 Transp. - Ground In-State	1,265
532715 Transp. - Ground Out of State	75
532721 Lodging - In-State	131
532722 Lodging - Out of State	131
532724 Meals - In-State	145
532725 Meals - Out of State	88
532727 Misc. - In-State	65
532728 Misc. - Out of State	65
532731 Board/Non-Employee Transp.	453
532732 Board/Non-Employee Subs.	231
532811 Telephone	2,322
532821 Computer/Data Process. Serv.	26
532840 Postage, Freight, Del.	417
532850 Print, Bind, Duplicate	262
532860 Advertising	10
532911 Property - Insurance	262
532919 Other Insurance	183
532942 Other Employee Educ. Exp.	13
533110 General Office Supplies	189
533350 Motor Vehicle Repl. Parts	17
533900 Other Materials/Supplies	408
534511 Office Furniture	98
534522 Equipment - Computers	627
534539 Other Equipment	69
534630 Library and Learning Res. Coll.	151
534710 Computer Software	203
535830 Membership Dues and Sub.	216

18 First Flight Centennial Commission

\$723,800 R

Increase funding to support personnel and operating expenses for preparation of the commemoration in 2003.

\$250,000 NR

5.00

19 Queen Anne's Revenge

Funding continues surveillance; conservation of recovered artifacts; monthly search operations; analysis and testing of retrieved artifacts; operation of technical equipment; transportation of the travelling artifact exhibit; travel, per diem, and motor vehicle costs; and operational support of the Maritime Heritage Trail.

\$250,000 NR

(1220) Historical Publications

20 Print, Binding, and Duplication

(\$10,110) R

Reduce funding allocated for publications (532850).

Senate Subcommittee on General Government

(1230) Archives and Records

21 Personal and Other Services

(\$42,414) R

Eliminate salary and related benefits of a Processing Assistant IV position (#2138); and reduce items in the operating budget:

-1.00

531211 SPA - Reg. Salaries	\$ 19,895
531511 Social Security	1,522
531521 Reg. Retirement Cont.	2,155
531561 Med. Insurance Cont.	1,736
532390 Repairs - Other	5,000
532850 Print, Binding, Duplication	12,106

22 Leased Space for Records Storage

Appropriate funding to lease warehouse space to store a backlog of records and for shelving.

\$255,000 NR

(1241) State Historic Sites

23 Reduce Various Line Item Expenditures

(\$104,277) R

532210 Energy Ser. - Electrical	\$ 30,000
532220 Energy Ser. - Nat. Gas/Propane	3,000
532230 Energy Ser. - Water and Sewer	1,000
532241 Energy Ser. - Fuel Oil	1,000
532390 Repairs - Other	12,000
532714 Transp. - Ground In-State	1,000
532721 Lodging - In-State	1,000
532722 Lodging - Out of State	1,000
532724 Meals - In-State	277
532725 Meals - Out of State	1,000
533110 General Office Supplies	1,000
533350 Motor Vehicle Repl. Parts	3,000
533900 Other Materials and Supplies	10,000
534511 Office Furniture	2,000
534522 Equipment - Computers	10,000
534528 Equipment - Communications	1,000
534539 Other Equipment	10,000
534449 Other Motorized Vehicles	5,000
534610 Art and Artifacts	11,000

24 State Civil War Sites

Continue funding for the preservation, improvement, and promotion of the State's Civil War era sites.

\$1,000,000 NR

25 Old Salem Funds

Provide funds for the restoration and development of the St. Philips Church and the construction of the North Carolina Heritage Education Center at Old Salem.

\$2,000,000 NR

26 Sanford House Restoration

Funding to restore the Betsy Sanford House which is owned by the Scotland County Literacy Council for use as an office and to provide tutorial services.

\$112,000 NR

Senate Subcommittee on General Government

27 Roseboro Restoration

Appropriates funds to the town for renovation and restoration of buildings of historic character.

\$50,000 NR

28 Salemburg Restoration

Appropriates funds to the town for renovation and restoration of buildings of historic character.

\$50,000 NR

29 Local Historic Sites Funds

Appropriates funds for site improvement: Historic Hope for continued renovation; Historic Murfreesboro to renovate historic structures in the district; and Historic Woodville to continue work on restoration and relocation St. Francis Methodist Church.

\$500,000 NR

30 Scotland Place

Appropriate funds for expansion of the meeting room facilities of the civic center/senior citizen center.

\$75,000 NR

(1242) Tryon Palace Historic Sites & Gardens

31 Adjust Operating Expense

(\$18,961) R

532512 Rent/Lease - Buildings/Office	\$ 3,070
532840 Postage	10,491
532850 Printing	5,050
532912 Other Employee Edu. Exp.	350

32 Tryon Palace Historic Site Funds

\$332,850 R

Funds appropriated to operate and maintain Barbour Boat Works until demolition and construction work at the site are completed, and for the environmental assessment and design of the overall History Education Center Project.

\$1,000,000 NR

(1243) State Capitol/Visitor Services

33 Personal Services

(\$6,921) R

Reduce temporary wages (531311) and social security (531511) due to change in schedule.

(1245) NC Maritime Museum

34 Building Repairs

(\$12,606) R

Reduce funding in line item 532310.

Senate Subcommittee on General Government

(1250) State Historic Preservation Office

35 Personal Services and Other Costs

(\$20,768) R

Reduce salary and benefits of a Historic Preservation/Restoration Supervisor position (#2604) to 3/4 time, and adjust other items in the budget:

-0.25

531211 SPA - Reg. Salaries	\$ 15,907
531511 Social Security	1,217
531521 Retirement	1,723
532811 Telephone	961
532840 Postage	960

(1290) Western Office

36 Adjust Operating Budget

(\$5,429) R

532714 Transp. - Ground In-State	\$ 1,048
532811 Telephone	500
532850 Printing	500
532942 Other Employee Edu. Exp.	150
533110 General Office Supplies	500
533900 Other Materials and Supplies	500
534511 Office Furniture	310
534522 Equipment - Computers	208
534539 Other Equipment	1,513
535830 Membership Dues/Subscription	200

(1320) Museum of Art

37 Personal Services and Operating Expense

(\$55,338) R

Reduce salary reserve and related benefits for Administrative Assistant I position (#3147), and adjust other line items:

531211 SPA - Reg. Salaries	\$ 8,585
531511 Social Security	656
531521 Reg. Retirement	929
532199 Misc. Contractual Services	25,000
534610 Art and Artifacts	20,168

(1330) NC Arts Council

38 Grassroots Arts Program

Provides one-time increase in continuation budget for grants awarded to local arts councils.

\$335,750 NR

39 Shakespeare Festival

Provide funds for the Educational Outreach Touring Program.

\$260,000 NR

40 United Arts Council of Greensboro

Funding for construction and renovation of facilities and for production costs associated with performing arts programs.

\$68,200 NR

Senate Subcommittee on General Government

41 Durham Arts Council-African/Amer. Dance Ensemble

Funding appropriated to promote dance and artistic programs of the ensemble.

\$100,000 NR

(1340) NC Symphony

42 Telephone Service

Reduce funding in line item 532811.

(\$4,948) R

(1410) State Library Services

43 Personal and Other Services

531312 Temporary Salary \$ 2,562
531512 Social Security 196
534630 Library and Learning Res. Coll. 60,442

(\$63,200) R

44 Continue Reading Services to Children

Funding replaces lost federal resources to operate statewide reading programs for children.

\$103,500 R

45 Services to the Blind and Physically Handicapped

Appropriate funds to continue production of Braille and taped materials, handbooks and newsletters, and volunteer programs due to lost federal resources.

\$43,700 R

(1480) Statewide Programs & Grants

46 6960 Aid to Counties

Provide additional funds to support grants to public libraries based upon the formula for State-Aid to libraries.

\$2,000,000 NR

47 Aid to Small and Poor Libraries

Appropriate funding to support construction grants.

\$1,000,000 NR

(1500) NC Museum of History

48 Reduce Various Operating Funds

532199 Misc. Contractual Services \$ 10,000
532714 Transp. - Ground In-State 2,320
533900 Other Materials and Supplies 10,000
534511 Office Furniture 20,000
534610 Art and Artifacts 20,000
534710 Computer Software 10,000

(\$72,320) R

49 Charlotte Museum of History

Funds appropriated to the Hezekiah Alexander Foundation for capital expenses incurred in providing space for the Charlotte Museum of History.

\$1,000,000 NR

50 Mint Museum of Art

Funds appropriated to establish a new branch of the museum in the City of Charlotte.

\$1,000,000 NR

Senate Subcommittee on General Government

51 Raleigh City Museum

Funds appropriated to move the museum to a new location and to refurbish the building that will house the museum.

\$125,000 NR

52 Exploris Children's Museum

Provides funding for exhibit, technology, and education program development.

\$2,000,000 NR

53 Museum of the New South

Appropriates funds for renovating the Museum building, including expansion of exhibition and classroom space and installation of major permanent 8,000 square foot core exhibit.

\$300,000 NR

54 Museum of the Cape Fear

Appropriate funds to renovate and refurbish the Poe House.

\$115,000 NR

Budget Changes

\$749,864 R

\$21,903,950 NR

Total Position Changes

3.75

Revised Total Budget

\$78,706,830

General Assembly

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$34,642,598

Budget Changes

55 No Expansion Budget Requests

\$0 R

\$0 NR

0.00

Budget Changes

\$0 R

\$0 NR

Total Position Changes

0.00

Revised Total Budget

\$34,642,598

Governor

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$5,150,352

Budget Changes

(1110) Administration

56 Reduce Various Operating Line items

(\$77,255) R

Funds are reduced from the Office of the Governor
in various line items including travel, communications, data
processing and printing.

57 Continue Deputy Chief of Staff Position

Resources are requested to continue the Deputy Chief of
Staff position for the Office of the Governor.

\$107,959 NR
1.00

Budget Changes

(\$77,255) R

\$107,959 NR

Total Position Changes

1.00

Revised Total Budget

\$5,181,056

Insurance

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$24,086,190

Budget Changes

(1200) Company Services

58 Information Services Crisis

\$597,134	R
\$18,500	NR
3.00	

Update electronic communications services for interagency and industry communication needs. Allows the Department to begin system up-dates every three years. Provides for two programmers for the integrated insurance regulatory client/server system and one systems manager position.

(1200) Company Services

59 Field Audit & Regulatory Contractual Services

\$300,000	R
\$0	NR
0.00	

The Department does not have the internal resources to perform certain supporting function that are essential to baseline solvency regulations. The Department has to depend on outside experts to provide actuarial evaluation of an entity's insurance loss reserves, appraisal of investment property valuations, and legal support in specialized areas such as bankruptcy law.

(1200, 1300, & 1400) Various

60 HMO and Service Corporation Field Examinations

\$1,391,659	R
\$211,600	NR
20.00	

Authorizes a transfer from the Insurance Regulatory Fund to the Department of Insurance for examinations and audits, in the event the General Assembly approves legislation that includes HMO and service organizations in the Insurance Regulatory Charge.

a. (1200) Actuarial Services/Audits	\$525,289
b. (1300) Examinations/Analysis/Review	\$780,117
c. (1400) Consumer Complaint Analysis/ Salary Reserve/Phone System	\$297,853
Total	\$1,603,259

Budget Changes

\$2,288,793	R

\$230,100	NR

Total Position Changes

23.00

Revised Total Budget

\$26,605,083

Lieutenant Governor

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$609,390

Budget Changes

(1110) General Administration

61 Up-date Computer System

Funds are recommended for the Office of the Lieutenant Governor to up-date the computer system; providing for a data server, hubs, and operating software.

\$25,000 NR
0.00

Budget Changes

\$25,000 NR

Total Position Changes

0.00

Revised Total Budget

\$634,390

Office of Administrative Hearings

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$2,357,389

Budget Changes

(1100) Administration and Operations

62 Funding for OAH Budget Deficiencies

\$101,358 R

Funding for the day-to-day operations of the office, provide resources for the hiring of temporary law judges when conflicts of interest exist, and to hire temporary hearings assistants. A decrease in federal funds is requested due to the uncertainty in the availability of federal dollars to the OAH from EEOC.

\$0 NR
0.00

a. Office Requirements \$69,358
b. Federal Funds \$32,000
Total \$101,358

63 Hearings Division Clerical Support & ALJ Training

\$54,332 R

Resources are need to complete an integrated Hearings Program that was authorized in the 1997 Session. Provide funding for one Division clerical assistant and education seminars for Administrative Law Judges.

\$38,880 NR
1.00

64 Reduce Civil Rights Caseload Backlog

\$76,171 R

Provides funding for two positions in the Civil Rights Division to investigate and hear cases of political discrimination. One of the positions is clerical and the other is for an administrative law judge.

\$6,900 NR
2.00

Budget Changes

\$231,861 R

\$45,780 NR

Total Position Changes

3.00

Revised Total Budget

\$2,635,030

Office of State Planning

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$1,815,850

Budget Changes

(1410) Administration

65 Reduce Contractual and Communication Services

(\$6,118) R

Funds are reduced from the budget of the Office of State Planning for contractual services and communication.

(1412) Miscellaneous Contractual Services

66 County Boundary Resurvey Program

\$300,000 NR
0.00

Funding is needed for the Geodetic Survey Program to reestablish and monument county boundaries to insure that the boundaries can be identified, preserved, and referenced to the North Carolina State Plane Coordinating System. It will take seven years to re-survey the county boundaries of each county in the State. A portion of the funds will support the survey of a section of the North Carolina/South Carolina boundary. This request is a recommendation of the Joint State Boundary Commission.

(2510) Miscellaneous Contractual Services

67 Digital Orthophotography Appropriation

\$1,000,000 NR
0.00

Funding is recommended to participate in a shared plan for the continue development of digital orthophotography in the State. Fifty percent of the image data layer is shared by the National Aerial Photography Program.

Budget Changes

(\$6,118) R

Total Position Changes

\$1,300,000 NR

0.00

Revised Total Budget

\$3,109,732

Revenue

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$68,746,867

Budget Changes

(1600) Administration

68 Reduce Contractual Services

Reduce contractual services (532140) in the Planning Development and Technology (PDT) Division.

(\$326,098) NR

69 Develop New Remittance Processing System

Appropriates initial funding for a Data Capture Platform which includes replacement of the remittance processing system to comply with Year 2000 requirements, and installation of high speed scanners to capture data directly from tax returns for processing through the Integrated Tax Administration System (ITAS). Funding also expands existing Information System staff with four positions: Computer Training Specialist III, Computer Consultant II, Computer Consultant IV, and Telecommunications Systems Analyst II.

\$236,548 R
\$12,035,600 NR
4.00

(191A) Statewide Reserves - Availability

70 Reversion of Funds to Administer Fed Retiree Acct

Per Chapter 19, Section 3(b) of the 1996 Session Laws, \$1.2 million was authorized to administer the federal retiree refund program. Funding was expended from a reserve in the department's budget: 24710/2002 - Federal Retiree Administration Account. The balance in the reserve - \$741,902 - will revert to the General Fund, and the department will absorb remaining cost in its operating budget.

\$0 NR

Budget Changes

\$236,548 R

\$11,709,502 NR

Total Position Changes

4.00

Revised Total Budget

\$80,692,917

Secretary of State

GENERAL FUND

FY 98-99

\$5,310,680

Total Budget Approved 1997 Session

Budget Changes

(1110)

71 Cash Management & Support Positions

\$52,624	R
\$16,250	NR
2.00	

Funds a cash management position to help the Department centralize the cash receipts function and to comply with State policy regarding the timely deposit of State funds. Also funds a clerical support position in the Administration Division.

(1110) General Administration

72 Technology Enhancement -- Phase II

\$134,385	R
\$650,000	NR
1.00	

Continues the second year of funding for a two-year technology improvement project to provide new equipment and to update computer systems and applications.

73 Trademarks/Authentications -- Staff Expansion

\$114,831	
\$29,607	NR
3.00	

Funds three additional positions in the Trademarks/Authentications Section to help with training local law enforcement in trademark fraud, to examine and review trademark registration applications, and to issue authentication certificates.

(1120) Publications Division

74 Publications Division -- Staff Expansion

\$25,162	R
\$12,878	NR
1.00	

Funds a Mail Clerk II position to assist with the Department's considerable mail flow generated by receipts of checks and the Department's dissemination of corporate documents and other correspondence.

(1220) Corporations Filing Division

75 Corporations Division Staff Expansion

\$390,155	R
\$83,988	NR
15.00	

Funds 15 additional positions in the Corporations Division to address the increasing workload from corporate filings by adding staff for front-counter activities, document examiners, telephone assistance, and data processing personnel.

Senate Subcommittee on General Government

(1220) Uniform Commercial Code

76 Uniform Commercial Code Staff Expansion

Funds 17 positions in the Uniform Commercial Code Division to Allow the Secretary of State to operate a second shift in the UCC Division to meet the increasing demands from the business community for financial statement filings and information requests.

\$456,108 R
\$37,316 NR
17.00

(1230) Securities Registration Division

77 Securities Registration Staff Expansion

Funds two Securities Field Auditors, one Securities Registration Analyst, and two support persons to handle increases in securities offerings regulated by the Department.

\$223,995 R
\$13,190 NR
5.00

(1500) Boxing Commission

78 Transfer Boxing Commission to Commerce

Transfer positions, operating support, equipment, property, and other assets of the North Carolina State Boxing Commission to the Department of Commerce. The transfer has all of the elements of a Type 1 transfer as defined by G.S. 143A-6.

(\$202,770) R
-3.00

	FY1998-99
Requirements	\$ 225,870
Receipts	(23,100)
Appropriation	\$ 202,770

Budget Changes

\$1,194,490 R

Total Position Changes

\$843,229 NR
41.00

Revised Total Budget

\$7,348,399

State Board of Elections

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$2,135,381

Budget Changes

(1100) Administration

79 Computerized Voter Registration System

\$585,000 R

Provides funds for increases in costs associated with implementation and maintenance of the Statewide Elections Information Management System. Cost increases result from Third-Party Quality Assurance requirement, data communications costs, SIPS charges, and software maintenance costs.

\$460,200 NR

80 Administration – Increase Positions

\$500,538 R

Funds additional positions to handle workload increases resulting from SEIMS project and election activities.

\$21,000 NR
9.00

(1200) Campaign Reporting

81 Campaign Reporting Office – Operating Funds

\$174,430

Provides funds for travel and subsistence, postage, telephone services, printing and binding, and for campaign reserves to address the increasing demands placed upon the Campaign Reporting Office.

Budget Changes

\$1,259,968 R

\$481,200 NR

Total Position Changes

9.00

Revised Total Budget

\$3,876,549

State Budget and Management

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$10,930,838

Budget Changes

(1022) 1998 Special Appropriations

82 N.C. Humanities Council

Provides a grant to the North Carolina Humanities Council.

\$100,000 NR
0.00

83 Sandhills Region Capital Fund

Appropriates funds to Richmond County for the capital costs of completing the Humanities Service Complex.

\$500,000 NR
0.00

84 Lincoln County Education Foundation Funds

Appropriates funds to match foundation funds for technology projects in the Lincoln County School Administrative Unit.

\$300,000 NR

(1310) OSBM Operations

85 Reduce Travel, Communications, and Data Processing

Funds are reduced from the budget of the Office of State Budget and Management for travel, communications, and data processing.

(\$59,263) R

86 Operating Support for 1999-01 Budget Preparation

Funds are needed to provide the Office with the necessary equipment, travel, data processing, and printing related to the preparation of the FY 1999-01 budget.

\$160,000 NR
0.00

Budget Changes

(\$59,263) R

\$1,060,000 NR

Total Position Changes

0.00

Revised Total Budget

\$11,931,575

State Controller

GENERAL FUND

FY 98-99

\$10,434,176

Total Budget Approved 1997 Session

Budget Changes

(1000) Departmentwide

87 Delete Assistant State Controller Position

(\$85,012) R

As part of the Span of Control an Assistant State Controller position is eliminated.

-1.00

88 Data Processing Shortfall

One-time funding to cover the FY 98 shortfall in Data Processing (532821) costs to the NCAS.

\$732,000 NR

89 Daily Production Support

Additional funding to continue the level of support necessary for daily production of the NCAS in the following line items:

\$1,500,000 NR

532140	Outside Services	\$ 300,000
532440	Computer Hardware Maintenance	10,000
532441	Computer Software Maintenance	90,000
532522	Lease - Computer Equipment	600,000
532821	Data Processing Costs	500,000

Budget Changes

(\$85,012) R

\$2,232,000 NR

Total Position Changes

-1.00

Revised Total Budget

\$12,581,164

Treasurer

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$18,872,768

Budget Changes

(1130) Escheats Division

90 Increase Administrative Supervision – Escheats

Fund a supervisory position in the Escheats Division to oversee the daily processing of tangible and intangible property and cash receipts. The amount of recurring funds needed to support this request are \$45,426 and the amount in nonrecurring funds are \$7,000.

\$0 R
\$0 NR
1.00

-Requirements \$ 52,426
-Receipts \$ 52,426
-Appropriation -

(1210) Investment Management

91 Strengthen Investment Management

Funds an additional Portfolio Manager and replaces outdated accounting systems in the Investment Management Division.

\$52,932 R
\$257,000 NR
1.00

-Requirements \$ 309,932
-Receipts -
-Appropriation \$ 309,932
-Nontax Revenue \$ 309,932

(1220) Banking Operations

92 Replace Outdated Warrant Processing System

Funds a new imaging and data processing system to replace the existing system which has become outdated and unreliable.

\$738,000 NR

-Requirements \$738,000
-Receipts -
-Appropriations \$738,000
-Noxtax Revenue \$738,000

Senate Subcommittee on General Government

(1410) Retirement Division

93 Improve Member Services – Retirement Division

Funds 10 additional positions in the Retirement Division to help the Department meet the increasing demand for services placed upon the Division from a rapidly growing, active and retired, membership. The amount of recurring funds needed to support this request are \$478,253 and the amount in nonrecurring funds are \$826,000.

\$0 R
\$0 NR
10.00

-Requirements	\$ 1,304,253
-Receipts	\$ 1,304,253
-Appropriation	-

(1412) & (1413) Firemen and Rescue Squad

94 Firemen's Pension and Rescue Squad Workers Funds

Provides funds to increase the monthly allowance to the Firemen's Pension Fund and to the Rescue Squad Workers Fund by five dollars.

\$369,593 R

Budget Changes

\$422,525 R

Total Position Changes

\$995,000 NR

12.00

Revised Total Budget

\$20,290,293

Amendment, Section 37 of Article I of the North Carolina Constitution, shall include within the definition of "victim", effective no later than July 1, 1999, a person against whom there is probable cause to believe that an offense has been committed that is a violation of G.S. 14-33(c)(1), 14-33(c)(2), 14-33(a), 14-34, 14-134.3, or 14-277.3, if that offense constitutes domestic violence.

Requested by: ~~Senators Plyler, Perdue, Odom, Gullett~~

~~CRIME COMMISSION GRANTS/REPORT TO GOVERNMENTAL OPERATIONS~~

Section 19.5. G.S. 143B-476 is amended by adding a new subsection to read:

"(h) Prior to any notification of proposed grant awards to State agencies for use in pursuing the objectives of the Governor's Crime Commission pursuant to subsection (a) of this section, the Secretary shall report to the Joint Legislative Commission on Governmental Operations for its review of the proposed grant awards."

Requested by: ~~Senators Gullett, Plyler, Odom~~

~~USE OF HIGHWAY PATROL AIRCRAFT~~

Section 19.6. (a) G.S. 20-196.1 is repealed.

(b) G.S. 20-196.2 reads as rewritten:

~~"§ 20-196.2. Use of airplanes aircraft to discover certain motor vehicle violations of §§ 20-138 to 20-171; testimony of pilots and observers; violations; declaration of policy.~~

The State Highway Patrol is hereby permitted the use of ~~airplanes aircraft~~ to discover violations of Part 10 of Article 3 of Chapter 20 of the General Statutes relating to operation of motor vehicles and rules of the road; ~~provided, however, neither the observer nor the pilot shall be competent to testify in any court of law in a criminal action charging violations of G.S. 20-141, 20-141.1, and 20-144.~~ road. It is hereby declared the public policy of North Carolina that the ~~airplanes aircraft~~ should be used primarily for accident prevention and should also be used incident to the issuance of warning citations in accordance with the provisions of G.S. 20-183."

Requested by: ~~Senators Plyler, Perdue, Odom~~

~~STUDY EMERGENCY MANAGEMENT POSITIONS~~

Section 19.7. (a) The Joint Legislative Corrections and Crime Control Oversight Committee shall study the State and local assistance funding eligibility criteria of the Division of Emergency Management of the Department of Crime Control and Public Safety that requires local governments to have a full-time or part-time Emergency Program Manager. In its deliberations, the Committee shall consider:

- (1) The burden placed on local governments to maintain a full-time or part-time position pursuant to the funding eligibility requirements.
- (2) The feasibility and advisability of revising the funding eligibility criteria of the Division of Emergency Management to allow small local governments to meet the requirements of the Division in alternative ways, including sharing an Emergency Program Manager or adding the responsibilities of an Emergency Program Manager to an appropriate official or employee of the local government.

(b) The Committee shall report its findings and recommendations to the 1999 General Assembly.

PART XX. DEPARTMENT OF ADMINISTRATION

Requested by: Senators Warren, Plyler, Perdue, Odom

PROCUREMENT CARD PILOT PROGRAM

1 Section 20. (a) Except as provided by this section, no State agency,
2 community college, constituent institution of The University of North Carolina, or
3 local school administrative unit may use procurement cards for the purchase of
4 equipment or supplies before March 31, 1999.

5 (b) The Secretary of Administration shall designate no more than 15
6 governmental entities to participate in a pilot program on the purchase of supplies
7 and equipment by procurement card. Those designated shall represent a cross
8 section of governmental entities and shall include at least one State agency, one
9 community college, two constituent institutions of The University of North Carolina,
10 and one local school administrative unit.

11 (c) The Division of Purchase and Contract and the State Controller shall
12 report to the Joint Legislative Commission on Governmental Operations and the
13 Joint Appropriations Subcommittee on General Government on November 1, 1998,
14 on this pilot program.

15 The report shall include all of the following:

- 16 (1) Estimates from the pilot program of:
17 a. How many purchasing and accounts payable personnel
18 hours could be saved or redirected or both as a result of the
19 procurement card.
20 b. The impact of the procurement card on accounting and
21 budgeting records and on purchasing history records.
22 (2) A discussion of the effect of the procurement card on the State's
23 ability to track both:
24 a. Out-of-state sales taxes.
25 b. North Carolina State and local sales tax payments by county.
26 (3) A discussion of any other costs and benefits of the procurement
27 card.

28 (d) This section does not affect contracts for procurement cards entered
29 into prior to March 31, 1997.

30
31 Requested by: Senators Warren, Plyler, Perdue, Odom
32 **DOMESTIC VIOLENCE PREVENTION FUNDS**

33 Section 20.1. There is appropriated from the General Fund to the
34 Department of Administration the sum of one million dollars (\$1,000,000) for the
35 1998-99 fiscal year for the North Carolina Council for Women for the prevention of
36 domestic violence and the continuation of domestic violence programs within the
37 State. The Council for Women shall provide grants from these funds to existing
38 domestic violence programs, including the North Carolina Coalition Against
39 Domestic Violence, Inc., and for the development of new domestic violence
40 programs. The Department of Administration or the Council for Women shall not
41 use any of the funds for operating expenses.

42
43 **PART XXI. DEPARTMENT OF CULTURAL RESOURCES**

44 Requested by: Senator Warren

45 **MARITIME MUSEUM/DISPOSITION OF OBJECTS**

46 Section 21. (a) G.S. 106-22.2 is recodified as G.S. 143B-344.2 and reads as
47 rewritten:
48 "~~§ 106-22.2.~~ 143B-344.2. Museum of Natural Sciences; ~~Maritime Museum;~~
49 ~~disposition of objects.~~

50 Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4),
51 or any other law pertaining to surplus State property, the Department of Agriculture
52 ~~and Consumer Services~~ Environment and Natural Resources may sell or exchange
53 any object from the ~~collections~~ collection of the Museum of Natural Sciences ~~and the~~

Maritime Museum when it would be in the best interests interest of the Museums Museum to do so. Sales or exchanges shall be conducted in accordance with generally accepted practices for accredited museums. If an object is sold, the net proceeds of the sale shall be deposited in the State treasury to the credit of a special fund to be used for the improvement of the Museums' Museum's collections or exhibits."

(b) Chapter 121 of the General Statutes is amended by adding a new section to read:

"§ 121-7.1. Maritime Museum; disposition of artifacts.

Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4), or any other law pertaining to surplus State property, the Department of Cultural Resources, with the approval of the North Carolina Historical Commission, may sell, trade, or place on permanent loan any artifact from the collection of the North Carolina Maritime Museum unless the sale, trade, or loan would be contrary to the terms of the acquisition. Sales or exchanges shall be conducted in accordance with generally accepted practices for accredited museums. If an artifact is sold, the net proceeds of the sale shall be deposited in the State treasury to the credit of a special fund to be used for the improvement of the Museum's collections or exhibits."

Requested by: Senators Warren, Plyler, Odom, Perdue
ROANOKE ISLAND COMMISSION CHANGES

Section 21.1. (a) G.S. 143B-131.2(b)(10) reads as rewritten:

"(10) To establish and maintain a 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. Funds appropriated to the Commission may be transferred to the Friends of Elizabeth II, Inc., a private, nonprofit corporation. The Friends of Elizabeth II, Inc., shall use the funds transferred to it to carry out the purposes of this Part."

(b) G.S. 143B-131.2(b)(15) reads as rewritten:

"(15) To procure supplies, services, and property as appropriate and to enter into contracts, leases, or other legal agreements consistent with State laws and Department rules to carry out the purposes of this Part and duties of the Commission. The provisions of G.S. 143-129 and Article 3 of Chapter 143 of the General Statutes do not apply to purchases by the Roanoke Island Commission of equipment, supplies, and services."

Requested by: Senators Warren, Plyler, Perdue, Odom
UNITED ARTS COUNCIL FUNDS

Section 21.2. Of the funds appropriated in this act to the Department of Cultural Resources, the sum of sixty-eight thousand two hundred dollars (\$68,200) may be allocated to the United Arts Council of Greensboro, Inc. The funds allocated pursuant to this section shall only be used for construction and renovation of facilities and for production costs associated with performing arts programs.

Requested by: Senators Plyler, Perdue, Odom
GRANTS FOR SMALL LIBRARIES AND LIBRARIES IN ECONOMICALLY DISTRESSED COUNTIES

1 Section 21.3. The one million dollars (\$1,000,000) appropriated by this
2 act to the Department of Cultural Resources for aid to small libraries and libraries in
3 economically distressed counties shall be allocated by the Secretary of that
4 department to support capital improvements, including renovations, to public
5 libraries in small, economically distressed counties only.
6

7 Requested by: Senators Warren, Plyler, Odom, Perdue

8 **PROCEDURE FOR AWARD OF CULTURAL RESOURCES GRANTS**

9 Section 21.4. Of the funds appropriated to the Department of Cultural
10 Resources, the sum of eight million dollars (\$8,000,000) for the 1998-99 fiscal year
11 shall be used for grants to nonprofit organizations or local governmental entities
12 throughout the State for cultural, historical, or artistic organizations, for cultural,
13 historical, or artistic projects, and for museums. The Secretary of the Department of
14 Cultural Resources shall follow the established process for the review, evaluation, and
15 consideration of applications for these grants.

16 In awarding grants, the Secretary shall consider the merits of the project,
17 the cultural, historical, or artistic significance of the project, the benefit to the State
18 and local communities of the project, and the cost of the project. These grants are not
19 subject to review by the Historical Commission.
20

21 Requested by: Senator Rand

22 **STUDY RECLASSIFICATION OF STATE MUSEUM BRANCH DIRECTORS**

23 Section 21.5. The Office of State Personnel shall study whether to
24 reclassify the Branch Museum Administrators at the Mountain Gateway Museum, the
25 Museum of the Albemarle, and the Museum of the Cape Fear. The Office of State
26 Personnel shall report its findings and recommendations to the 1999 General
27 Assembly.
28

29 **PART XXII. OFFICE OF ADMINISTRATIVE HEARINGS**

30 Requested by: Senator Warren

31 **EEOC DEFERRED CASES TO OAH/REPEAL SUNSET**

32 Section 22. Section 5 of S.L. 1997-513 reads as rewritten:

33 "Section 5. Section 1 of this act is effective when it becomes law, applies to
34 charges pending or filed on and after that date, and ~~expires December 31, 1998.~~ date.
35 The remainder of this act becomes effective July 1, 1997, and applies to all
36 suggestions and innovations pending on that date that were submitted under the
37 former State Employee Suggestion Program as authorized by G.S. 143-340(1) on or
38 before June 30, 1997."
39

40 **PART XXIII. OFFICE OF SECRETARY OF STATE**

41 Requested by: Senators Warren, Plyler, Perdue, Odom

42 **TRANSFER BOXING COMMISSION TO DEPARTMENT OF COMMERCE**

43 Section 23. (a) The statutory authority, powers, duties, functions, records,
44 personnel, property, and unexpended balances of appropriations, allocations, or other
45 funds of the North Carolina State Boxing Commission are transferred from the
46 Department of the Secretary of State to the Department of Commerce. This transfer
47 has all of the elements of a Type I transfer as defined by G.S. 143A-6.

48 (b) G.S. 143-652 reads as rewritten:

49 **"§ 143-652. State Boxing Commission.**

50 (a) Creation. -- The North Carolina State Boxing Commission is created within
51 the Department of ~~the Secretary of State~~ Commerce to regulate in North Carolina
52 live boxing and kickboxing matches, whether professional, amateur, sanctioned
53 amateur, or toughman events, in which admission is charged for viewing, or the

1 contestants compete for a purse or prize of value greater than twenty-five dollars
2 (\$25.00). The Commission shall consist of six voting members and two nonvoting
3 advisory members. All the members shall be residents of North Carolina and shall
4 meet requirements for membership under the Professional Boxing Safety Act of 1996.
5 The members shall be appointed as follows:

- 6 (1) One voting member shall be appointed by the Governor for an
7 initial term of two years.
- 8 (2) One voting member shall be appointed by the General Assembly
9 upon the recommendation of the President Pro Tempore of the
10 Senate for an initial term of one year, in accordance with G.S. 120-
11 121.
- 12 (3) One voting member shall be appointed by the General Assembly
13 upon the recommendation of the Speaker of the House of
14 Representatives for an initial term of one year.
- 15 (4) Two voting members shall be appointed by the Secretary of ~~State~~
16 Commerce. One shall serve for an initial term of three years, and
17 the other shall serve for an initial term of two years.
- 18 (4a) One member shall be appointed by the Tribal Council of the
19 Eastern Band of the Cherokee for an initial term of three years.
- 20 (5) One nonvoting advisory member shall be appointed by the
21 General Assembly upon the recommendation of the Speaker of the
22 House of Representatives for an initial term of one year, in
23 accordance with G.S. 120-121, from nominations made by the
24 North Carolina Medical Society, which shall nominate two licensed
25 physicians for the position.
- 26 (6) One nonvoting advisory member shall be appointed by the
27 General Assembly upon the recommendation of the President Pro
28 Tempore of the Senate for an initial term of one year, in
29 accordance with G.S. 120-121, from nominations made by the
30 North Carolina Medical Society, which shall nominate two licensed
31 physicians for the position.

32 The member appointed pursuant to subdivision (5) of subsection (a) of this section
33 may serve on the Commission only if an agreement exists and remains in effect
34 between the Tribal Council of the Eastern Band of the Cherokee and the
35 Commission authorizing the Commission to regulate professional boxing matches
36 within the Cherokee Indian Reservation as provided by the Professional Boxing
37 Safety Act of 1996.

38 The two nonvoting advisory members appointed pursuant to subdivisions (6) and
39 (7) of subsection (a) of this section shall advise the Commission on matters
40 concerning the health and physical condition of boxers and health issues relating to
41 the conduct of exhibitions and boxing matches. They may prepare and submit to the
42 Commission for its consideration and approval any rules that in their judgment will
43 safeguard the physical welfare of all participants engaged in boxing.

44 Terms for all members of the Commission except for the initial appointments shall
45 be for three years.

46 The Secretary of State Commerce shall designate which member of the
47 Commission is to serve as chair. A member of the Commission may be removed from
48 office by the Secretary of State Commerce for cause. Each member before entering
49 upon the duties of a member shall take and subscribe an oath to perform the duties
50 of the office faithfully, impartially, and justly to the best of the member's ability. A
51 record of these oaths shall be filed in the Department of ~~the Secretary of State~~
Commerce.

1 (b) Vacancies. -- Members shall serve until their successors are appointed and
2 have been qualified. Any vacancy in the membership of the Commission shall be
3 filled in the same manner as the original appointment. Vacancies for members
4 appointed by the General Assembly shall be filled in accordance with G.S. 120-122.
5 A vacancy in the membership of the Commission other than by expiration of term
6 shall be filled for the unexpired term only.

7 (c) Meetings. -- Meetings of the Commission shall be called by the chair or by any
8 two members of the Commission, and meetings shall be held at least quarterly. Any
9 three voting members of the Commission shall constitute a quorum at any meeting.
10 Action may be taken and motions and resolutions adopted by the Commission at any
11 meeting by the affirmative vote of a majority of the members of the Commission
12 present at a meeting at which a quorum exists. Any or all members may participate in
13 a regular or special meeting by, or conduct the meeting through the use of, any
14 means of communication by which all members participating may simultaneously
15 hear each other during the meeting. A member participating in the meeting by this
16 means is deemed to be present in person at the meeting.

17 (d) Rule-Making Authority of the Commission. -- The Commission shall have the
18 exclusive authority to approve and issue rules for the regulation of the conduct,
19 promotion, and performances of live boxing, kickboxing, sanctioned amateur,
20 amateur, and toughman matches and exhibitions in this State. The rules shall be
21 issued pursuant to the provisions of Chapter 150B of the General Statutes and may
22 include, without limitation, the following subjects:

- 23 (1) Requirements for issuance of licenses and permits required by this
24 Article.
- 25 (2) Regulation of ticket sales.
- 26 (3) Physical requirements for contestants, including classification by
27 weight and skill.
- 28 (4) Supervision of matches and exhibitions by licensed physicians and
29 referees.
- 30 (5) Insurance and bonding requirements.
- 31 (6) Compensation of participants and licensees.
- 32 (7) Contracts and financial arrangements.
- 33 (8) Prohibition of dishonest, unethical, and injurious practices.
- 34 (9) Facilities.
- 35 (10) Approval of sanctioning amateur sports organizations.
- 36 (11) Procedures and requirements for compliance with the Professional
37 Boxing Safety Act of 1996.

38 (e) Compensation. -- None of the members of the Commission shall receive
39 compensation for serving on the Commission. However, members of the Commission
40 may be reimbursed for their expenses in accordance with the provisions of Chapter
41 138 of the General Statutes.

42 (f) Staff Assistance. -- The Secretary of State Commerce shall hire a person to
43 serve as Executive Director of the Commission and shall provide staff assistance to
44 the Executive Director. The Executive Director may train and contract with
45 independent contractors for the purpose of regulating and monitoring events, issuing
46 licenses, collecting fees, and enforcing rules of the Commission. The Executive
47 Director may initiate criminal background checks on persons requesting to work as
48 independent contractors for the Commission or persons applying to be licensed by
49 the Commission."

50 (c) G.S. 143-654 (c) reads as rewritten:

51 "(c) Surety Bond. -- An applicant for a promoter's license must submit, in
52 addition to any other forms, documents, or exhibits requested by the Commission, a
53 surety bond payable to the Commission for the benefit of any person injured or

1 damaged by (i) the promoter's failure to comply with any provision of this Article or
2 any rules adopted by the Commission or (ii) the promoter's failure to fulfill the
3 obligations of any contract between or among licensees related to the holding of a
4 boxing event. The surety bond shall be issued in an amount to be no less than five
5 thousand dollars (\$5,000). The amount of the surety bond shall be negotiable upon
6 the sole discretion of the Commission. All surety bonds shall be upon forms approved
7 by the Secretary of State Commerce and supplied by the Commission."

8 (d) G.S. 143-655 (c) reads as rewritten:

9 "(c) State Boxing Commission Revenue Account. -- There is created the State
10 Boxing Commission Revenue Account within the Department of ~~the Secretary of~~
11 ~~State~~ Commerce. Monies collected pursuant to the provisions of this Article shall be
12 credited to the Account and applied to the administration of the Article."

13 (e) G.S. 143-658 reads as rewritten:

14 "§ 143-658. Violations.

15 (a) Civil Penalties. -- The Secretary of State Commerce may issue an order against
16 a licensee or other person who willfully violates any provision of this Article,
17 imposing a civil penalty of up to five thousand dollars (\$5,000) for a single violation
18 or of up to twenty-five thousand dollars (\$25,000) for multiple violations in a single
19 proceeding or a series of related proceedings. No order under this subsection may be
20 entered without giving the licensee or other person 15 days' prior notice and an
21 opportunity for a contested case hearing conducted pursuant to Article 3 of Chapter
22 150B of the General Statutes.

23 (b) Criminal Penalties. -- A willful violation of any provision of this Article shall
24 constitute a Class 2 misdemeanor. The Secretary of State Commerce may refer any
25 available evidence concerning violations of this Article to the proper district attorney,
26 who may, with or without such a reference, institute the appropriate criminal
27 proceedings.

28 ~~The attorneys employed by the Secretary of State shall be available to prosecute or~~
29 ~~assist in the prosecution of criminal cases when requested to do so by a district~~
30 ~~attorney and the Secretary of State approves.~~

31 (c) Injunction. -- Whenever it appears to the Secretary of State Commerce that a
32 person has engaged or is about to engage in an act or practice constituting a violation
33 of any provision of this Article or any rule or order hereunder, the Secretary of State
34 Commerce ~~may bring an action in any court of competent jurisdiction to enjoin those~~
35 ~~acts or practices and to enforce compliance with this Article or any rule or order~~
36 ~~issued pursuant to this Article. shall refer the matter to the Attorney General's Office~~
37 ~~for appropriate action.~~

38 (d) ~~Enforcement. -- For purposes of enforcing this Article, the Department of the~~
39 ~~Secretary of State's law enforcement agents have statewide jurisdiction. These law~~
40 ~~enforcement agents may assist local law enforcement agencies in their investigations~~
41 ~~and may initiate and carry out, in coordination with local law enforcement agencies,~~
42 ~~investigations of violations of this Article. These law enforcement agents have all the~~
43 ~~powers and authority of law enforcement officers when executing arrest warrants."~~

44 (f) Section 9 of S.L. 1997-504 reads as rewritten:

45 "Section 9. Except as otherwise specified herein, this act is effective when it
46 becomes law. ~~This act expires August 1, 1998.~~"

47 PART XXIV. STATE BOARD OF ELECTIONS

48 Requested by: Senators Warren, Plyler, Perdue, Odom

49 EXTEND STATEWIDE DATA ELECTIONS MANAGEMENT SYSTEM

50 Section 24. Section 31(a) of S.L. 1997-443 reads as rewritten:

51 "(a) The State Board of Elections shall establish a statewide data elections
52 management system. The system shall prescribe data format standards, data
53

1 communication standards, and data content standards. The State Board of Elections
2 shall establish the system no later than November 1, 1997. Counties shall adhere to
3 the standards prescribed by the system no later than ~~August 31, 1998.~~ December 31,
4 1998. The State Board of Elections may adopt rules to implement this section.
5 Chapter 150B of the General Statutes governs the adoption of rules by the State
6 Board of Elections."

7
8 **PART XXV. OFFICE OF STATE BUDGET AND MANAGEMENT**

9 Requested by: Senators Warren, Plyler, Perdue, Odom, Kerr

10 **FIRE PROTECTION AND RESCUE GRANT FUNDS**

11 Section 25. (a) Article 85A of Chapter 58 of the General Statutes reads as
12 rewritten:

13
14 **"ARTICLE 85A.**

15 **"State Fire Protection and Rescue Grant Fund.**

16 **"§ 58-85A-1. Creation of Fund; allocation to local fire districts and political**
17 **~~subdivisions of the State: districts, political subdivisions of the State, volunteer fire~~**
18 **~~departments, and volunteer rescue squads.~~**

19 (a) There is created in the Office of State Budget and Management the State Fire
20 Protection and Rescue Grant Fund. The ~~purpose~~ purposes of the Fund ~~is to~~ are to:
21 (1) ~~compensate~~ Compensate local fire districts and political
22 subdivisions of the State for providing local fire protection to
23 State-owned buildings and their contents.
24 (2) Reimburse volunteer fire departments and volunteer rescue squads
25 for highway use tax they pay on their fire trucks and emergency
26 services vehicles.

27 (b) The Office of State Budget and Management shall develop and implement an
28 equitable and uniform statewide method for distributing any funds to the State's local
29 ~~fire districts and political subdivisions: districts, political subdivisions, and volunteer~~
30 ~~fire departments and volunteer rescue squads.~~

31 Upon the request of the Director of the Budget, the Department of Insurance shall
32 provide the Office of State Budget and Management all information necessary to
33 develop and implement the formula.

34 (b1) Definitions. -- The following definitions apply in this section:

35 (1) Fire truck. -- A fire truck, a pump truck, a tanker truck, or a
36 ladder truck used to suppress fire; or a four-wheel drive vehicle
37 intended to be mounted with a water tank and hose and used for
38 forest fire fighting.

39 (2) Highway use tax. -- The tax imposed in Article 5A of Chapter 105
40 of the General Statutes.

41 (3) Volunteer fire department. -- A fire department that is not part of
42 a unit of local government, has no more than two paid employees,
43 and is exempt from State income tax under G.S. 105-130.11.

44 (4) Volunteer rescue squad. -- An organization that provides rescue
45 services, emergency medical services, or both, is not part of a unit
46 of local government, has no more than two paid employees, and is
47 exempt from State income tax under G.S. 105-130.11.

48 (c) It is the intent of the General Assembly to appropriate annually to the State
49 Fire Protection and Rescue Grant Fund at least three million eighty thousand dollars
50 (\$3,080,000) from the General Fund, one hundred fifty thousand dollars (\$150,000)
51 from the Highway Fund, and nine hundred seventy thousand dollars (\$970,000) from
52 University of North Carolina receipts. Funds received from the General Fund shall
53 be allocated only for (i) providing local fire protection for State-owned property
supported by the General Fund; and (ii) grants to volunteer fire departments and

1 volunteer rescue squads to reimburse them for highway use tax they pay on their fire
2 trucks and emergency services vehicles; funds received from the Highway Fund shall
3 be allocated only for providing local fire protection for State-owned property
4 supported by the Highway Fund; and funds received from University of North
5 Carolina receipts shall be allocated only for providing local fire protection for State-
6 owned property supported by University of North Carolina receipts."

7 (b) The Appropriations Subcommittees on General Government shall
8 study the need for additional Highway Fund appropriations to fund subsection (a) of
9 this section for the 1999-2001 biennium and shall report to the 1999 General
10 Assembly.

11 12 **PART XXVI. OFFICE OF STATE CONTROLLER**

13 Requested by: Senators Warren, Plyler, Perdue, Odom

14 **PILOT PROGRAM ON REPORTING ON COLLECTION OF BAD DEBTS BY STATE** 15 **AGENCIES**

16 Section 26. (a) The General Assembly finds that a significant number of
17 bad debts are owed to State agencies, and even expansion of the Debt Collection
18 Setoff act scheduled for 2000 may still leave room for improvement. The General
19 Assembly has been presented information on the extent of the debts, but lacks
20 sufficient information to determine if the lack of collection in some cases relates to
21 inability to the debtor to pay, contractual discharges that may have been taken to
22 receive partial recovery from third parties, or need to improve collection procedures
23 within State agencies. Focusing on health care institutions within State government
24 will allow maximum information without disrupting other agencies which have small
25 amounts of bad debts.

26 (b) The Office of State Controller shall establish a procedure by which
27 health care institutions under or affiliated with the Department of Health and Human
28 Services or The University of North Carolina shall report on collection of bad debts.
29 This pilot program is intended to concentrate on agencies that have a large amount of
30 bad debts, in order to determine the extent to which those debts may be better
31 collected both in those agencies and in the whole of State Government.

32 (c) The procedures shall require that in the case of each bad debt, that
33 debt is reported to the Office of State Controller with its total amount and with
34 standardized codes indicating the type of debt, the actions taken to collect the debt,
35 and the estimate of the agency on the likelihood of being able to collect the bad debt.

36 (d) The Office of State Controller shall report the results of the pilot
37 study to the General Assembly no later than April 1, 1999, along with
38 recommendations on changes in law or procedure to better collect the bad debts.
39

40 ~~**PART XXVII. DEPARTMENT OF TRANSPORTATION**~~

41 ~~Requested by: Senator Jordan~~

42 ~~**DESIGN-BUILD TRANSPORTATION CONSTRUCTION CONTRACTS**~~ 43 ~~**AUTHORIZED**~~

44 Section 27. Notwithstanding any other provision of law, the Board of
45 Transportation may award up to three contracts annually for construction of
46 transportation projects on a design-build basis. These contracts may be awarded after
47 a determination by the Department of Transportation that delivery of the projects
48 must be expedited and that it is not in the public interest to comply with normal
49 design and construction contracting procedures. Prior to the award of a design-build
50 contract, the Secretary of Transportation shall report to the Joint Legislative
51 Transportation Oversight Committee and to the Joint Legislative Commission on
52 Governmental Operations on the nature and scope of the project and the reasons an
53 award on a design-build basis will best serve the public interest.



CODE NO. 98ADMIN-H001

Requested by: Representative McCombs

STATE VETERANS NURSING HOME LOCATION STUDY

1 Section @. There is appropriated from the General Fund
2 to the Division of Veteran Affairs the sum of twenty-five
3 thousand dollars (\$25,000) for the 1998-99 fiscal year to conduct
4 a study for the siting and construction of state veterans nursing
5 homes in western and eastern North Carolina.

6 The study shall make recommendations on matters relevant to the
7 siting, construction, and operations of the veterans nursing
8 homes, including:

- 9 (1) The need for geographical diversity in the location
10 of the facilities across North Carolina to serve
11 the veterans and their families.
- 12 (2) The size and number of facilities required to meet
13 the needs of the present and predicted veterans
14 population.
- 15 (3) The estimated cost of constructing and operating
16 the needed facilities and sources of funding for
17 the construction and operations of the facilities.

18 The Division of Veterans Affairs shall report the findings of
19 the study to the 1999 Session of the General Assembly by
20 submitting a report to the Joint Legislative Commission on
21 Governmental Operations and the Joint Appropriations Subcommittee
22 on General Government by February 1, 1999..

Attach. No. 2

House Appropriations Subcommittee
on
General Government

FY 1998-99 BUDGET

1st Round

July 9, 1998

Administration

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$57,814,012

Budget Changes

(1111) Office of the Secretary

1 Reduce Salary Reserve

(\$12,736) R

A quality leadership position was reduced in the Secretary's Office creating salary reserve which is reduced from the budget.

(1121) Fiscal Management

2 Reduce Data Processing Services

(\$1,563) R

Reduce data processing services and the printing of reports in Fiscal Management.

(1122) DOA Personnel

3 Reduce Salary Reserve – HR Management

(\$5,259) R

A staff development position was reduced in the Human Resources Management Office creating salary reserve which is reduced from the budget.

(1225) Health Plan Purchasing Alliance

4 Eliminate Public Relations Coordinator Position

(\$45,621) R

Eliminate the Public Relations Coordinator Position within the State Health Plan Purchasing Alliance Board, including salary and benefits.

-1.00

(1412) State Property Office

5 Reduce Salary Reserve – State Property Office

(\$9,478) R

A real property agent position was reduced in the State Property Office creating salary reserve which is reduced from the budget.

6 State Property Office Positions

~~\$267,998~~ R

Funds six new positions in the State Property Office to address workload increases resulting from recent legislation involving Easements in State-Owned Submerged Lands, the Clean Water Trust Fund and Wetlands Restoration Program, and the Capital Improvement Planning Act.

~~6.00~~

Senate Subcommittee on General Government

(1421) Facilities Management Division

7 Reduce line items -- Facility Management

(\$428,000) R

Reduce Operating Budget lines

-532310 Repairs to Building

AC Systems (\$60,000)

Electrical Systems (\$60,000)

Plumbing (\$ 8,000)

-532210 Electrical (\$300,000)

Breakdown of \$300,000 in electrical savings

1. Historic Houses (\$15,000)

2. Various Small Buildings (\$ 5,000)

3. Garner Road Buildings #2,
#4,12,16 (\$ 8,000)

4. Revenue Building AC System (\$15,000)

5. History Museum (\$10,000)

6. Parking Deck Lights (\$10,000)

7. Electrical Cost Parking
Deck Lights #17,#65 (\$62,000)

8. Chillers (Reduce Opera-
tion time) (\$175,000)

(1731) Council for Women

8 Domestic Violence Prevention Funds

Appropriates \$1 million to the Department of Administration for the North Carolina Council for Women. The Council for Women shall provide grants from these funds to existing domestic violence programs, including the North Carolina Coalition Against Domestic Violence, Inc., and for the development of new domestic violence programs. The Department of Administration or the Council for Women shall not use any of the funds for operating expenses.

~~\$1,000,000~~ NR

(1810) Ethics Board

9 North Carolina Ethics Board

\$203,300 R

The North Carolina Ethics Board was created by Executive Order to serve as the State entity to prevent conflicts of interest in the Executive Branch of State Government. Funds are recommended for staff and operations of the Board.

2.00

Budget Changes

(\$299,357) (\$11,959) R

Total Position Changes

~~\$1,000,000~~ NR
1.00 7.00

Revised Total Budget

\$ 57,526,014 \$58,802,653

Auditor

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$10,016,613

Budget Changes

(1210) Field Audit Division

10 Audit Resources – Smart Start

\$649,129 R

Fund staff positions to audit the statewide and local partnerships in accordance with legislative mandate.

\$38,940 NR
6.00

11 Audit Positions and Contract Audit Funding

\$748,959 R

Funds four additional audit positions to allow the Department to increase the scope of its performance and financial audits of government agencies and to address backlogs of allegations of fraud and abuse.

\$25,960 NR
4.00

(1210) Field Audits Division

12 Audit Resources - Smart Start

\$120,270 R

Transfer from the Division of Childhood Development continuation funds to support audits of Early Childhood Development Initiatives Program.

Budget Changes

\$1,518,358 R

\$64,900 NR

Total Position Changes

10.00

Revised Total Budget

\$11,599,871

Cultural Resources

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$56,053,016

Budget Changes

(1110) Office of the Secretary

13 Miscellaneous Contractual Services

(\$14,366) R

Reduce (532199) by eliminating funds for the North Carolina Awards.

14 Grants to Local Organizations

Provide funds to local arts, cultural, and historical organizations; and local museums as grants-in-aid.

~~\$8,000,000~~ NR

(1120) Administrative Services

15 Computer Equipment

(\$14,884) R

Reduce funding in line item (534522).

16 Computer Operations

Provide funding to replace the server and support maintenance agreement.

~~\$2,700~~
~~\$58,000~~ NR

Senate Subcommittee on General Government

(1210) Archives and History - Administration

17 Adjust Various Line Item Expenditures

(\$10,144) R

532199 Misc. Contractual Services	\$ 360
532210 Energy Ser. Electrical	968
532230 Energy Ser. Water and Sewer	101
532390 Repairs - Other	226
532490 Maint Agreement - Other	240
532513 Rent/Lease - Other Facilities	65
532590 Rent/Lease - Other Property	62
532714 Transp. - Ground In-State	1,265
532715 Transp. - Ground Out of State	75
532721 Lodging - In-State	131
532722 Lodging - Out of State	131
532724 Meals - In-State	145
532725 Meals - Out of State	88
532727 Misc. - In-State	65
532728 Misc. - Out of State	65
532731 Board/Non-Employee Transp.	453
532732 Board/Non-Employee Subs.	231
532811 Telephone	2,322
532821 Computer/Data Process. Serv.	26
532840 Postage, Freight, Del.	417
532850 Print, Bind, Duplicate	262
532860 Advertising	10
532911 Property - Insurance	262
532919 Other Insurance	183
532942 Other Employee Educ. Exp.	13
533110 General Office Supplies	189
533350 Motor Vehicle Repl. Parts	17
533900 Other Materials/Supplies	408
534511 Office Furniture	98
534522 Equipment - Computers	627
534539 Other Equipment	69
534630 Library and Learning Res. Coll.	151
534710 Computer Software	203
535830 Membership Dues and Sub.	216

18 First Flight Centennial Commission

~~\$723,800~~ R

Increase funding to support personnel and operating expenses for preparation of the commemoration in 2003.

~~\$250,000~~ NR

~~6.00~~

19 Queen Anne's Revenge

Funding continues surveillance; conservation of recovered artifacts; monthly search operations; analysis and testing of retrieved artifacts; operation of technical equipment; transportation of the travelling artifact exhibit; travel, per diem, and motor vehicle costs; and operational support of the Maritime Heritage Trail.

\$250,000 NR

(1220) Historical Publications

20 Print, Binding, and Duplication

(\$10,110) R

Reduce funding allocated for publications (532850).

Senate Subcommittee on General Government

(1230) Archives and Records

21 Personal and Other Services

Eliminate salary and related benefits of a Processing Assistant IV position (#2138); and reduce items in the operating budget:

531211 SPA - Reg. Salaries \$ 19,895
531511 Social Security 1,522
531521 Reg. Retirement Cont. 2,155
531561 Med. Insurance Cont. 1,736
532390 Repairs - Other 5,000
532850 Print, Binding, Duplication 12,106

(17,106)
-(\$42,414) R

-1.00

22 Leased Space for Records Storage

Appropriate funding to lease warehouse space to store a backlog of records and for shelving.

\$255,000 NR

(1241) State Historic Sites

23 Reduce Various Line Item Expenditures

(\$104,277) R

532210 Energy Ser. - Electrical \$ 30,000
532220 Energy Ser. - Nat. Gas/Propane 3,000
532230 Energy Ser. - Water and Sewer 1,000
532241 Energy Ser. - Fuel Oil 1,000
532390 Repairs - Other 12,000
532714 Transp. - Ground In-State 1,000
532721 Lodging - In-State 1,000
532722 Lodging - Out of State 1,000
532724 Meals - In-State 277
532725 Meals - Out of State 1,000
533110 General Office Supplies 1,000
533350 Motor Vehicle Repl. Parts 3,000
533900 Other Materials and Supplies 10,000
534511 Office Furniture 2,000
534522 Equipment - Computers 10,000
534528 Equipment - Communications 1,000
534539 Other Equipment 10,000
534449 Other Motorized Vehicles 5,000
534610 Art and Artifacts 11,000

24 State Civil War Sites

Continue funding for the preservation, improvement, and promotion of the State's Civil War era sites.

—\$1,000,000—NR

25 Old Salem Funds

Provide funds for the restoration and development of the St. Philips Church and the construction of the North Carolina Heritage Education Center at Old Salem.

—\$2,000,000—NR

26 Sanford House Restoration

Funding to restore the Betsy Sanford House which is owned by the Scotland County Literacy Council for use as an office and to provide tutorial services.

—\$112,000—NR

Senate Subcommittee on General Government

27 Roseboro Restoration

Appropriates funds to the town for renovation and restoration of buildings of historic character.

~~—\$50,000—NR—~~

28 Salemburg Restoration

Appropriates funds to the town for renovation and restoration of buildings of historic character.

~~—\$50,000—NR—~~

29 Local Historic Sites Funds

Appropriates funds for site improvement: Historic Hope for continued renovation; Historic Murfreesboro to renovate historic structures in the district; and Historic Woodville to continue work on restoration and relocation St. Francis Methodist Church.

~~—\$500,000—NR—~~

30 Scotland Place

Appropriate funds for expansion of the meeting room facilities of the civic center/senior citizen center.

~~—\$75,000—NR—~~

(1242) Tryon Palace Historic Sites & Gardens

31 Adjust Operating Expense

(\$18,961) R

532512 Rent/Lease - Buildings/Office	\$ 3,070
532840 Postage	10,491
532850 Printing	5,050
532912 Other Employee Edu. Exp.	350

32 Tryon Palace Historic Site Funds

Funds appropriated to operate and maintain Barbour Boat Works until demolition and construction work at the site are completed, and for the environmental assessment and design of the overall History Education Center Project.

~~—\$332,850—R—~~

~~—\$1,000,000—NR—~~

(1243) State Capitol/Visitor Services

33 Personal Services

Reduce temporary wages (531311) and social security (531511) due to change in schedule.

~~—(\$6,921)—R—~~

(1245) NC Maritime Museum

34 Building Repairs

Reduce funding in line item 532310.

(\$12,606) R

Senate Subcommittee on General Government

(1250) State Historic Preservation Office

35 Personal Services and Other Costs

(\$20,768) R

Reduce salary and benefits of a Historic Preservation/Restoration Supervisor position (#2604) to 3/4 time, and adjust other items in the budget:

-0.25

531211 SPA - Reg. Salaries	\$ 15,907
531511 Social Security	1,217
531521 Retirement	1,723
532811 Telephone	961
532840 Postage	960

(1290) Western Office

36 Adjust Operating Budget

(\$5,429) R

532714 Transp. - Ground In-State	\$ 1,048
532811 Telephone	500
532850 Printing	500
532942 Other Employee Edu. Exp.	150
533110 General Office Supplies	500
533900 Other Materials and Supplies	500
534511 Office Furniture	310
534522 Equipment - Computers	208
534539 Other Equipment	1,513
535830 Membership Dues/Subscription	200

(1320) Museum of Art

37 Personal Services and Operating Expense

(\$55,338) R

Reduce salary reserve and related benefits for Administrative Assistant I position (#3147), and adjust other line items:

531211 SPA - Reg. Salaries	\$ 8,585
531511 Social Security	656
531521 Reg. Retirement	929
532199 Misc. Contractual Services	25,000
534610 Art and Artifacts	20,168

(1330) NC Arts Council

38 Grassroots Arts Program

Provides one-time increase in continuation budget for grants awarded to local arts councils.

\$335,750 NR

39 Shakespeare Festival

Provide funds for the Educational Outreach Touring Program.

~~\$260,000 NR~~

40 United Arts Council of Greensboro

Funding for construction and renovation of facilities and for production costs associated with performing arts programs.

~~\$68,200 NR~~

Senate Subcommittee on General Government

41 Durham Arts Council-African/Amer. Dance Ensemble

Funding appropriated to promote dance and artistic programs of the ensemble.

~~\$100,000~~ NR

(1340) NC Symphony

42 Telephone Service

Reduce funding in line item 532811.

(\$4,948) R

(1410) State Library Services

43 Personal and Other Services

(\$63,200) R

531312 Temporary Salary	\$ 2,562
531512 Social Security	196
534630 Library and Learning Res. Coll.	60,442

44 Continue Reading Services to Children

\$103,500 R

Funding replaces lost federal resources to operate statewide reading programs for children.

45 Services to the Blind and Physically Handicapped

\$43,700 R

Appropriate funds to continue production of Braille and taped materials, handbooks and newsletters, and volunteer programs due to lost federal resources.

(1480) Statewide Programs & Grants

46 6960 Aid to Counties

Provide additional funds to support grants to public libraries based upon the formula for State-Aid to libraries.

~~\$2,000,000~~ NR

47 Aid to Small and Poor Libraries

Appropriate funding to support construction grants.

~~\$1,000,000~~ NR

(1500) NC Museum of History

48 Reduce Various Operating Funds

(\$72,320) R

532199 Misc. Contractual Services	\$ 10,000
532714 Transp. - Ground In-State	2,320
533900 Other Materials and Supplies	10,000
534511 Office Furniture	20,000
534610 Art and Artifacts	20,000
534710 Computer Software	10,000

49 Charlotte Museum of History

Funds appropriated to the Hezekiah Alexander Foundation for capital expenses incurred in providing space for the Charlotte Museum of History.

~~\$1,000,000~~ NR

50 Mint Museum of Art

Funds appropriated to establish a new branch of the museum in the City of Charlotte.

~~\$1,000,000~~ NR

Senate Subcommittee on General Government

P 51 Raleigh City Museum

Funds appropriated to move the museum to a new location and to refurbish the building that will house the museum.

~~\$125,000~~ NR

P 52 Exploris Children's Museum

Provides funding for exhibit, technology, and education program development.

~~\$2,000,000~~ NR

P 53 Museum of the New South

Appropriates funds for renovating the Museum building, including expansion of exhibition and classroom space and installation of major permanent 8,000 square foot core exhibit.

~~\$300,000~~ NR

P 54 Museum of the Cape Fear

Appropriate funds to renovate and refurbish the Poe House.

~~\$115,000~~ NR

Budget Changes

\$ (277,257) ~~\$749,864~~ R

Total Position Changes

\$ 840,750 ~~\$21,903,950~~ NR

-1.25 ~~3.75~~

Revised Total Budget

\$ 56,616,509 ~~\$78,706,830~~

General Assembly

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$34,642,598

Budget Changes

55 No Expansion Budget Requests

\$0 R
\$0 NR
0.00

Budget Changes

\$0 R

\$0 NR

Total Position Changes

0.00

Revised Total Budget

\$34,642,598

Governor

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$5,150,352

Budget Changes

(1110) Administration

56 Reduce Various Operating Line Items

(\$77,255) R

Funds are reduced from the Office of the Governor
in various line items including travel, communications, data
processing and printing.

57 Continue Deputy Chief of Staff Position

Resources are requested to continue the Deputy Chief of
Staff position for the Office of the Governor.

\$107,959 NR
1.00

Budget Changes

(\$77,255) R

\$107,959 NR

Total Position Changes

1.00

Revised Total Budget

\$5,181,056

Insurance

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$24,086,190

Budget Changes

(1200) Company Services

58 Information Services Crisis

\$597,134 R

Update electronic communications services for interagency and industry communication needs. Allows the Department to begin system up-dates every three years. Provides for two programmers for the integrated insurance regulatory client/server system and one systems manager position.

\$18,500 NR
3.00

(1200) Company Services

59 Field Audit & Regulatory Contractual Services

\$300,000 R

The Department does not have the internal resources to perform certain supporting function that are essential to baseline solvency regulations. The Department has to depend on outside experts to provide actuarial evaluation of an entity's insurance loss reserves, appraisal of investment property valuations, and legal support in specialized areas such as bankruptcy law.

\$0 NR
0.00

(1200, 1300, & 1400) Various

60 HMO and Service Corporation Field Examinations

\$1,391,659 R

Authorizes a transfer from the Insurance Regulatory Fund to the Department of Insurance for examinations and audits, in the event the General Assembly approves legislation that includes HMO and service organizations in the Insurance Regulatory Charge.

\$211,600 NR
20.00

a. (1200) Actuarial Services/Audits \$525,289
b. (1300) Examinations/Analysis/Review \$780,117
c. (1400) Consumer Complaint Analysis/
Salary Reserve/Phone System \$297,853
Total \$1,603,259

Budget Changes

\$2,288,793 R

\$230,100 NR

Total Position Changes

23.00

Revised Total Budget

\$26,605,083

Lieutenant Governor

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$609,390

Budget Changes

(1110) General Administration

61 Up-date Computer System

Funds are recommended for the Office of the Lieutenant Governor to up-date the computer system; providing for a data server, hubs, and operating software.

\$25,000 NR
0.00

Budget Changes

\$25,000 NR

Total Position Changes

0.00

Revised Total Budget

\$634,390

Office of Administrative Hearings

GENERAL FUND

Total Budget Approved 1997 Session

FY 98-99

\$2,357,389

Budget Changes

(1100) Administration and Operations

62 Funding for OAH Budget Deficiencies

\$101,358 R

Funding for the day-to-day operations of the office, provide resources for the hiring of temporary law judges when conflicts of interest exist, and to hire temporary hearings assistants. A decrease in federal funds is requested due to the uncertainty in the availability of federal dollars to the OAH from EEOC.

\$0 NR
0.00

a. Office Requirements \$69,358
b. Federal Funds \$32,000
Total \$101,358

63 Hearings Division Clerical Support & ALJ Training

\$54,332 R

Resources are need to complete an integrated Hearings Program that was authorized in the 1997 Session. Provide funding for one Division clerical assistant and education seminars for Administrative Law Judges.

\$38,880 NR
1.00

64 Reduce Civil Rights Caseload Backlog

\$76,171 R

Provides funding for two positions in the Civil Rights Division to investigate and hear cases of political discrimination. One of the positions is clerical and the other is for an administrative law judge.

\$6,900 NR
2.00

Budget Changes

\$231,861 R

\$45,780 NR

Total Position Changes

3.00

Revised Total Budget

\$2,635,030

Office of State Planning

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$1,815,850

Budget Changes

(1410) Administration

65 Reduce Contractual and Communication Services

(\$6,118) R

Funds are reduced from the budget of the Office of State Planning for contractual services and communication.

(1412) Miscellaneous Contractual Services

66 County Boundary Resurvey Program

\$300,000 NR
0.00

Funding is needed for the Geodetic Survey Program to reestablish and monument county boundaries to insure that the boundaries can be identified, preserved, and referenced to the North Carolina State Plane Coordinating System. It will take seven years to re-survey the county boundaries of each county in the State. A portion of the funds will support the survey of a section of the North Carolina/South Carolina boundary. This request is a recommendation of the Joint State Boundary Commission.

(2510) Miscellaneous Contractual Services

67 Digital Orthophotography Appropriation

\$1,000,000 NR
0.00

Funding is recommended to participate in a shared plan for the continue development of digital orthophotography in the State. Fifty percent of the image data layer is shared by the National Aerial Photography Program.

Budget Changes

(\$6,118) R

\$1,300,000 NR

Total Position Changes

0.00

Revised Total Budget

\$3,109,732

Revenue

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$68,746,867

Budget Changes

(1600) Administration

68 Reduce Contractual Services

Reduce contractual services (532140) in the Planning Development and Technology (PDT) Division.

(\$326,098) NR

69 Develop New Remittance Processing System

Appropriates initial funding for a Data Capture Platform which includes replacement of the remittance processing system to comply with Year 2000 requirements, and installation of high speed scanners to capture data directly from tax returns for processing through the Integrated Tax Administration System (ITAS). Funding also expands existing Information System staff with four positions: Computer Training Specialist III, Computer Consultant II, Computer Consultant IV, and Telecommunications Systems Analyst II.

\$236,548 R
\$12,035,600 NR
4.00

(191A) Statewide Reserves - Availability

70 Reversion of Funds to Administer Fed Retiree Acct

Per Chapter 19, Section 3(b) of the 1996 Session Laws, \$1.2 million was authorized to administer the federal retiree refund program. Funding was expended from a reserve in the department's budget: 24710/2002 - Federal Retiree Administration Account. The balance in the reserve - \$741,902 - will revert to the General Fund, and the department will absorb remaining cost in its operating budget.

\$0 NR

Budget Changes

\$236,548 R

\$11,709,502 NR

Total Position Changes

4.00

Revised Total Budget

\$80,692,917

Secretary of State

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$5,310,680

Budget Changes

(1110)

71 Cash Management & Support Positions

\$52,624 R

Funds a cash management position to help the Department centralize the cash receipts function and to comply with State policy regarding the timely deposit of State funds. Also funds a clerical support position in the Administration Division.

\$16,250 NR
2.00

(1110) General Administration

72 Technology Enhancement – Phase II

\$134,385 R

Continues the second year of funding for a two-year technology improvement project to provide new equipment and to update computer systems and applications.

\$650,000 NR
1.00

73 Trademarks/Authentications – Staff Expansion

\$114,831

Funds three additional positions in the Trademarks/Authentications Section to help with training local law enforcement in trademark fraud, to examine and review trademark registration applications, and to issue authentication certificates.

\$29,607 NR
3.00

(1120) Publications Division

74 Publications Division – Staff Expansion

\$25,162 R

Funds a Mail Clerk II position to assist with the Department's considerable mail flow generated by receipts of checks and the Department's dissemination of corporate documents and other correspondence.

\$12,878 NR
1.00

(1220) Corporations Filing Division

75 Corporations Division Staff Expansion

\$390,155 R

Funds 15 additional positions in the Corporations Division to address the increasing workload from corporate filings by adding staff for front-counter activities, document examiners, telephone assistance, and data processing personnel.

\$83,988 NR
15.00

State Board of Elections

GENERAL FUND

Total Budget Approved 1997 Session

FY 98-99

\$2,135,381

Budget Changes

(1100) Administration

79 Computerized Voter Registration System

Provides funds for increases in costs associated with implementation and maintenance of the Statewide Elections Information Management System. Cost increases result from Third-Party Quality Assurance requirement, data communications costs, SIPS charges, and software maintenance costs.

\$ 160,000

\$585,000 R

~~\$400,200~~ NR

80 Administration - Increase Positions

Funds additional positions to handle workload increases resulting from SEIMS project and election activities.

~~\$500,530~~ R

~~\$21,000~~ NR

~~0.00~~

(1200) Campaign Reporting

81 Campaign Reporting Office - Operating Funds

Provides funds for travel and subsistence, postage, telephone services, printing and binding, and for campaign reserves to address the increasing demands placed upon the Campaign Reporting Office.

~~\$174,430~~ R

Budget Changes

\$ 585,000 ~~\$1,259,900~~ R

\$ 160,000 ~~\$400,200~~ NR

~~0.00~~

Total Position Changes

Revised Total Budget

\$ 2,880,381 ~~\$3,876,549~~

Senate Subcommittee on General Government

(1220) Uniform Commercial Code

76 Uniform Commercial Code Staff Expansion

\$456,108 R

Funds 17 positions in the Uniform Commercial Code Division to Allow the Secretary of State to operate a second shift in the UCC Division to meet the increasing demands from the business community for financial statement filings and information requests.

\$37,316 NR
17.00

(1230) Securities Registration Division

77 Securities Registration Staff Expansion

\$223,995 R

Funds two Securities Field Auditors, one Securities Registration Analyst, and two support persons to handle increases in securities offerings regulated by the Department.

\$13,190 NR
5.00

(1500) Boxing Commission

78 Transfer Boxing Commission to Commerce

(\$202,770) R

Transfer positions, operating support, equipment, property, and other assets of the North Carolina State Boxing Commission to the Department of Commerce. The transfer has all of the elements of a Type 1 transfer as defined by G.S. 143A-6.

-3.00

	FY1998-99
Requirements	\$ 225,870
Receipts	(23,100)
Appropriation	\$ 202,770

Budget Changes

\$1,194,490 R

\$843,229 NR

Total Position Changes

41.00

Revised Total Budget

\$7,348,399

State Budget and Management

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$10,930,838

Budget Changes

(1022) 1998 Special Appropriations

82 N.C. Humanities Council

Provides a grant to the North Carolina Humanities Council.

~~\$100,000~~ NR
0.00

83 Sandhills Region Capital Fund

Appropriates funds to Richmond County for the capital costs of completing the Humanities Service Complex.

~~\$500,000~~ NR
0.00

84 Lincoln County Education Foundation Funds

Appropriates funds to match foundation funds for technology projects in the Lincoln County School Administrative Unit.

~~\$300,000~~ NR

(1310) OSBM Operations

85 Reduce Travel, Communications, and Data Processing

Funds are reduced from the budget of the Office of State Budget and Management for travel, communications, and data processing.

(\$59,263) R

86 Operating Support for 1999-01 Budget Preparation

Funds are needed to provide the Office with the necessary equipment, travel, data processing, and printing related to the preparation of the FY 1999-01 budget.

\$160,000 NR
0.00

Budget Changes

(\$59,263) R

Total Position Changes

0.00

Revised Total Budget

\$ 160,000 ~~\$1,000,000~~ NR
11,031,575 \$11,031,575

State Controller

GENERAL FUND

FY 98-99

\$10,434,176

Total Budget Approved 1997 Session

Budget Changes

(1000) Departmentwide

87 Delete Assistant State Controller Position

(\$85,012) R

As part of the Span of Control an Assistant State Controller position is eliminated.

-1.00

88 Data Processing Shortfall

One-time funding to cover the FY 98 shortfall in Data Processing (532821) costs to the NCAS.

\$732,000 NR

89 Daily Production Support

Additional funding to continue the level of support necessary for daily production of the NCAS in the following line items:

\$1,500,000 NR

532140	Outside Services	\$ 300,000
532440	Computer Hardware Maintenance	10,000
532441	Computer Software Maintenance	90,000
532522	Lease - Computer Equipment	600,000
532821	Data Processing Costs	500,000

Budget Changes

(\$85,012) R

\$2,232,000 NR

Total Position Changes

-1.00

Revised Total Budget

\$12,581,164

Treasurer

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$18,872,768

Budget Changes

(1130) Escheats Division

90 Increase Administrative Supervision – Escheats

Fund a supervisory position in the Escheats Division to oversee the daily processing of tangible and intangible property and cash receipts. The amount of recurring funds needed to support this request are \$45,426 and the amount in nonrecurring funds are \$7,000.

\$0 R
\$0 NR
1.00

-Requirements \$ 52,426
-Receipts \$ 52,426
-Appropriation -

(1210) Investment Management

91 Strengthen Investment Management

Funds an additional Portfolio Manager and replaces outdated accounting systems in the Investment Management Division.

\$52,932 R
\$257,000 NR
1.00

-Requirements \$ 309,932
-Receipts -
-Appropriation \$ 309,932
-Nontax Revenue \$ 309,932

(1220) Banking Operations

92 Replace Outdated Warrant Processing System

Funds a new imaging and data processing system to replace the existing system which has become outdated and unreliable.

\$738,000 NR

-Requirements \$738,000
-Receipts -
-Appropriations \$738,000
-Nontax Revenue \$738,000

Senate Subcommittee on General Government

(1410) Retirement Division

93 Improve Member Services – Retirement Division

Funds 10 additional positions in the Retirement Division to help the Department meet the increasing demand for services placed upon the Division from a rapidly growing, active and retired, membership. The amount of recurring funds needed to support this request are \$478,253 and the amount in nonrecurring funds are \$826,000.

\$0 R
\$0 NR
10.00

-Requirements	\$ 1,304,253
-Receipts	\$ 1,304,253
-Appropriation	-

(1412) & (1413) Firemen and Rescue Squad

94 Firemen's Pension and Rescue Squad Workers Funds

Provides funds to increase the monthly allowance to the Firemen's Pension Fund and to the Rescue Squad Workers Fund by five dollars.

~~\$389,593~~ R

Budget Changes

\$52,932 ~~\$422,525~~ R

\$995,000 NR

Total Position Changes

12.00

Revised Total Budget

\$19,920,700 ~~\$20,290,293~~

Summary of Recurring and Non-Recurring Totals for General Government

R/NR	Governor's Recommended Budget	Senate Budget	1st Round House Budget
R	\$6,085,119	\$7,663,400	\$5,303,720
NR	\$22,819,690	\$41,998,620	\$18,714,220
TOTAL	\$28,904,809	\$49,662,020	\$24,017,940
Total Positions	49	112.75	92.75

VISITOR REGISTRATION SHEET

General Government - House App. Sub. July 9, 1998

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

#	NAME	FIRM OR AGENCY
1.	Jim Newell	OSBM
2.	Mark Blason	Capital Group
3.	Martha Glen	DOA
4.	Heather Gird	OSBA
5.	Katherine White	Board of Ethics
6.	Don Waugh	OSC
7.	Ed Benjamin	OSL
8.	~~Ed Benjamin~~	~~Off of the Gov.~~
9.	Bernard Allen	SOB
10.	Frank Lewis	Sec. of State
11.	Joyce Allen	DOA - CFW
12.	Pete Powell	OSBM
13.	Carrie Allen	NC Science & Technology
14.	Keith McCoubert	Revenue
15.	Betty Ray DeCair	DCR
16.	Nonna Rosefield	DCR
17.	Renner Vance	DCR
18.	Joe Henderson	DoAdm
19.	John Gunt	Pusher Poe
20.	William Riddick	DOR
21.	Mauri Dorman	OSBM

VISITOR REGISTRATION SHEET

General Government - House App. Sub. July 9, 1998

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY

1. Roslyn Smith

2. Suzanne Jones

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____

10. _____

11. _____

22. _____

23. _____

24. _____

25. _____

26. _____

27. _____

28. _____

29. _____

30. _____

31. _____

NC Coalition Against Domestic Violence
Representative Exposito's intern

Recurring

Attach. 2

non tax revenue

Agency Rental Rates
State Government Complex
1997-98

<u>Agency</u>	<u>Sq. Ft.</u>	<u>Rate</u>	<u>Funding Source</u>	<u>Annual Rental</u>
Dept. of State Treasurer 325 N. Salisbury Street (Albemarle Bldg.)	51,818	\$12.50	Fees	\$ 647,725.00
N.C. Wildlife Res. Comm. 512 N. Salisbury Street (Archdale Bldg.)	18,230	\$12.50	Lic. Fees	\$ 227,875.00
Burial Commission 430 N. Salisbury Street (Dobbs Bldg.)	675	\$12.50	Lic. Fees	\$ 8,438.00
Rural Elec. Auth. 430 N. Salisbury Street (Dobbs Bldg.)	691	\$12.50	Lic. Fees	\$ 8,638.00
Dept. of Insurance 430 N. Salisbury Street (Dobbs Bldg.)	40,898	\$12.50	Fees	\$ 511,225.00

*Special provision
property office*



Handwritten calculations:

1113	647
267 *	511
1,380	1,158
32 *	267
1,718	981

**House Appropriations Subcommittee
on
General Government**

FY 1998-99 BUDGET

1st Round

July 9, 1998

Administration

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$57,814,012

Budget Changes

(1111) Office of the Secretary

1 Reduce Salary Reserve

(\$12,736) R

A quality leadership position was reduced in the Secretary's Office creating salary reserve which is reduced from the budget.

(1121) Fiscal Management

2 Reduce Data Processing Services

(\$1,563) R

Reduce data processing services and the printing of reports in Fiscal Management.

(1122) DOA Personnel

3 Reduce Salary Reserve – HR Management

(\$5,259) R

A staff development position was reduced in the Human Resources Management Office creating salary reserve which is reduced from the budget.

(1225) Health Plan Purchasing Alliance

4 Eliminate Public Relations Coordinator Position

(\$45,621) R

Eliminate the Public Relations Coordinator Position within the State Health Plan Purchasing Alliance Board, including salary and benefits.

-1.00

(1412) State Property Office

5 Reduce Salary Reserve – State Property Office

(\$9,478) R

A real property agent position was reduced in the State Property Office creating salary reserve which is reduced from the budget.

6 State Property Office Positions

~~\$267,998~~ R

Funds six new positions in the State Property Office to address workload increases resulting from recent legislation involving Easements in State-Owned Submerged Lands, the Clean Water Trust Fund and Wetlands Restoration Program, and the Capital Improvement Planning Act.

~~6.00~~

Senate Subcommittee on General Government

(1421) Facilities Management Division

7 Reduce line items - Facility Management

(\$428,000) R

Reduce Operating Budget lines

-532310 Repairs to Building

AC Systems (\$60,000)

Electrical Systems (\$60,000)

Plumbing (\$ 8,000)

-532210 Electrical (\$300,000)

Breakdown of \$300,000 in electrical savings

1. Historic Houses (\$15,000)

2. Various Small Buildings (\$ 5,000)

3. Garner Road Buildings #2,
#4,12,16 (\$ 8,000)

4. Revenue Building AC System (\$15,000)

5. History Museum (\$10,000)

6. Parking Deck Lights (\$10,000)

7. Electrical Cost Parking
Deck Lights #17, #65 (\$62,000)

8. Chillers (Reduce Opera-
tion time) (\$175,000)

(1731) Council for Women

8 Domestic Violence Prevention Funds

Appropriates \$1 million to the Department of Administration for the North Carolina Council for Women. The Council for Women shall provide grants from these funds to existing domestic violence programs, including the North Carolina Coalition Against Domestic Violence, Inc., and for the development of new domestic violence programs. The Department of Administration or the Council for Women shall not use any of the funds for operating expenses.

~~\$1,000,000~~ NR

(1810) Ethics Board

9 North Carolina Ethics Board

\$203,300 R

The North Carolina Ethics Board was created by Executive Order to serve as the State entity to prevent conflicts of interest in the Executive Branch of State Government. Funds are recommended for staff and operations of the Board.

2.00

Budget Changes

(299,357) (\$11,000) R

Total Position Changes

~~\$1,000,000~~ NR

1.00 7.00

Revised Total Budget

\$ 57,526,014 \$58,802,653

Senate Subcommittee on General Government

Auditor

GENERAL FUND

Total Budget Approved 1997 Session

FY 98-99

\$10,016,613

Budget Changes

(1210) Field Audit Division

10 Audit Resources – Smart Start

\$649,129 R

Fund staff positions to audit the statewide and local partnerships in accordance with legislative mandate.

\$38,940 NR

6.00

11 Audit Positions and Contract Audit Funding

\$748,959 R

Funds four additional audit positions to allow the Department to increase the scope of its performance and financial audits of government agencies and to address backlogs of allegations of fraud and abuse.

\$25,960 NR

4.00

(1210) Field Audits Division

12 Audit Resources - Smart Start

\$120,270 R

Transfer from the Division of Childhood Development continuation funds to support audits of Early Childhood Development Initiatives Program.

Budget Changes

\$1,518,358 R

\$64,900 NR

Total Position Changes

10.00

Revised Total Budget

\$11,599,871

Cultural Resources

GENERAL FUND

Total Budget Approved 1997 Session

FY 98-99

\$56,053,016

Budget Changes

(1110) Office of the Secretary

13 Miscellaneous Contractual Services

(\$14,366) R

Reduce (532199) by eliminating funds for the North Carolina Awards.

14 Grants to Local Organizations

Provide funds to local arts, cultural, and historical organizations; and local museums as grants-in-aid.

~~\$8,000,000~~ NR

(1120) Administrative Services

15 Computer Equipment

(\$14,884) R

Reduce funding in line item (534522).

16 Computer Operations

Provide funding to replace the server and support maintenance agreement.

~~\$2,700~~ R

~~\$58,000~~ NR

Senate Subcommittee on General Government

(1210) Archives and History - Administration

17 Adjust Various Line Item Expenditures

(\$10,144) R

532199 Misc. Contractual Services	\$ 360
532210 Energy Ser. Electrical	968
532230 Energy Ser. Water and Sewer	101
532390 Repairs - Other	226
532490 Maint Agreement - Other	240
532513 Rent/Lease - Other Facilities	65
532590 Rent/Lease - Other Property	62
532714 Transp. - Ground In-State	1,265
532715 Transp. - Ground Out of State	75
532721 Lodging - In-State	131
532722 Lodging - Out of State	131
532724 Meals - In-State	145
532725 Meals - Out of State	88
532727 Misc. - In-State	65
532728 Misc. - Out of State	65
532731 Board/Non-Employee Transp.	453
532732 Board/Non-Employee Subs.	231
532811 Telephone	2,322
532821 Computer/Data Process. Serv.	26
532840 Postage, Freight, Del.	417
532850 Print, Bind, Duplicate	262
532860 Advertising	10
532911 Property - Insurance	262
532919 Other Insurance	183
532942 Other Employee Educ. Exp.	13
533110 General Office Supplies	189
533350 Motor Vehicle Repl. Parts	17
533900 Other Materials/Supplies	408
534511 Office Furniture	98
534522 Equipment - Computers	627
534539 Other Equipment	69
534630 Library and Learning Res. Coll.	151
534710 Computer Software	203
535830 Membership Dues and Sub.	216

18 First Flight Centennial Commission

Increase funding to support personnel and operating expenses for preparation of the commemoration in 2003.

~~\$723,800 R~~
~~\$250,000 NR~~
~~5.00~~

19 Queen Anne's Revenge

Funding continues surveillance; conservation of recovered artifacts; monthly search operations; analysis and testing of retrieved artifacts; operation of technical equipment; transportation of the travelling artifact exhibit; travel, per diem, and motor vehicle costs; and operational support of the Maritime Heritage Trail.

\$250,000 NR

(1220) Historical Publications

20 Print, Binding, and Duplication

Reduce funding allocated for publications (532850).

(\$10,110) R

Senate Subcommittee on General Government

(1230) Archives and Records

21 Personal and Other Services

Eliminate salary and related benefits of a Processing Assistant IV position (#2138); and reduce items in the operating budget:

531211 SPA - Reg. Salaries \$ 19,895
531511 Social Security 1,522
531521 Reg. Retirement Cont. 2,155
531561 Med. Insurance Cont. 1,726
532390 Repairs - Other 5,000
532850 Print, Binding, Duplication 12,106

(17,106)
~~(342,414)~~ R

-1.00

22 Leased Space for Records Storage

Appropriate funding to lease warehouse space to store a backlog of records and for shelving.

\$255,000 NR

(1241) State Historic Sites

23 Reduce Various Line Item Expenditures

(\$104,277) R

532210 Energy Ser. - Electrical \$ 30,000
532220 Energy Ser. - Nat. Gas/Propane 3,000
532230 Energy Ser. - Water and Sewer 1,000
532241 Energy Ser. - Fuel Oil 1,000
532390 Repairs - Other 12,000
532714 Transp. - Ground In-State 1,000
532721 Lodging - In-State 1,000
532722 Lodging - Out of State 1,000
532724 Meals - In-State 277
532725 Meals - Out of State 1,000
533110 General Office Supplies 1,000
533350 Motor Vehicle Repl. Parts 3,000
533900 Other Materials and Supplies 10,000
534511 Office Furniture 2,000
534522 Equipment - Computers 10,000
534528 Equipment - Communications 1,000
534539 Other Equipment 10,000
534449 Other Motorized Vehicles 5,000
534610 Art and Artifacts 11,000

24 State Civil War Sites

Continue funding for the preservation, improvement, and promotion of the State's Civil War era sites.

~~\$1,000,000~~ NR

25 Old Salem Funds

Provide funds for the restoration and development of the St. Philips Church and the construction of the North Carolina Heritage Education Center at Old Salem.

~~\$2,000,000~~ NR

26 Sanford House Restoration

Funding to restore the Betsy Sanford House which is owned by the Scotland County Literacy Council for use as an office and to provide tutorial services.

~~\$112,000~~ NR

Senate Subcommittee on General Government

27 Roseboro Restoration

Appropriates funds to the town for renovation and restoration of buildings of historic character.

~~—\$50,000—NR—~~

28 Salemburg Restoration

Appropriates funds to the town for renovation and restoration of buildings of historic character.

~~—\$50,000—NR—~~

29 Local Historic Sites Funds

Appropriates funds for site improvement: Historic Hope for continued renovation; Historic Murfreesboro to renovate historic structures in the district; and Historic Woodville to continue work on restoration and relocation St. Francis Methodist Church.

~~—\$500,000—NR—~~

30 Scotland Place

Appropriate funds for expansion of the meeting room facilities of the civic center/senior citizen center.

~~—\$75,000—NR—~~

(1242) Tryon Palace Historic Sites & Gardens

31 Adjust Operating Expense

532512 Rent/Lease - Buildings/Office	\$ 3,070
532840 Postage	10,491
532850 Printing	5,050
532912 Other Employee Edu. Exp.	350

(\$18,961) R

32 Tryon Palace Historic Site Funds

Funds appropriated to operate and maintain Barbour Boat Works until demolition and construction work at the site are completed, and for the environmental assessment and design of the overall History Education Center Project.

~~—\$332,850—R—~~

~~—\$1,000,000—NR—~~

(1243) State Capitol/Visitor Services

33 Personal Services

Reduce temporary wages (531311) and social security (531511) due to change in schedule.

~~—(\$6,921)—R—~~

(1245) NC Maritime Museum

34 Building Repairs

Reduce funding in line item 532310.

(\$12,606) R

Senate Subcommittee on General Government

(1250) State Historic Preservation Office

35 Personal Services and Other Costs

(\$20,768) R

Reduce salary and benefits of a Historic Preservation/Restoration Supervisor position (#2604) to 3/4 time, and adjust other items in the budget:

-0.25

531211 SPA - Reg. Salaries	\$ 15,907
531511 Social Security	1,217
531521 Retirement	1,723
532811 Telephone	961
532840 Postage	960

(1290) Western Office

36 Adjust Operating Budget

(\$5,429) R

532714 Transp. - Ground In-State	\$ 1,048
532811 Telephone	500
532850 Printing	500
532942 Other Employee Edu. Exp.	150
533110 General Office Supplies	500
533900 Other Materials and Supplies	500
534511 Office Furniture	310
534522 Equipment - Computers	208
534539 Other Equipment	1,513
535830 Membership Dues/Subscription	200

(1320) Museum of Art

37 Personal Services and Operating Expense

(\$55,338) R

Reduce salary reserve and related benefits for Administrative Assistant I position (#3147), and adjust other line items:

531211 SPA - Reg. Salaries	\$ 8,585
531511 Social Security	656
531521 Reg. Retirement	929
532199 Misc. Contractual Services	25,000
534610 Art and Artifacts	20,168

(1330) NC Arts Council

38 Grassroots Arts Program

Provides one-time increase in continuation budget for grants awarded to local arts councils.

\$335,750 NR

39 Shakespeare Festival

Provide funds for the Educational Outreach Touring Program.

~~\$260,000~~ NR

40 United Arts Council of Greensboro

Funding for construction and renovation of facilities and for production costs associated with performing arts programs.

~~\$68,200~~ NR

Senate Subcommittee on General Government

41 Durham Arts Council-African/Amer. Dance Ensemble

Funding appropriated to promote dance and artistic programs of the ensemble.

~~\$100,000~~ NR

(1340) NC Symphony

42 Telephone Service

Reduce funding in line item 532811.

(\$4,948) R

(1410) State Library Services

43 Personal and Other Services

531312 Temporary Salary	\$ 2,562
531512 Social Security	196
534630 Library and Learning Res. Coll.	60,442

(\$63,200) R

44 Continue Reading Services to Children

Funding replaces lost federal resources to operate statewide reading programs for children.

\$103,500 R

45 Services to the Blind and Physically Handicapped

Appropriate funds to continue production of Braille and taped materials, handbooks and newsletters, and volunteer programs due to lost federal resources.

\$43,700 R

(1480) Statewide Programs & Grants

46 6960 Aid to Counties

Provide additional funds to support grants to public libraries based upon the formula for State-Aid to libraries.

~~\$2,000,000~~ NR

47 Aid to Small and Poor Libraries

Appropriate funding to support construction grants.

~~\$1,000,000~~ NR

(1500) NC Museum of History

48 Reduce Various Operating Funds

532199 Misc. Contractual Services	\$ 10,000
532714 Transp. - Ground In-State	2,320
533900 Other Materials and Supplies	10,000
534511 Office Furniture	20,000
534610 Art and Artifacts	20,000
534710 Computer Software	10,000

(\$72,320) R

49 Charlotte Museum of History

Funds appropriated to the Hezekiah Alexander Foundation for capital expenses incurred in providing space for the Charlotte Museum of History.

~~\$1,000,000~~ NR

50 Mint Museum of Art

Funds appropriated to establish a new branch of the museum in the City of Charlotte.

~~\$1,000,000~~ NR

Senate Subcommittee on General Government

P 51 Raleigh City Museum

Funds appropriated to move the museum to a new location and to refurbish the building that will house the museum.

~~\$125,000~~ NR

P 52 Exploris Children's Museum

Provides funding for exhibit, technology, and education program development.

~~\$2,000,000~~ NR

P 53 Museum of the New South

Appropriates funds for renovating the Museum building, including expansion of exhibition and classroom space and installation of major permanent 8,000 square foot core exhibit.

~~\$300,000~~ NR

P 54 Museum of the Cape Fear

Appropriate funds to renovate and refurbish the Poe House.

~~\$115,000~~ NR

Budget Changes

\$ (277,257) ~~\$749,004~~ R

Total Position Changes

\$ 840,750 ~~\$21,003,050~~ NR
-1.25 -3.75

Revised Total Budget

\$ 56,616,509 ~~\$78,706,830~~

General Assembly

GENERAL FUND

Total Budget Approved 1997 Session

FY 98-99

\$34,642,598

Budget Changes

55 No Expansion Budget Requests

\$0 R
\$0 NR
0.00

Budget Changes

\$0 R

Total Position Changes

\$0 NR

0.00

Revised Total Budget

\$34,642,598

Governor

GENERAL FUND

Total Budget Approved 1997 Session

FY 98-99

\$5,150,352

Budget Changes

(1110) Administration

56 Reduce Various Operating Line Items

(\$77,255) R

Funds are reduced from the Office of the Governor
in various line items including travel, communications, data
processing and printing.

57 Continue Deputy Chief of Staff Position

Resources are requested to continue the Deputy Chief of
Staff position for the Office of the Governor.

\$107,959 NR
1.00

Budget Changes

(\$77,255) R

\$107,959 NR

Total Position Changes

1.00

Revised Total Budget

\$5,181,056

Insurance

GENERAL FUND

Total Budget Approved 1997 Session

FY 98-99

\$24,086,190

Budget Changes

(1200) Company Services

58 Information Services Crisis

Update electronic communications services for interagency and industry communication needs. Allows the Department to begin system up-dates every three years. Provides for two programmers for the integrated insurance regulatory client/server system and one systems manager position.

\$597,134 R
\$18,500 NR
3.00

(1200) Company Services

59 Field Audit & Regulatory Contractual Services

The Department does not have the internal resources to perform certain supporting function that are essential to baseline solvency regulations. The Department has to depend on outside experts to provide actuarial evaluation of an entity's insurance loss reserves, appraisal of investment property valuations, and legal support in specialized areas such as bankruptcy law.

\$300,000 R
\$0 NR
0.00

(1200, 1300, & 1400) Various

60 HMO and Service Corporation Field Examinations

Authorizes a transfer from the Insurance Regulatory Fund to the Department of Insurance for examinations and audits, in the event the General Assembly approves legislation that includes HMO and service organizations in the Insurance Regulatory Charge.

\$1,391,659 R
\$211,600 NR
20.00

a. (1200) Actuarial Services/Audits \$525,289
b. (1300) Examinations/Analysis/Review \$780,117
c. (1400) Consumer Complaint Analysis/
Salary Reserve/Phone System \$297,853
Total \$1,603,259

Budget Changes

\$2,288,793 R

Total Position Changes

\$230,100 NR
23.00

Revised Total Budget

\$26,605,083

Lieutenant Governor

GENERAL FUND

Total Budget Approved 1997 Session

FY 98-99

\$609,390

Budget Changes

(1110) General Administration

61 Up-date Computer System

Funds are recommended for the Office of the Lieutenant Governor to up-date the computer system; providing for a data server, hubs, and operating software.

\$25,000 NR
0.00

Budget Changes

\$25,000 NR

Total Position Changes

0.00

Revised Total Budget

\$634,390

Office of Administrative Hearings

GENERAL FUND

Total Budget Approved 1997 Session

FY 98-99

\$2,357,389

Budget Changes

(1100) Administration and Operations

62 Funding for OAH Budget Deficiencies

\$101,358	R
\$0	NR
0.00	

Funding for the day-to-day operations of the office, provide resources for the hiring of temporary law judges when conflicts of interest exist, and to hire temporary hearings assistants. A decrease in federal funds is requested due to the uncertainty in the availability of federal dollars to the OAH from EEOC.

a. Office Requirements	\$69,358
b. Federal Funds	\$32,000
Total	\$101,358

63 Hearings Division Clerical Support & ALJ Training

\$54,332	R
\$38,880	NR
1.00	

Resources are need to complete an integrated Hearings Program that was authorized in the 1997 Session. Provide funding for one Division clerical assistant and education seminars for Administrative Law Judges.

64 Reduce Civil Rights Caseload Backlog

\$76,171	R
\$6,900	NR
2.00	

Provides funding for two positions in the Civil Rights Division to investigate and hear cases of political discrimination. One of the positions is clerical and the other is for an administrative law judge.

Budget Changes

\$231,861	R

\$45,780	NR

3.00

Total Position Changes

Revised Total Budget

\$2,635,030

Office of State Planning

GENERAL FUND

Total Budget Approved 1997 Session

FY 98-99

\$1,815,850

Budget Changes

(1410) Administration

65 Reduce Contractual and Communication Services

(\$6,118) R

Funds are reduced from the budget of the Office of State Planning for contractual services and communication.

(1412) Miscellaneous Contractual Services

66 County Boundary Resurvey Program

\$300,000 NR
0.00

Funding is needed for the Geodetic Survey Program to reestablish and monument county boundaries to insure that the boundaries can be identified, preserved, and referenced to the North Carolina State Plane Coordinating System. It will take seven years to re-survey the county boundaries of each county in the State. A portion of the funds will support the survey of a section of the North Carolina/South Carolina boundary. This request is a recommendation of the Joint State Boundary Commission.

(2510) Miscellaneous Contractual Services

67 Digital Orthophotography Appropriation

\$1,000,000 NR
0.00

Funding is recommended to participate in a shared plan for the continue development of digital orthophotography in the State. Fifty percent of the image data layer is shared by the National Aerial Photography Program.

Budget Changes

(\$6,118) R

Total Position Changes

\$1,300,000 NR

0.00

Revised Total Budget

\$3,109,732

Revenue

GENERAL FUND

Total Budget Approved 1997 Session

FY 98-99

\$68,746,867

Budget Changes

(1600) Administration

68 Reduce Contractual Services

Reduce contractual services (532140) in the Planning Development and Technology (PDT) Division.

(\$326,098) NR

69 Develop New Remittance Processing System

Appropriates initial funding for a Data Capture Platform which includes replacement of the remittance processing system to comply with Year 2000 requirements, and installation of high speed scanners to capture data directly from tax returns for processing through the Integrated Tax Administration System (ITAS). Funding also expands existing Information System staff with four positions: Computer Training Specialist III, Computer Consultant II, Computer Consultant IV, and Telecommunications Systems Analyst II.

\$236,548 R
\$12,035,600 NR
4.00

(191A) Statewide Reserves - Availability

70 Reversion of Funds to Administer Fed Retiree Acct

Per Chapter 19, Section 3(b) of the 1996 Session Laws, \$1.2 million was authorized to administer the federal retiree refund program. Funding was expended from a reserve in the department's budget: 24710/2002 - Federal Retiree Administration Account. The balance in the reserve - \$741,902 - will revert to the General Fund, and the department will absorb remaining cost in its operating budget.

\$0 NR

Budget Changes

\$236,548 R

\$11,709,502 NR

Total Position Changes

4.00

Revised Total Budget

\$80,692,917

Secretary of State

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$5,310,680

Budget Changes

(1110)

71 Cash Management & Support Positions

\$52,624 R

Funds a cash management position to help the Department centralize the cash receipts function and to comply with State policy regarding the timely deposit of State funds. Also funds a clerical support position in the Administration Division.

\$16,250 NR
2.00

(1110) General Administration

72 Technology Enhancement – Phase II

\$134,385 R

Continues the second year of funding for a two-year technology improvement project to provide new equipment and to update computer systems and applications.

\$650,000 NR
1.00

73 Trademarks/Authentications – Staff Expansion

\$114,831

Funds three additional positions in the Trademarks/Authentications Section to help with training local law enforcement in trademark fraud, to examine and review trademark registration applications, and to issue authentication certificates.

\$29,607 NR
3.00

(1120) Publications Division

74 Publications Division – Staff Expansion

\$25,162 R

Funds a Mail Clerk II position to assist with the Department's considerable mail flow generated by receipts of checks and the Department's dissemination of corporate documents and other correspondence.

\$12,878 NR
1.00

(1220) Corporations Filing Division

75 Corporations Division Staff Expansion

\$390,155 R

Funds 15 additional positions in the Corporations Division to address the increasing workload from corporate filings by adding staff for front-counter activities, document examiners, telephone assistance, and data processing personnel.

\$83,988 NR
15.00

Senate Subcommittee on General Government

(1220) Uniform Commercial Code

76 Uniform Commercial Code Staff Expansion

Funds 17 positions in the Uniform Commercial Code Division to Allow the Secretary of State to operate a second shift in the UCC Division to meet the increasing demands from the business community for financial statement filings and information requests.

\$456,108 R
\$37,316 NR
17.00

(1230) Securities Registration Division

77 Securities Registration Staff Expansion

Funds two Securities Field Auditors, one Securities Registration Analyst, and two support persons to handle increases in securities offerings regulated by the Department.

\$223,995 R
\$13,190 NR
5.00

(1500) Boxing Commission

78 Transfer Boxing Commission to Commerce

Transfer positions, operating support, equipment, property, and other assets of the North Carolina State Boxing Commission to the Department of Commerce. The transfer has all of the elements of a Type 1 transfer as defined by G.S. 143A-6.

(\$202,770) R
-3.00

	FY1998-99
Requirements	\$ 225,870
Receipts	(23,100)
Appropriation	\$ 202,770

Budget Changes

\$1,194,490 R

Total Position Changes

\$843,229 NR

41.00

Revised Total Budget

\$7,348,399

State Board of Elections

GENERAL FUND

Total Budget Approved 1997 Session

FY 98-99

\$2,135,381

Budget Changes

(1100) Administration

79 Computerized Voter Registration System

Provides funds for increases in costs associated with implementation and maintenance of the Statewide Elections Information Management System. Cost increases result from Third-Party Quality Assurance requirement, data communications costs, SIPS charges, and software maintenance costs.

\$ 160,000

\$585,000 R
~~\$400,000~~ NR

80 Administration - Increase Positions

Funds additional positions to handle workload increases resulting from SEIMS project and election activities.

~~\$500,530~~ R
~~\$21,000~~ NR
~~0.00~~

(1200) Campaign Reporting

81 Campaign Reporting Office - Operating Funds

Provides funds for travel and subsistence, postage, telephone services, printing and binding, and for campaign reserves to address the increasing demands placed upon the Campaign Reporting Office.

~~\$174,430~~ R

Budget Changes

\$ 585,000 ~~\$1,259,368~~ R
\$ 160,000 ~~\$421,200~~ NR

Total Position Changes

~~0.00~~

Revised Total Budget

\$ 2,880,381 ~~\$2,876,349~~

Senate Subcommittee on General Government

State Budget and Management

GENERAL FUND

Total Budget Approved 1997 Session

FY 98-99

\$10,930,838

Budget Changes

(1022) 1998 Special Appropriations

82 N.C. Humanities Council

Provides a grant to the North Carolina Humanities Council.

~~\$100,000~~ NR
0.00

83 Sandhills Region Capital Fund

Appropriates funds to Richmond County for the capital costs of completing the Humanities Service Complex.

~~\$500,000~~ NR
0.00

84 Lincoln County Education Foundation Funds

Appropriates funds to match foundation funds for technology projects in the Lincoln County School Administrative Unit.

~~\$300,000~~ NR

(1310) OSBM Operations

85 Reduce Travel, Communications, and Data Processing

Funds are reduced from the budget of the Office of State Budget and Management for travel, communications, and data processing.

(\$59,263) R

86 Operating Support for 1999-01 Budget Preparation

Funds are needed to provide the Office with the necessary equipment, travel, data processing, and printing related to the preparation of the FY 1999-01 budget.

\$160,000 NR
0.00

Budget Changes

(\$59,263) R

Total Position Changes

0.00

Revised Total Budget

\$ 11,031,575 \$11,031,575

State Controller

GENERAL FUND

FY 98-99

Total Budget Approved 1997 Session

\$10,434,176

Budget Changes

(1000) Departmentwide

87 Delete Assistant State Controller Position

(\$85,012) R

As part of the Span of Control an Assistant State Controller position is eliminated.

-1.00

88 Data Processing Shortfall

One-time funding to cover the FY 98 shortfall in Data Processing (532821) costs to the NCAS.

\$732,000 NR

89 Daily Production Support

Additional funding to continue the level of support necessary for daily production of the NCAS in the following line items:

\$1,500,000 NR

532140	Outside Services	\$ 300,000
532440	Computer Hardware Maintenance	10,000
532441	Computer Software Maintenance	90,000
532522	Lease - Computer Equipment	600,000
532821	Data Processing Costs	500,000

Budget Changes

(\$85,012) R

\$2,232,000 NR

Total Position Changes

-1.00

Revised Total Budget

\$12,581,164

Treasurer

GENERAL FUND

Total Budget Approved 1997 Session

FY 98-99

\$18,872,768

Budget Changes

(1130) Escheats Division

90 Increase Administrative Supervision -- Escheats

Fund a supervisory position in the Escheats Division to oversee the daily processing of tangible and intangible property and cash receipts. The amount of recurring funds needed to support this request are \$45,426 and the amount in nonrecurring funds are \$7,000.

\$0 R
\$0 NR
1.00

-Requirements \$ 52,426
-Receipts \$ 52,426
-Appropriation -

(1210) Investment Management

91 Strengthen Investment Management

Funds an additional Portfolio Manager and replaces outdated accounting systems in the Investment Management Division.

\$52,932 R
\$257,000 NR
1.00

-Requirements \$ 309,932
-Receipts -
-Appropriation \$ 309,932
-Nontax Revenue \$ 309,932

(1220) Banking Operations

92 Replace Outdated Warrant Processing System

Funds a new imaging and data processing system to replace the existing system which has become outdated and unreliable.

\$738,000 NR

-Requirements \$738,000
-Receipts -
-Appropriations \$738,000
-Nontax Revenue \$738,000

Senate Subcommittee on General Government

(1410) Retirement Division

93 Improve Member Services – Retirement Division

Funds 10 additional positions in the Retirement Division to help the Department meet the increasing demand for services placed upon the Division from a rapidly growing, active and retired, membership. The amount of recurring funds needed to support this request are \$478,253 and the amount in nonrecurring funds are \$826,000.

\$0 R
\$0 NR
10.00

-Requirements	\$ 1,304,253
-Receipts	\$ 1,304,253
-Appropriation	-

(1412) & (1413) Firemen and Rescue Squad

94 Firemen's Pension and Rescue Squad Workers Funds

Provides funds to increase the monthly allowance to the Firemen's Pension Fund and to the Rescue Squad Workers Fund by five dollars.

~~\$369,593~~ R

Budget Changes

\$52,932 ~~\$422,525~~ R

Total Position Changes

\$995,000 NR
12.00

Revised Total Budget

\$17,920,710 ~~\$20,290,293~~

1 Amendment, Section 37 of Article I of the North Carolina Constitution, shall include
2 within the definition of "victim", effective no later than July 1, 1999, a person against
3 whom there is probable cause to believe that an offense has been committed that is a
4 violation of G.S. 14-33(c)(1), 14-33(c)(2), 14-33(a), 14-34, 14-134.3, or 14-277.3, if that
5 offense constitutes domestic violence.

6
7 Requested by: ~~Senators Plyler, Perdue, Odom, Gulley~~

8 ~~CRIME COMMISSION GRANTS/REPORT TO GOVERNMENTAL OPERATIONS~~

9 Section 19.5. G.S. 143B-476 is amended by adding a new subsection to
10 read:

11 "(h) Prior to any notification of proposed grant awards to State agencies for use in
12 pursuing the objectives of the Governor's Crime Commission pursuant to subsection
13 (a) of this section, the Secretary shall report to the Joint Legislative Commission on
14 Governmental Operations for its review of the proposed grant awards."

15
16 Requested by: ~~Senators Gulley, Plyler, Odom~~

17 ~~USE OF HIGHWAY PATROL AIRCRAFT~~

18 Section 19.6. (a) G.S. 20-196.1 is repealed.

19 (b) G.S. 20-196.2 reads as rewritten:

20 "§ 20-196.2. Use of airplanes aircraft to discover certain motor vehicle violations of §§
21 20-138 to 20-171; testimony of pilots and observers; violations; declaration of policy.

22 The State Highway Patrol is hereby permitted the use of airplanes aircraft to
23 discover violations of Part 10 of Article 3 of Chapter 20 of the General Statutes
24 relating to operation of motor vehicles and rules of the road; provided, however,
25 neither the observer nor the pilot shall be competent to testify in any court of law in
26 a criminal action charging violations of G.S. 20-141, 20-141.1, and 20-144. road. It is
27 hereby declared the public policy of North Carolina that the airplanes aircraft should
28 be used primarily for accident prevention and should also be used incident to the
29 issuance of warning citations in accordance with the provisions of G.S. 20-183."

30
31 Requested by: ~~Senators Plyler, Perdue, Odom~~

32 ~~STUDY EMERGENCY MANAGEMENT POSITIONS~~

33 Section 19.7. (a) The Joint Legislative Corrections and Crime Control
34 Oversight Committee shall study the State and local assistance funding eligibility
35 criteria of the Division of Emergency Management of the Department of Crime
36 Control and Public Safety that requires local governments to have a full-time or part-
37 time Emergency Program Manager. In its deliberations, the Committee shall
38 consider:

- 39 (1) The burden placed on local governments to maintain a full-time or
40 part-time position pursuant to the funding eligibility requirements.
41 (2) The feasibility and advisability of revising the funding eligibility
42 criteria of the Division of Emergency Management to allow small
43 local governments to meet the requirements of the Division in
44 alternative ways, including sharing an Emergency Program
45 Manager or adding the responsibilities of an Emergency Program
46 Manager to an appropriate official or employee of the local
47 government.

48 (b) The Committee shall report its findings and recommendations to the
49 1999 General Assembly.

50
51 **PART XX. DEPARTMENT OF ADMINISTRATION**

52 Requested by: ~~Senators Warren, Plyler, Perdue, Odom~~

53 **PROCUREMENT CARD PILOT PROGRAM**

1 Section 20. (a) Except as provided by this section, no State agency,
2 community college, constituent institution of The University of North Carolina, or
3 local school administrative unit may use procurement cards for the purchase of
4 equipment or supplies before March 31, 1999.

5 (b) The Secretary of Administration shall designate no more than 15
6 governmental entities to participate in a pilot program on the purchase of supplies
7 and equipment by procurement card. Those designated shall represent a cross
8 section of governmental entities and shall include at least one State agency, one
9 community college, two constituent institutions of The University of North Carolina,
10 and one local school administrative unit.

11 (c) The Division of Purchase and Contract and the State Controller shall
12 report to the Joint Legislative Commission on Governmental Operations and the
13 Joint Appropriations Subcommittee on General Government on November 1, 1998,
14 on this pilot program.

15 The report shall include all of the following:

- 16 (1) Estimates from the pilot program of:
17 a. How many purchasing and accounts payable personnel
18 hours could be saved or redirected or both as a result of the
19 procurement card.
20 b. The impact of the procurement card on accounting and
21 budgeting records and on purchasing history records.
22 (2) A discussion of the effect of the procurement card on the State's
23 ability to track both:
24 a. Out-of-state sales taxes.
25 b. North Carolina State and local sales tax payments by county.
26 (3) A discussion of any other costs and benefits of the procurement
27 card.

28 (d) This section does not affect contracts for procurement cards entered
29 into prior to March 31, 1997.

30
31 Requested by: Senators Warren, Plyler, Perdue, Odom
32 **DOMESTIC VIOLENCE PREVENTION FUNDS**

33 Section 20.1. There is appropriated from the General Fund to the
34 Department of Administration the sum of one million dollars (\$1,000,000) for the
35 1998-99 fiscal year for the North Carolina Council for Women for the prevention of
36 domestic violence and the continuation of domestic violence programs within the
37 State. The Council for Women shall provide grants from these funds to existing
38 domestic violence programs, including the North Carolina Coalition Against
39 Domestic Violence, Inc., and for the development of new domestic violence
40 programs. The Department of Administration or the Council for Women shall not
41 use any of the funds for operating expenses.

42 43 **PART XXI. DEPARTMENT OF CULTURAL RESOURCES**

44 Requested by: Senator Warren

45 **MARITIME MUSEUM/DISPOSITION OF OBJECTS**

46 Section 21. (a) G.S. 106-22.2 is recodified as G.S. 143B-344.2 and reads as
47 rewritten:
48 "~~§ 106-22.2. 143B-344.22.~~ Museum of Natural Sciences; ~~Maritime Museum;~~
49 ~~disposition of objects.~~

50 Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4),
51 or any other law pertaining to surplus State property, the Department of Agriculture
52 ~~and Consumer Services~~ Environment and Natural Resources may sell or exchange
53 any object from the ~~collections~~ collection of the Museum of Natural Sciences ~~and the~~

1 ~~Maritime Museum~~ when it would be in the best ~~interests~~ interest of the ~~Museums~~
2 ~~Museum~~ to do so. Sales or exchanges shall be conducted in accordance with
3 generally accepted practices for accredited museums. If an object is sold, the net
4 proceeds of the sale shall be deposited in the State treasury to the credit of a special
5 fund to be used for the improvement of the ~~Museums'~~ Museum's collections or
6 exhibits."

7 (b) Chapter 121 of the General Statutes is amended by adding a new
8 section to read:

9 "§ 121-7.1. Maritime Museum; disposition of artifacts.

10 Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4),
11 or any other law pertaining to surplus State property, the Department of Cultural
12 Resources, with the approval of the North Carolina Historical Commission, may sell,
13 trade, or place on permanent loan any artifact from the collection of the North
14 Carolina Maritime Museum unless the sale, trade, or loan would be contrary to the
15 terms of the acquisition. Sales or exchanges shall be conducted in accordance with
16 generally accepted practices for accredited museums. If an artifact is sold, the net
17 proceeds of the sale shall be deposited in the State treasury to the credit of a special
18 fund to be used for the improvement of the Museum's collections or exhibits."

19
20 Requested by: Senators Warren, Plyler, Odom, Perdue

21 **ROANOKE ISLAND COMMISSION CHANGES**

22 Section 21.1. (a) G.S. 143B-131.2(b)(10) reads as rewritten:

23 "(10) To establish and maintain a separate fund composed of moneys
24 which may come into its hands from gifts, donations, grants, or
25 bequests, which funds will be used by the Commission for purposes
26 of carrying out its duties and purposes herein set forth. The
27 Commission may also establish a reserve fund to be maintained
28 and used for contingencies and emergencies. Funds appropriated
29 to the Commission may be transferred to the Friends of Elizabeth
30 II, Inc., a private, nonprofit corporation. The Friends of Elizabeth
31 II, Inc., shall use the funds transferred to it to carry out the
32 purposes of this Part."

33 (b) G.S. 143B-131.2(b)(15) reads as rewritten:

34 "(15) To procure supplies, services, and property as appropriate and to
35 enter into contracts, leases, or other legal agreements ~~consistent~~
36 ~~with State laws and Department rules~~ to carry out the purposes of
37 this Part and duties of the Commission. The provisions of G.S.
38 143-129 and Article 3 of Chapter 143 of the General Statutes do
39 not apply to purchases by the Roanoke Island Commission of
40 equipment, supplies, and services."

41
42 Requested by: Senators Warren, Plyler, Perdue, Odom

43 **UNITED ARTS COUNCIL FUNDS**

44 Section 21.2. Of the funds appropriated in this act to the Department of
45 Cultural Resources, the sum of sixty-eight thousand two hundred dollars (\$68,200)
46 may be allocated to the United Arts Council of Greensboro, Inc. The funds allocated
47 pursuant to this section shall only be used for construction and renovation of facilities
48 and for production costs associated with performing arts programs.

49
50 Requested by: Senators Plyler, Perdue, Odom

51 **GRANTS FOR SMALL LIBRARIES AND LIBRARIES IN ECONOMICALLY**
52 **DISTRESSED COUNTIES**

1 Section 21.3. The one million dollars (\$1,000,000) appropriated by this
2 act to the Department of Cultural Resources for aid to small libraries and libraries in
3 economically distressed counties shall be allocated by the Secretary of that
4 department to support capital improvements, including renovations, to public
5 libraries in small, economically distressed counties only.
6

7 Requested by: Senators Warren, Plyler, Odom, Perdue

8 **PROCEDURE FOR AWARD OF CULTURAL RESOURCES GRANTS**

9 Section 21.4. Of the funds appropriated to the Department of Cultural
10 Resources, the sum of eight million dollars (\$8,000,000) for the 1998-99 fiscal year
11 shall be used for grants to nonprofit organizations or local governmental entities
12 throughout the State for cultural, historical, or artistic organizations, for cultural,
13 historical, or artistic projects, and for museums. The Secretary of the Department of
14 Cultural Resources shall follow the established process for the review, evaluation, and
15 consideration of applications for these grants.

16 In awarding grants, the Secretary shall consider the merits of the project,
17 the cultural, historical, or artistic significance of the project, the benefit to the State
18 and local communities of the project, and the cost of the project. These grants are not
19 subject to review by the Historical Commission.
20

21 Requested by: Senator Rand

22 **STUDY RECLASSIFICATION OF STATE MUSEUM BRANCH DIRECTORS**

23 Section 21.5. The Office of State Personnel shall study whether to
24 reclassify the Branch Museum Administrators at the Mountain Gateway Museum, the
25 Museum of the Albemarle, and the Museum of the Cape Fear. The Office of State
26 Personnel shall report its findings and recommendations to the 1999 General
27 Assembly.
28

29 **PART XXII. OFFICE OF ADMINISTRATIVE HEARINGS**

30 Requested by: Senator Warren

31 **EEOC DEFERRED CASES TO OAH/REPEAL SUNSET**

32 Section 22. Section 5 of S.L. 1997-513 reads as rewritten:
33 "Section 5. Section 1 of this act is effective when it becomes law, applies to
34 charges pending or filed on and after that date, and ~~expires December 31, 1998.~~ date.
35 The remainder of this act becomes effective July 1, 1997, and applies to all
36 suggestions and innovations pending on that date that were submitted under the
37 former State Employee Suggestion Program as authorized by G.S. 143-340(1) on or
38 before June 30, 1997."
39

40 **PART XXIII. OFFICE OF SECRETARY OF STATE**

41 Requested by: Senators Warren, Plyler, Perdue, Odom

42 **TRANSFER BOXING COMMISSION TO DEPARTMENT OF COMMERCE**

43 Section 23. (a) The statutory authority, powers, duties, functions, records,
44 personnel, property, and unexpended balances of appropriations, allocations, or other
45 funds of the North Carolina State Boxing Commission are transferred from the
46 Department of the Secretary of State to the Department of Commerce. This transfer
47 has all of the elements of a Type I transfer as defined by G.S. 143A-6.

48 (b) G.S. 143-652 reads as rewritten:

49 **"§ 143-652. State Boxing Commission.**

50 (a) Creation. - The North Carolina State Boxing Commission is created within
51 the Department of the ~~Secretary of State~~ Commerce to regulate in North Carolina
52 live boxing and kickboxing matches, whether professional, amateur, sanctioned
53 amateur, or toughman events, in which admission is charged for viewing, or the

1 contestants compete for a purse or prize of value greater than twenty-five dollars
2 (\$25.00). The Commission shall consist of six voting members and two nonvoting
3 advisory members. All the members shall be residents of North Carolina and shall
4 meet requirements for membership under the Professional Boxing Safety Act of 1996.
5 The members shall be appointed as follows:

- 6 (1) One voting member shall be appointed by the Governor for an
7 initial term of two years.
- 8 (2) One voting member shall be appointed by the General Assembly
9 upon the recommendation of the President Pro Tempore of the
10 Senate for an initial term of one year, in accordance with G.S. 120-
11 121.
- 12 (3) One voting member shall be appointed by the General Assembly
13 upon the recommendation of the Speaker of the House of
14 Representatives for an initial term of one year.
- 15 (4) Two voting members shall be appointed by the Secretary of State-
16 Commerce. One shall serve for an initial term of three years, and
17 the other shall serve for an initial term of two years.
- 18 (4a) One member shall be appointed by the Tribal Council of the
19 Eastern Band of the Cherokee for an initial term of three years.
- 20 (5) One nonvoting advisory member shall be appointed by the
21 General Assembly upon the recommendation of the Speaker of the
22 House of Representatives for an initial term of one year, in
23 accordance with G.S. 120-121, from nominations made by the
24 North Carolina Medical Society, which shall nominate two licensed
25 physicians for the position.
- 26 (6) One nonvoting advisory member shall be appointed by the
27 General Assembly upon the recommendation of the President Pro
28 Tempore of the Senate for an initial term of one year, in
29 accordance with G.S. 120-121, from nominations made by the
30 North Carolina Medical Society, which shall nominate two licensed
31 physicians for the position.

32 The member appointed pursuant to subdivision (5) of subsection (a) of this section
33 may serve on the Commission only if an agreement exists and remains in effect
34 between the Tribal Council of the Eastern Band of the Cherokee and the
35 Commission authorizing the Commission to regulate professional boxing matches
36 within the Cherokee Indian Reservation as provided by the Professional Boxing
37 Safety Act of 1996.

38 The two nonvoting advisory members appointed pursuant to subdivisions (6) and
39 (7) of subsection (a) of this section shall advise the Commission on matters
40 concerning the health and physical condition of boxers and health issues relating to
41 the conduct of exhibitions and boxing matches. They may prepare and submit to the
42 Commission for its consideration and approval any rules that in their judgment will
43 safeguard the physical welfare of all participants engaged in boxing.

44 Terms for all members of the Commission except for the initial appointments shall
45 be for three years.

46 The Secretary of State Commerce shall designate which member of the
47 Commission is to serve as chair. A member of the Commission may be removed from
48 office by the Secretary of State Commerce for cause. Each member before entering
49 upon the duties of a member shall take and subscribe an oath to perform the duties
50 of the office faithfully, impartially, and justly to the best of the member's ability. A
51 record of these oaths shall be filed in the Department of the ~~Secretary of State-~~
52 Commerce.

1 (b) Vacancies. -- Members shall serve until their successors are appointed and
2 have been qualified. Any vacancy in the membership of the Commission shall be
3 filled in the same manner as the original appointment. Vacancies for members
4 appointed by the General Assembly shall be filled in accordance with G.S. 120-122.
5 A vacancy in the membership of the Commission other than by expiration of term
6 shall be filled for the unexpired term only.

7 (c) Meetings. -- Meetings of the Commission shall be called by the chair or by any
8 two members of the Commission, and meetings shall be held at least quarterly. Any
9 three voting members of the Commission shall constitute a quorum at any meeting.
10 Action may be taken and motions and resolutions adopted by the Commission at any
11 meeting by the affirmative vote of a majority of the members of the Commission
12 present at a meeting at which a quorum exists. Any or all members may participate in
13 a regular or special meeting by, or conduct the meeting through the use of, any
14 means of communication by which all members participating may simultaneously
15 hear each other during the meeting. A member participating in the meeting by this
16 means is deemed to be present in person at the meeting.

17 (d) Rule-Making Authority of the Commission. -- The Commission shall have the
18 exclusive authority to approve and issue rules for the regulation of the conduct,
19 promotion, and performances of live boxing, kickboxing, sanctioned amateur,
20 amateur, and toughman matches and exhibitions in this State. The rules shall be
21 issued pursuant to the provisions of Chapter 150B of the General Statutes and may
22 include, without limitation, the following subjects:

- 23 (1) Requirements for issuance of licenses and permits required by this
- 24 Article.
- 25 (2) Regulation of ticket sales.
- 26 (3) Physical requirements for contestants, including classification by
- 27 weight and skill.
- 28 (4) Supervision of matches and exhibitions by licensed physicians and
- 29 referees.
- 30 (5) Insurance and bonding requirements.
- 31 (6) Compensation of participants and licensees.
- 32 (7) Contracts and financial arrangements.
- 33 (8) Prohibition of dishonest, unethical, and injurious practices.
- 34 (9) Facilities.
- 35 (10) Approval of sanctioning amateur sports organizations.
- 36 (11) Procedures and requirements for compliance with the Professional
- 37 Boxing Safety Act of 1996.

38 (e) Compensation. -- None of the members of the Commission shall receive
39 compensation for serving on the Commission. However, members of the Commission
40 may be reimbursed for their expenses in accordance with the provisions of Chapter
41 138 of the General Statutes.

42 (f) Staff Assistance. -- The Secretary of State Commerce shall hire a person to
43 serve as Executive Director of the Commission and shall provide staff assistance to
44 the Executive Director. The Executive Director may train and contract with
45 independent contractors for the purpose of regulating and monitoring events, issuing
46 licenses, collecting fees, and enforcing rules of the Commission. The Executive
47 Director may initiate criminal background checks on persons requesting to work as
48 independent contractors for the Commission or persons applying to be licensed by
49 the Commission."

50 (c) G.S. 143-654 (c) reads as rewritten:

51 "(c) Surety Bond. -- An applicant for a promoter's license must submit, in
52 addition to any other forms, documents, or exhibits requested by the Commission, a
53 surety bond payable to the Commission for the benefit of any person injured or

1 damaged by (i) the promoter's failure to comply with any provision of this Article or
2 any rules adopted by the Commission or (ii) the promoter's failure to fulfill the
3 obligations of any contract between or among licensees related to the holding of a
4 boxing event. The surety bond shall be issued in an amount to be no less than five
5 thousand dollars (\$5,000). The amount of the surety bond shall be negotiable upon
6 the sole discretion of the Commission. All surety bonds shall be upon forms approved
7 by the Secretary of State Commerce and supplied by the Commission."

8 (d) G.S. 143-655 (c) reads as rewritten:

9 "(c) State Boxing Commission Revenue Account. -- There is created the State
10 Boxing Commission Revenue Account within the Department of the ~~Secretary of~~
11 ~~State~~ Commerce. Monies collected pursuant to the provisions of this Article shall be
12 credited to the Account and applied to the administration of the Article."

13 (e) G.S. 143-658 reads as rewritten:

14 "§ 143-658. Violations.

15 (a) Civil Penalties. -- The Secretary of State Commerce may issue an order against
16 a licensee or other person who willfully violates any provision of this Article,
17 imposing a civil penalty of up to five thousand dollars (\$5,000) for a single violation
18 or of up to twenty-five thousand dollars (\$25,000) for multiple violations in a single
19 proceeding or a series of related proceedings. No order under this subsection may be
20 entered without giving the licensee or other person 15 days' prior notice and an
21 opportunity for a contested case hearing conducted pursuant to Article 3 of Chapter
22 150B of the General Statutes.

23 (b) Criminal Penalties. -- A willful violation of any provision of this Article shall
24 constitute a Class 2 misdemeanor. The Secretary of State Commerce may refer any
25 available evidence concerning violations of this Article to the proper district attorney,
26 who may, with or without such a reference, institute the appropriate criminal
27 proceedings.

28 ~~The attorneys employed by the Secretary of State shall be available to prosecute or~~
29 ~~assist in the prosecution of criminal cases when requested to do so by a district~~
30 ~~attorney and the Secretary of State approves.~~

31 (c) Injunction. -- Whenever it appears to the Secretary of State Commerce that a
32 person has engaged or is about to engage in an act or practice constituting a violation
33 of any provision of this Article or any rule or order hereunder, the Secretary of State
34 Commerce may bring an action in any court of competent jurisdiction to enjoin those
35 acts or practices and to enforce compliance with this Article or any rule or order
36 issued pursuant to this Article. shall refer the matter to the Attorney General's Office
37 for appropriate action.

38 (d) ~~Enforcement.~~ For purposes of enforcing this Article, the Department of the
39 ~~Secretary of State's law enforcement agents have statewide jurisdiction. These law~~
40 ~~enforcement agents may assist local law enforcement agencies in their investigations~~
41 ~~and may initiate and carry out, in coordination with local law enforcement agencies,~~
42 ~~investigations of violations of this Article. These law enforcement agents have all the~~
43 ~~powers and authority of law enforcement officers when executing arrest warrants."~~

44 (f) Section 9 of S.L. 1997-504 reads as rewritten:

45 "Section 9. Except as otherwise specified herein, this act is effective when it
46 becomes law. ~~This act expires August 1, 1998.~~"

47
48 **PART XXIV. STATE BOARD OF ELECTIONS**

49 Requested by: Senators Warren, Plyler, Perdue, Odom

50 **EXTEND STATEWIDE DATA ELECTIONS MANAGEMENT SYSTEM**

51 Section 24. Section 31(a) of S.L. 1997-443 reads as rewritten:

52 "(a) The State Board of Elections shall establish a statewide data elections
53 management system. The system shall prescribe data format standards, data

1 communication standards, and data content standards. The State Board of Elections
2 shall establish the system no later than November 1, 1997. Counties shall adhere to
3 the standards prescribed by the system no later than ~~August 31, 1998.~~ December 31,
4 1998. The State Board of Elections may adopt rules to implement this section.
5 Chapter 150B of the General Statutes governs the adoption of rules by the State
6 Board of Elections."
7

8 **PART XXV. OFFICE OF STATE BUDGET AND MANAGEMENT**

9 Requested by: Senators Warren, Plyler, Perdue, Odom, Kerr

10 **FIRE PROTECTION AND RESCUE GRANT FUNDS**

11 Section 25. (a) Article 85A of Chapter 58 of the General Statutes reads as
12 rewritten:

13 **"ARTICLE 85A.**

14 **"§ 58-85A-1. Creation of Fund; allocation to local fire districts and political**

15 **~~subdivisions of the State: districts, political subdivisions of the State, volunteer fire~~**
16 **~~departments, and volunteer rescue squads.~~**

17 (a) There is created in the Office of State Budget and Management the State Fire
18 Protection and Rescue Grant Fund. The purpose ~~purposes~~ of the Fund ~~is to~~ are to:

19 (1) compensate local fire districts and political
20 subdivisions of the State for providing local fire protection to
21 State-owned buildings and their contents.

22 (2) Reimburse volunteer fire departments and volunteer rescue squads
23 for highway use tax they pay on their fire trucks and emergency
24 services vehicles.

25 (b) The Office of State Budget and Management shall develop and implement an
26 equitable and uniform statewide method for distributing any funds to the State's local
27 ~~fire districts and political subdivisions: districts, political subdivisions, and volunteer~~
28 ~~fire departments and volunteer rescue squads.~~

29 Upon the request of the Director of the Budget, the Department of Insurance shall
30 provide the Office of State Budget and Management all information necessary to
31 develop and implement the formula.

32 (b1) Definitions. - The following definitions apply in this section:

33 (1) Fire truck. - A fire truck, a pump truck, a tanker truck, or a
34 ladder truck used to suppress fire; or a four-wheel drive vehicle
35 intended to be mounted with a water tank and hose and used for
36 forest fire fighting.

37 (2) Highway use tax. - The tax imposed in Article 5A of Chapter 105
38 of the General Statutes.

39 (3) Volunteer fire department. - A fire department that is not part of
40 a unit of local government, has no more than two paid employees,
41 and is exempt from State income tax under G.S. 105-130.11.

42 (4) Volunteer rescue squad. - An organization that provides rescue
43 services, emergency medical services, or both, is not part of a unit
44 of local government, has no more than two paid employees, and is
45 exempt from State income tax under G.S. 105-130.11.

46 (c) It is the intent of the General Assembly to appropriate annually to the State
47 Fire Protection and Rescue Grant Fund at least three million eighty thousand dollars
48 (\$3,080,000) from the General Fund, one hundred fifty thousand dollars (\$150,000)
49 from the Highway Fund, and nine hundred seventy thousand dollars (\$970,000) from
50 University of North Carolina receipts. Funds received from the General Fund shall
51 be allocated only for (i) providing local fire protection for State-owned property
52 supported by the General Fund; and (ii) grants to volunteer fire departments and
53

1 volunteer rescue squads to reimburse them for highway use tax they pay on their fire
2 trucks and emergency services vehicles; funds received from the Highway Fund shall
3 be allocated only for providing local fire protection for State-owned property
4 supported by the Highway Fund; and funds received from University of North
5 Carolina receipts shall be allocated only for providing local fire protection for State-
6 owned property supported by University of North Carolina receipts."

7 (b) The Appropriations Subcommittees on General Government shall
8 study the need for additional Highway Fund appropriations to fund subsection (a) of
9 this section for the 1999-2001 biennium and shall report to the 1999 General
10 Assembly.

11 12 **PART XXVI. OFFICE OF STATE CONTROLLER**

13 Requested by: Senators Warren, Plyler, Perdue, Odom

14 **PILOT PROGRAM ON REPORTING ON COLLECTION OF BAD DEBTS BY STATE** 15 **AGENCIES**

16 Section 26. (a) The General Assembly finds that a significant number of
17 bad debts are owed to State agencies, and even expansion of the Debt Collection
18 Setoff act scheduled for 2000 may still leave room for improvement. The General
19 Assembly has been presented information on the extent of the debts, but lacks
20 sufficient information to determine if the lack of collection in some cases relates to
21 inability to the debtor to pay, contractual discharges that may have been taken to
22 receive partial recovery from third parties, or need to improve collection procedures
23 within State agencies. Focusing on health care institutions within State government
24 will allow maximum information without disrupting other agencies which have small
25 amounts of bad debts.

26 (b) The Office of State Controller shall establish a procedure by which
27 health care institutions under or affiliated with the Department of Health and Human
28 Services or The University of North Carolina shall report on collection of bad debts.
29 This pilot program is intended to concentrate on agencies that have a large amount of
30 bad debts, in order to determine the extent to which those debts may be better
31 collected both in those agencies and in the whole of State Government.

32 (c) The procedures shall require that in the case of each bad debt, that
33 debt is reported to the Office of State Controller with its total amount and with
34 standardized codes indicating the type of debt, the actions taken to collect the debt,
35 and the estimate of the agency on the likelihood of being able to collect the bad debt.

36 (d) The Office of State Controller shall report the results of the pilot
37 study to the General Assembly no later than April 1, 1999, along with
38 recommendations on changes in law or procedure to better collect the bad debts.

39 40 ~~**PART XXVII. DEPARTMENT OF TRANSPORTATION**~~

41 ~~Requested by: Senator Jordan~~

42 ~~**DESIGN-BUILD TRANSPORTATION CONSTRUCTION CONTRACTS**~~ 43 ~~**AUTHORIZED**~~

44 Section 27. Notwithstanding any other provision of law, the Board of
45 Transportation may award up to three contracts annually for construction of
46 transportation projects on a design-build basis. These contracts may be awarded after
47 a determination by the Department of Transportation that delivery of the projects
48 must be expedited and that it is not in the public interest to comply with normal
49 design and construction contracting procedures. Prior to the award of a design-build
50 contract, the Secretary of Transportation shall report to the Joint Legislative
51 Transportation Oversight Committee and to the Joint Legislative Commission on
52 Governmental Operations on the nature and scope of the project and the reasons an
award on a design-build basis will best serve the public interest.