2015-2016

HOUSE APPROPRIATIONS – GENERAL GOVERNMENT

MINUTES

JOINT APPROPRIATIONS ON GENERAL GOVERNMENT (HOUSE RECORD)

2015-2016 Session
Book 1 of 2

REP. GEORGE G. CLEVELAND, Chair
REP. RAYNE BROWN, Chair
REP. DENNIS RIDDELL, Chair
SEN. JIM DAVIS, Chair
SEN. NORMAN SANDERSON, Chair

Pamela Ahlin, Committee Assistant
Andrew Bailey, Committee Assistant
Polly Riddell, Committee Assistant
Kaye Culberson, Committee Assistant
Kathy Voss, Committee Assistant

JOINT COMMITTEE ON APPROPRIATIONS GENERAL GOVERNMENT
2015-2016 SESSION

02-10-15	Meeting-Joint	HOUSE PRESIDING
02-11-15	Meeting-Joint	SENATE PRESIDING
02-24-15	Meeting-Joint	HOUSE PRESIDING
03-03-15	Meeting-Joint	SENATE PRESIDING
03-04-15	Meeting-Joint	HOUSE PRESIDING
03-05-15	Meeting-Joint	HOUSE PRESIDING
03-11-15	Meeting-Joint	SENATE PRESIDING
03-12-15	Meeting-Joint	HOUSE PRESIDING
03-17-15	Meeting-Joint	SENATE PRESIDING
03-18-15	Meeting-Joint	HOUSE PRESIDING
03-19-15	Meeting-Joint	HOUSE PRESIDING
03-25-15	Meeting-Joint	SENATE PRESIDING
03-26-15	Meeting-Joint	HOUSE PRESIDING
03-31-15	Meeting-Joint	SENATE PRESIDING

HOUSE APPROPRIATIONS, GENERAL GOVERNMENT
2015-2016 SESSION

MEMBER	ASSISTANT	PHONE	OFFICE	SEAT
BROWN, Rayne Chair	Andrew Bailey, Clerk	715-0873	633	61
CLEVELAND, George Chair	Pamela Ahlin, Clerk	715-6707	417A	18
RIDDELL, Dennis Chair	Polly Riddell, Clerk	733-5905	533	99
BRODY, Mark Vice-Chair	Neva Helms	715-3029	2219	89
FISHER, Susan Vice-Chair	Cindy Garrison	715-2013	504	81
FLOYD, Elmer Vice-Chair	Dorothy McLean	733-5959	1325	83
PITTMAN, Larry Vice-Chair	Tammy Pittman	715-2009	1010	63
ADCOCK, Gale	Seth Morris	733-5602	1211	119
AGER, John	Meredith Graf	733-5746	1315	115
QUEEN, Joe Sam	Gregory Lademann	715-3005	1017	103
WATFORD, Sam	Regina Irwin	715-2526	2121	88

HOUSE COMMITTEE ON APPROPRIATIONS GENERAL GOVERNMENT
2015-2016 SESSION

Clerks: PAMELA AHLIN, ANDREW BAILEY, POLLY RIDDELL

REP. RAYNE BROWN
CHAIR

REP. GEORGE CLEVELAND
CHAIR

REP. DENNIS RIDDELL
CHAIR

REP. MARK BRODY
VICE-CHAIR

REP. SUSAN FISHER
VICE-CHAIR

REP. ELMER FLOYD
VICE-CHAIR

REP. LARRY PITTMAN
VICE-CHAIR

REP. GALE ADCOCK
MEMBER

REP. JOHN AGER
MEMBER

REP. JOE SAM QUEEN
MEMBER

REP. SAM WATFORD
MEMBER

Appropriations on General Government and Information Technology (Senate)

Co-Chairman: Sen. Jim Davis

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Member: Sen. Mike Woodard

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NORTH CAROLINA GENERAL ASSEMBLY

Appropriations on General Government and Information Technology
2015 – 2016 SESSION

Sen. Jim Davis
Chair

Sen. Norman Sanderson
Chair

Sen. Andrew Brock

Member

Sen. Josh Stein

Member

Sen. Jeff Tarte

Member

Sen. Mike Woodard

Member

ATTENDANCE

JOINT COMMITTEE ON APPROPRIATIONS GENERAL GOVERNMENT

2015-2016 SESSION

DATES	2-10-15	2-11-15 (S)	2-24-15	3-3-15 (S)	3-4-15	3-5-15	3-11-15 (S)	3-12-15	3-17-15 (S)	3-18-15	3-19-15	3-25-15 (S)	3-26-15	3-31-15 (S)	
BROWN, RAYNE CHAIR	X		X		X	X		X		X	X		X		
CLEVELAND, GEORGE CHAIR	X		X		X	X		X		X	X		X		
RIDDELL, DENNIS CHAIR	X				X	X		X		X	X		X		
BRODY, MARK VICE-CHAIR	X		X		X	X				X	X		X		
FISHER, SUSAN VICE-CHAIR	X		X		X	X		X		X	X		X		
FLOYD, ELMER VICE-CHAIR	X		X		X	X				X	X		X		
PITTMAN, LARRY VICE-CHAIR	X				X	X		X		X	X		X		
ADCOCK, GALE MEMBER	X		X		X	X		X		X	X		X		
AGER, JOHN MEMBER	X				X	X		X		X	X		X		
QUEEN, SAM JOE MEMBER			X		X	X		X		X	X		X		
WATFORD, SAM MEMBER	X		X		X	X		X		X	X		X		
BRIDGES, CARA STAFF	X		X		X	X		X		X	X				
HOLLOWELL, LISA STAFF	X		X		X	X		X		X	X		X		
SATER, DANIEL STAFF	X		X		X	X		X		X	X		X		
AHLIN, PAMELA CLERK	X		X		X	X		X			X				
BAILEY, ANDREW CLERK	X		X										X		
RIDDELL, POLLY CLERK					X			X		X					

ATTENDANCE

JOINT COMMITTEE ON APPROPRIATIONS GENERAL GOVERNMENT

2015-2016 SESSION

DATES	2-10-15	2-11-15 (S)	2-24-15	3-03-15 (S)	3-04-15	3-05-15	3-11-15(S)	3-12-15	3-17-15 (S)	3-18-15	3-19-15	3-25-15 (S)	3-26-15	3-31-15 (S)	
DAVIS, JIM CHAIR	X		X		X	X				X	X		X		
SANDERSON, NORMAN CHAIR	X		X		X	X				X	X		X		
BROCK, ANDREW MEMBER															
STEIN, JOSH MEMBER			X		X	X				X					
TARTE, JEFF MEMBER					X	X		X		X	X				
WOODARD, MIKE MEMBER			X												
CULBERSON, KAYE CLERK	X														
VOSS, KATHY CLERK	X		X								X				

Corrected #1: **Room Announcement, Agenda**

NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION

You are hereby notified that the **House Committee on Appropriations, General Government** will meet as follows:

DAY & DATE: Tuesday, February 10, 2015
TIME: **8:30 AM**
LOCATION: **1425 LB**
COMMENTS: This Joint Appropriations General Government meeting will be chaired by Rep. Cleveland.
Agenda: Budget Review and Planning Meeting

Respectfully,

Representative Rayne Brown, Co-Chair
Representative George G. Cleveland, Co-Chair
Representative Dennis Riddell, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 9:48 AM on Monday, February 09, 2015.

___ Principal Clerk
___ Reading Clerk – House Chamber

Pamela Ahlin (Committee Assistant)

Joint Appropriations Committee for General Government
February 10, 2015, Meeting Room 1425LB, 8:30AM

Co-chairs –
Representative George Cleveland
Senator James Davis
Representative Rayne Brown
Senator Norman Sanderson
Representative Dennis Riddell

Welcome and Comments	Rep. George Cleveland, presiding
Full Appropriations Chairs' Guidance	FRD Staff
Budgeting Terms and Process	
Overview of the Recent Significant Budget Actions	
Ten-year Historical Expenditures and FTEs	

***Next Meeting February 11, 2015, 8:30AM*

Department of Insurance

Joint House Committee on Appropriations, General Government
Tuesday, February 10, 2015 at 8:30 AM
Room 1425 of the Legislative Building

MINUTES

The Joint House Committee on Appropriations, General Government met at 8:30 AM on February 10, 2015 in Room 1425 of the Legislative Building. Representatives Adcock, Ager, Brody, R. Brown, Cleveland, Fisher, Floyd, Pittman, Riddell, and Watford attended. Senate members in attendance were J. Davis, and Sanderson. Fiscal Staff members in attendance were Lisa Hollowell, Daniel Sater, and Cara Bridges. Pamela Ahlin was the Committee Clerk for the meeting. Committee Clerks Andrew Bailey, Kathy Voss and Kaye Culberson also attended. Attached to the Minutes are the Staff for the Sergeant at Arms, the Pages for the meeting, and the attendance sheets for agency representatives and the public visitors.

Representative George G. Cleveland, Chair, presided.

Rep. Cleveland called the meeting to order at 8:30 AM. He presented introductory information regarding the structure and function of the committee. He introduced the Fiscal Staff. Rep. Cleveland noted that the Staff will present the budgets for the Agencies, and then the Agencies would speak. Documents that were given during the first segment include:

- 2015 General Government Analysts' Assignments (Attachment #1)
- Appropriations Committee Process and Role of Staff (Attachment #2)
- House and Senate Appropriations Chairs' Guidance for Subcommittee Chairs (Attachment #3).

The Fiscal Staff presented Highlights of the Major Budget Items from the 2013-2015 Biennium (Attachment #4). They presented documents relating to the past 10 years of budget history:
Actual General Fund Appropriation by Agency FY 2003-04 to FY 2013-14 (Attachment #5) and Actual Full Time Equivalent (FTE) Positions by Agency FY 2004-05 to FY 2014-15 (Attachment #6).

Sen. J. Davis asked the Treasurer's Office about a report regarding hiring investment managers. Tony Solari, Legislative Liaison for the Treasurer's office, reported that they are working on the report; however, no auditor had been hired to date.

There being no further business, the meeting was adjourned at 8:50 AM.

George G. Cleveland
Representative George G. Cleveland, Chair
Presiding

Pamela Ahlin
Pamela Ahlin, Committee Clerk

ATTACHMENT # 1

2015 General Government Analysts' Assignments

Primary	Back-up	Agency Website
Lisa Hollowell		
Insurance	Cara	http://www.ncdoi.com
Cultural Resources	Cara	http://www.ncdcr.gov
Treasurer	Daniel	http://www.nctreasurer.com
Board of Elections	Cara	http://www.ncsbe.gov
Office of Administrative Hearings	Cara	http://www.ncoah.com
General Assembly	Daniel	http://www.ncleg.net
Governor's Office/OSBM	Daniel	http://www.governor.state.nc.us
Daniel Sater		
Revenue	Lisa	http://www.dornc.com
State Controller	Lisa	http://www.osc.nc.gov
Administration	Lisa	http://www.doa.nc.gov
Secretary of State	Cara	http://www.secretary.state.nc.us
Cara Bridges		
Auditor	Lisa	http://www.ncauditor.net
Human Resources	Lisa	http://www.oshr.nc.gov
Lt. Governor	Daniel	http://www.ltgov.nc.gov
Ethics Commission	Daniel	http://www.ethicscommission.nc.gov
Housing Finance Agency	Daniel	http://www.nchfa.com
Licensing Agency Boards	Lisa, Daniel	Multiple

ATTACHMENT # 2

APPROPRIATIONS COMMITTEE PRO
ROLE OF STAFF

Joint Appropriations Subcommittee on General Government

Terms

Base/Continuation Budget – As redefined in S.L. 2014-100, part of the recommended State budget that provides the baseline for the next biennium. The starting point is the authorized budget for that agency with adjustments only for the following purposes:

- Annualization of programs and positions
- Reductions to adjust for nonrecurring funded items during the prior fiscal biennium
- Increases to adjust for nonrecurring reductions during the prior fiscal biennium
- Adjustments for federal payroll tax changes
- Rate increases in accordance with the terms of existing leases of real property
- Adjustments to receipt projections
- Reconciliation of transfers

The Subcommittee reviews the continuation budget of the agencies within the General Government Appropriations purview and identifies areas for possible budget reductions, increases, and/or policy changes. This will be done through presentations and review of the Governor's proposed budget.

Expansion Budget - Governor's Recommended Adjustments to the Recommended Base Budget (2015-2017) – Expansion includes new programs; expansion of existing programs; or permanently funding programs originally funded as pilots or with one time funding.

- The Subcommittee reviews all expansion budget requests of the agencies/divisions within the General Government Appropriations purview and determines/recommends to the full chairs whether to fund those requests.

Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets – This report will itemize reduction and expansion items to the Base/Continuation Budget. This Subcommittee is responsible for the development of this report. This is also referred to as the "Money

Report". Expansion and reduction items include the subcommittee's priorities, members' bills or suggestions, and the Governor's recommended items.

Budget Special Provisions – As budget issues are discussed members may suggest special language to the co-chairs that directs certain policy actions and/or specific guidelines on how budgeted monies are to be used. Bill Drafting staff in consultation with members and fiscal staff draft these special provisions. The special provisions will constitute the budget bill.

Budget Targets –The House and Senate Appropriations Subcommittees are each given a budget target by their respective Full Appropriations Chairs. This is a spending target that may not be exceeded.

"Flagging" of budget issues – Since votes on budget reductions or increases are generally not taken until later in the subcommittee process, subcommittee members may **flag** budget items for further information and review or to let the co-chairs know of their concerns of various items. The fiscal staff will keep track of flagged items and go through a final "**Flag**" list when requested by the subcommittee chairs, usually after all General Government agencies have been reviewed.

General Fund –The primary funding source for General Government agencies is the General Fund (GF). The GF includes revenues from various taxes including: personal income, sales and use tax, and corporate income.

Fiscal Research Division

- Fiscal staff will coordinate daily meetings and agenda with direction from subcommittee chairs.
- Coordinate with agencies on their presentations of overviews of departments and/or programs within the purview of the General Government Appropriations Subcommittee.
- Information Request Follow-up/Coordination – Please feel free to make requests for information through the Fiscal Research Division. FRD Staff will work with departments and Office of State Budget and

department administrators to answer members' information requests, both for individual members and for the subcommittee. Unless otherwise specifically directed, all requests made to Staff will be kept confidential.

- Prepare the subcommittee budget "money reports".
- Fiscal Analyses – Fiscal Staff prepare fiscal notes and fiscal memos on bills impacting General Government Departments and local governments when requested.

Role of Other Staff

- **General Assembly Bill Drafting Staff** – Assist members with research on legal issues affecting subcommittee deliberations and prepare special budget provisions. Myra Torain is the team leader for the bill drafters assigned to this subcommittee.

- **Department/Agency Staff** – Departmental staff will answer members' questions during committee meetings and work with fiscal staff to provide additional information if needed.

- **Office of State Budget and Management (OSBM)** – OSBM is part of the Governor's Office and prepares the Governor's recommended continuation and expansion budgets. The office assists members and fiscal staff with information on departmental budgets and programs. State Budget acts as a resource on program budgeting and departmental performance measures.

House and Senate Appropriations Chairs' Guidance for Subcommittee Chairs

February 4, 2015

Subcommittee Work

- Conduct joint educational meetings beginning Tuesday, February 10 (see below)
- Rotate presiding over meetings
- Maintain transparency by having open meetings and posting documents to committee websites
- Consult other subcommittees for items that cross multiple agencies
- Refer certain items to the Full Chairs
  - Salary-related items, debt service, capital or other Statewide issues
- Plan to check in with the Full Chairs on your progress reviewing agencies and programs

Joint Educational Meetings

- Evaluate agencies by looking at the programs and services they provide. For each program/service, look at:
  - Does this program fulfill a Constitutional requirement?
  - Is this program required by federal mandate? State mandate?
  - Is this program appropriately funded to complete its mission?
    - Do program outcomes justify expenditures?
    - If funding is too high, reduce funding.
    - If funding is too low,
      - eliminate the program
        OR
      - increase funding so that core services can be provided
  - For mandatory programs, are there ways to manage growth and reduce expenditures?
  - For non-mandatory programs, can priority or rank order be given to them?

- Where appropriate, look at long-term issues that may be addressed by more than one program.
  - Is the set of services or programs the State offers an effective way to address the issue?
  - Can some programs be eliminated?
  - Can the savings from those programs be used more effectively to run other programs?

- Use evaluations that are already available: NC GEAR report, Program Evaluation Division reports, study committee reports, audits, and agency reports submitted to Gov Ops, oversight committees, or Fiscal Research.

ATTACHMENT # 4

Highlights of the Major Budget Items from the 2013-15 Biennium

Joint Appropriations Subcommittee for General Government
February 10th, 2015

North Carolina General Assembly
Fiscal Research Division
Lisa Hollowell
Daniel Sater
Cara Bridges

2013 Session – Budget Overview

FY 2013-14

General Government	Continuation Budget	Legislative Net Changes	Revised Appropriation for FY 13-14	% Change
Administration*	$ 68,316,992	$ (749,967)	$ 67,567,025	-1%
Auditor	$ 11,013,547	$ 203,921	$ 11,217,468	2%
Cultural Resources	$ 63,626,477	$ 43,668	$ 63,670,145	0%
Cultural Resources - Roanoke Island Commission	$ 1,058,757	$ (608,757)	$ 450,000	-57%
General Assembly	$ 52,845,390	$ (757,404)	$ 52,087,986	-1%
Governor	$ 5,539,743	$ 1,630,307	$ 7,170,050	29%
Housing Finance Agency	$ 9,408,417	$ (996,785)	$ 8,411,632	-11%
Insurance	$ 38,454,593	$ (460,589)	$ 37,994,004	-1%
Insurance - Worker's Compensation Fund	$ 2,623,654	$ (2,623,654)	$ -	-100%
Lieutenant Governor	$ 444,047	$ 237,042	$ 681,089	53%
Office of Administrative Hearings	$ 4,335,464	$ 906,179	$ 5,241,643	21%
Revenue	$ 80,031,575	$ 967,343	$ 80,998,918	1%
Secretary of State	$ 11,845,185	$ (270,002)	$ 11,575,183	-2%
State Board of Elections	$ 5,213,445	$ 88,928	$ 5,302,373	2%
State Budget and Management (OSBM)	$ 6,951,706	$ 500,000	$ 7,451,706	7%
OSBM - Special Appropriations	$ 49,000	$ 4,863,000	$ 4,912,000	9924%
State Controller	$ 29,279,290	$ (568,599)	$ 28,710,691	-2%
Treasurer - Operations	$ 6,851,090	$ 1,286,800	$ 8,137,890	19%
Treasurer - Fire/Rescue Retirement	$ 23,179,042	$ -	$ 23,179,042	0%
Total General Government	$ 421,067,414	$ 3,691,431	$424,758,845	1%
*Includes Office of State Human Resources and the State Ethics Commission				

FY 2014-15 – Session Overview

General Government	Continuation Budget	Legislative Net Changes	Revised Appropriation for FY 14-15	% Change
Administration	$ 67,047,033	$ (1,764,816)	$ 65,282,217	-3%
Auditor	$ 11,217,468	$ 154,799	$ 11,372,267	1%
Cultural Resources	$ 63,008,100	$ 688,852	$ 63,696,952	1%
Cultural Resources - Roanoke Island Commission	$ 450,000	$ (9,000)	$ 441,000	-2%
General Assembly	$ 51,634,767	$ 462,927	$ 52,097,694	1%
Governor	$ 7,172,132	$ 45,245	$ 7,217,377	1%
Housing Finance Agency	$ 8,411,632	$ 9,830,322	$ 18,241,954	117%
Insurance	$ 38,003,624	$ (291,302)	$ 37,712,322	-1%
Insurance - Worker's Compensation Fund		$ -		-
Lieutenant Governor	$ 675,089	$ (3,782)	$ 671,307	-1%
Office of Administrative Hearings	$ 5,027,130	$ 37,818	$ 5,064,948	1%
Revenue	$ 80,896,458	$ (1,517,149)	$ 79,379,309	-2%
Secretary of State	$ 11,575,183	$ 25,523	$ 11,600,706	0%
State Board of Elections	$ 5,693,244	$ 160,815	$ 5,854,059	3%
State Budget and Management (OSBM)	$ 7,534,217	$ (52,626)	$ 7,481,591	-1%
OSBM - Special Appropriations	$ 1,520,000	$ 155,000	$ 1,675,000	10%
State Controller	$ 28,710,691	$ (202,152)	$ 28,508,539	-1%
Treasurer - Operations	$ 7,026,305	$ 2,659,931	$ 9,686,236	38%
Treasurer - Fire/Rescue Retirement	$ 23,179,042	$ (1,694,768)	$ 21,484,274	-7%
Total General Government	$ 418,782,115	$ 8,685,637	$ 427,467,752	2%
*Includes Office of State Human Resources and the State Ethics Commission				

Significant Budget Actions during 2013-15 Biennium:

FY 2013-15
Money and Special Provision Items:

Overall, many agencies' budgets were reduced to meet spending targets over the biennium and priorities (including state employees' compensation and retirement benefits increase) were funded to have an overall growth in the budget for General Government agencies of $12.4 million, a 1.52% increase over the FY 2013-14 Continuation Budget.

Operating budgets were reduced by eliminating positions (mostly vacant), maximizing receipts, and reducing information technology contracts to achieve savings and efficiencies. The overall net change of Full Time Equivalent (FTEs) positions was a reduction of 16.53 FTE's.

Department of Cultural Resources

- The Roanoke Island Commission was brought under the purview of Department of Cultural Resources.
- Tryon Palace received $400,000 recurring for operations.
- Exemptions to rule-making were created that now allows DCR to change admission and other fees at historic sites more quickly.
- The General Assembly passed a reduction of 2% for library grants ($284,000) and cap of $400,000 for single county grant recipients for FY 2014-15

Department of Insurance

- Insurance Regulatory Surcharge was increased beginning January 2015 to 6.5% and the North Carolina Industrial Commission's activities related to Workers' Compensation was added as an eligible use of this fee. The additional .5% will generate about $2.4 million annually.
- The Volunteer Safety Workers' Compensation Program funding was shifted to a dedicated funding source of the gross premium's tax collected from insurance companies producing a general fund savings of $2.6 million.
- The General Assembly allowed the Department to develop a captives insurance industry in NC and license and regulate the captives insurance companies; funds were appropriated for this activity.

State Board of Elections

- Matching funds of approximately $400,000 were appropriated to draw down federal Help America Vote Act (HAVA) funds. These funds will be used to rewrite and support the Statewide Elections and Information Management System (SEIMS).
- $1 million was appropriated for the implementation of the Voter Information Verification Act (VIVA). These funds may be used for outreach and operations by SBOE and reimbursement for the issuance of state identification cards and provision of vital records.
- The North Carolina Public Campaign Fund was eliminated and the SBOE was directed to use some of the funds for the production of future voter guides and the remainder was directed to the general fund.

Office of Administrative Hearings

- Four FTEs were appropriated for the purpose of implementing regulatory reform within the Rules Review Division. Two FTEs were appropriated for the Hearings Division.

Office of State Treasurer

- There was an appropriation of $1.6 million to hire 10 FTEs for the purpose of internalizing investments that had been managed by external fund managers. The 10 FTEs were for five Portfolio Managers and five Investment Analysts to manage a variety of investments.

General Assembly

- The Joint Legislative Oversight Committee on General Government was created.

Housing Finance Agency

- Workforce Housing Loan Program was created with a non-recurring appropriation of $10 million for FY 2014-15 to assist taxpayers who are allocated a federal low-income housing tax credit for calendar year 2015 in constructing or substantially rehabilitating a qualified low-income NC housing development.

Secretary of State

- The General Assembly increased the fee on lobbyist and lobbyist principal registrations from $100 to $250 and required electronic submission of all reports as well as electronic payment.

Department of Revenue

- The Department received 8 new positions to implement the tax law changes in FY 2013-14.
- The General Assembly shifted $2.3 million worth of expenses from general fund support to receipt support and appropriated $3.9 million in receipts to open a second call center in Guilford County.
- In conjunction with the Information Technology section of the budget, the subcommittee appropriated funds for the continued replacement of the Integrated Tax Administration System (ITAS) and required increased oversight of the project.

Department of Administration

- The subcommittee provided non-recurring funds for the operations of the Justice for Sterilization Victims' Foundation.
- The Displaced Homemakers' Program was eliminated. Funds from the Divorce Filing Fee that had supported the program now go to the Domestic Violence Center Fund.
- The State Construction Office was moved from receipt support to general fund support. Receipts were to be from various projects' contingency reserves but the collection from contingency reserves had been problematic and receipt source was uncertain.
- The Ethics Commission received a transfer from the Highway Fund to pay for one paralegal position to handle the Statement of Economic Interest (SEI) forms from Metropolitan Planning Organizations (MPO) and Rural Planning Organizations (RPO).
- The newly opened veterans' homes in Black Mountain and Kinston received funds from the North Carolina Veterans' Home Trust Fund.
- The subcommittee appropriated $10.9 million in receipts from the Motor Fleet Management Fund to bring the replacement schedule in line with industry standards.

Required Studies/Reviews

- Office of State Human Resources – Temporary Solutions.
  - Customer satisfaction survey
  - Review of the surcharge to state agencies
  - Compare to private operators
  - Review status of accounts receivables
- Office of State Human Resources - Reorganization Through Reduction Program
- Department of Administration – Continuation Review of Youth Advocacy and Involvement
- Department of Administration – Study E-Procurement Fee and vendor contract
- Office of State Auditor – Prepare and issue a set of financial statements regarding the investment programs for the retirement systems by January 1, 2016.
- Office of State Treasurer – Hire a commercial independent firm to evaluate the governance, operations, and investment practices of the State Treasurer for the purpose of developing recommendations for improvement. The report is due to General Assembly once complete.

Committee Sergeants at Arms

Actual General Fund Appropriation
FY 2003-04 to FY 2013-14

	General Government Agencies	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	F
1	General Assembly	45,891,894	44,214,610	50,093,118	46,388,798	50,969,340	
2	Governor	5,341,061	5,653,961	5,807,140	5,840,682	6,233,371	
3	State Budget and Management	5,053,498	4,864,071	5,469,739	6,085,898	6,717,882	
4	Housing Finance Agency	6,475,945	10,450,945	22,188,445	18,608,417	19,447,575	
5	Lieutenant Governor	653,716	750,531	894,470	955,758	887,119	
6	Secretary of State	7,825,394	9,049,707	9,572,725	10,843,486	10,622,823	
7	Auditor	10,197,465	11,289,524	12,267,396	13,034,974	11,173,607	
8	Treasurer	7,276,895	8,211,612	8,525,097	9,262,890	9,059,594	
9	Fire Rescue National Guard Pensions and LDD Benefits	7,911,179	8,251,457	8,930,457	9,253,957	10,516,808	
10	Insurance	27,292,070	28,383,961	32,886,884	34,463,092	34,083,323	
11	Administration	57,829,951	61,912,088	66,180,705	74,749,647	66,079,221	
12	State Controller	9,742,406	9,855,964	20,293,487	47,809,881	32,665,544	
13	Revenue	74,173,503	81,324,935	82,187,967	92,159,723	85,755,783	
14	Cultural Resources	68,705,334	73,774,615	71,226,650	76,006,128	73,241,513	
15	DCR Roanoke Island Commission	1,829,410	1,954,666	2,025,159	2,108,824	1,944,643	
16	State Board of Elections	6,962,482	4,992,965	5,312,702	6,822,559	8,228,044	
17	Office of Administrative Hearings	2,741,305	2,820,443	3,077,116	4,181,463	3,959,442	
	Total	$345,903,508	$367,756,056	$406,939,258	$458,576,177	$431,585,633	

1. Increases in the State Controller's budget in FY 2006-07 and FY 2007-08 were due to the building of the NC human
2. Housing Finance Agency fluctuations are due to changes in the appropriations to the Housing Trust Fund. For exan
recurring basis and replaced with funds from the National Mortgage Settlement.

Pages

Tuesday, February 10
APPROPRIATIONS, GENERAL GOVERNMENT (JOINT)

Room
1425

Time
8:30 am

Name	County	
Reaghan Waites	Wake	Brig Gen (R) Gary Pendleton
James Bury, III	Wake	Brig Gen (R) Gary Pendleton

VISITOR REGISTRATION SHEET

JT APPROPRIATIONS GENERAL GOVERNMENT FEB, 10, 2015

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Polly Newsom	SEC
Pam Cashwell	SEC
Margaret Duke	OSHR
Tommy Clark	SOS
Gayle Lemons	OAH
Molly Masich	OAH
Karen Waddell	NCDOT
Isaac Villa-Garcia	NCAR
Tim Hoegemeyer	OSA
Mike Arnold	SOS
Martha Jenkins	DCR

VISITOR REGISTRATION SHEET

JT APPROPRIATIONS GENERAL GOVERNMENT FEB, 10, 2015

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Edgar Starnes	Treasurer
Jackson Schanck	CCS
Amily McCool	NC Coalition Against Domestic Violence
Monica Dhulia	NC Coalition Against Domestic Violence
Sukari	DST
Kara Wells	arts NC
Nelson Freeman	Revenue
Friedman	S+P
Steve Wellons	NCS

VISITOR REGISTRATION SHEET

JT APPROPRIATIONS GENERAL GOVERNMENT FEB, 10, 2015

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Rhonda Todd	DOA
	SCS
	NWC
Meghan Cook	OITS
Will Parry-Hill	NCHFA

VISITOR REGISTRATION SHEET

JT APPROPRIATIONS GENERAL GOVERNMENT FEB, 10, 2015

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Claire Ennis	Office Of the State Controller
Lauren Coffey	office of the governor
G. Lane	Speaker's office
Fred Bo[illegible]	Bon Assn.
Karin Cochran	DCR
Sarah Dozier	DCR

NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION

You are hereby notified that the **House Committee on Appropriations, General Government** will meet **JOINTLY** as follows:

DAY & DATE: Tuesday, February 24, 2015
TIME: **8:30 AM**
LOCATION: **425 LOB**
COMMENTS: **This is a Joint Committee Meeting and will be chaired by Rep. Rayne Brown. Topic: Office of Lt. Governor and Department of Secretary of State.**

Respectfully,

Representative Rayne Brown, Co-Chair
Representative George G. Cleveland, Co-Chair
Representative Dennis Riddell, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 8:17 AM on Thursday, February 19, 2015.

___ Principal Clerk
___ Reading Clerk – House Chamber

Andrew Bailey (Committee Assistant)

Joint Appropriations Committee for General Government
February 24, 2015, Meeting Room 425LOB, 8:30AM

Co-chairs –
Representative George Cleveland
Senator James Davis
Representative Rayne Brown
Senator Norman Sanderson
Representative Dennis Riddell

Welcome and Comments	Rep. Rayne Brown, presiding
Office of the Lieutenant Governor Overview	Cara Bridges, FRD
Lieutenant Governor Information Requested	Dan Forest, Lieutenant Governor
Secretary of State Overview	Daniel Sater, FRD
Secretary of State Information Requested	Elaine Marshall, Secretary of State Haley Haynes, Deputy Secretary Rodney Maddox, Deputy Secretary

***Next Meeting February 25, 2015, 8:30AM*

Topic – Office of State Controller

House Committee on Appropriations, General Government
Tuesday, February, 24th at 8:30 AM
Room 425 of the Legislative Office Building

MINUTES

The House Committee on Appropriations, General Government met at 8:30 AM on February 24, 2015 in Room 425 of the Legislative Office Building. Representatives Adcock, Brody, Brown, Cleveland, Fisher, Floyd, Queen, and Watford attended. Senate members in attendance were J. Davis, Sanderson, Stein, and Woodard. Fiscal Staff members in attendance were Lisa Hollowell, Daniel Sater and Cara Bridges. Committee Clerks Andrew Bailey, Pamela Ahlin and Kathy Voss also attended.

Attached to the minutes are the Staff for the Sergeant at Arms, the Pages for the meeting, and the attendance sheets for agency representatives and public visitors.

Representative Rayne Brown, Chair, presided.

Rep. Brown called the meeting to order at 8:30 AM and welcomed everyone and recognized the pages and thanked the staff and sergeant-at-arms for their help.

Daniel Sater was recognized to give an overview of the Office of the Secretary of State (See Attachment #1).

Rep. Brown recognized Secretary of State Elaine Marshall. Secretary Marshall expounds on the Department of Secretary of State, its functions and overall budget overview. Secretary Marshall had debate and discussion time (See Attachment #2).

The Chair recognized Cara Bridges, Fiscal Research Department, to give an overview of the Office of the Lieutenant Governor (See Attachment #3).

The Chair recognized Lieutenant Governor Dan Forest. Lieutenant Governor Forest expounds on the Office of the Lieutenant Governor, its functions and overall duties. Lieutenant Forest had debate and discussion time.

The meeting adjourned at 9:44 AM.

Representative Rayne Brown, Chair, Presiding

Andrew Bailey, Committee Clerk

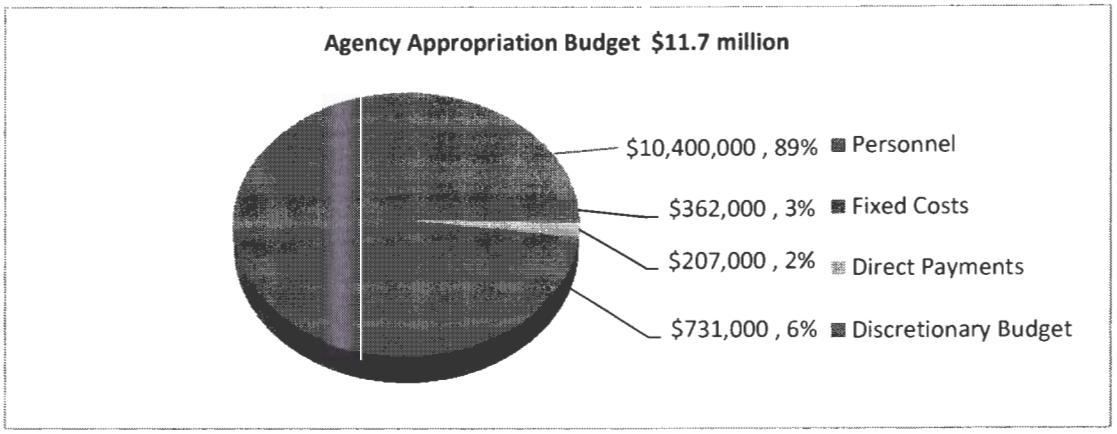
Department of Secretary of State - Agency & Budget Overview

Overview of Secretary of State: (Supporting Business / Economic Development and Capital Formation)

- Corporations – Where North Carolina Businesses Are Born
- UCC –The Depository for Commercial Loan Records for Banks, Lenders and the Borrowing Public
- Securities – Protecting Investors through Product & Broker Registration as well as Consumer Education
- Lobbying – Providing Transparency for Public, government, Media, and Lobbyist
- Charitable Solicitation – Providing Transparency to Facilitate Wise Charitable Giving
- Trademarks – Registration of Business Trademarks and Protecting Intellectual Property

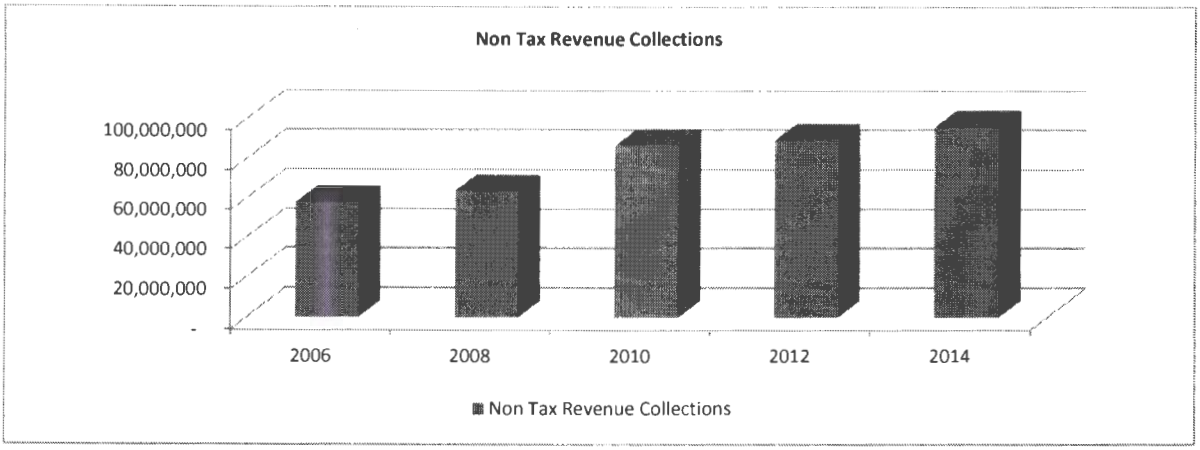
Secretary of State Budget Make-Up:

- Total Agency Appropriations Budget: **$11.7 million**
- Personnel Amount: **$10.4 million (89% of budget)**
- Non-Personnel Amount: **$1.3 million (11% of budget)**
    - Direct payments to other state agencies for ITS, Telecommunications, etc. ($207,000)
    - Fixed payments for leasing, janitorial, & utilities ($362,000)
    - Net Remaining Budget ($731,000 for postage, equipment, service contracts & travel)



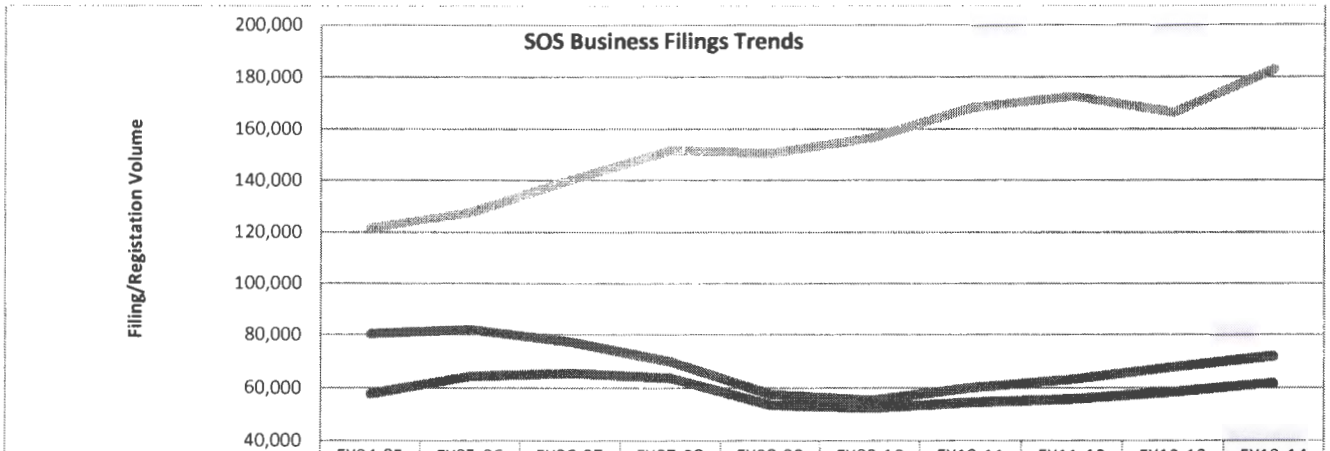
Our Significance as a Profit Center: (Administers and collects Non-Tax Revenue for State General Fund)

- 1997: $15,252,224
- 2006: $57,781,000
- 2008: $63,806,000
- 2010: $86,927,175
- 2012: $89,544,322
- 2014: $96,202,613
- NOTE: **Steady growth, from FY 2006 ($57 million) through FY 2014 ($97 million) in fees for services even through the great recession period.**



Our Partnerships with New Capital Formation

- Commercial lending activity is important to NC's economy as it provides capital for businesses to purchase assets and raw materials and replenish inventories.
- Stockbroker registrations is an information resource for investors inquiring about specific offerings of securities and commodities. As NC becomes a destination state for retirees and laws governing investing evolve to include new opportunities, this activity will become even more important to the investing public and industry.
- The Department facilitates the formation, ongoing activities, and dissolution of business activities by processing articles of incorporation and other critical business documents.
- These capital creation activities have been increasing steadily over the past five years, and in aggregate are already surpassing pre-recession levels.



	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14
New Commercial Liens	80,484	82,091	77,330	70,176	57,532	55,427	60,068	63,328	68,011	72,028
New Businesses	57,915	64,476	65,709	63,933	53,622	52,664	54,585	55,884	58,557	61,989
Stockbroker Registrations	121,670	127,782	140,348	151,773	150,482	156,486	168,219	172,666	166,288	182,990

Our Request for the 2015-17 biennium

- An expansion request for our Corporations and Securities Divisions to fund an "Economic Development and Job Creation" initiative, designed to assist customers in starting new businesses and facilitating capital formation for investment:

- We propose funding the expansion request through receipts generated via 2 specific fee increases:
    1. Articles of Organization Incorporation Fee for LLC (includes professional LLCs) increase from $125 to $150 ($25), the last time we raised the fee was 1997.
    2. Securities Salesman Registration Fee increased from $125 to $135 ($10), also the last time this fee was increased was 1997.

- Collectively, it is from a very conservative estimation that these 2 fee increases would generate $2.68 M
    1. $850,000 from the Corporations Division, and
    2. $1.829 M from the Securities Division.

- In a marketplace analysis, both proposed fee increases are well within fee structures of other states with similar economic models and services.

- Of the $2.679 M generated, roughly $1 M would be used to fund the expansion request, providing an additional $1.679 M in availability to the General Fund.

    1. $350,292 would be utilized in the Corporations Division to fund 6 FTE ranging from a financial investigator to combat corporate identity theft to processing assistants to handle the increasing annual report filings, as well as additional seasonal temporary workers to work peak season.
    2. $545,420 would be utilized in the Securities Division to fund 6 FTE ranging from financial investigators to increase speed and effectiveness of securities investigation to an attorney to prosecute illegal actions.
    3. $35,425 would be used to budget for an automatic lease increase for leased office space the agency is required to maintain.

- While the budget instructions direct the agencies to offer up 2% in cuts, given our role as a very lean profit center, we propose offering $1.679 M of availability to the General Fund which equates to approximately 14%, rather than the 2%.

- Further, we anticipate this expansion request will generate additional revenue for the state as we move beyond the $100 million annually threshold.

The Office of the Secretary of State

Departmental Budget Overview

Joint Appropriations Subcommittee for General Government

February 24th, 2015

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Outline

1. Authorizing Laws and Agency Mission

2. Roles and Responsibilities

3. Budget Overview

4. Division Descriptions

Authorizing laws

- NC State Constitution, Article III, Section 7(1)
  - Creates Secretary of State's position, elected to a four year term
- G.S. 143 A-11
  - Creation of the Department
- G.S. 147-34 through 54.7A
  - Lays out the duties of the Department
- G.S. 120C
  - Lobbying laws

Mission

- This agency's mission is to support economic growth, promote the public trust and fulfill statutory mandates by providing initial infrastructure for corporate organizations and transactions, protecting citizens and businesses from misrepresentation and fraud by providing public access to accurate and timely information, through law enforcement and through the issuance of professional credentials. The department fosters a well informed citizenry, business community and government, by promoting a responsive, transparent, competitive, and ethical business climate.

Roles and Responsibilities

1. Maintain business document filing system available to the public
2. Ensure the reliability of signatures on transaction documents used by the legal, real estate, business, and financial communities
3. Register and regulate lobbying activity

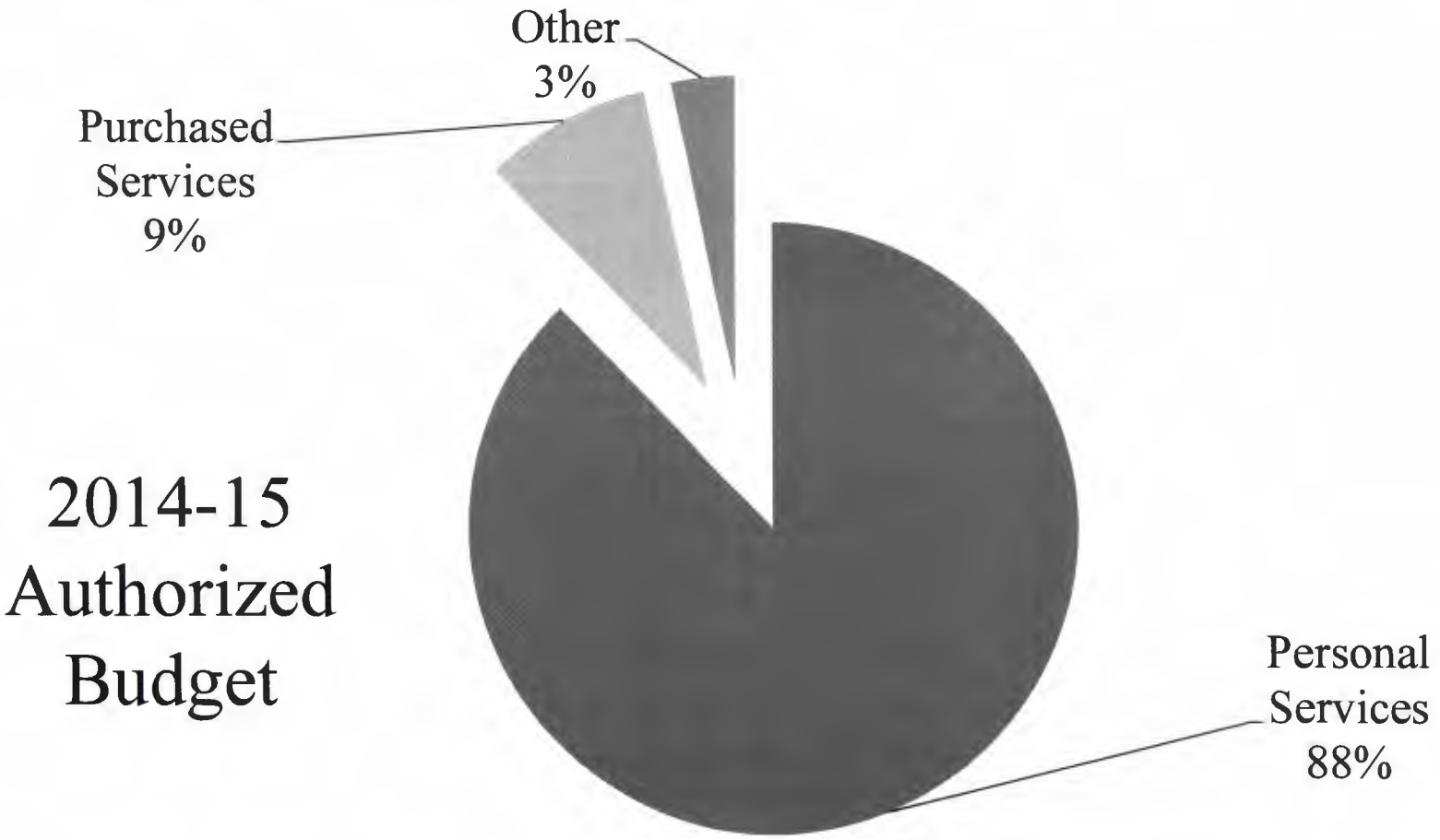
Roles and Responsibilities

4. Protect investments, charitable donations, and intellectual property through fraud investigations
5. Assist businesses and institutions in engaging the international community
6. Advance the delivery of e-government services

Secretary of State's Budget

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Authorized
Total Requirements	$11,556,443	$11,405,729	$11,726,069	$11,538,002	$12,056,004
Total Receipts	$1,472,226	$1,442,508	$198,051	$165,099	$370,464
Appropriation	$10,084,217	$9,963,221	11528018	$11,372,903	$11,685,540
FTEs	180.75	176.75	176.75	173.75	171.75

Breakdown of Expenditures



2014-15
Authorized
Budget

Divisions

- General Administration
- Publications
- Corporations
- Securities
- Certification and Filing
- Charitable Fundraising Licensing
- Lobbying Compliance

Presentation from the Secretary of State

- House Bill 14: Start-Ups Act/New Markets Tax Credit
  - Crowdfunding
  - Budget request from Secretary of State
- Update on electronic filing for lobbyists
  - Required in the 2013 budget bill

Questions?

Daniel Sater

Fiscal Research Division

Daniel.sater@ncleg.net

919-733-4910

Description of Divisions: General Administration

- Manage the agency
- Human Resource functions
- Information Technology
- Training

Description of Divisions: Publications

- Prepare and distribute the NC Manual, the Directory of State and County Officials, and other informational material
- Serve as custodian to all public documents filed with the Secretary of State's office and make those documents available to the public

Description of Divisions: Lobbying Compliance

- Register lobbyists and principals
- Registration fee is $250
- Analyze lobbyists expenditure reports and make them available to the public
- Investigate possible violations of the state's lobbying laws

Description of Divisions: Corporations

- Ensure that all business filings contain all statutory requirements and placed on the public record
- Ensure that trademark applications follow all NC statutes, investigate possible trademark violations, educate local law enforcement and the public about trademark violations
- Ensure that documents requiring authentication or apostille follow the necessary requirements

Description of Divisions: Certification and Filing

- Administer the Notary/eNotary, Uniform Commercial Code, and Federal Tax lien programs
- Review complaints filed against Notaries
- Examine commercial lien filings and Notary applications
- File federal tax liens
- Examine and process land records filings and provide training and assistance to local governments concerning land records

Description of Divisions: Securities

- Examines and authorizes applications from stockbrokers and investment advisers to sell investments
- Examines and authorizes applications from businesses seeking to sell investments to raise capital
- Investigates fraud in the sale of securities and investment scams
- Administers the Qualified Business Tax Credit Program and the Fairness Hearings

Description of Divisions: Charitable Fundraising Licensing

- Registers charitable organizations and fundraising professionals
- Investigates possible violations of the Charitable Solicitations Act

Office of the Lieutenant Governor

Departmental Budget Overview

Joint Appropriations Subcommittee for General Government

February 24th, 2015

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Outline

1. Authorizing Laws & Responsibilities

2. Budget Overview

3. Information Requested

Authorizing Laws & Responsibilities

- Creation of the Office
  - State Constitution, Article III, Sec. 2 - Election, term, and qualifications
  - State Constitution, Article III, Sec. 6 - President of the Senate
  - § 143A-5. - Requirements of the Office
  - § 147-3 - Executive Officer

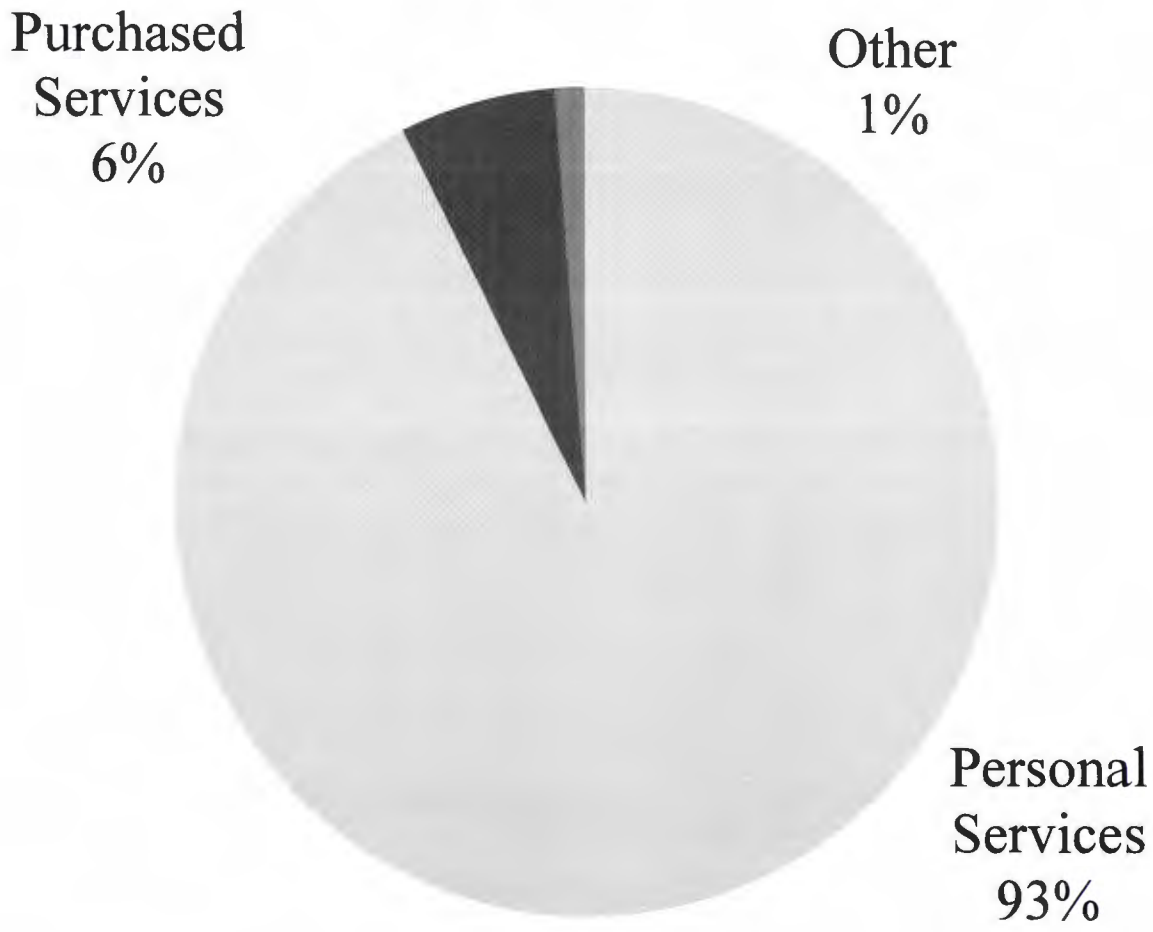
Authorizing Laws & Responsibilities Continued

- The Lieutenant Governor also serves the:
  - State Board of Education
  - State Board of Community Colleges
  - NC Charter Schools Advisory Board
  - Energy Policy Council, Chair
  - Military Affairs Commission
  - Domestic Violence Commission
  - NC Capital Planning Commission, Vice-Chair

Office of the Lieutenant Governor's Budget Overview

	FY 2010-11 Actual Budget	FY 2011-12 Actual Budget	FY 2012-13 Actual Budget	FY 2013-14 Actual Budget	FY 2014-15 Authorized Budget
Requirements	$890,047	$768,110	$587,872	$623,851	$676,899
Receipts	$4,263	$2	$10,007	$9	$0
Appropriations	$885,784	$768,108	$577,865	$623,842	$676,899
FTEs	12.0	9.0	3.0	6.0	6.0

Office of the Lieutenant Governor Authorized Budget FY 2014-15



Information Requested from the Office of the Lieutenant Governor

- Initiatives by the Office
- FY 2013-14 total requirements overview
  - Nonprofit funding

Questions?

ATTENDANCE

HOUSE COMMITTEE ON APPROPRIATIONS GENERAL GOVERNMENT

2015-2016 SESSION

DATES	2/24														
BROWN, RAYNE CHAIR	✓														
CLEVELAND, GEORGE CHAIR	✓														
RIDDELL, DENNIS CHAIR	e														
BRODY, MARK VICE-CHAIR	✓														
FISHER, SUSAN VICE-CHAIR	✓														
FLOYD, ELMER VICE-CHAIR	✓														
PITTMAN, LARRY VICE-CHAIR	e														
ADCOCK, GALE MEMBER	✓														
AGER, JOHN MEMBER	e														
QUEEN, SAM JOE MEMBER	✓														
WATFORD, SAM MEMBER	✓														
BRIDGES, CARA STAFF	✓														
HOLLOWELL, LISA STAFF	✓														
SATER, DANIEL STAFF	✓														
AHLIN, PAMELA CLERK	e														
BAILEY, ANDREW CLERK	✓														
RIDDELL, POLLY CLERK	e														

ATTENDANCE

Committee: Senate Appropriations on General Government and Information Technology

DATES / NAMES	2/24															
Senator Jim Davis, Chair	✓															
Senator Norman Sanderson, Chair	✓															
Senator Andrew Brock																
Senator Josh Stein	✓															
Senator Jeff Tarte																
Senator Michael Woodard	✓															
Lisa Hollowell, Staff	✓															
Daniel Sater, Staff	✓															
Cara Bridges, Staff	✓															
Karlynn O'Shaughnessy, IT Staff																
Kaye Culberson, Committee Clerk																
Kathy Voss, Committee Clerk	✓															

Committee Sergeants at Arms

NAME OF COMMITTEE Jt Committee on App. General Govt

DATE: 2-24-15 Room: 425

House Sgt-At Arms:

1. Name: Warren Hawkins
2. Name: Doug Harris
3. Name: David Leighton
4. Name: _____
5. Name: _____

Senate Sgt-At Arms:

1. Name: Steve McKaig
2. Name: Larry Hancock
3. Name: _____
4. Name: _____
5. Name: _____

Tuesday, February 24	Room	Time
APPROPRIATIONS, GENERAL GOVERNMENT (JOINT)	425	8:30 am

Name	County	Sponsor
Hope Kim	Orange	Verla Insko
Clay Griffith	Mecklenburg	John R. Bradford, III

SENATE PAGES ATTENDING

COMMITTEE: Joint Approps – Gen'l Gov't III

DATE: 2-24, TIME: 8:30, ROOM: 425

Pages: Please print legibly.....*or else!!!!!!!!!!!!!!!!*

Page Name	Hometown	Sponsoring Senator
1 Nick Mills	Raleigh	Stein
2 Hope Kim	Orange	Insko
3 Clay Griffith	Mecklenberg	Bradford
4		
5		
6		
7		
8		
9		

Do not add additional names below the grid.

Pages: Please present this form to either the Committee Clerk at the meeting or a Sgt. at Arms.

VISITOR REGISTRATION SHEET

Joint Appropriations on General Government and IT

2/24/14

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Haley Haynes	SOS
Joal H. Broun	SOS
Pam Cashwell	SEC
Perry Newson	"
Allan Ruiss	SOS
David L. Thomas	SOS
Chris Spencer	Salesforce
Ken Williams	NCS
Barbara Barnes	OSBM
Gary Pendleton	NCGA

09-21-201

VISITOR REGISTRATION SHEET

Joint Appropriations on General Government and IT

2/24/15

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Elaine Marshall	SOS
Dwayne Beaman	SOS
Rodney Maddox	SOS
[signature]	SOS
Mike Arnold	SOS
Tommy Clark	SOS

09-21-201

NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION

You are hereby notified that the **House Committee on Appropriations, General Government** will meet **JOINTLY** as follows:

DAY & DATE: Wednesday, March 4, 2015
TIME: **8:30 AM**
LOCATION: **425 LOB**
COMMENTS: **This is a Joint Committee and will be chaired by Rep. Dennis Riddell. Agenda TBD.**

Respectfully,

Representative Rayne Brown, Co-Chair
Representative George G. Cleveland, Co-Chair
Representative Dennis Riddell, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 4:29 PM on Monday, March 02, 2015.

___ Principal Clerk
___ Reading Clerk – House Chamber

Polly Riddell (Committee Assistant)

Joint Appropriations Committee for General Government
March 4, 2015, Meeting Room 425LOB, 8:30AM

Co-chairs –
Representative George Cleveland
Senator James Davis
Representative Rayne Brown
Senator Norman Sanderson
Representative Dennis Riddell

Welcome and Comments	Rep. Dennis Riddell, presiding
North Carolina State Board of Elections Budget Overview	Lisa Hollowell, FRD
Agency Presentation	Kim Strach, Executive Director NC State Board of Elections

***Next Meeting March 5, 2015*

Topic – Office of State Auditor

House Committee on Appropriations, General Government
Wednesday, March 4, 2015 at 8:30 AM
Room 425 of the Legislative Office Building

MINUTES

The House Committee on Appropriations, General Government met at 8:30 AM on March 4, 2015 in Room 425 of the Legislative Office Building. Representatives Adcock, Ager, Brody, R. Brown, Cleveland, Fisher, Floyd, Pittman, Queen, Riddell, and Watford attended. Senators Davis, Sanderson, Stein, and Tarte attended. Fiscal Staff members were Lisa Hollowell, Daniel Sater, and Cara Bridges. Senate Pro Tempore Staff member Stephen Odgen also attended.

Representative Dennis Riddell, Chair, presided. Polly Riddell was the Committee Clerk. Mrs. Ahlin was present also.

The Pages and Sergeant at Arms information sheets are part of these minutes and together are Attachment #1. The Visitors Page is included in these minutes and is Attachment #2.

The first presentation was an overview of the NC Board of Elections given by Fiscal Staff member, Lisa Hollowell. This included a budget overview as well as the major responsibilities of the NCBOE as they administer election laws in North Carolina. She covered the authorizing laws for the board as well as the authorizing laws for County Boards of Elections. Fiscal Staff has asked for the Voter Information Verification Act to be discussed in the next presentation. Mention was made of a 44% increase for the 2014-15 fiscal year which includes the Voter Information Verification Act implementation funds and additional funds appropriated to match Help America Vote Act funds. The document from this presentation is labeled Attachment #3. There were no questions asked of Ms. Hollowell.

Kim Strach began the presentation by the NC Board of Elections. She gave a brief overview. Amy Strange discussed the use of HAVA (Help America Vote Act) funds in compliance with the state HAVA Plan with the majority of those funds going to update the Statewide Elections Information Management System. Kim Strach presented an overview of the SEIMS system at this time. Ms. Strange then covered the VIVA funds and implementation. There is 1 million dollars in reserve for this fund. Ms. Strach then presented the VIVA outreach efforts of NCBOE. They used billboards, mailings, polling place signage, public presentations, and NC State Fair exhibit for outreach. Amy Strange covered the Investigator Positions Timeline. Then Kim Strach finished the presentation by informing the committee about the investigator workload, decertification of DRE (direct record electronic) voting, acquisition of voting system, and campaign finance e-filing software. Documents given are labelled Attachment #4. Questions from Representatives Cleveland, Davis, Fisher, Floyd, Queen, Riddell, Senators Tarte and Stein were answered by Kim Strach and Amy Strange directly.

The meeting adjourned at 9:45 AM.

Representative Dennis Riddell, Chair
Presiding

Polly Riddell, Committee Clerk

ATTACHMENT 1

Committee Sergeants at Arms

NAME OF COMMITTEE Joint Committee on App, General Government

DATE: 3-4-2015 Room: 425

House Sgt-At Arms:

1. Name: Warren Hawkins
2. Name: Doug Harris
3. Name: David Leighton
4. Name:
5. Name:

Senate Sgt-At Arms:

1. Name: Hal Roach
2. Name: Terry Barnhardt
3. Name:
4. Name:
5. Name:

SENATE PAGES ATTENDING

COMMITTEE: Joint App – Gen'l Gov't

DATE: 3/4, TIME: 8:30, ROOM: 425

Pages: Please print legibly.....*or else!!!!!!!!!!!!!!!!*

Page Name	Hometown	Sponsoring Senator
1 Joshua D. Kohr	Havelock	Sanderson
2		
3		
4		
5		
6		
7		
8		
9		

Do not add additional names below the grid.

Pages: Please present this form to either the Committee Clerk at the meeting or a Sgt. at Arms.

Wednesday, March 4	Room	Time
APPROPRIATIONS, GENERAL GOVERNMENT (JOINT)	425	8:30 am

Name	County	Sponsor
Emilyann Marsh	Johnston	Speaker

ATTACHMENT 2

VISITOR REGISTRATION SHEET

Joint Committee on App, General Government 3-4-2015
Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Martha [illegible]	DCI
Ken Williams	JLC
Ben Brown	NCO
Josh Lawson	NC SCC
[illegible]	[illegible]
Kim Sigmon	NC DOE
Margaret Duke	OSHR
[illegible]	OSC
Emily Sco[illegible]	[illegible]

VISITOR REGISTRATION SHEET

Joint Committee on App, General Government — 3-4-2015
Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jim DeLaney	Voter Integrity Project
Matthew Cobb	Senate Intern
[illegible]	[illegible]
[illegible]	MCC
Andis Watkins	SEANC

ATTACHMENT # 3

North Carolina State Board of Elections Budget Overview

Joint Appropriations Subcommittee for General Government

March 3, 2015

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

North Carolina State Board of Elections Presentation Outline

- Mission, Authorizing Laws, and Roles and Responsibilities
- Organizational Chart
- State Board of Elections and County Boards of Elections
- Budget
  - Actuals and Authorized
  - Composition
- Divisions
- Special Funding
- Information Requested

North Carolina State Board of Elections

- Mission - Promote confidence among the citizens of North Carolina in the integrity of the free election process through the consistent administration and equal application of all elections and campaign finance laws, rules, and regulations.
- GS 163-22 The State Board of Elections is an independent regulatory and quasi-judicial agency. The State Board of Elections shall exercise its statutory powers, duties, functions, authority, and shall have all powers and duties conferred upon the heads of principal departments under G.S. 143B-10. (1973, c. 1409, s. 2.)
- GS 163-19
  - Membership = 5 Registered Voters
  - Appointed by the Governor to four year terms
  - Can serve no more than two consecutive terms

North Carolina State Board of Elections Authorizing Laws

- GS 163-22 – Powers and Duties of State Board of Elections
  - Appoint the Executive Director (term of 4 years)
  - General Supervision over primaries and elections
  - Produce copies of all election laws and Board rules
  - Appoint all members of county boards of elections
  - Remove county boards of elections members if necessary
  - May investigate the administration of election laws
  - Determine ballot contents, styles, instruction sheets, poll books, etc. and require county boards of elections to purchase necessary forms
  - Prepare and distribute ballots, supervise local ballots
  - Certify the names of candidates to be on local ballots
  - Certify and declare the results
- GS 163-82.11&12
  - Statewide Voter Database and maintain individual county's list

North Carolina State Board of Elections Authorizing Laws – County Boards of Elections

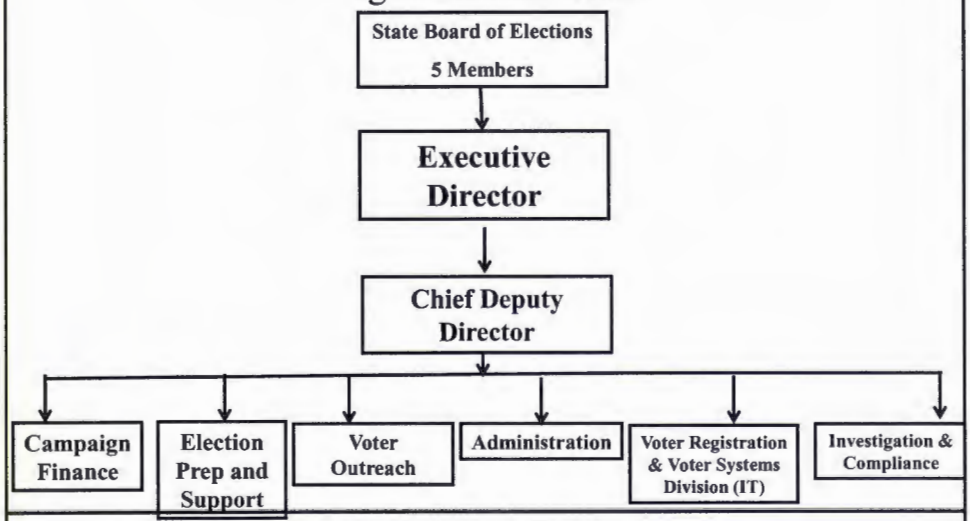
- GS 163-30
  - Each county has a board comprised of 3 members, registered voters
  - 2 year terms
  - Recommended by the State Chairpersons of each political party
  - Appointed by the State Board of Elections

North Carolina State Board of Elections Authorizing Laws – County Boards of Elections

- GS 163-33 Powers and Duties of County Boards of Elections
  - Create rules for guidance of elections
  - Appoint all chief judges, judges, assistants, and other officers of elections
  - Investigate irregularities or nonperformance of duties by election officials
  - Establish election precincts
  - Provide the ballots, supplies, and distribution to the voting places
  - Issue all notices regarding elections
  - Appoint and remove personnel
  - Counties fund the cost of elections, personnel, equipment and maintenance of equipment, election day poll workers, and other costs associated with administration of elections
  - Campaign finance review

North Carolina State Board of Elections

Organizational Chart



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

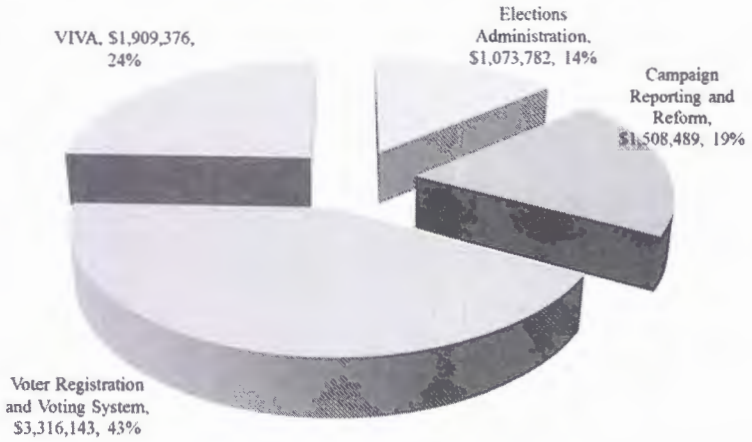
State Board of Elections Budget

	FY 2010-11 Actual Budget	FY 2011-12 Actual Budget	FY 2012-13 Actual Budget	FY 2013-14 Actual Budget	FY 2014-15 Authorized Budget
Requirements	$6,581,704	$6,225,311	$5,061,863	$5,437,440	$7,807,790
Receipts	$791,218	$1,527,808*	$403,973	$116,079	$1,004,535
Appropriations	$5,790,486	$4,697,503	$4,657,890	$5,321,362	$6,803,255
FTEs	65	51	51	54.5	57.5

*FY 2014-15 includes Voter Information Verification Act (VIV) implementation funds and additional funds appropriated to match Help America Vote Act (HAVA) funds.

State Board of Elections
Budget Composition
Authorized Budget 2014-15

State Board of Elections
Total by Functions, Authorized Budget 2014-15



State Board of Elections

- **Elections Administration**
  - Supervise all elections
  - Appoint, train, and supervise election officials
  - Supervise appointment and training of local election officials
    - Create training videos that counties may use in their training efforts
  - Investigate administration of election laws, fraud and irregularities in elections

State Board of Elections

- **Voter Registration and Voter Systems (IT)**
  - Maintain the statewide voter database
    - Statewide Election Information Management System (SEIMS)
    - 6,323,295 Registered Voters as of February 2015
    - Provide voter information to County Boards of Elections
    - Maintain SBOE's website
    - Support the campaign finance reporting systems

State Board of Elections

- **Campaign Finance**
  - Oversee the campaign disclosures of money spent for political activities
  - Supervise campaign reporting in county boards of elections
  - Audit candidates' and political committee required reports (statewide and district offices)
  - Investigate claims of violation of campaign finance laws
    - Conduct hearings when necessary
    - Issues findings/determinations

State Board of Elections Special Funds

- Help America Vote Act, Title I
- Help America Vote Act, Title II
- Voter Information Verification Act Funds

State Board of Elections
Help America Vote Act of 2002

Federal law established new minimum standards for states to follow in administration of elections

- Allowing provisional ballots
- Dissemination of voting information
- Required updated voting equipment
- Established voter identification procedures
- Administrative Complaint Procedures

Title II, **Balance $4,125,497**

- $390,871 was appropriated for FY 2014-15 in order to spend $4 million remaining balance
- Upgrade the centralized Statewide Election and Information Management System (SEIMS) and fund two time-limited positions in FY 2014-15.

State Board of Elections
VIVA Funds

- SL 2013-381 appropriated $1,000,000 recurring for VIVA. Funds may be used for outreach and operations by the State Board of Elections, reimbursement for issuance of state-issued identification cards by Division of Motor Vehicles, reimbursement for the State Registrar for the provision of free vital records certificates, and for reimbursement to county governments.

Presentation Information Requested

1. HAVA Funds - Status of use/contracts, etc.
2. Implementation of VIVA – Update
3. Implementation of moving from touch-screen to optic scan paper ballots among counties
   - What is SBOE's role in this?
4. Campaign Finance IT System
   - How was this contract funded?
   - What is the status of replacement?

State Board of Elections

Questions?

ATTACHMENT # 4

NORTH CAROLINA
State Board *of* Elections

Before the Joint Committee on Appropriations General Government

WEDNESDAY, MARCH 4, 2015

KIM STRACH & AMY STRANGE

Help America Vote Act Funds

$4.06M available in federal HAVA Title II funds remaining

$3.4M in state Maintenance of Effort Funds

SEIMS – Statewide Election Information Management System

- Originally completed in 1999
- HAVA funds used to upgrade software
- Cost to upgrade $4.4M

SEIMS Software Features

- Manage voter registration
- Manage candidate filing
- Election contest setup
- Ballot coding
- Electronic pollbooks
- Aggregating & reporting election results
- Managing polling places & election workers
- Managing & verifying petitions
- Absentee voting
- Provisional voting

SEIMS Rewrite Project

CURRENT

13 separate server applications

13 separate logins for EACH COUNTY

Single-county access to data

FUTURE

Three applications

- One web-based integrated application
- Electronic pollbooks with real-time updates
- Election night reporting tool

One login per county

Statewide access to data

Automation of removals (felons, deaths, cancellations)

SEIMS Upgrade Plan

Phase I Project Plan

1st RFP issued to write business requirements

Top choice vendor identified

Awaiting approval to contract

Two ITS Project Managers assigned

Deliverable - Business processes & technical requirements defined

Phase II Project Plan

2nd RFP issued for software development, testing, training & statewide rollout

Deliverable - Upgraded election management system

VIVA Implementation – Free IDs

NC DOT

701 IDs issued through 12/31/2014

Reimbursement total $1,752.50

DHHS

0 reimbursements requested

Registers of Deeds

1 birth certificate (Alamance County)

Reimbursement total $10

VIVA Outreach Efforts

Billboards – 16,500,000 views based on traffic counts

- Voter registration deadline
- One-stop early voting dates

Mailings

- 218,000 letters to registered voters without a NC DMV number
- 10,800 letters w/ response cards to those who signed affidavit of no photo ID in 2014

Polling Place Signage

- Posters displayed at all polling locations
- Cards with info on obtaining free photo ID

VIVA Outreach Efforts

Public presentations

- 55 presentations with 2,800+ attendees total

NC State Fair Exhibit

- Info on voter ID
- Info on voter registration
- Early voting site lookup
- Polling place lookup
- Absentee ballot information
- Fair attendance = 930,000

VIVA Outreach Efforts

Partnerships with interest groups to disseminate information about voter ID requirements

- Membership organizations
- Statewide associations
- Political parties
- Non-profit groups
- Civic groups
- Churches
- Fraternal organizations
- Colleges/Universities
- NC Indian tribes

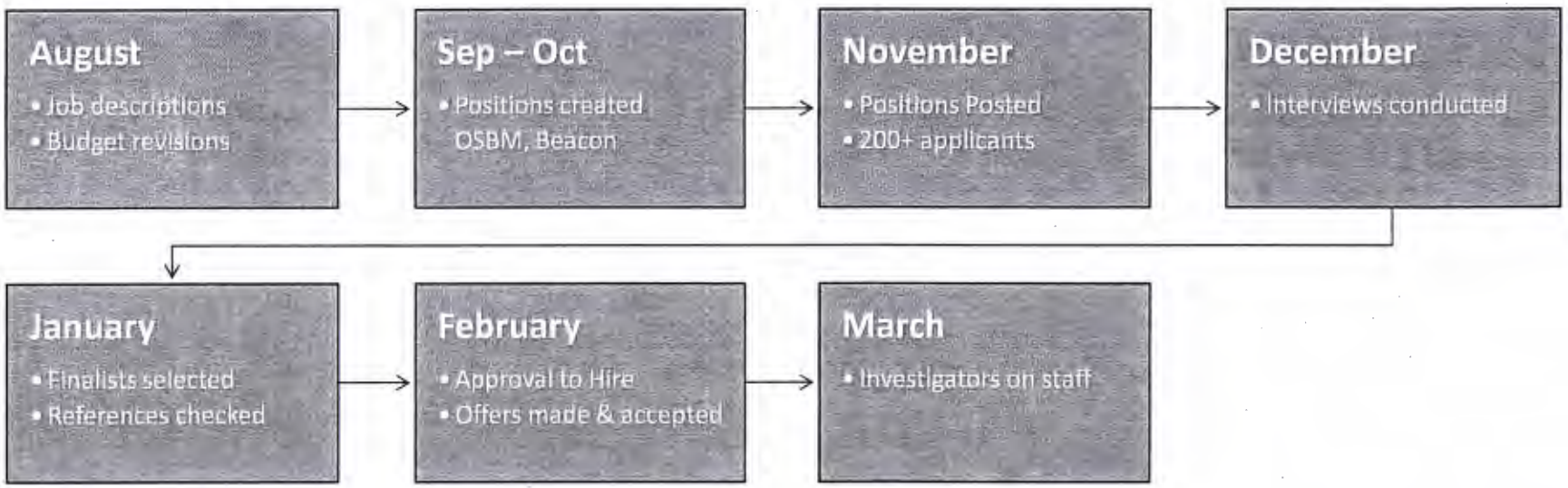
VIVA Outreach Efforts

Advertising Campaign

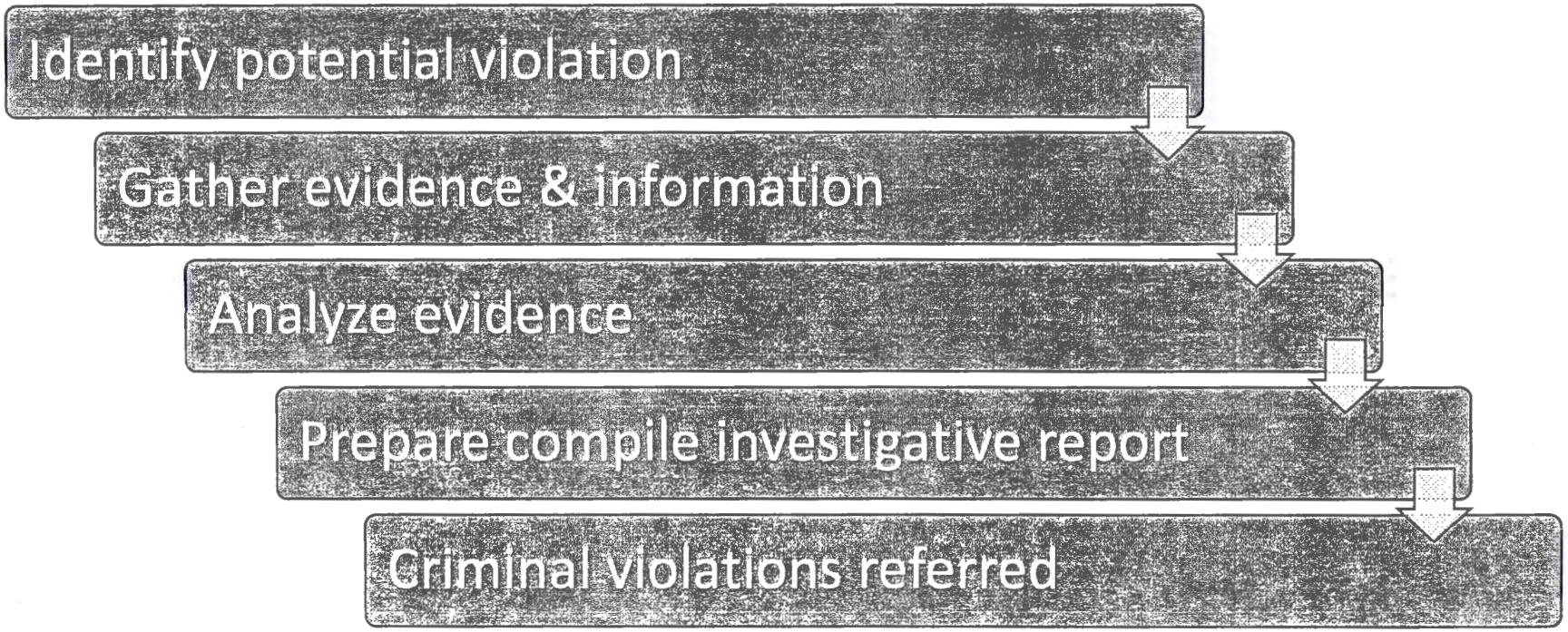
- RFP issued February 2015
- Television ads
- Radio ads
- Billboard ads
- Training for election workers

Ads will begin running in fall 2015

Investigator Positions Timeline



Investigative Lifecycle



Investigator Workload

Voter integrity investigations

- Interstate crosscheck
- Citizenship audits
- Intrastate data integrity audits
- Complaints

Campaign Finance investigations

- Audits
- Complaints/inquiries

Decertification of DRE Voting Systems

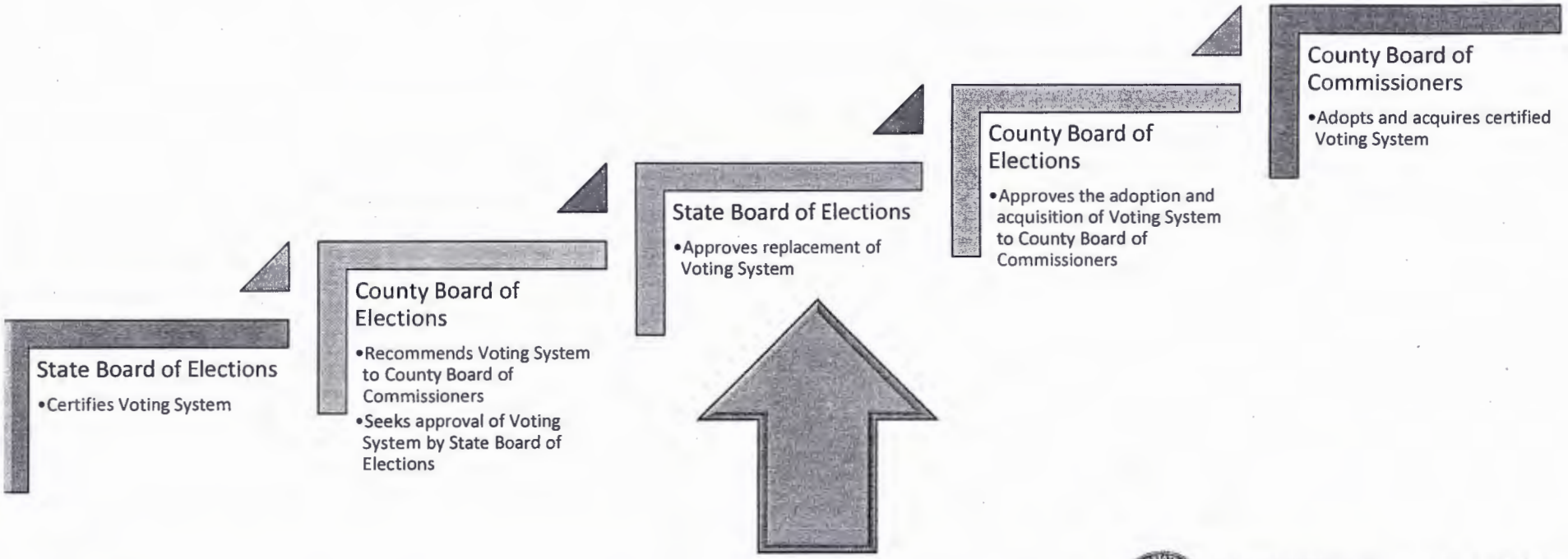
SESSION LAW 2013-381

HOUSE BILL 589

SECTION 30.8. Any direct record electronic (DRE) voting systems currently certified by the State Board of Elections which do not use paper ballots shall be decertified and shall not be used in any election held on or after January 1, 2018. Decertification of a DRE voting system that does not use paper ballots may not be appealed to the Superior Court of Wake County pursuant to G.S. 163-165.7(b).

SECTION 30.9. This Part becomes effective January 1, 2018.

Overview of Acquisition of Voting System



NORTH CAROLINA
State Board of Elections

Campaign Finance E-filing Software

$671,893 non-recurring appropriation in S.L. 2010-0123, sec. 2.2(1)

$350,000 non-recurring appropriation in S.L. 2010-0123, sec. 11.18

Paid vendor in August 2011.

No clearly-defined deliverables and deadlines.

Renegotiation attempted in summer 2013 with assistance of AG's office. No agreement reached.

Current system now 13 years old.

Campaign Finance E-filing Software

2014 – Partnered with ITS

- Business Requirements Unit
- Project Manager assigned

Web-based tool

- Works on all operating systems
- Reminders when report deadlines approaching and if deadlines missed
- Instant notification of successful submission
- No import delays

AMENDMENT 1 to ITS-004900

THIS AMENDMENT Number 1 is entered into by and between SOE Software Corporation and the North Carolina State Board of Elections as of the last date of execution below.

This Amendment will be governed by the Terms and Conditions of ITS-004900.

The State Board of Elections now desires to add the following ~~two~~ enhancements to the current SOE suite of software in the amount not to exceed $491,893.00:

1. Treasurer's Data Entry Solution – This enhancements will allow SBE to provide software to campaign treasurers that will help them manage their campaign reporting schedules and electronically send that information to SBE.

Except as now amended herein, the Terms and Conditions of ITS-004900 remains in full force and effect as written. The signature by the State on this Amendment shall constitute of the modifications herein.

Executed by authorized officials as of the day and date indicated below.

Vendor:	Agency:
SOE Software Corporation	Department of Administration State Board of Elections
BY:	BY:
Marc Fratello	Gary O. Bartlett
Print Name	Print Name
Signature	Signature
CEO	Executive Director
Title of Signer	Title of Signer
4/29/11	6/23/2011
Date of Execution	Date of Execution

AMENDMENT 1 to ITS-003466

THIS AMENDMENT Number 1 is entered by and between SOE Software Corporation and the North Carolina State Board of Elections as of the last date of execution below.

This Amendment will be governed by the Terms and Conditions of ITS-003466.

The State Board of Elections now desires to add the following enhancement to the current SOE suite of software in the amount not to exceed $496,893.00:

1. Web Front End Presentation Layer- This enhancement is a continuation of the current CONNECT website software and will provide a searchable public database.

Except as now amended herein, the Terms and Conditions of ITS-003466 remains in full force and effect as written. The signature by the State on this Amendment shall constitute of the medications herein.

Executed by authorized officials as of the day and date indicated below.

Vendor:	Agency:
SOE Software Corporation	Department of Administration State Board of Elections
BY:	BY:
Marc Fratello Print Name	Gary O. Bartlett Print Name
Marc J. Fratello Signature	Gary O. Bartlett Signature
C.I.O Title of Signer	Executive Director Title of Signer
6/23/11 Date of Execution	6/28/11 Date of Execution

JOINT APPROPRIATIONS ON GENERAL GOVERNMENT (HOUSE RECORD)

2015-2016 Session
Book 2 of 2

REP. GEORGE G. CLEVELAND, Chair
REP. RAYNE BROWN, Chair
REP. DENNIS RIDDELL, Chair
SEN. JIM DAVIS, Chair
SEN. NORMAN SANDERSON, Chair

Pamela Ahlin, Committee Assistant
Andrew Bailey, Committee Assistant
Polly Riddell, Committee Assistant
Kaye Culberson, Committee Assistant
Kathy Voss, Committee Assistant

NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION

You are hereby notified that the **House Committee on Appropriations, General Government** will meet **JOINTLY** as follows:

DAY & DATE: Thursday, March 5, 2015
TIME: **8:30 AM**
LOCATION: **425 LOB**
COMMENTS: **Rep. Cleveland will chair this Joint committee.**

Respectfully,

Representative Rayne Brown, Co-Chair
Representative George G. Cleveland, Co-Chair
Representative Dennis Riddell, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 2:33 PM on Monday, March 02, 2015.

___ Principal Clerk
___ Reading Clerk – House Chamber

Pamela Ahlin (Committee Assistant)

Joint Appropriations Committee for General Government
March 5, 2015, Meeting Room 425 LOB, 8:30AM

Co-chairs –
Representative George Cleveland
Senator James Davis
Representative Rayne Brown
Senator Norman Sanderson
Representative Dennis Riddell

Welcome and Comments	Rep. George Cleveland, Presiding
Office of the State Auditor Departmental Overview	Cara Bridges, FRD
Office of the State Auditor Information Requested	State Auditor Beth Wood

Joint Committee on Appropriations, General Government
Thursday, March 5, 2015 at 8:30 AM
Room 425 of the Legislative Office Building

MINUTES

The Joint Committee on Appropriations, General Government met at 8:30 AM on March 5, 2015 in Room 425 of the Legislative Office Building. Representatives Adcock, Ager, Brody, R. Brown, Cleveland, Fisher, Floyd, Pittman, Riddell, Queen, and Watford attended. Senate members in attendance were J. Davis, Sanderson, Stein, and Tarte. Fiscal Staff members in attendance were Lisa Hollowell, Daniel Sater, and Cara Bridges. Pamela Ahlin was the Committee Clerk for the meeting. Attached to the Minutes are the Staff for the Sergeant at Arms, the Pages for the meeting, and the attendance sheets for agency representatives and the public visitors.

Representative George G. Cleveland, Chair, presided.

Cara Bridges from the Fiscal Research Division presented a Departmental Overview of the Office of State Auditor (Attachment #1). She also presented a copy of the NC law relating to the responsibilities and duties of the State Auditor (Attachment #2).

Beth Wood, the State Auditor, presented the information that the members had inquired about regarding audits and retention of workers (Attachment #3).

Following the Auditor's presentation, questions were presented and a discussion followed. The Auditor faces a difficulty with retaining good workers since they are lured away by other state agencies and the private sector. The cost and frequency of audits was discussed. Private audits done for Community Colleges were discussed. Also problematic are IT contracts that have been not spelled out, with few deliverables included, and contracts that, when filled, come in late and over budget.

There being no other business, the meeting adjourned at 9:40 AM.

George G. Cleveland
Presiding

Pamela Ahlin, Committee Clerk

North Carolina
Office of the State Auditor

Departmental Overview

Joint Appropriations Committee on General Government

March 5, 2015

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Outline

- Authorizing Laws & Responsibilities
- Mission & Vision Statement
- Budget Overview
- Audit Types
- Information Requested

Office of the State Auditor Authorizing Laws & Responsibilities

- NC Constitution Article III
  - Section 7: Officer of the State, election terms
  - Section 8: Council of State
- Article 3, § 143A-24: Creation of the Office

Office of the State Auditor Authorizing Laws & Responsibilities

- Article 5A, § 147-64.6: Duties and responsibilities
- § 147-64.6B: Reports of improper governmental activities
- § 147-64.7: Authority

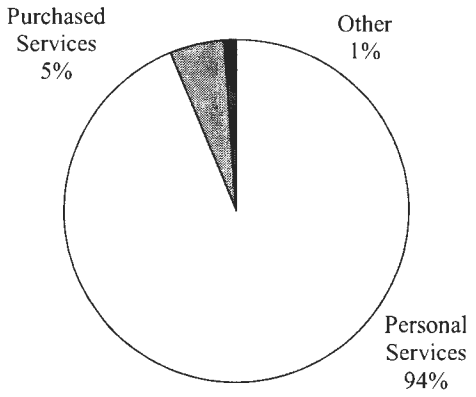
Office of the State Auditor Mission & Vision

- Mission: "We protect the interests of taxpayers and others who provide financial resources to the State of North Carolina. Specifically, we provide objective information to interested parties about whether state resources are properly accounted for, reported, and managed; as well as whether publically-funded programs are achieving desired results."
- Vision: "The Office of the State Auditor seeks to be a highly respected, professional, and productive audit organization that makes a difference in state government. The office wants its employees to be highly competent team players who enjoy their work and feel successful in their careers, while at the same time maintaining a work/life balance that allows them to have fulfilling personal lives."

Office of the State Auditor Budget Overview

	FY 2010-11 Actual Budget	FY 2011-12 Actual Budget	FY 2012-13 Actual Budget	FY 2013-14 Actual Budget	FY 2014-15 Authorized Budget
Requirements	$16,099,660	$15,300,775	$15,441,029	$14,819,716	$17,370,607
Receipts	$4,580,764	$3,854,759	$5,439,207	$5,215,908	$5,630,559
Appropriations	$11,518,896	$11,446,020	$10,001,822	$9,603,808	$11,740,048
FTEs	193	180	170	172	172

Office of the State Auditor Authorized Budget FY 2014-15



Office of the State Auditor Audit Types

- Financial Statement
  - Federal Compliance
  - Statewide Single Audit
  - CAFR
- Performance / Financial Related
- Information Systems
- Investigative Reports

Office of the State Auditor Information Requested

- State Treasurer's Office pension fund audit
- Publishing reports of certain audits
- Licensing board audit fees
- Employee hiring & retention
- Community college audits
- Financial audits of State agencies

Questions?

Office of the State Auditor Authorizing Laws

- NC Constitution Article III,
  - Section 7: (1) Officers. A Secretary of State, an Auditor, a Treasurer, a Superintendent of Public Instruction, an Attorney General, a Commissioner of Agriculture, a Commissioner of Labor, and a Commissioner of Insurance shall be elected by the qualified voters of the State in 1972 and every four years thereafter, at the same time and places as members of the General Assembly are elected. Their term of office shall be four years and shall commence on the first day of January next after their election and continue until their successors are elected and qualified.
  - Section 8: Council of State. The Council of State shall consist of the officers whose offices are established by this Article.

Office of the State Auditor Authorizing Laws

Article 3§ 143A-24. Creation. There is hereby created a Department of State Auditor. The head of the Department of the State Auditor is the State Auditor. (1971, c. 864, s. 5.)

§ 143A-25. State Auditor; powers and duties. The State Auditor shall have such powers and duties as are conferred on him by this Chapter, delegated to him by the Governor, and conferred by the Constitution and laws of this State. (1971, c. 864, s. 5.)

§ 143A-26. State Auditor; transfer of powers and duties to Department. Except as otherwise provided in the Constitution or by this Chapter, all powers, duties and functions of the State Auditor are transferred by a Type I transfer to the Department of the State Auditor. (1971, c. 864, s. 5.)

Office of the State Auditor Authorizing Laws

§ 143A-27. North Carolina Firemen's Pension Fund; transfer. The North Carolina Firemen's Pension Fund, as contained in Article 86 of Chapter 58 of the General Statutes and the laws of this State, is hereby transferred by a Type II transfer to the Department of State Auditor. (1971, c. 864, s. 5.)

§ 143A-27.1. North Carolina Firemen's and Rescue Squad Workers' Pension Fund; transfer. The "North Carolina Firemen's and Rescue Squad Workers' Pension Fund", as contained in Article 86 of Chapter 58 of the General Statutes is hereby transferred by a Type II transfer to the Department of State Auditor. (1981, c. 1029, s. 3.)

§ 143A-29. State Board of Pensions; transfer. The State Board of Pensions, as contained in Article 2 of Chapter 112 of the General Statutes and the laws of this State, is hereby transferred by a Type II transfer to the Department of State Auditor. (1971, c. 864, s. 5.)

Office of the State Auditor Audit Types

- Financial Statement
  - "The Office of the State Auditor performs financial statement audits for the State of North Carolina, state agencies, state universities, community colleges and other units of state government. The objective of a financial statement audit is to determine whether an agency's financial statements are fairly presented. The audit does not determine with absolute certainty that the financial statements are totally correct. Rather, the audit provides reasonable assurance that the financial statements are not wrong by an amount so large that it would mislead someone using them to make an important decision about the organization's financial situation."

Office of the State Auditor Audit Types

- Performance/Financial Related
  - "Performance and Financial Related audits provide independent and objective appraisals of agency management practices and operational results to state leaders and the public. They help improve performance, strengthen accountability, and enhance transparency of state government programs. Performance audits evaluate broad topics that could include program outcome, while Financial Related Audits have narrower scopes and do not evaluate program outcomes."
  - Examples:
    - Office of Indigent Defense Services - Assignment and Payment of Private Counsel, 10/16/2014 (Performance)
    - North Carolina Substance Abuse Professional Practice Board, 2/5/2015 (Financial Related)

Office of the State Auditor Audit Types

- Information Systems
  - "Information Systems audits evaluate risks relevant to information systems assets and assess controls in place to reduce or mitigate these risks. IS auditors also verify systems and applications are appropriate for agency needs, are efficient, and are adequately controlled to ensure valid, reliable, timely operation."
  - Example: Statewide Information Technology Project Benefits and Governance, 2/3/2015

Office of the State Auditor Audit Types

- Investigative Reports
  - "Investigators within the Office of the State Auditor are required by state law to investigate any allegations made to the State Auditor's Hotline. These allegations include instances of fraud, waste and abuse of state tax dollars within government agencies and by private groups that receive state money or other support. The allegations are often referred to law enforcement agencies for additional investigation or prosecution. While many of our investigators are trained as auditors, they do not conduct audits. They are charged with investigating wrongdoing and use a variety of techniques to produce their reports."
  - Example: Kinston Charter Academy, 1/28/2015

Article 5A.

Auditor.

§ 147-64.6. Duties and responsibilities.

(a) It is the policy of the General Assembly to provide for the auditing of State agencies by the impartial, independent State Auditor.

(b) The duties of the Auditor are independently to examine into and make findings of fact on whether State agencies:

(1) Have established adequate operating and administrative procedures and practices; systems of accounting, reporting and auditing; and other necessary elements of legislative or management control.

(2) Are providing financial and other reports which disclose fairly, consistently, fully, and promptly all information needed to show the nature and scope of programs and activities and have established bases for evaluating the results of such programs and operations.

(3) Are promptly collecting, depositing, and properly accounting for all revenues and receipts arising from their activities.

(4) Are conducting programs and activities and expending funds made available in a faithful, efficient, and economical manner in compliance with and in furtherance of applicable laws and regulations of the State, and, if applicable, federal law and regulation.

(5) Are determining that the authorized activities or programs effectively serve the intent and purpose of the General Assembly and, if applicable, federal law and regulation.

(c) The Auditor shall be responsible for the following acts and activities:

(1) Audits made or caused to be made by the Auditor shall be conducted in accordance with generally accepted auditing standards as prescribed by the American Institute of Certified Public Accountants, the United States General Accounting Office, or other professionally recognized accounting standards-setting bodies.

(2) Financial and compliance audits may be made at the discretion of the Auditor without advance notice to the organization being audited. Audits of economy and efficiency and program results shall be discussed in advance with the prospective auditee unless an unannounced visit is essential to the audit.

(3) The Auditor, on the Auditor's own initiative and as often as the Auditor deems necessary, or as requested by the Governor or the General Assembly, shall, to the extent deemed practicable and consistent with the Auditor's overall responsibility as contained in this act, make or cause to be made audits of all or any part of the activities of the State agencies.

(4) The Auditor, at the Auditor's own discretion, may, in selecting audit areas and in evaluating current audit activity, consider and utilize, in whole or in part, the relevant audit coverage and applicable reports of the audit staffs of the various State agencies, independent contractors, and federal agencies. The Auditor shall coordinate, to the extent deemed practicable, the auditing conducted within the State to meet the needs of all governmental bodies.

(5) The Auditor is authorized to contract with federal audit agencies, or any governmental agency, on a cost reimbursable basis, for the Auditor to perform audits of federal grants and programs administered by the State Departments and institutions in accordance with agreements negotiated between the Auditor and the contracting federal audit agencies or any governmental agency. In instances where the grantee State agency shall subgrant these federal funds to local governments, regional councils of government and other local groups or private or semiprivate institutions or agencies, the Auditor shall have the authority to examine the books and records of these subgrantees to the extent necessary to determine eligibility and proper use in accordance with State and federal laws and regulations. The Auditor shall charge and collect from the contracting federal audit agencies, or any governmental agencies, the actual cost of all the audits of the grants and programs contracted by him to do. Amounts collected under these arrangements shall be deposited in the State Treasury and be budgeted in the Department of State Auditor and shall be available to hire sufficient personnel to

perform these contracted audits and to pay for related travel, supplies and other necessary expenses.

(6) The Auditor is authorized and directed in the Auditor's reports of audits or reports of special investigations to make any comments, suggestions, or recommendations the Auditor deems appropriate concerning any aspect of such agency's activities and operations.

(7) The Auditor may charge and collect from each examining and licensing board the actual cost of each audit of such board. Costs collected under this subdivision shall be based on the actual expense incurred by the Auditor's office in making such audit and the affected agency shall be entitled to an itemized statement of such costs. Amounts collected under this subdivision shall be deposited into the general fund as nontax revenue.

(8) The Auditor shall examine as often as may be deemed necessary the accounts kept by the Treasurer, and if the Auditor discovers any irregularity or deficiency therein, unless the same be rectified or explained to his satisfaction, report the same forthwith in writing to the General Assembly, with copy of such report to the Governor and Attorney General. In addition to regular audits, the Auditor shall check the treasury records at the time a Treasurer assumes office (not to succeed himself or herself), and therein charge the Treasurer with the balance in the treasury, and shall check the Treasurer's records at the time the Treasurer leaves office to determine that the accounts are in order.

(9) The Auditor may examine the accounts and records of any bank or financial institution relating to transactions with the State Treasurer, or with any State agency, or the Auditor may require banks doing business with the State to furnish the Auditor information relating to transactions with the State or State agencies.

(10) The Auditor may, as often as the Auditor deems advisable, conduct a detailed review of the bookkeeping and accounting systems in use in the various State agencies which are supported partially or entirely from State funds. Such examinations will be for the purpose of evaluating the adequacy of systems in use by these agencies and institutions. In instances where the Auditor determines that existing systems are outmoded, inefficient, or otherwise inadequate, the Auditor shall recommend changes to the State Controller. The State Controller shall prescribe and supervise the installation of such changes, as provided in G.S. 143B-426.39(2).

(11) The Auditor shall, through appropriate tests, satisfy himself or herself concerning the propriety of the data presented in the Comprehensive Annual Financial Report and shall express the appropriate auditor's opinion in accordance with generally accepted auditing standards.

(12) The Auditor shall provide a report to the Governor and Attorney General, and other appropriate officials, of such facts as are in the Auditor's possession which pertain to the apparent violation of penal statutes or apparent instances of malfeasance, misfeasance, or nonfeasance by an officer or employee.

(13) At the conclusion of an audit, the Auditor or the Auditor's designated representative shall discuss the audit with the official whose office is subject to audit and submit necessary underlying facts developed for all findings and recommendations which may be included in the audit report. On audits of economy and efficiency and program results, the auditee's written response shall be included in the final report if received within 30 days from receipt of the draft report.

(14) The Auditor shall notify the General Assembly, the Governor, the Chief Executive Officer of each agency audited, and other persons as the Auditor deems appropriate that an audit report has been published, its subject and title, and the locations, including State libraries, at which the report is available. The Auditor shall then distribute copies of the report only to those who request a report. The copies shall be in written or electronic form, as requested. He shall also file a copy of the audit report in the Auditor's office, which will be a permanent public record. In addition, the Auditor may publish on his or her Web site any reports from audits of State agencies not directly conducted by the Auditor. Nothing in this subsection shall be construed as authorizing or permitting the publication of information whose disclosure is otherwise prohibited by law.

(15) It is not the intent of the audit function, nor shall it be so construed, to infringe upon or deprive the General Assembly and the executive or judicial branches of State government of any rights, powers, or duties vested in or imposed upon them by statute or the Constitution.

(16) The Auditor shall be responsible for receiving reports of allegations of the improper governmental activities as provided in G.S. 147-64.6B. The Auditor shall adopt policies and procedures necessary to provide for the investigation or referral of these allegations.

(17) Repealed by Session Laws 2009-136, s. 2, effective June 19, 2009.

(18) Repealed by Session Laws 2010-31, s. 6.15(b), effective July 1, 2010.

(19) Whenever the Auditor believes that information received or collected by the Auditor may be evidence of a violation of any of the provisions of Chapter 138A of the General Statutes, Chapter 120C of the General Statutes, or Article 14 of Chapter 120 of the General Statutes, the Auditor shall report that information to the State Ethics Commission and the Secretary of State as appropriate. The Auditor shall be bound by interpretations issued by the State Ethics Commission as to whether or not any information reported by the Auditor under this subdivision involves or may involve a violation of Chapter 138A of the General Statutes, Chapter 120C of the General Statutes, or Article 14 of Chapter 120 of the General Statutes. Nothing in this subdivision shall be construed to limit the Auditor's authority under subdivision (1) of this subsection.

(20) Whenever the Auditor believes that information received or collected by the Auditor may be evidence of criminal misconduct, the Auditor shall report that information to either the State Bureau of Investigation or the District Attorney for the county where the alleged misconduct occurred. Nothing in this subdivision shall be construed to limit the Auditor's authority under subdivision (1) of this subsection.

(d) Reports and Work Papers. - The Auditor shall maintain for 10 years a complete file of all audit reports and reports of other examinations, investigations, surveys, and reviews issued under the Auditor's authority. Audit work papers and other evidence and related supportive material directly pertaining to the work of the Auditor's office shall be retained according to an agreement between the Auditor and State Archives. To promote intergovernmental cooperation and avoid unnecessary duplication of audit effort, and notwithstanding the provisions of G.S. 126-24, pertinent work papers and other supportive material related to issued audit reports may be, at the discretion of the Auditor and unless otherwise prohibited by law, made available for inspection by duly authorized representatives of the State and federal government who desire access to and inspection of such records in connection with some matter officially before them, including criminal investigations.

Except as provided in this section, or upon an order issued in Wake County Superior Court upon 10 days' notice and hearing finding that access is necessary to a proper administration of justice, audit work papers and related supportive material shall be kept confidential, including any interpretations, advisory opinions, or other information or materials furnished to or by the State Ethics Commission under this section. (1983, c. 913, s. 2; 1985 (Reg. Sess., 1986), c. 1024, ss. 24, 25; 1987, c. 738, s. 62; 1989, c. 236, s. 2; 1999-188, s. 2; 2001-142, s. 2; 2001-424, ss. 9.1(a), 15.2(c); 2002-126, s. 27.2(b); 2002-159, s. 48; 2004-129, s. 46; 2008-215, ss. 1(a), 2, 3; 2009-136, s. 2; 2010-31, s. 6.15(b); 2010-194, s. 27; 2014-100, ss. 25.2, 25.3.)

ATTACHMENT # 3

Joint Appropriations Committee for General G
Office of the State Auditor
Thursday, March 5

1. **Update on the private audit of pension fund (Special Provision 25.1, 2014)**
   Status update on the special provision requiring the hiring of a commercial independent audit expert for the State Treasurer's Office, including any expected or realized budgetary impacts.

   - Financials for the investment programs to be prepared by Treasurer's Office – due mid-April.
     - Format prescribed by standards
     - Statement presentation to be vetted with sponsors of bill
   - Request for proposal being drafted, will be finalized after statement presentation final
   - Report due to General Assembly no later than January 1, 2016.
   - Projected date - draft RFP has draft report due Oct. 30, final report due Nov. 30
   - Budgetary impact – minimal

2. **Publishing reports of certain audits (Special Provision 25.2, 2014)**
   Status update regarding the special provision to allow the State Auditor to publish any state agency audits conducted by private firms on the Auditor's website, including any relative costs to Office.

   - 52 reports to be published
   - On website by March 31
   - Budgetary impact – minimal

   Status update regarding the option to charge for audits from licensing boards, including budgetary impacts/loss of revenue and how many boards have been audited without being charged.

   - Law changed from "shall" to "may"
   - OSA never charged licensing boards for financial related audits
   - No budgetary impact

3. **Employee hiring and retention**
   Status of IT auditor positions (2013 budget item)
   Update on recruitment for two IT security and fraud auditor positions, including total budgeted amounts for salary/benefits.
   - Hired two IT staff members
   - New expertise allows pre- and post-implementation audits of IT systems
     - NC TRACKS, NCFast, Core-Banking System

NC OSA
The Taxpayers' Watchdog

Hiring and retention

Salary and other issues for hiring and retaining auditors (including where auditors are leaving the Office to go work – other state agencies, private firms), what the Office sees as the underlying problem, steps taken to address hiring and retention issues, and recommended actions.

- Number of staff lost in 2014
  - Other State agencies
  - Universities,
  - Community colleges
  - For-Profit Industry
- Underlying problems
  - Salaries – Expectations vs. salary
  - Dynamics of the job
  - Accountability
- Steps taken
  - Good Recruiting
  - Rigorous Testing/Interviewing
  - Healthy Organization
  - Fair/Consistent Staff Development/Training/Promotions
- Recommended actions
  - OSA continues providing the above,
  - More money – Market rates last updated April 2008.

4. **Update on Community Colleges/UNC system private audits (2011 budget item)**

   Provide status update on allowance for community colleges to use private audit firms, including total number who have used a private audit, budgetary impacts on the Auditor's office, and how many community college audits the Office has bid on (including which were awarded and which were not).

   - 16 out of 58 colleges use private CPA. One college has indicated that it plans to return to OSA. (Colleges audited every other year)
   - Budgetary impact – Four positions
   - OSA does not bid – Community colleges either choose OSA to perform the audit or put audit out for bid

5. **Status report regarding recommendations from the Joint Legislative Program Evaluation Oversight Committee**

   Provide update on recommendation regarding the detailed financial audits of six state agencies for FY 2013-14 including costs that have been incurred, and expected costs going forward. Also any progress made on developing cost estimates for detailed audits on a permanent basis for all departments (update also due to House and Senate Appropriations Committees March 1, 2015).

Agency	Projected status	Cost to date
Health and Human Services	FY 2014 complete 3/31/15	$941,000
Public Instruction	FY 2014 complete 3/31/15	$294,300
Public Safety	FY 2015 complete March 2016	$ 4,100
Total		$1,239,400

Additional Costs to complete:

Health and Human Services	FY 2014 complete 3/31/15	$400,000
Public Instruction	FY 2014 complete 3/31/15	$100,000
Public Safety	FY 2015 complete March 2016	$345,000
Total		$845,000

Only Health and Human Services and Public Instruction will have financial statement audits for fiscal year June 30, 2014. The remaining four, in addition to Health and Human Services and Public Instruction, will have financial statement audits completed for fiscal year June 30, 2015. Expected completion date for these audits is March 2016.

Expected costs to complete audit of all six agencies for June 30, 2015:

Health and Human Services	$425,000 (including $100,000 for annual CAFR)
Public Instruction	$250,000 ($50,000 for CAFR)
Public Safety	$350,000
Revenue	$160,000 ($110,000 for CAFR)
Treasurer	$320,000 ($250,000 for CAFR)
Transportation	$492,500 ($150,000 for CAFR)
Total	$1,997,500

Notes:

1. *Above costs reflects expenditures incurred in a first-year audit, except for Health and Human Services and Public Instruction.*
2. *Above costs reflect OSA costs to perform the audit.*
3. *First-year financial statement audits are more costly due to beginning balance audit.*

Recommendation:

The six agencies listed should be audited annually. All other agencies to be audited every other year.

Committee Sergeants at Arms

NAME OF COMMITTEE Joint Committee on Appropriations, General Government

DATE: 3-5-2015 Room: 425

House Sgt-At Arms:

1. Name: Warren Hawkins
2. Name: Doug Harris
3. Name: David Leighton
4. Name:
5. Name:

Senate Sgt-At Arms:

1. Name: Hal Roach
2. Name: Terry Barnhardt
3. Name:
4. Name:
5. Name:

Thursday, March 5	**Room**	**Time**
APPROPRIATIONS, GENERAL GOVERNMENT (JOINT)	425	8:30 am

Name	County	Sponsor
Lauren Trivette	Bladen	William D. Brisson

SENATE PAGES ATTENDING

COMMITTEE: Joint: Gen'l Govt & I.T.

DATE: 3/5, TIME: 8:30, ROOM: 425

Pages: Please print legibly.....*or else!!!!!!!!!!!!!!!!*

Page Name	Hometown	Sponsoring Senator
1 Daria Thomas	Kinston	D. Davis
2 Kei'Sshimra Jones	Enfield	Sen. Angela Bryant.
3		
4		
5		
6		
7		
8		
9		

Do not add additional names below the grid.

Pages: Please present this form to either the Committee Clerk at the meeting or a Sgt. at Arms.

VISITOR REGISTRATION SHEET

Joint Committee on Appropriations, General Government — 3-5-2015

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	SCS
Chris Spencer	Salesforce.com Cary NC
Matthew Cobb	Senate Intern
Tonya Horton	TSS
[signature]	Gov's Office
[signature]	FST
Edgar Starnes	Treasurer
STEVE HALL	DELOITTE

VISITOR REGISTRATION SHEET

Joint Committee on Appropriations, General Government — 3-5-2015

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tim Hoegemeyer	State Auditor
Bill Holmes	State Auditor
Beth Wood	State Auditor
Katie Dunn	State Auditor
Martha Jenkins	DCR
Stan Williams	NCS
Amily McCool	NC Coalition Against Dom Violence
Isabel Villa-Garcia	NCAR
Meghan Cook	OITS

VISITOR REGISTRATION SHEET

Joint Committee on Appropriations, General Government — 3-5-2015

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
SDHARI	DST

NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION

You are hereby notified that the **House Committee on Appropriations, General Government** will meet **JOINTLY** as follows:

DAY & DATE: Thursday, March 12, 2015
TIME: **8:30 AM**
LOCATION: **425 LOB**
COMMENTS: **This Joint meeting will be chaired by Rep. Rayne Brown.**

Respectfully,

Representative Rayne Brown, Co-Chair
Representative George G. Cleveland, Co-Chair
Representative Dennis Riddell, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 9:49 AM on Thursday, March 05, 2015.

___ Principal Clerk
___ Reading Clerk – House Chamber

Pamela Ahlin (Committee Assistant)

Joint Appropriations Committee for General Government
March 12, 2015, Meeting Room 425 LOB, 8:30AM

Co-chairs –
Representative George Cleveland
Senator James Davis
Representative Rayne Brown
Senator Norman Sanderson
Representative Dennis Riddell

Welcome and Comments	Rep. Rayne Brown, presiding
Department of Administration Overview	Daniel Sater, FRD
Department of Administration Information Requested	Secretary Bill Daughtridge Barbara Roper, Chief Financial Officer Kathryn Johnson, Deputy Secretary Bill Bryan, Deputy Secretary Rhonda Todd, Legislative Liaison

***Next Meeting March 17, 2015, 8:30AM*

Topic – State Ethics Commission

House Committee on Appropriations, General Government
Thursday, March 12, 2015 at 8:30 AM
Room 425 of the Legislative Office Building

MINUTES

The House Committee on Appropriations, General Government met at 8:30 AM on March 12, 2015 in Room 425 of the Legislative Office Building. Representatives Adcock, Ager, R. Brown, Cleveland, Fisher, Pittman, Queen, Riddell, and Watford attended. Senator Tarte attended. Fiscal Staff members were Cara Bridges, Lisa Hollowell, and Daniel Sater.

Representative Rayne Brown, Chair, presided. Polly Riddell was the Committee Clerk. Mrs. Ahlin was also present.

The Pages and Sergeants at Arms information sheets are part of the minutes and together from Attachment #1. The Visitors Page is included and is Attachment #2.

The Senate scheduled session during this time, so after Senator Tarte left, we had House members only. Daniel Sater from Fiscal Research gave an overview of the Department of Administration. The DOA was created in 1957 and includes services for government and services for the public. In 2014 the legislature has appropriated 10.9 million dollars to bring the replacement schedule of the Motor Fleet Management program in line with industry standards. Mr. Sater briefly mentioned the Gov. plan for a bond proposal to use in capital repair and renovation. There were no questions for Daniel Sater.

Department of Administration Secretary Daughtridge began his overview of DOA by discussing the E Commerce Fund. He introduced Kathryn Johnston who reviewed the 1.75% fee applied to good purchased through the system and how the funds are used. Rep. Cleveland questioned the negative balance of the fund. Ms. Johnston affirmed the negative balance and Rep. Cleveland requested an accounting of it. Sec. Daughtridge further addressed the Motor Fleet Management program and the need to adjust the replacement program. Rep. Fisher questioned the fee increase and Ms. Johnston answered the question directly. Rep. Cleveland asked about a charge for mileage. Ms. Johnston expressed concern for underutilized vehicles but says there is no formal proposal now for charging mileage. Rep. Cleveland followed up by asking about privatization. Ms. Johnston stated that there is a proposal to privatize the Motor Pool component of Motorfleet, but that is a temporary rental program. Rep. Cleveland suggests this has been done in the past. Sec. Daughtridge says it costs more than the current plan. Rep. Brown questions replacing cars at 125,000 miles. Johnston says some cars at that mileage that are not well maintain or because of their use do need to be replaced at that early number. Rep. Brown asks about plans to maintain and extend the life of the vehicles. Daniel Sater refers Rep. Cleveland to p. 240 of the Gov. budget where privatization is mentioned. Rep.Riddell asks for clarification on the 125,000 mile statutory requirement. Johnston states that it is for passenger vehicles only and not Highway Patrol.

Sec. Daughtridge addresses the Eugenics program by asking attorney Bill Peaslee to comment. Rep. Queen had his question answered directly.

Stephanie Nance states that the Youth Involvement agency is the most cost effective by providing over 1 million dollars worth of services for $13,000.00 a year.

Sec. Daughtridge then discussed the plan for continued state construction and building maintenance for the 32,000 properties across that state. Rep. Fisher, Brown, Watford,Queen, and Cleveland had their questions answered directly by Mr Sater and Sec. Daughtridge. Sec. Daughtridge ended his presentation by stating that the Department of Administration seeks to save the state money by operating as efficiently as possible. They do this by buying in volume, (like in Motorfleet,) stopping losses, attaining federal grant monies, and finally by doing more work with less people (like in Youth Involvement.) Rep. Brown asks if DOA has any concerns about the budget. Barbara Roper, Chief Financial Officer of DOA answers this query with a concern about utility costs rising. Rep. Cleveland asked if we are having trouble paying our bills and Ms. Roper clarified that this is a concern for the future. Rep. Cleveland also asks about a schedule waiting for approval for future IT costs and Ms. Roper is unaware of that. Bob Zenkel(Chief Information Officer for DOA) states that schedule is waiting in OSBM. Rep. Adcock and Riddell have final questions that are answered by Daughtridge and Johnston.

The meeting adjourned at 9:39 AM.

Representative Rayne Brown, Chair
Presiding

Polly Riddell, Committee Clerk

ATTACHMENT # 1

Thursday, March 12	**Room**	**Time**
APPROPRIATIONS, GENERAL GOVERNMENT (JOINT)	425	8:30 am

Name	County	Sponsor
Miles Hunt	Wake	Rosa U. Gill
Brooke Church	Wilkes	Jeffrey Elmore

Committee Sergeants at Arms

NAME OF COMMITTEE Joint Committee on Appropriations, General Government

DATE: 3-12-2015 Room: 425

House Sgt-At Arms:

1. Name: Warren Hawkins
2. Name: Doug Harris
3. Name: David Leighton
4. Name:
5. Name:

Senate Sgt-At Arms:

1. Name: Hal Roach
2. Name: Matt Urben
3. Name:
4. Name:
5. Name:

ATTACHMENT # 2

VISITOR REGISTRATION SHEE

Jt. Appropriations Committee for General Genvernment — March 12, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kathy Johnston	DOA
Barbara Roper	DOA
	DOA
Bill Bryan	DOA
Rhonda Todd	DOA
Bob Zenkel	DOA

VISITOR REGISTRATION SHEET

Jt. Appropriations Committee for General Genvernment — March 12, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Edgar Starnes	Treasurer
Meghan Cook	OTT

ATTACHMENT # 3

Department of Administration

Overview

Joint Appropriations Subcommittee on General Government

March 12, 2015

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Outline

- Background
- Budget History
- Recent Legislative Actions
- Information Requested from DOA
- Division Descriptions

Background

- Established in G.S. 143B, Article 9 and G.S. 143
- Created in 1957
- Has two roles
  - Acts as State's business manager
  - Provides a variety of services to specific groups of citizens through a variety of commissions and divisions

Divisions: Services for Government

- Facilities Management
- Fiscal Management
- Historically Underutilized Business
- Mail Service
- Motor Fleet Management
- Purchase and Contract
- State Construction
- State Parking
- State Property
- Surplus Property

Divisions: Services for the Public

- Commission on Indian Affairs
- Council for Women
- Human Relations Commission
- Veterans Affairs
- Justice for Sterilization Victims Foundation
- Non-Public Education
- Youth Involvement

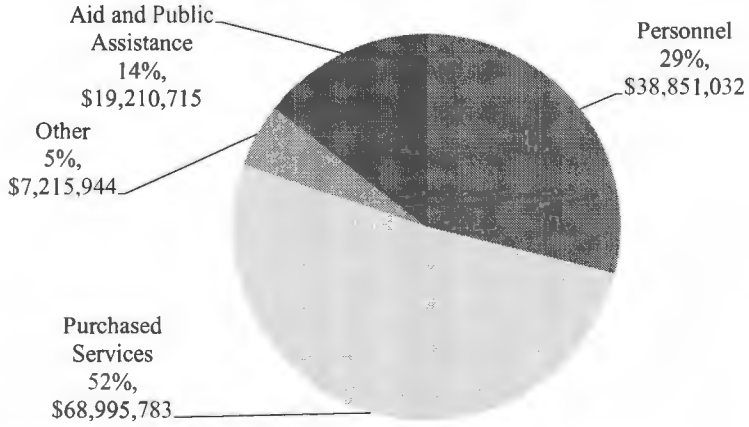
Five Year Budget History

Fiscal Year	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Authorized
Requirements	$109,621,076	$100,473,609	$105,773,636	$121,661,871	$134,273,474
Receipts	$42,782,946	$39,039,109	$44,602,675	$56,017,090	$67,994,615
Appropriation	$66,838,131	$61,434,501	$61,170,960	$65,644,781	$66,278,859
FTE	590.8	541	537.6	529.9	520.9

Sources of Receipts

- Internal Service Charges to Other State Entities (Motor Fleet, Mail Service, Etc.)
- Fees (Divorce, Marriage Filing, Registration, Etc.)
- Grants from other Government Entities
- Federal Funds

FY 2014-15Authorized Expenditures by Type



Recent Legislative Actions

- 2014:
  - Appropriates funds from the North Carolina Veterans' Home Trust Fund to support the new homes in Black Mountain and Kinston
  - Transfer $2.13M from the E-Commerce fund to general availability
  - Appropriates $10.9M from the Motor Fleet Management fund to bring the replacement schedule closer to industry standards

Information Requested from DOA

- E-Commerce fund
  - Source and balance of the fund
  - What is the origin of the fee and what would be the effects of changing the fee?
- Motor Fleet Management
  - Impact of the appropriation to bring the replacement schedule in line with industry standards
  - Vendor proposal to place tracking software in state vehicles

Information Requested from DOA

- Justice for Sterilization Victims
  - What is DOA's role in the program?
  - What is the current status of the program?
- Youth Involvement
  - Please present the findings of the continuation review required in the 2013-14 budget
- State Construction
  - DOA's role in Repair and Renovation
  - Potential impact of the Governor's proposed bond

Questions

Daniel Sater

Fiscal Research Division

Daniel.sater@ncleg.net

Division Descriptions Outline

- Facilities Management
- Purchase and Contract
- E-Commerce Fund
- State Construction
- State Property
- Historically Underutilized Businesses
- Mail Service
- Motor Fleet Management
- Surplus Property
- State Parking
- Veterans Affairs
- Council for Women
- Indian Affairs
- Human Relations Commission
- Non-public Information
- Youth Involvement

Facilities Management

Statutory Authorization: G.S. 143-341(8)a-e

- Maintains the majority of facilities within the Capital area
- In FY 2011-13, the General Assembly fully funded building reserves for the newly opened Green Square Building, Nature Research Center, and Office of the Chief Medical Examiner/Public Health Lab

Facilities Management Division

- Maintains 156 buildings and 44 parking facilities: (6,471,427 sq. ft.)
- Approximate Cost: $5.19 per Sq. Ft.
- Organized around:
  - Administration/Operations
  - Building Services
  - Building Systems
  - Construction Services
  - Landscape Services

Purchase and Contract

Statutory Authorization: G.S. 143, Article 3

- Administers and manages the majority of State contracts for goods and services and manages the State's E-Procurement System
- Administers EO-50 (NC Preference)
- Also provides services and training to a variety of non-State entities

E-Commerce Reserve Fund

- Source of receipts is a charge on all goods purchased through the State's E-Procurement System (1.75% fee)
- Fund pays for the maintenance and operation of the State's E-Procurement System
- Fund balance has been re-allocated in the past:
  - S.L. 2011-145 diverted $4,483,526 for General Availability
  - S.L. 2012-142 diverted $2,470,642 to fund the Cash Management Module at the Office of State Controller
  - S.L. 2013-360 diverted $11.1M over the biennium to General Availability and $2.69M to support operations in the Purchase and Contract Division
  - S.L. 2014-11 diverted $2.13M to General Availability

State Construction Office

Statutory Authorization: G.S. 143-341(3) and G.S. 143-135.25

- Analyzes cost estimates and contracts related to construction and renovation
- Reviews and approves plans
- Supervises design and construction contract letting
- Inspects and accepts work, materials, and equipment
- Authority for the NC Building Code for State Buildings
- Staffs State Building Commission
- Analyzes the current state of State buildings (FCAP)

State Property Office

Statutory Authorization: G.S. 143-341(4) and G.S. 146

- Handles State real estate transactions (leases, sales, transfers, etc.) for the State and maintains listing of State property
- Maintains a listing of all State owned buildings, space, and land
- Manages State's unallocated land

Historically Underutilized Business

Statutory Authorization:

- Executive Order #150, #106, #86
- G.S. 143-48, 143-48.4, 143-64.31, 143-128.1, 143-128.2, 143-128.3

Agency that certifies businesses as being woman or minority owned; coordinates data on participation; provides training and outreach on working with the State for procurement of goods and services

Mail Service Center

Statutory Authorization: G.S. 143-341(8)g - h

- Handles mail services to and from State Agencies (Statewide)
- Interoffice mail in downtown complex
- X-Rays mail
- Courier Services
- Regional office in Statesville

Motor Fleet Management

Statutory Authorization: G.S. 143-341(8)(i)

- Manages a portion of State's motor vehicle fleet (~8,500 vehicles)
- Provides temporary motor pool
- Management of long term vehicle assignments to agencies and individuals
- Exemptions for UNC, Highway Patrol, and non-passenger vehicles

Surplus Property (Federal and State)

Statutory Authorization:

- P. L. 94-519 (Federal authorization)
- Article 3A of G.S. 143

Handles the sale and warehousing of State and Federal surplus property (Materials, Supplies, and Equipment)

- 95% of sales returned to Agencies

State Parking

Statutory Authorization: G.S. 143-340(18) and (19)

- Manages parking for State employees and visitors within the downtown State government complex
- Approximately 8,505 spaces under management (6 parking decks and 19 surface lots)

Veterans Affairs

Statutory Authorization:

- Article 1 of G.S. 165
- G.S. 143B-399 (Commission)
- Article 8A of G.S. 65(Veterans Cemeteries)

Division Offers the Following Services:

- Filing claims for benefits for Veterans and families
- Training, assisting, and supervising County Veteran Service Officers
- Administering Scholarship, Nursing Home, and Burial Programs

Veterans Affairs

- *Cemeteries*: Black Mountain, Spring Lake, and Jacksonville
- *Nursing Homes*: Black Mountain, Kinston, Fayetteville, and Salisbury
- *District Offices*: Elizabeth City, Kinston, Wilson, Wilmington, Garner, Durham, Clemmons, Charlotte, Morganton, Canton, Fayetteville, and Greenville

Council for Women and Domestic Violence Commission

Two Commissions (Women and Domestic Violence)

- Council For Women advises State government on issues related to women in the State
- Commission on Domestic Violence assess Statewide needs related to Domestic Violence

Management and Staffing occurs under Single Division at Department

Council for Women and Domestic Violence Commission

Statutory Authorization:

- G.S. 143B-393 (Council for Women)
- G.S. 143B-394 (Domestic Violence Commission)
- G.S. 143B-394.21 (Sexual Assault and Rape Crisis Center Fund)
- G.S. 50B (Domestic Violence Center Fund)

Commission on Indian Affairs

Statutory Authorization: G.S. 143B-404

- Administers a variety of programs for State recognized Tribes (8) and Urban Indian Associations (4)
- Investigates and reports on needs of the above populations to State, Federal, and local governments

Human Relations Commission

Statutory Authorization: G.S. 143B-391, G.S. 99D, and G.S. 41A

- Administers the State's Fair Housing Act
- Promotes positive human relations throughout the State
- Administers Martin Luther King Jr. Grant
- Staffs Human Relation Commission and Martin Luther King Jr. Commission

Non-Public Education

Statutory Authorization: G.S. 155C, Article 9

- Maintains statistics on Private and Home Schools
- Monitors non-public school compliance to the laws governing those schools in a professional, objective and uniform manner

Youth Involvement

Statutory Authorization: G.S. 143B 385-388 and G.S. 143B 417-419

- Administers the State internship program, Youth Legislative Assembly, and Students Against Destructive Decisions, Mini-Grant Program
- Staffs Youth Council

ATTACHMENT # 4

General Government Appropriations Committee

Department of Administration

E-Commerce Fund

March 12, 2015

- **Source of funds**
  The State's E-Procurement system is supported through a public/private partnership utilizing a self-funding business model which requires no cash investment by the State. A fee was established to pay for the system. The 1.75% fee is applied only to goods purchased through the system. The vendors pay the fee.

- **Balance of the fund**
  As of February 2015, the balance was $-7.8m. Payments for software for e-procurement, e-sourcing of ITS maintenance contracts and storage, training, and e-commerce web enhancements planned for FY14-15 have not been made yet. These are anticipated to total approximately $2.875,000. These have been approved through the Department of Administration (DOA), the Office of Information Technology Services (ITS), and the Office of State Budget and Management (OSBM).

- **What is the origin of the fee and what would be the effects of changing the fee?**
  Prior to the initiation of the E-Procurement Project, a due diligence study was conducted by the Department of Administration (DOA), the Office of Information Technology Services (ITS), and the Office of the State Controller (OSC). The due diligence study evaluated funding models and software solutions for an E-Procurement Service. Through that study, the State decided to implement Ariba software and to leverage a self-funding business model in which vendors pay a fee for certain sales to State entities completed through the E-Procurement Service, as allowed by G.S. 66-58.12.(b). Since the E-Procurement System went live in October 2001, the 1.75% fee has been charged on goods purchased through the system which in turns

covers the cost of running and maintaining the system with personnel, software, hardware, training, e-procurement enhancements and other related e-commerce activities approved by OITS, OSMB, and the Joint Legislative IT Oversight Committee.

Changes to the fee could include reducing the fee on goods but applying it to services in addition to goods. Reducing the fee below costs would results in the need for new appropriations of General Fund money.

General Government Appropriations Committee

Department of Administration

Motor Fleet Management

March 12, 2015

- **Please discuss the impact of the appropriation from last session to bring the replacement schedule in line with industry standards.** Motor Fleet was able to purchase almost 1500 replacement vehicles for varies agencies across the state last year and has ordered over 700 this year so far. This was a great start to begin replacing all high mileage, aging vehicles but we knew it would take several years to get back to the statutory provision of 125,000 mile replacement. Our goal has been to target vehicles over 150,000 miles and we specifically targeted DPS to make sure all DPS vehicles are under this mileage threshold. After the buy in 2015 we will accomplish this for DPS and if funding allows we will have a final order in 2015 to complete the 150,000 vehicle goal for all agencies. The next step is to reduce all vehicles to under 125,000 miles and to replace all unsafe, high maintenance vehicles even if under 125,000 miles. There will be 830 vehicles remaining over 125,000 in the fleet after this year's buy. We are implementing an industry standard, data driven replacement schedule model to ensure vehicles stay properly replaced at the optimal levels if we can continue the funding necessary.

- **Vendor proposal to place tracking software in state vehicles** Telematics has been under review by MFM for many months and with many vendors. The technology is beneficial but it is very expensive as some vendors have one time upfront costs. plus monthly and other allow lease arrangements without upfront costs. Program Evaluation is doing a study on the Cost/Benefit Analysis and the ROI anticipated to determine if we should proceed or not or to do a partial, random implementation versus every vehicles. Either way if we proceed it will be competitively bid out for all vendors to bid on.

North Carolina Department of Administration

Eugenics Compensation Program

Joint Appropriations Committee on General Government

NC DOA

Session Law 2013-360 and Session Law 2014-100

- Participating Agencies:
  - Dept. of Admin/JSV Office- receive claims, advocacy, research
  - Dept. of Commerce/Industrial Commission- claim certification
  - Office of the State Controller- payment issuance
- *$10,000,00* to be divided equally among certified victims
- Key Dates:
  - 6/30/2013- Victim Must Have Been Alive
  - 6/30/2014- Victim Must File a Claim Form with JSV Office
  - 9/23/2014- last day to submit additional information to JSV Office
  - 9/30/2014 - all Claims forwarded to Industrial Commission
  - 10/31/2014- Initial Payments sent to Qualified Recipients
  - 6/30/2015- Justice for Sterilization Victims Office closed
  - Final Payment will be issued after the final appeal has been resolved

DOA

Statistics

Statistics (prior to Session Law 2013-360	Quantity
Estimate of NC Eugenics Program Sterilizations between 1939 and 1974	7,600
Estimate of Living Victims (from Jan 2012 Task Force Report)	1,500-2,000
Prevlous Contacts to the JSV Office *(prior to 7/2013}*	850+
Previous Searches Resulting in a "Record Found"	196
Therein: Living Victims of Previous "Records Found" (at 4/2013}	*175*

Outreach Program

- Letters to 800+ previous claimants
- Calls and Letters to all returned mail claimants and those who filed incomplete claims
- JSV brochure distribution across NC (>1,400 DHHS and Other Agencies)
- Interviews: Television, Radio and Newspaper
- Website updates
- Press Releases
- UNC Center for Civil Rights
- NC Bar Association- Elder Law and Estate Planning

DOA

North Carolina
Department of Administration

Youth Advocacy and Involvement Office

Continuation Review

March 2014

Executive Summary

This report is offered in response to Session Law 2013-360, Section 30.0 requiring a continuation review of the Youth Advocacy and Involvement Office.

The Youth Advocacy and Involvement Office (YAIO) creates a better tomorrow by focusing on children and youth today. Its mission is to enhance the quality of lives of children and youth through leadership development and experiential education. To this end, YAIO provides the following primary services and programs to the citizens of North Carolina:

- **NC State Government Internship Program** (§ 143B-417-419)
- **State Youth Council Program(§** 143B-387) including the Youth Legislative Assembly and the Mini-Grant Program
- **Students Against Destructive Decisions Program (SADD)**

YAIO has been studied and received favorable feedback from the Program Evaluation Division (2011) and the Office of State Budget and Management (2009). The 2013-2015 Governor's Budget recommended restoration of$30,000 of YAIO's operating funds previously reduced in the FY 11-12 state budget. Information about YAIO programs and services is available at www.ncyaio.com.

YAIO is a small office, consisting of five FTEs with a state appropriated operating budget of approximately $534,000. **For the cost of $534k, YAIO provides over $1.0M in support for state agencies.** This is achieved through providing centralized services and the collection of revenue through fundraising and receipts. (See Appendix B for Budget Efficiencies)

Programs, Measures and Outcomes

The Youth Advocacy and Involvement Office has a strong history of providing results based, data-driven programs and services.

- For 44 years, the **NC State Government Internship Program** has placed college, law and graduate students in paid internships in state government agencies. While interns have helped build a more efficient and effective state government, the program has also created an opportunity for the best and brightest NC students to view the State of North Carolina as an employer of choice. For three consecutive years, YAIO processed between 400-500 applications for the NC State Government Internship Program. ***Over 98% of students and state agencies participating in the program were highly satisfied with their internship experience and reported that the program was a success.*** Program alumni have returned to public service in roles including the NC Commissioner of Insurance, members of the NC House and directors of State Government Agencies. The program has a statewide reach. In 2013, applications were received from students in 69 counties and in 2014 applications were received from students in 75 counties.

- For 48 years, the **State Youth Council** has provided opportunities for youth to learn leadership skills through participation in local government and the Youth Legislative Assembly. The SYC develops strong youth leaders who are engaged in community service. The program supports five youth leadership conferences annually. ***Over 650youth are trained annually with a 95% satisfaction rating.*** The conferences are supported by receipts. No state funds are used to support the conferences; however, YAIO collects contributions for and administers an Endowment Fund which assists with funding support for the conferences. Program alumni have returned to public service in roles including the NC Commissioner of Insurance, DOA Attorney (Bill Peaslee) and District Court Judges (Vincent Rosier). Students from over 60% of North Carolina's counties participate in the State Youth Council Programs.

- For 37 years, YAIO has supported public and private organizations that involve youth in meeting their community service goals through the **Mini-Grant Program.** The Mini-Grant Program provides youth with an opportunity to develop program ideas, write grant proposals and implement defined program objectives in their communities. In 2013, eighteen mini-grants totaling $6,292 were provided to youth organizations across the state. Addressing local problems as identified by youth, mini-grants target important community issues such as academic achievement, the needs of youth in foster care or homeless populations and enhancing youth safety.

- For 32 years, the **Students Against Destructive Decisions Program (SADD)** has provided research based peer education and prevention programming to youth throughout the state. The program consists of over 300 SADD chapters in middle schools, high schools and colleges. SADD promotes projects and initiatives that aid in reducing teen traffic injuries and fatalities, reducing crime, lowering substance abuse, decreasing teen pregnancy, reducing teen suicide attempts and reducing domestic violence. ***100% of the youth responding to the annual survey reported that participation in the SADD programming helped them practice positive behavior.*** Critical issues impacting our youth are on the decline including youth tobacco use and teen pregnancy. SADD chapters are present in approximately 95 of North Carolina counties.

General Government Presentation
State Construction's Role
Repair and Renovations Process
3/12/2015

The State Construction Office has the responsibility for the overall coordination and management for implementation ofthe State's Capital Improvement Program. This involves qualification based selection of architects and engineers, reviewing plans and specifications to meet state standards and the NC Building Code, awarding of all construction contracts, mediation of disputes among contractors and owners, and inspection of construction and acceptance on behalf of the State.

Presently, we have projects that we are managing in one stage or another of construction totaling approximately $1.5 billion.

Two of the major manpower areas in our office are attributed to Design Reviews and Project Monitoring and Inspections. In 2014, our Design Review section reviewed 1440 project (AP, SD, DD, CD, FD, IGA) and incidental review (Shop drawings, addendums, VE's, AM&M & fire protection submittals) packages. Our documented tum-around time is 60 days. We were able to maintain at about a 95o/o confidence level a 45 day tum-around. We were able to achieve this due to the majority of the engineering positions being filled.

Keeping a 100% staffing level is critical for us to maintain our review times. This was a problem for us during the last bond referendum. We had a large turnover rate with our engineers, some of the best talent when it comes to building codes and practical design, left for higher paying jobs with engineering firms in the private sector. We had a huge difficulty and still do even during the recent recession, hiring qualified engineers and architects for the amount that we pay. Most of our position advertisements require 4 to 6 postings, with many times us receiving 0 qualified applicants. Often the ones we do interview and offer a position to, reject the offer due to the low salary we can offer them. I would see this as a huge area of concern as we move forward with a possible construction bond.

The use of technology is an area we definitely need to expand on. With a limited budget we have not been able to grow the use of technology in our office. Projects are now using Building Information Modeling to catch as many coordination issues on paper before construction starts. Even after construction begins, building information modeling is used to ensure the contractor is properly following the plans

and specifications. Through this use of technology, inspections are real time and more thoroughly documented.

In summary, the areas of impact specifically for SCO if a construction bond was to move forward:

Staffing levels- the need to increase staff to maintain our established, current turnaround times and to efficiently and effectively monitor and inspect the projects across the state.

Salaries - the need to increase salaries to retain and hire qualified personnel to meet the instant demands of critical workloads.

Technology - To increase the speed of reviews and inspections, invest in technology such as iPads, software, and larger screens for electronic review submissions.

To cover these additional costs language needs to be added similar to the University Bond Bill in 2000 that allowed a percentage of the bond to be used for administrative purposes (i.e. temporary staff, etc.).

Project Phoenix Presentation

For many years, the State's capital improvement program involving both new construction and repairs and renovations has been a model of inconsistency. Funds for repairs and renovations have been unpredictable and sporadic in nature. Some years agencies and institutions get funds; other years nothing. As a result, facilities have fallen further and further behind in needed repairs. It is simply difficult for facility managers to make any plans. In addition, there has not been an organized and consistent approach to prioritizing construction of new facilities. Funding for these projects have been largely decided on a one-off basis.

Project Phoenix recognizes that the long term lack of attention to the upkeep and maintenance of State facilities on the part of previous administrations has left many in deplorable condition, requiring an increasing and expensive number of repairs. Just like the oil filter commercial from several years ago. "You can pay me now or pay me later."

Needless to say, if state employees were surveyed regarding the condition of their work space most would give their buildings a low quality index.

This is certainly no way to plan and expend taxpayer resources in an efficient manner. As a result, Gov. McCray recognized the need for a good, sound asset management approach in dealing with state facilities and bring order into a sometimes chaotic funding and prioritization process. This initiative has become known as Project Phoenix.

The goal of Project Phoenix is to "maximize and enhance the State's existing real estate infrastructure by providing a contemporary, efficient, safe and productive work space environment for the employees while helping to support the growth of the communities in which its properties are located."

The objectives are simple and straightforward. Project Phoenix includes maximizing the State's existing real estate infrastructure, creating an efficient, appealing, and productive work environment for State employees, consideration of financing and financial alternatives and helping to support the growth of the communities in which its properties are located through attractive, mixed-use urban and suburban architecture and, most importantly, realizing future cost savings.

At the core of Project Phoenix is the **Real Estate and Capital Improvement Needs Study.** This will be a complete study and analysis of the existing real estate portfolio and making recommendations, possibly to include renovation, redevelopment, restacking, new development, and the sale, lease or refinancing of State-owned properties. The contract is signed with an intense and aggressive three month period to completely the study. The project will include both the main State government complex in central Raleigh and selected State-owned assets in other locations throughout the State.

The scope of work includes:

An evaluation and prioritization of State agency and institution six-year capital needs request from a statewide perspective formulating a comprehensive and singular strategic approach for implementation.

Analysis of the FCAP reports and data in the context of cost associated with quality upgrades or modernization of facilities for improvements to contemporary standards creating an efficient, appealing, and productive work environment for State employees.

Identify facilities that would be suitable for repurposing, sale or lease.

Evaluation of each agency's six-year capital needs request from an overall statewide standpoint of duplication of facility usage and potential collocation of services and functions.

Evaluation of opportunities to reduce agency and/or State occupancy cost through consolidation, relocation, reconfiguration, capital investment and the acquisition or disposition of state-owned space.

Identification and evaluation of projects or bundle of projects, either new construction or renovation, that are possible candidates and could be considered for Public-Private Partnerships.

The Department has already "jump started" Project Phoenix with a funded project for the complete renovation and modernization of the Albemarle Building. This total renovation of the Albemarle Building, ready for occupancy by October 2016, will serve as a demonstration of the enhancement and modernization potential of state-owned space consistent with the stated goal. The site should be fenced in very soon with major construction activity schedule to begin in April 2015.

This is a very exciting time to be associated with the design and construction industry as the State looks ahead to get its building facilities and infrastructure back in shape where it should be. The Project Phoenix initiative will creative new and creative opportunities.

NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION

You are hereby notified that the **House Committee on Appropriations, General Government** will meet **JOINTLY** as follows:

DAY & DATE: Wednesday, March 18, 2015
TIME: **8:30 AM**
LOCATION: **425 LOB**
COMMENTS: **Rep. Riddell will chair this Joint committee meeting.**
Agenda: Office of Administrative Hearings & Office of the State Controller

Respectfully,

Representative Rayne Brown, Co-Chair
Representative George G. Cleveland, Co-Chair
Representative Dennis Riddell, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 1:44 PM on Thursday, March 12, 2015.

___ Principal Clerk
___ Reading Clerk – House Chamber

Pamela Ahlin (Committee Assistant)

Joint Appropriations Committee for General Government
March 18, 2015, Meeting Room 425LOB, 8:30AM

Co-chairs –
Representative George Cleveland
Senator James Davis
Representative Rayne Brown
Senator Norman Sanderson
Representative Dennis Riddell

Welcome and Comments
Rep. Dennis Riddell, presiding

Office of Administrative Hearings (OAH) Budget Overview
Lisa Hollowell, FRD

Requested Information from OAH
Julian Mann, III Chief Administrative Law Judge,
North Carolina Office of Administrative Hearings

Office of State Controller (OSC) Budget Overview
Daniel Sater, FRD

Requested Information from OSC
Linda Combs, State Controller
Jim Dolan, Chief Deputy State Controller

***Next Meeting March 19, 2015, 8:30AM*
Topic – NC Dept. of Cultural Resources

House Committee on Appropriations, General Government
Wednesday, March 18, 2015 at 8:30 AM
Room 425 of the Legislative Office Building

MINUTES

The House Committee on Appropriations, General Government met at 8:30 AM on March 18, 2015 in Room 425 of the Legislative Office Building. Representatives Adcock, Ager, Brody, R. Brown, Cleveland, Fisher, Floyd, Pittman, Queen, Riddell, and Watford attended. Senators Davis, Sanderson, Stein, and Tarte attended. Fiscal Staff members were Lisa Hollowell, Daniel Sater, and Cara Bridges.

Representative Dennis Riddell, Chair, presided. Polly Riddell was the Committee Clerk.

The Pages and Sergeant at Arms information sheets are part of these minutes and together form Attachment #1. The Visitors Page is included and is Attachment #2.

Lisa Hollowell presented an overview of the Office of Administrative Hearings first. The document that accompanied her overview is Attachment #3. There were no questions for Ms. Hollowell.

Director and Chief Administrative Law Judge, Julian Mann, III provided a view of the Office of Administrative Hearings. He describes the OAH as a small agency and in 1of 30 jurisdictions in the country. Judge Mann supplied and discussed an article from the past that is to be republished and is entitled "Striving for Efficiency in the Office of Administrative Hearings."
This article is labeled Attachment #4. The Rules Division is part of OAH, and he emphasized the public comment and how rules affect those who are regulated. OAH is responsible for reviewing 22,000 rules. Judge Mann then discussed the Hearings Division. We have 10 judges, which is less than other states, but we run more efficiently. With branch offices in High Point and Charlotte we can handle the case load within these offices in the eastern part of the state, but that is not true in the western part of the state. He would like to place a staff judge in the western part of the state since it is the size of Maryland which has 20 judges. Sen. Tarte later addressed this stating that the population is not the same though the physical size may be the same as MD. Questions by Rep. Cleveland, Brown, Sen. Davis and Tarte were answered by Judge Mann and Gale Lennons directly.

Daniel Sater from Fiscal Research provided an overview of the Office of the State Controller. The document that accompanied his presentation is labeled Attachment #5. There were no questions for Mr. Sater.

Linda Combs then provided information about the Office of the State Controller. Jeff Dolan, Chief Deputy Controller presented the BEACON Special Fund and Recurring General Fund Gap, Flex Benefits Fund Status, and Overpayments Audit and the Recovery Program. Attahcment #6 provides information for this presentation. Questions from Rep. Cleveland, Fisher, Queen, and Sen. Davis were answered by Mr. Dolan directly. Rep. Pittman commended

the agency for handling funds responsibly and Sen. Tarte honored Controller Linda Combs for returning to the state level. Ms. Combs responded with thoughts of being glad to be back in NC.

The meeting adjourned at 9:35 AM.

Representative Dennis Riddell, Chair
Presiding

Polly Riddell, Committee Clerk

ATTACHMENT # 1

Committee Sergeants at Arms

NAME OF COMMITTEE Joint Committee on Appropriations, General Government

DATE: 3-18-2015 Room: 425

House Sgt-At Arms:

1. Name: Warren Hawkins
2. Name: Doug Harris
3. Name: David Leighton
4. Name:
5. Name:

Senate Sgt-At Arms:

1. Name: Steve McKaig
2. Name: Larry Hancock
3. Name:
4. Name:
5. Name:

PAGES ATTENDING

Date: 3-18, 8:30

Committee: Joint: Gen'l Govt & I.T. **Room:** 425

PLEASE PRINT LEGIBILY!!!!!

Page Name	Hometown	Sponsoring Senator
1 Jazsmin McNeil	Raleigh	Dan Blue
2		
3		

Wednesday, March 18
APPROPRIATIONS
GENERAL
GOVERNMENT
(JOINT)

Room
425

Time
8:30 am

Name	County	Sponsor
Tonio Simms	Pitt	Speaker

ATTACHMENT # 2

VISITOR REGISTRATION SHEET

Joint Committee on Appropriations, General Government 3-18-2015

Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Barbara Brown	OSBM
Meghan Cook	OITS
Edgar Starnes	Treasurer
Sohari	DST

ATTACHMENT # 3

Office of Administrative Hearings

Overview

Joint Appropriations Subcommittee on General Government

March 18, 2015

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Outline

- Authorizing Laws
- Organizational Chart
- Budget History and Composition
- Brief Description of Divisions
- Information Requested

Office of Administrative Hearings

Statutory Authorization:

- Article 60 of G.S. 7A

Administers:

- G.S. 150B (Administrative Procedure Act)

Designated Deferral Agency For:

- Civil Rights Act of 1964, Age Discrimination in Employment Act, and Americans with Disability Act for State and Local Government Employees covered under G.S. 126

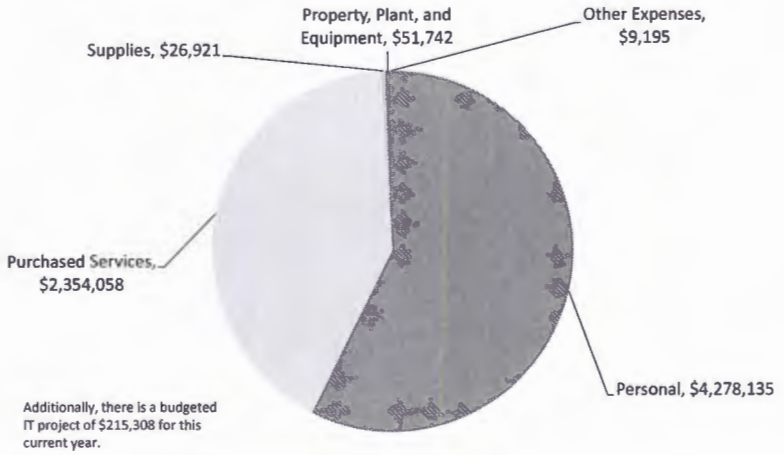
Office of Administrative Hearings

Office of Administrative Hearings

	Actual FY 2010-11	Actual FY 2011-12	Actual FY 2012-13	Actual FY 2013-14	Authorized FY 2014-15
Requirements	$5,985,561	$5,825,593	$7,339,418	$6,474,345	$6,879,929
Receipts	$1,870,925	$1,817,926	$3,305,004	$2,312,502	$1,782,492
Appropriation	$4,114,637	$4,007,668	$4,034,413	$4,161,843	$5,097,437
Certified FTE	42	40	40	45	45

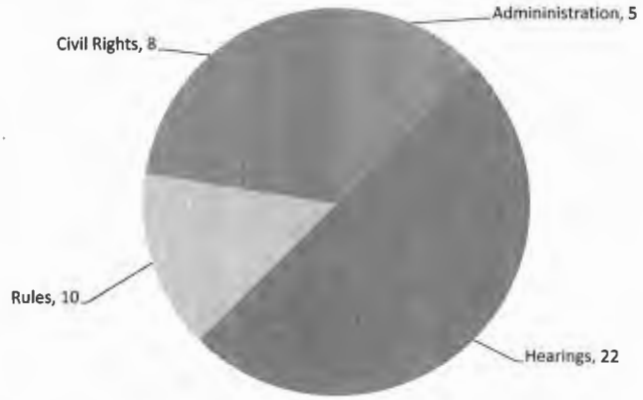
Sources of Receipts: Transfers from Department of Health and Human Services and Federal Funds related to Equal Employment Opportunity Commission related activities

Office of Administrative Hearings, Authorized Budget, FY 2014-15



Additionally, there is a budgeted IT project of $215,308 for this current year.

Office of Administrative Hearings, Authorized FTE's, FY 2014-15



Rules Division

- Administers Rule Making Process Throughout State Government
- Staffs Rules Review Commission
- Publishes the Register and Administrative Code

What is a Rule?

The standard process by which an entity implements laws that impact outside entities:

- Must be authorized by State or Federal law
- Must be unburdensome as possible
- Written in a clear and unambiguous manner
- May not be unnecessary or redundant
- Based on sound information
- Must achieve the regulatory objective in a cost effective and timely manner

Rules Review Commission

General Assembly appointed 10 person Commission established under G.S. 143B-30.1 to review and approve rules that meet the following:

- Within the Agency's authority
- Clear and unambiguous
- Reasonably necessary to implement or interpret an enactment of the General Assembly, or of Congress, or a regulation of a federal agency

Hearings Division

Responsible for hearing Contested Cases under G.S. 150B:

- 10 Administrative Law Judges
  - One Chief Administrative Law Judge
  - One Senior Administrative Law Judge
  - Eight Administrative Law Judges
- Offices in Raleigh, Highpoint, and Charlotte

What is a Contested Case?

An entity may file a contested case if they feel an Agency has:

- Deprived them of property
- Ordered them to pay a fine or civil penalty
- Substantially prejudiced their rights

The Petitioner must prove that the Agency:

- Exceeded its authority or jurisdiction
- Acted erroneously
- Failed to use proper procedure
- Acted arbitrarily or capriciously
- Failed to act as required by law or rule

Civil Rights Division

The Civil Rights Division investigates claims of employment discrimination by state employees against agencies. This division serves as the official deferral agency for the federal Equal Employment Opportunity Commission under Section 706 of the Civil Rights Act of 1964.

Civil Rights Division

- Makes initial determination of complaints of employment discrimination made by state and county government employees
- Investigates complaints of employment discrimination based on political affiliation made by state employees, former employees, and applicants (G.S. 126-14.4)
- Investigates complaints of employment discrimination on the basis of citizenship status and national origin

Information Requested

1. Impact of SL 2013-413 that required a decennial review of rules. Identify the additional responsibilities associated with this requirement and overall impact on OAH's budget, including process for review and number of rules, etc.
   - Discuss the need for a Codifier of Rules and benefits associated with having this dedicated staff to OAH and Commission.
2. Hearings Division
   - Statistical information on case-load.
   - Discuss the need for a permanent presence in western NC and benefits that will accompany this addition.
   - Discuss the efficiency measures at state level with OAH structure (article referenced at our meeting).
3. Impact of proposed Governor's budget on OAH: What is the impact of reductions on OAH's operations. Additionally, what was requested and not funded through the budget.
4. Brief update on Civil Rights Division.

ATTACHMENT #4

NORTH CAROLINA OFFICE OF ADMINISTRATIVE HEARINGS

Julian Mann, III
Director and Chief Administrative Law Judge

LEGISLATIVE OVERVIEW
For
JOINT APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT

March 18, 2015

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Journal of the National Association of Administrative Law Judiciary

Volume 15 | Issue 2 Article 3

10-15-1995

Striving for Efficiency in Administrative Litigation: North Carolina's Office of Administrative Hearings

Julian Mann III

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Striving for Efficiency in Administrative Litigation: North Carolina's Office of Administrative Hearings

*Julian Mann, III**

Due process of law[1] is the driving force behind the need for efficiency in administrative litigation. The old adage, "Justice delayed is justice denied," describes in modern terms an inefficient hearings' system that cannot deliver justice.[2] By contrast, an efficient hearings' system, one designed to move cases swiftly to trial, can deliver both justice and due process by avoiding unnecessary delay.[3]

How is efficiency measured in a modern hearings' system? Although distinctions have been drawn between measuring "delay" and "pace" of litigation[4], most authorities agree that an accurate gauge of

---

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

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

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

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

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

efficiency is determined by monitoring the median time between the filing and resolution of court cases in a judicial system.[5]

Some of the variables which affect this efficiency measure are: (a) degree of intervention by the court in asserting control over dockets;[6] (b) existence of Differentiated Case Management (DCM)[7]; (c) use of a computerized system to track cases[8]; (d) time limits for discovery and motions[9]; (e) case load per judge[10]; (e) availability of Alternative Dispute Resolution (ADR)[11]; and (g) adoption by the court of a firm continuance policy.[12] A system which is too focused on efficiency measures may unnecessarily rush due process.[13] However,

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[5] AMERICAN BAR ASSOCIATION, STANDARDS RELATING TO TRIAL COURTS § 2.52 (1985) (hereinafter "ABA Time Standards"). The ABA Time Standards call for disposition of 90% of general civil cases within twelve months of filing, 98% within eighteen months, and 100% within twenty-four months. *See infra* text p. 184.

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

[7] *See* Thomas A. Henderson, et al., Differentiated Case Management File Report 2 (July 1990) (on file with the National Center For State Courts) ("DCM [Differentiated Case Management] is a sophisticated means of early case categorization to facilitate individual case management and to move the cases in each category to conclusion with the procedures, information support, speed and resource appropriate for the particular category."); *see* Caroline S. Cooper et al., *Differentiated Case Management: What is It? How Effective has it Been?*, JUDGES J., Winter 1994, at 2.

[8] *See* Marcia L. Goodman, *Effective Case Monitoring and Timely Dispositions: The Experience of One California Court*, 76 JUDICATURE 254, 256 (1993).

[9] *See* THE BROOKINGS INSTITUTION, JUSTICE FOR ALL: REDUCING COSTS AND DELAY IN CIVIL LITIGATION: REPORT OF A TASK FORCE 19 (1989).

[10] *See* GOERDT, *supra* note 4, at 54; *see also* Chief Justice Burley B. Mitchell, Jr., Address to a Joint Session of the North Carolina General Assembly 5 (Mar. 21, 1995) (on file with the Clerk of the North Carolina Supreme Court).

[11] *See* THE BROOKINGS INSTITUTION, *supra* note 9, at 23; *see* Valerie P. Simmons, *Differentiated Case Management and ADR -- A Plan to Reduce Costs and Delay in Civil Litigation*, 72 MICH. BAR REV. 1010 (1993).

[12] *See* THOMAS CHURCH, JR. ET AL., JUSTICE DELAYED: THE PACE OF LITIGATION IN URBAN TRIAL COURTS 69 (1978).

[13] *See* George E. (Ted) Allen, *Another View of the Rocket Docket*, TRIAL, Apr. 1993, at 48 ("Disposition rates and speed, although important, should be balanced with other considerations. Concern for timeliness should not be allowed to elevate procedure over substance.").

more often than not, unnecessary delay occurs when courts ignore these variables.[14]

PERICULUM IN MORA

(DELAY BREEDS DANGER)

Trial delay and its relationship to injustice compels judges, lawyers, and administrators to address the need for efficiency. In short, delay reduction is as much a matter of judicial and professional ethics as it is a question of judicial administration.[15] To do nothing to resolve the problem of court delay is to acquiesce in a system which fails to consistently produce due process.[16] The scales of justice cannot weigh accurately unless they are calibrated.

The need for efficiency exists in all courts from trials in the magistrate court to complex appeals in the supreme court. Administrative tribunals are no different. Trials in administrative forums assume

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[14] *See* BARRY MAHONEY et al., CHANGING TIMES IN TRIAL COURTS 194 (1988).

[15] "*A Judge Should Perform the Duties of His Office Impartially and Diligently. . . .* (5) A judge should dispose promptly of the business of the court." N.C. Code of Judicial Conduct, Canon 3, § A(5) (1994). "A judge should diligently discharge his administrative responsibilities, maintain professional competence in judicial administration, and facilitate the performance of the administrative responsibilities of other judges and court officials." *Id.* at § B(1); *see* GENERAL RULES OF PRACTICE FOR THE SUPERIOR AND DISTRICT COURTS, *Philosophy of General Rules of Practice* ("These rules are applicable in the Superior and District Court Divisions of the General Court of Justice. They shall at all times be construed and enforced in such manner as to avoid technical delay and to permit just and prompt consideration and determination of all the business before them."); *see* MODEL RULES OF PROFESSIONAL CONDUCT Rule 1.3 (1994) ("*Diligence, A lawyer shall act with reasonable diligence and promptness in representing a client.* COMMENT: (2) Perhaps no professional shortcoming is more widely resented than procrastination. A client's interests often can be adversely affected by the passage of time or the change of conditions; in extreme instances, as when a lawyer overlooks a statute of limitations, the client's legal position may be destroyed. Even when the client's interests are not affected in substance, however, unreasonable delay can cause a client needless anxiety and undermine confidence in the lawyer's trustworthiness.").

[16] "All courts shall be open; every person for an injury done him in his lands, goods, person, or reputation shall have remedy by due course of law; and right and justice shall be administered without favor, denial, or delay." N.C. CONST., art. I § 18.

many of the characteristics of trials in judicial branch courts,[17] and moreover, the United States Supreme Court has addressed the issue of delay and its relationship to due process in two significant administrative law decisions.[18]

The ABA Time Standards were not originally intended to be applied to every administrative tribunal. Writing in the official introduction, Judge Robert C. Broomfield, Chairman of the National Conference of State Trial Judges (1983-84), excludes administrative litigation from the ABA Time Standards, not for the reason that administrative litigants are undeserving of timely due process, but that administrative tribunals may lack the necessary authority or resources to meet the standards. Judge Broomfield writes:

> *As contrasted with judicial branch judges, administrative law judges in the executive branch may have insufficient authority or resources to manage their caseloads in an effective manner. To insure the independence of their adjudicative decisions, the requisite authority should be conferred on these courts and sufficient resources allocated to exercise that authority. In the absence of such control over the means of managing cases effectively, it is not intended that these standards apply to administrative law judges, and they should be deemed exempted from application of them.*[19]

North Carolina's Office of Administrative Hearings (OAH) is an example of an administrative hearings system which does have control

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[17] *See* CHARLES H. KOCH, JR., ADMINISTRATIVE LAW AND PRACTICE § 6.1 (1985); *see also* Frederick Davis, *Judicialization of Administrative Law: The Trial-Type Hearing and the Changing Status of the Hearing Officer*, 1977 DUKE L.J. 389 (1977).

[18] "It [due process] is an opportunity which must be granted at a meaningful time and in a meaningful manner." *Armstrong v. Manzo*, 380 U.S. 545, 552, 85 S. Ct. 1187, 1191, 14 L. Ed. 2d 62, 66 (1965); *Cleveland Bd. of Educ. v. Loudermill*, 470 U.S. 532, 547, 105 S. Ct. 1487, 1496, 84 L. Ed. 2d 494, 507 (1985).

[19] AMERICAN BAR ASSOCIATION, *supra* note 5, at 2.

over the means to manage its cases effectively; thus, it should be held accountable to the ABA Time Standards.

NORTH CAROLINA AS A CENTRAL PANEL

The General Assembly created OAH in 1985.[20] North Carolina was the 13th jurisdiction in the nation to provide for a central panel system for administrative litigation. But what exactly is a "central panel" and how is it distinguished from other administrative law systems? Without delving into a detailed analysis,[21] a central panel is an autonomous, quasi-judicial, executive branch agency composed of an independent cadre of administrative law judges who hear and decide a wide range of administrative cases.[22] This system is designed to separate the hearings function from the investigative and prosecutorial functions in state administrative law.[23] In the other

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[20] 1985 N.C. Sess. Laws, Ch. 746. This Sessions Law created the Office of Administrative Hearings and a newly revised Administrative Procedure Act (APA), N.C. GEN. STAT. § 150B, which was preceded by N.C. GEN. STAT. § 150A. Much of the new APA's language and concepts, originally found in Chapter 150A, was incorporated into Chapter 150B. For an excellent overview of these concepts as found in the predecessor APA, 150A, *see* Charles E. Daye, *North Carolina's New Administrative Procedure Act: An Interpretive Analysis*, 53 N.C.L. REV. 833 (1975).

[21] *See* MALCOLM C. RICH & WAYNE E. BRUCAR, THE CENTRAL PANEL SYSTEM FOR ADMINISTRATIVE LAW JUDGES: A SURVEY OF SEVEN STATES (1983) [*hereinafter* RICH & BRUCAR]; *see* KOCH, *supra* note 17, § 6.4[5] (Supp. 1995); *see* John W. Hardwicke, *The Central Hearing Agency: Theory and Implementation in Maryland*, 14 J. OF THE NAT'L ASSOC. OF A.L.J.S 5, 12, (1994); *see* Allen Hoberg, *Administrative Hearings: State Central Panels in the 1990s*, 46 ADMIN. L. REV. 75, 76 (1994), *reprinted in* 14 J. OF THE NAT'L ASSOC. OF A.L.J.s 107 (1994) (*infra* citations will be to the reprinted article); *see* Edwin L. Felter, Jr., *Administrative Adjudication Total Quality Management: The Only Way to Reduce Costs and Delays Without Sacrificing Due Process*, 15 J. OF THE NAT'L ASSOC. OF A.L.J.s 5 (1995); .

[22] "The central panel system also emphasizes adjudicative skill and competence without requiring ALJs to be experts in the complexities of the particular agency's policies." C. Stuart Greer, Note, *Expanding the Judicial Power of the Administrative Law Judge to Establish Efficiency and Fairness in Administrative Adjudication*, 27 U. RICH. L. REV. 103, 123 (1992).

[23] "An unbiased, impartial decision-maker is essential to due process." *Crump v. Board of Educ.*, 93 N.C. App. 168, 378 S.E.2d 32 (1989), *aff'd as modified*, 326 N.C. 603, 392 S.E.2d 579 (1990); *see Lyness v. Pennsylvania*, 529 Pa. 535, 605 A.2d 1204 (1992);

decentralized state systems of administrative law, the ALJ is often employed by the same agency which investigates and prosecutes the action. However, the North Carolina General Assembly did not create a central panel solely in response to a need for autonomy.[24] It was created equally in response to economic reasons[25] based upon a study questioning the excessive cost of maintaining a decentralized system.[26]

After its creation, OAH did reduce overall costs with the centralization of these administrative hearings[27] but at that same time the central panel also produced unexpected advances in: competency of the adjudicator,[28] perception of the impartiality of the decision-

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see Bernard G. Segal, *The Administrative Law Judge*, 62 A.B.A. J. 1424, 1426 (1976); *see* Edward A. Slavin, Jr., *ALJ Independence Undermined*, JUDGES J., Spring 1992, at 26.

[24] *The Office of Administrative Hearings is an independent, quasi-judicial agency under Article III, Sec. 11 of the Constitution and, in accordance with Article IV, Sec. 3 of the Constitution, has such judicial powers as may be reasonably necessary as an incident to the accomplishment of the purposes for which it is created. The Office of Administrative Hearings is established to provide a source of independent hearing officers to preside in administrative cases and thereby prevent the commingling of legislative, executive, and judicial functions in the administrative process.* N.C. GEN. STAT. § 7A-750 (1989).

[25] *See* Hardwicke, *supra* note 21. ("The separation of adjudication from investigation and prosecution renders each process more efficient, more direct and more accountable.").

[26] Tom L. Covington, Legislative Report to Representative William T. Watkins, Regarding the Costs of Rulemaking, Contested Cases, Appeals, etc. (Apr. 23, 1985) (on file with the North Carolina General Assembly, Legislative Services Office); *see* Michael Crowell (presently serving as Executive Director of the Committee for the Future of Justice and the Courts in North Carolina), Overview of the North Carolina Administrative Procedure Act (APA), History of Administrative Procedure Statutes in North Carolina 1-4 (Jan. 12, 1990) (on file with the North Carolina Bar Foundation).

[27] Julian Mann, III, In Support of the APA: A Report to the General Assembly app. E (Feb. 11, 1991) (on file with the North Carolina Office of Administrative Hearings). OAH operates under a biennial budget directly funded by appropriations from the General Assembly.

[28] *See* Segal, *supra* note 23 (suggesting that a central panel will attract more qualified ALJs).

maker,[29] quality of the official record,[30] convenience of hearings' locations, and broader access to administrative justice.

California originated the central panel system of administrative hearings in 1945. Twenty other jurisdictions, including the City of New York, have followed: Missouri (1965), Massachusetts (1974), Minnesota (1974), Tennessee (1974), Florida (1975), Colorado (1976), Wisconsin (1978), New Jersey (1979), New York City (1979), Washington (1982), Iowa (1986), North Carolina (1986), Wyoming (1987), Maryland (1990), North Dakota (1991), Texas (1992), South Dakota (1993), South Carolina (1994), Hawaii (1994) and Georgia (1994).

Not all states that have proposed legislation have adopted a central panel system. The State of Oregon has recently failed to enact a central panel after extensive study.[31] Also, preceded by a lengthy study,[32] the State of New York's Legislature twice enacted legislation creating a central panel system only to have this legislation vetoed by the Governor.[33] Presently, the State of New York has introduced legislation to reconsider, for the third time, the wisdom of creating a central panel.[34] This year, the Illinois legislature considered such a

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[29] *Id.* at 1426 (separating the ALJ from the agency avoids the appearance of bias); *see* North Carolina Bar Association, Administrative Law and Procedure Task Force: Report to the Board of Governors (Jan. 1989) (on file with the North Carolina Bar Association).

[30] *See* Julian Mann, III, OAH Official Record (June 15, 1995) (on file with the North Carolina Bar Foundation) (explaining the importance of and the methods utilized by OAH in preserving the hearings' record).

[31] KOCH, *supra*, note 17 § 6.4[5] (Supp. 1994), citing Hoberg, *supra*, note 19.

[32] Hardwicke, *supra* note 21, 16-20. This article contains a thorough review of the New York State's Bar Association Task Force Study which preceded (but did not recommend) the New York State's legislation.

[33] *Id.* at 20-21.

[34] S. 2029–A, N.Y. Reg. Sess. (1995-96).

move; however, the implementing legislation was withdrawn late in the session but will be reintroduced in the fall of 1995.[35] Maine at one time established an administrative court which was fully judicial (vs. quasi-judicial) to hear administrative cases,[36] but now this court is no longer in existence. Since 1981, the Model State Administrative Procedure Act has provided an alternative prototype for legislation creating a central panel,[37] and for more than a decade, Senator Howell Heflin (D-Alabama) has sponsored congressional legislation which has in recent years won passage in the United States Senate, attempting to implement a central panel system on the federal level.[38]

COMPARING ADMINISTRATIVE LITIGATION WITH CIVIL LITIGATION

Article 3 of North Carolina's Administrative Procedure Act (APA) sets out the procedures governing administrative hearings and confers upon the Office of Administrative Hearings the jurisdiction to hear contested cases for most State agencies.[39] In fact, North

[35] S.B. 1188, Ill. Reg. Sess. (1995-96) (per telephone interview with Judge Edward J. Schoenbaum, Presdient of the National Association of Administrative Law Judges, August 14, 1995).

[36] *See* RICH & BRUCAR, *supra* note 21, at 10.

[37] The Uniform Commissioner's Model State Administrative Procedure Act (1981); *see* Hoberg, *supra* note 21, at 89; *see also* N.A.A.L.J. NEWS, July 1995, at 4 (A committee of the National Association of Administrative Law Judges, chaired by President-Elect John W. Hardwicke, in conjunction with a committee of the National Conference of Administrative Law Judges, chaired by Edwin L. Felter, Jr., Chief Administrative Law Judge (Colorado), is circulating for comment a model state act to create an Office of Administrative Hearings).

[38] S. 486, 104th Cong., 1st Sess. (1995); S. 486, 103rd Cong., 1st Sess. (1993); S. 826, § 102nd Cong., 1st Sess. (1991); S. 1275, 98th Cong., 1st Sess. (1983); *see also* Edwin L. Felter, Jr., *The Hidden Executive Branch Judiciary: Colorado's Central Panel Experience – Lessons for the Feds*, 19 COLO. LAW. 1307 (1990), *reprinted in* 14 J. OF NAT'L ASSOC. OF A.L.J.S 95 (1994).

[39] Besides hearings, there are two other major divisions found in the Office of Administrative Hearings. Article 2A of the APA provides for and authorizes the publication of the *North Carolina Register* and the *North Carolina Administrative Code* by

Carolina's citizens are granted broad rights under the APA to challenge a wide range of bureaucratic actions.[40] North Carolina is the only

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the Office of Administrative Hearings. The public is notified of agency rulemaking through a subject matter notice published in the *North Carolina Register*, followed 60 days later by publication of the proposed text. This notice provides a means for interested parties to be present and debate the merits of a proposed rule before adoption by the agency. After the formal adoption and review by the Rules Review Commission and the Joint Legislative Administrative Procedure Oversight Committee (unless a bill is enacted by the General Assembly specifically disapproving a proposed rule), the Rule is filed for codification in the *North Carolina Administrative Code*. All the rules adopted by state agencies are published in the *North Carolina Administrative Code*. Both the *Register* and the *Code* are published by the Office of Administrative Hearings. (In 1994, Barclays Law Publisher won the competitive bid for the printing, marketing, and distribution of the Code.)

The other major function of the Office of Administrative Hearings is found under the provisions of Chapter 7A of the North Carolina General Statutes. The Office of Administrative Hearings is designated as a 706 deferral agency of the U. S. Equal Employment Opportunity Commission. Chapter 7A authorized the creation of the OAH Civil Rights Division. This Division investigates complaints of discrimination for alleged violations of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, and the Americans With Disabilities Act. The complaining party must be a state or local government employee covered under North Carolina's State Personnel (N.C. Gen. Stat. §126).

[40] The contested case provisions of the APA apply to every state agency except:

1) The Department of Human Resources and the Department of Environment, Health and Natural Resources in complying with the procedural safeguards mandated by Section 680 of Part H of Public Law 99-457 as amended (Education of the Handicapped Act Amendments of 1986);

2) The North Carolina Low-Level Radioactive Waste Management Authority in administering the provisions of G.S. 104G-9 through -11;

3) The North Carolina Hazardous Waste Management Commission in administering the provisions of G.S. 130B-11, -13, and -14;

4) Hearings required pursuant to the Rehabilitation Act of 1973, (Public Law 93-122), as amended and federal regulations promulgated thereunder. G.S. 150B-51(a) is considered a contested case hearing provision that does not apply to these hearings;

5) The Department of Revenue;

6) The Department of Correction;

7) The Department of Transportation, except as provided in G.S. 136-29;

8) The Occupational Safety and Health Review Board in all actions that do not involve agricultural employers; and

9) The North Carolina Global TransPark Authority with respect to the acquisition, construction, operation, or use, including fees or charges, of any portion of a cargo airport complex.

N.C. GEN. STAT. § 150B-1(e)(1-10) (Supp. 1994).

In addition, the following agencies are exempt entirely from G.S. 150B:

1) The North Carolina National Guard in exercising its court-martial jurisdiction;

central panel system that is exclusively petition-generated.[41] Any person aggrieved may file a petition for a contested case hearing.[42]

Prior to September 1994, North Carolina's appellate decisions restrictively interpreted OAH's jurisdiction. The North Carolina Court of Appeals construed the APA to mean that a citizen's right to file a contested case petition originated by reference to an organic statute outside of the APA.[43] This organic statute must have specifically referenced the right to file a contested case hearing before there was subject matter jurisdiction in OAH to file a petition. However, in September of 1994 a unanimous North Carolina Supreme Court ruled

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2) The Department of Human Resources in exercising its authority over the Camp Butner reservation granted in Article 6 of Chapter 122C of the General Statutes;

3) The Utilities Commission;

4) The Industrial Commission; and

5) The Employment Security Commission.

N.C. GEN. STAT. § 150B-1(a) (Supp. 1994).

[41] A contested case shall be commenced by filing a petition with the Office of Administrative Hearings. . . N.C. GEN. STAT. § 150B-23(a) (Supp. 1994). However, Article 3A of Chapter 150B provides for concurrent jurisdiction in OAH for certain agencies, primarily professional licensing boards. When exercising this concurrent jurisdiction, the agency requests that the ALJ preside at the agency hearing and no petition is filed. *See* RICH & BRUCAR, *supra* note 21, at 41. With the exception of social services cases in Colorado and public employee discharge and discipline cases in Minnesota, citizens are not granted direct rights to file petitions in other central panel states. (The trend nationally is to permit the citizen to directly file in the central panels, particularly those that hear workers' compensation cases.)

[42] "'Person aggrieved' means any person or group of persons of common interest directly or indirectly affected substantially in his or its person, property, or employment by an administrative decision." N.C. GEN. STAT. § 150B-2(6) (1991).

[43] *Harding v. N.C. Dep't of Correction*, 334 N.C. 414, 432 S.E.2d 298 (1993); *Citizens for Clean Industry v. Lofton*, 109 N.C. App. 229, 427 S.E.2d 120 (1993); *House of Raeford Farms, Inc. v. N.C. Dep't of Env't, Health and Natural Resources*, 112 N.C. App. 228, 435 S.E.2d 106 (1993), *rev'd*, 338 N.C. 262, 449 S.E.2d 453 (1994). The North Carolina Court of Appeals relied on restrictive language in *Batten v. N.C. Dep't. of Correction* to support a narrow construction of OAH's jurisdiction:

> *The jurisdiction of the OAH over the appeals of state employee grievances derives not from Chapter 150B, but from Chapter 126. The administrative hearing provisions of Article 3, Chapter 150B, do not establish the right of a person "aggrieved" by agency action to OAH review of that action, but only describe the procedures for such review.*

Batten v. N.C. Dep't. of Correction, 326 N.C. 338, 342-43, 389 S.E.2d 35, 38 (1990).

in *Empire Power Co.* that any person defined in the APA as a "person aggrieved" and who was not otherwise specifically *excluded* by the organic statute, met the jurisdictional requirements to file a contested case petition in the Office of Administrative Hearings. Justice Whichard, writing for the court:

> *Respondents misconstrue the relation of the organic statute to the NCAPA. The NCAPA confers procedural rights and imposes procedural duties, including the right to commence an administrative hearing to resolve disputes between an agency and a person involving the person's rights, duties or privileges. The organic statute may confer procedural rights and impose procedural duties in addition to those conferred and imposed by the NCAPA, but more importantly, it defines those rights, duties, or privileges, abrogation of which provides the grounds for an administrative hearing pursuant to the NCAPA.*[44]

In addition to the prerequisites of subject matter jurisdiction, the exhaustion of the mandatory settlement requirements found in G.S. 150B-22[45] remains as a condition precedent to the filing of a contested case petition. When first enacted, this statutory provision enunciated a new public policy in North Carolina requiring the citizen and agency to

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[44] *Empire Power Co. v. N.C. Dep't of Env't, Health and Natural Resources*, 337 N.C. 569, 583, 447 S.E.2d 768, 776-77 (1994), *reh'g denied*, 338 N.C. 314, 451 S.E.2d 634 (1994). For a general discussion of the implications of the Empire decision, *see N.C. Supreme Court Clarifies OAH Appeal Rights in Empire Power Co.*, ADMIN. LAW. (N.C. Bar Association's Admin. L. Section), Feb. 1995, at 1.

[45] *It is the policy of this State that any dispute between an agency and another person that involves the person's rights, duties, or privileges, including licensing or the levy of a monetary penalty, should be settled through informal procedures. In trying to reach a settlement through informal procedures, the agency may not conduct a proceeding at which sworn testimony is taken and witnesses may be cross-examined. If the agency and the other person do not agree to a resolution of the dispute through informal procedures, either the agency or the person may commence an administrative proceeding to determine the person's rights, duties, or privileges, at which time the dispute becomes a "contested case."* N.C. GEN. STAT. § 150B-22 (1991).

exhaust informal settlement negotiations prior to filing a contested case in OAH. The General Assembly stated affirmatively in its new public policy that administrative disputes should not lead to litigation without first requiring the parties to seriously explore alternatives. G.S. 150B-22 did not speak to a particular settlement procedure or provide for a neutral mediator. Without the assistance of an ADR facilitator, too often, the agency and citizen were not able to achieve a pre-contested case disposition.

Once the parties exhausted the settlement negotiations requirements, another precondition to OAH jurisdiction arises under G.S. 150B-23(f). The Petitioner must expeditiously file the contested case petition in OAH within 60 days from the date the agency notifies the Petitioner of the right to an administrative hearing.[46] Petitioners who file outside this time limitation are barred.[47]

The petitioner, in some fashion, must allege sufficient facts in the petition to establish one or more of the grounds specified in G.S. 150B-23 in order to state a claim for relief.[48] To assist members of the public who are without legal representation, the Office of Administrative Hearings provides several pre-printed standardized forms (H-06, H-

[46] N.C. GEN. STAT. § 150B-23(f) (Supp. 1994); however, the following are statutes which prescribes a shorter time period than 60 days:

1) 105A-7(b) - 30 days to file child support enforcement contested cases;
2) 126-38 - 30 days to file state personnel contested cases;
3)110-94 - 30 days to file child day care facility contested cases; and
4) 113A-121.1(a) - 20 days to file Coastal Area Management Act contested cases.

[47] *Lewis v. N.C. Dep't of Human Resources*, 92 N.C. App. 737, 739, 375 S.E.2d 712, 714 (1989); *Gummels v. N.C. Dep't of Human Resources*, 98 N.C. App. 675, 392 S.E.2d 113 (1990).

[48] The Petitioner must allege that the agency: "[S]ubstantially prejudiced the petitioner's rights and that the agency: 1) Exceeded its authority or jurisdiction; 2) Acted erroneously; 3) Failed to use proper procedure; 4) Acted arbitrarily or capriciously; or 5) Failed to act as required by law or rule." N.C. GEN. STAT. § 150B-23(a) (Supp. 1994).

06A, H-06B, and H-06C) where the Petitioner, normally the citizen[49], need only fill in a few blanks, check a few boxes, and name a state agency as the Respondent. The use of a form petition is not mandatory, and most attorneys create their own pleading, alleging facts in enumerated paragraph much the same as with a civil complaint filed in a court systems under the Rules of Civil Procedure.[50]

After completing the petition, the Petitioner must next file the petition with the Hearings' Clerk in the Office of Administrative Hearings.[51] The Hearings' Clerk clocks in the petition with the date and time of receipt printed on the face of the petition. The Clerk also assigns a contested case number and agency designation[52] for each petition. The petition is the initial pleading contained in the contested case file. As the litigation progresses, the parties file other pleadings, all marked with the appropriate number and designation in the contested case file. After the hearing, the recommended decision is

[49] However, a "party" is defined as either the citizen or *agency*: "[A]ny person or *agency* named or admitted as a party or properly seeking as of right to be admitted as a party and includes the agency as appropriate." N.C. GEN. STAT. § 150B-2(5) (1991) (emphasis added).

[50] "The Administrative Procedure Act does not require the particularity of the pleadings of an indictment or a statement of the elements of a cause of action, as required at law or in equity, unless the proceedings are mandatory or penal in nature." N.C. Dep't. of Correction v. Hill, 313 N.C. 481, 484-85, 329 S.E.2d 377, 379 (1985); *see also* DAVIS, *supra* note 2, § 8.02 at 196 ("The most important characteristic of pleadings in the administrative process is their unimportance.").

[51] Due to the shortness of the time limitation, OAH permits the filing of petitions and other pleadings by facsimile (fax) transmission during regular business hours. N.C. ADMIN. CODE tit. 26, r. 03 .0101(4) (Feb. 1994).

[52] The following are agencies and division against whom a large majority of petitions have been filed since 1986: Alcohol Beverage Control Commission (ABC), Crime Control and Public Safety (CPS), Child Support Enforcement Section of the Department of Human Resources (CSE), Department of Human Resources (DHR), Department of Justice (DOJ), Department of State Treasurer (DST), Department of Public Instruction (EDC), Department of Environment, Health, and Natural Resources (EHR), and personnel cases reviewed by the State Personnel Commission (OSP).

usually the final pleading filed.[53] Thereafter, the Clerk certifies the decision and transfers the file to the agency making the final decision.

The petitioner must serve the respondent with a copy of the petition in much the same manner as a plaintiff serves the defendant in a civil action. Rule 4 of the North Carolina Rules of Civil Procedure is the preferred method for service in an administrative action. However, N.C. General Statute § 150B-23(a), which proscribes the service requirements under the APA, does not adopt Rule 4 as the standard for service but seems to permit a less cumbersome method. "The party who files the Petition shall serve a copy of the Petition on all other parties and, if the dispute concerns a license, the person who holds a license." Though the service requirements vary slightly, both the civil and administrative systems initiate litigation by service of process.

The foregoing description demonstrates that North Carolina's Office of Administrative Hearings assumes many of the characteristics of a county court system. With the filing and service of the petition, administrative litigation is initiated in a manner similar to the civil system. Litigants and their attorneys regularly file pleadings in the Clerk's Office of the Hearings Division. Likewise, the hearing follows at the conclusion of the pleadings phase in the administrative process. Because of this similarity, OAH generates statistical data which is comparable to the data generated in a civil system. By having all of these characteristics in common with a civil system, North Carolina is

[53] The OAH Clerk's Office provides a central repository within State government for information concerning each contested case. A completed file includes all pleadings, exhibits, transcripts (or cassette recordings), as well as the recommended and final agency decisions. As a result of the file created by OAH, the public and courts are able to track and review each step in the OAH hearings' process.

capable of performing a statistical comparison of the relative efficiency between administrative and civil litigation. But before drawing these comparisons, certain other characteristics of administrative litigation must be addressed.

Certain contested cases are more complex causes of action than others.[54] Among these are: Challenges to environmental permits and civil penalties, including claims to funds for leaking underground storage tanks (EHR); review of hospital certificates of need (CON); child day care license revocation and penalties (DHR); awards of competitive bids for state contracts (DOA); discharge of public employees (OSP); and denial of services or entitlement to special education services in public education (EDC).[55] Other contested cases are less complex causes of action. Among these are: contests over the state's right to intercept taxpayer refunds to enforce past due child support (CSE); Alcoholic Beverage Control permit denial and penalties (ABC); and revocation of Women, Infant and Children (WIC) program certification for retail establishments (DHR). Although OAH treats most filings similarly, the more complex contested cases are placed on a slightly slower DCM track to hearing than are the less complex cases.[56]

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[54] Mann, *supra* note 26, app. B. Appendix B contains an enumeration of the causes of action which may be tried before the Office of Administrative Hearings.

[55] The 1995 General Assembly transferred to OAH a cause of action previously heard by the Federal District Court, i.e. determination of eligibility for special services in "Willie M." cases (troubled youths). 1995 N.C. Sess. Laws Ch. 249. In addition, the General Assembly created a new administrative law cause of action pertaining to revocation of underwater easement leases in public trust waters of the State. 1995 N.C. Sess. Laws Ch. 529. The City of Raleigh has requested that OAH hear special use zoning cases to begin in the fall of 1995 after the adoption of a city ordinance to specify the procedure.

[56] "D.C.M. is a system which provides for management based on individual case characteristics." Simmons, *supra* note 11, at 1010. However, with the notable exceptions of hospital certificate of need contested cases (complex) which must lead to a fairly rapid decision (within 120 days of the filing of the petition), and the child support tax

The similarities between OAH and a civil court system ends when venue is considered because Administrative Law Judges conduct administrative hearings in all of North Carolina's one hundred counties. N.C. General Statute § 150B-24 determines the venue for contested cases. The priorities are: (1) the county of residence of the Petitioner; (2) the principal office of the State agency; or (3) any other venue which the ALJ determines will promote the ends of justice. As a consequence of the one hundred county venue, OAH is responsible for securing a hearing room, a hearing assistant, a security officer, and a presiding judge for each hearing outside of Raleigh (as well as the other requirements necessary to conduct a hearing in each and every county in North Carolina). But any inconvenience caused to OAH under this system is a source of great benefit to the litigants who are not required to travel great distances to the State's capitol in order to try their administrative grievances.[57] Although potentially OAH is responsible for conducting hearings in all one hundred counties, litigants are routinely directed to regionally convenient cities such as: Asheville (Buncombe County), Newton (Catawba County), Charlotte (Mecklenburg County), High Point (Guilford County), Raleigh (Wake County), Fayetteville (Cumberland County), Wilmington (New Hanover County), New Bern (Craven County), Halifax (Halifax County), and Elizabeth City (Pasquotank County). All the courtrooms in these

intercept contested cases (less complex) which often are delayed to secure district court domestic records, generally, OAH can establish tracks by case profile for purposes of D.C.M. without having to individually examine each petition.

[57] The North Carolina General Assembly does not provide budgetary funding for rental of hearings' space for administrative hearings outside of Raleigh and Charlotte but, nevertheless, establishes the preferred venue as the petitioner's county of residence. The 100 county venue is a distinguishing feature of North Carolina's central panel system. Coordination of so many venues greatly increases the case disposition time for administrative litigation in North Carolina.

regional cities (except Raleigh and Charlotte) fall under the jurisdiction of the counties and the Administrative Office of the Courts. The clerks of court and other administrative officials have demonstrated unusual cooperation with OAH in providing hearing space for administrative cases. Since OAH does not lease or otherwise compensate the local governments for the use of these facilities, often the county will "bump" the administrative hearing at the last minute for a higher priority local case. Nevertheless, the use of these facilities for administrative hearings at no cost to OAH produces substantial savings to the taxpayers. To foster these savings, OAH seeks the goodwill and cooperation of local officials in order to continue receiving this windfall to the State.[58]

THE OLD AND NEW SYSTEMS

Since the inception of OAH in 1986, there have been two different contested case scheduling systems. The first system was created in 1986 and operated under a decentralized scheduling system. The second system, based upon a calendar, was introduced in 1991. The early method had the advantage of providing each Administrative Law Judge with ultimate autonomy over the scheduling of each contested case. The ALJs individually set cases for hearing without reference to any calendar. This system worked well until the jurisdictional caseload increased to the point that such a random system could no longer

[58] By maintaining the hearing location in courthouses, the need for security is greatly reduced. Also, courtrooms are by design a more efficient setting to conduct a hearing than are other sites. Attorneys and witnesses are more comfortable in this setting, and most courtrooms provide adequate space for court reporters and hearing assistants which lends itself to the creation of a better record of the proceedings. Lastly, courtrooms provide a neutral setting to hear contested cases. *See also* Hardwicke, *supra* note 21, at 43 (noting the importance of securing neutral locations for hearings).

efficiently accommodate the growing number of cases.[59] The solution was to either add additional Administrative Law Judges[60] to hear the cases or create a more efficient system. Thus, the second system was created to accommodate the need for efficiency.

Under the decentralized system, within five days of the filing of a petition, the Chief Administrative Law Judge[61] randomly assigned each case to an Administrative Law Judge. The controlling assignment criteria was to insure that each judge maintained approximately the same number of pending cases.[62] After assignment of the contested case, the Administrative Law Judge routinely issued an Order for Prehearing Statements.[63] The parties had 30 days to complete and file this pleading. The Prehearing Statement is analogous to a responsive pleading in a civil action that when filed provides certain basic information about the case.[64] After the return of the Prehearing

[59] *Infra* Table 2.1, at 186.

[60] "While study is indispensable for disclosing the exact additional judge power needed to cure delay, it takes no ghost come from the grave to tell us that delay can be cured by adding more judges." HANS ZEISEL ET AL., DELAY IN THE COURT 18 (2nd ed. 1959); *but see* Mahoney, *supra* note 14, at 53 (suggesting that there may not be a valid correlation between number of judges and case disposition); *see also* CHURCH, *supra* note 12, at 80 (altering the relationship of judges to caseload without the court's control over pace of litigation may cause a fall in productivity); *see also* Thomas W. Church, Jr., *Who Sets the Pace of Litigation in Urban Trial Courts?*, 65 JUDICATURE 76, 78 (1981) (Court delay may not respond to the addition of more judges).

[61] Under the authority of N.C. GEN. STAT. § 7A-751 and N.C. GEN. STAT. § 150B-32, the Chief Administrative Law Judge serves as the Director of OAH and makes all contested case assignments in both the old and new systems. *See* Russell L. Weaver, *Management of ALJ Offices in Executive Departments and Agencies*, 47 ADMIN. LAW REV. 303, 334 (1995) (concluding that it is preferable to have a Chief ALJ in charge of ALJ offices).

[62] The old system may have unwittingly provided the ALJ with a disincentive to dispose of the assigned caseload. As long as the ALJ maintained an inventory of cases, no new assignments were made.

[63] N.C. ADMIN. CODE tit. 26, r. 03.0104 (Oct. 1991).

[64] An Order for Prehearing Statements requests the parties provide the following information: 1) The nature of the proceeding and the issues to be resolved; 2) A brief statement of the facts and reasons supporting the party's position on each matter in dispute; 3) A list of proposed witnesses with a brief description of his or her proposed

Statement within 30 days (or later if the time is extended), the Administrative Law Judge typically requested a telephone conference with the parties in order to establish a date and location for the hearing. Each case was individually scheduled in this manner, with little consideration directed towards collecting cases or creating a calendar.

Normally, about thirty to forty-five days elapsed between the filing of the petition and the scheduling of this telephone conference. The (one) calendaring clerk responsible for scheduling the telephone conference often had difficulty making contact with the parties or arranging a convenient time for all parties to be available for the conference. If successful, it was not unusual for the Clerk to have to deal with last minute cancellations because of conflicts which took precedence over the telephone conference. In this instance, the process was started again from the beginning. This OAH clerk spent most of each day scheduling conference calls for nine Administrative Law Judges.

During the telephone scheduling conference, the ALJ instructed the parties to select a hearing date and location. If agreement was reached, the presiding ALJ confirmed the setting in a scheduling order subsequently mailed to the parties. The scheduling clerk's next responsibility was to locate a hearing site in accordance with the scheduling order. The first priority was to secure a courtroom in a county courthouse, followed by a county commissioners' room or as a

testimony; 4) A description of what discovery, if any, the party will seek to conduct prior to the contested case hearing and an estimate of the time needed to complete discovery; 5) Venue considerations; 6) Estimation of length of the hearing; 7) The name, address, and telephone number of the party's attorney, if any; and, 8) Other special matters. *Id.*

last resort a conference room in a lawyer's office.[65] Sometimes, no hearing site could be found that conformed with the scheduling order, prompting a second telephone scheduling conference. Nine Administrative Law Judges participated in this system on a case-by-case basis, funneling all requests for scheduling through one scheduling clerk.

North Carolina is a state spanning over 500 miles in length and 200 miles in width. It encompasses 100 counties with 100 courthouses.[66] The Administrative Law Judge endeavored to set the case for hearing in the venue of the Petitioner's home county. Since there was no OAH calendar, the Administrative Law Judge, in theory, could schedule a hearing in Murphy one day, followed the next day by a hearing in Manteo over 500 miles away. Of course, this seldom occurred, but a typical week of hearings for an Administrative Law Judge required a diverse traveling schedule. There was seldom more than one case scheduled in a single location. Although the trial rate was fairly high in comparison to the number of cases scheduled overall, the total disposition rate was low merely because too few cases were set simultaneously for hearing.

Since only one case was scheduled at a time, continuances presented a dilemma for the Administrative Law Judge. A premium was placed upon the hearing of that one case as scheduled. If the judge granted the continuance, there was nothing remaining on a

[65] Actually, hearings have been tried in many different locations. One Administrative Law Judge tried a contested case to conclusion in a restaurant; however, this is a rare exception, as good hearing sites are normally available in all of North Carolina's 100 counties.

[66] *See* 2 ROBERT P. BURNS, 100 COURTHOUSES, A REPORT ON NORTH CAROLINA JUDICIAL FACILITIES (1978). This work provides a rich history of North Carolina's 100 courthouses, as well as an excellent architectural analysis of each building.

calendar to try, and if the Administrative Law Judge denied the continuance, one side might gain an unfair advantage. As a consequence of the dilemma, most of the Administrative Law Judges rigidly resisted granting *any* continuances. However, under hearing's rule .0118 in title 26, chapter 3 of the N.C. Administrative Code, continuances were allowed for good cause, and when they were granted, the ALJ returned the case to the calendaring clerk for rescheduling, i.e. establishing a telephone conference with the parties; procuring agreement on a new trial date and location; and issuing an amended scheduling order confirming the new dates.

"NECESSITY IS THE MOTHER OF INVENTION"[67]

Until the OAH caseload became unmanageable, the old system worked well enough and provided the Administrative Law Judge with greater autonomy in scheduling hearings. However, the public and their elected representatives began to take notice of the lengthening administrative hearings' process that prolonged resolution of administrative law cases. If OAH "drug its feet" in filing a recommended decision and then the agency took an additional year to make the final decision, it could be two years before an administrative case was reviewed by a judge of the Superior Court sitting in an appellate capacity.[68] Critics of the central panel began to voice concerns about the overall delay in resolving administrative law cases,

[67] Wycherley, *Love in a Wood*, Act III Sc. iii (1671)

[68] "Any person who is aggrieved by the final decision in a contested case, and who has exhausted all administrative remedies made available to him by statute or agency rule, is entitled to judicial review of the decision under this Article, . . ." N.C. GEN. STAT. § 150B-43 (1991). *See also* N.C. GEN. STAT. § 150B-45 (1991) (designating where to file the petition for Superior Court review) and N.C. GEN. STAT. § 150B-51 (1991) (setting out the standards for review in Superior Court).

particularly in light of the economic value of some of the issues litigated.[69] The General Assembly all but directed OAH to create greater efficiency measures in the hearings process in order to reduce delay. The General Assembly also amended the APA to require that the final agency decisionmaker issue its (final) decision no later than 180 days from the receipt of the OAH record.[70]

With the assistance of several of the Administrative Law Judges and staff members, OAH created a calendaring system[71] patterned after a docketing system which was already in place. The Alcoholic Beverage Control (ABC) cases were traditionally set on a calendar in regional cities every month. The regional cities were within a short driving distance, although not always in the same county, of the Petitioner's residence. Since the ALJ cadre rotated to these regional cities for a specific week each month, why not set all contested cases in these regional cities? The new system would be fairly simple to incorporate into the existing ABC system.

Under the new system, the Chief ALJ still assigns the case to an Administrative Law Judge within five days of the date the petition was

[69] Some of these concerns were raised by the Legislative Study Commission at the time of the General Assembly's consideration of the continuation of Office of Administrative Hearings in repealing the OAH sunset provision. *See* 1991 N.C. Sess. Laws Ch. 103; see *infra* text p. 185 and GPAC, *infra* note 111.

[70] If the final decision is not issued within this time limitation, the recommended decision of the Administrative Law Judge is considered as adopted by the agency as its final decision. N.C. GEN. STAT. § 150B-44 (1991). This time period varies depending on whether the final decision maker is a board or commission.

[71] This new master calendaring system captured many of the advantages of the civil calendaring system utilized by the Federal Eastern District Court of North Carolina. Under the Eastern District's system, the Judge travels to the regional courthouse in the locality where the civil case was filed to conduct the trial. (This is not the same practice for the Eastern District's criminal calendaring system.) SUSAN M. OLSON, CALENDARING PRACTICES OF THE EASTERN DISTRICT OF NORTH CAROLINA 9 (1987). OAH utilizes a rotational assignment system as is the case with the North Carolina Superior Court Judges who rotate every six months to a new district.

filed.[72] Unlike the old system, however, the presiding ALJ immediately sends a Scheduling Order to the parties, setting a tentative week for hearing between 120 and 150 days from the date of the filing of the petition.[73] The location is determined by the week of the ABC master calendar. It is no longer necessary to wait for the return of a prehearing statement or the scheduling of a telephone conference before calendaring a contested case. The assumption is that most litigants will be available for the hearing if informed of the hearing date four to five months in advance.[74] The Chief Administrative Law Judge no longer randomly assigns cases. Following the ABC docketing system, venue is automatically established in the district in which the Petitioner lives although not always the same as the county of Petitioner's residence. Nevertheless, this venue is, more often than not, within a short distance of the Petitioners' residence. Consequently, many of the advantages of the local county venue are preserved. There are eight ABC districts encompassing five or more counties with a regional city in the middle of the district. All parties, including the agency officials, travel to the regional city for trial.

The Scheduling Order provides for flexibility as it only tentatively sets the week of hearing and location. The initial setting may be modified for good cause at the request of a party. Early conflicts are

[72] *See* Weaver, *supra* note 61.

[73] "One of the most effective remedies to the cost of the litigation system is the establishment of rigid trial dates. Trial dates have a galvanizing effect on attorneys and parties alike; establishing the date promptly and firmly reduces the occasions for delay and gamesmanship." A Report from the President's Council on Competitiveness, Agenda for Civil Justice Reform in America 19-20 (Aug. 1991).

[74] "Note that this schedule [order setting pretrial conference, discovery deadline and hearing date] was set by the court from the pleadings and other papers available quite soon after filing, without benefit of any discussion with the attorneys." Steven Flanders, *Case Management in Federal Courts: Some Controversies and Some Results*, 4 JUST. SYS. J. 147, 151 (1978).

resolved. Rarely do the Petitioners or Respondents request their local county venue, unless it is necessary to accommodate a great number of witnesses or to accommodate some other legitimate venue consideration. The greatest advantage attributable to the new system is the multiple setting of cases during a trial week in a regional city. As a consequence, calendars are created in these central locations, and often ten to twenty cases are set for trial during a particular week.

The Scheduling Order also establishes discovery deadlines. All discovery is to be completed within two weeks before the hearing.[75] The hearing procedures governing administrative hearings vary widely from state to state.[76] In North Carolina, both the Rules of Evidence[77] and the Rules of Civil Procedure[78] apply to the contested case process. Not all states require as much procedural formality as North Carolina but one advantage of this formality is to promote greater similarity between civil and administrative litigation. Also, the rules governing evidence and procedure are designed to make the process fair.[79] However, these same procedures also cause litigation to become more complex, particularly in applying the rules of discovery.[80]

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[75] "The task force recommends that each track within the district's system should provide time guidelines not only for trials but also for the completion of discovery." THE BROOKINGS INSTITUTION, *supra* note 9, at 19.

[76] Hoberg, *supra* note 21, at 78 (Jurisdiction and Structure of Central Panels).

[77] *See* N.C. GEN. STAT. § 150B-29(a) (1991) ("Except as otherwise provided, the rules of evidence as applied in the trial division of the General Court of Justice shall be followed, . . ."); *see also* N.C. ADMIN. CODE tit. 26, r. 03 .0121 (Nov. 1987).

[78] *See* N.C. ADMIN. CODE tit. 26, r. 03.0101(1) (Feb. 1994). (This OAH rule applies the Rules of Civil Procedure to contested cases.)

[79] Recent pronouncements by North Carolina's Supreme Court in construing the Rules of Civil Procedure bolster this assertion. "Our recent decisions interpreting the Rules of Civil Procedure have focused on substance rather than form." *Hazelwood v. Bailey*, 339 N.C. 578, 583, 453 S.E.2d 522, 524 (1995), *citing Lemons v. Old Hickory Council*, 322 N.C. 271, 275, 367 S.E.2d 655, 657 (1988).

[80] "Parties in contested cases may engage in discovery pursuant to the provisions of the Rules of Civil Procedure, G.S. 1A-1." N.C. GEN. STAT. § 150B-28(a) (1991); *see*

For this reason, some administrative tribunals do not provide for or greatly limit discovery. Some commentators believe that the abuses in discovery may outweigh the advantages.[81] Naturally, in the tribunals where discovery is not permitted, hearings proceed (or should proceed) along a faster track. However, in North Carolina most hearings are delayed at least 90 days[82] to give the parties an opportunity to engage in discovery.[83] The Office of Administrative Hearings does not have subject matter jurisdiction over many high volume administrative cases (e.g., motor vehicle drivers license revocation). Most OAH administrative litigation is either complex or highly complex. For complex administrative litigation, time for discovery must be built into the scheduling order. Not all lawyers engaging in administrative litigation will avail themselves of this much time for discovery. At the time of the filing of the contested case petition, it is difficult to predict which cases will require extensive discovery. By setting a discovery deadline for all cases (except CSE, EDC, and ABC cases), parties will know within five days of the filing of the petition not only what the discovery deadlines are, but that the discovery process must begin immediately. This technique avoids, too,

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also N.C. GEN. STAT. § 150B-33(b)(3)(4) (1991) (delineating ALJ authority to rule on objections to discovery and to regulate the course of discovery); N.C. GEN. STAT. § 150B-33(b)(10) (1991) (imposing sanctions for non-compliance).

[81] Chief Justice Joseph R. Quinn, *The Bottom Line, Final Responsibility For Reducing Trial Delay Rests Squarely With The Courts*, ST. CT. J., 1985 (No. 4), at 8.

[82] *See* Steven Flanders, *Case Management in Federal Courts*, 4 JUSTICE SYS. J. 147, 155 (1978) ("Stringent discovery controls do not generally limit completion of needed discovery.").

[83] In spite of the application of formal discovery methods to administrative hearings, several informal methods are required by statute and rule. *See* N.C. GEN. STAT. § 150B-28(b) (1991) ("On a request for identifiable agency records, with respect to material facts involved in a contested case . . . an agency shall promptly make the records available to a party."); *see also* N.C. ADMIN. CODE tit. 26, r. 03.0112(a) (Feb. 1994) (reciting the parties' obligation to exhaust informal discovery).

the need for telephone conferencing to determine discovery deadlines. It is true that significant reductions in delay can be realized by eliminating or greatly reducing discovery; however, the elimination of discovery flies in the face of the modern day approach to complex litigation, whether that complex litigation is in a civil courtroom or an administrative tribunal. Furthermore, discovery will not be utilized in all contested cases because of the expense involved. If the economic value of the litigation is small, likely the parties will forego the additional discovery costs of the litigation and proceed to a determination of the case at hearing. Most of North Carolina's minor civil litigation is governed by the Rules of Civil Procedure.[84] Little delay is caused by applying the civil rules governing discovery to even simple litigation because the economic value will not justify costly discovery measures. The same is true in administrative litigation.

Mediation in administrative litigation was first established in North Carolina with the enactment of G.S. 150B-23.1 in 1993.[85] It furthered the existing public policy favoring settlements between citizens and State agencies found in G.S. 150B-22. Not all contested cases are automatically referenced to mediation, but if the Chief Administrative Law Judge deems the case appropriate,[86] an Order for Mediated Settlement Conference is issued within five days of the filing of the Petition. The parties are notified that they are required to select a

[84] *See* N.C. GEN. STAT. § 1A-1, Rule 1 (1990) (making Rules of Civil Procedure applicable to all proceedings of a civil nature); *see also* N.C. GEN. STAT. § 7A-220 (1989) (including *de novo* appeals of small claims to District Court).

[85] 1993 N.C. Sess. Laws, Ch. 363. 1995 N.C. Sess. Laws, Ch. 145 removed the sunset contained in the original act. The implementing rules were adopted by OAH on February 1, 1994, and are contained in § 200 of Chapter 3 of Title 26 of the N.C. Administrative Code. N.C. ADMIN. CODE tit. 26, r. 03.0201- .0208 (Feb. 1994).

[86] Generally, the more complex contested cases heard in OAH are selected for mediation. *See supra* text, at 18.

mediator by agreement and if they fail to agree, the presiding ALJ will make the selection for them. The time for completion of mediation is also scheduled in the initial order. The entire mediation process is modeled after North Carolina's program for civil mediation.[87] Mediation is not the only alternative dispute settlement technique available to the parties. In certain cases, a settlement conference may be held in lieu of mediation.[88] One major difference between the two methods is that a settlement judge presides at the settlement conference instead of a certified mediator. All of North Carolina's ALJs have training in mediation. They utilize these skills at the settlement conference and, in addition, bring to the table their years of experience in presiding over similar cases. The settlement judge is never the presiding judge.[89] As a consequence, no incompetent or prejudicial statements are heard by the judge who will try the case. ADR techniques are not employed in every instance. Only contested cases involving substantial rights or having significant economic value are referred for ADR.[90] Cases initially selected for mediation will normally extend the scheduling of a

[87] Due to the penal nature of many of the administrative actions which result in contested cases, administrative litigation may actually be a hybrid of criminal and civil law, e.g., a substantial environmental penalty is analogous to a criminal fine or forfeiture. Criminal sanctions are probably more difficult to mediate than are tort cases where the relief is purely monetary.

[88] N.C. ADMIN. CODE tit. 26, r. 03.0107(b) (Feb. 1994) ("A settlement conference shall be held at the request of any party, the [presiding] administrative law judge, or the Chief Administrative Law Judge.").

[89] "Judges ordinarily should not adjudicate disputes which they have attempted to settle or about which they have received information on the merits through a non-adversarial route." Barry R. Schaller, *Managerial Judging: A Principled Approach to Complex Cases in State Court*, 68 CONN. BAR J. 77, 83 (1994).

[90] The early statistical data collected by OAH regarding the mediation settlement conferences indicates that 37% of these complex contested cases referred to mediation between February, 1994 and July, 1995 settled prior to, during, or after the mediated settlement conference. (Statistics are not available to measure the effectiveness of ALJ settlement conferences).

hearing date and, as a consequence, will lead to a slightly varied differentiated case management track for these cases.[91]

In summary, within five days of filing the petition, the presiding Administrative Law Judge issues a scheduling order setting forth the following information: (1) the week of hearing; (2) the hearing site; (3) the identification of the presiding ALJ; (4) a discovery deadline; and (5) (if selected), an order referring the case to mediation or settlement conference with deadlines for completing ADR.[92] Once this scheduling order is served, the parties and their attorneys know the time constraints of litigation, and they must begin to make arrangements to comply with deadlines. Only rarely will there be scheduling conflicts because everyone involved in the administrative litigation has at least four to five months advanced notice of deadlines. The parties know they must either settle their litigation or be prepared to go forward with the trial at the appointed time, notwithstanding protests by some attorneys.[93] Actually, only fifteen to twenty percent of the cases calendared for hearing will be tried.[94] The overbooking of a trial week is a common experience in trial courts and is similar to overbooking of

[91] "The design of management tracks includes specific processes, procedures, time frames, management tools, and alternative dispute resolution techniques situated to the needs of the category of cases in general and tailored to the needs of individual cases." Simmons, *supra* note 11, at 1011.

[92] GOERDT, *supra* note 4, at 67 ("One of the constant themes in this case management literature is the call for early and continuous control by the court over the scheduling of case events."). "Early and continuous court intervention in scheduling case events . . . has been espoused as effective devices for reducing delay in civil litigation." *Id.* at 47.

[93] *See* Church, *supra* note 60, at 85 ("[M]ore court control over the pretrial period may force counsel to trial or disposition faster than they believe to be appropriate, but such actions by the court will generate a predictable and (if experience is any guide) intense outcry from practitioners who believe the accelerated pace is improper.").

[94] Lisa Driscoll, *Innovations Speed Civil Case Flow in First District*, BAR BULLETIN, STATE BAR OF N.M., Feb. 11, 1993, at 1,4.

airline flights. Seldom will there by too many cases for the Administrative Law Judge to try during the week calendared for hearings. Setting more cases on a calendar than can apparently be tried recognizes that a certain number of cases will settle at the "courthouse steps."[95]

Although the new system is less than perfect, it is much more efficient than the previous decentralized system. Due to North Carolina's one hundred county venue, problems still remain with continuances and motions practice before OAH.

Prehearing motions in the nature of Rule 41(b) (Involuntary Dismissals) and Rule 56 (Summary Judgment) may be heard upon written motion without oral argument.[96] If oral argument is deemed necessary, most Administrative Law Judges set a prehearing telephone conference to hear the motion.[97] In other more complex cases, the Administrative Law Judge may actually set a special hearing for oral argument on the motion, particularly if the case is scheduled in a regional city. This normally means that the ALJ must make special calendaring arrangements with the parties in order to hear dispositive motions on the record.

Under the new system, Title 26, rule 3.0118 of the N.C. Administrative Code still governs continuances. Continuances are granted only upon proof of specific grounds: (1) death or illness of a party or attorney; (2) a court order; (3) lack of statutory notice of

[95] "Our system acknowledges that cases will be settled on the courthouse steps." *Id.* at 4. *See also infra* Table 3.1, at 187.

[96] N.C. ADMIN. CODE tit. 26, r. 03.0115(b) (Nov. 1987).

[97] *Id.*

hearing; (4) substitution of legal counsel; (5) any other good causes defined in the Rule.[98]

Firm trial dates settle cases.[99] Attorneys who know that a continuance is an option concentrate less on the business of settlement. Title 26, rule 03.0118 in the N.C. Administrative Code is rather specific in its terms about the standards for continuances. The administrative law judges who strictly follow the grounds for continuances ultimately enhance settlement possibilities by resisting the motion for continuance. Once an ALJ earns a reputation for denying such motions, attorneys know what to expect, and they must make arrangements to either try or settle their contested cases. After all, the lawyers have been informed at least four to five months in advance of the date of trial as well as the deadlines of other significant case events. If these deadlines cannot be met, attorneys must move for a continuance.[100] Under a new OAH policy,[101] when continuances

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[98] "The objectives of setting early, firm trial dates can be easily defeated if attorneys are freely permitted to obtain continuances. Thus the task force recommends that each plan include a stringent 'good cause' justification for delaying trials and discovery deadlines." THE BROOKINGS INSTITUTION, *supra* note 9, at 21.

[99] *The trial should commence on the first date scheduled. Unpredictable trial dates breed last minute continuances and settlements. When the court creates pervasive doubt about the firmness of trial dates, counsel tend to defer trial preparation and then seek a continuance when pressed for trial. With sufficient notice of a trial date and the beginning of the trial on the first day set, counsel learn that the court means business, resulting in earlier settlements or pleas without an increase in the trial rate.* AMERICAN BAR ASSOCIATION, *supra* note 5, at 10-11.

[100] Unavailability of witnesses is a common reason for requesting a continuance. Some ALJs will now start the hearing without the witness and require the taking of the testimony of the absent witness by deposition or continue the hearing after the completion of all the other evidence and take the absent witness's testimony at a later date.

[101] "Essential elements which the trial court should use to mange its cases are: (G) A firm, consistent policy for minimizing continuances." AMERICAN BAR ASSOCIATION, *supra* note 5, at 7.

are granted[102] for meritorious reasons, the parties, whenever possible, must consent to the following: specify the exact reason for the continuance; indicate how a postponement will cure the need for the continuance; and otherwise announce the cases ready for hearing at the time of the future trial date. This new policy will eliminate objections to the next trial date by anticipating potential grounds for delay. Resisting unwarranted continuances is one of the court's best tools to resolve contested cases.[103]

Statistical data is necessary in order to evaluate the effectiveness of any delay reduction program.[104] Computer-generated statistical data for contested cases has always been available in the Office of Administrative Hearings. The computer software was specifically designed for this purpose in 1986. This software enables the Clerk's office personnel to track and retrieve statistical information based on certain queries.[105]

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[102] "We do not propose an excessively rigid continuance policy or mindless enforcement of arbitrary rules. Rather, a court should create the *expectation* that a case will be tried on the first scheduled trial date unless there are compelling reasons for a postponement. . ." CHURCH, *supra* note 12, at 69.

[103] "Court readiness to try civil cases may well be the most effective settlement-inducing device. The assertion that only the reality of imminent trial produces fast and sure settlements was made by judges and attorneys in every court visited." *Id.* at 76.

[104] "Computerized case tracking is essential to trial delay reduction and early case resolution." Goodman, *supra* note 8, at 256.

[105] The IBM System 36 (and specially designed software) used by the Hearings Division, once state-of-the-art, is now clearly surpassed by new technology. A comprehensive study suggests the development of a new software program with integration of the new calendaring system into the Hearings Program with connection to a LAN (Local Area Network) as the System 36 is phased out. *See* State Information Processing Services (SIPS), Office of Administrative Hearings Needs Analysis, Tab 1 (March 30, 1995) (on file with OAH). Cost of the implementation of the computer study at OAH approaches $280,000. Legislative funding for this project was deferred to the 1996 Session of the General Assembly.

STATISTICAL REVIEW

Statistical data has been compiled and profiled into various tables which are depicted on the following pages. The primary function of the tables is to illustrate trends by comparing statistical data between the old and new calendaring systems. The important comparison years are 1989-1990, which were the last years under the old system, and 1993-1994, which are the years for which statistical data is available under the new system. It is beyond the scope of this paper to compute statistical correlations in order to establish relationships between independent and dependent variables. However, there are certain broad conclusions which may be drawn from the trends established by the data. An explanation of these conclusions will follow.

Table 1.1 and Tables 1.2(a) and (b) address OAH time dispositions in administrative law contested cases as compared to the ABA Time Standards.

The ABA Time Standards are generally recognized as the benchmark for case disposition in civil courts.[106] Section 2.52 of the ABA Time Standards relating to trials in civil courts is in part quoted below:

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[106] *At the aggregate or court level, however, the ABA disposition time standards provide a useful and widely accepted tool with which to determine the degree to which courts are concluding civil cases within a reasonable time period. In this study, the incidence of delay in civil litigation in a court is inferred from its performance in relation to the ABA disposition time standards. It is assumed that courts with a higher percentage of cases that exceed the ABA standards probably have*

(A) General civil - 90% of all civil cases should be settled, tried or otherwise concluded within twelve months of the date of case filing;
(B) 98% within 18 months of such filing; and
(C) the remainder within 24 months of such filing, except for individual cases, in which the court determines exceptional circumstances exist and for which a continuing review should occur.[107]

AVERAGE NUMBER OF DAYS BETWEEN
FILING AND CLOSING DATES
FOR OAH CONTESTED CASES

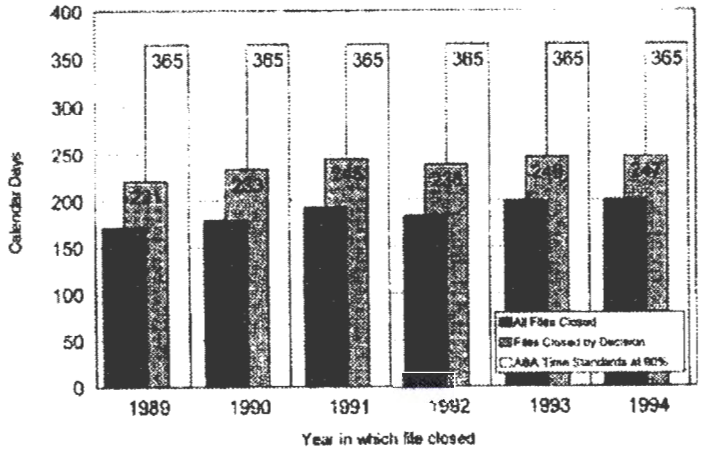

Table 1.1

Tables 1.1 and 1.2(a) and (b) indicate that the Office of Administrative Hearings is in substantial compliance with the ABA Time Standards for civil case dispositions.

more delayed cases than courts that perform better compared to the ABA standards. GOERDT, *supra* note 4, at 36.

[107] AMERICAN BAR ASSOCIATION, *supra* note 5, at 11. In addition to the civil court dispositions, the ABA Time Standards also set guidelines for case dispositions in other types of litigation: Summary Civil, Domestic Relations, Felony, Misdemeanor, Persons in Pretrial Custody, and Juvenile proceedings.

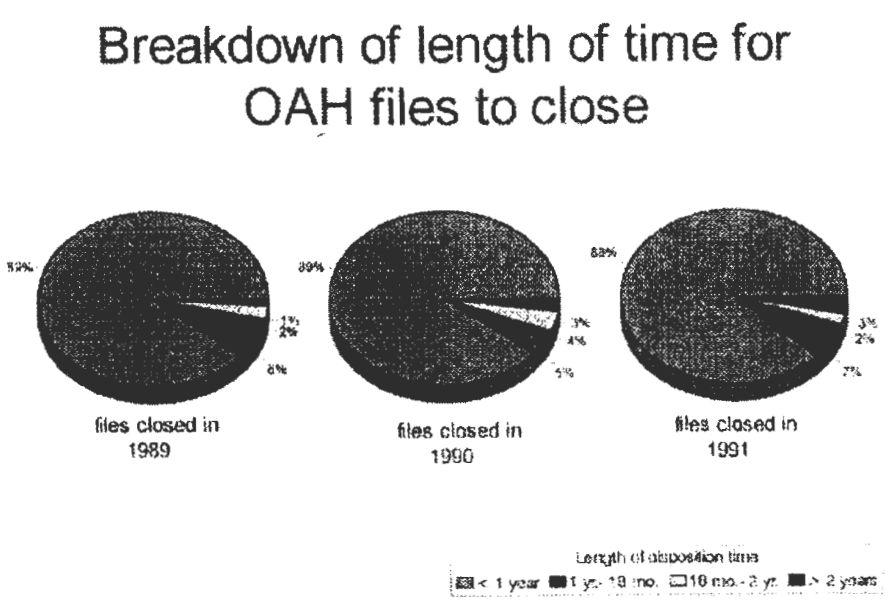

Table 1.2(a)

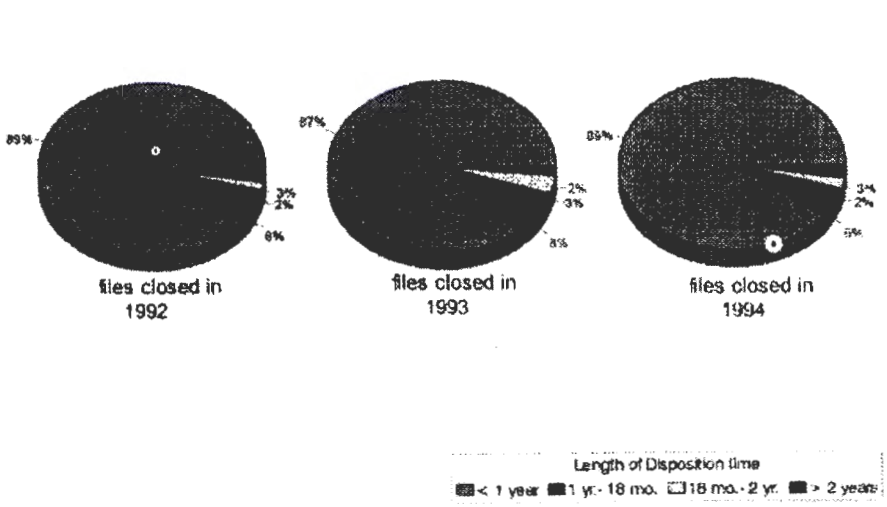

Table 1.2(b)

One feature that distinguishes administrative litigation from civil litigation is that in a civil bench trial, the presiding judge renders a conclusive

decision subject only to review by an appellate court by a party who claims error. The percentage of appeals in comparison to trials is relatively small. In most central panel administrative tribunals, however, the administrative law judge renders a recommended decision which in every case must be reviewed by the administrative agency making the final decision.[108] The initial appeal lies with the Superior Court (North Carolina's highest level trial court) which serve as the first tier of appellate review,[109] and may, thereafter, be appealed as in any other civil case. These tables do not account for the time between the filing of the petition and the date of the final decision,[110] but Table 1.1 does confirm a major OAH goal, i.e., the average disposition of all cases in a range of six to seven months. As Table 1.1 indicates, the case disposition time has increased slightly since 1992, but again, the case filings have substantially increased with the addition of 400 more cases in 1994 than in 1989.

The Governmental Performance Audit Committee, in reviewing the Office of Administrative Hearings in 1993, noted that there was an inherent delay to the citizen in this process.[111] Nevertheless, the Office of

[108] It is beyond the scope of this article to discuss the policy implications of the friction between the recommended and final decision maker. *See generally* Hardwicke, *supra* note 21, 49-53, *citing* George R. Coan, *Operational Aspects of a Central Hearing Examiners Pool: California's Experience*, 3 U. FLA. L. REV. 86, 89 (1975). For a statistical summary of agency agreement with the recommended decision, *see* Mann, *supra* note 27, app. C (subsequently updated through 1995).

[109] *See supra* note 68.

[110] *See supra* note 70.

[111] A comprehensive performance audit was undertaken for each state agency in North Carolina by the General Assembly in 1992 which included the Office of Administrative Hearings. Government Performance Audit Committee [GPAC], Our

Administrative Hearings, for its part, is consistently on the mark with the ABA Time Standards for civil trials. Actually, the new calendaring system at OAH may have initially lengthened the case disposition time slightly because the hearing date is set at least 120 days from the date of the filing of the petition in order to accommodate time for discovery. This delay was not factored into the old system. However, the new system has allowed OAH to dispose of the increased case filings with the same number of ALJs with only a slight increase in the case disposition time.

CONTESTED CASE PETITIONS FILED

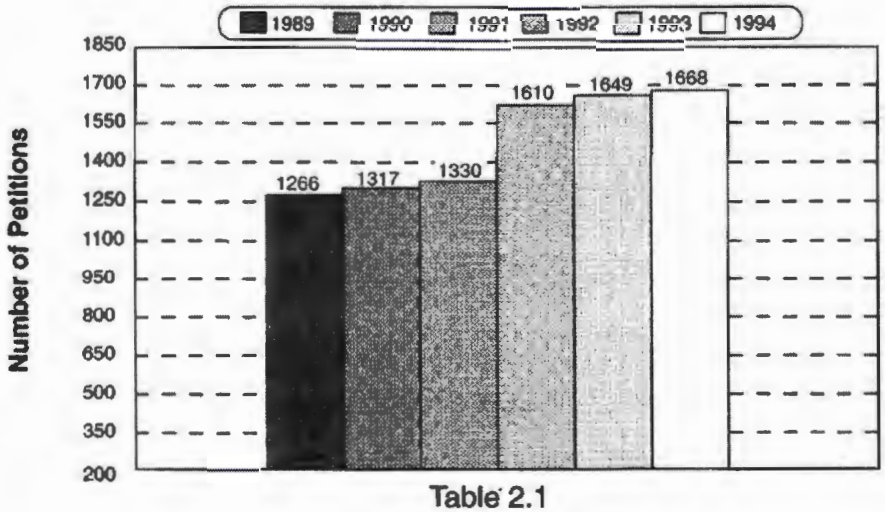

Table 2.1

Table 2.1 indicates the number of contested case petitions filed. North Carolina is not a high volume state in terms of the number of administrative filings; it is better known as a mid-size state, albeit on the lower end.[112]

State, Our Future, Pathways: Summary of Findings and Recommendations of the North Carolina Government Performance Audit Committee 102 (Dec. 1992) (on file with the North Carolina General Assembly).

[112] Hoberg, *supra* note 21, at 87 n.93.

Table 2.1 not only clearly shows the 400 petition increase since 1989, but it also illustrates the upward trend in filings over the years, particularly the sizeable jump between 1991 and 1992. Again, case filings have significantly increased but the number of administrative law judges has not changed since the creation of the Office in 1986. The same number of judges hear and decide the increased case volume which averages 50 cases per judge per year.

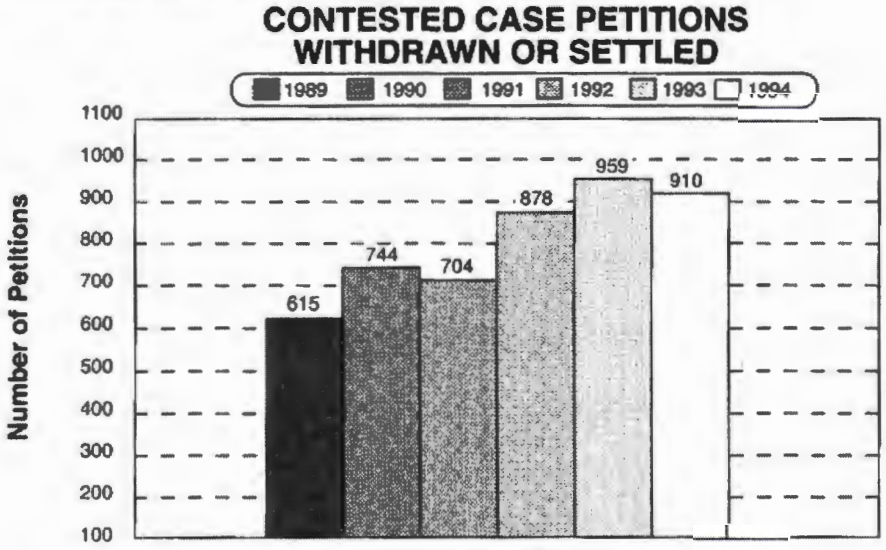

Table 3.1

Table 3.1 demonstrates the apparent success of the new calendaring system at OAH. Recall that the old system, at least as it pertained to withdrawals and settlements, required individual case settings with very few cases being calendared at the same time. The new system schedules cases in a particular region on a calendar numbering from ten to fifteen cases per setting. Table 3.1 indicates there was a 47% to 55% increase in the number of cases withdrawn or settled in 1993 and 1994 over the

number that was withdrawn or settled in 1989. The table also illustrates that the number of cases withdrawn or settled has increased steadily for every year, except for 1991.

Setting a firm trial date at the time that the Petition is filed requires lawyers to settle the case prior to hearing or be prepared to try the case as scheduled.[113] The judicial administration literature stresses and reiterates the necessity of early and firm setting of trial dates.[114] The OAH data supports the conclusion that cases will settle or be dismissed or withdrawn when parties are confronted with a firm trial date. It also serves to provide a method for quick termination of the weak case or one that is meritless. The administrative law judges take charge of their own calendars after the initial setting. Thomas Church suggests that in a system where judges take responsibility for the disposition of cases, this results in a more effective calendaring system.[115] In the OAH system, the presiding judge takes a personal interest and responsibility for managing the calendar. The Administrative Law Judges are reviewed each year on their total case dispositions and number of decisions written.[116] If cases are not moving

[113] "When judges efficiently manage their cases, they assist the parties in resolving their disputes. Hands-on management policies have resulted in increasing settlements within nine months of filing to nearly 85% in some courts." A Report from the President's Council on Competitiveness, Agenda for Civil Justice Reform in America, *supra* note 73, at 18.

[114] CHURCH, *supra* note 12, at 68-69.

[115] *Id.* at 73.

[116] "The two summary statistics commonly used to assess individual judge's performance in the individual calendar courts are the number of terminations in a given period attributable to a judge and the number of pending cases in the judge's inventory." *Id.*

through the system, the ALJ realizes that their case disposition rate will suffer. The ALJs are competitive by nature and each one strives to do the best job possible.[117]

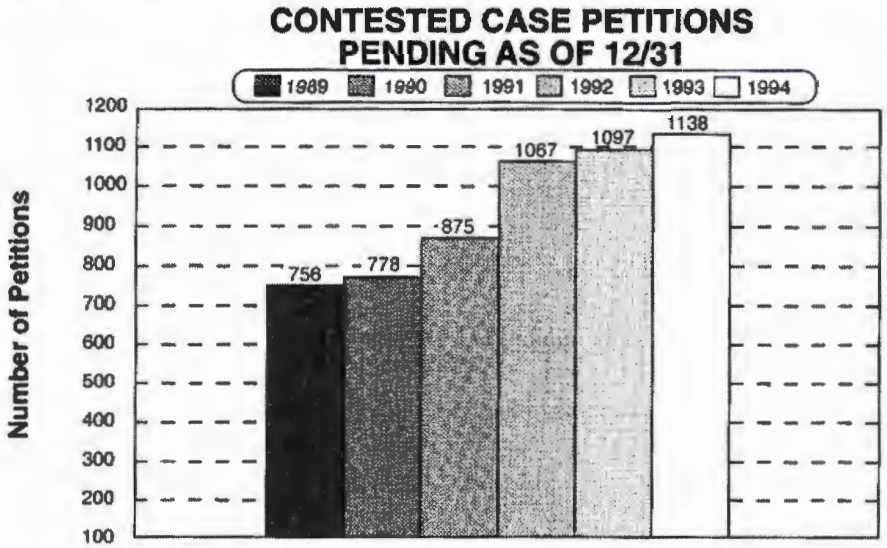

Table 4.1

Table 4.1 indicates that there is an increasing backlog of cases each year at OAH. The backlog per judge is normally an indicator of the pace at which a court system disposes of cases.[118] The pending cases at OAH have increased at a 50% rate between 1989 and 1994, but the ratio of pending cases to the total number of cases closed has remained relatively constant, and for each year the case dispositions have exceeded those pending at the end of the year. A ratio of one-to-one is considered by most experts as an indication of efficiency. Again, the total contested case filings have increased and the total backlog has also increased; however, the

[117] *Id.*

[118] "Size of the pending caseload per judge emerges as the strongest correlate of the pace of civil case litigation in these urban trial courts." GOERDT, *supra* note 4, at 54.

number of ALJs has remained constant.[119] Also, the ABA Time Standards have remained relatively constant despite the increased case filings.[120] Thus, the pace of administrative litigation has not been significantly affected by pending cases per judge. The Office of Administrative Hearings will monitor the pending backlog of cases under the new continuance policy implemented in 1995 to see if the new policy reduces the rate of increase in the backlog. Under this new (but still restrictive) policy, the Administrative Law Judge will not retain control over the cases continued but will set a continued case onto the calendar of the next Administrative Law Judge who will appear in that same region the following month. Perhaps, this new policy of "rolling" cases will reduce the volume of pending cases by moving the case forward onto the next calendar as opposed to individually resetting a continued case.

The Office of Administrative Hearings has designated one of its employees as its Trial Court Administrator. Previously, the Clerk's Office, in coordination with the Hearings Division, was responsible for maintaining

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[119] "Lack of resources, especially an insufficient number of judges to handle increased workloads, may be one reason courts develop large pending caseloads per judge." *Id.* at 67.

[120] *It is noteworthy, however, that the number of filings and dispositions per FTE judge does not display a significant correlation with case processing times or court performance compared to the ABA standards. Moreover, there is little, if any, association between filings or disposition per judge and pending cases per judge. These findings suggest indirectly that factors other than judicial resources may be important in explaining the buildup of pending cases per judge and the pace of litigation. Id.*

docket control. Now, with the addition of this new position, the Trial Court Administrator will be responsible for monitoring the progress of every case filed in the Office of Administrative Hearings until conclusion. If an Administrative Law Judge continues a case or if a case is not reached by the Administrative Law Judge, no longer will this Judge retain this case. It will be referred to the Trial Court Administrator and reset upon another calendar or docket.

Many of the Judges in the Office of Administrative Hearings take pride in disposing of all cases assigned and are serious about resisting continuances. What may be lost in the new system, through the loss of "ownership" of each case, is that the Administrative Law Judge may not scrutinize the grounds for a continuance or take the same pride in the reduction of pending cases if the ALJ continues the case to the next calendar. What is expected to offset this phenomenon will be the contrasting efficiency gained by placing the continued case back on a calendar as opposed to returning it to an individualized scheduling system. Also, the Trial Court Administrator will oversee the calendar of each ALJ in order to assure that cases are not being needlessly prolonged through continuances.

In order to reduce the existing case backlog, it may be necessary to place all pending cases that have not been calendared on a "clean up" calendar in 1996. Some of the pending cases have been stayed pending

disposition of a companion case or an appeal. Nevertheless, a clean up calendar constructed by the Trial Court Administrator may be one method employed to reduce the backlog. One ALJ has already volunteered for this assignment. The adding of additional ALJs, although attractive, is not necessary at this point.[121] The efficiencies gained in the new calendaring process since 1991 as yet have not been fully realized. Until such time as the office is operating under maximum efficiency, there will be no need to add additional Administrative Law Judges.

Table 5.1 shows the number of contested cases closed by decision. This trend clearly indicates that there are more cases reaching decision under the new system than there were under the old system. The ALJs have been able to manage the additional case load under the new scheduling system and continually are gaining efficiency. Fortunately, the ALJs are closing contested cases in higher numbers than in 1989 since the contested case petitions filed have also substantially increased. Again, the apparent increase in productivity has come in part because the number of cases available for hearing has increased because of multi-case settings. Under the new system, if between ten and fifteen cases are set for hearing during the same week, only two or three of these cases may actually be tried to conclusion. Under the old system, only one case was scheduled at

[121] *See* ZEISEL ET AL., *supra* note 60.

a time and, therefore, the set of cases that could result in a disposition was greatly reduced.[122]

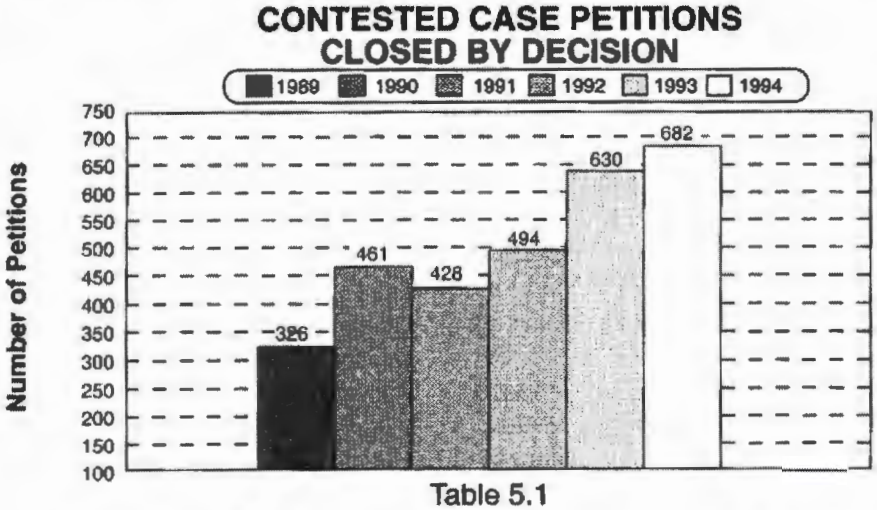

Table 5.1

The greatest efficiency gained under the new system is the immediate scheduling of all cases on calendars within five days of the date that the petition is filed. This one addition is the most prominent of all of the new system's characteristics. The firm and certain trial date established in the initial scheduling order is the single most effective means of ending administrative litigation.[123] Notwithstanding that the Office of Administrative

[122] It might be noted here that not only has the number of decisions written dramatically increased since 1989, but the quality of the decision writing has also markedly improved. Under the North Carolina system, the Administrative Law Judge is responsible for writing the Recommended Decision. In the trial courts, often the civil judges have the judgment prepared for them by the attorneys who prevail in the case. However, in the Office of Administrative Hearings system, although many of the attorneys assist in the preparation of these orders, the ultimate writing of the decision in most cases rests with presiding Administrative Law Judge. Over this same period of time, the judges have improved their skills in legal writing. Selected ALJ decisions are published in the *North Carolina Lawyer's Weekly* (newspaper). Beginning in September of 1995, all of the Administrative Law Judges' decisions (and projected for 1996 the final agency decisions) will be published by Barclays Law Publishers and will be available by subscription.

[123] *Providing firm trial dates has several important benefits for the courts and public. Firm trial dates provide certainty to litigants and their attorneys.*

Hearings refers cases for prehearing settlement conferences and mediation, and that these ADR techniques may well influence the settlement rate, nevertheless, the single most effective means of bringing conclusion to litigation is the firm and certain trial date.[124] Many court systems that have experimented with delay reduction find that this is also true.[125]

Most scheduling systems do not calendar a case until after the initial responsive pleading is filed, and often the setting is accomplished in a scheduling or prehearing conference. If there is one conclusion that may be drawn from this study of administrative litigation in North Carolina, it is that the earlier the hearing date is established, the earlier the disposition.

Greater certainty that a case will go to trial probably increases the likelihood of early settlements in civil cases and early pleas in criminal cases. Equally as important, firm trial dates reduce the number of times litigants and witnesses must go to court, thus reducing the overall cost of litigation for the public and improving the public's perception of the efficiency and effectiveness of the judicial system. GOERDT, *supra* note 4, at 67; *see also* E. Donald Elliott, *Managerial Judging and the Evolution of Procedure*, 53 U. CHI. L. REV. 306, 313 (1986) ("Perhaps the most important single element of effective managerial judging is to set a firm trial date.").

[124] *As discussed above, the data produced by our interviews and by other studies indicate that fixing early and firm dates for the completion of trial preparation and for the trial itself is probably the single most effective device thus far developed for encouraging prompt and well-focused case development. There does not appear to be any consequential practical obstacle to setting these dates very shortly after an action is commenced. Several judges we interviewed reported that they routinely followed such a procedure and that it has had very beneficial effects. Other studies and commentaries have described the successful use of this approach in several federal courts.* Wayne D. Brazil, *Improving Judicial Controls Over the Pretrial Development of Civil Actions: Model Rules for Case Management and Sanctions*, 1981 AM. B. FOUND. RES. J. 875, 917.

[125] "Judges should establish an early trial date immediately after the initial pleadings are complete. Once established, the trial date should be delayed only for compelling reason or the needs of the court." A Report from the President's Council on Competitiveness, Agenda for Civil Justice Reform in America, *supra* note 73, at 15.

The calendaring of a case should not wait until thirty or sixty days after the case is filed. The administrative scheme in North Carolina requires the filing of a Prehearing Statement by all parties within thirty days after the contested case petition is filed. Again, the Prehearing Statement is analogous to an answer or other responsive pleading in a civil trial. No gain is made by waiting for the filing of this responsive pleading before scheduling the case, no matter how tentative that initial setting may be.[126]

Efficiency is also gained by the setting of preliminary discovery deadlines in the initial scheduling order. This provides the parties ample time to conclude discovery prior to the hearing. This simple scheduling technique of setting the trial date and the discovery deadline at the time of filing might well result in the disposition of over ninety percent of the cases filed.

Cases that do not have great economic value will normally not generate much discovery. Cases of great economic value may need to be placed on a slower track because of their complexity and the need for more discovery. One response to economic value in a calendaring system is Differentiated Case Management. In the Office of Administrative Hearings, the simple cases, such as the ABC and WIC, are placed on a different track than the more complex cases, such as the Certificate of Need or Special Education cases. The need for Differentiated Case Management is not

[126] *See supra* text, at 173.

great in the Office of Administrative Hearings, and only a small percentage of the cases at the extremes of the spectrum require such treatment.

SUMMATION

Judicial efficiency is being accomplished in the Office of Administrative Hearings by the simple technique of requiring the scheduling of cases with a firm trial date and a discovery deadline within five days of filing of the petition. Trends must be monitored by the Trial Court Administrator in this process to maintain the current pace of litigation, reduce the pending cases per judge, and ensure that cases meriting continuances are moved from calendar to calendar. Delay reduction under the new system achieves due process as evidenced by the increase in the settlement and withdrawal of petitions and the number of cases reaching decision. Although the pace of litigation is increasing slightly each year with the rise of case filings, litigants are not being inordinately delayed in their pursuit of administrative due process. It should therefore follow that North Carolina's Office of Administrative Hearings delivers both justice and due process in its system of administrative adjudication.

This article is not intended to be a comparative analysis of administrative litigation among the central panel states since the only frame of reference is the North Carolina Office of Administrative Hearings; OAH is simply comparing its case processing time with the ABA Time Standards. Other administrative tribunals throughout the United States may operate

more efficiently and exceed OAH's contested case disposition rate. This article does illustrate that administrative tribunals are capable of operating within the ABA Time Standards, notwithstanding Judge Broomfields's exception.[127] Due to the similarities between civil litigation and administrative litigation, particularly as to the commencement of the proceedings, OAH finds itself in a unique position to measure its relative efficiency with the ABA Time Standards, perhaps more so than other central panel systems. Administrative litigation in North Carolina has a clear point of initiation because OAH is the only central panel exclusively petition-generated. Since the contested cases are not referred from the agencies, the commencement point has a distinct beginning. In other systems, the central panel may not become involved until the actual hearing, making it difficult to consistently measure the length of time between the commencement date and the completion date.

Lastly, sometimes the goal of effective implementation is lost in focusing singularly on efficient implementation.[128] It is axiomatic that

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[127] *See supra* text, at 127.

[128] *Close observation of the six courts suggest that they succeed at something more profound and important than moving cases to disposition quickly. As is explicit in the Trial Court Performance Standards, Expedition and Timeliness is but one of five general areas in which a healthy court achieves excellence. Others are Access to Justice, Equality, Fairness and Integrity, Independence and Accountability, and Public Trust and Confidence. In the demonstration courts, management views delay both as a disease in its own right - something to treat and prevent from recurring - and as a* symptom *that may indicate a more pervasive unhealthy conditions. By maintaining and regularly examining information on delay, the demonstration courts routinely monitor the general health of the organization, something which*

promoting a delay reduction program in a hearing system should serve the ends of justice and due process. However, speed for the sake of efficiency may also produce ineffectiveness as an outcome.[129] The quality of the service rendered must be compatible with the delivery of efficiency in that service. Thus, Total Quality Management (TQM) has surfaced in recent years as a goal for the delivery of services to the public by administrative agencies, including courts.[130]

The Office of Administrative Hearings attempts to measure the effectiveness of the delivery of this service by developing a "client" (user) survey form. This form is presented to each attorney and party at the close of each administrative hearing but before the administrative law judge renders a decision. The litigants are asked to assess the quality of the service that they received in OAH. The forms are anonymously completed and are returned confidentially to the Deputy Director of OAH in a postage pre-paid envelope.[131] The Deputy Director compiles a statistical

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is measurable in broad terms that are defined by the Trial Court Performance Standards. Hewitt, *supra* note 7-8.

[129] DAVID OSBORNE & TED GAEBLER, REINVENTING GOVERNMENT: HOW THE ENTREPRENEURIAL SPIRIT IS TRANSFORMING THE PUBLIC SECTOR 351 (1993) (so often efficiency studies become oriented to outcomes that the quality of the service becomes secondary).

[130] *See* Alexander Aikman, TOTAL QUALITY MANAGEMENT IN THE COURTS: A HANDBOOK FOR JUDICIAL POLICY MAKERS AND ADMINISTRATORS (1994); *see* The Federal Judicial Center, MAXIMIZING PRODUCTIVITY: NEW PERSPECTIVES AND PRACTICAL STRATEGIES, 21 (1994) ("The results of an integrated and thorough total quality service approach can be startling. All levels of staff focus on their customers' needs and become involved in assuring quality."); *see* Felter; *supra* note 21.

[131] *See* Aikman, *supra* note 130, at 33 ("A relatively easy technique for identifying problems is to develop new survey forms. These can be placed on the front counter and other strategic locations. This is a technique used effectively by the Los Angeles

profile, based upon the returned forms. Since the recent inception of the survey program, 49 responses have been received. The Deputy Director breaks down the information on charts and reviews the information with the applicable staff.[132] Based upon an original assessment of the information collected by the survey, OAH appears to be delivering its adjudicatory service in a manner which is deemed effective by the public and private parties to the litigation, as well as the public and private attorneys who represent these parties. In response to the question, "Did you receive a fair hearing from the Administrative Law Judge?" Forty responses indicated "yes" and only seven indicated "no."

The supreme purpose for which all central panel systems exists is to promote fair hearings. This guiding principle cannot be overlooked. No amount of speed in producing hearings can outweigh the commitment to fairness. Delay in reaching due process can, in fact, produce unfairness. However, negating delay does not ensure a fair hearing. North Carolina's Office of Administrative Hearings strives to achieve both goals in its system of administrative justice.

The title of this article indicates that North Carolina is "Striving" and does not indicate (nor should it be inferred) that North Carolina has

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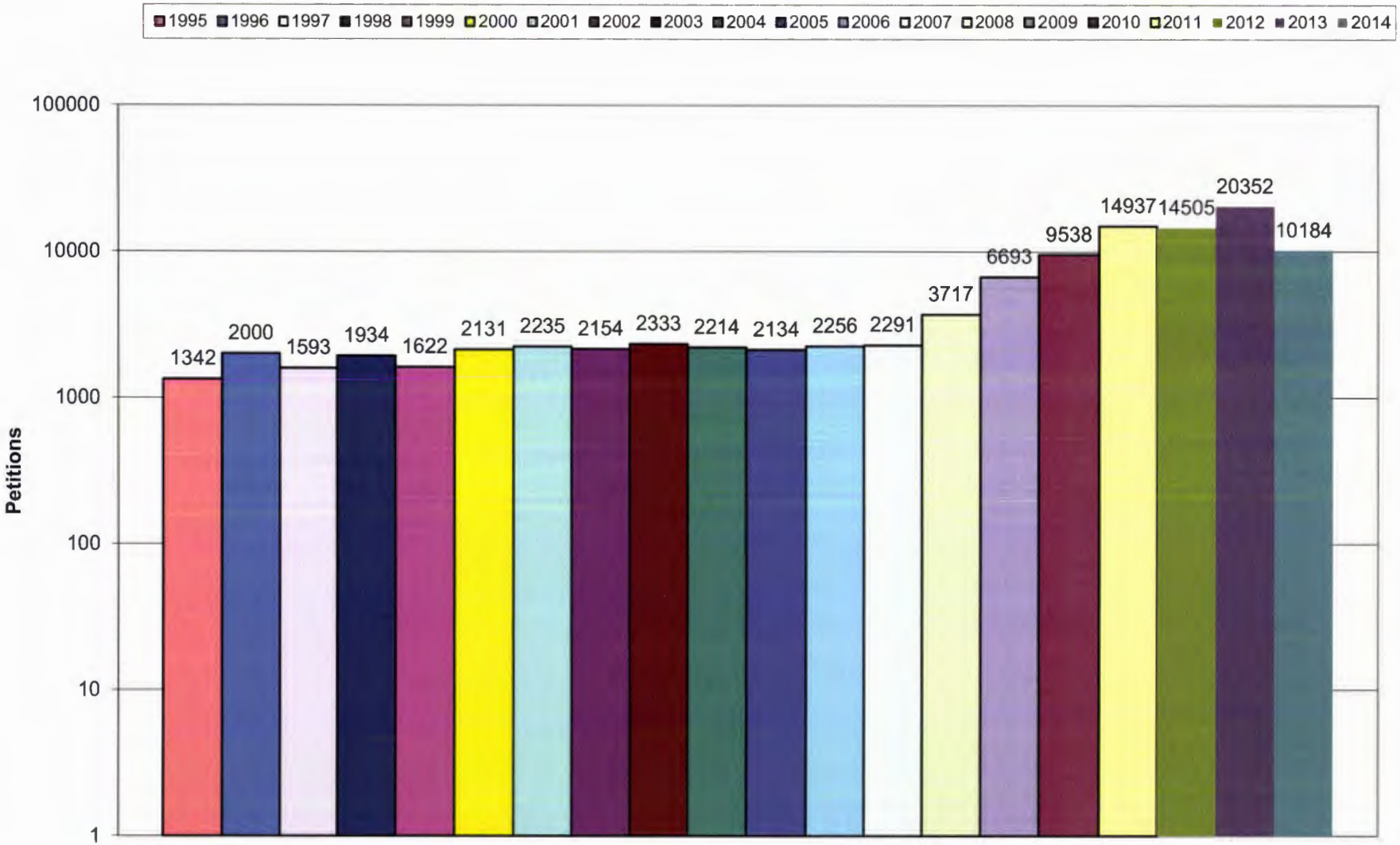
Municipal Court, for example, as part of the management process developed for courts implementing the trial court performance standards.").

[132] *Id.* at 33 ("If you use survey forms, to be useful they must be tabulated and the results fed back to affected staff. Simply putting them on the counter, collecting them, and then ignoring them, is not useful and does not manifest a quality program.").

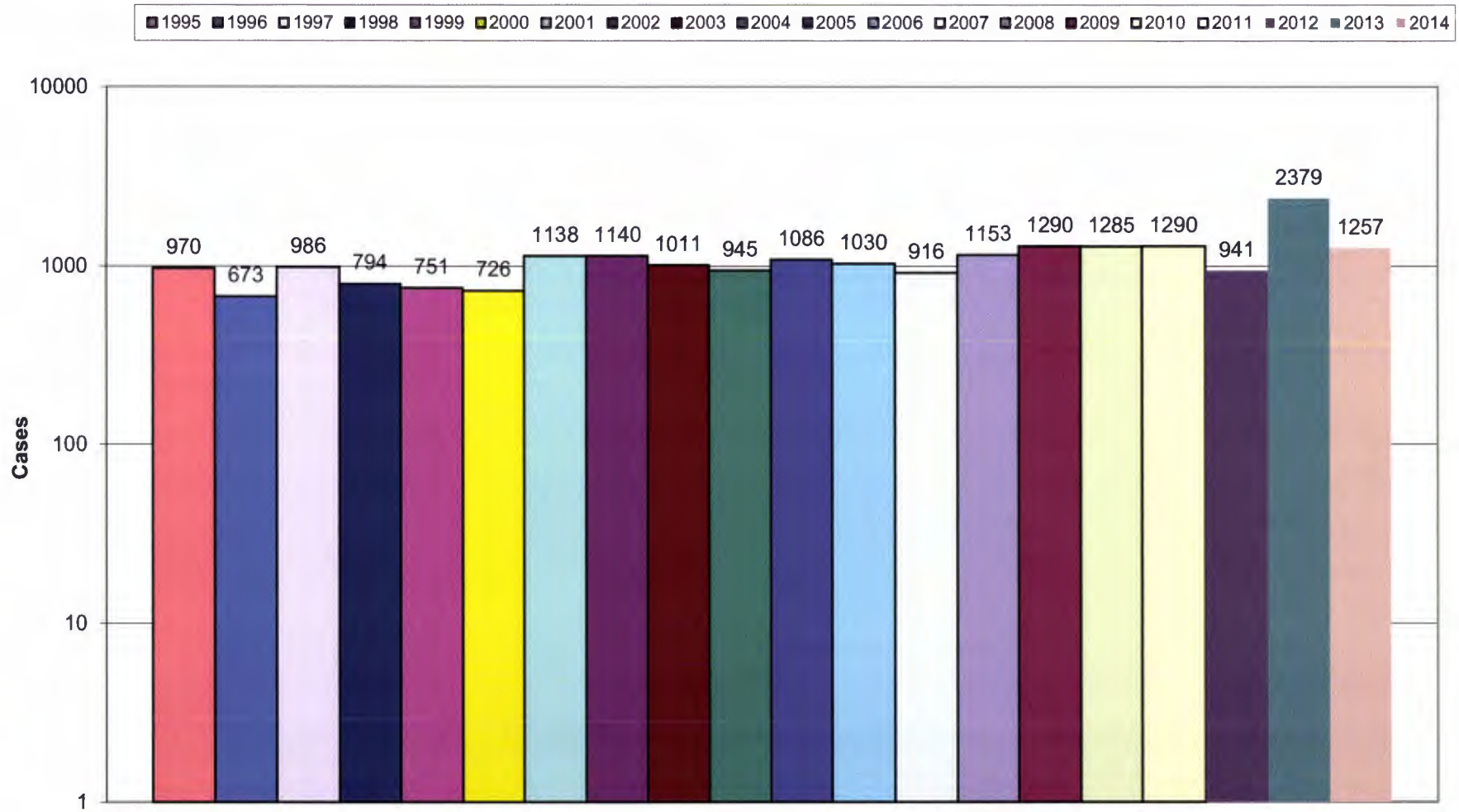
achieved the ultimate efficiency in administrative litigation. What it does indicate is that North Carolina's Office of Administrative Hearings focuses on time delay in administrative litigation and approaches due process in a timely and efficient manner. If any credit is to be taken for the success of the new system, it belongs to the administrative law judges who work tirelessly each day on delay reduction in North Carolina's Office of Administrative Hearings.[133]

[133] The eight administrative law judges at OAH presently: Senior Administrative Law Judge Fred G. Morrison, Jr.; and Administrative Law Judges Brenda B. Becton; Sammie Chess, Jr.; Beecher R. Gray; Delores O. Nesnow-Smith; Meg Scott Phipps; Robert R. Reilly; and Thomas R. West.

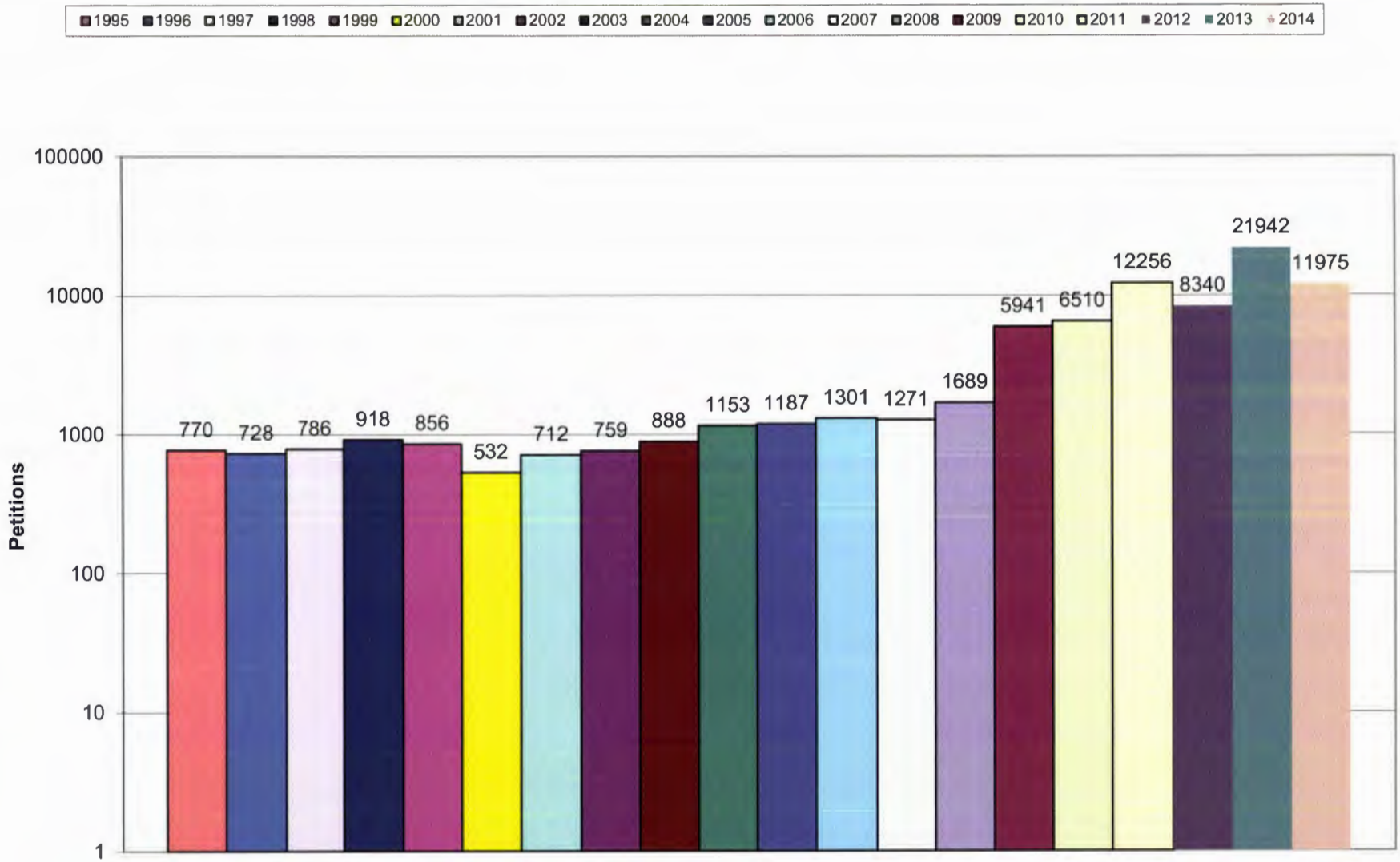
CONTESTED CASE PETITIONS FILED



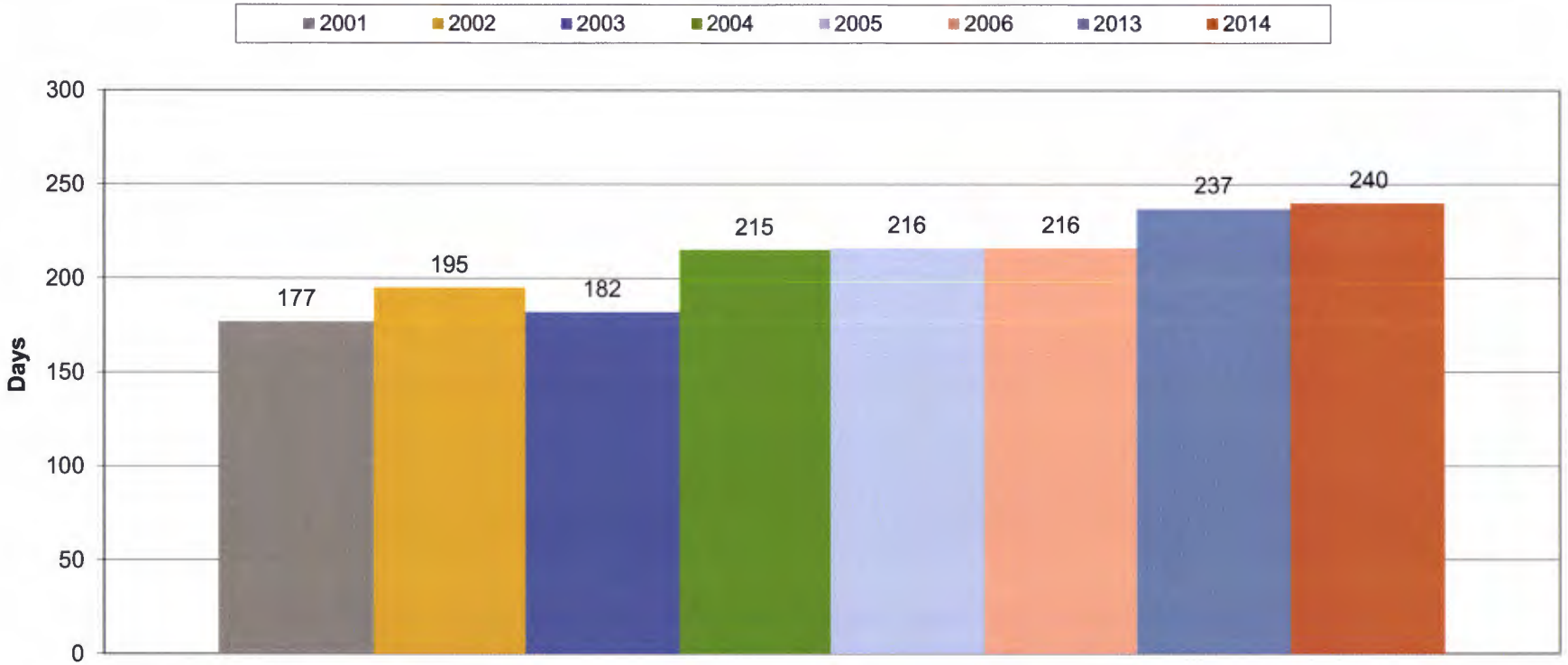
CONTESTED CASE PETITIONS CLOSED BY DECISION



CONTESTED CASE PETITIONS WITHDRAWN OR SETTLED



AVERAGE AGE BY YEAR OF ALL CASES CLOSED



Data not available for 2007-2012
Medicaid Recipient Appeals not included

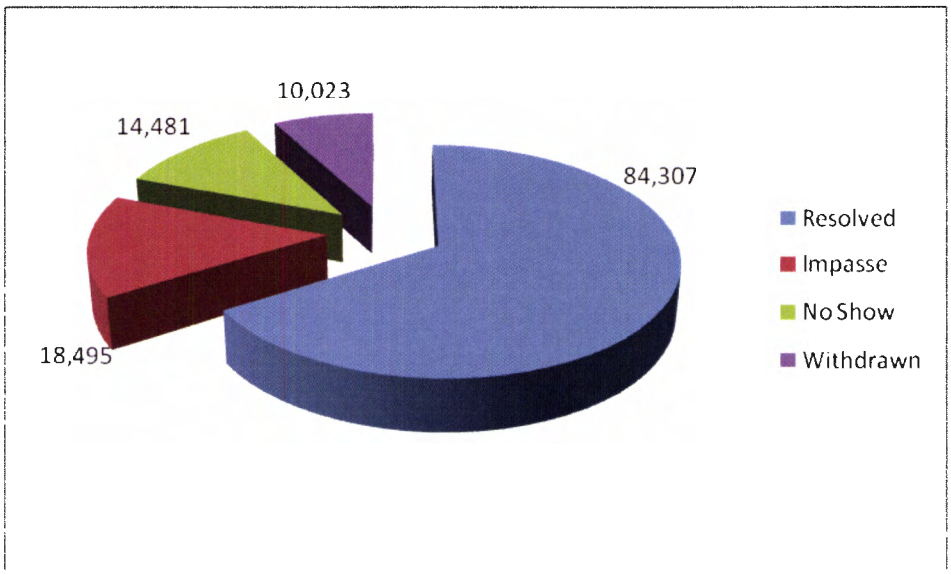
FILES OPENED
(by agency designation)

Agency	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
ABC Comm'n (ABC)	344	259	325	238	158	299	372	424	364	386	370	409	392	329	292	397	275	177	243
Commerce (COM)	1	1	0	0	0	0	2	0	0	0	0	1	0	0	0	0	0	1	0
Crime Control (CPS)	38	42	55	27	23	22	24	26	28	29	35	33	103	224	38	25	26	27	22
Child Support (CRA/CSE/DCS)	657	243	311	274	789	722	620	553	533	459	432	326	333	456	410	348	303	262	275
Agriculture (DAG)	0	1	3	1	4	1	4	1	4	2	6	4	3	3	0	5	5	3	15
Comm. Colleges (DCC)	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cultural Resources (DCR)	1	0	0	0	0	1	0	0	0	1	0	0	0	1	0	0	0	1	0
Health & Human Services (DHR)	165	272	325	269	349	470	398	476	492	506	670	663	1142	535	486	540	667	684	586
Administration (DOA)	14	8	7	2	7	13	5	6	3	0	7	0	2	5	6	0	2	6	3
Correction (DOC)	2	4	1	0	1	1	1	0	1	0	4	0	6	7	4	6	1	6	0
Justice (DOJ)	75	87	110	120	92	78	82	74	87	65	92	78	76	111	107	104	105	80	104
Labor (DOL)	1	6	5	4	6	6	5	1	0	0	1	2	2	4	7	3	7	9	9
Transportation (DOT)	2	2	4	3	0	1	1	5	2	2	2	4	4	3	3	4	7	6	2
Auditor (DSA)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
State Treasurer (DST)	13	10	8	5	6	3	10	8	8	18	13	7	11	16	15	22	10	12	15
Education (EDC)	73	93	59	66	65	59	50	60	64	93	107	99	88	75	80	110	69	52	69
EEOC (EEO) - charges & petitions	116	108	106	88	87	85	122	80	72	43	84	63	83	89	120	68	75	110	98
EHNR (EHR)	313	271	343	336	428	358	328	339	309	272	312	368	389	248	195	117	67	68	64
Emp't Sec. Comm'n (ESC)	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	1	0
Governor (GOV)												2	0	0	0	0	0	0	1
Insurance (INS)	12	10	1	6	5	11	33	30	9	10	20	30	28	28	18	13	24	10	13
Medicaid (MED)													865	4359	7669	13042	12666	18664	8580
Admin. Hearings (OAH)	1	3	1	6	4	2	1	0	0	0	2	1	0	0	0	0	0	0	0
State Controller (OSC)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
State Personnel (OSP)	270	262	270	227	182	206	224	256	203	187	145	163	171	176	200	192	196	175	105
Revenue (REV)	0	2	0	1	2	1	0	0	0	0	1	2	48	51	47	44	38	42	36
Secretary of State (SOS)	0	2	3	1	8	6	3	13	8	59	28	36	42	46	30	25	6	23	8
Univ. of NC (UNC)	5	2	88	15	26	23	27	80	118	74	51	64	39	64	33	23	20	21	0
Misc. Boards & Comm's	12	13	14	21	34	29	15	23	29	20	46	26	37	24	14	13	11	26	34
Total	**2116**	**1701**	**2040**	**1710**	**2276**	**2397**	**2328**	**2455**	**2334**	**2226**	**2428**	**2381**	**3865**	**6854**	**9774**	**15101**	**14581**	**20466**	**10282**

Mediation Network of North Carolina

Medicaid Appeals Mediation Summary from October 2008 through September 2014

Medicaid Appeals Filed since Program Inception October 2008 through September 2014	137,924
Medicaid Appeals Mediated	102,802
Medicaid Appeals Mediated Successfully	84,307
Medicaid Appeals Mediated Unsuccessfully	18,495
Medicaid Recipients Refused Mediation or Did not Appear	14,481
Medicaid Appeals Withdrawn by Recipient Prior to Mediation	10,023



83% of Cases Resolve in Mediation

Medicaid Appeals Mediation Program Cost Savings

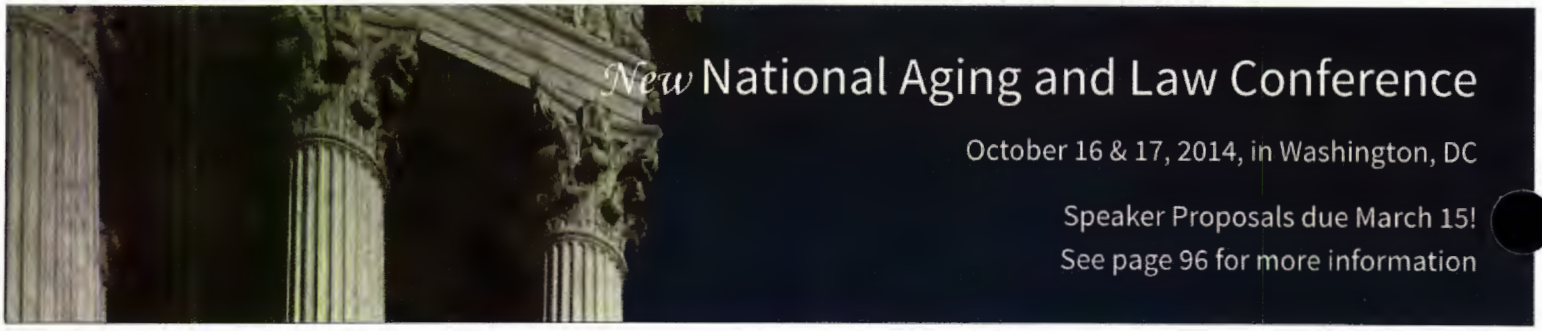
On March 11, 2013 DMA staff stated in an email that:

".....For a full administrative hearing, the AGO estimates that the legal fees charged to DMA per hearing range $1,500-4,000 based on the complexity of the case....."

Since the inception of the program 84,307 have been successfully resolved resulting in a savings of between $126,460,500 and $337,228,000 in legal cost.

The cost of a successful mediation is $150 per appeal for a total of $12,646,050.

January – September 2014 Avg. New Appeals per Month	**824**
January – September 2014 Avg. Successful Mediations per Month	**484**
January – September 2014 Avg. Unsuccessful Mediations per Month	**153**
January – September 2014 Avg. Cases Petitioner Did Not Appear per Month	**21**
January – September 2014 Avg. Cases Withdrawn by Petitioner prior to Mediation	**51**



BIFOCAL

A Journal of the ABA Commission on Law and Aging
Vol. 35, No. 3, January – February 2014

Aging in the 21st Century

Human Rights, Economic Development, and the World's Growing Older Population

by Marcos Acle Mautone

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Using Mediation to Find Solutions

North Carolina Medicaid Appeals Program

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Using Mediation to Find Solutions

North Carolina Medicaid Appeals Program

by Erica Wood

Medicaid Appeals Mediation Scenario: In-Home Personal Care Scenario

Medicaid beneficiary A is an 88-year-old who had been receiving 42 hours of in-home personal care assistance per month. An annual assessment of her Activities of Daily Living was conducted by an independent contract vendor for the North Carolina Department of Health & Human Services, Division of Medical Assistance (DMA). Beneficiary A suffers from mild to moderate dementia, severe hypertension and Type 2 diabetes. She was alone when the assessment was conducted.

The assessment results reduced the beneficiary's in-home assistance from 42 hours to 24 hours. When the beneficiary was notified of the reduction and was advised of her appeal rights she requested that her grandson assist her with an appeal. As her appeal was timely filed, the beneficiary would continue to receive 42 hours as "maintenance of service" during the pendency of the appeal. The beneficiary's appeal was assigned to a mediator.

Medicaid Appeals Mediation Scenario: Home Modification

Medicaid beneficiary B is a seven-year-old male diagnosed with autism—his mother requested that Medicaid pay for a Home Modification to install a fence with a lockable gate.

After a review of the request conducted by DMA, the request was denied because it did not meet the test for medical necessity and the mother was properly advised of her right as legal guardian to appeal the decision.

The appeal was filed and assigned to a mediator. The mediation was scheduled and conducted with the mother and a representative from DMA.

These scenarios are among thousands of Medicaid appeals that arise in North Carolina. Appeals might concern personal care services, payment for an adult care home or group home, behavioral health services, dental services, individual or group therapy, durable medical equipment, prescription drugs, eyeglasses, and much more. Beneficiaries have the right to appeal an adverse determination under federal and state law.[1]

In North Carolina, a Medicaid appeal request goes to the Office of Administrative Hearings, where it is heard by an administrative law judge. This Office does not hear Medicaid eligibility cases, only appeals. Even so, the Office processed close to 13,000 recipient appeals last year. But North Carolina has found a unique approach to appeals that is timely and allows beneficiaries to state their case directly to the Department of Medical Assistance Services: mediation.

[1] 42 CFR §431(E). *N.C. Gen. Stat.* § 108A-70.9A.

Since the inception of the mediation program in 2008, ***7,600 appeals cases*** have been mediated.

This has saved the state more than ***$25 million dollars*** in "maintenance of service" costs.

The North Carolina Medicaid statute provides that upon receiving a request for appeal, the Office of Administrative Hearings must "immediately notify the Mediation Network of North Carolina, which shall contact the recipient within five days to offer mediation in an attempt to resolve the dispute."[2]

If the beneficiary agrees to go forward with mediation, the mediation must be completed within 25 days of the date it was submitted for appeal. When the mediation is completed, the mediator informs the Office and the Department within 24 hours. If the parties have resolved the problem, the Office dismisses the case. If not, the case goes on to the formal appeal. Participating in mediation "shall not restrict the right to a contested case hearing."

We interviewed Jody Minor, Executive Director of the North Carolina Mediation Network, as well as Robin Anderson, Administrative Law Judge, to find out how this unusual approach to Medicaid appeals works. They explained that there are 14 participating mediation centers in the Network. Most of the Medicaid appeals mediation is by mediation center staff, with a small portion by volunteers, mostly retired attorneys and judges.

When the Network receives a case for mediation from the Office of Administrative Hearings, Mr. Minor examines it and selects one of the 14 mediation centers to conduct the mediation. Even though almost all of the mediations are by telephone, there is a right to attend in person, and he often assigns the case to the center closest to the person. Some beneficiaries have transportation or mobility problems and opt for a phone session. He also considers the volume of cases and the type of case. The case is assigned the same day he gets it.

In the large majority of the mediations, there is a beneficiary and also a representative or support person for the beneficiary. The representative does not have to be a legal representative, and could be a family member, friend, attorney, or someone else. Besides the beneficiary, the other party in the mediation is a Medicaid staff person.

In the mediation, each party is offered the opportunity to explain the case. The mediator will ask questions and try to reframe the issues. If there is any new evidence since the original adverse determination, it can be heard in the mediation. Mr. Minor noted that the mediator might, for example, ask the beneficiary to talk about a normal day and why he or she needs the services. Everyone, said Judge Anderson, "gets their day in court."

Usually the mediation resolves the matter and a formal hearing is not needed. The rate of resolution in Medicaid appeals mediations is 81%. In the other 19% of cases, there is an impasse, or the beneficiary does not show up at the appointed time for the mediation, and the case goes on to appeal. Partly as a result of the mediations, the Office currently has no backlog of appeals cases. However, from mid-December 2012 to the end of March 2013, a change in Medicaid personal care regulations resulted in the filing of 11,000 appeals, many of which were resolved through mediation.

[2] *N.C. Gen Stat.* § 108A-70.9B(c).

Since the inception of the mediation program in 2008, 7,600 appeals cases have been mediated. This has saved the state more than $25 million dollars in "maintenance of service" costs—under federal law, Medicaid monies must continue to be paid in a case pending the outcome of the appeal. Thus, if the appeal is heard sooner, funds are saved. The funding for the program comes through the Department of Medical Assistance Services, which includes both state and federal dollars. Mediators receive initial training, and must co-mediate five Medicaid appeals cases before mediating a case on their own. Mediators are supervised by the director of the mediation center.

While at first blush, the idea of mediating in an administrative entitlements case might appear to jeopardize basic beneficiary rights, the program is structured as a win-win. The mediation is fast, free, informal, and accessible. It allows the person to talk directly with the Medicaid staff, state the case, submit any new evidence, and get a resolution quickly.

If beneficiaries do not agree to the outcome, they can still appeal, so no rights are lost. The state addresses any case backlog and saves scarce Medicaid dollars. Medicaid staff find out more about real world problems routinely faced by beneficiaries. Mediators learn first-hand about Medicaid issues, which will continue to be of critical importance with changes in the program under the Affordable Care Act.

Erica Wood is the Assistant Director of the American Bar Association's Commission on Law and Aging in Washington, DC. ■

Scenario Resolutions

Here is how mediation worked in the scenarios presented at the beginning of the article:

Mediation Outcome

The mediation was scheduled five days after the appeal was filed. Participants in the mediation were the beneficiary, her grandson, a registered nurse representing DMA, and the mediator. The discussion guided by the mediator revealed that the beneficiary could not independently test her serum glucose levels daily. This was a service conducted by the CNA assigned to aid the beneficiary daily. During the initial assessment the beneficiary had stated that she managed her own medications but did not reveal that the CNA prepared the daily dosages for her.

With this new evidence the DMA nurse was able to modify the original allocation of in-home hours from 24 hours per month to 35 monthly hours. The beneficiary and grandson agreed that 35 hours would be sufficient assistance to allow the beneficiary to continue to safely live in her own home.

The beneficiary withdrew her appeal and the case was closed seven days after it was filed thereby saving lengthy "maintenance of service" and costly court time.

Mediation Outcome

The mediator asked the DMA representative to explain the required criteria necessary to qualify for Home Modification. The beneficiary's mother confirmed that her son's needs did not meet the level of medical necessity for the modification but was able with the guidance of the mediator to articulate her fears and frustrations.

Armed with a more complete understanding of the child's needs, the DMA representative was able to provide the mother with the appropriate information to request In-Home Care for Children which would more completely address all of her son's needs.

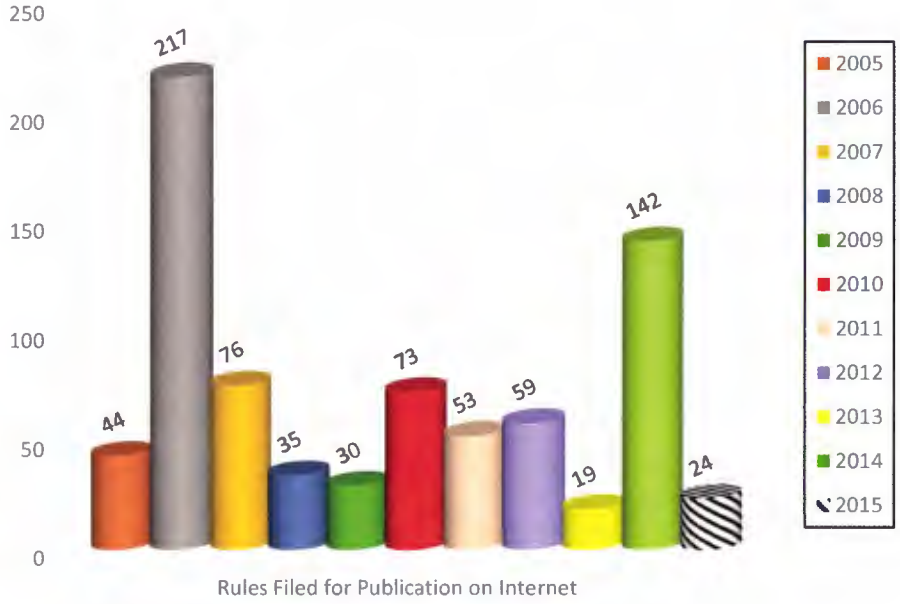
With the information about the correct service to request, the mother withdrew the appeal for Home Modification.

Rules Division

Rules Disposition Statistics and Efficiency Measurements

(by fiscal year)

Rules filed for Publication in Register

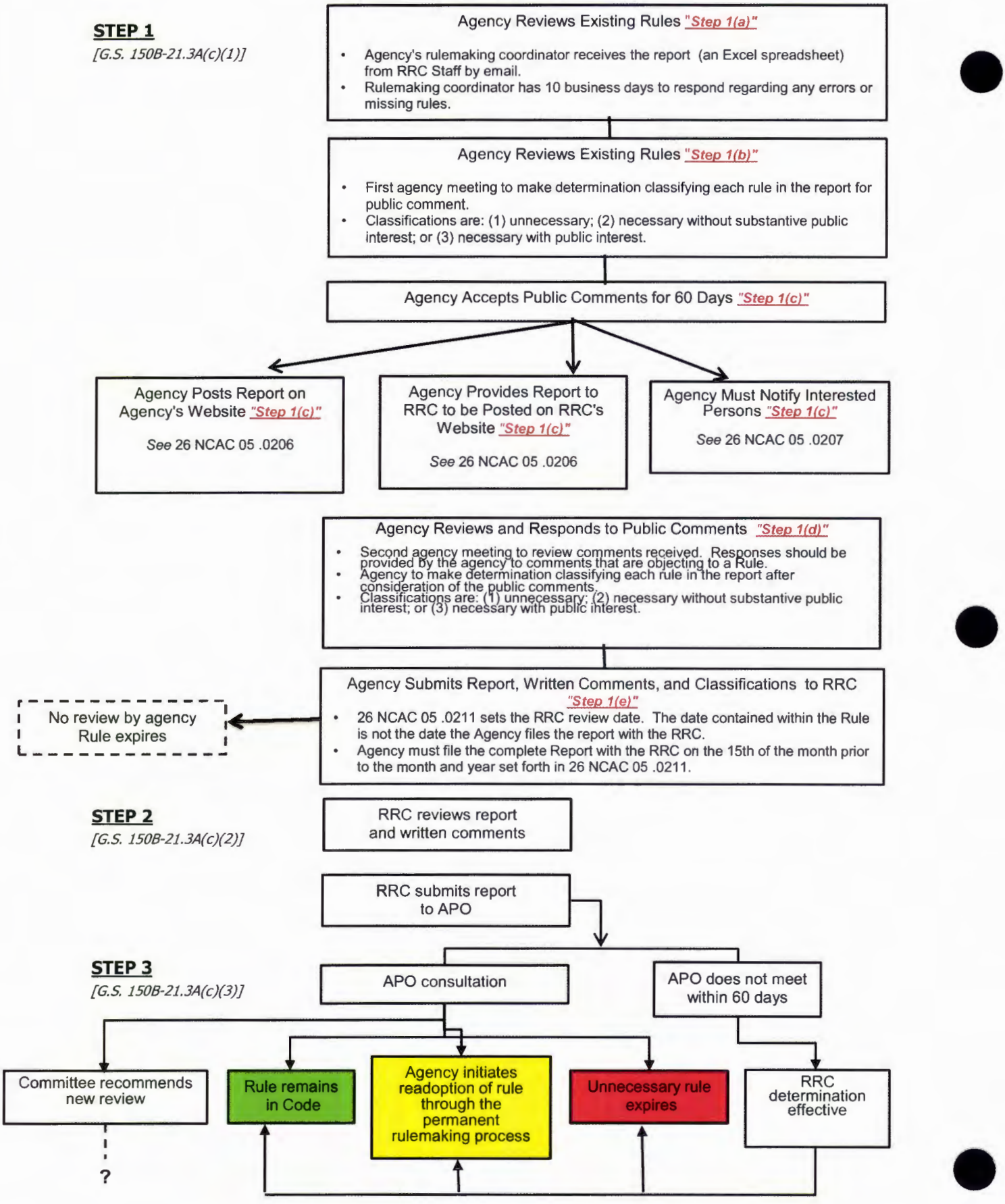


Rules Filed for Publication on Internet

Rules Reviewed by Rules Review Commission

Number of Indiviuals at Rulemaking Training Sessions

Periodic Review and Expiration of Existing Rules



Title of the NC Administrative Code		Rule Count[1]
01NCAC	Administration	537
02NCAC	Agriculture and Consumer Services	1022
03 NCAC	Auditor	0
04 NCAC	Commerce	1574
05 NCAC	Corrections (transferred to 14B)	0
06 NCAC	Council of State	14
07 NCAC	Cultural Resources	324
08 NCAC	Elections	72
09 NCAC	Governor	97
10A NCAC	Health and Human Services	5551
11 NCAC	Insurance	971
12 NCAC	Justice	615
13 NCAC	Labor	551
14B NCAC	Public Safety	333
15A NCAC	Environment & Natural Resources	2980
16 NCAC	Public Instruction	141
17 NCAC	Revenue	717
18 NCAC	Secretary of State	556
19A NCAC	Transportation	645
20 NCAC	Treasurer	412
21 NCAC	Occupational Licensing Boards	3253
22 NCAC	*Repealed*	0
23 NCAC	**Community Colleges (exempt from review)*	114
24 NCAC	Independent Agencies	97
25 NCAC	State Personnel	528
26 NCAC	Administrative Hearings	104
27 NCAC	**State Bar (exempt from review)*	505
28 NCAC	Juvenile Justice & Delinquency Prevention (transferred to 14B)	0
29 NCAC	Reserved	0
30 NCAC	**Ethics (exempt from review)*	38

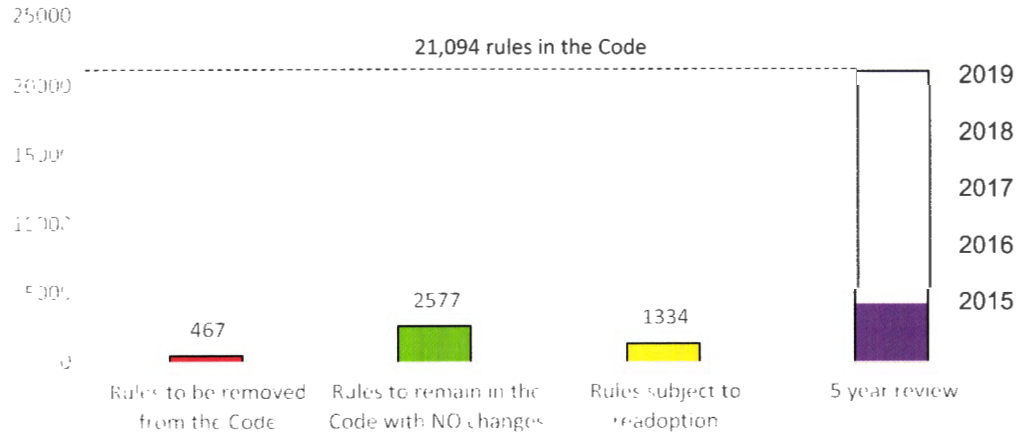
Total Number of Rules in the North Carolina Administrative Code	21751
Total Number of Rules subject to RRC review	21094

[1] The rule count was conducted and reflects the count as of the spring of 2014. Rulemaking is a dynamic process and a current count is not maintained by the Rules Division. This information is provided by the Office of Administrative Hearings and should not be binding or controlling.

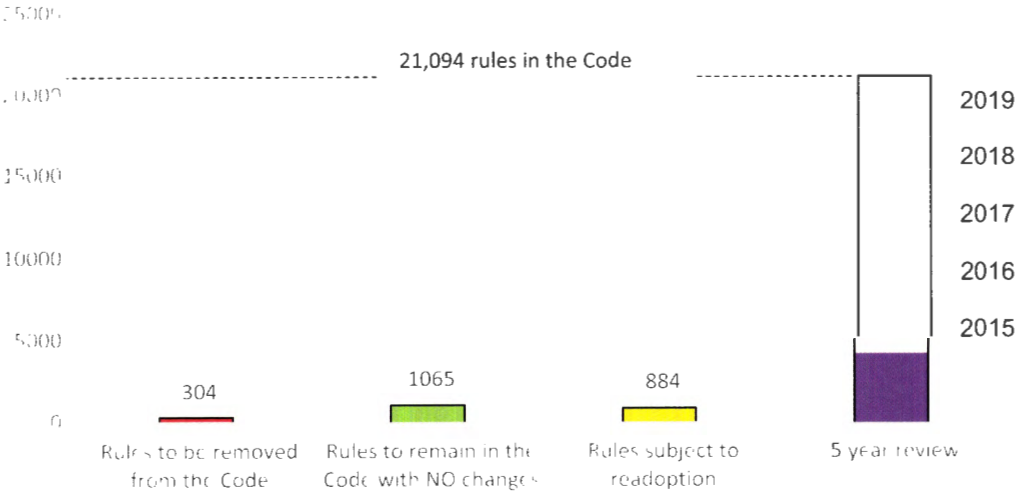
Periodic Review and Expiration of Existing Rules

- In August 2013, the General Assembly enacted Session Law 2013-413, creating the "Periodic Review and Expiration of Existing Rules," requiring agencies, the Office of Administrative Hearings (OAH), and the Rules Review Commission (RRC) to review 21,094 rules over a five year period.
- In March 2014, OAH began the process of posting reports of agency's initial determinations, as represented in the first chart below.
- In July 2014, the RRC began the process of reviewing these reports, as represented in the second chart below.
- Based upon a set schedule, the RRC reviews approximately 350 rule determinations per month.
- Rules subject to readoption are treated as "new rules." OAH must publish these "new rules" in the NC Register. These "new rules" are scrutinized and reviewed by the RRC under strict statutory standards before they can survive to be republished in the Administrative Code.

Agency's Initial Determinations Published by OAH
(G.S. 150B-21.3A(c)(1))



RRC's Determinations
(G.S. 150B-21.3A(c)(2))

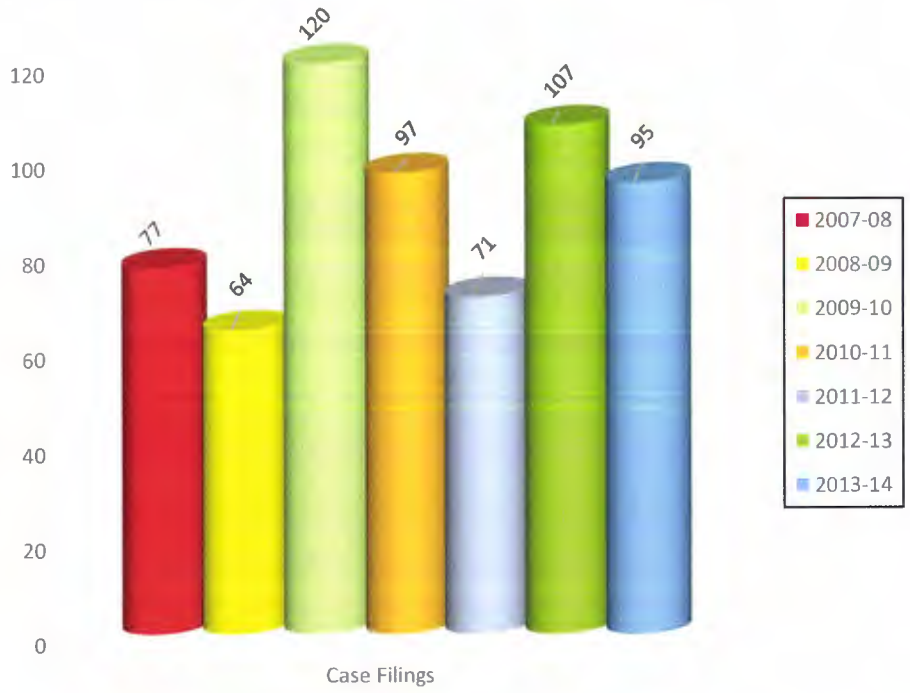


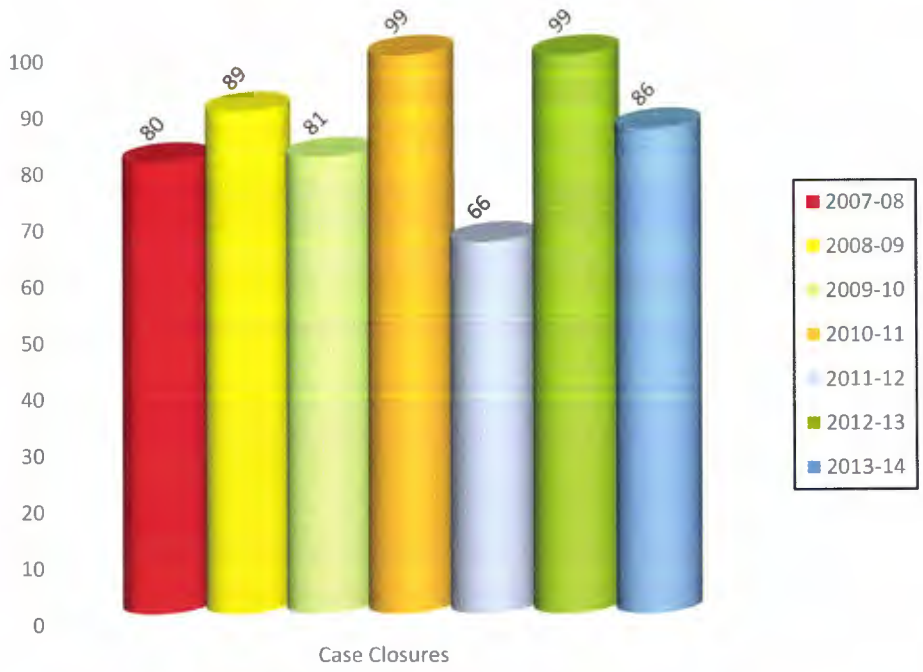
RRC's Determinations pursuant to G.S. 150B-21.3A(c)(2)

	Rules subject to readoption	Rules to remain in the Code with NO Changes	Rules to be removed from the Code
July 2014			
State Auditor	0	0	0
Irrigation Contractors Licensing Board	5	29	0
Board of Examiners for Nursing Home Administrators	13	48	2
August 2014			
Department of Commerce/Division of Employment Security	4	0	0
Board of Certified Public Accountant Examiners	58	59	1
Board of Podiatry Examiners	36	2	0
State Human Resources Commission	8	36	41
Office of Americans with Disabilities Act	0	2	0
September 2014			
Seafood Industrial Park Authority	0	0	0
Department of Environment and Natural Resources	106	5	6
Department of Secretary of State	0	43	22
Acupuncture Licensing Board	4	19	0
Board of Massage and Bodywork Therapy	2	73	0
October 2014			
Environmental Management Commission	384	5	0
November 2014			
Department of Commerce	0	0	1
Commissioner of Insurance	10	52	40
Department of Labor	0	0	67
Board of Registered Foresters	2	20	3
Board of Licensing Geologists	0	38	0
Landscape Contractors' Registration Board	0	11	0
Board of Licensing of Soil Scientists	0	16	1
Occupational Safety and Health Review Commission	0	60	60
December 2014			
Commission for Public Health	0	21	0
Board of Architecture	1	54	0
Board of Cosmetic Art Examiners	15	141	3
Board of Environmental Health Specialist Examiners	0	13	0
January 2014			
Board of Agriculture	69	86	8
Medical Care Commission	6	64	2
DHHS-Division of Health Service Regulation	0	4	0
February 2014			
Office of Information and Technology Services	8	71	1
Office of State Budget and Management	14	3	1
Board of Barber Examiners	131	0	0
Social Services Commission	8	84	45
Agriculture Finance Authority	0	6	0
Totals	**884**	**1065**	**304**

Office of Administrative Hearings

Civil Rights Division





The North Carolina Office of the State Controller

Joint Appropriations Subcommittee for General Government

February 25th, 2015

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Outline

- Agency Duties/Responsibilities
- Budget History and Overview
- Requested Information
- Authorizing laws and agency mission
- Division Descriptions

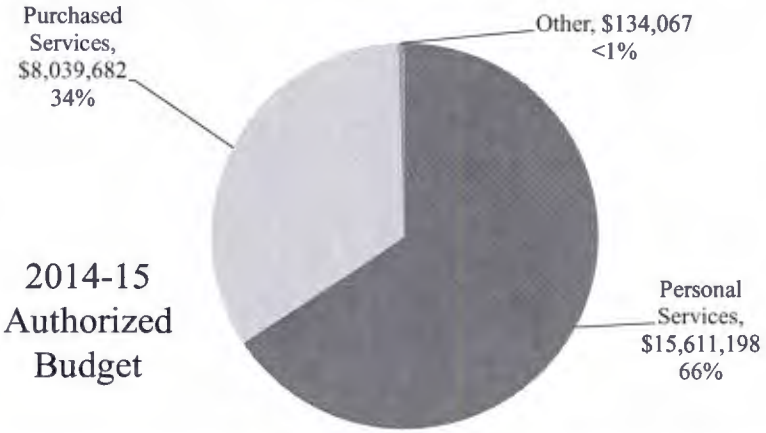
Agency Duties

- Provide accounting, disbursing, payroll, internal control, data management, eCommerce and financial reporting services to state agencies, employees and the public.
- Maintaining systems, standards, and business processes to ensure that spending is within approved levels
- Produce numerous financial reports including the Comprehensive Annual Financial Report (CAFR)

NC Office of the State Controller's Budget

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Authorized
Total Requirements	$32,598,254	$29,491,163	$30,740,736	$28,140,942	$23,784,947
Total Receipts	$2,579,482	$968,002	$1,031,280	$1,068,805	$1,422,939
Appropriation	$30,018,772	$28,523,161	$29,709,456	$27,072,137	$22,362,008
FTEs	195.75	179.75	178.75	173.75	169

Breakdown of Expenditures



Information Requested from OSC

- FICA Fund
  - Source of funds
  - Purpose
- BEACON Funding
  - Hardware refresh and warranty
  - Budget request
- Overpayments Audit
  - S.L. 2013-360

Questions

Daniel Sater

Fiscal Research Division

(919) 733-4910

Daniel.sater@ncleg.net

Authorizing Laws

- GS 134B-426.36-37: Creation of the office and the position of State Controller
  - Appointed to a 7 year term by the Governor
- GS 143B-426.39: Powers and duties of the State Controller
- GS 143 3.1: Transfer of duties from the Office of State Budget and Management and the Office of the State Auditor to the State Controller

Mission Statement

OSC's mission is to serve as the public's financial guardian by promoting accountability and protecting the financial integrity of the State.

Administration Division

- Executive management
- Human Resource functions
- Communications
- Business Services
  - Fiscal Management
  - Purchasing
  - Budget and Analysis

Statewide Accounting Division

- Ensures that state agencies use Generally Accepted Accounting Principles (GAAP)
- Publishes the State's Comprehensive Annual Financial Report (CAFR)
- Manages the Statewide Accounts Receivable Program
- Tax refund management
- Provides accounting support for the North Carolina Accounting System (NCAS)

Statewide Accounting Division

Cash Management and Disbursement

- Develops and implements the statewide cash management plan
- Manages the exchange of funds between federal government and North Carolina
- Administers the state disbursing system by authorizing agency spending
- Cash Management Control System (CMCS) is the record of appropriation, allotments, expenditures, and revenues

Information Technology Division

- Implements and maintains information technology systems except for BEACON
  - North Carolina Accounting System (NCAS)
  - Cash Management Control System (CMCS)
  - NCAS Decision Support System (DSS)
  - Enhancing Accountability in Government Through Leadership Application (EAGLE)
- Maintains public web presence

HR/Payroll Division

- Building Enterprise Access for North Carolina's Core Operation Needs (BEACON)
- BEACON is the centralized Human Resources and Payroll system for 100,000 state employees
- Coordinates with the Office of State Personnel's human resource and pay policies
- BEST (BEACON Enterprise Support Team) is the support team for payroll and Human Resources
- Public school system, University system, and General Assembly do not use BEACON

Risk Mitigation Division

- Statewide internal control compliance program run through the EAGLE program
  - Enhancing Accountability in Government through Leadership and Education
- Foreign national tax compliance program
- Credit card industry security compliance
- Overpayment audit and recovery program
  - Contracted out to a third party

Other Programs within OSC

- Tax Compliance
  - Assists state agencies by monitoring tax legislation and responding to IRS notices
- Statewide Indirect Cost Allocation Plan
  - Determines the cost of central service agencies in order to charge agencies that administer federal grants
- eCommerce
  - Electronic payment oversight
  - Electronic signature
- NC Flex SSI Employer Savings

ATTACHMENT #6

Office of the State Controller

February 25, 2015

BEACON Special Fund

- Exists due to BEACON project being delivered on time and under budget in April 2008 with $10.4 Million unexpended
- Funds have been used for ongoing General Fund operations and maintenance, system upgrades and enhancements
- Remaining $3.3 million balance encumbered for hardware refresh and contractor support

BEACON Recurring General Fund Gap

- $608 thousand was submitted as a non-recurring reduction in a prior fiscal year but taken as recurring reduction beginning FY 2013-2014
- $114 thousand restored by General Assembly in FY 2014-2015
- $494 thousand shortage remains in recurring appropriations
- Restoration of $494 thousand essential for recurring operations and maintenance

Flex Benefits Fund Status

- Exists due to FICA payroll tax savings created by employee participation in the pre-tax NCFlex program
- OSC as the central manager of statewide funds and manager of statewide payroll only serves as custodian of this account
- OSC transfers funds to the OSHR operational fund for administration of benefit plans (NCFLex)
- $12.4 million projected annual 2014-2015 balance

Overpayments Audit and Recovery Program

- Exists due to 1999 NCGS §147-86.22(c) for third party contractual agreement to perform audits and collect inadvertent overpayments to vendors
- Overpayments due to pricing errors, neglected rebates or discounts, miscalculated freight, unclaimed refunds and related errors
- S. L. 2013-360, XXIX, 29.1.(b) directs $500,000 to be used by OSC for data processing, debt collection and e-commerce costs each year during 2013-2015
- $36.3 thousand current balance

NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION

You are hereby notified that the **House Committee on Appropriations, General Government** will meet **JOINTLY** as follows:

DAY & DATE: Thursday, March 19, 2015
TIME: **8:30 AM**
LOCATION: **425 LOB**
COMMENTS: **Rep. Cleveland will chair this Joint committee meeting.**
Agenda: Dept. of Cultural Resources

Respectfully,

Representative Rayne Brown, Co-Chair
Representative George G. Cleveland, Co-Chair
Representative Dennis Riddell, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 1:46 PM on Thursday, March 12, 2015.

___ Principal Clerk
___ Reading Clerk – House Chamber

Pamela Ahlin (Committee Assistant)

Joint Appropriations Committee for General Government
March 19, 2015, Meeting Room 425LOB, 8:30AM

Co-chairs –
Representative George Cleveland
Senator James Davis
Representative Rayne Brown
Senator Norman Sanderson
Representative Dennis Riddell

Welcome and Comments
Rep. George Cleveland, presiding

Department of Cultural Resources (DCR) Budget Overview
Lisa Hollowell, FRD

Requested Information from DCR
Susan W. Kluttz, Secretary
Karin Cochran, Chief Deputy Secretary

***Next Meeting March 23, 2015, 8:30AM*
Topic – Housing Finance Agency

Joint Committee on Appropriations, General Government
Thursday, March 19, 2015 at 8:30 AM
Room 425 of the Legislative Office Building

MINUTES

The Joint Committee on Appropriations, General Government met at 8:30 AM on March 19, 2015 in Room 425 of the Legislative Office Building. Representatives Adcock, Ager, Brody, R. Brown, Cleveland, Fisher, Floyd, Pittman, Riddell, Queen, and Watford attended. Senate members in attendance were J. Davis, Sanderson, and Tarte. Fiscal Staff members in attendance were Lisa Hollowell, Daniel Sater, and Cara Bridges. Pamela Ahlin was the Committee Clerk for the meeting. Kathy Voss, Committee Clerk for the Senate, was also present. Attached to the Minutes are the Staff for the Sergeant at Arms, the Pages for the meeting, and the attendance sheets for agency representatives and the public visitors.

Representative George G. Cleveland, Chair, presided.

Lisa Hollowell from Fiscal Research presented the information in a "Department of Cultural Resources Budget Overview" (Attachment #1).

Susan Kluttz, the Secretary of Cultural Resources, gave an executive summary of the Department of Cultural Resources (Attachment #2). Karin Cochran, Chief Deputy Secretary, assisted in the presentation.

The committee members asked questions about how the DCR fundraising efforts were going. They also asked questions regarding the proposed transfer of the Aquariums, State Parks, Natural Science Museum and the Zoo from DENR to DCR. The move is expected to expand efficiencies, promote tourism and economic development, and encourage educational opportunities.

The meeting was adjourned at 8:45 AM.

George G. Cleveland
Representative George G. Cleveland, Chair
Presiding

Pamela Ahlin
Pamela Ahlin, Committee Clerk

Department of Cultural Resources Budget Overview

Joint Appropriations Subcommittee on General Government

March 19, 2015

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Department of Cultural Resources Outline

- Authorizing Laws
- Budget
- Requested Information

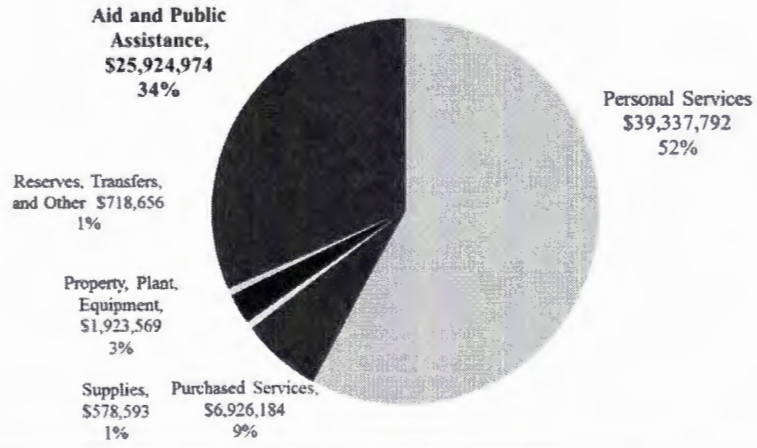
- GS 143B-49 Creates the Department; Cabinet Level Agency

Department of Cultural Resources Budget

	FY 2010-11 Actual Budget	FY 2011-12 Actual Budget	FY 2012-13 Actual Budget	FY 2013-14 Actual Budget	FY 2014-15 Authorized Budget
Requirements	$83,537,125	$76,676,966	$73,032,155	$70,985,310	$75,409,768
Receipts	$13,095,791	$11,039,795	$9,434,028	$7,749,648	$11,205,640
Appropriations	$70,441,334	$65,637,171	$63,598,127	$63,235,662	$64,204,128
FTEs	822.6	700.1	663.9	673.9	675.93

The Department of Cultural Resources has several special funds associated with historic sites, museums, or special revenues. Those balances collectively are approx. $7.6 million currently.

Department of Cultural Resources Budget Composition FY 2014-15



Department of Cultural Resources

- Friends Groups
  - Historical Sites, Museums, Libraries, State Archives have groups that help support their activities
  - 501(c)3 nonprofits formed to raise money for these organizations

Department of Cultural Resources
Information Requested

- SL 2014-100 reestablished the Roanoke Island Commission as part of Department of Cultural Resources.
  - Changes to Commission Structure
  - Friends Update/Resolution
- SL 2014-100 exempted DCR from certain operating rules requirements related to historic sites and museums
  - Historic Sites
  - Admission Cost/Activity Changes
  - Days of week changes
  - *Impact to Budget
- Historic Preservation Tax Credit
  - Explanation of budget impact
- Information on the proposed transfer of attractions to Department of Cultural Resources

Questions

ATTACHMENT # 2

General Government Committee

Department of Cultural Resources (DCR)

Secretary Susan Kluttz
Karin Cochran – Chief Deputy Secretary

March 19, 2015

NORTH CAROLINA DEPARTMENT OF CULTURAL RESOURCES

Executive Summary

DCR	→	[redacted] Arts Library
RIFP	→	Governance, MOA, Budget impact
Historic Tax Credit	→	Recommendation, Budget impact
Publications	→	Projects, Budget impact
Flexibility	→	Rule Making Exemption, Revenue Generation
Transfer	→	Opportunity and Status

NORTH CAROLINA DEPARTMENT OF CULTURAL RESOURCES

2

Started In 1971– The Department of Cultural Resource's (DCR) Created by GS 143B-Article 2

DCR

Vision

- To be the **leader** in using the state's cultural resources to build the **social, cultural, educational** and **economic** future of North Carolina.

Mission

- To improve quality of life in our state by creating opportunities that **promote economic development, stimulate learning, preserve the state's history** and **spark creativity** to experience excellence in the arts, history and libraries in North Carolina.

NORTH CAROLINA DEPARTMENT OF CULTURAL RESOURCES

3

DCR

Cultural Resources Historic Sites, Museums and Archives

- 27 Historic Sites
- 7 History Museums
- 2 Art Museums
- State Library
- State Archives

● Historic Sites
▲ Museums and Archives

NORTH CAROLINA DEPARTMENT OF CULTURAL RESOURCES

4

DCR serves 100 counties in history, arts and libraries

DCR

Arts

- NC Arts Council
- NC Museum of Art
- NC Symphony

History

- State Archives
- Historic Sites
- Office of Historic Preservation
- NC Museums Division
- Office of State Archaeology
- RIFP, Tryon, Battleship, NCTM

Library

- Government & Heritage Library
- Library for the Blind and Handicapped
- Library Development

NORTH CAROLINA DEPARTMENT OF CULTURAL RESOURCES

5

Roanoke Island Festival Park (RIFP) is located in Dare County and highlights the first English settlement in North Carolina

RIFP

- 27 Acres and 6 structures
- 23 FT employees and 45 volunteers
- 90K visitation

Statutory Authority

In accordance with G.S. 143B-131.2 Roanoke Island Commission (RIC) is created to combine various existing entities in the spirit of cooperation for a cohesive body to protect, preserve, develop, and interpret the historical and cultural assets of Roanoke Island. The Commission is further created to operate and administer the Elizabeth II state Historic Site and Visitor Center

NORTH CAROLINA DEPARTMENT OF CULTURAL RESOURCES

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Roanoke Island Commission moved under DCR last session in line with the other sites that receive state appropriations for operations

RIFP

Governing Body	USS NC Battleship **Commission**	**DCR**	**DCR**	**DCR**
Partnership	DCR	Roanoke Island **Commission**	Tryon Palace **Commission**	NCTM Foundation
Support Group	Friends of the Battleship	Friends of the Elizabeth II	Tryon Palace Foundation	

In line with State Auditor's recommendation in March 2013 report, DCR signed an MOA with Friends of Elizabeth II to solidify rapport

RIFP

The Friends of Elizabeth II Memorandum Of Agreement (MOA) addressed the following commitment:

- Acknowledged the $5.47 M state money that remains in Elizabeth II funds as of Dec. 2012
- Confirmed compliance with state law regarding reporting requirements on possession of state funds
- Committed to honor statute to support RIFP at $325,000 a year or greater than the sum of the last three consecutive years of investment income
- Agreed to share all financial information on an annual basis as well as communicate with RIFP in programming, changes etc.
- Transferred Gift Store from support group back to the state effective March 1, 2015
- Committed to continue to serve as the non profit and as a fundraiser

State Historic Preservation Office supports both state and federal responsibilities

Historic Tax Credit

- Identify
  - Review properties through GIS
- Enhance
  - National Registry
  - Secretary of Interior Standards
  - Federal Tax Credit
  - Historic Tax Credit
  - Preservation Extension Service
  - Certified Local Governments
- Protect
  - Project Planning and Historic Resources

North Carolina Department of Cultural Resources

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North Carolina State Historic Preservation Office

The result of collaborative study is a new historic tax credit proposed bill – House Bill 152 / Senate Bill 287

Historic Tax Credit

- Encourages jobs and economic development in cities and towns, both rural and urban, across the state
- Reduces budget costs and unpredictable spikes to state
- Used in 90 of 100 counties resulting in more than $1.6 billion of private investment into North Carolina communities
- Provides opportunity for economic recovery (brings in local construction jobs and purchases initially and business and employees once complete)
- Applies only to property on National Register, requires no upfront state monies and must be completed and signed off on tax form before claim of credits can be taken
- Provides social and economic benefits to North Carolina through community development efforts
  - Encourages cultural and heritage tourism
  - Enhances quality of life with reuse of iconic neighborhoods
  - Builds safe communities by reversing crime and blight
  - Improves aesthetics in communities focusing on "jewels"

North Carolina Department of Cultural Resources

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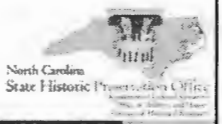
North Carolina State Historic Preservation Office

Receipt supported positions drive both federal and state requirements to administer historic tax credits but are at risk

Historic Tax Credit

- Staff previously supported by state appropriations moved to receipt positions when additional revenue stream from fees became available due to extreme budget cuts in past years (significant reduction since 2009)
- Elimination of North Carolina's Historic Tax Credit (HTC) does not eliminate the need for four key positions who administer both FEDERAL and STATE HTC
- Examples of these positions include:
  - Preservation **Architect** – based on federal law to have this expertise; serves all 100 counties
  - Preservation **Specialist** – state and federally mandated constituent outreach in historic preservation



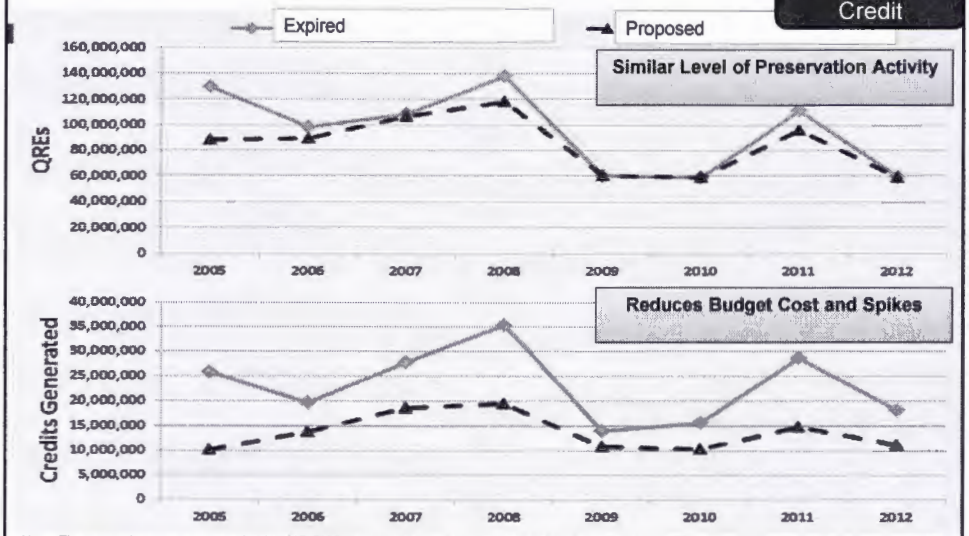
The proposed Historic Preservation Tax Credit offers a lower credit and includes a cap per project

Historic Tax Credit

	EXPIRED	PROPOSED
Rates	20% Commercial 30-40% Mill - dependent on county economic tier. 30% Residential	INCOME-PRODUCING: COMBINES COMMERCIAL & MILL • Reduces base credit rate to 15% • +5% for mills ($3M spending requirement has been eliminated) • +5% for economically distressed counties RESIDENTIAL • Reduces to 15% credit • Applies a cap per project QRE @ flat project ceiling ($150K) • $10,000 minimum over 24 months
Caps/Steps	No Cap	INCOME-PRODUCING: COMBINES COMMERCIAL & MILL $0 to $10M base rate $10M to $20M base rate reduced by 5% Hard cap at $20M RESIDENTIAL $150,000 cap residential
Installments	5 -10 yr. spread for income and non-income; no required carry forward for Mill.	All credits claimable once building is placed into service with a 10-year carry forward
Taxes Claimable Against	Income taxes for income and non-income; income, premium, franchise for Mill.	Combined credits claimable against income taxes, gross premium taxes and corporate franchise taxes.

Proposal could maintain the same level of historic rehabilitation activity while reducing budget costs

Historic Tax Credit



Note: These graphs were generated using NC SHPO's historical project level database of certified expenditures. Project expenditures were assumed to remain constant up to the hard cap of $20 M. The attribution point estimate of 61% was used to estimate the decline in QREs for projects above the

Publications focuses on promoting NC History by producing demand driven material

Publications

Mission - foster, promote, and encourage study and appreciation of state history through research and writing. Publications function extends back to 1907 when the first historical title appeared.

History - published 200 titles that reflect the rich variety of North Carolina history for lay readers, consistently producing well researched books that are both accurate and accessible to the average person.

Publication Strategies

- Meet demand for eBook material
- Create Civil War material – rosters, atlas, books
- Generate new educational material for Young Adult Non Fiction demand
- Serve as subject matter experts for DCR exhibits

Publications saw 40% reduction in staff (3/8) in 2014 but continue to focus on demand driven production of documenting NC History

Publications

Publication Statutes

1. NC History – meeting statute
2. Governor's Papers – posting on website to accomplish through the State Archives to fulfill statute
3. Colonial Records –digitizing all records to give greater access but with less explanation and interpretation (no longer print)

Publication Option

Option to either add additional two positions or change statutory requirement to reflect what DCR's publications is able to accomplish in Colonial Records. DCR is meeting letter of intent of statute in Colonial Records by making Colonial Records available

DCR appreciates the exemption from Rule Making and having Special Revenue Funds to encourage revenue generation

Flexibility

Revenue Generating

- Admissions
  - Discounts for Military, youth, AAA, College
  - Pricing for extended stay
  - Market based pricing
- Behind the Scene Tours
- Specialized Programming
- Summer Camps
- Rentals
- Wedding

Customer Service

- Operating Hours

Tryon Palace

NORTH CAROLINA TRANSPORTATION MUSEUM

ROANOKE ISLAND PARK

North Carolina HISTORIC SITES

Transferring Aquariums, State Parks, Natural Science Museum and the Zoo from DENR to DCR creates an attractive opportunity for NC

Transfer

Opportunity

1. **Enhance** Customer Service at NC state sites, museums, zoo, aquariums and state parks with clearer focus on visitor experience while increasing private support
2. **Expand** Efficiencies by including a broader team for a quicker adoption of best operational practices (e.g. facility maintenance, contracting, programming, gift shops, admission fees, shared resources etc.)
3. **Promote all sites and museums for Tourism and** Economic Development through more intentional marketing supported by coordination of marketing efforts across all entities for tourism and economic development
4. **Encourage comprehensive support of** Education including formal and a more interrelated array of informal, lifelong learning opportunities (e.g. cross-discipline fieldtrips, programs and tours that treat *both* natural and cultural topics, etc.) while emphasizing conservation of natural resources and preservation of cultural resources

NORTH CAROLINA DEPARTMENT OF CULTURAL RESOURCES

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The transfer of these four Divisions from DENR to DCR will require adequate admin support / funding

Transfer

Divisions – Aquariums, Zoo, State Park, Natural Science Museums

- $73M
- 1032 FTE
- 1000 Part Time
- 50% of Staffing
- 45% of State Appropriations
- Majority of Property

Administrative – 18 positions identified thus far (DENR has roughly 139)

- Strategy – leadership and support - 2
- Budget / Finance – AP, Purchasing, Payroll, A/R - 7
- HR - 6
- Marketing - 0
- Audit - 1
- Legal - 0
- IT - TBD
- Legislative - 1
- Capital / Property – 1

NORTH CAROLINA DEPARTMENT OF CULTURAL RESOURCES

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Committee Sergeants at Arms

NAME OF COMMITTEE Joint Committee on Appropriations, General Government

DATE: 3-19-2015 Room: 425

House Sgt-At Arms:

1. Name: Warren Hawkins
2. Name: Doug Harris
3. Name: David Leighton
4. Name:
5. Name:

Senate Sgt-At Arms:

1. Name: Steve McKaig
2. Name: Larry Hancock
3. Name:
4. Name:
5. Name:

Thursday, March 19	**Room**	**Time**
APPROPRIATIONS GENERAL GOVERNMENT (JOINT)	425	8:30 am

Name	County	Sponsor
Tabi Zorn	Union	D. Craig Horn

SENATE PAGES ATTENDING

COMMITTEE: Joint: Gen'l Govt & I.T. **ROOM:** 425

DATE: 3-19 **TIME:** 8:30

PLEASE PRINT <u>LEGIBILY</u>!!!!!!!!!!!!!....*or else!*

Page Name	Hometown	Sponsoring Senator
1. Ethan Walton	Wilson	Newton
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

Do not add names below the grid.

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/ GENERAL GOV'T — MARCH 19, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Barbara Barnes	OSBM
JAY DRAKE	OSBM
Mary Joan Pugh	DENR
Marina Jenkins	DCR
Kevin V Howell	DCR
Edward Smith	DCR
KEITH WERNER	DCR
Kevin Cherry	DCR
Susan Kluttz	DCR
Karin cochran	DCR
Sarah Dozier	DCR

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/ GENERAL GOV'T — MARCH 19, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Stan Williams	NCS
Kasey Ginsberg	Governor's office
Joshua Davis	DCR
Rob Schiller	NC Symphony
Sandi Macdonald	NC Symphony
Emily McCourt	NC Coalition Against DV
Isabel Villa-Chaves	NCAR
Kara Wells	Arts NC
Matthew Dockham	NC DENR
[signature]	SCS
Will Morgan	TNC

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/ GENERAL GOV'T — MARCH 19, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
CARY COX	DCR

Corrected #1: Chaired by Rep. Rayne Brown

NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION

You are hereby notified that the **House Committee on Appropriations, General Government** will meet **JOINTLY** as follows:

DAY & DATE: Thursday, March 26, 2015
TIME: **8:30 AM**
LOCATION: **425 LOB**
COMMENTS: **This Joint Committee will be chaired by Representative Rayne Brown.**

Respectfully,

Representative Rayne Brown, Co-Chair
Representative George G. Cleveland, Co-Chair
Representative Dennis Riddell, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 10:52 AM on Tuesday, March 24, 2015.

___ Principal Clerk
___ Reading Clerk – House Chamber

Andrew Bailey (Committee Assistant)

Joint Appropriations Committee for General Government
March 26, 2015, Meeting Room 425LOB, 8:30AM

Co-chairs –
Representative George Cleveland
Senator James Davis
Representative Rayne Brown
Senator Norman Sanderson
Representative Dennis Riddell

Welcome and Comments
Rep. Rayne Brown, presiding

Department of State Treasurer Overview
Lisa Hollowell, FRD

Requested Information from North Carolina Department of State Treasurer
Treasurer Janet Cowell
Kevin SigRist, Chief Investment Officer
Fran Lawrence, Chief Financial Officer
Steve Toole, Deputy Treasurer of Retirement Division

***Next Meeting March 31, 2015, 8:30AM*
Topics – Housing Finance Agency, Office of the Governor, and Office of State Budget and Management

House Committee on Appropriations, General Government
Thursday, March 26, 2015 at 8:30 AM
Room 425 of the Legislative Office Building

MINUTES

The House Committee on Appropriations, General Government met at 8:30 AM on March 26, 2015 in Room 425 of the Legislative Office Building. Representatives Adcock, Ager, Brody, Brown, Cleveland, Fisher, Floyd, Pittman, Queen, Riddell, and Watford attended. Senate members in attendance were J. Davis, and Sanderson. Fiscal Staff members in attendance were Lisa Hollowell, and Daniel Sater. Committee Clerk Andrew Bailey also attended.

Attached to the minutes are the Staff for the Sergeant at Arms, the Pages for the meeting, and the attendance sheets for agency representatives and public visitors.

Representative Rayne Brown, Chair, presided.

Rep. Brown called the meeting to order at 8:30 AM and welcomed everyone and recognized the pages and thanked the staff and Sergeant at Arms for their help.

Lisa Hollowell was recognized to give an overview of the Department of State Treasurer (See Attachment #1).

Rep. Brown recognized State Treasurer Janet Cowell. Treasurer Cowell expounds on the Department of State Treasurer and discusses the needs of the agency. Treasurer Cowell had debate and discussion time (See Attachment #2).

The Chair recognized Kevin SigRist, Chief Investment Officer of the Department of State Treasurer. Mr. SigRist discusses turnover, implementing market-oriented compensation study, etc. Mr. SigRist had debate and discussion time.

The Chair recognized Steve Toole, Deputy Treasurer of Retirement Division with the Department of State Treasurer. Mr. Toole gives an overview of the Retirement Division and various expansion requests. Mr. Toole had debate and discussion time (See Attachment #3).

The Chair recognized Fran Lawrence, Chief Financial Officer of the Department of State Treasurer. Mr. Lawrence discusses "Project Granite," moving to a new space and the benefits of the new location. He also discussed the overall budget and expansion requests. Mr. Lawrence had debate and discussion time.

The meeting adjourned at 9:35 AM.

Representative Rayne Brown, Chair, Presiding

Andrew Bailey, Committee Clerk

Department of the State Treasurer

Joint Appropriations Subcommittee on General Government

March 26, 2015

FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Outline

- Provide a broad overview of the Department and budget
- Constitutional Office: Article III, Section 7
- Duties prescribed in Article 6, G.S. 147
- Acts as financial advisor to state and local Governments
  - Financial Operations -Investments
  - State and Local Government Financial Oversight
  - Retirement
  - Unclaimed Property
  - State Health Plan*

Mission and Vision of the Department

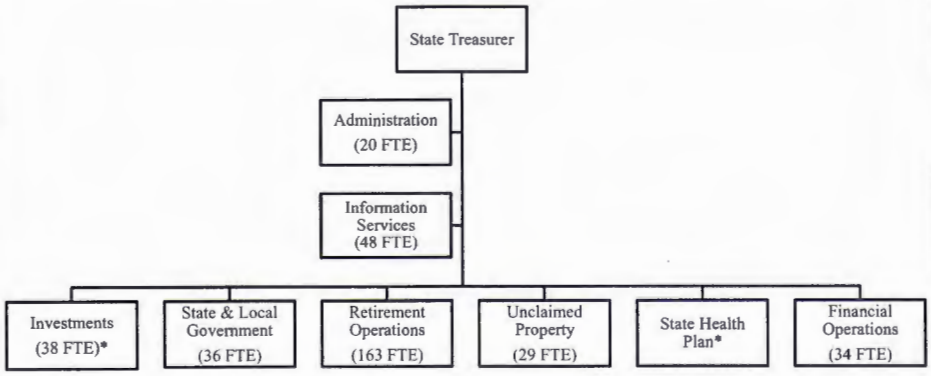
Vision

To create and maintain a fiscally sound and prosperous North Carolina

Mission

To exercise fiduciary oversight and provide outstanding customer service that provides value to, and instills confidence by, the state's citizens, customers, and financial community

Organization of the Department



*Includes 10 positions for Investments Internalization for FY 2014-15.

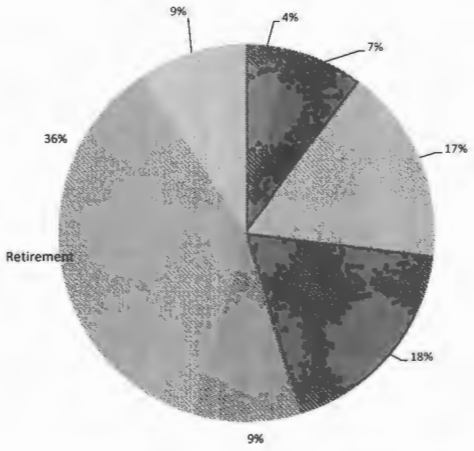
Funding for the Department

- The Department is 100% "Receipt" Supported:
  - Annual Appropriations are reimbursed
  - Funding Sources Include:
    - Funds under management
    - Internal charges to divisions under management
    - Local sales tax and fees related to debt issuances
- General Assembly authorization is required for the expenditure of State funds

Total Budget Figures

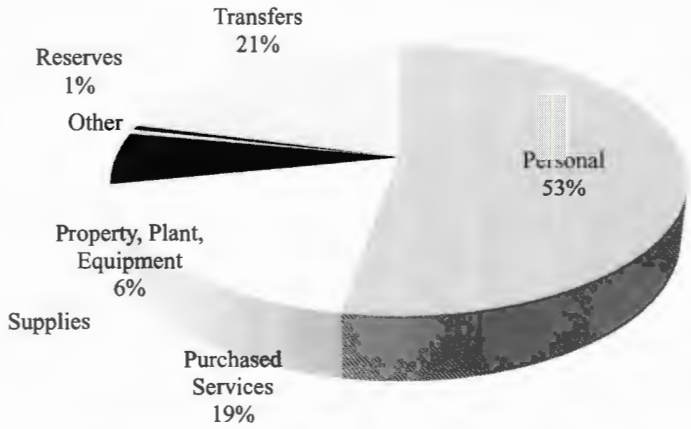
	Actual	Actual	Actual	Actual	Authorized
Fiscal Year	2011	2012	2013	2014	2015
Requirements	$44,236,979	$47,633,252	$46,008,906	$44,934,7423	$53,080,215
Receipts	$35,560,173	$41,166,097	$39,610,979	$37,384,094	$43,291,410
Appropriation	$8,676,806	$6,467,155	$6,397,927	$7,550,648	$9,788,805
FTE (Certified)	355.94	358.9	359.9	358.9	368.94

FY 2014-15 Total Authorized Budget, By Division, All Funds



- General Admin 3.64%
- Unclaimed Property 6.62%
- Information Technology Services 17%
- Investments 18%
- State and Local Government Operations 9.27%
- Retirement Operations 36%

FY 2014-15 Total Expenditures, By Type, All Funds

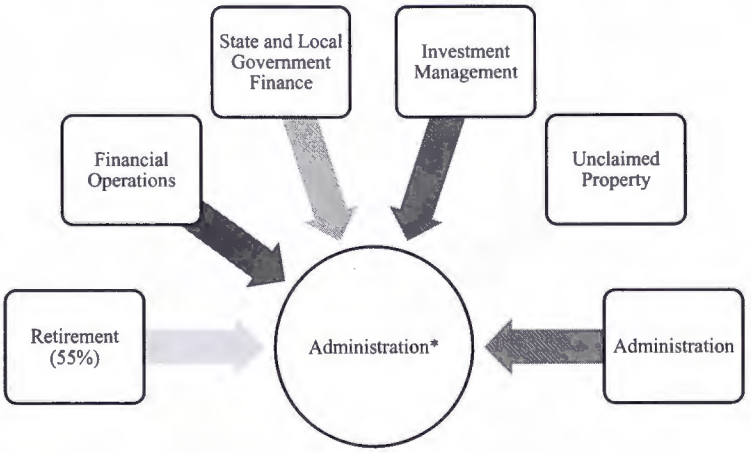


Administration of the Department

- Treasurer
- General Administration
- Legislative and Government Affairs
- Financial Operations*
- Information Management*
- Human Resources
- Internal Audit
- Community Affairs
- Communications
- Legal Counsel

* Separate Divisions within the Department

FY 2014-15 Support for Administration of Department, by Division, All Funds



*Administration includes Financial Operations and Information Management

Administration – Financial Operations

- G.S. 147-68 deposits all State funds with the Treasurer
- Provides Accounting Support services to the entire Department
- Provides Core Banking Services to the Entire State
  - Core Banking is allowed to cost allocate its appropriation to funds under management per G.S. 147-68.1.
  - S.L. 2012-142 allowed the Financial Operations Division to access investments under management by the Treasurer to upgrade the State's Core Banking System

Investment Management

- Manages approximately State Funds
- Investment criteria authorized in Article 6, G.S. 147
- Includes Cash Management, Pension Funds, Ancillary Investments.

State and Local Finance Division: Mission

The State and Local Government Finance Division handles the sale and delivery of all State and local debt and monitors the repayment of State and local government debt. Staff counsel and assist local governments in determining the feasibility of projects, the size of the financing and the most expedient form of financing. Additionally, this Division monitors and analyzes the fiscal and accounting practices of all local governments.

State and Local Government Finance

- Division funded by:
  - Distribution of Local Sales Tax (G.S. 105-501)
  - Fees associated with debt issuances (G.S. 159-6)
- Oversees State, Local, and other indebtedness
- Oversees local government finances
  - Unique to North Carolina
- Organization
    - Capital Facilities Finance
    - Debt Management Planning and Policy
    - Fiscal Management

Retirement Operations

- Administers Retirement and Fringe Benefit Plans for the State and other Systems
- Article V, Sec. 6 of NC Constitution
- 11th Largest Public Pension in the US
- 32nd Largest Pension Fund in the World

Retirement Operations: Plans Managed – Systems and Funds

- Teachers and State Employee Retirement System
- Consolidated Judicial Retirement System
- Local Governmental Employee's Retirement System
- Legislative Retirement System
- Firemen's and Rescue Workers' Fund
- National Guard Pension Plan
- Register of Deeds Supplemental Pension Fund
- Many Supplemental Plans

Unclaimed Property

- Division that oversees Unclaimed (Escheats) Property
- Article IX, Section 10 of the Constitution
- Administers G.S. 116B
  - Involves:
    - Audit
    - Claims Processing
    - Call Center
    - Receipts Reporting

Information Requested

- Investment Portfolio Managers
  - Update of hiring the 10 managers
- Rental of new space
  - Status of that spac
  - Upgrade costs incurred including call center modernization
- Update of the audit
- Update of the Escheats Fund
- Retiree Contributory Death Benefit Open Enrollment
- Firefighters & Rescue Squad Workers' Data Audit
- Other Items –
  - Financial & Audit Services Funding

Questions

Fiscal Research
919-733-4910

NORTH CAROLINA

OFFICE OF THE TREASURER

JANET COWELL, TREASURER

March 19, 2015

Dear Members of the North Carolina House:

Growing North Carolina's economy and creating jobs will require innovation—and I believe we have a real opportunity in front of us to create an endowment that will do just that. As you may know, our State continues to have a pressing need for venture capital. According to recent studies, North Carolina lags behind leading states in this area, driving many of our most talented entrepreneurs to seek funds and locate cutting edge businesses elsewhere.

We can meet this challenge by establishing an educational endowment consistent with the intent of the North Carolina Constitution. This endowment can help reverse the tide of lagging venture capital investment by using existing funds to make innovative investments that will pay long-term dividends for our economy.

Specifically, I am proposing the General Assembly treat our Escheat Fund ("Fund") as an educational endowment that would both ensure the long-term stability of the Fund as a source of scholarships for needy students and allow up to 10% of the Fund to be invested in high growth venture capital opportunities with a nexus to North Carolina.

Representatives Jeff Collins, Stephen Ross, Paul Tine and Harry Warren have introduced House Bill 301, "Escheat Fund Modifications," to create this educational endowment. I urge you to support this legislation.

As you may know, early in my first term as State Treasurer, I established the $232 million North Carolina Innovation Fund as part of the North Carolina Retirement Systems; designed to meet some of our State's venture capital needs. Today, the Innovation Fund has been a success story: returns exceed 20 percent.

However, the need for an additional source of venture capital persists. If the General Assembly treated the Escheat Fund as an educational endowment, it could serve as an important component of such an effort. As a fiduciary for the Fund, I believe the General Assembly must do three things before the Escheat Fund can be made available for high-growth investments. First, the General Assembly must commit to protecting the principal amount, or corpus, of the Escheat Fund on a going-forward basis. As a result, the General Assembly must find an alternate source of funding for at least some of the scholarships that currently rely on the Fund. Second, the General Assembly must authorize the Department of State Treasurer to invest the Escheat Fund in a manner similar to the way funds in the retirement system are invested. Finally, the legislature must establish a special fund within the Escheat Fund to invest in growth-oriented companies that have significant operations or a nexus in our State.

As you know, the General Assembly had protected the principal amount of the Escheat Fund for more than 33 years until it began withdrawing from the corpus in 2004. If such withdrawals had not taken place, we could have had a balance of over $1 billion instead of $438 million at the end of Fiscal Year 2013-2014. Furthermore, going forward, we cannot assume that the same levels of unclaimed property will be remitted to the State. As companies

utilize technological advances to maintain contact and locate its customers, there is potential that less property will become unclaimed, resulting in less funds being remitted to the State as unclaimed property.

Because of the drawdown of principal, our investing staff has had to keep much of the Fund in relatively liquid assets that have a low rate of investment return. Currently, less than 10 percent of the Fund is invested in non-fixed income assets. The current low-interest rate environment means that the current asset allocation will return only a 2.5 percent annual rate of return. Keeping the Escheat Fund's principal intact would allow us to treat the Fund as an education endowment. This would be a sound, long-term fiscal practice that would ensure the Escheat Fund as a source of venture capital for high-growth opportunities.

With your support, our investment experts could implement a growth-oriented strategy similar to the successful North Carolina Retirement Systems, which traditionally has returns of 7.25% or better. Additionally, a special fund set aside from the corpus of the Escheat Fund could be invested as venture capital in high-growth sectors of our State's economy, enticing private capital and creating jobs. Over the long term, a larger fund could create more opportunities for funding student scholarships—all while making the Fund more sustainable and reducing the need for General Fund monies.

I hope the General Assembly will meet this challenge by making a lasting and innovative impact on our State. This can be accomplished by protecting the principal of the Escheat Fund going forward and establishing a special fund to invest in the high-growth sectors of our State by enacting House Bill 301.

Sincerely yours,

Janet Cowell

Attachments:
Legal Analysis on Protecting Escheat Fund Principal
Escheat Fund Balance FY 13-14
Escheat Fund Return History

Addendum 1:

Legal Analysis Indicating that Protecting the Escheat Fund's Principal Would Be Most Consistent with the State Constitution

Article IX, Section 10 of the State Constitution provides:

> All property that, after June 30, 1971, shall accrue to the State from escheats, unclaimed dividends, or distributive shares of the estates of deceased persons shall be used to aid worthy and needy students who are residents of this State and are enrolled in public institutions of higher education in this State. The method, amount, and type of distribution shall be prescribed by law.

This language suggests that the Framers of the North Carolina Constitution envisioned that funds received from escheated property be set aside, with the earnings that accrued on these funds then going to worthy and needy students. This interpretation is consistent with the word "accrue" in Article IX, Section 10, and it is consistent with the purpose of a constitution - to create continuity and provide for future generations (or "posterity," the term found in the preamble of the North Carolina Constitution). By expressly addressing the "method, amount and type of distribution" of what "shall accrue to the State" from escheats, the Framers signaled that funds received from escheats be managed and invested, with careful consideration given to the distribution of investment earnings on the escheated property.

Protecting the principal of the Escheat Fund and treating it like an endowment, rather than drawing from the corpus, would also advance Article IX, Section 9 (the immediately preceding section) of the State Constitution. It states:

> Sec. 9. Benefits of public institutions of higher education
>
> The General Assembly shall provide that the benefits of The University of North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense.

In the words of Article IX, Section 9, an endowment approach to the Escheat Fund would greatly increase the opportunity to extend higher education "as far as practicable ... free of expense."

Other states that address escheat in their state constitutions protect the principal and treat their funds like an endowment. For example, the Oklahoma Constitution states that '[t]he principal shall be deemed a trust fund held by the State, and shall forever *remain inviolate*" (emphasis added).

Finally, treating the Escheat Fund like an endowment, rather than drawing from the principal, is most consistent with the central fact of the Escheat Fund – the State is only the temporary holder of these unclaimed funds until the owner is found. As stated in N.C.G.S. 116B-63(b), once

unclaimed or abandoned property is turned over to the Treasurer, "the State assumes custody and responsibility for the safekeeping of the property." The State holds unclaimed property, or its proceeds, of private individuals in perpetuity, but only until the rightful ownership is determined. *Rose's Stores, Inc. v. Boyles*, 106 N.C. App. 263, 416 S.E.2d 200 (1992).

There is always a risk, when the State draws from Escheat Fund principal, that the State will find the Escheat Fund is unable to fully repay the private individuals for whose property the State took temporary "custody and responsibility." Because the State has not treated the Escheat Fund like an endowment since 2004, the State is currently liable to private individuals for over $1.3 billion dollars in unclaimed property, although the Fiscal Year 2013-2014 balance of the Escheat Fund was $438 million.[1]

Therefore, to harmonize the State's obligation to safeguard the property of others with the constitutional provision to utilize the Escheat Fund for scholarship, the corpus must be kept intact, and only the income earned from the corpus be used to fund scholarships.

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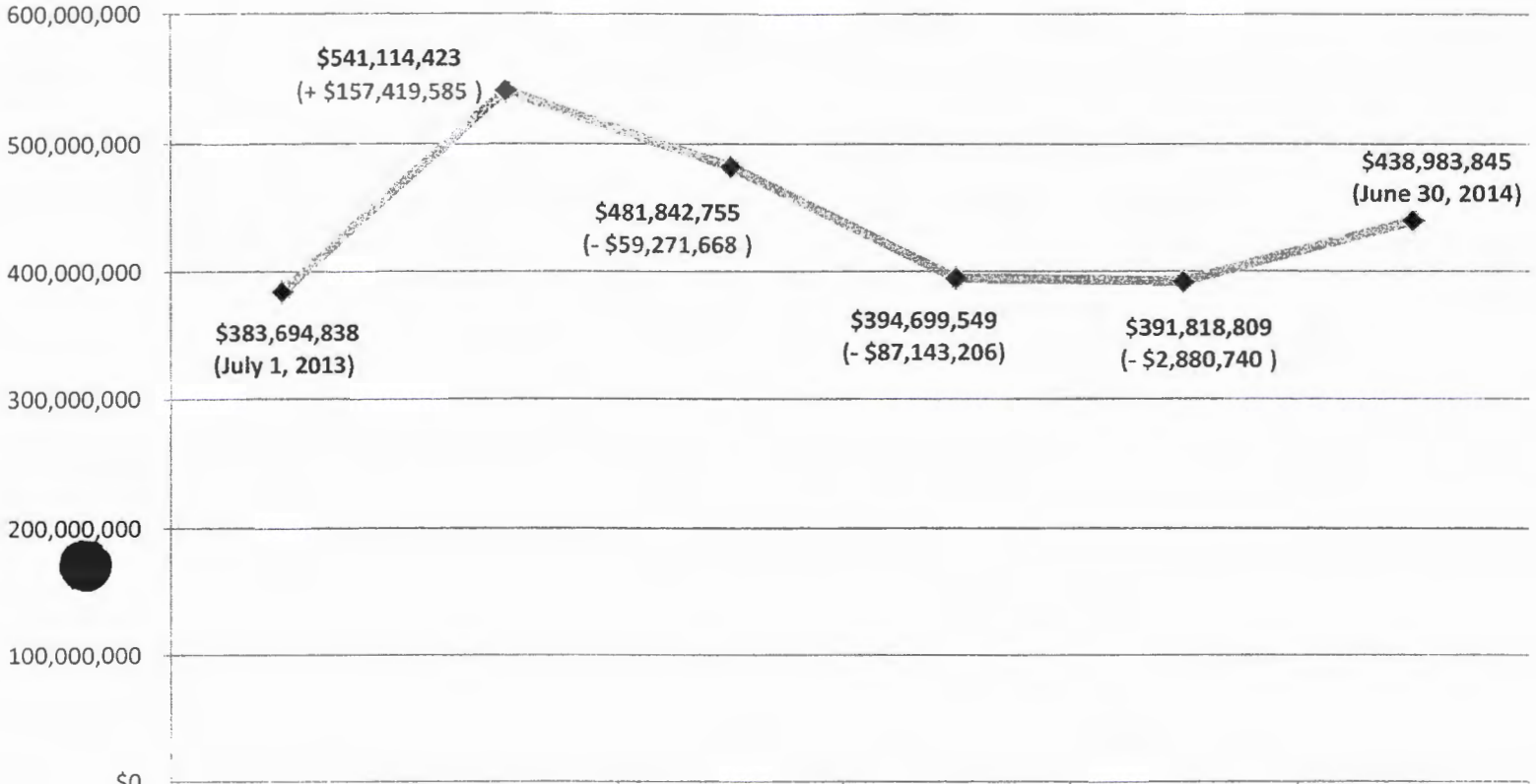
[1] This balance was adjusted by an accounting entry to the State CAFR at year end that restated fund balance by approximately $60 million related to contributions to the UNC Need Based Grants due to the implementation of a new Governmental Accounting Standard (no impact to the cash balance).

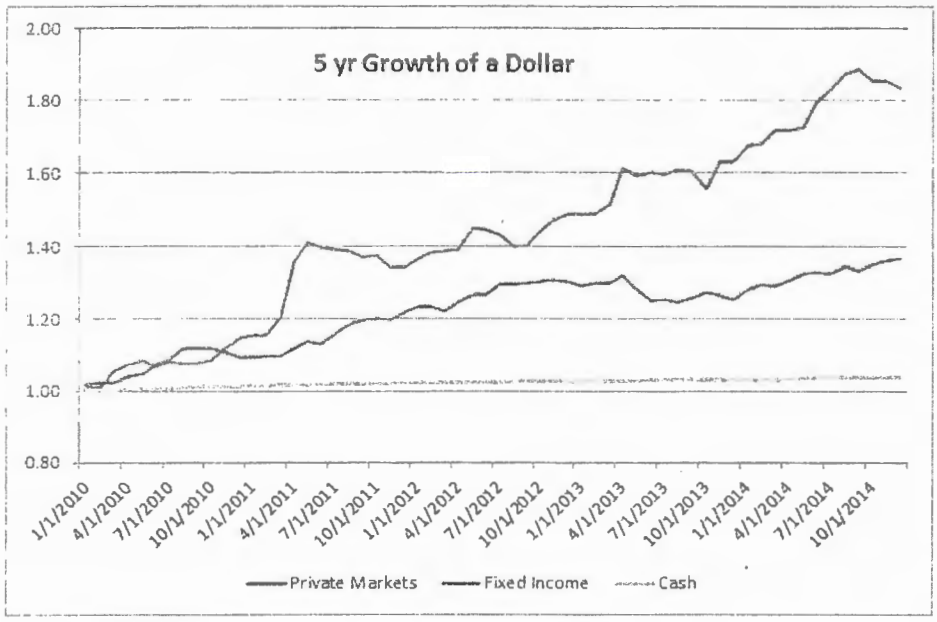
Escheat Fund 2013-2014

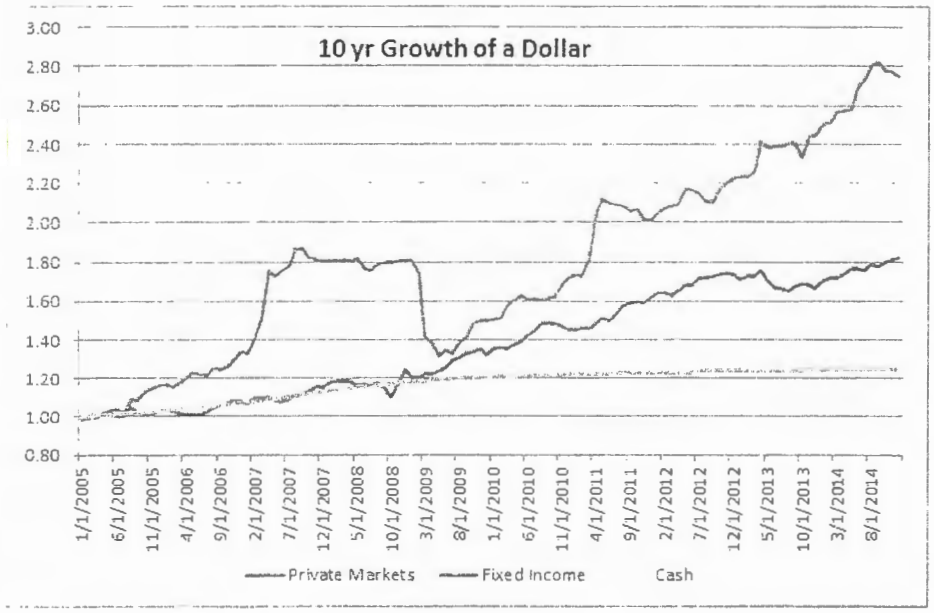


	Beginning Escheat Fund Balance July 1 2013	Funds Deposited (+ $157,419,585)	Paid to Owners (- $59,271,668)	Principal Transferred (- $87,143,206)	Interest Sent to SEAA (student scholarships) (- $2,880,740)	Escheat Fund Balance as of June 30 2014
Fund	$383,694,838	$541,114,423	$481,842,755	$394,699,549	$391,818,809	$438,983,845

Escheat Fund Actuarial Return

Returns as invested in Fixed Income and Cash versus Hypothetical Private Markets investment





Source: NC Department of State Treasurer Investment Management Division

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER
RETIREMENT SYSTEMS DIVISION

JANET COWELL
TREASURER

STEVE TOOLE
RETIREMENT SYSTEMS DIRECTOR

March 17, 2015

TO: Lisa Hollowell, Fiscal Analyst

FM: Steve Toole, Retirement Director

RE: Retirement Systems Division FY 2016 Expansion Budget needs for consideration by the General Government Appropriations Subcommittee during 2015 Session

The Retirement Systems Division anticipates a "Retirement Boom" in coming years: retirements are projected to increase 43% from 2012 to 2024. Moreover, membership continues to grow steadily, increasing at a rate of 2% of non-retired members served each year. Currently, the North Carolina Retirement Systems (NCRS) is one of the most cost-effective retirement systems in the nation, costing just $23 per member to administer, compared to a peer average of $87 per member, and boasting a member-to-employee ratio of 5,796 members served per employee, compared to a peer average of 1,271 members served per employee. Despite low administration costs, the funded status of the North Carolina Retirement Systems is currently the second highest in the nation. However, as the systems' membership continues to grow, it has become increasingly difficult to effectively administer the retirement and other benefit plans and programs managed by RSD. The Division is currently faced with three central problems:

1) Significant technological limitations;
2) Prohibitive inflexibility of personnel management and compensation; and
3) Diminished capacity to maintain effective customer service in the future.

Because RSD is currently unable to address these issues due to budgetary constraints, RSD proposes the following budget expansion requests that would provide the necessary funding and authority to implement a series of technological, informational, and manpower changes aimed at addressing these issues and improving the operational efficiency and long-term financial standing of the pension funds. Since the Division is entirely receipt-supported, none of these requests impact General Fund availability for FY 2016.

Six expansion requests:

- ORBiT Online Self-Service/Retirement ($850,000 non-recurring, $350,000 recurring, 3 FTE)
- Salary Reserve Pool: a) Temporary & Contract Services ($890,000 recurring); b) Market Salary/Equity Adjustment ($775,000 recurring)
- Call Center Modernize/Software & Equipment ($325,000 non-recurring & $65,000 recurring)
- Firefighters & Rescue Squad Workers' Data Audit/Administration ($660,000 non-recurring one-time re-purpose of a recurring appropriation)
- Retiree Contributory Death Benefit Open Enrollment ($175,000 non-recurring)
- Financial & Audit Services ($142,000 recurring)

325 NORTH SALISBURY STREET, RALEIGH, NORTH CAROLINA 27603-1385
Telephone (919) 807-3050 or (877)627-3287 toll free Fax (919) 508-5350
www.myncretirement.com

NC Department of State Treasurer, Retirement Systems Division (RSD)
Online Self-Service & Other Automation Services

The Retirement Systems Division anticipates a "Retirement Boom" in coming years: retirements are projected to increase 43% from 2012 through 2024. Moreover, membership continues to grow steadily, increasing at a rate of 2% of non-retired members served each year. This request would significantly improve the operational efficiency of the Retirement Systems Division and allow us to better serve our members by enhancing our staff's capacity to handle the current workload, as well as reduce the costs of a continually growing population of active and retired public workers in North Carolina. The additional funding in this request would enable RSD to develop enhancements to its self-service portal, Online Retirement Benefits through Integrated Technology (ORBIT), to allow members to apply for retirement benefits, disability benefits, and refunds of contributions as well as make all beneficiary changes online. This budget request includes funding for three new modules in the self-service portal and is expected to require approximately 24 months of full-time work by two contracted developers at an average cost of $100 per hour each (for a total anticipated cost of $832,000) to plan, develop, and implement these technological enhancements. Solicitation of competition by outside firms would be required for this project. In addition, this request includes two (2) permanent developer positions and one (1) permanent business analyst position who will work closely with the two (2) contracted developers during the planning and development process of this project. These permanent positions will provide both trans- and post-development maintenance for the newly implemented features of the self-service portal, in addition to providing expertise in developing and implementing future self-service enhancements of this nature. These enhancements would ensure that RSD is more capable of adapting and expanding its services and operational processes to accommodate a dynamic, continually expanding retirement environment. Greater adaptability and reduced costs despite continued growth will further promote RSD's fiscal integrity.

Currently, members and employers submit signed paper forms, which are then manually entered by RSD staff as it is provided by the members and employers. The increasing number of retirees and members has severely strained the personnel resources of the Division in many areas – primarily those associated with the processing, imaging, and data input surrounding paperwork received by RSD. The resources needed to handle the inordinate volume of paperwork and manually enter paper forms into the database are rapidly increasing. These rising costs are coupled with an associated increase in postage, printing, and mailing costs. RSD believes the best solution to our resource constraints is to move many of our processes and transactions online, which would reduce incoming and paperwork and manual entry and lower the costs of administration significantly.

The expansion of online self-service capabilities provided in this request would:

- Result in faster application processing time
- Reduce volume of paperwork
- Reduce manpower hours used for document imaging
- Reduce manpower hours used for manual data entry of paper forms received
- Eliminate processing delays due to paper form submission through the mail
- Provide members online access to their application status
- Reduce call volume related to application status inquiries – currently the most frequent reason for a call received by the call center
- Reduce e-mail, written correspondence, and other communications in response to member inquiries
- Increase efficiency and reduce complexity of multi-step application procedures requiring multiple form submissions and extensive verification of member-provided information
- Automated checks would provide applying members with immediate feedback on the validity of any personal information they submit (e.g., SSN, DOB, or other required data element)

NC Department of State Treasurer, Retirement Systems Division (RSD)
Temporary Staff & Contractor Services

Contractors and other temporary employees play an essential and ongoing role in supporting the operations of the North Carolina Retirement Systems: temporary staffing affords RSD the human resource flexibility to operate reliably and consistently in spite of unpredictable circumstances. Inadequate staffing threatens the stability and reliability of the many operational functions RSD must perform in order to meet its obligations and ensure that its statutorily mandated benefit programs are equitably and consistently administered. Seasonal fluctuations in workload demands, activities associated with compliance requirements, technological enhancements and maintenance, and implementing legislative mandates are the principal elements fueling RSD's continual need for temporary workers and contractor services in meeting its human resource needs.

An exemplary instance of the impact this increased workload may have can be seen in the volume of calls received in the Call Center. These periodic increases in call volume put considerable strain on personnel resources, which limits our ability to provide excellent customer service. Call volume normally varies considerably from month to month due to seasonal fluctuations, and can dramatically increase in response to external events such as legislative changes and technological problems. Call Center staff aim to answer at least 95% of calls offered within two minutes, on average. However, in February 2014, call volume increased so dramatically that staff could only answer 44% of calls, and the average hold time for callers was more than 25 minutes. Similarly, more than 10,000 calls went unanswered in October 2013, when RSD's Call Center was flooded with calls about State Health Plan enrollment because of problems with the website and telephone assistance line operated by an outside vendor.

Another key function of RSD requiring temporary workers and contractor services is its database. The Online Retirement Benefits through Integrated Technology (ORBIT) database is the primary data repository used for pension administration and is also the principal business application of the division. The ORBIT system relies on a number of technological tools provided by external vendors. Maintaining compatibility with these tools is an ongoing process handled by permanent staff. Occasionally, however, temporary staff are necessary to implement certain critical, time-sensitive updates that require substantially more manpower than would otherwise be available. Numerous discrepancies have been identified between statutory requirements, business operating procedures, and ORBIT functionality. These discrepancies substantially increase the risk of incorrect payments, expose the system to potential abuse, and require tremendous amounts of research and manual intervention. Addressing deficiencies in the modules related to the administration of death and disability benefits, as well as the management of the Firefighters' and Rescue Squad Workers' Pension Fund, are among RSD's largest challenges in the next two years.

Additionally, at the end of each legislative session, temporary employees are an integral part of implementing any legislative changes passed during the session. Depending on the nature of the changes required by the newly passed legislation, the specific time and human resource needs may vary dramatically, potentially requiring a broad range of skill sets that permanent staff in the Division are unable to provide. The complexity or simplicity of the change may require implementation procedures of variable duration, ranging from weeks to years. For example, the top priorities following the most recent legislative session in 2014 include enhancements to the ORBIT database related to pension spiking, new vesting rules, and the payment of interest upon withdrawal of contributions.

More adequate funding for temporary workers and contractor services will allow RSD to adapt flexibly to the changing workload required to effectively serve its members. It will also provide manpower with vital skillsets necessary for maintaining the integrity of member records and other data needed to administer the retirement systems, for increasing transparency of governmental records and data, and for implementing legislation passed at the end of each legislative session.

NC Department of State Treasurer, Retirement Systems Division (RSD) Market and Equity Salary Adjustments

The Retirement Systems Division anticipates a "Retirement Boom" in coming years: retirements are projected to increase 43% from 2012 to 2024. Moreover, membership continues to grow steadily, increasing at a rate of 2% of non- retired members served each year. RSD firmly believes that further promoting the fiscal integrity of the retirement systems is essential to maintain the financial stability of the pension funds, as well as to achieve the fiscal integrity needed to continue to meet the ever-changing needs of a burgeoning population of current and future retirees in North Carolina. This request would help to reduce turnover rates contributing to increasingly burdensome training costs for new employees, and help retain experienced and knowledgeable employees better suited to accumulate and understand the complex information needed to handle our member-facing "front-office" workload and provide excellent service. Excellent staff and excellent management whose compensation reflects the amount and the importance of their responsibilities will be more likely to remain at RSD and to continue improving and refining our service quality and operational efficiency.

In an effort to realize these goals and retain high quality employees, this request would allow RSD the flexibility to adjust the salaries of existing employees to be more competitive with labor market averages, as determined in a study conducted by the Office of State Human Resources. It would also allow RSD the flexibility to adjust the salaries of existing employees to provide more appropriate compensation to employees with job responsibilities far exceeding their pay grade, as determined in an equity study conducted by the Department of State Treasurer. This proposal would allow RSD to adjust compensation for 12 employees to better correspond with their job's expanded responsibilities at a total cost of $204,500, and it would allow RSD to give raises to the 105 employees earning below-market salaries to make their compensation more competitive at a cost of $570,304.

The Retirement Systems Division (RSD) has the largest number of front line staff members in the Department of State Treasurer. Given the complexity of the retirement systems it administers, RSD's success depends on retaining trained and competent staff. A CEM Benchmarking Study found that RSD's salary cost was 37% below the average of peer retirement systems, and an Office of State Human Resources Study found that 105 employees in the Retirement Systems Division have salaries below local human resources market rates. The average salary gap below market rate for these employees is $4,421, and they range from $203 to $15,504 below comparable market averages. Moreover, many mid-level managers within the division have been charged with responsibilities vastly exceeding what was envisioned for their OSHR classification, and their compensation is correspondingly inadequate compared to market rates for jobs with similar responsibilities. As the Retirement Systems Division, and the population of public workers and retirees that it serves, continues to expand, the need for high quality, experienced employees will only continue to expand along with it. As the systems, retirements, and membership grow, the complexity of inquiries, requests, and issues coming from and encountered by our members and our staff will increase proportionately. Because of the complex nature of the retirement systems and its administration, the retention of experienced and knowledgeable employees is critical in providing excellent customer service and reducing the financial, operational, and customer service quality costs associated with high turnover rates and inexperienced staff members. Training costs are especially burdensome: the average training cost alone for a new RSD employee is $12,161. As such, paying market salary for positions is critical to keeping other operational costs manageably low, as well as to retaining the experienced staff in whom RSD invests significant time and money. Retaining these individuals provides for a greater return on this human capital investment.

Paying salaries comparable to average market rates will increase the retention of high performing, dedicated employees and thereby increase the efficiency and capability of our staff. It will also increase the return on RSD's investment in employees, which can be quite costly ($12,161 per new employee on average). Reducing training costs and increasing staff quality and experience by reducing turnover will effectively lower the costs of providing service of greater quality and will allow RSD to operate more efficiently.

NC Department of State Treasurer, Retirement Systems Division (RSD)
Call Center Modernization

The Retirement Systems Division anticipates a "Retirement Boom" in coming years: retirements are projected to increase 43% from 2012 through 2024. Moreover, membership continues to grow steadily, increasing at a rate of 2% of non-retired members served each year. RSD firmly believes that further promoting the fiscal integrity of the retirement systems is essential to maintain the financial stability of the pension funds, as well as to achieve the fiscal integrity needed to continue to meet the ever-changing needs of a burgeoning population of current and future retirees in North Carolina. In order to promote exceptional customer service and to satisfy the needs of our members, we need to focus on improving our member-facing front office units by modernizing our Call Center. Technological improvements will greatly enhance RSD's Member Services capabilities, will increase our division's operational efficiency and responsiveness by allowing us to expand and adapt more quickly and effectively to increases in volume of calls, member inquiries, and other essential services we provide to our members.

This request is to update and enhance the Retirement Call Center telephone system. Enhancements to the telephone system will provide a number of previously unavailable features and technological improvements, such as call recording and analytics capabilities, quality monitoring, collaboration, forecasting, scheduling, screen pops, predictive dialing and Interactive Voice Response capabilities. Updating the telephone system will also allow for Call Center data to integrate seamlessly with both the ORBIT database, where all member data are housed, as well as Member Services Workflow software, which will allow for analysis of workflow information to continually and adaptively increase efficiency. These upgrades will greatly improve inquiring members' customer service experience, and will enable our "front office" to better serve the retirees, employees, employers, and the State it serves. Perhaps most importantly, this request will reduce the state's legal risk by providing the capability to record calls.

The Call Center is faced with several technological constraints limiting its ability to provide excellent customer service. These constraints include:

- Inadequate, outdated technology that is no longer supported by current vendors
- Increases in call volume of approximately 10% each year since 2010
- A projected increase in call volume for 2015 of 10-15% over the 2012 volume

Anticipated impacts after the implementation of the change include:

- A new Interactive Voice-Response system (IVR) will provide the capability of processing multiple member-directed actions without speaking to a Representative
- A new Call Management System (CMS) will provide the ability to monitor phone performance in real time
- Call Recording, which is a Call Center standard, will lower the risks of litigation, decrease the amount of time needed to research cases, and will serve as a tremendous training tool.
    - Call Recording was identified as a necessary change in the 2011 Benchmark Portal's Call Center assessment
- Screen pops will decrease call handle times by allowing data to automatically populate
- Email integration will allow automated tracking and storing
- Web chat and instant message capability will provide an enhanced variety of methods of communicating with inquiring members

NC Department of State Treasurer, Retirement Systems Division (RSD) Firefighters' and Rescue Squad Workers' Pension Fund Data Audit

One of the primary responsibilities of the Department of State Treasurer (DST) is to provide a safe and secure retirement for North Carolina's more than 900,000 public employees. The Retirement Systems Division (RSD) anticipates a "Retirement Boom" in coming years: retirements are projected to increase 43% between 2012 and 2024. Moreover, membership continues to grow steadily, increasing at a rate of 2% of non-retired members served each year. RSD firmly believes that protecting the financial health of the retirement systems through sound funding policy is paramount to achieving the Department's objectives of fostering the long-term stability and sustainability of the pension funds.

Toward this end, RSD undertook Phase One of an audit of the census data corresponding with members of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) in response to an evaluation of this pension fund conducted by the General Assembly's Program Evaluation Division (PED). In the resulting report, PED raised concerns that certain assumptions used in the plan's annual actuarial valuation did not accurately reflect the behaviors of the current population of actively employed firefighters and rescue squad workers participating in the plan. PED's report recommended that RSD perform an audit of the plan's census data in order to more accurately assess the likelihood that a worker will continue contributing to the fund until they earn enough service to receive a pension benefit upon retirement, known as a "lapse assumption". In the absence of accurate census data, standard actuarial practice is to use an overly conservative lapse assumption in the plan's valuation. As a result of the findings from Phase One of the audit, the annual required contribution (ARC) was estimated to decrease by $2,200,000 by eliminating the need for an overly conservative lapse assumption. Phase Two of this audit, which RSD began but ultimately had insufficient funding to complete, would provide additional information needed to enhance the quality of census data and optimize the plan's actuarial assumptions. These data and actuarial improvements would subsequently reduce the State's required contributions to the plan in future fiscal years.

In addition to the immediate and long-term reductions in annual funding requirements, this budget expansion request would serve to strengthen the fiscal integrity of one of RSD's less well-funded retirement systems without imposing any additional cost to the State. Strengthening and maintaining the fiscal integrity of the retirement systems is indispensable in ensuring the financial stability and long-term sustainability of the pension funds, both individually and as a whole. This request would thus enhance the Department of State Treasurer's capacity to protect the pension funds as it strives to provide a safe and secure retirement to a burgeoning population of current and future retirees in North Carolina.

In light of this evidence, and pursuant to a unanimous recommendation from the Local Governmental Employees' Retirement System (LGERS) Board of Trustees, RSD is requesting that the General Assembly leave the employer contribution for the Firefighters' and Rescue Squad Workers' Pension Fund in fiscal year ending June 30th, 2016, at $13,900,000 – equal to the amount of the annual required contribution for fiscal year ending June 30th, 2015. Additionally, RSD is requesting that the General Assembly direct $659,448 of these funds to RSD to offset the costs of financial and audit services, contractors, and temporary workers needed to forge ahead with completing the remainder of Phase Two of the census data audit for lapsed FRSWPF members, as recommended in PED's report.

NC Department of State Treasurer, Retirement Systems Division (RSD) Contributory Death Benefit Open Enrollment Opportunity

The Retirement Systems Division anticipates a "Retirement Boom" in coming years: retirements are projected to increase 43% from 2012 through 2024. Moreover, membership continues to grow steadily, increasing at a rate of 2% of non-retired members served each year. RSD firmly believes that further promoting the fiscal integrity of the retirement systems is essential to maintain the financial stability of the pension funds, as well as to achieve the fiscal integrity needed to continue to meet the ever-changing needs of a burgeoning population of current and future retirees in North Carolina. This request would help to reduce, or even eliminate, a significant and growing deficit in one of the retirement and other benefit plans RSD administers in the hopes of achieving these goals.

In an effort to realize these goals, this request would allow the Retirement Systems Division to implement an open enrollment period in the Contributory Death Benefit Plan for retirees who missed the opportunity to take advantage of this benefit upon retirement. The costs for the first year ($75,000) and the second year ($100,000) of the open enrollment period would primarily cover the cost of hiring IT contractors and communications collateral. This request would grant RSD the authority to charge each new enrollee in the plan a one-time, nonrefundable administrative fee to cover these costs.

Based on the actuarial valuation for calendar year 2013, the deficit for the Contributory Death Benefit increased from $12.5M to $35.2M -- the largest funding deficit the plan has seen in the past six years. This deficit is the result of asset losses on a 98.4% fixed income portfolio. Moreover, retiring members in the past, if they had chosen to participate, would have had very little flexibility to name or modify the beneficiary of this benefit. As a result, RSD believes that many retirees may have elected not to participate in the plan due to inflexibility in beneficiary-naming regulations. In 2014, however, the General Assembly changed the law governing Contributory Death Benefit participants' choice of beneficiary to allow for much greater flexibility.

RSD believes that implementing an open enrollment period would allow retirees who previously elected not to participate in the plan to take advantage of this new beneficiary-naming flexibility, which would increase participation. According to RSD's projections, an additional 10,000 new enrollees in the plan would be sufficient to eliminate the plan's current deficit. An open enrollment period is likely the most cost-effective and expeditious manner of achieving this much-needed increase in plan participation.

NC Department of State Treasurer, Retirement Systems Division (RSD)
Financial & Audit Services

The Department of State Treasurer is charged with the responsibility of establishing fiscally sound practices to ensure that the funds entrusted to the Department will be sufficient to pay all benefits and other obligations promised to former, current, and future employees, even in the face of financial uncertainty. In order to do so, the Department must fundamentally understand the needs of the population it serves, the benefits it provides, and the financial mechanisms necessary to achieve these essential ends. The financial and audit services provided by qualified actuarial consulting firms are paramount in cultivating a funding policy capable of achieving these goals and, furthermore, of fulfilling both the implicit obligations and the statutory mandates with which the Department is charged.

Pursuant to G.S. § 128-28(m) and § 135-6(l), the Retirement Systems Division of the Department of State Treasurer must retain the services of an actuary to provide technical advice to the Boards of Trustees governing the various retirement benefit plans sponsored by the State. The services provided by the actuary include, but are not limited to: developing an annual valuation of each plan; providing actuarial notes in response to proposed legislation as required by G.S. § 120- 114; performing demographic and experience reviews on each benefit plan; and facilitating the entry of local employers to the Retirement Systems. Additionally, the information furnished as a result of these actuarial services is also used to compile and disclose financial statements and other required disclosures included in the State's Comprehensive Annual Financial Report. The total estimated cost of these statutorily required actuarial services currently amounts to $510,000 per year and is expected to increase at a rate of 2% per year.

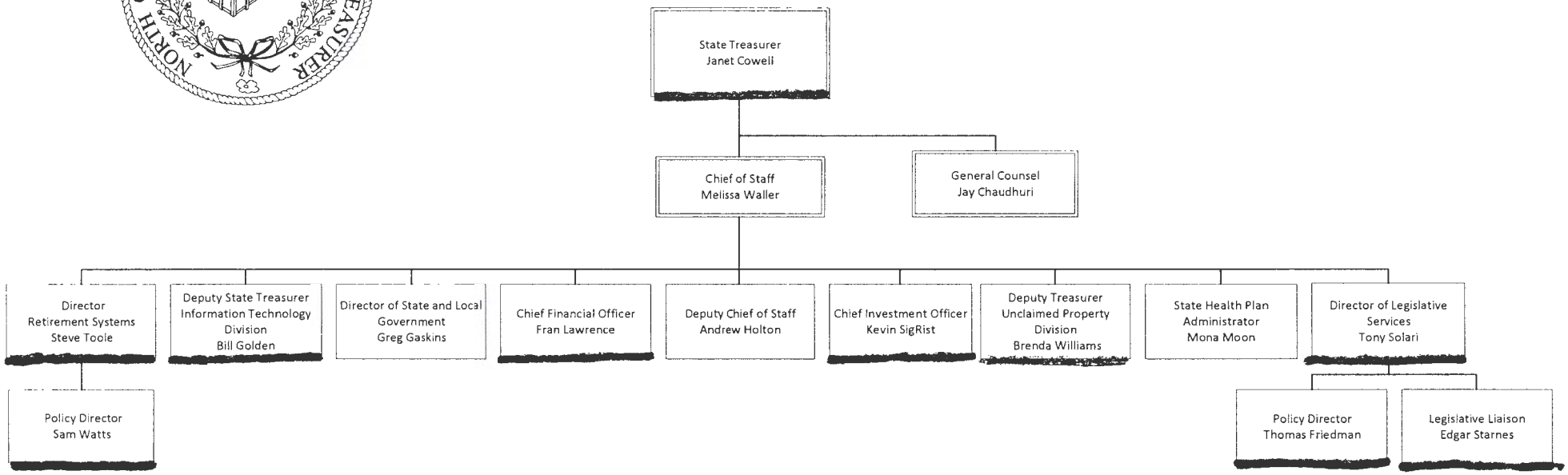
Since the creation of the Retirement System in 1941, RSD has retained an independent actuarial firm to provide a comprehensive set of actuarial services. These services are required to prudently manage the following benefit plans administered by the Division:

- Teachers' and State Employees' Retirement System (TSERS)
- Local Governmental Employees' Retirement System (LGERS)
- Consolidated Judicial Retirement System (CJRS)
- Legislative Retirement System (LRS)
- Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF)
- National Guard Pension Fund (NGPF)
- Register of Deeds' Supplemental Pension Fund (RDSPF)
- Disability Income Plan of N.C. (DIPNC)
- Death Benefit Plans
    - Death Benefit Plans for Active Employees who Members of TSERS and LGERS
    - Separate Insurance Benefits Plan for Law Enforcement Officers
    - Retirees' Contributory Death Benefit Plan

So long as the State of North Carolina continues to provide public workers with pension and other employee benefits, RSD will continue to rely upon these statutorily required actuarial services in order to meet its obligations in managing these benefit plans. We are therefore requesting a recurring appropriation of $510,000 to offset the costs of these actuarial services.

Since 1999, the annual base allocation for all financial/audit services has remained at $368,647 despite considerable increases in both the complexity and the cost of these necessary services. In the last six years, the hourly rate charged by the consulting actuary has increased by 12%. In addition, recent changes in the Actuarial Standards of Practice (APA) and the Government Accounting Standards Board (GASB) rules governing pension plans have substantially increased the number of hours needed to prepare the required actuarial analyses.

Department of State Treasurer



ATTENDANCE

HOUSE COMMITTEE ON APPROPRIATIONS GENERAL GOVERNMENT

2015-2016 SESSION

DATES	3/26														
BROWN, RAYNE CHAIR	✓														
CLEVELAND, GEORGE CHAIR	✓														
RIDDELL, DENNIS CHAIR	✓														
BRODY, MARK VICE-CHAIR	✓														
FISHER, SUSAN VICE-CHAIR	✓														
FLOYD, ELMER VICE-CHAIR	✓														
PITTMAN, LARRY VICE-CHAIR	✓														
ADCOCK, GALE MEMBER	✓														
AGER, JOHN MEMBER	✓														
QUEEN, SAM JOE MEMBER	✓														
WATFORD, SAM MEMBER	✓														
BRIDGES, CARA STAFF															
HOLLOWELL, LISA STAFF	✓														
SATER, DANIEL STAFF	✓														
AHLIN, PAMELA CLERK															
BAILEY, ANDREW CLERK	✓														
RIDDELL, POLLY CLERK															

ATTENDANCE

Committee: Senate Appropriations on General Government and Information Technology

DATES / NAMES	3/26															
Senator Jim Davis, Chair	✓															
Senator Norman Sanderson, Chair	✓															
Senator Andrew Brock																
Senator Josh Stein																
Senator Jeff Tarte																
Senator Michael Woodard																
Lisa Hollowell, Staff	✓															
Daniel Sater, Staff	✓															
Cara Bridges, Staff																
Karlynn O'Shaughnessy, IT Staff																
Kaye Culberson, Committee Clerk																
Kathy Voss, Committee Clerk																

Committee Sergeants at Arms

NAME OF COMMITTEE Joint Committee on App, General Govt

DATE: 3-26-15 Room: 425

House Sgt-At Arms:

1. Name: Warren Hawkins
2. Name: Doug Harris
3. Name: David Leighton
4. Name:
5. Name:

Senate Sgt-At Arms:

1. Name: Steve Wilson
2. Name: Marcus Kitts
3. Name:
4. Name:
5. Name:

Thursday, March 26	Room	Time
APPROPRIATIONS GENERAL GOVERNMENT	425	8:30 am

Name	County	Sponsor
Bella DeVivo	Wake	Rob Bryan
Morgan Hinton	Wake	Susi H. Hamilton
Dion Hodge	Wake	Yvonne Lewis Holley

VISITOR REGISTRATION SHEET

Jt Committee on Appropriations, General Govt 3-26-15
Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Janet Cowell	Dept. State Treasurer
Sohabi	DST
Isabel Vila-Garcia	NCAR
Steve Troe	Dept. of State Treasurer
Fredna	DST
SCHORR JOHNSON	DST
Fran Lawrence	DST
Brenda Williams	DST
Starnes	Treasurer
Barbara Bar...	OSBM
JAY DRAKE	OSBM

VISITOR REGISTRATION SHEET

Jt Committee on Appropriations, General Govt 3-26-15
Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kevin Sykes	Dept of State Treasurer
Bob Golden	Department of State Treasurer
[signature]	NC DST
Blake Thomas	NC DST
Flint Benson	SEANC
Chris Spencer	Salesforce
Bill Holmes	Office of State Auditor
Christina Strickland	NC DST
Matthew Cobb	Senate Intern
Marcus Jenkins	DCR

VISITOR REGISTRATION SHEET

Jt Committee on Appropriations, General Govt 3-26-15
Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Monica Dhulia	NC Coalition Against Domestic Violence
Tim Hoegemeyer	state auditor
Meghan Cook	OITS
Chip Kellis	Nelson Mullins

VISITOR REGISTRATION SHEET

Jt Committee on Appropriations, General Govt 3-26-15

Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Will Parry-Hill	NCHFA

HOUSE APPROPRIATIONS ON GENERAL GOVERNMENT

2015-2016 Session
Book 1

REP. GEORGE G. CLEVELAND, Chair
REP. RAYNE BROWN, Chair
REP. DENNIS RIDDELL, Chair

Pamela Ahlin, Committee Assistant
Andrew Bailey, Committee Assistant
Polly Riddell, Committee Assistant

HOUSE APPROPRIATIONS, GENERAL GOVERNMENT
2015-2016 SESSION

MEMBER	ASSISTANT	PHONE	OFFICE	SEAT
BROWN, Rayne Chair	Andrew Bailey, Clerk	715-0873	633	61
CLEVELAND, George Chair	Pamela Ahlin, Clerk	715-6707	417A	18
RIDDELL, Dennis Chair	Polly Riddell, Clerk	733-5905	533	99
BRODY, Mark Vice-Chair	Neva Helms	715-3029	2219	89
FISHER, Susan Vice-Chair	Cindy Garrison	715-2013	504	81
FLOYD, Elmer Vice-Chair	Dorothy McLean	733-5959	1325	83
PITTMAN, Larry Vice-Chair	Tammy Pittman	715-2009	1010	63
ADCOCK, Gale	Seth Morris	733-5602	1211	119
AGER, John	Meredith Graf	733-5746	1315	115
QUEEN, Joe Sam	Gregory Lademann	715-3005	1017	103
WATFORD, Sam	Regina Irwin	715-2526	2121	88

HOUSE COMMITTEE ON APPROPRIATIONS GENERAL GOVERNMENT
2015-2016 SESSION

Clerks: PAMELA AHLIN, ANDREW BAILEY, POLLY RIDDELL

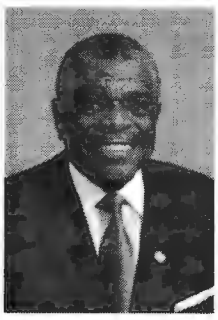
REP. RAYNE BROWN
CHAIR

REP. GEORGE CLEVELAND
CHAIR

REP. DENNIS RIDDELL
CHAIR

REP. MARK BRODY
VICE-CHAIR

REP. SUSAN FISHER
VICE-CHAIR



REP. ELMER FLOYD
VICE-CHAIR

REP. LARRY PITTMAN
VICE-CHAIR

REP. GALE ADCOCK
MEMBER

REP. JOHN AGER
MEMBER

REP. JOE SAM QUEEN
MEMBER

REP. SAM WATFORD
MEMBER

ATTENDANCE

HOUSE COMMITTEE ON APPROPRIATIONS GENERAL GOVERNMENT

2015 – 2016 SESSION

DATES	5-14-15 (AM)	5-14-15 (PM)	6-30-15												
BROWN, RAYNE CHAIR	X	X	X												
CLEVELAND, GEORGE CHAIR	X	X	X												
RIDDELL, DENNIS CHAIR	X	X	X												
BRODY, MARK VICE-CHAIR	X	X	X												
FISHER, SUSAN VICE-CHAIR	X	X	X												
FLOYD, ELMER VICE-CHAIR	X	X	X												
PITTMAN, LARRY VICE-CHAIR	X	X	X												
ADCOCK, GALE MEMBER	X	X	X												
AGER, JOHN MEMBER	X		X												
QUEEN, SAM JOE MEMBER	X														
WATFORD, SAM MEMBER	X	X	X												
BRIDGES, CARA STAFF	X	X	X												
HOLLOWELL, LISA STAFF	X	X	X												
SATER, DANIEL STAFF	X	X	X												
AHLIN, PAMELA CLERK	X	X													
BAILEY, ANDREW CLERK	X	X	X												
RIDDELL, POLLY CLERK	X	X													

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION

You are hereby notified that the **House Committee on Appropriations, General Government** will meet as follows:

DAY & DATE: Thursday, May 14, 2015
TIME: **8:30 AM**
LOCATION: **425 LOB**
COMMENTS: **Agenda: Budget**
Rep. Cleveland will chair this committee.

Respectfully,

Representative Rayne Brown, Co-Chair
Representative George G. Cleveland, Co-Chair
Representative Dennis Riddell, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 1:06 PM on Tuesday, May 12, 2015.

___ Principal Clerk
___ Reading Clerk – House Chamber

Pamela Ahlin (Committee Assistant)

House Appropriations Committee on General Government
May 14, 2015, Meeting Room 425 LOB, 8:30AM

Co-chairs –
Representative George Cleveland
Representative Rayne Brown
Representative Dennis Riddell

Welcome & Comments	Rep. George Cleveland, presiding
Review of Recommended House Budget	Lisa Hollowell, FRD Cara Bridges, FRD Daniel Sater, FRD
Review of Recommended House Special Provisions	Lisa Hollowell, FRD Cara Bridges, FRD Daniel Sater, FRD

House Committee on Appropriations, General Government
Thursday, May 14, 2015 at 8:30 AM
Room 425 Legislative Office Building

MINUTES

The House Committee on Appropriations, General Government met at 8:30 AM on May 14, 2015 in Room 425 LOB. Representatives Adcock, Ager, Brody, Brown, Cleveland, Fisher, Floyd, Pittman, Queen, Riddell, and Watford attended. Staff present were Cara Bridges, Lisa Hollowell, Daniel Sater, Myra Torain, and Matt Meinig. Committee clerks were Pamela Ahlin, Andrew Bailey, and Polly Riddell. Andy Munn from the Speaker's office was also in attendance. Attached to the Minutes are the Staff for the Sergeant at Arms, the Pages for the meeting, and the attendance sheets for agency representatives and the public visitors.

Rep. Cleveland presided over the meeting.

The Fiscal Staff presented the Review of the Recommended House Budget (Attachment #1). After questions from the committee members, the Fiscal Staff presented the Review of Recommended House Provisions (Attachment #2). There was another round of questions and answers regarding the information given by the Staff. In addition, The Rules for Subject Area Committee Procedures (Attachment #3) was given to committee members in order to regulate the filing of amendments for the afternoon meeting.

The meeting adjourned at 9:45 AM, and the afternoon meeting was set for 12 PM for amendments.

George G. Cleveland
Rep. George G. Cleveland
Presiding

Pamela Ahlin
Pamela Ahlin, Committee Clerk

ATTACHMENT # 1

HOUSE APPROPRIATIONS COMMITTEE

ON

GENERAL GOVERNMENT

REPORT
ON THE
CONTINUATION AND EXPANSION BUDGETS

House Bill 97

May 14, 2015

(1.0) Cultural Resources

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Budget	**$64,231,047**		**$64,231,047**	
Legislative Changes				
A+ Schools				
1 A+ Schools				
Provides additional funds for the management and execution of the A+ school program. The total amount of funds for this effort is $767,289 for each year of the biennium.	$250,000	NR	$250,000	NR
Administration				
2 Position Elimination	($87,731)	R	($87,731)	R
Eliminates position 60083300 Business and Applications Analyst.	-1.00		-1.00	
Art Museum				
3 North Carolina Museum of Art				
Provides nonrecurring funds to the North Carolina Museum of Art for FY 2015-16. State appropriations total $6,311,036 for FY 2015-16.	$130,000	NR		
Arts Council Grants				
4 Grassroots Art Grants				
Provides additional funds for the Grassroots Art Grants program. The total funding for this grants program will be $2,803,708 for each year of the biennium.	$500,000	NR	$500,000	NR
Historic Sites				
5 Queen Anne's Revenge				
Provides funding for the continued archeological work for the Queen Anne's Revenge excavation project.	$1,500,000	NR		
History Museum				
6 Staff Support for Federal Historic Tax Credits	$190,730	R	$190,730	R
Provides funding for additional staff to support historic revitalization and federal tax credits.	3.00		3.00	
Library Grant Program				
7 Library Grants				
Provides additional funds for the creation of a competitive grant process within Department of Cultural Resources. Funds for the library grant program total $29,084,777 for FY 2015-16 and $19,084,777 for FY 2016-17.	$10,000,000	NR		

House Committee on General Government	FY 15-16		FY 16-17	
State Historic Sites				
8 Chief Curator Positions	$102,000	R	$102,000	R
Provides funds for the creation of two chief curator positions to serve the history museums.	2.00		2.00	
Tryon Palace				
9 Operating Funds	$50,000	R	$50,000	R
Provides additional operating funds for Tryon Palace. Total funding for Tryon Palace in FY 2015-16 is $2,942,302.				
Total Legislative Changes	**$254,999**	R	**$254,999**	R
	$12,380,000	NR	**$750,000**	NR
Total Position Changes	4.00		4.00	
Revised Budget	**$76,866,046**		**$65,236,046**	

(2.0) Cultural Resources - Roanoke Island Commission

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Budget	**$508,384**		**$508,384**	
Legislative Changes				
Roanoke Island Festival Park				
10 Operating Funds Provides additional operating funds for the Roanoke Island Festival Park. This increase of funds restores the 2% budget reduction taken in FY 2014-15.	$9,000	R	$9,000	R
Total Legislative Changes	**$9,000**	R	**$9,000**	R
Total Position Changes				
Revised Budget	**$517,384**		**$517,384**	

(3.0) Department of Military and Veterans Affairs

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Budget	**$0**		**$0**	
Legislative Changes				
11 New Positions	$273,797	R	$273,797	R
Provides funds for the creation of new positions to support the Department of Military and Veterans Affairs.	4.00		4.00	
General Counsel $109,809 Accounting Director $83,682 Accounting Technician $37,199 Human Resources Specialist $43,107				
12 Position Transfers	$306,150	R	$306,150	R
Transfers two positions from the Office of the Governor and one position from the Office of State Human Resources into the Department of Military and Veterans Affairs and provides additional funds for the increase in salary of the Special Advisor for Military Affairs to become the new secretary.	3.00		3.00	
60008513 Office of the Governor - Special Advisor for Military Affairs $165,162 (including benefits) 60037816 Office of the Governor - Administrative Assistant $61,894 (including benefits) 60013800 Office of State Human Resources - Legislative Affairs Program Manager $79,094 (including benefits)				
13 Start-up Costs				
Provides funds for the creation and transfer of managerial and administrative positions on a one-time basis for furniture, computer equipment, and other office start-up expenses for seven positions.	$56,000	NR		
14 State Veteran's Home Program				
Transfers the Veteran's Home Program from the Department of Administration to the Department of Military and Veterans Affairs. The program is entirely receipt supported and the budget for FY 2015-16 is $45,864,689.	8.80		8.80	
15 Transfer of Veterans Affairs	$6,776,393	R	$6,776,393	R
Transfers the central administrative staff and field operations staff from the Department of Administration to the new Department of Military and Veterans Affairs, effective July 1, 2015. In addition to appropriations there are additional receipts of $6,784,740 for total requirements of $13,561,133.	70.90		70.90	

House Committee on General Government	FY 15-16		FY 16-17	
Veterans Services				
16 Position Elimination	($44,042)	R	($44,042)	R
Eliminates one vacant part time position in Elizabeth City.	-0.90		-0.90	
60014218 Program Assistant V $44,042				
Total Legislative Changes	**$7,312,298**	R	**$7,312,298**	R
	$56,000	NR		
Total Position Changes	85.80		85.80	
Revised Budget	**$7,368,298**		**$7,312,298**	

(4.0) Office of Administrative Hearings

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Budget	**$4,992,437**		**$4,992,437**	
Legislative Changes				
17 Additional Administrative Law Judge	$123,618	R	$123,618	R
Provides funds for an additional Administrative Law Judge in the Western part of the State.	1.00		1.00	
Total Legislative Changes	**$123,618**	R	**$123,618**	R
Total Position Changes	1.00		1.00	
Revised Budget	**$5,116,055**		**$5,116,055**	

(5.0) Treasurer

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Budget	**$9,734,913**		**$9,734,913**	
Legislative Changes				
Financial Operations Divisions				
18 Operations Reduction	($188,715)	R	($188,715)	R
Reduces the budgets for the Investment Division and Banking Division supported by state appropriations by 2%.				
Total Legislative Changes	**($188,715)**	R	**($188,715)**	R
Total Position Changes				
Revised Budget	**$9,546,198**		**$9,546,198**	

Treasurer - Retirement / Benefits

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Budget	$20,664,274	$20,664,274
Legislative Changes		
49 No Change		
Total Legislative Changes		
Total Position Changes		
Revised Budget	$20,664,274	$20,664,274

(6.0) Insurance

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Budget	**$38,296,364**	**$38,296,364**
Legislative Changes		
Captives Insurance		
19 Actuary		
Provides funds for the creation of an Actuary I position that will be work in the area of Captives insurance management.	1.00	1.00
Total Legislative Changes		
Total Position Changes	1.00	1.00
Revised Budget	**$38,296,364**	**$38,296,364**

Regulatory Fund

Budget Code: 23900-2000

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$7,705,857**		**$7,705,857**	
Recommended Budget				
Requirements	**$33,499,163**		**$33,499,163**	
Receipts	**$33,499,163**		**$33,499,163**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Industrial Commission Transfer	$2,400,000	R	$2,400,000	R
Transfers funds to the Industrial Commission per S.L. 2014-100 to pay for the services that had previously been funded through fee collections.	$0	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**$2,400,000**	R	**$2,400,000**	R
	$0	NR	**$0**	NR
	0.00		0.00	
Receipts:				
Insurance Regulatory Charge	$2,400,000	R	$2,400,000	R
Budgets additional receipts from the increase in the rate of the Regulatory Charge to 6.5% per S.L. 2014-100.	$0	NR	$0	NR
Subtotal Legislative Changes	**$2,400,000**	R	**$2,400,000**	R
	$0	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$35,899,163	$35,899,163
Revised Total Receipts	$35,899,163	$35,899,163
Change in Fund Balance	$0	$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	$7,705,857	$7,705,857

(8.0) State Board of Elections

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Budget	**$6,620,578**		**$6,620,578**	
Legislative Changes				
20 Operating Budget Reduction Reduces the operating budget in anticipation of reduced costs through technology.	($117,081)	R	($117,081)	R
Total Legislative Changes	**($117,081)**	R	**($117,081)**	R
Total Position Changes				
Revised Budget	**$6,503,497**		**$6,503,497**	

(9.0) General Assembly

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Budget	$52,865,521	$52,865,521
Legislative Changes		
21 No Change		
Total Legislative Changes		
Total Position Changes		
Revised Budget	$52,865,521	$52,865,521

(10.0) Governor

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Budget	**$5,859,246**		**$5,859,246**	
Legislative Changes				
22 Position Transfers	($191,361)	R	($191,361)	R
Transfers two positions and funds for salaries and benefits from Office of the Governor into the Department of Military and Veterans Affairs.	-2.00		-2.00	
60008513 Special Advisor for Military Affairs $129,467 60037816 Administrative Assistant $61,894				
Office-wide				
23 Administrative Reduction	($110,239)	R	($110,239)	R
Reduces the overall budget of the Office of the Governor by 2%.				
Total Legislative Changes	**($301,600)**	R	**($301,600)**	R
Total Position Changes	-2.00		-2.00	
Revised Budget	**$5,557,646**		**$5,557,646**	

(11.0) Governor - Special Projects

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Budget	$2,000,000	$2,000,000
Legislative Changes		
24 **No Change**		
Total Legislative Changes		
Total Position Changes		
Revised Budget	$2,000,000	$2,000,000

(12.0) State Budget & Management

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Budget	**$7,586,922**		**$7,586,922**	
Legislative Changes				
25 Strategic Planning and Program Budgeting	$82,359	R	$82,359	R
Provides funds for one position for the purpose of working on a strategic planning effort to assist departments, implement effective grants management and oversight, and continue the development of program budgeting efforts.	1.00		1.00	
Policy/management Analyst $82,359				
Total Legislative Changes	**$82,359**	R	**$82,359**	R
Total Position Changes	1.00		1.00	
Revised Budget	**$7,669,281**		**$7,669,281**	

(13.0) State Budget and Management - Special

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Budget	**$0**		**$0**	
Legislative Changes				
NC Symphony				
26 Challenge Grant				
Provides funding to the NC Symphony in the form of a challenge grant. The NC Symphony must demonstrate to the Office of State Budget and Management that it raises $9 million during FY 2015-16 and again in FY 2016-17 in order to receive these grant funds.	$2,000,000	NR	$2,000,000	NR
Total Legislative Changes	**$2,000,000**	**NR**	**$2,000,000**	**NR**
Total Position Changes				
Revised Budget	**$2,000,000**		**$2,000,000**	

(14.0) Auditor

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Budget	**$11,733,689**		**$11,733,689**	
Legislative Changes				
27 Position Eliminations	($227,445)	R	($227,445)	R
Eliminates two vacant positions within the Office of the State Auditor.	-2.00		-2.00	
60008930 Assistant State Audit Manager 60008823 Assistant State Audit Manager				
Total Legislative Changes	**($227,445)**	R	**($227,445)**	R
Total Position Changes	-2.00		-2.00	
Revised Budget	**$11,506,244**		**$11,506,244**	

(15.0) Housing Finance Agency

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Budget	**$9,118,739**		**$9,118,739**	
Legislative Changes				
28 Workforce Housing Loan Program Funding Funds the Workforce Housing Loan Program at $20,000,000 to assist with development of low-income housing units across the State. The total state appropriation for the Housing Finance Agency for FY 2015-16 is $29,118,739.	$20,000,000	NR	$20,000,000	NR
Total Legislative Changes	**$20,000,000**	**NR**	**$20,000,000**	**NR**
Total Position Changes				
Revised Budget	**$29,118,739**		**$29,118,739**	

Deferred State Aid

Budget Code: 63011

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$2,893,408**		**$0**	
Recommended Budget				
Requirements	**$0**		**$0**	
Receipts	**$0**		**$0**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Community Living Housing Fund	$0	R	$0	R
Authorizes the Housing Finance Agency to use funds transferred from the Department of Health and Human Services to the Community Living Housing Fund as prescribed in G.S. 122E-3.1.	$2,893,408	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$2,893,408	NR	**$0**	NR
	0.00		0.00	
Receipts:				
Community Living Housing Fund	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$0	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$2,893,408	$0
Revised Total Receipts	$0	$0
Change in Fund Balance	($2,893,408)	$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	$0	$0

Flexible Benefits Program

Budget Code: 24160-2000

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$15,585,152**		**$13,271,089**	
Recommended Budget				
Requirements	**$5,317,261**		**$5,317,261**	
Receipts	**$0**		**$0**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Federal Insurance Contribution Act (FICA) Savings	$0	R	$0	R
Transfers $4,296,802 in FY 2015-16 and $641,628 in FY 2016-17 to general availability.	$4,296,802	NR	$641,628	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$4,296,802	NR	**$641,628**	NR
	0.00		0.00	
Receipts:				
Federal Insurance Contribution Act (FICA) Savings	$0	R	$0	R
	$7,300,000	NR	$7,300,000	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$7,300,000	NR	**$7,300,000**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$9,614,063	$5,958,889
Revised Total Receipts	$7,300,000	$7,300,000
Change in Fund Balance	($2,314,063)	$1,341,111
Total Positions	0.00	0.00
Unappropriated Balance Remaining	$13,271,089	$14,612,200

Temporary Solutions

Budget Code: 74100-7511

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**($2,152,018)**		**$5,357,302**	
Recommended Budget				
Requirements	**$44,507,525**		**$44,507,525**	
Receipts	**$48,262,185**		**$48,262,185**	
Positions	**9.50**		**9.50**	
Legislative Changes				
Requirements:				
Temporary Solutions Adjustment	$65,757,525	R	$65,757,525	R
Increases funding for Temporary Solutions from $44,507,525 to $65,757,525 to better reflect actual agency usage in temporary employment needs.	$0	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**$65,757,525**	R	**$65,757,525**	R
	$0	NR	**$0**	NR
	0.00		0.00	
Receipts:				
Temporary Solutions Adjustment	$69,512,185	R	$69,512,185	R
Increases receipts for Temporary Solutions from $48,262,185 to $69,512,185 to better reflect actual agency usage in temporary employment needs.	$0	NR	$0	NR
Subtotal Legislative Changes	**$69,512,185**	R	**$69,512,185**	R
	$0	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$110,265,050	$110,265,050
Revised Total Receipts	$117,774,370	$117,774,370
Change in Fund Balance	$7,509,320	$7,509,320
Total Positions	9.50	9.50
Unappropriated Balance Remaining	$5,357,302	$12,866,622

(16.0) Administration

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Budget	**$67,409,693**		**$65,932,950**	
Legislative Changes				
29 Chief Operating Officer Position	($165,550)	R	($165,550)	R
Eliminates the Chief Operating Officer Position. The eliminated position is:	-1.00		-1.00	
60013845 Chief Deputy III				
Department-Wide				
30 Position Eliminations	($366,676)	R	($366,676)	R
Eliminates positions within the Department of Administration vacant for greater than 365 days.	-4.00		-4.00	
60013883 Contract Specialist II $80,323 60013888 Business Systems Analyst $73,063 60013895 Staff Development Specialist III $66,808 60014803 Processing Assistant V $34,864				
Ethics Commission				
31 Investigation Funding				
Provides funding for an independent investigation during FY 2015-16 as authorized by the Ethics Commission. The amount of funding for Purchased Services is FY 2015-16 is $145,461.	$50,000	NR		
Office of State Human Resources				
32 Applicant Tracking System Replacement				
Creates a new applicant tracking system to allow state agencies to receive and process applications for state jobs in a more efficient manner. Funding in FY 2016-17 provides nonrecurring start-up costs. Total funding for the new applicant tracking system is $275,000 in FY 2016-17.			$275,000	NR
33 Performance Management and Learning Management Systems	$270,000	R	$270,000	R
Provides funding to implement the Performance Management and Learning Management Systems, which track and report performance evaluations of state personnel. Funding for these programs in FY 2015-16 is $936,465.				

	FY 15-16		FY 16-17	
Office of State Human Resources				
34 Personnel Compensation and Classification System Funds the software licensing fees required to build a new compensation system. This system will allow for quicker changes to the salary structure, provide streamlined review of electronic position descriptions, and enhance meeting and document management. Total funding for the compensation system in FY 2015-16 is $140,000.	$140,000	R	$140,000	R
35 Position Adjustments Eliminates one vacant position -- 60013815 Human Resources Consultant	($144,141) -1.00	R	($144,141) -1.00	R
Realigns .5 FTE to NC Flex receipt funding -- 60013740 Division Director				
36 Position Transfer Transfers one position from the Office of State Human Resources to the Department of Military and Veterans Affairs.	($79,094) -1.00	R	($79,094) -1.00	R
60013800 Legislative Affairs Program Manager $79,094				
Veterans Affairs				
37 Veterans Affairs Administration Transfers the administration, positions, and all funding for the Veterans Affairs Program from the Department of Administration to the Department of Military and Veterans Affairs. In addition to the transfer of appropriations, there are additional receipts of $6,784,740 for a total of $13,561,133.	($6,776,393) -70.90	R	($6,776,393) -70.90	R
38 Veterans Home Program Transfers the Veterans Home Program from the Department of Administration to the Department of Military and Veterans Services. This program is entirely receipt supported and the amount of the transfer is $45,864,689.	-8.80		-8.80	
Total Legislative Changes	**($7,121,854)**	R	**($7,121,854)**	R
	$50,000	NR	**$275,000**	NR
Total Position Changes	-86.70		-86.70	
Revised Budget	**$60,337,839**		**$59,086,096**	

Reserve for E-Commerce Initiative (2514)

Budget Code: 24100-2514

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$16,383,604**		**$15,086,801**	
Recommended Budget				
Requirements	**$19,278,784**		**$28,885,327**	
Receipts	**$19,278,784**		**$19,278,784**	
Positions	**2.90**		**2.90**	
Legislative Changes				
Requirements:				
E-Commerce Fund Transfer	$0	R	$0	R
Transfers $1,296,803 in FY 2015-16 and $641,628 in FY 2016-17 from the E-Commerce Fund to support general availability.	$1,296,803	NR	$641,628	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$1,296,803	NR	**$641,628**	NR
	0.00		0.00	
Receipts:				
E-Commerce Fund Transfer	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$0	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$20,575,587	$29,526,955
Revised Total Receipts	$19,278,784	$19,278,784
Change in Fund Balance	($1,296,803)	($10,248,171)
Total Positions	2.90	2.90
Unappropriated Balance Remaining	$15,086,801	$4,838,630

Motor Fleet Management

Budget Code: 74100-7211

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$39,813,080**		**$40,675,399**	
Recommended Budget				
Requirements	**$51,779,176**		**$51,779,176**	
Receipts	**$57,641,495**		**$57,641,495**	
Positions	**48.00**		**48.00**	
Legislative Changes				
Requirements:				
Probation and Parole Motor Fleet Transfer Transfers funds for the replacement of vehicles assigned to the Community Corrections Section from the Department of Administrant to the Department of Public Safety and decreases anticipated requirements and receipts due to the transfer of vehicles to the Department of Public Safety.	($6,358,416) $5,000,000 0.00	R NR	($6,358,416) $5,000,000 0.00	R NR
Subtotal Legislative Changes	**($6,358,416)** **$5,000,000** 0.00	R NR	**($6,358,416)** **$5,000,000** 0.00	R NR
Receipts:				
Probation and Parole Motor Fleet Transfer Transfers funds for the support of vehicles assigned to the Community Corrections Section from the Department of Administrant to the Department of Public Safety.	($6,358,416) $0	R NR	($6,358,416) $0	R NR
Subtotal Legislative Changes	**($6,358,416)** **$0**	R NR	**($6,358,416)** **$0**	R NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$50,420,760	$50,420,760
Revised Total Receipts	$51,283,079	$51,283,079
Change in Fund Balance	$862,319	$862,319
Total Positions	48.00	48.00
Unappropriated Balance Remaining	$40,675,399	$41,537,718

(17.0) Revenue

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Budget	**$80,521,722**		**$80,539,222**	
Legislative Changes				
39 Common Payment System Provides funds to change the online payment system from Common Payment to Paypoint.	$211,000	R	$211,000	R
40 MotoTax System Maintenance and Upgrades Authorizes the Department of Revenue to use $91,000 in receipts for FY 2015-16 and $788,966 in receipts in FY 2016-17 for maintenance and system hardware upgrades to the Tag and Title Vehicle Registration System. The source of the receipts is a fee assessed on cities and counties.				
41 Lease Increases Provides funds for increased lease payments.	$174,463	R	$195,114	R
42 Vacant Positions Elimination Eliminates positions vacant for more than one year. The eliminated positions are: 60083097 Special Corp Comp Initiatives Director 60081274 Admin Position -Office of Secretary 60082517 DOR Safety Director 60082189 Tax Auditor 60090474 Information Technology Manager 60081286 Business Systems Analyst 60081293 Staff Development Coordinator	($640,430) -7.00	R	($640,430) -7.00	R
43 Operating Budget Reductions Decreases funding for Property, Plant, and Equipment line items. The cut is 24% leaving $2,234,673 remaining in the fund.	($700,000)	R	($700,000)	R
44 Vacant Positions Elimination Cuts eight receipt supported vacant positions at the Rocky Mount Call Center for a savings of $354,717. The eliminated positions are: 60082314 Processing Assistant V 60082325 Processing Assistant V 60082331 Processing Assistant V 60082372 Processing Assistant V 60082313 Processing Assistant V 60081592 Administrative Assistant I 60082108 Processing Assistant V 60082340 Processing Assistant V	-8.00		-8.00	

	FY 15-16		FY 16-17	
45 Information Technology Security Positions Funds three positions with receipts from the Information Technology Reserve Fund to help secure the data of the department. The receipts are $406,374 recurring in FY 2015-16 and FY 2016-17 and $18,600 nonrecurring in FY 2015-16	3.00		3.00	
Total Legislative Changes	**($954,967)**	R	**($934,316)**	R
Total Position Changes	-12.00		-12.00	
Revised Budget	**$79,566,755**		**$79,604,906**	

Project Collect Tax

Budget Code: 24704-2474

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$57,439,003**		**$38,512,432**	
Recommended Budget				
Requirements	**$29,484,891**		**$29,489,952**	
Receipts	**$22,757,963**		**$22,763,024**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
E-Services Capability Transfers funds to budget code 24708-2478 for e-service upgrades.	$0 $8,078,807 0.00	R NR	$0 $3,000,000 0.00	R NR
Tax Information Management System Funding Transfers funds from the Collection Assistance Fee to budget code 24708-2478 to support the Tax Information Management System and Integrated Tax Administration System.	$0 $4,021,753 0.00	R NR	$0 $4,202,558 0.00	R NR
Lease Increases Provides funds to pay for increased lease expenses.	$0 $99,083 0.00	R NR	$107,722 $0 0.00	R NR
Subtotal Legislative Changes	**$0** **$12,199,643** 0.00	R NR	**$107,722** **$7,202,558** 0.00	R NR
Receipts:				
Lease Increases	$0 $0	R NR	$0 $0	R NR
Subtotal Legislative Changes	**$0** **$0**	R NR	**$0** **$0**	R NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$41,684,534	$36,800,232
Revised Total Receipts	$22,757,963	$22,763,024
Change in Fund Balance	($18,926,571)	($14,037,208)
Total Positions	0.00	0.00
Unappropriated Balance Remaining	$38,512,432	$24,475,224

ITAS Replacement

Budget Code: 24708-2478

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$31,801,939**		**$31,801,939**	
Recommended Budget				
Requirements	**$0**		**$0**	
Receipts	**$0**		**$0**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Tax Information Management System Funding	$0	R	$0	R
Authorizes the Department of Revenue to use Collection Assistance Fee receipts to fund maintenance costs for the legacy Integrated Tax Administration System (ITAS) and Tax Information Management System (TIMS).	$4,021,753	NR	$4,202,558	NR
	0.00		0.00	
E-Services Capability	$0	R	$0	R
Authorizes the Department of Revenue to use receipts from the Collection Assistance Fee to upgrade the e-service capabilities of the Tax Information Management System.	$8,078,807	NR	$3,000,000	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$12,100,560	NR	**$7,202,558**	NR
	0.00		0.00	
Receipts:				
Increase E-Services Capability	$0	R	$0	R
	$8,078,807	NR	$3,000,000	NR
Tax Information Management System Funding	$0	R	$0	R
	$4,021,753	NR	$4,202,558	NR

	FY 2015-16		FY 2016-17	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$12,100,560	NR	**$7,202,558**	NR
Revised Total Requirements	**$12,100,560**		**$7,202,558**	
Revised Total Receipts	**$12,100,560**		**$7,202,558**	
Change in Fund Balance	**$0**		**$0**	
Total Positions	**0.00**		**0.00**	
Unappropriated Balance Remaining	**$31,801,939**		**$31,801,939**	

(18.0) Secretary of State

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Budget	**$11,676,506**		**$11,676,506**	
Legislative Changes				
Corporations				
46 Funding for Temporary Positions Provides funds for the Corporations Division call center to increase staffing during peak filing season.	$50,000	R	$50,000	R
Total Legislative Changes	**$50,000**	R	**$50,000**	R
Total Position Changes				
Revised Budget	**$11,726,506**		**$11,726,506**	

(19.0) Lieutenant Governor

	GENERAL FUND	
	FY 15-16	FY 16-17
Recommended Budget	$676,874	$676,874
Legislative Changes		
47 No Change		
Total Legislative Changes		
Total Position Changes		
Revised Budget	$676,874	$676,874

(20.0) State Controller

	GENERAL FUND			
	FY 15-16		FY 16-17	
Recommended Budget	**$22,205,229**		**$22,205,229**	
Legislative Changes				
48 Operating Budget Adjustment Provides General Fund money to replace a transfer from a special fund.	$494,521	R	$494,521	R
Total Legislative Changes	**$494,521**	R	**$494,521**	R
Total Position Changes				
Revised Budget	**$22,699,750**		**$22,699,750**	

ATTACHMENT # 2

House Appropriations Committee on General Government

Proposed Special Provisions for H.B. 97, 2015 Appropriations Act

May 14, 2015

GENERAL ASSEMBLY OF NORTH CAROLINA

SPECIAL PROVISIONS
HOUSE APPROPRIATIONS, GENERAL GOVERNMENT REPORT

MAY 13, 2015
Report Last Updated: 5/13/15 10:27 PM

2015-CULRES-H2A-P 1
TECHNICAL CORRECTIONS RELATING TO ROANOKE ISLAND COMMISSION LEGAL COUNSEL AND USS NORTH CAROLINA BATTLESHIP REPAIRS

2015-INS-H1-P 2
INSURANCE REGULATORY CHARGE

2015-TREAS-H1-P 3
UPDATE ORBIT RETIREMENT SYSTEM

2015-OAH-H3-P 4
WAYNESVILLE ADMINISTRATIVE LAW JUDGE

2015-OSBM-H1A-P 5
SYMPHONY CHALLENGE GRANT

2015-ADMIN-H11A-P 6
ESTABLISH DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

2015-AUD-H3-P 24
STOP FRAUD AND ABUSE OF TAXPAYER DOLLARS

2015-OSHR-H3A-P 25
DISCONTINUE USE OF AUTOMATIC SCORING AND SCREENING OF APPLICATIONS FOR STATE GOVERNMENT EMPLOYMENT

2015-ADMIN-H13-P 26
DOA PROVIDE ADMINISTRATIVE SUPPORT TO SEC FREE OF CHARGE

2015-ADMIN-H1A-P 27
ALLOW FOR ELECTRONIC ADVERTISEMENT OF LEASE PROPOSALS

2015-ADMIN-H14-P 28
STREAMLINE SEIZED VEHICLE DISPOSAL

2015-REV-H1-P 33
ELIMINATE POSITIONS AT ROCKY MOUNT CALL CENTER

2015-REV-H3A-P 34
MODIFY COLLECTION ASSISTANCE FEE RULES

2015-REV-H4A.....35
STATE AGENCY/ENHANCED DEBT COLLECTION

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT
SPECIAL PROVISION

2015-CULRES-H2A-P

Department of Cultural Resources
House Appropriations, General Government

Requested by: **Representative**

TECHNICAL CORRECTIONS RELATING TO ROANOKE ISLAND COMMISSION LEGAL COUNSEL AND USS NORTH CAROLINA BATTLESHIP REPAIRS

SECTION #.(a) G.S. 143B-131.7 is repealed.

SECTION #.(b) Section 36.10 of S.L. 2014-100 reads as rewritten:

"**SECTION 36.10.** The General Assembly authorizes USS North Carolina Battleship hull and cofferdam repairs to be funded at a maximum cost of thirteen million dollars ($13,000,000) in accordance with this section. The sum of three million dollars ($3,000,000) of the proceeds of bonds issued pursuant to Section 36.12(f)(7) of this act shall be used for this project. The remainder of the project shall be funded with receipts or from other non-General Fund sources available to the Department of Cultural Resources, and those funds are hereby appropriated for that purpose."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT
SPECIAL PROVISION

2015-INS-H1-P

Department of Insurance
House Appropriations, General Government

Requested by: **Representative**

INSURANCE REGULATORY CHARGE

SECTION #. The percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2016 calendar year.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT
SPECIAL PROVISION

2015-TREAS-H1-P

Department of State Treasurer
House Appropriations, General Government

Requested by: **Representative**

UPDATE ORBIT RETIREMENT SYSTEM

SECTION #. The Department of State Treasurer, Retirement Systems Division, may use funds from receipts up to eight hundred fifty thousand dollars ($850,000) for the purpose of upgrading the Online Retirement Benefits through Integrated Technology self-service retirement system.

DRAFT
SPECIAL PROVISION

2015-OAH-H3-P

Office of Administrative Hearings
House Appropriations, General Government

Requested by: **Representative**

WAYNESVILLE ADMINISTRATIVE LAW JUDGE

SECTION #. The Office of Administrative Hearings shall identify office space for the administrative law judge to be located in the Town of Waynesville. In selecting office space, the Office of Administrative Hearings will only consider locations that do not impose a financial burden to the State. The Office is authorized to identify other State-owned properties in the town and work with State officials to locate office space that satisfies the requirements of this section. The Office of Administrative Hearings may provide support staff for the administrative law judge to be located in the Town of Waynesville; provided, there is no financial burden to the State as a result.

Office of State Budget and Management
House Appropriations, General Government

Requested by: Representative

SYMPHONY CHALLENGE GRANT

SECTION #.(a) Of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, the sum of two million dollars ($2,000,000) in nonrecurring funds for the 2015-2016 fiscal year and the sum of two million dollars ($2,000,000) in nonrecurring funds for the 2016-2017 fiscal year shall be allocated to the North Carolina Symphony in accordance with this section. It is the intent of the General Assembly that the North Carolina Symphony raise at least nine million dollars ($9,000,000) in non-State funds for the 2015-2016 fiscal year and at least nine million dollars ($9,000,000) in non-State funds for the 2016-2017 fiscal year. The North Carolina Symphony cannot use funds transferred from the organization's endowment to its operating budget to achieve the fund-raising targets set out in subsections (b) and (c) of this section.

SECTION #.(b) For the 2015-2016 fiscal year, the North Carolina Symphony shall receive allocations from the Office of State Budget and Management as follows:

(1) Upon raising the initial sum of four million dollars ($4,000,000) in non-State funding, the North Carolina Symphony shall receive the sum of six hundred thousand dollars ($600,000).

(2) Upon raising an additional sum of two million dollars ($2,000,000) in non-State funding for a total amount of six million dollars ($6,000,000) in non-State funds, the North Carolina Symphony shall receive the sum of seven hundred thousand dollars ($700,000).

(3) Upon raising an additional sum of three million dollars ($3,000,000) in non-State funding for a total amount of nine million dollars ($9,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of seven hundred thousand dollars ($700,000) in the 2015-2016 fiscal year.

SECTION #.(c) For the 2016-2017 fiscal year, the North Carolina Symphony shall receive allocations from the Office of State Budget and Management as follows:

(1) Upon raising the initial sum of four million dollars ($4,000,000) in non-State funding, the North Carolina Symphony shall receive the sum of six hundred thousand dollars ($600,000).

(2) Upon raising an additional sum of two million dollars ($2,000,000) in non-State funding for a total amount of six million dollars ($6,000,000) in non-State funds, the North Carolina Symphony shall receive the sum of seven hundred thousand dollars ($700,000).

(3) Upon raising an additional sum of three million dollars ($3,000,000) in non-State funding for a total amount of nine million dollars ($9,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of seven hundred thousand dollars ($700,000) in the 2016-2017 fiscal year.

Department of Administration
House Appropriations, General Government

Requested by: **Representative**

ESTABLISH DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

CREATION OF DEPARTMENT

SECTION #.(a) The Department of Military and Veterans Affairs is established as a new executive department. All functions, powers, duties, and obligations vested in the following agencies are transferred to, vested in, and consolidated within the Department of Military and Veterans Affairs by a Type I transfer, as defined in G.S. 143A-6:

(1) The following components of the Department of Administration:
  a. The Veterans' Affairs Commission.
  b. The Governor's Jobs for Veterans Committee.
  c. The Division of Veterans Affairs.

(2) The North Carolina Military Affairs Commission in the Office of the Governor.

SECTION #.(b) Chapter 143B of the General Statutes is amended by adding a new Article to read:

"Article 14.
"Department of Military and Veterans Affairs.
"Part 1. General Provisions.

"**§ 143B-1210. Organization.**

(a) There is established the Department of Military and Veterans Affairs. The head of the Department of Military and Veterans Affairs is the Secretary of Military and Veterans Affairs, who shall be known as the Secretary.

(b) The powers and duties of the deputy secretaries and the divisions and directors of the Department shall be subject to the direction and control of the Secretary of Military and Veterans Affairs.

"**§ 143B-1211. Power and duties of the Department of Military and Veterans Affairs.**

It shall be the duty of the Department of Military and Veterans Affairs to do all of the following:

(1) Provide active outreach to the U.S. Department of Defense and the U.S. Department of Homeland Security and their associated establishments in North Carolina in order to support the military installations and activities in the State, to enhance North Carolina's current military-friendly environment and foster and promote business, technology, transportation, education, economic development, and other efforts in support of the mission, execution, and transformation of the U.S. government military and national defense activities located in the State.

(2) Promote the industrial and economic development of localities included in or adjacent to U.S. government military and national defense activities and those of the State.

(3) Provide technical assistance and coordination between the State, its political subdivisions, and the U.S. military and national defense activities within the State of North Carolina.

(4) Award grants to local governments, State and federal agencies, and private entities at the direction of the Secretary. The number of grants awarded and the level of funding of each grant for each fiscal year shall be contingent upon and determined by funds appropriated for that purpose by the General Assembly.

(5) Provide active outreach to the U.S. Department of Veterans Affairs, the veterans service organizations, and the veterans community in North Carolina to support and assist North Carolina's veterans in identifying and obtaining the services, assistance, and support to which they are entitled, including monitoring efforts to provide services to veterans, newly separating service members, and their immediate family members and disseminating relevant materials.

(6) Monitor and enhance efforts to provide assistance and support for veterans living in North Carolina and members of the North Carolina National Guard and North Carolina residents in the Armed Forces Reserves not in active federal service in the areas of (i) medical care, (ii) mental health and rehabilitative services, (iii) housing, (iv) homelessness prevention, (v) job creation, and (vi) education.

(7) Seek and receive monies from any source, including federal funds, gifts, grants, and devises, which shall be expended for the purposes designated in this Article.

(8) Provide active outreach, coordination, formal training and standards, and official certification to localities of the State and veterans support organizations in the development, implementation, and review of local veterans services programs as part of the State program.

(9) Work with veterans services organizations and counterparts in other states to monitor and encourage the timely and accurate processing of veterans' benefit requests by the U.S. Department of Veterans Affairs, including requests for service connected to health care, mental health care, and disability payments.

(10) Manage and maintain the State's veterans nursing homes and cemeteries and their associated assets to the standard befitting those who have worn the uniform of the Armed Forces according to federal guidelines. Plan for expansion and grow the capacity of these facilities and any new facilities as required pending the availability of designated funds.

(11) Manage and maintain the State's Scholarships for Children of Wartime Veterans in accordance with Part 2 of Article 14 of Chapter 143B of the General Statutes and in support of the Veterans' Affairs Commission.

(12) Provide administrative, organizational, and funding support to the NC Military Affairs Commission and the Governor's Working Group for Veterans.

(13) To work with federal officials to obtain additional federal resources and coordinate veterans policy development and information exchange.

(14) To work with the appropriate heads of the principal departments to coordinate working relationships between State agencies and take all actions necessary to ensure that available federal and State resources are directed toward assisting veterans and addressing all issues of mutual concern to the State and the Armed Forces of the United States, including, but not limited to, quality of life issues unique to North Carolina's military personnel and their families, the quality of educational opportunities for military children, the future of federal impact aid, preparedness, public safety and security concerns, transportation needs, alcoholic beverage law enforcement, substance abuse, social service needs, possible expansion and growth of military facilities in the State, and intergovernmental support agreements with state and local governments.

(15) To educate the public on veterans and defense issues in coordination with applicable State agencies.

(16) To adopt rules and procedures for the implementation of this section.

(17) To assist veterans, their families, and dependents in the presentation, processing, proof, and establishment of such claims, privileges, rights, and benefits as they may be entitled to under federal, State, or local laws, rules, and regulations.

(18) To aid persons in active military service and their dependents with problems arising out of that service that come reasonably within the purview of the Department's program of assistance.

(19) To collect data and information as to the facilities and services available to veterans, their families, and dependents and to cooperate with agencies furnishing information or services throughout the State in order to inform such agencies regarding the availability of (i) education, training, and retraining facilities; (ii) health, medical, rehabilitation, and housing services and facilities; (iii) employment and reemployment services; (iv) provisions of federal, State, and local laws, rules, and regulations affording rights, privileges, and benefits to veterans, their families, and dependents, and in respect to such other matters of similar, related, or appropriate nature not herein set out.

(20) To establish such field offices, facilities, and services throughout the State as may be necessary to carry out the purposes of this Article.

(21) To cooperate, as the Department deems appropriate, with governmental, private, and civic agencies and instrumentalities in securing services or benefits for veterans, their families, dependents, and beneficiaries.

(22) To enter into any contract or agreement with any person, business, governmental agency, or other entity in furtherance of the purposes of this Article.

(23) To train, assist, and provide guidance to the employees of any county, city, town, or Indian tribe who are engaged in veterans service. Authority is hereby granted to the governing body of any county, city, or town to appropriate such amounts as it may deem necessary to provide a veterans service program and the expenditure of such funds is hereby declared to be for a public purpose; such program shall be operated in affiliation with this Department as set forth above and in compliance with Department policies and procedures.

"**§ 143B-1212. Personnel of the Department of Military and Veterans Affairs.**

Notwithstanding G.S. 114-2.3, the Secretary of Military and Veterans Affairs shall have the power to appoint all employees, including consultants and legal counsel, necessary to carry out the powers and duties of the office. These employees shall be subject to the North Carolina Human Resources Act, except that employees in positions designated as exempt under G.S. 126-5(d)(1) are not subject to the Act, in accordance with the provisions of that section.

"**§ 143B-1213. Definitions.**

Except where provided otherwise, the following definitions apply in this Chapter:

(1) Department. – The Department of Military and Veterans Affairs.

(2) Secretary. – The Secretary of Military and Veterans Affairs.

(3) Veteran. – One of the following, as applicable:

a. For qualifying as a voting member of the State Board of Veterans Affairs and as the State Director of Veterans Affairs, a person who served honorably during a period of war as defined in Title 38, United States Code.

b. For entitlement to the services of the Department of Military and Veterans Affairs, any person who may be entitled to any benefits or rights under the laws of the United States by reason of service in the Armed Forces of the United States."

CREATION OF STATUTORY PARTS AND RECODIFICATION AND REPEAL OF AFFECTED STATUTES

SECTION #.(c) Veterans' Affairs Commission. – Part 13 of Article 9 of Chapter 143B of the General Statutes is recodified as Part 2 of Article 14 of Chapter 143B of the General Statutes and renumbered as G.S. 143B-1220 through G.S. 143B-1222. G.S. 165-19 through G.S. 165-22.1 are recodified under that Part as G.S. 143B-1223 through G.S. 143B-1227.

SECTION #.(d) Governor's Jobs for Veterans Committee. – Part 19 of Article 9 of Chapter 143B of the General Statutes is recodified as Part 3 of Article 14 of Chapter 143B of the General Statutes and renumbered as G.S. 143B-1235 and G.S. 143B-1236.

SECTION #.(e) Division of Veterans Affairs. – G.S. 165-1 through G.S. 165-4, G.S. 165-6, 165-8, and 165-10 are repealed. G.S. 165-9, 165-11, and 165-11.1 are recodified under Part 1 of Article 14 of Chapter 143B of the General Statutes as G.S. 143B-1214 through G.S. 143B-1216, respectively.

SECTION #.(f) Minor Veterans and Minor Spouses of Veterans. – Article 2 of Chapter 165 of the General Statutes is recodified as Part 4 of Article 14 of Chapter 143B of the General Statutes, G.S. 143B-1240 through G.S. 143B-1244. Article 3 of Chapter 165 of the General Statutes is recodified as Part 5 of Article 14 of Chapter 143B of the General Statutes, G.S. 143B-1247 and G.S. 143B-1248.

SECTION #.(g) Veterans Recreation Authorities Law. – Article 5 of Chapter 165 of the General Statutes is recodified as Part 6 of Article 14 of Chapter 143B of the General Statutes, G.S. 143B-1250 through G.S. 143B-1265.

SECTION #.(h) Powers of Attorney. – Article 6 of Chapter 165 of the General Statutes is recodified as Part 7 of Article 14 of Chapter 143B of the General Statutes, G.S. 143B-1270 though G.S. 143B-1273.

SECTION #.(i) Miscellaneous Provisions. – Article 7 of Chapter 165 of the General Statutes is recodified as Part 8 of Article 14 of Chapter 143B of the General Statutes, G.S. 143B-1275 through G.S. 143B-1277.

SECTION #.(j) Employment Assistance. – Article 7A of Chapter 165 of the General Statutes is recodified as Part 9 of Article 14 of Chapter 143B of the General Statutes, G.S. 143B-1280 through G.S. 143B-1285.

SECTION #.(k) State Veterans Home. – Article 8 of Chapter 165 of the General Statutes is recodified as Part 10 of Article 14 of Chapter 143B of the General Statutes, G.S. 143B-1290 through G.S. 143B-1300.

SECTION #.(l) North Carolina Military Affairs Commission. – Chapter 127C of the General Statutes is recodified as Part 11 of Article 14 of Chapter 143B of the General Statutes, G.S. 143B-1310 through G.S. 143B-1314.

CONFORMING CHANGES

SECTION #.(m) G.S. 20-79.4 reads as rewritten:

"**§ 20-79.4. Special registration plates.**

...

(a2) Special Plates Based Upon Military Service. – The ~~Division of Veterans Affairs~~Department of Military and Veterans Affairs shall be responsible for verifying and maintaining all verification documentation for all special plates that are based upon military service. The ~~Division~~ Department shall not issue a special plate that is based on military service unless the application is accompanied by a motor vehicle registration (MVR) verification form signed by the ~~Director of the Division of Veterans Affairs,~~Secretary of Military and Veterans Affairs, or the ~~Director's~~ Secretary's designee, showing that the ~~Division of Veterans Affairs~~ Department of Military and Veterans Affairs has verified the applicant's credentials and qualifications to hold the special plate applied for.

(1) Unless a qualifying condition exists requiring annual verification, no additional verification shall be required to renew a special registration plate either in person or through an online service.

(2) If the ~~Division of Veterans Affairs~~ Department of Military and Veterans Affairs determines a special registration plate has been issued due to an error on the part of the Division of Motor Vehicles, the plate shall be recalled and canceled.

(3) If the ~~Division of Veterans Affairs~~ Department of Military and Veterans Affairs determines a special registration plate has been issued to an applicant who falsified documents or has fraudulently applied for the special registration plate, the Division of Motor Vehicles shall revoke the special plate and take appropriate enforcement action.

...."

SECTION #.(n) G.S. 20-79.5 reads as rewritten:

"**§ 20-79.5. Special registration plates for elected and appointed State government officials.**

(a) Plates. – The State government officials listed in this section are eligible for a special registration plate under G.S. 20-79.4. The plate shall bear the number designated in the following table for the position held by the official.

Position	Number on Plate
Governor	1
Lieutenant Governor	2
...	
Secretary of Military and Veterans Affairs	22
Governor's Staff	~~22~~ 23-29

...."

SECTION #.(o) G.S. 47-113.2 reads as rewritten:

"**§ 47-113.2. Restricting access to military discharge documents.**

...

(b) Definitions:

(1) Authorized party. – Four categories of authorized parties are recognized with respect to access to military discharge documents under subsection (e) of this section:

...

c. Authorized agents of the ~~Division of Veterans Affairs,~~Department of Military and Veterans Affairs, the United States Department of Veterans Affairs, the Department of Defense, or a court official with an interest in assisting the subject or the deceased subject's beneficiaries to obtain a benefit.

...

(h) The North Carolina Association of Registers of Deeds and the ~~Division of Veterans Affairs~~Department of Military and Veterans Affairs shall adopt ~~before January 1, 2004,~~ such request forms and associated rules as are required to implement the provisions of this section. All filing offices shall use the forms and comply with the rules, as adopted.

...."

SECTION #.(p) G.S. 65-43.4(b) reads as rewritten:

"(b) A disinterment may be permitted, at no cost to the State, when the following conditions are satisfied:

(1) The disinterment is requested in writing and filed with the Program Director of the veterans cemeteries, the Assistant Secretary for Veterans Affairs, or the ~~Division of Veterans Affairs;~~Department of Military and Veterans Affairs;

(2) The request for disinterment contains the notarized signature of the nearest of kin, such as surviving spouse. If the spouse is deceased, the signatures of a majority of the surviving children of legal age will be required;

(3) The funeral director has obtained all necessary permits for disinterment."

SECTION #.(q) G.S. 65-43.5 reads as rewritten:

"**§ 65-43.5. Reinterment.**

(a) The remains of a qualified veteran or the remains of an eligible family member may be moved to a State veterans cemetery for reinterment, at no cost to the State, when the following conditions are satisfied:

...

(2) The reinterment is requested in writing and filed with the Program Manager of veterans cemeteries, the Assistant Secretary for Veterans Affairs, or the ~~Division of Veterans Affairs; and~~Department of Military and Veterans Affairs;

...."

SECTION #.(r) G.S. 93B-15.1(c1) reads as rewritten:

"(c1) Each occupational licensing board shall publish a document that lists the specific criteria or requirements for licensure, registration, or certification by the board, with a description of the criteria or requirements that are satisfied by military training or experience as provided in this section, and any necessary documentation needed for obtaining the credit or satisfying the requirement. The information required by this subsection shall be published on the occupational licensing board's Web site and the Web site of the ~~North Carolina Division of Veterans Affairs.~~Department of Military and Veterans Affairs."

SECTION #.(s) G.S. 116-209.23 reads as rewritten:

"**§ 116-209.23. Inconsistent laws inapplicable.**

Insofar as the provisions of this Article are inconsistent with the provisions of any general or special laws, or parts thereof, the provisions of this Article shall be controlling, except that no provision of the 1971 amendments to this Article shall apply to scholarships for children of

war veterans as set forth in ~~Article 4 of Chapter 165,~~Part 2 of Article 14 of Chapter 143B of the General Statutes, as amended."

SECTION #.(t) G.S. 116B-7(b) reads as rewritten:

"(b) An amount specified in the Current Operations Appropriations Act shall be transferred annually from the Escheat Fund to the Department of ~~Administration~~ Military and Veterans Affairs to partially fund the program of Scholarships for Children of War Veterans established by ~~Article 4 of Chapter 165~~ Part 2 of Article 14 of Chapter 143B of the General Statutes. Those funds may be used only for residents of this State who (i) are worthy and needy as determined by the Department of ~~Administration,~~Military and Veterans Affairs and (ii) are enrolled in public institutions of higher education of this State."

SECTION #.(u) G.S. 126-2(b1)(5) reads as rewritten:

"(b1) The Commission shall consist of nine members, appointed as follows:

...

(5) One member who is a veteran of the Armed Forces of the United States appointed by the Governor upon the nomination of the ~~Veterans~~ Veterans' Affairs Commission and who is a State employee subject to this Chapter serving in a nonexempt supervisory position. The member may not be a human resources professional."

SECTION #.(v) G.S. 126-5(d)(1) is amended by adding a new sub-subdivision to read:

"(d) (1) Exempt Positions in Cabinet Department. – Subject to the provisions of this Chapter, which is known as the North Carolina Human Resources Act, the Governor may designate a total of 1,500 exempt positions throughout the following departments and offices:

a. Department of Administration.
b. Department of Commerce.
c. Repealed by Session Laws 2012-83, s. 7, effective June 26, 2012, and by Session Laws 2012-142, s. 25.2E(a), effective January 1, 2013.
d. Department of Public Safety.
e. Department of Cultural Resources.
f. Department of Health and Human Services.
g. Department of Environment and Natural Resources.
h. Department of Revenue.
i. Department of Transportation.
j. Repealed by Session Laws 2012-83, s. 7, effective June 26, 2012, and by Session Laws 2012-142, s. 25.2E(a), effective January 1, 2013.
k. Office of Information Technology Services.
l. Office of State Budget and Management.
m. Office of State Human Resources.
n. Department of Military and Veterans Affairs."

SECTION #.(w) G.S. 127C-1, as recodified by subsection (l) of this section, reads as rewritten:

"**§ 143B-1310. Commission established; purpose; transaction of business.**

(a) Establishment. – There is established the North Carolina Military Affairs Commission. The Commission shall be established within the ~~Office of the Governor. The Department of Commerce is responsible for organizational, budgetary, and administrative purposes.~~Department of Military and Veterans Affairs.

(b) Purpose. – The Commission shall provide advice, counsel, and recommendations to ~~the Governor, the~~ General Assembly, the Secretary of ~~Commerce,~~Military and Veterans Affairs, and other State agencies on initiatives, programs, and legislation that will continue and increase the role that North Carolina's military installations, the National Guard, and Reserves play in America's defense strategy and the economic health and vitality of the State. The Commission is authorized ~~to:~~to do all of the following, as delegated by the Secretary of Military and Veterans Affairs:

...

(c) Transaction of Business. – The Commission shall meet, at a minimum, at least once during each quarter and shall provide a report on military affairs to the ~~Governor~~ Secretary of Military and Veterans Affairs and to the General Assembly at least every six months. Prior to the start of a Regular Session of the General Assembly, the Commission shall report to the General Assembly with recommendations, if any, for legislation. Priority actions or issues may be submitted at any time.

...."

SECTION #.(x) G.S. 127C-2(h), as recodified by subsection (l) of this section, reads as rewritten:

"(h) The initial meeting of the Commission shall be within 30 days of the effective date of this act at a time and place to be determined by the Secretary of Commerce. The first order of business at the initial meeting of the Commission shall be the adoption of bylaws and establishment of committees, after which the Commission shall meet upon the call of the Chairman ~~or the Military Advisor within the Office of the Governor.~~or the Secretary of the Department of Military and Veterans Affairs. The members shall receive no compensation for attendance at meetings, except a per diem expense reimbursement. Members of the Commission who are not officers or employees of the State shall receive reimbursement for subsistence and travel expenses at rates set out in G.S. 138-5 from funds made available to the Commission. Members of the Commission who are officers or employees of the State shall be reimbursed for travel and subsistence at the rates set out in G.S. 138-6 from funds made available to the Commission. The Department of ~~Commerce~~ Military and Veterans Affairs shall use funds within its budget for the per diem, subsistence, and travel expenses authorized by this subsection."

SECTION #.(y) G.S. 127C-3, as recodified by subsection (l) of this section, is repealed.

SECTION #.(z) G.S. 127C-5, as recodified by subsection (l) of this section, reads as rewritten:

"**§ 143B-1314. Protection of sensitive documents.**

(a) In carrying out any purpose set out in ~~G.S. 127C-1(b),~~G.S. 143B-1310(b), the Commission and the Department of ~~Commerce~~ Military and Veterans Affairs may share documents and discussions protected from disclosure under G.S. 132-1.2 and G.S. 143-318.11 with other public bodies. Any information shared under this subsection shall be confidential and exempt from Chapter 132 of the General Statutes to the same extent that it is confidential in the possession of the Commission or the Department.

(b) In carrying out any purpose set out in ~~G.S. 127C-1(b),~~G.S. 143B-1310(b), the Commission and the Department of ~~Commerce~~ Military and Veterans Affairs may share documents and discussions protected from disclosure under G.S. 132-1.2 and G.S. 143-318.11 with any third party in its discretion. Any information shared under this subsection shall be shared under an agreement to keep the information confidential to the same extent that it is confidential in the possession of the Commission or the Department."

SECTION #.(aa) G.S. 143B-6 is amended by adding a new subdivision to read:

"**§ 143B-6. Principal departments.**

In addition to the principal departments enumerated in the Executive Organization Act of 1971, all executive and administrative powers, duties, and functions not including those of the General Assembly and its agencies, the General Court of Justice and the administrative agencies created pursuant to Article IV of the Constitution of North Carolina, and higher education previously vested by law in the several State agencies, are vested in the following principal departments:

...

(12) Department of Military and Veterans Affairs."

SECTION #.(bb) G.S. 143B-399, as recodified and renumbered by subsection (c) of this section, reads as rewritten:

"**§ 143B-1220. Veterans' Affairs Commission – creation, powers and duties.**

There is hereby created the Veterans' Affairs Commission of the Department ~~of Administration.~~ of Military and Veterans Affairs. The Veterans' Affairs Commission shall have the following functions and ~~duties:~~duties, as delegated by the Secretary of Military and Veterans Affairs:

(1) To advise the ~~Governor~~ Secretary of Military and Veterans Affairs on matters relating to the affairs of veterans in North Carolina;

(2) To maintain a continuing review of the operation and budgeting of existing programs for veterans and their dependents in the State and to make any recommendations to the ~~Governor~~ Secretary of Military and Veterans Affairs for improvements and additions to such matters to which the ~~Governor~~ Secretary shall give due consideration;

~~(3) To serve collectively as a liaison between the Division of Veterans Affairs and the veterans organizations represented on the Commission;~~

(4) To promulgate rules and regulations concerning the awarding of scholarships for children of North Carolina veterans as provided by ~~Article 4 of Chapter 165 of the General Statutes of North Carolina.~~this Article. The Commission shall make rules and regulations consistent with the provisions of this ~~Chapter.~~Article. All rules and regulations not inconsistent with the provisions of this Chapter heretofore adopted by the State Board of Veterans' Affairs shall remain in full force and effect unless and until repealed or superseded by action of the ~~Veterans~~ Veterans' Affairs Commission. All rules and regulations adopted by the Commission shall be enforced by the ~~Division of Veterans' Affairs;~~Department of Military and Veterans Affairs;

(4a) To promulgate rules concerning the awarding of the North Carolina Services Medal to all veterans who have served in any period of war as defined in 38 U.S.C. § 101. The award shall be self-financing; those who wish to be awarded the medal shall pay a fee to cover the expenses of producing the medal and awarding the medal. All rules adopted by the Commission with respect to the North Carolina Services Medal shall be implemented and enforced by the ~~Division of Veterans' Affairs;~~Department of Military and Veterans Affairs; and

(5) To advise the ~~Governor~~ Secretary on any matter the ~~Governor~~ Secretary may refer to it."

SECTION #.(cc) G.S. 143B-400, as recodified and renumbered by subsection (c) of this section, reads as rewritten:

"**§ 143B-1221. Veterans' Affairs Commission – members; selection; quorum; compensation.**

The Veterans' Affairs Commission of the Department of ~~Administration~~ Military and Veterans Affairs shall consist of one voting member from each congressional district, all of

whom shall be veterans, appointed by the Governor for four-year terms. In making these appointments, the Governor shall insure that both major political parties will be continuously represented on the Veterans' Affairs Commission.

The initial members of the Commission shall be the appointed members of the current Veterans' Affairs Commission who shall serve for the remainder of their current terms and six additional members appointed by the Governor for terms expiring June 30, 1981. Thereafter, all members shall be appointed for terms of four years. Any appointment to fill a vacancy on the Commission created by the resignation, dismissal, death or disability of a member shall be for the balance of the unexpired term. The Governor shall have the power to remove any member of the Commission in accordance with provisions of G.S. 143B-13.

In the event that more than 11 congressional districts are established in the State, the Governor shall on July 1 following the establishment of such additional congressional districts appoint a member of the Commission from that congressional district. If on July 1, 1977, or at any time thereafter due to congressional redistricting, two or more members of the Veterans' Affairs Commission shall reside in the same congressional district then such members shall continue to serve as members of the Commission for a period equal to the remainder of their current terms on the Commission provided that upon the expiration of said term or terms the Governor shall fill such vacancy or vacancies in such a manner as to insure that as expeditiously as possible there is one member of the Veterans' Affairs Commission who is a resident of each congressional district in the State.

The Governor shall designate from the membership of the Commission a chairman and vice-chairman of the Commission who shall serve at the pleasure of the Governor. The Secretary of the Department of ~~Administration~~ Military and Veterans Affairs or his designee shall serve as secretary of the Commission.

Members of the Commission shall receive per diem and necessary travel and subsistence expenses in accordance with provisions of G.S. 138-5.

A majority of the Commission shall constitute a quorum for the transaction of business.

The Veterans' Affairs Commission shall meet at least twice a year and may hold special meetings at any time or place within the State at the call of the chairman, at the call of the Secretary of the Department of ~~Administration~~ Military and Veterans Affairs or upon the written request of at least six members.

All clerical and other services required by the Commission shall be provided by the Secretary of the Department of ~~Administration.~~Military and Veterans Affairs."

SECTION #.(dd) G.S. 143B-420, as recodified by subsection (d) of this section, reads as rewritten:

"**§ 143B-1235. Governor's Jobs for Veterans Committee – creation; appointment, organization, etc.; duties.**

(a) There is hereby created and established in the North Carolina Department of ~~Administration, Division of Veterans Affairs,~~Military and Veterans Affairs, a committee to be known as the Governor's Jobs for Veterans Committee, with one member from each Congressional district, appointed by the Governor. Members of the Committee shall serve at the pleasure of the Governor. The Secretary of ~~Administration,~~Military and Veterans Affairs with the concurrence of the Governor, shall appoint a chairman to administer this Committee who shall be subject to the direction and supervision of the Secretary. The chairman shall serve at the pleasure of the Secretary. The chairman shall devote full time to his duties of office.

(b) ~~Subject to the general supervision of the Secretary, the~~The duties of the chairman shall include but not be limited to the ~~following:~~following, as delegated by the Secretary of Military and Veterans Affairs:

(1) Serving as a liaison between the Office of the Governor and all State agencies to insure that veterans receive the employment preference to which

they are legally entitled and that such State agencies list available jobs with appropriate public employment services;

(2) Evaluating existing programs designed to benefit veterans and submitting reports and recommendations to the Governor and Secretary;

(3) Developing and furthering favorable employer attitudes toward the employment of veterans by appropriate promulgation of information concerning veterans and the functions of the Committee;

(4) Serving as a liaison between the Committee and communities throughout the State to the end that civic committees and volunteer groups are formed and utilized to promote the objectives of the Committee;

(5) Assisting employers in properly designing affirmative action plans as they relate to handicapped and Vietnam-era veterans;

(6) Serving as a liaison between veterans and State agencies on questions regarding the employment practices of such State agencies."

SECTION #.(ee) G.S. 161-10.1 reads as rewritten:

"**§ 161-10.1. Exemption of Armed Forces discharge documents and certain other records needed in support of claims for veterans' benefits.**

Any schedule of fees which is now or may be prescribed in Chapter 161 of the General Statutes or in G.S. 161-10 shall not apply to nor shall the same repeal any of the provisions of Article 5 of Chapter 47 of the General Statutes. Any schedule of fees which is now or may be hereafter prescribed in Chapter 161 of the General Statutes or as may appear in G.S. 161-10 shall not apply to nor shall the same repeal any of the provisions of ~~G.S. 165-11.~~G.S. 143B-1215."

SECTION #.(ff) G.S. 165-11, as recodified by subsection (e) of this section, reads as rewritten:

"**§ 143B-1215. Copies of records to be furnished to the Department of ~~Administration.~~Military and Veterans Affairs.**

(a) Whenever copies of any State and local public records are requested by a representative of the Department of ~~Administration~~ Military and Veterans Affairs in assisting persons in obtaining any federal, State, local or privately provided benefits relating to veterans and their beneficiaries, the official charged with the custody of any such records shall without charge furnish said representative with the requested number of certified copies of such records; provided, that this section shall not apply to the disclosure of information in certain privileged and confidential records referred to elsewhere in the General Statutes of North Carolina, which information shall continue to be disclosed in the manner prescribed by the statute relating thereto.

(b) No official chargeable with the collection of any fee or charge under the laws of the State of North Carolina in connection with his official duties shall be held accountable on his official bond or otherwise for any fee or charge remitted pursuant to the provisions of this section."

SECTION #.(gg) G.S. 165-11.1, as recodified by subsection (e) of this section, reads as rewritten:

"**§ 143B-1216. Confidentiality of ~~Veterans Affairs~~Department of Military and Veterans Affairs records.**

Notwithstanding any other provisions of Chapter 143B, no records of the ~~Division of Veterans Affairs in the Department of Administration~~Department of Military and Veterans Affairs shall be disclosed or used for any purpose except for official purposes, and no records shall be disclosed, destroyed or used in any manner which is in violation of any existing federal law or regulation. Nothing in this Chapter shall convert records which are the property of the federal government into State property."

SECTION #.(hh) G.S. 165-20, as recodified by subsection (c) of this section, reads as rewritten:

"**§ 143B-1224. Definitions.**

As used in this Article the terms defined in this section shall have the following meaning:

...

(3) "Child" means a person: (i) under 25 years of age at the time of application for a scholarship, (ii) who is a domiciliary of North Carolina and is a resident of North Carolina when applying for a scholarship, (iii) who has completed high school or its equivalent prior to receipt of a scholarship awarded under this Article, (iv) who has complied with the requirements of the Selective Service System, if applicable, and (v) who further meets one of the following requirements:

a. A person whose veteran parent was a legal resident of North Carolina at the time of said veteran's entrance into that period of service in the Armed Forces during which eligibility is established under ~~G.S. 165-22.~~G.S. 143B-1226.

b. A veteran's child who was born in North Carolina and has been a resident of North Carolina continuously since birth. Provided, that the requirement in the preceding sentence as to birth in North Carolina may be waived by the Department of ~~Administration~~ Military and Veterans Affairs if it is shown to the satisfaction of the Department that the child's mother was a native-born resident of North Carolina and was such resident at the time of her marriage to the veteran and was outside the State temporarily at the time of the child's birth, following which the child was returned to North Carolina within a reasonable period of time where said child has since lived continuously.

c. A person meeting either of the requirements set forth in subdivision (3) a or b above, and who was legally adopted by the veteran prior to said person's reaching the age of 15 years.

...

(5) "Private educational institution" means any junior college, senior college or university which is operated and governed by private interests not under the control of the federal, State or any local government, which is located within the State of North Carolina, which does not operate for profit, whose curriculum is primarily directed toward the awarding of associate, baccalaureate or graduate degrees, which agrees to the applicable administration and funding provisions of ~~G.S. 165-22.1,~~G.S. 143B-1227, of this Article, and which is otherwise approved by the State Board of Veterans Affairs.

...."

SECTION #.(ii) G.S. 165-21, as recodified by subsection (c) of this section, reads as rewritten:

"**§ 143B-1225. Scholarship.**

(a) A scholarship granted pursuant to this Article shall consist of the following benefits in either a State or private educational institution:

...

(2) With respect to private educational institutions, a scholarship shall consist of a monetary allowance as prescribed in ~~G.S. 165-22.1(d).~~G.S. 143B-1227(d).

...."

SECTION #.(jj) G.S. 165-22, as recodified by subsection (c) of this section, reads as rewritten:

"**§ 143B-1226. Classes or categories of eligibility under which scholarships may be awarded.**

A child, as defined in this Article, who falls within the provisions of any eligibility class described below shall, upon proper application be considered for a scholarship, subject to the provisions and limitations set forth for the class under which the child is considered:

...

(2) Class I-B: Under this class a limited scholarship providing only those benefits set forth in ~~G.S. 165-21(1)a. and d. and 165-21(2) of this Article,~~G.S. 143B-1225(a)(1)a. and d. and G.S. 143B-1225(a)(2) shall be awarded to any child whose veteran parent, at the time the benefits pursuant to this Article are sought to be availed of, is or was at the time of his death receiving compensation for a wartime service-connected disability of one hundred percent (100%) as rated by the United States Department of Veterans Affairs. Provided, that if the veteran parent of a recipient under this class should die of his wartime service-connected condition before the recipient shall have utilized all of his scholarship eligibility time, then the North Carolina Department of ~~Administration~~ Military and Veterans Affairs shall amend the recipient's award from Class I-B to Class I-A for the remainder of the recipient's eligibility time. The effective date of such an amended award shall be determined by the Department of ~~Administration,~~Military and Veterans Affairs but, in no event shall it predate the date of the veteran parent's death.

...

(4) Class III: Under this class a scholarship may be awarded to not more than 100 children yearly, each of whose veteran parent, at the time the benefits pursuant to this Article are sought to be availed of:

a. Is or was at the time of his death drawing pension for permanent and total disability, nonservice-connected, as rated by the United States Department of Veterans Affairs.

b. Is deceased and who does not fall within the provisions of any other eligibility class described in ~~G.S. 165-22(1),~~G.S. 143B-1226(1), (2), (3), (4)a., nor (5).

c. Served in a combat zone, or waters adjacent to a combat zone, or any other campaign, expedition, or engagement for which the United States Department of Defense authorizes a campaign badge or medal, who does not fall within the provisions of any other class described in ~~G.S. 165-22(1),~~G.S. 143B-1226(1), (2), (3), (4)a., or (5).

(5) Class IV: Under this class a scholarship as defined in ~~G.S. 165-21~~G.S. 143B-1225 shall be awarded to any child whose parent, while serving honorably as a member of the Armed Forces in active federal service during a period of war, as defined in ~~G.S. 165-20(4),~~G.S. 143B-1224(4), was listed by the United States government as (i) missing in action, (ii) captured in line of duty by a hostile force, or (iii) forcibly detained or interned in line of duty by a foreign government or power."

SECTION #.(kk) G.S. 165-22.1, as recodified by subsection (c) of this section, reads as rewritten:

"**§ 143B-1227. Administration and funding.**

(a) The administration of the scholarship program shall be vested in the Department of ~~Administration,~~Military and Veterans Affairs, and the disbursing and accounting activities required shall be a responsibility of the Department of ~~Administration.~~Military and Veterans Affairs. The ~~Veterans~~ Veterans' Affairs Commission shall determine the eligibility of applicants, select the scholarship recipients, establish the effective date of scholarships, and may suspend or revoke scholarships if the ~~said Veterans~~ Veterans' Affairs Commission finds that the recipient does not comply with the registration requirements of the Selective Service System or does not maintain an adequate academic status, or if the recipient engages in riots, unlawful demonstrations, the seizure of educational buildings, or otherwise engages in disorderly conduct, breaches of the peace or unlawful assemblies. The Department of ~~Administration~~ Military and Veterans Affairs shall maintain the primary and necessary records, and the ~~Veterans~~ Veterans' Affairs Commission shall promulgate such rules and regulations not inconsistent with the other provisions of this Article as it deems necessary for the orderly administration of the program. It may require of State or private educational institutions, as defined in this Article, such reports and other information as it may need to carry out the provisions of this Article. The Department of ~~Administration~~ Military and Veterans Affairs shall disburse scholarship payments for recipients certified eligible by the Department of ~~Administration~~ Military and Veterans Affairs upon certification of enrollment by the enrolling institution.

(b) Funds for the support of this program shall be appropriated to the Department of ~~Administration~~ Military and Veterans Affairs as a reserve for payment of the allocable costs for room, board, tuition, and other charges, and shall be placed in a separate budget code from which disbursements shall be made. Funds to support the program shall be supported by receipts from the Escheat Fund, as provided by G.S. 116B-7, but those funds may be used only for worthy and needy residents of this State who are enrolled in public institutions of higher education of this State. In the event the said appropriation for any year is insufficient to pay the full amounts allocable under the provisions of this Article, such supplemental sums as may be necessary shall be allocated from the Contingency and Emergency Fund. The method of disbursing and accounting for funds allocated for payments under the provisions of this section shall be in accordance with those standards and procedures prescribed by the Director of the Budget, pursuant to the ~~Executive Budget Act.~~State Budget Act.

(c) Allowances for room and board in State educational institutions shall be at such rate as established by the Secretary of the Department of ~~Administration.~~Military and Veterans Affairs.

(d) Scholarship recipients electing to attend a private educational institution shall be granted a monetary allowance for each term or other academic period attended under their respective scholarship awards. All recipients under Class I-B scholarship shall receive an allowance at one rate, irrespective of course or institution; all recipients under Classes I-A, II, III and IV shall receive a uniform allowance at a rate higher than for Class I-B, irrespective of course or institution. The amount of said allowances shall be determined by the Director of the Budget and made known prior to the beginning of each fall quarter or semester; provided that the Director of the Budget may change the allowances at intermediate periods when in his judgment such changes are necessary. Disbursements by the State shall be to the private institution concerned, for credit to the account of each recipient attending said institution. The manner of payment to any private institution shall be as prescribed by the Department of ~~Administration.~~Military and Veterans Affairs. The participation by any private institution in the program shall be subject to the applicable provisions of this Article and to examination by State auditors of the accounts of scholarship recipients attending or having attended private institutions. The ~~Veterans~~ Veterans' Affairs Commission may defer making an award or may

suspend an award in any private institution which does not comply with the provisions of this Article relating to said institutions.

(e) Irrespective of other provisions of this Article, the ~~Veterans~~ Veterans' Affairs Commission may prescribe special procedures for adjusting the accounts of scholarship recipients who for reasons of illness, physical inability to attend class or for other valid reason satisfactory to the ~~Veterans~~ Veterans' Affairs Commission may withdraw from State or private educational institutions prior to the completion of the term, semester, quarter or other academic period being attended at the time of withdrawal. Such procedures may include, but shall not be limited to, paying the recipient the dollar value of his unused entitlements for the academic period being attended, with a corresponding deduction of this period from his remaining scholarship eligibility time."

SECTION #.(ll) G.S. 165-44.5, as recodified by subsection (j) of this section, reads as rewritten:

"**§ 143B-1284. Priority employment assistance directed.**

All covered service providers, as specified in ~~G.S. 165-44.4,~~G.S. 143B-1283, shall establish procedures to provide veterans with priority, not inconsistent with existing federal or State law, to participate in employment and job training assistance programs."

SECTION #.(mm) G.S. 165-44.6, as recodified by subsection (j) of this section, reads as rewritten:

"**§ 143B-1285. Implementation and performance measures.**

The North Carolina Commission on Workforce Preparedness shall:

(1) Issue implementing directives that shall apply to all covered service providers as specified in ~~G.S. 165-44.4,~~G.S. 143B-1283, and revise those directives as necessary to accomplish the purpose of this Article.

(2) Develop measures of service for veterans that will serve as indicators of compliance with the provisions of this Article by all covered service providers.

(3) Annually publish and submit to the Joint Legislative Commission on Governmental Operations, beginning not later than October 1, 1998, a report detailing covered providers' compliance with the provisions of this Article."

SECTION #.(nn) G.S. 165-46, as recodified by subsection (k) of this section, reads as rewritten:

"**§ 143B-1291. Establishment.**

The State of North Carolina shall construct, maintain, and operate veterans homes for the aged and infirm veterans resident in this State under the administrative authority and control of the ~~Division of Veterans Affairs of the Department of Administration.~~Department of Military and Veterans Affairs. There is vested in ~~such Division~~the Department any and all powers and authority that may be necessary to enable it to establish and operate the homes and to issue rules necessary to operate the homes in compliance with applicable State and federal statutes and regulations."

SECTION #.(oo) G.S. 165-47, as recodified by subsection (k) of this section, reads as rewritten:

"**§ 143B-1292. Exemption from certificate of need.**

Any state veterans home established by the ~~Division of Veterans Affairs~~Department of Military and Veterans Affairs shall be exempt from the certificate of need requirements as set out in Article 9 of Chapter 131E, or as may be hereinafter enacted."

SECTION #.(pp) G.S. 165-48, as recodified by subsection (k) of this section, reads as rewritten:

"**§ 143B-1293. North Carolina Veterans Home Trust Fund.**

(a) Establishment. – A trust fund shall be established in the State treasury, for the ~~Division of Veterans Affairs,~~Department of Military and Veterans Affairs, to be known as the North Carolina Veterans Home Trust Fund.

(b) Composition. – The trust fund shall consist of all funds and monies received by the ~~Veterans~~ Veterans' Affairs Commission ~~or the Division of Veterans Affairs~~ from the United States, any federal agency or institution, and any other source, whether as a grant, appropriation, gift, contribution, devise, or individual reimbursement, for the care and support of veterans who have been admitted to a State veterans home.

(c) Use of Fund. – The trust fund created in subsection (a) of this section shall be used by the ~~Division of Veterans Affairs:~~Department of Military and Veterans Affairs to do the following:

(1) To pay for the care of veterans in said State veterans homes;

(2) To pay the general operating expenses of the State veterans homes, including the payment of salaries and wages of officials and employees of said homes; and

(3) To remodel, repair, construct, modernize, or add improvements to buildings and facilities at the homes.

(d) Miscellaneous. – The following provisions apply to the trust fund created in subsection (a) of this section:

(1) All funds deposited and all income earned on the investment or reinvestment of such funds shall be credited to the trust fund.

(2) Any monies remaining in the trust fund at the end of each fiscal year shall remain on deposit in the State treasury to the credit of the North Carolina Veterans Home Trust Fund.

(3) Nothing contained herein shall prohibit the establishment and utilization of special agency accounts by the ~~Division of Veterans Affairs, as may be approved by the~~ ~~Veterans~~ Veterans' Affairs Commission, for the receipt and disbursement of personal funds of the State veterans homes' residents or for receipt and disbursement of charitable contributions for use by and for residents."

SECTION #.(qq) G.S. 165-49, as recodified by subsection (k) of this section, reads as rewritten:

"**§ 143B-1294. Funding.**

(a) The ~~Division of Veterans Affairs of the Department of Administration~~Department of Military and Veterans Affairs may apply for and receive federal aid and assistance from the United States Department of Veterans Affairs or any other agency of the United States Government authorized to pay federal aid to states for the construction and acquisition of veterans homes under Title 38, United States Code, section 8131 et seq., or for the care or support of disabled veterans in State veterans homes under Title 38, United Stated Code, section 1741 et seq., or from any other federal law for said purposes.

(b) The ~~Division of Veterans Affairs~~Department may receive from any source any gift, contribution, devise, or individual reimbursement, the receipt of which does not exclude any other source of revenue.

(c) All funds received by the ~~Division~~ Department shall be deposited in the North Carolina Veterans Home Trust Fund, except for any funds deposited into special agency accounts established pursuant to ~~G.S. 165-48(d)(3).~~ G.S. 143B-1293(d)(3). The ~~Veterans~~ Veterans' Affairs Commission shall authorize the expenditure of all funds from the North Carolina Veterans Home Trust Fund. The ~~Veterans~~ Veterans' Affairs Commission may delegate authority to the Assistant Secretary of Veterans Affairs for the expenditure of funds from the

North Carolina Veterans Home Trust Fund for operations of the State Veterans Nursing Homes."

SECTION #.(rr) G.S. 165-50, as recodified by subsection (k) of this section, reads as rewritten:

"**§ 143B-1295. Contracted operation of homes.**

The ~~Veterans~~ Veterans' Affairs Commission may contract with persons or other nongovernmental entities to operate each State veterans home. Contracts for the procurement of services to manage, administer, and operate any State veterans home shall be awarded on a competitive basis through the solicitation of proposals and through the procedures established by statute and the Division of Purchase and Contract. A contract may be awarded to the vendor whose proposal is most advantageous to the State, taking into consideration cost, program suitability, management plan, excellence of program design, key personnel, corporate or company resources, financial condition of the vendor, experience and past performance, and any other qualities deemed necessary by the ~~Veterans~~ Veterans' Affairs Commission and set out in the solicitation for proposals. Any contract awarded under this section shall not exceed five years in length. The ~~Veterans~~ Veterans' Affairs Commission is not required to select or recommend the vendor offering the lowest cost proposal but shall select or recommend the vendor who, in the opinion of the Commission, offers the proposal most advantageous to the veterans and the State of North Carolina."

SECTION #.(ss) G.S. 165-51, as recodified by subsection (k) of this section, reads as rewritten:

"**§ 143B-1296. Program staff.**

The ~~Division~~ Department shall appoint and fix the salary of an Administrative Officer for the State veterans home program. The Administrative Officer shall be an honorably discharged veteran who has served in active military service in the Armed Forces of the United States for other than training purposes. The Administrative Officer shall direct the establishment of the State veterans home program, coordinate the master planning, land acquisition, and construction of all State veterans homes under the procedures of the Office of State Construction, and oversee the ongoing operation of said veterans homes. The Division may hire any required additional administrative staff to help with administrative and operational responsibilities at each established State veterans home."

SECTION #.(tt) G.S. 165-52, as recodified by subsection (k) of this section, reads as rewritten:

"**§ 143B-1297. Admission and dismissal authority.**

The ~~Veterans~~ Veterans' Affairs Commission shall have authority to determine administrative standards for admission and dismissal, as well as the medical conditions, of all persons admitted to and dismissed from any State veterans home, and to issue any necessary rules, subject to the requirements set out in ~~G.S. 165-53.~~ G.S. 143B-1298."

SECTION #.(uu) G.S. 165-54, as recodified by subsection (k) of this section, reads as rewritten:

"**§ 143B-1299. Deposit required.**

Each resident of any State veterans home shall pay to the ~~Division of Veterans Affairs~~ Department of Military and Veterans Affairs the cost of maintaining his or her residence at the home. This deposit shall be placed in the North Carolina Veterans Home Trust Fund and shall be in an amount and in the form prescribed by the ~~Veterans~~ Veterans' Affairs Commission in consultation with the Assistant Secretary for Veterans Affairs."

SECTION #.(vv) G.S. 165-55, as recodified by subsection (k) of this section, reads as rewritten:

"**§ 143B-100. Report and budget.**

(a) The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of the Department of ~~Administration~~ Military and Veterans Affairs on the activities of the State Veterans Homes Program. This report shall contain an accounting of all monies received and expended, statistics on residents in the homes during the year, recommendations to the Secretary, the Governor, and the General Assembly as to the program, and such other matters as may be deemed pertinent.

(b) The Assistant Secretary for Veterans Affairs, with the approval of the ~~Veterans~~ Veterans' Affairs Commission, shall compile an annual budget request for any State funding needed for the anticipated costs of the homes, which shall be submitted to the Secretary of the Department of ~~Administration.~~ Military and Veterans Affairs. State appropriated funds for operational needs shall be made available only in the event that other sources are insufficient to cover essential operating costs."

SECTION #.(ww) This section becomes effective on January 1, 2016.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT
SPECIAL PROVISION

2015-AUD-H3-P

Department of State Auditor
House Appropriations, General Government

Requested by: **Representative**

STOP FRAUD AND ABUSE OF TAXPAYER DOLLARS

SECTION #.(a) G.S. 143-746 reads as rewritten:

"**§ 143-746. Internal auditing required.**

...

(e) Insufficient Personnel. – If a State agency has insufficient personnel to comply with this section, the Office of State Budget and Management shall provide technical assistance.

(f) Reporting Fraudulent Activity. – If an internal audit conducted pursuant to this section results in a finding that a private person or entity has received public funds as a result of fraud, misrepresentation, or other deceptive acts or practices while doing business with the State agency, the internal auditor shall submit a detailed written report of the finding, and any additional necessary supporting documentation, to the State Purchasing Officer. A report submitted under this subsection may include a recommendation that the private person or entity be debarred from doing business with the State or a political subdivision thereof."

SECTION #.(b) G.S. 147-64.6(c) is amended by adding a new subdivision to read:

"(c) The Auditor shall be responsible for the following acts and activities:

...

(21) If an audit undertaken by the Auditor results in a finding that a private person or entity has received public funds as a result of fraud, misrepresentation, or other deceptive acts or practices while doing business with the State or a political subdivision thereof, the Auditor shall submit a detailed written report of the finding, and any additional necessary supporting documentation, to the State Purchasing Officer or the appropriate political subdivision official, as applicable. A report submitted under this subsection may include a recommendation that the private person or entity be debarred from doing business with the State or a political subdivision thereof."

SECTION #.(c) This section becomes effective October 1, 2015, and applies to audits conducted or undertaken on or after that date.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT
SPECIAL PROVISION

2015-OSHR-H3A-P

Office of State Human Resources
House Appropriations, General Government

Requested by: **Representative**

DISCONTINUE USE OF AUTOMATIC SCORING AND SCREENING OF APPLICATIONS FOR STATE GOVERNMENT EMPLOYMENT

SECTION #. By October 1, 2015, the Office of State Human Resources (OSHR) shall report to the Joint Legislative Oversight Committee on General Government on the status of discontinuing the utilization of its current online job application and career portal that provides automatic scoring and screening of applications for State government employment as was required by S.L. 2014-100, s. 22A.1.

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT
SPECIAL PROVISION

2015-ADMIN-H13-P

Department of Administration
House Appropriations, General Government

Requested by: Representative

DOA PROVIDE ADMINISTRATIVE SUPPORT TO SEC FREE OF CHARGE

SECTION #. G.S. 138A-9 reads as rewritten:

"**§ 138A-9. Staff and offices.**

(a) The Commission may employ professional and clerical staff, including an executive director.

(b) The Commission shall be located within the Department of Administration for administrative purposes only, but shall exercise all of its powers, including the power to employ, direct, and supervise all personnel, independently of the Secretary of Administration, and is subject to the direction and supervision of the Secretary of Administration only with respect to the management functions of coordinating and reporting. The Department shall provide administrative support to the Commission free of charge."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT
SPECIAL PROVISION

2015-ADMIN-H1A-P

Department of Administration
House Appropriations, General Government

Requested by: Representative

ALLOW FOR ELECTRONIC ADVERTISEMENT OF LEASE PROPOSALS

SECTION #. G.S. 146-25.1 reads as rewritten:

"**§ 146-25.1. Proposals to be secured for leases.**

(a) If pursuant to G.S. 146-25, the Department of Administration determines that it is in the best interest of the State to lease or rent land and the rental is estimated to exceed twenty-five thousand dollars ($25,000) per year or the term will exceed three years, the Department shall require the State agency desiring to rent land to prepare and submit for its approval a set of specifications for its needs. Upon approval of specifications, the Department shall prepare a public ~~advertisement. The State agency shall place such advertisement in a newspaper of general circulation in the county for proposals from prospective lessors of said land and shall make such other distribution thereof as the Department directs. The advertisement shall be run for at least five consecutive days, and shall provide that proposals shall be received for at least seven days from the date of the last advertisement in the State Property Office of the Department. The provisions of this section do not apply to property owned by governmental agencies and leased to other governmental agencies.~~advertisement and shall publish it by one or more of the following methods, as determined by the Department of Administration:

(1) Placement in a newspaper of general circulation in the county. The advertisement shall be run for at least five consecutive days and shall provide that proposals shall be received for at least seven days from the date of the last advertisement in the State Property Office.

(2) Through electronic means. If posted on a Web site, the advertisement shall be accessible for at least five consecutive days and shall provide that proposals shall be received for at least seven days from the date of the fifth day in the State Property Office.

(3) Through such other methods of distribution as the Department of Administration directs.

...

(d) The provisions of this section do not apply to property owned by governmental agencies and leased to other governmental agencies."

Department of Administration
House Appropriations, General Government

Requested by: Representative

STREAMLINE SEIZED VEHICLE DISPOSAL

SECTION #.(a) G.S. 20-28.2(a1) is amended by adding a new subdivision to read:

"(a1) Definitions. – As used in this section and in G.S. 20-28.3, 20-28.4, 20-28.5, 20-28.7, 20-28.8, 20-28.9, 20-54.1, and 20-141.5, the following terms mean:

...

(9) State Surplus Property Agency. – The Department of Administration."

SECTION #.(b) G.S. 20-28.3 reads as rewritten:

"**§ 20-28.3. Seizure, impoundment, forfeiture of motor vehicles for offenses involving impaired driving while license revoked or without license and insurance, and for felony speeding to elude arrest.**

...

(d) Custody of Motor Vehicle. – Unless the motor vehicle is towed pursuant to a statewide or regional contract, or a contract with the county board of education, the seized motor vehicle shall be towed by a commercial towing company designated by the law enforcement agency that seized the motor vehicle. Seized motor vehicles not towed pursuant to a statewide or regional contract or a contract with a county board of education shall be retrieved from the commercial towing company within a reasonable time, not to exceed 10 business days, by the county board of education or their agent who must pay towing and storage fees to the commercial towing company when the motor vehicle is retrieved. If either a statewide or regional contractor, or the county board of education, chooses to contract for local towing services, all towing companies on the towing list for each law enforcement agency with jurisdiction within the county shall be given written notice and an opportunity to submit proposals prior to a contract for local towing services being awarded. The seized motor vehicle is under the constructive possession of the county board of education for the county in which the operator of the vehicle is charged at the time the vehicle is delivered to a location designated by the county board of education or delivered to its agent pending release or sale, or in the event a statewide or regional contract is in place, under the constructive possession of the ~~Department of Public Instruction,~~ State Surplus Property Agency on behalf of the State at the time the vehicle is delivered to a location designated by the ~~Department of Public Instruction~~ State Surplus Property Agency or delivered to its agent pending release or sale. Absent a statewide or regional contract that provides otherwise, each county board of education may elect to have seized motor vehicles stored on property owned or leased by the county board of education and charge a reasonable fee for storage, not to exceed ten dollars ($10.00) per calendar day. In the alternative, the county board of education may contract with a commercial towing and storage facility or other private entity for the towing, storage, and disposal of seized motor vehicles, and a storage fee of not more than ten dollars ($10.00) per calendar day may be charged. Except for gross negligence or intentional misconduct, neither the State Surplus Property Agency, the county board of education, ~~or~~ nor any of ~~its~~ their employees, shall ~~not~~ be liable to the owner or lienholder for damage to or loss of the motor vehicle or its contents, or to

the owner of personal property in a seized vehicle, during the time the motor vehicle is being towed or stored pursuant to this subsection.

...

(i) Expedited Sale of Seized Motor Vehicles in Certain Cases. – In order to avoid additional liability for towing and storage costs pending resolution of the criminal proceedings of the defendant, the State Surplus Property Agency or county board of education may, after expiration of 90 days from the date of seizure, or at any time with the consent of the owner, sell any motor vehicle ~~having a fair market value of one thousand five hundred dollars ($1,500) or less. The county board of education may also sell a motor vehicle, regardless of the fair market value, any time the outstanding towing and storage costs exceed eighty-five percent (85%) of the fair market value of the vehicle, or with the consent of all the motor vehicle owners.~~ seized pursuant to this section and recover all costs associated with the sale. Any sale conducted pursuant to this subsection shall be conducted in accordance with the provisions of ~~G.S. 20-28.5(a),~~ G.S. 20-28.5(a) or G.S. 20-28.5(a1), as applicable, and the proceeds of the sale, after the payment of outstanding towing and storage costs or reimbursement of towing and storage costs paid by a person other than the defendant, shall be deposited with the clerk of superior court. If an order of forfeiture is entered by the court, the court shall order the proceeds held by the clerk to be disbursed as provided in G.S. 20-28.5(b). If the court determines that the motor vehicle is not subject to forfeiture, the court shall order the proceeds held by the clerk to be disbursed first to pay the sale, towing, and storage costs, second to pay outstanding liens on the motor vehicle, and the balance to be paid to the motor vehicle owners.

...."

SECTION #.(c) G.S. 20-28.5 reads as rewritten:

"**§ 20-28.5. Forfeiture of impounded motor vehicle or funds.**

(a) ~~Sale.~~Sale of Vehicle in Possession of County Board of Education. – A motor vehicle in the possession or constructive possession of a county board of education ordered forfeited and sold or a seized motor vehicle authorized to be sold pursuant to G.S. 20-28.3(i), shall be sold at a public sale conducted in accordance with the provisions of Article 12 of Chapter 160A of the General Statutes, applicable to sales authorized pursuant to G.S. 160A-266(a)(2), (3), or (4), subject to the notice requirements of this subsection, and shall be conducted by the county board of education or a person acting on its behalf. Notice of sale, including the date, time, location, and manner of sale, shall be given by first-class mail to all motor vehicle owners of the vehicle to be sold at the address shown by the records of the Division. Written notice of sale shall also be given to all lienholders on file with the Division. Notice of sale shall be given to the Division in accordance with the procedures established by the Division. Notices required to be given under this subsection shall be mailed at least 10 days prior to the date of sale. A lienholder shall be permitted to purchase the motor vehicle at any such sale by bidding in the amount of its lien, if that should be the highest bid, without being required to tender any additional funds, other than the towing and storage fees. The county board of education, or its agent, shall not sell, give, or otherwise transfer possession of the forfeited motor vehicle to the defendant, the motor vehicle owner who owned the motor vehicle immediately prior to forfeiture, or any person acting on the defendant's or motor vehicle owner's behalf.

(a1) Sale of Vehicle in Possession of the State Surplus Property Agency. – A motor vehicle in the possession or constructive possession of the State Surplus Property Agency ordered forfeited and sold or a seized motor vehicle authorized to be sold pursuant to G.S. 20-28.3(i) shall be sold at a public sale conducted in accordance with the provisions of Article 3A of Chapter 143 of the General Statutes, subject to the notice requirements of this subsection, and shall be conducted by the State Surplus Property Agency or a person acting on its behalf. Notice of sale, including the date, time, location, and manner of sale, shall be given by first-class mail to all motor vehicle owners of the vehicle to be sold at the address shown by

the records of the Division. Written notice of sale shall also be given to all lienholders on file with the Division. Notice of sale shall be given to the Division in accordance with the procedures established by the State Surplus Property Agency. Notices required to be given under this subsection shall be mailed at least 10 days prior to the date of sale. A lienholder shall be permitted to purchase the motor vehicle at any such sale by bidding in the amount of its lien, if that should be the highest bid, without being required to tender any additional funds, other than the towing and storage fees. The State Surplus Property Agency, or its agent, shall not sell, give, or otherwise transfer possession of the forfeited motor vehicle to the defendant, the motor vehicle owner who owned the motor vehicle immediately prior to forfeiture, or any person acting on the defendant's or motor vehicle owner's behalf.

(b) Proceeds of Sale. – Proceeds of any sale conducted under this section, G.S. 20-28.2(f)(5), or G.S. 20-28.3(e3)(3), shall first be applied to ~~the cost of sale~~ all costs incurred by the State Surplus Property Agency or county board of education and then to satisfy towing and storage costs. The balance of the proceeds of sale, if any, shall be used to satisfy any other existing liens of record that were properly recorded prior to the date of initial seizure of the vehicle. Any remaining balance shall be paid to the county school fund in the county in which the motor vehicle was ordered forfeited. If there is more than one school board in the county, then the net proceeds of sale, after reimbursement to the county board of education of reasonable administrative costs incurred in connection with the forfeiture and sale of the motor vehicle, shall be distributed in the same manner as fines and other forfeitures. The sale of a motor vehicle pursuant to this section shall be deemed to extinguish all existing liens on the motor vehicle and the motor vehicle shall be transferred free and clear of any liens.

...."

SECTION #.(d) G.S. 20-28.9 reads as rewritten:

"**§ 20-28.9. Authority for the ~~Department of Public Instruction~~ State Surplus Property Agency to administer a statewide or regional towing, storage, and sales program for vehicles forfeited.**

(a) The ~~Department of Public Instruction~~ State Surplus Property Agency is authorized to enter into a contract for a statewide service or contracts for regional services to tow, store, process, maintain, and sell motor vehicles seized pursuant to G.S. 20-28.3. All motor vehicles seized under G.S. 20-28.3 shall be subject to contracts entered into pursuant to this section. Contracts shall be let by the ~~Department of Public Instruction~~ State Surplus Property Agency in accordance with the provisions of Article 3 of Chapter 143 of the General Statutes. Nothing in this section shall be construed to prohibit the State Surplus Property Agency from entering into contracts pursuant to this section for some regions of the State while performing the work of towing, storing, processing, maintaining, and selling motor vehicles seized pursuant to G.S. 20-28.3 itself in other regions of the State. All contracts shall ensure the safety of the motor vehicles while held and any funds arising from the sale of any seized motor vehicle. The contract shall require the contractor to maintain and make available to the agency a computerized up-to-date inventory of all motor vehicles held under the contract, together with an accounting of all accrued charges, the status of the vehicle, and the county school fund to which the proceeds of sale are to be paid. The contract shall provide that the contractor shall pay the towing and storage charges owed on a seized vehicle to a commercial towing company at the time the seized vehicle is obtained from the commercial towing company, with the contractor being reimbursed this expense when the vehicle is released or sold. The ~~Department~~ State Surplus Property Agency shall not enter into any contract under this section under which the State will be obligated to pay a deficiency arising from the sale of any forfeited motor vehicle.

(b) The ~~Department,~~ State Surplus Property Agency, through its contractor or contractors designated in accordance with subsection (a) of this section, may charge a

reasonable fee for storage not to exceed ten dollars ($10.00) per calendar day for the storage of seized vehicles pursuant to G.S. 20-28.3.

~~(c) In order to help defray the administrative costs associated with the administration of this section, the Department shall collect a ten dollar ($10.00) administrative fee from a person to whom a seized vehicle is released at the time the motor vehicle is released and shall collect a ten dollar ($10.00) administrative fee out of the proceeds of the sale of any forfeited motor vehicle. The funds collected under this subsection shall be paid to the General Fund.~~"

SECTION #.(e) G.S. 143-64.02 is amended by adding two new subdivisions to read:

"**§ 143-64.02. Definitions.**

As used in Part 1 of this Article, except where the context clearly requires otherwise:

(1) "Agency" means an existing department, institution, commission, committee, board, division, or bureau of the State.

(2) "Nonprofit tax exempt organizations" means those nonprofit tax exempt medical institutions, hospitals, clinics, health centers, school systems, schools, colleges, universities, schools for the mentally retarded, schools for the physically handicapped, radio and television stations licensed by the Federal Communications Commission as educational radio or educational television stations, public libraries, and civil defense organizations, that have been certified by the Internal Revenue Service as tax-exempt nonprofit organizations under section 501(c)(3) of the United States Internal Revenue Code of 1954.

(3) "Recyclable material" means a recyclable material, as defined in G.S. 130A-290, that the Secretary of Administration determines, consistent with G.S. 130A-309.14, to be a recyclable material.

(4) "State owned" means supplies, materials, and equipment in the possession of the State of North Carolina and purchased with State funds, personal property donated to the State, or personal property purchased with other funds that give ownership to the State.

(5) "Surplus property" means personal property that is no longer needed by a State agency."

SECTION #.(f) G.S. 143-64.03 reads as rewritten:

"**§ 143-64.03. Powers and duties of the State agency for surplus property.**

(a) The State Surplus Property Agency is authorized and directed to:

(1) Sell all State owned supplies, materials, and equipment that are surplus, obsolete, or ~~unused;~~unused and sell all seized vehicles and other conveyances that the State Surplus Property Agency is authorized to sell;

(2) Warehouse such property; and

(3) Distribute such property to tax-supported or nonprofit tax-exempt organizations.

(b) The State Surplus Property Agency is authorized and empowered to act as a clearinghouse of information for agencies and private nonprofit tax-exempt organizations, to locate property available for acquisition from State agencies, to ascertain the terms and conditions under which the property may be obtained, to receive requests from agencies and private nonprofit tax-exempt organizations, and transmit all available information about the property, and to aid and assist the agencies and private nonprofit tax-exempt organizations in transactions for the acquisition of State surplus property.

(c) The State agency for surplus property, in the administration of Part 1 of this Article, shall cooperate to the fullest extent consistent with the provisions of Part 1 of this Article, with the departments or agencies of the State.

(d) The State agency for surplus property may sell or otherwise dispose of surplus property, including motor vehicles, through an electronic auction service."

SECTION #.(g) G.S. 143-64.05(a) reads as rewritten:

"**§ 143-64.05. Service charge; receipts.**

(a) The State agency for surplus property may assess and collect a service charge (i) for the acquisition, receipt, warehousing, distribution, or transfer of any State surplus ~~property and~~ property; (ii) for the transfer or sale of recyclable ~~material.~~ material; and (iii) for the towing, storing, processing, maintaining, and selling of motor vehicles seized pursuant to G.S. 20-28.3. The service charge authorized by this subsection does not apply to the transfer or sale of timber on land owned by the Wildlife Resources Commission or the Department of Agriculture and Consumer Services."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

DRAFT
SPECIAL PROVISION

2015-REV-H1-P

Department of Revenue
House Appropriations, General Government

Requested by: **Representative**

ELIMINATE POSITIONS AT ROCKY MOUNT CALL CENTER

SECTION #.(a) The Department of Revenue shall close the call center in the City of Rocky Mount no later than July 1, 2017. The Department shall not fill vacant positions located at the call center in the City of Rocky Mount. The Department may transfer vacant or filled positions from the call center in the City of Rocky Mount to the call center in the City of Greensboro, provided that no more than 100 positions are established in the call center in the City of Greensboro.

SECTION #.(b) This section is effective when this act becomes law.

DRAFT
SPECIAL PROVISION

2015-REV-H3A-P

Department of Revenue
House Appropriations, General Government

Requested by: **Representative**

MODIFY COLLECTION ASSISTANCE FEE RULES

SECTION #. G.S. 105-243.1(e) reads as rewritten:

"(e) Use. – The fee is a receipt of the Department and must be applied to the costs of collecting overdue tax debts. The proceeds of the fee must be credited to a special account within the Department and may be expended only as provided in this subsection. The proceeds of the fee may not be used for any purpose that is not directly and primarily related to collecting overdue tax debts. The Department may apply the proceeds of the fee for the purposes listed in this subsection. The remaining proceeds of the fee may be spent only pursuant to appropriation by the General Assembly. The fee proceeds do not revert but remain in the special account until spent for the costs of collecting overdue tax debts. The Department and the Office of State Budget and Management must account for all expenditures using accounting procedures that clearly distinguish costs allocable to collecting overdue tax debts from costs allocable to other purposes and must demonstrate that none of the fee proceeds are used for any purpose other than collecting overdue tax debts.

The Department may apply the fee proceeds for the following purposes:

(1) To pay (i) contractors for collecting overdue tax debts under subsection (b) of this ~~section.~~section and (ii) auditors responsible for identifying overdue tax debts.

...

(4) To pay for postage or other delivery charges for correspondence directly and primarily relating to collecting overdue tax debts, not to exceed ~~five hundred thousand dollars ($500,000)~~seven hundred fifty thousand dollars ($750,000) a year.

...

(7) To pay the direct and indirect expenses of information technology upgrades to the Department of Revenue computer systems that are intended to do all of the following:

a. Improve system-wide security to protect the interests of all taxpayers and the information technology infrastructure of the Department.

b. Allow the Department to achieve ongoing compliance with IRS requirements for the safeguarding of Federal Tax Information entrusted to the Department.

c. Upgrade Department of Revenue capabilities to allow for electronic filing of returns by taxpayers and the electronic issuance of refunds by the Department for all remaining tax schedules.

d. Accomplish other mission-critical IT tasks of the Department as approved by the Office of State Budget and Management in consultation with the State CIO."

Department of Revenue
House Appropriations, General Government

Requested by: **Representative**

STATE AGENCY/ENHANCED DEBT COLLECTION

SECTION #. Article 1 of Chapter 105A of the General Statutes reads as rewritten:

"**Chapter 105A.**

"**Setoff Debt Collection Act.**

"Article 1.

"In General.

"**§ 105A-1. Purposes.**

The purpose of this Chapter is to establish as policy that all claimant agencies and the Department of Revenue shall cooperate in identifying debtors who owe money to the State or to a local government through their various agencies and who qualify for refunds from the Department of Revenue. It is also the intent of this Chapter that procedures be established for setting off against any refund the sum of any debt owed to the State or to a local government. Furthermore, it is the legislative intent that this Chapter be liberally construed so as to effectuate these purposes as far as legally and practically possible.

"**§ 105A-2. Definitions.**

The following definitions apply in this Chapter:

(1) Claimant agency. – Either of the following:
  a. A State agency.
  b. A local agency acting through a clearinghouse or an organization pursuant to G.S. 105A-3(b1).
  c. A federal agency.

(2) Debt. – Any of the ~~following, except as limited in sub-subdivision (f.) of this subdivision:~~following:
  a. A sum owed to a claimant agency that has accrued through contract, subrogation, tort, operation of law, or any other legal theory regardless of whether there is an outstanding judgment for the sum.
  b. A sum a claimant agency is authorized or required by law to collect, such as child support payments collectible under Title IV, Part D of the Social Security Act.
  c. A sum owed as a result of an intentional program violation or a violation due to inadvertent household error under the Food and Nutrition Services Program enabled by Part 5 of Article 2 of Chapter 108A of the General Statutes.
  d. Reserved for future codification purposes.
  e. A sum owed as a result of having obtained public assistance payments under any of the following programs through an intentional false statement, intentional misrepresentation, intentional failure to disclose a material fact, or inadvertent household error:

1. The Work First Program provided in Article 2 of Chapter 108A of the General Statutes.
2. The State-County Special Assistance Program enabled by Part 3 of Article 2 of Chapter 108A of the General Statutes.
3. A successor program of one of these programs.

~~f. For any school of medicine, clinical program, facility, or practice affiliated with one of the constituent institutions of The University of North Carolina that provides medical care to the general public and for The University of North Carolina Health Care System and other persons or entities affiliated with or under the control of The University of North Carolina Health Care System, the term "debt" is limited to the sum owed to one of these entities by law or by contract following adjudication of a claim resulting from an individual's receipt of hospital or medical services at a time when the individual was covered by commercial insurance, Medicaid, Health Choice, Medicare, Medicare Advantage, a Medicare supplement plan, or any other government insurance.~~

g. A sum owed to the United States government or its federal agencies.

(3) Debtor. – A person who owes a debt.

(4) Department. – The Department of Revenue.

(5) Federal official. – A unit or official of the federal government charged with the collection of nontax debts payable to the federal government pursuant to 31 U.S.C. § 3716.

(6) Local agency. – Any of the following:

a. A county, to the extent it is not considered a State agency.
b. A municipality.
c. A water and sewer authority created under Article 1 of Chapter 162A of the General Statutes.
d. A regional joint agency created by interlocal agreement under Article 20 of Chapter 160A of the General Statutes between two or more counties, cities, or both.
e. A public health authority created under Part 1B of Article 2 of Chapter 130A of the General Statutes or other authorizing legislation.
f. A metropolitan sewerage district created under Article 5 of Chapter 162A of the General Statutes.
g. A sanitary district created under Part 2 of Article 2 of Chapter 130A of the General Statutes.
h. A housing authority created under Chapter 157 of the General Statutes, provided that the debt owed to a housing authority has been reduced to a final judgment in favor of the housing authority.
i. A regional solid waste management authority created under Article 22 of Chapter 153A of the General Statutes.

(7) Net proceeds collected. – Gross proceeds collected through setoff against a debtor's refund or nontax payment minus the collection assistance fees provided in G.S. 105A-13.

(7a) Nontax payment. – A payment, including an expense reimbursement, made by the State to a person. The term does not include a person's salary, wages, or pension or a refund.

(7b) Person. – Defined in G.S. 105-228.90.

(8) Refund. – A debtor's North Carolina tax refund.

(9) State agency. – Any of the following:

a. A unit of the executive, legislative, or judicial branch of State government.

b. A local agency, to the extent it administers a program supervised by the Department of Health and Human Services or it operates a Child Support Enforcement Program, enabled by Chapter 110, Article 9, and Title IV, Part D of the Social Security Act.

c. A community college.

"**§ 105A-3. Remedy additional; mandatory State usage; optional local usage; obtaining identifying information; registration.**

(a) Remedy Additional. – The collection remedy under this Chapter is in addition to and not in substitution for any other remedy available by law.

(b) Mandatory State Usage. – A State agency must submit a debt owed to it for collection under this Chapter unless the State Controller has waived this requirement or the State agency has determined that the validity of the debt is legitimately in dispute, an alternative means of collection is pending and believed to be adequate, or such a collection attempt would result in a loss of federal funds. The State Controller may waive the requirement for a State agency, other than the Department of Health and Human Services or a county acting on behalf of that Department, to submit a debt owed to it for collection under this Chapter if the State Controller finds that collection by this means would not be practical or cost effective. A waiver may apply to all debts owed a State agency or a type of debt owed a State agency.

(b1) Optional Local Usage. – A local agency may submit a debt owed to it for collection under this Chapter. A local agency that decides to submit a debt owed to it for collection under this Chapter must establish the debt by following the procedure set in G.S. 105A-5 and must submit the debt through one of the following:

(1) A clearinghouse that is established pursuant to an interlocal agreement adopted under Article 20 of Chapter 160A of the General Statutes and has agreed to submit debts on behalf of any requesting local agency.

(2) The North Carolina League of Municipalities.

(3) The North Carolina Association of County Commissioners.

(c) Identifying Information. – All claimant agencies shall whenever possible obtain the full name, social security number or federal identification number, address, and any other identifying information required by the Department from any person for whom the agencies provide any service or transact any business and who the claimant agencies can foresee may become a debtor under this Chapter.

(d) Registration and Reports. – A State agency must register with the Department and with the State Controller. Every State agency must report annually to the State Controller the amount of debts owed to the agency for which the agency did not submit a claim for setoff and the reason for not submitting the claim.

A clearinghouse or an organization that submits debts on behalf of a local agency must register with the Department. Once a clearinghouse registers with the Department under this subsection, no other clearinghouse may register to submit debts for collection under this Chapter.

"**§ 105A-4. Minimum debt and ~~refund.~~refund or nontax payment.**

This Chapter applies only to a debt that is at least fifty dollars ($50.00) and to a refund or nontax payment that is at least this same amount.

"**§ 105A-5. Local agency notice, hearing, and decision.**

(a) Prerequisite. – A local agency may not submit a debt for collection under this Chapter until it has given the notice required by this section and the claim has been finally determined as provided in this section.

(b) Notice. – A local agency must send written notice to a debtor that the agency intends to submit the debt owed by the debtor for collection by setoff. The notice must explain the basis for the agency's claim to the debt, that the agency intends to apply the debtor's refund or nontax payment against the debt, and that a collection assistance fee ~~of fifteen dollars ($15.00)~~ provided in G.S. 105A-13 will be added to the debt if it is submitted for setoff. The notice must also inform the debtor that the debtor has the right to contest the matter by filing a request for a hearing with the local agency, must state the time limits and procedure for requesting the hearing, and must state that failure to request a hearing within the required time will result in setoff of the debt.

(c) Administrative Review. – A debtor who decides to contest a proposed setoff must file a written request for a hearing with the local agency within 30 days after the date the local agency mails a notice of the proposed action to the debtor. A request for a hearing is considered to be filed when it is delivered for mailing with postage prepaid and properly addressed. The governing body of the local agency or a person designated by the governing body must hold the hearing.

If the debtor disagrees with the decision of the governing body or the person designated by the governing body, the debtor may file a petition for a contested case under Article 3 of Chapter 150B of the General Statutes. The petition must be filed within 30 days after the debtor receives a copy of the local decision. Notwithstanding the provisions of G.S. 105-241.21, a local agency is considered an agency for purposes of contested cases and appeals under this Chapter.

In a hearing under this section, an issue that has previously been litigated in a court proceeding cannot be considered.

(d) Decision. – A decision made after a hearing under this section must determine whether a debt is owed to the local agency and the amount of the debt.

(e) Return of Amount Set Off. – If a local agency submits a debt for collection under this Chapter without sending the notice required by subsection (b) of this section, the agency must send the taxpayer the entire amount set off plus the collection assistance fees provided in G.S. 105A-13. Similarly, if a local agency submits a debt for collection under this Chapter after sending the required notice but before final determination of the debt and a decision finds that the local agency is not entitled to any part of the amount set off, the agency must send the taxpayer the entire amount set off plus the collection assistance fees provided in G.S. 105A-13. That portion of the amount returned that reflects the collection assistance fees must be paid from the local agency's funds.

If a local agency submits a debt for collection under this Chapter after sending the required notice and the net proceeds collected that are credited to the local agency for the debt exceed the amount of the debt, the local agency must send the balance to the debtor. No part of the collection assistance fees provided in G.S. 105A-13 may be returned when a notice was sent and a debt is owed but the debt is less than the amount set off.

Interest accrues on the amount of a refund returned to a taxpayer under this subsection in accordance with G.S. 105-241.21. A local agency that returns a refund to a taxpayer under this subsection must pay from the local agency's funds any interest that has accrued since the fifth day after the Department mailed the notice of setoff to the taxpayer.

"**§ 105A-6. Procedure Department to follow in making setoff.**

(a) Notice to Department. – A claimant agency seeking to attempt collection of a debt through setoff must notify the Department in writing and supply information necessary to identify the debtor whose refund or nontax payment is sought to be set off. The claimant agency may include with the notification the date, if any, that the debt is expected to expire. The agency must notify the Department in writing when a debt has been paid or is no longer owed the agency.

(b) Setoff by Department. – The Department, upon receipt of notification, must determine each year whether the debtor to the claimant agency is entitled to a refund ~~of~~ or nontax payment and whether the amount is at least fifty dollars ~~($50.00) from the Department.~~ ($50.00). Upon determination by the Department that a debtor specified by a claimant agency qualifies for such a ~~refund,~~ refund or nontax payment, the Department must set off the debt against the refund or nontax payment to which the debtor would otherwise be entitled and must refund any remaining balance to the debtor. The Department must mail the debtor written notice that the setoff has occurred and must credit the net proceeds collected to the claimant agency. If the claimant agency is a State agency, that agency must credit the amount received to a nonreverting trust account and must follow the procedure set in G.S. 105A-8.

"**§ 105A-6.1. State Reciprocal Offset Program.**

(a) Agreement. – The Department is authorized to enter into an agreement with the Secretary of the Treasury to participate in the State Reciprocal Offset Program pursuant to 31 U.S.C. § 3716 for the collection of any debts owed to the State or to State agencies from federal payments to vendors, contractors, and taxpayers. The agreement may provide for the United States to submit nontax debts owed to federal agencies for offset against State payments otherwise due and owing to taxpayers, vendors, and contractors providing goods or services to the State, its departments, agencies, or institutions.

(b) Federal Certification. – Pursuant to the agreement authorized in subsection (a) of this section, a federal official may certify to the Department the existence of a person's delinquent, nontax debt owed by the person to the federal government. To accept the certification provided by the federal official, the certification must include the name of the person, the person's Social Security number or federal tax identification number, and the amount of the person's nontax debt and may include any other information pursuant to the agreement authorized herein.

(c) Offset. – Upon receiving a federal certification complying with subsection (b) of this section and a request by the federal official that the Department withhold a refund or nontax payment, the following provisions, as required or permitted by State law, federal law, or the offset agreement apply:

(1) The Department may determine if a person for whom the federal certification is received is due a refund or nontax payment.

(2) If the person for whom the federal certification is received is due a refund or nontax payment, the Department shall (i) withhold the refund or nontax payment due, (ii) notify the person of the amount withheld in the manner required by the offset agreement, and (iii) remit to the federal official the lesser of the entire amount of the refund or nontax payment or the amount certified.

(3) If the amount certified is less than the refund or nontax payment, the Department shall pay the excess to the person less the collection assistance fee provided in G.S. 105A-13.

(d) State Certification. – As permitted by State law, federal law, and the offset agreement, the Department may certify to a federal official a person's delinquent debt owed to the State by providing the federal official the name of the person, the person's Social Security number or tax identification number, the amount of the debt due the State, and any other information required by the offset agreement. The Department may request that the federal official withhold any federal vendor or other federal payment pursuant to the offset agreement to which the person is entitled.

(e) Proceeds Retention. – The retention of a portion of the proceeds of any federal administrative setoff pursuant to 31 C.F.R. § 285.6 does not affect the provisions of this section.

...

"§ 105A-8. State agency notice, hearing, decision, and refund of setoff.

(a) Notice. – Within 10 days after a State agency receives a refund or nontax payment of a debtor, the agency must send the debtor written notice that the agency has received the debtor's ~~refund.~~ refund or nontax payment. The notice must explain the debt that is the basis for the agency's claim to the debtor's refund or nontax payment and that the agency intends to apply the refund or nontax payment against the debt. The notice must also inform the debtor that the debtor has the right to contest the matter by filing a request for a hearing, must state the time limits and procedure for requesting the hearing, and must state that failure to request a hearing within the required time will result in setoff of the debt. A State agency that does not send a debtor a notice within the time required by this subsection must refund the amount set off plus the collection assistance fee, in accordance with subsection (d) of this section.

(b) Hearing. – A hearing on a contested claim of a State agency, except a constituent institution of The University of North Carolina or the Division of Employment Security, must be conducted in accordance with Article 3 of Chapter 150B of the General Statutes. A hearing on a contested claim of a constituent institution of The University of North Carolina must be conducted in accordance with administrative procedures approved by the Attorney General. A hearing on a contested claim of the Division of Employment Security must be conducted in accordance with rules adopted by that Division. A request for a hearing on a contested claim of any State agency must be filed within 30 days after the State agency mails the debtor notice of the proposed setoff. A request for a hearing is considered to be filed when it is delivered for mailing with postage prepaid and properly addressed. In a hearing under this section, an issue that has previously been litigated in a court proceeding cannot be considered.

(c) Decision. – A decision made after a hearing under this section must determine whether a debt is owed to the State agency and the amount of the debt.

(d) Return of Amount Set Off. – If a State agency fails to send the notice required by subsection (a) of this section within the required time or a decision finds that a State agency is not entitled to any part of an amount set off, the agency must send the taxpayer the entire amount set off plus the collection assistance fee retained by the Department. That portion of the amount returned that reflects the collection assistance fee must be paid from the State agency's funds.

If a debtor owes a debt to a State agency and the net proceeds credited to the State agency for the debt exceed the amount of the debt, the State agency must send the balance to the debtor. No part of the collection assistance fee retained by the Department may be returned when a debt is owed but it is less than the amount set off.

Interest accrues on the amount of a refund returned to a taxpayer under this subsection in accordance with G.S. 105-241.21. A State agency that returns a refund to a taxpayer under this subsection must pay from the State agency's funds any interest that has accrued since the fifth day after the Department mailed the notice of setoff to the taxpayer.

"§ 105A-9. Appeals from hearings.

Appeals from hearings allowed under this Chapter, other than those conducted by the Division of Employment Security, shall be in accordance with the provisions of Chapter 150B of the General Statutes, the Administrative Procedure Act, except that the place of initial judicial review shall be the superior court for the county in which the debtor resides. Appeals from hearings allowed under this Chapter that are conducted by the Division of Employment Security shall be in accordance with the provisions of Chapter 96 of the General Statutes.

...

"§ 105A-12. Priorities in claims to setoff.

The Department has priority over all other claimant agencies for collection by setoff whenever it is a competing agency for a ~~refund.~~ refund or nontax payment. State agencies have

priority over federal or local agencies for collection by setoff. When there are multiple claims by State agencies other than the Department, the claims have priority based on the date each agency registered with the Department under G.S. 105A-3. When there are multiple claims by two or more organizations submitting debts on behalf of federal or local agencies, the claims have priority based on the date each organization registered with the Department under G.S. 105A-3. When there are multiple claims among federal or local agencies whose debts are submitted by the same organization, the claims have priority based on the date each federal or local agency requested the organization to submit debts on its behalf.

"**§ 105A-13. Collection assistance fees.**

(a) State Setoff. – ~~To~~ Except as provided in subsection (b1) of this section, to recover the costs incurred by the Department in collecting debts under this Chapter, a collection assistance fee of five dollars ($5.00) is imposed on each debt collected through setoff. The Department must collect this fee as part of the debt and retain it. The collection assistance fee shall not be added to child support debts or collected as part of child support debts. Instead, the Department shall retain from collections under Division II of Article 4 of Chapter 105 of the General Statutes the cost of collecting child support debts under this Chapter.

(b) Repealed by Session Laws 2001-380, s. 3, effective November 1, 2001.

(b1) Federal Debts. – To recover the costs incurred by the Department in collecting debts on behalf of a federal agency under this Chapter, a collection assistance fee equal to the fee charged by the federal government is imposed on each debt collected through setoff. The Department must collect this fee as part of the debt and retain it.

(c) Local Debts. – To recover the costs incurred by local agencies in submitting debts for collection under this Chapter, a local collection assistance fee of fifteen dollars ($15.00) is imposed on each local agency debt submitted under G.S. 105A-3(b1) and collected through setoff. The Department must collect this fee as part of the debt and remit it to the clearinghouse that submitted the debt. The local collection assistance fee does not apply to child support debts.

(d) Priority. – If the Department is able to collect only part of a debt through setoff, the collection assistance fee provided in subsection (a) of this section has priority over the local collection assistance fee and over the remainder of the debt. The local collection assistance fee has priority over the remainder of the debt.

"**§ 105A-14. Accounting to the claimant agency; credit to debtor's obligation.**

(a) Simultaneously with the transmittal of the net proceeds collected to a claimant agency, the Department must provide the agency with an accounting of the setoffs for which payment is being made. The accounting must whenever possible include the full names of the debtors, the debtors' social security numbers or federal identification numbers, the gross proceeds collected per setoff, the net proceeds collected per setoff, and the collection assistance fee added to the debt and collected per setoff.

(b) Upon receipt by a claimant agency of net proceeds collected on the claimant agency's behalf by the Department, a final determination of the claim if it is a State agency claim, and an accounting of the proceeds as specified under this section, the claimant agency must credit the debtor's obligation with the net proceeds collected.

"**§ 105A-15. Confidentiality exemption; nondisclosure.**

(a) Notwithstanding G.S. 105-259 or any other provision of law prohibiting disclosure by the Department of the contents of taxpayer records or information and notwithstanding any confidentiality statute of any claimant agency, the exchange of any information among the Department, the claimant agency, the organization submitting debts on behalf of a local agency, and the debtor necessary to implement this Chapter is lawful.

(b) The information a claimant agency or an organization submitting debts on behalf of a local agency obtains from the Department in accordance with the exemption allowed by

subsection (a) may be used by the agency or organization only in the pursuit of its debt collection duties and practices and may not be disclosed except as provided in G.S. 105-259, 153A-148.1, or 160A-208.1.

"**§ 105A-16. Rules.**

The Secretary of Revenue may adopt rules to implement this Chapter. The State Controller may adopt rules to implement this Chapter."

ATTACHMENT # 3

North Carolina House of Representatives
Appropriations Committee

RULES FOR SUBJECT AREA COMMITTEE PROCEDURES

May 14, 2015

The following rules govern the eligibility of amendments to proposed committee reports:

1. Amendments must be offered by formal amendments.
2. Amendments cannot increase total spending within the proposed committee report.
3. Amendments can only affect appropriations within the departments, agencies, or programs within the jurisdiction of the committee and may not cause a change in another committee's appropriations.
4. Amendments cannot adjust salary and benefit appropriations for the departments, agencies, or programs within the committee report.
5. Amendments cannot spend reversions or include "shall not revert" or "carry forward" language.
6. Amendments cannot use nonrecurring reductions to fund recurring items.
7. Amendments cannot change the recurring and nonrecurring designation of funds.
8. Amendments cannot change substantive policy or law.
9. Amendments may not fund items with "management flexibility reductions."
10. Amendments may not affect agency or program transfers to other committees.
11. Amendments may not include fees or other Finance-related matters.

Committee Sergeants at Arms

NAME OF COMMITTEE House Committee on Appropriations, General Government

DATE: 5-14-2015 Room: 425

House Sgt-At Arms:

1. Name: Warren Hawkins
2. Name: Doug Harris
3. Name: David Leighton
4. Name:
5. Name:

Senate Sgt-At Arms:

1. Name:
2. Name:
3. Name:
4. Name:
5. Name:

Thursday, May 14	**Room**	**Time**
APPROPRIATIONS GENERAL GOVERNMENT	425	8:30 am

Name	County	Sponsor
Peyton Ratchford	Gaston	John A. Torbett
Halee Ratcliff	Surry	Sarah Stevens

VISITOR REGISTRATION SHEET

HOUSE APPROPR/GENERAL GOVERNMENT — May 14, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
ANDY WALSH	SA
Rhonda Todd	DOA
Stephanie Nantz	DOA
Nelson Freeman	NC DOR
Martha Jenkins	DCR
Sherri Johnson	DIC
Robert Alford	OSC
Margaret Rice	OSHR

VISITOR REGISTRATION SHEET

HOUSE APPROPR/GENERAL GOVERNMENT — May 14, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Nelson Freeman	NCDOR
Meghan Cook	OITS
Sheri Johnson	OSC
Penny Mullen	School of Gov.
Paris Newsom	SEC
[signature]	NHC
[signature]	Gov's Office
Sarah Dozier	DCR

VISITOR REGISTRATION SHEET

HOUSE APPROPR/GENERAL GOVERNMENT — May 14, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Rhonda Todd	DOA
Will Parry-Hill	NCHFA
Peter Daniel	CCS
[illegible]	SOS
Tony Clark	SOS
Michelle Brooks	ECU
Karin Cochran	DCR
Kara Wells	Arts NC
Solari	DST
Robert Alford	OSC
Rodney BASS	NCGA

Corrected #1: Meeting will be held at 12 Noon

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION

You are hereby notified that the **House Committee on Appropriations, General Government** will meet as follows:

DAY & DATE: Thursday, May 14, 2015
TIME: **12:00 PM**
LOCATION: **425 LOB**
COMMENTS: **Agenda: Budget**
Rep. Cleveland will chair this meeting.

Respectfully,

Representative Rayne Brown, Co-Chair
Representative George G. Cleveland, Co-Chair
Representative Dennis Riddell, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 9:47 AM on Thursday, May 14, 2015.

___ Principal Clerk
___ Reading Clerk – House Chamber

Pamela Ahlin (Committee Assistant)

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION

You are hereby notified that the **House Committee on Appropriations, General Government** will meet as follows:

DAY & DATE: Thursday, May 14, 2015
TIME: **15 minutes after Session**
LOCATION: **425 LOB**
COMMENTS: **Agenda: Budget**
Rep. Cleveland will chair this meeting.

Respectfully,

Representative Rayne Brown, Co-Chair
Representative George G. Cleveland, Co-Chair
Representative Dennis Riddell, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 1:10 PM on Tuesday, May 12, 2015.

___ Principal Clerk
___ Reading Clerk – House Chamber

Pamela Ahlin (Committee Assistant)

House Committee on Appropriations, General Government
Thursday, May 14, 2015 at 12 PM
Room 425 LOB

MINUTES

The House Committee on Appropriations, General Government met at 12 noon on May 14, 2015 in Room 425 LOB. Representatives Adcock, Brody, Brown, Cleveland, Fisher, Floyd, Pittman, Riddell, and Watford attended. Fiscal Staff members in attendance were Lisa Hollowell, Daniel Sater, Cara Bridges, Matt Meinig, and Myra Torain. Pamela Ahlin was the Committee Clerk for the meeting, and Andrew Bailey and Polly Riddell also attended. Attached to the Minutes are the Staff for the Sergeant at Arms, the Pages for the meeting, and the attendance sheets for agency representatives and the public visitors.

Rep. Cleveland presided.

Five Amendments were presented by the committee members.

Amendment 1 was presented by Rep. Cleveland and it passed the committee on a voice vote.

Amendment 2 was presented by Rep. Brody and it was ruled out of order.

Amendment 3 was presented by Rep. Rayne Brown and it was ruled out of order.

Amendment 4 was presented by Rep. Rayne Brown and it was ruled out of order.

Amendment 5 was presented by Rep. Floyd, but it was ruled late.

With the amendments being disposed of, Rep. Cleveland moved that the House Committee on Appropriations, General Government adopt the Appropriations subcommittee report, as amended; and further move that staff be authorized to make technical corrections and conforming changes related to reconciling the various amendments adopted, and that the appropriate totals be adjusted accordingly.

The motion passed with a voice vote.

With no further business, the meeting adjourned at 12:20 PM.

George G. Cleveland
Rep. George G. Cleveland
Presiding

Pamela Ahlin
Pamela Ahlin, Committee Clerk

ATTACHMENT # 1

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

AMENDMENT NO. 1
(to be filled in by Principal Clerk)

H97-AMQ-4 [v.1]

Amends Title [NO]
Gen Gov Committee Report

Date ,2015

Representative Cleveland

moves to amend the General Government Committee Report by inserting the following new provision:

"HOSPITAL MEDICAL RESIDENCIES

SECTION #. It is the intent of the General Assembly to appropriate funds in the 2016-2017 fiscal year to be allocated if Cape Fear Valley Hospital is granted a rural reclassification by the federal government and the Centers for Medicare and Medicaid Services grants additional residency slots to be reimbursed with Graduate Medical Education residency payments. The Office of State Budget and Management shall monitor whether the reclassification and additional residency slots described in this section have been achieved by June 30, 2016."

SIGNED George G Cleveland
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

H97-AMQ-4-V-1

ATTACHMENT # 2

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

H97-ALG-4 [v.3]

Amends Title [NO]
GenGov Committee Report

Date _____,2015

Representative Brody

moves to amend the General Government Committee Report, pages 35-42, by deleting those pages.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

ATTACHMENT # 3

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

H97-ALG-5 [v.3]

Amends Title [NO]
GenGov Committee Report

Date _____,2015

Representative R. Brown

moves to amend the Committee Report, by inserting between pages 3 and 4, the following new section:

"RETIREMENT SYSTEMS DIVISION USE OF RECEIPTS FOR ACTUARIAL AND AUDIT SERVICES

SECTION #. The Retirement Systems Division, the Office of the State Treasurer, may use up to five hundred sixteen thousand dollars ($516,000) per year from receipts to pay for actuarial and audit services for retirement systems."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

ATTACHMENT # 4

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 97

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

H97-ALG-6 [v.2]

Amends Title [NO]
GenGov Committee Report

Date _____,2015

Representative R. Brown

moves to amend the General Government Committee Report on page 32, by adding a new section at the end of that page as follows:

"OVERPAYMENTS AUDIT

SECTION #.(a) During the 2015-2017 fiscal biennium, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors are to be deposited in Special Reserve Account 24172 as required by G.S. 147-86.22(c).

SECTION #.(b) For each year of the 2015-2017 fiscal biennium, five hundred thousand dollars ($500,000) of the funds in the Special Reserve Account 24172 shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs and are hereby appropriated for that purpose.

SECTION #.(c) All funds available in Special Reserve Account 24172 on June 30 of each year of the 2015-2017 fiscal biennium shall revert to the General Fund on that date.

SECTION #.(d) The State Controller shall report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into Special Reserve Account 24172 and the disbursement of that revenue."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

ATTACHMENT # 5

Late

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill XXX

AMENDMENT NO.
(to be filled in by
Principal Clerk)
Page 1 of 1

HXXX-XXX-XX [v.X]
Comm. Sub. [YES or NO]

Amends Title [YES or NO]
XXX Edition

Date _____,2015

Representative Floyd

The Department of State Treasurer, Retirement Systems Division may use eight hundred ninety thousand ($890,000) per year from receipts to pay for the costs of temporary labor in the Division.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Committee Sergeants at Arms

NAME OF COMMITTEE House Committee on Appropriations, General Government

DATE: 5-14-2015 Room: 425

House Sgt-At Arms:

1. Name: Warren Hawkins
2. Name: Doug Harris
3. Name: David Leighton
4. Name:
5. Name:

Senate Sgt-At Arms:

1. Name:
2. Name:
3. Name:
4. Name:
5. Name:

Thursday, May 14	**Room**	**Time**
APPROPRIATIONS GENERAL GOVERNMENT	425	8:30 am

Name	County	Sponsor
Peyton Ratchford	Gaston	John A. Torbett
Halee Ratcliff	Surry	Sarah Stevens

VISITOR REGISTRATION SHEET

HOUSE APPROPR/GENERAL GOVERNMENT — May 14, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Rhonda Todd	DOA
Will Parry-Hill	NCHFA
Peter Daniel	CCS
[signature]	SOS
Jerry Clark	SOS
Michelle Brooks	ECU
Karin Cochran	DCR
Kara Wells	Arts NC
SOLARI	DST
Robert Alford	OSC
Rodney BASS	NCGA

VISITOR REGISTRATION SHEET

HOUSE APPROPR/GENERAL GOVERNMENT — May 14, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Nelson Freeman	NCDOR
Meghan Cook	OITS
Sherri Johnson	OSC
Penny Burt	School of Gov.
Barry Newsom	SEC
	pwc
	Gov's Office
Sarah Dozier	DCR

VISITOR REGISTRATION SHEET

HOUSE APPROPR/GENERAL GOVERNMENT — May 14, 2015

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
ANDY WALSH	SA
Rhonda Todd	DOA
Stephanie Nantz	DOA
Nelson Freeman	NC DOR
Martha Jenkins	DCR
Sherri Johnson	OSC
Robert Alford	OSC
Margaret Pace	OSHR

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION

You are hereby notified that the **House Committee on Appropriations, General Government** will meet as follows:

DAY & DATE: Tuesday, June 30, 2015
TIME: **8:30 AM**
LOCATION: **425 LOB**
COMMENTS: **Budget Discussion**

Respectfully,

Representative Rayne Brown, Co-Chair
Representative George G. Cleveland, Co-Chair
Representative Dennis Riddell, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 10:30 AM on Wednesday, June 24, 2015.

___ Principal Clerk
___ Reading Clerk – House Chamber

Pamela Ahlin (Committee Assistant)

House Appropriations Committee on General Government
June 30, 2015, Meeting Room 425 LOB, 8:30AM

Co-chairs –
Representative George Cleveland
Representative Rayne Brown
Representative Dennis Riddell

Welcome & Comments	Rep. George Cleveland, presiding
Review of HB 97 - Money Report Differences	FRD Staff
Review of HB 97 - Special Fund Differences	
Review of HB 97 - Special Provision Differences	
Discussion and Comments	

House Committee on Appropriations, General Government
Tuesday, June 30th, 2015 at 8:30 AM
Room 425 of the Legislative Office Building

MINUTES

The House Committee on Appropriations, General Government met at 8:30 AM on June 30th, 2015 in Room 425 of the Legislative Office Building. Representatives Adcock, Ager, Brody, Brown, Cleveland, Fisher, Floyd, Pittman, Riddell, and Watford attended. Fiscal Staff members in attendance were Cara Bridges, Lisa Hollowell, and Daniel Sater. Committee Clerk Andrew Bailey also attended.

Attached to the minutes are the Staff for the Sergeant at Arms, the Pages for the meeting, and the attendance sheets for agency representatives and public visitors.

Representative George Cleveland, Chair, presided.

Rep. Cleveland called the meeting to order at 8:30 AM and welcomed everyone and recognized the pages and thanked the staff and Sergeant at Arms for their help.

Lisa Hollowell was recognized to give an overview of the two budget proposals (See Attachment #1).

Debate and discussion was had by various members of the committee.

Rep. Cleveland recognized Chief Deputy Secretary of the North Carolina Department of Cultural Resources, Karin Cochran. Secretary Cochran discussed items that impact Cultural Resources' budget.

The Chair recognized Anthony Solari, Director of Government Relations with the Department of State Treasurer. Mr. Solari discussed items that dealt with the Treasury's budget.

Debate and discussion was had by various members of the committee, with Greg Gaskins, Deputy Treasurer for State and Local Government Finance, responding.

The Chair recognized Will Parry-Hill, Government and Community Liaison with the North Carolina Housing Finance Agency. Mr. Parry-Hill discussed items that dealt with the Housing Finance Agency's budget.

The Chair recognized Neal Alexander, Director of the Office of State Human Resources. Mr. Alexander discussed items that dealt with the budget of the Office of State Human Resources.

The Chair recognized Haley Haynes, Deputy Secretary with the North Carolina Secretary of State's Office. Ms. Haynes discussed various items that dealt with the budget of the Secretary of State's Office.

The Chair recognized Chloe Gossage, Chief Operating Officer with the Office of State Budget and Management. Ms. Gossage detailed various components of the proposed budget that dealt with OSBM.

Debate and discussion was had by various members of the committee, with Ms. Gossage responding.

The Chair recognized Julian Mann, Director and Chief Administrative Law Judge with the Office of Administrative Hearings. Judge Mann went into detail on the budget proposal and how the Office of Administrative Hearings would be impacted.

The meeting adjourned at 9:38 AM.

Representative George Cleveland, Chair, Presiding

Andrew Bailey, Committee Clerk

General Government

H97 Comparison Report

House/Senate Comparison Report - Combined Budget

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
14800/(1.0) Cultural Resources					
1 History Museum	Chief Curator Positions			$102,000 2.00	$102,000 2.00
	Provides funds for the creation of 2 chief curator positions to serve the history museums.				
2 A+ Schools	A+ Schools				
				$250,000 NR	$250,000 NR
	Provides additional funds for the management and execution of the A+ school program. The total amount of funds for this effort is $767,289 for each year of the biennium.				
3 Department-wide	Workers' Compensation Adjustment Reserve	$284,701	$284,701		
	Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
4 Reserve for Salaries and Benefits	State Health Plan			$62,908	$62,908
	Provides additional funding to reflect the passage of H.B. 56 and continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.				

	Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
5	Reserve for Salaries and Benefits	State Retirement Contributions			$120,809	$91,920
		Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund the annual required contribution, provide a 2.0% cost-of-living adjustment to retirees, provide additional benefits to probation/parole officers				
6	Reserve for Salaries and Benefits	Compensation Increase Reserve			$645,330	$645,330
		Provides funds for a 2% salary increase for State agency employees.				
7	Reserve for Salaries and Benefits	Transportation Museum Director Salary Adjustment			$30,715	$30,715
		Provides additional funds to reclassify and/ or increase the compensation of the Director of the Transportation Museum position. The increase will allow the salary of this position to be increased to $75,000.				
8	Arts Council Grants	Grassroots Art Grants			$500,000 NR	$500,000 NR
		Provides additional funds for the Grassroots Art Grants program. The total funding for this grants program will be $2,803,708 for each year of the biennium.				
9	Library Grant Program	Library Grants			$10,000,000 NR	
		Provides additional funds for the creation of a competitive grant process within Department of Cultural Resources. Funds for the library grant program total $29,084,777 for FY 2015-16 and $19,084,777 for FY 2016-17.				

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
10 Art Museum	North Carolina Museum of Art			$130,000 NR	
	Provides nonrecurring funds to the North Carolina Museum of Art for FY 2015-16. State appropriations total $6,311,036 for FY 2015-16.				
11 Administration	Position Elimination			($87,731) -1.00	($87,731) -1.00
	Eliminates position 60083300 Business and Applications Analyst.				
12 Archeology	Queen Anne's Revenge			$1,500,000 NR	
	Provides funding for the continued archeological work for the Queen Anne's Revenge excavation project.				
13 Historic Sites	Operating Funds - Tryon Palace			$50,000	$50,000
	Provides additional operating funds for Tryon Palace. Total funding for Tryon Palace in FY 2015-16 is $2,942,302.				
14 Historic Sites	Tryon Palace	$100,000 NR	$50,000 NR		
	Provides additional operating funds for Tryon Palace. Total funding for Tryon Palace is $2,992,302 in FY 2015-16 and $2,942,302 in FY 2016-17.				

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
15 Historic Preservation	Staff Support for Federal Historic Tax Credits			$190,730 4.00	$190,730 4.00
	Provides funding for staff to support historic revitalization and federal tax credits.				
16 Reserves	Aquariums Base Budget	$6,774,228 118.50	$7,390,067 118.50		
	Creates an aquariums reserve to be used to establish the base budget for the aquariums transferred from the Department of Environment and Natural Resources (DENR) to the newly renamed Department of Natural and Cultural Resources (DNCR), effective August 1, 2015.				
17 Reserves	Museum Base Budget	$11,131,271 148.88	$12,143,205 148.88		
	Creates a museum reserve to be used to establish the base budget for the museum transferred from the Department of Environment and Natural Resources (DENR) to the newly renamed Department of Natural and Cultural Resources (DNCR), effective August 1, 2015. The transfer includes 3.12 receipt-supported positions.				
18 Reserves	Parks Base Budget	$39,240,156 463.50	$42,807,443 463.50		
	Creates a parks reserve to be used to establish the base budget for the parks system transferred from the Department of Environment and Natural Resources (DENR) to the newly renamed Department of Natural and Cultural Resources (DNCR), effective August 1, 2015. The transfer includes 17 receipt-supported positions.				

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
19 Reserves	Zoo Base Budget	$9,839,339 213.35	$10,733,824 213.35		

Creates a zoo reserve to be used to establish the base budget for the zoo transferred from the Department of Environment and Natural Resources (DENR) to the newly renamed Department of Natural and Cultural Resources (DNCR), effective August 1, 2015. The transfer includes 49.9 receipt-supported positions.

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
20 Reserves	Administrative Positions	$2,528,742 30.39	$2,528,742 30.39		

Establishes 30.39 administrative positions due to the transfer of the Zoo, Aquariums, Museum of Natural Sciences and the Parks System. These positions will be eliminated in the Department of Environment and Natural Resources.

Filled Positions:
60036186 - Chief Deputy II (1.0)
60035027 - Attorney II (1.0)
60036019 - Accounting Technician (1.0)
65010186 - Engineer (1.0)
60036012 - Accountant (1.0)
60035979 - Artist Illustrator (1.0)

Vacant Positions:
60032766 - Accountant (1.0)
60034828 - Agency Legal Specialist II (1.0)
60035991 - EEO Administrator (1.0)
60036006 - Accounting Technician (1.0)
60036029 - Budget Manager (1.0)
60036031 - Budget Analyst (1.0)
60036034 - Budget Analyst (1.0)
60036039 - Purchaser (1.0)
60035958 - Environmental Program Supervisor II (1.0)
60035952 - Policy Development Analyst (1.0)
60035829 - Staff Development Coordinator (1.0)
60035950 - GS 5th Floor Receptionist (1.0)
60035984 - Personnel Analyst (1.0)
60036041 - Purchaser (1.0)
60036023 - Auditor (1.0)
60034575 - Technology Support Analyst(1.0)
60035501 - Technology Support Analyst(1.0)
60035318 - IT Security Specialist (1.0)
60036060 - Business and Technology Applic Specl (1.0)
60036063 - Business and Technology Applic Specl (1.0)
60035986 - W/A Recruitment Analyst(1.0)
60035955 - DENR Administrative Operations Director (1.0)
60035996 - Personnel Assistant IV (1.0)
60035953 - Ombudsman (0.54)
60032527 - Info Communication Specialist (0.45)
60035496 - Office Assistant (0.40)

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
Department Totals		$69,798,437 974.62 $100,000 NR	$75,887,982 974.62 $50,000 NR	$1,114,761 5.00 $12,380,000 NR	$1,085,872 5.00 $750,000 NR

Budget Code / Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
14802/(2.0) Cultural Resources - Roanoke Isla					
21 Roanoke Island Festival Park	Operating Fund Increase	$9,000	$9,000		
	Provides additional operating funds for the Roanoke Island Festival Park. The increase of funds restores the 2% budget reduction taken in FY 2014-15, bringing the total amount available in both fiscal years of the biennium to $517,384.				
22 Roanoke Island Festival Park	Operating Funds			$9,000	$9,000
	Provides additional operating funds for the Roanoke Island Festival Park. This increase of funds restores the 2% budget reduction taken in FY 2014-15.				
Department Totals		**$9,000**	**$9,000**	**$9,000**	**$9,000**

technically correct.

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
00003/(3.0) Department of Military and Veteran					
23 Position Transfers	OSHR - Vacant Position Transfer	$69,265 1.00	$69,265 1.00		

Transfers 1 vacant position from the Office of State Human Resources to the Department of Military and Veterans Affairs.

60013815 Human Resources Consultant $69,265 (including benefits)

24 Position Transfers	OSBM - Position Transfer	$109,809 1.00 $35,009 NR	$109,809 1.00		

Transfers 1 position vacant for over 550 days from the Office of State Budget and Management to the new Department of Military and Veterans Affairs to be reclassified as General Counsel, with salary and benefits totaling $109,809. An additional $35,009 will provide start-up funds associated with the newly created positions for the Department for FY 2015-16.

60008586 Budget Analyst $109,809 (including benefits)

25 Position Transfers	DOA - Vacant Position Transfer	$67,058 1.00	$67,058 1.00		

Transfers 1 vacant position from the Department of Administration (DOA) to reclassify it as an Accounting Technician for the Department of Military and Veterans Affairs.

60014101 Accounting Clerk V $50,203.47

26	Base Closure and Realignment	$1,675,000 NR			

Provides funding for the Military Affairs Commission, strategic planning, and economic modeling for the purpose of increasing value at and around installations, and advocacy at the federal level. The funds will be placed in a special fund.

	Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
27		Aid to County Veterans Service Offices	$200,000	$200,000		
		Creates a grant-in-aid program to county governments for the provision of veterans services.				
28		New Positions			$273,797 4.00	$273,797 4.00
		Provides funds for the creation of new positions to support the Department of Military and Veterans Affairs. General Counsel $109,809 Accounting Director $83,682 Accounting Technician $37,199 Human Resources Specialist $43,107				
29		Position Elimination			($44,042) -0.90	($44,042) -0.90
		Eliminates 1 vacant part time position in Elizabeth City. 60014218 Program Assistant V $44,042				
30		New Cemetery Operations	$250,000 NR	$250,000 NR	$250,000 NR	$250,000 NR
		Provides operating funds for the new cemetery in Goldsboro for FY 2015-16 and FY 2016-17 after which receipts will cover operational costs.				

Budget Code/Department Name

	Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
31		Technical Correction: Children of War Veterans Scholarships	Senate Only			
		Makes a technical correction to reflect the base budget transfer from the Escheats Fund for Children of War Veterans Scholarships. The amount transferred is $6,520,964.				
32		Start-up Costs			$56,000 NR	
		Provides funds for the creation and transfer of managerial and administrative positions on a one-time basis for furniture, computer equipment, and other office start-up expenses for 7 positions.				
33	Position Transfers	DOA - Position Transfer	$72,143 1.00	$72,143 1.00		
		Transfers 1 filled accounting position from the Department of Administration to the Department of Military and Veterans Affairs.				
		60014117 Accountant $72,143 (including benefits)				
34	goes w/ 35	State Veteran's Home Program			House Version	
		Transfers the Veteran's Home Program, including 8.80 FTEs, from the Department of Administration to the Department of Military and Veterans Affairs. The program is entirely receipt supported and the budget for FY 2015-16 is $45,864,689.				

Budget Code/Department Name

	Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
35		State Veteran's Home Program	Senate Version			

technically correct

Transfers the Veteran's Home Program, including 8.80 FTEs, from the Department of Administration to the Department of Military and Veterans Affairs (DMVA). The program is entirely receipt supported. The budget for FY 2015-16 is $45,864,689.

36		Transfer of Veterans Affairs	$6,776,393 70.90	$6,776,393 70.90		

Transfers the central administrative staff and field operations staff from the Department of Administration to the new Department of Military and Veterans Affairs, effective July 1, 2015. In addition to appropriations, there are receipts of $6,784,740 for total requirements of $13,561,133. Of these funds, $25,000 will be granted to Project Healing Waters Fly Fishing, Inc. for the purpose of physical and emotional rehabilitation of disabled active military service personnel and disabled veterans through fly fishing and other activities including education and outings.

37		Transfer of Veterans Affairs			$6,776,393 70.90	$6,776,393 70.90

Transfers the central administrative staff and field operations staff from the Department of Administration to the new Department of Military and Veterans Affairs, effective July 1, 2015. In addition to appropriations there are additional receipts of $6,784,740 for total requirements of $13,561,133.

38	Position Transfers	OSHR and Governor's Office Position Transfers	$270,455 3.00	$270,455 3.00		

goes w/ 39

Transfers 2 filled positions from the Office of the Governor and 1 filled position from the Office of State Human Resources into the Department of Military and Veterans Affairs.

60008513 Office of the Governor - Special Advisor for Military Affairs $129,467 (including benefits)
60037816 Office of the Governor - Administrative Assistant $61,894 (including benefits)
60013800 Office of State Human Resources - Legislative Affairs Program Manager $79,094 (including benefits)

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
39 Military Affairs	Position Transfers			$306,150 3.00	$306,150 3.00

Transfers 2 positions from the Office of the Governor and 1 position from the Office of State Human Resources into the Department of Military and Veterans Affairs and provides additional funds for the increase in salary of the Special Advisor for Military Affairs to become the new secretary.

60008513 Office of the Governor - Special Advisor for Military Affairs $165162 (including benefits)
60037816 Office of the Governor - Administrative Assistant $61,894 (including benefits)
60013800 Office of State Human Resources - Legislative Affairs Program Manager $79,094 (including benefits)

Department Totals	**$7,565,123** **77.90** **$1,960,009 NR**	**$7,565,123** **77.90** **$250,000 NR**	**$7,312,298** **77.00** **$306,000 NR**	**$7,312,298** **77.00** **$250,000 NR**

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
18210/(4.0) Office of Administrative Hearings					
40	Workers' Compensation Adjustment Reserve	$1,159	$1,159		
	Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
41 Reserve for Salaries and Benefits	Compensation Increase Reserve			$75,308	$75,308
	Provides funds for a 2% salary increase for State agency employees.				
42 Reserve for Salaries and Benefits	State Retirement Contributions			$14,098	$10,727
	Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund the annual required contribution, provide a 2.0% cost-of-living adjustment to retirees, provide additional benefits to probation/parole officers				
43 Reserve for Salaries and Benefits	State Health Plan			$4,545	$4,545
	Provides additional funding to reflect the passage of H.B. 56 and continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.				

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
44 Reserve for Salaries and Benefits	Codifier of Rules Salary Adjustment			$19,802	$19,802
	Provides funds to allow the Codifier of Rules salary to be set at 90% of the Chief Administrative Law Judges (ALJ) salary. The Codifier of Rules will be appointed by the Chief ALJ pursuant to G.S. 7A-760(b).				
45 Administrative Law Judge	Additional Administrative Law Judge	$123,618 1.00	$123,618 1.00	$123,618 1.00	$123,618 1.00
	Provides funds for an additional Administrative Law Judge in the Western part of the State.				
Department Totals		**$124,777** **1.00**	**$124,777** **1.00**	**$237,371** **1.00**	**$234,000** **1.00**

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
13410/(5.0) Treasurer					
46	Workers' Compensation Adjustment Reserve	$9,113	$9,113		
	Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
47 ORBIT	ORBIT Online Self-Service Retirement System	$350,000 3.00	$350,000 3.00		
	Provides funding for 3 positions to upgrade and operate the ORBIT system. This upgrade will provide additional capacity to handle the increased demand created by future retirees.				
48 Local Government Commission	Intervention Task Force	$198,864 2.00 $6,000 NR	$198,864 2.00		
	Provides funding for 2 positions for the local government unit to assist those local government entities that have been identified as being at risk of financial failure.				
49 Information Technology	Information Services				
			($350,000) NR		
	Reduces the Information Services account by $350,000. The funds remaining in that account for FY 2015-16 is $8,129,380.				

	Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
50		ABLE	$430,000 4.00 $505,000 NR	$540,000 4.00 $55,000 NR		
		Provides funding to implement the Achieving a Better Life Experience (ABLE) Act to be managed by the Department of the State Treasurer. The following positions are authorized to be created for the operations, including: Attorney II, Information and Communication Specialist II, Administrative Support Specialist, and Economic Development Manager.				
51	Reserve for Salaries and Benefits	Compensation Increase Reserve			$87,948	$87,948
		Provides funds for a 2% salary increase for State agency employees.				
52	Reserve for Salaries and Benefits	State Retirement Contributions			$16,464	$12,527
		Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund the annual required contribution, provide a 2.0% cost-of-living adjustment to retirees, provide additional benefits to probation/parole officers				
53	Reserve for Salaries and Benefits	State Health Plan			$4,762	$4,762
		Provides additional funding to reflect the passage of H.B. 56 and continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.				
54	Financial Operations Divisions	Operations Reduction			($188,715)	($188,715)
		goes w/ 55 Reduces the budgets for the Investment Division and Banking Division supported by state appropriations by 2%.				

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
55 Financial Operations Divisions	Operations Reduction	($188,715)	($188,715)		

Reduces the budgets for the Investment Division and Banking Division by 2%. The total budget for these two divisions will be $9,427,041 in FY 2015-16 and FY 2016-17.

Department Totals	$799,262	$909,262	($79,541)	($83,478)
	9.00	9.00		
	$511,000 NR	$55,000 NR	($350,000) NR	

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
13412/(6.0) Fire Rescue Nat Guard Pensions &					
56 Firefighters' and Rescue Squad Pens (1412, 1413)	Data Audit	$559,000 NR			
	Continues the funding for a data audit to establish a lapse assumption for the valuation of the Fire and Rescue Squad Workers' Pension Fund.				
57 National Guard	General Fund Contribution			$1,027,025	$1,027,025
	Increases the General Fund contribution to the National Guard Pension Fund to increase benefits by $6 to $12 per month.				
Department Totals		**$559,000 NR**		**$1,027,025**	**$1,027,025**

House funded audit through IT budget.

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
13900/(7.0) Insurance					
58 Office of State Fire Marshal	State Fire Protection Program	Senate Only			
	Eliminates the recurring transfer of funds from the Department of Transportation and provides nonrecurring funding for FY 2015-16 only. The State Fire Protection Fund reimburses local fire districts and political subdivisions of the State for providing local fire protection for State-owned buildings and its contents. This fund will go through a continuation review process and the decision to continue with funding or to discontinue funding will be made during the budget deliberations of 2016. The total funds for this program transferred from the Department of Transportation are $158,000.				
59	Workers' Compensation Adjustment Reserve	$85,217	$85,217		
	Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
60 Reserve for Salaries and Benefits	Compensation Increase Reserve			$561,322	$561,322
	Provides funds for a 2% salary increase for State agency employees.				
61 Captives Insurance	Actuary	1.00 Correct version	1.00		
	Allows the Department of Insurance to create an Actuary I position that will work in the area of captives insurance management. The funding for this position was made available in S.L. 2013-360.				

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
62 Reserve for Salaries and Benefits	State Retirement Contributions			$104,864	$79,788
	Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund the annual required contribution, provide a 2.0% cost-of-living adjustment to retirees, provide additional benefits to probation/parole officers				
63 Reserve for Salaries and Benefits	State Health Plan			$36,715	$36,715
	Provides additional funding to reflect the passage of H.B. 56 and continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.				
Department Totals		**$85,217** 1.00	**$85,217** 1.00	**$702,901**	**$677,825**

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
18025/(9.0) State Board of Elections					
64	Workers' Compensation Adjustment Reserve	(S254)	(S254)		
	Decreases funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
65	VIVA Implementation				
		$100,000 NR			
	Provides additional funds for the continued efforts of the Voter Information Verification Act.				
66 Reserve for Salaries and Benefits	Compensation Increase Reserve			$89,518	$89,518
	Provides funds for a 2% salary increase for State agency employees.				
67 Reserve for Salaries and Benefits	State Retirement Contributions			$16,758	$12,751
	Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund the annual required contribution, provide a 2.0% cost-of-living adjustment to retirees, provide additional benefits to probation/parole officers				

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
68 Reserve for Salaries and Benefits	State Health Plan			$6,363	$6,363
	Provides additional funding to reflect the passage of H.B. 56 and continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.				
69 Agency-Wide	Operating Budget Reduction	($117,081)	($117,081)		
	Reduces the operating budget by 2% in anticipation of savings achieved through technology.				
70 Agency-Wide	Operating Budget Reduction			($117,081)	($117,081)
	Reduces the operating budget in anticipation of reduced costs through technology.				
Department Totals		**($117,335)**	($117,335)	**($4,442)**	**($8,449)**
		$100,000 NR			

technically correct

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
11000/(10.0) General Assembly					
71	Workers' Compensation Adjustment Reserve	$88,989	$88,989		
	Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
72 Reserve for Salaries and Benefits	Compensation Increase Reserve			$710,678	$710,678
	Provides funds for a 2% salary increase for State agency employees.				
73 Reserve for Salaries and Benefits	Legislative Retirement Contributions			$127,424	$127,424
	Increases the State's contribution for members of the Legislative Retirement System to fund the annual required contribution, provide a 2.0% cost-of-living adjustment to retirees, and fund retiree medical premiums.				
74 Reserve for Salaries and Benefits	State Health Plan			$49,515	$49,515
	Provides additional funding to reflect the passage of H.B. 56 and continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.				

Budget Code/Department Name

	Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
75		Legislative Retirement Contributions	$65,160	$65,160		

Increases the State's contribution for members of the Legislative Retirement System to fund the annual required contribution.

76	Reserve for Salaries and Benefits	State Retirement Contributions			$116,232	$88,437

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund the annual required contribution, provide a 2.0% cost-of-living adjustment to retirees, provide additional benefits to probation/parole officers

Department Totals	**$154,149**	**$154,149**	**$1,003,849**	**$976,054**

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
13000/(11.0) Governor					
77	Workers' Compensation Adjustment Reserve	$22,583	$22,583		
	Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
78 Reserve for Salaries and Benefits	Compensation Increase Reserve			$82,594	$82,594
	Provides funds for a 2% salary increase for State agency employees.				
79 Office-wide	Administrative Reduction	($110,239)	($110,239)	($110,239)	($110,239)
	Reduces the overall budget of the Office of the Governor by 2%.				
80 Reserve for Salaries and Benefits	State Retirement Contributions			$15,403	$11,720
	Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund the annual required contribution, provide a 2.0% cost-of-living adjustment to retirees, provide additional benefits to probation/parole officers				

Budget Code/Department Name

	Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
81	Reserve for Salaries and Benefits	State Health Plan			$5,262	$5,262

Provides additional funding to reflect the passage of H.B. 56 and continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.

82	Military Affairs Positions	Position Transfers			($191,361) -2.00	($191,361) -2.00

Transfers 2 positions and funds for salaries and benefits from Office of the Governor into the Department of Military and Veterans Affairs.

60008513 Special Advisor for Military Affairs $129,467
60037816 Administrative Assistant $61,894

technical difference

83	Military Affairs Positions	Position Transfers	($191,361) -2.00	($191,361) -2.00		

Transfers 2 positions and funds for salaries and benefits from Office of the Governor into the Department of Military and Veterans Affairs.

60008513 Special Advisor for Military Affairs $129,467
60037816 Administrative Assistant $61,894

Department Totals	**($279,017)** **-2.00**	**($279,017)** **-2.00**	**($198,341)** **-2.00**	**($202,024)** **-2.00**

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
00000/(12.0) Governor - Special Projects					
84	No Change				
Department Totals					

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
13005/(13.0) State Budget & Management					
85 Strategic Planning	Strategic Planning and Program Budgeting			$82,359 1.00	$82,359 1.00
	Provides funds for 1 position for the purpose of working on a strategic planning effort to assist departments, implement effective grants management and oversight, and continue the development of program budgeting efforts. Policy/management Analyst $82,359				
86	Position Transfer DMVA	($144,818) -1.00	($144,818) -1.00		
	Transfers 1 position vacant for over 550 days from the Office of State Budget and Management to the new Department of Military and Veterans Affairs to be reclassified as General Counsel. 60008586Budget Analyst				
87	Maintenance Agreement and Software Licensure	($200,000)	($200,000)		
	Reduces the budget for IT maintenance agreements by 34%; the actual expenditure level for FY 2013-14 was $263,142. There is $383,487 available for maintenance agreements in FY 2015-16 and FY 2016-17.				
88 Reserve for Salaries and Benefits	Compensation Increase Reserve			$128,346	$128,346
	Provides funds for a 2% salary increase for State agency employees.				

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
89 Reserve for Salaries and Benefits	State Retirement Contributions			$24,086	$18,326

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund the annual required contribution, provide a 2.0% cost-of-living adjustment to retirees, provide additional benefits to probation/parole officers

90 Reserve for Salaries and Benefits	State Health Plan		$6,515	$6,515

Provides additional funding to reflect the passage of H.B. 56 and continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.

Department Totals	**($344,818)** **-1.00**	**($344,818)** **-1.00**	**$241,306** **1.00**	**$235,546** **1.00**

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
13085/(14.0) State Budget and Management - S					
91 Nonprofit Funding	Averasboro Battlefield Commission Project	$50,000 NR			
	Provides funding to the Averasboro Battlefield Commission to assist with the purchase and relocation of the Shaw Halfway House.				
92 NC Symphony	Challenge Grant			$2,000,000 NR	$2,000,000 NR
	Provides funding to the NC Symphony in the form of a challenge grant. The NC Symphony must demonstrate to the Office of State Budget and Management that it raises $9 million during FY 2015-16 and again in FY 2016-17 in order to receive these grant funds.				
93 NC Symphony	North Carolina Symphony	$1,500,000	$1,500,000		
	Provides challenge grant funding to the NC Symphony. The NC Symphony must raise $8 million each year in order to receive these funds.				
Department Totals		**$1,500,000**	**$1,500,000**		
		$50,000 NR		**$2,000,000 NR**	**$2,000,000 NR**

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
13300/(15.0) Auditor					
94 Reserve for Salaries and Benefits	Compensation Increase Reserve			$220,008	$220,008
	Provides funds for a 2% salary increase for State agency employees.				
95 Reserve for Salaries and Benefits	State Retirement Contributions			$41,187	$31,338
	Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund the annual required contribution, provide a 2.0% cost-of-living adjustment to retirees, provide additional benefits to probation/parole officers				
96 Reserve for Salaries and Benefits	State Health Plan			$12,221	$12,221
	Provides additional funding to reflect the passage of H.B. 56 and continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.				
97 Vacant Positions	Position Eliminations			($227,445) -2.00	($227,445) -2.00
	Eliminates 2 vacant positions within the Office of the State Auditor. 60008930 Assistant State Audit Manager 60008823 Assistant State Audit Manager				

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
98	Workers' Compensation Adjustment/Reserve	$5,685	$5,685		

Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.

99	Expert Witnesses		$152,520	

Provides funding for the Auditor's Office for expert witnesses used during audits.

Department Totals	**$5,685**	**$158,205**	**$45,971** **-2.00**	**$36,122** **-2.00**

Budget Co... Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
13010/(16.0) Housing Finance Agency					
100	Workforce Housing Loan Program Funding		$20,000,000 NR		$20,000,000 NR
	Funds the Workforce Housing Loan Program at $20,000,000 to assist with development of low-income housing units across the State. The total state appropriation for the Housing Finance Agency for FY 2015-16 is $29,118,739.				
101	Workforce Housing Loan Program		$700,000 NR		
	Provides funding for the Workforce Housing Loan Program (WHLP) to assist with the development of low-income housing units across the State. A portion of the Standard & Poor's settlement will fund the WHLP at $10,000,000 in FY 2015-16 and at $9,300,000 in FY 2016-17, bringing the total funding to $10,000,000 in both years of the biennium.				
Department Totals		**$700,000 NR**	**$20,000,000 NR**		**$20,000,000 NR**

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
14100/(17.0) Administration					
102 Ethics Commission	Investigation Funding			$50,000 NR	
	Provides funding for an independent investigation during FY 2015-16 as authorized by the Ethics Commission. The amount of funding for Purchased Services is FY 2015-16 is $145,461.				
103 Ethics Commission	Investigation Funding			$50,000 NR	
technically correct	Provides funding for an independent investigation during FY 2015-16 as authorized by the Ethics Commission. The amount of funding for Purchased Services in FY 2015-16 is $145,461.				
104 Ethics Commission	Workers' Compensation Adjustment Reserve	$2,931	$2,931		
	Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
105 Office of State Human Resources	Position Realignment	($65,394) -0.50	($65,394) -0.50		
partially goes with #106	Realigns funding for 1 position to reflect partial receipt support.				
	60013740 Division Director				

Budget Code/Department Name

	Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
106	Office of State Human Resources	Position Adjustments			($144,141) -1.00	($144,141) -1.00
		Eliminates 1 vacant position -- 60013815 Human Resources Consultant Realigns .5 FTE to NC Flex receipt funding -- 60013740 Division Director				
107	Office of State Human Resources	Personnel Compensation and Classification System			$140,000	$140,000
		Funds the software licensing fees required to build a new compensation system. This system will allow for quicker changes to the salary structure, provide streamlined review of electronic position descriptions, and enhance meeting and document management. Total funding for the compensation system in FY 2015-16 is $140,000.				
108	Office of State Human Resources	Personnel Compensation and Classification System	$140,000	$140,000		
	technically correct	Funds the software licensing fees required to build a new compensation system. This system will allow for faster changes to the salary structure, provide streamlined review of electronic position descriptions, and enhance meeting and document management. Total funding for the new compensation system in FY 2015-16 is $140,000.				
109	Office of State Human Resources	Applicant Tracking System Replacement				$275,000 NR
		Creates a new applicant tracking system to allow state agencies to receive and process applications for state jobs in a more efficient manner. Funding in FY 2016-17 provides nonrecurring start-up costs. Total funding for the new applicant tracking system is $275,000 in FY 2016-17.				

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
110 Office of State Human Resources	Performance Management and Learning Management Systems			$270,000	$270,000
	Provides funding to implement the Performance Management and Learning Management Systems, which track and report performance evaluations of state personnel. Funding for these programs in FY 2015-16 is $936,465.				
111 Office of State Human Resources	Workers' Compensation Adjustment Reserve	($2,867)	($2,867)		
	Decreases funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
112 Office of State Human Resources	Vacant Position Transfer	($69,265) -1.00	($69,265) -1.00		
	Transfers 1 vacant position from the Office of State Human Resources to the Department of Military and Veterans Affairs. 60013815 Human Resources Consultant				
113 Office of State Human Resources	Position Transfer	($79,094) -1.00	($79,094) -1.00	($79,094) -1.00	($79,094) -1.00
	Transfers 1 position from the Office of State Human Resources to the Department of Military and Veterans Affairs. 60013800 Legislative Affairs Program Manager $79,094				

Budget Code/Department Name

	Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
114		Transfer for Cemetery Operations			($250,000) NR	($250,000) NR

Transfers $250,000 nonrecurring in both years of the biennium from the Department of Administration to the Department of Military and Veterans Affairs to support the new veterans cemetery. The funds shall come out of the utility line items for the Department of Administration.

115		Position Transfer DMVA	($72,143) -1.00	($72,143) -1.00		

Transfers 1 filled accounting position from the Department of Administration to the Department of Military and Veterans Affairs.

60014117Accountant $72,143 (including benefits)

116 Veterans Home Program

House Version

Transfers the Veterans Home Program from the Department of Administration to the Department of Military and Veterans Affairs (DMVA). This program is entirely receipt supported and with a budget of $45,864,689.

117 Veterans Affairs Veterans Home Program

Senate Version

technically correct.

Transfers the Veterans Home Program from the Department of Administration to the Department of Military and Veterans Affairs. This program is entirely receipt supported and the amount of the transfer is $45,864,689.

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
118	Veterans Affairs Administration	($6,776,393) -70.90	($6,776,393) -70.90		

Transfers the administration, positions, and all funding for the Veterans Affairs Program from the Department of Administration to the Department of Military and Veterans Affairs. In addition to the transfer of appropriations, there are receipts of $6,784,740 for a total budget of $13,561,133.

technical difference

119 Veterans Affairs	Veterans Affairs Administration			($6,776,393) -70.90	($6,776,393) -70.90

Transfers the administration, positions, and all funding for the Veterans Affairs Program from the Department of Administration to the Department of Military and Veterans Affairs. In addition to the transfer of appropriations, there are additional receipts of $6,784,740 for a total of $13,561,133.

120	Vacant Position Transfer to DMVA	($67,058) -1.00	($67,058) -1.00		

Transfers 1 position from the Department of Administration to be repurposed to become the Accounting Technician for the Department of Military and Veterans Affairs.

60014101Accounting Clerk V $50,203.47

121	Reduce Funding for Janitorial Supplies	($194,387)	($194,387)		

Reduces the budget for janitorial supplies from $544,387 to $350,000 to more closely align with prior year actuals.

	Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
122		Workers' Compensation Adjustment Reserve	($119,369)	($119,369)		

Decreases funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.

123	1741 - Human Relations Commission	Human Relations Commission Elimination		($545,407) -6.20		

Eliminates the Human Relations Commission in FY 2016-17.

124		Responsible Capital Planning Commission	$197,088 2.00	$197,088 2.00		

Provides funding for 2 Architect positions to aid in the work of the new Responsible Capital Planning Commission.

125	Reserve for Salaries and Benefits	Compensation Increase Reserve			$627,324	$627,324

Provides funds for a 2% salary increase for State agency employees.

126	Vacant Position	Chief Operating Officer Position			($165,550) -1.00	($165,550) -1.00

Eliminates the Chief Operating Officer Position. The eliminated position is:

60013845 Chief Deputy III

Budget Code/Department Name

	Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
127	Reserve for Salaries and Benefits	State Retirement Contributions			$117,438	$89,355
		Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund the annual required contribution, provide a 2.0% cost-of-living adjustment to retirees, provide additional benefits to probation/parole officers				
128	Reserve for Salaries and Benefits	State Health Plan			$46,880	$46,880
		Provides additional funding to reflect the passage of H.B. 56 and continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.				
129	Department-Wide	Position Eliminations			($366,676) -4.00	($366,676) -4.00
		Eliminates positions within the Department of Administration vacant for greater than 365 days. 60013883 Contract Specialist II $80,323 60013888 Business Systems Analyst $73,063 60013895 Staff Development Specialist III $66,808 60014803 Processing Assistant V $34,864				
130		Budget for Legal Services		$100,000		
		Realigns the budget for legal services closer to the FY 2013-14 actual spending of $139,242.				

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
	Department Totals	($7,105,951)	($7,551,358)	($6,330,212)	($6,358,295)
		-73.40	-79.60	-77.90	-77.90
		$50,000 NR		($200,000) NR	$25,000 NR

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
14700/(18.0) Revenue					
131 Department-Wide	Information Technology Security Positions			House Only	
	Funds 3 positions with receipts from the Information Technology Reserve Fund to help secure the data of the department. The receipts are $406,374 recurring in FY 2015-16 and FY 2016-17 and $18,600 nonrecurring in FY 2015-16				
132 Department-Wide	MotoTax System Maintenance and Upgrades				
	Authorizes the Department of Revenue to use $91,000 in receipts for FY 2015-16 and $788,966 in receipts in FY 2016-17 for maintenance and system hardware upgrades to the Tag and Title Vehicle Registration System. The source of the receipts is a fee assessed on cities and counties.				
133 Department-Wide	Common Payment System	$211,000	$211,000	$211,000	$211,000
	Provides funds to change the online payment system from Common Payment to Paypoint.				

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
134 Department-Wide	Vacant Positions Elimination			($640,430) -7.00	($640,430) -7.00

Eliminates positions vacant for more than 1 year. The eliminated positions are:

60083097 Special Corp Comp Initiatives Director
60081274 Admin Position -Office of Secretary
60082517 DOR Safety Director
60082189 Tax Auditor
60090474 Information Technology Manager
60081286 Business Systems Analyst
60081293 Staff Development Coordinator

135	Operating Budget Reduction	($700,000)	($700,000)		

Decreases funding for Property, Plant, and Equipment line items by 24%, leaving $2,234,673 in the fund.

technically correct.

136 Department-Wide	Operating Budget Reductions			($700,000)	($700,000)

Decreases funding for Property, Plant, and Equipment line items. The cut is 24% leaving $2,234,673 remaining in the fund.

137	Lease Increases	$174,463	$195,114		

Provides funds for increased lease payments for the field offices in Asheville, Durham, Elizabeth City, and Fayetteville.

goes w/ #138

Budget Code/Department Name

	Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
138	Department-Wide	Lease Increases			$174,463	$195,114
		Provides funds for increased lease payments.				
139		Excise Tax Auditor		$104,698 1.00		
		Provides 1 new Auditor position in FY 2016-17 to handle the increased workload from the new excise tax on vapor products.				
140	Department-Wide	Vacant Positions Elimination			House Only	
		Cuts 8 receipt supported vacant positions at the Rocky Mount Call Center for a savings of $354,717. The eliminated positions are: 60082314 Processing Assistant V 60082325 Processing Assistant V 60082331 Processing Assistant V 60082372 Processing Assistant V 60082313 Processing Assistant V 60081592 Administrative Assistant I 60082108 Processing Assistant V 60082340 Processing Assistant V				
141		Reduce Funds for Postage, Freight, and Delivery	($500,000)	($500,000)		
		Decreases the line item for postage, freight, and delivery by 13% from $3,810,898 to $3,310,898.				

	Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
142		Workers' Compensation Adjustment Reserve	$102,886	$102,886		
		Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
143	Reserve for Salaries and Benefits	Compensation Increase Reserve			$1,168,730	$1,168,730
		Provides funds for a 2% salary increase for State agency employees.				
144	Reserve for Salaries and Benefits	State Retirement Contributions			$218,545	$166,284
		Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund the annual required contribution, provide a 2.0% cost-of-living adjustment to retirees, provide additional benefits to probation/parole officers				
145	Reserve for Salaries and Benefits	State Health Plan			$92,844	$92,844
		Provides additional funding to reflect the passage of H.B. 56 and continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.				
		Department Totals	**($711,651)**	**($586,302)** 1.00	**$525,152** -7.00	**$493,542** -7.00

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
13200/(19.0) Secretary of State					
146	Workers' Compensation Adjustment Reserve	$36,964	$36,964		
	Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
147 Corporations	Funding for Temporary Positions			$50,000	$50,000
	Provides funds for the Corporations Division call center to increase staffing during peak filing season.				
148 Reserve for Salaries and Benefits	Compensation Increase Reserve			$189,920	$189,920
	Provides funds for a 2% salary increase for State agency employees.				
149 Reserve for Salaries and Benefits	State Retirement Contributions			$35,476	$26,992
	Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund the annual required contribution, provide a 2.0% cost-of-living adjustment to retirees, provide additional benefits to probation/parole officers				

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
150 Reserve for Salaries and Benefits	State Health Plan			$17,057	$17,057

Provides additional funding to reflect the passage of H.B. 56 and continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.

Department Totals	**$36,964**	**$36,964**	**$292,453**	**$283,969**

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
13100/(20.0) Lieutenant Governor					
151 Reserve for Salaries and Benefits	Compensation Increase Reserve			$12,052	$12,052
	Provides funds for a 2% salary increase for State agency employees.				
152 Reserve for Salaries and Benefits	State Retirement Contributions			$2,256	$1,717
	Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund the annual required contribution, provide a 2.0% cost-of-living adjustment to retirees, provide additional benefits to probation/parole officers				
153 Reserve for Salaries and Benefits	State Health Plan			$606	$606
	Provides additional funding to reflect the passage of H.B. 56 and continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.				
Department Totals				**$14,914**	**$14,375**

	Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
14160/(21.0) State Controller						
154		Workers' Compensation Adjustment Reserve	$870	$870		
		Provides funding to adjust workers' compensation line items to the average FY 2012-13 and FY 2013-14 actual expenditures estimated to be from net General Fund appropriations. Agencies are directed to further adjust these line items using receipts to reflect the average FY 2012-13 and FY 2013-14 actual expenditures from all fund sources.				
155	BEACON Funds Adjustment	Operating Budget Adjustment	$494,521	$494,521	$494,521	$494,521
		Provides General Fund money to replace a transfer from a special fund.				
156		Continuation Review	Senate Only			
		Places the transfer of funds from the Department of Transportation to the State Controller for BEACON positions under continuation review. The transfer is $496,578 for FY 2015-16 nonrecurring and is eliminated for FY 2016-17 pending the results of the continuation review.				
157	Reserve for Salaries and Benefits	Compensation Increase Reserve			$271,130	$271,130
		Provides funds for a 2% salary increase for State agency employees.				

Budget Code/Department Name

Division Name (Code)	Description	Senate FY 15-16	Senate FY 16-17	House FY 15-16	House FY 16-17
158 Reserve for Salaries and Benefits	State Retirement Contributions			$50,757	$38,619
	Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fund the annual required contribution, provide a 2.0% cost-of-living adjustment to retirees, provide additional benefits to probation/parole officers				
159 Reserve for Salaries and Benefits	State Health Plan			$15,746	$15,746
	Provides additional funding to reflect the passage of H.B. 56 and continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-17 fiscal biennium.				
Department Totals		**$495,391**	**$495,391**	**$832,154**	**$820,016**

Senate Appropriations Committee on General Government

Reserve for E-Commerce Initiative (2514)

Budget Code: 24100-2514

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$16,383,604**		**$15,126,464**	
Recommended Budget				
Requirements	**$19,278,784**		**$28,885,327**	
Receipts	**$19,278,784**		**$19,278,784**	
Positions	**2.90**		**2.90**	
Legislative Changes				
Requirements:				
E-Commerce Fund Transfer	$0	R	$0	R
Transfers $1,257,140 in FY 2015-16 from the E-Commerce Fund to support general availability.	$1,257,140	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$1,257,140	NR	**$0**	NR
	0.00		0.00	
Receipts:				
E-Commerce Fund Transfer	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$0	NR	**$0**	NR

Senate Version

	FY 2015-16	FY 2016-17
Revised Total Requirements	$20,535,924	$28,885,327
Revised Total Receipts	$19,278,784	$19,278,784
Change in Fund Balance	($1,257,140)	($9,606,543)
Total Positions	2.90	2.90
Unappropriated Balance Remaining	$15,126,464	$5,519,921

House Appropriations Committee on General Government

Reserve for E-Commerce Initiative (2514)

Budget Code: 24100-2514

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$16,383,604**		**$15,086,801**	
Recommended Budget				
Requirements	**$19,278,784**		**$28,885,327**	
Receipts	**$19,278,784**		**$19,278,784**	
Positions	**2.90**		**2.90**	
Legislative Changes				
Requirements:				
E-Commerce Fund Transfer	$0	R	$0	R
House Version — Transfers $1,296,803 in FY 2015-16 and $641,628 in FY 2016-17 from the E-Commerce Fund to support general availability.	$1,296,803	NR	$641,628	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$1,296,803	NR	**$641,628**	NR
	0.00		0.00	
Receipts:				
E-Commerce Fund Transfer	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$0	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$20,575,587	$29,526,955
Revised Total Receipts	$19,278,784	$19,278,784
Change in Fund Balance	($1,296,803)	($10,248,171)
Total Positions	2.90	2.90
Unappropriated Balance Remaining	$15,086,801	$4,838,630

Senate Appropriations Committee on General Government

License to Give Trust Fund Commission

Budget Code: 24100-2791

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$407,685**		**$407,685**	
Recommended Budget				
Requirements	**$484,394**		**$484,394**	
Receipts	**$484,394**		**$484,394**	
Positions	**0.60**		**0.60**	
Legislative Changes				
Requirements:				
License to Give Trust Fund Commission	($484,394)	R	($484,394)	R
Eliminates the License to Give Trust Fund Commission.	$0	NR	$0	NR
	-0.60		-0.60	
Subtotal Legislative Changes	**($484,394)**	R	**($484,394)**	R
	$0	NR	**$0**	NR
	-0.60		-0.60	
Receipts:				
License to Give Trust Fund Commission	($484,394)	R	($484,394)	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**($484,394)**	R	**($484,394)**	R
	$0	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$0	$0
Revised Total Receipts	$0	$0
Change in Fund Balance	$0	$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	$407,685	$407,685

House Appropriations Committee on General Government

Motor Fleet Management

Budget Code: 74100-7211

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$39,813,080**		**$40,675,399**	
Recommended Budget				
Requirements	**$51,779,176**		**$51,779,176**	
Receipts	**$57,641,495**		**$57,641,495**	
Positions	**48.00**		**48.00**	
Legislative Changes				
Requirements:				
Probation and Parole Motor Fleet Transfer Transfers funds for the replacement of vehicles assigned to the Community Corrections Section from the Department of Administration to the Department of Public Safety and decreases anticipated requirements and receipts due to the transfer of vehicles to the Department of Public Safety.	($6,358,416) $5,000,000 0.00	R NR	($6,358,416) $5,000,000 0.00	R NR
Subtotal Legislative Changes	**($6,358,416)** **$5,000,000** 0.00	R NR	**($6,358,416)** **$5,000,000** 0.00	R NR
Receipts:				
Probation and Parole Motor Fleet Transfer Transfers funds for the support of vehicles assigned to the Community Corrections Section from the Department of Administration to the Department of Public Safety.	($6,358,416) $0	R NR	($6,358,416) $0	R NR
Subtotal Legislative Changes	**($6,358,416)** **$0**	R NR	**($6,358,416)** **$0**	R NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$50,420,760	$50,420,760
Revised Total Receipts	$51,283,079	$51,283,079
Change in Fund Balance	$862,319	$862,319
Total Positions	48.00	48.00
Unappropriated Balance Remaining	$40,675,399	$41,537,718

Senate Appropriations Committee on General Government

Project Collect Tax

Budget Code: 24704-2474

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$57,439,003**		**$48,612,992**	
Recommended Budget				
Requirements	**$29,484,891**		**$29,489,952**	
Receipts	**$22,757,963**		**$22,763,024**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Tax Fraud Analysis	$0	R	$0	R
Senate Only: Provides funds to the Department of Revenue to enter into a contract with a vendor to perform tax fraud analysis using the Government Data Analytics Center (GDAC).	$2,000,000	NR	$0	NR
	0.00		0.00	
Lease Increases	$0	R	$107,722	R
Senate Version: Provides funds to pay for increased lease expenses for the field offices in Asheville, Durham, Elizabeth City, and Fayetteville.	$99,083	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$107,722**	R
	$2,099,083	NR	**$0**	NR
	0.00		0.00	
Receipts:				
Lease Increases	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$0	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$31,583,974	$29,597,674
Revised Total Receipts	$22,757,963	$22,763,024
Change in Fund Balance	($8,826,011)	($6,834,650)
Total Positions	0.00	0.00
Unappropriated Balance Remaining	$48,612,992	$41,778,342

House Appropriations Committee on General Government

Project Collect Tax

Budget Code: 24704-2474

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$57,439,003**		**$32,627,567**	
Recommended Budget				
Requirements	**$29,484,891**		**$29,489,952**	
Receipts	**$22,757,963**		**$22,763,024**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
House Only — **Market Rate Pay for Auditors** Funds a salary increase for auditors in the Department of Revenue.	$5,884,865 $0 0.00	R NR	$5,884,865 $0 0.00	R NR
House Only — **E-Services Capability** Transfers funds to budget code 24708-2478 for e-service upgrades.	$0 $8,078,807 0.00	R NR	$0 $3,000,000 0.00	R NR
House Only — **Tax Information Management System Funding** Transfers funds from the Collection Assistance Fee to budget code 24708-2478 to support the Tax Information Management System and Integrated Tax Administration System.	$0 $4,021,753 0.00	R NR	$0 $4,202,558 0.00	R NR
House Version — **Lease Increases** Provides funds to pay for increased lease expenses.	$0 $99,083 0.00	R NR	$107,722 $0 0.00	R NR
Subtotal Legislative Changes	**$5,884,865** **$12,199,643** 0.00	R NR	**$5,992,587** **$7,202,558** 0.00	R NR

Receipts:

	FY 2015-16		FY 2016-17	
Lease Increases	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$0	NR	**$0**	NR
Revised Total Requirements	**$47,569,399**		**$42,685,097**	
Revised Total Receipts	**$22,757,963**		**$22,763,024**	
Change in Fund Balance	**($24,811,436)**		**($19,922,073)**	
Total Positions	**0.00**		**0.00**	
Unappropriated Balance Remaining	**$32,627,567**		**$12,705,494**	

Senate Appropriations Committee on General Government

ITAS Replacement

Budget Code: 24708-2478

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$31,801,939**		**$8,437,999**	
Recommended Budget				
Requirements	**$51,024,601**		**$51,024,601**	
Receipts	**$27,874,319**		**$27,874,319**	
Positions	**7.00**		**7.00**	

Legislative Changes

Requirements:

	Tax Information Management System Funding	$0	R	$0	R
Senate Version	Authorizes the Department of Revenue to use funds from the ITAS replacement fund to fund maintenance costs for the legacy Integrated Tax Administration System (ITAS) and Tax Information Management System (TIMS).	$6,752,618	NR	$0	NR
		0.00		0.00	
	Corporate Electronic Filing	$0	R	$0	R
Senate Only	Provides funds for an existing contract for the development of a corporate electronic tax filing system.	$4,062,322	NR	$0	NR
		0.00		0.00	
	Collection E-Service	$0	R	$0	R
Senate Only	Authorizes the Department of Revenue to use funds available to implement an e-garnishment project that will automate management of the garnishment process, verification of NC-3s and W-2s, web portal for installment payments, and a decision analytics framework.	$7,549,000	NR	$0	NR
		0.00		0.00	
	Collection Case Management	$0	R	$0	R
Senate Only	Authorizes the Department of Revenue to use funds available to begin implementation of a new case management system for the Collections Division as part of the replacement of the Integrated Tax Administration System (ITAS).	$5,000,000	NR	$0	NR
		0.00		0.00	
	ITAS Replacement - Budget Adjustment	($51,024,601)	R	($51,024,601)	R
Senate Only	Revises the ITAS budget to reflect the changed authorization to the public private partnership found in S.L. 2014-100, Sec. 7.5.	$0	NR	$0	NR
		0.00		0.00	

	FY 2015-16		FY 2016-17	
Subtotal Legislative Changes	**($51,024,601)**	R	**($51,024,601)**	R
	$23,363,940	NR	**$0**	NR
	0.00		0.00	
Receipts:				
ITAS Replacement - Budget Adjustment	($27,874,319)	R	($27,874,319)	R
Senate Only — Revises the ITAS budget to reflect the changed authorization to the public private partnership found in S.L. 2014-100, Sec. 7.5.	$0	NR	$0	NR
E-Services Capability	$0	R	$0	R
	$0	NR	$0	NR
Tax Information Management System Funding	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**($27,874,319)**	R	**($27,874,319)**	R
	$0	NR	**$0**	NR
Revised Total Requirements	**$23,363,940**		**$0**	
Revised Total Receipts	**$0**		**$0**	
Change in Fund Balance	**($23,363,940)**		**$0**	
Total Positions	**7.00**		**7.00**	
Unappropriated Balance Remaining	**$8,437,999**		**$8,437,999**	

	FY 2015-16		FY 2016-17	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$12,100,560	NR	**$7,202,558**	NR
Revised Total Requirements	**$63,125,161**		**$58,227,159**	
Revised Total Receipts	**$39,974,879**		**$35,076,877**	
Change in Fund Balance	**($23,150,282)**		**($23,150,282)**	
Total Positions	**7.00**		**7.00**	
Unappropriated Balance Remaining	**$8,651,657**		**($14,498,625)**	

House Appropriations Committee on General Government

ITAS Replacement

Budget Code: 24708-2478

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$31,801,939**		**$8,651,657**	
Recommended Budget				
Requirements	**$51,024,601**		**$51,024,601**	
Receipts	**$27,874,319**		**$27,874,319**	
Positions	**7.00**		**7.00**	
Legislative Changes				
Requirements:				
House Version — **Tax Information Management System Funding** Authorizes the Department of Revenue to use Collection Assistance Fee receipts to fund maintenance costs for the legacy Integrated Tax Administration System (ITAS) and Tax Information Management System (TIMS).	$0	R	$0	R
	$4,021,753	NR	$4,202,558	NR
	0.00		0.00	
House Only — **E-Services Capability** Authorizes the Department of Revenue to use receipts from the Collection Assistance Fee to upgrade the e-service capabilities of the Tax Information Management System.	$0	R	$0	R
	$8,078,807	NR	$3,000,000	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$12,100,560	NR	**$7,202,558**	NR
	0.00		0.00	
Receipts:				
Increase E-Services Capability	$0	R	$0	R
	$8,078,807	NR	$3,000,000	NR
Tax Information Management System Funding	$0	R	$0	R
	$4,021,753	NR	$4,202,558	NR

Senate Appropriations Committee on General Government

OSC Special

Budget Code: 24160

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$22,181,968**		**$15,149,037**	
Recommended Budget				
Requirements	**$10,558,721**		**$10,558,721**	
Receipts	**$28,071**		**$28,071**	
Positions	**1.00**		**1.00**	
Legislative Changes				
Requirements:				
Federal Insurance Contribution Act (FICA) Savings	$0	R	$0	R
Transfers $4,296,802 in FY 2015-16 and $641,628 in FY 2016-17 to the General Fund.	$4,296,802	NR	$641,628	NR
	0.00		0.00	
Operating Budget Transfer	($494,521)	R	($494,521)	R
Ends a transfer from the special fund to the operating budget.	$0	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**($494,521)**	R	**($494,521)**	R
	$4,296,802	NR	**$641,628**	NR
	0.00		0.00	
Receipts:				
Federal Insurance Contribution Act (FICA) Savings	$0	R	$0	R
	$7,300,000	NR	$7,300,000	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$7,300,000	NR	**$7,300,000**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$14,361,002	$10,705,828
Revised Total Receipts	$7,328,071	$7,328,071
Change in Fund Balance	($7,032,931)	($3,377,757)
Total Positions	1.00	1.00
Unappropriated Balance Remaining	$15,149,037	$11,771,280

House Appropriations Committee on General Government

Flexible Benefits Program

Budget Code: 24160-2000

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$15,585,152**		**$13,271,089**	
Recommended Budget				
Requirements	**$5,317,261**		**$5,317,261**	
Receipts	**$0**		**$0**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Federal Insurance Contribution Act (FICA) Savings	$0	R	$0	R
Transfers $4,296,802 in FY 2015-16 and $641,628 in FY 2016-17 to general availability.	$4,296,802	NR	$641,628	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$4,296,802	NR	**$641,628**	NR
	0.00		0.00	
Receipts:				
Federal Insurance Contribution Act (FICA) Savings	$0	R	$0	R
	$7,300,000	NR	$7,300,000	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$7,300,000	NR	**$7,300,000**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$9,614,063	$5,958,889
Revised Total Receipts	$7,300,000	$7,300,000
Change in Fund Balance	($2,314,063)	$1,341,111
Total Positions	0.00	0.00
Unappropriated Balance Remaining	$13,271,089	$14,612,200

Senate Appropriations Committee on General Government

Deferred State Aid

Budget Code: 63011

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$2,893,408**		**$0**	
Recommended Budget				
Requirements	**$0**		**$0**	
Receipts	**$0**		**$0**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Community Living Housing Fund	$0	R	$0	R
Authorizes the Housing Finance Agency to use funds transferred from the Department of Health and Human Services to the Community Living Housing Fund as prescribed in G.S. 122E-3.1.	$2,893,408	NR	$0	NR
	0.00		0.00	
Workforce Housing Loan Program	$0	R	$0	R
Provides $10,000,000 in FY 2015-16 and $9,300,000 in FY 2016-17 to the Workforce Housing Loan Program (WHLP) from the Standard and Poor's settlement. In FY 2016-17 a $700,000 appropriation from the General Fund brings the total WHLP funding for the fiscal year to $10,000,000.	$10,000,000	NR	$9,300,000	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$12,893,408	NR	**$9,300,000**	NR
	0.00		0.00	
Receipts:				
Workforce Housing Loan Program		R		R
	$10,000,000	NR	$9,300,000	NR
Community Living Housing Fund	$0	R	$0	R
	$0	NR	$0	NR

Senate Version

	FY 2015-16		FY 2016-17	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$10,000,000	NR	**$9,300,000**	NR
Revised Total Requirements	**$12,893,408**		**$9,300,000**	
Revised Total Receipts	**$10,000,000**		**$9,300,000**	
Change in Fund Balance	**($2,893,408)**		**$0**	
Total Positions	**0.00**		**0.00**	
Unappropriated Balance Remaining	**$0**		**$0**	

House Appropriations Committee on General Government

Deferred State Aid

Budget Code: 63011

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$2,893,408**		**$0**	
Recommended Budget				
Requirements	**$0**		**$0**	
Receipts	**$0**		**$0**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Community Living Housing Fund	$0	R	$0	R
Authorizes the Housing Finance Agency to use funds transferred from the Department of Health and Human Services to the Community Living Housing Fund as prescribed in G.S. 122E-3.1.	$2,893,408	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$2,893,408	NR	**$0**	NR
	0.00		0.00	
Receipts:				
Community Living Housing Fund	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$0	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$2,893,408	$0
Revised Total Receipts	$0	$0
Change in Fund Balance	($2,893,408)	$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	$0	$0

Senate Appropriations Committee on General Government

Temporary Solutions

Budget Code: 74100-7511

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**($2,152,018)**		**$1,602,642**	
Recommended Budget				
Requirements	**$44,507,525**		**$44,507,525**	
Receipts	**$48,262,185**		**$48,262,185**	
Positions	**9.50**		**9.50**	
Legislative Changes				
Requirements:				
Temporary Solutions Adjustment	$21,250,000	R	$21,250,000	R
Increases funding for Temporary Solutions from $44,507,525 to $65,757,525 to reflect actual agency usage of temporary employment services.	$0	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**$21,250,000**	R	**$21,250,000**	R
	$0	NR	**$0**	NR
	0.00		0.00	
Receipts:				
Temporary Solutions Adjustment	$21,250,000	R	$21,250,000	R
Increases receipts for Temporary Solutions from $48,262,185 to $69,512,185 to reflect actual agency usage of temporary employment services.	$0	NR	$0	NR
Subtotal Legislative Changes	**$21,250,000**	R	**$21,250,000**	R
	$0	NR	**$0**	NR

Senate Version

	FY 2015-16	FY 2016-17
Revised Total Requirements	$65,757,525	$65,757,525
Revised Total Receipts	$69,512,185	$69,512,185
Change in Fund Balance	$3,754,660	$3,754,660
Total Positions	9.50	9.50
Unappropriated Balance Remaining	$1,602,642	$5,357,302

House Appropriations Committee on General Government

Temporary Solutions

Budget Code: 74100-7511

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**($2,152,018)**		**$5,357,302**	
Recommended Budget				
Requirements	**$44,507,525**		**$44,507,525**	
Receipts	**$48,262,185**		**$48,262,185**	
Positions	**9.50**		**9.50**	
Legislative Changes				
Requirements:				
Temporary Solutions Adjustment	$65,757,525	R	$65,757,525	R
Increases funding for Temporary Solutions from $44,507,525 to $65,757,525 to better reflect actual agency usage in temporary employment needs.	$0	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**$65,757,525**	R	**$65,757,525**	R
	$0	NR	**$0**	NR
	0.00		0.00	
Receipts:				
Temporary Solutions Adjustment	$69,512,185	R	$69,512,185	R
Increases receipts for Temporary Solutions from $48,262,185 to $69,512,185 to better reflect actual agency usage in temporary employment needs.	$0	NR	$0	NR
Subtotal Legislative Changes	**$69,512,185**	R	**$69,512,185**	R
	$0	NR	**$0**	NR

House Version

	FY 2015-16	FY 2016-17
Revised Total Requirements	$110,265,050	$110,265,050
Revised Total Receipts	$117,774,370	$117,774,370
Change in Fund Balance	$7,509,320	$7,509,320
Total Positions	9.50	9.50
Unappropriated Balance Remaining	$5,357,302	$12,866,622

Senate Appropriations Committee on General Government

Regulatory Fund

Budget Code: 23900

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$7,705,857**		**$5,305,857**	
Recommended Budget				
Requirements	**$33,499,163**		**$33,499,163**	
Receipts	**$33,499,163**		**$33,499,163**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Fund 2123 - Rescue Squad Workers' Relief Fund	($1,456,931)	R	($1,456,931)	R
Eliminates the recurring transfer of funds from the Division of Motor Vehicles to support the Rescue Squad Workers' Relief Fund. The program will receive nonrecurring funds for FY 2015-16 and will be placed on a Continuation Review that will help determine whether the transfer of funds will need to continue from DMV to support this program.	$1,456,931	NR	$0	NR
Senate Or	0.00		0.00	
Industrial Commission Transfer	$2,400,000	R	$2,400,000	R
Transfers funds to the Industrial Commission per S.L. 2014-100 to pay for the services that had previously been funded through fee collections.	$0	NR	$0	NR
Senate Version	0.00		0.00	
Subtotal Legislative Changes	**$943,069**	R	**$943,069**	R
	$1,456,931	NR	**$0**	NR
	0.00		0.00	
Receipts:				
Fund 2123 - Rescue Squad Workers' Relief Fund	($1,456,931)	R	($1,456,931)	R
Eliminates the recurring transfer of funds from the Division of Motor Vehicles to support the Rescue Squad Workers' Relief Fund operated within Department of Insurance. The receipts from DMV will be nonrecurring during FY 2015-16 and eliminated in FY 2016-17.	$1,456,931	NR	$0	NR

	FY 2015-16		FY 2016-17	
Subtotal Legislative Changes	**($1,456,931)**	R	**($1,456,931)**	R
	$1,456,931	NR	**$0**	NR
Revised Total Requirements	**$35,899,163**		**$34,442,232**	
Revised Total Receipts	**$33,499,163**		**$32,042,232**	
Change in Fund Balance	**($2,400,000)**		**($2,400,000)**	
Total Positions	**0.00**		**0.00**	
Unappropriated Balance Remaining	**$5,305,857**		**$2,905,857**	

House Appropriations Committee on General Government

Regulatory Fund

Budget Code: 23900

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$7,705,857**		**$7,705,857**	
Recommended Budget				
Requirements	**$33,499,163**		**$33,499,163**	
Receipts	**$33,499,163**		**$33,499,163**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Industrial Commission Transfer	$2,400,000	R	$2,400,000	R
Transfers funds to the Industrial Commission per S.L. 2014-100 to pay for the services that had previously been funded through fee collections.	$0	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**$2,400,000**	R	**$2,400,000**	R
	$0	NR	**$0**	NR
	0.00		0.00	
Receipts:				
Insurance Regulatory Charge	$2,400,000	R	$2,400,000	R
Budgets additional receipts from the increase in the rate of the Regulatory Charge to 6.5% per S.L. 2014-100.	$0	NR	$0	NR
Subtotal Legislative Changes	**$2,400,000**	R	**$2,400,000**	R
	$0	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$35,899,163	$35,899,163
Revised Total Receipts	$35,899,163	$35,899,163
Change in Fund Balance	$0	$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	$7,705,857	$7,705,857

Senate Appropriations Committee on General Government

Volunteer Rescue/EMS Grant Program

Budget Code: 23901

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$910,473**		**$910,473**	
Recommended Budget				
Requirements	**$1,303,585**		**$1,303,585**	
Receipts	**$1,303,585**		**$1,303,585**	
Positions	**3.50**		**3.50**	
Legislative Changes				
Requirements:				
Fund 2122 - Volunteer Rescue/EMS Grant Program	($1,303,585)	R	($1,303,585)	R
Eliminates the recurring transfer of funds from the Division of Motor Vehicles (DMV) for the Volunteer Rescue/EMS Grant Program. The program will receive nonrecurring funds for FY 2015-16 and the fund is to be placed on a Continuation Review that will help determine whether the transfer of funds from DMV should continue to support this program in the future.	$1,303,585	NR	$0	NR
	0.00		-3.50	
Subtotal Legislative Changes	**($1,303,585)**	R	**($1,303,585)**	R
	$1,303,585	NR	**$0**	NR
	0.00		-3.50	
Receipts:				
Fund 2122 - Volunteer Rescue/EMS Grant Fund	($1,303,585)	R	($1,303,585)	R
Eliminates the transfer of recurring funds from the Division of Motor Vehicles to the Department of Insurance for the Volunteer Rescue/EMS Grant Program in FY 2015-16 and FY 2016-17 and provides nonrecurring funds for FY 2015-16.	$1,303,585	NR	$0	NR
Subtotal Legislative Changes	**($1,303,585)**	R	**($1,303,585)**	R
	$1,303,585	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$1,303,585	$0
Revised Total Receipts	$1,303,585	$0
Change in Fund Balance	$0	$0
Total Positions	3.50	0.00
Unappropriated Balance Remaining	$910,473	$910,473

Senate Appropriations Committee on General Government

Escheats

Budget Code: 63412

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$578,160,445**		**$713,836,707**	
Recommended Budget				
Requirements	**$94,118,299**		**$94,118,299**	
Receipts	**$202,107,116**		**$202,107,116**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Technical Correction: Children of War Veterans Scholarships	($3,041,243)	R	($3,041,243)	R
Corrects the base budget transfer amount to the Children of War Veterans Scholarship program. The corrected transfer from the Escheats Fund is $6.5 million recurring.	$0	NR	$0	NR
	0.00		0.00	
Technical Correction: North Carolina Community College Financial Aid	$2,353,798	R	$2,353,798	R
Corrects the base budget transfer amount to the North Carolina Community Colleges Financial Aid program. The corrected transfer from the Escheats Fund is $16.3 million recurring.	$0	NR	$0	NR
	0.00		0.00	
Technical Correction: University of North Carolina Need Based Aid	($27,000,000)	R	($27,000,000)	R
Corrects the base budget transfer amount to the University of North Carolina Need Based Aid program. The corrected transfer from the Escheats Fund is $37.8 million recurring.	$0	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**($27,687,445)**	R	**($27,687,445)**	R
	$0	NR	**$0**	NR
	0.00		0.00	
Receipts:				

	FY 2015-16		FY 2016-17	
Technical Corrections	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$0	NR	**$0**	NR
Revised Total Requirements	**$66,430,854**		**$66,430,854**	
Revised Total Receipts	**$202,107,116**		**$202,107,116**	
Change in Fund Balance	**$135,676,262**		**$135,676,262**	
Total Positions	**0.00**		**0.00**	
Unappropriated Balance Remaining	**$713,836,707**		**$849,512,969**	

Senate Appropriations Committee on General Government

Special Revenue – General Fund

Budget Code: 23002

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$333,557**		**$0**	
Recommended Budget				
Requirements	**$0**		**$0**	
Receipts	**$0**		**$0**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Statewide Automated Fingerprint Identification System Replacement	$0	R	$0	R
Transfers the balance of this fund in FY 2015-16 to the General Fund and closes the special fund.	$333,557	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$333,557	NR	**$0**	NR
	0.00		0.00	
Receipts:				
Governor's Office Special Revenue	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$0	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$333,557	$0
Revised Total Receipts	$0	$0
Change in Fund Balance	($333,557)	$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	$0	$0

General Government

HB 97 – Special Funds Comparison Document

Senate Appropriations Committee on General Government

Reserve for E-Commerce Initiative (2514)

Budget Code: 24100-2514

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$16,383,604**		**$15,126,464**	
Recommended Budget				
Requirements	**$19,278,784**		**$28,885,327**	
Receipts	**$19,278,784**		**$19,278,784**	
Positions	**2.90**		**2.90**	
Legislative Changes				
Requirements:				
E-Commerce Fund Transfer	$0	R	$0	R
Transfers $1,257,140 in FY 2015-16 from the E-Commerce Fund to support general availability.	$1,257,140	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$1,257,140	NR	**$0**	NR
	0.00		0.00	
Receipts:				
E-Commerce Fund Transfer	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$0	NR	**$0**	NR

Senate Version

	FY 2015-16	FY 2016-17
Revised Total Requirements	$20,535,924	$28,885,327
Revised Total Receipts	$19,278,784	$19,278,784
Change in Fund Balance	($1,257,140)	($9,606,543)
Total Positions	2.90	2.90
Unappropriated Balance Remaining	$15,126,464	$5,519,921

House Appropriations Committee on General Government

Reserve for E-Commerce Initiative (2514)

Budget Code: 24100-2514

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$16,383,604**		**$15,086,801**	
Recommended Budget				
Requirements	**$19,278,784**		**$28,885,327**	
Receipts	**$19,278,784**		**$19,278,784**	
Positions	**2.90**		**2.90**	
Legislative Changes				
Requirements:				
E-Commerce Fund Transfer	$0	R	$0	R
House Version: Transfers $1,296,803 in FY 2015-16 and $641,628 in FY 2016-17 from the E-Commerce Fund to support general availability.	$1,296,803	NR	$641,628	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$1,296,803	NR	**$641,628**	NR
	0.00		0.00	
Receipts:				
E-Commerce Fund Transfer	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$0	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$20,575,587	$29,526,955
Revised Total Receipts	$19,278,784	$19,278,784
Change in Fund Balance	($1,296,803)	($10,248,171)
Total Positions	2.90	2.90
Unappropriated Balance Remaining	$15,086,801	$4,838,630

Senate Appropriations Committee on General Government

License to Give Trust Fund Commission

Budget Code: 24100-2791

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$407,685**		**$407,685**	
Recommended Budget				
Requirements	**$484,394**		**$484,394**	
Receipts	**$484,394**		**$484,394**	
Positions	**0.60**		**0.60**	
Legislative Changes				
Requirements:				
License to Give Trust Fund Commission	($484,394)	R	($484,394)	R
Eliminates the License to Give Trust Fund Commission.	$0	NR	$0	NR
	-0.60		-0.60	
Subtotal Legislative Changes	**($484,394)**	R	**($484,394)**	R
	$0	NR	**$0**	NR
	-0.60		-0.60	
Receipts:				
License to Give Trust Fund Commission	($484,394)	R	($484,394)	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**($484,394)**	R	**($484,394)**	R
	$0	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$0	$0
Revised Total Receipts	$0	$0
Change in Fund Balance	$0	$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	$407,685	$407,685

House Appropriations Committee on General Government

Motor Fleet Management

Budget Code: 74100-7211

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$39,813,080**		**$40,675,399**	
Recommended Budget				
Requirements	**$51,779,176**		**$51,779,176**	
Receipts	**$57,641,495**		**$57,641,495**	
Positions	**48.00**		**48.00**	
Legislative Changes				
Requirements:				
Probation and Parole Motor Fleet Transfer Transfers funds for the replacement of vehicles assigned to the Community Corrections Section from the Department of Administration to the Department of Public Safety and decreases anticipated requirements and receipts due to the transfer of vehicles to the Department of Public Safety.	($6,358,416) $5,000,000 0.00	R NR	($6,358,416) $5,000,000 0.00	R NR
Subtotal Legislative Changes	**($6,358,416)** **$5,000,000** 0.00	R NR	**($6,358,416)** **$5,000,000** 0.00	R NR
Receipts:				
Probation and Parole Motor Fleet Transfer Transfers funds for the support of vehicles assigned to the Community Corrections Section from the Department of Administration to the Department of Public Safety.	($6,358,416) $0	R NR	($6,358,416) $0	R NR
Subtotal Legislative Changes	**($6,358,416)** **$0**	R NR	**($6,358,416)** **$0**	R NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$50,420,760	$50,420,760
Revised Total Receipts	$51,283,079	$51,283,079
Change in Fund Balance	$862,319	$862,319
Total Positions	48.00	48.00
Unappropriated Balance Remaining	$40,675,399	$41,537,718

Senate Appropriations Committee on General Government

Project Collect Tax

Budget Code: 24704-2474

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$57,439,003**		**$48,612,992**	
Recommended Budget				
Requirements	**$29,484,891**		**$29,489,952**	
Receipts	**$22,757,963**		**$22,763,024**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Tax Fraud Analysis	$0	R	$0	R
Provides funds to the Department of Revenue to enter into a contract with a vendor to perform tax fraud analysis using the Government Data Analytics Center (GDAC).	$2,000,000	NR	$0	NR
Senate Only	0.00		0.00	
Lease Increases	$0	R	$107,722	R
Provides funds to pay for increased lease expenses for the field offices in Asheville, Durham, Elizabeth City, and Fayetteville.	$99,083	NR	$0	NR
Senate Version	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$107,722**	R
	$2,099,083	NR	**$0**	NR
	0.00		0.00	
Receipts:				
Lease Increases	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$0	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$31,583,974	$29,597,674
Revised Total Receipts	$22,757,963	$22,763,024
Change in Fund Balance	($8,826,011)	($6,834,650)
Total Positions	0.00	0.00
Unappropriated Balance Remaining	$48,612,992	$41,778,342

House Appropriations Committee on General Government

Project Collect Tax

Budget Code: 24704-2474

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$57,439,003**		**$32,627,567**	
Recommended Budget				
Requirements	**$29,484,891**		**$29,489,952**	
Receipts	**$22,757,963**		**$22,763,024**	
Positions	**0.00**		**0.00**	

Legislative Changes

Requirements:

House Only	**Market Rate Pay for Auditors** Funds a salary increase for auditors in the Department of Revenue.	$5,884,865 $0 0.00	R NR	$5,884,865 $0 0.00	R NR
House Only	**E-Services Capability** Transfers funds to budget code 24708-2478 for e-service upgrades.	$0 $8,078,807 0.00	R NR	$0 $3,000,000 0.00	R NR
House Only	**Tax Information Management System Funding** Transfers funds from the Collection Assistance Fee to budget code 24708-2478 to support the Tax Information Management System and Integrated Tax Administration System.	$0 $4,021,753 0.00	R NR	$0 $4,202,558 0.00	R NR
House Version	**Lease Increases** Provides funds to pay for increased lease expenses.	$0 $99,083 0.00	R NR	$107,722 $0 0.00	R NR
	Subtotal Legislative Changes	**$5,884,865** **$12,199,643** 0.00	R NR	**$5,992,587** **$7,202,558** 0.00	R NR

Receipts:

	FY 2015-16		FY 2016-17	
Lease Increases	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$0	NR	**$0**	NR
Revised Total Requirements	**$47,569,399**		**$42,685,097**	
Revised Total Receipts	**$22,757,963**		**$22,763,024**	
Change in Fund Balance	**($24,811,436)**		**($19,922,073)**	
Total Positions	**0.00**		**0.00**	
Unappropriated Balance Remaining	**$32,627,567**		**$12,705,494**	

Senate Appropriations Committee on General Government

ITAS Replacement

Budget Code: 24708-2478

	FY 2015-16	FY 2016-17
Beginning Unreserved Fund Balance	**$31,801,939**	**$8,437,999**
Recommended Budget		
Requirements	**$51,024,601**	**$51,024,601**
Receipts	**$27,874,319**	**$27,874,319**
Positions	**7.00**	**7.00**

Legislative Changes

Requirements:

	Tax Information Management System Funding	$0	R	$0	R
Senate Version	Authorizes the Department of Revenue to use funds from the ITAS replacement fund to fund maintenance costs for the legacy Integrated Tax Administration System (ITAS) and Tax Information Management System (TIMS).	$6,752,618	NR	$0	NR
		0.00		0.00	
	Corporate Electronic Filing	$0	R	$0	R
Senate Only	Provides funds for an existing contract for the development of a corporate electronic tax filing system.	$4,062,322	NR	$0	NR
		0.00		0.00	
	Collection E-Service	$0	R	$0	R
Senate Only	Authorizes the Department of Revenue to use funds available to implement an e-garnishment project that will automate management of the garnishment process, verification of NC-3s and W-2s, web portal for installment payments, and a decision analytics framework.	$7,549,000	NR	$0	NR
		0.00		0.00	
	Collection Case Management	$0	R	$0	R
Senate Only	Authorizes the Department of Revenue to use funds available to begin implementation of a new case management system for the Collections Division as part of the replacement of the Integrated Tax Administration System (ITAS).	$5,000,000	NR	$0	NR
		0.00		0.00	
	ITAS Replacement - Budget Adjustment	($51,024,601)	R	($51,024,601)	R
Senate Only	Revises the ITAS budget to reflect the changed authorization to the public private partnership found in S.L. 2014-100, Sec. 7.5.	$0	NR	$0	NR
		0.00		0.00	

	FY 2015-16		FY 2016-17	
Subtotal Legislative Changes	**($51,024,601)**	R	**($51,024,601)**	R
	$23,363,940	NR	**$0**	NR
	0.00		0.00	
Receipts:				
ITAS Replacement - Budget Adjustment	($27,874,319)	R	($27,874,319)	R
Senate Only Revises the ITAS budget to reflect the changed authorization to the public private partnership found in S.L. 2014-100, Sec. 7.5.	$0	NR	$0	NR
E-Services Capability	$0	R	$0	R
	$0	NR	$0	NR
Tax Information Management System Funding	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**($27,874,319)**	R	**($27,874,319)**	R
	$0	NR	**$0**	NR
Revised Total Requirements	**$23,363,940**		**$0**	
Revised Total Receipts	**$0**		**$0**	
Change in Fund Balance	**($23,363,940)**		**$0**	
Total Positions	**7.00**		**7.00**	
Unappropriated Balance Remaining	**$8,437,999**		**$8,437,999**	

House Appropriations Committee on General Government

ITAS Replacement

Budget Code: 24708-2478

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$31,801,939**		**$8,651,657**	
Recommended Budget				
Requirements	**$51,024,601**		**$51,024,601**	
Receipts	**$27,874,319**		**$27,874,319**	
Positions	**7.00**		**7.00**	
Legislative Changes				
Requirements:				
Tax Information Management System Funding	$0	R	$0	R
House Version — Authorizes the Department of Revenue to use Collection Assistance Fee receipts to fund maintenance costs for the legacy Integrated Tax Administration System (ITAS) and Tax Information Management System (TIMS).	$4,021,753	NR	$4,202,558	NR
	0.00		0.00	
E-Services Capability	$0	R	$0	R
House Only — Authorizes the Department of Revenue to use receipts from the Collection Assistance Fee to upgrade the e-service capabilities of the Tax Information Management System.	$8,078,807	NR	$3,000,000	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$12,100,560	NR	**$7,202,558**	NR
	0.00		0.00	
Receipts:				
Increase E-Services Capability	$0	R	$0	R
	$8,078,807	NR	$3,000,000	NR
Tax Information Management System Funding	$0	R	$0	R
	$4,021,753	NR	$4,202,558	NR

	FY 2015-16		FY 2016-17	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$12,100,560	NR	**$7,202,558**	NR
Revised Total Requirements	**$63,125,161**		**$58,227,159**	
Revised Total Receipts	**$39,974,879**		**$35,076,877**	
Change in Fund Balance	**($23,150,282)**		**($23,150,282)**	
Total Positions	**7.00**		**7.00**	
Unappropriated Balance Remaining	**$8,651,657**		**($14,498,625)**	

Senate Appropriations Committee on General Government

OSC Special

Budget Code: 24160

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$22,181,968**		**$15,149,037**	
Recommended Budget				
Requirements	**$10,558,721**		**$10,558,721**	
Receipts	**$28,071**		**$28,071**	
Positions	**1.00**		**1.00**	
Legislative Changes				
Requirements:				
Federal Insurance Contribution Act (FICA) Savings	$0	R	$0	R
Transfers $4,296,802 in FY 2015-16 and $641,628 in FY 2016-17 to the General Fund.	$4,296,802	NR	$641,628	NR
	0.00		0.00	
Operating Budget Transfer	($494,521)	R	($494,521)	R
Ends a transfer from the special fund to the operating budget.	$0	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**($494,521)**	R	**($494,521)**	R
	$4,296,802	NR	**$641,628**	NR
	0.00		0.00	
Receipts:				
Federal Insurance Contribution Act (FICA) Savings	$0	R	$0	R
	$7,300,000	NR	$7,300,000	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$7,300,000	NR	**$7,300,000**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$14,361,002	$10,705,828
Revised Total Receipts	$7,328,071	$7,328,071
Change in Fund Balance	($7,032,931)	($3,377,757)
Total Positions	1.00	1.00
Unappropriated Balance Remaining	$15,149,037	$11,771,280

House Appropriations Committee on General Government

Flexible Benefits Program

Budget Code: 24160-2000

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$15,585,152**		**$13,271,089**	
Recommended Budget				
Requirements	**$5,317,261**		**$5,317,261**	
Receipts	**$0**		**$0**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Federal Insurance Contribution Act (FICA) Savings	$0	R	$0	R
Transfers $4,296,802 in FY 2015-16 and $641,628 in FY 2016-17 to general availability.	$4,296,802	NR	$641,628	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$4,296,802	NR	**$641,628**	NR
	0.00		0.00	
Receipts:				
Federal Insurance Contribution Act (FICA) Savings	$0	R	$0	R
	$7,300,000	NR	$7,300,000	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$7,300,000	NR	**$7,300,000**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$9,614,063	$5,958,889
Revised Total Receipts	$7,300,000	$7,300,000
Change in Fund Balance	($2,314,063)	$1,341,111
Total Positions	0.00	0.00
Unappropriated Balance Remaining	$13,271,089	$14,612,200

Senate Appropriations Committee on General Government

Deferred State Aid

Budget Code: 63011

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$2,893,408**		**$0**	
Recommended Budget				
Requirements	**$0**		**$0**	
Receipts	**$0**		**$0**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Community Living Housing Fund	$0	R	$0	R
Authorizes the Housing Finance Agency to use funds transferred from the Department of Health and Human Services to the Community Living Housing Fund as prescribed in G.S. 122E-3.1.	$2,893,408	NR	$0	NR
	0.00		0.00	
Workforce Housing Loan Program	$0	R	$0	R
Provides $10,000,000 in FY 2015-16 and $9,300,000 in FY 2016-17 to the Workforce Housing Loan Program (WHLP) from the Standard and Poor's settlement. In FY 2016-17 a $700,000 appropriation from the General Fund brings the total WHLP funding for the fiscal year to $10,000,000.	$10,000,000	NR	$9,300,000	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$12,893,408	NR	**$9,300,000**	NR
	0.00		0.00	
Receipts:				
Workforce Housing Loan Program		R		R
	$10,000,000	NR	$9,300,000	NR
Community Living Housing Fund	$0	R	$0	R
	$0	NR	$0	NR

Senate Version

	FY 2015-16		FY 2016-17	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$10,000,000	NR	**$9,300,000**	NR
Revised Total Requirements	**$12,893,408**		**$9,300,000**	
Revised Total Receipts	**$10,000,000**		**$9,300,000**	
Change in Fund Balance	**($2,893,408)**		**$0**	
Total Positions	**0.00**		**0.00**	
Unappropriated Balance Remaining	**$0**		**$0**	

House Appropriations Committee on General Government

Deferred State Aid

Budget Code: 63011

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$2,893,408**		**$0**	
Recommended Budget				
Requirements	**$0**		**$0**	
Receipts	**$0**		**$0**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Community Living Housing Fund	$0	R	$0	R
Authorizes the Housing Finance Agency to use funds transferred from the Department of Health and Human Services to the Community Living Housing Fund as prescribed in G.S. 122E-3.1.	$2,893,408	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$2,893,408	NR	**$0**	NR
	0.00		0.00	
Receipts:				
Community Living Housing Fund	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$0	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$2,893,408	$0
Revised Total Receipts	$0	$0
Change in Fund Balance	($2,893,408)	$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	$0	$0

Senate Appropriations Committee on General Government

Temporary Solutions

Budget Code: 74100-7511

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**($2,152,018)**		**$1,602,642**	
Recommended Budget				
Requirements	**$44,507,525**		**$44,507,525**	
Receipts	**$48,262,185**		**$48,262,185**	
Positions	**9.50**		**9.50**	
Legislative Changes				
Requirements:				
Temporary Solutions Adjustment	$21,250,000	R	$21,250,000	R
Increases funding for Temporary Solutions from $44,507,525 to $65,757,525 to reflect actual agency usage of temporary employment services.	$0	NR	$0	NR
Senate Version	0.00		0.00	
Subtotal Legislative Changes	**$21,250,000**	R	**$21,250,000**	R
	$0	NR	**$0**	NR
	0.00		0.00	
Receipts:				
Temporary Solutions Adjustment	$21,250,000	R	$21,250,000	R
Increases receipts for Temporary Solutions from $48,262,185 to $69,512,185 to reflect actual agency usage of temporary employment services.	$0	NR	$0	NR
Subtotal Legislative Changes	**$21,250,000**	R	**$21,250,000**	R
	$0	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$65,757,525	$65,757,525
Revised Total Receipts	$69,512,185	$69,512,185
Change in Fund Balance	$3,754,660	$3,754,660
Total Positions	9.50	9.50
Unappropriated Balance Remaining	$1,602,642	$5,357,302

House Appropriations Committee on General Government

Temporary Solutions

Budget Code: 74100-7511

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**($2,152,018)**		**$5,357,302**	
Recommended Budget				
Requirements	**$44,507,525**		**$44,507,525**	
Receipts	**$48,262,185**		**$48,262,185**	
Positions	**9.50**		**9.50**	
Legislative Changes				
Requirements:				
Temporary Solutions Adjustment	$65,757,525	R	$65,757,525	R
House Version: Increases funding for Temporary Solutions from $44,507,525 to $65,757,525 to better reflect actual agency usage in temporary employment needs.	$0	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**$65,757,525**	R	**$65,757,525**	R
	$0	NR	**$0**	NR
	0.00		0.00	
Receipts:				
Temporary Solutions Adjustment	$69,512,185	R	$69,512,185	R
Increases receipts for Temporary Solutions from $48,262,185 to $69,512,185 to better reflect actual agency usage in temporary employment needs.	$0	NR	$0	NR
Subtotal Legislative Changes	**$69,512,185**	R	**$69,512,185**	R
	$0	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$110,265,050	$110,265,050
Revised Total Receipts	$117,774,370	$117,774,370
Change in Fund Balance	$7,509,320	$7,509,320
Total Positions	9.50	9.50
Unappropriated Balance Remaining	$5,357,302	$12,866,622

Senate Appropriations Committee on General Government

Regulatory Fund

Budget Code: 23900

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$7,705,857**		**$5,305,857**	
Recommended Budget				
Requirements	**$33,499,163**		**$33,499,163**	
Receipts	**$33,499,163**		**$33,499,163**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Fund 2123 - Rescue Squad Workers' Relief Fund	($1,456,931)	R	($1,456,931)	R
Eliminates the recurring transfer of funds from the Division of Motor Vehicles to support the Rescue Squad Workers' Relief Fund. The program will receive nonrecurring funds for FY 2015-16 and will be placed on a Continuation Review that will help determine whether the transfer of funds will need to continue from DMV to support this program.	$1,456,931	NR	$0	NR
Senate Op	0.00		0.00	
Industrial Commission Transfer	$2,400,000	R	$2,400,000	R
Transfers funds to the Industrial Commission per S.L. 2014-100 to pay for the services that had previously been funded through fee collections.	$0	NR	$0	NR
Senate Version	0.00		0.00	
Subtotal Legislative Changes	**$943,069**	R	**$943,069**	R
	$1,456,931	NR	**$0**	NR
	0.00		0.00	
Receipts:				
Fund 2123 - Rescue Squad Workers' Relief Fund	($1,456,931)	R	($1,456,931)	R
Eliminates the recurring transfer of funds from the Division of Motor Vehicles to support the Rescue Squad Workers' Relief Fund operated within Department of Insurance. The receipts from DMV will be nonrecurring during FY 2015-16 and eliminated in FY 2016-17.	$1,456,931	NR	$0	NR

	FY 2015-16		FY 2016-17	
Subtotal Legislative Changes	**($1,456,931)**	R	**($1,456,931)**	R
	$1,456,931	NR	**$0**	NR
Revised Total Requirements	**$35,899,163**		**$34,442,232**	
Revised Total Receipts	**$33,499,163**		**$32,042,232**	
Change in Fund Balance	**($2,400,000)**		**($2,400,000)**	
Total Positions	**0.00**		**0.00**	
Unappropriated Balance Remaining	**$5,305,857**		**$2,905,857**	

House Appropriations Committee on General Government

Regulatory Fund

Budget Code: 23900

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$7,705,857**		**$7,705,857**	
Recommended Budget				
Requirements	**$33,499,163**		**$33,499,163**	
Receipts	**$33,499,163**		**$33,499,163**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Industrial Commission Transfer	$2,400,000	R	$2,400,000	R
Transfers funds to the Industrial Commission per S.L. 2014-100 to pay for the services that had previously been funded through fee collections.	$0	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**$2,400,000**	R	**$2,400,000**	R
	$0	NR	**$0**	NR
	0.00		0.00	
Receipts:				
Insurance Regulatory Charge	$2,400,000	R	$2,400,000	R
Budgets additional receipts from the increase in the rate of the Regulatory Charge to 6.5% per S.L. 2014-100.	$0	NR	$0	NR
Subtotal Legislative Changes	**$2,400,000**	R	**$2,400,000**	R
	$0	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$35,899,163	$35,899,163
Revised Total Receipts	$35,899,163	$35,899,163
Change in Fund Balance	$0	$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	$7,705,857	$7,705,857

Senate Appropriations Committee on General Government

Volunteer Rescue/EMS Grant Program

Budget Code: 23901

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$910,473**		**$910,473**	
Recommended Budget				
Requirements	**$1,303,585**		**$1,303,585**	
Receipts	**$1,303,585**		**$1,303,585**	
Positions	**3.50**		**3.50**	
Legislative Changes				
Requirements:				
Fund 2122 - Volunteer Rescue/EMS Grant Program Eliminates the recurring transfer of funds from the Division of Motor Vehicles (DMV) for the Volunteer Rescue/EMS Grant Program. The program will receive nonrecurring funds for FY 2015-16 and the fund is to be placed on a Continuation Review that will help determine whether the transfer of funds from DMV should continue to support this program in the future.	($1,303,585) $1,303,585 0.00	R NR	($1,303,585) $0 -3.50	R NR
Subtotal Legislative Changes	**($1,303,585)** **$1,303,585** 0.00	R NR	**($1,303,585)** **$0** -3.50	R NR
Receipts:				
Fund 2122 - Volunteer Rescue/EMS Grant Fund Eliminates the transfer of recurring funds from the Division of Motor Vehicles to the Department of Insurance for the Volunteer Rescue/EMS Grant Program in FY 2015-16 and FY 2016-17 and provides nonrecurring funds for FY 2015-16.	($1,303,585) $1,303,585	R NR	($1,303,585) $0	R NR
Subtotal Legislative Changes	**($1,303,585)** **$1,303,585**	R NR	**($1,303,585)** **$0**	R NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$1,303,585	$0
Revised Total Receipts	$1,303,585	$0
Change in Fund Balance	$0	$0
Total Positions	3.50	0.00
Unappropriated Balance Remaining	$910,473	$910,473

Senate Appropriations Committee on General Government

Escheats

Budget Code: 63412

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$578,160,445**		**$713,836,707**	
Recommended Budget				
Requirements	**$94,118,299**		**$94,118,299**	
Receipts	**$202,107,116**		**$202,107,116**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Technical Correction: Children of War Veterans Scholarships	($3,041,243)	R	($3,041,243)	R
Corrects the base budget transfer amount to the Children of War Veterans Scholarship program. The corrected transfer from the Escheats Fund is $6.5 million recurring.	$0	NR	$0	NR
	0.00		0.00	
Technical Correction: North Carolina Community College Financial Aid	$2,353,798	R	$2,353,798	R
Corrects the base budget transfer amount to the North Carolina Community Colleges Financial Aid program. The corrected transfer from the Escheats Fund is $16.3 million recurring.	$0	NR	$0	NR
	0.00		0.00	
Technical Correction: University of North Carolina Need Based Aid	($27,000,000)	R	($27,000,000)	R
Corrects the base budget transfer amount to the University of North Carolina Need Based Aid program. The corrected transfer from the Escheats Fund is $37.8 million recurring.	$0	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**($27,687,445)**	R	**($27,687,445)**	R
	$0	NR	**$0**	NR
	0.00		0.00	

Receipts:

	FY 2015-16		FY 2016-17	
Technical Corrections	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$0	NR	**$0**	NR
Revised Total Requirements	**$66,430,854**		**$66,430,854**	
Revised Total Receipts	**$202,107,116**		**$202,107,116**	
Change in Fund Balance	**$135,676,262**		**$135,676,262**	
Total Positions	**0.00**		**0.00**	
Unappropriated Balance Remaining	**$713,836,707**		**$849,512,969**	

Senate Appropriations Committee on General Government

Special Revenue – General Fund

Budget Code: 23002

	FY 2015-16		FY 2016-17	
Beginning Unreserved Fund Balance	**$333,557**		**$0**	
Recommended Budget				
Requirements	**$0**		**$0**	
Receipts	**$0**		**$0**	
Positions	**0.00**		**0.00**	
Legislative Changes				
Requirements:				
Statewide Automated Fingerprint Identification System Replacement	$0	R	$0	R
Transfers the balance of this fund in FY 2015-16 to the General Fund and closes the special fund.	$333,557	NR	$0	NR
	0.00		0.00	
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$333,557	NR	**$0**	NR
	0.00		0.00	
Receipts:				
Governor's Office Special Revenue	$0	R	$0	R
	$0	NR	$0	NR
Subtotal Legislative Changes	**$0**	R	**$0**	R
	$0	NR	**$0**	NR

	FY 2015-16	FY 2016-17
Revised Total Requirements	$333,557	$0
Revised Total Receipts	$0	$0
Change in Fund Balance	($333,557)	$0
Total Positions	0.00	0.00
Unappropriated Balance Remaining	$0	$0

ATTENDANCE

HOUSE COMMITTEE ON APPROPRIATIONS GENERAL GOVERNMENT

2015-2016 SESSION

DATES															
BROWN, RAYNE CHAIR	✓														
CLEVELAND, GEORGE CHAIR	✓														
RIDDELL, DENNIS CHAIR	✓														
BRODY, MARK VICE-CHAIR	✓														
FISHER, SUSAN VICE-CHAIR	✓														
FLOYD, ELMER VICE-CHAIR	✓														
PITTMAN, LARRY VICE-CHAIR	✓														
ADCOCK, GALE MEMBER	✓														
AGER, JOHN MEMBER	✓														
QUEEN, SAM JOE MEMBER															
WATFORD, SAM MEMBER	✓														
BRIDGES, CARA STAFF	✓														
HOLLOWELL, LISA STAFF	✓														
SATER, DANIEL STAFF	✓														
AHLIN, PAMELA CLERK	✓														
BAILEY, ANDREW CLERK	✓														
RIDDELL, POLLY CLERK															

Committee Sergeants at Arms

NAME OF COMMITTEE House Committee on Appropriations; General Government

DATE: 6-30-2015 Room: 425

House Sgt-At Arms:

1. Name: Warren Hawkins
2. Name: Doug Harris
3. Name: David Leighton
4. Name:
5. Name:

Senate Sgt-At Arms:

1. Name:
2. Name:
3. Name:
4. Name:
5. Name:

Thursday, June 25	Room	Time
APPROPRIATIONS GENERAL GOVERNMENT	425	8:30 am

Name	County	Sponsor
Jackson Parker	Johnston	N. Leo Daughtry
Emily Perry	Pasquotank	Bob Steinburg
Hannah Phillips	Orange	Verla Insko
Kayla Powell	Rockingham	Rayne Brown

VISITOR REGISTRATION SHEET

House Committee on Appropriations, General Government — 6-30-2015
Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Perry Newson	SEJ
Will Parry-Hill	NCHFA
Natalie Hobson	NCHFA
Paula Woodhouse	OSHR
Haley Haynes	SOS
Karin Cochran	DCR
Chloe Gossage	OSBM
Julian Mann	OAH
Margaret Duke	OSHR
Greg Gaskins	State Treasurer's office
Staines	Treasurer

VISITOR REGISTRATION SHEET

House Committee on Appropriations, General Government 6-30-2015

Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Steve Toole	Retirement Systems Division

VISITOR REGISTRATION SHEET

House Committee on Appropriations, General Government 6-30-2015

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Solari	DST
WATTS	DST
Christina Strickland	DST
Martha Jenkins	DOR
JAY DRAKE	OSBM
Pam Cashwell	SEC
Jim Dolan	OSC
Claire Ennis	OSC
Rhonda Todd	DOA
Nelson Freeman	DOR
Meghan Cooke	OITS

VISITOR REGISTRATION SHEET

House Committee on Appropriations, General Government 6-30-2015

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Rob Schiller	NC Symphony
Neal Alexander	OSHR

VISITOR REGISTRATION SHEET

House Committee on Appropriations, General Government 6-30-2015

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tommy Clark	Sec of State
Jeff White	BEST NC
Gayle Lemons	Administrative Hearings
Mollymasich	OAH
Robin Anderson	OAH
Mark Tyler	Dept. of Insurance
Isabel Villa-Garcia	NCAJ
Stan Wellons	NCS

HOUSE APPROPRIATIONS ON GENERAL GOVERNMENT

2015-2016 Session
Book 1

REP. GEORGE G. CLEVELAND, Chair
REP. RAYNE BROWN, Chair
REP. DENNIS RIDDELL, Chair

Pamela Ahlin, Committee Assistant
Andrew Bailey, Committee Assistant
Polly Riddell, Committee Assistant

HOUSE APPROPRIATIONS, GENERAL GOVERNMENT
2015-2016 SESSION

MEMBER	ASSISTANT	PHONE	OFFICE	SEAT
BROWN, Rayne Chair	Andrew Bailey, Clerk	5-0873	633	61
CLEVELAND, George Chair	Pamela Ahlin, Clerk	5-6707	417A	18
RIDDELL, Dennis Chair	Polly Riddell, Clerk	3-5905	533	99
BRODY, Mark Vice-Chair	Neva Helms	5-3029	2219	89
FISHER, Susan Vice-Chair	Cindy Garrison	5-2013	504	81
FLOYD, Elmer Vice-Chair	Dorothy McLean	3-5959	1325	83
PITTMAN, Larry Vice-Chair	Tammy Pittman	5-2009	1010	63
ADCOCK, Gale	Seth Morris	3-5602	1211	119
AGER, John	Meredith Graf	3-5746	1315	115
QUEEN, Joe Sam	Gregory Lademann	5-3005	1017	103
WATFORD, Sam	Regina Irwin	5-2526	2121	88

HOUSE COMMITTEE ON APPROPRIATIONS GENERAL GOVERNMENT
2015-2016 SESSION

Clerks: PAMELA AHLIN, ANDREW BAILEY, POLLY RIDDELL

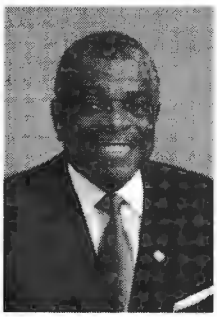
REP. RAYNE BROWN
CHAIR

REP. GEORGE CLEVELAND
CHAIR

REP. DENNIS RIDDELL
CHAIR

REP. MARK BRODY
VICE-CHAIR

REP. SUSAN FISHER
VICE-CHAIR



REP. ELMER FLOYD
VICE-CHAIR

REP. LARRY PITTMAN
VICE-CHAIR

REP. GALE ADCOCK
MEMBER

REP. JOHN AGER
MEMBER

REP. JOE SAM QUEEN
MEMBER

REP. SAM WATFORD
MEMBER

ATTENDANCE

HOUSE COMMITTEE ON APPROPRIATIONS GENERAL GOVERNMENT

2015-2016 SESSION

DATES	4-28-2016	5-3-2016	5-4-2016	5-12-2016											
BROWN, RAYNE CHAIR	X	X	X	X											
CLEVELAND, GEORGE CHAIR	X	X	X	X											
RIDDELL, DENNIS CHAIR	X	X	X	X											
BRODY, MARK VICE-CHAIR	X	X	X	X											
FISHER, SUSAN VICE-CHAIR	X	X	X	X											
FLOYD, ELMER VICE-CHAIR	X	X	X	X											
PITTMAN, LARRY VICE-CHAIR	E	X	X	X											
ADCOCK, GALE MEMBER	X	E	E	X											
AGER, JOHN MEMBER	X	X	X	X											
QUEEN, SAM JOE MEMBER	X	X	X	X											
WATFORD, SAM MEMBER	X	X	X	X											
BRIDGES, CARA STAFF	X	X	X	X											
HOLLOWELL, LISA STAFF	X	X	X	X											
SATER, DANIEL STAFF	X	X	X	X											
MYRA TORAIN , STAFF				X											
AHLIN, PAMELA CLERK	X			X											
BAILEY, ANDREW CLERK		X													
RIDDELL, POLLY CLERK			X												
X= Present															
E= Excused															

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION

You are hereby notified that the **House Committee on Appropriations, General Government** will meet as follows:

DAY & DATE: Thursday, April 28, 2016
TIME: **8:30 AM**
LOCATION: **425 LOB**
COMMENTS: **Rep. George Cleveland will preside.**

Respectfully,

Representative Rayne Brown, Co-Chair
Representative George G. Cleveland, Co-Chair
Representative Dennis Riddell, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 1:56 PM on Tuesday, April 26, 2016.

___ Principal Clerk
___ Reading Clerk – House Chamber

Pamela Ahlin (Committee Assistant)

House Appropriations Committee on General Government
April 28, 2016 8:30AM
425 LOB

Rep. Cleveland, Chair; presiding
Rep. Brown, Chair
Rep. Riddell, Chair

Presentation of the Governor's Recommended Budget 2016-17

Office of State Budget and Management Office of the Governor	Elizabeth Grovenstein Assistant State Budget Officer
Office of State Controller	Jim Dolan Chief Deputy State Controller
Department of Administration	Bryan Brannon, CFO
Office of State Treasurer	Fran Lawrence, CFO

House Committee on Appropriations, General Government
Thursday, April 28, 2016 at 8:30 AM
Room 425

MINUTES

The House Committee on Appropriations, General Government met at 8:30 AM on April 28, 2016, in Room 425. Representatives Adcock, Ager, Brody, Brown, Cleveland, Fisher, Floyd, Queen, Riddell, and Watford attended. Rep. Pittman had an excused absence. Staff Members Lisa Hollowell, Cara Bridges, and Daniel Sater were in attendance. Attached to the Minutes are the Staff for the Sergeant at Arms (Attachment #1), the Pages for the meeting (Attachment #2), and the attendance sheets for agency representatives and the public visitors (Attachment #3).

Rep. George G. Cleveland presided.

Elizabeth Grovenstein from the Office of State Budget and Management (OSBM) presented the Governor's Budget (Attachment #4).
Jim Dolan, the Chief Deputy State Controller at the Office of State Controller spoke on the budget.
From the Department of Administration, Bryan Brannon, CFO, spoke on the budget.
Fran Lawrence, CFO from the Office of State Treasurer, presented the legislative agenda from the State Treasurer, Janet Cowell (Attachment #5).

Following a discussion of the material presented, the meeting was adjourned by the Chair at 9:25 AM.

George G. Cleveland
Rep. George G. Cleveland
Presiding

Pamela Ahlin
Pamela Ahlin, Committee Clerk

ATTACHMENT # 1

Committee Sergeants at Arms

NAME OF COMMITTEE House Committee on Appropriations, General Government

DATE: 04/28/2016 Room: 425

House Sgt-At Arms:

1. Name: Warren Hawkins
2. Name: Doug Harris
3. Name: _____
4. Name: _____
5. Name: _____

Senate Sgt-At Arms:

1. Name: _____
2. Name: _____
3. Name: _____
4. Name: _____
5. Name: _____

ATTACHMENT # 2

HOUSE PAGES

Week of April 25, 2016

Name:	County:	Sponsor:
Mariia Akhmadiar	Wayne	Speaker Tim Moore
Brandon Buckhannon	Guilford	Speaker Tim Moore
Hope Cockerham	Gaston	Speaker Tim Moore
Mary Collins	Bladen	Bill Brisson
Isaiah Facemire	Alamance	Stephen Ross
James Fitz-Henley	Durham	Speaker Tim Moore
Eli Gerrans	Carteret	Pat McElraft
Ghabriel Guimaras	Granville	Speaker Tim Moore
Jacob Hart	Surry	Speaker Tim Moore
Kay Hill	Durham	Speaker Tim Moore
Cailey Howard	Lenoir	John Bell
Jacob Jeffries	Durham	Speaker Tim Moore
Hira Mashal	Johnston	Speaker Tim Moore
Aaron Medinger	Wake	Speaker Tim Moore
Julian Price	Mecklenburg	Speaker Tim Moore
Dehamma Wilson	Gaston	Speaker Tim Moore
Madison Joines	Forsyth	Evelyn Terry

ATTACHMENT # 3

VISITOR REGISTRATION SHEET

HOUSE APPROP/ GEN GOV — April 28, 2016

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Stan Williams	NC Symphony
Jim Walls	DST
Skye David	NCCADV
Sozari	DST
Steve Troxler	DST
Linda Combs	OSC
Jim Dolan	OSC
Michael Ewliss	OSC

VISITOR REGISTRATION SHEET

HOUSE APPROP/ GEN GOV — April 28, 2016

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Rob Schiller	NC Symphony
Gayle Jones	OAH
Molly Masich	OAH
Starnes	OST
Gosking	OST
Lawrence	OST
Elizabeth [illegible]	[illegible]
[illegible]	OSBM
[illegible]	SEC
Brenda Williams	DST
Pam Cashwell	SEC

VISITOR REGISTRATION SHEET

HOUSE APPROP/ GEN GOV — April 28, 2016

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Kathryn Johnston	DOA
Bryan Brannon	DOA
Prentice Hunt	DOA

ATTACHMENT # 4

North Carolina State Budget
Recommended Adjustments, 2016-17

General Fund
Office of the Governor

Office of the Governor (13000)

		2015 Session Law-Enacted		2016 Legislative Session-Recommended Change				% Change from	% Change from
	2014-15 Actual	2015-16 Certified	2016-17 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2016-17	2015-16 Certified	2016-17 Certified
Total Requirements	$7,201,600	$6,376,772	$6,120,837	$11,550	$103,354	$114,904	$6,235,741	(2.21)%	1.88%
Less Receipts	$1,686,718	$554,663	$554,663	-	-	-	$554,663	-%	-%
Total Appropriation	$5,514,882	$5,822,109	$5,566,174	$11,550	$103,354	$114,904	$5,681,078	(2.42)%	2.06%
Total Positions	-	54.201	54.201	-	-	-	54.201	-%	-%

		2016-2017 Recommended		
		Recurring Changes	Non Recurring Changes	Total Adjustments
1. **Reward State Employees with One-Time Bonus** Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of $3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.	Requirements	-	$103,354	$103,354
	Less Receipts	-	-	-
	Appropriation	-	$103,354	$103,354
	Positions	-	-	-
2. **State Retirement Contribution Rate Increase** Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than $1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.	Requirements	$11,550	-	$11,550
	Less Receipts	-	-	-
	Appropriation	$11,550	-	$11,550
	Positions	-	-	-
Net Adjustments				
Requirements		$11,550	$103,354	$114,904
Less Receipts		-	-	-
Appropriation		$11,550	$103,354	$114,904
Positions		-	-	-

Office of State Budget and Management (13005)

	2014-15 Actual	2015 Session Law-Enacted 2015-16 Certified	2015 Session Law-Enacted 2016-17 Certified	2016 Legislative Session-Recommended Change Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2016-17	% Change from 2015-16 Certified	% Change from 2016-17 Certified
Total Requirements	$11,683,419	$8,255,832	$8,103,291	$157,656	$162,674	$320,330	$8,423,621	2.03%	3.95%
Less Receipts	$3,889,065	$571,883	$571,883	-	-	-	$571,883	-%	-%
Total Appropriation	$7,794,354	$7,683,949	$7,531,408	$157,656	$162,674	$320,330	$7,851,738	2.18%	4.25%
Total Positions	-	69.310	69.310	-	-	-	69.310	-%	-%

		2016-2017 Recommended Recurring Changes	Non Recurring Changes	Total Adjustments
1. **Reward State Employees with One-Time Bonus**	**Requirements**	-	$162,674	$162,674
Provides funds for an average 3.0% bonus for State employees (up to a maximum bonus of $3,000 per employee). Each agency head, in consultation with the Office of State Human Resources, will determine the distribution of the bonus. This bonus shall not be considered part of an employee's annual salary or base rate of pay for retirement purposes.	**Less Receipts**	-	-	-
	Appropriation	-	$162,674	$162,674
	Positions	-	-	-
2. **State Retirement Contribution Rate Increase**	**Requirements**	$17,456	-	$17,456
Increases the State's contribution for members of the Teachers' and State Employees' Retirement System to fully fund the Actuarially Determined Contribution. The State's total General Fund contribution for retirement systems, disability benefits, death benefits, and retiree health benefits is more than $1.7 billion annually. For TSERS in FY 2016-17, the State will contribute an amount equal to 15.67% of each employee's salary for these benefits.	**Less Receipts**	-	-	-
	Appropriation	$17,456	-	$17,456
	Positions	-	-	-
3. **Improve Transparency of IT Expenses**	**Requirements**	$140,200	-	$140,200
Increases funding for agency IT budgets to fund Department of Information Technology rates that were updated last year to reflect actual costs.	**Less Receipts**	-	-	-
	Appropriation	$140,200	-	$140,200
	Positions	-	-	-
Net Adjustments				
Requirements		$157,656	$162,674	$320,330
Less Receipts		-	-	-
Appropriation		$157,656	$162,674	$320,330
Positions		-	-	-

OSBM - Reserve for Special Appropriation (13085)

		2015 Session Law-Enacted		2016 Legislative Session-Recommended Change				% Change from	% Change from
	2014-15 Actual	2015-16 Certified	2016-17 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2016-17	2015-16 Certified	2016-17 Certified
Total Requirements	$1,575,000	$14,781,688	$2,000,000	-	$6,000,000	$6,000,000	$8,000,000	(45.88)%	300.00%
Less Receipts	$333,557	-	-	-	$1,000,000	$1,000,000	$1,000,000	-%	-%
Total Appropriation	$1,241,443	$14,781,688	$2,000,000	-	$5,000,000	$5,000,000	$7,000,000	(52.64)%	250.00%
Total Positions	-	-	-	-	-	-	-	-%	-%

		2016-2017 Recommended		
		Recurring Changes	Non Recurring Changes	Total Adjustments
1. **Innovation to Jobs - Rallying Investors and Skilled Entrepreneurs for NC (RISE NC)** Creates a statewide network that develops and leverages existing North Carolina entrepreneurial management talent, and recruits world-class investors, skilled entrepreneurs, and managers to NC. Coordinated components include the statewide expansion of the successful Blackstone Entrepreneurs Network, an entrepreneurial fellowship program, recruiting targeted professionals with NC ties, and a campaign targeting professionals in high-cost technology states. Funds will be leveraged 1:2 by private sources.	**Requirements**	-	$2,500,000	$2,500,000
	Less Receipts	-	-	-
	Appropriation	-	$2,500,000	$2,500,000
	Positions	-	-	-
2. **Innovation to Jobs - Establish the University Innovation Commercialization Grant Program** Provides $2.5 million in 2016-17 for the University Innovation Commercialization Grant Program. The program would use NC's community of industry and commercialization experts, organized and funded through two hosting nonprofit or other relevant entities, to: 1)select university technologies based on commercial potential, 2) create a development plan of key activities to make the technologies more attractive to investors, and 3) guide implementation of these activities to assure efficient development of funds and commercial-quality results.	**Requirements**	-	$2,500,000	$2,500,000
	Less Receipts	-	-	-
	Appropriation	-	$2,500,000	$2,500,000
	Positions	-	-	-
3. **School Facility Needs Assessment** Lottery funds in the amount of $1 million is provided for the Department of Administration to conduct or contract with an outside entity to complete a public school construction needs assessment for the 50 counties determined by the low-wealth school funding formula to have the lowest ability to pay for school facilities.	**Requirements**	-	$1,000,000	$1,000,000
	Less Receipts	-	$1,000,000	$1,000,000
	Appropriation	-	-	-
	Positions	-	-	-
Net Adjustments				
Requirements		-	$6,000,000	$6,000,000
Less Receipts		-	$1,000,000	$1,000,000
Appropriation		-	$5,000,000	$5,000,000
Positions		-	-	-

Reserves (19XXX)

	2014-15 Actual	2015 Session Law-Enacted 2015-16 Certified	2015 Session Law-Enacted 2016-17 Certified	2016 Legislative Session-Recommended Change Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2016-17	% Change from 2015-16 Certified	% Change from 2016-17 Certified
Total Requirements	-	$ 179,702,768	$ 426,231,366	($171,290,802)	($7,297,575)	($178,588,377)	$247,642,989	37.81%	-41.90%
Less Receipts	-	-	-	-	-	-	-	-%	-%
Total Appropriation	-	$ 179,702,768	$ 426,231,366	($171,290,802)	($7,297,575)	($178,588,377)	$247,642,989	37.81%	-41.90%
Total Positions	-	-	-	73.000	-	-	73.000	-%	-%

		2016-2017 Recommended Recurring Changes	Non Recurring Changes	Total Adjustments
1. **Support for the Connect NC Bond Projects and Other Capital Improvements** Provides funding to successfully implement the Connect NC Bond package as passed by the voters in March 2016, and to adequately support the need for capital assessments and improve data-driven decision-making. This item includes six positions and software for the Department of Administration, two positions for the NC Community College System, and three positions in a statewide reserve to be deployed as necessary to assist impacted agencies.	Requirements	$985,682	$156,585	$1,142,267
	Less Receipts	-	-	
	Appropriation	$985,682	$156,585	$1,142,267
	Positions	-	-	-
2. **Salary Adjustment Fund** Provides funds to continue the implementation of a new market-aligned salary structure for State agencies. The structure will adjust employee salaries in State job classifications were the pay is below market value. These salary adjustments are to be made based on Office of State Human Resources analysis of the difference in current salary grades and new salary grades implemented during the compensation system update.	Requirements	$27,000,000	-	$27,000,000
	Less Receipts	-	-	-
	Appropriation	$27,000,000	-	$27,000,000
	Positions	-	-	-
3. **Adjust and Distribute Reserve for Public Schools Average Daily Membership (ADM)** Transfers reserve funds allocated for the projected increases in Average Daily Membership (ADM) in K-12 from statewide reserves to the Education section of the budget, adjusting for updated projections.	Requirements	($107,000,000)	-	($107,000,000)
	Less Receipts	-	-	-
	Appropriation	($107,000,000)	-	($107,000,000)
	Positions	-	-	-
4. **Reallocate Reserve for Future Benefit Needs** Transfers SL 2015-241, Sec. 30.26 reserved funds due to inaction by the State Health Plan Board.	Requirements	($71,000,000)	-	($71,000,000)
	Less Receipts	-	-	-
	Appropriation	($71,000,000)	-	($71,000,000)
	Positions	-	-	-
5. **Adjust and Distribute Reserve for University of North Carolina System Enrollment Growth** Transfers reserve funds allocated for the projected enrollment growth at the University of North Carolina System from statewide reserves to the Education section of the budget.	Requirements	($31,000,000)	-	($31,000,000)
	Less Receipts	-	-	-
	Appropriation	($31,000,000)	-	($31,000,000)
	Positions	-	-	-
6. **Adjustment for Existing Job Development Investment Grants Based on Performance** Adjusts funding to reflect projected spending needs based on anticipated payouts of awarded grants. Total funding for JDIG is $61,728,126 for the 2016-17 fiscal year.	Requirements	-	($10,000,000)	($10,000,000)
	Less Receipts	-	-	-
	Appropriation	-	($10,000,000)	($10,000,000)
	Positions	-	-	-
7. **Adjust Existing OneNC Awards** Realigns funding to reflect projected spending needs based on anticipated performance of grantees. Funding for OneNC is $8,582,117 for the 2016-17 fiscal year.	Requirements	-	($417,883)	($417,883)
	Less Receipts	-	-	-
	Appropriation	-	($417,883)	($417,883)
	Positions	-	-	-
8. **Required Annual Technical Adjustment for Existing Debt Service Projection** Adjusts appropriations for debt service payments based on updated cash flow projections by the State Treasurer for existing projects for the upcoming fiscal year.	Requirements	-	$1,253,000	$1,253,000
	Less Receipts	-	-	-
	Appropriation	-	$1,253,000	$1,253,000
	Positions	-	-	-

ATTACHMENT # 5

NORTH CAROLINA

OFFICE OF THE TREASURER

JANET COWELL, TREASURER

Department of State Treasurer
2016 Legislative Agenda

Budget Request

- Recurring Operating Costs: (Appears in the Governor's Budget) Renovation of the Albemarle building resulted in the Department moving to new offices. The $5 million moving costs were paid for entirely through the use of Departmental operating dollars with no funding from the General Assembly. The move to a new facility means that the Department now incurs costs for water, utilities, janitorial services and security that it did not have before. These were not part of prior DST budget expenses. The Department seeks authority to make use of receipts to pay for these additional costs. There is no impact to the general fund.

  $753,000 ($548,000 recurring and $169 non-recurring)

- Retirement Systems Divisions: ABLE funding. (Appears in the Governor's Budget) The department was not granted the full amount needed to get the ABLE program up and running. We are seeking the remaining funds promised to the department for this purpose.

  $225,000 non-recurring (general fund)

- Core Banking System Maintenance: In 2014 the General Assembly approved funds for an upgrade of the State's core banking system. This important upgrade is part of the Department's strategic plan to modernize operations. This is an Oracle system that is utilized by agencies both public and private throughout the state. The Department requests authority to make use of receipts to fund incremental maintenance costs and ongoing expenses related to the upgrade. There is no impact to the general fund.

  $450,000 recurring

- State and Local Government Finance Division Intervention Team: The General Assembly authorized the first two of several positions that will staff a team which will work to prevent financial crises in local government units before they happen. These funds are to hire the additional members of this team and offer them competitive salaries to help ensure their retention. **TBD**

- Unclaimed Property Division Enhancements: Increased outreach and audit efforts by this division have resulted in large increases in work load. There has been a marked increase in the amount of unclaimed property reported by businesses over the last 10 years. In addition, during the years 2001-2006 an average of 960,000 shares of securities escheated and this number has now grown to an average of 25 million annually. The additional work load has not been matched by increases in staffing. This has led to added risk to timely tangible property processing and to compliance issues. Staffing for securities has been determined to be insufficient to provide timely reconciliation, re-registration and sale of the securities in the division's possession. Funds are to hire two additional staff to address these needs. Funding comes from the escheats pool and does not impact the general fund. **$102,000 recurring**

325 NORTH SALISBURY STREET, RALEIGH, NORTH CAROLINA 27603-1385 · (919) 508-5176 · FAX (919) 508-5167
WWW.NCTREASURER.COM

- Retirement Systems Division: The ORBIT system which is used to manage State Employee Retirement Systems is 10 years old. The system stands in need of both maintenance and significant upgrades allowing for a fully electronic retirement application and servicing process. These upgrades will produce a significant return on investment as it will obviate the need for significant hiring to address the bulge in retirements expected as the baby boom generations matures. The General Assembly gave authority to hire two positions to meet this need during the 2015 session. The Department seeks three additional positions needed to plan, develop and oversee the implementation of these and future ORBIT enhancements. Funding is from receipts and does not affect the General Fund. **$341,067 recurring**

- Retirement Systems Division Operating Costs: The Retirement Division has had no increase in its operating budget since 1999. Since that time the complexity and costs of operations have increased greatly. The hourly rate for actuarial services alone has increased 12% in the last 6 years. The department asks for authorization to spend an additional $750,000 to cover increased costs. The source of these funds will be receipts and will not impact the General Fund. **$750,000 recurring**

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION

You are hereby notified that the **House Committee on Appropriations, General Government** will meet as follows:

DAY & DATE: Tuesday, May 3, 2016
TIME: **8:30 AM**
LOCATION: **425 LOB**
COMMENTS: **Agenda: Budget**
Rep. Rayne Brown will preside.
Members please bring a copy of your budget to the committee meeting.

Respectfully,

Representative Rayne Brown, Co-Chair
Representative George G. Cleveland, Co-Chair
Representative Dennis Riddell, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 2:45 PM on Friday, July 01, 2016.

___ Principal Clerk
___ Reading Clerk – House Chamber

Andrew Bailey (Committee Assistant)

House Appropriations Committee on General Government
May 3, 2016 8:30AM
425 LOB

Rep. Brown; Presiding Chair
Rep. Cleveland, Chair
Rep. Riddell, Chair

Presentation of the Governor's Recommended Budget 2016-17

Office of Administrative Hearings	Judge Julian Mann, Chief Administrative Law Judge
Housing Finance Agency	Bob Kucab, Executive Director
Office of State Human Resources	Neal Alexander, Director
State Ethics Commission	Perry Newson, Executive Director
State Board of Elections	Kim Strach, Executive Director
Secretary of State	Secretary Elaine Marshall

House Committee on Appropriations, General Government
Tuesday, May 3rd, 2016 at 8:30 AM
Room 425 of the Legislative Office Building

MINUTES

The House Committee on Appropriations, General Government met at 8:30 AM on May 3rd, 2016 in Room 425 of the Legislative Office Building. Representatives Ager, Brody, Brown, Cleveland, Fisher, Floyd, Pittman, Queen, Riddell, and Watford attended. Rep. Adcock has an excused absence. Fiscal Staff members in attendance were Cara Bridges, Lisa Hollowell, and Daniel Sater. Committee Clerk Andrew Bailey also attended.

Attached to the minutes are the Staff for the Sergeant at Arms (Attachment #1), the Pages for the meeting (Attachment #2), and the attendance sheets for agency representatives and public visitors (Attachment #3).

Representative Rayne Brown, Chair, presided.

Rep. Brown called the meeting to order at 8:30 AM and welcomed everyone and recognized the pages and thanked the staff and Sergeant at Arms for their help.

Judge Julian Mann of the Office of Administrative Hearings was recognized to give an overview of the OAH budget requests.

Rep. Brown recognized Executive Director Bob Kucab of the Housing Finance Agency who discussed budget requests on page 56 of the Governor's budget proposal. Director Kucab also discussed the agency's financing of homes (Attachment #4).

Debate and discussion was had by various members of the committee.

The Chair recognized Neal Alexander, Director of the Office of State Human Resources. Mr. Alexander discussed items that dealt with their budget requests, and in particular, the transfer of 3 positions to OSHR from the Department of Administration for worker's compensation. The proposal of 4 new positions to create more efficiency was additionally discussed. (Attachment #5).

John Bogner, Division Director of Safety Health and Wellness was recognized to discuss statewide claims.

Debate and discussion was had by various members of the committee.

The Chair recognized Perry Newson, Executive Director with the State Ethics Commission. Mr. Newson discussed items that dealt with the State Ethics Commission's budget. (Attachment #6).

Debate and discussion was had by various members of the committee.

Rep. Brown recognized Kim Strach, Executive Director of the State Board of Elections. Ms. Strach discussed the Governor's budget proposal, including expanding elections outreach and the uniformity of elections processes throughout the State. New positions are requested for the department.

The Chair recognized Haley Haynes, Deputy Secretary with the North Carolina Secretary of State's Office. Ms. Haynes discussed various items that dealt with the budget of the Secretary of State's Office.

The meeting adjourned at 9:49 AM.

Representative Rayne Brown, Chair,
Presiding

Andrew Bailey, Committee Clerk

ATTACHMENT # 1

Committee Sergeants at Arms

NAME OF COMMITTEE House Committee on Appropriations, General Government

DATE: 05/03/2016 Room: 425

order

House Sgt-At Arms:

1. Name: Warren Hawkins
2. Name: Doug Harris
3. Name: Malachi McCullough, Jr. Malachi
4. Name: _____
5. Name: _____

Adcock

Senate Sgt-At Arms:

1. Name: _____
2. Name: _____
3. Name: _____
4. Name: _____
5. Name: _____

ATTACHMENT # 2

HOUSE PAGES
(Appropriations on General Government)

Week of May 2-5, 2016

Name:	County:	Sponsor:
TYLER GENTRY	UNION	DEAN ARP

ATTACHMENT # 3

VISITOR REGISTRATION SHEE

House Committee on Appropriations, General Government 05/03/2016

Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Neal Alexander	OSHR
Providence HAKizimana	OSBM
Paula Woodhouse	OSHR
Hadley Haynes	SOS
Angela Dunston	SOS
Tommy Clark	SOS
Patricia [illegible]	NCHFA
BOB KUCAB	NCHFA
Amy Strange	Elections
Kim Strach	Elections
Will Parry-Hill	NCHFA

VISITOR REGISTRATION SHEET

House Committee on Appropriations, General Government 05/03/2016

Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Steve Metcalf	The Policy Group
Elizabeth Downes	OSBM
Josh Lawson	State Board of Elections
Pam Cashwell	St. Ethics Comm
Perry Newson	//
Jeff Marcum	OSBM
Charlene Shabazz	OSHR
Margaret Duke	OSHR
Chris Agnew	DOT
Meghan Cook	DIT
Rhonda Todd	DOA

VISITOR REGISTRATION SHEET

House Committee on Appropriations, General Government 05/03/2016

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
TJ Burpee	NP
Rodney Maddox	NC SOS
Kevin Harrington	NC SOS
Dwayne Pearson	NCSOS
Samuel Gunter	NCHC
Michael Arnold	SOS

ATTACHMENT # 4

Examples of Recent Investment

Jackson Square, Lexington
Affordable Apartments for Families

Denson Apartments, Durham
Apartments for Homeless Veterans

Downtown Housing Initiative, Jacksonville
Single Family Homes

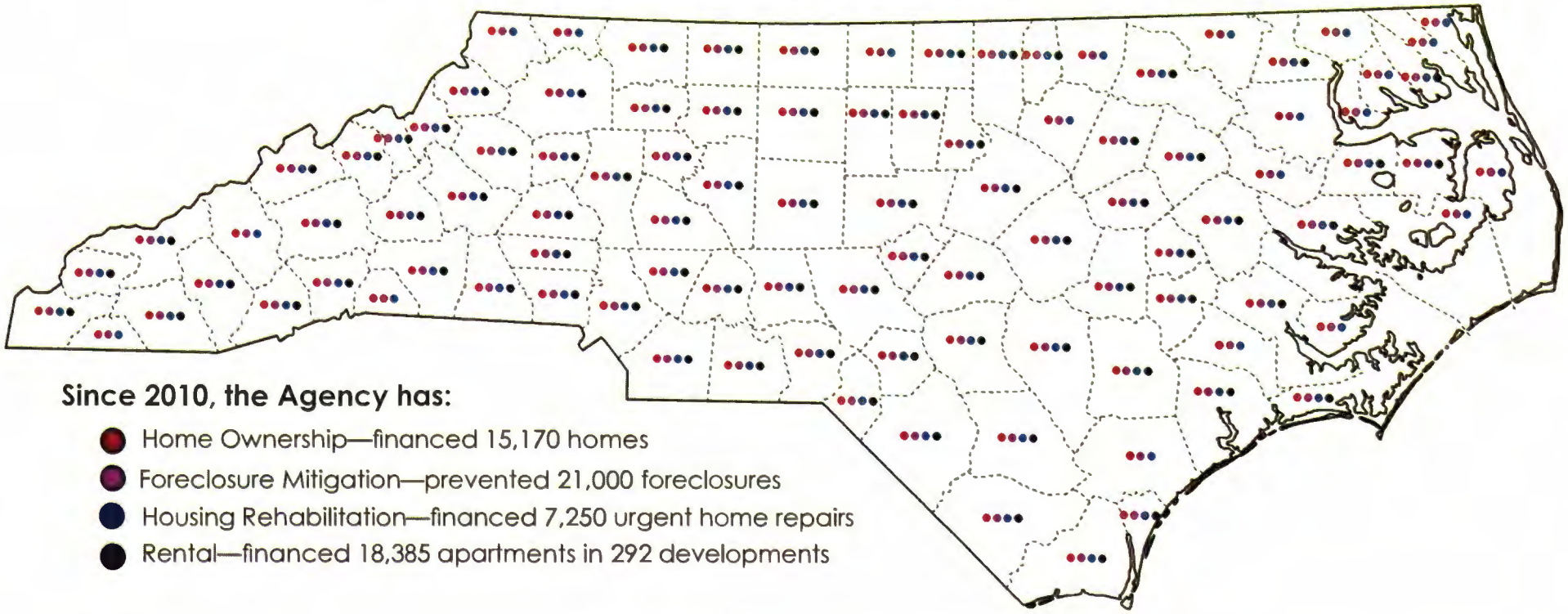
Auburn Trace, Mebane
Affordable Apartments for Families

Dogwood Manor, Fayetteville
Affordable Apartments for Seniors

Urgent Repair, Asheville
Seniors, Veterans, and People with Disabilities

North Carolina Housing Finance Agency

Builds North Carolina



Since 2010, the Agency has:

- Home Ownership—financed 15,170 homes
- Foreclosure Mitigation—prevented 21,000 foreclosures
- Housing Rehabilitation—financed 7,250 urgent home repairs
- Rental—financed 18,385 apartments in 292 developments

2015 Investments

14,190 jobs supported

$19.1 million of state appropriations leveraged $1.4 billion in housing

10,370 homes and apartments

North Carolina Housing Finance Agency

Every dollar appropriated by the General Assembly goes into bricks and mortar.

ATTACHMENT # 5

State Human Resources

C. NEAL ALEXANDER, JR.
Director, State Human Resources

Governor's Recommended Budget Adjustments 2016-17

New Positions for Office of State Human Resources (OSHR)

The 2015 Appropriations Act (S.L. 2015-241):

- Authorized the transfer of 3 positions to OSHR from The Department of Administration (DOA) for workers compensation, but the positions were unfunded so the positions did not transfer.
  - *Governor's 2016-17 budget proposal includes the following:*
    - *3 positons for Workers Compensation*
    - *1 position for Health and Safety (Addressing workplace safety is essential to reducing claims)*
- Allocated a $2 million Worker's Compensation Settlement Reserve Fund for OSHR to use with assisting agencies in settling 36 claims, yielding $24 million in future cost avoidance.
- Established OSHR as business owner of the state's Safety, Health and Workers' Compensation Programs.

Purpose of New Positions:

- Help close more workers' compensation claims
- Implement a more efficient and focused statewide safety program and workers' compensation claims management process
- Ensure vendors comply with accountability clauses and performance metrics
- Advise agencies and assist in identifying claims that, if settled, will generate substantial potential future cost savings and reduce long-term liabilities
- Address abuse and potential fraud
  (Includes enhanced management of claims, increased training and fraud awareness; since 2013, surveillance has been conducted in over 320 cases.)

New Third-Party Provider:

- New contract will save the state $1.7 million per year over the next three years, amounting to $5.1 million in total savings.

NC STATE ETHICS COMMISSION PROPOSAL FOR A NEW STATEMENT OF E
APPLICATION, DATABASE AND ONLINE ETHICS EDUCATION TRAINING PROGRAM

PURPOSE: Design, develop and implement a new application for individuals covered under the State Ethics Act to electronically file and amend Statements of Economic Interests (SEIs). The application would include a state-of-the-art searchable database and comprehensive management tools. Develop and implement a new updated and integrated online education program. Review all of our databases to ensure proper functionality and security.

STAKEHOLDERS:

- More than 7000 annual SEI filers including legislators, judicial officials, counsel of state members, cabinet officers, covered state employees, and appointees to approximately 300 State boards.
- Ethics Liaisons who serve as the conduit for information between the Ethics Commission and covered persons.
- Ethics Commission Staff.
- Citizens and other members of the unregulated public who seek copies of SEIs from the Ethics Commission.

GOALS:

- One RELIABLE integrated filing platform and integrated online education system.
- Comprehensive internal management tools and integrated communication tools
    - Robust data administration for SEI filing and education compliance
    - Ability to communicate with filers and ethics liaisons directly from the database
        - Currently all communication is made via email or hard copy letters
- Customer-friendly intuitive filing of SEIs for all filers—encouraging more electronic filing.
- Easier updates to electronically filed SEIs. This includes ability for filers to update their personal contact information at any time.
- Streamlined software maintenance capability permitting more maintenance by SEC staff.
- Updated interactive online education program.
- Ability to file SEI and take online education on mobile devices 24/7.
- Ability to internally produce self-planned reports.
- Empower Ethics Liaisons:
    - Ability for Ethics Liaisons to access and update information for their agency or board filers to assist with SEI filing and education compliance.
    - Provide template notifications to ELs to assist them with communications directly to their covered persons.
- Provide for automatic redaction of personal contact information on public-facing searchable forms.

STATE OF CURRENT SYSTEM:

- **Database** :
    - Created in 2010

- Data is stored in a single database in Microsoft SQL Server 2008.
- Paper SEI files must be manually scanned into a separate IT server [Documentum File Services] and then mapped into our database or uploaded individually in a multi-step process. (very labor intensive)
- Annual updates to improve the system have created new issues.
- Data isn't always reliable because of system clitches. Currently, the education due date doesn't always update.

- **SEI Filing:**
  - SEI Electronic filing began in 2012. Electronic filers need an NCID to utilize the system.
  - Functional: It currently works but functionality is limited. Improvements to functionality lead to technical glitches and issues.
  - Difficult to maintain: no ability for SEC staff to make any changes to website, database platform, SEI form, etc.
  - Online SEI filing program is riddled with issues causing customer frustration. 2016 filing year has been challenging for our customers and staff.
  - No ability to file from a mobile device.
  - Online filers have to get an NCID through DIT but DIT archives those accounts if they are not used for 18 months. This means a filer who files electronically in January of one year but not until June of the following year, may no longer be in the NCID system and can't access their prior form. Filers must use the DIT helpdesk for all NCID issues, leading to increased frustration.
    - Not customer friendly. Daily complaints and frustrations expressed by filers.
  - Once an SEI is filed, amendments and corrections can only be made by re-filing a new form, or Commission staff must send a supplemental form via email or mail for the filer to submit in paper form. Electronic filing of supplements is not available.
  - Very dependent on services of a part-time IT contractor for all IT issues, corrections, troubleshooting, etc. Resulting in delayed response to customers and ever-increasing frustration for customers and staff.

- **Online Education Program**:
  - Written and produced by UNC School of Govt. in 2010.
  - Developed in Adobe Presenter and produced in a Flash (flv) format.
  - Uses Adobe Flash in the browser to run.
  - Moved to the Ethics Commission's server in July 2014 because DIT would no longer support it.
  - Functional: Works and people take online course daily.
  - BUT:
    - Constant issues with sound not working and people not receiving the certificate of completion, leading to customer frustration.
    - Not friendly to the hearing impaired.

- The Ethics Act has been amended every year, however, staff and UNC School of Govt. staff who designed the program, can't make any edits or updates to the online program.
- Cannot be viewed from a mobile device and us is limited to certain internet servers.
- Have to take education every two years so many people have now taken the same online program 3 times and complain that it hasn't changed and isn't up to date. New technology permits a more interactive program.
- Very dependent on services of part-time IT contractor for all IT issues, corrections, troubleshooting, getting copies of certificates when requested, etc. Resulting in delayed response to customers and ever-increasing frustration for customers and staff.
- Individuals can't check for their compliance status or due date.
- Staff can't make corrections or updates to our website regarding education programs.
- No mechanism to ensure proper completion of the program.

PROPOSED STEPS:

1. Following the model of other states (e.g. Massachusetts), by hiring a vendor to examine and analyze the current SEI filing applications, all databases, systems and online education program utilized by the Ethics Commission to determine the needs and make recommendations to include:
    a. A complete documented project recommendation (RFP) which will serve as the template to build a new e-filing system and online education program.
    b. A statement of work to be used in the procurement of the new e-filing system.
    c. The development of a contract and application specifications relative to the selection of a vendor who will then develop and build a new web-based SEI filing application.

    This vendor would not be eligible to submit an RFP or otherwise bid on the opportunity to build and develop the new e-filing system.

2. Issue an RFP to find a vendor to build and develop the new application in consultation with Ethics Commission staff.
3. Contract for the project.
4. Work closely with the vendor providing oversight, resources and expertise until completion.
5. Have a period of transition for the vendor to manage and maintain the system with a view toward the SEC having the ability to provide the primary maintenance for the long- term of the system.

BUDGET ESTIMATES:

1- **For Step One**—Massachusetts Ethics Commission spent $40k on this step in 2014.
2- **For Steps 2-5**—In 2015, Massachusetts spent $850k on just a new SEI filing platform, database and management tools.
Texas spent approx. 1 million on the same.
3- **We would have a better picture of the cost after having step one above completed.** However, it is very possible that a new filing system, database, online education program and front-end management tools could be less than $850k if we didn't have to start from scratch.

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION

You are hereby notified that the **House Committee on Appropriations, General Government** will meet as follows:

DAY & DATE: Wednesday, May 4, 2016
TIME: **8:30 AM**
LOCATION: **425 LOB**
COMMENTS: **Rep. Dennis Riddell will preside.**
Please have a copy of the budget available.

Respectfully,

Representative Rayne Brown, Co-Chair
Representative George G. Cleveland, Co-Chair
Representative Dennis Riddell, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 3:18 PM on Monday, May 02, 2016.

___ Principal Clerk
___ Reading Clerk – House Chamber

Polly Riddell (Committee Assistant)

House Committee on Appropriations, General Government
Wednesday, May 4, 2016, 8:30 AM
425 LOB

AGENDA

Co Chairs: Representative George Cleveland
Representative Rayne Brown
Representative Dennis Riddell

Welcome and Opening Remarks: Rep. Dennis Riddell, Presiding

Presentations:

State Auditor's Office	State Auditor Beth Wood
Office of Lieutenant Governor	Steven Walker, General Counsel and Policy Director
Department of Military and Veterans Affairs	Ilario Pantano, Director of Veterans Affairs
Department of Revenue	Nelson Freeman, Legislative Liaison
Department of Insurance	Commissioner Wayne Goodwin

House Committee on Appropriations, General Government
Wednesday, May 4, 2016 at 8:30 AM
Room 425 Legislative Office Building

MINUTES

The House Committee on Appropriations, General Government met at 8:30 AM on Wednesday, May 4, 2016 in Room 425 of the Legislative Office Building. Representatives Ager, Brody, Brown, Cleveland, Fisher, Floyd, Pittman, Queen, Riddell, and Watford attended. Representative Adcock had an excused absence. Fiscal Staff members present were: Cara Bridges, Lisa Hollowell, and Daniel Sater. The Sergeant at Arms present are listed on Attachment #1. Visitors to the committee are listed on Attachment #2. Committee Clerk Polly Riddell also attended.

Representative Dennis Riddell presided. The meeting was called to order at 8:30 AM.

State Auditor, Beth Wood, was recognized to present a budget update for the State Auditor's Office. She then responded to questions and comments from committee members.

Steven Walker, General Counsel and Policy Director for the Office of Lieutenant Governor, presented a short overview of their need for travel reimbursements. He responded to questions and comments from committee members.

Cornell A. Wilson, Jr., Secretary of NC Military and Veterans Affairs presented a request for increase funding for additional cemetery grounds staff stating that the system is currently underfunded. He then responded to questions and comments from committee members. (See Attachment #3)

Nelson Freeman, Legislative Liaison for the Department of Revenue, presented the Governor's Recommended Expansion Budget for the Dept. of Revenue. This included the department's mission statement, strategic planning and goals, plans for combatting taxpayer identity theft, streamlining business functions, implementing new tax types, and funding critical IT operations. He then responded to questions and comments from committee members. (See Attachments 4 & 5)

Department of Insurance Commissioner, Wayne Goodwin, presented the priority resource needs for the fiscal year 2016-2017. He also responded to questions and comments from committee members. (See Attachment 6)

The meeting adjourned at 9:50 AM.

Representative Dennis Riddell, Chair, Presiding
Presiding

Polly Riddell, Committee Clerk

ATTACHMENT 1

Committee Sergeants at Arms

NAME OF COMMITTEE House Comm. on App, Gen. Gov.

DATE: 05/04/16 Room: 425

House Sgt-At Arms:

1. Name: Warren Hawkins
2. Name: Doug Harris
3. Name: Malachi McCullough Jr.
4. Name: _____
5. Name: _____

Senate Sgt-At Arms:

1. Name: _____
2. Name: _____
3. Name: _____
4. Name: _____
5. Name: _____

ATTACHMENT # 2

VISITOR REGISTRATION SHEET

House Comm. on App, Gen. Gov. 05/04/16

Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Nelson Freeman	NC DOR
Jackie McKoy	NCDOR
Bill Holmes	State Auditor
Renae Irek	State Auditor
CORNELL WILSON	NC DMVA
JUDY SANDERSON	NC DMVA
ILARIA PANTANO	NCDMVA
Jimmy Woodard	NCDMVA
TERESA WEST	NCDMVA
LACY PATE	NCDMVA
Ben Popkin	NCDOI

VISITOR REGISTRATION SHEET

House Comm. on App, Gen. Gov. 05/04/16

Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Wayne Goodwin	NC Insurance Commissioner / NCDOI
Louis Belo	NCDOI
Mark Tyler	NCDOI
LTC Tracy M. Holowiti	NCDMVA
Diane Norris	NCDMVA
Elzee T. Smith	Veterans Affairs Commission
Elizabeth Greenwood	OSBM
Steven Walker	Lt. Gov. Office
Isabel Villa-Garcia	NCAR
Kent McLamb	OSA
Skye David	AMGA

VISITOR REGISTRATION SHEET

House Comm. on App, Gen. Gov. 05/04/16

Name of Committee Date

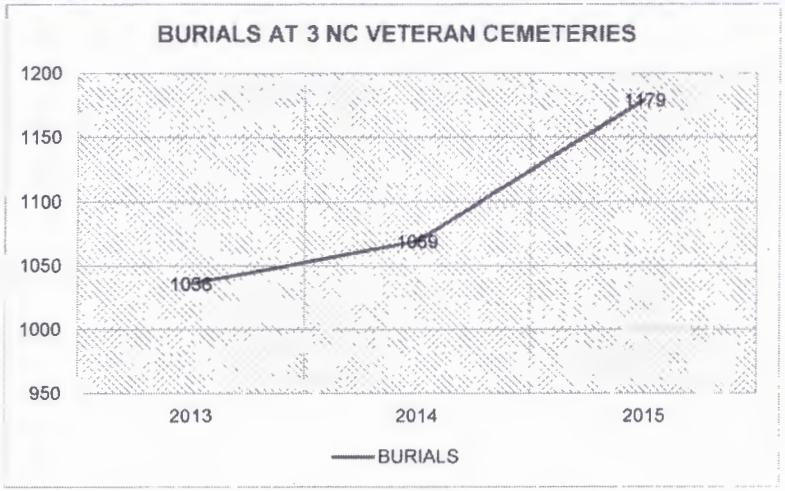
VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Bennie Aiken	DOI
Meghan Cook	DIT

ATTACHMENT 3

NC State Veterans Cemetery Request

$400,000 Request for Additional Grounds Staff



CEMETERY	Admin Staff	Grounds Staff	Burials Per Year	Burials per Month/ per Grounds wrkr	GOOD (+1) add'l grounds worker	Burials per Month/ per Grounds wrkr	BEST (+2) add'l grounds worker	Burials per Month/ per Grounds wrkr
JACKSONVILLE	2				4	7.2	5	5.8
FAYETTEVILLE	2				4	8.8	5	7
BLACK MOUNTAIN	2				4	8.7	5	6.9
Suffolk, VA	4	9	1,057	9.8				
Amelia, VA	4	4	387	8.1				
Dublin, VA	2	3	157	4.4				
Milledgeville, GA	2	5	250	4.2				
Glennville, GA	2	4	160	3.3				
Middle, TN	3	9	500	4.6				
Corpus Christi, TX	2	5	375	6.3				
Abilene, TX	4	13	800	5.1				
Rio Grande Valley, TX	2	6	270	3.8				

NOTE: Even the BEST option (+2) leaves NC still well behind other states' ratios.

Solution: Add 2 employees to each facility for a total of 8 additional staff members, at approximately $400,000.

- Avg. Grounds worker Salary: $50,000 ($28,000 plus benefits etc.)
- Note: The BEST step (+2) still leaves North Carolina significantly behind the average of other states, but it will be a marked improvement over current staffing.

NC State Veterans Cemetery Request

System is Currently Underfunded

- Over 16,000 burials since 1993
- Rate continues to grow* (+7%)
- Funding has been reduced since 1993 program start.
  - Cemetery Receipts in 2014 $681,000
  - Cemetery Appropriations in 2014 $460,827
- After decades of neglect, the result is ugly and potentially unsafe** state cemeteries.

**The burial rate over the past few years has grown approximately 4%, however this year's growth will reach 7% due to demographic trends and an aging veteran population, of which over 400,000 NC veterans are over age 60.*

**Ensuring the safety measures are followed under OSHA 2226 and OSHA 1926.650 Standards on Excavation, we follow local safety practices to protect employees and others from excavation hazards. A minimum of three (3) grounds workers to perform burial operations, but with sick/vacation leave, holiday rotation, vacancies, and now a new weekend burial mandate, the grounds team is stretched.

ATTACHMENT #4

NCDOR | NORTH CAROLINA DEPARTMENT OF REVENUE

Governor's Recommended Expansion Budget

May 4, 2016

NCDOR

Mission Statement

- To administer the tax laws and collect the taxes due the State in an impartial, uniform and efficient manner.

NCDOR Strategic Planning and Goals

- Make it easy for taxpayers to comply
- Address non-compliance effectively
- Make the most of our processes
- Develop our people and organization
- Modernize our technology

NCDOR Combat Taxpayer Identity Theft

- Recommendation: $3,000,000 Recurring

- Protect public from identity theft and data loss through a multilayer identity verification platform to assist in protecting personal identifying information, and prevent the issuance of erroneous refunds.

NCDOR Streamline Business Functions

- Recommendation: $350,000 Nonrecurring

- Provides funding to identify opportunities to lower operational costs through automation or outsourcing of paper-driven processes

Implement New Tax Types

- Recommendation: $582,800 Nonrecurring

- Provides funding for programming the insurance, severance, and liquid nicotine tax types to enable automated filing and collection.

NCDOR Fund Critical IT Operations

- Recommendation: $12,000,000 Nonrecurring

- Authorizes the Department of Revenue to spend up to $12 million from the ITAS replacement fund 2478 for operations and maintenance of critical tax systems including Enterprise Tax Management (ETM), Portfolio Warehouse (formerly Dtax), and Modernize eFile (MEF).

NCDOR

Contact Information

Jeff Epstein – Jeff.Epstein@dornc.com

Secretary of Revenue

Nelson Freeman – Nelson.Freeman@dornc.com

Legislative Liaison

Jackie McKoy – Jackie.McKoy@dornc.com

Chief Financial Officer

4/29/2016

Governor's Recommended Expansion Budget

Fund Critical IT Operations

Recommendation: $12,000,000.

Authorizes the Department of Revenue to spend up to $12 million from the ITAS replacement fund 2478 for operations and maintenance of critical tax systems including Enterprise Tax Management (ETM), Portfolio Warehouse (formerly Dtax), and Modernize eFile (MEF).

Modernize eFile (MeF) - $4m

Continue to provide the ability for citizens & businesses to file electronically. Cost is almost exclusively vendor labor to update the product annually.

Includes:

- Individual Income Tax
- Corporate Tax
- Franchise Tax
- Estates & Trusts
- eNC3 filing
- License Boards Reporting

Portfolio Warehouse (DTax) - $2,186,000

Provide annual adjustments to fraud detection schemes and annual data loads from various sources. Cost is software maintenance and vendor labor to update the product annually.

O&M - $5,464,000

Provide maintenance and support for various hardware and software. Includes:

Item	Note	Cost
Office 365	Office, Mail, Server, etc.	$667,000
Oracle	ETM Database costs	$832,000
Labor	Contract labor to support annual changes for backend systems	$479,000
Other	All other SW & HW maintenance	$3,486,000

ETM - $350,000

Complete training, upgrade and move production ETM to the State Eastern Data Center. This is a pre-requisite to being able to do the new tax types in ETM (Liquid Nicotine, Insurance, Unauthorized Substance).

ATTACHMENT #6

NORTH CAROLINA DEPARTMENT OF INSURANCE

Priority Resource Needs — Fiscal Year 2016 – 2017

TITLE OF REQUEST	$ RECURRING	$ NON-RECURRING
Manage Growth in Captive Insurance Market	304,472	
No. Positions	2	
Address Increased Volume of Consumer Inquiries	169,718	
No. Positions	3	
Enhance Criminal Investigations Capabilities	568,212	
No. Positions	6	
Meet Increased Fire and Rescue Training Needs	73,105	
No. Positions	1	
Albemarle Building Equipment and IT Infrastructure		1.5 M
Accessible Building Code		425,000

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2015-2016 SESSION

You are hereby notified that the **House Committee on Appropriations, General Government** will meet as follows:

DAY & DATE: Thursday, May 12, 2016
TIME: **8:30 AM**
LOCATION: **425 LOB**
COMMENTS: **Rep. Cleveland will chair the committee.**

Respectfully,

Representative Rayne Brown, Co-Chair
Representative George G. Cleveland, Co-Chair
Representative Dennis Riddell, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 12:06 PM on Wednesday, May 11, 2016.

___ Principal Clerk
___ Reading Clerk – House Chamber

Pamela Ahlin (Committee Assistant)

House Appropriations Committee on General Government
May 12, 2016 8:30AM
425 LOB

Rep. Cleveland, Chair; presiding
Rep. Brown, Chair
Rep. Riddell, Chair

Presentation of the General Government Committee Report and Special Provisions	FRD Staff

House Committee on Appropriations, General Government
Thursday, May 12, 2016, at 8:30 AM
Room 425 LOB

MINUTES

The House Committee on Appropriations, General Government met at 8:30 AM on May 12, 2016 in Room 425. Representatives Adcock, Ager, Brody, Brown, Cleveland, Fisher, Floyd, Pittman, Queen, Riddell, and Watford attended. Staff Members Lisa Hollowell, Cara Bridges, Daniel Sater, and Myra Torain were in attendance. Attached to the Minutes are the Staff for the Sergeant at Arms (Attachment #1), the Pages for the meeting (Attachment #2), and the attendance sheets for agency representatives and the public visitors (Attachment #3).

Rep. George G. Cleveland presided.

The Staff and the Chair presented the General Government Committee Report (Attachment #4) and the Special Provisions (Attachment #5). After a discussion of the Committee Report, Lisa Hollowell presented the Rules for Amendments (Attachment #6).

The meeting went into recess at 9 AM, to reconvene immediately following Session. Amendments were to be presented to the Chair by 10:30 AM.

Immediately following Session at 12 noon, the meeting was re-convened by the Chair.

The following amendments were presented by Rep. Cleveland, Chair.

Amendment One (Attachment #7) was explained, and then Rep. Adcock moved that the amendment be adopted. The motion passed in a voice vote.

Amendment Two (Attachment #8) was explained, and then Rep. Watford moved that the amendment be adopted. The motion passed in a voice vote.

Amendment Three (Attachment #9) was explained, and then Rep. Adcock moved that the amendment be adopted. The motion passed in a voice vote.

Amendment Four (Attachment #10) was explained, and then Rep. Floyd moved that the amendment be adopted. The motion passed in a voice vote.

Amendment Five (Attachment #11) was explained, and then Rep. Floyd moved that the amendment be adopted. The motion passed in a voice vote.

Rep. Cleveland moved that the House Appropriations, General Government Committee adopt the Appropriations subcommittee report, as amended; and further move that staff be authorized to make technical corrections and conforming changes related to reconciling the various amendments adopted, and that the appropriate totals may be adjusted accordingly.

The motion was passed in a voice vote.

There being no further business, the meeting was adjourned by the Chair at 12:10 PM.

George G. Cleveland

Rep. George G. Cleveland
Presiding

Pamela Ahlin

Pamela Ahlin, Committee Clerk

ATTACHMENT # 1

Committee Sergeants at Arms

NAME OF COMMITTEE House Committee on Appropriations, General Government

DATE: 05/12/2016 Room: 425

House Sgt-At Arms:

1. Name: Warren Hawkins
2. Name: Doug Harris
3. Name: Malachi McCullough, Jr
4. Name: _____
5. Name: _____

Senate Sgt-At Arms:

1. Name: _____
2. Name: _____
3. Name: _____
4. Name: _____
5. Name: _____

ATTACHMENT # 2

HOUSE PAGES
(Appropriations on General Government)

Week of May 9-12, 2016

Name:	County:	Sponsor:
NATALIE MONZAVIFAR	MECKLENBURG	SPEAKER TIM MOORE
ELIZABETH MCDOWELL	UNION	DEAN ARP

ATTACHMENT # 3

VISITOR REGISTRATION SHEET

APPROPRIATIONS/ GENERAL GOVERNMENT — MAY 12, 2016

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
DANIEL JORDAN	NCHFA (Intern)
Rob Schiller	NC Symphony
Providence Hakizimana	OSBM
Elizabeth Gruenstein	OSBM
Pam Cashwell	SEC
Perry Newsom	"
Robb Jansen	State Board of Ed
Katy Kingsbury	BP
Skye David	AMGA

VISITOR REGISTRATION SHEET

APPROPRIATIONS/ GENERAL GOVERNMENT — MAY 12, 2016

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
TJ Bugbee	NP
Lacy Pate	Dept of Military & Veterans Affairs
Flint Benson	SEDNC
Storms	Treasurer
Wick Pauy-Hicks	NCHFA
Ruth Gravelle	NC Rev

VISITOR REGISTRATION SHEET

APPROPRIATIONS/ GENERAL GOVERNMENT — MAY 12, 2016

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	SOS
Carl Gilmore	NCS
Stan Williams	NCS
Bonnie Aiken	DOI
Sol Ari	DSF
Chris Covington	McGuirewoods
Nelson Freeman	DOR
Jane Mercer	Policy Group
Margaret Dice	OSHR/BUM
Fred Bone	Bone Asso.
Kathryn Johnston	DOA
Rhonda Toda	

ATTACHMENT # 4

HOUSE APPROPRIATIONS COMMITTEE

ON

GENERAL GOVERNMENT

REPORT
ON THE
CONTINUATION AND EXPANSION BUDGETS

House Bill 1030

May 12, 2016

Department of Military and Veterans Affairs
Budget Code 13050

General Fund Budget

	FY 2016-17
Enacted Budget	
Requirements	$7,806,254
Receipts	$0
Net Appropriation	$7,806,254
Legislative Changes	
Requirements	$0
Receipts	$0
Net Appropriation	$0
Revised Budget	
Requirements	$7,806,254
Receipts	$0
Net Appropriation	$7,806,254

General Fund FTE

Enacted Budget	77.90
Legislative Changes	0.00
Revised Budget	77.90

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session

Department of Military and Veterans Affairs Budget Code 13050		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1100	Administration	7,806,254	-	7,806,254	-	-	-	7,806,254	-	7,806,254
Department-wide Items								-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total		$7,806,254	$0	$7,806,254	$0	$0	$0	$7,806,254	$0	$7,806,254

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Department of Military and Veterans Affairs					
Budget Code 13050		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1100	Administration	77.90	-	-	77.90
Total FTE		**77.90**	**-**	**-**	**77.90**

(1.0) Department of Military and Veterans Affairs

GENERAL FUND

	FY 16-17
Total Budget Enacted 2015 Session	**$7,806,254**

Legislative Changes

1 No legislative changes
Fund Code: N/A

Total Legislative Changes

Total Position Changes

Revised Budget	**$7,806,254**

Office of Administrative Hearings
Budget Code 18210

General Fund Budget

	FY 2016-17
Enacted Budget	
Requirements	$6,925,905
Receipts	$1,782,492
Net Appropriation	$5,143,413
Legislative Changes	
Requirements	$0
Receipts	$0
Net Appropriation	$0
Revised Budget	
Requirements	$6,925,905
Receipts	$1,782,492
Net Appropriation	$5,143,413

General Fund FTE

Enacted Budget	45.00
Legislative Changes	0.00
Revised Budget	45.00

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session

Office of Administrative Hearings Budget Code 18210		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1100	Administration and Operations	6,925,905	1,782,492	5,143,413	-	-	-	6,925,905	1,782,492	5,143,413
Department-wide Items										
				-	-	-	-	-	-	-
				-	-	-	-	-	-	-
				-	-	-	-	-	-	-
Total		$6,925,905	$1,782,492	$5,143,413	$0	$0	$0	$6,925,905	$1,782,492	$5,143,413

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Office of Administrative Hearings Budget Code 18210		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1100	Administration and Operations	45.00	-	-	45.00
Total FTE		**45.00**	**-**	**-**	**45.00**

(2.0) Office of Administrative Hearings

GENERAL FUND

	FY 16-17
Total Budget Enacted 2015 Session	**$5,143,413**

Legislative Changes

2 No legislative changes
Fund Code: N/A

Total Legislative Changes

Total Position Changes

Revised Budget	**$5,143,413**

Department of State Treasurer
Budget Code 13410

General Fund Budget

	FY 2016-17
Enacted Budget	
Requirements	$51,609,807
Receipts	$41,261,423
Net Appropriation	$10,348,384
Legislative Changes	
Requirements	$898,568
Receipts	$99,432
Net Appropriation	$799,136
Revised Budget	
Requirements	$52,508,375
Receipts	$41,360,855
Net Appropriation	$11,147,520

General Fund FTE

Enacted Budget	373.75
Legislative Changes	1.00
Revised Budget	374.75

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session

Department of State Treasurer Budget Code 13410		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	General Administration	1,934,493	1,934,493	-	548,000	-	548,000	2,482,493	1,934,493	548,000
1130	Escheat Fund - Administration	3,515,218	3,515,218	-	-	-	-	3,515,218	3,515,218	-
1150	Information Services	8,479,380	8,479,380	-	-	-	-	8,479,380	8,479,380	-
1210	Investment Management	9,089,958	2,996,563	6,093,395	-	-	-	9,089,958	2,996,563	6,093,395
1310	Local Government - Operations	5,180,471	4,981,607	198,864	(99,432)	99,432	(198,864)	5,081,039	5,081,039	-
1410	Retirement Operations	17,895,552	17,895,552	-	-	-	-	17,895,552	17,895,552	-
1450	Achieving a Better Life Experience	595,000		595,000	-	-	-	595,000	-	595,000
1510	Financial Operations Division	4,919,735	1,458,610	3,461,125	450,000	-	450,000	5,369,735	1,458,610	3,911,125
					-	-	-	-	-	-
Department-wide Items					-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-		
					-	-	-			
Total		$51,609,807	$41,261,423	$10,348,384	$898,568	$99,432	$799,136	$52,508,375	$41,360,855	$11,147,520

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Department of State Treasurer					
Budget Code 13410		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1110	General Administration	21.20	-	-	21.20
1130	Escheat Fund - Administration	29.70	-	-	29.70
1150	Information Services	48.00			48.00
1210	Investment Management	37.90			37.90
1310	Local Government - Operations	37.00	-	1.00	38.00
1410	Retirement Operations	162.25			162.25
1450	Achieving a Better Life Experience	4.00			4.00
1510	Financial Operations Division	33.70		-	33.70
Total FTE		**373.75**	**-**	**1.00**	**374.75**

(3.0) Treasurer

GENERAL FUND

Total Budget Enacted 2015 Session	FY 16-17 $10,348,384

Legislative Changes

Financial Operations Division

3 Core Banking System $450,000 R
Fund Code: 1510

Appropriates funds to the Financial Operations Division for an existing contract for maintenance and related IT costs of the State's *Core* Banking system. The revised net appropriation for this fund is unchanged and is $3,911,125.

General Administration

4 Operating Costs $548,000 R
Fund Code: 1110

Appropriates funds to General Administration for operation of the new office facility for Department of State Treasurer. The operations budget includes: water, utilities, janitorial services and security for the building. The revised net appropriation for this fund is $548,000.

Local Government Commission

5 Correction of Receipt-Budgeted Positions ($198,864) R
Fund Code: 1310

Corrects the source of funds available to the Local Government Commission for 2 positions appropriated in SL 2015-241 and reduces the net appropriations. Those positions became receipt-supported through SL 2105-268 and were to paid for by receipts received by the LGC (local sales tax revenues). The revised net appropriation for this fund is $0.

6 Local Government Assistance
Fund Code: 1310

Increases receipts by $99,432 to the Local Government Operations to fund 1 FTE position to consult with local governments on fiscal management, accounting, reporting. and other internal control issues. The revised net appropriation for the Local Government Commission is 0.

Total Legislative Changes	$799,136	R
Total Position Changes		
Revised Budget	**$11,147,520**	

Fire Rescue National Guard Pensions
Budget Code 13412

General Fund Budget

	FY 2016-17
Enacted Budget	
Requirements	$21,691,299
Receipts	$0
Net Appropriation	$21,691,299
Legislative Changes	
Requirements	$0
Receipts	$0
Net Appropriation	$0
Revised Budget	
Requirements	$21,691,299
Receipts	$0
Net Appropriation	$21,691,299

General Fund FTE

Enacted Budget	0.00
Legislative Changes	0.00
Revised Budget	0.00

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session

Fire Rescue National Guard Pensions Budget Code 13412		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1414	General Fund Contribution to National Guard	7,066,299	-	7,066,299	-	-	-	7,066,299	-	7,066,299
1415	General Fund Contribution to Fire & Rescue Squad	13,900,000	-	13,900,000	-	-	-	13,900,000	-	13,900,000
1432	Line of Duty Death Benefits	725,000	-	725,000	-	-	-	725,000	-	725,000
					-	-				
Department-wide Items					-	-				
				-	-	-	-	-	-	-
				-	-	-	-	-	-	-
				-	-	-	-	-	-	-
					-	-	-			
Total		$21,691,299	$0	$21,691,299	$0	$0	$0	$21,691,299	$0	$21,691,299

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Fire Rescue National Guard Pensions Budget Code 13412		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1414	General Fund Contribution to National Guard	-	-	-	-
1415	General Fund Contribution to Fire and Rescue Squad	-	-	-	-
1432	Line of Duty Death Benefits	-	-	-	-
Total FTE		-	-	-	-

(4.0) Fire Rescue Nat Guard Pensions & LDD Benefits

GENERAL FUND

	FY 16-17
Total Budget Enacted 2015 Session	**$21,691,299**

Legislative Changes

7 **No legislative changes**
Fund Code: N/A

Total Legislative Changes

Total Position Changes

Revised Budget	**$21,691,299**

Department of Insurance
Budget Code 13900

General Fund Budget

	FY 2016-17
Enacted Budget	
Requirements	$49,550,287
Receipts	$11,195,041
Net Appropriation	$38,355,246
Legislative Changes	
Requirements	$1,050,001
Receipts	$158,000
Net Appropriation	$892,001
Revised Budget	
Requirements	$50,600,288
Receipts	$11,353,041
Net Appropriation	$39,247,247

General Fund FTE

Enacted Budget	422.68
Legislative Changes	6.00
Revised Budget	428.68

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session

Department of Insurance Budget Code 13900		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1100	Administration	7,273,829	117,916	7,155,913	-	-	-	7,273,829	117,916	7,155,913
1200	Company Services Group	10,183,922	31,160	10,152,762	-	-	-	10,183,922	31,160	10,152,762
1400	Producers, Fraud and Products Group	8,778,957	2,919,461	5,859,496	284,106	-	284,106	9,063,063	2,919,461	6,143,602
1500	Office of State Fire Marshal	16,206,131	5,258,794	10,947,337	583,000	158,000	425,000	16,789,131	5,416,794	11,372,337
1600	Consumer Assistance Group	6,420,339	2,867,710	3,552,629	182,895	-	182,895	6,603,234	2,867,710	3,735,524
1900	Reserves and Transfers	687,109	-	687,109	-	-	-	687,109	-	687,109
					-	-				
Department-wide Items		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
					-	-		-	-	-
					-	-		-	-	-
								-	-	-
Total		$49,550,287	$11,195,041	$38,355,246	$1,050,001	$158,000	$892,001	$50,600,288	$11,353,041	$39,247,247

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Department of Insurance					
Budget Code 13900		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1100	Administration	62.17	-	-	62.17
1200	Company Services Group	102.08	3.00	-	105.08
1400	Producers, Fraud and Products Group	95.00	-	-	95.00
1500	Office of State Fire Marshal	95.43	-	-	95.43
1600	Consumer Assistance Group	68.00	3.00	-	71.00
1900	Reserves and Transfers	-			-
Total FTE		**422.68**	**6.00**	**-**	**428.68**

(5.0) Insurance

GENERAL FUND

Total Budget Enacted 2015 Session	FY 16-17 $38,355,246	
Legislative Changes		
Consumer Assistance Group		
8 Consumer Staff Positions **Fund Code:** 1600 Funds 3 FTEs to assist individuals with insurance inquiries within the Consumer Assistance Group. The revised net appropriation for this fund is $3,735,524.	$182,895 3.00	R
Office of State Fire Marshal		
9 State Fire Protection Program **Fund Code:** 1500 Restores the recurring transfer of $158,000 in receipts from the Department of Transportation to support the State Fire Protection grant program. The revised net appropriation for the Office of State Fire Marshal is $11,372,337.		
10 Building Code Registry **Fund Code:** 1500 Provides funds to make the NC Building Code Registry fully online and searchable. The revised net appropriation for the Office of State Fire Marshal is $11,372,337.	$425,000	NR
Producers, Fraud, and Products Group		
11 Fraud Investigations **Fund Code:** 1400 Funds 3 FTEs within the Producers, Fraud, and Products Group to investigate potential insurance fraud. The revised net appropriation for this fund is $6,143,602.	$284,106 3.00	R
Total Legislative Changes	**$467,001** **$425,000**	R NR
Total Position Changes	6.00	
Revised Budget	**$39,247,247**	

Special Fund – Non-Interest Bearing

Budget Code: 23900

	FY 2016-17	
Beginning Unreserved Fund Balance	**$2,227,193**	
Recommended Budget		
Requirements	**$45,571,476**	
Receipts	**$45,571,476**	
Positions	**2.90**	

Legislative Changes

Requirements:

Rescue Squad Workers Relief Fund Restores the recurring transfer of a portion of vehicle inspection fee from the Department of Transportation, Division of Motor Vehicles to continue support of the State's grant program that provides funding to eligible beneficiaries. The revised net appropriation for the Rescue Squad Worker's Relief Fund is $1,456,931. These funds are already in the enacted budget for FY 2016-17.	$0 $0 0.00	R NR
Subtotal Legislative Changes	**$0** **$0** 0.00	R NR

Receipts:

Rescue Squad Workers' Relief Fund	$0 $0	R NR
Subtotal Legislative Changes	**$0** **$0**	R NR

	FY 2016-17
Revised Total Requirements	$45,571,476
Revised Total Receipts	$45,571,476
Change in Fund Balance	$0
Total Positions	2.90
Unappropriated Balance Remaining	$2,227,193

Special Fund – Non-Interest Bearing

Budget Code: 23901

	FY 2016-17	
Beginning Unreserved Fund Balance	**$7,922,502**	
Recommended Budget		
Requirements	**$346,233**	
Receipts	**$346,233**	
Positions	**3.50**	

Legislative Changes

Requirements:

Volunteer Rescue/EMS Program Restores the recurring transfer of a portion of vehicle inspection stickers from the Department of Transportation, Division of Motor Vehicles to continue support of the State's grant program that provides funding to local rescue organizations. The revised net appropriation for the Rescue Squad Worker's Relief Fund is $957,352. These funds are already in the enacted budget for FY 2016-17.	$0 $0 0.00	R NR
Subtotal Legislative Changes	**$0** **$0** 0.00	R NR

Receipts:

Volunteer Rescue/EMS Grants	$0 $0	R NR
Subtotal Legislative Changes	**$0** **$0**	R NR

	FY 2016-17
Revised Total Requirements	$346,233
Revised Total Receipts	$346,233
Change in Fund Balance	$0
Total Positions	3.50
Unappropriated Balance Remaining	$7,922,502

State Board of Elections
Budget Code 18055

General Fund Budget

	FY 2016-17
Enacted Budget	
Requirements	$6,617,898
Receipts	$104,535
Net Appropriation	$6,513,363
Legislative Changes	
Requirements	$0
Receipts	$0
Net Appropriation	$0
Revised Budget	
Requirements	$6,617,898
Receipts	$104,535
Net Appropriation	$6,513,363

General Fund FTE

Enacted Budget	61.00
Legislative Changes	0.00
Revised Budget	61.00

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session

State Board of Elections Budget Code 18055		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1100	Administration	995,627	102,000	893,627	-	-	-	995,627	102,000	893,627
1200	Campaign Reporting	1,400,604	2,535	1,398,069	-	-	-	1,400,604	2,535	1,398,069
1201	Ethics and Campaign Reform	96,945	-	96,945	-	-	-	96,945	-	96,945
1300	Voter Registration and Voting Systems	3,117,696	-	3,117,696	-	-	-	3,117,696	-	3,117,696
1400	Voter Information Verification Act (VIVA)	1,007,026	-	1,007,026	-	-	-	1,007,026	-	1,007,026
Department-wide Items										
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
					-	-	-	-	-	-
Total		$6,617,898	$104,535	$6,513,363	$0	$0	$0	$6,617,898	$104,535	$6,513,363

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

State Board of Elections					
Budget Code 18055		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1100	Administration	7.00	-	-	7.00
1200	Campaign Reporting	18.00	-		18.00
1201	Ethics and Campaign Reform	-	-	-	-
1300	Voter Registration and Voting Systems	29.00	-	-	29.00
1400	Voter Information Verification Act (VIVA)	7.00	-	-	7.00
Total FTE		**61.00**	**-**	**-**	**61.00**

(6.0) State Board of Elections

GENERAL FUND

	FY 16-17
Total Budget Enacted 2015 Session	**$6,513,363**

Legislative Changes

12 No legislative changes
Fund Code: N/A

Total Legislative Changes

Total Position Changes

Revised Budget	**$6,513,363**

General Assembly
Budget Code 11000

General Fund Budget

	FY 2016-17
Enacted Budget	
Requirements	$58,225,706
Receipts	$1,216,655
Net Appropriation	$57,009,051
Legislative Changes	
Requirements	$0
Receipts	$0
Net Appropriation	$0
Revised Budget	
Requirements	$58,225,706
Receipts	$1,216,655
Net Appropriation	$57,009,051

General Fund FTE

Enacted Budget	315.25
Legislative Changes	0.00
Revised Budget	315.25

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session

General Assembly Budget Code 11000		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	Senate	9,909,066	-	9,909,066	-	-	-	9,909,066	-	9,909,066
1120	House of Representatives	14,804,645	-	14,804,645	-	-	-	14,804,645	-	14,804,645
1211	Administrative Division	8,791,033	6,000	8,785,033	-	-	-	8,791,033	6,000	8,785,033
1212	Bill Drafting Division	3,026,682	-	3,026,682	-	-	-	3,026,682	-	3,026,682
1213	Legislative Analysis Division	5,206,225	-	5,206,225	-	-	-	5,206,225	-	5,206,225
1214	Fiscal Research Division	4,782,066	-	4,782,066	-	-	-	4,782,066	-	4,782,066
1215	Building Maintenance	2,355,867	-	2,355,867	-	-	-	2,355,867	-	2,355,867
1216	Food Service	1,786,699	1,053,600	733,099	-	-	-	1,786,699	1,053,600	733,099
1217	Information Systems	5,905,342	-	5,905,342	-	-	-	5,905,342	-	5,905,342
1219	Program Evaluation Division	1,466,751	-	1,466,751	-	-	-	1,466,751	-	1,466,751
1900	Committees and Other Reserves	191,330	157,055	34,275	-	-	-	191,330	157,055	34,275
Department-wide Items										
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
					-	-	-			
Total		$58,225,706	$1,216,655	$57,009,051	$0	$0	$0	$58,225,706	$1,216,655	$57,009,051

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

General Assembly					
Budget Code 11000		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1110	Senate	46.00	-	-	46.00
1120	House of Representatives	26.00	-	-	26.00
1211	Administrative Division	41.00	-	-	41.00
1212	Bill Drafting Division	16.00	-	-	16.00
1213	Legislative Analysis Division	48.00	-	-	48.00
1214	Fiscal Research Division	39.00	-	-	39.00
1215	Building Maintenance	24.00	-	-	24.00
1216	Food Service	20.25	-	-	20.25
1217	Information Systems	38.00	-	-	38.00
1219	Program Evaluation Division	15.00	-	-	15.00
1900	Committees and Other Reserves	2.00	-	-	2.00
Total FTE		**315.25**	**-**	**-**	**315.25**

(7.0) General Assembly

GENERAL FUND

Total Budget Enacted 2015 Session	FY 16-17 $57,009,051
Legislative Changes	
13 **No legislative changes** **Fund Code:** N/A	
Total Legislative Changes	
Total Position Changes	
Revised Budget	**$57,009,051**

Special Fund – Non-Interest Bearing

Budget Code: 21000

	FY 2016-17	
Beginning Unreserved Fund Balance	**$9,284,152**	
Recommended Budget		
Requirements	**$400,000**	
Receipts	**$0**	
Positions	**0.00**	
Legislative Changes		
Requirements:		
Budget Correction	($400,000)	R
Eliminates a transfer out of this fund. The revised net appropriations for this fund is 0.	$0	NR
	0.00	
Subtotal Legislative Changes	**($400,000)**	R
	$0	NR
	0.00	
Receipts:		
North Carolina General Assembly	$0	R
	$0	NR
Subtotal Legislative Changes	**$0**	R
	$0	NR

	FY 2016-17
Revised Total Requirements	$0
Revised Total Receipts	$0
Change in Fund Balance	$0
Total Positions	0.00
Unappropriated Balance Remaining	$9,284,152

Office of the Governor
Budget Code 13000

General Fund Budget

	FY 2016-17
Enacted Budget	
Requirements	$6,120,837
Receipts	$554,663
Net Appropriation	$5,566,174
Legislative Changes	
Requirements	$0
Receipts	$0
Net Appropriation	$0
Revised Budget	
Requirements	$6,120,837
Receipts	$554,663
Net Appropriation	$5,566,174

General Fund FTE

Enacted Budget	54.20
Legislative Changes	0.00
Revised Budget	54.20

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session

Office of the Governor Budget Code 13000		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	Administration	5,460,791	436,366	5,024,425	-	-	-	5,460,791	436,366	5,024,425
1631	Raleigh Executive Residence	644,587	111,297	533,290	-	-	-	644,587	111,297	533,290
1632	Western Executive Residence	15,459	7,000	8,459	-	-	-	15,459	7,000	8,459
Department-wide Items										
		-	-	-			-	-	-	-
		-	-	-			-	-	-	-
		-	-	-			-	-	-	-
							-			
Total		$6,120,837	$554,663	$5,566,174	$0	$0	$0	$6,120,837	$554,663	$5,566,174

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Office of the Governor					
Budget Code 13000		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1110	Administration	51.20	-	-	51.20
1631	Raleigh Executive Residence	-	-	-	-
1632	Western Executive Residence	3.00	-	-	3.00
Total FTE		**54.20**	**-**	**-**	**54.20**

(8.0) Governor

GENERAL FUND

Total Budget Enacted 2015 Session	FY 16-17 $5,566,174
Legislative Changes	
14 No legislative changes **Fund Code:** N/A	
Total Legislative Changes	
Total Position Changes	
Revised Budget	**$5,566,174**

Office of the Governor - Special
Budget Code 13001

General Fund Budget

	FY 2016-17
Enacted Budget	
Requirements	$2,334,447
Receipts	$334,447
Net Appropriation	$2,000,000
Legislative Changes	
Requirements	$0
Receipts	$0
Net Appropriation	$0
Revised Budget	
Requirements	$2,334,447
Receipts	$334,447
Net Appropriation	$2,000,000

General Fund FTE

Enacted Budget	3.39
Legislative Changes	0.00
Revised Budget	3.39

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session

Office of the Governor - Special Budget Code 13001		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1A15	Education and Workforce Innovation Program	2,000,000	-	2,000,000	-	-	-	2,000,000	-	2,000,000
1R30	Governor's Special Projects	334,447	334,447	-	-	-	-	334,447	334,447	-
Department-wide Items										
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total		$2,334,447	$334,447	$2,000,000	$0	$0	$0	$2,334,447	$334,447	$2,000,000

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Office of the Governor - Special					
Budget Code 13001		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1A15	Education and Workforce Innovation Program	0.20	-	-	0.20
1R30	Governor's Special Projects	3.19	-	-	3.19
Total FTE		**3.39**	**-**	**-**	**3.39**

(9.0) Governor - Special Projects

GENERAL FUND

	FY 16-17
Total Budget Enacted 2015 Session	**$2,000,000**

Legislative Changes

15 No legislative changes
Fund Code: N/A

Total Legislative Changes

Total Position Changes

Revised Budget	**$2,000,000**

Office of State Budget and Management
Budget Code 13005

General Fund Budget

	FY 2016-17
Enacted Budget	
Requirements	$8,103,291
Receipts	$571,883
Net Appropriation	$7,531,408
Legislative Changes	
Requirements	$0
Receipts	$0
Net Appropriation	$0
Revised Budget	
Requirements	$8,103,291
Receipts	$571,883
Net Appropriation	$7,531,408

General Fund FTE

Enacted Budget	69.31
Legislative Changes	0.00
Revised Budget	69.31

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session

Office of State Budget and Management Budget Code 13005		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1310	Office of State Budget and Management	7,797,082	265,674	7,531,408	-	-	-	7,797,082	265,674	7,531,408
1322	NC GEAR	306,209	306,209	-	-	-	-	306,209	306,209	-
Department-wide Items										
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total		$8,103,291	$571,883	$7,531,408	$0	$0	$0	$8,103,291	$571,883	$7,531,408

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Office of State Budget and Management					
Budget Code 13005		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1310	Office of State Budget and Management	65.31	-	-	65.31
1322	NC GEAR	4.00	-	-	4.00
Total FTE		**69.31**	-	-	**69.31**

(10.0) State Budget & Management

GENERAL FUND

	FY 16-17
Total Budget Enacted 2015 Session	**$7,531,408**

Legislative Changes

16 **No legislative changes**
Fund Code: N/A

Total Legislative Changes

Total Position Changes

Revised Budget	**$7,531,408**

Office of State Budget and Management - Special
Budget Code 13085

General Fund Budget

	FY 2016-17
Enacted Budget	
Requirements	$2,000,000
Receipts	$0
Net Appropriation	$2,000,000
Legislative Changes	
Requirements	$0
Receipts	$0
Net Appropriation	$0
Revised Budget	
Requirements	$2,000,000
Receipts	$0
Net Appropriation	$2,000,000

General Fund FTE

Enacted Budget	0.00
Legislative Changes	0.00
Revised Budget	0.00

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session

Office of State Budget and Management - Special Budget Code 13085		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1022	Special Appropriations	2,000,000	-	2,000,000	-	-	-	2,000,000	-	2,000,000
Department-wide Items										
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total		$2,000,000	$0	$2,000,000	$0	$0	$0	$2,000,000	$0	$2,000,000

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Office of State Budget and Management - Special					
Budget Code 13085		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1022	Special Appropriations	-	-	-	-
Total FTE		-	-	-	-

(11.0) State Budget and Management - Special

GENERAL FUND

Total Budget Enacted 2015 Session	FY 16-17 $2,000,000	
Legislative Changes		
17 NC Symphony **Fund Code:** 1022 Provides additional recurring funds for the NC Symphony for a challenge grant. The NC Symphony must demonstrate to the Office of State Budget and Management that it raises $9 million during FY 2016-17 in order to receive these grant funds. The revised net appropriation for this fund is $2 million.	$500,000 ($500,000)	R NR
18 No legislative changes **Fund Code:** N/A		
Total Legislative Changes	**$500,000** **($500,000)**	R NR
Total Position Changes		
Revised Budget	**$2,000,000**	

Office of the State Auditor
Budget Code 13300

General Fund Budget

	FY 2016-17
Enacted Budget	
Requirements	$17,576,536
Receipts	$5,571,745
Net Appropriation	$12,004,791
Legislative Changes	
Requirements	$212,371
Receipts	$0
Net Appropriation	$212,371
Revised Budget	
Requirements	$17,788,907
Receipts	$5,571,745
Net Appropriation	$12,217,162

General Fund FTE

Enacted Budget	168.00
Legislative Changes	0.00
Revised Budget	168.00

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session

Office of the State Auditor Budget Code 13300		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	Administration	2,567,022	-	2,567,022	-	-	-	2,567,022	-	2,567,022
1210	Field Audit Division	15,009,514	5,571,745	9,437,769	212,371	-	212,371	15,221,885	5,571,745	9,650,140
Department-wide Items										
					-	-	-			
Total		$17,576,536	$5,571,745	$12,004,791	$212,371	$0	$212,371	$17,788,907	$5,571,745	$12,217,162

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Office of the State Auditor					
Budget Code 13300		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1110	Administration	23.00	-	-	23.00
1210	Field Audit Division	145.00	-	-	145.00
Total FTE		**168.00**	**-**	**-**	**168.00**

(12.0) Auditor

GENERAL FUND

Total Budget Enacted 2015 Session	FY 16-17 $12,004,791	
Legislative Changes		
19 Security Officer	$55,065	R
Fund Code: 1210	$7,306	NR
Provides funding to allow the Office of the State Auditor to contract with the State Capitol Police for 1 full time security officer to be located in the building shared by the Office of the State Auditor, Secretary of State, and Department of Labor. The revised net appropriation for this fund from this action is $9,500,140.		
20 Subject Matter Experts		
Fund Code: 1210	$150,000	NR
Provides $150,000 on a nonrecurring basis for the use of subject matter experts during audits. The revised net appropriation for the fund from this action is $9,587,769.		
Total Legislative Changes	**$55,065**	R
	$157,306	NR
Total Position Changes		
Revised Budget	**$12,217,162**	

Housing Finance Agency
Budget Code 13010

General Fund Budget

	FY 2016-17
Enacted Budget	
Requirements	$25,660,000
Receipts	$0
Net Appropriation	$25,660,000
Legislative Changes	
Requirements	$5,519,750
Receipts	$5,519,750
Net Appropriation	$0
Revised Budget	
Requirements	$31,179,750
Receipts	$5,519,750
Net Appropriation	$25,660,000

General Fund FTE

Enacted Budget	0.00
Legislative Changes	0.00
Revised Budget	0.00

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session

Housing Finance Agency Budget Code 13010		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1100	Housing Finance Agency Appropriations	25,660,000	-	25,660,000	5,519,750	5,519,750	-	31,179,750	5,519,750	25,660,000
Department-wide Items										
		-	-	-	-	-	-	-	-	-
Total		$25,660,000	$0	$25,660,000	$5,519,750	$5,519,750	$0	$31,179,750	$5,519,750	$25,660,000

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Housing Finance Agency					
Budget Code 13010		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1100	Housing Finance Agency Appropriations	-	-	-	-
Total FTE		-	-	-	-

(13.0) Housing Finance Agency

GENERAL FUND

Total Budget Enacted 2015 Session	FY 16-17 $25,660,000

Legislative Changes

21 Community Living Housing Fund
Fund Code: 1100

Authorizes the Housing Finance Agency to expend receipts transferred from the Department of Health and Human Services for the Community Living Housing Fund (CLHF). These funds increase access to permanent, community-based integrated housing for individuals with disabilities, directly supporting the Olmstead Settlement. Requirements for the CLHF are increased from $0 to $5,519,750, as are receipts. The revised net appropriation for CLHF is $0.

Total Legislative Changes

Total Position Changes

Revised Budget	**$25,660,000**

Secretary of State
Budget Code 13200

General Fund Budget

	FY 2016-17
Enacted Budget	
Requirements	$11,812,320
Receipts	$61,625
Net Appropriation	$11,750,695
Legislative Changes	
Requirements	$0
Receipts	$0
Net Appropriation	$0
Revised Budget	
Requirements	$11,812,320
Receipts	$61,625
Net Appropriation	$11,750,695

General Fund FTE

Enacted Budget	169.88
Legislative Changes	0.00
Revised Budget	169.88

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session

Secretary of State Budget Code 13200		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	General Administration	3,239,053	1,000	3,238,053	-	-	-	3,239,053	1,000	3,238,053
1120	Publications Division	226,352	21,700	204,652	-	-	-	226,352	21,700	204,652
1150	Lobbyist Registration	326,523	-	326,523	-	-	-	326,523	-	326,523
1210	Corporations Division	3,178,785	2,100	3,176,685	-	-	-	3,178,785	2,100	3,176,685
1220	Certification and Filing Division	2,446,347	34,825	2,411,522	-	-	-	2,446,347	34,825	2,411,522
1230	Securities Division	1,682,769	2,000	1,680,769	-	-	-	1,682,769	2,000	1,680,769
1600	Charitable Fundraising Licensure	712,491	-	712,491	-	-	-	712,491	-	712,491
Department-wide Items										
					-	-	-			
Total		$11,812,320	$61,625	$11,750,695	$0	$0	$0	$11,812,320	$61,625	$11,750,695

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Secretary of State					
Budget Code 13200		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1110	General Administration	34.10	-	-	34.10
1120	Publications Division	2.73	-	-	2.73
1150	Lobbyist Registration	5.00	-	-	5.00
1210	Corporations Division	57.87	-	-	57.87
1220	Certification and Filing Division	40.00	-	-	40.00
1230	Securities Division	20.75	-	-	20.75
1600	Charitable Fundraising Licensure	9.43	-	-	9.43
Total FTE		**169.88**	**-**	**-**	**169.88**

(14.0) Secretary of State

GENERAL FUND

Total Budget Enacted 2015 Session	FY 16-17 $11,750,695

Legislative Changes

22 **No legislative changes**
Fund Code: N/A

Total Legislative Changes

Total Position Changes

Revised Budget	**$11,750,695**

Lieutenant Governor
Budget Code 13100

General Fund Budget

	FY 2016-17
Enacted Budget	
Requirements	$677,972
Receipts	$0
Net Appropriation	$677,972
Legislative Changes	
Requirements	$10,000
Receipts	$0
Net Appropriation	$10,000
Revised Budget	
Requirements	$687,972
Receipts	$0
Net Appropriation	$687,972

General Fund FTE

Enacted Budget	6.00
Legislative Changes	0.00
Revised Budget	6.00

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session

Lieutenant Governor Budget Code 13100		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1110	Administration	677,972	-	677,972	10,000	-	10,000	687,972	-	687,972
Department-wide Items										
					-	-	-			
Total		$677,972	$0	$677,972	$10,000	$0	$10,000	$687,972	$0	$687,972

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Lieutenant Governor					
Budget Code 13100		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1110	Administration	6.00	-	-	6.00
Total FTE		**6.00**	**-**	**-**	**6.00**

(15.0) Lieutenant Governor

GENERAL FUND

	FY 16-17
Total Budget Enacted 2015 Session	**$677,972**
Legislative Changes	
23 Subscription and Travel	$10,000 R
Fund Code: 1110	
Funds business-related employee travel and office subscriptions. The revised net appropriation for the Lieutenant Governor is $687,972.	
Total Legislative Changes	**$10,000** R
Total Position Changes	
Revised Budget	**$687,972**

Department of Administration
Budget Code 14100

General Fund Budget

	FY 2016-17
Enacted Budget	
Requirements	$117,513,117
Receipts	$58,848,632
Net Appropriation	$58,664,485
Legislative Changes	
Requirements	$1,521,900
Receipts	$0
Net Appropriation	$1,521,900
Revised Budget	
Requirements	$119,035,017
Receipts	$58,848,632
Net Appropriation	$60,186,385

General Fund FTE

Enacted Budget	445.96
Legislative Changes	7.20
Revised Budget	453.16

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session

Department of Administration Budget Code 14100		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1111	Office of the Secretary	1,471,523	120,843	1,350,680	-	-	-	1,471,523	120,843	1,350,680
1121	DOA - Fiscal Management	1,760,027	690,025	1,070,002	-	-	-	1,760,027	690,025	1,070,002
1122	DOA - Personnel	767,226	186,804	580,422	-	-	-	767,226	186,804	580,422
1123	Ofc for Historically Underutilized Business	522,910	1,000	521,910	-	-	-	522,910	1,000	521,910
1230	Non Public Education	442,174	-	442,174	-	-	-	442,174	-	442,174
1241	Management Information Services	1,192,539	375,994	816,545	-	-	-	1,192,539	375,994	816,545
1311	Office of State Personnel (OSHR)	7,974,654	113,506	7,861,148	-	-	-	7,974,654	113,506	7,861,148
1411	State Construction Office	5,935,846	684,911	5,250,935	-	-	-	5,935,846	684,911	5,250,935
1412	State Property Office	2,138,934	1,207,688	931,246	-	-	-	2,138,934	1,207,688	931,246
1421	Facilities Management Division	31,531,658	4,030,404	27,501,254	-	-	-	31,531,658	4,030,404	27,501,254
1511	Puchase and Contract	3,058,659	1,476,743	1,581,916	-	-	-	3,058,659	1,476,743	1,581,916
1731	Council for Women & Domestic Violence	716,417	-	716,417	-	-	-	716,417	-	716,417
1734	Sexual Assault Program	2,894,972	-	2,894,972	-	-	-	2,894,972	-	2,894,972
1741	Human Relations Commission	-	-	-	596,858	-	596,858	596,858	-	596,858
1742	MLK Commission	23,378	-	23,378	-	-	-	23,378	-	23,378
1761	Youth Advocacy and Involvement Office	475,941	-	475,941	-	-	-	475,941	-	475,941
1772	State Veterans Home Program	45,864,689	45,864,689	-	-	-	-	45,864,689	45,864,689	-
1781	Domestic Violence Program	5,086,099	-	5,086,099	45,242	-	45,242	5,131,341	-	5,131,341
1782	Domestic Violence Center	3,913,212	3,913,212	-	-	-	-	3,913,212	3,913,212	-
1810	State Ethics Commission	1,230,025	56,679	1,173,346	879,800	-	879,800	2,109,825	56,679	2,053,146
1851	Pension - Surviving Spouse	12,000	-	12,000	-	-	-	12,000	-	12,000
1861	Commission on Indian Affairs	302,850	-	302,850	-	-	-	302,850	-	302,850
1900	Reserves and Transfers	197,384	126,134	71,250	-	-	-	197,384	126,134	71,250
Department-wide Items										
		-	-	-			-	-	-	-
		-	-	-			-	-	-	-
		-	-	-			-	-	-	-
							-			
Total		$117,513,117	$58,848,632	$58,664,485	$1,521,900	$0	$1,521,900	$119,035,017	$58,848,632	$60,186,385

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Department of Administration					
Budget Code 14100		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1111	Office of the Secretary	11.00	-	-	11.00
1121	DOA - Fiscal Management	24.00	-	-	24.00
1122	DOA - Personnel	10.00	-	-	10.00
1123	Ofc for Historically Underutilized Business	8.00	-	-	8.00
1230	Non Public Education	5.75	-	-	5.75
1241	Management Information Services	10.00	-	-	10.00
1311	Office of State Personnel (OSHR)	65.00	-	-	65.00
1411	State Construction Office	55.00	-	-	55.00
1412	State Property Office	27.00	-	-	27.00
1421	Facilities Management Division	154.25	-	-	154.25
1511	Puchase and Contract	33.10	-	-	33.10
1731	Council for Women & Domestic Violence	9.00	-	-	9.00
1734	Sexual Assault Program	0.36	-	-	0.36
1741	Human Relations Commission	0.04	7.20	-	7.24
1742	MLK Commission	-	-	-	-
1761	Youth Advocacy and Involvement Office	4.00	-	-	4.00
1772	State Veterans Home Program	8.77	-	-	8.77
1781	Domestic Violence Program	4.64	-	-	4.64
1782	Domestic Violence Center	-	-	-	-
1810	State Ethics Commission	13.00	-	-	13.00
1851	Pension - Surviving Spouse	-	-	-	-
1861	Commission on Indian Affairs	3.05	-	-	3.05
1900	Reserves and Transfers	-	-	-	-
Total FTE		**445.96**	**7.20**	**-**	**453.16**

Total Budget Enacted 2015 Session	FY 16-17 $58,664,485

Legislative Changes

24 Domestic Violence Grant Funding **Fund Code:** 1781 Increases the amount of grant funding available for domestic violence centers throughout the State. The revised net appropriation for the Domestic Violence Program is $5,131,341.	$45,242	R
25 Human Relations Commission Restored Funding **Fund Code:** 1741 Restores $545,407 of recurring funding and 6.20 positions for the Human Relations Commission, which was funded with a nonrecurring appropriation in FY 2015-16 while it underwent a continuation review. The revised net appropriation for the Human Relations Commission from this action is $545,407.	$545,407 6.20	R
26 Human Relations Commission New Position **Fund Code:** 1741 Provides $51,451 for the salary and benefits for 1 new Administrative Assistant position. The revised net appropriation for the Human Relations Commission from this action is $51,451.	$51,451 1.00	R
State Ethics Commission		
27 International Ethics Conference Hosting **Fund Code:** 1810 Provides recurring funding for increased participation in the annual Council on Governmental Ethics Laws (COGEL) conference. Nonrecurring funding is provided to begin the preparation needed to host the COGEL conference in North Carolina in 2018. The revised net appropriation for the State Ethics Commission from this action is $1,183,146.	$2,200 $7,600	R NR

28 Existing Electronic Application Maintenance **Fund Code:** 1810 Provides funding for continued maintenance and required updates to the State's electronic ethics application. The system accepts, tracks, and reports Statement of Economic Interest (SEI) filings, as well as maintains required ethics trainings for certain State employees and elected officials. The revised net appropriation for the State Ethics Commission from this action is $1,193,346.	$20,000	R
29 New Electronic Application Development **Fund Code:** 1810 Funds the development and implementation of a new electronic application system to allow individuals to file and amend SEI electronically and to provide relevant updates to the ethics training modules. The revised net appropriation for the State Ethics Commission from this action is $2,023,346.	$850,000	NR
Total Legislative Changes	**$664,300** **$857,600**	R NR
Total Position Changes	7.20	
Revised Budget	**$60,186,385**	

Department of Revenue
Budget Code 14700

General Fund Budget

	FY 2016-17
Enacted Budget	
Requirements	$133,915,718
Receipts	$53,458,039
Net Appropriation	$80,457,679
Legislative Changes	
Requirements	$350,000
Receipts	$0
Net Appropriation	$350,000
Revised Budget	
Requirements	$134,265,718
Receipts	$53,458,039
Net Appropriation	$80,807,679

General Fund FTE

Enacted Budget	1,471.25
Legislative Changes	0.00
Revised Budget	1,471.25

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session

Department of Revenue Budget Code 14700		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1600	Administration	3,618,680		3,618,680	-	-	-	3,618,680	-	3,618,680
1601	Enterprise Project Management Office	780,186		780,186	-	-	-	780,186	-	780,186
1603	Human Resources	1,522,319		1,522,319	-	-	-	1,522,319	-	1,522,319
1605	Information Technology	15,983,036	406,374	15,576,662	-	-	-	15,983,036	406,374	15,576,662
1607	Revenue Research	429,658		429,658	-	-	-	429,658	-	429,658
1609	Criminal Investigations	911,367		911,367	-	-	-	911,367	-	911,367
1624	Income Tax Division	2,079,237		2,079,237	-	-	-	2,079,237	-	2,079,237
1625	Excise Tax Division	200,724		200,724	-	-	-	200,724	-	200,724
1627	Sales and Use Taxes	1,315,833		1,315,833	-	-	-	1,315,833	-	1,315,833
1629	Local Government Division	5,167,717	5,167,717	-	-	-	-	5,167,717	5,167,717	-
1643	Taxpayer Assistance	8,672,798	294,830	8,377,968	-	-	-	8,672,798	294,830	8,377,968
1660	Collection	259,611		259,611	-	-	-	259,611	-	259,611
1661	Project Collect Tax	26,347,464	26,347,464	-	-	-	-	26,347,464	26,347,464	-
1662	Taxpayer Call Center	10,154,241	10,154,241	-	-	-	-	10,154,241	10,154,241	-
1663	Examination	24,414,627		24,414,627	-	-	-	24,414,627	-	24,414,627
1670	Unauthorized Substance Tax	1,520,211		1,520,211	-	-	-	1,520,211	-	1,520,211
1681	Business Operations	8,113,860	47,740	8,066,120	350,000	-	350,000	8,463,860	47,740	8,416,120
1683	Financial Services	836,692		836,692	-	-	-	836,692	-	836,692
1685	Documents Payments Processing	11,568,447	1,206,014	10,362,433	-	-	-	11,568,447	1,206,014	10,362,433
1700	Motor Fuels	4,994,370	4,994,370	-	-	-	-	4,994,370	4,994,370	-
1708	International Registration	229,020	229,020	-	-	-	-	229,020	229,020	-
1710	Fuel Tax Compliance	1,604,094	1,604,094	-	-	-	-	1,604,094	1,604,094	-
1711	Federal Grant - Joint Operations Center	590,791	590,791	-	-	-	-	590,791	590,791	-
1800	White Goods - Disposal Tax	425,000	425,000	-	-	-	-	425,000	425,000	-
1820	Scrap Tire Disposal Tax	425,000	425,000	-	-	-	-	425,000	425,000	-
1830	Public Transit Tax	715,384	715,384	-	-	-	-	715,384	715,384	-
1840	Dry Cleaning Solvent Tax	125,000	125,000	-	-	-	-	125,000	125,000	-
1870	Solid Waste Disposal Tax	225,000	225,000	-	-	-	-	225,000	225,000	-
1880	911 - Service Charge	500,000	500,000	-	-	-	-	500,000	500,000	-
1900	Reserves and Transfers	185,351		185,351	-	-	-	185,351	-	185,351
Department-wide Items										
		-	-	-			-	-	-	-
		-	-	-			-	-	-	-
		-	-	-			-	-	-	-
							-			
Total		$133,915,718	$53,458,039	$80,457,679	$350,000	$0	$350,000	$134,265,718	$53,458,039	$80,807,679

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Department of Revenue					
Budget Code 14700		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1600	Administration	29.00	-	-	29.00
1601	Enterprise Project Management Office	8.00	-	-	8.00
1603	Human Resources	20.00	-	-	20.00
1605	Information Technology	99.25	-	-	99.25
1607	Revenue Research	7.00	-	-	7.00
1609	Criminal Instigations	10.00	-	-	10.00
1624	Income Tax Division	22.00	-	-	22.00
1625	Excise Tax Division	2.00	-	-	2.00
1627	Sales and Use Taxes	14.00	-	-	14.00
1629	Local Government Division	33.00	-	-	33.00
1643	Taxpayer Assistance	144.00	-	-	144.00
1660	Collection	2.00	-	-	2.00
1661	Project Collect Tax	266.00	-	-	266.00
1662	Taxpayer Call Center	137.00	-	-	137.00
1663	Examination	328.00	-	-	328.00
1670	Unauthorized Substance Tax	20.00	-	-	20.00
1681	Business Operations	18.00	-	-	18.00
1683	Financial Services	11.00	-	-	11.00
1685	Documents Payments Processing	202.00	-	-	202.00
1700	Motor Fuels	50.00	-	-	50.00
1708	International Registration	3.00	-	-	3.00
1710	Fuel Tax Compliance	17.00	-	-	17.00
1711	Federal Grant - Joint Operations Center	2.00			2.00
1800	White Goods - Disposal Tax	6.00			6.00
1820	Scrap Tire Disposal Tax	6.00			6.00
1830	Public Transit Tax	8.00	-	-	8.00
1840	Dry Cleaning Solvent Tax		-		-
1870	Solid Waste Disposal Tax	1.00			1.00
1880	911 - Service Charge	6.00			6.00
1900	Reserves and Transfers				-
Total FTE		1,471.25	-	-	1,471.25

(18.0) Revenue

GENERAL FUND

	FY 16-17
Total Budget Enacted 2015 Session	**$80,457,679**

Legislative Changes

Business Operations

30 Business Functions Optimization

Fund Code: 1681 $350,000 **NR**

Provides funds to the Department of Revenue to hire a contractor to identify opportunities to lower operational costs through automation or outsourcing of paper-driven processes. The revised net appropriation for the Business Operations fund is $8,416,120.

Total Legislative Changes	**$350,000**	**NR**
Total Position Changes		
Revised Budget	**$80,807,679**	

Project Collect Tax

Budget Code: 24704

	FY 2016-17	
Beginning Unreserved Fund Balance	**$63,433,264**	
Recommended Budget		
Requirements	**$37,732,539**	
Receipts	**$23,013,024**	
Positions	**0.00**	

Legislative Changes

Requirements:

Tax Fraud Analysis	$0	R
Provides funds to the Department of Revenue to continue a contract with a vendor to perform tax fraud analysis using the Government Data Analytics Center (GDAC).	$2,000,000	NR
	0.00	
Implementation of New Tax Types	$0	R
Provides funds from the Collection Assistance Fee to pay for programming the insurance and liquid nicotine tax types to enable automated collection.	$582,800	NR
	0.00	
Subtotal Legislative Changes	**$0**	R
	$2,582,800	NR
	0.00	

Receipts:

Tax Fraud Analysis	$0	R
	$0	NR
Implementation of New Tax Types	$0	R
	$0	NR
Subtotal Legislative Changes	**$0**	R
	$0	NR

	FY 2016-17
Revised Total Requirements	$40,315,339
Revised Total Receipts	$23,013,024
Change in Fund Balance	($17,302,315)
Total Positions	0.00
Unappropriated Balance Remaining	$46,130,949

ITAS Replacement

Budget Code: 24708

	FY 2016-17	
Beginning Unreserved Fund Balance	**$22,341,776**	
Recommended Budget		
Requirements	**$2,047,600**	
Receipts	**$2,047,600**	
Positions	**7.00**	

Legislative Changes

Requirements:

Operations and Maintenance for Tax Systems	$0	R
Authorizes the Department of Revenue to spend $12,000,000 nonrecurring in receipt funding for tax systems. The supported systems are Enterprise Tax Management, Portfolio Warehouse, and Modernize eFile.	$12,000,000	NR
	0.00	
Subtotal Legislative Changes	**$0**	R
	$12,000,000	NR
	0.00	

Receipts:

Operations and Maintenance for Tax Systems	$0	R
	$0	NR
Subtotal Legislative Changes	**$0**	R
	$0	NR

	FY 2016-17
Revised Total Requirements	$14,047,600
Revised Total Receipts	$2,047,600
Change in Fund Balance	($12,000,000)
Total Positions	7.00
Unappropriated Balance Remaining	$10,341,776

Office of the State Controller
Budget Code 14160

General Fund Budget

	FY 2016-17
Enacted Budget	
Requirements	$23,158,226
Receipts	$431,840
Net Appropriation	$22,726,386
Legislative Changes	
Requirements	$496,578
Receipts	$496,578
Net Appropriation	$0
Revised Budget	
Requirements	$23,654,804
Receipts	$928,418
Net Appropriation	$22,726,386

General Fund FTE

Enacted Budget	169.00
Legislative Changes	0.00
Revised Budget	169.00

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session

Office of the State Controller Budget Code 14160		Enacted Budget			Legislative Changes			Revised Budget		
Fund Code	Fund Name	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation	Requirements	Receipts	Net Appropriation
1000	Office of State Controller	23,158,226	431,840	22,726,386	496,578	496,578	-	23,654,804	928,418	22,726,386
Department-wide Items										
		-	-	-			-	-	-	-
		-	-	-			-	-	-	-
		-	-	-			-	-	-	-
							-			
Total		$23,158,226	$431,840	$22,726,386	$496,578	$496,578	$0	$23,654,804	$928,418	$22,726,386

Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Office of the State Controller					
Budget Code 14160		Enacted	Legislative Changes		Revised
Fund Code	Fund Name	Total Requirements	Net Appropriation	Receipts	Total Requirements
1000	Office of State Controller	169.00	-	-	169.00
Total FTE		**169.00**	**-**	**-**	**169.00**

(19.0) State Controller

GENERAL FUND

Total Budget Enacted 2015 Session	FY 16-17 $22,726,386

Legislative Changes

31 Continuation Review Funding Restoration
Fund Code: 1000

Restores the transfer of funds from the Department of Transportation to the State Controller for Building Enterprise Access for North Carolina's Core Operation Needs (BEACON) positions under continuation review. The total amount transferred is $496,578. The revised net appropriation for personnel costs for the State Controller is $15,494,407.

Total Legislative Changes

Total Position Changes

Revised Budget	**$22,726,386**

ATTACHMENT # 5

House Appropriations Committee on General Government

Proposed Special Provisions for H.B. 1030, 2016 Appropriations Act

May 12, 2016

GENERAL ASSEMBLY OF NORTH CAROLINA

SPECIAL PROVISIONS
HOUSE APPROPRIATIONS, GENERAL GOVERNMENT REPORT

MAY 12, 2016
Report Last Updated: May 11, 2016 11:15 p.m.

2016-INS-H1-P **1**
INSURANCE REGULATORY CHARGE

2016-SBE-H1-P **2**
STATE BOARD OF ELECTIONS/ACCESS TO DMV RECORDS

2016-OSBM-H2-P **3**
IMPROVE BUDGETING TRANSPARENCY/OFFICE OF STATE TREASURER

2016-OSBM-H3-P **4**
SYMPHONY CHALLENGE GRANT

2016-DOA-H1-P **5**
STUDY E-PROCUREMENT SERVICE

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2016

Proofed

SPECIAL PROVISION

2016-INS-H1-P

Department of Insurance
House Appropriations, General Government

Requested by

INSURANCE REGULATORY CHARGE

SECTION #. The percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2017 calendar year.

Proofed
SPECIAL PROVISION

2016-SBE-H1-P

State Board of Elections
House Appropriations, General Government

Requested by

STATE BOARD OF ELECTIONS/ACCESS TO DMV RECORDS

SECTION #. G.S. 20-43(a) reads as rewritten:

"(a) All records of the Division, other than those declared by law to be confidential for the use of the Division, shall be open to public inspection during office hours in accordance with G.S. 20-43.1. A signature recorded in any format by the Division for a drivers license or a special identification card is confidential and shall not be released except for law enforcement ~~purposes.~~purposes or to the State Chief Information Officer for purposes of G.S. 143B-1385 or the State Board of Elections in connection with its official duties under Chapter 163 of the General Statutes. A photographic image recorded in any format by the Division for a drivers license or a special identification card is confidential and shall not be released except for law enforcement purposes or to the State Chief Information Officer for the purposes of ~~G.S. 143B-1385.~~G.S. 143B-1385 or the State Board of Elections in connection with its official duties under Chapter 163 of the General Statutes."

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2016

Proofed
SPECIAL PROVISION

2016-OSBM-H2-P

Office of State Budget and Management
House Appropriations, General Government

Requested by

IMPROVE BUDGETING TRANSPARENCY/OFFICE OF STATE TREASURER

SECTION #.(a) The Office of State Budget and Management shall study the feasibility of converting the following Funds within Budget Code 13410, Department of the State Treasurer, from receipt-supported to General Fund-supported: 1110 General Administration, 1130 Escheat Fund, 1150 Information Services, 1210 Investment Management Division, 1310 Local Government, 1410 Retirement Operations Division Fund, and 1510 Financial Operations Division. The Office of State Budget and Management shall develop a proposed plan and schedule to adjust the Base Budget as follows:

(1) Show that receipts from the Funds listed in this subsection are used to offset General Fund appropriations.

(2) Reflect that receipts generated from the Investment Management Division, the Escheat Fund, and the Local Government Operations Division Fund and any interest earnings be deposited as nontax revenue.

(3) Eliminate all transfers used to pay for administration in Funds 1110, 1150, and 1510 from Funds 1130, 1210, 1310, and 1410.

(4) Identify any amendments to current law needed to implement the proposed plan.

(5) Require the Department of the State Treasurer's expenditures be recorded in the North Carolina Accounting System in the appropriate budget code, fund code, and account code and not be charged directly to the Investment Asset Classes.

SECTION #.(b) The Office of State Budget and Management shall present its proposed plan and recommendations to the December 2016 meeting of the Joint Legislative Oversight Committee on General Government. The Office of State Budget and Management shall not make any changes to the presentation of the Treasurer's budget until the General Assembly enacts changes.

Proofed
SPECIAL PROVISION

2016-OSBM-H3-P

Office of State Budget and Management
House Appropriations, General Government

Requested by

SYMPHONY CHALLENGE GRANT

SECTION #. Section 23.1(a) of S.L. 2015-241 reads as rewritten:

"**SECTION 23.1.(a)** Of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, the sum of ~~one~~ two million ~~five hundred thousand~~ dollars ~~($1,500,000)~~($2,000,000) in recurring funds for ~~each year of the 2015-2017~~the 2016-2017 fiscal ~~biennium and the sum of five hundred thousand dollars ($500,000) in nonrecurring funds for each year of the 2015-2017 fiscal biennium~~ year shall be allocated to the North Carolina Symphony in accordance with this section. It is the intent of the General Assembly that the North Carolina Symphony raise at least nine million dollars ($9,000,000) in non-State funds each year of the 2015-2017 fiscal biennium. The North Carolina Symphony cannot use funds transferred from the organization's endowment to its operating budget to achieve the fund-raising targets set out in subsections (b) and (c) of this section."

Proofed
SPECIAL PROVISION

2016-DOA-H1-P

Department of Administration
House Appropriations, General Government

Requested by

STUDY E-PROCUREMENT SERVICE

SECTION #. The Joint Legislative Oversight Committee on General Government shall study the Department of Administration's management of the North Carolina E-Procurement Service, including the amount of the vendor transaction fee charged to suppliers and the delay in implementation of an e-bidding module within the system. The Committee shall report its findings, including any recommendations for proposed legislation, to the 2017 General Assem

ATTACHMENT # 6

North Carolina House of Representatives
Appropriations Committee

RULES FOR SUBJECT AREA COMMITTEE PROCEDURES

May 12, 2016

The following rules govern the eligibility of amendments to proposed committee reports:

1. Amendments must be offered by formal amendments.
2. Amendments cannot increase total spending within the proposed committee report.
3. Amendments can only affect appropriations within the departments, agencies, or programs within the jurisdiction of the committee and may not cause a change in another committee's appropriations.
4. Amendments cannot adjust salary and benefit appropriations for the departments, agencies, or programs within the committee report.
5. Amendments cannot spend reversions or include "shall not revert" or "carry forward" language.
6. Amendments cannot use nonrecurring reductions to fund recurring items.
7. Amendments cannot change the recurring and nonrecurring designation of funds.
8. Amendments cannot change substantive policy or law.
9. Amendments may not fund items with "management flexibility reductions."
10. Amendments may not affect agency or program transfers to other committees.
11. Amendments may not include fees or other Finance-related matters.

ATTACHMENT # 7

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1030

AMENDMENT NO. 1
(to be filled in by
Principal Clerk)

H1030-ALG-48 [v.1]

Amends Title [NO]
First Edition

Date 5-12 ,2016

Representative Cleveland

moves to amend the House Appropriations Committee on General Government Proposed Special Provisions for HB 1030, 2016 Appropriations Act, on page 5, lines 2-3, by rewriting the lines to read:

"**SECTION #.** The Joint Legislative Oversight Committee on General Government shall study the management of the North Carolina's E-Procurement"

SIGNED George G. Cleveland
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

H1030-ALG-48-V-1

ATTACHMENT # 8

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1030

AMENDMENT NO. 2
(to be filled in by Principal Clerk)

H1030-ALG-49 [v.2]

Amends Title [NO]
First Edition

Date 5-12 ,2016

Representative Cleveland

moves to amend the House Appropriations Committee on General Government Money Report for HB 1030, 2016 Appropriations Act, on page J-12, Item 4, by deleting "1110" and substituting "1510" and by rewriting the description to read:

"Increase receipts by $512,000 to the Financial Operations Division for operation of the new office facility for the Department of State Treasurer. The operation budget includes: water, utilities, janitorial services, and security for the building. The receipts will be cost-allocated from divisions within the Department of State Treasurer that support operations and the sum of $36,000 is appropriated to support the non-receipt supported functions. The revised net appropriation for all changes in this section for this Fund is $3,947,125. $36,000 R"

And on page J-12, Item 3, by deleting the last sentence in the description and substituting the following:
"The revised net appropriation for all changes in this section for this Fund is $3,947,125.";

And on page J-51, Item 18, by deleting that Item; and

And by adjusting all the appropriate totals in the Committee Report accordingly.

SIGNED George G. Cleveland
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

ATTACHMENT # 9

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1030

AMENDMENT NO. 3
(to be filled in by Principal Clerk)

H1030-ALG-50 [v.1]

Amends Title [NO]
First Edition

Date 5-12 ,2016

Representative Cleveland

moves to amend the House Appropriations Committee on General Government Money Report for HB 1030, 2016 Appropriations Act, on page J-77, Item Tax Fraud Analysis, by adding between "(GDAC)" and the period the following language:

"and to pay for identify theft protection information technology upgrades"

SIGNED George G. Cleveland
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

ATTACHMENT # 10

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
_____ Bill _____

AMENDMENT NO. 4
(to be filled in by
Principal Clerk)

Unknown-ALM-50 [v.4]

Amends Title [NO]
H1030

Date 5-12 ,2016

Representative Cleveland

moves to amend the House Appropriations Committee on General Government Proposed Special Provisions for HB 1030, 2016 Appropriations Act, after page 5, by inserting a new special provision to read as follows:

"**DOA/SPECIAL FUND FOR ELECTRONIC APPLICATION DEVELOPMENT FUNDS**

SECTION #. Article 1 of Chapter 138A of the General Statutes is amended by adding a new section to read as follows:

"**§ 138A-5. Electronic Application Development Fund.**

The Electronic Application Development Fund is established as a special fund in the Department of Administration. The Fund consists of appropriations by the General Assembly. Moneys in the Fund shall be used by the State Ethics Commission to fund the development and implementation of a new electronic application system to allow individuals to file and amend statements of economic interest electronically and to provide relevant updates to the ethics training modules. Any appropriated and unencumbered moneys remaining in the Fund at the end of each fiscal year shall not revert to the General Fund."

SIGNED George G. Cleveland
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED V FAILED _____ TABLED _____

UNKNOWN-ALM-50-V-4

ATTACHMENT # 11

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
_____ Bill _____

AMENDMENT NO. 5
(to be filled in by
Principal Clerk)

Unknown-ALM-51 [v.4]

Amends Title [NO]
H1030

Date 5-12 ,2016

Representative Cleveland

moves to amend the House Appropriations Committee on General Government Proposed Special Provisions for HB 1030, 2016 Appropriations Act, after page 5, by inserting a new special provision to read as follows:

"**MODIFY STATE EMPLOYEE SUGGESTION PROGRAM**

SECTION #.(a) G.S. 126-3(b)(10) is repealed.

SECTION #.(b) G.S. 143-340(1) is repealed.

SECTION #.(c) Article 36A of Chapter 143 of the General Statutes is repealed.

SECTION #.(d) The Office of State Human Resources shall continue the mission of the NC-Thinks program by awarding State employees through the Governor's Awards for Excellence Program pursuant to G.S. 126-4(15) and 25 NCAC 01C .0900. The Governor's Awards for Excellence is the highest honor that an employee may receive for noteworthy service to State government and the citizens of North Carolina. Nominations may be made for an individual or a team in several categories that reflect the core values of NC-Thinks, including Efficiency and Innovation and Outstanding Government Service."

SIGNED George E. Cleveland
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED V FAILED _____ TABLED _____