

2015

**SENATE
APPROPRIATIONS –
GENERAL
GOVERNMENT AND
INFORMATION
TECHNOLOGY**

MINUTES

Appropriations on General Government and Information Technology (Senate)

Co-Chairman: Sen. Jim Davis

N.C. Senate
300 N. Salisbury Street, Room 408-B
Raleigh, NC 27603-5925
(919) 733-5875
Jim.Davis@ncleg.net

Co-Chairman: Sen. Norman W. Sanderson

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Member: Sen. Andrew C. Brock

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Member: Sen. Josh Stein

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Member: Sen. Jeff Tarte

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Member: Sen. Mike Woodard

N.C. Senate
300 N. Salisbury Street, Room 518
Raleigh, NC 27603-5925
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Mike.Woodard@ncleg.net



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



**Senate Committee on Appropriations on General Government and Information
Technology
Wednesday, February 11, 2015 at 8:30 AM
Legislative Building Room 1425**

MINUTES

The Senate Committee on Appropriations on General Government and Information Technology met at 8:30 AM on February 11, 2015 in Room LB 1425. Thirteen members were present. Lisa Hollowell, Daniel Sater, and Cara Bridges were present representing staff.

Senator Jim Davis presided. Kaye Culberson was the Committee Clerk. Kathy Voss was also present.

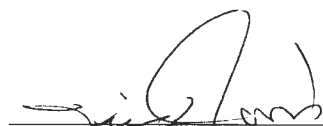
Senator Davis thanked the Page (Attachment #1) and Sergeants-at-Arms (Attachment #2) and welcomed visitors (Attachment #3).

Lisa Hollowell, Fiscal Research Division, gave an overview of the NC Department of Insurance (DOI). She reviewed DOI's statutory authority, mission and responsibilities, budget, revenues (Attachment #4), and responded to questions from members


Commissioner Wayne Goodwin, DOI, introduced his team and yielded his time to Ben Popkin, Senior Health Policy Counsel, DOI. Mr. Popkin reviewed captive insurance legislation, the Affordable Care Act and its interface with DOI, the Volunteer Safety Workers' Compensation Fund, and the Office of State Fire Marshall grants and funds (Attachments #5, #6, #7). Commissioner Goodwin, Mr. Popkin, and Rebecca Shigley responded to questions from members.

Carol Shaw, NC General Assembly Program Evaluation Division (PED), presented the Final Report to the Joint Legislative Program Evaluation Oversight Committee, "Licensing Processing Fees Are Inequitable; Permit DOI Vendor to Charge Different Processing Fees Based on Effort and Cost" (Attachments #8, #9 and #10), and responded to questions from members.

The meeting was adjourned at 9:52 AM.



Senator Jim Davis
Presiding



Kaye Culberson, Committee Clerk



Principal Clerk
Reading Clerk

SENATE
NOTICE OF JOINT COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The **Senate Committee on Appropriations on General Government and Information Technology** will meet at the following time:

DAY	DATE	TIME	ROOM
Wednesday	February 11, 2015	8:30 AM	LB 1425

This is a Joint Meeting and will be chaired by Sen. Jim Davis.

There will be a presentation by the DOI during this meeting.

Senator Jim Davis, Co-Chair
Senator Norman W. Sanderson, Co-Chair



Joint Appropriations Committee for General Government
February 11, 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

Sen. Jim Davis, presiding

Department of Insurance Overview

Lisa Hollowell, FRD

Department of Insurance
Information Requested

Commissioner Wayne Goodwin
NC Department of Insurance

Ben Popkin, Senior Health Policy Counsel
NC Department of Insurance

Study of Licensure Fees

Carol Shaw, PED

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

Topic – NC Dept. of Secretary of State



Wednesday, February 11
APPROPRIATIONS, GENERAL
GOVERNMENT (JOINT)

Room
1425

Time
8:30 am

Name	County	
Sara Lane Cochrane	Forsyth	Edward Hanes, Jr.



Committee Sergeants at ArmsNAME OF COMMITTEE JT. Comm on Appro - General GovernmentDATE: 2-11-15Room: 1425House Sgt-At Arms:

1. Name: Young Bae
2. Name: Chris McCrecker
3. Name: Doug Harris
4. Name: _____
5. Name: _____

Senate Sgt-At Arms:

1. Name: Dale Huff
2. Name: Hal Beach
3. Name: _____
4. Name: _____
5. Name: _____



1. The first part of the document is a list of the names of the persons who have been named in the proceedings. The names are listed in alphabetical order, and each name is followed by a number indicating the page on which the name appears. The names are as follows:

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VISITOR REGISTRATION SHEET

Joint Comm. App. General Government

02/11/15

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Mark Edwards

NC DOI

Louis Belu

NC DOI

Meghan Cook

OITS

Matthew Cobb

Intern for Senator Brock

Isabel Villa-Garcia

NCAR

Martha Jenkins

DCR

Stan Williams

NCS

Karen Wells

Anti NC

Stephen Kouba

CCS

Shirley

QCL

Nelson Freeman

Revenue



VISITOR REGISTRATION SHEET

Joint Comm. App. General Government

02/11/15

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Tim Hoegemeyer	OSA
Monica Druha	NC Coalition Against Domestic Violence
Full	MAK
Ben Popken	SOS
Ben Popken	NC DOI
Angela Ford	NC DOS
Rebecca Shigley	NC DET
Wagner Gooden	Insurance Commissioner (NCDAF)
Edgar Starnes	State Treasurer
Tommy Clark	Sec of State
BENNIE AIKEN	NC DOI



Year	Percentage
1990	85
1995	84
2000	87
2005	89
2010	90

02/11/15

Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

FIRM OR AGENCY AND ADDRESS

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Department of Insurance Overview

Appropriations Subcommittee for General Government

February 11, 2015



Department of Insurance Presentation Outline

- Authorizing Laws
- Responsibilities
- Budget
- Information Requested

Department of Insurance Statutory Authority

- Commissioner of Insurance is a member of the Council of State
- Constitution - Article 3, Section 7 creates the office of Commissioner of Insurance, elected to four-year terms
- GS Chapter 58 establishes a department, which is charged with the execution of laws relating to insurance and other responsibilities placed under the Department. Designates the Commissioner of Insurance as the Chief Officer of the department.
- Designates the Commissioner as State Fire Marshal

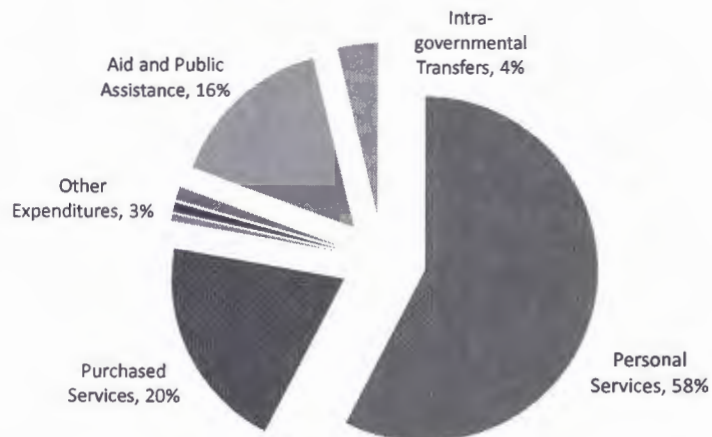
Department of Insurance Mission and Responsibilities

- The North Carolina Department of Insurance serves the citizens of North Carolina through consumer protection and education, safety training and promotion, and regulation of specified activities and industries.
- License and Regulate the Insurance Industry; companies and professionals
- Conduct financial evaluations and monitor insurance companies' compliance with laws and market conduct
- Educate consumers
- Respond to complaints
- Administer grants through Office of State Fire Marshal for volunteer fire fighters and rescue workers
- Regulatory Activities and Oversight of Other Industries

Department of Insurance Budget

	Actual	Actual	Actual	Certified
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Expenditures	47,525,100	64,535,342	49,478,572	60,407,729
Less: Receipts	12,556,622	29,057,579	13,797,611	22,695,407
Net General Fund Appropriations	\$34,968,478	\$35,477,764	\$35,680,961	\$37,712,322
Positions (FTE)	410.1	417.1	408.1	400.3

Department of Insurance Budget Composition



Department of Insurance Revenues

- Insurance Regulatory Surcharge
 - Set Annually by the General Assembly
 - Based upon of Gross Amount of Premiums Collected by Insurers
 - Currently 6.5%
- Tax on certain insurance premiums for the grant programs
- 10 cents from Division of Motor Vehicles Inspection fees for North Carolina Rescue Relief Fund
- Federal Funds (Senior Assistance)
- Fees

- License	- Certifications
- Training	- Sale of publications
- Sale of publications	- Examinations
- Audits	
- Fines

Additional Information Requested

- Update - SL 2013-116 - Department of Insurance was authorized to regulate captive insurance companies in NC
- Affordable Care Act – Impact on DOI’s operations and budget
- Volunteer Safety Workers Compensation Fund
- Office of State Fire Marshal’s grants management and oversight

Additional Information Requested

- **SL 2013-360 PED/STUDY LICENSURE FEES**
- Directed a review the licensure fees for occupations regulated by the Department of Insurance which are not directly associated with the insurance industry.
- ...applicant's actual expenditure for licensure, excluding education, training, and certification costs.
- ...advantages and disadvantages of the Department of Insurance using a vendor to process applications for licensure and renewals.
- ...appropriate licensure fees an applicant should be assessed if the Department of Insurance determines the use of a vendor is the most cost-efficient method for licensing applicants.
- ...appropriate method for reimbursing a vendor of an amount greater than the licensure fees authorized by Chapter 58 of the General Statutes.
- ... redundancy exists with a vendor and the Department of Insurance in processing applications for licensure or renewal. ... Any other issues PED discovers

Questions?



ATTACHMENT #5

***Joint Appropriations Committee on
General Government***

*Presented by:
Ben Popkin
Director of Government Affairs*

Fiscal & Legislative Topics

- Captive Insurance Legislation
- Affordable Care Act
- Volunteer Safety Workers' Compensation Fund
- Office of State Fire Marshal
 - Grants and Funds

Captive Insurance – Action

- Offers alternative to traditional insurance market for businesses to manage risk
- S.L.2013-116 “The North Carolina Captive Insurance Act”
- Funding
 - FY 2013-14: \$246,053
 - FY 2014-15: \$338,551

Captive Insurance – Results

- Began Oct. 2013, by Dec. 2013
 - 4 Captive Insurance Co’s licensed
 - \$26,214 premium taxes collected
- Calendar Year 2014
 - 52 Captive Ins. Co’s licensed (total)
 - \$571,000 premium tax collected
 - (estimate – taxes due by March 1, 2015)
- 1 new licensee already this year

Affordable Care Act

- DOI enforces all applicable State laws on insurance companies and the insurance products they provide, including coverage subject to ACA, including:
 - Compliance with Essential Health Benefits
 - Actuarial value of products
 - Cost-sharing limitations
 - Compliance with rating rules

Affordable Care Act

- DOI Consumer and producer responsibilities:
 - Educate and assist consumers with ACA related issues
 - License insurance professionals selling ACA products
 - Perform market regulation exams to assure insurer compliance with applicable State and federal standards

Affordable Care Act

Overall impact on DOI

- Even under full Federally Facilitated Marketplace (FFM) DOI continues its State-defined role overseeing the State insurance market
- ACA has created additional work volume and complexity associated with regulation of insurance activities and provision of consumer assistance to all in the State market
 - From a few plans per filing pre-ACA to over 100 plans per filing post-ACA

Volunteer Safety Workers' Compensation Fund

Provides Workers' Compensation benefits to emergency first responders

- 42,800 emergency first responders in 1,100 non-municipal fire departments, rescue squads and EMS units
 - (majority volunteers)
- Followed PED Report 2014-01 recommendations
 - Includes:
 - Increasing member premiums to meet future financial obligations
 - Enhance cost-containment efforts by VSWCF Board monitoring data collection and tracking
 - Modify DOI actuarial responsibilities
 - Clarify fund eligibility requirements, etc.

Office of State Fire Marshal
Current Fund/Grant Balances

- Rescue Relief Fund
 - \$992,865.09 distributed January 2015
 - (\$0.00 current balance)
- Firefighter Relief Funds
 - \$4,191,808.36
 - (to be distributed in July/Aug 2015)
- Volunteer Fire Department Fund
 - \$8,745,314.93 (current)
- Volunteer Rescue/EMS Fund
 - \$620,670.90 (current)

Contact Us:

NC Department of Insurance

Consumer Helpline: 1-800-546-5664

Agent Services: 919-807-6800

Website: www.ncdoi.com



Office of State Fire Marshal

Phone: 919-661-5880

Website: www.ncdoi.com/osfm



Financials

**STATE OF NORTH CAROLINA
VOLUNTEER SAFETY WORKERS' COMPENSATION FUND**

BALANCE SHEET

September 30, 2014 and 2013
(Unaudited)

	<u>Sep-14</u>	<u>Sep-13</u>
<u>Assets</u>		
Cash	\$ 8,076,732	\$ 4,007,755
Investments	12,107,203	11,307,301
Premium receivable	5,790	5,310
Accrued investment income	1,261	910
Other assets	<u>815,719</u>	<u>645,699</u>
Total Assets	<u>\$ 21,006,705</u>	<u>\$ 15,966,976</u>
 <u>Liabilities and Retained Earnings</u>		
Liabilities:		
Reserve for unpaid claims and claim adjustment expenses	\$ 22,668,705	\$ 19,306,493
Unearned revenue (advance premium)	4,493,781	3,618,603
Other accrued expenses and other liabilities	<u>16,008</u>	<u>8,299</u>
Total Liabilities	\$ 27,178,494	\$ 22,933,395
Retained Earnings	<u>(6,171,789)</u>	<u>(6,966,419)</u>
Total Liabilities and Retained Earnings	<u>\$ 21,006,705</u>	<u>\$ 15,966,976</u>

**STATE OF NORTH CAROLINA
VOLUNTEER SAFETY WORKERS' COMPENSATION FUND**

**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS**

For The Three Months Ended September 30, 2014 and 2013
(Unaudited)

	<u>Sep-14</u>	<u>Sep-13</u>
Revenues:		
Program revenue:		
State of North Carolina funding	\$ (4,952)	\$ -
Member contributions earned	1,513,027	1,211,266
Net program revenues	\$ 1,508,046	\$ 1,211,266
Interest Income	221,391	96,671
Total revenues	\$ 1,729,436	\$ 1,307,937
Expenses:		
Claims and claim adjustment expenses		
Claims and claim adjustment expenses paid, net	\$ 1,677,651	\$ 1,533,047
Change in reserve for unpaid claims and claim adjustment expenses	1,118,316	725,345
	\$ 2,795,966	\$ 2,258,393
Operating expenses:		
Administrator's fees	\$ 131,276	\$ 129,284
Agent commissions	64,554	36,254
Audit and Actuarial expenses	-	3,500
Other	388	2,700
	\$ 196,218	\$ 171,737
Total expenses	\$ 2,992,184	\$ 2,430,130
Excess of revenues over expenses	\$ (1,262,748)	\$ (1,122,193)
Transfer to the General Fund	-	-
(Decrease) Increase in Fund Assets		
Retained earnings at beginning of period	(4,909,042)	(5,844,227)
Retained earnings at end of period	\$ (6,171,789)	\$ (6,966,419)
Loss Ratio	185%	186%
Expense Ratio	13%	14%
Combined Ratio	198%	201%



**North Carolina Volunteer Safety
Workers' Compensation Fund
Board Meeting
November 17, 2014**

Financial Statement Highlights

Assets

1. Cash has increased by \$4.1M because of increases in funding from the State of North Carolina and increases in the base premium rates.
2. Investments for this year were \$800k higher than last year due to interest on long-term investments and adjustments to the fair market value of investments.
3. Other Assets are \$170k higher than last year mainly because of outstanding excess reinsurance reimbursements, the excess carrier usually pays the balance quarterly.

Liabilities

1. Reserves are \$3.3M higher than last year due to increases in case reserves of \$5.6M, of which \$1.6M is ceded to reinsurance, and an decrease in IBNR of \$512k.
2. Unearned revenue is \$875k higher than last year because of increase in base premium rates.

Revenues and Expenses

1. The negative \$4,982 State of North Carolina Funding amount was due to a return of the tax revenue in August due to the amount of refunds processed in July.
2. Member Contributions Earned is up by \$301k again due to the increase in the base premium rates.
3. Interest Income is \$125k higher this year because the long-term investment balance is higher than last year.
4. Claims paid are only \$145k higher than the prior year.
5. Change in reserve during the year is \$393k higher than the prior year indicating that the increase in the reserve liability was recorded during the last three quarters of the prior year.

**North Carolina Volunteer Safety
Workers' Compensation Fund
Board Meeting
November 17, 2014**

*Working Together.
Delivering Better Outcomes.*

**Prepared By:
Key Risk Management Services, LLC**

**Account Manager:
Claim Supervisor:
Claim Adjusters:**

**Becky Karr
Latanya Scott
Renee Holland, Hugh Bennett & Joanne Jones**

**VSWCF Board Meeting
November 17, 2014
Agenda**

I. Opening comments, Chairman

- Introductions

II. Old Business

- Review Minutes

III. Financials

- Review Financials

IV. Claims

- PED Reporting Requirements
- Claim Status Reports

V. Loss Control

VI. New Business

Minutes

VSWCF Board Meeting Minutes

August 18, 2014

In attendance:

- Cloyce Anders, Chairman/VSWCF
- Gordon Joyner/VSWCF
- Tim Bradley/VSWCF
- Richard Trexler/VSWCF
- Jerry Brooks/VSWCF
- Bryan Cox/VSWCF
- Joel Faircloth/VSWCF
- Jerry Bradshaw/VSWCF
- Robert Poe/VSWCF
- Wayne Bailey/OSFM
- Becky Karr/Key Risk/Chief Operating Officer & Chief Financial Officer
- Bryan Helton/Key Risk/Financial Analyst
- Hugh Bennett/Key Risk/Senior Claims Representative
- Suzanne McAuliffe/Key Risk Management/Assistant VP ARS Claims
- Faye Rabun/Key Risk Management/CPC Operations Manager
- Joe Abriola/Key Risk Management/Senior VP Claims

The meeting was held in Greensboro, North Carolina, at the Key Risk Management Services, LLC Headquarters on Monday, August 18, 2014. The meeting was called to order at 10:05 A. M. by Chairman, Cloyce Anders.

MMSC by Gordon Joyner and Jerry Brooks to accept the minutes from the May 12, 2014 meeting.

Becky Karr of Key Risk introduced Key Risk personnel in attendance.

Bryan Helton covered current financials and noted 2013/14 was a strong financial year. It was noted that 50% of outstanding money owed was in 10 claims. Part of the revenue over expenses noted in financials was due to increase in state funding.

Hugh Bennett covered claims. Discussion of letter from attorney from Mt. View and was directed to take no action at this time.

Loss Control report by Mike Hill. MMSC by Tim Bradley and Jerry Brooks, to develop policy of non-renewal for non-response to inquiry by Loss Control and approved adding contract personnel to conduct Loss Control Inspections after January, 2015. Directed staff to develop goals for Loss Control by end of year.

VSWCF Board Meeting Minutes

August 18, 2014

Bryan Helton discussed the possibility of additional cost to accomplish PED's Study requirements.

Next meeting will be December 15, 2014 and the meeting dates for 2015 are as follows.

March 16, 2015

June 15, 2015

September 21, 2015

December 21, 2015

Being no further business, the meeting was adjourned at 12:30 P. M.

Financials

**STATE OF NORTH CAROLINA
VOLUNTEER SAFETY WORKERS' COMPENSATION FUND**

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Workers' Compensation Fund
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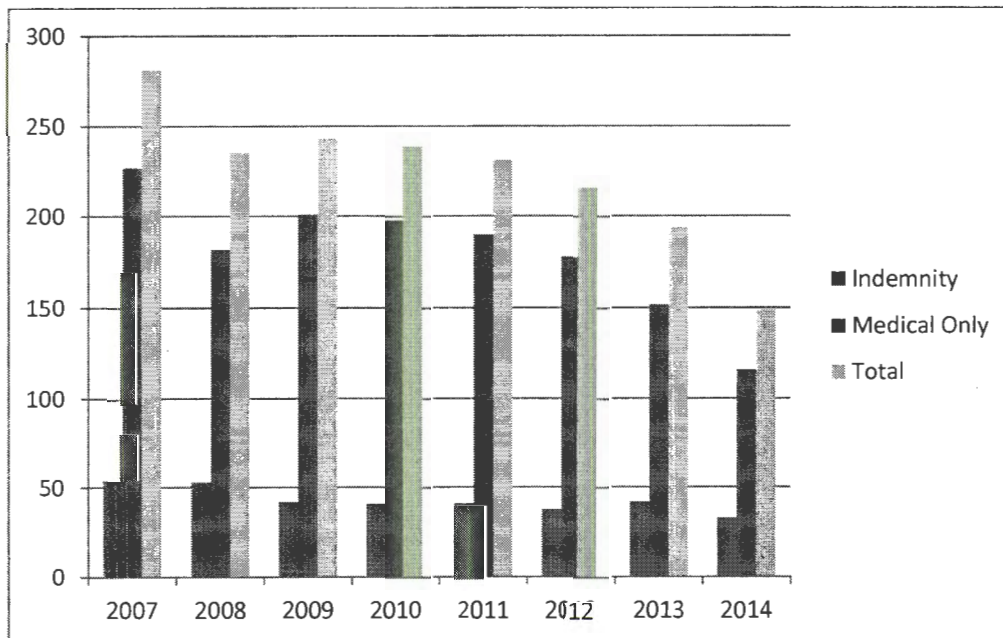
Claims Analysis

Since inception of the Fund, incurred claims total nearly \$113M (excluding excess reinsurance). Currently, there are 347 open claims with total outstanding case reserves of \$19.3M. Listed below are the top 10 open claims by total incurred value as of 9/30/2014. The total reserves of these claims represent 60% of the total outstanding reserves.

<u>Claim #</u>	<u>Employer Name</u>	<u>Accident Date</u>	<u>Paid-to-Date</u>	<u>Reserves</u>	<u>Recoveries</u>	<u>Total Incurred</u>
9122311	Rockwell Rural Fire Dept. **	9/26/2012	\$1,014,307	\$2,821,772	\$0	\$3,836,079
2112998	West End Volunteer Fire Dept.	2/22/2011	\$1,733,657	\$2,098,562	\$0	\$3,832,219
1105192	Queheel Volunteer Fire Dept.	1/15/2010	\$980,691	\$1,472,955	\$0	\$2,453,646
3093112	Trap Fire Dept.	3/2/2009	\$1,068,627	\$1,326,282	\$10,000	\$2,384,910
1070993	Shoals Volunteer Fire Dept.	1/27/2007	\$1,075,286	\$1,168,458	\$0	\$2,243,744
12112303	Julian Volunteer Fire Dept. **	12/16/2011	\$502,943	\$677,031	\$0	\$1,179,973
9088898	Laurel Hill Fire Dept.	9/18/2008	\$868,059	\$459,125	\$250,000	\$1,077,184
11078635	Jonas Ridge Volunteer Fire Dept.	11/3/2007	\$249,833	\$612,009	\$0	\$861,842
9044517	Sand Hill Volunteer Fire Dept.	9/20/2004	\$666,129	\$160,402	\$0	\$826,530
5111842	Denver Volunteer Fire Dept., Inc.	5/21/2011	\$81,462	\$714,623	\$0	\$796,085

** These claims are not covered under an excess reinsurance policy.

As shown in the chart below, the trend in the number of claims reported has been steadily declining. Indemnity and Medical claims reported in 2014 are at 53% of what was reported in 2007, and 77% of 2013.



	Through Three Months							
Indemnity	54	53	42	41	41	38	42	33
Medical Only	227	182	201	198	190	178	152	116
Total	281	235	243	239	231	216	194	149

**VSWCF CLAIM SUMMARY BY YEAR
VALUED AS OF 9/30/2014**

	<u>Claims Open</u>	<u>Claims Closed</u>	<u>Claims Total</u>	<u>Total Paid</u>	<u>Outstanding Reserves</u>	<u>Recovery Received</u>	<u>Net Incurred</u>	<u>Average Cost</u>
1996								
Medical	0	535	535	\$184,024	\$0	\$0	\$184,024	\$343.97
Indemnity	0	89	89	\$2,704,335	\$0	\$0	\$2,704,335	\$30,385.79
Total	0	624	624	\$2,888,360	\$0	\$0	\$2,888,360	\$4,628.78
1997								
Medical	0	650	650	\$256,317	\$0	\$0	\$256,317	\$394.33
Indemnity	0	80	80	\$1,183,125	\$0	\$0	\$1,183,125	\$14,789.06
Total	0	730	730	\$1,439,442	\$0	\$0	\$1,439,442	\$1,971.84
1998								
Medical	0	660	660	\$252,216	\$0	\$0	\$252,216	\$382.15
Indemnity	0	135	135	\$2,679,504	\$0	\$5,500	\$2,674,004	\$19,807.43
Total	0	795	795	\$2,931,720	\$0	\$5,500	\$2,926,220	\$3,680.78
1999								
Medical	0	647	647	\$232,041	\$0	\$0	\$232,041	\$358.64
Indemnity	0	136	136	\$4,003,984	\$0	\$20,500	\$3,983,484	\$29,290.32
Total	0	783	783	\$4,236,025	\$0	\$20,500	\$4,215,525	\$5,383.81
2000								
Medical	0	656	656	\$280,191	\$0	\$0	\$280,191	\$427.12
Indemnity	0	142	142	\$3,174,012	\$0	\$16,935	\$3,157,077	\$22,232.94
Total	0	798	798	\$3,454,202	\$0	\$16,935	\$3,437,267	\$4,307.35
2001								
Medical	0	716	716	\$365,543	\$0	\$1,251	\$364,292	\$508.79
Indemnity	1	145	146	\$4,591,848	\$323,954	\$31,082	\$4,884,720	\$33,456.99
Total	1	861	862	\$4,957,391	\$323,954	\$32,333	\$5,249,013	\$6,089.34
2002								
Medical	0	749	749	\$418,054	\$0	\$7,299	\$410,755	\$548.40
Indemnity	0	123	123	\$5,371,909	\$0	\$28,804	\$5,343,105	\$43,439.88
Total	0	872	872	\$5,789,963	\$0	\$36,103	\$5,753,860	\$6,598.46
2003								
Medical	0	745	745	\$339,185	\$0	\$999	\$338,186	\$453.94
Indemnity	0	156	156	\$5,332,087	\$0	\$38,998	\$5,293,089	\$33,930.06
Total	0	901	901	\$5,671,272	\$0	\$39,996	\$5,631,275	\$6,250.03
2004								
Medical	0	625	625	\$392,005	\$0	\$13,786	\$378,219	\$605.15
Indemnity	2	174	176	\$4,623,990	\$176,066	\$28,654	\$4,771,403	\$27,110.24
Total	2	799	801	\$5,015,995	\$176,066	\$42,439	\$5,149,622	\$6,428.99
2005								
Medical	0	741	741	\$453,699	\$0	\$4,897	\$448,802	\$605.67
Indemnity	1	162	163	\$5,804,724	\$45,038	\$530,034	\$5,319,728	\$32,636.37
Total	1	903	904	\$6,258,423	\$45,038	\$534,931	\$5,768,530	\$6,381.12
2006								
Medical	0	666	666	\$508,747	\$0	\$10,026	\$498,721	\$748.83
Indemnity	2	182	184	\$6,297,228	\$1,393,160	\$59,778	\$7,630,610	\$41,470.70
Total	2	848	850	\$6,805,975	\$1,393,160	\$69,805	\$8,129,330	\$9,563.92
2007								
Medical	0	748	748	\$585,598	\$0	\$2,842	\$582,756	\$779.09
Indemnity	4	166	170	\$5,609,863	\$1,275,058	\$132,252	\$6,752,668	\$39,721.58
Total	4	914	918	\$6,195,460	\$1,275,058	\$135,094	\$7,335,424	\$7,990.66

**VSWCF CLAIM SUMMARY BY YEAR
VALUED AS OF 9/30/2014**

	<u>Claims Open</u>	<u>Claims Closed</u>	<u>Claims Total</u>	<u>Total Paid</u>	<u>Outstanding Reserves</u>	<u>Recovery Received</u>	<u>Net Incurred</u>	<u>Average Cost</u>
2008								
Medical	0	672	672	\$569,928	\$0	\$11,028	\$558,900	\$831.70
Indemnity	3	150	153	\$6,093,447	\$1,847,657	\$301,339	\$7,639,765	\$49,933.11
Total	3	822	825	\$6,663,376	\$1,847,657	\$312,367	\$8,198,666	\$9,937.78
2009								
Medical	0	715	715	\$607,584	\$0	\$2,263	\$605,322	\$846.60
Indemnity	4	187	191	\$8,059,497	\$1,693,172	\$146,972	\$9,605,697	\$50,291.61
Total	4	902	906	\$8,667,081	\$1,693,172	\$149,235	\$10,211,019	\$11,270.44
2010								
Medical	0	724	724	\$711,939	\$0	\$29,494	\$682,446	\$942.60
Indemnity	10	183	193	\$8,714,379	\$3,767,396	\$10,381	\$12,471,394	\$64,618.62
Total	10	907	917	\$9,426,318	\$3,767,396	\$39,875	\$13,153,839	\$14,344.43
2011								
Medical	0	658	658	\$580,213	\$0	\$16,160	\$564,053	\$857.22
Indemnity	16	158	174	\$6,629,051	\$1,942,989	\$1,652	\$8,570,387	\$49,255.10
Total	16	816	832	\$7,209,265	\$1,942,989	\$17,813	\$9,134,440	\$10,978.89
2012								
Medical	3	624	627	\$594,845	\$2,009	\$5,663	\$591,191	\$942.89
Indemnity	27	133	160	\$4,535,796	\$4,572,962	\$0	\$9,108,758	\$56,929.74
Total	30	757	787	\$5,130,641	\$4,574,970	\$5,663	\$9,699,949	\$12,325.22
2013								
Medical	100	538	638	\$480,857	\$24,806	\$5,704	\$499,959	\$783.63
Indemnity	58	119	177	\$2,326,392	\$1,736,296	\$0	\$4,062,688	\$22,953.04
Total	158	657	815	\$2,807,249	\$1,761,102	\$5,704	\$4,562,647	\$5,598.34
2014								
Medical	92	24	116	\$12,876	\$22,827	\$0	\$35,703	\$307.79
Indemnity	24	9	33	\$81,009	\$494,776	\$0	\$575,785	\$17,448.02
Total	116	33	149	\$93,884	\$517,603	\$0	\$611,488	\$4,103.95
Inception to date								
Medical	195	12,093	12,288	\$7,825,863	\$49,642	\$111,411	\$7,764,094	\$631.84
Indemnity	152	2,629	2,781	\$87,816,180	\$19,268,523	\$1,352,882	\$105,731,822	\$38,019.35
Total	347	14722	15069	\$95,642,043	\$19,318,165	\$1,464,292	\$113,495,916	\$7,531.75

VSWCF CLAIM STATUS REPORTS
OPEN CLAIMS WITH A CHANGE IN INCURRED VALUE
OF \$75,000 OR GREATER SINCE 6/30/2014
VALUED AS OF 9/30/2014

<u>Claim</u> <u>Number</u>	<u>Employer</u>	<u>Date of</u> <u>Injury</u>	<u>Total Incurred</u> <u>Value</u>	<u>Change in</u> <u>Incurred</u>
2112998	West End Volunteer Fire Dept.	2/22/2011	\$3,832,219	\$1,575,147
11078635	Jonas Ridge Volunteer Fire Dept.	11/3/2007	\$861,842	\$512,854
12112303	Julian Volunteer Fire Dept.	12/16/2011	\$1,179,973	\$466,272
6135782	Newton-Conover Rescue Squad, Inc.	5/2/2013	\$470,629	\$370,637
12106456	Midway Fire & Rescue, Inc.	12/11/2010	\$214,586	\$177,629
6115124	Shiloh Columbia Volunteer Fire	6/22/2011	\$274,277	\$158,960
10122714	Leland Volunteer Fire/Rescue	9/29/2012	\$237,521	\$141,176
9122460	Arba Rural Fire Association, Inc.	9/20/2012	\$209,548	\$120,871
4142528	Woodleaf Volunteer Fire Dept.	4/5/2014	\$150,813	\$83,560
5146925	Rutherford County Life Saving	4/10/2014	\$95,702	\$82,066

**VSWCF CLAIM STATUS REPORTS
NEW CLAIMS SINCE 6/30/2014 WITH AN
INCURRED VALUE OF \$25,000 OR GREATER
VALUED AS OF 9/30/2014**

<u>Claim</u> <u>Number</u>	<u>Employer</u>	<u>Date of</u> <u>Injury</u>	<u>Total Incurred</u> <u>Value</u>
7142745	Skyland Fire-Rescue	7/30/2014	\$67,080
7140783	Hubert Volunteer Fire Dept.	7/17/2014	\$58,279
8148104	Easter Wake Fire-Rescue Dept., Inc.	8/26/2014	\$52,268
9141037	Garner Volunteer Fire Rescue, Inc.	9/8/2014	\$48,968
7148887	Fire District No. 28, Inc.	7/8/2014	\$47,733
7141812	Enka-Candler Fire & Rescue Dept., Inc.	7/22/2014	\$38,208
9143221	Franklinton Fire Dept., Inc.	9/23/2014	\$31,770
7149452	Newton Grove Fire and Rescue	6/20/2014	\$28,911
9143502	Falkland Rescue & EMS	8/17/2014	\$25,465

**VSWCF CLAIM STATUS REPORTS
OPEN CLAIMS CURRENTLY IN LITIGATION
VALUED AS OF 9/30/2014**

<u>Claim</u>		<u>Accident</u>		<u>Litigation</u>
<u>Number</u>	<u>Employer</u>	<u>Date</u>	<u>Net Incurred</u>	<u>Expenses</u>
7023674	Hubert Volunteer Fire Dept.	07/17/2001	\$723,573	\$44,943
1070993	Shoals Volunteer Fire District, Inc.	01/27/2007	\$2,243,744	\$42,665
2112998	West End Volunteer Fire Dept.	02/22/2011	\$3,832,219	\$27,859
9088898	Laurel Hill Fire Dept.	09/18/2008	\$1,077,184	\$14,782
12131304	Cleveland Community Volunteer Fire Dept.	10/14/2013	\$66,000	\$11,825
1105192	Queheel Volunteer Fire Dept.	01/15/2010	\$2,453,646	\$11,718
3093112	Trap Fire Dept.	03/02/2009	\$2,384,910	\$10,303
8126425	Surf City Volunteer Fire Dept., Inc.	07/30/2012	\$64,869	\$9,625
2088234	Oak Grove Volunteer Fire Dept.	10/31/2007	\$793,184	\$9,123
4059893	Dysartsville Volunteer Fire Dept.	04/03/2005	\$121,737	\$8,928
9090352	Crooked Creek Fire Dept.	09/18/2009	\$512,267	\$8,314
2143384	Dallas Township Rescue Squad	02/14/2014	\$17,158	\$4,985
3115398	St. James Fire Dept., Inc.	03/18/2011	\$368,069	\$4,915
11078635	Jonas Ridge Volunteer Fire Dept.	11/03/2007	\$861,842	\$4,694
12107716	Hugh'S Pond Volunteer Fire Dept.	12/28/2010	\$477,547	\$4,026
1123621	Evans Crossroads Volunteer Fire Dept.	01/08/2012	\$308,645	\$3,715
5091634	Woodfin Volunteer Fire Dept.	05/04/2009	\$452,646	\$2,809
9122311	Rockwell Rural Fire Dept.	09/26/2012	\$3,836,079	\$2,396
4117607	Tar Heel Volunteer Fire Dept.	04/07/2011	\$388,751	\$1,727
4134824	Bailey Green Hornet Volunteer Fire Dept.	03/28/2013	\$95,153	\$1,535
5128584	Fair Bluff Fire Dept. & Rescue Squad	05/12/2012	\$403,705	\$1,016
5128093	Denver Volunteer Fire Dept., Inc.	05/08/2012	\$98,408	\$595
1148799	Eastern Wake EMS	01/20/2014	\$98,798	\$0
3147979	Garner Volunteer Fire Rescue, Inc.	03/12/2014	\$21,750	\$0
5111842	Denver Volunteer Fire Dept., Inc.	05/21/2011	\$796,085	\$0
8145250	Wake Forest Fire Department, Inc.	07/26/2014	\$5,962	\$0

Fraud

There are currently no suspected or reported cases of fraud on open claims.

VSWCF CLAIM REPORTS
MINIMUM WEEKLY COMPENSATION CLAIMS
VALUED AS OF 9/30/2014

As of 9/30/2014 there are 68 indemnity claims involving volunteers where the minimum weekly compensation provision, as outlined in NCGS 97-2(5), would apply. The Fund has paid a total of \$2,737,572 in indemnity payments on these claims since the date of accident. Based on the information provided by the claimant, the difference between the total indemnity payments and the estimated wages from the claimant's paid occupations for the same time period is \$24,707 less than what the claimant's would receive from their paid occupations. It should be noted that the estimates of wages are not complete as we have had instances of claimants, their attorney, or their legal guardians refusing to provide wage information. Also, as you will see in the details that follow, 23 of the claimants are unemployed, students, or retirees who have received \$1,465,810. There are 19 claimants who have returned to their regular paid occupation with a total indemnity compensation paid of \$246,526 during the life of the claim.

Claim Number	Accident Date	Department	Weekly Comp Rate	Comp Paid to Date
9044517	9/20/2004	Sand Hill Volunteer Fire Dept.		
Motor vehicle rolled over.				
Weeks of Comp Pay: 415				
Returned to Paid Occupation?: No				
Paid Occupation: CNA at Lenoir Memorial Hospital			N/A	N/A
Claim Indemnity:			458.69	190,356.35
Difference:			N/A	N/A
9090352	9/18/2009	Crooked Creek Fire Dept.		
Was struck by vehicle while responding to motor vehicle accident on I-40.				
Weeks of Comp Pay: 262				
Returned to Paid Occupation?: No				
Paid Occupation: Lunsford Landscaping			N/A	N/A
Claim Indemnity:			544.03	142,535.86
Difference:			N/A	N/A
1105192	1/15/2010	Queheel Volunteer Fire Dept.		
Employee was involved in an accident involving a fire truck. Air lifted to UNC Chapel Hill.				
Fractured shoulder, ribs, back, neck and head laceration.				
Weeks of Comp Pay: 245				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed/Marine Reserves			N/A	N/A
Claim Indemnity:			556.03	136,227.35
Difference:			N/A	N/A

Claim Number	Accident Date	Department	Weekly Comp Rate	Comp Paid to Date
9088898	9/18/2008	Laurel Hill Fire Dept.		
Severe Burns, hands and face. Injured during fire call.				
Weeks of Comp Pay: 226				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed			N/A	N/A
Claim Indemnity:			524.03	118,505.63
Difference:			N/A	N/A
3115398	3/18/2011	St. James Fire Dept., Inc.		
Employee was reaching for patient to prepare for transport and dislocated left shoulder.				
Weeks of Comp Pay: 184				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed			N/A	N/A
Claim Indemnity:			557.36	102,554.24
Difference:			N/A	N/A
6115124	6/22/2011	Shiloh Columbia Volunteer Fire		
Employee ran off the road and over corrected and overturned the vehicle. Left leg pain, back pain, and shoulder.				
Weeks of Comp Pay: 170				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed			N/A	N/A
Claim Indemnity:			557.36	94,751.20
Difference:			N/A	N/A
12112303	12/16/2011	Julian Volunteer Fire Dept.		
Employee was going down Hwy. 85, someone wrecked in front of him, he got out to check on wreck and had to jump barrier to keep from getting hit and fell 25-30 feet.				
Weeks of Comp Pay: 145				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed			N/A	N/A
Claim Indemnity:			557.36	80,817.20
Difference:			N/A	N/A
12112680	12/24/2011	Hickory Nut Gorge Emergency Medical Services		
Employee was lifting a stretcher with a patient on it and felt a pop in his lower back.				
Weeks of Comp Pay: 134				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed			N/A	N/A
Claim Indemnity:			557.36	74,686.24
Difference:			N/A	N/A

Claim Number	Accident Date	Department	Weekly Comp Rate	Comp Paid to Date
9122311	9/26/2012	Rockwell Rural Fire Dept.		
Responding to accident, rear tire blew out causing him to run off the road, ejected from vehicle.				
Weeks of Comp Pay: 105				
Returned to Paid Occupation?: No				
Paid Occupation: P&G Security/Security Guard			N/A	N/A
Claim Indemnity:			574.70	60,286.03
Difference:			N/A	N/A
10123170	10/3/2012	Lincoln County Life Saving & First Aid		
Carrying a stretcher with a patient on it and he fell down the stairs.				
Weeks of Comp Pay: 102				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed			N/A	N/A
Claim Indemnity:			574.70	58,373.10
Difference:			N/A	N/A
2112998	2/22/2011	West End Volunteer Fire Dept.		
Vehicle accident driver of fire apparatus with roll over. Multi system trauma.				
Weeks of Comp Pay: 79				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed			N/A	N/A
Claim Indemnity:			557.36	44,031.44
Difference:			N/A	N/A
12107716	12/28/2010	Hugh'S Pond Volunteer Fire Dept.		
Employee was involved in a motor vehicle accident responding to a call. Employee has suffered brain hemorrhage & blood clot in arm.				
Weeks of Comp Pay: 74				
Returned to Paid Occupation?: N/A				
Paid Occupation: Student			N/A	N/A
Claim Indemnity:			556.03	41,146.22
Difference:			N/A	N/A
2128291	2/20/2012	Goldston Rural Fire Dept.		
Employee was cleaning grids in meeting room on abakers scaffold and stepped wrong, falling 3 feet and landed on back and hit head. Concusion.				
Weeks of Comp Pay: 69				
Returned to Paid Occupation?: Yes				
Paid Occupation: Emergency Apparatus/Tech/Sale			N/A	N/A
Claim Indemnity:			574.70	39,407.96
Difference:			N/A	N/A

Claim Number	Accident Date	Department	Weekly Comp Rate	Comp Paid to Date
12111672	12/11/2011	50-210 Community Fire		
Employee was standing on rear of fire engine assisting with loading hose, dismounted truck and stepped wrong. Fell to ground injuring right knee.				
Weeks of Comp Pay: 69				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed			N/A	N/A
Claim Indemnity:			557.36	38,457.84
Difference:			N/A	N/A
8118626	8/6/2011	Half Moon Volunteer Fire Dept.		
Connecting a 5" water supply line and fell injuring right shoulder severely.				
Weeks of Comp Pay: 63				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed			N/A	N/A
Claim Indemnity:			557.36	35,113.68
Difference:			N/A	N/A
4134824	3/28/2013	Bailey Green Hornet Volunteer Fire Dept.		
Fell and injured his knee.				
Weeks of Comp Pay: 42				
Returned to Paid Occupation?: Yes				
Paid Occupation: Self-employed Heavy Equipment			N/A	N/A
Claim Indemnity:			589.36	24,921.50
Difference:			N/A	N/A
6137701	6/18/2013	Balsam Grove Volunteer Fire Dept.		
Employee was lifting a child on water slide and pulled muscle in his elbow.				
Weeks of Comp Pay: 37				
Returned to Paid Occupation?: No				
Paid Occupation: Self-employed			N/A	N/A
Claim Indemnity:			589.36	21,806.29
Difference:			N/A	N/A
1148271	1/19/2014	Dobson Rescue Squad, Inc.		
Repelling down a rope, fell off rope 3 to 4 feet landing on back.				
Weeks of Comp Pay: 36				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed			N/A	N/A
Claim Indemnity:			602.70	21,697.20
Difference:			N/A	N/A

Claim Number	Accident Date	Department	Weekly Comp Rate	Comp Paid to Date
1140351	1/29/2014	Ellenboro Volunteer Fire Dept.		
Slipped and fell on icy patch. Fractured right wrist.				
Weeks of Comp Pay: 34				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed/Retired			N/A	N/A
Claim Indemnity:			602.70	20,518.45
Difference:			N/A	N/A
6138354	6/22/2013	Rescue Unit Of Stanly County, Inc.		
Employee was on a call and was getting something off the truck and twisted her right knee.				
Weeks of Comp Pay: 27				
Returned to Paid Occupation?: N/A				
Paid Occupation: Student			N/A	N/A
Claim Indemnity:			589.36	15,744.31
Difference:			N/A	N/A
7139624	6/28/2013	Allen Volunteer Fire Dept.		
Employee lost his balance while working during an emergency and fell onto the ground.				
Fractured right shoulder.				
Weeks of Comp Pay: 23				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed/Retired			N/A	N/A
Claim Indemnity:			589.36	13,555.28
Difference:			N/A	N/A
11098782	11/14/2009	Cherokee County Rescue Squad, Inc.		
Employee was on a 10 foot ladder cleaning the walls of apparatus bay and the ladder slipped out from under the employee. Fell face first on concrete floor.				
Weeks of Comp Pay: 24				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed			N/A	N/A
Claim Indemnity:			544.03	13,056.72
Difference:			N/A	N/A
5148625	5/8/2014	Dunn Emergency Services, Inc.		
Foot slipped as she entered a vehicle, twisted right knee.				
Weeks of Comp Pay: 20				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed			N/A	N/A
Claim Indemnity:			602.70	12,054.00
Difference:			N/A	N/A

Claim Number	Accident Date	Department	Weekly Comp Rate	Comp Paid to Date
5149906	5/16/2014	Stantonsburg-Moyton VFD, Inc.		
The gas grill went out, attempted to relight the grill and it exploded. First and second degree burn on right arm and elbow. Second and thrid degree.				
Weeks of Comp Pay: 19				
Returned to Paid Occupation?: No				
Paid Occupation: Sanders Farms/Truck Driver			N/A	N/A
Claim Indemnity:			602.70	11,451.30
Difference:			N/A	N/A
2144663	2/21/2014	Semora Volunteer Fire Dept.		
Going to bank to get Assistant Treasurer put on the account when vehicle hydroplanned. Broken pelvis.				
Weeks of Comp Pay: 16				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed/Retired			N/A	N/A
Claim Indemnity:			602.70	9,643.20
Difference:			N/A	N/A
6145008	4/8/2013	East Lincoln County Vol. Fire Dept., Inc.		
Rescue turned recovery. Employee dug out six year old in a rescue operation and had to hold up body parts while video and photography was done by sheriff.				
Weeks of Comp Pay: 16				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed			N/A	N/A
Claim Indemnity:			589.36	9,429.76
Difference:			N/A	N/A
4142528	4/5/2014	Woodleaf Volunteer Fire Dept.		
Stepped down running board of truck, twisted left ankle, fell on the ground and fractured his left hip.				
Weeks of Comp Pay: 14				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed/Retired			N/A	N/A
Claim Indemnity:			602.70	8,696.10
Difference:			N/A	N/A
7134803	7/23/2013	Grace Chapel Volunteer Fire Dept.		
Employee hit by a vehicle while directing traffic, no broken bones, just bruised.				
Weeks of Comp Pay: 12				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed			N/A	N/A
Claim Indemnity:			589.36	7,072.32
Difference:			N/A	N/A

Claim Number	Accident Date	Department	Weekly Comp Rate	Comp Paid to Date
3147482	3/8/2014	Battleboro Comm Volunteer Fire Dept.		
Volunteer is also the Fire Chief, he was coming to aid in emergency call when he fell and hit his right shoulder.				
Weeks of Comp Pay: 11				
Returned to Paid Occupation?: No				
Paid Occupation: Self-employed Builder			N/A	N/A
Claim Indemnity:			602.70	6,629.70
Difference:			N/A	N/A
7140783	7/17/2014	Hubert Volunteer Fire Dept.		
During loose hose drill training, nozzle hit him on right shin, has a gash that requires stitches.				
Weeks of Comp Pay: 9				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed			N/A	N/A
Claim Indemnity:			608.03	5,472.27
Difference:			N/A	N/A
4124947	4/15/2012	Cove City Fire & Rescue, Inc.		
At structure fire, trying to hold a bucket up to the pump, too much pressure on the pump and it released injuring her right thumb and scraping right knee.				
Weeks of Comp Pay: 7				
Returned to Paid Occupation?: N/A				
Paid Occupation: Unemployed			N/A	N/A
Claim Indemnity:			574.70	4,022.90
Difference:			N/A	N/A
4138390	4/24/2013	Cherry Mountain Volunteer Fire Dept.		
Involved in accident on the way to training, pain to the hip and kidney, lady ran a stop sign impacted passenger side of van which is where injured worker was sitting.				
Weeks of Comp Pay: 4				
Returned to Paid Occupation?: Yes				
Paid Occupation: Part-time EMT for Rutherford Co. EMS			N/A	N/A
Claim Indemnity:			589.36	2,357.44
Difference:			N/A	N/A
10132733	10/12/2013	Clay County Fire & Rescue		
Employee was going to ambulance to get a piece of equipment and felt his left ankle pop.				
Weeks of Comp Pay: 1				
Returned to Paid Occupation?: Yes				
Paid Occupation: 911 Dispatcher			N/A	N/A
Claim Indemnity:			589.36	430.50
Difference:			N/A	N/A

Claim Number	Accident Date	Department	Weekly Comp Rate	Comp Paid to Date
2088234	10/31/2007	Oak Grove Volunteer Fire Dept.		
Employee stepped out of fire truck, missed step on the way down, fell on back and buttocks.				
Weeks of Comp Pay: 218				
Returned to Paid Occupation?: No				
Paid Occupation: Walmart Distribution/Computer			318.25	69,378.50
Claim Indemnity:			502.69	109,586.42
Difference:			184.44	40,207.92
1070993	1/27/2007	Shoals Volunteer Fire District, Inc.		
Employee was holding a hose and the steam from the fire burned the inside of the employees throat and nose.				
Weeks of Comp Pay: 264				
Returned to Paid Occupation?: No				
Paid Occupation: CNA at Batptist Hospital			380.00	100,401.42
Claim Indemnity:			502.69	132,817.87
Difference:			122.69	32,416.45
7023674	7/17/2001	Hubert Volunteer Fire Dept.		
While assisting EMS with a motor vehicle extraction, member slipped off and landed on his neck.				
Weeks of Comp Pay: 496				
Returned to Paid Occupation?: No				
Paid Occupation: Carpenter by Trade			360.00	178,560.00
Claim Indemnity:			413.35	205,021.60
Difference:			53.35	26,461.60
1134079	1/17/2013	Snow Hill Rural Fire Dept.		
While on route to a motor vehicle accident, employee was involved in a motor vehicle accident.				
Fractured rib, collapsed lung, and C9 vertebrae break.				
Weeks of Comp Pay: 44				
Returned to Paid Occupation?: No				
Paid Occupation: Welder/Auto Parts			252.00	11,088.00
Claim Indemnity:			589.36	25,931.84
Difference:			337.36	14,843.84
6135782	5/2/2013	Newton-Conover Rescue Squad, Inc.		
Employee helped with the lifting of patient that weighed 450 pounds and felt a pain in his lower back & groin.				
Weeks of Comp Pay: 69				
Returned to Paid Occupation?: No				
Paid Occupation: Full-time with same department.			374.37	25,831.53
Claim Indemnity:			589.36	40,665.84
Difference:			214.99	14,834.31

Claim Number	Accident Date	Department	Weekly Comp Rate	Comp Paid to Date
5148426	5/8/2014	Bethany Community Fire Dept., Inc.		
Standing in back seat of fire truck backing out of truck missed the running board and fell 38 inches. Back of head, right shoulder and lower back.				
Weeks of Comp Pay: 20				
Returned to Paid Occupation?: No				
Paid Occupation: Temp Agency/Odd Jobs			320.00	6,400.00
Claim Indemnity:			602.70	12,054.00
Difference:			282.70	5,654.00
2142419	2/8/2014	Davie County Rescue Squad		
Employee tripped as he was headed to the squad vehicle. Employee had surgery 2/9/14. Possible rotator cuff tear.				
Weeks of Comp Pay: 32				
Returned to Paid Occupation?: No				
Paid Occupation: Farmer/Wrecker Driver			432.69	13,846.08
Claim Indemnity:			602.70	19,286.40
Difference:			170.01	5,440.32
2144696	2/16/2014	Idlewild Volunteer Fire Dept.		
The volunteer firefighter was coming out of fire house, the fire hose was covered with hay and volunteer did not see the hose. Twisted left ankle.				
Weeks of Comp Pay: 31				
Returned to Paid Occupation?: No				
Paid Occupation: EMT			440.00	13,655.56
Claim Indemnity:			602.70	18,705.02
Difference:			162.70	5,049.46
6143473	6/9/2014	Grover Rural Volunteer Fire Dept.		
Volunteer was doing training exercise when he broke his ankle.				
Weeks of Comp Pay: 13				
Returned to Paid Occupation?: No				
Paid Occupation: Retail			276.00	3,706.29
Claim Indemnity:			602.70	8,093.40
Difference:			326.70	4,387.11
2144674	2/22/2014	New Bern Volunteer Fire Dept., Inc.		
Firefighter was training going down ladder carrying a dummy, he lost footing and fell 15 feet landing on his back.				
Weeks of Comp Pay: 31				
Returned to Paid Occupation?: No				
Paid Occupation: Paid Fireman for Pamlico County			494.00	15,314.00
Claim Indemnity:			602.70	18,683.70
Difference:			108.70	3,369.70

Claim Number	Accident Date	Department	Weekly Comp Rate	Comp Paid to Date
7142334	7/18/2014	Atlantic Volunteer Fire Dept.		
Working on fire truck left thumb was crushed.				
Weeks of Comp Pay: 7				
Returned to Paid Occupation?: Yes				
Paid Occupation: Laborer			115.01	755.78
Claim Indemnity:			608.03	3,995.62
Difference:			493.02	3,239.84
4144287	4/13/2014	Summerville Bunnlevel Fire And Rescue, Inc.		
While putting down cones at the scene of an accident crash car ran over his lower legs.				
Weeks of Comp Pay: 5				
Returned to Paid Occupation?: Yes				
Paid Occupation: Food Lion Cashier			53.81	284.42
Claim Indemnity:			602.70	3,185.70
Difference:			548.89	2,901.28
9122460	9/20/2012	Arba Rural Fire Association, Inc.		
Dove forward and took his shoulder about 2 inches out the back.				
Weeks of Comp Pay: 87				
Returned to Paid Occupation?: No				
Paid Occupation: Drives Trash Truck			548.00	47,910.86
Claim Indemnity:			574.70	50,245.20
Difference:			26.70	2,334.34
4143537	4/9/2014	Contentnea Volunteer Fire Dept.		
His left hand, pointer finger, got stuck in the wrench on front of the brush truck. Fractured pointer finger and stitches.				
Weeks of Comp Pay: 5				
Returned to Paid Occupation?: Yes				
Paid Occupation: Laborer			170.00	850.00
Claim Indemnity:			602.70	3,013.50
Difference:			432.70	2,163.50
7131059	7/1/2013	Pine Hill Fire Department, Inc.		
Employee was dragging a hose during training and tripped. Sprained right ankle.				
Weeks of Comp Pay: 9				
Returned to Paid Occupation?: No				
Paid Occupation: Carolina Carriage			430.00	3,685.70
Claim Indemnity:			589.36	5,051.64
Difference:			159.36	1,365.94

Claim Number	Accident Date	Department	Weekly Comp Rate	Comp Paid to Date
3093112	3/2/2009	Trap Fire Dept.		
Employee was a first responder to an accident, was in the back of the vehicle putting on his safety gear when another care slid on the ice and crashed into him.				
Weeks of Comp Pay: 205				
Returned to Paid Occupation?: No				
Paid Occupation: Spruill's Plumbing			540.00	110,700.00
Claim Indemnity:			544.03	111,526.15
Difference:			4.03	826.15
7132016	7/6/2013	Mill Spring Volunteer Fire Dept., Inc.		
Getting out of firetruck missed step and slipped and fell. Leg twisted and injured right knee.				
Weeks of Comp Pay: 2				
Returned to Paid Occupation?: Yes				
Paid Occupation: Polk County 911			350.00	700.00
Claim Indemnity:			589.36	1,178.72
Difference:			239.36	478.72
7149683	7/9/2014	New River Vol Fire & Rescue Dept., Inc.		
While doing pump fill-ups from a pond to the establishment, went around truck four inch difference between the sidewalk and walkway. Twisted ankle.				
Weeks of Comp Pay: 5				
Returned to Paid Occupation?: Yes				
Paid Occupation: Carpenter by Trade			560.00	2,880.00
Claim Indemnity:			602.70	3,099.60
Difference:			42.70	219.60
4143086	4/1/2014	Valmead Volunteer Fire Dept.		
Employee stepped into truck to get breathing pack, coming out and tripped and fell backwards, landed on ground, twisted right knee.				
Weeks of Comp Pay: 1				
Returned to Paid Occupation?: Yes				
Paid Occupation: City of Conover Fire Department			630.00	630.00
Claim Indemnity:			602.70	602.70
Difference:			(27.30)	(27.30)
9141801	9/16/2014	Justice Rural Volunteer Fire Dept.		
Responding to a call was enroute, vehicle slipped went off the road and flipped sustained lacerations to face, neck and hands.				
Weeks of Comp Pay: 1				
Returned to Paid Occupation?: Yes				
Paid Occupation: Franklin County Sheriff Department			860.36	860.36
Claim Indemnity:			608.03	608.03
Difference:			(252.33)	(252.33)

Claim Number	Accident Date	Department	Weekly Comp Rate	Comp Paid to Date
4059893	4/3/2005	Dysartsville Volunteer Fire Dept.		
While cutting trees that had fallen, from extensive wind damage, he was struck by a vehicle.				
Weeks of Comp Pay: 33				
Returned to Paid Occupation?: No				
Paid Occupation: Correction Officer			480.90	15,869.70
Claim Indemnity:			469.36	15,488.88
Difference:			(11.54)	(380.82)
3140463	3/4/2014	Arcola Rural Volunteer Fire Dept.		
Stepped out of truck slipped on ice and fell. Hurt left shoulder.				
Weeks of Comp Pay: 2				
Returned to Paid Occupation?: Yes				
Paid Occupation: Harris Lumbar			1,000.00	2,000.00
Claim Indemnity:			602.70	1,205.40
Difference:			(397.30)	(794.60)
2143769	2/14/2014	Cornatzer Dulin Volunteer Fire Dept.		
Slipped and fell on ice in driveway injuring his right leg. Transported by ambulance to Forsyth Memorial Hospital. Treated and released same day.				
Weeks of Comp Pay: 24				
Returned to Paid Occupation?: Yes				
Paid Occupation: David County			643.00	15,248.29
Claim Indemnity:			602.70	14,292.60
Difference:			(40.30)	(955.69)
5148147	4/29/2014	Vann Crossroads Volunteer Fire Dept.		
Right knee. Dark when firetruck got there raised the lights and stepped down when he twisted his right knee.				
Weeks of Comp Pay: 10				
Returned to Paid Occupation?: No				
Paid Occupation: NC Justice Academy			711.54	6,912.10
Claim Indemnity:			602.70	5,854.80
Difference:			(108.84)	(1,057.30)
7148887	7/8/2014	Fire District No. 28, Inc.		
Hose got hung up on truck, pulled on it, stepped off platform injured right ankle in the process.				
Weeks of Comp Pay: 11				
Returned to Paid Occupation?: Yes				
Paid Occupation: Graham Electric			750.00	8,035.71
Claim Indemnity:			602.70	6,457.50
Difference:			(147.30)	(1,578.21)

Claim Number	Accident Date	Department	Weekly Comp Rate	Comp Paid to Date
3116560	3/30/2011	Hemby Bridge Volunteer Fire Dept.		
Employee was at the top of a ladder during training and ladder slipped and he fell about 2 stories. Broken left wrist, right elbow, ankle, fibuler,and foot.				
Weeks of Comp Pay: 80				
Returned to Paid Occupation?: Yes				
Paid Occupation: Telecom Technician			600.00	48,004.74
Claim Indemnity:			557.36	44,593.20
Difference:			(42.64)	(3,411.54)
1148471	1/17/2014	Connestee Fire Rescue		
Stepped off the truck and missed a step and twisted his left ankle.				
Weeks of Comp Pay: 23				
Returned to Paid Occupation?: Yes				
Paid Occupation: Transylvania County Sheriff			750.00	17,464.29
Claim Indemnity:			602.70	14,034.30
Difference:			(147.30)	(3,429.99)
11078635	11/03/2007	Jonas Ridge Volunteer Fire Dept.		
While on scene of emergency, employee was lifting and carrying deceased man. Strain to lower back, shoulders, and neck.				
Weeks of Comp Pay: 356				
Returned to Paid Occupation?: No				
Paid Occupation: Avery County 911			517.60	184,265.60
Claim Indemnity:			502.69	178,957.64
Difference:			(14.91)	(5,307.96)
8126425	7/30/2012	Surf City Volunteer Fire Dept., Inc.		
Employee was doing a training exercise and was trying to get a disabled kid into a truck, lifting the kid caused a popping twice and employee went down.				
Weeks of Comp Pay: 27				
Returned to Paid Occupation?: No				
Paid Occupation: NC Health & Human Service			886.62	23,938.74
Claim Indemnity:			574.70	15,516.90
Difference:			(311.92)	(8,421.84)
8139492	8/3/2013	Cove City Fire & Rescue, Inc.		
While fighting fire felt pop in lower back.				
Weeks of Comp Pay: 25				
Returned to Paid Occupation?: Yes				
Paid Occupation: Machinist			1,112.00	27,980.36
Claim Indemnity:			741.20	18,650.22
Difference:			(370.80)	(9,330.14)

Claim Number	Accident Date	Department	Weekly Comp Rate	Comp Paid to Date
8133208	8/19/2013	Spring Hope Fire Department/Tar River		
Taking down banner that was across the street, he pulled the banner and something popped on his right elbow.				
Weeks of Comp Pay: 22				
Returned to Paid Occupation?: Yes				
Paid Occupation: Sanders Farms/Truck Driver			1,368.76	30,503.81
Claim Indemnity:			884.00	19,700.58
Difference:			(484.76)	(10,803.23)
3147479	3/7/2014	Climax Volunteer Fire Dept., Inc.		
During a call a tree was down in the roadway, while cutting the tree and moving limbs he was struck by another tree that fell on head and broke leg.				
Weeks of Comp Pay: 28				
Returned to Paid Occupation?: No				
Paid Occupation: Self-employed Contractor			1,000.00	28,000.00
Claim Indemnity:			602.70	16,875.60
Difference:			(397.30)	(11,124.40)
3149931	3/20/2014	Oak Hill Fire Rescue Protection		
Backing a fire truck to fill water tank, truck failed to stop pinning right knee between tailboard and fire hydrant.				
Weeks of Comp Pay: 27				
Returned to Paid Occupation?: No				
Paid Occupation: Postal Worker			1,441.83	38,929.41
Claim Indemnity:			904.00	24,408.00
Difference:			(537.83)	(14,521.41)
5128589	5/12/2012	Fair Bluff Fire Depart & Rescue Squad		
While on the way to an emergency call tire on firetruck blew out causing truck to roll 2 or 3 times. Head/scalp laceration.				
Weeks of Comp Pay: 124				
Returned to Paid Occupation?: No				
Paid Occupation: Correction Officer			721.05	89,410.20
Claim Indemnity:			574.70	71,262.80
Difference:			(146.35)	(18,147.40)
3133198	3/17/2013	Idlewild Volunteer Fire Dept.		
Getting out of bed tripped and fell twisting right knee.				
Weeks of Comp Pay: 76				
Returned to Paid Occupation?: Yes				
Paid Occupation: Fuller Engineering			1,923.00	146,148.00
Claim Indemnity:			589.36	44,791.36
Difference:			(1,333.64)	(101,356.64)

Claim Status Reports



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Garner Volunteer Fire Rescue
Employee:
Date of Injury: 03/12/14
Occupation: Volunteer firefighter

Claim Number: 3147979
Age at DOI: 60

Date Claim Received: 03/12/14

AWW: \$ 205.00
Compensation Rate: \$ 136.67

Description of Accident: Member was walking and stepped off a curb and injured his knee.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$10,000.00	\$3,607.74	\$.00	\$8,142.58	\$21,750.32
Paid To Date	\$.00	\$1,107.74	\$.00	\$ 142.58	\$1,250.32
Outstanding Reserves	\$10,000.00	\$2,500.00	\$.00	\$8,000.00	\$20,500.00

Diagnosis: Left knee strain with possible meniscus tear.

Current Status/Plan of Action: Denied claim due to he did not suffer and injury by accident to his left knee. His description of what happened per the recorded statement was: "went to get a cooler out back, stepped off curb and felt something behind his left knee pop." Left knee arthroscopy done 6/4/14 to repair the left knee medial and lateral meniscus tears and debridement of osteoarthritis. Member has filed for a hearing regarding his surgery and time off work. Member is part time with this department and part time with Cleveland Fire Department as well. Plan to defend denial.

Litigation/Subrogation: Defense attorney: Greer Vanderberry vs. pro se. No subrogation.

Reserves: Indemnity set for settlement exposure. Medical set for payment of an IME. Other set for litigation until resolved.

Adjuster: Renee Holland



Key Risk Management Services, LLC
Claim Status Report

Employer: Falkland Rescue & EMS
Employee:
Date of Injury: 08/17/14
Occupation: EMT Basic

Claim Number: 9143502
Age at DOI: 59

Date Claim Received: 09/24/14

AWW: \$ 904.00
Compensation Rate: \$ 602.70

Description of Accident: Member unloading a patient on stretcher at emergency department. Felt a pop, thought he had a pulled muscle. Rotator cuff tear.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$.00	\$.00	\$.00	\$.00	\$.00
Paid To Date	\$.00	\$.00	\$.00	\$.00	\$.00
Outstanding Reserves					

Diagnosis: Denied claim for left shoulder rotator cuff tear.

Current Status/Plan of Action: Claim was denied based on recorded statement by member stating: "Back in December of January 2014 began having pain in his shoulder, then in August or sometime this summer felt another pop in his shoulder." Member had rotator cuff repair on 10/8/14 with doctor he chose to treat with. This claim was not reported to until surgery was arranged. Claim is closed now as he has not appealed the denial.

Litigation/Subrogation: none/none

Reserves: Closed claim.

Adjuster: Renee Holland



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Franklinton Fire Department

Employee:

Date of Injury: 09/23/14

Occupation: Volunteer

Claim Number: 9143221

Age at DOI: 45

Date Claim Received: 09/24/14

AWW: \$1,346.15

Compensation Rate: \$ 897.48

Description of Accident: Member was testing fire hose operating truck. Tripped over the hose and hurt his left shoulder.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$.00	\$386.03	\$.00	\$32.82	\$418.85
Paid To Date	\$.00	\$386.03	\$.00	\$32.82	\$418.85
Outstanding Reserves					

Diagnosis: Left shoulder biceps strain.

Current Status/Plan of Action: Closed claim as injury was minimal, strain resolved with no lost time. Member was released to return to full duty with no restrictions on 10/10/14.

Litigation/Subrogation: none/none

Reserves: Claim closed with medical paid \$386.03.

Adjuster: Renee Holland



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Fire Districk No. 28
Employee:
Date of Injury: 07/08/14
Occupation: Firefighter

Claim Number: 7148887
Age at DOI: 39

Date Claim Received: 07/09/14

AWW: \$ 904.00
Compensation Rate: \$ 602.70

Description of Accident: Hose got hung up on truck, when he pulled on it, stepped off platform and injured his right ankle.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$15,636.38	\$16,660.39	\$.00	\$ 710.72	\$33,007.49
Paid To Date	\$6,457.50	\$11,660.39	\$.00	\$ 470.52	\$18,588.41
Outstanding Reserves	\$9,178.88	\$5,000.00	\$.00	\$ 240.20	\$14,419.08

Diagnosis: Right calcaneal fracture.

Current Status/Plan of Action: Member had surgery 7/18/14; open reduction internal fixation of right ankle. He returned to work 9/22/14 light duty and then full duty as of 9/29/14. His next appointment is 1/14/15 to address his full recovery and likely an impairment rating.

Litigation/Subrogation: none/none

Reserves: Indemnity set for up to 10% permanent partial impairment which is 14.4 weeks or \$8,678.88. Medical set for remaining medical, therapy, and or medications. Other set for bill review.

Adjuster: Renee Holland



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Garner Volunteer Fire Rescue

Employee:

Date of Injury: 09/08/14

Occupation: Firefighter

Claim Number: 9141037

Age at DOI: 26

Date Claim Received: 09/12/14

AWW: \$ 789.46

Compensation Rate: \$ 526.33

Description of Accident: Member was exercising completed a clean and jerk movement and felt a pop in his right knee.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$23,910.42	\$6,342.56	\$.00	\$446.58	\$30,699.56
Paid To Date	\$2,857.22	\$1,342.56	\$.00	\$96.58	\$4,296.36
Outstanding Reserves	\$21,053.20	\$5,000.00	\$.00	\$350.00	\$26,403.20

Diagnosis: Right knee lateral meniscus tear.

Current Status/Plan of Action: Member had surgery on 10/10/14 and has returned to work 10/27/14 full duty. Claim will remain open until the permanent partial impairment is paid.

Litigation/Subrogation: none/none

Reserves: Indemnity set for permanent partial impairment up to 20% or 40 weeks at \$18,667.60.

Medical set for remaining medical. Other set for IC fees and bill review.

Adjuster: Renee Holland



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Eastern Wake Fire-Rescue Dept.
Employee:
Date of Injury: 08/26/14
Occupation: Firefighter

Claim Number: 8148104
Age at DOI: 46

Date Claim Received: 08/27/14

AWW: \$ 756.81
Compensation Rate: \$ 504.57

Description of Accident: Member was working on truck on the windshield, he slid off the truck and hurt his left knee.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$22,705.65	\$28,523.21	\$.00	\$1,039.11	\$52,267.97
Paid To Date	\$4,036.56	\$1,344.21	\$.00	\$ 69.74	\$5,450.51
Outstanding Reserves	\$18,669.09	\$27,179.00	\$.00	\$ 969.37	\$46,817.46

Diagnosis: Left knee medial meniscal tear.

Current Status/Plan of Action: Member had surgery on 10/9/14, repair of partial medial meniscus tear. Still in recovery and physical therapy. Plan to continue to monitor his progress to get him back to work.

Litigation/Subrogation: none/none

Reserves: Indemnity set for up to six months out of work and up to 10% permanent partial impairment which is 20 weeks or \$10,091.40. Medical set for payment of surgery, therapy, medications and follow up care. Other set for bill review and IC fees.

Adjuster: Renee Holland



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Surf City Volunteer Fire Department
Employee:
Date of Injury: 07/30/12
Occupation: Volunteer

Claim Number: 8126425
Age at DOI: 43

Date Claim Received: 08/01/12

AWW: \$ 862.00
Compensation Rate: \$ 574.70

Description of Accident: Member was doing a training exercise and was trying to get a disabled kid into a truck, lifting the kid caused a popping twice and he went down.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$35,516.90	\$11,117.25	\$7,228.74	\$11,949.49	\$65,812.38
Paid To Date	\$35,516.90	\$11,117.25	\$7,228.74	\$11,949.49	\$65,812.38
Outstanding Reserves	\$.00	\$.00	\$.00	\$.00	\$.00

Diagnosis: Endplate fracture of T12

Current Status/Plan of Action: Closed claim, settled on 9/12/13 for \$20,000.

Litigation/Subrogation: Michael Ricci vs. Leah King, no subrogation.

Reserves: closed

Adjuster: Renee Holland



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Rutherford County Life Saving
Employee:
Date of Injury: 04/10/14
Occupation: EMT Basic

Claim Number: 5146925
Age at DOI: 43

Date Claim Received: 05/01/14

AWW: \$ 392.00
Compensation Rate: \$ 261.35

Description of Accident: Member was going up steps when she dropped company cell phone and when she bent down to pick it up fell down steps onto her right knee and hip.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$26,162.94	\$60,960.17	\$5,000.00	\$3,578.74	\$95,701.85
Paid To Date	\$6,038.99	\$13,546.94	\$3,300.47	\$ 774.78	\$23,661.18
Outstanding Reserves	\$20,123.95	\$47,413.23	\$1,699.53	\$2,803.96	\$72,040.67

Diagnosis: Right hip labral tear and contusion and right knee contusion.

Current Status/Plan of Action: Right hip arthroscopy completed on 10/7/14. Recovery includes durable medical equipment, home therapy for four weeks and then conditioning and medications. Next appointment is November 17 to track her progress and recovery. Plan to continue to monitor her progress and position for return to work as soon as medically possible.

Litigation/Subrogation: none/none

Reserves: Indemnity was set for one year of benefits \$13,590.20 and up to 15% permanent impairment to the right leg: 30 weeks or \$7,840.20. Medical set for surgery and follow up care including significant work conditioning and medications. Other set for nurse case manager assistance and other for fees and bill review.

Adjuster: Renee Holland

**Key Risk Management Services, LLC
Claim Status Report**

Employer: Denver Volunteer Fire Department

Employee:

Date of Injury: 05/08/12

Occupation: Firefighter

Claim Number: 5128093

Age at DOI: 24

Date Claim Received: 05/08/12

AWW: \$ 390.20

Compensation Rate: \$ 260.15

Description of Accident: Member was a jet ski operator during rescue training, went to get off PWC and stepped in hole under water, strained right leg and ankle.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$48,312.05	\$30,080.94	\$6,758.39	\$8,304.06	\$93,455.44
Paid To Date	\$31,673.57	\$30,080.94	\$6,758.39	\$4,804.06	\$73,316.96
Outstanding Reserves	\$16,638.48	\$.00	\$.00	\$3,500.00	\$20,138.48

Diagnosis: Right ankle sprain and ligament tear.

Current Status/Plan of Action: Member had surgery on 9/25/12 to repair the ligament and reached maximum medical improvement 4/29/13 with a 30% impairment to the right foot valued at 43.2 weeks or \$11,238.48. He returned to work for Charlotte Fire Department in Telecommunications Division. He has not been agreeable to accept the rating, so we have planned to file a motion to proceed with payment and Plaintiff Counsel finally requested we send the form 26A again for signatures. Form 26A for rating sent to his attorney on 11/4/14.

Litigation/Subrogation: Jonathan Anders vs. Edward Knox, no subrogation.

Reserves: Indemnity set for payment of rating with a premium for a clincher if possible. Medical completed. Rehab completed. Other set for IC fees.

Adjuster: Renee Holland



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Dysartsville Volunteer Fire Department
Employee:
Date of Injury: 04/03/05
Occupation: Volunteer

Claim Number: 4059893
Age at DOI: 35

Date Claim Received: 04/04/05

AWW: \$ 704.00
Compensation Rate: \$ 469.36

Description of Accident: While cutting trees that had fallen from extensive wind damage, he was struck by a vehicle.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$25,595.44	\$81,996.91	\$.00	\$12,086.25	\$119,678.60
Paid To Date	\$25,595.44	\$81,996.91	\$.00	\$12,086.25	\$119,678.60
Outstanding Reserves	\$.00	\$.00	\$.00	\$.00	\$.00

Diagnosis: Cervical and mid back pain, resolved neck and upper extremity pain as of 4/23/13.

Current Status/Plan of Action: Claims is closed post payment of the 7% rating, 21 weeks which totaled \$9,856.56.

Litigation/Subrogation: Roy Pettigrew vs. David Gannt.

Reserves: Closed claim

Adjuster: Renee Holland

**Key Risk Management Services, LLC
Claim Status Report**

Employer: Woodleaf Volunteer Fire Department
Employee:
Date of Injury: 04/05/14
Occupation: Volunteer Firefighter

Claim Number: 4142528
Age at DOI: 74

Date Claim Received: 04/07/14

AWW: \$ 904.00
Compensation Rate: \$ 602.70

Description of Accident: Member stepped down running board of truck and twisted he left ankle and fell fracturing his left hip.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$39,231.10	\$51,965.06	\$4,896.38	\$2,534.06	\$98,626.60
Paid To Date	\$8,696.10	\$46,965.06	\$4,896.38	\$2,034.06	\$62,591.60
Outstanding Reserves	\$30,535.00	\$5,000.00	\$.00	\$500.00	\$36,035.00

Diagnosis: Intertrochanteric fracture and hip pain.

Current Status/Plan of Action: Member had open reduction internal fixation surgery on 4/5/14 to his left hip. Recovered very well, was back to work 10/29/14, no pain. Has follow up 4/29/2015 to likely receive rating at that time.

Litigation/Subrogation: none/none

Reserves: Indemnity set for time lost from work and up to 25% impairment rating/ 50 weeks at \$30,135.00. Medical set for remaining medical and conservative care after surgery. Rehab set for nurse case manager. Other set for IC fees, bill review and surveillance checks.

Adjuster: Renee Holland



**Key Risk Management Services, LLC
Claim Status Report**

Employer: St. James Fire Department
Employee:
Date of Injury: 03/18/11
Occupation: Volunteer

Claim Number: 3115398
Age at DOI: 43

Date Claim Received: 03/18/11

AWW: \$ 836.00
Compensation Rate: \$ 557.36

Description of Accident: Member was reaching for patient to prepare for transport and dislocated her left shoulder.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$152,124.42	\$72,233.35	\$9,796.70	\$21,084.45	\$255,238.92
Paid To Date	\$152,124.42	\$72,233.35	\$9,796.70	\$21,084.45	\$255,238.92
Outstanding Reserves					

Diagnosis: Left shoulder capsular tear with ongoing complications.

Current Status/Plan of Action: Closed claim, post several shoulder surgeries. Claim settled at mediation in September for \$47,500.

Litigation/Subrogation: Michael Ricci vs. Christina Rivenbark. No subrogation.

Reserves: Closed claim.

Adjuster: Renee Holland



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Tarheel Volunteer Fire Department

Employee:

Date of Injury: 04/07/11

Occupation: Firefighter

Claim Number: 4117607

Age at DOI: 23

Date Claim Received: 04/08/11

AWW: \$ 836.00

Compensation Rate: \$ 557.36

Description of Accident: Fatality

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$384,720.56	\$ 352.34	\$.00	\$3,677.90	\$388,750.80
Paid To Date	\$106,054.24	\$ 352.34	\$.00	\$1,735.80	\$108,142.38
Outstanding Reserves	\$278,666.32	\$.00	\$.00	\$1,942.10	\$280,608.42

Diagnosis: Death claim

Current Status/Plan of Action: Death claim where we are paying out benefits of 400 weeks to member's widow and minor children until each minor turns 18. Widow's benefits end 12/5/2018. One dependent receives benefits until 3/27/2026 and the other until 12/15/2027.

Litigation/Subrogation: closed/none

Reserves: Indemnity set for payout of death benefits. Other for any litigation or IC fees.

Adjuster: Renee Holland



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Fair Bluff Fire Department & Rescue
Employee:
Date of Injury: 05/12/12
Occupation: Firefighter

Claim Number: 5128584
Age at DOI: 37

Date Claim Received: 05/14/12

AWW: \$ 732.00
Compensation Rate: \$ 488.02

Description of Accident: Member was on the way to a call, tire blew out causing the fire truck to roll over two to three times.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$104,501.18	\$270,850.13	\$5,166.39	\$17,430.23	\$397,947.93
Paid To Date	\$104,501.18	\$270,850.13	\$5,166.39	\$17,430.23	\$397,947.93
Outstanding Reserves					

Diagnosis: Cervical spine fracture; C3-C5 and left shoulder nerve damage.

Current Status/Plan of Action: Closed claim. Member had 21% permanent partial impairment to the left arm and 23% to cervical spine. Claim settled for \$90,000.

Litigation/Subrogation: Greer Vanderberry vs. C. Martin Scott. No subrogation.

Reserves: Closed

Adjuster: Renee Holland



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Woodfin Volunteer Fire Department
Employee:
Date of Injury: 05/04/09
Occupation: Captain

Claim Number: 5091634
Age at DOI: 49

Date Claim Received: 05/04/09

AWW: \$ 840.64
Compensation Rate: \$ 560.45

Description of Accident: Lifting a patient and strained his lower-back.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$297,030.06	\$125,776.07	\$11,550.47	\$18,289.31	\$452,645.91
Paid To Date	\$296,949.99	\$70,459.95	\$9,050.47	\$13,992.53	\$390,452.94
Outstanding Reserves	\$ 80.07	\$55,316.12	\$2,500.00	\$4,296.78	\$62,192.97

Diagnosis: Lumbar multiple level stenosis, degenerative disc disease.

Current Status/Plan of Action: Indemnity portion of claim settled already. Recent MSA completed 10/27/14 shows future medical exposure of \$19,783.61. Plaintiff attorney has filed an 18M; request to leave medical open indefinitely.

Litigation/Subrogation: Henry Teich vs. Jonathan Anders. No subrogation.

Reserves: Indemnity closed. Medical open with recent MSA projections above. Rehab set for any IME with a case manager to be scheduled. Other set for ongoing litigation to resolve medical, surveillance, IC fees etc.

Adjuster: Renee Holland



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Crooked Creek Fire Department
Employee:
Date of Injury: 09/18/09
Occupation: Firefighter

Claim Number: 9090352
Age at DOI: 38

Date Claim Received: 09/18/09

AWW: \$ 816.00
Compensation Rate: \$ 544.03

Description of Accident: Struck by vehicle while responding to an automobile accident on Interstate 40.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$238,700.06	\$350,194.82	\$16,222.76	\$22,149.44	\$627,267.08
Paid To Date	\$144,167.95	\$306,698.94	\$15,444.05	\$19,789.64	\$486,100.58
Outstanding Reserves	\$94,532.11	\$43,495.88	\$ 778.71	\$2,359.80	\$141,166.50

Diagnosis: Bilateral proximal tibia fractures, post revisions to both legs.

Current Status/Plan of Action: Resolved rotator cuff tendinitis, dizziness and tibia fractures. Member is at maximum medical improvement with 0% to the right arm, 30% to the right leg, and 40% to the left leg. Ratings total \$76,164.20 with sedentary work restrictions that Employer is not able to accommodate. Member is on social security disability. Plan to get an MSA and vocational assessment completed.

Litigation/Subrogation: Tim Moreau vs. Jonathan Anders. Subrogation already recovered.

Reserves: Indemnity set for ongoing time out of work up to five years. Medical set for ongoing care. Other set for litigation to try to settle claim.

Adjuster: Renee Holland



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Hubert Volunteer Fire Department

Employee:

Date of Injury: 07/17/01

Occupation: Firefighter

Claim Number: 7023674

Age at DOI: 40

Date Claim Received: 10/24/01

AWW: \$ 620.00

Compensation Rate: \$ 413.35

Description of Accident: While assisting EMS with a motor vehicle extrication, slipped off and landed on his neck.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$503,524.35	\$109,185.13	\$25,462.58	\$85,401.13	\$723,573.19
Paid To Date	\$213,437.06	\$100,814.35	\$20,538.18	\$68,687.23	\$403,476.82
Outstanding Reserves	\$290,087.29	\$8,370.78	\$4,924.40	\$16,713.90	\$320,096.37

Diagnosis: Cervical injury, c-spine stabilization with chronic pain.

Current Status/Plan of Action: Currently information has come forth that member is no longer the "Chief" at this department. He was unanimously voted out, impeached. Perhaps finally we can bring some closure to this file since he does not hold a position any longer. Recent medical file review reflects future medical of \$250,305.22. We will have to address this with CMS and continue to pursue settlement opportunities. There are a lot of credibility issues with this case and we are developing leverage for termination of benefits.

Litigation/Subrogation: Jonathan Anders vs. Ken King. No subrogation.

Reserves: Indemnity set for permanent and total disability. Medical was set for future medical based on past years history, however recent medical file review paints another future medical exposure. Rehab set for case management involvement. Other set for ongoing litigation.

Adjuster: Renee Holland



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Oak Grove Volunteer Fire Department
Employee:
Date of Injury: 10/31/07
Occupation: Volunteer Fire

Claim Number: 2088234
Age at DOI: 37

Date Claim Received: 02/06/08

AWW: \$ 754.00
Compensation Rate: \$ 502.69

Description of Accident: Stepped out of firetruck and missed step on the way down. Fell on back and buttocks.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$309,586.42	\$435,789.15	\$13,980.36	\$33,828.49	\$793,184.42
Paid To Date	\$309,586.42	\$121,243.15	\$13,980.36	\$32,358.15	\$477,168.08
Outstanding Reserves	\$.00	\$314,546.00	\$.00	\$1,470.34	\$316,016.34

Diagnosis: Sciatica and lumbar sacral neuritis.

Current Status/Plan of Action: Indemnity claim settled. Case remains open for medical treatment as MSA is currently \$318,481.41. We continue to monitor his back complaints and related care. Attendant care request has been denied as it is primarily needed due to weight gain, not due to his back.

Litigation/Subrogation: Michael Ricci vs. Michael Bednarik. No subrogation.

Reserves: Indemnity closed as per settlement. Medical remains open and is set per recent MSA. Other set for ongoing litigation over medical issues until resolved.

Adjuster: Renee Holland



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Denver Volunteer Fire Department

Employee:

Date of Injury: 05/21/11

Occupation: Firefighter

Claim Number: 5111842

Age at DOI: 23

Date Claim Received: 05/21/11

AWW: \$ 390.20

Compensation Rate: \$ 260.15

Description of Accident: While placing fire extinguisher back on the truck, the pin fell out, it discharged causing him to inhale dry chemicals.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$20,631.78	\$761,983.15	\$8,000.00	\$17,969.98	\$808,584.91
Paid To Date	\$ 631.78	\$68,086.37	\$5,185.13	\$10,495.97	\$84,399.25
Outstanding Reserves	\$20,000.00	\$693,896.78	\$2,814.87	\$7,474.01	\$724,185.66

Diagnosis: Reactive airway disease from chemical exposure which exacerbated his asthmatic condition.

Current Status/Plan of Action: Member has reached maximum medical improvement by Dr. Horner on 12/17/13 with 45% impairment to both lungs. He continues to treat for related symptoms and complications. We continue to approach counsel about resolution of the impairment ratings and future medical with no interest from Plaintiff.

Litigation/Subrogation: Jonathan Anders vs. Edward Knox. No subrogation.

Reserves: Indemnity set for up to 50% impairment to each lung or \$10,000 each lung. Medical set per future treatment plan exposure of \$712,512.34. Rehab for occasional evaluation with nurse and IME physician. Other set for ongoing litigation until resolved.

Adjuster: Renee Holland

Key Risk Management Services, LLC Claim Status Report

Employer: Laurel Hill Fire Department
Employee:
Date of Injury: 09/18/08
Occupation: Volunteer Firefighter

Claim Number: 9088898
Age at DOI: 21

Date Claim Received: 09/22/08

AWW: \$ 786.00
Compensation Rate: \$ 524.03

Description of Accident: Severe burns to hands and face.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$435,656.43	\$807,394.32	\$27,934.30	\$56,199.10	\$1,327,184.15
Paid To Date	\$130,797.73	\$663,358.44	\$27,870.30	\$49,479.87	\$871,506.34
Outstanding Reserves	\$304,858.70	\$144,035.88	\$ 64.00	\$6,719.23	\$455,677.81

Diagnosis: Facial burns, bilateral hand burns, four fingers amputated on left hand and two fingers pinned on right hand, penile injury requiring venous ligation.

Current Status/Plan of Action: : Ongoing medical needs which are permanent in maintaining his functionality. Permanent impairments to his right hand at 40% or \$41,922.40, left hand 80% or \$83,844.80, pulmonary impairment \$8,000, gastrointestinal damage of \$2,160, dental impairment of tooth #9 is \$600, penile dysfunction of \$15,000 and other impairments that are not structured in the WC Act. Extended settlement offer of \$158,800 plus MSA, however he wanted \$250,000 plus the MSA. Given we have not been able to agree we are continuing to monitor his medical treatment and will approach for settlement again once his care decreases again. As of November plaintiff counsel has extended to olive branch to discuss settlement so we have requested completion of an MSA. Once the MSA is addressed we will forward to plaintiff counsel and request a demand or make an offer.

Litigation/Subrogation: Jonathan Anders vs. Leonard Jernigan, Jr. No subrogation.

Reserves: Indemnity set for all ratings with a cushion for settlement. Medical set per last MSA completed several years ago, pending revision. Other set for litigation.

Adjuster: Renee Holland

**Key Risk Management Services, LLC
Claim Status Report**

Employer: Shoals Volunteer Fire Districk
Employee:
Date of Injury: 01/27/07
Occupation: Volunteer

Claim Number: 1070993
Age at DOI: 21

Date Claim Received: 01/29/07

AWW: \$ 754.00
Compensation Rate: \$ 502.69

Description of Accident: Member was holding a hose and steam from the fire burned inside her throat and nose.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$284,093.40	\$1,845,892.46	\$38,450.12	\$75,308.35	\$2,243,744.33
Paid To Date	\$143,178.46	\$825,823.06	\$33,300.95	\$75,092.94	\$1,077,395.41
Outstanding Reserves	\$140,914.94	\$1,020,069.40	\$5,149.17	\$ 215.41	\$1,166,348.92

Diagnosis: Reactive airway disease and dysfunction, acute lung injury, left vocal cord paresis.

Current Status/Plan of Action: Member continues to be admitted to hospital after being transported by ambulance for exacerbations of her chronic reactions to any and every unfiltered air, smell, chemical, and stress as a result. Due to her chronic intubations she also suffered thoracic back pain which the Industrial commission has ruled is now related as well to this claim. It has been extremely difficult to even get this patient to maximum medical improvement as she is consistently admitted for her condition. Plan to continue to monitor her care for stabilization of her upper respiratory condition.

Litigation/Subrogation: Greer Vanderberry vs. Christopher West. No subrogation.

Reserves: Indemnity set for up to seven years of benefits to stabilize her care. Medical set per future treatment plan analysis. Rehab set for nurse case management. Other needs to be increased for litigation, surveillance, bill review and IC fees.

Adjuster: Renee Holland

Key Risk Management Services, LLC Claim Status Report

Employer: Rockwell Rural Fire Department
Employee:
Date of Injury: 09/26/12
Occupation: Firefighter

Claim Number: 9122311
Age at DOI: 30

Date Claim Received: 09/27/12

AWW: \$ 862.00
Compensation Rate: \$ 574.70

Description of Accident: Responding to accident, rear tire blew out causing him to run off the road and was ejected from the vehicle.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$712,614.16	\$3,021,340.98	\$74,816.57	\$27,307.36	\$3,836,079.07
Paid To Date	\$81,514.83	\$890,283.68	\$53,659.97	\$22,252.71	\$1,047,711.19
Outstanding Reserves	\$631,099.33	\$2,131,057.30	\$21,156.60	\$5,054.65	\$2,788,367.88

Diagnosis: Closed head injury, respiratory failure with permanent cognitive issues.

Current Status/Plan of Action: Rehabilitation services still being provided by Neuro Community Care. He seems to have plateaued in his recovery with good and bad days. He completed a driving evaluation 8/4/14 and recommendations to complete that skill is an additional 20 hours of services. We obtained a revised life care plan completed in July 2014 shows a rated age of 43 and estimates future exposure at \$1,382,553.80. Member's father is still very much involved with getting member back to some level of independence. Member's weight is causing concerns regarding his physical capabilities of ongoing involvement at the department as well. He went from 284 prior to injury and is now up to 355. Recommendations have come in for weight loss and nutrition training.

Litigation/Subrogation: Jonathan Anders monitoring claim. No attorney for plaintiff. No subrogation.

Reserves: Indemnity set for permanent and total disability, medical set for life care plan recommendation for future medical. Rehab set for nurse case manager assistance. Other for litigation, surveillance, IC fees, etc.

Adjuster: Renee Holland



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Maxton Queheel Volunteer Fire
Employee:
Date of Injury: 01/15/10
Occupation: Volunteer Firefighter

Claim Number: 1105192
Age at DOI: 18

Date Claim Received: 01/15/10

AWW: \$ 834.00
Compensation Rate: \$ 556.03

Description of Accident: Accident involving fire truck.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$766,061.43	\$3,427,840.28	\$51,445.71	\$91,239.38	\$4,336,586.80
Paid To Date	\$157,501.29	\$730,092.90	\$42,714.75	\$64,283.57	\$994,592.51
Outstanding Reserves	\$608,560.14	\$2,697,747.38	\$8,730.96	\$26,955.81	\$3,341,994.29

Diagnosis: T2-4 fractures, pulmonary contusion with respiratory failure, complete T3 injury/ paralysis, left shoulder pain. Paraplegic.

Current Status/Plan of Action: MSA projections for future medical \$1,114,331. Recent 7/10/14 life care plan estimated \$2,704,195.70 over 43 years life expectancy. Member continues to treat for all his injuries and medication has become a problem. He has been discharged from several pain management clinics due to non-compliance. Now currently in pain management program where they are strictly monitoring his medications. Van that was purchased for member now needs significant repairs and motorized wheelchair recently required some repairs as well.

Litigation/Subrogation: Jonathan Anders vs. Charles Hardee. No subrogation.

Reserves: Indemnity set for present day value and medical set according to life care plan. Rehab set for ongoing nurse case manager involvement and other for litigation, surveillance, and bill review.

Adjuster: Renee Holland



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Dallas Township Rescue Squad

Date of Injury: 02/14/14

Occupation: EMT

Claim Number: 2143384

Age at DOI: 45

Date Claim Received: 02/17/14

AWW: \$ 404.64

Compensation Rate: \$ 269.77

Description of Accident: Slipped on ice while attempting to exit vehicle.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$2,158.16	\$7,500.00	\$.00	\$7,500.00	\$17,158.16
Paid To Date	\$.00	\$ 379.44	\$.00	\$5,962.62	\$6,342.06
Outstanding Reserves	\$2,158.16	\$7,120.56	\$.00	\$1,537.38	\$10,816.10

Diagnosis: Lumbar Strain

Current Status/Plan of Action: The claim was denied on credibility grounds. Employee appealed denial and a hearing was held. We won and he did not appeal the denial. Claim is now completed.

Litigation/Subrogation: Plaintiff was unrepresented at hearing. Brad Kline is defense counsel.

Reserves: All reserves have now been taken down.

Adjuster: Hugh Bennett

**Key Risk Management Services, LLC
Claim Status Report**

Employer: Enka-Candler Fire & Rescue Department
Employee:
Date of Injury: 07/22/14
Occupation: Career Firefighter-Part Time

Claim Number: 7141812
Age at DOI: 37

Date Claim Received: 07/24/14

AWW: \$ 161.61
Compensation Rate: \$ 107.75

Description of Accident: Employee sprained left knee while working out.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$6,572.75	\$29,301.69	\$.00	\$3,575.29	\$39,449.73
Paid To Date	\$1,916.25	\$1,539.04	\$.00	\$ 271.25	\$3,211.04
Outstanding Reserves	\$4,956.50	\$27,762.65	\$.00	\$3,304.04	\$36,268.69

Diagnosis: Torn medial meniscus-left knee. ACL tear.

Current Status/Plan of Action: Arthroscopic repair took place on 9/24/14. His doctor has advised he will probably be out of work 6 months from firefighting. He is undergoing Physical Therapy currently. He will probably have a 10% impairment rating once Maximum Medical Improvement is achieved.

Litigation/Subrogation: No/No

Reserves: Indemnity reserve pays 26 additional weeks of lost time plus the 10% rating. Medical reserve for payment of the surgical expenses and the ongoing physical therapy. Other reserve for bill payment and possible surveillance if recovery starts to drag along.

Adjuster: Hugh Bennett



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Skyland Fire-Rescue
Employee:
Date of Injury: 07/30/14
Occupation: Maintenance Mechanic

Claim Number: 7142745
Age at DOI: 54

Date Claim Received: 07/30/14

AWW: \$1,576.80
Compensation Rate: \$ 904.00

Description of Accident: Employee was lifting a boat motor off the ground and felt right shoulder pop, causing severe pain.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$18,080.00	\$46,000.00	\$.00	\$3,000.00	\$67,080.00
Paid To Date	\$.00	\$.00	\$.00	\$.00	\$.00
Outstanding Reserves	\$18,080.00	\$46,000.00	\$.00	\$3,000.00	\$67,080.00

Diagnosis: Rotator cuff tear-right shoulder

Current Status/Plan of Action: The claim was denied as the incident that led up to the injury was a normal part of the job. It was deemed to be no injury by accident. There are some bills to pay for treatment that occurred prior to the denial. Once those are paid, the claim can close.

Litigation/Subrogation: No/No

Reserves: Reserves will be taken down once the bills in file are paid.

Adjuster: Hugh Bennett



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Bailey Green Hornet Volunteer Fire Department
Employee:
Date of Injury: 03/28/13
Occupation: Volunteer Firefighter

Claim Number: 4134824
Age at DOI: 63

Date Claim Received: 04/01/13

AWW: \$ 884.00
Compensation Rate: \$ 589.36

Description of Accident: Employee fell and injured his right knee.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$67,385.50	\$7,046.94	\$.00	\$20,721.04	\$95,153.48
Paid To Date	\$25,598.30	\$2,046.94	\$.00	\$5,900.40	\$33,545.64
Outstanding Reserves	\$41,787.20	\$5,000.00	\$.00	\$14,820.64	\$61,607.84

Diagnosis: Torn meniscus right knee, pre-existing arthritis

Current Status/Plan of Action: Since last meeting, we have tried to interest his lawyer in settling the case. So far, there has been no interest. We are not incurring any expenses currently. He has finished medical treatment and returned to his duties at the department, so Temporary Total Disability is not owed at this time. We will continue to try to resolve the claim via clincher.

Litigation/Subrogation: Leonard Jernigan, plaintiff lawyer. No litigation to date. Subrogation was ruled out.

Reserves: Indemnity reserve supports a 10% impairment rating to the leg plus \$30,000 to clincher the claim. Medical reserve is just for any co-pays we ended up paying or out of pocket expenses related to the surgery. Other reserve remains for ongoing legal defense work, possible mediation, and possible future surveillance.

Adjuster: Hugh Bennett

Key Risk Management Services, LLC Claim Status Report

Employer: Eastern Wake EMS
Employee:
Date of Injury: 01/20/14
Occupation: EMT

Claim Number: 1148799
Age at DOI: 26

Date Claim Received: 01/22/14

AWW: \$ 627.48
Compensation Rate: \$ 418.34

Description of Accident: Employee knelt down to pick up the blue bag to put in ambulance. He felt a sharp pain in lower back.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$39,742.30	\$35,253.83	\$5,605.29	\$18,196.65	\$98,798.07
Paid To Date	\$16,315.26	\$31,199.42	\$5,579.39	\$6,897.63	\$59,991.70
Outstanding Reserves	\$23,427.04	\$4,054.41	\$ 25.90	\$11,299.02	\$38,806.37

Diagnosis: Herniated lumbar disc.

Current Status/Plan of Action: Surgery was performed early on and it became apparent that he was more able than he claimed to be. Surveillance was conducted and it showed him working very hard around his home. At the same time, he told his doctor that he was incapacitated. Surveillance footage was sent to the authorized doctor, who opined that he has no restrictions. We are scheduled to mediate the case on 11/20/14. Dr. Mikles' opinion letter makes the claim much more likely to settle. Our attorney is preparing a settlement analysis currently. The employee has become addicted to narcotics, but there is a feeling he may have had a problem in this area prior to the injury.

Litigation/Subrogation: No litigation yet, but upcoming mediation. Plaintiff lawyer is Michael Brown.

Reserves: Indemnity reserve set for 10% impairment rating of the back plus 26 more weeks of lost time. Medical reserve is small as the doctor has just advised no further treatment necessary. Other reserve for ongoing legal defense work and mediation expense. If case does not settle, additional surveillance may be necessary.

Adjuster: Hugh Bennett



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Arba Rural Fire Association
Employee:
Date of Injury: 09/20/12
Occupation: Volunteer Firefighter

Claim Number: 9122460
Age at DOI: 21

Date Claim Received: 09/28/12

AWW: \$ 862.00
Compensation Rate: \$ 574.70

Description of Accident: Employee playing softball as a fundraiser for the department. He took a dive for a ball and struck his elbow on the ground.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$130,767.83	\$54,090.68	\$10,977.14	\$13,711.95	\$209,547.60
Paid To Date	\$55,482.13	\$40,407.24	\$4,622.42	\$4,157.84	\$104,669.63
Outstanding Reserves	\$75,285.70	\$13,683.44	\$6,354.72	\$9,554.11	\$104,877.97

Diagnosis: Rotator cuff tear-left shoulder.

Current Status/Plan of Action: There have been two surgeries, the most recent one on 7/24/2014. His surgeon still feels like he will be released without restriction. He should be approaching Maximum Medical Improvement now. We are obtaining updated medical records currently. There will be Permanent Impairment to pay at the end of the claim, probably 15-20% of the arm. He remains off duty at present. He is employed in a family business for pay.

Litigation/Subrogation: No/No

Reserves: Indemnity reserve set for the 20% impairment rating plus 83 more weeks of lost time. Medical reserve for continuing physical therapy. Rehab reserve remains as case management continues. Other reserve anticipates additional surveillance and legal defense work.

Adjuster: Hugh Bennett



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Midway Fire & Rescue, Inc.
Employee:
Date of Injury: 12/11/10
Occupation: Career Firefighter

Claim Number: 12106456
Age at DOI: 54

Date Claim Received: 12/12/10

AWW: \$ 656.44
Compensation Rate: \$ 437.65

Description of Accident: Employee loading hose back on the truck. He stepped off the truck and twisted his knee.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$49,829.57	\$137,841.56	\$10,785.80	\$16,128.72	\$214,585.65
Paid To Date	\$14,817.57	\$39,569.67	\$1,752.57	\$2,528.57	\$58,668.38
Outstanding Reserves	\$35,012.00	\$98,271.89	\$9,033.23	\$13,600.15	\$155,917.27

Diagnosis: Torn meniscus left knee, resulting in eventual knee replacement

Current Status/Plan of Action: Lost time is being paid out of the other open claim for his other knee. He goes back to doctor in February 2015 for check- up. We expect him to be released with @40% impairment rating of the knee. We will attempt to clincher the case when he is declared at Maximum Medical Improvement. The clincher funds will be reserved for in the other file.

Litigation/Subrogation: No attorney involvement. Subrogation was ruled out.

Reserves: Indemnity reserve set for the 40% rating. Medical reserve covers a repeat of his total knee replacement should that become necessary. Rehab reserve remains as he continues to treat with the doctor. Other reserve for bill payment, possible legal defense costs.

Adjuster: Hugh Bennett

**Key Risk Management Services, LLC
Claim Status Report**

Employer: Leland Volunteer Fire/Rescue
Employee:
Date of Injury: 09/29/12
Occupation: Career Firefighter/EMT

Claim Number: 10122714
Age at DOI: 33

Date Claim Received: 10/01/12

AWW: \$ 633.78
Compensation Rate: \$ 422.54

Description of Accident: Employee was lifting a patient from bed to stretcher and "tweaked" his middle back.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$149,507.12	\$56,226.68	\$20,287.46	\$11,500.12	\$237,521.38
Paid To Date	\$44,717.20	\$29,036.71	\$12,865.48	\$2,253.94	\$88,873.33
Outstanding Reserves	\$104,789.92	\$27,189.97	\$7,421.98	\$9,246.18	\$148,648.05

Diagnosis: Lumbar strain. He had lumbar laminectomy in May 2014

Current Status/Plan of Action: His doctor has ordered work conditioning to be followed by a Functional Capacity Evaluation. This should take place around the middle of next month. We will then be able to determine permanent restrictions. He has moved out of the area and cannot return to Leland VFD. We will probably need to reach a settlement with him. There is another open claim on him that will need to be clinched at the same time. Employee is a part time preacher and has continued to engage in this work.

Litigation/Subrogation: He remains unrepresented. No litigation. Subrogation was ruled out.

Reserves: Indemnity reserve supports 4.7 more years of lost time. Will determine whether this is adequate when we have permanent restrictions. Medical reserve is for the surgical expense, physical therapy/work hardening, and any future medical needs. Rehab reserve remains as he is still under care. Other reserve for anticipated clincher/mediation expense and possible surveillance.

Adjuster: Hugh Bennett



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Evans Crossroads Volunteer Fire Department
Employee:
Date of Injury: 01/08/12
Occupation: Chief-Volunteer

Claim Number: 1123621
Age at DOI: 52

Date Claim Received: 01/09/12

AWW: \$ 862.00
Compensation Rate: \$ 574.70

Description of Accident: Employee was in personal vehicle responding to MVA when his vehicle was struck by a tractor-trailer. Death claim.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$304,821.10	\$ 101.12	\$.00	\$3,723.17	\$308,645.39
Paid To Date	\$93,618.85	\$ 101.12	\$.00	\$3,723.17	\$97,443.14
Outstanding Reserves	\$211,202.25	\$.00	\$.00	\$.00	\$211,202.25

Diagnosis: Death

Current Status/Plan of Action: Claim deemed compensable for death. Weekly benefits run for 500 weeks. Benefits will be paid out in 2021.

Litigation/Subrogation: Litigation concluded. Subrogation was ruled out.

Reserves: Indemnity reserves depleting on schedule. They will be at \$0 at the conclusion of the 500 weeks.

Adjuster: Hugh Bennett



**Key Risk Management Services, LLC
Claim Status Report**

Employer: Wake Forest Fire Department
Employee:
Date of Injury: 07/26/14
Occupation: Firefighter

Claim Number: 8145250
Age at DOI: 29

Date Claim Received: 08/12/14

AWW: \$ 923.08
Compensation Rate: \$ 615.42

Description of Accident: Stepping off of engine and his left knee buckled sustaining a sprain to left knee.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$2,461.68	\$1,000.00	\$.00	\$10,000.00	\$13,461.68
Paid To Date	\$.00	\$.00	\$.00	\$.00	\$.00
Outstanding Reserves	\$2,461.68	\$1,000.00	\$.00	\$10,000.00	\$13,461.68

Diagnosis: Sprained left knee.

Current Status/Plan of Action: The case was initially denied on the basis of no injury by accident under a form 61.

Litigation/Subrogation: The employee filed an appeal of the denial and hearing was set for 11/12/14, but after communication with our defense counsel, we decided to pursue a nominal settlement with the employee vs. continuing with the hearing. While we both agreed the denial was a good denial, the cost to defend could very well exceed the value of the claim; therefore, the employee was contacted and we were able to resolve the case on a denied and disputed basis for \$1500.00 prior to hearing. Once the settlement is approved by the commission, same will be paid and the claim will be closed.

Reserves: Reserves are accurate for the known exposure.

Adjuster: Robert Harris

**Key Risk Management Services, LLC
Claim Status Report**

Employer: Hubert Volunteer Fire Department
Employee:
Date of Injury: 07/17/14
Occupation: Volunteer Firefighter

Claim Number: 7140783
Age at DOI: 21

Date Claim Received: 07/18/14

AWW: \$ 904.00
Compensation Rate: \$ 602.70

Description of Accident: During loose hose drill training, nozzle hit him on right shin. Received a gash requiring stitches.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$31,617.56	\$17,880.19	\$5,260.40	\$3,520.36	\$58,278.51
Paid To Date	\$7,835.10	\$3,398.68	\$2,035.31	\$ 330.20	\$13,599.29
Outstanding Reserves	\$23,782.46	\$14,481.51	\$3,225.09	\$3,190.16	\$44,679.22

Diagnosis: Non-displaced fracture through the mid-shaft of the right tibia.

Current Status/Plan of Action: Member is currently in a cam boot, using growth stimulator, on crutches and pain medication as needed for pain. The member will return to the doctor for re-evaluation on 12/17/14.

Litigation/Subrogation: There is no pending litigation or subrogation involved at this time.

Reserves: Reserves are accurate for what is currently known in the case.

Adjuster: Robert Harris



**Key Risk Management Services, LLC
Claim Status Report**

Employer: CLEVELAND COMMUNITY VOLUNTEER
Employee:
Date of Injury: 10/14/13
Occupation: DRIVER

Claim Number: 12131304
Age at DOI: 64

Date Claim Received: 12/05/13

AWW: \$ 1.00
Compensation Rate: \$ 30.00

Description of Accident: A 64 year old volunteer fireman alleged that he tripped over a fire hose and fell to the ground injuring his back.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$50,000.00	\$.00	\$.00	\$16,000.00	\$66,000.00
Paid To Date	\$.00	\$.00	\$.00	\$15,432.29	\$15,432.29
Outstanding Reserves	\$50,000.00	\$.00	\$.00	\$ 567.71	\$50,567.71

Diagnosis: Lumbar radiculopathy. Pre-existing back problems including chronic pain.

Current Status/Plan of Action: This is a denied claim. The employee underwent a lumbar fusion on 11/21/2013 determined thru the medical records we have received. This hospitalization was after a fall at home which occurred on 11/19/13. We attended a voluntary mediation on 7/17/2014 and the claim was settled for \$50,000.00 contingent on a zero dollar MSA. This included a resignation and release. The injured worker is responsible for any outstanding medical bills. The MSA has been submitted to CMS for approval and we are currently waiting on their response.

Our next course of action will depend on CMS response. If they respond with a zero dollar MSA we will proceed with the agreed settlement and file closure. If they respond with an additional MSA amount we will need to review our options of whether to fund the recommended MSA or not.

Litigation/Subrogation: The defense attorney is Jonathan Anders; The plaintiff attorney is David Shelby. There is no active litigation. There was no 3rd party negligence.

Reserves: The indemnity reserves reflect the settlement amount of \$50,000.00. There were no medical or rehab reserves established because the claim was denied. The other reserve reflects a balance of \$571.71 for any outstanding legal fees.

Adjuster: JOANNE JONES



**Key Risk Management Services, LLC
Claim Status Report**

Employer: SHILOH COLUMBIA VOLUNTEER FIRE
Employee:
Date of Injury: 06/22/11
Occupation: VOLUNTEER FIRE FIGHTER

Claim Number: 6115124
Age at DOI: 18

Date Claim Received: 06/23/11

AWW: \$ 836.00
Compensation Rate: \$ 557.36

Description of Accident: The employee was a volunteer firefighter who ran off the road and over corrected which resulted in overturning the vehicle.

	<i>Indemnity</i>	<i>Medical</i>	<i>Rehab</i>	<i>Other</i>	<i>Total</i>
Total Incurred	\$236,780.56	\$15,150.88	\$13,969.59	\$8,376.20	\$274,277.23
Paid To Date	\$96,423.28	\$12,150.88	\$13,587.19	\$1,076.20	\$123,237.55
Outstanding Reserves	\$140,357.28	\$3,000.00	\$ 382.40	\$7,300.00	\$151,039.68

Diagnosis: T-12 Fracture, Low back pain, Right elbow pain/contusion.

Current Status/Plan of Action: The employee reached maximum medical improvement 3/6/2014 with a 15% PPD rating. An FCE was completed and indicates she is able to work a light duty level position with permanent restrictions of no lifting over 20 lbs. She only had conservative treatment and has not treated since March 2014. We initiated surveillance which did not provide any significant activity but plan to continue surveillance in hopes of getting some positive surveillance to help mitigate our exposure. Her attorney has requested a voluntary mediation and the file has been sent to Jonathan Anders.

We will follow-up for surveillance results for any action that could assist with changing her permanent restrictions, pursue IME if we get positive surveillance results and proceed with the Vocational Rehab assessment. Then discuss case with our attorney to determine next course of action and mediation date.

Litigation/Subrogation: Defense Counsel/Jonathan Anders; Plaintiff Counsel/Cameron Simmons.

Reserves: Indemnity: The indemnity reserve reflects exposure for 4 years of TTD (\$115,930.88) and vocational rehabilitation. The medical reserve reflects exposure for an IME and any outstanding medical bills. The rehab reserve allows for a case manager to attend an IME. The other reserve reflects exposure for additional surveillance and legal and mediation fees.

Adjuster: JOANNE JONES

Key Risk Management Services, LLC Claim Status Report

Employer: NEWTON-CONOVER RESCUE SQUAD INC.
Employee:
Date of Injury: 05/02/13
Occupation: EMERGENCY MEDIC

Claim Number: 6135782
Age at DOI: 27

Date Claim Received: 06/05/13

AWW: \$ 884.00
Compensation Rate: \$ 589.36

Description of Accident: A 28 year old volunteer fireman was helping to lift and carry a patient weighing 450 pounds down an narrow hallway to get him to the stretcher and felt a sharp pain in his back and lower right abdomen.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$291,733.20	\$147,354.19	\$22,488.57	\$9,053.20	\$470,629.16
Paid To Date	\$42,433.92	\$99,027.08	\$16,361.58	\$3,444.70	\$161,267.28
Outstanding Reserves	\$249,299.28	\$48,327.11	\$6,126.99	\$5,608.50	\$309,361.88

Diagnosis: Right inguinal hernia; Right knee strain, right ankle, left knee; Low back strain.

Current Status/Plan of Action: The employee underwent a right inguinal hernia repair on 6/12/2013. He continued to complain of ongoing low back pain with right leg and foot numbness. He fell at home due to his right knee giving out, falling on his left knee tearing his ACL and twisting his right ankle. A 2nd opinion was obtained with Dr. Gill for both knees and was diagnosed with a left ACL tear. He was referred to Dr. Ramonowski who performed a left knee arthroscopy and ACL repair on 1/13/2014. Dr. Romanowski also performed a right open patellaplaty and arthroscopy to the meniscus on 4/1/2014 and a left knee patellar alignment on 9/4/2014. His next appointment with Dr. Ramonowski is scheduled form 12/4/2014 at which time we anticipate MMI for both knees.

Dr. Gill continued to treat his right ankle and performed an arthroscopy on 7/12/2014 due to ongoing complaints of swelling and pain. The employee has continued to have complaints of discomfort in his right ankle and Dr. Gill ordered an MRI which was completed on 10/22/2014 and it showed a small area that wasn't healed. Dr. Gill recommended getting a bone scan also for review and comparison. This is being scheduled at this time. At this time he recommends conservative treatment consisting of physical therapy. No further surgery is recommended at this time. The employee is again starting to complain of low back pain and wants to see a physician. Initially he was seen by Dr. Knapp and an MRI was obtained 8/29/2013 which was essentially normal. We are sending him back to Dr. Knapp for a re-evaluation due to his complaints. That appointment is scheduled for 11/24/2014 at 1:50 PM.

Case manager will attend the 12/4/2014 appointment with Dr. Ramonowski to determine MMI for both knees. We will get the results of the bone scan and determine what Dr. Gill's opinion is for MMI or additional treatment. Case manager will attend the 11/24/2014 appointment with Dr. Knapp to address his low back pain and determine if he has reached MMI for his low back strain or if further treatment is needed.

Once MMI is reached for all body parts and restrictions are addressed we will determine if we should pursue vocational rehab or review the file for settlement and pursue resolution. It appears the employee and his mother are both EMT's and both have had workers compensation claims and well versed in workers compensation.

Litigation/Subrogation: There is no litigation on this claim. There is no 3rd party negligence.

Reserves: The indemnity reserve reflects the 500 week cap of TTD benefits per the statute. The medical reserve reflects exposure for the physician visits, diagnostics, surgery, medication and physical therapy. The rehab reserve reflects exposure for ongoing nurse case management fees. The other reserve reflects exposure for medical bill review, possible surveillance and NCIC fees.

Adjuster: JOANNE JONES



**Key Risk Management Services, LLC
Claim Status Report**

Employer: JONAS RIDGE VOLUNTEER FIRE DEPT
Employee:
Date of Injury: 11/03/07
Occupation: VOL.FIREMAN

Claim Number: 11078635
Age at DOI: 57

Date Claim Received: 11/21/07

AWW: \$ 754.00
Compensation Rate: \$ 502.69

Description of Accident: While on the scene of an emergency call, the employee lifted and carried a deceased person suffering a strain to his lower back and shoulder.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$656,835.94	\$159,993.84	\$11,488.65	\$33,523.14	\$861,841.57
Paid To Date	\$180,788.51	\$50,077.30	\$6,488.65	\$14,129.38	\$251,483.84
Outstanding Reserves	\$476,047.43	\$109,916.54	\$5,000.00	\$19,393.76	\$610,357.73

Diagnosis: C3, C6-C7 disc herniations.

Current Status/Plan of Action: The employee had cervical fusion performed in 2008. He was placed any MMI with a 20% PPD rating to his neck with permanent restrictions that did not allow him to return to a Firefighter or Paramedic. He receives pain medication that is managed by his primary care physician who sees him periodically for his chronic pain. He no longer resides in NC.

We obtained an MSA in the amount of \$41,221.02 and the plaintiff attorney decided to get his own MSA which came in at \$20,435.64. The plaintiff attorney submitted his MSA to CMS and CMS responded with an amount of \$102,424.00. Currently the employee receives \$26,139.88 annually in TTD benefits. His life expectancy is 18.2 years or 946.40 weeks (\$465,600.00). The discounted rate of 8% would be \$245,000.00.

Litigation/Subrogation: The defense attorney is Jonathan Anders. The plaintiff attorney is Robert Gage. We have asked for the plaintiff attorney to seek reconsideration to get the MSA reduced by CMS so we can settle the entire claim or we can try to settle the indemnity portion only.

Reserves: The indemnity reserves reflect exposure for lifetime exposure based on 18.4 years of life expectancy. The medical reserves reflect the amount indicated by CMS in response to the MSA submission. The rehab reserve reflects exposure for future case management if needed. The other reserve reflects exposure for medical bill review fees and legal costs.

Adjuster: JOANNE JONES



**Key Risk Management Services, LLC
Claim Status Report**

Employer: JULIAN VOLUNTEER FIRE DEPARTMENT
Employee:
Date of Injury: 12/16/11
Occupation: VOLUNTEER

Claim Number: 12112303
Age at DOI: 43

Date Claim Received: 12/20/11

AWW: \$ 836.00
Compensation Rate: \$ 557.36

Description of Accident: 46 year old Volunteer Fireman was going down I-85. A wreck occurred in front of him and he stopped and got out of his vehicle to offer assistance. Another vehicle lost control and began sliding towards him so he hopped over a cement divider and fell about 25-30 feet down an embankment.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$244,681.04	\$840,702.41	\$31,742.89	\$62,847.09	\$1,179,973.43
Paid To Date	\$82,489.28	\$377,700.70	\$23,738.07	\$21,875.45	\$505,803.50
Outstanding Reserves	\$162,191.76	\$463,001.71	\$8,004.82	\$40,971.64	\$674,169.93

Diagnosis: Fractured left humerus, fractured left pelvis, fractured left acetabulum, multiple rib fractures, vertebral fractures at L2, L3, and L4.

Current Status/Plan of Action: He is currently in pain management with Dr. Bodea for chronic pain, who has continued to prescribe multiple prescriptions for pain. We are seeking a 2nd opinion with Dr. Hurly to address medication usage and that appointment is scheduled for 11/19/2014. He has seen Dr. Webster for anxiety and depression. We anticipate one more visit and then he will be released. A functional capacity evaluation was completed on 12/18/2012 at which time he was placed at sedentary – light work level. The employee seems interested in returning to work in some capacity so we are obtaining a vocational assessment.

Litigation/Subrogation: There is no litigation on this claim.

Reserves: The indemnity reserves reflect the 500 week cap of TTD benefits per the statute. The medical reserves are based on the Medical File Review completed on 6/10/2014 which projected future medical costs of \$468,297.69. The rehab reserve reflects costs for ongoing nurse case management fees. The other reserve reflects costs for the medical bill audit fees, surveillance and possible defense costs.

Adjuster: JOANNE JONES

**Key Risk Management Services, LLC
Claim Status Report**

Employer: TRAP FIRE DEPARTMENT
Employee:
Date of Injury: 03/02/09
Occupation: VOLUNTEER

Claim Number: 3093112
Age at DOI: 28

Date Claim Received: 03/09/09

AWW: \$ 816.00
Compensation Rate: \$ 544.03

Description of Accident: The employee was dispatched to a motor vehicle accident and there were icy conditions. He was standing at the back of his own vehicle when another vehicle slid on the same patch of ice striking him and pinning him between the 2 vehicles severing both of his legs.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$441,464.12	\$1,888,000.71	\$33,724.60	\$31,720.18	\$2,394,909.61
Paid To Date	\$441,464.12	\$580,541.59	\$16,671.70	\$29,949.80	\$1,068,627.21
Outstanding Reserves	\$.00	\$1,307,459.12	\$17,052.90	\$1,770.38	\$1,326,282.40

Diagnosis: Bilateral above the knee lower extremity amputations.

Current Status/Plan of Action: He sees his personal care physician Dr. El-Khoury, or Dr. Manalo in the same practice for follow up visits. Dr. Manalo felt that due to his change in body mass, the hemostatsis changed which caused his high blood pressure and felt this was related to the workers comp injury. He typically sees Dr. Manalo every 6 months but he has not returned to see him since February 14th. He does not feel he needs to see him as much. We are providing repairs to his wheelchair crane on his truck periodically. He is receiving SSDI. SIR is \$1,000,000 and Chartis is the excess carrier. The employee was not interested in settling the medical portion in the past but we may need to approach him again. An MSA will be needed.

Litigation/Subrogation: P/A is Joe Edwards; D/A Roy Pettigrew. There are no legal issues at this time. There was a subrogation recovery of \$10,000.00 from GEICO.

Reserves: The indemnity portion of claim has been settled. The medical reserves are based on the Medical File Review for future medical, prescriptions, prosthetics, rehab and surgeries. The rehab reserves are set for case management. The other reserve reflects exposure for the cost of medical bill fees, utilization reviews and legal expenses.

Adjuster: JOANNE JONES



**Key Risk Management Services, LLC
Claim Status Report**

Employer: WEST END VOLUNTEER FIRE DEPARTMENT
Employee:
Date of Injury: 02/22/11
Occupation: DRIVER VOL.

Claim Number: 2112998
Age at DOI: 42

Date Claim Received: 02/23/11

AWW: \$ 836.00
Compensation Rate: \$ 557.36

Description of Accident: The employee was responding to a fire when he lost control of the tanker service truck he was driving and it rolled over colliding with a tree.

	Indemnity	Medical	Rehab	Other	Total
Total Incurred	\$946,363.01	\$2,541,168.70	\$140,000.00	\$204,687.21	\$3,832,218.92
Paid To Date	\$346,363.01	\$1,283,803.73	\$34,416.82	\$76,729.47	\$1,741,313.03
Outstanding Reserves	\$600,000.00	\$1,257,364.97	\$105,583.18	\$127,957.74	\$2,090,905.89

Diagnosis: T-12 –L1 fractured, torn aorta, partially collapsed lung, paraplegia, infection to the surgical site, possible psychological issues, blood clot in the lungs, tendonitis in the left wrist.

Current Status/Plan of Action: The employee underwent an Aortic transection, T-10-L4 posterior spinal fusion with laminectomy on 2/22/2011. He is now a paraplegic and in a wheelchair. He continues to treat for multiple medical issues related to his paralysis. His wife is providing attendant care. He recently had to be seen at the emergency room due to shortness of breath and was concerned about a potential blood clot. That testing was negative but he continued to have some left arm weakness and tingling. A cervical MRI was performed and revealed severe right eccentric disc osteophyte. He was referred back to Dr. Patt on 11/6/2014 who recommends a cervical fusion to the C5-6 and C6-7. Utilization reviewed Dr. Patt's records and agreed it is medically necessary and related. Surgery is scheduled for 11/12/2014.

Litigation/Subrogation: The defense attorney is Jonathan Anders. The plaintiff attorney is Robert Denton. There are no legal disputes at this time.

Reserves: The indemnity has been settled. The medical reserve reflects the exposure based on the Medical File review. The rehab reserve reflects exposure for continued nurse case management. The other reserve reflects exposure for medical bill review fees, and defense counsel involvement.

Adjuster: JOANNE JONES

**Licensing Processing Fees Are Inequitable; Permit
DOI Vendor to Charge Different Processing Fees
Based on Effort and Cost**



**Final Report to the Joint Legislative
Program Evaluation Oversight Committee**

Report Number 2015-01

January 21, 2015





NORTH CAROLINA GENERAL ASSEMBLY
Legislative Services Office

Kory Goldsmith, Interim Legislative Services Officer

Program Evaluation Division
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Tel. 919-301-1404 Fax 919-301-1406

John W. Turcotte
Director

January 21, 2015

Senator Fletcher L. Hartsell, Jr., Co-Chair, Joint Legislative Program Evaluation Oversight Committee
Representative Julia Howard, Co-Chair, Joint Legislative Program Evaluation Oversight Committee

North Carolina General Assembly
Legislative Building
16 West Jones Street
Raleigh, NC 27601

Honorable Co-Chairs:

Session Law 2013-360, Section 22.6(a) directed the Program Evaluation Division to examine the licensure application process and licensure fees for occupations regulated by the Department of Insurance that are not directly associated with the insurance industry.

I am pleased to report that the Department of Insurance cooperated with us fully and was at all times courteous to our evaluators during the evaluation.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. W. Turcotte".

John W. Turcotte
Director



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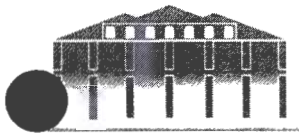
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PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

January 2015

Report No. 2015-01

Licensing Processing Fees Are Inequitable; Permit DOI Vendor to Charge Different Processing Fees Based on Effort and Cost

Summary

The General Assembly directed the Program Evaluation Division to examine the Department of Insurance's (DOI's) licensure application process and fees. DOI entered into a contract with Pearson VUE in December 2011 to provide licensing administrative services for all license types regulated by the department.

Pearson VUE's licensing processing fees are disproportionate to the relative cost of processing the different types of license applications. Pearson VUE's processing fees do not vary by type of license. However, in terms of workload distribution, processing licenses for non-insurance business entities (NIBEs) and the bail bond industry costs more than insurance industry licenses even though 97% of processing fees come from the insurance industry. The licensure requirements for NIBEs and the bail bond industry are more complicated, resulting in longer processing times. The Colorado Division of Insurance allows different processing fees to be charged for licensees based on the effort necessary to provide licensing administrative services.

DOI's Agent Services Division (ASD) chooses to duplicate two licensure procedures performed by Pearson VUE in an effort to provide good customer service. ASD repeats two licensing procedures: verification of criminal misdemeanor and civil judgment checks for bail bond industry licenses and notification to license applicants that license applications are incomplete after Pearson VUE has already sent two notices. ASD reviews incomplete applications to provide good customer service and ensure all license applicants and licensees are treated fairly.

DOI has improved licensure services through outsourcing, and ASD continues to work with Pearson VUE to address licensee concerns. Outsourcing licensing administrative services has reduced costs, increased revenue, and improved regulatory review of license applications, and compliance enforcement. Pearson VUE has implemented online application processing for all occupations, online email and address updates, and electronic fee payments. ASD continues to work with Pearson VUE to ensure licensee needs and issues are addressed and has identified how the licensing administrative services contract can be improved to benefit the Department of Insurance and licensees.

To more equitably distribute the cost to provide licensing administrative services, the General Assembly should direct the Agent Services Division to issue a request for proposal for licensing administrative services that allows the contractor to charge different processing fees based on the effort necessary to process licenses for the insurance industry, non-insurance business entities, and the bail bond industry.

Purpose and Scope

The General Assembly directed the Program Evaluation Division to examine the licensure application process and licensure fees for occupations regulated by the Department of Insurance (DOI) that are not directly associated with the insurance industry.¹ The occupations regulated by DOI that are not directly associated with the insurance industry include bail bondsmen as well as three occupations DOI collectively references as non-insurance business entities (NIBEs) – collection agencies, premium finance companies, and motor clubs.

This evaluation addressed two central research questions:

1. How does the Department of Insurance issue licenses and regulate non-insurance occupations?
2. What is the most efficient and effective method for processing applications for licensure and renewal?

The Program Evaluation Division collected data from several sources including

- interviews and data queries of the Agent Services Division of the Department of Insurance;
- site visit and data queries of the North Carolina Licensing Office of Pearson VUE;
- review of North Carolina General Statutes and Session Laws related to licensure by the Department of Insurance;
- analysis of administrative and financial data of the Agent Services Division of the Department of Insurance and the North Carolina Licensing Office of Pearson VUE; and
- customer satisfaction surveys from 77,189 individuals and companies licensed by the Department of Insurance during Fiscal Years 2012–13 and 2013–14 with an overall response rate of 9.4%.

Background

State law directs the Department of Insurance (DOI) to regulate the insurance industry and several other occupations not directly related to the insurance industry. The Commissioner of Insurance delegates regulatory responsibilities to the Agent Services Division (ASD) and the Criminal Investigations Division. Regulation includes two primary functions:

- **Licensure.** Consists of issuing new licenses to qualified applicants based on statutory standards, renewing licenses as required by State law, and assessing statutory fees.
- **Enforcement.** Consists of enforcing statutory standards for licensure and professional conduct through investigation of complaints, prosecution of licensees that fail to meet standards, and imposition of sanctions.

¹ Sess. Law 2013-360, Sec. 22.6.

ASD issues licenses to the insurance industry, the bail bond industry, and non-insurance business entities. Exhibit 1 identifies the 24 insurance industry licenses and the 7 non-insurance licenses issued by DOI. These seven non-insurance individual and business licenses consist of three bail bond licenses and four licenses for non-insurance business entities (NIBEs). During Fiscal Year 2013–14, 109,757 initial and renewal licenses applications were processed:

- 106,560 insurance industry applications (97%), and
- 3,197 bail bond industry and NIBE applications (3%).

ASD issues licenses to resident and non-resident individuals and businesses for the insurance industry and NIBEs, but individuals receiving a bail bond industry license must be North Carolina residents to be eligible for licensure.

Exhibit 1

The Department of Insurance Issues Licenses for the Insurance Industry, Bail Bond Industry, and Non-Insurance Business Entities

Insurance Industry Licenses	Non-Insurance Licenses
<ol style="list-style-type: none"> 1. Auto Physical Damage Agent 2. Auto-Rental Limited Lines 3. Broker 4. Company/Independent Firm Adjuster 5. County Farm Mutual Agent 6. Credit Agent 7. Hail Adjuster 8. Insurance Corporation/Partnership Business Entity 9. Insurance Producer 10. Limited Lines Travel Business Entity 11. Limited Representative 12. Medicare Supplement/Long-Term Care 13. Motor Vehicle Damage Appraiser 14. Public Adjuster 15. Public Adjuster Business Entity 16. Purchasing Group Agent 17. Portable Electronics Business Entity 18. Risk Retention Group Agent 19. Self-employed Adjuster 20. Self-service Storage Limited Lines 21. Surplus Lines Agent 22. Surplus Lines Business Entity 23. Title Agent 24. Viatical Settlement Broker 	<p>Bail Bond Industry Licenses</p> <ol style="list-style-type: none"> 1. Bail Bond Runner 2. Surety Bail Bondsman 3. Professional Bail Bondsman <p>Non-Insurance Business Entities</p> <ol style="list-style-type: none"> 4. Collection Agency 5. Motor Club Company 6. Premium Finance Company – Type A 7. Premium Finance Company – Type B

Source: Program Evaluation Division based on licensure information from the Agent Services Division of the Department of Insurance.

In 2006, DOI determined additional positions were needed to address the increased workload caused by significant growth in the number of licenses regulated by the department. The number of licenses regulated increased 140% in the five-year period from Fiscal Year 2000–01 to Fiscal

Year 2005–06, causing an increase in licensure inquiries, applications for initial and renewal licenses, complaints, and administrative proceedings.² These increases affected the timely deposit of licensure fees. In 2003, the State Auditor noted ASD was failing to comply with the requirements of the Daily Deposit Act to deposit fees and revenues within 24 hours of receipt.

DOI requested that the Governor include funding for nine new positions in 2007; the Governor subsequently recommended funding for six positions in the 2007–2009 Biennial Budget. However, the General Assembly did not fund DOI's expansion budget request in 2007 or 2008. As the numbers of licensees³ and new license applications continued to rise, ASD attempted to address staffing concerns by moving positions from other DOI divisions as workload permitted and using temporary employees to assist with licensing and customer service calls.

DOI entered into a contract with Pearson VUE in December 2011 for licensing administrative services for all licenses regulated by the department. In 2011, the General Assembly expanded DOI's contracting authority by adding license processing and support services in addition to the online licensee services, administrative services, and regulatory data systems authorities granted in 2007. The law allows the contractor to charge license applicants and licensees a reasonable fee for the provision of these services in addition to statutory licensure fees.⁴

After a request-for-proposal process, DOI selected Pearson VUE because the company had extensive experience providing licensing administration services in other states including Colorado and Georgia. The five-year contract runs from January 2, 2012 through January 1, 2017. In general the contract requires Pearson VUE to

- collect and remit all statutory licensure fees,
- conduct the initial review of new and renewal license applications,
- follow up on applications requiring supporting documentation,
- provide customer service and respond to licensing questions, and
- develop electronic applications for non-insurance entities and other miscellaneous support transactions.

After Pearson VUE performs the licensing administrative services, ASD continues to handle regulatory oversight of licenses including

- regulatory review of initial and renewal applications,
- follow-up on incomplete application or regulatory information and withdrawal of incomplete license applications, and
- regulatory decisions to issue or deny licenses, conduct license denial reviews, and participate in administrative hearings.

Exhibit 2 provides a detailed summary of the licensing administrative services performed by Pearson VUE and the regulatory review and compliance activities conducted by ASD.

² The number of licenses regulated by the Department of Insurance increased from 73,343 in Fiscal Year 2000-01 to 176,241 in Fiscal Year 2005-06.

³ "Licensee" refers to an individual holding a license issued by the Department of Insurance.

⁴ N. C. Gen. Stat. § 58-2-69(g)

Exhibit 2: Licensing Responsibilities of Pearson VUE and the Agent Services Division

Pearson VUE Contract Responsibilities	Agent Services Division Responsibilities
<ul style="list-style-type: none"> • Staffs a Raleigh office for licensing administration services from 8:00 am-6:00 pm, Monday-Friday. • Provides a computer kiosk for applicants and licensees. • Answers telephone and written inquiries on the initial and renewal license application process. • Completes administrative review of all initial and renewal license applications to check for completeness and license requirements. • Contacts the applicant or licensee to request any incomplete license application information. • Verifies license examination requirements are completed for pending license applications.* • Receives criminal history background checks from SBI and FBI for resident license applications.* • Accesses the Administrative Office of the Courts system to conduct civil and criminal record checks.* • Issues and renews licenses if requirements are met or refers applications to Agent Services Division for regulatory review. • Processes licensee name and address changes. • Processes non-regulatory license surrender requests. • Processes non-resident license cancellations when resident state provides notification that the resident license is inactive. • Processes insurance company appointments and terminations for bail bondsmen and follows up to request any required affidavits. • Sends notifications for license renewals, license renewal reminders, company appointment renewals, and license cancellations. • Provides electronic online applications for non-insurance applications that interface with NC license database. • Provides electronic collection of fees through credit card and lockbox, reconciles fees, and provides required revenue collection reports. • Provides an electronic system for licensees to view and change their address and email information online. • Tracks and reports bail bond continuing education completion. • Collects and tracks original surety bonds required for licensure. • Checks licensee database quarterly for address changes through postal records, contacts licensee for new address, updates license record, and collects \$50 address violation fee. 	<ul style="list-style-type: none"> • Staffs a Raleigh office for licensing, compliance, and regulatory services from 8:00 am-5:00 pm, Monday-Friday. • Answers telephone and written inquiries on licensing, compliance, and regulatory issues. • Completes regulatory review of initial and renewal applications referred by Pearson VUE. • Follows up on incomplete application or regulatory information and withdraws incomplete license applications. • Makes regulatory decisions to issue or deny licenses, conducts license denial reviews, and participates in administrative hearings. • Manages and oversees contracts for custodial services, examination services, licensing administration services, continuing education services, electronic application services, and database administration services. • Processes requests for public records. • Works with the Attorney General's Office on compliance issues that require legal review. • Reconciles licensing, continuing education, administrative and regulatory fees, and fines collected. • Investigates and handles complaints regarding insurance and non-insurance licensees and reports of unlicensed activity. • Investigates and cancels licenses for non-compliance with child support. • Participates in administrative proceedings for voluntary agreements of regulatory fines or pursues surrender/revocation of licenses. • Conducts agency examinations on NC insurance agencies. • Conducts audits of continuing education classes and handles complaints on continuing education providers. • Sends daily licensing information to the Administrative Office of the Courts for the electronic bail bondsmen registry. • Coordinates with the Administrative Office of the Courts for bail bondsmen access to the criminal justice information system. • Reviews bail bond monthly liability reports, completes compliance checks, deficiency follow-up, and approves liquidation of funds. • Reviews and approves of prelicensing education providers and courses. • Provides statistical, revenue, and other reports to the General Assembly and various state agencies.
* If applicable	

Source: Program Evaluation Division based on information from the Agent Services Division of the Department of Insurance.

The total cost of licensure varies significantly among the different types of licenses issued by DOI. The legislation directing this evaluation asked the Program Evaluation Division to determine the total cost of licensure for an initial license application and for license renewal or reinstatement. Exhibit 3 summarizes the total licensure cost by type of license and provides information for licenses issued to the bail bond industry, non-insurance business entities (NIBEs), and the insurance industry. (See Appendices A through C for itemized details on specific fees required for each license.) The cost of licensure for each license type includes statutory license and examination fees, a criminal record check fee (if applicable), and the Pearson VUE processing fee. The fees for insurance industry licenses also include a National Insurance Producer Registry transaction fee. The total cost of initial licensure ranges from \$105 for a resident insurance broker to \$2,450 for a premium finance company – Type B. The total cost of license renewal or reinstatement shows a similar cost variance. Overall, the insurance industry has the lowest fees, though insurance licensees typically receive multiple licenses for different types of insurance (life, health, etc.). NIBEs have higher statutory licensure fees than the bail bond industry.

Exhibit 3

Non-Insurance Business Entities Pay the Most for Initial and Renewal Licenses

Department of Insurance Total Cost of Licensure	Initial License	Renewal License	License Reinstatement
Bail Bond Industry			
Professional Bail Bondsman	\$313	\$140 to \$178	N/A
Surety Bail Bondsman	\$313	\$140 to \$178	N/A
Bail Bond Runner	\$233	\$100 to \$138	N/A
Non Insurance Business Entities			
Collection Agency	\$1,050	\$1,040	N/A
Premium Finance Company – Type A	\$ 650	\$ 640	N/A
Premium Finance Company – Type B	\$2,450	\$2,440	N/A
Motor Club	\$ 650	\$ 640	N/A
Insurance Industry			
Resident Producer	\$143	N/A	\$ 95
Resident Adjuster	\$180 to \$218	\$120	\$170
Resident Broker	\$105	\$ 95	\$ 95
Resident Business Entity	\$155	\$145	\$145

Notes: License reinstatement is unique to the insurance industry. Fees for bail bond industry renewal licenses vary because even-year renewal licenses require a \$38 criminal record check fee. Premium finance companies and motor clubs may pay a \$100 branch office fee, and motor clubs may pay a \$200 franchise fee. The resident adjuster initial license fee varies because public adjusters pay a \$38 criminal record check fee. The Pearson VUE licensing processing fees are included in the total cost of licensure. Appendices A through C provides itemized details on required fees for each license.

Source: Program Evaluation Division based on license fee information from the Agent Services Division of the Department of Insurance.

The insurance industry provided most of the statutory revenue from DOI licensure fees in Fiscal Year 2013–14. Revenue from DOI statutory licensure fees is deposited into the Insurance Regulatory Fund and is subject to appropriation by the General Assembly. The amount of revenue received from each industry is determined by the amount charged for statutory fees and the number of licenses issued and renewed. As seen in Exhibit 4, licensees from the insurance industry were issued the most licenses and hence provided the most statutory revenue in Fiscal Year 2013–14. NIBEs provided more statutory revenue than the bail bond industry because their statutory fees are much higher.

Exhibit 4

During Fiscal Year 2013–14, Licensees from the Insurance Industry Provided Most of the Statutory Fee Revenue

Licensed Industries	Number of License Applications			Statutory Fees
	Initial	Renewal	Total	
Insurance Industry	55,189	51,371	106,560	\$ 5,630,406
Non-Insurance Business Entities	203	1,172	1,375	1,413,800
Bail Bond Industry	159	1,663	1,822	198,100
Totals	55,551	54,206	109,757	\$ 7,242,306

Source: Program Evaluation Division based on information from the Agent Services Division of the Department of Insurance.

The legislation directing this evaluation arose from concerns expressed by non-insurance business entities and the bail bond industry. Their concerns included the advantages and disadvantages of using a licensing administrative services vendor, potential duplication of licensure activities, and the method for paying a vendor for providing licensing administrative services. Accordingly, this evaluation examines how effectively and efficiently ASD and Pearson VUE have worked together to process insurance industry, NIBE, and bail bond industry licenses and how the contractual relationship has affected licensees.

Findings

Finding 1. Pearson VUE's licensing processing fees are disproportionate to the relative cost of processing the different types of license applications.

Unlike statutory licensure fees, Pearson VUE's processing fees do not vary by type of license. As authorized by State law, license applicants and licensees pay a processing fee for the licensing administrative services provided under the vendor's contract. Pearson VUE provides services at no cost to the Department of Insurance (DOI) by collecting the following fees from license applicant and licensees:

- \$50 for each new license application processed,
- \$40 for each renewal license processed, and
- \$40 for each license reinstatement processed.

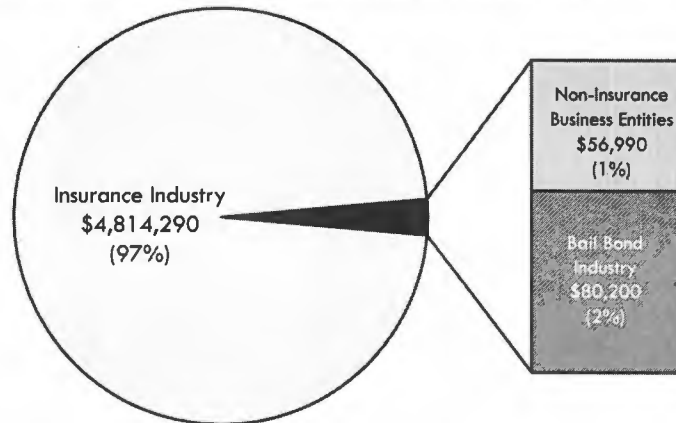
Fees are paid independent of whether a license is approved, renewed, or reinstated, but Pearson VUE refunds the processing fee if ASD determines an error caused a delay in an applicant or licensee receiving a license.

The majority of revenue Pearson VUE earns from licensure processing fees is generated by the insurance industry. In Fiscal Year 2013–14, 106,560 of the 109,757 licenses processed by Pearson VUE were for the insurance industry. Accordingly, as shown in Exhibit 5, 97% of the \$4.9 million in revenue earned by Pearson VUE came from the insurance industry. NIBEs and the bail bond industry accounted for only 3%.

Exhibit 5

The Majority of Pearson VUE's Revenue Comes from the Insurance Industry

Fiscal Year 2013–14 Processing Fees Earned by Pearson VUE = \$4,951,480



Source: Program Evaluation Division based on license processing fee information from the Agent Services Division of the Department of Insurance.

Pearson VUE spends more money to collectively process NIBE and bail bond industry licenses than it spends to process insurance industry licenses even though 97% of its revenue comes from the insurance industry. The Program Evaluation Division requested Pearson VUE to estimate how its operating expenses for the North Carolina Licensing Office for the 2012–2014 time period were distributed among processing licenses for the insurance industry, NIBEs, and the bail bond industry.⁵ Their estimate included operating expenses for

- staffing the North Carolina Licensing Office,
- facilities,
- support of Pearson VUE technologies,
- fees for third-party technology,
- management oversight,
- publications,
- mailings,
- credit card fees, and
- other program expenses.⁶

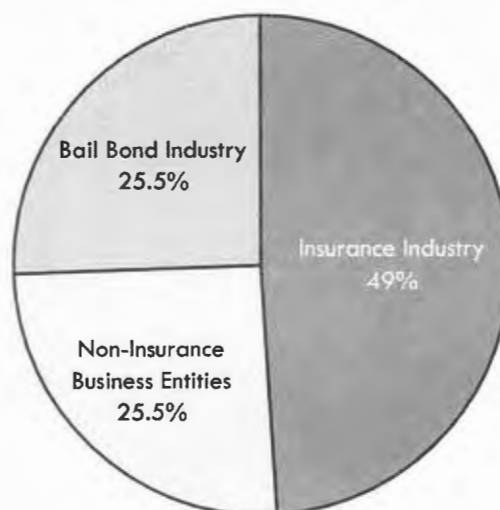
⁵ The 2012–2014 time period is January 2, 2012 through August 31, 2014.

⁶ The Program Evaluation Division requested that Pearson VUE provide actual operating cost information for processing licenses, but Pearson VUE did not provide operating expense information due to competitive concerns. Pearson VUE provided the percentage of operating expenses associated with processing licenses for the insurance industry, non-insurance business entities, and the bail bond industry.

As shown in Exhibit 6, 51% of Pearson VUE expenses were related to processing licenses for NIBEs and the bail bond industry. When one-time expenses related to software development for the online license applications for NIBEs and the bail bond industry are included, the expense ratio becomes 56% for processing NIBE and bail bond industry licenses and 44% for the insurance industry. One factor contributing to the lower expenses for processing insurance industry licenses is that technology allows Pearson VUE to process 52% of insurance licenses automatically through business rules.

Exhibit 6

Over 50% of Pearson VUE's Operating Expenses for the 2012–14 Time Period Were Related to Collectively Processing Licenses for the Bail Bond Industry and Non-Insurance Business Entities

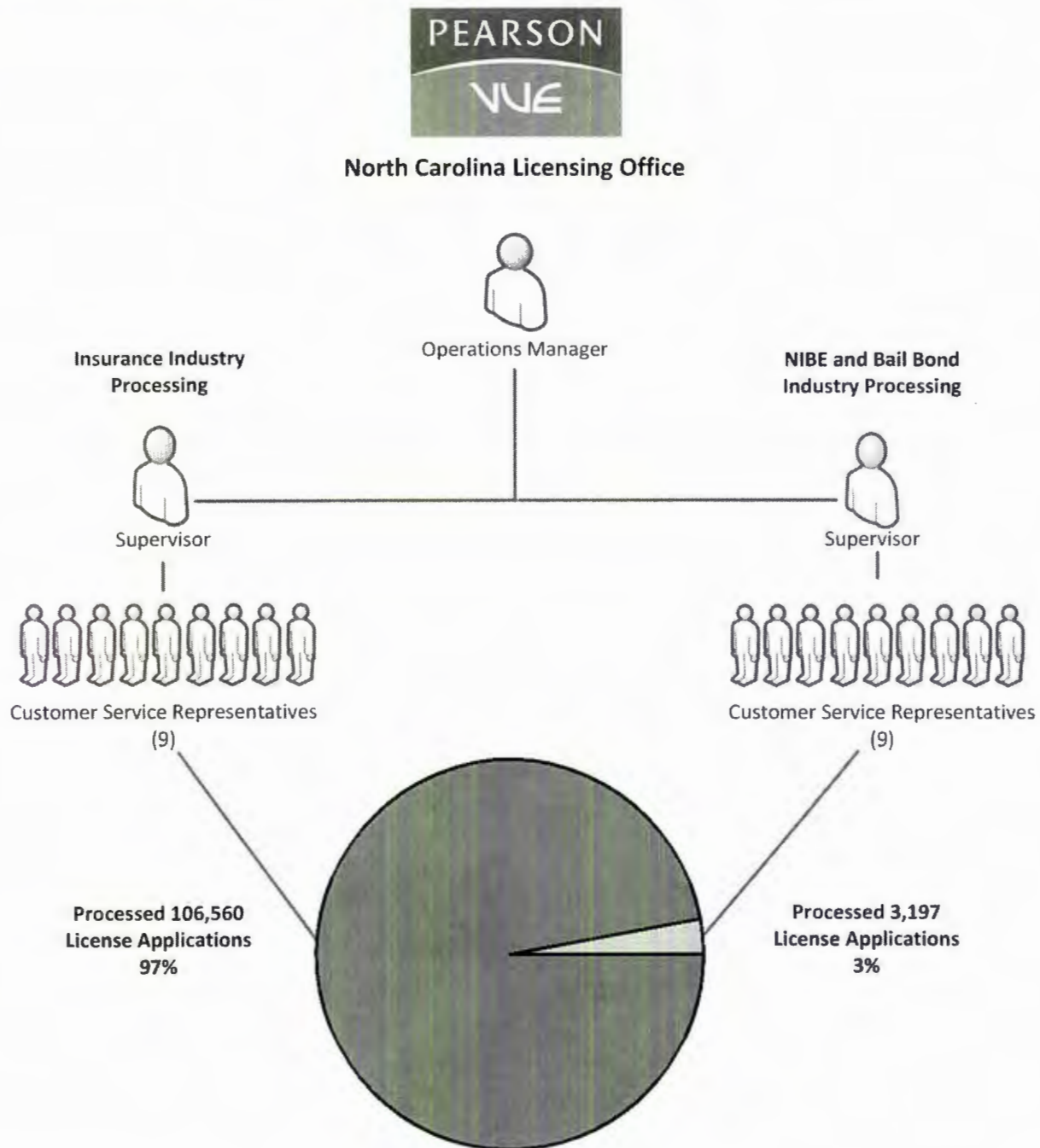


Note: The Program Evaluation Division requested that Pearson VUE provide actual operating cost information for processing licenses, but Pearson VUE did not provide operating expense information due to competitive concerns. Pearson VUE instead provided the percentage of operating expenses associated with processing licenses for the insurance industry, non-insurance business entities, and the bail bond industry.

Source: Program Evaluation Division based on 2012–2014 cost information from Pearson VUE.

Pearson VUE must dedicate an equal amount of human capital to licensure processing for non-insurance businesses and occupations as it does for the insurance industry despite the fact that non-insurance industries account for a significantly lower volume of licenses. The North Carolina Licensing Office of Pearson VUE consists of an operations manager, two supervisors, and 18 customer service representatives. As shown in Exhibit 7, the office organization is divided into two sections: insurance industry processing and processing for NIBEs and the bail bond industry. The office staff processed 109,757 license applications during Fiscal Year 2013–14. The insurance industry processing unit processed 106,560 license applications, and the unit for NIBEs and the bail bond industry processed only 3,197 license applications.

Exhibit 7: Half of Pearson VUE's Customer Service Representatives Were Needed to Process 3% of License Applications During Fiscal Year 2013-14



Note: NIBE is the acronym for non-insurance business entity.

Source: Program Evaluation Division based on information from Pearson VUE.

The disparity in licensure processing between the two sections occurs because customer service representatives spend more time reviewing and processing initial license and renewal applications for NIBEs and the bail bond industry. During the site visit to the North Carolina Licensing Office of Pearson VUE, the Program Evaluation Division observed customer service representatives processing licensure applications. The customer service representatives demonstrated processing for different types of licenses including

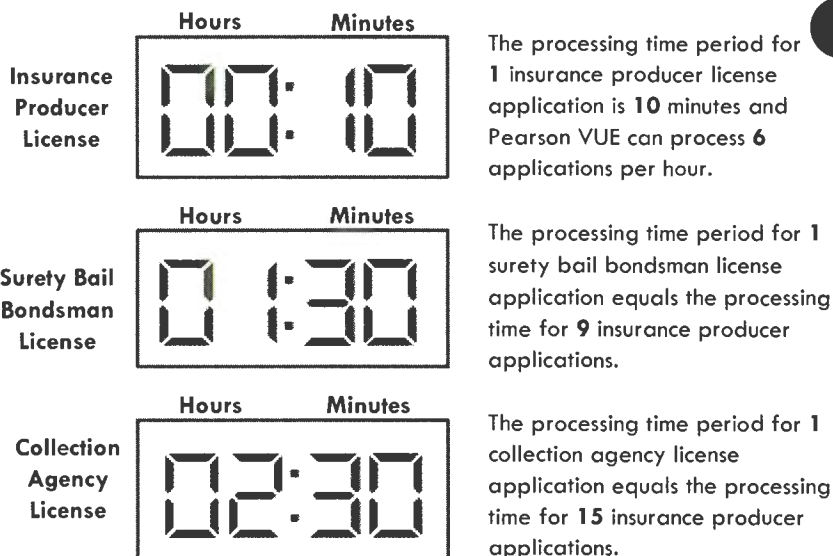
- an insurance producer initial license application,
- a surety bail bondsman initial license application, and
- a collection agency initial license application.

Review of the insurance producer license was completed quickly, but in the processing example observed by the Program Evaluation Division the license could not be issued because the applicant was scheduled to take the licensure exam the following day. The customer service representative needed to verify the applicant passed the exam before the license could be issued. The surety bail bondsman and collection agency license applications required more time to review, and the customer service representatives could not complete processing the license applications because the applicants had not submitted all required documentation. Per contract requirements, the customer service representatives sent each applicant a notification that their application was incomplete and indicated what documentation was needed to complete the application.

Pearson VUE estimated the average processing time for insurance producer, surety bail bondsman, and collection agency initial license applications. As seen in Exhibit 8, a customer service representative can process several initial insurance license applications in the time required to process one initial surety bail bondsman or collection agency license application. Processing an initial collection agency license application consumes the most time, requiring an average of two and a half hours per application. A customer service representative can handle 15 insurance producer license applications in the time it takes to process one collection agency license application.

Exhibit 8

Pearson VUE Can Process Several Initial Insurance License Applications in the Time Required to Process One Initial Surety Bail Bondsman or Collection Agency License Application



Source: Program Evaluation Division based on information from Pearson VUE.

Pearson VUE spends more time processing NIBE and bail bond industry licenses because their licensure requirements are more complicated than those for the insurance industry. State law establishing the licensing requirements for the insurance industry, NIBEs, and the bail bond industry dictates necessary documentation. Pearson VUE collects information for each license using the business rules based on ASD's interpretation of the statutory licensure requirements for each license. Applicants must submit the required documents electronically or by mail to Pearson VUE. The customer service representatives must match documents to the correct application, attach documents to the electronic application file, and verify whether the documentation provides the information necessary for Pearson VUE or ASD to conduct the regulatory review of the license application.⁷

Exhibit 9 compares the documentation requirements for initial and renewal/reinstatement license applications for a collection agency, a surety bail bondsman, and an insurance producer.

⁷ Pearson VUE is authorized to conduct regulatory review and issue licenses for the insurance industry based on business rules provided by the Department of Insurance. The Agent Services Division conducts the regulatory review for all NIBE and bail bond industry license applications.

Exhibit 9: Documentation Requirements for Initial and Renewal License Applications

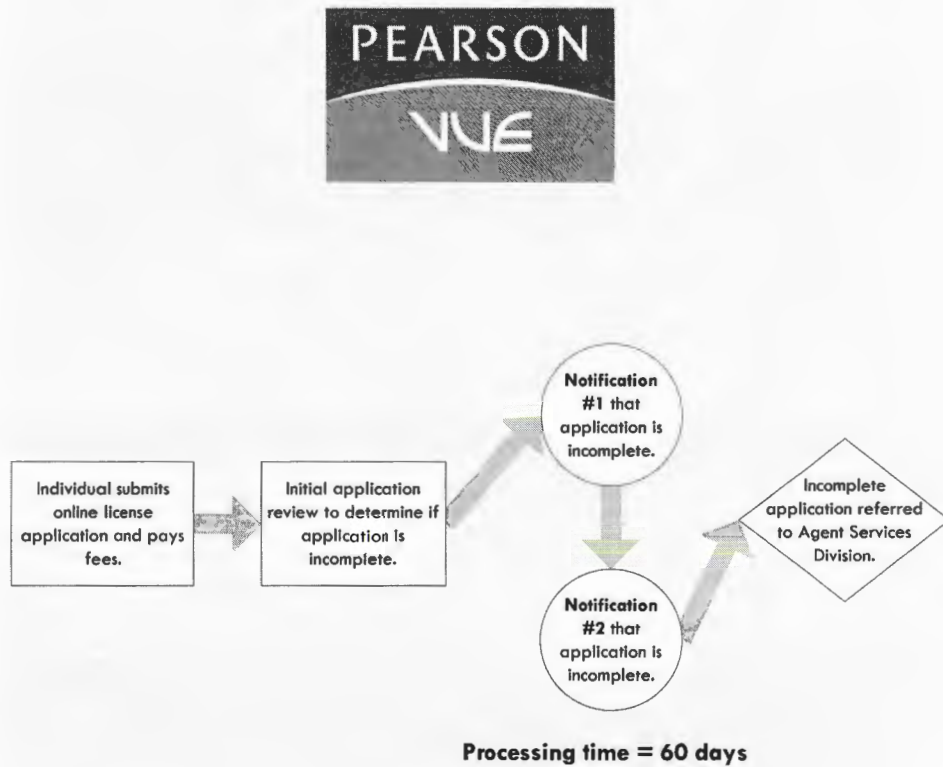
Collection Agency License	Surety Bail Bondsman License	Insurance Producer License
Initial Applications <ol style="list-style-type: none"> 1. License application and fees 2. Board resolution/owner authorization to apply for license 3. Personal questionnaires for owners, officers, and directors (required documentation for "yes" answers to 6 questions) 4. Corporate formation documents 5. Organization flowchart* 6. Collection methods and processes 7. Correspondence to debtors 8. Collection telephone number listing 9. Ethical disclosure documents (required documentation for "yes" answers to 10 screening questions)* 10. Trust account bank statement 11. Corporate balance sheet 12. Parent company balance sheet* 13. Surety bond(s) 14. NC Secretary of State certificate of authority 15. Doing Business As and Trade Name Registration* 	Initial Applications <ol style="list-style-type: none"> 1. License application and fees 2. SBI electronic fingerprint submission release of information form 3. SBI and FBI criminal history background check report 4. Two proofs of NC residency 5. Valid NC driver's license or state ID card showing date of birth 6. Prelicensing education completion certificate 7. Proof of high school diploma or GED 8. Required documentation for "yes" answers to 11 screening questions 9. License exam results 10. Certification from supervising bail bondsman for applicants subject to first year supervision 11. Affidavit from all former surety insurers from applicants 12. Surety insurance company appointment form 	Initial Applications <ol style="list-style-type: none"> 1. License application and fees 2. SBI electronic fingerprint submission release of information form** 3. SBI and FBI criminal history background check report** 4. Required documentation for "yes" answers to 9 screening questions 5. License exam results*
Renewal Applications <ol style="list-style-type: none"> 1. License application and fees 2. Updated personal questionnaires for owners, officers, and directors (required documentation for "yes" answers to 6 questions)* 3. Updated collection methods and processes* 4. Updated correspondence to debtors 5. Ethical disclosure documents (required documentation for "yes" answers to 10 screening questions)* 6. Trust account bank statement 7. Corporate balance sheet 8. Parent company balance sheet* 9. Bond calculation worksheet 10. Surety bond(s) 	Even-Year Renewal Applications <ol style="list-style-type: none"> 1. License application and fees 2. SBI electronic fingerprint submission release of information form 3. SBI and FBI criminal history background check report 4. Two proofs of NC residency 5. Required documentation for "yes" answers to 8 screening questions 6. Verification of continuing education Odd-Year Renewal Applications <ol style="list-style-type: none"> 1. License application and fees 2. Required documentation for "yes" answers to 8 screening questions 3. Verification of continuing education 	Reinstatement Applications <ol style="list-style-type: none"> 1. License application and fees 2. Required documentation for "yes" answers to 9 screening questions
* If applicable		* If applicable ** Only applicable to NC residents

Note: An insurance producer license does not have an annual renewal requirement, but a reinstatement application is required when a producer license lapses for less than a year.

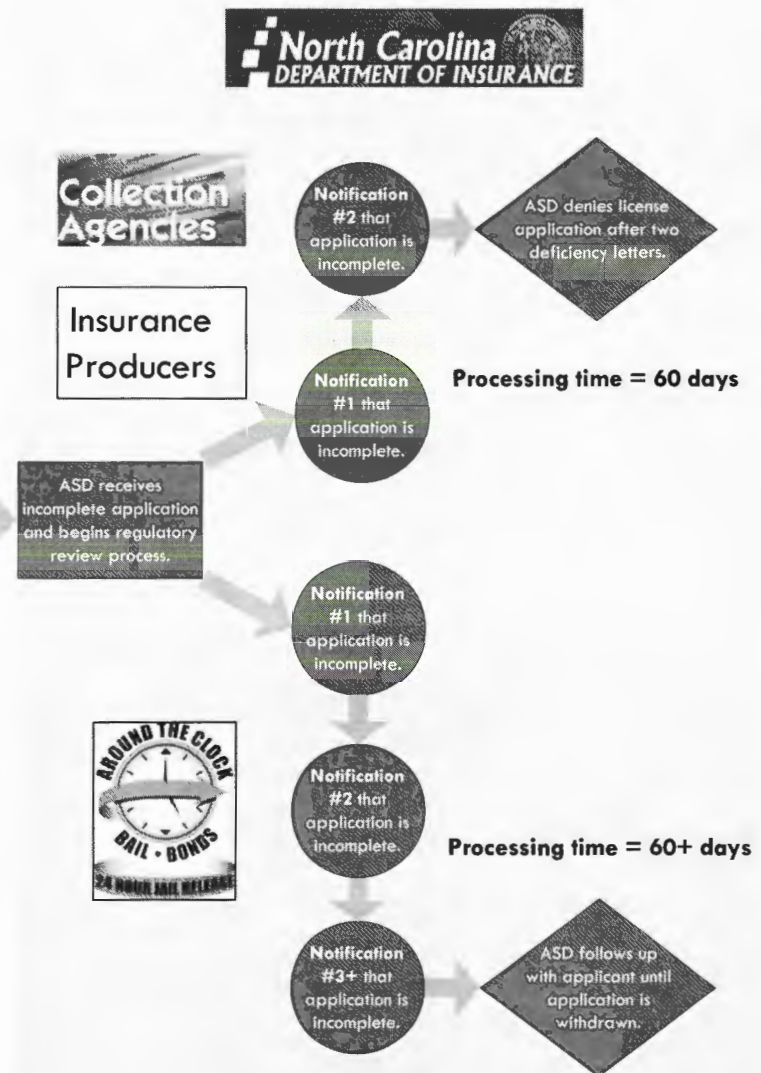
Source: Program Evaluation Division based on licensure requirements from the Agent Services Division of the Department of Insurance.

Exhibit 12: The Agent Services Division Duplicates the Notification Process Performed by Pearson VUE

Pearson VUE Process for Reviewing INCOMPLETE License Applications



Agent Services Division Process for Reviewing INCOMPLETE License Applications



Source: Program Evaluation Division based on license processing information from the Agent Services Division of the Department of Insurance.

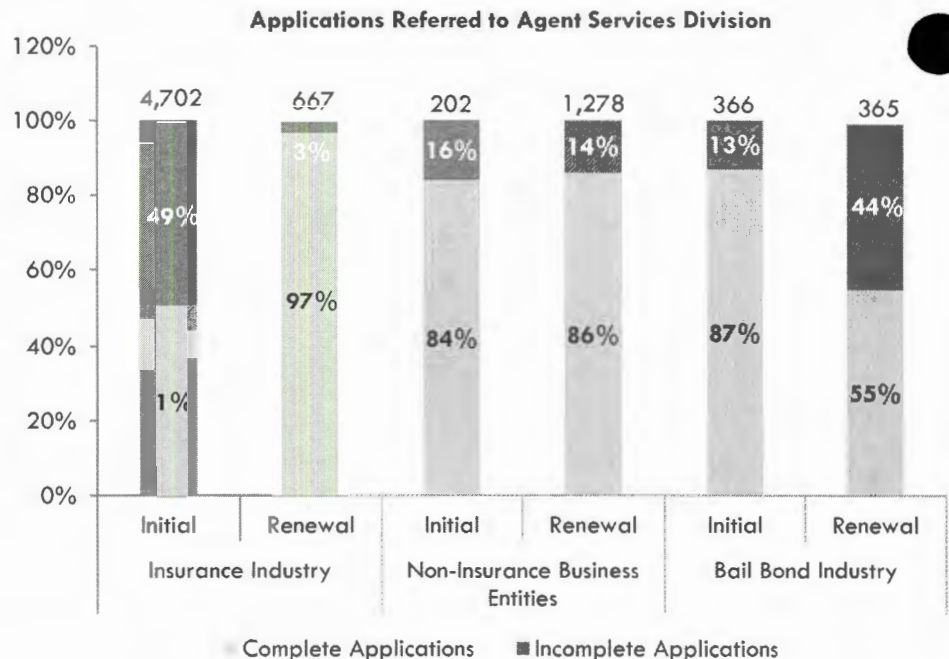
ASD could reduce its regulatory review workload by denying licensure to license applicants or licensees submitting incomplete applications to Pearson VUE. Under state law, the Commissioner of Insurance has the authority to set policies and procedures for issuing licenses. The Commissioner of Insurance could direct ASD to deny licensure to applicants unable to provide Pearson VUE with the necessary supporting documents within 60 days. ASD could also be directed to take administrative action to revoke licenses due to incomplete renewal applications.

The Program Evaluation Division analyzed ASD's workload to determine how many incomplete initial and renewal license applications were referred by Pearson VUE. If ASD had chosen to not to review incomplete applications, their regulatory review workload could have been reduced by 2,391 initial license applications and 365 renewal applications. Most incomplete initial applications were from the insurance industry;¹² the bail bond industry had the highest relative percentage of incomplete renewal applications. Exhibit 13 shows the percentage of complete and incomplete initial and renewal applications referred to ASD for the insurance industry, NIBEs, and the bail bond industry during Fiscal Year 2013–14.

¹² Most insurance industry initial and renewal license applications are processed automatically through Pearson VUE's system or by customer service representatives based on business rules provided by the Agent Services Division. Pearson VUE refers insurance license applications to the Agent Services Division that are incomplete or require regulatory review before a license can be issued.

Exhibit 13

During Fiscal Year 2013–14, the Insurance Industry Had the Highest Percentage of Incomplete Initial Applications and the Bail Bond Industry Had the Highest Percentage of Incomplete Renewal Applications



Total Incomplete Initial License Applications = 2,391

Total Incomplete Renewal License Applications = 365

Notes: The insurance industry had 2,310 incomplete initial license applications and 19 incomplete renewal applications. Non-insurance business entities had 32 incomplete initial license applications and 180 incomplete renewal applications. The bail bond industry had 49 incomplete initial license applications and 166 incomplete renewal applications.

Source: Program Evaluation Division based on licensure application referral data from the Agent Services Division of the Department of Insurance.

The Department of Insurance could save money if ASD discontinued its review of incomplete initial and renewal license applications. The Program Evaluation Division calculated the direct unit cost for ASD to process incomplete initial and renewal license applications for the insurance industry, NIBEs, and the bail bond industry. ASD's cost for reviewing incomplete applications during Fiscal Year 2013–14 was derived by multiplying the number of incomplete applications by the direct unit cost for reviewing initial and renewal applications. As shown in Exhibit 14, ASD spent an estimated \$51,189 during Fiscal Year 2013–14 to review incomplete license applications. The majority of the cost was spent on incomplete insurance industry license applications.

Exhibit 14

The Agent Services Division Spent over \$50,000 During Fiscal Year 2013–14 to Review Incomplete License Applications

Licensed Industries	Direct Unit Cost to Process License Applications	Number of Incomplete Applications	Estimated Cost of Reviewing Incomplete Applications
Insurance Industry			
• Initial application	\$ 13.35	2,310	\$ 31,195
• Renewal application	\$ 18.21	19	
Non-Insurance Business Entities			
• Initial application	\$ 85.99	32	\$ 16,985
• Renewal application	\$ 79.08	180	
Bail Bond Industry			
• Initial application	\$ 46.52	49	\$ 3,008
• Renewal application	\$ 4.39	166	
Totals		2,756	\$ 51,189

Notes: Direct cost to process an application includes the salaries and benefits for the Agent Services Division employees performing the regulatory review of initial and renewal license applications. The direct unit cost for the regulatory review of initial license applications for each licensing category was calculated as follows: (Annual salaries and benefits for regulatory review positions multiplied by the percentage of time spent reviewing initial license applications) divided by the total number of initial license applications reviewed annually. The direct unit cost for the regulatory review of renewal license applications for each licensing category was calculated as follows: (Annual salaries and benefits for regulatory review positions multiplied by the percentage of time spent reviewing renewal license applications) divided by the total number of renewal license applications reviewed annually.

Source: Program Evaluation Division based on information from the Agent Services Division of the Department of Insurance.

ASD chooses to review incomplete applications to provide good customer service to North Carolina businesses and citizens. The Program Evaluation Division asked ASD to explain why they conduct regulatory review of incomplete license applications and continue to notify applicants about incomplete applications after Pearson VUE has already sent two notifications. ASD stated that it wanted to ensure customer satisfaction and prevent customer complaints because extenuating circumstances or misunderstandings about the required documentation can cause submission delays. For example, bail bond licensees sometimes experience confusion because state law for bail bond industry license renewal requires different supporting documentation depending on whether it is an even-year or odd-year renewal.¹³ In addition, state law limits bail bond applicants to one license application per year, and ASD works with applicants to complete their applications so the applicant will not have to wait another year to apply again. ASD stated that following up on incomplete applications provides an opportunity to receive direct feedback from applicants and

¹³ See Exhibit 9 on page 13 of this report for a description of the even-year and odd-year documentation requirements for license renewal.

licensees on the quality of licensing services so that information can be used to make process improvements.

In summary, the Program Evaluation Division identified two instances where ASD repeats licensing procedures performed by Pearson VUE. ASD verifies the criminal misdemeanor and civil judgment checks for bail bond industry licenses performed by Pearson VUE. ASD also continues to notify license applicants that their initial and renewal license applications are incomplete after Pearson VUE has already sent two notices. The Department of Insurance could save money if ASD discontinued its review of incomplete initial and renewal license applications. However, ASD states that it reviews incomplete applications to provide good customer service and ensure all license applicants and licensees are treated fairly.

Finding 3. The Department of Insurance has improved licensure services through outsourcing, and the Agent Services Division continues to work with Pearson VUE to address licensee concerns.

The Department of Insurance's (DOI's) implementation of the Pearson VUE contract to provide licensing administrative services involved a gradual transition. The Agent Services Division (ASD) and Pearson VUE needed time to finalize business rules for processing license applications and renewals. Pearson VUE also had to establish an office in Raleigh to handle the scope of services and begin development of electronic online applications for non-insurance applications interfacing with the NC license database. Initially, Pearson VUE processed renewal license applications for the bail bond industry and non-insurance business entities (NIBEs) using a paper process. Pearson VUE's roll-out of online processing of initial license and renewal applications for the bail bond industry and NIBEs began in December 2012 and was completed in April 2014. Exhibit 15 provides a timeline for major implementation milestones for the Pearson VUE contract.

Exhibit 15

Implementation Timeline for
the Pearson VUE Contract
to Perform Licensing
Administrative Services for
the North Carolina
Department of Insurance

2012	April - Began processing renewal license applications for bail bond industry and NIBEs
	May - Began processing initial license applications for the insurance industry
	July - Began processing initial license applications for bail bond industry and NIBEs
	December - Implementation of electronic initial license application for bail bond industry
2013	February - Began processing renewal license applications for insurance industry
	March - Began processing Postal Service returned mail and email undeliverable notifications and collecting address violation fines
	April - Implemented electronic renewal license application for bail bond industry and NIBEs
	November - Implemented electronic initial license for NIBEs
2014	March - Implemented electronic tool to update addresses, emails, and company contacts for all licensees

Note: NIBE is the acronym for non-insurance business entities.

Source: Program Evaluation Division based on information from the Agent Services Division of the Department of Insurance.

ASD identified several benefits resulting from outsourcing licensing administrative services to Pearson VUE. The benefits associated with outsourcing licensing administrative services include

- cost savings,
- revenue collection,
- regulatory and compliance improvements, and
- customer service enhancements for licensees.

Outsourcing licensing administrative services saves ASD \$211,177 annually through staff reductions and lower operating expenditures.

Prior to outsourcing, ASD assigned 12 full-time equivalent positions (FTEs) to licensing administrative services and regulatory review of initial and renewal licenses for the insurance industry, non-insurance business entities (NIBEs), and the bail bond industry. As the number of licenses regulated by DOI increased, these 12 positions could not meet the demand for licensure services during peak periods. In response, ASD hired temporary employees and diverted DOI employees assigned to compliance and regulatory enforcement. ASD spent \$109,292 on temporary employees during Fiscal Year 2011–12, the year before Pearson VUE began processing license renewal applications for NIBEs and the bail bond industry. Processing license renewal applications and collecting fees also increased ASD's operating expenses. Before outsourcing licensing administrative services,

ASD paid for postage and mailing vendor services to send license renewal notices as well as lockbox banking services to receive and deposit renewal fees.¹⁴

Since Pearson VUE began providing licensing administrative services in April 2012, ASD has reduced the number of FTEs providing licensure services from 12 to 5.25 positions. Three positions were eliminated by a reduction in force due to legislatively mandated budget reductions, and 3.75 FTEs were redirected to focus on license regulation and compliance functions. Eliminating the three positions saves \$139,612 annually. ASD was also able to reduce operating expenses for postage, mail vendor services, and lockbox services because Pearson VUE collects renewal fees and sends license renewal notices to licensees. Exhibit 16 summarizes the annual cost savings resulting from outsourcing licensing administrative services to Pearson VUE.

Exhibit 15

The Agent Services
Division Saves \$211,177
from Outsourcing
Licensing Administrative
Services

Budget Reduction Description	Estimated Annual Cost Savings
Position Reductions (3)	\$ 139,612
Mailing Services	40,948
Lockbox Fees	21,897
Postage	8,720
Total Estimated Cost Savings	\$ 211,177

Source: Program Evaluation Division based on information from the Agent Services Division of the Department of Insurance.

Collection of administrative fees for address notification violations increased significantly after Pearson VUE began handling this activity. To meet U.S. Postal Service requirements, ASD employs a legal restraint process to examine the license database on a quarterly basis and proactively contact licensees with address changes to request that they update their addresses.¹⁵ State law allows ASD to collect a \$50 administrative fee from licensees who do not notify DOI of a change in their residential or e-mail address within 10 business days.¹⁶ Prior to outsourcing, ASD did not have adequate staffing to examine the license database and pursue licensees violating the address notification requirement. In Fiscal Year 2010–11, ASD collected only \$8,500 from licensees who violated the requirement. With Pearson VUE now performing the quarterly review of the license database, collection of administrative

¹⁴ A lockbox is a service provided by banks for the receipt of payments. Payments are directed to a special post office box, from which the bank retrieves the payments, processes them, and then deposits the funds directly into the agency's account.

¹⁵ The United States Postal Service requires commercial mailers to reduce the number of mail pieces that require forwarding or returning by periodically matching licensee address records with change-of-address records. N. C. Gen. Stat. § 58-2-69 prohibits the Department of Insurance from automatically changing a licensee's address; the licensee must notify the Department of address changes. To comply with the requirement, the Department of Insurance is authorized to examine the license database quarterly and contact licensees who have not updated their addresses.

¹⁶ N. C. Gen. Stat. § 58-2-69(b)

fees for address notification violations increased to \$152,775 during Fiscal Year 2013–14.

Since contracting with Pearson VUE, ASD is able to comply with the state law requiring timely deposit of receipts. In 2003, the State Auditor found that ASD was unable to deposit receipts daily in accordance with the requirements of the Daily Deposit Act. Failure to process and deposit receipts within 24 hours exposed ASD to potential misappropriation of funds, and the State lost the opportunity to earn interest on funds that were not deposited. Prior to outsourcing, ASD met these requirements by hiring temporary employees to process licensure renewal fees. Now, Pearson VUE collects licensure and processing fees electronically and deposits them in bank accounts established by the State Treasurer. DOI reimburses Pearson VUE for the processing fees on a monthly basis. ASD still receives and manually processes regulatory penalties. Overall, outsourcing has increased the funds collected through electronic fund transfers and reduced the amount of funds handled by ASD staff.

Outsourcing licensing administrative services allows ASD to focus on regulatory review of license applications and licensee compliance with licensure regulations. Prior to outsourcing licensing administrative services, the heavy licensure workload required ASD licensure staff to spend more time on licensing administrative tasks and less time on the regulatory review of license applications. Licensing administrative tasks include checking applications for completeness and requesting missing application information from applicants and licenses. With Pearson VUE performing licensing administrative tasks for initial and renewal license applications, ASD licensure staff can concentrate on determining whether a license applicant qualifies for initial licensure or whether a licensee continues to meet licensure standards. Prior to outsourcing, ASD had to direct compliance staff to assist with processing licenses and responding to customer service calls. Compliance staff had less time to investigate consumer complaints, determine whether a licensee had violated state regulations, and initiate administrative action if a violation had occurred.

A comparison of ASD's regulatory data before and after outsourcing to Pearson VUE reveals that outsourcing enabled ASD to increase regulatory and compliance activities. Exhibit 17 shows that most license regulatory and compliance activities have expanded. ASD was able to handle more complaints related to licensees during Fiscal Year 2013–14, and complaint analysts were able to close more cases. Compliance staff held more informal conferences with licensees under investigation and negotiated more voluntary settlement agreements and license surrenders. Administrative hearings, consent orders, and license revocations decreased because ASD compliance staff spends more time investigating complaints and building stronger cases which encourages licensees to settle voluntarily rather than request a formal administrative hearing. ASD benefits when staff can resolve regulatory concerns through informal proceedings such as voluntary license surrenders or voluntary settlement agreements because formal administrative proceedings require substantial ASD staff time and legal assistance from the NC Department of Justice at an hourly rate of \$60. Finally, ASD's collection of monetary penalties increased from \$96,850 in Fiscal Year 2010–11 to \$161,543 in Fiscal Year 2013–14.

Exhibit 17

Outsourcing Licensure Administration Allowed the Agent Services Division to Strengthen Regulatory and Compliance Activities During Fiscal Year 2013–14

License Regulatory and Compliance Activities	Percent Increase After Outsourcing	
Closed Complaints – Number of complaints reviewed, investigated, and closed after resolution.	31%	↑
Informal Conferences – Conferences held with licensees before initiating the formal administrative hearing process.	35%	↑
Voluntary Settlement Agreements – Licensee agrees to settle complaint or enforcement action voluntarily, based on evidence presented by Agent Services Division, instead of requesting a formal administrative hearing.	245%	↑
Voluntary License Surrenders – Licensee agrees to voluntarily surrender license, based on evidence presented by Agent Services Division, instead of requesting a formal administrative hearing.	164%	↑
Monetary Penalty Collections – Fines or penalties paid by licensees as a result of enforcement action by Agent Services Division.	67%	↑
License Regulatory and Compliance Activities	Percent Decrease After Outsourcing	
Administrative Hearings – Formal hearing process required under N. C. Gen. Stat. § 150B.	48%	↓
Consent Orders – Formal legal agreement resulting from the administrative hearing process.	100%	↓
License Revocations – Licensee loses license as a result of the formal administrative hearing process.	83%	↓

Note: The percentages for this exhibit were calculated by comparing regulatory data for Fiscal Year 2010-11 (prior to outsourcing) to data for Fiscal Year 2013-14 (after outsourcing to Pearson VUE).

Source: Program Evaluation Division based on information from the Agent Services Division of the Department of Insurance.

Customer service improvements resulting from outsourcing benefit license applicants and licensees. ASD identified several measures that improve customer service for license applicants and licensees:

- **Online initial and renewal license applications for NIBEs and the bail bond industry.** Prior to outsourcing, only the insurance industry had access to online license applications. NIBEs and bail bond industry applicants and licensees used paper applications. As part of its contractual requirements, Pearson VUE developed and implemented online initial and renewal applications for NIBEs and the bail bond industry. In a survey conducted by the Program

Evaluation Division, 60% of NIBE and 50% of bail bond industry representatives responding to the survey who had previously applied using the paper-based application process agreed the online license application and renewal process is easier to use.¹⁷

- **Improved call center services.** Prior to outsourcing, ASD offered call center services to assist license applicants and licensees with questions concerning licensure. As licensure demands increased, telephone call abandonment rates for Fiscal Year 2010–11 climbed to between 7% and 15% during non-peak periods and exceeded 15% during peak licensure renewal periods.¹⁸ Under the Pearson VUE contract, customer service representatives must respond to calls related to licensing administrative services and the telephone abandonment rate must not exceed 3%. ASD continues to provide call center services for licensure questions and has implemented division-wide call handling procedures and supervisor call monitoring to ensure consistency in customer service performance. The ASD telephone call abandonment rate decreased to less than 2% in Fiscal Year 2013–14.
- **Online address and email updates.** Pearson VUE developed an online tool in March 2014 that allows licensees to update addresses, email addresses, and company contacts electronically. This tool makes it easier for licensees to maintain valid contact information and avoid administrative fines resulting from invalid addresses and email addresses.
- **Electronic fee payment.** Pearson VUE offers license applicants and licensees the option to pay statutory and processing fees electronically using credit or debit cards. Under the contract, the credit card usage fees are paid by Pearson VUE. In a survey conducted by the Program Evaluation Division, most licensees responded that they liked having the option to pay licensure fees electronically by credit or debit card.¹⁹

Neither ASD nor Pearson VUE survey licensees to gauge their satisfaction with licensure services. ASD does not conduct licensee satisfaction surveys, and the contract with Pearson VUE does not include a survey requirement. ASD receives informal oral and written feedback from license applicants, licensees, and representatives from associations representing the insurance industry, NIBEs, and the bail bond industry. Although informal feedback can be a valuable source of information to identify problems, it does not measure overall satisfaction with licensure services or how satisfaction is changing over time.

¹⁷ Percentages are based on survey responses from licensees who had applied or renewed their licenses prior to 2012 and who responded by selecting that they “agreed” or “strongly agreed” with the following statement: “The current online license application and renewal process is easier to use than the previous paper-based process.”

¹⁸ The call abandonment rate is the percentage of inbound phone calls made to a call center that are abandoned by the customer before speaking to an agent.

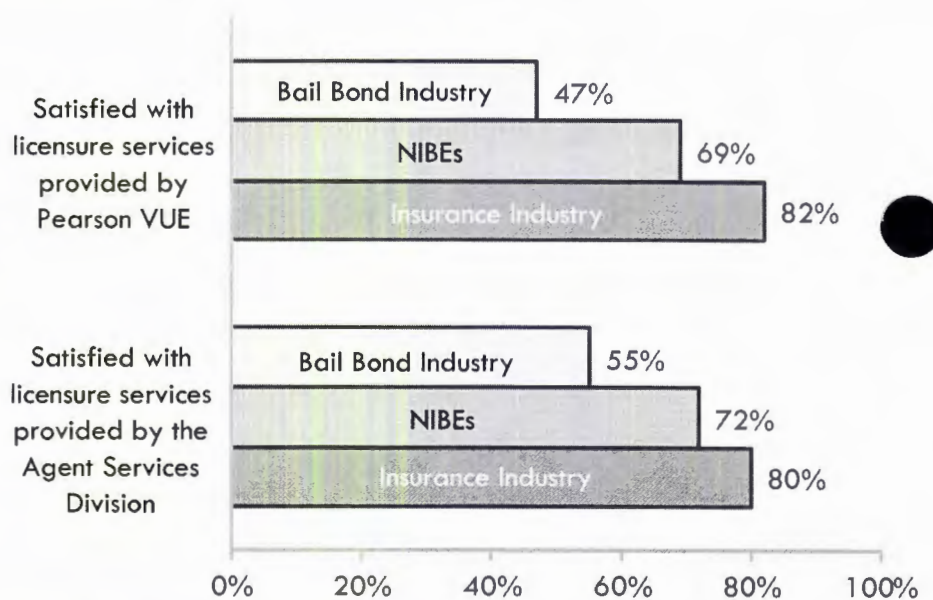
¹⁹ Survey results for the statement, “I like having the option to pay my licensure fees electronically by credit or debit card.”: 86% of survey responses from insurance industry and NIBE licensees “agreed” or “strongly agreed” with the statement, and 84% of survey responses from the bail bond industry “agreed” or “strongly agreed” with the statement.

To determine how licensees viewed the licensure services provided by ASD and Pearson VUE, the Program Evaluation Division conducted a customer satisfaction survey of individuals and businesses that had applied and received an initial license or renewed a license during Fiscal Years 2012-13 and 2013-14.²⁰ Pearson VUE was under contract to provide licensing administrative services during both fiscal years.

The survey results reveal that satisfaction with licensure services provided by ASD and Pearson VUE varies. Licensees were asked whether they agreed with the following statement as it applied to ASD and to Pearson VUE: "Overall, I am satisfied with the licensure services." Exhibit 18 shows the insurance industry was the most satisfied and the bail bond industry was the least satisfied with licensure services provided by both ASD and Pearson VUE. Only 47% of the survey responses from the bail bond industry indicated satisfaction with licensure services provided by Pearson VUE in comparison to 69% of NIBE and 82% of insurance industry survey responses. A majority of survey responses from the insurance industry, NIBEs, and the bail bond industry indicated satisfaction with ASD's licensure services.

Exhibit 18

Satisfaction with Licensure Services Provided by the Agent Services Division and Pearson VUE Varies



Notes: NIBEs is the acronym for non-insurance business entities. The percentage of licensees for each group was calculated based on survey responses selecting "agreed" or "strongly agreed" with the following statement about licensure services provided by the North Carolina Licensing Office of Pearson VUE and the Agent Services Division of the North Carolina Department of Insurance, "Overall, I am satisfied with the licensure services."

Source: Program Evaluation Division based on survey of licensees from the insurance industry, non-insurance business entities, and the bail bond industry.

²⁰ The Program Evaluation Division sent separate surveys via email to licensees from the insurance industry, non-insurance business entities, and the bail bond industry: 74,472 insurance industry licensees with a 8.8% response rate, 1,248 non-insurance business entities with a 27.3% response rate, and 1,469 bail bond industry licensees with a 23.1% response rate. The survey questions were designed to measure licensee satisfaction with the licensure services provided by ASD and Pearson VUE and reported survey data is based on analysis of complete survey responses.

NIBE and bail bond industry licensees may be less satisfied with Pearson VUE's licensing services because their licensure processes have changed the most under the contract. Pearson VUE converted the paper-based initial and renewal license applications to online applications in stages starting with the bail bond industry, followed by NIBE licensing. The insurance industry licensing process was already automated prior to the Pearson VUE contract. Survey comments from NIBEs and the bail bond industry expressed dissatisfaction with Pearson VUE's licensing administrative services in the following areas:

- **Documentation submission.** The online application and renewal process changed how NIBE and bail bond industry licensees submit documentation. Under the paper-based application process, licensees mailed documents to ASD. Under the online application process, licensees have multiple options for documentation submission including uploading, emailing, faxing, and mailing documentation to Pearson VUE. The different methods of document submissions require Pearson VUE customer service representatives to match documents to initial and renewal applications. Based on survey comments, license applicants and licensees sometimes had to submit documents multiple times before their applications were deemed complete and referred to ASD.
- **Customer service quality.** Under the contract, Pearson VUE customer service representatives answer licensure questions for the bail bond industry, NIBEs, and the insurance industry. Based on survey comments from the bail bond industry and NIBEs, customer service representatives did not always understand the licensure requirements for their industry and provided them with misinformation.

ASD monitors Pearson VUE's performance to ensure that the company meets the standards established in the contract. ASD staff monitors Pearson VUE's performance of administrative licensing services in various ways including

- weekly conference calls,
- on-site meetings,
- feedback from industry representatives, and
- random sampling or quarterly spot-checks of licenses processed by Pearson VUE.

The North Carolina Licensing Office of Pearson VUE submits weekly and monthly license administration reports to ASD. These reports allow ASD to address performance issues as they occur and request corrective action. In July 2014, ASD requested corrective action related to the document processing issues mentioned by NIBE and bail bond industry licensees in comments. The corrective action plan required Pearson VUE to

- replace the manual faxed document procedure with a technology upgrade to eliminate the manual scanning process and improve the document and application matching procedures; and
- reduce staff turnover and cross-train customer service representatives so they can provide consistent coverage of licensing

administration for the insurance industry, NIBEs, and the bail bond industry.

Overall, ASD works with Pearson VUE and industry representatives to ensure that the North Carolina Licensing Office of Pearson VUE provides licensing administrative services to meet the needs of license applicants and licensees.

ASD identified several ways the licensing administrative services contract can be improved when it is rebid. The contract with Pearson VUE ends on January 2, 2017. ASD identified the following improvements to the licensing administrative contract that it intends to require in the next request for proposal:

- **Bail bond licenses.** Require that new and duplicate bail bond licenses be provided under the licensing administrative services contract.²¹ Require contractor to express-mail bail bond licenses when the bail bond licensee has not received his or her license within 8 to 10 business days. Currently, Pearson VUE provides this service under business rules, but ASD would prefer a contractual requirement.
- **Call abandonment rate.** Require a performance standard of 2% or less for the abandonment rate of customer service calls. ASD has this performance standard for its staff.
- **Customer satisfaction surveys.** Based on the Program Evaluation Division's request for customer satisfaction information, require the contractor to conduct annual customer satisfaction surveys.
- **Complaint tracking.** Require the contractor to track complaints including how the complaint was resolved and the amount of time from complaint initiation to resolution.

ASD plans to rebid this contract in mid-2015 to ensure there is adequate time for transition if a new contractor is selected.

In summary, outsourcing licensing administrative services has reduced ASD costs and increased revenue. ASD has improved regulatory review of license applications and compliance enforcement. Outsourcing has improved customer service for license applicants and licensees by providing online application processing for all occupations, online email and address updates, and electronic fee payments. ASD continues to work with Pearson VUE to ensure that licensee needs and issues are addressed, and has begun identifying how the licensing administrative services contract can be improved to benefit the Department of Insurance and licensees.

²¹ Currently, new and duplicate bail bond licenses are provided under the separate examination contract that the Department of Insurance has with Pearson VUE.

Recommendation

Recommendation. The General Assembly should direct the Agent Services Division of the Department of Insurance to issue a request for proposal for a licensing administrative services contract that allows the contractor to charge different processing fees based on the effort necessary to process licenses for the insurance industry, non-insurance business entities, and the bail bond industry.

As discussed in Finding 1, processing fees charged by Pearson VUE do not vary by type of license, but workload distribution and expense ratios show that processing NIBE and bail bond industry licenses costs more combined than processing insurance industry licenses even though 97% of the processing fees earned by Pearson VUE come from the insurance industry. The licensure requirements for NIBEs and the bail bond industry are more complicated than those for the insurance industry, resulting in longer processing times by Pearson VUE customer service representatives. Based on the cost ratios from Pearson VUE, some of the processing fee revenue from insurance industry licensees is covering a portion of the cost to process NIBE and bail bond industry licenses. The contract with Pearson VUE sets the current fee structure until January 2, 2017, but the fee structure can be changed when the Agent Services Division issues a request for proposal for a new licensing administrative services contract to begin when the current contract ends. To more equitably distribute the cost for providing licensing administrative services among the occupations licensed by the Department of Insurance, the General Assembly should direct the Agent Services Division to issue a request for proposal for a licensing administrative services contract that allows the contractor to charge different processing fees based on the respective effort necessary to process licenses for the insurance industry, non-insurance business entities, and the bail bond industry.

Appendices

Appendix A: Bail Bond Industry Licensure Fees

Appendix B: Non-Insurance Business Entities Licensure Fees

Appendix C: Insurance Industry Licensure Fees

Agency Response

A draft of this report was submitted to the Department of Insurance to review. Its response is provided following the appendices.

Program Evaluation Division Contact and Acknowledgments

For more information on this report, please contact the lead evaluator, Carol Shaw, at carol.shaw@ncleg.net.

Staff members who made key contributions to this report include Jim Horne and Meg Kunde. John W. Turcotte is the director of the Program Evaluation Division.

Appendix A: Bail Bond Industry Licensure Fees

Bail Bond Industry Licensure Fees	Professional and Surety Bail Bondsman	Bail Bond Runner
Initial License		
Statutory License Fee	\$ 200	\$ 120
Statutory Examination Fee	25	25
Criminal Record Check Fee	38	38
Processing Fee	<u>50</u>	<u>50</u>
Total Fees	\$ 313	\$ 233
Renewal License (even years)		
Statutory Renewal Fee	\$ 100	\$ 60
Criminal Record Check Fee	38	38
Processing Fee	<u>40</u>	<u>40</u>
Total Fees	\$ 178	\$ 138
Renewal License (odd years)		
Statutory Renewal Fee	\$ 100	\$ 60
Processing Fee	<u>40</u>	<u>40</u>
Total Fees	\$ 140	\$ 100

Note: The fees for bail bond industry renewal licenses vary because even-year renewal licenses require a \$38 criminal record check fee.

Source: Program Evaluation Division based on license fee information from the Agent Services Division of the Department of Insurance.

Appendix B: Non-Insurance Business Entities Licensure Fees

Non-Insurance Business Entities Licensure Fees	Collection Agency	Premium Finance Company Type A	Premium Finance Company Type B	Motor Club
Initial License				
Statutory License Fee	\$ 1,000	\$ 600	\$ 2,400	\$ 600
Processing Fee	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>
Total Fees	\$ 1,050	\$ 650	\$ 2,450	\$ 650
Branch Office Fee (If applicable)		\$ 100 each	\$ 100 each	\$ 100 each
Franchise Fee (If applicable)				\$200
License Renewal				
Statutory Renewal Fee	\$ 1,000	\$ 600	\$ 2,400	\$ 600
Processing Fee	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>
Total Fees	\$ 1,040	\$ 640	\$ 2,440	\$ 640
Branch Office Fee (If applicable)		\$ 100 each	\$ 100 each	\$ 100 each
Franchise Fee (If applicable)				\$200

Source: Program Evaluation Division based on license fee information from the Agent Services Division of the Department of Insurance.

Appendix C: Insurance Industry Licensure Fees

Insurance Industry Licensure Fees	Resident Producer*	Resident Adjuster**	Resident Broker	Resident Business Entity
Initial License				
Statutory License Fee	\$ 50	\$ 125	\$ 50	\$ 100
Criminal Record Check Fee	38	0	0	0
NIPR Transaction Fee	5	5	5	5
Processing Fee	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>
Total Fees	\$ 143	\$ 180	\$ 105	\$ 155

*Resident insurance producers pay the statutory license fee for each insurance line of authority.

** Public adjusters pay the \$38 criminal record check fee.

License Renewal				
Statutory Renewal Fee	N/A	\$75	\$ 50	\$100
NIPR Transaction Fee	N/A	5	5	5
Processing Fee	<u>N/A</u>	<u>40</u>	<u>40</u>	<u>40</u>
Total Fees	N/A	\$ 120	\$95	\$ 145

License Reinstatement				
Statutory Reinstatement Fee	\$ 50	\$ 125	\$ 50	\$ 100
NIPR Transaction Fee	5	5	5	5
Processing Fee	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>
Total Fees	\$ 95	\$ 170	\$ 95	\$ 145

*Resident insurance producers pay the statutory reinstatement fee for each insurance line of authority.

Notes: NIPR is the acronym for the National Insurance Producer Registry. License reinstatement is unique to the insurance industry. The resident adjuster initial license fee varies because public adjusters pay a \$38 criminal record check fee.

Source: Program Evaluation Division based on license fee information from the Agent Services Division of the Department of Insurance.

December 17, 2014

John W. Turcotte, Director
Program Evaluation Division
NC General Assembly
300 N. Salisbury Street, Suite 100
Raleigh, NC 27603-1406

Dear Mr. Turcotte:

The North Carolina Department of Insurance appreciates the opportunity to review and respond to the Program Evaluation Division draft report 2015-01, a study that reviews the licensure fees for occupations regulated by the Department of Insurance which are not directly associated with the insurance industry. Please accept this letter as the Department's formal response to the draft report.

The program evaluation team, led by Carol Shaw, worked directly with Department staff to conduct a thorough examination of the licensure fees in question and produced findings along with a recommendation relating to the Department's license administration vendor contract and fees. The examination process leading up to this report proved to be beneficial to the Department, helping to quantify effort vs. cost for non-insurance license processing, identifying opportunity areas to increase customer satisfaction, and calculating the benefits that the State and licensees have received due to the outsourcing of license administrative functions.

The Department will work with the General Assembly and follow their lead on implementing the recommendation of this report to issue a request for proposal for licensing administrative services that allows the contractor to charge different processing fees based on the effort necessary to process licenses for the insurance industry, non-insurance business entities, and bail bondsmen.

We are grateful to you and the staff of the Program Evaluation Division of the General Assembly for the professionalism and proficiency you have shown throughout this process. The examination and the resulting report produced by your staff have provided the Department with valuable information relative to non-insurance licensing administration costs and validated the benefits of continuing to outsource licensing administrative services for non-insurance licenses.

Yours very truly,



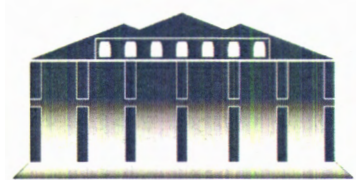
Wayne Goodwin
NC Commissioner of Insurance











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Licensing Processing Fees Are Inequitable; Permit DOI Vendor to Charge Different Processing Fees Based on Effort and Cost

A presentation to the
Senate Appropriations Committee on General Government and Information Technology
House General Government Appropriations Committee

February 21, 2015

Carol Shaw, Principal Program Evaluator



Study Direction

- Session Law 2013-360, Section 22.6
- Directed the Program Evaluation Division to examine the licensure application process and licensure fees for occupations regulated by the Department of Insurance that are not directly associated with the insurance industry



Licenses Issued by the Department of Insurance - Agent Services Division (ASD)

- 24 different licenses are issued to the insurance industry
- 7 non-insurance licenses:

Bail Bond Industry Licenses

- Bail Bond Runner
- Surety Bail Bondsman
- Professional Bail Bondsman

Non-Insurance Business Entity Licenses

- Collection Agency
- Motor Club Company
- Premium Finance Company – Type A
- Premium Finance Company – Type B

Report p. 3

Outsourcing Licensing Administrative Services

- In 2011, the General Assembly authorized DOI to contract for license processing services and allow a contractor to charge license applicants and licensees a reasonable fee for services
- DOI selected Pearson VUE in December 2011 under a five-year contract to provide licensing administrative services starting in 2012

Report p. 4



Outsourcing Licensing Administrative Services

- Contract requires Pearson VUE to
 - Collect and remit all statutory licensure fees
 - Conduct initial review of license applications
 - Obtain supporting documents for applications
 - Respond to licensure questions
 - Develop electronic applications for non-insurance entities
- Pearson VUE provides services at no cost to DOI by collecting processing fees:
 - \$50 for each new license application and
 - \$40 for each renewal and reinstatement license
- The fees do not vary by type of license

Report pp. 4, 7-8

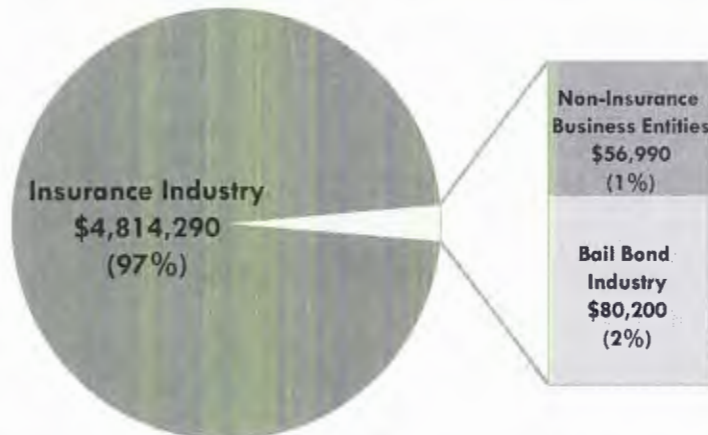


Finding 1.

Pearson VUE's licensure processing fees are disproportionate to the relative cost of processing different types of license applications



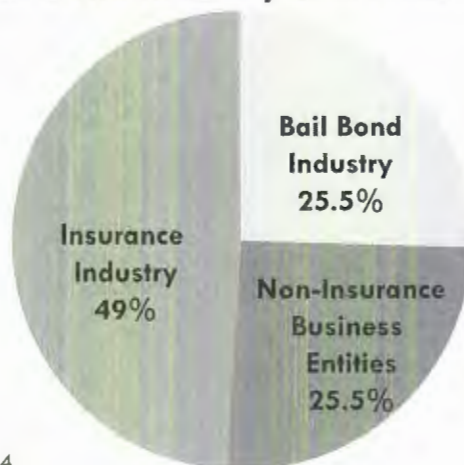
The Majority of Pearson VUE's Revenue Comes from the Insurance Industry



Fiscal Year 2013-14 Processing Fees Earned by Pearson VUE = \$4,951,480

Report p. 8

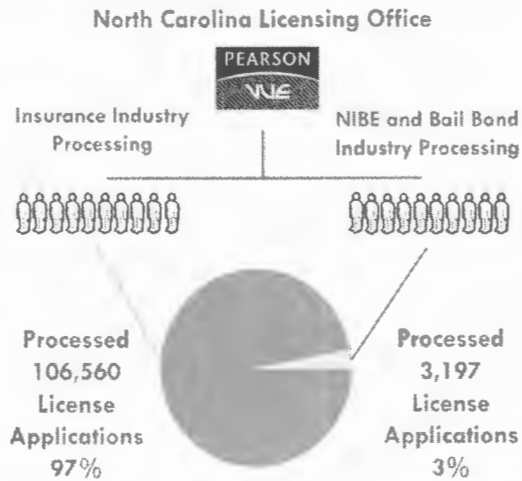
51% of Pearson VUE's Operating Expenses Were Related to Processing Licenses for the Bail Bond Industry and NIBEs



2012-2014

Report pp. 8-9

Half of Pearson VUE's Staff Process Only 3% of License Applications



Program Evaluation Division

North Carolina General Assembly

8

Pearson VUE Can Process Several Insurance Licenses in the Time Required to Process One Surety Bail Bondsman or One Collection Agency License



Report pp. 11-12

Program Evaluation Division

North Carolina General Assembly

9

The Licensure Requirements for NIBEs and the Bail Bond Industry Are More Complicated

Licensed Industries	Number of Required Supporting Documents	
	Initial Applications	Renewal Applications
Non-Insurance Business Entities	10 – 50+	5 – 50+
Bail Bond Industry	9 – 20+	3 – 15+
Insurance Industry	2 – 11	0 – 9

Report pp. 12-14

Finding 2.

The Agent Services Division chooses to duplicate two licensure procedures performed by Pearson VUE in an effort to provide good customer service

ASD Verifies Criminal Misdemeanor and Civil Judgment Checks Performed by Pearson VUE

- Systems operated by the Administrative Office of the Courts are difficult to search because they do not have a unique identifier and rely on name searches
- Conducting a second review allows ASD to monitor and verify checks performed by Pearson VUE and ensures that an unqualified bail bond license applicant or licensee does not receive a license

Report pp. 17-18

ASD Duplicates the Notification Process Performed by Pearson VUE

- The Pearson VUE contract requires sending two notifications to request missing information for license applications
- After 60 days, Pearson VUE refers incomplete license applications to ASD
- ASD continues to request missing application materials from license applicants:
 - NIBEs and insurance license applications receive two additional notifications
 - Bail bond industry license applications receive two or more additional notifications

ASD Reviews Incomplete Applications to Provide Good Customer Service

- ASD could reduce its regulatory workload and save over \$50,000 by denying licensure to applicants or licensees submitting incomplete applications to Pearson VUE
- Following up on incomplete applications provides ASD an opportunity to ensure customer satisfaction and receive direct feedback from applicants and licensees on the quality of licensing services

Report pp. 19-22

Finding 3.

The Department of Insurance has improved licensure services through outsourcing and continues to work with Pearson VUE to address licensure concerns

Outsourcing Saves \$211,177 Annually and Improves Revenue Collection

Budget Reduction Description	Fiscal Year 2013–14 Estimated Annual Cost Savings
Position Reductions (3)	\$ 139,612
Mailing Services	40,948
Lockbox Fees	21,897
Postage	<u>8,720</u>
Total Estimated Cost Savings	\$ 211,177

Report pp. 23-24

Outsourcing Strengthened ASD Regulatory and Compliance Activities During Fiscal Year 2013–14

License Regulatory and Compliance Activities	Percent Increase After Outsourcing	
Closed Complaints	31%	↑
Informal Conferences	35%	↑
Voluntary Settlement Agreements	245%	↑
Voluntary License Surrenders	164%	↑
License Regulatory and Compliance Activities	Percent Decrease After Outsourcing	
Administrative Hearings	48%	↓
Consent Orders	100%	↓
License Revocations	83%	↓

Compares Fiscal Year 2013–14 regulatory and compliance information
to data from Fiscal Year 2010–11 (prior to outsourcing)

Report pp. 25-26

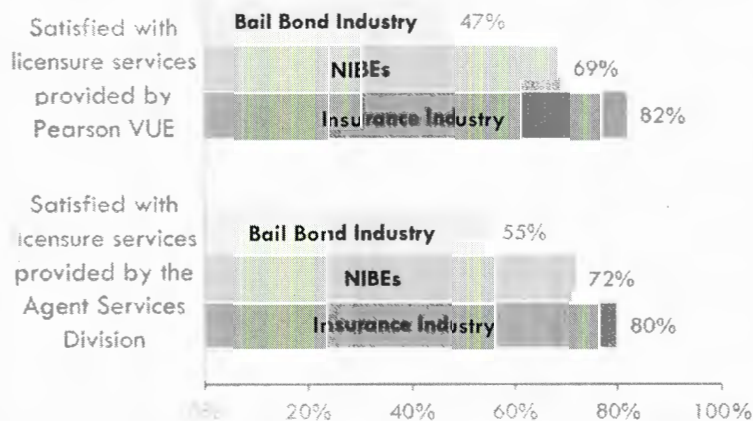
Outsourcing Improved Customer Service for Applicants

- Provides online license applications for NIBEs and the bail bond industry
- Provides improved call center services with lower call abandonment rates
- Provides online address and email updates
- Provides electronic fee payment with debit and credit cards

Report pp. 26-27



Satisfaction with Licensure Services Provided by ASD and Pearson VUE Varies



Report pp. 27-28



ASD Required Pearson VUE to Correct Issues with Customer Service Quality

ASD's corrective action plan requires
Pearson VUE to

- upgrade technology to improve the document and application matching procedure
- reduce staff turnover and cross-train customer service representatives

Report pp. 29-30

Recommendation

Direct the Department of Insurance
to issue a request for proposal for
a licensing administrative services
contract that allows the contractor
to charge different processing fees
based on the cost and effort
necessary to process licenses

Require an Equitable Distribution of Costs for the Licensing Administrative Services Contract

- Processing fee revenue received from the insurance industry covers some of the cost to process license applications for NIBEs and the bail bond industry
- Pearson VUE varies processing fees by license type for the Colorado Division of Insurance based on the effort required
- Different processing fees for the insurance industry, NIBEs, and the bail bond industry will more equitably distribute the processing costs

Report pp. 14-15, 31

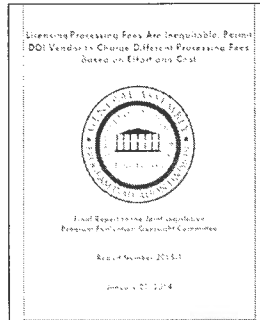
Summary

- Pearson VUE's licensure processing fees are disproportionate to the relative cost of processing different types of license applications
- DOI has improved licensure services through outsourcing and continues to work with Pearson VUE to address licensure concerns
- Authorizing ASD to direct a vendor to charge different processing fees based on effort and cost will ensure a more equitable distribution of costs among the industries licensed by DOI



**General Government Appropriations Committees
February 11, 2015**

**Report available online at
www.ncleg.net/PED/Reports/reports.html**



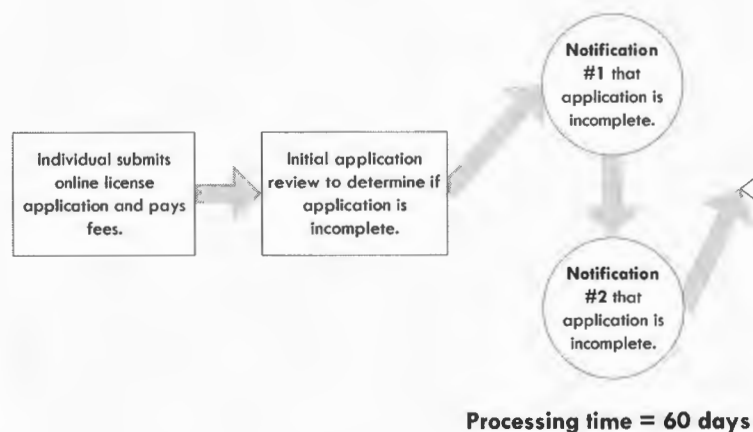
**Carol Shaw
Carol.shaw@ncleg.net**



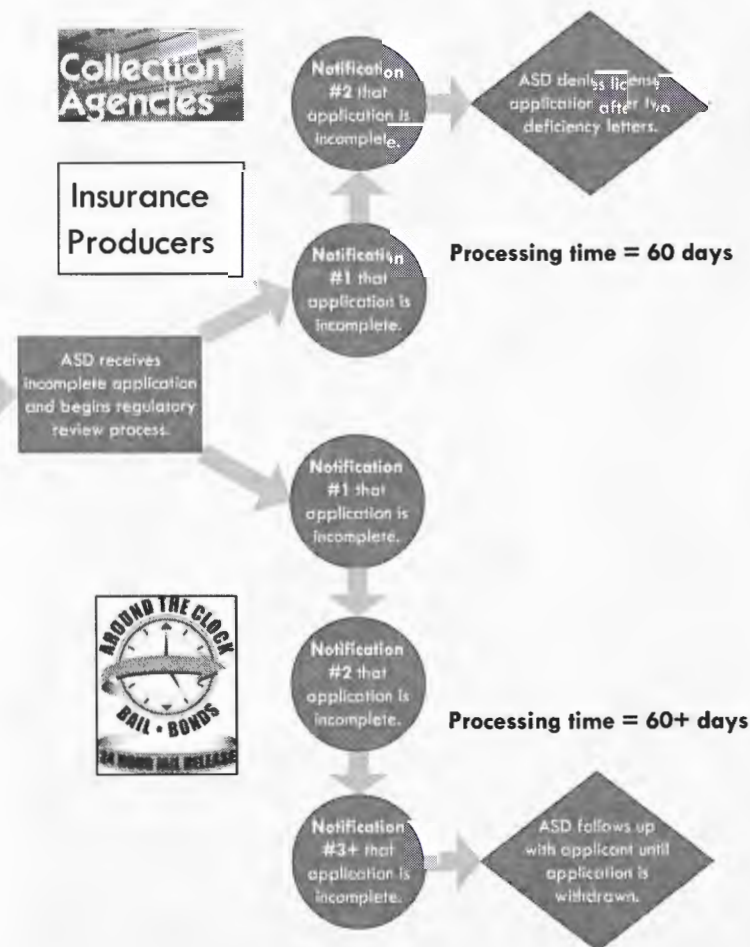


Exhibit 12: The Agent Services Division Duplicates the Notification Process Performed by Pearson VUE

Pearson VUE Process for Reviewing INCOMPLETE License Applications



Agent Services Division Process for Reviewing INCOMPLETE License Applications



Source: Program Evaluation Division based on license processing information from the Agent Services Division of the Department of Insurance.



**Senate Committee on Appropriations on General Government and Information
Technology**

**Tuesday, March 3, 2015 at 8:30 AM
Room 425 of the Legislative Office Building**

MINUTES

The Senate Committee on Appropriations on General Government and Information Technology met at 8:30 AM on March 3, 2015 in Room 425 of the Legislative Office Building. 12 members were present.

Senator Norman Sanderson presided.


Senator Sanderson welcomed Committee members and guests and thanked Sergeants-At-Arms, Warren Hawkins, Doug Harris, David Leighton, Hal Roach and Terry Barnhart and pages Joshua Kohr, sponsored by Senator Sanderson and Jordan Trivette, sponsored by Representative Brisson.

A Department of Revenue overview was given by Daniel Sater, Fiscal Research Division.

Presentations were made to the Committee by the Department of Revenue (DOR), which included reports from Lyons Gray, Secretary, David Roseberry, CIO/CISO, Jeff Epstein, COO, and Elizabeth Colcord, CFO. See attachments.

The Department responded to questions from Senators Davis and Tarte and Representatives Cleveland, Riddell, Brody, Fisher, Floyd, Pittman, Queen and Ager.

There being no further business, the meeting adjourned at 9:45 AM.



Senator Norman Sanderson, Chair Presiding



Kathy Voss, Committee Clerk



Joint Appropriations Committee for General Government
March 3, 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

Senator Norman Sanderson, Presiding

Department of Revenue (DOR)

Daniel Sater, FRD

Overview

DOR Information Requested

Lyons Gray, Secretary
David Roseberry, CIO/CISO
Jeff Epstein, COO
Elizabeth Colcord, CFO
Department of Revenue

***Next Meeting March 4, 2015, 8:30AM*

Topic – State Board of Elections



ATTACHMENT #1

Department of Revenue

Departmental Overview

Joint Appropriations Subcommittee for General Government

March 3rd, 2015



Outline

- Department Mission and Responsibilities
- Budget Overview
- Major Division Descriptions
- Information Requested from DOR

Mission Statement

- Administer the tax laws and collect the taxes due to the state in an impartial, uniform, and efficient manner.
- Tenets:
 - Easy to do business with
 - Compassionate when called for
 - Firm but fair

Roles and Responsibilities

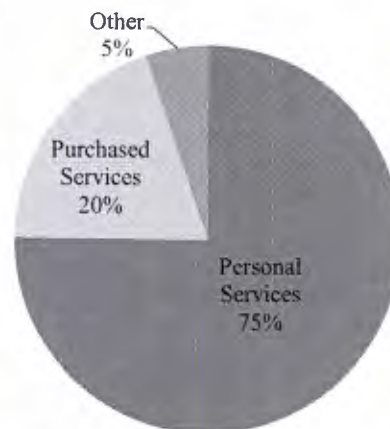
- Enforce the tax laws and collect all taxes owed to the state
- Interpret the tax code
- Handle appeals
- Educate taxpayers

Budget Overview

	FY 2010-11 Actual	FY 2011-12 Actual	FY2012-13 Actual	FY2013-14 Actual	FY2014-15 Authorized
Expenditures	\$109,123,096	\$104,571,688	\$108,057,386	\$108,075,200	\$129,621,288
Receipts	\$27,481,555	\$28,522,545	\$31,610,081	\$31,818,370	\$49,223,138
Appropriation	\$81,641,541	\$76,049,142	\$76,447,305	\$76,257,110	\$80,398,150
FTEs	1,501	1,417	1,410	1,427	1,470

Breakdown of Expenditures

FY2014-15
Authorized
Budget



Breakdown of Expenditures

Budget Driver	Expenditure Amount	% of Total Expenditures
Information Technology	\$15,979,175	12%
Taxpayer Assistance	\$20,110,118	16%
Project Collect Tax	\$21,772,895	17%
Project Compliance	\$23,559,322	18%
Documents and Payments Processing	\$11,377,969	9%

Information Technology

- Handles daily technical operations including business systems analysis, application development and procurement, maintenance, database administration, server/network support, and system software support
- Tax Information Management System (TIMS)

Taxpayer Assistance Division

- Respond to taxpayer questions
- Three levels of questions
 - Level 1: basic questions answered through scripted responses, utilizes call center employees
 - Level 2: questions regarding statutes, policies, and procedures
 - Level 3: questions that require staff to research and form an opinion on a case by case basis

Collections Division

- Manage the accounts receivable for most General Fund taxes
 - Collects taxes that are distributed back to local governments
- Secure Unfiled/Unpaid Returns for Business Trust Taxes
- Aiding the NC Attorney General's office in bankruptcy proceedings
- ~80% are field based

Project Compliance Division

- Administer the tax laws and determine the taxes due to the State
- Identify non-compliance; audit books and records; and recover lost revenue due the State.
- ~85% of employees in this division are auditors

Documents and Payments Processing Division

- Deposit tax receipts
 - Done within 2 days in every month except April
 - April: done by the end of the month
- Provide imaging and data edit services
 - Responsible for correcting items with errors
- Register businesses for income tax withholding, sales and privilege license

Information Requested from DOR

- Progress of opening the new call center and modernizing the existing call center
 - Funded in FY2014-15 budget
- Cost and progress of modernized e-filing system for corporate taxes
 - Upgrade to TIMS functionality
- Progress of the new collections case management system and collection e-service

Information Requested from DOR

- Current status of TIMS and future implementation plan
- Collection Assistance Fee
 - Balance and source of funds
- Use of temporary and part time staff
 - Change in staffing levels for recent years

Questions

Daniel Sater

Fiscal Research Division


daniel.sater@ncleg.net

919-733-4910

FY 2014-15 Expenditures by Budget Code

Code	Division	Expenditures
1600	Administration	\$3,823,968
1601	EPMO	\$742,413
1603	Human Resources	\$1,410,661
1605	Information Technology	\$15,979,175
1607	Policy Analysis/Stats	\$434,060
1609	Criminal Investigations	\$904,583
1624	Income Tax	\$2,165,980
1625	Excise Tax	\$97,415
1627	Sales and Use	\$1,318,753
1629	Local Government Div	\$4,415,326
1643	Taxpayer Assistance	\$8,636,289
1660	Collection	\$283,256
1661	Project Collect Tax	\$21,772,895
1662	Taxpayer Call Center	\$11,473,826

FY2014-15 Expenditures by Budget Code

Code	Division	Expenditures
1663	Project Compliance	\$23,559,322
1670	Unauthorized Subs Tax	\$1,553,412
1681	Administrative Services	\$8,822,786
1683	Financial Services	\$836,692
1685	Docs./Paymts. Processing	\$11,377,969
1700	Motor Fuels	\$4,984,572
1708	International License Registration	\$229,020
1710	Fuel Tax Compliance	\$1,652,688
1800	White Goods Disposal Tax	\$425,000
1820	Scrap Tire Disposal Tax	\$425,000
1830	Public Transit Tax	\$715,384
1640	Dry Cleaning Solvent Tax	\$125,000
1870	Solid Waste Disposal Tax	\$225,000
1880	911-Service Charge	\$640,000
 FISCAL RESEARCH DIVISION <small>A Staff Agency of the North Carolina General Assembly</small>		March 3, 2015



ATTACHMENT #2



General Government Appropriations Sub-Committee

March 3, 2015



Presentation Agenda

- 1. Introduction**
 - Lyons Gray, Secretary
- 2. Collections Case Management and TIMS Update**
 - David Roseberry, CIO/CISO
- 3. Corporate Modernized Electronic Filing**
 - David Roseberry, CIO/CISO
- 4. Updates on Call Centers**
 - Jeffrey Epstein, Chief Operating Officer
- 5. Collections Assistance Fee and Staffing Analysis**
 - Elizabeth Colcord, Chief Financial Officer



Collections Case Management (CCM)

- The Collections Case Management system helps generate approximately \$500 million annually for NCDOR
- System is comprised of ITAS (mainframe) and internally developed capabilities
 - ITAS: Integrated Tax Administration System
- The current capability is difficult to maintain and NCDOR is pursuing a new off-the-shelf system
- Vendors were invited to demonstrate their offerings so NCDOR could determine market capabilities



CCM (Continued)

- Business Process Engineers are performing an in-depth analysis of current processes and making recommendations for improvements
- Currently developing a Request For Proposal (RFP)
- Tentative timetable for submitting RFP to OITS is April 2015
- eServices should be completed before Collection eServices project is initiated through legacy funding



TIMS Update

- Taxpayer Information Management System (TIMS) project has concluded
- Vendor contract was terminated on 1/9/2014
- Gap assessment was completed to understand what was required to maintain applications that were put into production



TIMS Update (Continued)

- Funding was provided for Fiscal Year 2015 to remediate risk items identified:
 - Servers, network equipment, and storage being updated and migrated to OITS data centers
 - Training being provided on infrastructure
 - “TIMS” servers upgraded and in-line with the state of Ohio’s operating systems



TIMS Update (Continued)

- Funding request was submitted for Fiscal Year 16/17 to sustain operations
- New approach and strategy was developed and approved by NCDOR management
 - Smaller projects with lower risk and faster time to delivery
 - Projects such as eServices, CCM, Data Center Migration, Risk Remediation, Notice Consolidation, and Corporate Modernized e-Filing



Corporate Modernized e-Filing (MeF)

- Corporations file over 240,000 paper returns annually to NCDOR
- Corporate MeF Initiative will allow electronic submission of Corporate and Franchise Tax Returns
- Projected estimated completion date: **March 2015**
- Estimated project cost over 5 years: \$2,811,673
- Estimated new revenue over 5 years: \$15,000,000
- 3 year projected adoption rate: 30/50/70



Guilford Call Center

- Call center in Guilford County officially opened on January 28, 2015, ahead of schedule
- Call agents were trained and began taking taxpayer calls two weeks ahead of schedule
- Newly trained personnel support NCDOR's Taxpayer Assistance and Collections Divisions
- Call center incorporates new information technology upgrades and modern office design



Guilford Call Center (Continued)



Opening Day: January 28, 2015



Improved Efficiency Statistics

Taxpayer Assistance & Collections Division		
Dates: Feb. 1 - 20	Year: 2014	Year: 2015
Calls Answered	47,621	55,694
Average Answer Wait Time	10:30	6:11



Modernizing Existing Call Center

- Taxpayers preferred method of contact with NCDOR remains live phone assistance
- NCDOR's existing call center was established in Rocky Mount in 2003
- NCDOR plans to relocate and modernize the call center in Rocky Mount using the Guilford call center as a blueprint



Collection Assistance Fee

- G.S. 105-243.1(d) [Authority for Collections Fee] &(e) [Use of Collections Fee]
- 2014 Avg. Collection per Month: \$2.6 million
- Balance 1/31/15: \$54,288,727
- Permanent Full-Time Positions: 408
 - Collection Division, DPPD (Garnishments), Information Technology, Taxpayer Assistance, Process Re-engineering, Criminal Investigation, Rocky Mount & Guilford Call Centers



Collection Assistance Fee

- 2014-2015 Recurring Budget Funded by CA FEE

– Project Collect	\$19,903,530
– Criminal Investigations	228,935
– Taxpayer Call Center (Rocky Mount)	6,050,554
– Taxpayer Call Center (Guilford)	<u>3,945,687</u>
408 FTEs	\$30,128,706
- One Time Budget

– IVR Upgrade	\$1,477,585
– Scanner Project	1,600,000
– ABC Compliance Project	<u>30,000</u>
	\$3,107,585

NCDOR Temporary Employee Cost Year to Year

Calendar Year	Cost	Count
2014	\$3,222,880	316
2013	\$2,972,684	270
2012	\$2,696,118	296
2011	\$2,664,813	319

NCDOR 2014 Temporary Solutions Employee Cost

Temporary Solutions Invoice Breakdown	2014
Temporary Wages	\$2,145,212
Social Security	\$164,109
Administration Fee	\$303,385
Total	\$2,612,706



Questions from the Committee?

- Contact Information:
 - Lyons Gray, Secretary: lyons.gray@dorn.com
 - Jeff Epstein, COO: jeff.epstein@dorn.com
 - Jerry Coble, Assistant Sec: jerry.coble@dorn.com
 - David Roseberry, CIO / CISO: david.roseberry@dorn.com
 - Elizabeth Colcord, CFO: elizabeth.colcord@dorn.com
 - Nelson Freeman, Liaison: nelson.freeman@dorn.com





SGT. AT ARMS

March 3, 2015

Jt. Approps. Gen. Gov and IT

Senate: Hal Roach and Terry Barnhart

House: Warren Hawkins, Doug Harris and David Leighton





Pages

Jt. Approps. Gen. Gov and IT

March 3, 2015

Senate Page:

Josh Kohr, sponsored by Senator Sanderson

House Page:

Jordan Trivette, sponsored by Representative Brisson



VISITOR REGISTRATION SHEET

Joint Committee on App, General Government

3-3-2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Monica Druin	Nr Coalition Against Domestic Violence
Karen Wells	Anti NC
Steve Williams	NCS
Jeff Epstein	NCDOR
Lynne Gray	NCDOR
Terese Johnson	NCDOR
Rebecca Cotton	Capital City
Seth Palmer	NCAR
Phoebe Landon	Brooks Pierce
Dick Carter	Law Office of Dick Carter PLLC
Margaret Duke	OSHR



VISITOR REGISTRATION SHEET

Joint Committee on App, General Government

Name of Committee

3-3-2015

Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS

Jeff Sural

OITS

Meghan Cook

OITS

Matthew Cobb

Senate Intern



VISITOR REGISTRATION SHEET

Joint Committee on App, General Government

3-3-2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Jerry Coble	Revenue
Elizabeth Colcord	Revenue
DAVID ROSEBERTI	Revenue
Joe Whittington	Revenue
Trevor Johnson	NCDOR
Jeff Epstein	NCDOR
Jenny Schill	NCFE
Tommy Clark	SOS
Monica Dhulin	NC Coalition Against Domestic Violence
Barbara Bowers	OSBM
Chris Poir	SOS



VISITOR REGISTRATION SHEET

Joint Committee on App, General Government

3-3-2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Mark Barrett

Asheville Citizen-Times



Joint Appropriations Committee on General Government and Information Technology
Wednesday, March 11, 2015 at 8:30 AM
Room 425 of the Legislative Office Building

MINUTES

The Senate Committee on Appropriations on General Government and Information Technology met at 8:30 AM on March 11, 2015 in Room 425 of the Legislative Office Building. Twelve members were present.

Senator Jim Davis presided.

Senator Davis welcomed committee members, staff and guests and thanked Sergeants-at-Arms Warren Hawkins, Doug Harris and David Leighton, and Pages Brooke Church, Wilkes County, sponsored by Jeffrey Elmore; Josh Kirk, Wake County, sponsored by Marilyn Avila; Yvonne Lyle, Raleigh, sponsored by Dan Blue; Kaitlyn Avery, Winterville, sponsored by Don Davis.

Senator Davis introduced Jay Drake, Assistant State Budget Officer, Office of State Budget and Management. Mr. Drake presented the Governor's 2015-17 Recommended Budget for General Government Agencies, referencing the following pages and key points:

Page 52. General Assembly

- There is a \$400,000 increase to appropriation, removing a non-recurring decrease in the Information Systems Division budget, and no other changes to the budget (Attachment #1)

Page 54. Office of the Governor

- Changes to the base budget over the biennium include reducing requirements by \$80,991 and receipts from DOT by \$375,550 for 6 positions on the governor's staff, for a net increase in appropriation of \$294,559 (Attachment #2).

Page 55. Office of the Governor

- Change budget includes a management flexibility reduction of \$110,239
- Transfers 2 positions (Military Advisor and Assistant) and \$61,894 to the new Department of Military and Veterans Affairs which will serve as the point of coordination for other agency programs and funds whose customers include the military or veterans. Receipts from those agencies will continue to support the department (Attachment #3).

Page 56. Office of the Governor Special Appropriation

- Change to the base budget over the biennium reflects the end to the Race to the Top Education Grants, reducing the budget \$115 million and \$117 million (Attachment #4).



Page 59. Office of the Governor – Advocacy Programs

- Creates a budget code in the Office of Governor for Advocacy Programs, transferring the Commission on Indian Affairs, Office for Historically Underutilized Businesses, NC Council for Women and Domestic Violence Commission, Sexual Assault Program, Domestic Violence Program, Domestic Violence Center, Youth Advocacy and Involvement Office, Human Relations Commission, Martin Luther King Commission, Non-Public Education and \$11 million from the Department of Administration to promote greater efficiency and effectiveness in service delivery. The Advocacy programs will remain in the Governor's Office while they are being evaluated for potential business fit in other agencies (Attachment #5).

Page 62. Office of State Budget and Management

- Refer to Page 62 in Governor's 2015-2017 Recommended Budget for General Government Agencies (Attachment #6).

Page 64. OSBM Reserve for Special Appropriation

- Recommends \$1.5M to continue the NC Symphony Challenge Grant to promote economic growth in the Arts.
- Recommends \$2.5M for the Rallying Investors and skilled entrepreneurs for NC program to develop and leverage existing entrepreneurial management talent and recruit world class investors and entrepreneurs to the state.
- Recommends \$2.5M in FY15-16 and \$5M in FY 16-17 to further leverage our university research to attract venture capital and retain NC's homegrown talent through the Innovation to Jobs Initiative (Attachment #7).

Page 67. NC Housing Finance Agency

- Refer to Page 67 in Governor's 2015-2017 Recommended Budget for General Government Agencies (Attachment #8).

Page 69. Office of the Lt. Governor

- No change (Attachment #9)

Page 72. Secretary of State

- Recommends \$50,000 in recurring funding to increase temporary staff to assist with business filings during peak season (Attachment #10).

Page 75. State Auditor

- Refer to Page 75 in Governor's 2015-2017 Recommended Budget for General Government Agencies (Attachment #11).

Page 78. State Treasurer

- Refer to Page 78 in Governor's 2015-2017 Recommended Budget for General Government Agencies (Attachment #12).

Page 79. State Treasurer Retirement for Fire and Rescue Workers Fund

- No recommended change (Attachment #13)



Page 81. Department of Insurance

- No recommended change (Attachment #14)

Page 83. Department of Administration

- The change to the base budget reflects a \$1.4M increase to appropriation for removal of non-recurring transfer from the E-Commerce Fund (Attachment #15).

Page 85. Department of Administration

- Refer to Page 85 in Governor's 2015-2017 Recommended Budget for General Government Agencies (Attachment #16).

Page 90. Office of State Controller

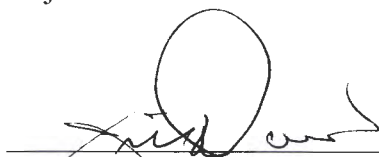
- Recommends \$494,521 in appropriation support for departmental hosting, storage and operating costs that were previously funded by special revenue funds, and eliminates the transfer from the Controller's Special Fund (Attachment #17).

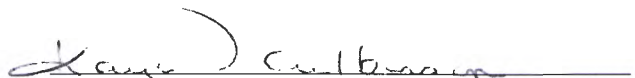
Page 92. Office of State Controller – Special Revenue Fund

- Refer to Page 92 in Governor's 2015-2017 Recommended Budget for General Government Agencies (Attachment #18).

Mr. Drake was accompanied by Barbara Bowers, Alicia James and Erin Matteson. Mr. Drake and Ms. Bowers (State Board of Elections) responded to questions and requests from Senators Jim Davis, McKissick, Cleveland, Queen, Brown, Sanderson, Riddell, Tarte, Floyd, and Pittman. Senators Tarte, McKissick and Floyd offered comments.

Adjourn



Senator Jim Davis
Presiding

Kaye Culberson, Committee Clerk

11-11-11

11-11-11

11-11-11

11-11-11

Principal Clerk _____
Reading Clerk _____

SENATE
NOTICE OF JOINT COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The **Senate Committee on Appropriations on General Government and Information Technology** will meet at the following time:

DAY	DATE	TIME	ROOM
Wednesday	March 11, 2015	8:30 AM	425 LOB

This will be a joint meeting with Senator Jim Davis presiding.

Senator Jim Davis, Co-Chair
Senator Norman W. Sanderson, Co-Chair



Joint Appropriations Committee for General Government
March 11, 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

Sen. Jim Davis, presiding

Review of The Governor's
Recommended Budget

Jay Drake, Assistant State Budget Officer
Office of State Budget and Management

***Next Meeting March 12, 2015*

Department of Administration



ATTACHMENT #1

General Assembly (11000)

Year 1

Adjustments to the Base Budget 2015-16

Total	2013-14		2014-15		2014-15		Changes to Base Budget		Total		% Δ from		2015-16	
	Actual		Certified		Authorized		Net	Net	Change		2014-15		Base Budget	
							Recurring	Non-Recurring			Authorized			
Requirements	\$	53,185,763	\$	54,082,176	\$	54,082,176	\$ -	\$ -	\$ -	\$ -	0.00%		\$	54,082,176
Receipts	\$	1,008,755	\$	1,616,655	\$	1,616,655	\$ (400,000)	\$ -	\$ (400,000)	\$ -	(24.74%)		\$	1,216,655
Appropriations	\$	52,177,008	\$	52,465,521	\$	52,465,521	\$ 400,000	\$ -	\$ 400,000	\$ -	0.76%		\$	52,865,521
FTE		0.000		315.250		315.250	0.000	0.000	0.000	0.000	0.00%			315.250

Recommended Change Budget for 2015-16

Total	2014-15		2015-16		2015-16		Recommended		Recommended		% Δ from		% Δ from	
	Authorized Budget		Base Budget		Net		Net	Recommended	2015-16 Budget		2014-15		2015-16	
					Recurring	Non Recurring	Change	Change			Authorized		Base Budget	
Requirements	\$	54,082,176	\$	54,082,176	\$ -	\$ -	\$ -	\$ -	\$ 54,082,176	\$ -	0.00%		\$	54,082,176
Receipts	\$	1,616,655	\$	1,216,655	\$ -	\$ -	\$ -	\$ -	\$ 1,216,655	\$ -	(24.74%)		\$	1,216,655
Appropriation	\$	52,465,521	\$	52,865,521	\$ -	\$ -	\$ -	\$ -	\$ 52,865,521	\$ -	0.76%		\$	52,865,521
FTE		315.250		315.250	0.000	0.000	0.000	0.000	315.250	0.000	0.00%			0.00%

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Year 2

Adjustments to the Base Budget for 2016-17

Total	2013-14		2014-15		2014-15		Changes to Base Budget		Total		% Δ from		2016-17	
	Actual		Certified		Authorized		Net	Net	Change		2014-15		Base Budget	
							Recurring	Non-Recurring			Authorized			
Requirements	\$	53,185,763	\$	54,082,176	\$	54,082,176	\$ -	\$ -	\$ -	\$ -	0.00%		\$	54,082,176
Receipts	\$	1,008,755	\$	1,616,655	\$	1,616,655	\$ (400,000)	\$ -	\$ (400,000)	\$ -	(24.74%)		\$	1,216,655
Appropriations	\$	52,177,008	\$	52,465,521	\$	52,465,521	\$ 400,000	\$ -	\$ 400,000	\$ -	0.76%		\$	52,865,521
FTE		0.000		315.250		315.250	0.000	0.000	0.000	0.000	0.00%			315.250

Recommended Change Budget for 2016-17

Total	2014-15		2016-17		2016-17		Recommended		Recommended		% Δ from		% Δ from	
	Authorized Budget		Base Budget		Net		Net	Recommended	2016-17 Budget		2014-15		2016-17	
					Recurring	Non Recurring	Change	Change			Authorized		Base Budget	
Requirements	\$	54,082,176	\$	54,082,176	\$ -	\$ -	\$ -	\$ -	\$ 54,082,176	\$ -	0.00%		\$	54,082,176
Receipts	\$	1,616,655	\$	1,216,655	\$ -	\$ -	\$ -	\$ -	\$ 1,216,655	\$ -	(24.74%)		\$	1,216,655
Appropriation	\$	52,465,521	\$	52,865,521	\$ -	\$ -	\$ -	\$ -	\$ 52,865,521	\$ -	0.76%		\$	52,865,521
FTE		315.250		315.250	0.000	0.000	0.000	0.000	315.250	0.000	0.00%			0.00%



ATTACHMENT #2

Office of the Governor (13000)

Year 1

Adjustments to the Base Budget 2015-16

Total	2013-14		2014-15		2014-15		Changes to Base Budget		Total		% Δ from		2015-16	
	Actual		Certified		Authorized		Net Recurring	Net Non-Recurring	Change		Authorized		Base Budget	
Requirements	\$ 6,489,240	\$	6,093,685	\$	6,494,900	\$	(80,991)	\$ -	\$ (80,991)		(1.25%)	\$	6,413,909	
Receipts	\$ 1,096,676	\$	860,127	\$	930,213	\$	(375,550)	\$ -	\$ (375,550)		(40.37%)	\$	554,663	
Appropriations	\$ 5,392,564	\$	5,233,558	\$	5,564,687	\$	294,559	\$ -	\$ 294,559		5.29%	\$	5,859,246	
FTE	61.700		52.201		56.201		0.000	0.000	0.000		0.00%		56.201	

Recommended Change Budget for 2015-16

Total	2014-15		2015-16		Recommended Change Budget for 2015-16		Recommended		% Δ from		% Δ from	
	Authorized Budget		Base Budget		Net Recurring	Net Non Recurring	Change	2015-16 Budget	Authorized		2015-16	
Requirements	\$ 6,494,900	\$	6,413,909	\$	(172,133)	\$ -	\$ (172,133)	\$ 6,241,776	(3.90%)		(2.68%)	
Receipts	\$ 930,213	\$	554,663	\$	-	\$ -	\$ -	\$ 554,663	(40.37%)		0.00%	
Appropriation	\$ 5,564,687	\$	5,859,246	\$	(172,133)	\$ -	\$ (172,133)	\$ 5,687,113	2.20%		(2.94%)	
FTE	56.201		56.201		(2.000)	0.000	(2.000)	54.201	(3.56%)		(3.56%)	

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Year 2

Adjustments to the Base Budget for 2016-17

Total	2013-14		2014-15		2014-15		Changes to Base Budget		Total		% Δ from		2016-17	
	Actual		Certified		Authorized		Net Recurring	Net Non-Recurring	Change		Authorized		Base Budget	
Requirements	\$ 6,489,240	\$	6,093,685	\$	6,494,900	\$	(80,991)	\$ -	\$ (80,991)		(1.25%)	\$	6,413,909	
Receipts	\$ 1,096,676	\$	860,127	\$	930,213	\$	(375,550)	\$ -	\$ (375,550)		(40.37%)	\$	554,663	
Appropriations	\$ 5,392,564	\$	5,233,558	\$	5,564,687	\$	294,559	\$ -	\$ 294,559		5.29%	\$	5,859,246	
FTE	61.700		52.201		56.201		0.000	0.000	0.000		0.00%		56.201	

Recommended Change Budget for 2016-17

Total	2014-15		2016-17		Recommended Change Budget for 2016-17		Recommended		% Δ from		% Δ from	
	Authorized Budget		Base Budget		Net Recurring	Net Non Recurring	Change	2016-17 Budget	Authorized		2016-17	
Requirements	\$ 6,494,900	\$	6,413,909	\$	(172,133)	\$ -	\$ (172,133)	\$ 6,241,776	(3.90%)		(2.68%)	
Receipts	\$ 930,213	\$	554,663	\$	-	\$ -	\$ -	\$ 554,663	(40.37%)		0.00%	
Appropriation	\$ 5,564,687	\$	5,859,246	\$	(172,133)	\$ -	\$ (172,133)	\$ 5,687,113	2.20%		(2.94%)	
FTE	56.201		56.201		(2.000)	0.000	(2.000)	54.201	(3.56%)		(3.56%)	



ATTACHMENT #3

Recommended Changes for Office of the Governor (13000)

	2015-2016			2016-2017		
	Recurring Changes	Non Recurring Changes	Total	Recurring Changes	Non Recurring Changes	Total
1. Management Flexibility Reduction						
Provides management flexibility in offering reductions equal to 2% of the budget.						
Req	\$ (110,239)	\$ -	\$ (110,239)	\$ (110,239)	\$ -	\$ (110,239)
Rec	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Appr	\$ (110,239)	\$ -	\$ (110,239)	\$ (110,239)	\$ -	\$ (110,239)
Pos	0.000	0.000	0.000	0.000	0.000	0.000
2. NC GEAR - Unite Military and Veterans Programs						
Transfers two positions within the Governor's Office, the Military Advisor and Assistant, to the newly created Department of Military and Veterans Affairs. The consolidation of veterans and military support programs into one Cabinet-level agency is intended to promote coordination of programs for active military members, families, and communities, protect the military mission in North Carolina, heighten awareness of resources available to Veterans, and support the NC4Vets initiative which seeks to make North Carolina the "State of Choice for Veterans." The Department will serve as the point of coordination for other agency programs and funds whose customers include the military or veterans. Receipts from those agencies will continue to support the functions of the new Department.						
Req	\$ (61,894)	\$ -	\$ (61,894)	\$ (61,894)	\$ -	\$ (61,894)
Rec	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Appr	\$ (61,894)	\$ -	\$ (61,894)	\$ (61,894)	\$ -	\$ (61,894)
Pos	(2.000)	0.000	(2.000)	(2.000)	0.000	(2.000)
Total Requirements	\$ (172,133)	\$ -	\$ (172,133)	\$ (172,133)	\$ -	\$ (172,133)
Total Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Appropriation	\$ (172,133)	\$ -	\$ (172,133)	\$ (172,133)	\$ -	\$ (172,133)
Total GF Positions	(2.000)	0.000	(2.000)	(2.000)	0.000	(2.000)



ATTACHMENT #4

Office of the Governor - Special (13001)

Year 1

Adjustments to the Base Budget 2015-16

Total	2013-14 Actual	2014-15 Certified	2014-15 Authorized	Changes to Base Budget		Total Change	% Δ from 2014-15 Authorized	2015-16 Base Budget
				Net Recurring	Net Non-Recurring			
Requirements	\$ 107,773,165	\$ 105,069,806	\$ 119,515,802	\$ (115,140,355)	\$ -	\$ (115,140,355)	(96.34%)	\$ 4,375,447
Receipts	\$ 105,773,172	\$ 103,069,806	\$ 117,515,802	\$ (115,140,355)	\$ -	\$ (115,140,355)	(97.98%)	\$ 2,375,447
Appropriations	\$ 1,999,993	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -	\$ -	0.00%	\$ 2,000,000
FTE	3.390	7.400	3.390	0.000	0.000	0.000	0.00%	3.390

Recommended Change Budget for 2015-16

	2014-15 Authorized Budget	2015-16 Base Budget	Recommended Change Budget for 2015-16		Recommended 2015-16 Budget	% Δ from 2014-15 Authorized	% Δ from 2015-16 Base Budget
			Net Recurring	Net Non Recurring			
Requirements	\$ 119,515,802	\$ 4,375,447	\$ -	\$ -	\$ 4,375,447	(96.34%)	0.00%
Receipts	\$ 117,515,802	\$ 2,375,447	\$ -	\$ -	\$ 2,375,447	(97.98%)	0.00%
Appropriation	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000	0.00%	0.00%
FTE	3.390	3.390	0.000	0.000	3.390	0.00%	0.00%

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Year 2

Adjustments to the Base Budget for 2016-17

Total	2013-14 Actual	2014-15 Certified	2014-15 Authorized	Changes to Base Budget		Total Change	% Δ from 2014-15 Authorized	2016-17 Base Budget
				Net Recurring	Net Non-Recurring			
Requirements	\$ 107,773,165	\$ 105,069,806	\$ 119,515,802	\$ (117,181,355)	\$ -	\$ (117,181,355)	(98.05%)	\$ 2,334,447
Receipts	\$ 105,773,172	\$ 103,069,806	\$ 117,515,802	\$ (117,181,355)	\$ -	\$ (117,181,355)	(99.72%)	\$ 334,447
Appropriations	\$ 1,999,993	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -	\$ -	0.00%	\$ 2,000,000
FTE	3.390	7.400	3.390	0.000	0.000	0.000	0.00%	3.390

Recommended Change Budget for 2016-17

	2014-15 Authorized Budget	2016-17 Base Budget	Recommended Change Budget for 2016-17		Recommended 2016-17 Budget	% Δ from 2014-15 Authorized	% Δ from 2016-17 Base Budget
			Net Recurring	Net Non Recurring			
Requirements	\$ 119,515,802	\$ 2,334,447	\$ -	\$ -	\$ 2,334,447	(98.05%)	0.00%
Receipts	\$ 117,515,802	\$ 334,447	\$ -	\$ -	\$ 334,447	(99.72%)	0.00%
Appropriation	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000	0.00%	0.00%
FTE	3.390	3.390	0.000	0.000	3.390	0.00%	0.00%



ATTACHMENT #5

Recommended Changes for Office of the Governor - Advocacy Programs (13002)

		2015-2016			2016-2017		
		Recurring Changes	Non Recurring Changes	Total	Recurring Changes	Non Recurring Changes	Total
1. NC GEAR - Transfer Advocacy Programs							
Streamlines the mission of DOA in order to promote greater efficiency and effectiveness in service delivery. Transfers advocacy programs to the Governor's Office pending further review.		Req \$ 14,983,536	\$ -	\$ 14,983,536	\$ 14,983,536	\$ -	\$ 14,983,536
		Rec \$ 3,913,212	\$ -	\$ 3,913,212	\$ 3,913,212	\$ -	\$ 3,913,212
		Appr \$ 11,070,324	\$ -	\$ 11,070,324	\$ 11,070,324	\$ -	\$ 11,070,324
		Pos 42.035	0.000	42.035	42.035	0.000	42.035
Total Requirements		\$ 14,983,536	\$ -	\$ 14,983,536	\$ 14,983,536	\$ -	\$ 14,983,536
Total Receipts		\$ 3,913,212	\$ -	\$ 3,913,212	\$ 3,913,212	\$ -	\$ 3,913,212
Total Appropriation		\$ 11,070,324	\$ -	\$ 11,070,324	\$ 11,070,324	\$ -	\$ 11,070,324
Total GF Positions		42.035	0.000	42.035	42.035	0.000	42.035



ATTACHMENT #6

Recommended Changes for Office of State Budget and Management (13005)

		2015-2016			2016-2017								
		Recurring Changes	Non Recurring Changes	Total	Recurring Changes	Non Recurring Changes	Total						
1. Data-Driven, Strategic Approach to Economic Impact Analysis													
Acquires enterprise economic impact modeling software to better inform and more comprehensively analyze the state and local economic impacts of policy proposals, economic development proposals, and support data-driven distributions of funds and projects.		Req \$	- \$	500,000 \$	500,000 \$	100,000 \$	- \$	100,000 \$					
		Rec \$	- \$	- \$	- \$	- \$	- \$	- \$					
		Appr \$	- \$	500,000 \$	500,000 \$	100,000 \$	- \$	100,000 \$					
		Pos	0.000	0.000	0.000	0.000	0.000	0.000					
2. Cost Savings From Maintenance Agreements and Workload Consolidation													
Cost savings associated with renegotiated software maintenance agreements and a vacant business and technology analyst position reduction.		Req \$	(149,632) \$	- \$	(149,632) \$	(149,632) \$	- \$	(149,632) \$					
		Rec \$	- \$	- \$	- \$	- \$	- \$	- \$					
		Appr \$	(149,632) \$	- \$	(149,632) \$	(149,632) \$	- \$	(149,632) \$					
		Pos	(1.000)	0.000	(1.000)	(1.000)	0.000	(1.000)					
3. NC GEAR - Implement and Monitor Reforms													
Institutionalizes the NC GEAR initiative in OSBM by establishing a team to develop and implement new initiatives and to manage and evaluate the initiatives already underway. Provides necessary oversight and structure to ensure successful implementation. Promotes culture of ongoing improvement within State government through a continuous process for identification, development, implementation, and assessment of reforms and efficiencies.		Req \$	872,000 \$	- \$	872,000 \$	872,000 \$	- \$	872,000 \$					
		Rec \$	- \$	- \$	- \$	- \$	- \$	- \$					
		Appr \$	872,000 \$	- \$	872,000 \$	872,000 \$	- \$	872,000 \$					
		Pos	7.000	0.000	7.000	7.000	0.000	7.000					
4. NC GEAR - Ensure Grants are Strategic													
Establishes a central grants management function in OSBM to improve administration of federal and private grants. Provides staff to coordinate resources across agencies to expand training opportunities, improve financial management, and align grant applications with state priorities. Improves understanding of how federal grants interact to enhance North Carolina’s ability to pursue reforms.		Req \$	71,000 \$	- \$	71,000 \$	71,000 \$	- \$	71,000 \$					
		Rec \$	- \$	- \$	- \$	- \$	- \$	- \$					
		Appr \$	71,000 \$	- \$	71,000 \$	71,000 \$	- \$	71,000 \$					
		Pos	1.000	0.000	1.000	1.000	0.000	1.000					
5. NC GEAR - Budget Funds Strategically													
Provides resources to continue development of program budgeting and strategic planning efforts.		Req \$	- \$	150,000 \$	150,000 \$	- \$	- \$	- \$					
Supports further development of the tools necessary to integrate budget and performance information into day-to-day management and decision-making and to make information accessible to the public on a regular basis.		Rec \$	- \$	- \$	- \$	- \$	- \$	- \$					
		Appr \$	- \$	150,000 \$	150,000 \$	- \$	- \$	- \$					
		Pos	0.000	0.000	0.000	0.000	0.000	0.000					
Total Requirements		\$	793,368	\$	650,000	\$	1,443,368	\$	893,368	\$	-	\$	893,368
Total Receipts		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Total Appropriation		\$	793,368	\$	650,000	\$	1,443,368	\$	893,368	\$	-	\$	893,368
Total GF Positions			7.000		0.000		7.000		7.000		0.000		7.000



ATTACHMENT #7

Recommended Changes for OSBM - Reserve for Special Appropriation (13085)

	2015-2016			2016-2017		
	Recurring Changes	Non Recurring Changes	Total	Recurring Changes	Non Recurring Changes	Total
1. NC Symphony Challenge Grant						
Continues the challenge grant for the NC Symphony by providing State matching support of \$1.5 million to promote economic growth in the Arts and assist the Symphony in raising \$8 million in non-State revenue.	Req \$ -	\$ 1,500,000	\$ 1,500,000	Req \$ -	\$ 1,500,000	\$ 1,500,000
	Rec \$ -	\$ -	\$ -	Rec \$ -	\$ -	\$ -
	Appr \$ -	\$ 1,500,000	\$ 1,500,000	Appr \$ -	\$ 1,500,000	\$ 1,500,000
	Pos 0.000	0.000	0.000	Pos 0.000	0.000	0.000
2. Innovation to Jobs - Rallying Investors and Skilled Entrepreneurs for NC (RISE NC)						
Creates a statewide network that develops and leverages existing NC 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, the Governor's Master Investor Initiative, 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.	Req \$ -	\$ 2,500,000	\$ 2,500,000	Req \$ 2,500,000	\$ -	\$ 2,500,000
	Rec \$ -	\$ -	\$ -	Rec \$ -	\$ -	\$ -
	Appr \$ -	\$ 2,500,000	\$ 2,500,000	Appr \$ 2,500,000	\$ -	\$ 2,500,000
	Pos 0.000	0.000	0.000	Pos 0.000	0.000	0.000
3. Establish University Innovation Commercialization Grant Program						
Provides \$2.5 million in FY 2015-16 and \$5 million in FY 2016-17 to the Office of Budget and Management 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.	Req \$ -	\$ 2,500,000	\$ 2,500,000	Req \$ 5,000,000	\$ -	\$ 5,000,000
	Rec \$ -	\$ -	\$ -	Rec \$ -	\$ -	\$ -
	Appr \$ -	\$ 2,500,000	\$ 2,500,000	Appr \$ 5,000,000	\$ -	\$ 5,000,000
	Pos 0.000	0.000	0.000	Pos 0.000	0.000	0.000
4. Preserve Historic Properties						
Provides funds to preserve historic properties in the downtown Raleigh complex.	Req \$ -	\$ 250,000	\$ 250,000	Req \$ -	\$ -	\$ -
	Rec \$ -	\$ -	\$ -	Rec \$ -	\$ -	\$ -
	Appr \$ -	\$ 250,000	\$ 250,000	Appr \$ -	\$ -	\$ -
	Pos 0.000	0.000	0.000	Pos 0.000	0.000	0.000
Total Requirements	\$ -	\$ 6,750,000	\$ 6,750,000	\$ 7,500,000	\$ 1,500,000	\$ 9,000,000
Total Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Appropriation	\$ -	\$ 6,750,000	\$ 6,750,000	\$ 7,500,000	\$ 1,500,000	\$ 9,000,000
Total GF Positions	0.000	0.000	0.000	0.000	0.000	0.000



ATTACHMENT #8

Recommended Changes for North Carolina Housing Finance Agency (13010)

		2015-2016			2016-2017			
		Recurring Changes	Non Recurring Changes	Total	Recurring Changes	Non Recurring Changes	Total	
1. Fully Fund HOME Match Program								
Provides funds for the HOME Match program to fully leverage Federal matching funds of \$20.0M, enables the State to collaborate with local governments and non-profits to serve 340 additional households, create over 400 jobs, and generate an additional \$1.7 million in State and local revenue. The recent Standard and Poor's settlement pertaining to the mis-rating of mortgage-backed securities during the economic crisis is the source of receipts in 2015-16 with appropriation support in 2016-17.		Req \$	1,541,261	\$ -	\$ 1,541,261	\$ 1,541,261	\$ -	\$ 1,541,261
		Rec \$	1,541,261	\$ -	\$ 1,541,261	\$ -	\$ -	\$ -
		Appr \$	-	\$ -	\$ -	\$ 1,541,261	\$ -	\$ 1,541,261
		Pos	0.000	0.000	0.000	0.000	0.000	0.000
2. Invest in Housing Trust Fund								
Provides \$1 million to the Housing Trust Fund and helps alleviate the shortage of safe, affordable housing for low and moderate income citizens. The recent Standard and Poor's settlement is the source of receipts for FY 2015-16 while appropriations support FY 2016-17.		Req \$	-	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000
		Rec \$	-	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	\$ -
		Appr \$	-	\$ -	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
		Pos	0.000	0.000	0.000	0.000	0.000	0.000
3. Workforce Housing Loan Program								
Provides funds to support the development and rehabilitation of low-income housing units throughout the state. The recent Standard and Poor's settlement is the source of receipts for the \$9 million in FY 2015-16 with appropriation support in 2016-17.		Req \$	-	\$ 9,000,000	\$ 9,000,000	\$ -	\$ 8,458,739	\$ 8,458,739
		Rec \$	-	\$ 9,000,000	\$ 9,000,000	\$ -	\$ -	\$ -
		Appr \$	-	\$ -	\$ -	\$ -	\$ 8,458,739	\$ 8,458,739
		Pos	0.000	0.000	0.000	0.000	0.000	0.000
Total Requirements		\$	1,541,261	\$ 10,000,000	\$ 11,541,261	\$ 2,541,261	\$ 8,458,739	\$ 11,000,000
Total Receipts		\$	1,541,261	\$ 10,000,000	\$ 11,541,261	\$ -	\$ -	\$ -
Total Appropriation		\$	-	\$ -	\$ -	\$ 2,541,261	\$ 8,458,739	\$ 11,000,000
Total GF Positions			0.000	0.000	0.000	0.000	0.000	0.000



ATTACHMENT #9

Office of the Lieutenant Governor (13100)

Year 1

Adjustments to the Base Budget 2015-16

Total	2013-14 Actual	2014-15 Certified	2014-15 Authorized	Changes to Base Budget			Total Change	% Δ from 2014-15 Authorized	2015-16 Base Budget
				Net Recurring	Net Non-Recurring				
Requirements	\$ 623,851	\$ 676,874	\$ 676,874	\$ -	\$ -	\$ -	-	0.00%	\$ 676,874
Receipts	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.00%	\$ -
Appropriations	\$ 623,842	\$ 676,874	\$ 676,874	\$ -	\$ -	\$ -	-	0.00%	\$ 676,874
FTE	6.000	6.000	6.000	0.000	0.000	0.000	0.000	0.00%	6.000

Recommended Change Budget for 2015-16

	2014-15 Authorized Budget	2015-16 Base Budget	Recommended Change Budget for 2015-16			Recommended 2015-16 Budget	% Δ from 2014-15 Authorized	% Δ from 2015-16 Base Budget
			Net Recurring	Net Non Recurring	Recommended Change			
Requirements	\$ 676,874	\$ 676,874	\$ -	\$ -	\$ 676,874	-	0.00%	0.00%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.00%	0.00%
Appropriation	\$ 676,874	\$ 676,874	\$ -	\$ -	\$ 676,874	-	0.00%	0.00%
FTE	6.000	6.000	0.000	0.000	6.000	0.000	0.00%	0.00%

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Year 2

Adjustments to the Base Budget for 2016-17

Total	2013-14 Actual	2014-15 Certified	2014-15 Authorized	Changes to Base Budget			Total Change	% Δ from 2014-15 Authorized	2016-17 Base Budget
				Net Recurring	Net Non-Recurring				
Requirements	\$ 623,851	\$ 676,874	\$ 676,874	\$ -	\$ -	\$ -	-	0.00%	\$ 676,874
Receipts	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.00%	\$ -
Appropriations	\$ 623,842	\$ 676,874	\$ 676,874	\$ -	\$ -	\$ -	-	0.00%	\$ 676,874
FTE	6.000	6.000	6.000	0.000	0.000	0.000	0.000	0.00%	6.000

Recommended Change Budget for 2016-17

	2014-15 Authorized Budget	2016-17 Base Budget	Recommended Change Budget for 2016-17			Recommended 2016-17 Budget	% Δ from 2014-15 Authorized	% Δ from 2016-17 Base Budget
			Net Recurring	Net Non Recurring	Recommended Change			
Requirements	\$ 676,874	\$ 676,874	\$ -	\$ -	\$ 676,874	-	0.00%	0.00%
Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.00%	0.00%
Appropriation	\$ 676,874	\$ 676,874	\$ -	\$ -	\$ 676,874	-	0.00%	0.00%
FTE	6.000	6.000	0.000	0.000	6.000	0.000	0.00%	0.00%



ATTACHMENT #10

Recommended Changes for Department of Secretary of State (13200)

		2015-2016			2016-2017			
		Recurring Changes	Non Recurring Changes	Total	Recurring Changes	Non Recurring Changes	Total	
1. Additional Temporary Staff								
Increases funding for temporary staff to assist with business filings during the annual peak season (March-May).		Req \$	50,000	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ 50,000
		Rec \$	-	\$ -	\$ -	\$ -	\$ -	-
		Appr \$	50,000	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ 50,000
		Pos	0.000	0.000	0.000	0.000	0.000	0.000
Total Requirements		\$	50,000	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ 50,000
Total Receipts		\$	-	\$ -	\$ -	\$ -	\$ -	-
Total Appropriation		\$	50,000	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ 50,000
Total GF Positions			0.000	0.000	0.000	0.000	0.000	0.000



ATTACHMENT #11

Recommended Changes for Office of the State Auditor (13300)

	2015-2016			2016-2017		
	Recurring Changes	Non Recurring Changes	Total	Recurring Changes	Non Recurring Changes	Total
1. Staffing Adjustments						
Adjusts the number of vacant positions within the Office's Field Audit Division.						
Req	\$ (227,445)	\$ -	\$ (227,445)	\$ (227,445)	\$ -	\$ (227,445)
Rec	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Appr	\$ (227,445)	\$ -	\$ (227,445)	\$ (227,445)	\$ -	\$ (227,445)
Pos	(2.000)	0.000	(2.000)	(2.000)	0.000	(2.000)
Total Requirements	\$ (227,445)	\$ -	\$ (227,445)	\$ (227,445)	\$ -	\$ (227,445)
Total Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Appropriation	\$ (227,445)	\$ -	\$ (227,445)	\$ (227,445)	\$ -	\$ (227,445)
Total GF Positions	(2.000)	0.000	(2.000)	(2.000)	0.000	(2.000)



ATTACHMENT #12

Recommended Changes for Department of State Treasurer (13410)

		2015-2016			2016-2017		
		Recurring	Non Recurring	Total	Recurring	Non Recurring	Total
		Changes	Changes		Changes	Changes	
1. Portfolio Manager Position							
Provides an additional position in the Investments Division. The Portfolio Manager position will assess operational risk management strategies, analyze risk measurement data and oversee compliance with policy and general statutes.	Req	\$ 175,952	\$ 6,000	\$ 181,952	\$ 175,952	\$ -	\$ 175,952
	Rec	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Appr	\$ 175,952	\$ 6,000	\$ 181,952	\$ 175,952	\$ -	\$ 175,952
	Pos	1.000	0.000	1.000	1.000	0.000	1.000
2. Operating Budget Adjustment - Investments							
Adjusts operating budgets in the Investments Division.	Req	\$ (125,451)	\$ -	\$ (125,451)	\$ (125,451)	\$ -	\$ (125,451)
	Rec	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Appr	\$ (125,451)	\$ -	\$ (125,451)	\$ (125,451)	\$ -	\$ (125,451)
	Pos	0.000	0.000	0.000	0.000	0.000	0.000
3. Operating Budget Adjustment - Banking							
Adjusts operating budgets in the Banking Division.	Req	\$ (63,264)	\$ -	\$ (63,264)	\$ (63,264)	\$ -	\$ (63,264)
	Rec	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Appr	\$ (63,264)	\$ -	\$ (63,264)	\$ (63,264)	\$ -	\$ (63,264)
	Pos	0.000	0.000	0.000	0.000	0.000	0.000
Total Requirements		\$ (12,763)	\$ 6,000	\$ (6,763)	\$ (12,763)	\$ -	\$ (12,763)
Total Receipts		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Appropriation		\$ (12,763)	\$ 6,000	\$ (6,763)	\$ (12,763)	\$ -	\$ (12,763)
Total GF Positions		1.000	0.000	1.000	1.000	0.000	1.000



ATTACHMENT #13

Adjustments to the Base Budget 2015-16

Recommended Change Budget for 2015-16

79

Adjustments to the Base Budget for 2016-17

Recommended Change Budget for 2016-17

[illegible]



Department of Insurance (13900)

ATTACHMENT 14

Year 1

Adjustments to the Base Budget 2015-16

Total	2013-14 Actual		2014-15 Certified		2014-15 Authorized		Changes to Base Budget		Total Change	% Δ from 2014-15 Authorized	2015-16 Base Budget
							Net Recurring	Net Non-Recurring			
Requirements	\$	49,478,572	\$	59,676,321	\$	49,596,405	\$ (105,000)	\$ -	\$ (105,000)	(0.21%)	\$ 49,491,405
Receipts	\$	13,797,611	\$	21,379,957	\$	11,300,041	\$ (105,000)	\$ -	\$ (105,000)	(0.93%)	\$ 11,195,041
Appropriations	\$	35,680,961	\$	38,296,364	\$	38,296,364	\$ -	\$ -	\$ -	0.00%	\$ 38,296,364
FTE		431.480		404.300		421.680	0.000	0.000	0.000	0.00%	421.680

Recommended Change Budget for 2015-16

Total	2014-15 Authorized Budget		2015-16 Base Budget		2015-16 Recommended Change		Recommended Change Budget for 2015-16		Recommended 2015-16 Budget	% Δ from 2014-15 Authorized	% Δ from 2015-16 Base Budget
							Net Recurring	Net Non Recurring			
Requirements	\$	49,596,405	\$	49,491,405	\$	-	\$ -	\$ -	\$ 49,491,405	(0.21%)	0.00%
Receipts	\$	11,300,041	\$	11,195,041	\$	-	\$ -	\$ -	\$ 11,195,041	(0.93%)	0.00%
Appropriation	\$	38,296,364	\$	38,296,364	\$	-	\$ -	\$ -	\$ 38,296,364	0.00%	0.00%
FTE		421.680		421.680		0.000	0.000	0.000	421.680	0.00%	0.00%

81

Year 2

Adjustments to the Base Budget for 2016-17

Total	2013-14 Actual		2014-15 Certified		2014-15 Authorized		Changes to Base Budget		Total Change	% Δ from 2014-15 Authorized	2016-17 Base Budget
							Net Recurring	Net Non-Recurring			
Requirements	\$	49,478,572	\$	59,676,321	\$	49,596,405	\$ (105,000)	\$ -	\$ (105,000)	(0.21%)	\$ 49,491,405
Receipts	\$	13,797,611	\$	21,379,957	\$	11,300,041	\$ (105,000)	\$ -	\$ (105,000)	(0.93%)	\$ 11,195,041
Appropriations	\$	35,680,961	\$	38,296,364	\$	38,296,364	\$ -	\$ -	\$ -	0.00%	\$ 38,296,364
FTE		431.480		404.300		421.680	0.000	0.000	0.000	0.00%	421.680

Recommended Change Budget for 2016-17

Total	2014-15 Authorized Budget		2016-17 Base Budget		2016-17 Recommended Change		Recommended Change Budget for 2016-17		Recommended 2016-17 Budget	% Δ from 2014-15 Authorized	% Δ from 2016-17 Base Budget
							Net Recurring	Net Non Recurring			
Requirements	\$	49,596,405	\$	49,491,405	\$	-	\$ -	\$ -	\$ 49,491,405	(0.21%)	0.00%
Receipts	\$	11,300,041	\$	11,195,041	\$	-	\$ -	\$ -	\$ 11,195,041	(0.93%)	0.00%
Appropriation	\$	38,296,364	\$	38,296,364	\$	-	\$ -	\$ -	\$ 38,296,364	0.00%	0.00%
FTE		421.680		421.680		0.000	0.000	0.000	421.680	0.00%	0.00%



Department of Administration (14100)

ATTACHMENT #15

Year 1

Adjustments to the Base Budget 2015-16

Total	2013-14		2014-15		Changes to Base Budget			% Δ from 2014-15 Authorized	2015-16 Base Budget
	Actual	Certified	Authorized		Net Recurring	Net Non-Recurring	Total Change		
Requirements	\$ 121,708,922	\$ 127,419,625	\$ 131,696,322	\$	(130,000)	\$	(130,000)	(0.10%)	\$ 131,566,322
Receipts	\$ 56,017,093	\$ 61,758,843	\$ 65,633,372	\$	(1,476,743)	\$	(1,476,743)	(2.25%)	\$ 64,156,629
Appropriations	\$ 65,691,829	\$ 65,660,782	\$ 66,062,950	\$	1,346,743	\$	1,346,743	2.04%	\$ 67,409,693
FTE	534.100	522.786	527.556		0.000	0.000	0.000	0.00%	527.556

Recommended Change Budget for 2015-16

	2014-15		2015-16		Recommended Change Budget for 2015-16			% Δ from 2014-15 Authorized	% Δ from 2015-16 Base Budget
	Authorized Budget		Base Budget		Net Recurring	Net Non Recurring	Recommended Change		
Requirements	\$ 131,696,322	\$	131,566,322	\$	(74,861,449)	\$ 275,000	\$ (74,586,449)	(56.73%)	(56.69%)
Receipts	\$ 65,633,372	\$	64,156,629	\$	(56,563,641)	\$	(56,563,641)	(88.43%)	(88.16%)
Appropriation	\$ 66,062,950	\$	67,409,693	\$	(18,297,808)	\$ 275,000	\$ (18,022,808)	(25.24%)	(26.74%)
FTE	527.556		527.556		(124.205)	0.000	(124.205)	(23.54%)	(23.54%)

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Year 2

Adjustments to the Base Budget for 2016-17

Total	2013-14		2014-15		Changes to Base Budget			% Δ from 2014-15 Authorized	2016-17 Base Budget
	Actual	Certified	Authorized		Net Recurring	Net Non-Recurring	Total Change		
Requirements	\$ 121,708,922	\$ 127,419,625	\$ 131,696,322	\$	(130,000)	\$	(130,000)	(0.10%)	\$ 131,566,322
Receipts	\$ 56,017,093	\$ 61,758,843	\$ 65,633,372	\$		\$		0.00%	\$ 65,633,372
Appropriations	\$ 65,691,829	\$ 65,660,782	\$ 66,062,950	\$	(130,000)	\$	(130,000)	2.04%	\$ 65,932,950
FTE	534.100	522.786	527.556		0.000	0.000	0.000	0.00%	527.556

Recommended Change Budget for 2016-17

	2014-15		2016-17		Recommended Change Budget for 2016-17			% Δ from 2014-15 Authorized	% Δ from 2016-17 Base Budget
	Authorized Budget		Base Budget		Net Recurring	Net Non Recurring	Recommended Change		
Requirements	\$ 131,696,322	\$	131,566,322	\$	(74,761,449)	\$	(74,761,449)	(56.87%)	(56.82%)
Receipts	\$ 65,633,372	\$	65,633,372	\$	(56,563,641)	\$	(56,563,641)	(86.18%)	(86.18%)
Appropriation	\$ 66,062,950	\$	65,932,950	\$	(18,197,808)	\$	(18,197,808)	(27.74%)	(27.60%)
FTE	527.556		527.556		(124.205)	0.000	(124.205)	(23.54%)	(23.54%)



ATTACHMENT #16

	2015-2016			2016-2017		
	Recurring Changes	Non Recurring Changes	Total	Recurring Changes	Non Recurring Changes	Total
8. NC GEAR - Unite Military and Veterans Programs: Transfer Veterans Affairs and State Veterans Home Program to a new Department of Military and Veterans Affairs						
Enhances North Carolina's focus on and services to the military and those who have served our country through a united, Cabinet-level agency. Transfers the Veterans Affairs Program and the State Veterans Home Program from the Department of Administration to the newly created Department of Military and Veterans Affairs. The consolidation of veterans and military support programs into one Cabinet-level agency is intended to promote coordination of programs for active military members, families, and communities, protect the military mission in North Carolina, heighten awareness of resources available to Veterans, and support the NC4Vets initiative which seeks to make North Carolina the "State of Choice for Veterans." The Department will serve as the point of coordination for other programs and funds whose customers include the military or veterans.	Req \$ (59,425,822)	\$ -	\$ (59,425,822)	\$ (59,425,822)	\$ -	\$ (59,425,822)
	Rec \$ (52,649,429)	\$ -	\$ (52,649,429)	\$ (52,649,429)	\$ -	\$ (52,649,429)
	Appr \$ (6,776,393)	\$ -	\$ (6,776,393)	\$ (6,776,393)	\$ -	\$ (6,776,393)
	Pos (79.670)	0.000	(79.670)	(79.670)	0.000	(79.670)
9. NC GEAR - Transfer Advocacy Programs						
Streamlines the mission of DOA in order to promote greater efficiency and effectiveness in service delivery. Transfers advocacy programs to the Governor's Office pending further review.	Req \$ (14,984,536)	\$ -	\$ (14,984,536)	\$ (14,984,536)	\$ -	\$ (14,984,536)
	Rec \$ (3,914,212)	\$ -	\$ (3,914,212)	\$ (3,914,212)	\$ -	\$ (3,914,212)
	Appr \$ (11,070,324)	\$ -	\$ (11,070,324)	\$ (11,070,324)	\$ -	\$ (11,070,324)
	Pos (42.035)	0.000	(42.035)	(42.035)	0.000	(42.035)
Total Requirements	\$ (74,861,449)	\$ 275,000	\$ (74,586,449)	\$ (74,761,449)	\$ -	\$ (74,761,449)
Total Receipts	\$ (56,563,641)	\$ -	\$ (56,563,641)	\$ (56,563,641)	\$ -	\$ (56,563,641)
Total Appropriation	\$ (18,297,808)	\$ 275,000	\$ (18,022,808)	\$ (18,197,808)	\$ -	\$ (18,197,808)
Total GF Positions	(124.205)	0.000	(124.205)	(124.205)	0.000	(124.205)



ATTACHMENT #17

Recommended Changes for Office of the State Controller (14160)

				2015-2016			2016-2017		
				Recurring Changes	Non Recurring Changes	Total	Recurring Changes	Non Recurring Changes	Total
1. Restore Operating Support									
Adequately supports departmental hosting, storage and support costs, which were previously funded by one-time special revenue transfers. Eliminates the transfer between State Controller's special and general fund budget codes by appropriating funds on a recurring basis to ensure the State Controller can sustain operations and continue sound fiscal management and stewardship of North Carolina tax dollars.				Req	\$ -	\$ -	\$ -	\$ -	\$ -
				Rec	\$ (494,521)	\$ -	\$ (494,521)	\$ (494,521)	\$ -
				Appr	\$ 494,521	\$ -	\$ 494,521	\$ 494,521	\$ -
				Pos	0.000	0.000	0.000	0.000	0.000
Total Requirements					\$ -	\$ -	\$ -	\$ -	\$ -
Total Receipts					\$ (494,521)	\$ -	\$ (494,521)	\$ (494,521)	\$ -
Total Appropriation					\$ 494,521	\$ -	\$ 494,521	\$ 494,521	\$ -
Total GF Positions					0.000	0.000	0.000	0.000	0.000



ATTACHMENT #18

Recommended Changes for Office of the State Controller - Special (24160)

	2015-2016			2016-2017		
	Recurring Changes	Non Recurring Changes	Total	Recurring Changes	Non Recurring Changes	Total
1. Operating Budget Adjustment - Special Fund						
Eliminates transfer between the special and general fund budget codes. Appropriates funding on a recurring basis, to support operating costs within the Office, which are reflected in State Controller's General Fund budget code, 14160.	Req \$ (494,521)	\$ -	\$ (494,521)	\$ (494,521)	\$ -	\$ (494,521)
	Rec \$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Appr \$ 494,521	\$ -	\$ 494,521	\$ 494,521	\$ -	\$ 494,521
	Pos 0.000	0.000	0.000	0.000	0.000	0.000
Total Requirements	\$ (494,521)	\$ -	\$ (494,521)	\$ (494,521)	\$ -	\$ (494,521)
Total Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Change in Fund Balance	\$ 494,521	\$ -	\$ 494,521	\$ 494,521	\$ -	\$ 494,521
Total NGF Positions	0.000	0.000	0.000	0.000	0.000	0.000



Committee Sergeants at Arms

NAME OF COMMITTEE Joint Committee on Appropriations, General Government

DATE: 3-11-2015

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: _____



SENATE PAGES ATTENDING

COMMITTEE: Joint Approps - Gen'l Gov't & I.T.

DATE: 3-11, TIME: 8:30^{AM}, ROOM: 425

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

Page Name	Hometown	Sponsoring Senator
① <u>Lorraine Lyle</u>	<u>Raleigh</u>	<u>Dan Blue</u>
② <u>Kaitlin Avery</u>	<u>Winterville</u>	<u>Don Davis</u>
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 11
APPROPRIATIONS,
GENERAL
GOVERNMENT
(JOINT)

Room
425

Time
8:30 am

Name	County	Sponsor
Brooke Church	Wilkes	Jeffrey Elmore
Josh Kirk	Wake	Marilyn Avila



VISITOR REGISTRATION SHEET

Joint Committee on Appropriations General Government

3-11-2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Martha Jenkins	DCR
Erin Matheson	OSBM
SAJ DRAKE	OSBM
Alicia James	OSBM
David Brown	OSBM
Mio Bailey	ElectriCity
Meghan Cook	OITS
Whitney Christensen	WIS



VISITOR REGISTRATION SHEET

Joint Committee on Appropriations General Government

3-11-2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Amily McCool	NC Coalition Against Domestic Violence
Andy Park	SJS
Barbara Bowers	OSBM
Tanya Hutton	TSS
Sten Luthers	NCS
Matthew Cobb	Senate Intern
Isabel Vela Garcia	NCAE
Margaret Duke	OSHP
Perry Nason	SEI
Elizabeth Biser	
Phoebe Lardon	Brooks Pierce

Serving
SEN



**Senate Committee on Appropriations on General Government and Information
Technology**

**Tuesday, March 17, 2015 at 8:30 AM
Room 425 of the Legislative Office Building**

MINUTES

The Senate Committee on Appropriations on General Government and Information Technology met at 8:30 AM on March 17, 2015 in Room 425 of the Legislative Office Building. 10 members were present.

Senator Norman W. Sanderson, Chair, presided.

Senator Sanderson welcomed Committee members and guests and thanked Sergeants-At-Arms, Warren Hawkins, Doug Harris, David Leighton, Matt Urban, Larry Hancock and pages Gesehe Barg, sponsored by Senator Rucho and Bryson Hill, sponsored by Representative Iler.

An Ethics Commission overview was given by Cara Bridges, Fiscal Research Division.

Presentations were made to the Committee by the North Carolina Ethics Commission, which included reports from Perry Newson, Executive Director and Pam Cashwell, Assistant Director. See attachments.

The Commission responded to questions from Senators Sanderson and Davis and Representatives Brown, Cleveland, Pittman, Queen, Watford, Floyd, and Brody.

There being no further business, the meeting adjourned at 9:38 AM.



Senator Norman W. Sanderson, Chair Presiding



Kathy Voss, Committee Clerk



Principal Clerk
Reading Clerk

SENATE
NOTICE OF JOINT COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The **Senate Committee on Appropriations on General Government and Information Technology** will meet at the following time:

DAY	DATE	TIME	ROOM
Tuesday	March 17, 2015	8:30 AM	425 LOB

This is a joint meeting and will be chaired by Senator Sanderson.

Senator Jim Davis, Co-Chair
Senator Norman W. Sanderson, Co-Chair



Joint Appropriations Committee for General Government
March 17, 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

Sen. Norman Sanderson, presiding

Ethics Commission Overview

Cara Bridges, FRD

Ethics Commission
Information Requested

Executive Director Perry Newson
NC Ethics Commission

Assistant Director Pam Cashwell
NC Ethics Commission

***Next Meeting March 18, 2015, 8:30AM*

Topics – Office of Administrative Hearings & Office of State Controller



ATTACHMENT #1

State Ethics Commission

Departmental Overview

Joint Appropriations Subcommittee for General Government

March 17, 2015



Ethics Commission Outline

- Authorizing Laws & Responsibilities
- Organizational Chart
- Budget Overview
- Information Requested

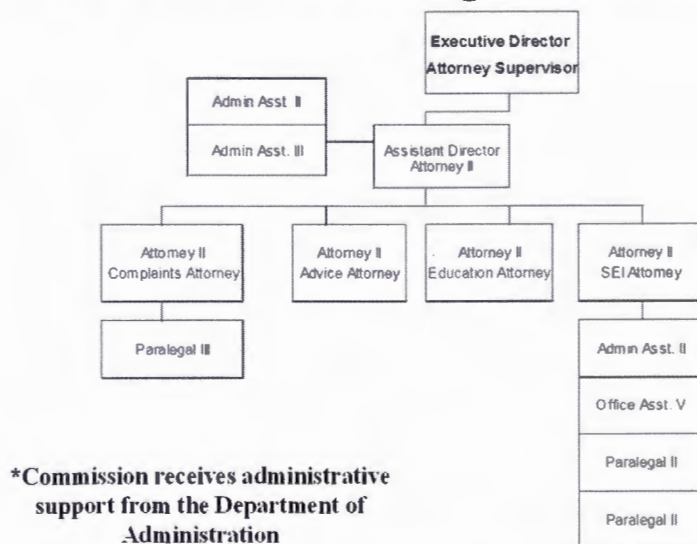
Ethics Commission Authorizing Laws & Responsibilities

- § 138A: State Government Ethics Act
- § 138A-7: State Ethics Commission
- § 120C: Lobbying

Ethics Commission Authorizing Laws & Responsibilities

- Requirement: Administer the financial disclosure requirements for most covered persons (SEIs)
 - Information is public record
 - Online public access
 - MPO/RPO requirements and penalties

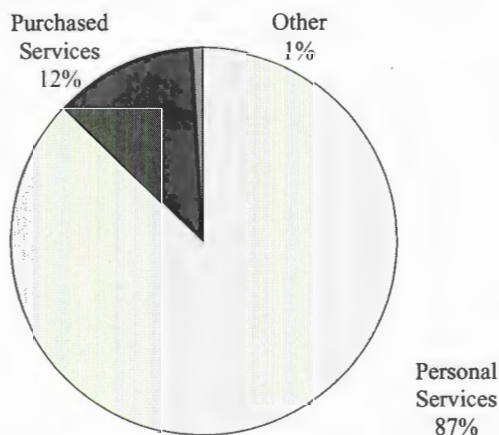
Ethics Commission Organizational Chart



Ethics Commission Budget Overview

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Authorized Budget
Requirements	\$1,337,528	\$1,262,752	\$1,144,003	\$1,230,935	\$1,260,870
Receipts	\$716	\$199,212	\$136,013	\$51,559	\$86,524
Appropriation	\$1,336,812	\$1,063,540	\$1,007,990	\$1,179,376	\$1,174,346
FTEs	14	12	12	13	13

Ethics Commission Authorized Budget FY 2014-15



Ethics Commission Information Requested

- MPO/RPO penalties
- Commission placement within Department of Administration
- Biennial SEI evaluation
- Online filing and public access to SEIs
- Telephones

Questions?

Statements of Economic Interest (SEI)

- Develop & distribute all SEI and related forms (including amendment & “short” forms)
- Respond to questions from filers concerning their SEI disclosures
- Evaluate SEIs of all public servants for actual and potential conflicts of interest
- Over 7,000 people filed an SEI in 2014
 - 527 received a 30 day letter for failure to file or incomplete filing
 - 88 received a 60 day letter for failure to file or incomplete filing
 - 62 were assessed a \$250 fine

Ethics Commission - Education

- Develop and conduct statutorily mandated ethics and lobbying education for public servants, legislators, and legislative employees (online and classroom)
- Assist legislative staff in developing and maintaining online ethics education program for legislative employees
- Develop lobbying law presentations for lobbyists and lobbyist principals
- Reached over 3,000 public servants, legislators, lobbyists, and others during 2014

Ethics Commission - Advice & Formal Advisory Opinions

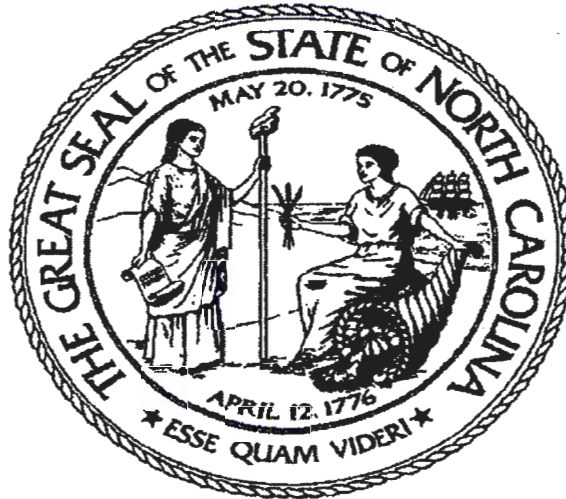
- Respond to requests for advice on compliance with the ethics law from public servants, legislators, and legislative employees, including conflicts of interest, gifts ban, use of title, and other requirements of the ethics law
- Research and respond to requests for advice and formal advisory opinions from lobbyists, lobbyist principals, legislative liaisons and others concerning compliance with the lobbying law
- Research and draft formal advisory opinions for consideration by the Commission as requested by public servants, legislators, and legislative employees
- In 2014, 7 formal advisory opinions were issued and 583 informal opinions were issued

Ethics Commission - Complaints & Investigations

- Receive and investigate complaints alleging unethical conduct against public servants, legislators, legislative employees, and judicial officers
- Receive and investigate complaints alleging violations of portions of the lobbying law, including the gift ban
 - Secretary of State investigates violations or registration and reporting requirements
- Commission received 190 complaints and inquiries in 2014

ATTACHMENT #2

STATE ETHICS COMMISSION



Presentation to the
Appropriations Committee on General Government

March 17, 2015 – 8:30 am – Room 425 LOB



JOHN M. TYSON
CHAIRMAN

1324 MAIL SERVICE CENTER
RALEIGH, NORTH CAROLINA 27699-1324
(919) 715-2071 FAX (919) 715-1644
E-MAIL: SEI@DOA.NC.GOV

PERRY Y. NEWSON
EXECUTIVE DIRECTOR

Volume 17, Issue 4

House Bill 1025: TAC Members (MPOs & RPOs)

July 2014

URGENT NOTICE: **MPO & RPO TAC MEMBERS SUBJECT TO FINES/PROSECUTION**

HOUSE BILL 1025 (SL 2014-58)

On July 7, 2014, the Governor signed House Bill (HB) 1025 into law. Section 12 of HB 1025 establishes monetary penalties and possible criminal sanctions for Technical Advisory Committee (TAC) members of Metropolitan Planning Organizations (MPO) and Rural Planning Organizations (RPO) who fail to comply with mandatory filing and disclosure requirements. It is effective October 1, 2014.

MPO and RPO TAC Members Will Be Assessed Penalties and Face Possible Criminal Sanctions If They Fail to Timely File a Complete Statement of Economic Interest (SEI) and a Complete Real Estate Disclosure Form.

1. All MPO and RPO TAC members, and their alternates or designees, must file with the State Ethics Commission both an SEI and a Real Estate Disclosure Form which requires the member to list all real estate owned wholly or in part by the member, the member's extended family, or a business with which the member is associated within the jurisdiction of the MPO or RPO on which the member is serving.
2. MPO and RPO TAC members, and their alternates or designees, must file their SEI and Real Estate Disclosure Form annually by April 15th.
3. Failure to timely file a complete SEI will result in a \$250 fine.
4. Failure to timely file a complete SEI within 60 days of receipt of notice of failure to file or complete shall be a Class 1 Misdemeanor, and the Commission shall report such failure to the appropriate authorities for investigation and possible prosecution.
5. Failure to timely file a complete Real Estate Disclosure Form will result in another \$250 fine.
6. Thus, the total amount of fines can equal \$500 for the failure to timely file both forms.
7. Failure to timely file a complete Real Estate Disclosure Form within 60 days of receipt of notice of failure to file or complete shall be a Class 1 Misdemeanor, and the Commission shall report such failure to the appropriate authorities for investigation and possible prosecution.
8. The new changes take effect October 1, 2014.

The Ethics Commission will be providing much more information over the next several months.

For questions about the SEI and Real Estate Disclosure Form, please contact the State Ethics Commission's SEI Unit at 919-715-2071 or sei@doa.nc.gov.

Chapter 138A.

State Government Ethics Act.

Article 1.

General Provisions.

§ 138A-9. Staff and offices.

The Commission may employ professional and clerical staff, including an executive director. 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. (2006-201, s. 1.)

§ 138A-28. Review and evaluation of statements of economic interest.

(a) The Commission shall receive and review statements of economic interest pursuant to G.S. 138A-10(a)(4) and shall evaluate pursuant to G.S. 138A-28(b) whether (i) the statements conform to the law and the rules of the Commission, and (ii) the financial interests and other information reported by prospective and actual covered persons and others required to file reveal actual or potential conflicts of interest.

(b) The Commission shall evaluate each initial filing as provided in G.S. 138A-22(a), ~~subsection (a) of this section.~~ Beginning July 1, 2013, the Commission shall establish a biennial cycle for evaluating subsequently filed statements of economic interest.

(c) Notwithstanding subsection (b) of this section, statements filed by the following prospective and actual public servants and other filers shall be evaluated on an annual basis:

- (1) The University of North Carolina Board of Governors, subject to G.S. 138A-24(f).
- (2) The State Board of Community Colleges, subject to G.S. 138A-24(f).
- (3) The North Carolina Utilities Commission.
- (4) The North Carolina Industrial Commission.
- (5) The Metropolitan Planning Organizations and the Rural Transportation Planning Organization Technical Advisory Committees -- Supplemental statements filed subject pursuant to Chapter 136 of the General Statutes.
- (6) Any other board or commission whose members are elected or confirmed by the General Assembly.

(d) Notwithstanding subsections (a) and (b) of this section, statements of economic interest filed by Constitutional officers of the State and individuals elected or appointed as Constitutional officers of the State prior to taking office shall be evaluated as to the elected or appointed office every four years upon election or appointment to office.

~~(e) A public servant who simultaneously serves on more than one covered board may file one statement of economic interest and that statement shall serve as disclosure for all the covered boards. If, during the biennial cycle, a public servant leaves one covered board and begins membership on another covered board, the public servant is not required to file another statement of economic interest, and the Commission is not required to evaluate the statement again in light of the subsequent appointment. The public servant must make subsequent filings pursuant to G.S. 138A-22(a) upon the expiration of the biennial cycle.~~

(f) Nothing in this section shall be construed to impair the Commission's duties and authority under G.S. 138A-25, and G.S. 138A-26. ~~(2013-360, s. 30.4(b).)~~

BIENNIAL SEI EVALUATIONS

Background:

- 7000 People serving in a role that requires them to file an SEI annually.
- 1000 New filers annually (employees, board/commission appointees, judges, candidates, etc.). Many of these require evaluation before the person can start their position.
- 10,639 SEIs received in 2014. (This includes multiple forms by one filer, supplements, etc.)
- 6000 Filers for whom an SEI must be evaluated. (e.g. employees, boards/commission members, but not judicial officials or legislators).

July 2013: New legislation [SL 2013-360] directed the SEC to set up a biennial schedule for evaluating most of the more than 6000 SEIs received annually that required an annual SEI evaluation. Note: Some boards/commissions still require annual review.

Board-to-Board Transfers: It also permits a person serving on one covered board to leave that board and begin service on another board without filing a "new" or "long form" SEI and being evaluated to determine the potential conflicts for service on the new board.

- **Biennial Evaluation Schedule:**

- 2014: All boards and commissions (except Community Colleges (CC) and University Boards of Trustees (BOTs)) + MPO/RPO members [2819].
- 2015: All covered employees including University and CC employees, plus CC and University BOTs + MPO/RPO members. [3218]
- Add to each year the 1000 new employees and appointees.

- **Workload impact:**

- Greatly improved the Commission staff's ability to fulfill the statutory requirements for annual evaluation.

- **Issues Caused by Decreased Scrutiny**

- None we are aware of arising out of the biennial schedule.
- Board-to-Board transfers without evaluation circumvents the purpose of the evaluation process and does not work well with the biennial schedule because a person could avoid evaluation for several years.
- Recommending a statutory revision to the Legislative Ethics Committee to remove the Board-to-Board waiver provision. (attached)

ONLINE FILING AND PUBLIC ACCESS TO SEIs

Background:

- **Electronic Filing of SEIs—Beginning in 2012**
 - 2012: approx. 1400 electronic filings.
 - 2013: approx. 3000 electronic filings.
 - 2014: approx. 4000 electronic filings.
- **Public Access to SEIs**
 - July 2014, the Commission launched a program which permitted the public to access and search SEIs online. Various customer groups raised concerns regarding their *personal contact information* being available to the public in an online database.
 - August 2014, the accessibility was temporarily halted. Staff conducted a top to bottom review of the SEI form to add clarity and also create a form designed to protect privacy in the online access platform.
 - February 2015, the public access site was re-launched providing access only to 2015 and future SEIs. Personal contact information is no longer accessible online, although it is a public record.
- **Workload impacts**
 - Electronic filing helps relieve a very cumbersome manual process of reviewing, scanning and entering data from paper SEIs. We still receive more than 6000 paper SEIs annually.
 - Public access will ultimately help with our current workload in responding to public records requests.
 - Many requests are for multiple years so the workload impact will be felt more in future years.

OVERVIEW OF TELEPHONE LINE PROBLEMS

Background:

- Ethics Commission is located in the Capehart Crocker House on Blount St. We have experienced varying degrees of telephone issues for several years.
- We have been told that the underground phone lines are antiquated and wrapped in paper. When it rains they sometimes get wet, and it affects our phone service.
- Our Nortel phones are obsolete, so getting replacement parts has become a challenge.
- We have been working with OITS since October of last year to get estimates for a replacement system.
- OITS is working with ATT to determine if ATT will cover the cost for repairing/replacing our existing copper cabling. This would not be fiber optic cabling, and thus would not bring us up to current industry standards.
- OITS reports that optimally we would get fiber optic cabling outside, new wiring inside, and new phones.
- We do not yet have an estimate and while our phones are operating, this issue will have to be addressed in the near future.



Committee Sergeants at Arms

NAME OF COMMITTEE Joint Committee on Appropriations, General Government

DATE: 3-17-2015 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: Matt Urban

2. Name: Larry Hancock

3. Name: _____

4. Name: _____

5. Name: _____



Tuesday, March 17

APPROPRIATIONS
GENERAL
GOVERNMENT
(JOINT)

Room

425

Time

8:30 am

Name

County

Sponsor

Bryson Hill

Bruswick

Frank Iler



PAGES ATTENDING

Date: 3-17 8:30

Committee: Joint App- General Gov't
& I.T. Room: 425

PLEASE PRINT LEGIBLY!!!!

Page Name	Hometown	Sponsoring Senator
1 Gesche Berg	Charlotte	Rucko
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.



VISITOR REGISTRATION SHEET

Joint Committee on Appropriations, General Government

3-17-2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Barbara Roper	DOA
Pam Cashwell	SEC
Peggy Newson	SEC
Chy Dato	SOS
Kara Weir	SA
SOLARI	DST
Larry Duma	DRNE
Barbara Bawes	OSBM
Rhonda Todd	DOA
Chris Spencer	SFDC
JHS	MWC



VISITOR REGISTRATION SHEET

Joint Committee on Appropriations, General Government 3-17-2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

James Pieda A

Photographer, Sen. Port



VISITOR REGISTRATION SHEET

Joint Committee on Appropriations, General Government

3-17-2015

Name of Committee

Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS

Meghan Cook

0175

Walter C. Harrison

No. 5

W. J. Foster

1000000



VISITOR REGISTRATION SHEET

Joint Committee on Appropriations, General Government

3-17-2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Monica Dhulin	NC Coalition Against Domestic Violence
Tim Hoegemeyer	State Auditor
Jerry Schill	NC Fisheries Assoc.
Matthew Cobb	Senate Intern
Marquett Duke	OSHP
Padraig Gibbons	Capital City
Dr. L. Carlton	in office of NC's Culture PACC
Mig Bailey	Electric Cities
Stan Williams	NCS
Isabel Villa-Dorta	NCAR
Martha Jenkins	DCR



Joint Appropriations Committee on General Government and Information Technology
Wednesday, March 25, 2015 at 8:30 AM
Room 425 of the Legislative Office Building

MINUTES

The Joint Legislative Committee on Local Government and Information Technology met on Wednesday, March 25, 2014 at 8:30 AM. The meeting was held in Room 425 of the Legislative Office Building. There were twelve members present.

Senator Jim Davis presided. Kaye Culberson served as Committee Clerk. Kathy Voss, Co-Clerk was also present.

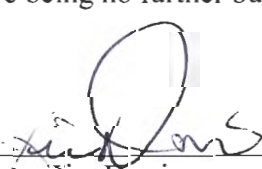
Senator Davis welcomed committee members, staff and guests and thanked Sergeants-at-Arms Warren Hawkins, Doug Harris, David Leighton, Steve Wilson, Marcus Kitts, and Pages Anna Auman (Richmond, sponsored by Senator McInnis), Noah Onjes (Wake, sponsored by Senator Stein), Amruthansh Sriperumbudur (Wake, sponsored by Senator Barringer), Evan King (Wake, Sponsored by Representative Jackson), David Kostenberger (Wake, sponsored by Representative Malone), and Kenny Luck (Wake, sponsored by Representative Jackson).

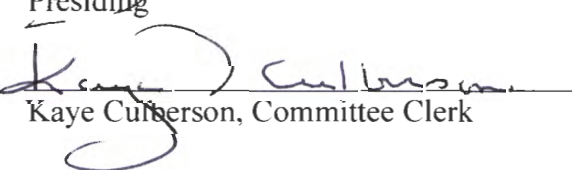
Senator Davis introduced Lisa Hollowell, Fiscal Research Division, who presented an Office of State Human Resources Departmental Overview (Attachment #1). She reviewed authorizing laws and responsibilities, the Department's Vision and Mission, organizational chart, and budget overview including "Special Funds" and "Temporary Solutions".

Senator Davis introduced Neal Alexander, Director, Office of State Human Resources, who introduced HR staff accompanying him (Margaret Duke, Mike Cline, Jenn McGinnis, David Pierce, Pam Bowling, John Bogner, Charene Shabazz, and David Prickett). Mr. Alexander presented a report from the Office of State Human Resources Appropriations Subcommittee for General Government (Attachment #2). He covered their Vision, key NCGEAR recommendations, Applicant Tracking System, Reorganization Through Reduction process, new statewide compensation system, performance management program, and learning management system.

Ms. Hollowell and Mr. Alexander responded to questions and comments from Representatives Queen, Floyd, Cleveland, Brown, Ager, Watford, and Brody and Senator Davis.

There being no further business, the meeting adjourned at 9:50 AM.



Senator Jim Davis
Presiding

Kaye Culberson, Committee Clerk



Principal Clerk _____
Reading Clerk _____

Corrected #1: Change in Chair

SENATE
NOTICE OF JOINT COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The **Senate Committee on Appropriations on General Government and Information Technology** will meet at the following time:

DAY	DATE	TIME	ROOM
Wednesday	March 25, 2015	8:30 AM	425 LOB

State Office of Human Resources will present.

Senator Jim Davis will serve as Chair.

Senator Jim Davis, Co-Chair
Senator Norman W. Sanderson, Co-Chair



Joint Appropriations Committee for General Government
March 25, 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

Sen. Jim Davis, Presiding

Office of State Human Resources
(OSHR) Departmental Overview

Lisa Hollowell, FRD

OSHR Information Requested

Director Neal Alexander
Office of State Human Resources

***Next meeting: March 26, 2015, 8:30 AM*

Topic: State Treasurer



ATTACHMENT #1

Office of State Human Resources

Departmental Overview

Joint Appropriations Subcommittee for General Government

March 25, 2015



Office of State Human Resources Outline

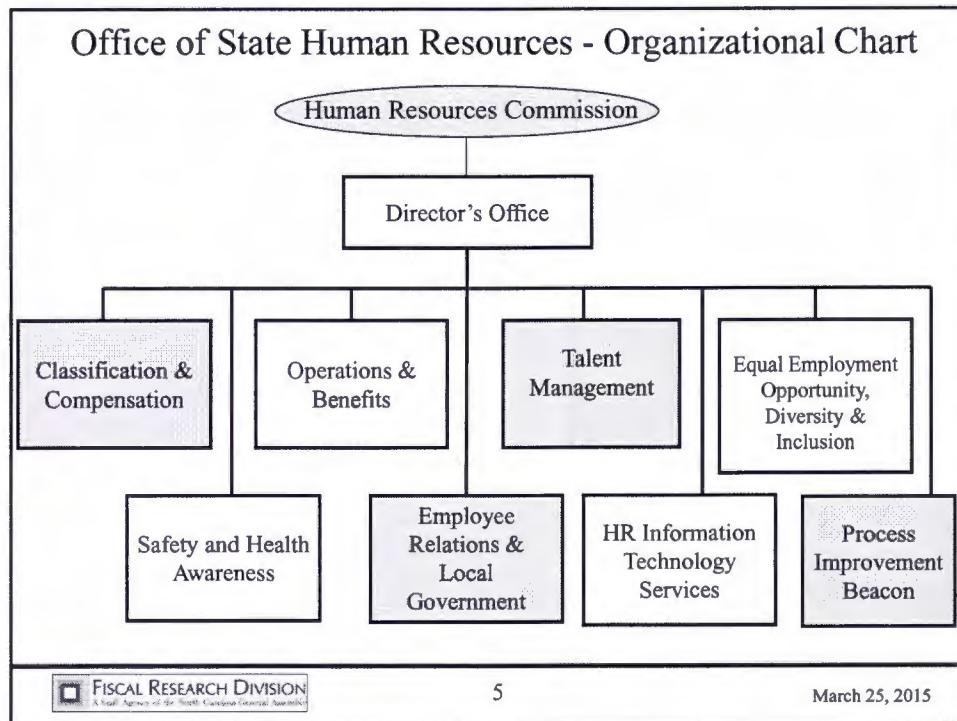
- Authorizing Laws & Responsibilities
- Vision and Mission
- Organizational Chart
- Budget Overview & Special Funds
 - Temporary Solutions
- Requested Information

Office of State Human Resources Authorizing Laws & Responsibilities

- § 126-2. State Human Resources Commission.
- § 126-3. Office of State Human Resources established and responsibilities outlined
- § 126-4. Powers and duties of State Human Resources Commission

Office of State Human Resources Vision and Mission

- **Vision** – The Office of State Human Resources (OSHR) serves as the “Center of Human Resources Expertise” for the State of North Carolina through an integrated, professional Human Resources Function that is collaborative, strategic and customer focused, allowing state government to attract, retain, develop, and motivate a high-performing, diverse workforce. (OSHR Website)
- **Mission** - In compliance with the North Carolina Human Resources Act and with accountability to the Governor and the North Carolina Human Resources Commission, to provide high quality human resources services that enable agencies and universities to attract, motivate, develop and retain a competent, diverse workforce to meet their business objectives.



**Office of State Human Resources
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	\$7,100,096	\$6,240,906	\$6,013,377	\$8,206,785*	\$9,063,574**
Receipts	\$102,978	\$75,304	\$54,529	\$47,051	\$1,387,121
Appropriations	\$6,997,118	\$6,165,602	\$5,958,848	\$8,159,734	\$7,676,453
FTEs	75.1	60.5	60.5	60.5	60.5

* \$936,000 is added to Maintenance Agreement/Software for the new Learning Management System

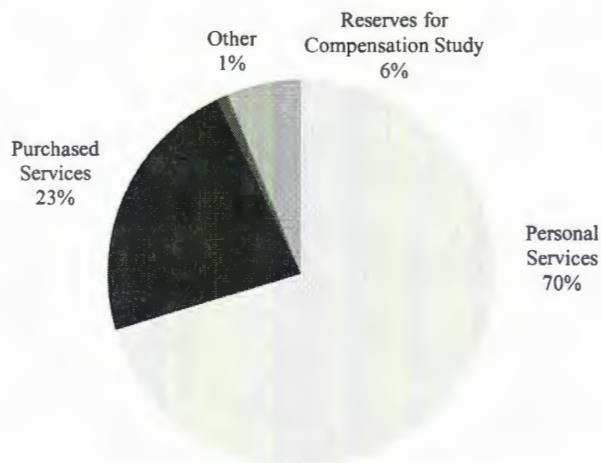
** FY 2014-15 includes a legislative salary increase of \$1,000 per employee

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

6

March 25, 2015

Office of State Human Resources Authorized Budget FY 2014-15



Office of State Human Resources Special Funds

	NC Flex Program	Computer Lab	Professional Development Program	Professional Development User Fee
Requirements	\$3,907,581	\$270,435	\$146,286	\$12,000
Receipts	\$3,873,967	\$270,435	\$151,286	\$12,000
Change in Fund Balance	\$33,614	-	\$5,000	-
Balances	\$4,489,187	\$70,267	\$23,681	\$19,827

December 2014 BD701 Report

Office of State Human Resources Temporary Solutions

- Receipt-supported program; receipts from other state agencies' budgets
- Provides temporary staffing for other state agencies

TEMPORARY SOLUTIONS	FY 2011-12 Actual Budget	FY 2012-13 Actual Budget	FY 2013-14 Actual Budget*	FY 2014-15 Authorized Budget
Requirements	\$23,541,326	\$25,345,704	\$48,557,943	\$50,507,525
Receipts	\$24,580,630	\$26,597,601	\$50,817,186	\$54,262,185
Change to Fund Balance	\$1,039,304	\$1,251,896	\$2,259,243	\$3,754,660

**Executive Order #4, February 27, 2013 directed agencies to utilize Temporary Solutions.*

Office of State Human Resources Information Requested

- Temporary Solutions
- Application Tracking Vendor Replacement
- Voluntary Reorganization through Reduction
- State Agency Pay Scale
- Learning Management System
- Process Improvement Program
- Performance Management Program

Questions?

Office of State Human Resources Authorizing Laws

- GS 126.3 Creates the Office of State Human Resources
 - Places the agency under the Department of Administration
 - Operate independent of control by the Secretary of Administration
 - Human Resources Director, appointed by the Governor and subject to the supervision of the Commission
 - Carry out the direction of the Commission in compliance with laws of the Human Resources Act

Office of State Human Resources Authorizing Laws, continued

- GS 126-3 – Policy guidance, consultation, and technical assistance to all agencies and universities:
 - Training in personnel management
 - Approval authority of personnel actions involving classification and compensation
 - Maintain computer database on employees and positions
 - Develop criteria and standards to measure compliance of Commission policies and rules
 - Implement correction plans for noncompliance
 - Administer the NC Thinks Program
 - Negotiate and monitor decentralized agreements (where authority has been delegated per the law)

Office of State Human Resources Responsibilities

- Provide training and technical assistance to agencies and universities in the areas of:
 - Review and process personnel actions
 - Assists agencies with the use of E-recruit system
 - Salary and Leave rules
 - Federal I-9 and E-Verification programs
 - Issues regarding visa and other documentation
- Work w/ Office of State Controller in administration of the HR/Payroll system (BEACON)
- Respond to employees' questions and concerns regarding policies and processes
- Make final determination for all salary exceptions
- Assist OSBM with the quarterly report to the legislature on salary increases
- Assist applicants with the applications on E-recruit

Office of State Human Resources Responsibilities, continued

Improve Government Performance and Efficiency

- Provide consultation to agencies
 - Settle workplace disputes
 - Administer discipline with goal of minimizing agency liability and costs
 - Serve as mediator between supervisors and employees in cases of complaints and employees' grievances
 - Assist with strategic planning and development of performance measures
 - Assist with succession planning
- Assists Local Governments (salary plans, position classifications, policy interpretation)

Assist agencies and universities attract, develop and retain a competent and diverse workforce

- Promote equal employment opportunity and provide training
- Monitor compliance with State laws and review and approve agency EEO plans
- Report on workforce data, conduct investigations, and assist with agency-specific unmet needs

Office of State Human Resources Responsibilities, continued

- Assist agencies with administration of the following:
 - Workers' compensation program
 - NC Flex
 - Wellness & Safety and Health Program
 - Work-Life Programs
 - Teleworking, flexible work schedules, suggestion incentives, employee discount programs
- Maintain Office of State Human Resources website
- Conduct research and data analyses to assist workforce planning
- Maintain the State's classification and compensation system
 - Salary Grade
 - Positions are assigned a numerical classification that corresponds to a specific salary range
 - Career-banding Systems
 - Bases compensation on competency, performance, and development
- Perform market analysis related to the classification and compensation systems
- Prepare an annual report on compensation and benefits for state employees

ATTACHMENT #2

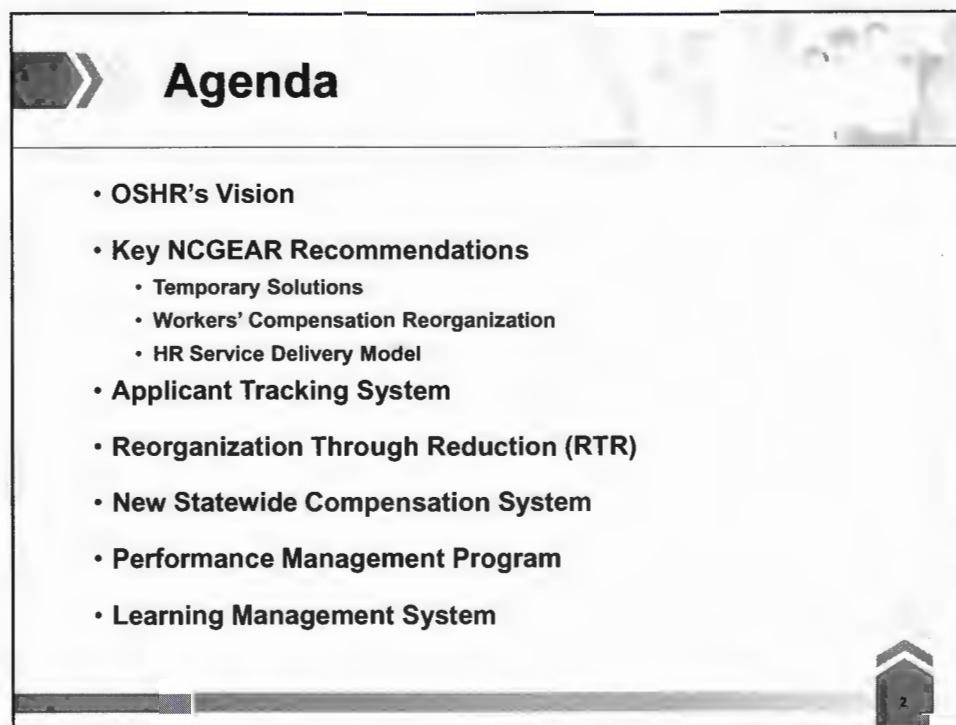


The cover slide features a dark background with the North Carolina Office of State Human Resources logo in the top right corner. The logo includes the letters 'HR' and the text 'NC OFFICE OF STATE HUMAN RESOURCES'. Below the logo, the text 'NORTH CAROLINA OFFICE OF STATE HUMAN RESOURCES' and 'Vivian Alexander, Director' is displayed. The main title 'Appropriations Subcommittee for General Government' is prominently shown in a large, bold font. Below the title, the date 'March 25, 2015' is indicated. At the bottom of the slide, there is a horizontal strip of images: a car, a woman smiling, and a group of people in a meeting.

NORTH CAROLINA
OFFICE OF STATE HUMAN RESOURCES
Vivian Alexander, Director

**Appropriations Subcommittee
for General Government**

March 25, 2015



The agenda slide has a light background with a decorative arrow graphic on the left. The title 'Agenda' is centered at the top. Below the title, a list of topics is presented in a bulleted format. At the bottom right of the slide, there is a small graphic of a house with the number '2' inside it.

Agenda

- OSHR's Vision
- Key NCGEAR Recommendations
 - Temporary Solutions
 - Workers' Compensation Reorganization
 - HR Service Delivery Model
- Applicant Tracking System
- Reorganization Through Reduction (RTR)
- New Statewide Compensation System
- Performance Management Program
- Learning Management System

Our Vision

The NC Office of State Human Resources (OSHR) serves as the **Center of Human Resources Expertise** for the State of North Carolina.

We provide an integrated and professional human resources function that is collaborative, strategic, and customer focused.

Our efforts are centered on attracting, retaining, developing, and motivating a high-performing and diverse workforce.



NCGEAR Recommendations

- Implement business process improvements for **Temporary Solutions**
- Implement cost containment initiatives for **Workers' Compensation**
 - Reduce employee injuries and improve case management
 - Cost savings estimate: **\$17 million/year**
- Facilitate greater consistency and efficiency across state government with new **HR Service Delivery Model**
 - Improve transactional processes using technology, communications, and training for HR professionals statewide

NCGEAR

Temporary Solutions

- Provides supplemental staff to fulfill temporary workforce needs due to:
 - Illnesses
 - Vacations
 - Peak production levels
 - Transition periods & other circumstances
- Serves 31 agencies, boards & commissions
- Study conducted by NCGEAR: 8/17/2014 – 9/30/2014
 - Resulted in 38 recommendations primarily in the areas of customer service and operations

Top Users of Temporary Solutions	
• DHHS	• DOR
• DPS	• Commerce
• DENR	• DOJ
• DPI	• DOA

NCGEAR

Temporary Solutions

Job Placements (average per year)	
PRIOR to Executive Order 4	1,856
AFTER Executive Order 4	3,996

- Cost Savings Estimate: Since 2013: **\$5-12 million**
(amount dependent on the % of markup in the private sector)
- Administration Fee: \$2/hour
 - Recruitment and selection
 - Payroll processing
 - Unemployment insurance
- Timely payments of invoices is essential
 - With transfer of OSHR's budget to the Governor's Office, a positive fund balance is required to maintain program solvency

NCGEAR

Temporary Solutions

Top NCGEAR recommendations

Customer Service

- Improve communication and business processes
- Increase staff bandwidth
- Update timekeeping and invoice processes
- Develop a standard and transparent service delivery model
- Enhance candidate pool

Operations

- Develop strategic staffing plan
- Increase use of technology
- Reinvest net revenue in operational improvements
- Update payment method
- Develop policy for the State's use of supplemental workforce

Implementation Schedule

March 25, 2015	28%
April 30, 2015	32%
May 29, 2015	40%

NCGEAR

Workers' Compensation

TWO PRINCIPLES: REORGANIZE AND CENTRALIZE

- Reorganize Existing Resources
- Centralize Oversight, Control, and Accountability
 - Require accountability from vendor, agencies, and OSHR
 - Reduce employee injuries and improve case management
- Estimated Cost Savings: \$17 million/year

NCGEAR

HR Services Delivery Model

Consistency + Efficiency = Savings

- Improve Transactional Processes by Using
 - Technology
 - Communications
 - Training for HR Professionals Statewide
- Leverage Existing Resources

NEOGEAR

9

Applicant Tracking System

- Technology for administering, documenting, screening, tracking, and reporting of federal and state compliance for recruitment activities
- Current System: NEOGOV
 - Used by 20 states and 1,300 municipalities
 - Implementation + first year cost: **\$152,395**
 - Yearly Cost: **\$72,000**
- Per legislation, RFP will be developed to assess potential alternatives
 - RFP will be released mid-summer 2015
 - Goal: Assess new technology solutions that would generate improvements in the recruitment and selection policy and process
 - Estimated Replacement Cost:
\$375,000 (initial biennium); **\$100,000/year** (recurring)

10

Reorganization Through Reduction (RTR)

- Voluntary resignation program for employees
- Allows agencies to repurpose vacant positions to reorganize and better align skills sets with business needs
- Status after first two phases of RTR (as of 2/12/15)

Participating Agencies	Eligible Employees	Voluntary Resignations
1. Cultural Resources	121	25
2. DOA		
3. ITS		
4. OSHR		

NOTE:

Eight (8) state employees were released through traditional Reduction in Force (RIF)

Statewide Compensation System

- Transition from two dissimilar classification and pay systems to one market-based system
 - New structure for job families and classifications, and new pay plans
 - New classifications will be market-priced into new pay structures
- Positions will be individually studied and classified in new classification structure
- New, updated policies for pay administration being developed
 - Consistent administration and pay delivery for employees
 - Pay delivery based on market and/or job change

SCOPE		
Cabinet Agencies	Council of State Agencies	Universities
58,082 employees	5,204 employees	21,831 employees

- Schedule: Planning 2015; Implementation 2016

Statewide Compensation System

Market Pay for Employees

- Move from across the board cost-of-living or legislated increases to market-based increases
- Market-based increases move employees toward the market rate for their occupations
- Increases will be by formula

Examples of State Employee Salaries Compared to Market

Classification	Average Salary	Market Salary
Engineer	\$64,927	\$68,513
Office Assistant IV	\$33,290	\$34,010
Auditor	\$57,944	\$58,573
Professional Nurse	\$55,833	\$57,767

Statewide Compensation System

Current Employee Salaries Across Agencies

Classification	Agency 1	Agency 2	Agency 3	Agency 4
Engineer	\$65,570	\$73,108	\$62,952	N/A
Office Assistant IV	\$32,177	\$32,511	\$33,261	\$31,931
Auditor	\$58,782	\$54,610	\$54,383	\$62,008
Professional Nurse	\$54,900	\$55,887	N/A	N/A

Performance Management Program

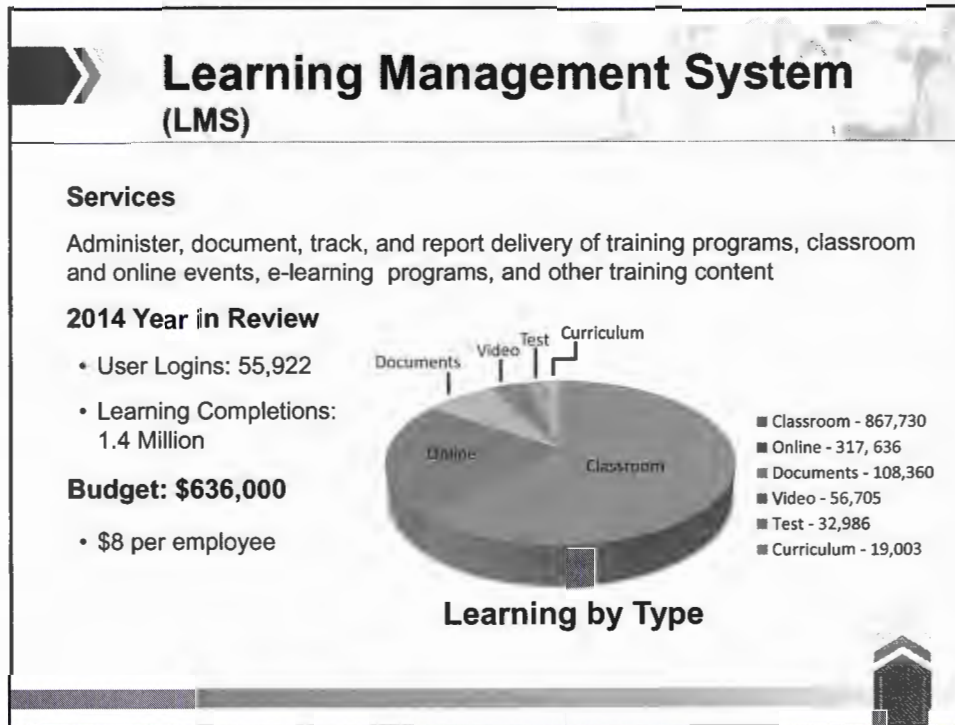
- Background
 - Performance Management (PM) has been an arbitrary, poorly monitored process that resulted in inflated ratings of little value
- Updated Human Resources Act (August, 2013) charged OSHR to develop a new statewide PM program
 - Branded **NCVIP** (Valuing Individual Performance)
 - Will go into effect on July 1, 2015
 - Integrated performance management process for:
 - Evaluating employees' knowledge and capabilities
 - Measuring the attainment of goals



Performance Management Program (continued)

- Objectives of NCVIP
 - Facilitate regular, effective communication between employees and managers
 - Ensure employees understand their performance expectations and how they contribute to the organization's mission
 - Allow employees to provide and receive feedback
 - Create opportunities for discussions with employees about professional development
 - Via rating calibration sessions, establish rating standards that hold managers/supervisors accountable for ratings they give employees







Committee Sergeants at Arms

NAME OF COMMITTEE Jt Committee on App, General Govt

DATE: 3-25-15 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~~ Steve Wilson
2. Name: Marcus Kitts K1715
3. Name: _____
4. Name: _____
5. Name: _____



Wednesday, March 25
APPROPRIATIONS
GENERAL
GOVERNMENT
(JOINT)

Room
425

Time
8:30 am

Name	County	Sponsor
Evan King	Wake	Darren G. Jackson
David Kostenberger	Wake	Chris Malone
Kenny Luck	Wake	Darren G. Jackson



SENATE PAGES ATTENDING

COMMITTEE: Joint Approps - Gen'l Gov't & I.T. ROOM: 425 408

DATE: 3-25 TIME: 8:30

PLEASE PRINT LEGIBLY!!!!!!!!!!!!!!....or else!

	Page Name	Hometown	Sponsoring Senator
1.	Anna Auman	Hamlet	McInnis
2.	Amruth Striparumbador	Cary	Bumgar
3.	Noan Catier	Faleyn	Sten
4.	ONJ'es		
5.	Am Ruth -		
6.	Schre PARAM bador	Cary	Barringer
7.	Amruthansh Striparumbador		
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 Committee on Appropriations, General Government

3-25-15

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Starnes	Treasurer
Stan William	NCS
Neal Alexander	OSHR
Margaret Duke	OSHR
Mike Clive	OSHR
Jenn McGinnis	OSHR
DAVID PIERCE	OSHR
Pam Bowling	OSHR
J.R. Boggs Jr.	OSHR
Charlene Shabazz	OSHR
David Pickett	OSHR



VISITOR REGISTRATION SHEET

Joint Committee on Appropriations, General Government

3-25-15

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
<i>Phil Smith</i>	<i>SUS</i>
<i>M. Newville</i>	<i>DPS</i>
<i>Tim Hoegeweyer</i>	<i>State Auditor</i>
<i>David Collins</i>	<i>SEANC</i>
<i>Wmfrid Christensen</i>	<i>Ward & Smith</i>
<i>Barbara Bowers</i>	<i>OSBM</i>
<i>Barbara Roper</i>	<i>DOA</i>
<i>Matthew Cobb</i>	<i>Senate Intern</i>
<i>Emily McCool</i>	<i>NC Coalition Against DV</i>
<i>Mary Stephenson</i>	<i>NC Dept of Public Safety</i>
<i>Kimi Sommerdorf</i>	<i>NC Dept Public Safety</i>



VISITOR REGISTRATION SHEET

Joint Committee on Appropriations, General Government

3-25-15

Name of Committee

Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS

Meghan Cook

OITS

Tonya Horton

TS

Emily Ellis

DTST



VISITOR REGISTRATION SHEET

Joint Committee on Appropriations, General Government

3-25-15

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Steve Ogden

Staff

Padraig Gibbons

Capital City



**Senate Committee on Appropriations on General Government and Information
Technology**

**Tuesday, March 31, 2015 at 8:30 AM
Room 425 of the Legislative Office Building**

MINUTES

The Senate Committee on Appropriations on General Government and Information Technology met at 8:30 AM on March 31, 2015 in Room 425 of the Legislative Office Building. 13 members were present.

Senator Norman W. Sanderson, Chair, presided.

Senator Sanderson welcomed Committee members and guests and thanked Sergeants-At-Arms, Warren Hawkins, Doug Harris, David Leighton, Giles Jeffries, Terry Barnhardt and pages Maddie Dyson, sponsored by Representative Faircloth and Annabelle Webb and Lily Richardson, sponsored by Senator Bryant, Kayla Childress, sponsored by Senator Brown, Collin Miller, sponsored by Senator Van Duyn and Drew West, sponsored by Senator Apodaca.

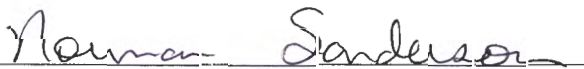
A North Carolina Housing Finance overview was given by Cara Bridges, Fiscal Research Division.

Presentations were made to the Committee by the North Carolina Housing Finance Agency, which included a report from A. Robert Kucab, Executive Director. See attachments. The Agency fielded questions from Senators Davis and Tarte and Representatives Floyd, Brown, Fisher and Queen.

The Governor's Office & Office of State Budget Management Agency Overview was presented by David Brown, Deputy Director for Budget, Jay Drake, Assistant State Budget Officer and Joe Coletti, Deputy Director for NC GEAR. See attachments.

The Offices responded to questions from Senators Sanderson and Tarte and Representatives Cleveland, Riddell, and Floyd.

There being no further business, the meeting adjourned at 9:57 AM.


Senator Norman W. Sanderson, Chair Presiding


Kathy Voss, Committee Clerk



Principal Clerk _____
Reading Clerk _____

SENATE
NOTICE OF JOINT COMMITTEE MEETING
AND
BILL SPONSOR NOTICE

The **Senate Committee on Appropriations on General Government and Information Technology** will meet at the following time:

DAY	DATE	TIME	ROOM
Tuesday	March 31, 2015	8:30 AM	425 LOB

Senator Sanderson will chair. Presentations by Housing Finance, Office of Governor and OSBM.

Senator Jim Davis, Co-Chair
Senator Norman W. Sanderson, Co-Chair



Joint Appropriations Committee for General Government
March 31, 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 & Comments

Sen. Norman Sanderson, presiding

NC Housing Finance Agency
Overview

Cara Bridges, FRD

NC Housing Finance Agency

Executive Director A. Robert Kucab
NC Housing Finance Agency

Governor's Office &
Office of State Budget and Management
Agency Overview

David Brown, Deputy Director for Budget
Jay Drake, Assistant State Budget Officer
Joe Coletti, Deputy Director for NC GEAR

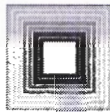


North Carolina Housing Finance Agency

Departmental Overview

Joint Appropriations Subcommittee on General Government

March 31, 2015



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

Housing Finance Agency Outline

- Authorizing Laws & Responsibilities
- Agency Mission Statement
- Budget Overview
- Information Requested

Housing Finance Agency Authorizing Laws & Responsibilities

- § 122A – NC Housing Finance Agency
- § 122E – Housing Trust Fund
- § 157-9.2 & Article 11 of § 45– Mortgage loans & foreclosures

Housing Finance Agency Mission Statement

- To create affordable housing opportunities for North Carolinians whose needs are not met by the market



Housing Finance Agency Budget Overview

- Actual expenditures are far greater than State appropriations
- HFA utilizes public-private partnerships
- General Assembly makes appropriations to fund specific programs; money goes directly into “bricks and mortar”, not operating expenses
- FY 2014-15 FTE count: 127

Housing Finance Agency Budget Overview

The table reflects General Fund appropriations only.

Fiscal Year	2010-11	2011-12	2012-13	2013-14	2014-15
General Fund Appropriation	Actual Budget	Actual Budget	Actual Budget	Actual Budget	Certified Budget
Home Match	\$1,608,417	\$1,608,417	\$1,608,417	\$ 1,385,197	\$ 1,458,649
Housing Trust Fund	\$9,576,205	\$7,876,785	\$0*	\$7,000,000	\$6,860,000
Workforce Housing Loan Program**	n/a	n/a	n/a	n/a	\$10,000,000

* \$0 from General Fund in FY 2012-13 due to special Attorney General Settlement

** Workforce Housing Loan Program replaces the State Housing Tax Credit in FY 2014-15



Housing Finance Agency Information Requested

- Agency funding overview; total requirements
- Program overview – Workforce Housing Loan Program
- Governor's proposed budget regarding Standard and Poor's settlement money:
 - HOME Match
 - Housing Trust Fund
 - Workforce Housing Loan Program

Questions?



Housing Finance Agency Public-Private Partnerships

Investors—individuals, corporations, funds, syndicators

- Purchase mortgage-backed securities and tax exempt bonds that finance homes and apartments
- Invest in Housing Credit developments by purchasing the federal tax credits

Banks and mortgage companies

- Originate and service FirstHome and Home Advantage mortgages
- Provide construction and permanent loans for Housing Credit developments
- Assist delinquent borrowers in accessing the N.C. Foreclosure Prevention Fund

Builders, remodelers, and developers

- Plan and build homes and apartments—each new home generates 5 jobs
- Manage and maintain apartments
- Repair substandard homes and provide energy upgrades

Source: NC Housing Finance Agency

Housing Finance Agency Public-Private Partnerships

Community organizations

- Use the Supportive Housing Program to leverage capital campaigns, foundation grants, and bank loans, to sponsor housing for persons with special needs
- Use Community Loan Pools to make homes more affordable, including Habitat for Humanity homes

Local governments

- Use Community Loan Pools to make homes more affordable, including in neighborhood revitalization areas
- Use Housing Preservation loans to finance repairs and energy upgrades to homes owned by seniors and disabled persons with very low incomes

Housing counseling agencies

- Help buyers prepare for home ownership and help them identify actions to avoid foreclosure

Source: NC Housing Finance Agency

N.C. Housing Finance Agency

Homes . Jobs . Tax Base

A. Robert Kucab
Executive Director

Joint Appropriations Subcommittee on General Government
March 31, 2015

ATTACHMENT #2

Mission

To create affordable housing for those whose needs are not met by the market

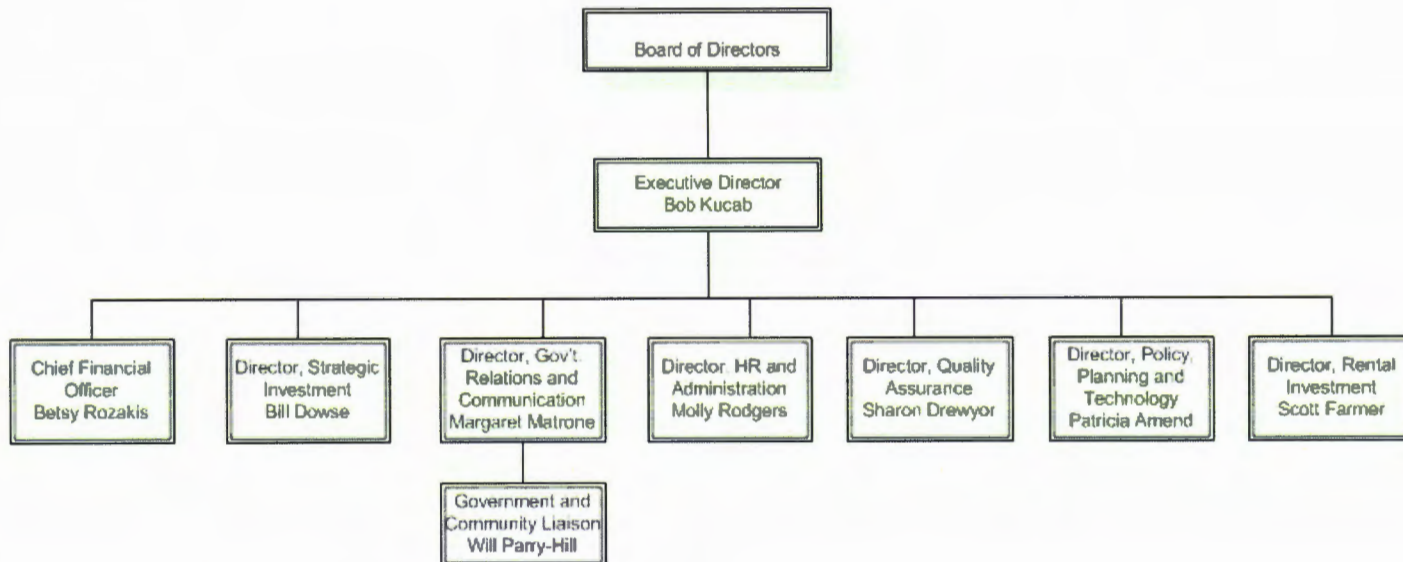
Philosophy

To address a range of housing needs, to leverage funds, to emphasize partnerships, to operate efficiently

Agency Structure

- Self-supporting
- Structured with flexibility to respond to market changes
- Governed by a Board of Directors
- Financials audited by an independent auditor
- Bond issues evaluated by rating agencies
- Debts are not debts of the State

Organization Chart



The Agency's approved organization chart includes 127 full-time positions, of which 108 are filled.

Production

Since 1974: 231,000 homes and apartments

2014

9,500 – Homes and Apartments

12,800 – Jobs

\$68.8 million – Tax Revenue

In 2014, we also provided foreclosure prevention loans for 3,366 homeowners and managed rent assistance on 25,700 apartments.

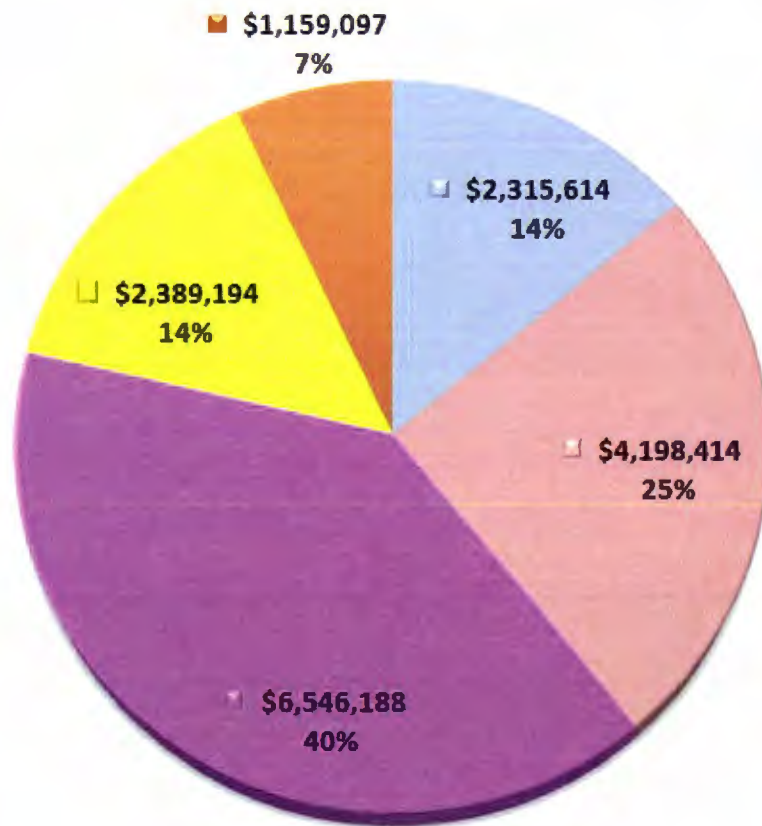
Economic impacts are calculated using the RIMS II model from the U.S. Bureau of Economic Analysis.

Operating Budget by Fiscal Year

	Actual	Actual	Actual	Certified
Fiscal Year	2012	2013	2014	2015
Operating Expenditures	\$17,258,995	\$17,681,773	\$16,608,507	\$19,621,738
Earned Revenues	\$17,258,995	\$17,681,773	\$16,608,507	\$19,621,738
State Appropriation for Operations	\$0	\$0	\$0	\$0
	Actual	Actual	Actual	Projected
FTE (Filled)	118	116	111	108
Contractors	39	47	38	34

Sources of 2014 Operating Budget

\$16,608,507



- Homeownership Lending and Servicing Revenue
- Housing Credit Earned Revenue
- Fees for Program Management
- Hardest Hit Fund
- HOME Program
- HUD Rent Assistance Contract

Range of Work

- We operate a range of programs to best serve the State.
- Each program is evaluated annually for its cost/benefit.
- Funding is not interchangeable. Funding sources have unique rules (e.g., income targeting, rent limits) and not all sources can be used for each activity.

For example, the Housing Trust Fund is the only funding source that can be used for urgent repairs and accessibility modifications for seniors and persons with disabilities.

Funding Awarded—All Programs

Activity	2012	2013	2014
<u>Production & Preservation</u>			
Home Ownership	\$158,107,098	\$280,233,361	\$441,581,227
Rental Housing	\$278,265,996*	\$250,395,244*	\$302,904,746*
Supportive Housing	\$6,185,026	\$4,265,115	\$5,332,248
Housing Preservation	\$11,546,990	\$12,442,038	\$9,913,584
<u>Rent Assistance</u>			
Rent Assistance	\$148,001,717	\$147,774,520	\$152,187,917
<u>Foreclosure Prevention</u>			
Foreclosure Prevention Loans	\$112,743,282	\$91,974,015	\$63,677,183
Foreclosure Prevention Counseling	\$5,866,340	\$5,562,674	\$3,938,275
TOTAL	\$720,716,440	\$792,646,968	\$979,535,180

Programs operate on the calendar year.

*Includes equity from the sale of federal tax credits to investors by project developers.

Recent Examples



Downtown Housing Initiative, Jacksonville
Single-Family Home Neighborhood



Soco Creek Village, Cherokee
Apartments for Working Families



Clyde and Ethel Dickson Shelter, Charlotte
Survivors of Domestic Violence



Jackson Square Apartments, Lexington
Apartments for Working Families

Leveraging

- Every State \$1 appropriated leverages \$5 of housing.
- Every dollar appropriated produces housing—bricks and mortar.
- Our Agency pays the costs of administering all State appropriations.

Appropriations

	Governor's Budget		
	2015	2016	2017
HOME Match Funds	\$1,458,739*	\$3,000,000*	\$3,000,000*
Workforce Housing Loan Program	\$10,000,000	\$9,000,000	\$8,458,739
Housing Trust Fund	\$6,783,215*	\$8,660,000 \$7,660,000* \$1,000,000	\$8,660,000*

*Recurring

State HOME Match

- Appropriation began in 1991
- Helps secure North Carolina's share of federal HOME block grant funds
- Finances needed affordable housing
- Meets only part of the required match

State HOME Match

- Match amount is 25% of HOME funds that are drawn down from Treasury for completed projects.
- Projects receiving match funds must conform with certain HOME rules.
- Match repayments (e.g., repaid loans) must return to the HOME Program.

State HOME Match

FY of Match Appropriation	HOME Appropriation	HOME Drawdown for Federal FY	HOME Match Requirement	State Match Appropriation	NCHFA Contribution ¹
Forecast 2016	\$12.5 Million ²	\$14,631,362 ³	\$3,657,841 ⁴	\$3,000,000 ⁵	\$657,841
2015	11,626,898	9,379,698	2,344,925	1,458,739	886,186
2014	12,951,742	11,007,191	2,751,798	1,385,197	1,366,601
2013	12,119,373	12,062,527	3,015,632	1,608,417	1,407,215
2012	12,514,685	14,693,840	3,673,460	1,608,417	2,065,043
2011	19,100,658	17,622,415	4,405,604	1,608,417	2,797,187

1. The Agency's match contribution has been principally met by tax-exempt financing and the previous State Tax Credit
2. Estimated HOME allotment federal FY 2016
3. Forecasted federal FY 2016 for HOME drawdown
4. Forecasted HOME match requirement (25% of expected drawdown)
5. Governor's budget request

State HOME Match

Results: 2015 Appropriation
\$1,458,739

- Match funds will finance
 - 100 homebuyers through the Community Partners Loan Pool
 - \$12 million of real estate value
 - 140 jobs
 - \$756,000 of tax revenues
- Local sponsors create home buyer opportunities through local lenders, real estate agents, and builders.

State HOME Match

Governor's Proposed Budget

- Governor's proposal
 - FY 2016 – adds \$1,541,261 from S&P Settlement
 - FY 2017 – adds \$1,541,261 from General Fund
- Finances, each year, an additional:
 - 110 home buyers
 - \$13 million of real estate value
 - 160 jobs
 - \$832,900 in tax revenues

Workforce Housing Loan Program

- Created by the General Assembly in 2014
- Partially replaces the State Housing Credit, which invested an average of \$35 million / year, 2003 – 2014
- Used in combination with federal Housing Credits
- Stimulates rental production in low-wealth counties
- Reduces rents in moderate and higher income markets

Workforce Housing Loan Program

Results: 2015 Appropriation
\$10,000,000

- Will benefit about one-third of 2015 Housing Credit developments (an estimated 13 of 35 developments)
- \$10 million will support
 - 880 apartments
 - \$104 million of development
 - 2,100 jobs
 - \$11.4 million in tax revenues

Workforce Housing Loan Program

In 2014, Housing Credit developments averaged 68 apartments and \$8 million of development costs.

Financing	2014	2015	
	With State Tax Credits	With WHLP	Without WHLP
Housing Credit equity	\$4.5 million	\$4.5 million	\$4.5 million
State loan	\$1.5 million	\$0.75 million	-0-
Bank or public loans	\$2 million	\$2.75 million	\$3.5 million
Total development cost	\$8 million	\$8 million	\$8 million

Workforce Housing Loan Program

Governor's Proposed Budget

- Governor's proposal
 - 2016 - \$9 million from S&P Settlement
 - 2017 - \$8,458,739 from General Fund
- Reduces the number of Housing Credit developments with assistance to locate in low-wealth counties or operate at reduced rents:

	2015	2016	2017
Funding	\$10 million	\$9 million	\$8,458,739
Rental developments	13	11	10
Apartments with Reduced rents	880	744	676

N.C. Housing Trust Fund

- Created by the General Assembly in 1987
- Increases the supply of affordable housing for very low-income persons
- Overseen by the 13-member Housing Partnership, whose members are appointed by the Speaker of the House and President Pro Tem of the Senate

Housing Trust Fund Fills Critical Gaps

- Best funding to produce independent apartments for persons with special needs
- Only funding for emergency and temporary housing (e.g., domestic violence)
- Only funding for urgent repairs and accessibility modifications for seniors and disabled persons
- Focused on persons with incomes below 30% and 50% of median—deeper affordability than federal programs

Housing Trust Fund

Results: 2015 Appropriation
\$6,783,215

Activity	Funds Awarded	Homes
Rental Housing	\$1.08 million	85
Supportive Housing	\$2.3 million	125
Urgent Repair / Accessibility Modifications	\$3.4 million	965
TOTAL	\$6,783,215	1,175

Economic impact

- \$21.5 million of housing
- 465 jobs
- \$2 million in tax revenues

Housing Trust Fund

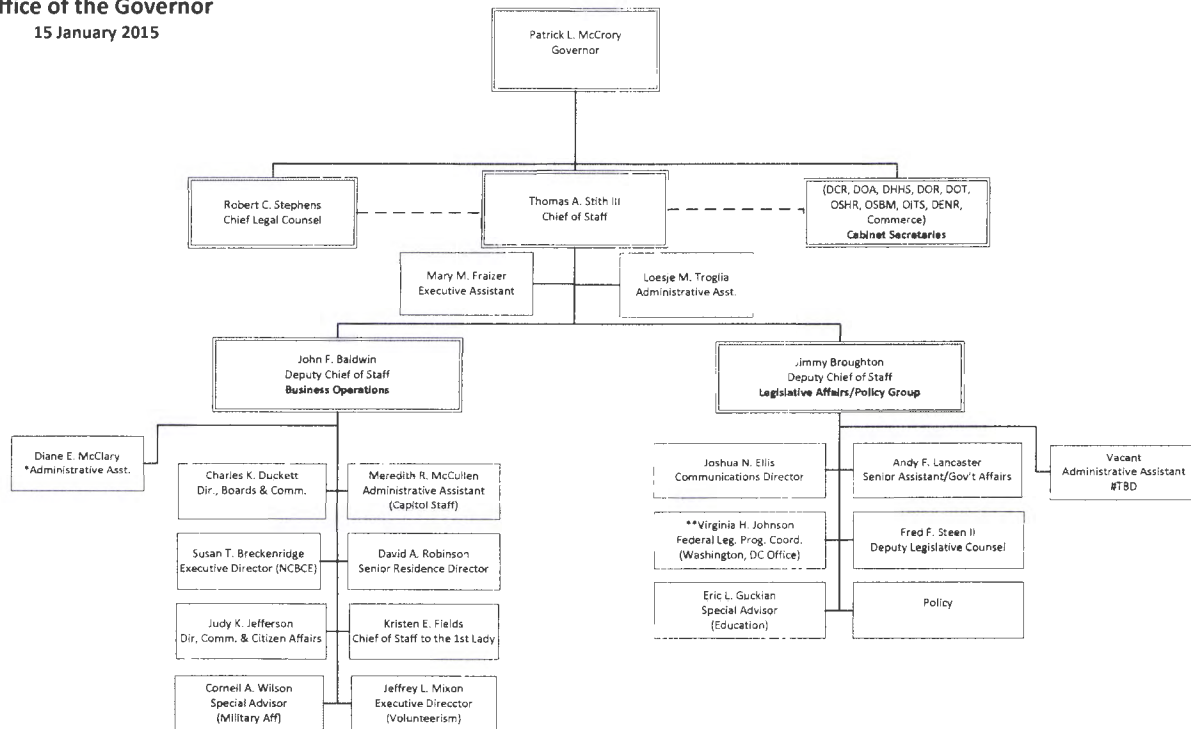
Governor's Proposed Budget

- Governor's proposal
 - FY 2016 – adds \$1 million from S&P Settlement
 - FY 2017 – adds \$1 million from General Fund
- Funds would be used for supportive housing development to produce, each year, an additional:
 - 55 housing units
 - \$3 million of development value
 - 70 jobs
 - \$285,000 of tax revenue

Housing Works!



Office of the Governor
15 January 2015





Information Requested for Presentation for Joint Appropriations Subcommittee on
General Government – March 31, 2015

Governor's Office

1. Organizational Chart with FTE count
2. 4 year budget history, excluding special funds and grants that flow through the Governor's Office.

	Actual	Actual	Actual	Certified
	<u>FY 2011-12</u> (includes grants)	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Expenditures	326,046,846	5,866,006	6,489,240	8,077,504
Less: Receipts	320,889,602	790,717	1,096,676	860,127
Net General Fund Appropriations	\$5,157,244	\$5,075,289	\$5,392,564	\$7,217,377
Positions (FTE)	62.7	59.6	52	52.2

3. Grants/special funds administered through the Governor's Office
4. Discuss the Governor's Proposed Budget that moves the advocacy programs into the Governor's office and how those programs will fit with current structure.
5. Discuss the newly proposed cabinet level agency - Department of Military and Veterans Services. Show all together the various pieces from different agencies comprising the new department.

Office of State Budget and Management

1. Organizational Chart with FTE count
2. 4 year budget history, excluding special funds and grants that are administered through OSBM

	Actual	Actual	Actual	Certified
	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Expenditures	14,705,355	8,197,591	7,734,225	7,744,505
Less: Receipts	8,689,265	2,807,623	1,263,891	262,914
Net General Fund Appropriations	\$6,016,090	\$5,389,967	\$6,470,334	\$7,481,591
Positions (FTE)	59.0	58.3	58.3	58.3

3. NC GEAR – discuss implementation of the recommendations affecting OSBM, including: the new team, grants management, and program budgeting efforts.



**Office of the Governor
Four Year Budget Summary
Budget Code 13000**

	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Certified</u>
	2011-12	2012-13	2013-14	2014-15
Expenditures	\$ 6,068,274	\$ 5,866,006	\$ 6,489,240	\$ 6,077,504
Less Receipts	<u>\$ 911,027</u>	<u>\$ 790,718</u>	<u>\$ 1,096,676</u>	<u>\$ 860,127</u>
Net General Fund Appropriations	\$ 5,157,247	\$ 5,075,288	\$ 5,392,564	\$ 5,217,377
Positions (FTE)	58.2	58.7	61.7	52.2


* Excluding special funds and grants

Governor's Office Budget Brief to the General Government Joint Subcommittee – March 31, 2015

Department of Military and Veterans Affairs

<u>From</u>	<u>Program</u>	<u>Fund</u>	<u>2015-16</u>	<u>2016-17</u>	<u>FTE</u>
DOA	Veterans Affairs - Administration				
	Requirements		\$13,561,133	\$13,561,133	
	Receipts	1771	\$6,784,740	\$6,784,740	
	Appropriation		\$6,776,393	\$6,776,393	70.9
DOA	State Veteran's Home Program				
	Requirements		\$45,864,689	\$45,864,689	
	Receipts	1772	\$45,864,689	\$45,864,689	8.8
Gov Office	Special Advisor for Military Affairs				1.0
Gov Office	Executive Assistant for Military Affairs				
	Requirements		\$61,894	\$61,894	
	Appropriation	1110	\$61,894	\$61,894	1.0
Total Transfer					
	Requirements		\$59,487,716	\$59,487,716	81.7
	Receipts		\$52,649,429	\$52,649,429	8.8
	Appropriation		\$6,838,287	\$6,838,287	72.9
<hr/>					
	Change Budget Items				
	Requirements		\$3,176,902	\$3,104,286	
	Appropriation		\$3,176,902	\$3,104,286	9.0
	Total				
	Requirements		\$62,664,618	\$62,592,002	90.7
	Receipts		\$52,649,429	\$52,649,429	8.8
	Appropriation		\$10,015,189	\$9,942,573	81.9

ATTACHMENT #4



Office of State Budget and Management
Balancing Needs • Improving Government

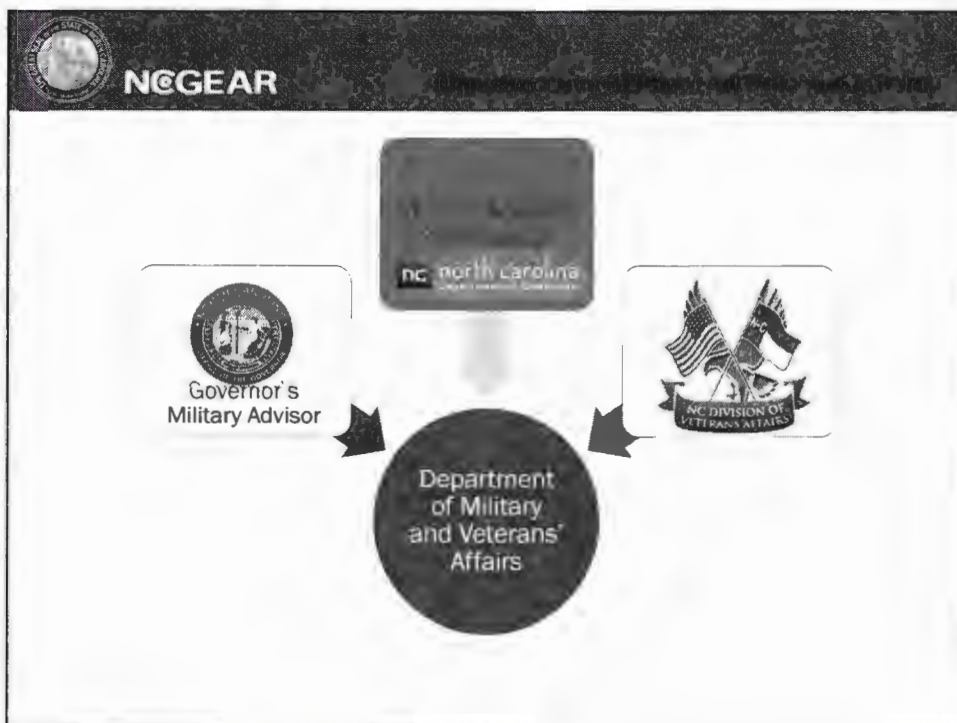
NCGEAR

EFFICIENCY • EFFECTIVENESS • CUSTOMER SERVICE

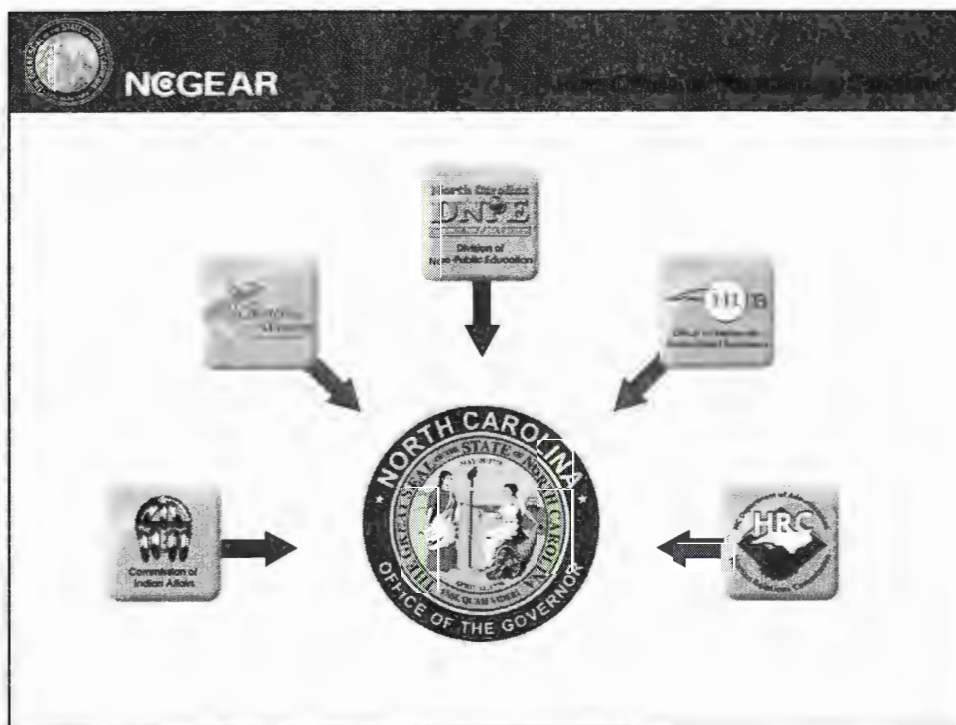
Administration, Veterans, Advocacy, and Budget Office Recommendations

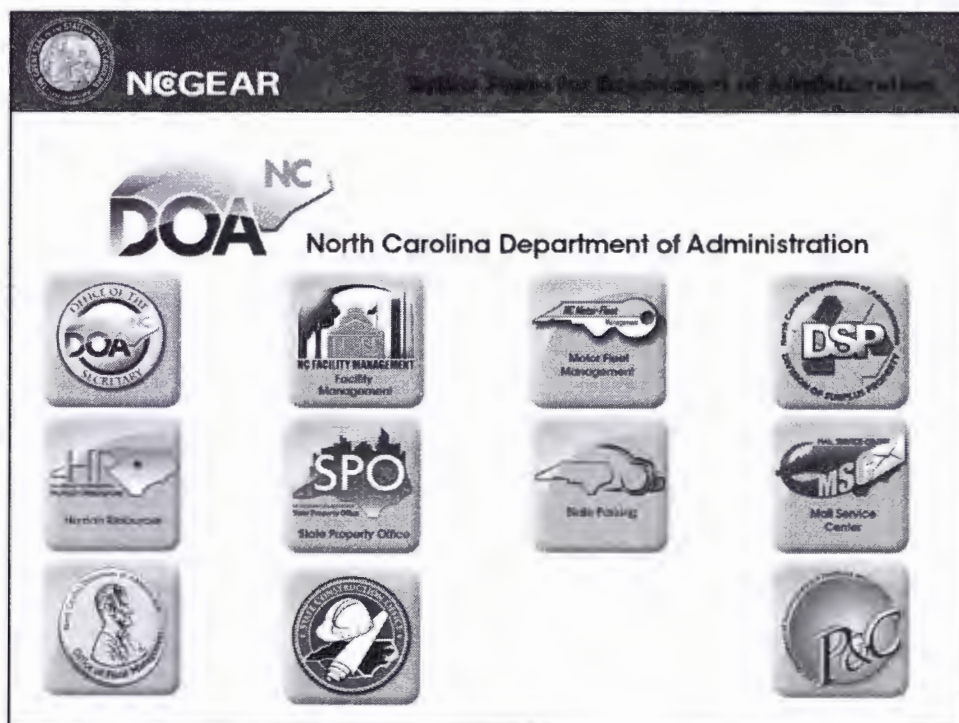
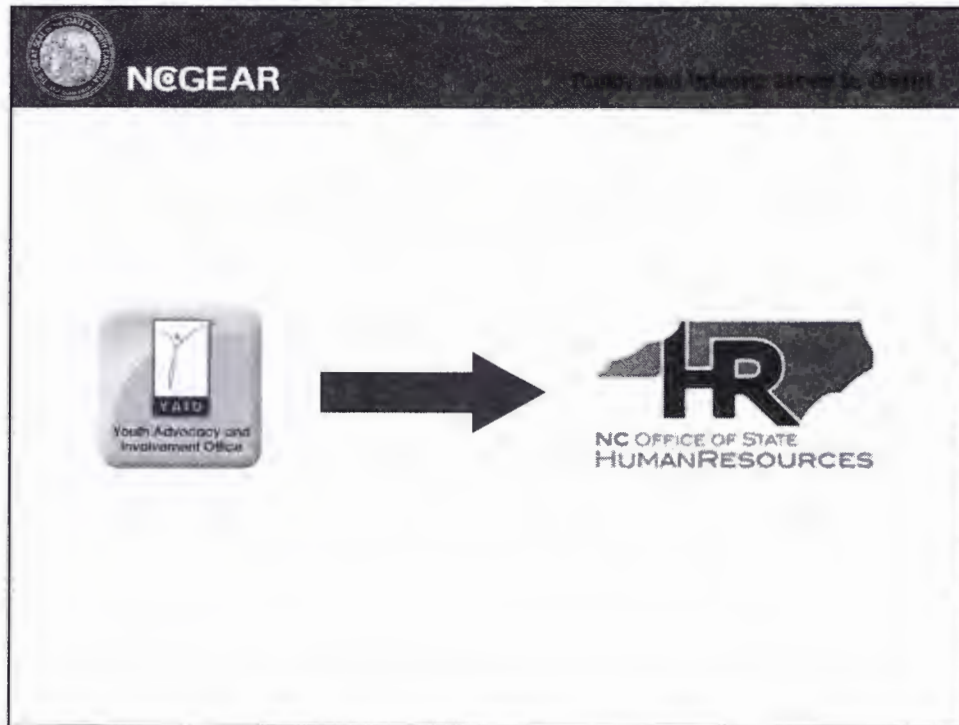
Joint Appropriations Committee for General Government
March 31, 2015

1



Summary of Transfers and Changes						
From	Program	Fund	2015-16	2016-17	FTE	
DOA	Veterans Affairs - Administration	1771				
	Requirements		\$ 13,561,133	\$ 13,561,133		
	Receipts		\$ 6,784,740	\$ 6,784,740		
	Appropriation		\$ 6,776,393	\$ 6,776,393	70.9	
DOA	State Veteran's Home Program	1772				
	Requirements		\$ 45,864,689	\$ 45,864,689		
	Receipts		\$ 45,864,689	\$ 45,864,689	8.8	
Gov Office	Special Advisor for Military Affairs				1.0	
Gov Office	Executive Assistant for Military Affairs	1110				
	Requirements		\$ 61,894	\$ 61,894		
	Appropriation		\$ 61,894	\$ 61,894	1.0	
Total Transfer						
	Requirements		\$ 59,487,716	\$ 59,487,716	81.7	
	Receipts		\$ 52,649,429	\$ 52,711,323	8.8	
	Appropriation		\$ 6,838,287	\$ 6,776,393	72.9	
Change Budget						
	Requirements		\$ 3,176,902	\$ 3,104,286		
	Appropriation		\$ 3,176,902	\$ 3,104,286	9.0	
Total						
	Requirements		\$ 62,664,618	\$ 62,592,002	90.7	
	Receipts		\$ 52,649,429	\$ 52,711,323	8.8	
	Appropriation		\$ 10,015,189	\$ 9,880,679	81.9	






NCGEAR

Summary of Transfers

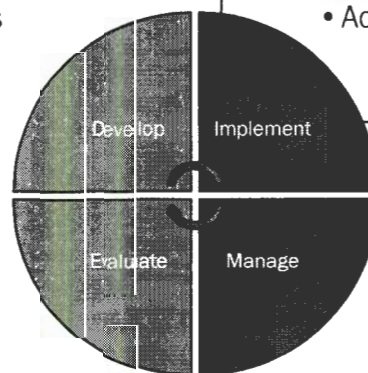
	Budget	FTE
Commission on Indian Affairs	\$ 302,850	3.2
Office for Historically Underutilized Businesses	\$ 521,910	8.0
NC Council for Women and Domestic Violence Commission	\$ 716,417	9.0
Sexual Assault Program	\$ 2,897,972	0.3
Domestic Violence Program	\$ 5,086,099	4.6
Youth Advocacy & Involvement Office*	\$ 537,117	5.0
Human Relations Commission	\$ 545,407	6.2
Martin Luther King Commission	\$ 23,378	
Non-Public Education	\$ 442,174	5.8
Total General Fund	\$ 11,073,324	42.0

*Youth Advocacy & Involvement Office – moving to OSHR

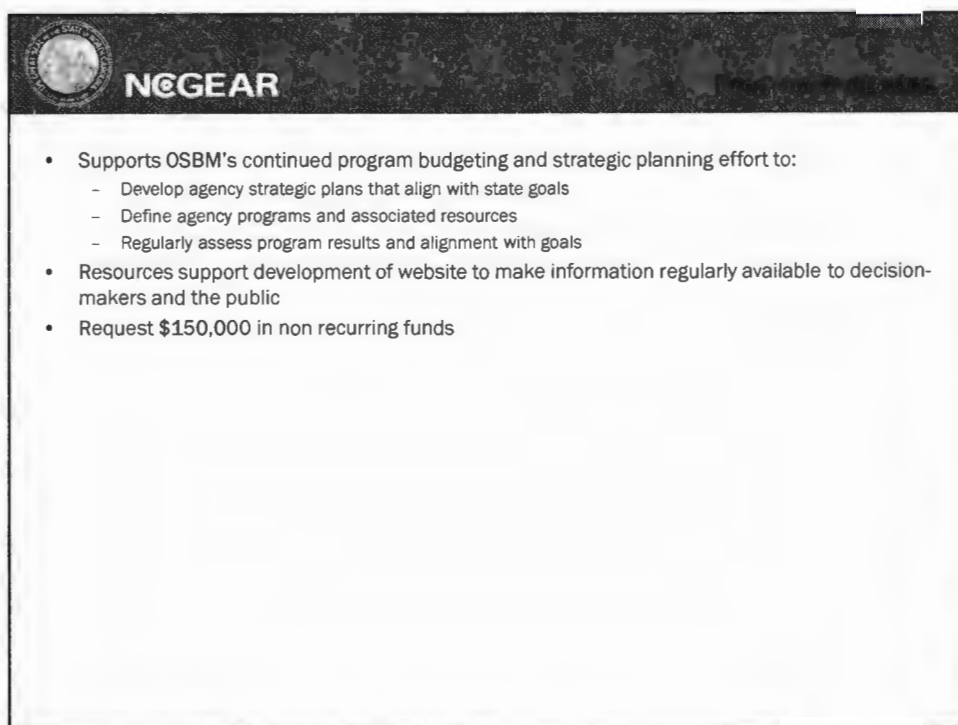
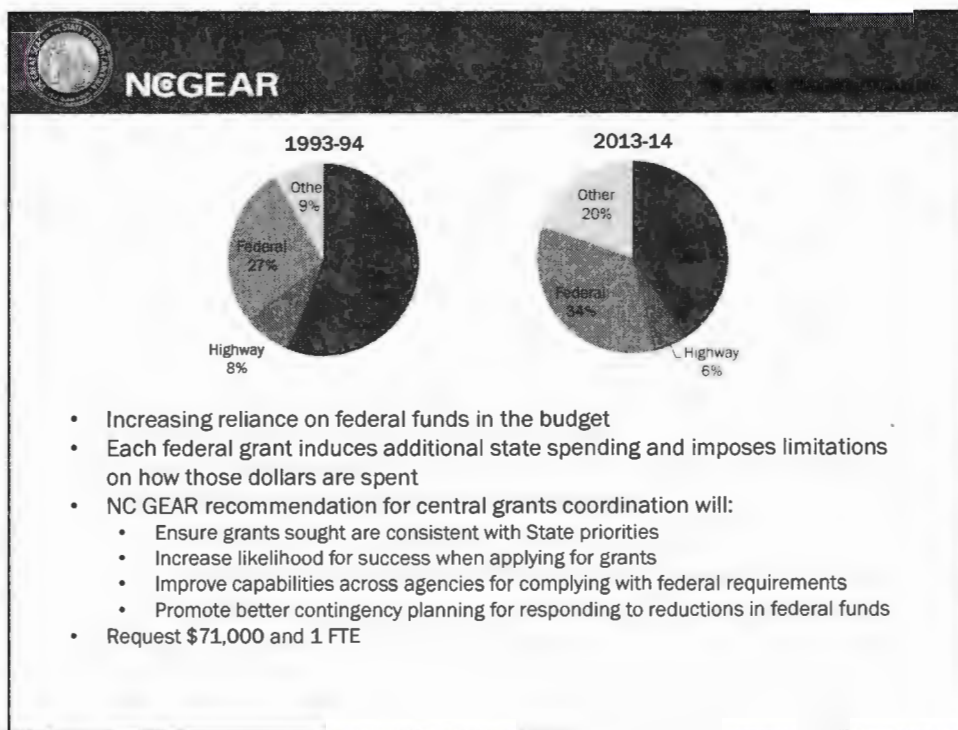

NCGEAR

• Ideas

• Action



- Institutionalizes NC GEAR in OSBM to:
 - Ensure successful implementation of recommended reforms
 - Continue identification and development of new reform opportunities
 - Promote culture of continuous improvement
- Request \$872,000 and 7 FTE





NCGEAR

Sample Program Budget

	FY12-13 Certified	FY12-13 Authorized	FY12-13 Actual	FY13-14 Certified	FY13-14 Authorized	FY13-14 Actual
Department of Cultural Resources						
Administrative Costs	\$4,656,406	\$6,291,481	\$6,291,422	\$6,872,893	\$6,925,053	\$6,860,064
Administrative Services	\$2,466,839	\$4,266,029	\$4,266,019	\$4,733,857	\$4,729,120	\$4,706,558
Office of the Secretary	\$2,189,567	\$2,025,452	\$2,025,402	\$2,139,036	\$2,195,933	\$2,153,506
Archives and Historical Resources	\$6,084,449	\$5,950,117	\$5,951,385	\$5,706,836	\$5,790,851	\$5,603,666
Archives and History Administration	\$763,985	\$740,248	\$735,921	\$635,855	\$632,271	\$618,843
Archives and Records	\$2,701,269	\$2,670,587	\$2,676,495	\$2,534,128	\$2,605,599	\$2,578,620
Historic Preservation	\$938,959	\$986,002	\$986,002	\$976,330	\$1,008,857	\$939,201
Historical Publications	\$502,785	\$497,346	\$497,342	\$418,641	\$423,032	\$418,658
State Archaeology	\$974,585	\$872,592	\$872,593	\$938,448	\$919,185	\$890,644
Western Office	\$202,836	\$183,342	\$183,032	\$203,434	\$201,907	\$157,721
Arts and Culture	\$15,375,620	\$15,195,034	\$15,194,213	\$15,695,606	\$15,453,059	\$15,331,701
North Carolina Arts Council	\$7,162,981	\$7,245,860	\$7,245,043	\$7,586,687	\$7,391,129	\$7,369,276
North Carolina Museum of Art	\$6,157,265	\$5,924,647	\$5,924,647	\$6,069,566	\$6,010,115	\$5,924,055
North Carolina Symphony	\$1,055,374	\$2,024,527	\$2,024,523	\$2,039,353	\$1,051,815	\$2,038,370
History Museums and Historic Sites	\$19,176,987	\$18,159,165	\$18,150,876	\$17,298,305	\$17,413,627	\$16,881,491
North Carolina History Museums	\$5,894,044	\$5,814,931	\$5,819,566	\$5,644,876	\$5,681,264	\$5,527,514
North Carolina Maritime Museums	\$1,636,496	\$1,550,185	\$1,541,563	\$1,679,296	\$1,671,507	\$1,572,096
Roanoke Island Festival Park	\$1,058,757	\$1,058,757	\$1,058,757	\$506,044	\$506,044	\$499,533
State Historic Sites	\$7,714,071	\$7,214,293	\$7,211,390	\$7,220,302	\$7,371,438	\$7,140,477
Tryon Palace Historic Sites and Gardens	\$2,873,619	\$2,520,990	\$2,519,600	\$2,247,787	\$2,183,374	\$2,141,871
Reserves and Transfers	\$0	\$0	(\$3,296)	\$0	\$0	(\$46,405)
State Libraries	\$19,378,709	\$19,076,993	\$19,072,284	\$19,283,612	\$19,274,662	\$19,104,677
Local Library Programs	\$14,968,714	\$14,928,904	\$14,928,040	\$14,896,042	\$14,916,214	\$14,892,687
State Library	\$4,409,995	\$4,148,089	\$4,144,244	\$4,387,570	\$4,358,448	\$4,211,990
Grand Total	\$64,672,171	\$64,672,790	\$64,656,884	\$64,857,252	\$64,857,252	\$63,735,195

*Data is for illustrative purposes and has not been reviewed for final publication

Committee Sergeants at Arms

NAME OF COMMITTEE Jt Committee on App. General Govt

DATE: 3-31-15 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: Giles Jeffries
2. Name: TERRY BARNHARDT
3. Name: _____
4. Name: _____
5. Name: _____



Tuesday, March 31
APPROPRIATIONS
GENERAL
GOVERNMENT
(JOINT)

Room
425

Time
8:30 am

Name	County	Sponsor
Maddie Dyson	Davidson	John Faircloth

SENATE PAGES ATTENDING

COMMITTEE: Joint Approps. - & I. T. ^{General Gov't} ROOM: 425 LOB
 DATE: 3-31 TIME: 8:30 am

PLEASE PRINT LEGIBLY!!!!!!!!!!!!!!....or else!

	Page Name	Hometown	Sponsoring Senator
①.	Annabelle Webb	Henderson	Bryant
②.	Kayla Childress	Jacksonville	Brown
③.	Lily Richardson	Warrenton	Bryant
④.	Collin Miller	Candler	Van Dusen
⑤.	Drew West	Candler	Apodaca
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

Jt Committee on App. General Govt 3-31-2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Margaret Malone

NCHFA

Will Pamy-Hill

NCHFA

Amy of Ohio

Gov's Office

BOB KUCHAR

NCHFA

Betsy Rozakis

NCHFA

Scott Farmer

NCHFA

Erin Matteson

OSBM

Radia Gabbon

Capital City

Chris Spencer

Sales force

Hannah Davis

NCHFA

Dana Mangum

NCCADV



VISITOR REGISTRATION SHEET

Jt Committee on App. General Govt 3-31-2015

Name of Committee

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FIRM OR AGENCY AND ADDRESS

Sarah Bales

Burke's Assoc

Cady Thomas

Focus Calabria



VISITOR REGISTRATION SHEET

Jt Committee on App. General Govt

3-31-2015

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Stan Williams	NCS
Rob Schiller	NC Symphony
Darryl Black	NCPPS
Ainetha Dickerson	OSBM
Barbara Bowers	OSBM
Joe Coletti	OSBM
JAY PRAKE	OSBM
David Brown	OSBM
Karin v. Howell	DCL
Kevin Cheeky	DCL
Martha Jenkins	DCL



VISITOR REGISTRATION SHEET

Jt Committee on App. General Govt

Name of Committee

3-31-2015

Date _____

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NAME _____

FIRM OR AGENCY AND ADDRESS

[illegible]

