

2017

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

MINUTES

ATTENDANCE

Committee:

General Government

[illegible]



Senate Committee on Appropriations on General Government and Information Technology
Wednesday May 10, 2017 at 8:30 AM
Room 425

MINUTES

The Senate Committee on Appropriations on General Government and Information Technology met at 8:30 on Wednesday May 10, 2017 in Room 425. 4 Senate members and 6 House members were present.

Senator Tamara Barringer, Chair, presided.

Senator Barringer gaveled the meeting to order at 8:33. She then introduced the Sergeant-at-Arms and the Pages and thanked them for their service.


Lisa Honeywell, from the Fiscal Research Division, presented the General Government Appropriations overall budget.

The proposed budget for General Government agencies is \$387M for FY 2017-2018 and \$388M for FY 2018-2019. This is about a 1% increase over the base budget for each year of the biennium. Overall, the growth is due to the increase to state employee salaries and benefits for the General Government departments and agencies.

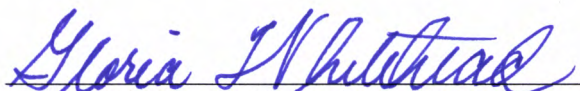
This budget realigns expenditures to provide necessary operating funds for many agencies within General Government including:

- Shoring up the rent and lease budgets for the Department of State Treasurer and Department of Insurance,
- Continuing financial assistance to local fire departments for local fire protection of the State government buildings,
- Creating critical accounting, auditing, and fraud prevention positions for agencies while eliminating positions vacant for many months and generating about \$1.5 million to be used for those areas of need,
- Continuing funding for critical IT needs within Department of Revenue and Office of State Controller,
- Managing to right-size government by combing programs where appropriate – the Human Relations Commission will now be part of the Office of Administrative Hearings in this Act,
- Continuing to make the Workforce Housing Loan Program a priority by providing \$16.1 million for the development of low-income housing units around the State, and;
- Realigning agencies' budgets to address deficiencies with call center staffing in Secretary of State's Office and contracts within the Office of the State Auditor

With all business concluded, Senator Barringer adjourned the meeting at 9:58 am



Senator Tamara Barringer
Presiding



Gloria Whitehead, Committee Clerk



Senate Appropriations Committee for General Government/IT Talking Points

The proposed budget for General Government agencies is \$387M for FY 2017-18 and \$388M for FY 2018-19. This is about a 1% increase over the base budgets for each year of the biennium. Overall, the growth is primarily due to the increase to state employee salaries and benefits for the General Government departments and agencies.

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Senate Appropriations Committee for General Government/IT

Talking Points

Committee Report - Specific Items

Department of State Treasurer

J-7, #4 Vacant Positions – Eliminates positions vacant for over 630 days; the amount of savings to be generated will total \$253,874 Recurring (R).

J-7, #5 Rent – Provides additional receipt funds of \$169,000 to fully fund the increased rent escalation.

J-7, #6 Core Banking System – Makes current one-time funding recurring to fund the contract in place for the State's Core Banking system and operations; the amount appropriated is \$450,000 R.

J-7, #7 Accounting Positions – Adds two accountants to support accounting and financial reporting for Department of State Treasurer; this is receipt supported through cost allocation to other divisions' receipts. Total for positions is \$211,301 recurring annually and \$6,000 nonrecurring (NR) for FY 2017-18.

J-8, #8 Internal Auditor Positions – Creates through receipt-support two additional advanced auditor positions for \$161,096 recurring annually and \$6,000 nonrecurring

J-8, #9 Investment Position Funding – Correctly aligns the budget for Investment Division positions to receipts and adjusts appropriations by the amount of \$5,688,712.

J-8, #10 Orbit Update and Support – Provides receipt-support for IT costs and creates one FTE for management of the Orbit Retirement System. The salary and benefits total \$126,500 and \$431,000 for FY 2017-18 and \$475,000 for FY 2018-19 for Orbit system enhancements.

State Treasurer – Retirement and Benefits

J-14, #11 National Guard Pension Fund – Increases the State's contribution to the National Guard Pension Fund to match the actuarially determined contribution level. The amount is \$406,080 in each year of the biennium.

J-14, #12 Firefighters' and Rescue Squad Workers' Pension Fund - Increases the State's contribution to the Firefighters' and Rescue Squad Workers' Pension Fund to match the actuarially determined contribution level. The amount is an additional \$350,000 in FY 2017-18 and \$700,000 in FY 2018-19.

Department of Military and Veterans Affairs



Senate Appropriations Committee for General Government/IT

Talking Points

J-20, #16 Military Presence Stabilization Fund – Provides additional funds to assist communities in investment efforts to sustain and maintain NC's military programs and activities. The amount is \$2,000,000 for FY 2017-18.

Department of Insurance

J-27, #20 Lease - Increase Provides additional funds for the lease increase for the renovated Albemarle Building; DOI staff have already moved in. The lease increase amount is \$480,959.

J-28, #21 Vacant Position Eliminations - Reduces funds and eliminates 4 vacant positions; these positions have been vacant for over 265 days. This generates a savings of \$245,773 annually.

J-28, #22 Travel - Reduces the amount of funds available for travel by \$350,000 annually; this amount aligns the budget closer to actuals spent.

J-28, # 24 - Fraud Investigator Positions Provides additional funds for 2 sworn officers to investigate insurance fraud. The amount available for two positions is \$139,022 annually.

State Board of Elections

J-36, #28 Vacant Position Eliminations – Eliminates 3 FTEs that have been vacant for over 540 days. The amount of savings is \$187,384, annually.

J-36, #29 Business Applications Analyst – Converts a temporary position to permanent status and appropriates \$70,000 recurring annually.

North Carolina General Assembly

J-43, #34 Military Operations Study – Provides funds to study the extent and scope of all military operations in the State and create a suite of maps and other relevant data regarding the State's air and water-based military operations. The amount available for this study is \$150,000 for FY 2017-18.

J-43, #35 Measurability Assessment and Efficiency Study – Provides funds to the Program Evaluation Division to contract for a study of efficiency of the Department of Administration; PED will coordinate with the State Auditor's office to identify specific programs to review. The amount of funds available for this study is \$150,000.

Office of State Budget and Management



Senate Appropriations Committee for General Government/IT Talking Points

J-61, #43 Elimination of 1 vacant position over 3 years. -1 FTE for a savings of \$70,129 (R).

J-63, Special Fund Page - Transfers funds from the Dorothea Dix Land Proceeds to the Department of Health and Human Services for the purpose of expanding inpatient capacity, especially in rural areas near counties with limited inpatient capacity relative to their needs through constructing new beds or renovating existing beds to form new inpatient psychiatric units or new facility-based crisis centers, prioritizing rural hospitals in the process. \$8 million nonrecurring (NR).

J-63, Transfers funds from the Dorothea Dix Land Proceeds to the Department of Health and Human Services for start-up costs (renovation or construction) to establish 1 or 2 child facility-based crisis centers, at least 1 of which will be in the south/east/central region. Funds will be awarded on a competitive basis, and will be available across 2 years because construction and renovation tends to take longer than 1 year. \$2 million nonrecurring (NR).

Department of Revenue

J-77, #48 Elimination of 3 positions vacant over 10 months. -3 FTE's for a savings of \$120,801 Recurring (R).

J-78, Provides funds to DOR from the Collections Assistance Fee (CAF) to support Portfolio Warehouse, Modernize eFile and tax systems operations and maintenance upgrades. \$7,153,442 nonrecurring (NR).

J-78, Provides funds to DOR from the Collections Assistance Fee (CAF) to contract with a vendor to perform tax fraud analysis using the Government Data Analytics Center (GDAC) and to pay for identity theft protection information technology upgrades. \$4.4 million nonrecurring (NR).

J-78, Provides funds to DOR from the Collections Assistance Fee (CAF) to implement a new tax collection system. \$20 million nonrecurring (NR).

J-80, Provides funds to DOR from Integrated Tax Administration System (ITAS) Replacement to support Portfolio Warehouse, Modernize eFile and tax systems operations and maintenance upgrades. \$5,346,558 nonrecurring (NR).

Office of the State Controller

J-87, #52 Reduces the amount of funds for leased space due to renegotiation of 10-year contract. Recurring savings of \$266,029 (R) and nonrecurring savings of \$182,996 (NR).



Senate Appropriations Committee for General Government/IT

Talking Points

J-88, #53 Provides additional funds for service contracts including the North Carolina Accounting System, Cash Management System, HR Payroll System and others that support OSC's responsibilities. \$382,404 recurring (R).

J-89, Transfers funds from the Federal Insurance Contribution Act (FICA) Savings account to General Fund availability to offset nonrecurring General Government appropriations. \$1.5 million nonrecurring (NR).

Office of Administrative Hearings

J-97, #57 Adds 1 Civil Rights Investigator to the Civil Rights Division along with start-up funds effective January 1, 2018. Salary and benefits of \$43,626 recurring (R) and \$1,076 start-up costs nonrecurring (NR) in FY 2017-18. Recurring costs of \$87,251 in FY 2018-19.

J-97, #58 Transfers all funding and positions (5.29 FTEs) for the Human Relations Commission from the Department of Administration to the Office of Administrative Hearings Civil Rights Division as a Type 1 transfer. \$418,135 recurring (R).

J-97, #59 Provides an additional \$3,618 in funding from the Department of Health and Human Service for an upgrade of an Attorney II position to a newly designated Medicaid Administrative Law Judge. This position is receipt supported.

Department of Administration

J-104, #63-64 Human Relations Commission - Transfers the Human Relations Commission to Office of Administrative Hearing (OAH) and eliminates the Director's position, which is currently vacant. The staff will report to the head of the Civil Rights Division at OAH.

J-104, #65 Position Funding Realignment - Shifts funding for 2.94 full time equivalents (FTE) from receipt-support to General Fund appropriations

J-105, #66 Vacant Position Eliminations - Eliminates 5 FTEs that have been vacant over 6 months for a savings of \$248,066.

J-105, #67 Measurability Assessment and Efficiency Study - Provides \$50,000 for a measurability assessment and efficiency study to be conducted by the Program Evaluation Division.



Senate Appropriations Committee for General Government/IT

Talking Points

Ethics Commission

J-105, #68 Electronic System Maintenance - Provides additional funds needed for ongoing operations and maintenance of the new electronic Statement of Economic Interest and ethics education system.

Housing Finance Agency

J-111, #69 Workforce Housing Loan Program - Provides \$16.1 million from the Moody's settlement with the State for the Workforce Housing Loan Program.

J-112, Special Fund Page Community Living Housing Fund - Appropriates \$4.2 million to the Community Living Housing Fund to help increase access to community-based housing for individuals with disabilities.

Lieutenant Governor

J-119, #73 Supplies and Equipment - Provides nonrecurring funding for office supplies and equipment (\$30,000).

J-120, #74 Administrative Assistant Position - Creates a new Administrative Assistant position for the office.

Secretary of State

J-127, #78 Vacant Position Elimination - Eliminates a vacant position that has been unfilled for over 6 months.

J-128, #79 Call Center Temporary Positions - Provides \$100,000 recurring for temporary positions in the Corporations Division call center.

Auditor

J-133, #83 Subject Matter Experts - Provides additional funds (\$250,000 recurring) for subject matter experts.

J-134, #87 Vacant Position Eliminations - Eliminates 3 vacant positions which have been unfilled for over 6 months.

Special Provisions

Page 305, Section 19.1 Military Affairs Commission (MAC)/Military Presence Stabilization – Makes it clear that the MAC is an independent Commission of the



Senate Appropriations Committee for General Government/IT

Talking Points

Department of Military and Veterans Affairs, but that the DMVA will provide staff support as required by the MAC. Additionally, there's broad direction for use of the Military Presence Stabilization Fund. This allows the Fund to be used for grants to local communities, reimbursement for service of MAC members, economic impact analyses, and other innovative measures that increase the military value of installations in North Carolina.

Page 307, Section 20.1 OAH/Lawsuit Funds – Transfers \$50,000 from Department of Public Instruction to the Office of Administrative Hearings for the Rules Review Commission. The funds will be used to pay for outside legal counsel regarding the lawsuit of State Board of Education v. The State of NC and Rules Review Commission.

Page 307, Section 22.1 Insurance Regulatory Charge – Keeps the rate used in calculating the insurance regulatory fee at 6.5% for the 2018 calendar year.
Office of Administrative Hearings

Page 308, Section 24.1 PED Study/Measurability Assessment of Department of Administration (DOA) – Directs PED to conduct a Measurability Assessment and an efficiency assessment of DOA by working with Office of State Auditor to assist identifying potential programs/services for evaluation. PED will report its findings to the General Government Oversight Committee by March 30th.

Page 308, Section 24.2 Protection of Military Operations – Directs the General Assembly to conduct a study of the extent and scope of military operations in the State in order to create a suite of maps and other data and documentation that will be utilized to identify areas where energy infrastructure and development may pose a threat to training capabilities and readiness.

Page 309, Section 26.1 Modifications to Previous OSBM Special Appropriations – This special provision modifies the grant scope, designated grantee, or prevents funds from reverting for grant funds appropriated to entities in FY 2016-17 budget. Grants included are: Macon County Grant Funds, Watauga County tourism project, Onslow County, Andrew Jackson Historical Foundation, and the Randolph-Asheboro YMCA.

Page 310, Section 28.1 Workforce Housing Loan Program Established – Codifies the Workforce Housing Loan Program, which was established in FY 2014-15. This also adjusts the funding caps so that no loan amount may exceed \$500,000 per county in each fiscal year.

Page 311, Section 31.1 Transfer the Human Relations Commission – Effectuates the Type I transfer of the Human Relations Commission from the Department of Administration to the Civil Rights Division within the Office of Administrative Hearings. The two agencies are directed to identify unexpended funds to pay for the one-time start-up costs related to the transfer.



Senate Appropriations Committee for General Government/IT Talking Points

Page 312, Section 31.2 Council for Women/Domestic Violence Grants – Requires that the first quarter grants from the Domestic Violence Center Fund be disbursed within 15 days of the certified budget each year.

Page 313, Section 31.3 DOA/Cost to Agencies to Maintain and Operate Motor Fleet – Allows the Motor Fleet division to make changes to the current fee structure to help capture the true cost of ownership of cars in the fleet beginning January 1, 2018. The Motor Fleet fund shall subsidize some of the fee charged to agencies for the calendar year, with full implementation beginning January 1, 2019. Any unexpended General Fund dollars from the Department of Administration are to be transferred to the Motor Fleet fund at the end of FY 2017-18 to help cover the subsidization. The Motor Fleet division is directed to work with participating agencies to help right-size their motor fleet prior to full implementation of the new fee. The Office of State Budget and Management is directed to build the increased cost to agencies (if applicable) into the base budget for the FY 2019-21 biennium.

Page 314, Section 33.1 Receipts generated by the collection of inadvertent overpayments by State agencies are deposited in the Overpayments Audit Special Reserve Fund. This provision allows the State Controller's Office to utilize up to \$500,000 from this account in each year of the biennium for data processing, debt collection or e-commerce costs.

