

2019

**JOINT
APPROPRIATIONS –
GENERAL
GOVERNMENT**

MINUTES



**JOINT APPROPRIATIONS COMMITTEE ON GENERAL
GOVERNMENT**

2019 REGULAR SESSION

SENATOR JOHN ALEXANDER, JR. CO-CHAIR

SENATOR RICK HORNER, CO-CHAIR

REPRESENTATIVE GEORGE CLEVELAND, CO-CHAIR

REPRESENTATIVE DENNIS RIDDELL, CO-CHAIR

JESSICA DAIGLER-WALLS, COMMITTEE CLERK

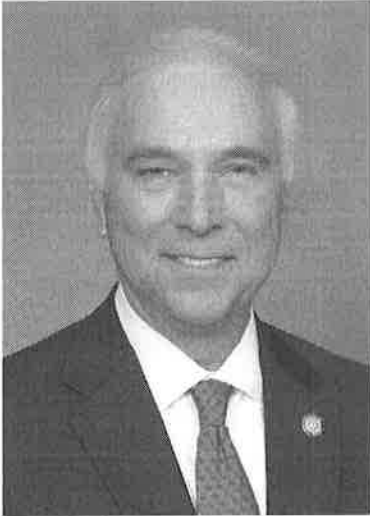
REGINA IRWIN, COMMITTEE CLERK

PAMELA AHLIN, COMMITTEE CLERK

POLLY RIDDELL, COMMITTEE CLERK

JOINT APPROPRIATIONS COMMITTEE ON GENERAL GOVERNMENT

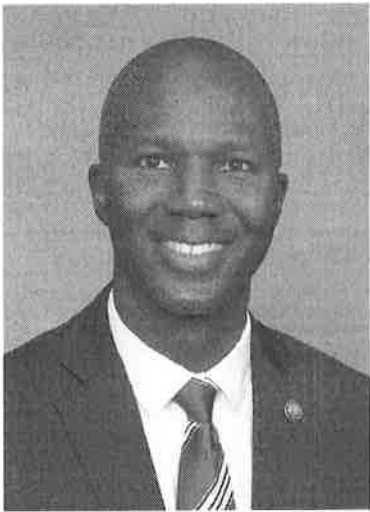
2019 REGULAR SESSION



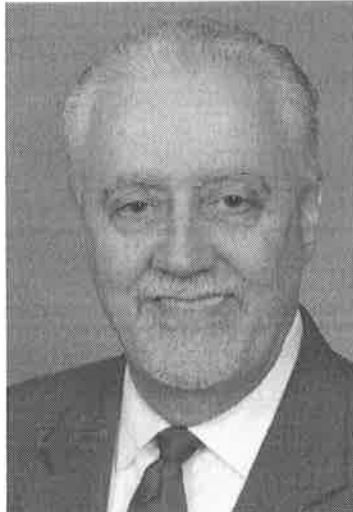
Sen. John Alexander, Jr.
Chairman



Sen. Rick Horner
Chairman



Sen. Ben Clark



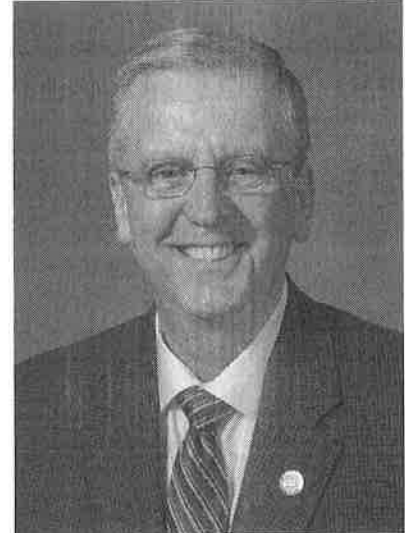
Sen. Carl Ford



Sen. Valerie Foushee



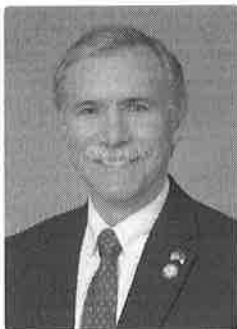
Sen. Sam Searcy



Sen. Bob Steinburg

APPROPRIATIONS, GENERAL GOVERNMENT**House Standing Committee****Chairs**

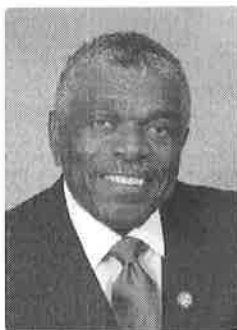
Rep. Cleveland



Rep. Riddell

Vice Chairs

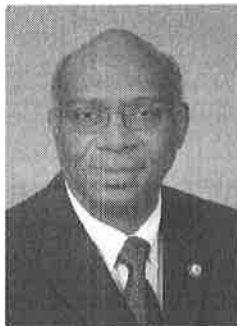
Rep. Arp



Rep. Floyd

Members

Rep. Barnes



Rep. Garrison



Rep. Logan



Rep. Majeed



Rep. Pittman

Pursuant to House Rules 26(e) and 26(f), the Chair of the Committee on Rules, Calendar and Operations of the House, the Speaker Pro Tempore, the Majority Leader, and the Deputy Majority Leader are ex officio members of each standing committee and permanent subcommittee with the right to vote. The previous sentence does not apply to the Standing Committee on Ethics. For the purposes of determining a quorum, when serving only as ex officio members, these members shall be counted among the membership of the committee or subcommittee only when present.

SENATE STANDING COMMITTEE ON APPROPRIATIONS
GENERAL GOVERNMENT & INFORMATION TECHNOLOGY

2019 REGULAR SESSION

<u>MEMBER</u>	<u>ASSISTANT</u>	<u>PHONE</u>	<u>OFFICE</u>
Sen. J. Alexander Jr., Co-Chair	Jessica Daigler-Walls	919-733-5850	625
Sen. Rick Horner, Co-Chair	Regina Irwin	919-715-3030	2106
Sen. Ben Clark	Erhonda Farmer	919-733-9349	1117
Sen. Carl Ford	Olivia Baumann	919-733-5665	608
Sen. Valerie Foushee	James Spivey	919-733-5804	517
Sen. Sam Searcy	Michael Barnhill	919-733-5653	1118
Sen. Bob Steinburg	Edward Stiles	919-715-8293	301

COMMITTEE STAFF

FISCAL RESEARCH DIVISION **ROOM 641 LOB** **TEL: 919-733-4910**

Cara Bridges	cara.bridges@ncleg.net
Grant Schwab	grant.schwab@ncleg.net

BILL DRAFTING DIVISION **ROOM 401 LOB** **TEL: 919-301-1321**

Myra Torian	myra.torian@ncleg.net
Gayle Moses	gayle.moses@ncleg.net

COMMITTEE POLICY ADVISOR **ROOM 1408 LB** **TEL: 919-301-2008**

Carly Weaver	Carly.Weaver@ncleg.net	919-649-0057 cell
--------------	--	-------------------

HOUSE APPROPRIATIONS, GENERAL GOVERNMENT
2019-2020 SESSION

MEMBER	ASSISTANT	PHONE	OFFICE	SEAT
CLEVELAND, George Chair	Pamela Ahlin, Clerk	5-6707	417A	8
RIDDELL, Dennis Chair	Polly Riddell, Clerk	3-5905	416A	49
ARP, Dean Vice Chair	Stanley, Katie	3-3007	307A	54
FLOYD, Elmer Vice Chair	Meredith Graf	3-5959	1325	36
BARNES, Lisa Stone	Beth Standberg	5-3032	531	98
GARRISON, Terry E.	Anita Bennett	3-5824	610	45
LOGAN, Carolyn G.	Lockard, Robert, III	3-5925	603	83
MAJEED, Nasif	Baker, Beverlee	3-5606	1008	103
PITTMAN, Larry	Tammy Pittman	5-2009	1010	62
Ex Officio Members				
LEWIS, David	Grace Rogers	5-3015	2301	6
STEVENS, Sarah	Lisa Brown	5-1883	419	7
BELL, John	Susan West Horne	5-3017	301F	5
JONES, Brendan	Andrew Bailey	3-5821	1227	88

SENATE COMMITTEE ON APPROPRIATIONS, GENERAL GOVERNMENT**2019 REGULAR SESSION****ATTENDANCE**

DATES	02-19-2019	02-26-2019	02-28-2019	03-05-2019	03-06-2019	03-12-2019	03-13-2019	03-14-2019	03-19-2019	03-20-2019
SEN. J. ALEXANDER, CO-CHAIR	X	X	X	X	X	X	X		X	X
SEN. HORNER, CO-CHAIR	X	X	X	X	X		X	X	X	X
SEN. CLARK										
SEN. FORD	X	X	X	X	X	X	X	X		X
SEN. FOUSHEE	X			X	X	X			X	X
SEN. SEARCY	X			X		X	X		X	X
SEN. STEINBURG	X	X								
CARA BRIDGES, STAFF	X	X	X	X	X	X	X	X	X	X
GRANT SCHWAB, STAFF	X	X	X	X	X	X	X	X	X	X
MYRA TORAIN, STAFF										
GAYLE MOSES, STAFF			X							
CARLY WEAVER , STAFF		X		X		X	X	X		X
JESSICA DAIGLER- WALLS, CLERK		X				X				X
REGINA IRWIN, CLERK				X				X		

ATTENDANCE

HOUSE COMMITTEE ON APPROPRIATIONS, GENERAL GOVERNMENT

2019-20

DATES	02-19-2019	02-26-2019	02-28-2019	03-05-2019	03-06-2019	03-12-2019	03-13-2019	03-14-2019	03-19-2019	03-20-2019
CLEVELAND, George CHAIR	X	X	X	X	X	X	X	X	X	X
RIDDELL, Dennis CHAIR	X	X	X	X	X	X	X	X	X	X
ARP, Dean VICE CHAIR										
FLOYD, Elmer VICE CHAIR	X	X	X	X	X	X	X	X	X	X
MEMBERS:										
BARNES, Lisa Stone	X	X		X	X	X			X	X
GARRISON, Terry	X		X	X		X	X	X	X	X
LOGAN, Carolyn	X	X	X	X	X	X	X	X		X
MAJID, Nasif	X	X	X	X	X	X	X	X	X	X
PITTMAN, Larry	X	X	X	X	X	X	X	X	X	X
EX OFFICIO MEMBERS:										
LEWIS, David										
STEVENS, Sarah										
BELL, John										
JONES, Brendan										
BRIDGES, Cara STAFF	X	X	X	X	X	X	X	X	X	X
SCHWAB, Grant STAFF	X	X	X	X	X	X	X	X	X	X
AHLIN, Pamela CLERK	X				X				X	
RIDDELL, Polly CLERK			X				X			

Joint Committee on Appropriations, General Government
Tuesday, February 19, 2019 at 8:30 AM
Room 425 Legislative Office Building

MINUTES

The Joint Committee on Appropriations, General Government met at 8:30 AM on February 19, 2019 in Room 425 LOB. Representatives Barnes, Cleveland, Floyd, Garrison, Logan, Majeed, Pittman, and Riddell attended. Senators Alexander, Ford, Foushee, Horner, Searcy, Steinburg were present. Cara Bridges and Grant Schwab, members of the Fiscal Staff, attended the meeting. The list of the Sergeants at Arms and Pages for the House and Senate are attached to the Minutes, as well as the Visitors Log.

Rep. George G. Cleveland presided.

Cara Bridges from the Fiscal Research Division made a presentation from the Committee and Budget Overview (Attachment #1.) Other information presented was a Glossary of Budgeting Terms (Attachment #2). The Joint Appropriations Committee Calendar (Attachment #3) forecasting the work schedule for the committee was given to each committee member. Ms. Bridges elaborated on getting fiscal notes by making a request by email, or contacting Mark Trogon, or contacting the staff for the Appropriations, General Government committee. Sen. Horner clarified that a fiscal memo was not public, whereas a fiscal note is public information.

Grant Schwab from the Fiscal Research Division talked about funding codes in the budget. Sen. Alexander said that Personal services, known as salary and benefits, make up the vast expenditures of the committee. Rep. Cleveland specified that they would follow the calendar to keep on track. Rep. Floyd asked what would happen if we could not get a budget. Rep. Cleveland said that the budget would be the same as the present budget. Rep. Garrison wanted to know if there was a limitation on the amount that is modified in the budget. Is there any department with a surplus? Rep. Cleveland responded that there are financial targets in the planning process. Ms. Bridges added that there was no agency that she knew about that would have a surplus, but there are always unforeseen circumstances. The fiscal team monitors each agency monthly to assess if needs have changed or issues have arisen. Rep. Pittman hoped the committee and the Legislature would be done on time with a full budget in a timely manner.

The meeting was adjourned at 9:11 AM.



Rep. George G. Cleveland
Presiding



Pamela Ahlin, Committee Clerk

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2019-2020 SESSION**

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

DAY & DATE: Tuesday, February 19, 2019

TIME: 8:30 AM

LOCATION: 425 LOB

COMMENTS: Rep. Cleveland will chair the Budgeting Overview meeting.

Respectfully,

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

I hereby certify this notice was filed by the committee assistant at the following offices at 11:39 AM on Wednesday, February 13, 2019.

____ Principal Clerk
____ Reading Clerk – House Chamber

Pamela Ahlin (Committee Assistant)

224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000 1001 1002 1003 1004 1005 1006 1007 1008 1009 1010 1011 1012 1013 1014 1015 1016 1017 1018 1019 1020 1021 1022 1023 1024 1025 1026 1027 1028 1029 1030 1031 1032 1033 1034 1035 1036 1037 1038 1039 1040 1041 1042 1043 1044 1045 1046 1047 1048 1049 1050 1051 1052 1053 1054 1055 1056 1057 1058 1059 1060 1061 1062 1063 1064 1065 1066 1067 1068 1069 1070 1071 1072 1073 1074 1075 1076 1077 1078 1079 1080 1081 1082 1083 1084 1085 1086 1087 1088 1089 1090 1091 1092 1093 1094 1095 1096 1097 1098 1099 1100 1101 1102 1103 1104 1105 1106 1107 1108 1109 1110 1111 1112 1113 1114 1115 1116 1117 1118 1119 1120 1121 1122 1123 1124 1125 1126 1127 1128 1129 1130 1131 1132 1133 1134 1135 1136 1137 1138 1139 1140 1141 1142 1143 1144 1145 1146 1147 1148 1149 1150 1151 1152 1153 1154 1155 1156 1157 1158 1159 1160 1161 1162 1163 1164 1165 1166 1167 1168 1169 1170 1171 1172 1173 1174 1175 1176 1177 1178 1179 1180 1181 1182 1183 1184 1185 1186 1187 1188 1189 1190 1191 1192 1193 1194 1195 1196 1197

JOINT APPROPRIATIONS COMMITTEE ON GENERAL GOVERNMENT

Room 425 Legislative Office Building
Agenda

February 19, 2019 – 8:30 AM

I. CALL TO ORDER

Chairs: **Rep. George Cleveland, presiding**
 Sen. John Alexander
 Rep. Dennis Riddell
 Sen. Rick Horner

II. PRESENTATIONS

Chairs' Opening Comments and Committee Discussion

Committee and State Budgeting Overview
Cara Bridges, Fiscal Research Division
Grant Schwab, Fiscal Research Division

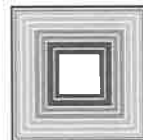
III. ADJOURNMENT

Joint Appropriations Committees on General Government

Committee and Budgeting Overview



February 19, 2019



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

Outline

- Committee Logistics
- Fiscal Research
- Fiscal Notes/Fiscal Memos
- Confidentiality
- Main Budget Terms
- The “Gen Gov” Budget
- Other Helpful Budget Terms



Committee Website

Joint General Government meetings have a website that is linked off either the House or Senate committee websites.

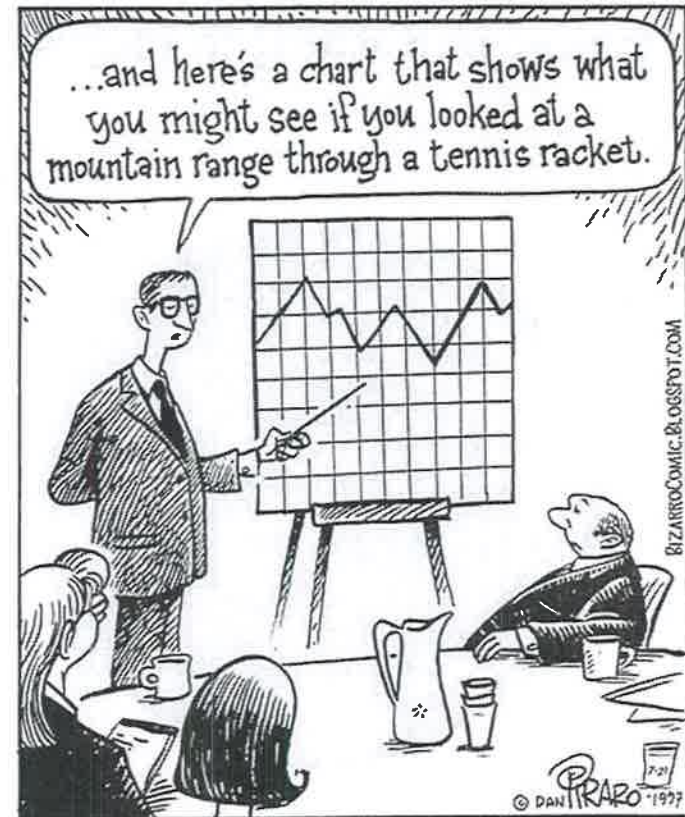
- Agendas
- All committee handouts
- Follow-up information



North Carolina General Assembly - Joint Meetings of House and Senate
Appropriations on General Government

Fiscal Research Division

- Nonpartisan, professional staff serving all 170 members
- 32 analysts divided into 9 teams
- Primary responsibilities during Session:
 - **Staff Appropriations committees**
 - **Respond to member requests**
 - **Write fiscal notes, fiscal memos, and incarceration notes**



Fiscal Research Division

Fiscal Notes

- Multi-year analysis of all estimated fiscal effects of a bill on expenditures or revenue of the State
- Prepared upon request of bill sponsor or other member
- Request and information about note remain confidential until note becomes public



Fiscal Memo

- Same analysis as a Fiscal Note
- Usually prepared for draft bills or Proposed Committee Substitute (PCS)
- Remains confidential after completion

Incarceration Note

- **Required** for proposed changes that may impact incarceration rates in State facilities

Fiscal Research Division

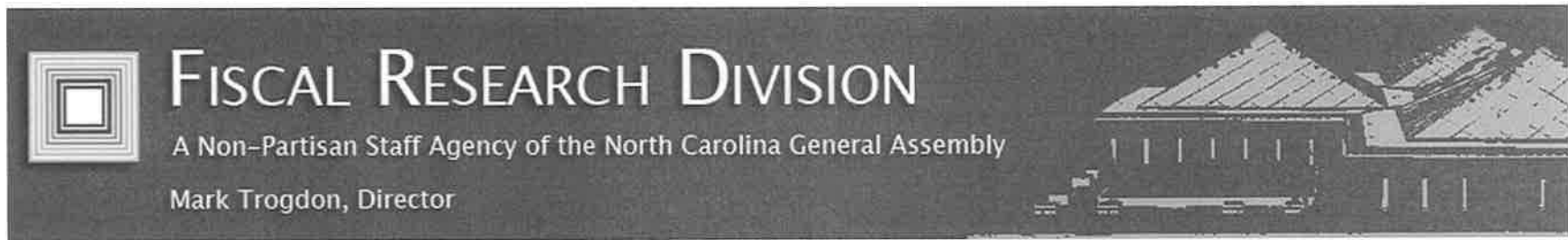
Fiscal or Incarceration note requests should be e-mailed to:

@Fiscal Note Requests

Include:

- **Requestor's name**
- **Bill number (or draft number for a memo or Proposed Committee Substitute)**
- **Short title**

Fiscal Research Division



FRD website:

www.ncleg.gov/FiscalResearch

- Annotated Committee Reports
- Fiscal Briefs
- Revenue Forecasts
- Staff Listing

Confidentiality

- **ALL member requests made to Fiscal Research staff are confidential**
- **Requests to agencies by Fiscal staff are NOT confidential unless directly related to a fiscal note**



Budget Terms: Appropriation

Appropriation

An enactment by the General Assembly authorizing the withdrawal of money from the State treasury.

State Budget Act – Chapter 143C-1-1(d)(1)

“No money shall be drawn from the State treasury but in consequence of appropriations made by law.”

NC Constitution, Art. V, Section 7

Budget Terms: Base Budget



- G.S. 143C-1-1(d)(1c)
- Previous year's authorized budget
- Removes nonrecurring reductions or increases
- May also include adjustments for:
 - Annualization of programs
 - Federal payroll tax changes
 - Contracted lease rate increases
 - Receipt projections
 - Reconciliation of intra- and intergovernmental transfers

Budget Terms: Base Budget

Total Requirements

The total cost associated with a proposed expenditure of funds regardless of the source of funds

Departmental Receipts

Fees, transfers, licenses, federal funds, grants, fines, penalties, tuition, and other similar collections or credits generated by State agencies that are applied to the cost of a program

Net General Fund Appropriation

An appropriation of the General Fund's general purpose revenue

<p>Total Requirements – Department Receipts = Net General Fund Appropriation</p>
--

Budgeting Terms: Budget Types

Certified Budget: The budget as enacted by the General Assembly, plus any funds appropriated to reserves to be allocated to agencies.

Ex.: The FY 2018-19 Budget appropriates \$10,000 for Agency Y to buy 10 computers.

Certified Budget = \$10,000

Authorized Budget: The certified budget updated to reflect line-item reallocations approved by the Office of State Budget and Management (OSBM) as authorized by G.S. 143C-6-4.

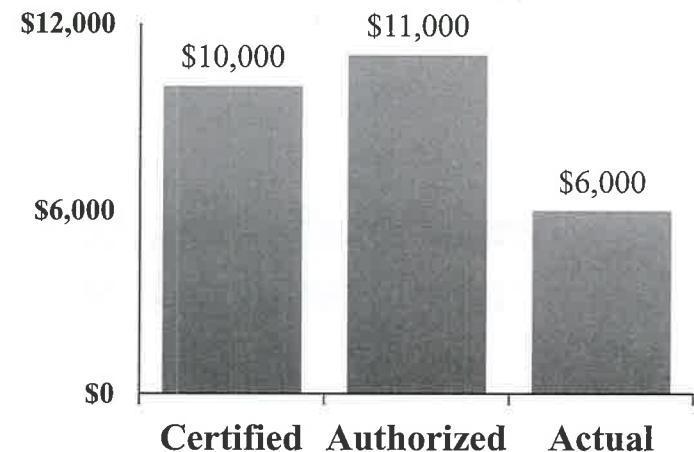
Ex.: Agency Y needs 11 computers. They want to take some money from the furniture budget to pay for it.

Authorized Budget = \$11,000

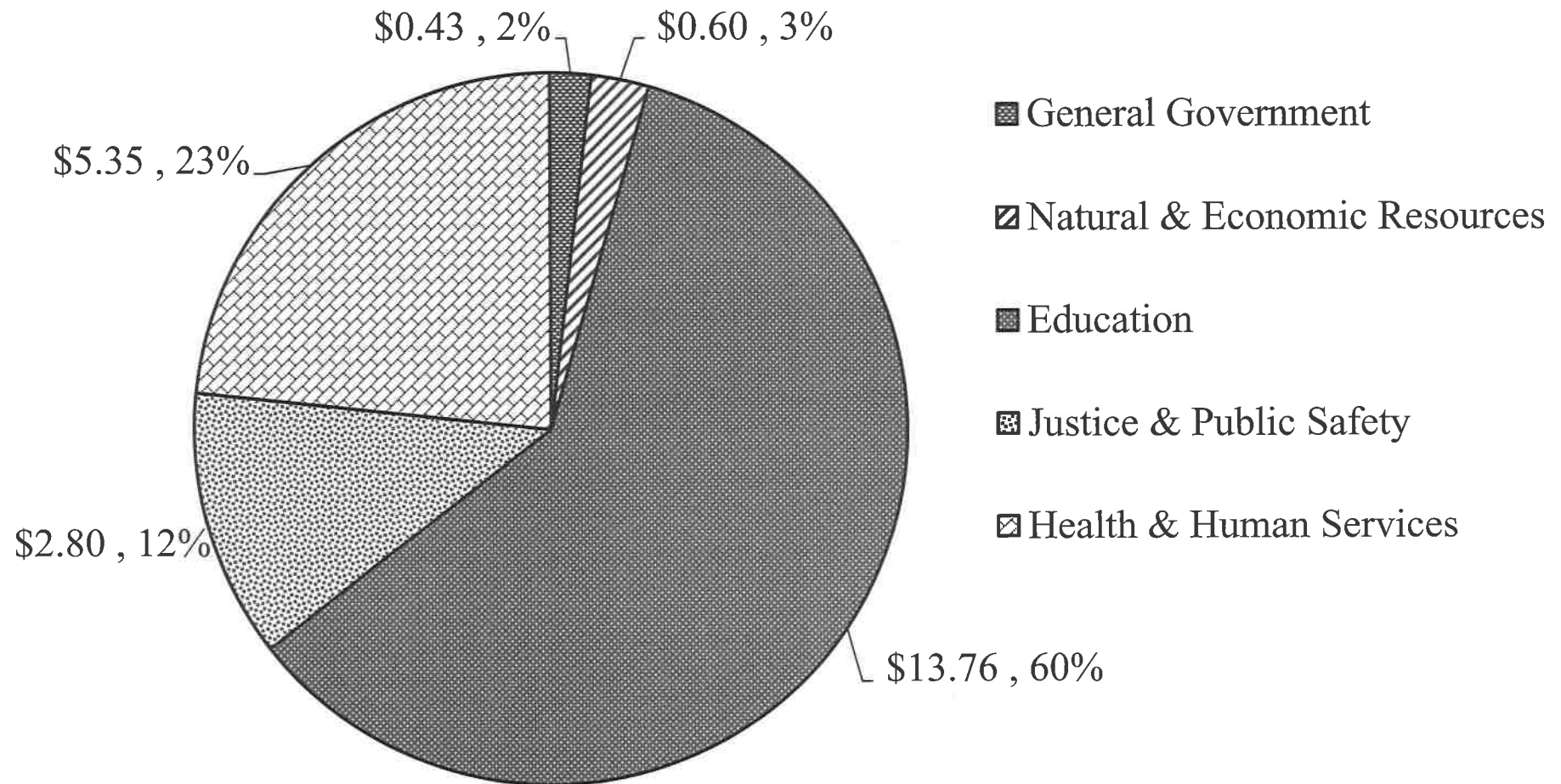
Actuals: The budget as it was implemented.

Ex.: State Purchase and Contracting got a great deal on computers. The final cost for Agency Y's 11 computers is \$6,000.

Actual Expenditure = \$6,000



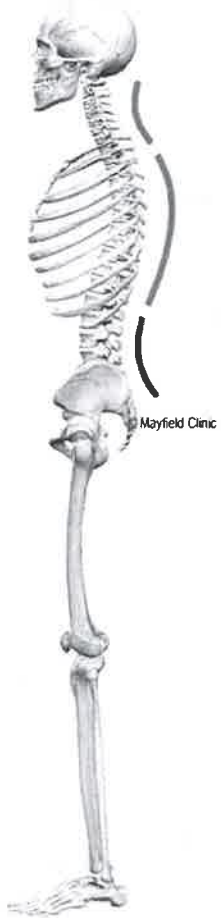
Area Committee Total Requirements FY 2018-19 (in billions)



Source: FY2018-19 Annotated Conference Committee Report, Revised Budget

What is Gen Gov?

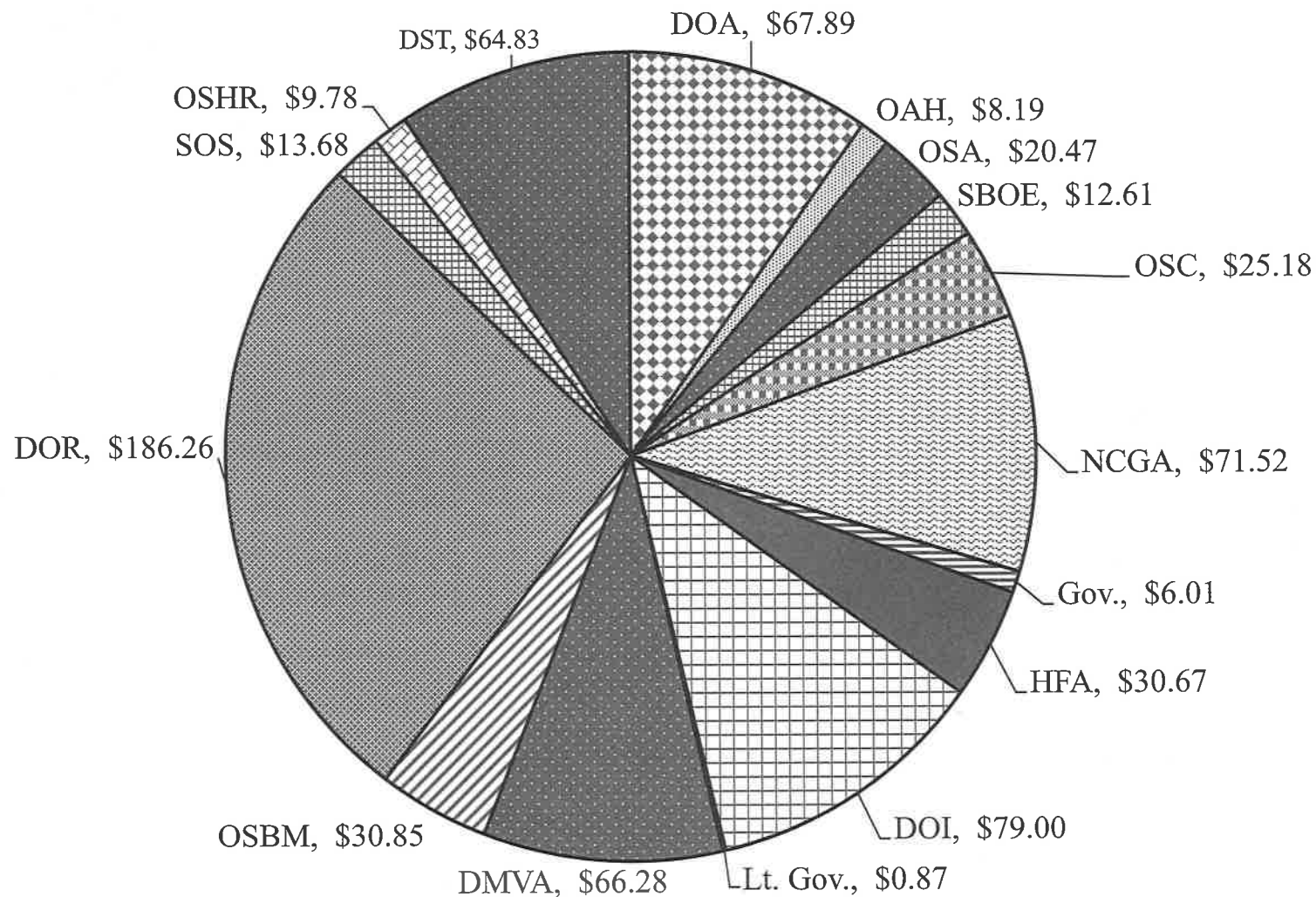
The backbone of State government...



Administration (DOA)	<i>Industrial Commission*</i>
Administrative Hearings (OAH)	Insurance (DOI)
Auditor (OSA)	Lieutenant Governor (Lt. Gov.)
Board of Elections (SBOE)	Military and Veterans Affairs (DMVA)
Controller (OSC)	Office of State Budget & Management (OSBM)
<i>Ethics Commission*</i>	Revenue (DOR)
General Assembly (NCGA)	Secretary of State (SOS)
Governor (Gov.)	State Human Resources (OSHR)
Housing Finance Agency (HFA)	State Treasurer (DST)

**Administratively located within another Gen Gov agency*

General Government Agencies - Total Requirements, FY 2018-19 Authorized Budget (in millions)



Source: Authorized Budget (General Fund only), NCAS 02/05/19

Recent Legislative Actions

2017 Appropriations Act

- \$20 million nonrecurring (NR) for the Workforce Housing Loan Program
- Transferred the Industrial Commission to the Department of Insurance
- Provided funds for information technology projects to assist local governments
- Funding for up to 30 additional full time equivalents (FTE) for the Criminal Investigations Division at the Department of Insurance

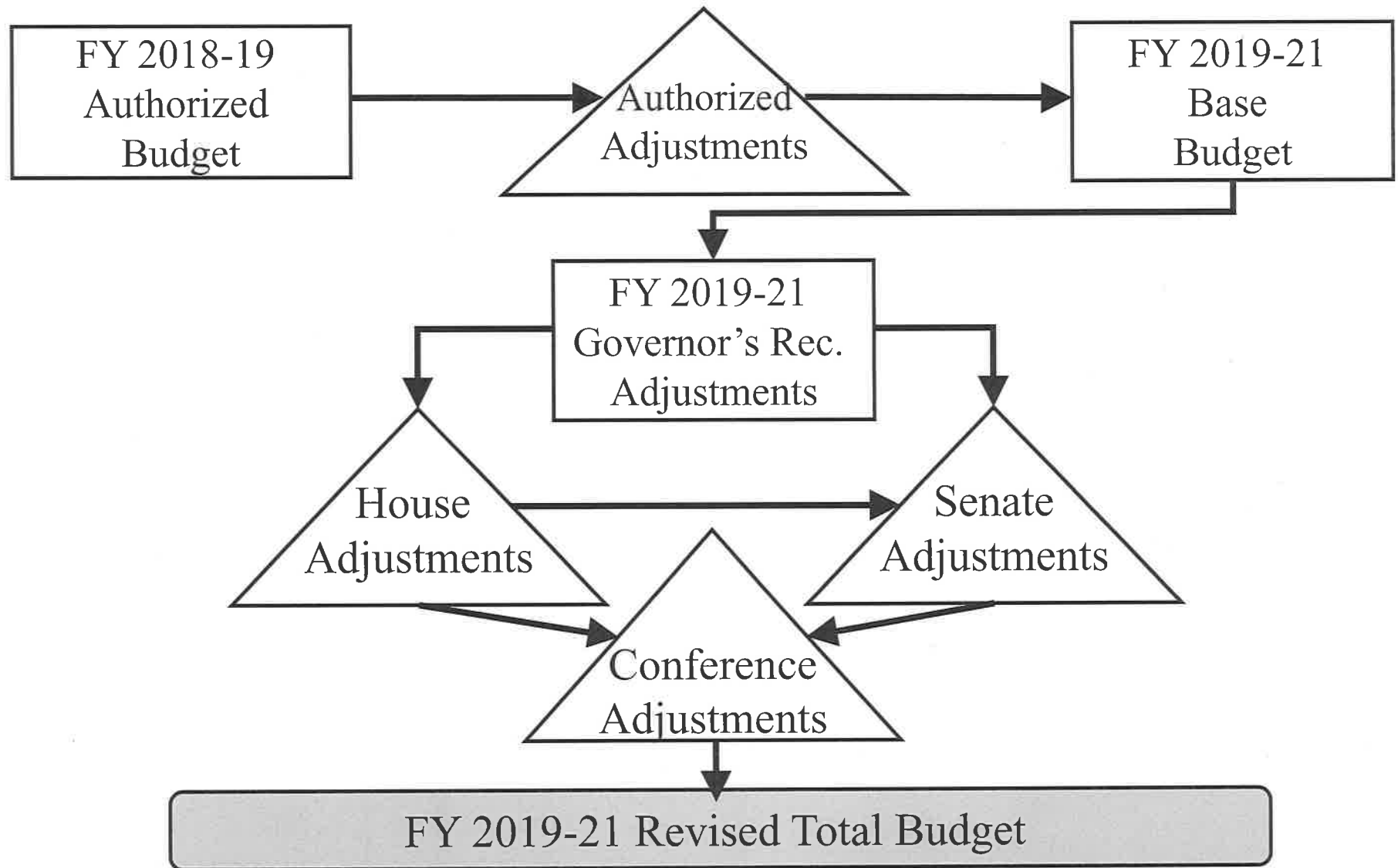


2018 Appropriations Act



- Additional \$2.4 million NR for Children of Wartime Veterans Scholarships
- \$20 million NR for the Workforce Housing Loan Program
- \$1 million NR for the purchase of a new real estate information system
- Funding for a contracting specialist and certification program
- Provided State matching funds for a federal grant to modernize the Statewide Elections Information Management System

2019-21 Budget Process



Other Helpful Budgeting Terms...

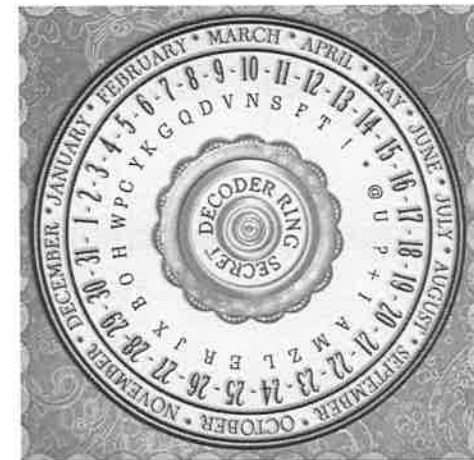
Budgeting Terms: Codes

Budget Code: A five digit code assigned by OSBM that identifies the fund type (General Fund, Highway Fund, etc.) and the entity.

Example: Department of Revenue (DOR) General Fund is **14700**

Fund Code: A four digit code identifying funds designated for a specific purpose or program within an agency. Fund Codes are a subset of the Budget Code.

Example: DOR – Administration is **14700-1600**



Budgeting Terms: Funds

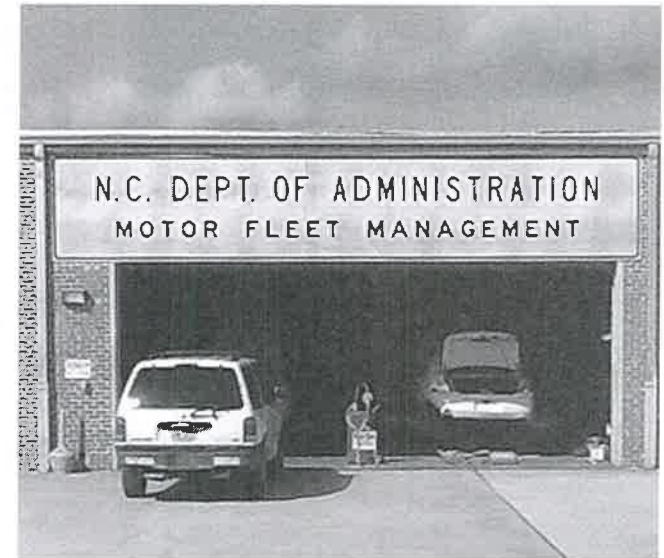
General Fund: The main source of operating funds for the State. Comprised of the beginning credit balance, State tax revenue, and State non-tax revenue.
(1xxxx budget codes)

Special Fund: Fund to which revenues are deposited that are designated for a specific purpose and remain in the account until expended for that purpose.
(2xxxx budget codes)

Example: Department of Revenue, Collections Assistance Fund

Enterprise Fund: A fund which accounts for any activity that provides goods or services to other funds, departments, or agencies of the State or to other governments on a cost-reimbursement basis. (7xxxx budget codes)

Example: Motor Fleet Management (Department of Administration)



Budgeting Terms: Accounts



Personal Services: Services rendered by permanent and temporary employees and related fringe benefits

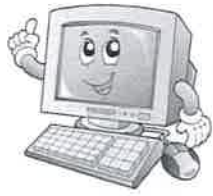


Purchased Services: Services provided by external firms, agencies, or divisions within the same organization; includes contracts, IT and travel costs



Supplies: Supplies or materials expected to be consumed within the normal course of operating and which are generally recurring in nature

Budgeting Terms: Accounts



Property, Plant and Equipment: Payments for acquiring property, constructing additions to buildings, and purchasing equipment, furniture, and machinery that is not consumable or expendable and has an expected life of longer than one year



LexisNexis™

Other Expenses and Adjustments: Miscellaneous operational costs such as legal or permit costs, pension payments, or subscriptions

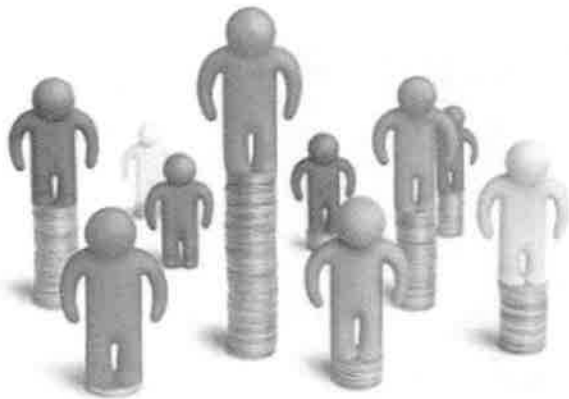


Aid and Public Assistance: Funds to direct recipients, providers or other agencies for designated programs, assistance or special projects

Budgeting Terms: Salaries

Lapsed salary: the nonrecurring amount of salary and associated benefits not expended during the period in which a position is vacant.

Ex.: Joe is in Position X. He has a salary of \$60,000 (\$5,000 per month). He retires in December. His replacement, Jane, is hired in March. The position was vacant for three months, generating \$15,000 in lapsed salary.



Salary reserve: the recurring amount created when a position is downgraded or filled at a salary lower than what was previously budgeted.

Ex.: Jane is hired for Position X. Her salary is \$50,000. Position X is budgeted at \$60,000. The position generates \$10,000 in salary reserve.

Contact Information

Fiscal Research Division (919) 733-4910

Cara Bridges – Cara.Bridges@ncleg.net

Grant Schwab – Grant.Schwab@ncleg.net

Appropriations Committee on General Government

Glossary of Budgeting Terms

ATTACHMENT # 2

General Government Agencies and Common Abbreviations:

Department of Administration (DOA)

Department of Insurance (DOI)

Department of Military and Veterans Affairs (DMVA)

Department of Revenue (DOR)

- CAF: Collections Assistance Fee
- ITAS: Integrated Tax Administration System
- TIMS: Tax Information Management System

Department of State Treasurer (DST)

- Fire Rescue National Guard Pensions & LDD (Line of Duty Death) Benefits

Ethics Commission

- SEI: Statements of Economic Interest

General Assembly (NCGA or GA)

Housing Finance Agency (HFA)

- CLHF: Community Living Housing Fund
- HOME: Home Investment Partnerships Program
- HTF: Housing Trust Fund
- WHLP: Workforce Housing Loan Program

Office of Administrative Hearings (OAH)

- ALJ: Administrative Law Judge

Office of the Governor

- Office of the Governor Special Fund

Office of the Lieutenant Governor (Lt. Gov.)

Office of the State Auditor (OSA)

Office of State Budget and Management (OSBM)

- OSBM Special: Office of State Budget and Management Special Appropriations Fund

Office of the State Controller (OSC)

- NCAS: North Carolina Accounting System
- FICA: Federal Insurance Contribution Act
- BEACON: Building Enterprise Access for NC's Core Operation Needs
- CAFR: Comprehensive Annual Financial Report

Office of State Human Resources (OSHR)

- PMS/LMS: Performance Management and Learning Management Systems

Appropriations Committee on General Government

Glossary of Budgeting Terms

- RTR: Reorganization through Reduction
- Temp Solutions: Temporary Solutions program

Secretary of State (SOS)

State Board of Elections (SBOE or SBE)

- SEIMS: State Elections and Information Management System

Common Budget Terms:

Appropriation: An action by the General Assembly authorizing withdrawal of funds from the State treasury pursuant to Article V, Sec. 7 of the North Carolina Constitution. An enactment by the General Assembly that authorizes, specifies, or otherwise provides that funds may be used for a particular purpose is not an appropriation.

Authorized Budget: The working budget composed of the certified budget plus allowable budget revisions and adjustments authorized in G.S. 143C-6-4.

Availability: A reference to the total amount of money available, including unreserved fund balance and all receipts and revenue anticipated in a fiscal year.

Availability Statement: A list of revenue anticipated to offset the expenditures or appropriations included in the budget bill. G.S.143C-5-3 requires the legislature to include a list or statement in the annual appropriations act for the General Fund, Highway Fund, and Highway Trust Fund.

Base Budget: The part of the State budget that provides the baseline for the next biennium. The authorized budget is used as the starting point and adjusted for federal payroll taxes, annualization of programs and positions, adjustments for recurring and nonrecurring items during a prior fiscal biennium, adjustments for receipt projections, and reconciliation of inter- and intra-governmental transfers. Section 6.4 of S.L. 2014-100 amended the State Budget Act, repealing G.S. 143C-1-1(d)(7a), the definition of Continuation Budget and added G.S. 143C-1-1(d)(1c) establishing the Base Budget.

Biennium: The two fiscal years beginning on July 1 of each odd-numbered year and ending on June 30 of the next odd-numbered year.

Bill Figures: Specific appropriations, found at the beginning of the annual appropriations act, for State agencies and other items of statewide significance such as pension and employee compensation adjustments. In the first year of a biennium (a two-year budget) these amounts represent only that portion of each agency's total appropriation derived from general purpose revenue (such as sales and income taxes). In the second year of a biennium these numbers represent changes to the originally enacted appropriations made in the first year of the biennium. Agency receipts and other sources of funding are appropriated by reference to the Governor's Recommended Budget.

Budget Technical Corrections: A bill introduced (following enactment of the main budget bill) to address technical issues or errors in the enacted budget. Other non-technical items may be

Appropriations Committee on General Government

Glossary of Budgeting Terms

included in the bill.

Capital Improvements: Nonrecurring appropriations for new construction, rehabilitation or repairs of existing facilities, and real property acquisition.

Carryforward: Funds appropriated but unspent in a fiscal year that are brought forward for expenditure in the following year.

Certificates of Participation (COPs): Tax-exempt bonds issued by government entities usually secured with the pledge of appropriation. COPs enable governmental entities to finance capital projects such as prisons, office buildings, and land. Backed by a pledge of appropriation, this type of special indebtedness does not pledge the faith and credit of the State and does not require voter approval.

Certified Budget: The budget as enacted by the General Assembly, including adjustments made for (i) distributions to State agencies from statewide reserves appropriated by the General Assembly, (ii) distributions of reserves appropriated to a specific agency by the General Assembly, and (iii) organizational or budget changes mandated by the General Assembly.

Committee Report (Money Report): A compilation of all legislative adjustments made to the Governor's Recommended Base Budget. The Committee Report lists each adjustment and provides a brief description along with guidance on specific items or explicit legislative intent. This report is used to construe the intent of the appropriations act (G.S. 143C-5-5).

Consensus Revenue Forecast: A statement of anticipated taxes, fees, and other money the State General Fund is expected to receive during a fiscal year, independently developed by the Fiscal Research Division and the Office of State Budget and Management. The consensus forecast may be used by the Governor and the General Assembly when formulating their respective budgets.

Contingency and Emergency Fund: A special fund which the Director of the Budget may expend for emergencies or other unanticipated needs with approval by the Council of State and as authorized by G.S. 143C-4-4.

Continuation Review: A legislatively mandated budget review which (1) requires specified programs whose funding was made nonrecurring to provide written reports and (2) authorizes the Appropriations Committees of the Senate and the House of Representatives to review those reports to determine whether to restore funding for those programs.

Continuing Resolution (CR): A short-term appropriations bill that keeps State government funded and operating when the legislature fails to enact a new biennial budget prior to June 30th. The need for and composition of a CR varies but most often extends the State's spending authority at specified levels and for a specified period of time.

Current Operations: The costs associated with the daily activity of programs supported by the State, such as salaries, utilities, and travel; excludes capital improvements and repairs and renovation costs.

Appropriations Committee on General Government

Glossary of Budgeting Terms

Debt Service Fund: A budgeting and account entity used to administer the accumulation of funds and the payment of general long-term debt principal and interest.

(Departmental) Receipts: Fees, licenses, federal funds, grants, fines, penalties, tuition, and other similar collections or credits generated by State agencies in the course of performing their governmental functions that are applied to the cost of a program administered by the State. Departmental receipts may include funds transferred into a fiscal year from a prior fiscal year.

Enacted Budget: The budget as enacted by the General Assembly in the annual Current Operations Appropriations Act in accordance with Article 5 of Chapter 143C. The enacted budget usually includes items funded through various reserves but not yet distributed to State agencies. Examples include the funding needed to bring a new building online during the fiscal year and funds anticipated for economic incentive projects.

Encumbrance: A financial obligation created by a purchase order, contract, salary commitment, unearned or prepaid collections for services provided by the State, or other legally binding agreement.

Entitlement: A government program that provides individuals, state and local governments, with personal financial benefits or services to which an indefinite number of potential beneficiaries have a legal right (enforceable in court, if necessary) whenever they meet eligibility conditions that are specified by the standing law that authorizes the program. The best known example of an entitlement program at the state level is Medicaid.

Enterprise Fund: A fund used to account for any activity for which a fee is charged to non-state entities for goods or services and for which that fee is the principal source of revenue. Examples include the N.C. State Lottery Fund and the N.C. State Fair.

Exempt from the Human Resources Act (EHRA): A designation (previously referred to as EPA) for government positions not subject to Chapter 126, the State Human Resources Act and the policies, procedures and rules adopted by the State Human Resources Commission.

Expansion Budget: The part of the State budget which provides for new programs, growth of existing programs, and increases in salaries and benefits.

Fiscal Note: A formal fiscal estimate, including a brief statement of costs and revenue impact, for the first five fiscal years the legislation would be in effect. GS 143C-2-3 requires a State agency proposing a bill that affects the State budget to prepare a fiscal analysis for the bill and submit the analysis to the Fiscal Research Division upon introduction of the bill.

Fiscal Memorandum (Memo): Provides the same fiscal analysis as a Fiscal Note, except a Fiscal Memo is confidential to the requestor. Analyses on draft bills and committee substitutes that have not been formally introduced are considered Fiscal Memos. After the bill has been made public or filed, the Memo may be converted to a Fiscal Note. Everything related to a Fiscal Memo is confidential and staff may not discuss any aspect of the Memo, or even acknowledge its existence, unless authorized by the requesting legislative member.

Appropriations Committee on General Government

Glossary of Budgeting Terms

Full Time Equivalent (FTE): A unit used to quantify staffing. One FTE (1.0) is a full year, 40-hour-per-week position.

Fund: A fiscal and accounting entity with a self-balancing set of accounts recording cash and other resources, together with all related liabilities and residual equities or balances, and changes therein, for the purpose of carrying on stated programs, activities, and objectives of State government.

General Fund Operating Budget: The sum of all appropriations from the General Fund for a fiscal year, except appropriations for (i) capital improvements, including repairs and renovations, and (ii) one-time expenditures due to natural disasters or other emergencies.

General Fund: The fund to which revenues are deposited that are not designated for special purposes and are therefore available to support the general operations of State government.

General Obligation Bond: Bonds used for funding permanent public capital improvements such as buildings and roads. The repayment of these bonds is made from the levy of taxes, and voter approval is required per the NC Constitution.

General Purpose Revenue: Revenue derived primarily from taxes and various fees not required by law to be deposited into a specific fund other than the General Fund and are not designated for special purposes.

Highway Fund: The special revenue fund to which revenue designated for transportation-related operations, maintenance, and improvements is deposited.

Highway Trust Fund: A special revenue fund established in 1989 for the completion of certain specified highway construction projects. The Highway Trust Fund is used to fund projects selected through the Strategic Transportation Investments Act (S.L. 2013-183), N.C. Turnpike Authority projects, administrative costs and transportation debt.

Internal Service Fund: A fund which accounts for any activity that provides goods or services to other funds, departments, or agencies of the State and its component units, or to other governments on a cost-reimbursement basis.

Justification Review: A review of selected programs and initiatives conducted by the Fiscal Research Division. These reviews are part of a pilot zero base budgeting exercise that was first authorized in S.L. 2005-276, Section 6.34.

Lapsed Salaries: Surplus funds resulting from the salary and associated benefits not expended for temporarily vacant positions. GS 143C-6-9 prohibits the use of lapsed salaries for recurring purposes.

Management Flexibility Reserve: A method by which a legislatively mandated budget reduction is imposed without detailing the specific lines of expenditure to be decreased. This method is also known as a negative reserve.

Appropriations Committee on General Government

Glossary of Budgeting Terms

Negative Reserve: A budget reduction imposed without detailing the specific lines of expenditure to be decreased. (See also management flexibility reserve.)

Net General Fund Appropriation: An appropriation of the General Fund's general purpose revenue. Total requirements – departmental receipts = net General Fund appropriation. (See also total requirements and departmental receipts.)

Nonrecurring: A term applied to revenue or expenditures that are for one-year only.

Nontax Revenue: Revenue that is not a tax proceed or a departmental receipt and that is required by law to be credited to a specific fund.

Receipts: See Departmental Receipts

Repairs and Renovation Reserve: A reserve in the General Fund to provide for the repair and renovation of State facilities and related infrastructures that are supported from the General Fund. (G.S. 143C-4-3)

Requirements: See Total Requirements

Reversion: The unexpended, unencumbered balance of an appropriation at fiscal year end that reverts, as required by law, to the fund from which the appropriation was made.

Salary Reserve: Funds that accumulate when a position is downgraded or filled at a salary amount less than the amount at which it was budgeted. Salary reserve can be used to increase the salary of other positions due to promotion and/or reclassification or filling a position at a salary higher than that at which the position was vacated.

Savings Reserve Account: A component of the unappropriated General Fund balance that is maintained as a reserve to address unanticipated events and circumstances such as natural disasters, economic downturns, threats to public safety, health, and welfare, and other emergencies. (GS 143C-4-2)

Self-Liquidating Debt: Debt obligations whose principal and interest are payable primarily from the earnings of enterprises for the construction or improvement of which they were originally issued.

Special Provisions: Language contained in the annual appropriations bill that sets forth legislative expectations and directives that govern the expenditure of funds and other requirements. Special provisions have the force of law and typically pertain directly to the budget and may be substantive, amending existing laws or creating new laws.

State Agency: A unit of the executive, legislative, or judicial branch of State government, including departments, institutions, divisions, commissions, boards, councils, and constituent campuses of The University of North Carolina. The term does not include a unit of local government or a public authority.

State Funds: Any moneys, including federal funds, deposited in the State treasury, except monies deposited in a trust fund or agency fund as described in G.S. 143C-1-3.

Appropriations Committee on General Government

Glossary of Budgeting Terms

Special Revenue Fund: A fund used to account for revenue designated by law for a specific purpose; revenue deposited must remain in the fund until expended for that purpose.

Statutory Appropriation: An appropriation that authorizes the withdrawal of funds from the State treasury during fiscal years extending beyond the current fiscal biennium, without further act of the General Assembly.

Subject to the Human Resources Act (EHRA): A designation (previously referred to as SPA) for government positions that are subject to Chapter 126, the State Human Resources Act and the policies, rules and procedures adopted by the State Human Resources Commission.

Tax Expenditures: Revenue that the State foregoes through the provisions of State law that allows (1) deductions, exclusions or exemptions from the taxpayers' taxable income, (2) deferral of tax liability, or (3) preferential tax rates.

General Fund Availability: The sum of the beginning General Fund unreserved fund balance, various general purpose taxes such as sales and income tax, and nontax revenue including judicial fees and interest income.

Total Source of Funds: All funding sources including the General Fund's general purpose revenue and agency revenue, special fund revenue (such as gasoline taxes or sale of fishing licenses); and enterprise fund revenue as certified by the Office of State Budget and Management.

(Total) Requirements: The total cost associated with a proposed expenditure of funds regardless of source of funds. Total requirements – departmental receipts = net General Fund appropriation. (See also departmental receipts and net General Fund appropriation.)

Unreserved Fund Balance: The available cash balance in a fund effective June 30 after excluding documented encumbrances, unearned revenue, federal grants, statutory requirements, and other legal obligations. Beginning unreserved fund balance equals ending unreserved fund balance from the prior fiscal year.

Veto: An act by the Governor to reject an entire legislative measure. Article II, Section 22 of the NC Constitution provides the Governor with authority to reject or veto a bill, including the budget, enacted by the General Assembly.

Joint Appropriations Committee Calendar

February 2019						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
27	28	29	30	31	1	2
3	4	5	6	7	8	9
10	11	12 House & Senate Joint Meetings →	13	14	15	16
17	18	19 Joint Meetings →	20 Consensus Revenue Forecast & Budget Outlook Presented in Rm 643 →	21	22	23
24	25	26 Joint Meetings →	27	28	1	2
NOTES: *Dates are preliminary and subject to change.						

ATTACHMENT # 3

Joint Appropriations Committee Calendar

March 2019						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
24	25	26	27	28	1	2
3	4	5 Joint Meetings →	6	7	8	9
10	11	12 Joint Meetings →	13	14	15	16
17	18	19 Joint Meetings →	20	21	22	23
24	25	26 Joint Meetings →	27	28	29	30
31		NOTES: *Dates are preliminary and subject to change.				

Joint Appropriations Committee Calendar

April 2019

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
31	1 House Only - House Begins Developing Budget	2	3	4	5	6
7	8 House Only	9	10	11	12	13
14	15 House Only	16	17	18 Break	19	20
21	22 Break	23 House Bill Filing Deadline	24 House Only	25	26	27
28	29 House Only	30				
5	6	NOTES: *Dates are preliminary and subject to change.				

02/13/2019

Joint Appropriations Committee Calendar

May 2019						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
28	29	30	1	2	3 House Budget Passes	4
5	6 Senate Only	7	8 Revised Consensus Revenue Forecast*	9 Crossover Deadline (Substantive Bills)	10	11
12	13 Senate Only	14	15	16	17	18
19	20 Senate Only	21	22	23	24 Senate Passes Budget	25
26	27 Conference Begins	28	29	30	31	1
2	3	NOTES: *Dates are preliminary and subject to change.				

Joint Appropriations Committee Calendar

June 2019						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
26	27	28	29	30	31	1
2	3 Conference	4	5	6	7 Conference Report Enacted →	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30		NOTES: Dates are preliminary and subject to change.				

Committee Sergeants at Arms

NAME OF COMMITTEE Jt. House Committee on Appropriations, General Government

DATE: 2/19/2019

Room: 425 LOB

House Sgt-At Arms:

1. Name: Warren Hawkins

2. Name: Doug Harris

3. Name: David Leighton

4. Name: Malachi McCullough, Jr

5. Name: _____

Senate Sgt-At Arms:

1. Name: Linda Matthews

2. Name: Frank Urben

3. Name: _____

4. Name: _____

5. Name: _____

**House Pages
Assignments
Tuesday, February 19, 2019
Session: 4:45 PM**

Committee	Room	Time	Staff	Comments	Member
Appropriations, General Government	425	8:30 AM	James Robison		Rep. Rep. Dean Arp
			Michael Steele		Speaker Tim Moore

Folders



Senate Pages Attending

COMMITTEE: Joint Approps - & I. T. ^{Gen'l Gov't} ROOM: 425

DATE: 2-19 TIME: 8:30

PLEASE PRINT LEGIBLY....or else!!!!

Page Name	Hometown	Sponsoring Senator
① Michael Cartwright	Salisbury	Berger
Austin Stallings	Whitsett	Gunn
3.		
4.		
5.		
6.		
7.		
8.		

ges: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

Handwritten text, possibly a signature or date, including "1912" and "T. I. S. - 29/10/12".

Handwritten text, possibly a signature or date, including "1912" and "T. I. S. - 29/10/12".

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS, GENERAL GOVT.

2-19-2019

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Michael Barnhill	NC GA
Demetrius Debatch	NCLM
Claudia S. Bernier	Governors office
Chris Wall	Policy Group
Will Pann-Hine	NCHFA
Cassidy Robertson	AMGA
Skye David	neufmann
Tonya Horton	OSTP
Brad Young	OST
Chris Eolas	EG
Fred Easley	MWC

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS, GENERAL GOVT.

2-19-2019

Name of Committee

Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS

Nate Denney

NCD 17

Camera Only

MVA

Sarani Balu

Bubaker's Assoc

Leo John

Secy of Stali

K. Hall

DMA

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

Tuesday, February 26, 2019 at 8:30 AM

Room Dept. of Insurance Albemarle Building Room 240

MINUTES

The Senate Committee on Appropriations on General Government and Information Technology met at 8:30 AM on February 26, 2019 in Room Dept. of Insurance Albemarle Building Room 240. Senators Alexander, Horner, Ford and Steinburg were present. Representatives Cleveland, Riddell, Floyd, Barnes, Logan, Majid and Pittman were present.

Senator John Alexander, presided.

Senator John Alexander opened the meeting by thanking the Pages and Sergeant-At-Arms.

Cara Bridges, Fiscal Research Division, started with a presentation of an overview of the North Carolina Department of Insurance (Attachment 1). Cara outlined: Authorizing Laws & Responsibilities, Budget Overview, Agency Responsibilities and Recent Legislative Actions.

Questions and comments in reference to presentation by Fiscal Research Division of overview of North Carolina Department of Insurance (Attachment 1):

1. Rep. Floyd asked what the total cost of the renovations for the Department of Insurance Building and for more information regarding the \$2.1 million the department received. The exact numbers were not known but Department of Insurance advised the information would be sent out to the committee members. Cara Bridges, Fiscal Research, provided additional information and stated that is what Department of Insurance pays for the lease of the building.
2. Rep. Floyd asked for additional information referenced in the recent legislative actions 2018 regarding the \$930,477 nonrecurring funds to the department. Cara Bridges, Fiscal Research, advised this provided funds for local volunteer fire departments that needed funds to rebuild from the hurricane. Cara explained the funding works as a last resort, other sources of funding had to be explored first and if unable to secure other sources, that funding was available and is tied specifically to that storm.
3. Rep. Pittman asked what the difference in funding from FY 16-17 to now, why has it gone from higher to lower to a little higher, and stated approximately a \$6 million difference from FY 16-17. Cara Bridges, Fiscal Bridges, stated that FY 16-17 was unique because the department received two large fines in the agency. The first fine was \$3.6 million, a settlement with Blue Cross & Blue Shield. The second fine was \$1.6 million, a multistate settlement that came through Assurant.
4. Senator Horner asked what was done with the money if the department brings in more of the Regulatory Fee than is actually spent. Cara Bridges, Fiscal Research, stated the department builds up a reserve, the money sits in a special fund and does not revert back anywhere.

Cara Bridges, Fiscal Research Division, gave a presentation of an overview of the North Carolina Industrial Commission (Attachment 1). Cara outlined: Industrial Commission Overview, Budget Overview and Recent Legislative Actions.

Questions and comments in reference to presentation by Fiscal Research Division of overview of North Carolina Industrial Commission (Attachment 1):

1. Senator Horner asked if the Industrial Commission subleases from the Department of Insurance and how the lease works. Cara Bridges, Fiscal Research, stated that the Industrial Commission is not located in the Albemarle Building they are located in the Dobbs building, the leases are built into their base and do pay a portion of the lease. Mark Tyler, Chief Operating Officer NC Industrial Commission, added there are some shared lease expenses between the Department of Insurance and the Industrial Commission and their field locations, which was done as a cost saving initiative.
2. Senator Steinburg asked a series of questions for more information regarding the Industrial Commission's Commissioners. Cara Bridges, Fiscal Research, and Marc Downing, General Counsel & Legislative Liaison NCIC, assisted fielding the questions. Cara stated there are six Commissioners serving terms of six years and their salary is set in statute. Marc stated the salary is approximately \$133,000 a year and hear two to four cases every other week or so, there are usually two hearing days a month for Full Commissioners and Deputy Commissioners tend to hear many more cases. Marc added that Deputy Commissioner's salary is different, there are three different levels and it is based on experience, the base salary is approximately \$99,900.
3. Rep. Floyd asked what the current strength of the Commission, if there was five or six Commissioners currently. Marc Downing, General Counsel & Legislative Liaison NCIC, stated there are currently five, the Governor has nominated the sixth pending confirmation of the General Assembly and it is the employer seat that is pending confirmation.

Commissioner Mike Causey, North Carolina Department of Insurance, then spoke about the department, provided a brief overview before a presentation was given on the North Carolina Department of Insurance (Attachment 2) provided by Bob Rosser, Director of Strategic Affairs Department of Insurance. Bob outlined: Divisions, Goals, Insurance Fraud, Smart NC, Seniors Health Insurance Information Program (SHIIP), Consumer Services Division and Budget Priorities.

Questions and comments in reference to Commissioner Causey's overview and the presentation on the North Carolina Department of Insurance (Attachment 2):

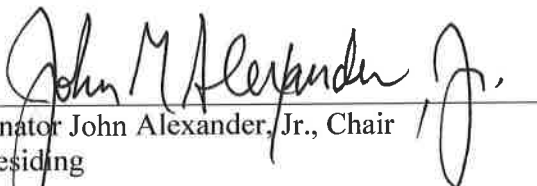
1. Senator Steinburg asked there was anything that was being worked on or put in place to address the concern of high insurance rates for Coastal North Carolina residents. Commissioner Causey, NCDOI, stated there are a number of groups and task force set up to address this.
2. Rep. Floyd asked how much would the Call Center Technology cost and the amount of staff that would be needed for this budget priority. Keith Briggs, IT Director NCDOI, stated the technology would cost \$450,000 and would require no new staff.

Amy O'Neal, Special Projects Coordinator & Legislative Liaison NCIC, and Marc Downing, General Counsel & Legislative Liaison NCIC, gave a presentation on the North Carolina Industrial Commission (Attachment 3). They outlined: Major Initiatives, Improving Direct Contact with the Public and Budget Priorities.

Questions and comments in reference to Amy O'Neal, Special Projects Coordinator & Legislative Liaison NCIC, and Marc Downing, General Counsel & Legislative Liaison NCIC, presentation on the North Carolina Industrial Commission (Attachment 3):

1. Senator Horner asked in reference to the penalty collections increase, how many fines are actually paid. Amy O'Neal, Special Projects Coordinator & Legislative Liaison NCIC, stated can get and provide the numbers of how many fines are paid vs. outstanding.
2. Rep. Cleveland asked for more explanation to why want to move the \$1.2 million of compromise settlement agreements to receipts. Marc Downing, General Counsel & Legislative Liaison NCIC, stated of their total receipts there are multiple pots, one of which is the compromise settlement agreements, they are looking at implementation and final negotiations with the finalist vendor. The implementation cost will become due this year and would like the ability to utilize some of the other internal receipt pots to assure coverage of the cost.
3. Rep. Riddell thanked presenters for their time and efficiency in answering all the required information that was requested.

The meeting adjourned at 9:52 AM.



Senator John Alexander, Jr., Chair
Presiding



Jessica Daigler-Walls, 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	February 26, 2019	8:30 AM	Dept. of Insurance Albemarle Building Room 240

Please sign in at the front desk.

Senator Alexander will chair the Insurance and Industrial Commission Overview Meeting.

Senator John M. Alexander, Jr., Co-Chair
Senator Rick Horner, Co-Chair

JOINT APPROPRIATIONS COMMITTEE ON GENERAL GOVERNMENT

Department of Insurance, Albemarle Building, Room 240
Agenda

February 26, 2019 – 8:30 AM

I. CALL TO ORDER

Chairs: **Sen. John Alexander, presiding**
 Rep. Dennis Riddell
 Sen. Rick Horner
 Rep. George Cleveland

II. PRESENTATIONS

Chairs' Opening Comments

Department of Insurance and Industrial Commission Budget Overview
Cara Bridges, Fiscal Research Division

Department of Insurance Presentation
Commissioner Mike Causey, Department of Insurance
Bob Rosser, Director of Strategic Affairs, Department of Insurance

NC Industrial Commission (NCIC) Presentation
Amy O'Neal, Special Projects Coordinator & Legislative Liaison, NCIC
Marc Downing, General Counsel & Legislative Liaison, NCIC

III. ADJOURNMENT

Department of Insurance Overview

Joint Appropriations Committee on General Government
February 26, 2019



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

Outline

- Authorizing Laws & Responsibilities
- Budget Overview
- Agency Responsibilities
- Recent Legislative Actions
- Industrial Commission Overview



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

Authorizing Laws & Responsibilities

- NC Constitution: Article 3, Section 7 creates the office of Commissioner of Insurance
- Commissioner is a member of the Council of State and is elected every four years
- G.S. Chapter 58 – Insurance; G.S. 58-2-1 establishes the Department

Authorizing Laws & Responsibilities

- G.S. 58-2-40 lays out the powers and duties of the Insurance Commissioner, including:
 - Report violations of laws related to insurance companies and institute civil actions or criminal prosecutions
 - Fix and collect fees for services by Code enforcement officials
- Statute also designates the Commissioner as the State Fire Marshal



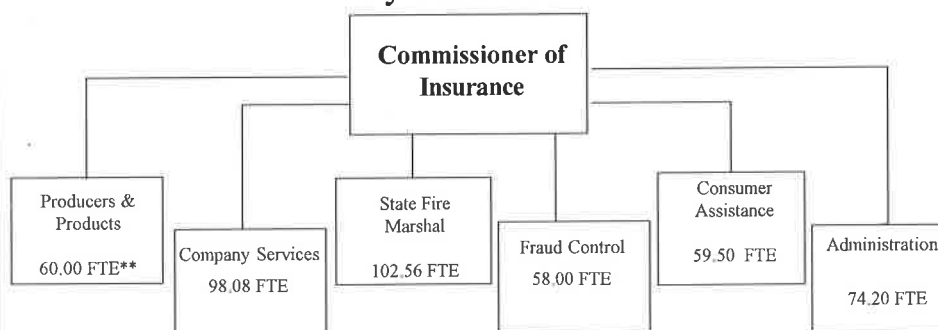
"Your insurance provides coverage for catastrophic events — but a bad haircut doesn't qualify."

Mission/Vision Statement

- **Mission:** To promote a stable insurance market through unbiased regulation and to protect the lives and property of every citizen in all 100 counties while fostering superior, user-friendly service, courtesy and respect.
- **Vision:** In an ever-changing environment, it is the vision of the Department of Insurance to maintain the stabilization of the insurance industry in order to provide more products, competitive prices and consumer protection.



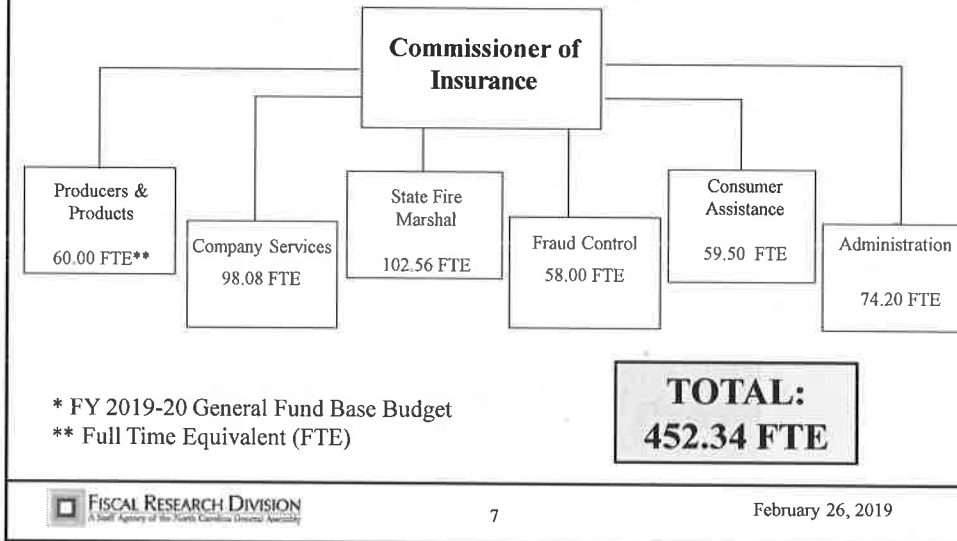
Department of Insurance Organizational Chart By Fund Code*



* FY 2019-20 General Fund Base Budget

** Full Time Equivalent (FTE)

Department of Insurance Organizational Chart By Fund Code*



Budget Overview - Insurance

	FY 16-17 Actuals	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$55,747,713	\$47,064,544	\$49,040,058	\$49,109,619	\$49,112,642
Receipts	\$15,154,462	\$9,899,734	\$8,138,212	\$8,137,431	\$8,137,431
Net Appropriation	\$40,593,251	\$37,164,810	\$40,901,846	\$40,972,188	\$40,975,211
Full Time Equivalent (FTE)	402.18	445.71	452.81	452.34	452.34

Budget Overview - Insurance

	FY 16-17 Actuals	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$55,747,713	\$47,064,544	\$49,040,058	\$49,109,619	\$49,112,642
Receipts	\$15,154,462	\$9,899,734	\$8,138,212	\$8,137,431	\$8,137,431
Net Appropriation	\$40,593,251	\$37,164,810	\$40,901,846	\$40,972,188	\$40,975,211
Full Time Equivalent (FTE)	402.18	445.71	452.81	452.34	452.34

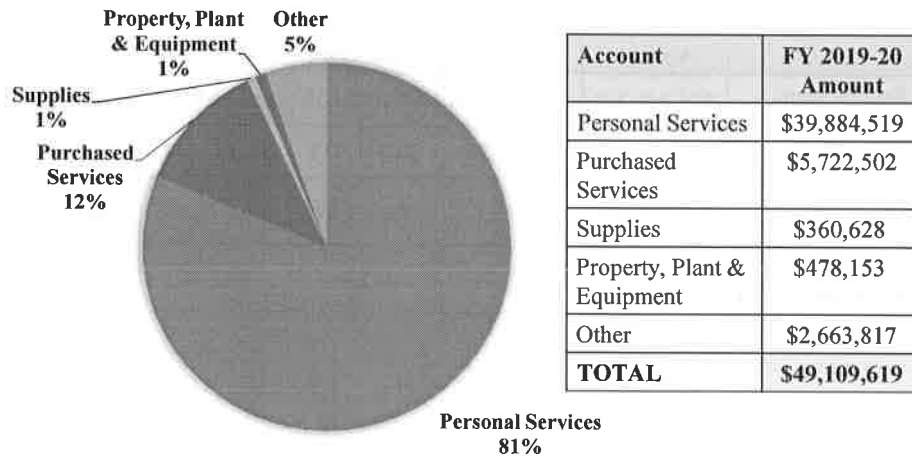
Base Budget - Insurance

FY 2019-20 Total Requirements (General Fund)

Account	FY 2019-20 Amount
Personal Services	\$39,884,519
Purchased Services	\$5,722,502
Supplies	\$360,628
Property, Plant & Equipment	\$478,153
Other	\$2,663,817
TOTAL	\$49,109,619

Base Budget - Insurance

FY 2019-20 Total Requirements (General Fund)



Agency Funding

- Department of Insurance (DOI) and the Regulatory Fee
 - 6.5%, set annually by the General Assembly (for the calendar year), collected by the Department of Revenue
 - Although DOI receives a General Fund appropriation, the agency pays back actual expenditures plus interest

Other Sources of Receipts

- Cigarette manufacturer license fees - *Fire Safety Standard and Firefighter Protection Act Enforcement Fund*
- Department of Motor Vehicle inspection program fees - *Volunteer Rescue/EMS Fund, Rescue Squad Worker's Relief Fund*
- Insurance company premium taxes - *Volunteer Fire Department Fund*
- Other revenues and receipts - *Federal grants, business license fees, certification fees*

Departmental Responsibilities

- License and regulate the insurance industry - companies and professionals
- Educate consumers
- Respond to complaints
- Consumer protection services
- Regulatory activities and oversight
- Administrative location of the Industrial Commission

Recent Legislative Actions

2017

- Transferred the Industrial Commission from Commerce to Insurance
- Provided additional \$480,959 recurring for lease increases
- Gave new positions for Captives Insurance (3 full time equivalents (FTE)), Inspectors (3 FTE), Arson Investigators (2 FTE), and expanded the Criminal Investigations Division by providing funds for up to 30 new FTE

2018

- S.L. 2018-29, Building Code Regulatory Reform – building code inspections
- Provided funds for hurricane relief for volunteer fire departments – \$930,477 nonrecurring

Information Requested

- Major initiatives over the last two years
- How the agency measures effectiveness and efficiency
- Instances of contact with the public done by paper processes
- Overview of the agency's highest priority budget requests

North Carolina Industrial Commission



Industrial Commission Overview

- Independent, quasi-judicial Commission – located with Department of Insurance administratively
- Created in 1929 to administer the NC Workers' Compensation Act (G.S. 97-77)
- Tort Claims Act added in 1949 by General Assembly



Industrial Commission Overview

- Comprised of six Commissioners and their staff:
 - Appointed by the Governor for terms of six years and subject to General Assembly confirmation; one member designated as the Chair by the Governor
 - Three designated as “employer” representatives and three as “employee” representatives

Industrial Commission Overview

- Mission Statement:
The employees of the North Carolina Industrial Commission are committed to providing excellent customer service through the efficient administration of claims, facilitation of dispute resolution, fair and impartial adjudication of contested cases, careful application of the law, and prompt and courteous responsiveness to all stakeholders.

Budget Overview – Industrial Commission

	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$22,124,991	\$16,315,796	\$17,082,594	\$17,083,194
Receipts	\$18,102,121	\$11,550,262	\$11,550,262	\$11,550,262
Net Appropriation	\$4,022,870	\$4,765,534	\$5,532,332	\$5,532,932
Full Time Equivalent (FTE)	153.25	149.00	149.00	149.00

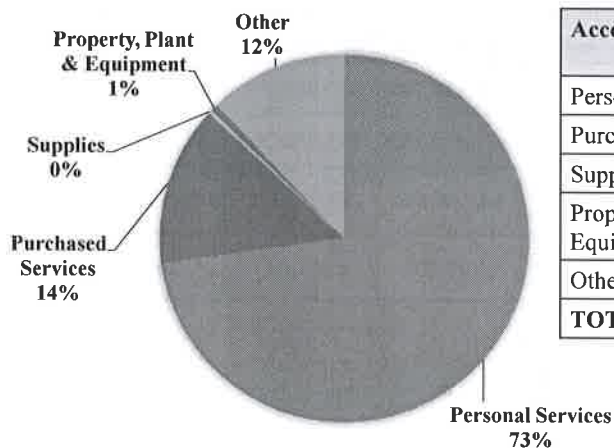
Budget Overview – Industrial Commission

	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$22,124,991	\$16,315,796	\$17,082,594	\$17,083,194
Receipts	\$18,102,121	\$11,550,262	\$11,550,262	\$11,550,262
Net Appropriation	\$4,022,870	\$4,765,534	\$5,532,332	\$5,532,932
Full Time Equivalent (FTE)	153.25	149.00	149.00	149.00

Base Budget – Industrial Commission FY 2019-20 Total Requirements (General Fund)

Account	FY 2019-20 Amount
Personal Services	\$12,424,312
Purchased Services	\$2,413,307
Supplies	\$51,897
Property, Plant & Equipment	\$113,852
Other	\$2,079,226
TOTAL	\$17,082,594

Base Budget – Industrial Commission FY 2019-20 Total Requirements



Account	FY 2019-20 Amount
Personal Services	\$12,424,312
Purchased Services	\$2,413,307
Supplies	\$51,897
Property, Plant & Equipment	\$113,852
Other	\$2,079,226
TOTAL	\$17,082,594

Industrial Commission Recent Legislative Actions

- Transferred the Industrial Commission from Commerce to Insurance administratively
- Provided funding over the FY 2017-19 biennium and FY 2019-21 biennium for a consolidated case management system
- Funded \$147,000 nonrecurring for renovations in FY 2017-18

Information Requested

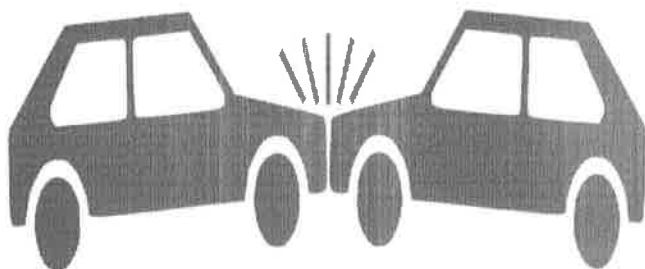
- Major initiatives over the last two years
- How the Commission measures effectiveness and efficiency
- Instances of contact with the public done by paper processes
- Overview of the Commission's highest priority budget requests

Questions?

Cara Bridges
Fiscal Research Division
Cara.Bridges@ncleg.net



Insurance Commissioner
State Fire Marshal



NC Dept. of Insurance (NCDOI)

Multiple Divisions

- Consumer Services
- Agent Services
- Life & Health
- Property & Casualty
- Smart NC
- SHIP
- Engineering & Codes
- Fire & Rescue
- Risk Management
- Actuarial Services
- Bail Bond Regulatory
- Criminal Investigations

3



MIKE CAUSEY • COMMISSIONER



COMMIT TO CUSTOMER SERVICE

4

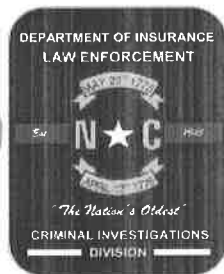
NCDOI Goals

- Work to keep insurance rates low
- Better customer service
- Protect consumers

Insurance fraud - adds at
least 10% to consumers'
insurance premiums

Fighting Insurance Fraud

Criminal Investigation Division



Positions Added	Description	Qty
Special Agent	Sworn LEO Investigators	15
District Commander	Supervisor of a District	2
Professional Standards	Internal Affairs, Personnel & Training	1
District Operations Chief	Manager for Field Operations	1
Senior Deputy	Law Enforcement Director	1
Prosecuting Attorneys	Authorized by AOC to Prosecute NCDOL cases	2
Chief Attorney	Supervising Attorney	1
Paralegal	Support for Criminal Legal Services	1
Forensic Accountant	CPA, Certified Fraud Examiner	1
Crime Analyst	Crime and Intelligence Analysis	1
Executive Assistant	Admin for Senior Deputy	1
TOTAL		27

7

Insurance Fraud – Criminal Investigation

- Arrests for 2017 = 334
- Arrests for 2018 = **457**
- Convictions 2017 = 139
- Convictions 2018 = **211**
- Total amount of restitution ordered to date(2018): **\$5,372,734.58**



8

Smart NC

In 2018, saved NC consumers over **\$3 million**

Assisted consumers with health insurance

- Medical appeals
- Complaints
- External reviews

SHIIP

(Seniors Health Insurance Information Program)

In 2018 – saved NC senior consumers
over **\$40 million** in health care costs

Advising on Medicare decisions – like
prescription drug care

Consumer Services Division

In 2018 – helped recover over **\$10 million** in our Life & Health and Property & Casualty divisions for NC consumers

NCDOL fields 120,000 calls from consumers

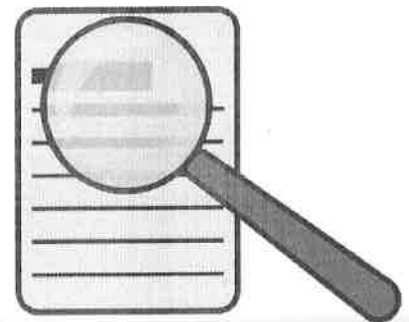
11



MIKE CAUSEY • COMMISSIONER

NCDOL helps find lost life insurance policies for families

In 2018 – helped recover over **\$40 million** in lost life insurance for NC consumers



12



MIKE CAUSEY • COMMISSIONER

2019 NCDOL Budget Priorities

- Call Center Technology
- Fire Protection grants

13



MIKE CAUSEY • COMMISSIONER

Call Center Technology



- NCDOL receives 120,000 calls a year
- Existing AVAYA phone system does not capture who calls, reason for calling, where they reside
- Had to do manual tracking on Hurricane Florence calls – burdensome, error-prone tabulation
- Summary: Inefficient, Ineffective, Expensive

14



MIKE CAUSEY • COMMISSIONER

Fire Protection Grants

- A record 135 people died in NC fires in 2018
- NC volunteer fire departments are hurting
- Desperate for help - recruitment, retention
- Hard to keep up with NC growth
- State Fire Marshal office most knowledgeable about where money is needed worst

NORTH CAROLINA INDUSTRIAL COMMISSION

Presentation to the Joint Appropriations Committee on General Government

Department of Insurance
Albemarle Building Room 240
February 26, 2019

MAJOR INITIATIVES: INNOVATION & TECHNOLOGY



Through the Commission's 20/20 Technology Initiative, the Commission is taking proactive steps to improve efficiency and enhance customer service, such as:

- Moving away from certified mail & reducing the use of faxing in favor of email;
- Implementing virtual collaboration and video conferencing technologies;
- Developing a more user-friendly website; and
- Implementing a modernized Case Management System.

MAJOR INITIATIVES: CASE MANAGEMENT SYSTEM

In N.C. Sess. Law 2017-57, Sec. 15.19, the General Assembly directed the Industrial Commission to implement a consolidated Case Management System.

The General Assembly provided project funding totaling \$4.2 million:

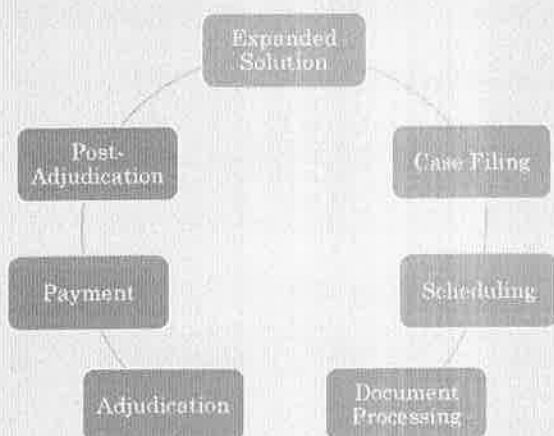
- * \$750,000 in nonrecurring funds for each year of the 2017-2019 fiscal biennium.
- * \$750,000 in nonrecurring funds for each year of the 2019-2021 fiscal biennium.
- * \$1.2 million retained by the Industrial Commission from compromise settlement agreement fees.

Current Project Status

Spring 2018:	Assessing Commission Workflows & Preparing Request for Proposals (RFP)
Aug. 2018:	RFP Issued
Sept. 2018:	Proposals Received
Oct. 2018:	Top Vendors Selected
Dec. 2018:	Vendor Presentations
Early 2019:	Selection of and Negotiation with Final Vendor

3

MAJOR INITIATIVES: CASE MANAGEMENT SYSTEM



Currently the Commission's document files and data are scattered among many different applications and outdated legacy systems.

The new Case Management System will be a comprehensive solution that provides:

- Claim initiation and tracking
- Robust web portal for external users
- Online form population
- Automated calendaring of cases
- Automated workflows
- Greatly improved search and reporting functionality

4

MAJOR INITIATIVES: TACKLING NC'S OPIOID EPIDEMIC

"I was heartened to witness firsthand the Industrial Commission's innovative efforts to optimize the pain care of injured workers in our state. Their Opioid Task Force not only established safeguards for opioid prescribing, but it enhanced the overall standard of care in our workers' compensation system. I am also hoping it will serve as a model policy for other health insurance providers in our state to employ in the future."

Dr. Christopher Grubb, M.D.
East Carolina Anesthesia Associates
Member of the N.C. Workers'
Compensation Opioid Task Force

- In February 2017, the NC Workers' Compensation Opioid Task Force convened to study and recommend solutions to the problems arising from the issues of opioid misuse and addiction originating from or exacerbated by workplace injuries.
- In compliance with N.C. Sess. Law 2017-203, Sec. 4, the Commission adopted Rules for the Utilization of Opioids, Related Prescriptions, and Pain Management Treatment in Workers' Compensation Claims.

5

MAJOR INITIATIVES: TACKLING NC'S OPIOID EPIDEMIC

The Opioid Utilization Rules became effective May 1, 2018 and address:

- First prescription, acute phase, and chronic phase protocols.
- Limits on morphine equivalent dose per day.
- Number of days' supply per opioid prescription.
- Number and types of opioids prescribed.
- Checking the Controlled Substances Reporting System ("CSRS").
- Administering urine drug testing.
- Assessing the risk of opioid-related harm using a screening tool.

More information on the new rules, including the Companion Guide, may be found at <http://www.ic.nc.gov/OpioidRulesResourcePage.html>.

6

MAJOR INITIATIVES: COMBATING FRAUD & NONCOMPLIANCE

With the help of the Noncompliant Employer Targeting System (NETS) and the Employee Misclassification System, the Industrial Commission's Compliance and Fraud Investigative Division continues to identify businesses out of compliance with the insurance requirements of the Workers' Compensation Act.

FY 2017-18:

Compliance

- New Cases: 4,743
- Cases Worked: 5,581

Fraud

- Charges Issued: 696
- Cases Received: 5,525
- Investigations Closed: 5,314

FY 2018-19 First & Second Quarter:

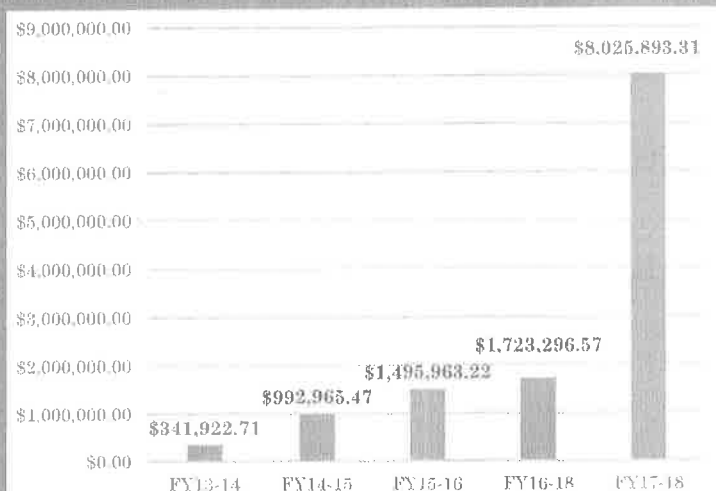
Compliance

- New Cases: 2,029
- Cases Worked: 2,232

Fraud

- Charges Issued: 289
- Cases Received: 3,751
- Investigations Closed: 3,111

MAJOR INITIATIVES: COMBATING FRAUD & NONCOMPLIANCE

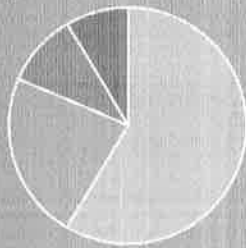


The Commission attributes the increase in penalty collections to a more efficient assignment of cases to the Compliance Section's staff and the substantial number of investigations commenced and completed.

During the first two quarters of FY 2018-19, the Commission collected \$3.2 million in penalties.

MEASURING EFFECTIVENESS AND EFFICIENCY

The Commission's new Case Management System will revolutionize the way in which the Commission monitors its effectiveness and efficiency by providing advanced reporting capabilities on performance metrics.



The Commission's various Sections currently track the following through Excel spreadsheets:

- Commission Opinion & Awards, Decision & Orders, and Orders
- Reports on workers' compensation and tort filings, cases heard, number of fraud and compliance investigations
- Accounts receivables & penalties assessed by the Commission

The manual entry of this information and the extraction of metrics requires substantial personnel time.

IMPROVING DIRECT CONTACT WITH THE PUBLIC

With the support of the General Assembly, the Commission has been taking active steps to modernize its interactions with the public. The best example of this being the implementation of a modernized Case Management System with a robust portal for external users.

In addition, N.C. Sess. Law 2017-57, Sec. 15.17 permitted the Commission to start serving Opinion & Awards via email. Because of this change:

- The Full Commission began issuing workers' compensation Opinion & Awards and tort claim Decision & Orders with electronic signatures to modernize Commission filings and institute more efficient internal practices.
- The Clerk's Office now electronically file stamps Full Commission Opinion & Awards and Decision & Orders to streamline the Commission's internal filing system.

IMPROVING DIRECT CONTACT WITH THE PUBLIC

Because of the success of the changes made pursuant to N.C. Sess. Law 2017-57, the Commission now serves all workers' compensation and tort orders to attorneys of record via email.

However, N.C. Gen. Stat. § 143-293 still requires that the Full Commission serve state tort claim Decision & Orders via certified mail.

- The Commission would request that this statute be amended to permit service of Decision & Orders to represented parties via email, similar to the change allowed by N.C. Sess. Law 2017-57 for workers' compensation cases.
- This change would provide further cost savings to the Commission.

Please note the Commission does not require inmates or unrepresented parties to file documents electronically due to access concerns.

11

IMPROVING DIRECT CONTACT WITH THE PUBLIC

Other efforts to modernize contact with the public have resulted in tangible cost savings and include the implementation of the following rules:

- Rules .0108 and .0609A – Effective Dec. 1, 2018
 - Requires that Medical Motions and Responses be filed electronically via Electronic Document Filing Portal (EDFP).
 - Estimated net benefit of \$76,473.00 per year.
- Rule .0104 – Anticipated effective date of Mar. 1, 2019
 - Requires electronic submission of tort claim filings in most circumstances.
 - Estimated savings to the Commission up to \$0.86 per filing currently sent via email and up to \$8.68 per filing currently sent via mail or hand-delivery.

12

LEGISLATIVE REQUEST: HIGHEST BUDGET PRIORITIES

Ensuring continued funding of the Case Management System project is the Commission's top budget priority.

The current reading of N.C. Sess. Law. 2017-57, Sec. 15.19(b), limits the Commission's ability to use receipts for the Case Management System. Currently, only receipts acquired through compromise settlement agreement fees may be used. The Commission respectfully requests the following change:

SECTION XXXX.(a) Section 15.19.(b) of S.L. 2017-57 reads as rewritten:

SECTION 15.19.(b) The Industrial Commission may retain the additional revenue up to one million two hundred thousand dollars (\$1,200,000) of the fee charged to parties for the filing of compromise settlement agreements of receipts to be used for the purpose of replacing and maintaining the Industrial Commission's case management systems and related expenditures.

13

QUESTIONS?

Amy C. O'Neal, Special Projects
Coordinator & Legislative Liaison
(919) 805-5287
amy.oneal@ic.nc.gov

Marc C. Downing, General Counsel &
Legislative Liaison
(919) 807-2654
marc.downing@ic.nc.gov



Joint Appropriations on General
Government and Information Technology

February 26, 2019 8:30 AM
Department of Insurance – Albemarle Bldg. Rm. 240

House Sergeant-At-Arms

Warren Hawkins

Doug Harris

Malachi McCullough

Senate Sergeant-At-Arms

Sheree Hedrick

Billy Fritscher



Senate Pages Attending

COMMITTEE: Joint Approps: General Gov't & I.T. ROOM: 240 ^{Albemarle Build.}

DATE: 2-26 TIME: 8:30am

PLEASE PRINT LEGIBLY....or else!!!!

Page Name	Hometown	Sponsoring Senator
✓ 1. Tiffany Taveras	New London	Ford
✓ 2. Sebastian Turner	"	"
3. Michael Williams	NC	NC
4. XXXXXX		
5.		
6.		
7.		
8.		

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

Alfred
H. H. H.

General (see)

Alfred H. H.

2-3-2

2-3-2

1-2-3 1-2-3 1-2-3

"

"

1-2-3 1-2-3 1-2-3

1-2-3 1-2-3 1-2-3

1-2-3

1-2-3

1-2-3 1-2-3 1-2-3

1-2-3



Public Sign-in

Joint Appropriations on General Government and Information Technology

February 26, 2019 8:30 AM

Department of Insurance – Albemarle Bldg. Rm. 240

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY / BILL No.</u>
Bob Rosser	NC DOI
Danny Stutzman	NC DOI
W. Gardner Culpeper	PPAB
Will Fintrell	NC DOI
Ed Stiles	Office of Sen. Steinburg - LA
George Robinson	DOI
Cassidy Robertson	AMGA
Chandler Spaulding	Smith Anderson
Leo John	Secy of State
Tanya Hatten	OSIR



Public Sign-in

**Joint Appropriations on General
Government and Information Technology**

February 26, 2019 8:30 AM

Department of Insurance – Albemarle Bldg. Rm. 240

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY / BILL No.</u>
Zack Hawkins	NC House
Jonathon Carter	NC Senate-Fashee
Michelle Osborne	NC DOI
Lynn Stoeckel	NC DOI
Rob Roegner	NC DOI / OSFM



Public Sign-in

Joint Appropriations on General Government and Information Technology

February 26, 2019 8:30 AM

Department of Insurance – Albemarle Bldg. Rm. 240

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

<u>NAME</u>	<u>FIRM OR AGENCY / BILL No.</u>
Amos O'Neal	Industrial Commission
Marc Downing	Industrial Commission
Mark Tyler	Industrial Commission (3/1/19)
Will Pamy Hine	NC HFA
Mike Cacksey	Comptroller / Warden
Brian Taylor	DOI / OSFM
Ted Brown	DOI / Admin
Marla Suk	DOI / Admin
Jacqueline Olusek	DOI / Company Services
Marty Sumner	NC DOI / Criminal Investigations
Susan Hester	DOI / Health Services Group
Kathy Shortt	DOI / Consumer Assistance Group
KEITH BRIGGS	DOI / Information Sys Div

House Committee on Appropriations, General Government
Thursday, February 28, 2019 at 8:30 AM
Room 425 of the Legislative Office Building

MINUTES

The House Committee on Appropriations, General Government met at 8:30 AM on February 28, 2019 in Room 425 of the Legislative Office Building. Representatives Cleveland, Floyd, Garrison, Logan, Majeed, Pittman, and Riddell attended. Senate members in attendance were J. Alexander, Clark, Ford, and Horner. Fiscal Staff members in attendance were Cara Bridges, Grant Schwab, and Gayle Moses. Committee Clerk Polly Riddell also attended. Attached to the minutes are the Staff for the Sergeant at Arms, the Pages for the meeting, and the attendance sheets for the agency representatives and public visitors.

Representative Dennis Riddell, Chair, presided.

Rep. Riddell called the meeting to order at 8:30 A.M. and welcomed everyone. He recognized the pages. He also recognized and thanked the sergeant-at-arms and committee staff.


Grant Schwab was recognized to give an overview of the Department of Administration. (See Attachment 1)

Rep. Riddell recognized Deputy Secretary Mark Edwards to present the Department of Administration committee report since Secretary Machel Sanders was ill and not able to attend. Mr. Edwards presented the department's mission, performance measures, efficiency gains, and its budget priorities. There was a time for discussion. (See Attachment 2)

Grant Schwab was recognized to give an overview of the Office of the Lieutenant Governor. (See Attachment 3)

The Chair recognized Steven Walker of the Lieutenant Governor's Office to give an update on the office's accomplishments and budget requests. (See Attachment 4) There was a short time of discussion.

The meeting adjourned at 9:30 A.M..



Representative Dennis Riddell, Chair
Presiding



Polly Riddell, Committee Clerk

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2019-2020 SESSION**

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

DAY & DATE: Thursday, February 28, 2019

TIME: 8:30 AM

LOCATION: 425 LOB

COMMENTS: Rep. Riddell will chair the Dept. of Administration and the Lt. Governor's Office Overview meeting.

Respectfully,

Representative George G. Cleveland, Co-Chair

Representative Dennis Riddell, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 12:51 PM on Wednesday, July 24, 2019.

____ Principal Clerk
____ Reading Clerk – House Chamber

Polly Riddell (Committee Assistant)

JOINT APPROPRIATIONS COMMITTEE ON GENERAL GOVERNMENT

Room 425 Legislative Office Building
Agenda

February 28, 2019 – 8:30 AM

I. CALL TO ORDER

Chairs: **Rep. Dennis Riddell, presiding**
 Sen. Rick Horner
 Rep. George Cleveland
 Sen. John Alexander

II. PRESENTATIONS

Chairs' Opening Comments

Department of Administration Budget Overview
Grant Schwab, Fiscal Research Division

Department of Administration Agency Presentation
Secretary Machel Sanders, Department of Administration

Office of the Lieutenant Governor Budget Overview
Grant Schwab, Fiscal Research Division

Office of the Lieutenant Governor Agency Presentation
Steven Walker, Chief of Staff, Office of the Lieutenant Governor

III. ADJOURNMENT

Department of Administration (DOA)

Agency Overview

Joint Appropriations Committee on General Government

February 28, 2019



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

Outline

- Authorizing Laws & Responsibilities
- Budget Overview
- Divisions
- Recent Legislative Actions
- Information Requested



Authorizing Laws & Responsibilities

- Established in G.S. 143B, Article 9

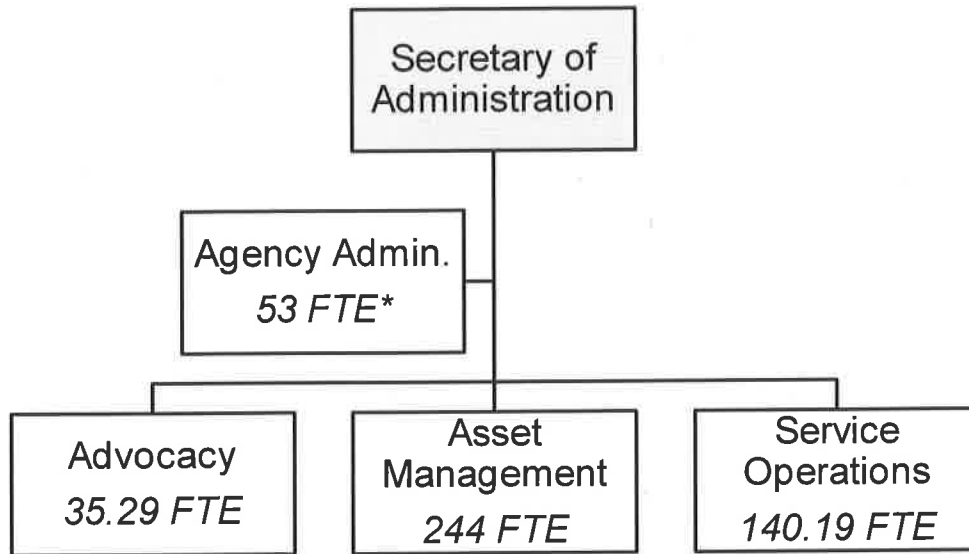
It shall be the duty of the Department of Administration to serve as a staff agency to the Governor and to provide for such ancillary services as the other departments of State government might need to ensure efficient and effective operations.

Authorizing Laws & Responsibilities

The Department of Administration was created in 1957 and serves two main roles:

- (1) The State's business manager (government services).
- (2) Provides services to groups of citizens through a variety of commissions and divisions (public services).

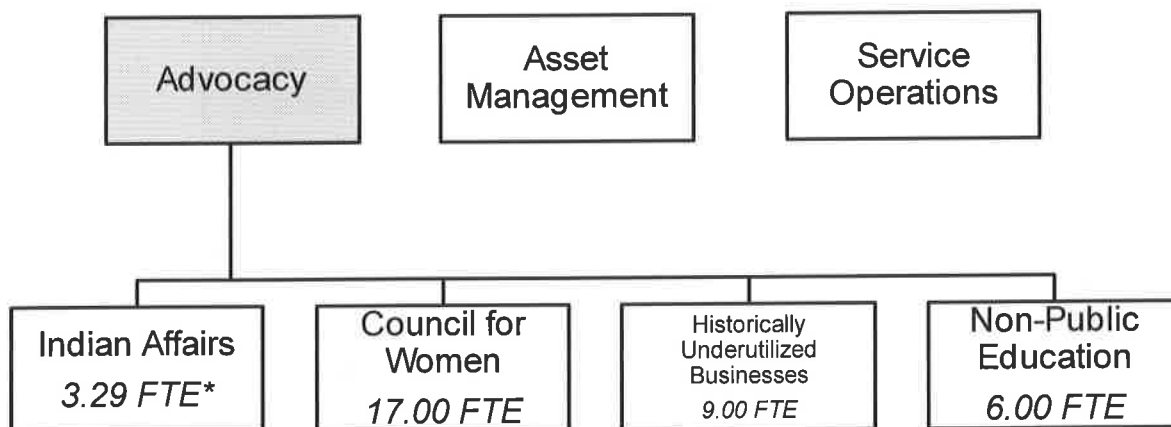
Department of Administration Organizational Chart (FY 2019-20 Base Budget)



* FTE = Full Time Equivalent

Numbers reflect State positions only

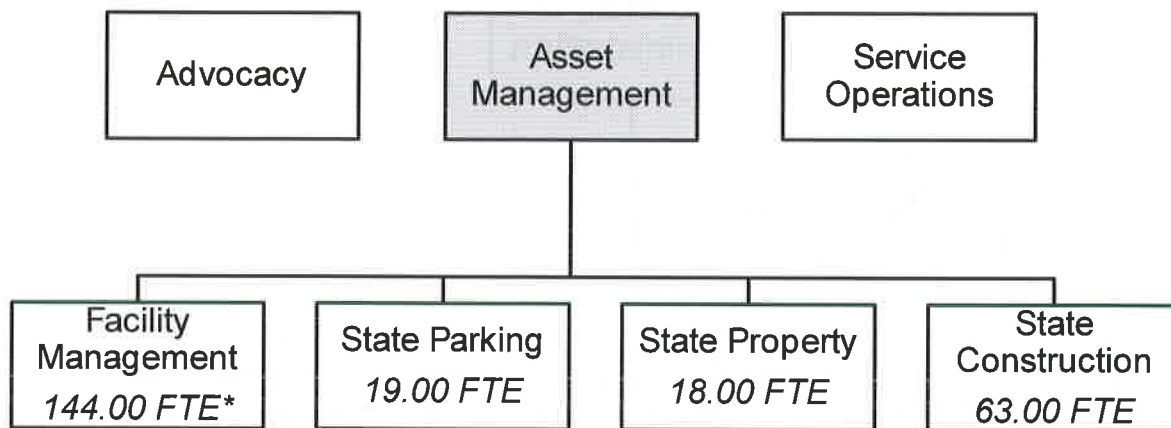
Department of Administration Organizational Chart (FY 2019-20 Base Budget)



* FTE = Full Time Equivalent

Numbers reflect State positions only

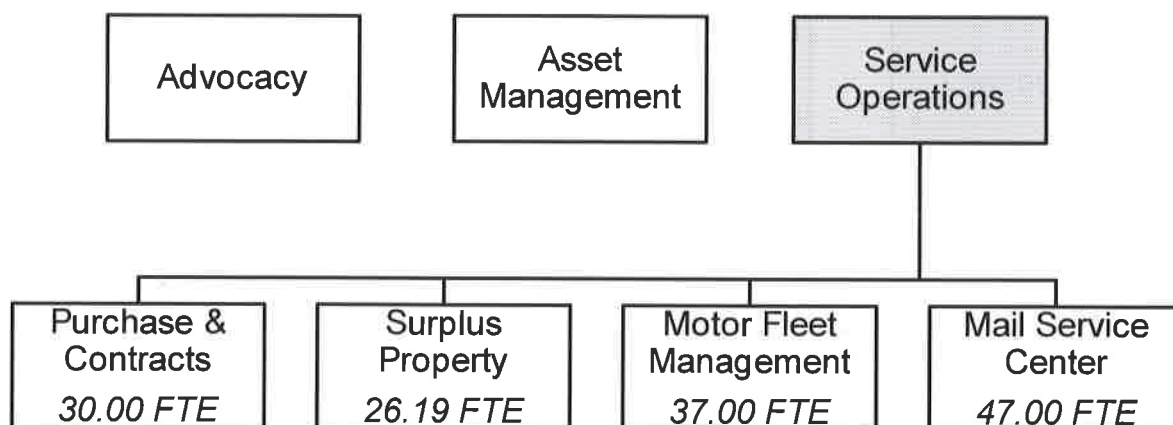
Department of Administration Organizational Chart (FY 2019-20 Base Budget)



* FTE = Full Time Equivalent

Numbers reflect State positions only

Department of Administration Organizational Chart (FY 2019-20 Base Budget)



* FTE = Full Time Equivalent

Numbers reflect State positions only

Department of Administration

General Fund Budget History

	FY 16-17 Actuals	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$ 75,473,480	\$ 77,433,824	\$ 75,494,301	\$ 73,387,880	\$ 73,387,880
Receipts	\$ 13,529,584	\$ 13,797,365	\$ 10,828,111	\$ 9,887,542	\$ 9,887,542
Net Appropriation	\$ 61,943,896	\$ 63,636,459	\$ 64,666,190	\$ 63,500,338	\$ 63,500,338
FTE*	457.16	418.86	419.96	420.709	420.709

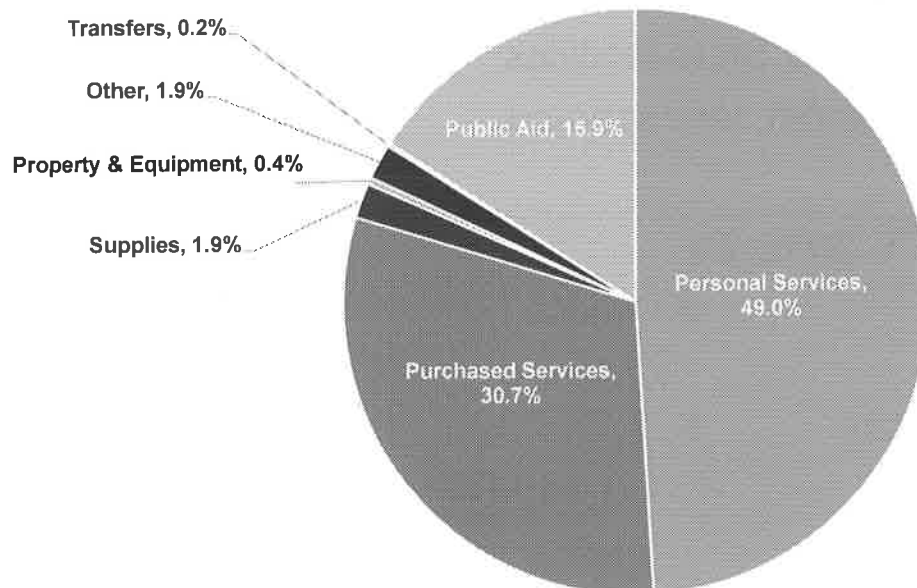
* FTE = Full Time Equivalent

Numbers reflect State positions only

Department of Administration

General Fund Requirements

Base Budget FY 2019-20



Department of Administration

Government Services

- Facilities Management
- Mail Service
- Motor Fleet
- Purchase and Contract
- State Construction
- State Property
- Surplus Property
- State Parking

Department of Administration

Government Services

Facilities Management - G.S. 143-341

Routine maintenance to State facilities,
house-keeping, janitorial, landscaping.

Base Budget FY 2019-20

Requirements:	\$31,410,736
Receipts:	\$3,663,411
Net Appropriation:	\$27,747,325
FTE:	144.00



Department of Administration Government Services

Mail Service - G.S. 143-341(8)g – h

Receipt-supported, handles mail services for State agencies, interoffice mail, and courier services.

Base Budget FY 2019-20

Requirements: \$4,190,558

Receipts: \$4,103,859

FTE: 47.00

Internal service fund, no net appropriation.



Department of Administration Government Services

Motor Fleet Management - G.S. 143-341(8)(i)

Fully receipt-supported, manages a portion of the State's motor fleet.

Base Budget FY 2019-20

Requirements: \$51,348,246

Receipts: \$57,184,555

FTE: 37.00

Internal service fund, no net appropriation.



Department of Administration
Government Services

Purchase and Contract Division

G.S. 143, Article 3

Administers and manages a portion of State contracts and the State's purchasing system.



Base Budget FY 2019-20

Requirements:	\$3,225,377
Receipts:	\$0
Net Appropriation:	\$3,225,377
FTE:	30.10

Department of Administration
Government Services

State Construction Office

G.S. 143-341(3) and G.S. 143-135.25

Analyzes construction plans and cost estimates, contract admin/supervision, inspects work and materials, support to State's Building Commission.



Base Budget FY 2019-20

Requirements:	\$6,721,322
Receipts:	\$105,087
Net Appropriation:	\$6,616,235
FTE:	63.00

Department of Administration
Government Services

State Property Office - G.S. 143-341(4) and G.S. 146

Handles State's real estate transactions including surveying and deeds, maintains listing of State-owned land and buildings, manages State unallocated land.

Base Budget FY 2019-20

Requirements:	\$1,773,737
Receipts:	\$690,439
Net Appropriation:	\$1,083,298
FTE:	18.00



Department of Administration
Government Services

Surplus Property - Article 3A of G.S. 143

Manages the State and Federal surplus property. Fully receipt-supported.

Base Budget FY 2019-20 (State)

Requirements:	\$2,566,147
Receipts:	\$2,531,887
FTE:	26.19
Internal service fund, no net appropriation.	



Department of Administration Government Services

State Parking Systems - G.S. 143-340(18) and (19)

Manages parking for State employees and visitors within the downtown State government complex. Fully receipt-supported.

Base Budget FY 2019-20

Requirements: \$2,071,602

Receipts: \$2,274,896

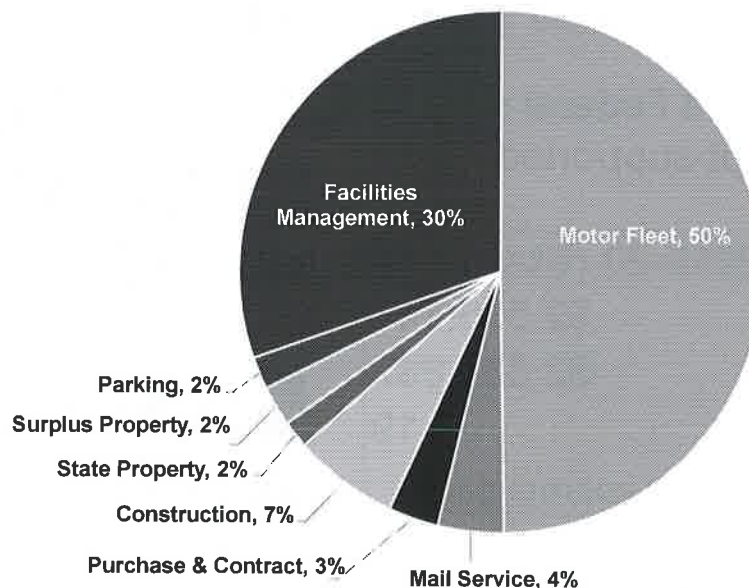
FTE: 19.00

Internal service fund, no net appropriation.



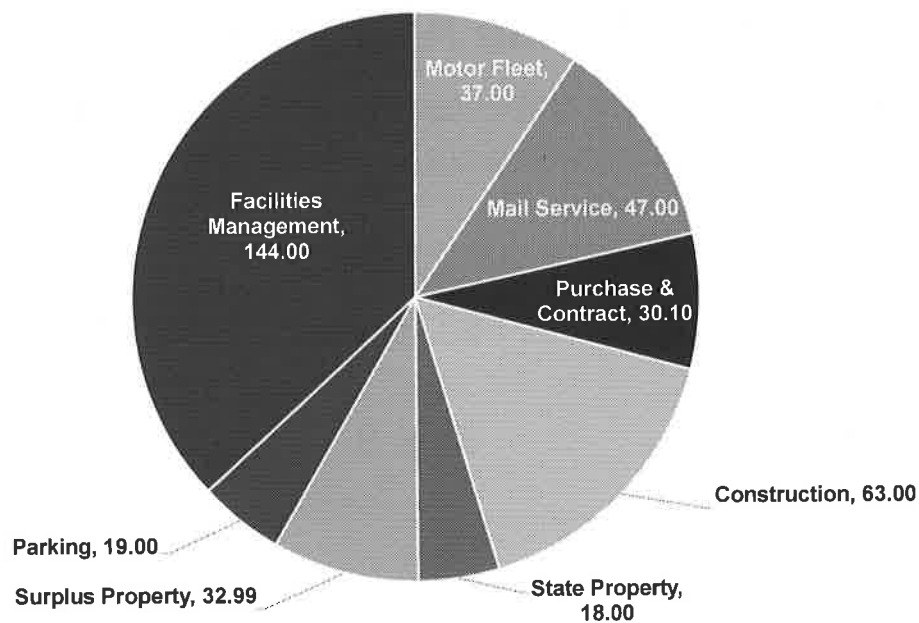
Department of Administration Government Services

Total Requirements (%) - Base Budget FY 2019-20



Department of Administration Government Services

Total FTE - Base Budget FY 2019-20



Department of Administration Public Services

- Commission on Indian Affairs
- Council for Women & Youth Involvement
- Non-Public Education
- Historically Underutilized Businesses

Department of Administration Public Services

Commission on Indian Affairs - G.S. 143B-404

Administers programs for State-recognized Tribes and Urban Indian Associations. Mostly federally funded.

Base Budget FY2019-20 (State)

Requirements:	\$324,976
Receipts:	\$0
Net Appropriation:	\$324,976
FTE:	3.29



Department of Administration Public Services

Council for Women & Youth – G.S 50B, 143B-394

Administers grants and programs related to domestic violence and sexual assault. Also produces reports on status of women in NC and runs youth programs (including State Internship Program).

Program (by fund code)	Requirements	Receipts	Source(s)	FTE
Domestic Violence Center	\$ 3,913,212	\$ 3,913,212	Marriage & Divorce Filing Fee	0.00
Domestic Violence Program	\$ 5,109,877	\$ -	General Fund	4.64
Sexual Assault Program	\$ 2,896,389	\$ -	General Fund	0.36
Council for Women & Youth	\$ 1,227,996	\$ -	General Fund	12.00
TOTAL	\$ 13,147,474	\$3,913,212		17.00

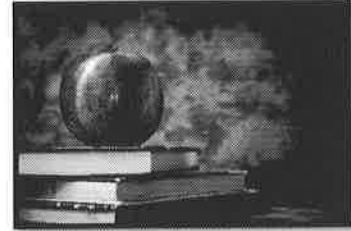
Net Appropriation = \$9,234,262

Department of Administration
Public Services

Non-public Education - G.S. 155C, Article 9
Maintains statistics on private and home schools
and monitors compliance with State laws

Base Budget FY2019-20

Requirements:	\$478,757
Receipts:	\$0
Net Appropriation:	\$478,757
FTE:	6.00



Department of Administration
Public Services

Historically Underutilized Businesses

G.S. 143-48, 143-64, 143-128

Certifies businesses for HUB program, provides training and outreach for businesses and State agencies on the procurement system and process.

Base Budget FY2019-20

Requirements:	\$840,361
Receipts:	\$282,912
Net Appropriation:	\$557,449
FTE:	9.00

Department of Administration

Recent Legislative Actions

2017

- Human Relations Commission moved to Office of Administrative Hearings.
- \$250,000 nonrecurring (NR) appropriation to Indian Affairs to support operations for State recognition of Cherokee of Robeson.
- \$50,000 NR appropriation for contract with General Assembly's Program Evaluation Division for agency-wide Measurability and Efficiency Study.
- Motor Fleet authorized to change fee structure, in part related to installation of telematics in vehicles.

2018

- \$22,000 NR appropriation to Council for Women for new grants management system.
- Mandate for Purchase & Contract to develop mandatory statewide contract management training program.
- \$166,000 R (2 positions) and \$100,000 NR appropriations to Purchase & Contracts to develop and implement training specifically for Dept. of Health & Human Services employees.
- \$1,000,000 NR appropriation to State Property to purchase new real estate information system pursuant to S.L. 2016-119. Appropriation comes from E-Commerce special fund, not General Fund.

Department of Administration

Information Requested

- Major initiatives over the last two years
- How the agency measures effectiveness and efficiency
- Instances of contact with the public done by paper processes
- Overview of the agency's highest priority budget requests

Questions?

Grant Schwab

Fiscal Research Division

919-733-4910

grant.schwab@ncleg.net



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

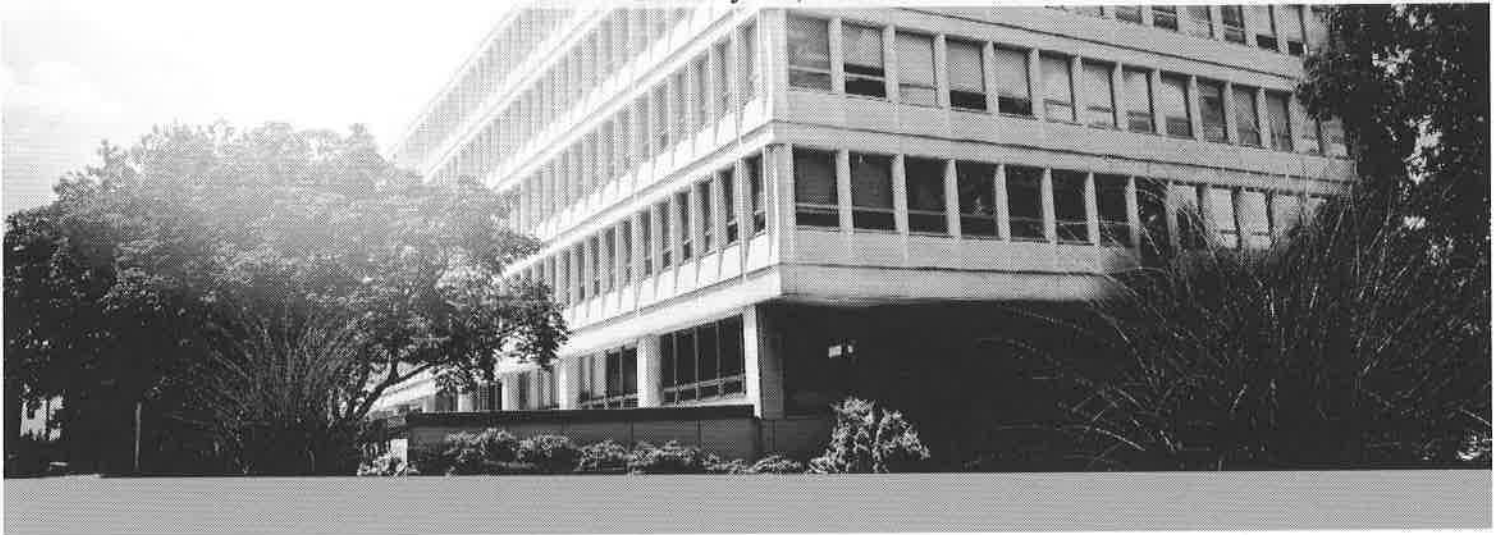


North Carolina Department of Administration

NC Department of Administration, Secretary Sanders

Joint Appropriations Subcommittee on General Government

February 28, 2019



NC Department of Administration

- Major Initiatives
- Performance Measures
- Efficiency and Effectiveness
- Priority Budget Requests
- Update on the State Property Office's Real Estate Information System project

NC Department of Administration

www.ncadmin.nc.gov

Secretary Machel Sanders

Deputy Secretary Mark Edwards

Deputy Secretary Marqueta Welton

Deputy Secretary Christy Agner

Legislative Liaison Katie S. Hall

Mission

The NC Department of Administration shall provide high quality services effectively, efficiently, and economically for our customers who are the citizens, agencies and communities of our state.

Vision

Excellence in all we do: People, Processes and Systems

Strategic Imperatives

1. Explore new and improved ways to deliver effective and efficient services to create value for taxpayers.
2. Provide superior customer service.
3. Create a culture of trust through enhanced employee engagement, openness and inclusiveness.

DOA Performance Measures

Advocacy	Capital	Operations
Division: Non-Public Education	Division: State Construction Office	Division: State Surplus Property
Workload <ul style="list-style-type: none"> > # of home school openings, closings and record reviews conducted <i>92,000 home schools</i> > # of Driver Education Certifications (DEC) issued by week <i>745 private schools</i> > Tracking call volume Efficiency <ul style="list-style-type: none"> > Process time of new home school registrations > Process time of Driver Edu. Certificates Customer Service <ul style="list-style-type: none"> > Customer survey 	Workload <ul style="list-style-type: none"> > Interscope Program tracks every step of the construction project <i>NE Council Bond</i> > Finance to design to construction/inspection <i>1,200</i> > Electronic plan review of engineering and architectural drawings (Bluebeam). Results in additional workload capacity. <i>235 bond project</i> > Routine bond project monitoring <i>122-unit construction</i> Efficiency <ul style="list-style-type: none"> > Paper reduction > Process time reduced Customer Service <ul style="list-style-type: none"> > Real-time data available for agencies (owner), engineers, and architects. > Annual Conference is attended by owners and industry professionals. 	Workload <ul style="list-style-type: none"> > # of surplus items taken in > Tracking of annual sales of surplus items (Up 30%) Efficiency <ul style="list-style-type: none"> > Cost savings resulting from reutilization of surplus items > Total sale funds returned to state agency budgets Customer Service <ul style="list-style-type: none"> > # of surplus items transferred back to agencies for reutilization > Annual surveys to client agencies and public customers

Efficiency Gains and Accomplishments

Non-Public Education

Automated processes providing space for additional workload as number of schools has grown over last seven years. Customers opening home schools and private schools now have online option.

NC Council for Women

Set records in distributing quarterly grants to Domestic Violence Centers and Rape Crisis Centers across the state.

Historically Underutilized Business Office

Participated with Office of State Budget & Management (OSBM) in Lean Six Sigma Improvements.

Commission of Indian Affairs

Section 8 Staff utilizing iPads in field allowing staff to log safety records on site.

State Property Office

Working with Department of Information Technology (DIT) to begin next steps in IT Procurement of Real Estate Information System. Need recurring funds to move forward.

Facility Management

Improved work flow process for maintenance of 169 buildings in the area.

Purchase & Contract

Electronic Bidding System has been fully implemented - going live in late 2018. Our staff continues to work with local governments to bring them on board. We are developing the mandatory procurement and contract management certification and training program for all agencies (throughout life cycle) to maximize State Term Contract Compliance.

Efficiency Gains and Accomplishments

State Construction Bond Project Update

Half of all projects will be ~~under construction~~ *in our office* by summer. Updating Capital staff quarterly.

State & Federal Surplus

Working with flood impacted communities to fulfill their needs for heavy equipment and tools for clean up. Federal Surplus received national recognition from the National Association of State Agencies for Surplus Property for their work with the City of Lumberton. Our Federal Surplus employees demonstrated superior customer service providing equipment that helped Lumberton to recover from Hurricane Matthew.

Corey Walters, the Deputy Public Works Director for Lumberton, said "On October 8, 2016, Hurricane Matthew hit Southeastern North Carolina, and no one was prepared for it. The flood waters from the Lumber River rose over 4 feet above previous record marks. By the time, all was said and done, half our city was under water, to include the water treatment plan, electric utilities department and public works... Our city was left without water for almost 30 days and no power for 7 days. At our water treatment plan alone, there was over \$2 million in damage and lost equipment... One way we have been able to overcome this challenge is through the NC Federal Surplus program. This program is extremely valuable to us during this critical time in our community's history. We can acquire, at extremely low cost, equipment that is desperately needed without putting us further behind in our operating budget. We are also getting equipment that allows us to be better prepared for the next event, be it a winter storm or another flood/hurricane."

2019-2020 Budget Priorities

✓ **Modernize the State's Portfolio Management**

Transition from current statewide geospatial information system (GIS) property database to cloud-based Real Estate Information System (REIS) to better inform our state's property portfolio. IT procurement and staffing resources require recurring funds to complete and maintain. SB 747 cannot be fully implemented without additional staff and maintenance of the REIS.

*RFP
Released 2/28/19*

✓ **Fully fund Procurement Contract Management Plan**

In order to move the needle on contract compliance, the Department needs additional staffing resources to offer certification and training to ALL agencies. General Assembly provided 2 FTEs in 2018.

2 positions



STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION

ROY COOPER
GOVERNOR

MACHELLE SANDERS
SECRETARY

MEMORANDUM

TO: Joint Legislative General Government Oversight Committee
Representative George Cleveland, Chair
Representative Dennis Riddell, Chair
Senator John Alexander, Chair

FROM: Secretary Machelles Sanders *AMS 11/05/18*

DATE: November 5, 2018

RE: Report per Session Law 2018-5, Section 31.2

Session Law 2018-5, Sections 31.2(a) requires the Department of Administration (DOA) to coordinate with other State agencies to use existing geographic information systems and information technology systems in developing a real estate information system to manage the State's owned and leased real property portfolio in the manner required by G.S. 143-341.2. DOA shall report to the Joint Legislative Oversight Committee on General Government its progress in implementing the provisions by November 1, 2018.

Session Law 2018-5, Section 31.2(b) provides a \$1,000,000 Non-Recurring transfer from the E-Commerce fund to be used to develop a real estate information system (REIS), as required per Session Law 2016-119, further requiring DOA to actively manage the state's portfolio of real property; to require measurement of the current utilization of state-owned facilities; to ensure the accuracy of the real property inventories maintained by the Department of Administration; and to ensure that the use of state-owned space is maximized before leases are entered into or renewed.

The following timeline outlines the Department's progress in FY 18-19 toward the development of a Real Estate Information System (REIS):

July – August

DOA engaged a Business Analyst (BA) from the Department of Information Technology (DIT) to provide the specifications and business requirements necessary for the development of a Request for Proposal.

There are over 140 business requirements specified which address the following:

- Facilitate real-time collection and dissemination of real property information.

- Enable statistical data reflecting asset value on demand.
- Incorporate GIS data to locate facilities controlled and managed by the State.
- Assist executive management in determining cost data near real time.

Data integration and interoperability are essential, enabling the following systems to work seamlessly and collaboratively:

- State Construction Office -Interscope system
- Facilities Management System (TM2 to be replaced)
- NC Department of Insurance

August - Current

The Department is currently examining our existing business processes in order to improve the quality of the data submitted by agencies. One Facilities Information System (FIS) staff member has been assigned to manually review and verify existing data, identify gaps and work with agencies to fill these gaps.

November

Through the competitive bid process via a “Request For Proposal” (RFP) to be issued by the Department of Information Technology, DOA is seeking a robust, secure, cloud-based system.

Key benefits and deliverables derived from the Real Estate Information System (REIS) are:

- Hosted solution that will streamline data collection efforts pertaining to the disposition of real property.
- Cost savings through the reduction of paper from the management process of real property.
- Improvement in overall data integrity for real property portfolio.
- Improved coordination of real property assets.
- Enhanced decision-making capabilities for executive management.
- Use of automated tools to reduce time and improve real property data accuracy.
- Solution that is user friendly and easily maintainable.

Challenges / Next Steps:

Implementing the Real Estate Information System will require Recurring funds for a scalable (on-demand software) software as a service enabling the Department to fully comply with *Session Law 2016-119*. In addition, the Department has evaluated our current staffing capacity as we anticipate the success of this project hinges upon catching up the current backlog of about 800 files and verifying new data elements as required per *SL 2016-119*. Under current staffing levels, with only three FTE in our Facilities Information Section, it would take us several more years to complete this work. We look forward to working with our legislative partners to bring this project to fruition.



STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION

ROY COOPER
GOVERNOR

MACHELLE SANDERS
SECRETARY

MEMORANDUM

TO: Joint Legislative General Government Oversight Committee
Representative George Cleveland, Chair
Representative Dennis Riddell, Chair
Senator John Alexander, Chair

FROM: Secretary Machel Sanders *ams 11/05/18*

DATE: November 5, 2018

RE: Report per S.L. 2018-5, Section 31.1

The Department of Administration, in accordance with Session Law 2018-5, provides the following report as evidence of our progress and compliance with Section 31.1, which requires that all employees involved in the procurement of goods and services as well as those employees responsible for awarding contracts or monitoring contract compliance are trained and certified. Because of our partnership with you and with key agency leaders, we are well on our way to the creation of the State's first ever Procurement and Contract Management Training and Certification – a tool to further enhance contract management and ensure that we achieve the absolute best value for North Carolina taxpayers.

Background:

In conjunction with NC State University, the National Association of State Procurement Officials, and UNC School of Government, the Division of Purchase and Contract began to develop a certification program in Spring of 2017 to enable **all** state agency purchasing, purchasing officers and contract management professionals to become trained and certified by the State's procurement experts. With only three existing trainers, the Department requested additional FTE to further develop and rollout the certification program. To prepare, we conducted extensive research, monitored the work of other state and non-state certification programs, identified best practices and documented lessons learned. In developing and implementing the North Carolina Procurement Certification (NCPC) program the Department consulted with and employed the assistance of the following partners--all are critical to our success:

Entity	Responsibility
Office of State Human Resources	Deliver electives required to complete certification; Provide in-depth Cornerstone (LMS) functionality training to DOA
UNC School of Government	Provide review and assessment of program plan; develop and deliver local government-specific courses
NC State University	Provide consultation on curriculum, course development, and testing; Provide students as test question evaluators; Modify courses from Supply Chain Management and Project Management curriculum for elective offerings
Department of Health and Human Services	Participate in Train-the-Trainer sessions; Provide DHHS-specific examples; Develop and prioritize list of participants; Avail time for participant attendance; Provide mentors for practical skills application

Curriculum Development:

The State Procurement Officer has engaged a vendor to assist in the development of a rigorous contract management training and certification program. The consultant is specifically tasked with developing the framework and curriculum for the Contract Administrator Certification pathway using NCMA standards.

The extensive coursework required for each certification pathway will demand a significant commitment from program candidates, taking an estimated 8 to 12 months for completion and requiring a passing score of 85% or higher on all exams. Pathways to certification are in various stages of development for purchasers, officers, and contract administrators.

1. **100 Level: NC Purchaser certification (NCP)** coursework will be geared toward individuals in the purchasing or procurement role. Candidates must hold an Associate's degree or higher and have one year or more job-related experience, or have equivalent job-related experience of three or more years, and complete 102 credit hours of coursework.
2. **200 Level: NC Purchasing Officer certification (NCPO)** will be geared toward individuals in a managerial or supervisory position in public procurement. Candidates must hold a Bachelor's degree or higher and have 1 year or more job-related experience, or have equivalent job-related experience of 3 or more years, have managerial or supervisory experience of 2 or more years, and complete 150 credit hours of coursework.
3. **300 Level: NC Contract Administrator certification (NCCA)** will be geared toward individuals in the role of contract administration. The specialized coursework is designed to train contract managers to properly oversee the project scope, schedule and budget of specific projects. Candidates must hold an Associate's degree (minimum), have 1 year or more job-related experience, or have equivalent job-related experience of 3 or more years, and complete 156 credit hours of coursework.

The Department has posted two Staff Development positions at a cost of \$166,000 in General Fund appropriations. Both positions will be dedicated to work associated with Level 300 Contract Management Certification.

We are excited about the curriculum supported by our strategic partnership and look forward to enrolling our first cohort for certification.

Timeline

Task	Planned Completion
Contract for NCCA course and exam development	Completed ✓
Onboard two Staff Development employees	December 2018
Develop course and exams for NCCA	May 2019
Advertise program launch and rollout NCCA	May 2019
Accept NCCA and NCP applications	July 2019
Develop framework and additional courses for NCPO pathway	August 2019
Administer first certification exams	October 2019

Office of the Lieutenant Governor

Agency Overview

Joint Appropriations Committee on General Government

February 28, 2019



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

Outline

1. Authorizing Laws & Responsibilities
2. Budget Overview
3. Recent Legislative Actions
4. Information Requested



Office of the Lieutenant Governor **Authorizing Laws & Responsibilities**

- Creation of the Office
 - State Constitution, Article III, Sec. 2
 - State Constitution, Article III, Sec. 6
 - § 143A-5. - Requirements of the Office
 - § 147-3 - Executive Officer

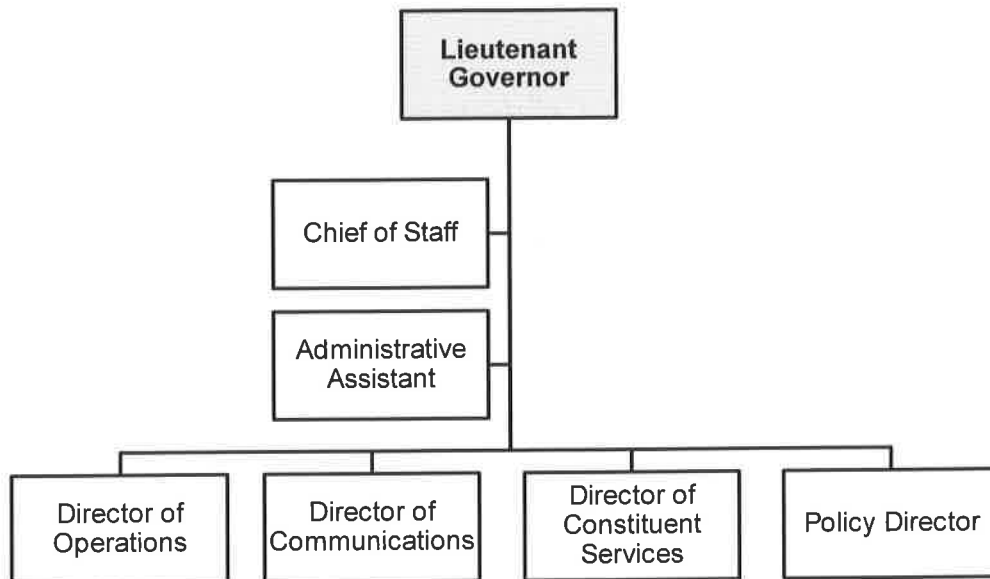
Office of the Lieutenant Governor **Other Responsibilities**

The Lieutenant Governor also serves on the:

- State Board of Education
- State Board of Community Colleges
- NC Charter Schools Advisory Board
- Energy Policy Council, Chair
- Military Affairs Commission
- Domestic Violence Commission
- NC Capital Planning Commission, Vice-Chair

Office of the Lieutenant Governor

Organizational Chart



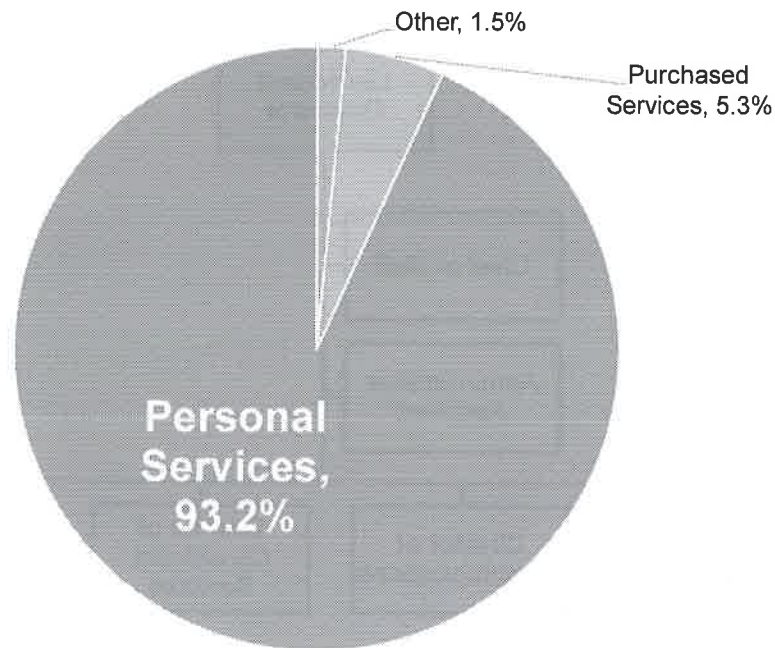
Office of the Lieutenant Governor

Budget Overview

	FY 16-17 Actual	FY 17-18 Actual	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$689,646	\$848,557	\$861,965	\$873,753	\$873,753
Receipts	\$0	\$5,522	\$0	\$0	\$0
Net Appropriation	\$689,646	\$843,036	\$861,965	\$873,753	\$873,753
FTE*	6	7	7	7	7

* FTE = Full Time Equivalent

Office of the Lieutenant Governor Total Requirements, Base Budget FY 2019-20



Office of the Lieutenant Governor Recent Legislative Actions

2017

- \$47,812 recurring appropriation for Administrative Assistant position.
- \$30,000 nonrecurring appropriation for supplies and equipment.

2018

- n/a

Office of the Lieutenant Governor **Requested Information**

- Major initiatives over the last two years
- How the agency measures effectiveness and efficiency
- Instances of contact with the public done by paper processes
- Overview of the agency's highest priority budget requests



Questions?

Grant Schwab

Fiscal Research Division

919-733-4910

grant.schwab@ncleg.net





Office of Lieutenant Governor Dan Forest

Presentation by: Steven Walker
Chief of Staff & General Counsel

1

Major Accomplishments Over Last Two Years

- Digital Learning Plan
- Board of Postsecondary Education Credentials
- Legislative Commission on the Fair Treatment of Student-Athletes
- State Board of Education
- State Board of Community Colleges
- Energy Policy Council
- Human Trafficking Legislation
- Restore/Protect Campus Free Speech
- School Mental Health Initiatives
- Teaching Fellows Funded Through the NC Education Endowment
- First Responders Day
- Anti-Boycott, Divestment & Sanctions Legislation

2

Personnel Budget Requests

- No changes requested
- We would like the same number of FTEs as we currently have assigned
- If the legislature provides compensation increases to state employees, we, of course, would like to be included.

3

Operating Budget Issues

- The certified purchased services budget for the Office of the Lieutenant Governor is \$55,964.00
- Of this purchased services budget we have \$38,062 of phone/IT charges (68%)
 - IT Subscription Support - \$1,071
 - Other Information Technology Services - \$6,310
 - Telephone Services - \$2,285
 - Telecommunication Data Charges - \$283
 - Email and Calendaring - \$1,051
 - Computer/Data Process - \$2,400
 - Authentication & Authorization Services - \$974
 - Managed Wide Area Network Services - \$10,512
 - Managed Desktop Services - \$13,176

office of 7 internet
costs

4

Operating Budget Issues (Continued)

- The total certified non-personnel budget for the Office of the Lieutenant Governor is \$65,030.
- Of the total certified non-personnel budget for the Office of the Lieutenant Governor 58.5% is consumed by telephone and information technology services.
- The IT services vary in rate over the year, and often provide difficulty in budgeting.

5

Operating Budget Request

- An increase of \$15,000 to the Office of the Lieutenant Governor's operating budget to ease the uncertainty and costs of telephone and IT services.

6



Committee Sergeants at Arms

NAME OF COMMITTEE Jt House Committee on Appropriations, General Government

DATE: 2/28/2019

Room: 425 LOB

House Sgt-At Arms:

1. **Name:** Warren Hawkins

2. **Name:** Doug Harris

3. **Name:** Malachi McCullough, Jr

4. **Name:** _____

5. **Name:** _____

Senate Sgt-At Arms:

1. **Name:** Frances Patterson

2. **Name:** Dwight Green

3. **Name:** _____

4. **Name:** _____

5. **Name:** _____

ATTENDANCE

HOUSE COMMITTEE ON APPROPRIATIONS, GENERAL GOVERNMENT

2019-20

DATES		02-28-2019							
CLEVELAND, George	CHAIR	X							
RIDDELL, Dennis	CHAIR	X							
ARP, Dean	VICE CHAIR								
FLOYD, Elmer	VICE CHAIR	X							
MEMBERS:									
BARNES, Lisa Stone									
GARRISON, Terry		X							
LOGAN, Carolyn		X							
MAJID, Nasif		X							
PITTMAN, Larry		X							
EX OFFICIO MEMBERS:									
LEWIS, David									
STEVENS, Sarah									
BELL, John									
JONES, Brendan									
BRIDGES, Cara	STAFF	X							
SCHWAB, Grant	STAFF	X							
AHLIN, Pamela	CLERK								
RIDDELL, Polly	CLERK	X							

SENATE COMMITTEE ON APPROPRIATIONS, GENERAL GOVERNMENT

2019 REGULAR SESSION

ATTENDANCE

DATES	02-28-2019							
SEN. J. ALEXANDER, CO-CHAIR	X							
SEN. HORNER, CO-CHAIR	X							
SEN. CLARK	X							
SEN. FORD	X							
SEN. FOUSHEE								
SEN. SEARCY								
SEN. STEINBURG								
CARA BRIDGES, STAFF	X							
GRANT SCHWAB, STAFF	X							
MYRA TORAIN, STAFF								
GAYLE MOSES, STAFF	X							
CARLY WEAVER, STAFF								
JESSICA DAIGLER-WALLS, CLERK								
REGINA IRWIN, CLERK								

VISITOR REGISTRATION SHEET

Joint Appropriations for General Government

2/28/19

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Steven Walker	Lt. Gov.
Blake Brewer	Lt. Gov
Sarah Wolfe	MWC
Chris Aggar	DOA
Claudia Smermak	Governors office
Angelle Duth	FL DA VA
Shirley David	newfrance
Michael Barnhill	Sam Searcy office
Tanya Hatten	ASTAR
Marqueta Welford	DOA
Katie Hall	DOA
Mark Edwards	DOA
Chris Estes	EY

VISITOR REGISTRATION SHEET

Joint Appropriations for General Government

2/28/19

Name of Committee

Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS

Cassidy Robertson

AMGA

Marcilee Benton

OSBM

B. J. 6

OSA



Senate Pages Attending

COMMITTEE: Joint App. Gen'l Gov't ROOM: 425 LEB
DATE: 2-28 TIME: 8:30

PLEASE PRINT LEGIBLY....or else!!!!

Page Name	Hometown	Sponsoring Senator
1. Sebastian Turner	Newhondon	Ford
2. Maverick Wilson	Salembury	B. Jackson
3. Jorge Zuniga	"	"
4.		
5.		
6.		
7.		
8.		

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

**House Pages
Assignments
Wednesday, February 27, 2019
Session: 9:30 AM**

Committee	Room	Time	Staff	Comments	Member
Appropriations, General Government	425	8:30 AM	Alicia Fleming		Speaker Tim Moore
		<i>Kyaicia</i>	Kyaicia Gorham		Speaker Tim Moore
		<i>Travion</i>	Travion Jones		Speaker Tim Moore
			Yasman Whitney		Speaker Tim Moore

Joint Committee on Appropriations on General Government and Information Technology
Tuesday, March 5, 2019 at 8:30 AM
Room 425 LOB

Minutes

The Joint Committee on Appropriations on General Government and Information Technology met at 8:30 am on March 5, 2019 in Room 425 LOB. Five Senate members and eight House members were present.

A Visitor Registration log is attached and made part of these minutes.

Senator Horner, Presiding Chair, called the meeting to order at 8:30 am. He introduced the Pages and the Sergeant-at-Arms staff.

Ms. Cara Bridges, NCGA Fiscal Research Division, gave an overview of the NC Housing Finance Agency Budget. A copy of the presentation is attached.

The Chair recognized Executive Director Scott Farmer who presented the work of the Office of the NC Housing Finance Agency (NCHFA). A copy of the presentation is attached.

The Chair welcomed questions from the committee.

Senator J. Alexander - What was the Moody's Settlement that helped fund a portion of the Workforce Housing Loan Program in FY 2017-18?

Ms. Cara Bridges - This was a one-time settlement of more than \$863 million with the Moody's Corporation. North Carolina was one of 21 states and the U.S. Department of Justice to reach this settlement and North Carolina received around \$16 million. The settlement was related to Moody's representations of independence in rating mortgage-backed securities.

Senator J. Alexander - On page 5 it states that the NCHFA is self-supporting, why are you asking for \$20 million?

Mr. Farmer - All the money the NCHFA receives from the state goes directly into Housing investment. None of the money goes into the agency for operations. The NCHFA's operations are covered through the generation of fees and other programs the agency operates.

Senator J. Alexander - Does the NCHFA ever place a lien on real estate the agency makes money on?

Mr. Farmer - Yes, the majority of the NCHFA's programs are loans; some loans are forgiven loans.

Representative Garrison - Is there any minority participation, allocation part of these programs?

Mr. Farmer - The Federal programs have some requirements in Section 3 and minority women's owned business requirements.

Senator Horner - The \$20 million loan program is used in conjunction with federal credit. How does this relate to the old tax credit of \$35 million?

Mr. Farmer – The old state tax credit went hand in hand with the federal credit. If you received an allocation in federal credit, it was percentage-based and an uncapped amount. Since it was operated through the Department of Revenue, it's a limited recourse of \$20 million.

Senator Horner – Before, when we received a credit, it matched up with federal credit. Does the \$20 million match with the credit, or can you loan it in different volumes than the old credit?

Mr. Farmer – No, it's directly tied to the allocation of federal credit.

Representative Cleveland – Was the disaster recovery funding of \$10 million made in 2018, allocated to 69 homes and units?


Mr. Farmer – No, it was allocated for the funding cycle of 2018. The agency received 169 applications, of which 69 were in the disaster counties. We don't know yet how many can be funded with the \$10 million.

Representative Floyd - Does the NCHFA look at the developer plans before approving loans?

Mr. Farmer – Yes, it is part of our review process. It's a two-stage application process. Preliminary applications are received in January to look at building sites and evaluate the market. Full applications are submitted in May to look at designs, make sure the design is financially feasible, and the developer has funding sources in place. We have received 169 application and expect to have enough funding for 40 of these projects.

The Chair thanked Executive Director Scott Farmer for taking time out of his busy schedule to speak to the Joint Committee on Appropriations on General Government and Information Technology.

There being no further business, the Chair adjourned the meeting at 9:10 am.



Senator Rick Horner, Chair
Presiding



Regina Irwin, 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 5, 2019	8:30 AM	425

Senator Rick Horner will chair the Housing Finance Agency Overview meeting.

Senator John M. Alexander, Jr., Co-Chair
Senator Rick Horner, Co-Chair

JOINT APPROPRIATIONS COMMITTEE ON GENERAL GOVERNMENT

Room 425 Legislative Office Building
Agenda

March 5, 2019 – 8:30 AM

I. CALL TO ORDER

Chairs: **Sen. Rick Horner, presiding**
 Rep. George Cleveland
 Sen. John Alexander
 Rep. Dennis Riddell

II. PRESENTATIONS

Chairs' Opening Comments

Housing Finance Agency Budget Overview
Cara Bridges, Fiscal Research Division

Housing Finance Agency Presentation
Executive Director Scott Farmer, Housing Finance Agency

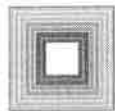
III. ADJOURNMENT

NC Housing Finance Agency

Agency Overview

**Joint Appropriations Committee on General
Government**

March 5, 2019



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

Housing Finance Agency Overview Outline

- Authorizing Laws & Responsibilities
- Budget Overview
 - Hurricane Relief Efforts
- Information Requested



Housing Finance Agency Authorizing Laws & Responsibilities

- G.S. 122A – NC Housing Finance Agency
- G.S. 122E – Housing Trust Fund, Community Living Housing Fund
- G.S. 157-9.2 & Article 11 of G.S. 45 – Mortgage loans

Housing Finance Agency Budget Overview

- Actual expenditures are far greater than State appropriations
- General Assembly makes appropriations to fund specific programs; money goes directly into “bricks and mortar”

Housing Finance Agency Appropriations Act History

Total General Fund Requirements

Program	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
HOME Match	\$1.5 M	\$1.5 M	\$3.0 M	\$3.0 M	\$3.0 M
Housing Trust Fund	\$6.9 M	\$7.7 M	\$7.7 M	\$7.7 M	\$7.7 M
Workforce Housing Loan Program	\$10.0 M NR*	\$12.5 M NR	\$20.0 M NR	\$20.0 M NR**	\$20.0 M NR

* NR = Nonrecurring

** Partially funded by the Moody's settlement with the State

Housing Finance Agency Base Budget

- Programs funded in the FY 2019-21 Base
(each year):

HOME Match	\$3,000,000
<u>Housing Trust Fund</u>	<u>\$7,660,000</u>
TOTAL:	\$10,660,000

Housing Finance Agency

Budget Overview - Hurricane Relief

- S.L. 2016-124, Disaster Recovery Act of 2016, provided \$20 million nonrecurring to the Housing Trust Fund for housing-related hurricane relief
 - Loosened statutory restrictions on income eligibility limits
 - Funds not eligible for new development

Housing Finance Agency Budget Overview - Hurricane Relief

- S.L. 2018-136, Hurricane Florence Disaster Recovery Act, appropriated an additional \$10 million
 - Same income limitations as 2016 Disaster Recovery Act
 - Funds eligible for new development

Housing Finance Agency

Budget Overview – DHHS Partnership

- Community Living Housing Fund is funded by receipts from the Department of Health and Human (DHHS):
 - FY 15-16: \$2.89 M, nonrecurring (NR)
 - FY 16-17: \$5.52 M, NR
 - FY 17-18: \$4.22 M, NR
 - FY 18-19: \$3.96 M, NR

- Targeting Program & Key Rental Assistance

Housing Finance Agency Information Requested

- Overview of total agency budget
- Major initiatives over the last two years
- How the agency measures effectiveness and efficiency
- Instances of contact with the public done by paper processes
- Overview of the agency's highest priority budget requests

Questions?

Cara Bridges

Fiscal Research Division

919-733-4910

Cara.Bridges@ncleg.net



North Carolina Housing Finance Agency

A self-supporting public agency

Good Housing
for North
Carolinians

Good Business
for North
Carolina

Scott Farmer
Executive Director

Joint Appropriations Committee on General Government
March 5, 2019

NORTH CAROLINA

HOUSING
FINANCE
AGENCY

Our Mission

To create affordable housing for those whose needs are not met by the market



Our Vision

To operate efficiently, to leverage private capital, and to emphasize partnerships

What is Affordable Housing?

Affordable housing can mean anything from apartments for seniors on a fixed income to a five-bedroom single-family house



From a policy standpoint, “housing affordability” means a family pays no more than 30% of their income for housing



In this context, “affordable housing” most commonly refers to homes that are affordable to households earning between 30% and 80% of the area median income



Wakefield Commons | Wake County | 80 Apartments

Housing Needs & Market Conditions

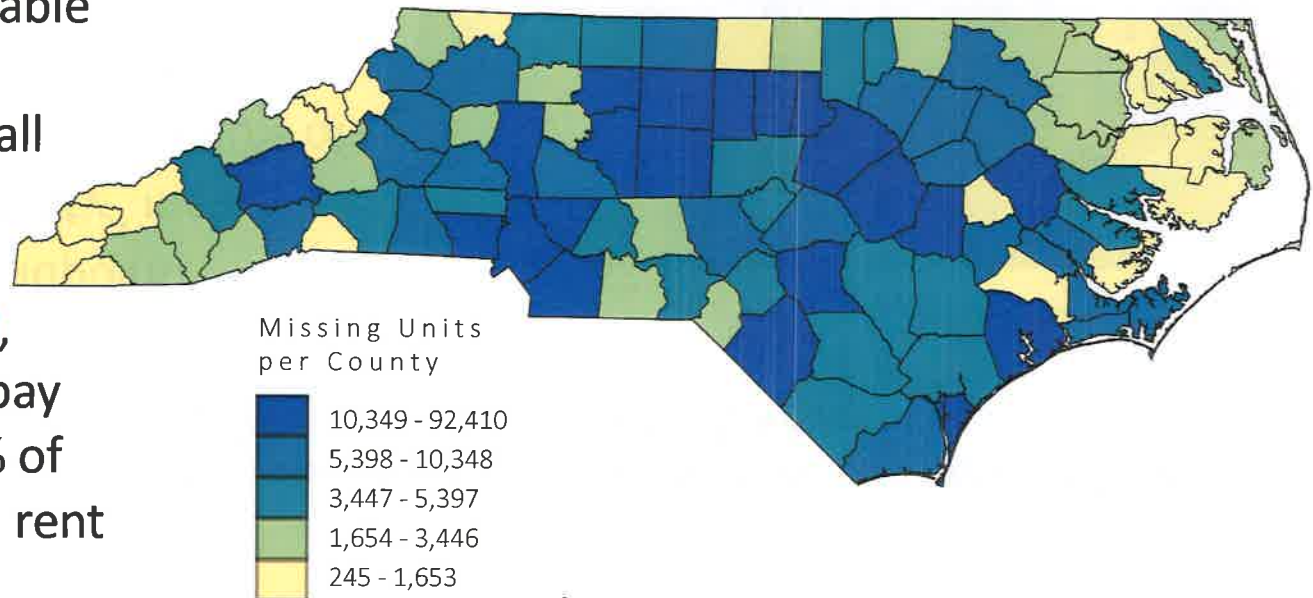
An affordable housing shortage exists across all market segments in North Carolina, but it is felt most acutely by lower-income families



For every **8 North Carolina families** in need of affordable housing, only **1 home** is available

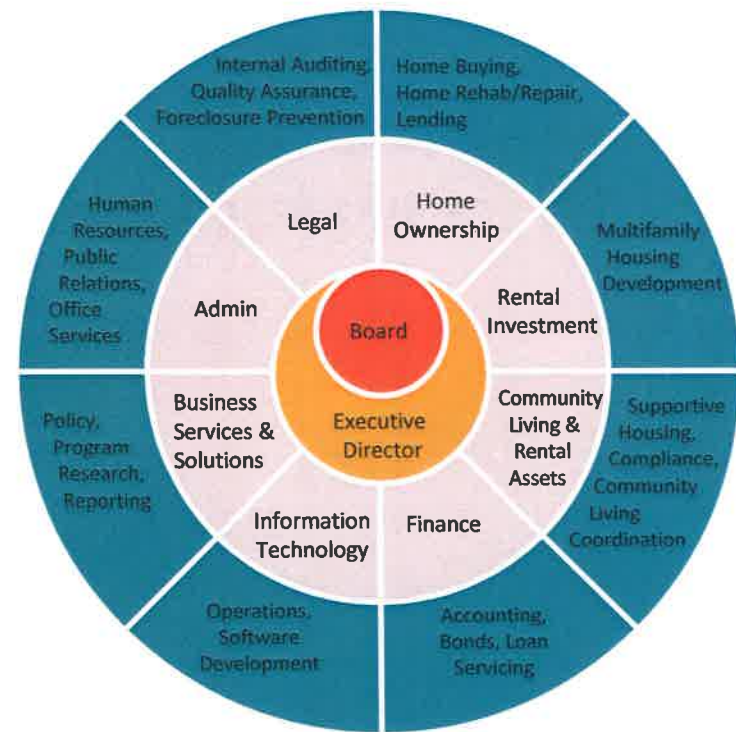


Almost **half** of all North Carolina renters are **cost-burdened**, meaning they pay more than 30% of their income in rent



Agency Structure

- 🏠 Self-supporting
- 🏠 Flexibly structured to respond to the market
- 🏠 Governed by a Board of Directors
- 🏠 140 full time employees
- 🏠 Financials audited by an independent auditor
- 🏠 Bond issues evaluated by rating agencies
- 🏠 Debts are not the debts of the State



Direct Public Contact



We work with the private market, so exceptional customer service is critical



All public contact from Mortgage Applications to Development Proposals are submitted through secure Web-based portals

Housing Development & Funding Timeline



Agency Production in 2018



\$2 Billion

of Real Estate
Activity Financed



50% Increase

in Activity over Three Years

Nearly 100%

Since 2014



\$800 Million

in Wages and Spending
Boosted



13,690

Homes and
Apartments
Financed



18,750

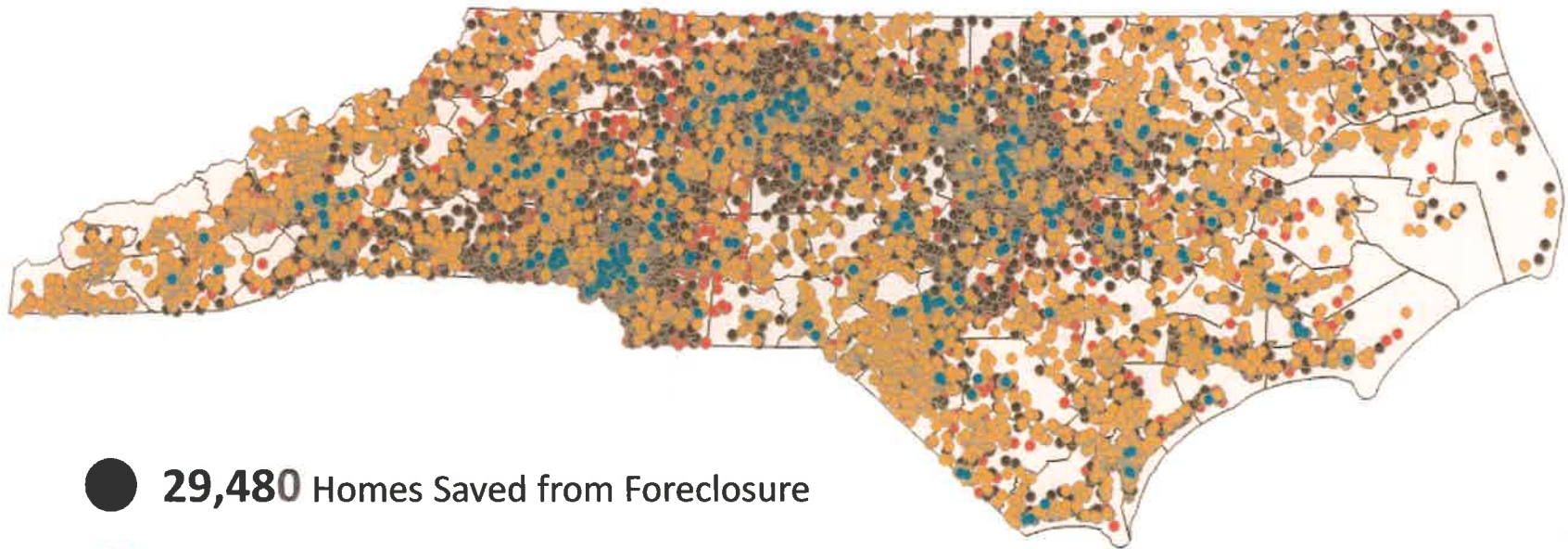
Jobs Supported



\$55.3 Million

in Tax Revenue Generated

Cumulative Production



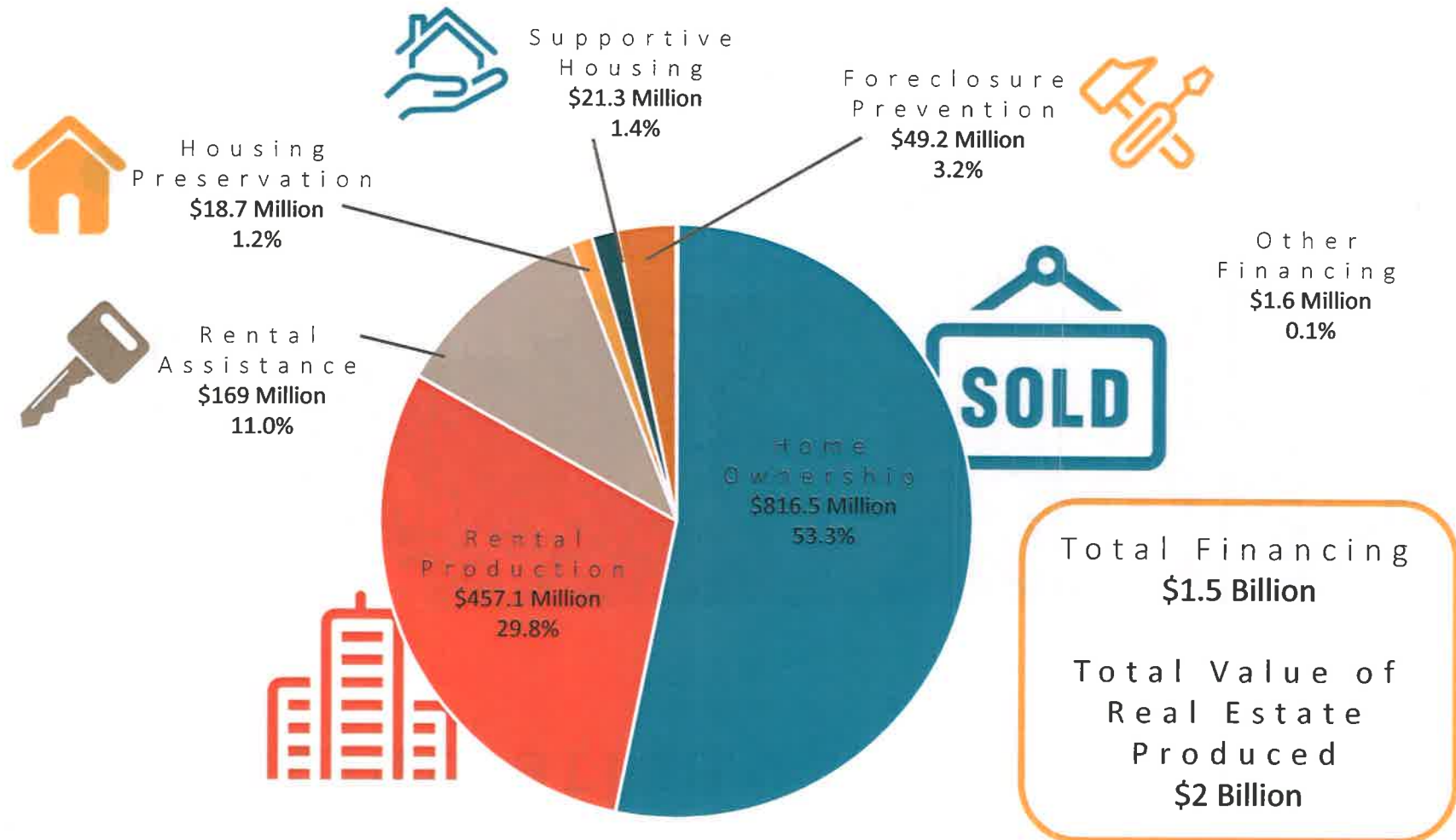
● **29,480** Homes Saved from Foreclosure

● **115,500** Home Purchases Financed

● **34,550** Homes Rehabilitated

● **99,450** Apartments Produced

Agency Financing in 2018





Performance Metrics

Brenner Crossing | Rowan County | 90 Apartments

Return on Investment

*We operate a range of programs and work with partners in
all 100 counties*

*All of our programs are evaluated annually for their
cost/benefit and every State dollar is measured by the
number of homes produced*



With every State \$1,
we **leverage \$4** of
housing



Our operating expenses
are **less than 2%** of the real
estate activity we generate

Benefits & Impacts of Our Work

Research shows that access to safe, affordable housing...

Reduces childhood instability,
improves child development,
and boosts educational
achievement



Revitalizes distressed
communities, builds
neighborhood stability, and
fosters social cohesion



Creates jobs, attracts
investment, returns money
to local economies, and
encourages upward mobility

Lowers exposure to health
threats and reduces health
care spending



Appropriations

	2016	2017	2018
HOME Match	\$1,458,000*	\$3,000,000*	\$3,000,000*
Workforce Housing Loan Program	\$12,500,000 ^{NR}	\$20,000,000 ^{NR}	\$20,000,000 ^{NR}
Housing Trust Fund	\$7,660,000*	\$7,660,000*	\$7,660,000*







**Recurring appropriation*

NR – Non-recurring appropriation

Oneida Mill Lofts | Alamance County | 133 Apartments

State HOME Match

-  Appropriation began in 1993
-  Funding ensures North Carolina receives its share of the federal HOME block grant
-  Match is 25% of HOME funds, as drawn from Treasury
-  Match projects must meet federal HOME rules and repayments must return to the HOME program



Jacksonville Downtown Housing Initiative | Onslow County

State HOME Match

2018 Appropriation - \$3,000,000

Match funds will finance:



200
Units



500
Jobs



\$28.4 Million
in Real Estate
Value



\$1.4 Million
in State and Local
Tax Revenue

Sponsors create home buyer opportunities through local lenders, REALTORS®, and builders.

Workforce Housing Loan Program



Created by the General Assembly in 2014 to partially replace the State Housing Credit, which invested an average of \$35 million per year from 2003 to 2014



Used in combination with federal Housing Credits



Stimulates rental production in low-wealth communities



Reduces rents in moderate and higher-income markets



Sardis Trace | Mecklenburg County | 78 Apartments

Workforce Housing Loan Program

2018 Appropriation - \$20,000,000

This appropriation will finance:



2,110
Apartments



5,000
Jobs



\$308.3 Million
in Real Estate
Value



\$14.6 Million
in State and Local
Tax Revenue

North Carolina Housing Trust Fund

- 🏠 Created by the General Assembly in 1987 and overseen by the 13-member Housing Partnership, appointed by the Speaker of the House and President Pro Tempore of the Senate
- 🏠 Best funding to produce independent apartments for persons with special needs



Millstone Landing | Cumberland County | 88 Apartments



Mother Teresa Villas | Mecklenburg County | 13 Apartments

- 🏠 Flexible funding for urgent repairs and accessibility modifications
- 🏠 Focused on people with incomes below 30% and 50% of median—veterans, seniors, and persons with disabilities or special housing needs

North Carolina Housing Trust Fund

2018 Appropriation - \$7,660,000

Rental Housing



\$4,850,000
400 Apartments

Supportive Housing



\$630,500
30 Apartments

Home Repair



\$3,649,100
630 Homes

Total Impact

1,060
Homes and
Apartments

900
Jobs Supported

\$52.8 Million
in Real Estate
Value

\$2.6 Million
in State and Local
Tax Revenue



Major Initiatives

Tooley Place | Pasquotank County | 36 Apartments

Community Living Initiative

-  United States Department of Justice settlement requires 3,000 individuals with disabilities to be housed in integrated community apartments by 2021
-  \$7.3 million of Community Living Housing Funds were transferred to the Housing Trust Fund in Fiscal Year 2018
-  Funds will be used to leverage new housing options for settlement clients through development of integrated supportive housing
-  Our Agency is partnering with the North Carolina Department of Health and Human Services and the state's network of behavioral health care providers



Greenfield Place | Orange County | 80 Apartments

Disaster Recovery



The Disaster Recovery Act of 2016 appropriated \$20 million to the Housing Trust Fund to help people directly impacted by natural disasters



The Essential Single-Family Rehabilitation Loan Pool – Disaster Recovery funds repairs to owner-occupied homes in 49 counties



36 Partners
in the loan
pool



473 Homes
in the repair
pipeline



up to \$50,000 per Unit
to homeowners earning
up to 100% of the
county median



The Disaster Recovery Act of 2018 appropriated \$10 million that is being put to work producing new affordable apartments to replace lost stock in disaster-declared counties



Budget Priorities

Habitat for Humanity | Wake County

Housing Works

Housing Trust Fund - \$20 million could produce 2,000 units and support 1,200 jobs

Workforce Housing Loan Program - \$35 million could produce 3,900 units and support 9,400 jobs

HOME Match - \$3 million could produce 200 units and support 500 jobs



Beal Street Square | Nash County | 80 Apartments

Good Housing
for North
Carolinians

Good Business
for North
Carolina



HOUSING DRIVES NORTH CAROLINA

The North Carolina Housing Finance Agency financed \$2 billion in real estate activity in 2018, an increase of 50 percent in just three years, and nearly 100 percent since 2014.

Our mortgage products financed almost \$1 billion in loan activity, enriching hundreds of communities statewide and steering thousands of families on a stronger financial path.

The Agency awarded a record amount of tax-exempt bond volume for Housing Credit apartments—more than \$300 million—which will more than double the affordable units that would have been financed by Housing Credits alone.



13,690

HOMES & APARTMENTS



18,750

JOBS SUPPORTED



\$55.3M

TAX REVENUES GENERATED



A self-supporting public agency, the NC Housing Finance Agency has financed 282,080 homes and apartments, totaling \$23.2 billion, since 1973. Read on to learn more about our work in 2018.

2018 INVESTMENT AND IMPACT — NORTH CAROLINA HOUSING FINANCE AGENCY

2018

HOUSING DRIVES LOCAL ECONOMIES

Affordable housing transforms communities.



Working with 70 local partners, the Agency revived aging neighborhoods with a \$19.3 million investment in community home ownership programs. A downtown location and nice greenway accessing local parks makes Ottomans Village in Mandevilleville a good place for young families needing affordable homes in a city area.

Our housing investments protected communities. The NC Foreclosure Prevention Fund has preserved more than \$5 billion in property value by saving 25,000 homes since the Great Recession. The State Home Foreclosure Prevention Project has saved an additional 32,000 homes. Sustainable building practices and site requirements helped Agency-financed properties fare better than others during Hurricane Florence.



Research proves housing affordability drives favorable health and education outcomes. The Agency's work in 2018 opened doors of opportunity for more than 40,000 North Carolinians.



Affordable housing investments ensure that key service providers—teachers, police officers, nurses, firefighters—can afford to live where they work. In 2018, the Agency leveraged public-private partnerships to improve housing options in 528 communities.

2018 HOUSING CREDITS AND BOND AWARDS

 **5,690**

APARTMENTS FINANCED

 **12,500**

JOB'S SUPPORTED

 **\$36.9M**

TAX REVENUES GENERATED

Forty-two communities will gain apartment homes for working families, seniors and persons with disabilities, including federal disaster areas hit hard by Hurricane Florence. Durham's Willard Street Apartments will offer 82 apartments near jobs, schools and proposed public transportation, while Summer Pointe and The Pointe at Town Center in Raleigh will provide commercial district access for more than 450 seniors and working families.

The Agency increased housing options in rural areas by investing \$22 million from the state's Workforce Housing Loan Program, benefitting counties like Chowan, Jackson and Northampton. These dollars will also help build affordable apartments in costly urban areas, like Charlotte.



Rehabilitation financed by the Agency improved numerous communities, such as New Bern, where the World War II-era Craven Terrace went from structurally unsound to completely overhauled, and Asheville, where the Village at Stone Creek's renovation drastically reduced local crime rates.



2018

HOUSING DRIVES STABILITY & SUCCESS

Affordable housing transforms lives.

NORTH CAROLINIANS HELPED BY 2018 INVESTMENTS

5,890

HOME BUYERS

33,870

RENTERS

4,100

HOMEOWNERS

The completion of 32 Housing Credit developments in 2018 meant new homes for 2,310 families, seniors and persons with disabilities. Hills Greens provided 64 family apartments in Tarboro, which lost housing from natural disasters, while in high-priced Asheville, 120 seniors will be able to age in place at Givens Gerber Park thanks to affordable apartments with health care supports.

The NC Home Advantage Mortgage™ continued to drive the affordable mortgage market with the addition of the NC 1st Home Advantage Down Payment, targeting first-time buyers and military veterans with an \$8,000 down payment boost. A Greensboro grandmother was among the 1,430 buyers helped by the new down payment product, purchasing her first home at the age of 72.

Our 2018 foreclosure prevention work kept 2,890 North Carolinians in their homes. After losing her job, a Fayetteville mom was able to save her home while she looked for new employment, keeping her kids in their school and avoiding negative developmental and educational outcomes that housing instability can bring.

Home rehabilitation investments are making homes safe for 1,210 low-income seniors, veterans and people with disabilities. A Rutherford County veteran with numerous service-related injuries avoided institutional care with the replacement of rotten floors, a leaking roof and failing electrical and HVAC systems.

2018

STATE INVESTMENTS DRIVE HOUSING SOLUTIONS

Affordable housing transforms North Carolina.

The Agency leveraged the NC Housing Trust Fund with private and federal dollars to finance 2,220 affordable homes and apartments for low-income families, seniors, veterans and people with disabilities in 2018.

Trust Fund dollars increased community-based housing in integrated settings with 144 apartments for residents with disabilities. Through the Integrated Supportive Housing Program, a collaboration with the NC Department of Health and Human Services (NCDHHS), \$13.65 million was awarded to 10 developments that provide apartment in integrated settings across the state.

Agency deployment of Trust Fund dollars restarted stalled developments, filled funding gaps for four housing authorities to preserve local affordable housing and sustained the affordability of 158 independent apartments that were reverting to market rate.

The state's largest source of funds to finance supportive housing, the Trust Fund is helping finance apartments in Kernersville for veterans experiencing homelessness, while Hickory will soon have two new duplexes providing emergency housing for homeless families. Tiny Houses in High Point will provide 10 homes for homeless and low-income households, including two for persons with disabilities.

The NC Housing Trust Fund has helped finance \$1.4 billion in housing since its creation. It delivers one of the state's best returns on investment, leveraging \$4 in housing for every Trust Fund dollar appropriated.

 **36,980**
HOMES & APARTMENTS

 **24,900**
JOBS SUPPORTED

 **\$154M**
TAX REVENUES GENERATED

Rent assistance partnerships with NCDHHS benefitted 4,550 vulnerable North Carolinians. Transitions to Community Living Vouchers helped people with disabilities and mental illness live independently in their communities, while Key Rental Assistance enabled low-income persons with disabilities or experiencing homelessness to live in Housing Credit apartments.

As the Agency continued helping homeowners impacted by Hurricane Matthew, many of the same areas were hit in 2018 by Hurricane Florence. We partnered with other agencies on Back@Home, a \$12 million initiative to help families impacted by the storm quickly transition to safe and sustainable long-term housing.



HousingBuildsNC.com

1.800.393.0988 or 919.877.5700

© North Carolina Housing Finance Agency, 2019.
No tax dollars were used for this publication.



Learn more about how our investments in affordable housing drive North Carolina forward on our interactive online report at:
2018.HousingBuildsNC.com



R. Gene Davis, Jr., Chair
Scott Farmer, Executive Director



Joint Appropriations

On

General Government

March 5, 2019

Room 425 LOB

8:30 AM

Senate Sergeant at Arms:

LINDA MATTHEWS

FRANK URBEN

House Sergeant at Arms:

DOUG HARRIS

WARREN HAWKINS

MALACHI McCULLOUGH



Senate Pages Attending

COMMITTEE: Joint Apps. Gen'l Gov't & I.T. ROOM: 425 L08
DATE: 3 5 TIME: 8:30

PLEASE PRINT LEGIBLY....or else!!!!

Page Name	Hometown	Sponsoring Senator
1. <u>Payton Martin</u>	<u>Lewisville</u>	<u>Krawiec</u>
2. <u>Kiana Linehan</u>	<u>Waxhaw</u>	<u>Johnson</u>
3.		
4.		
5.		
6.		
7.		
8.		

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

**House Pages
Assignments
Monday, March 04, 2019
Session: 4:45 PM**

Committee	Room	Time	Staff	Comments	Member
Appropriations, General Government	425	8:30 AM	Colby Parks		Rep. D. Craig Horn
			Ashton Sasser		Rep. David R. Lewis
Appropriations, Justice and Public Safety	415	8:30 AM	Charleen Chavez Jimenez		Rep. D. Craig Horn
			Jackson Omohundro		Rep. Pricey Harrison

2019 REGULAR SESSION

DATE: 03-05-2019

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY & ADDRESS

[illegible]

JOINT APPROPRIATIONS COMMITTEE ON GENERAL GOVERNMENT

2019 REGULAR SESSION

VISITOR REGISTRATION SHEET

DATE: 03-05-2019

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY & ADDRESS

April Neumann	MAC
Ligh Jackson	DIT
Michael Barthell	Secy
Leo John	Secy of State
Erin Wynia	NCLM
Scott Mooneyhan	NCLM
Mercedes Benton	OSBM
Scott Evans	NCHFA
Will Pann-Hier	NCHFA
Quanisha Collins	NCHFA
Tim Mintz	NCHBA
Steven Webb	NCHBA
Jim Harrell	B+H

[illegible]

Joint Committee on Appropriations, General Government
Wednesday, March 6, 2019 at 8:30 AM
Room 425 Legislative Office Building

MINUTES

The Joint Committee on Appropriations, General Government met at 8:30 AM on March 6, 2019 in Room 425 LOB. Representatives Barnes, Cleveland, Floyd, Logan, Majeed, Pittman, and Riddell attended. Senators present were J. Alexander, Ford, Foushee, Horner. Fiscal Staff present were Cara Bridges and Grant Schwab. The list of the Sergeants at Arms and Pages for the House and Senate are attached to the Minutes, as well as the Visitors Log.

Rep. George G. Cleveland presided.

Cara Bridges from the Fiscal Research Division presented the State Treasurer Budget Overview (Attachment #1). There were no questions regarding her information.

Dale Folwell, State Treasurer, gave the presentation from the Department (Attachment #2). Senator Horner asked about the required minimum fund balance for cities and towns. Treasurer Folwell stated that a rainy day fund of 8% was the minimum required. Rep. Majeed questioned what Folwell was doing with the State Health Plan. Folwell stated that the consumer has no idea what actual cost of a health service as there is no transparency or clear pricing. By pushing transparency, and giving the consumer the power to choose, Folwell hopes to lower the cost for the consumer. The State Treasurer has a fiduciary duty to the taxpayers of NC stated Folwell. Rep. Floyd asked how much was in the Escheat fund. Folwell replied that the balance is \$700 million. Sam Watford from the Treasurer's office said that scholarships for Veterans were funded from the program. Rep. Cleveland asked about the community college classes that have been formed for the training of local government officials. Are they helpful, and is there any measure of their success?

Folwell stated that NC needs to promote the virtues of being a public servant, and that there is a huge shortage across the state for trained and honest workers. Rep. Cleveland asked about the Finance package for cities to use and if there were opt-outs. Folwell stated that the Treasurer's office wanted to pull people in. However, the Auditor is often frustrated with how poorly the financial records are kept, so there is definitely a problem. Rep. Pittman thanked Folwell for his integrity. He wanted to know if financial recordkeeping mistakes were honest mistakes or willful wrongdoing. Folwell stated that it was both. There are 230 entities on the Watch List, and that includes 14 counties and 16 cities.

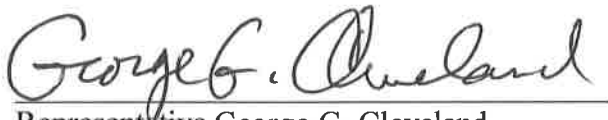
Fran Lawrence from the Department of the State Treasurer talked about the expansion budget items. They want to make an online retirement possible for state employees and need money to develop a paperless process. Lawrence also stated that salaries need an adjustment. Legislators increase teacher's salaries, but often neglect other state employees.

Grant Schwab, from the Fiscal Research Division, gave an Overview of the Office of State Human Resources (Attachment #3). Rep. Cleveland asked if we have any Council of State members that

use Temporary Services. Director Barbara Gibson stated that they use the training, benefits, and sometimes get employees. Rep. Floyd asked which agency uses the most temps and how long does it take to fill vacancies in state government. Are we using temporary workers instead of filling vacancies?

Director Barbara Gibson gave a presentation on the Office of State Human Resources (Attachment #4). There was a discussion of state employees' salaries and teachers' salaries. She stated that according to the Consumer Price Index that teachers had doubled their salaries while state employees had lost ground. Sen. Alexander said that benefits should be added in as part of the compensation. Gibson stated that the average age of a short-term employee was 46, and their remuneration was called a "total compensation package". Rep. Floyd asked about the 6-9 months that it takes to hire a person, and if it is that long, does the agency really need the employee since they were without that specific employee for most of a year and seemingly did fine without them. Gibson said that half the vacancies were in critical agencies. Rep. Floyd wanted more discussion on this issue at a later time. Rep. Cleveland asked why we were appropriating money for salaries, but there was no hiring? Sen. Alexander wanted to encourage a cafeteria plan for salary and benefits, to give more flexibility. The issue of benefits is complex, as people may stay on the job for healthcare benefits. There is a large risk for those who are vested to change retirement benefits.

The meeting was adjourned at 9:55 AM.


Representative George G. Cleveland
Presiding


Pamela Ahlin, Committee Clerk

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2019-2020 SESSION**

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

DAY & DATE: Wednesday, March 6, 2019

TIME: 8:30 AM

LOCATION: 425 LOB

COMMENTS: Rep. Cleveland will chair the meeting. Presentations will be made by the Treasurer and Office of State Human Resources (OSHR).

Respectfully,

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

I hereby certify this notice was filed by the committee assistant at the following offices at 4:25 PM on Monday, March 04, 2019.

____ Principal Clerk
____ Reading Clerk – House Chamber

Pamela Ahlin (Committee Assistant)

JOINT APPROPRIATIONS COMMITTEE ON GENERAL GOVERNMENT

Room 425 Legislative Office Building
Agenda

March 6, 2019 – 8:30 AM

I. CALL TO ORDER

Chairs: **Rep. George Cleveland, presiding**
 Sen. John Alexander
 Rep. Dennis Riddell
 Sen. Rick Horner

II. PRESENTATIONS

Chairs' Opening Comments

Department of State Treasurer Budget Overview
Cara Bridges, Fiscal Research Division

Department of State Treasurer Agency Presentation
State Treasurer Dale Folwell
Fran Lawrence, Chief Financial Officer/Deputy Treasurer
Steve Toole, Executive Director NC Retirement Systems

Office of State Human Resources Budget Overview
Grant Schwab, Fiscal Research Division

Office of State Human Resources Agency Presentation
Director Barbara Gibson, Office of State Human Resources

III. ADJOURNMENT

Department of the State Treasurer

Joint Appropriations Committee on General Government

March 6, 2019



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

Outline

- Authorizing Laws
- Budget Overview
- Agency Responsibilities
- Recent Legislative Actions
- Information Requested



Authorizing Laws

- NC Constitution: Article III, Section 7 – the State Treasurer is a member of the Council of State
- G.S. 147, Article 6
 - “It is the duty of the Treasurer to receive all moneys which shall from time to time be paid into the treasury of this State”

Mission and Vision

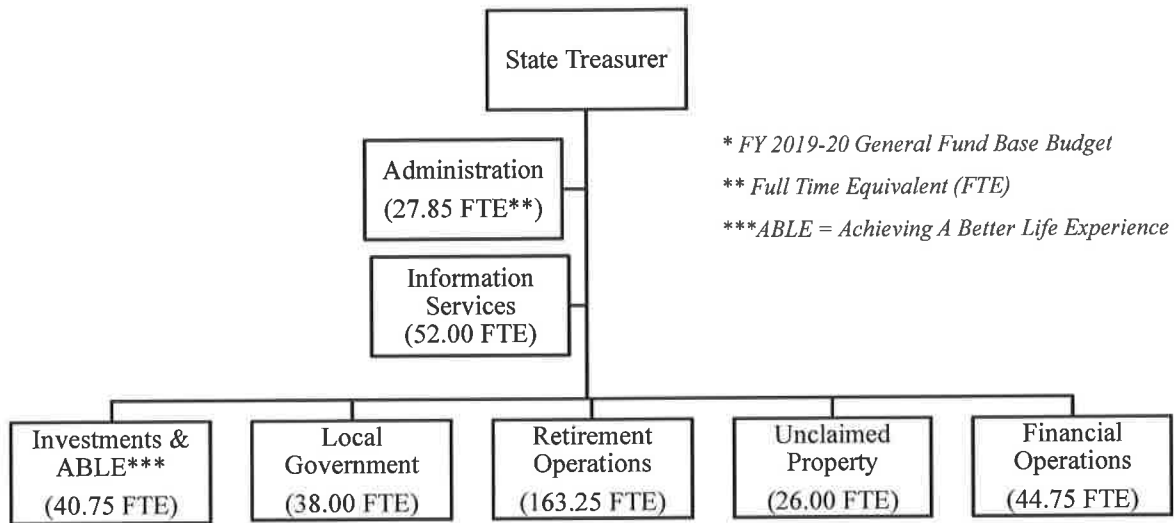
Mission

Our mission is to exercise fiduciary oversight and provide outstanding customer service that provides value to, and instills confidence by, the state's citizens, customers, and financial community.

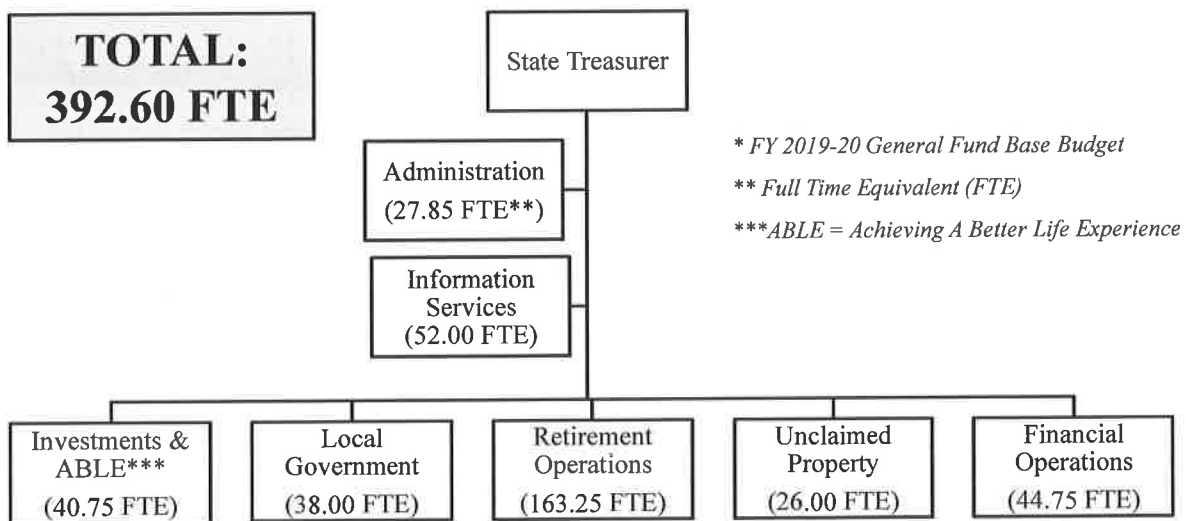
Vision

Our vision is to create and maintain a fiscally sound and prosperous North Carolina.

Organization of the Department By Fund Code*



Organization of the Department By Fund Code*



Budget Overview – Treasurer (General Fund)

	FY 16-17 Actuals	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$52,301,180	\$50,819,785	\$63,449,425	\$62,424,683	\$62,458,796
Receipts	\$48,079,342	\$46,807,177	\$58,581,661	\$57,559,579	\$57,593,692
Net Appropriation	\$4,221,838	\$4,012,608	\$4,867,764	\$4,865,104	\$4,865,104
Full Time Equivalent (FTE)	381.10	392.60	392.60	392.60	392.60

Budget Overview – Treasurer (General Fund)

	FY 16-17 Actuals	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$52,301,180	\$50,819,785	\$63,449,425	\$62,424,683	\$62,458,796
Receipts	\$48,079,342	\$46,807,177	\$58,581,661	\$57,559,579	\$57,593,692
Net Appropriation	\$4,221,838	\$4,012,608	\$4,867,764	\$4,865,104	\$4,865,104
Full Time Equivalent (FTE)	381.10	392.60	392.60	392.60	392.60

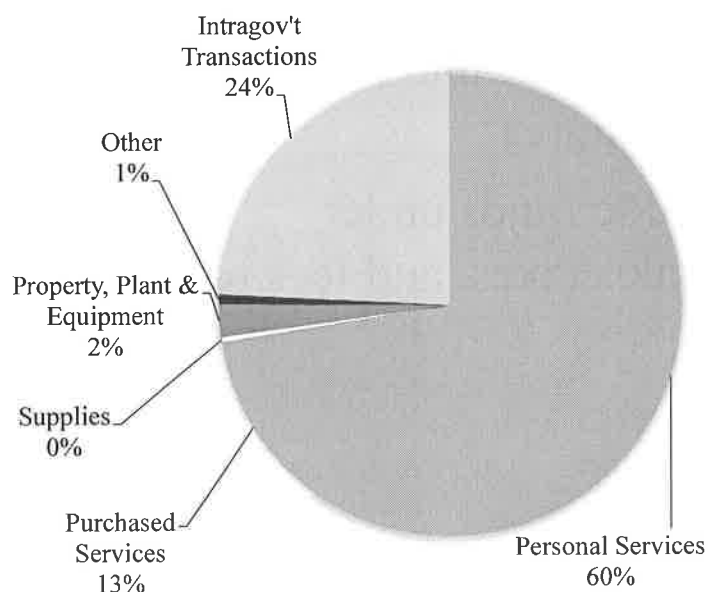
Base Budget Overview

FY 2019-20 Total Requirements (General Fund)

Account	FY 2019-20 Amount
Personal Services	\$37,444,504
Purchased Services	\$7,806,774
Supplies	\$256,753
Property, Plant & Equipment	\$1,393,509
Other	\$444,225
Intragovernmental Transactions	\$15,078,918
TOTAL	\$62,424,683

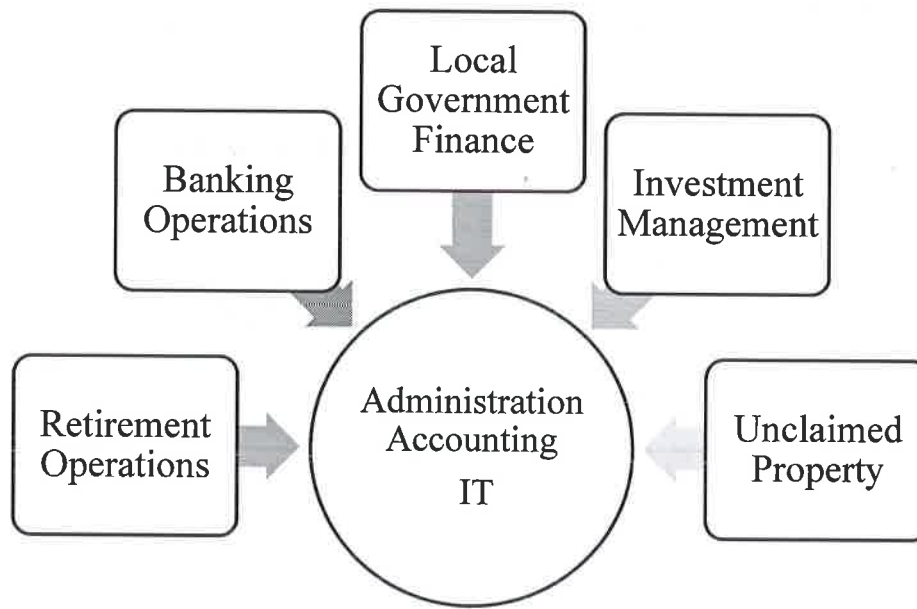
Base Budget Overview

FY 2019-20 Total Requirements (General Fund)



Account	FY 2019-20 Amount
Personal Services	\$37,444,504
Purchased Services	\$7,806,774
Supplies	\$256,753
Property, Plant & Equipment	\$1,393,509
Other	\$444,225
Intragovernmental Transactions	\$15,078,918
TOTAL	\$62,424,683

Departmental Cost Allocations



Department Funding

- The Department is mostly receipt-supported and reimburses the General Fund for most “Net Appropriation” expenditures
- Funding sources include funds under management, local sales taxes, and fees related to debt issuances

Departmental Responsibilities

- Invests and oversees approximately \$120 billion within retirement systems, supplemental retirement plans, and other investment funds
- Provides support to local governments including the approval of the sale of bonds
- Manages the State and local government pension program
- Administers the unclaimed property (escheats) fund
- Statewide banking operations

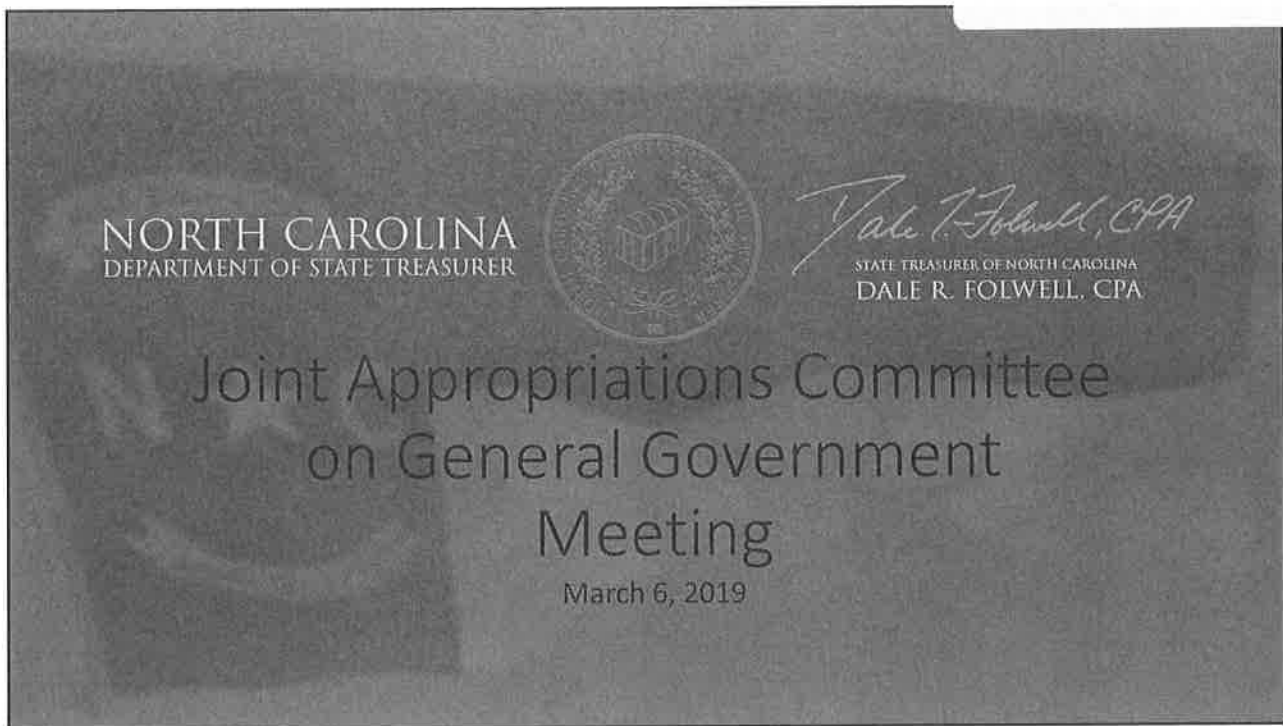
Recent Legislative Actions

- **2017**
 - Provided \$450,000 recurring for the Core Banking system
 - Authorized two new positions in accounting and two new internal auditor positions
 - Provided \$600,000 nonrecurring (NR) in each year of the biennium for a local government financial program
 - Funded ORBIT Retirement System upgrades and one new position
- **2018**
 - Funded additional \$2.4 million NR from the Escheats Fund for Children of Wartime Veterans scholarships

Information Requested

- Major initiatives over the last two years
- How the Department (DST) measures effectiveness and efficiency
- Instances of contact with the public done by paper processes
- Status update on the financial IT project for local governments
- Overview of DST's highest priority budget requests

ATTACHMENT # 2



Organizational Values

- **Fiduciary Duty** – focus on the taxpayers of the State of North Carolina
- **Integrity, Ability and Passion** – ensure that all North Carolina Department of State Treasurer employees are guided by these three principles as they perform their duties
- **Make a Generational Difference** – focus on the big picture
- **Transparency** – structure and conduct all aspects of our work with an open and transparent policy that promotes trust and accountability

Major Initiatives Enacted Over the Last Two Years

Retirement Systems Division (RSD)

- On-line retirement application
- Multi-factor authentication for ORBIT (retirement record keeping software) self-service for enhanced security
- Workflow upgrade –funded from efficiencies within the agency



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

3

STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA
Dale R. Folwell, CPA

Major Initiatives Enacted Over the Last Two Years

Unclaimed Property Division (UPD)

- Procured new, fully integrated Unclaimed Property Management System with increased automation for all core functions
 - Implementation began August 2018 with projected go-live date of July 22, 2019
 - Electronic submission of claims evidence and holder reports will eliminate or significantly reduce submission of paper
 - Ability to check claims status online, will eliminate need for claimants to call or email for status



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

4

STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA
Dale R. Folwell, CPA

Major Initiatives Enacted Over the Last Two Years

State and Local Government Finance Division (SLGFD)

Partnership with Department of Environmental Quality and the University of North Carolina to:

- Analyze the revenues, expenses, and debts of 449 water and sewer systems owned by local governments
- Assess systems' fiscal stability and long-term viability
- Assess potential legislative remedies for failing and struggling systems
- Work was undertaken as part of the Committee to Study Rates and Transfers/Public Enterprises



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

5

STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA
Dale R. Folwell, CPA

Direct Contact with Public Using Manual Entry

State and Local Government Finance Division (SLGFD)

Over 1,300 units of local government submit a variety of reports, applications, contracts to SLFD. In addition, the SGLFD provides debt repayment information on a monthly and annual basis to all units with outstanding debt

- An initiative is underway to automate processes and streamline fulfillment of these reporting obligations.



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

6

STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA
Dale R. Folwell, CPA

Update on Local Government's Financial IT Project

- Members of steering committee have been identified
 - Roles and responsibilities have been communicated
 - Major project goals outlined
- Contract administrator identified roles outlines in Memorandum of Understanding
- Specific goals of the first phase of the project ("Phase 1") will be completed by September 1, 2019 and include:
 - the development of a uniform chart of accounts for use by units that choose to implement it
 - the identification of one or more software systems that would meet the essential financial, compliance, and reporting obligations or units of local government in an efficient and transparent manner

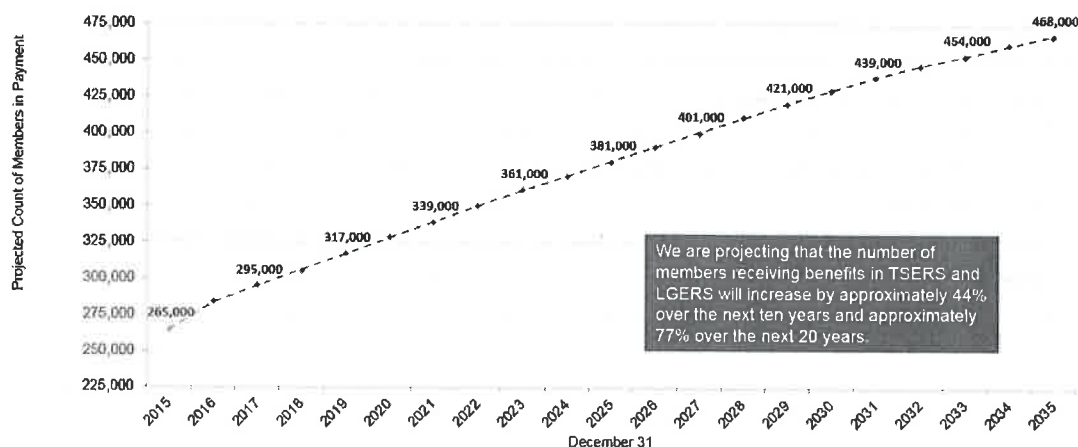


NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA
7 *Dale R. Folwell, CPA*

Projection of Members in Payment

CONDUENT



TSERS = Teachers' and State Employees' Retirement System
LGERS = Local Governmental Employees' Retirement System



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA
8 *Dale R. Folwell, CPA*

2019-2021 Biennium Budget Expansion Requests

ORBIT Secure Online Identity Authentication

- \$300,000 recurring and \$200,000 non-recurring
- Seamless process which eliminates upload of notarized participant forms
- Legislation has been drafted and provided to staff
- Non-recurring cost for set up and system programming
- Recurring cost for third party vendor
 - Competitive bid process
 - Typically provided by credit reporting agencies



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

9

STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA
Dale R. Folwell, CPA

2019-2021 Biennium Budget Expansion Requests

Personnel Expansion to Meet Increased Demand

- Seven (7) New positions
 - Two (2) Compliance staff members – audits and compliance reviews, administrative code, policies & procedures
 - One (1) Core processing engineer – implement core audit findings and improve processes
 - Four (4) Call center counselors – call center personnel
- \$600,000 recurring and \$10,500 non-recurring



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

10

STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA
Dale R. Folwell, CPA

2019-2021 Biennium Budget Expansion Requests

Two (2) Salary adjustments for existing staff due to difficulty in recruiting and retaining staff to support the mission of the agency

- \$387,000 recurring for State & Local Government Finance Division
 - Staff turnover is 108% over the past seven years
 - Accountant positions posted 2.9 times each since 2011
- \$915,000 recurring for Retirement Systems Division
 - Request is to move existing salaries to 85%-90% of midpoint in job classifications

Questions?

Office of State Human Resources

Overview

Joint Appropriations Committee on General Government

March 6, 2019



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

Outline

1. Authorizing Laws & Responsibilities
2. Budget Overview
3. Recent Legislative Actions
4. Information Requested



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

Office of State Human Resources **Authorizing Laws & Responsibilities**

§ 126-2. Establishes the 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.

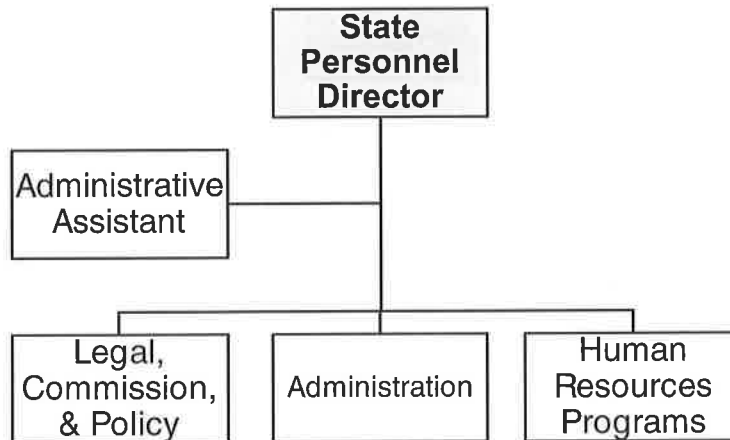
Office of State Human Resources **General Responsibilities**

Human Resources (HR) Programs and Services.

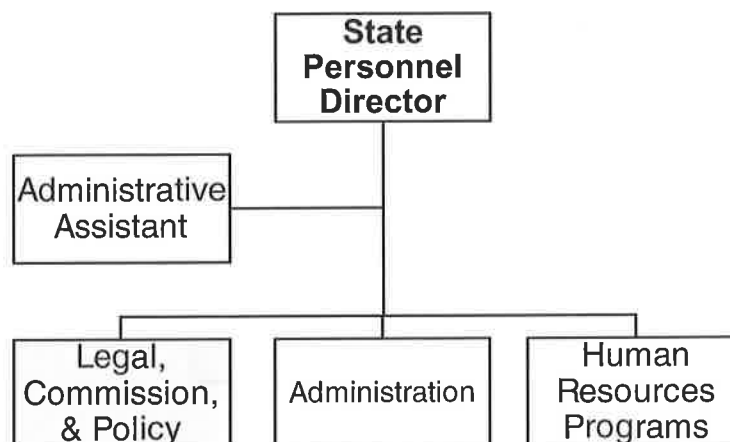
Provide support to agencies with various human resources activities, including:

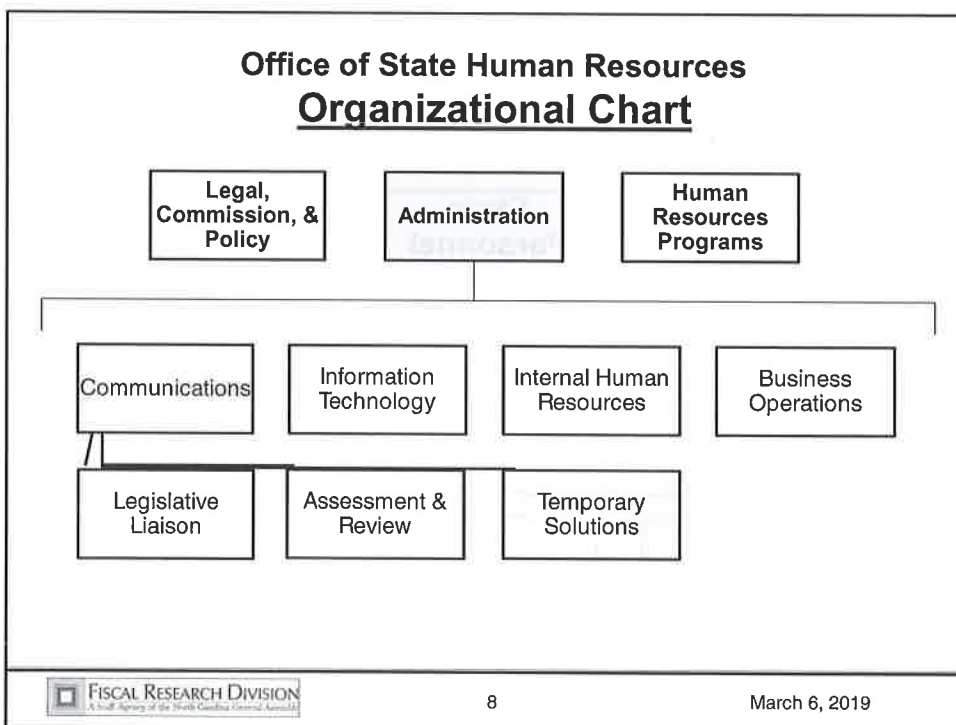
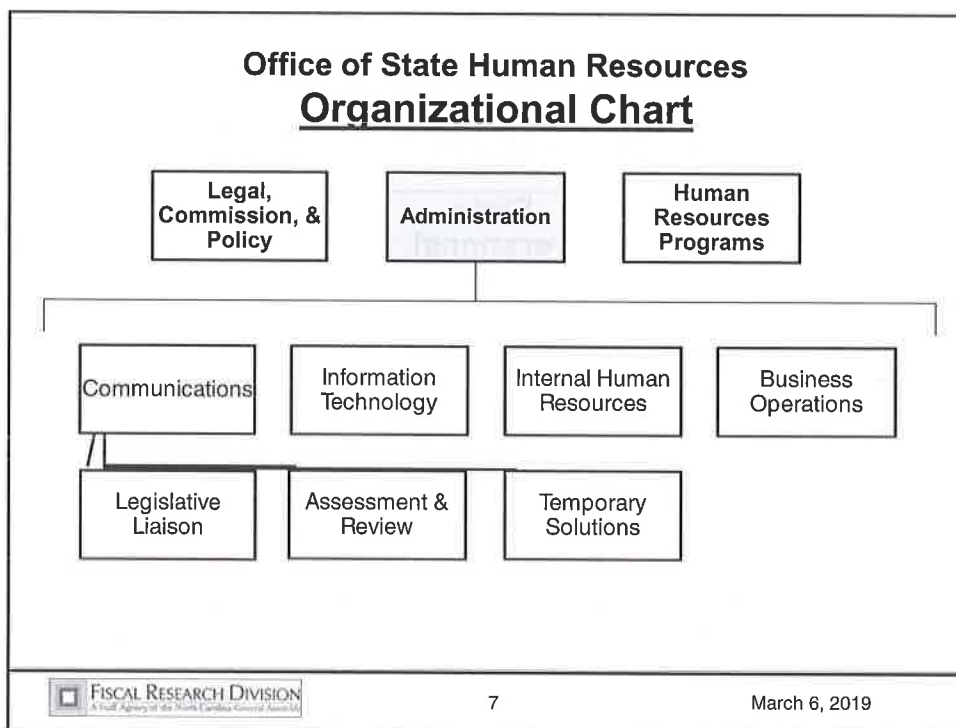
- Recruitment
- Benefits
- Safety
- Health and Wellness
- Classification and Compensation

Office of State Human Resources Organizational Chart

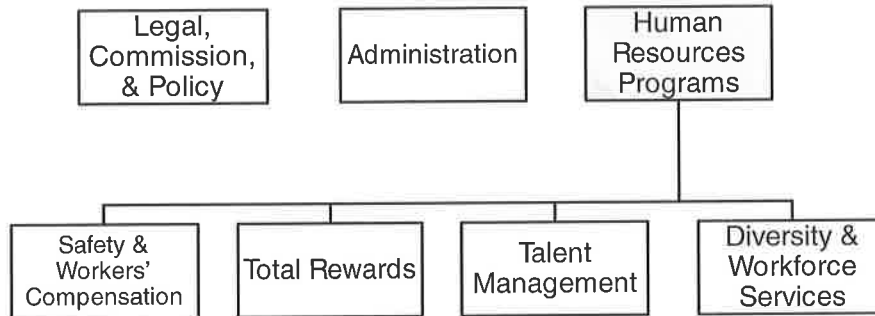


Office of State Human Resources Organizational Chart





Office of State Human Resources Organizational Chart

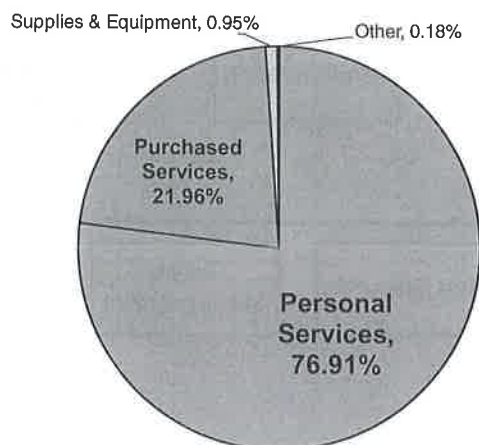


Office of State Human Resources General Fund Budget Overview

	FY 16-17 Actuals	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$8,764,056	\$8,792,531	\$8,726,962	\$8,727,968	\$8,727,968
Receipts	\$464,137	\$409,162	\$103,221	\$103,221	\$103,221
Net Appropriation	\$8,299,919	\$8,383,369	\$8,623,741	\$8,624,747	\$8,624,747
FTE*	65.00	64.25	64.30	64.30	64.30

* FTE = Full Time Equivalent

Office of State Human Resources General Fund Requirements, Base Budget FY 2019-20



Office of State Human Resources Temporary Solutions

G.S. 126-6.3 - Program provides temporary staffing service to State government entities. Financed through \$2/hour fee on all temporary employees.

Base Budget FY 2019-20

Requirements:	\$94,051,024
Receipts:	\$94,050,000
FTE:	20.00
Internal service fund, no net appropriation.	



Office of State Human Resources
NC Flex Operations Special Fund

Pays administrative cost of pre-tax benefits programs for State employees. Funds are derived from Federal Insurance Contributions Act (FICA) savings.

NC Flex Operations Fund, Base Budget FY 2019-20

Requirements:	\$6,212,483
Receipts:	\$6,212,483
FTE:	11.75



Office of State Human Resources
Recent Legislative Actions

2017

- n/a

2018

- S.L. 2018-97 established pilot program granting some agencies more freedom for setting salary salaries and classifying positions.
 - Agencies include: Council of State, University of North Carolina, Community College System Office, and Office of State Controller.
 - Department of Transportation granted additional freedoms.
- Council of State agencies exempted from using Temporary Solutions.
- Expansion of compliance monitoring and reporting on agency usage of Temporary Solutions program.

Office of State Human Resources Requested Information

- Major initiatives over the last two years
- How the agency measures effectiveness and efficiency
- Instances of contact with the public done by paper processes
- Overview of the agency's highest priority budget requests

Questions?

Grant Schwab

Fiscal Research Division

919-733-4910

grant.schwab@ncleg.net



NORTH CAROLINA Office of
State Human Resources



Joint Appropriations Committee on General Government

Barbara Gibson, Director

March 6, 2019

Outline for Today



INITIATIVES OVER THE LAST TWO YEARS



BUDGET REQUESTS



EFFECTIVENESS AND EFFICIENCY



OVERVIEW OF THE OFFICE OF
STATE HUMAN RESOURCES



PAPER TO DIGITAL PROCESSES



Initiatives

1

TRAINING

- **76,974** employees completed the on-line Unlawful Workplace Harassment training - top reviewed training in 2018.
- **5,386** individuals participated in Office of State Human Resources training programs
- **874,805** online courses completed
- Reorganizing human resources and Supervisor curriculum to provide clear pathways to gain and develop necessary skills.

2

HURRICANE

- Offered Critical Incident Response for counties
- County on-line Employee Assistance Program services yielded 98 web logins with 570 web hits on various topics.

3

CLASSIFICATION, COMPENSATION & SALARY ADMINISTRATION

- Implemented new system 2018
- Increased agency delegation 2018
- Process continues to refine and evaluate market data

4

DATA

- Government Data Analytics Center
- Data-Driven Decisions

5

LEAN

- Temporary Solutions

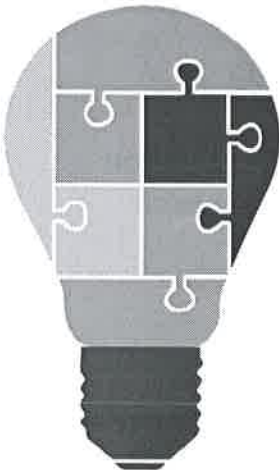


3

March 6, 2019

 NORTH CAROLINA Office of
State Human Resources

Classification and Compensation



2013: Office of State Human Resources tasked with **modernizing the state's Classification and Compensation system**. Two attempts stalled before project was restarted in January 2017.



June 1, 2018: **Launched new Statewide Compensation System**, designed to ensure consistent human resources functions and account for fairness and equity at all stages of the hiring process.

- Streamlined system replaced two obsolete processes, one of which had been in use since 1949.



Supported by new Interim Salary Administration Guidelines with increased delegation and flexibility to agencies



January-Summer 2019: Labor Market Study by Mercer

4

March 6, 2019

 NORTH CAROLINA Office of
State Human Resources

Employees Below Midpoint (Market Rate)

	# Employees	# Below Midpoint	% Below Midpoint
Administration	445	270	61%
Administrative Hearings	54	36	67%
Agriculture	1,901	1,521	80%
Commerce	1,513	1,071	71%
Community Colleges	193	122	63%
Elections	74	55	74%
Environmental Quality	1,487	1,158	78%
Health Human Services	15,966	12,237	77%
Information Technology	1,090	562	52%
Insurance	567	437	77%
Justice	726	637	88%
Labor	347	230	66%
Military and Veterans Affairs	94	85	90%
Natural and Cultural Resources	1,806	1,469	81%
Public Instruction	927	483	52%
Public Safety	21,481	18,034	84%
Revenue	1,276	983	77%
Secretary of State	172	150	87%
State Auditor	136	111	82%
State Budget & Management	56	33	59%
State Controller	158	108	68%
State Human Resources	85	67	79%
State Treasurer	388	285	73%
Transportation	9,538	2,108	22%
Wildlife	634	394	62%
Grand Total			70%

Note: Employees only (no vacant positions)

March 6, 2019



5

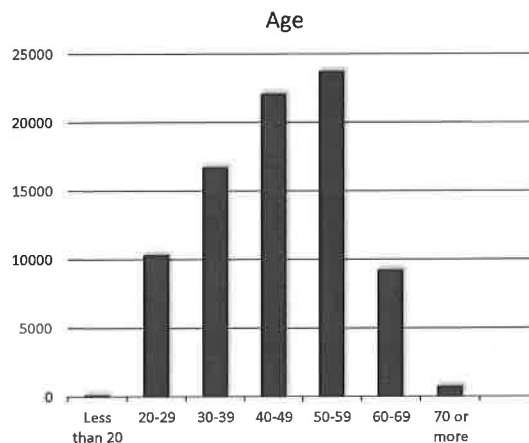
Anticipated Retirements

22% of state employees will be eligible to retire on unreduced benefits in the next five years.

Among the agencies most impacted:

- o Administrative Hearings (48%)
- o Commerce (35%)
- o Community Colleges (34%)
- o Environmental Quality (27%)
- o Information Technology (29%)
- o Insurance (30%)
- o Public Instruction (30%)
- o Secretary of State (30%)
- o State Human Resources (31%)

40% will be eligible to similarly retire in the next 10 years.



March 6, 2019



6

GDAC: Government Data Analytics Center

Provide responsible oversight of statewide human resources functions with data-driven decision making.

- Department of Information Technology
- SAS



GDAC provides a robust, integrated dashboard



Proactively collect and analyze human resources data to make informed decisions to

- Improve recruitment and retention
- Manage limited resources
- Better serve agencies across state government

7

March 6, 2019



Effectiveness and Efficiency Measures



More than 100,000 employees served
With 67 Office of State Human Resources
program positions



371% return on investment in
workers' compensation settlements



18,472 people were hired, promoted
or transferred



22% reduction in grievances



667 temporaries transitioned to
permanent positions



1619 new subscribers in NCFlex (flexible
benefits) programs

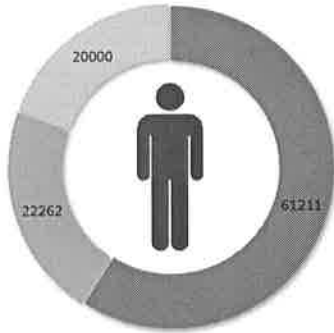


8

March 6, 2019

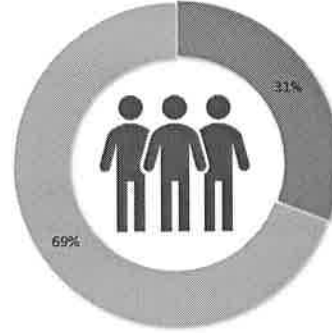
Workforce

Total **103,473**
Employees Served



■ State Agencies ■ Universities ■ Local Government

Total **61,211**
State Employees Served



■ Wake County ■ Other Counties

9

March 6, 2019

NORTH CAROLINA Office of
State Human Resources

Local Government

In 2018:

- 477 Classification Actions
- 958 Employment Applications Screened
- 93 Salary Plans Reviewed



- Key**
- County agencies supported include:
 - Departments of Social Services
 - Public Health Departments
 - Mental Health Agencies

10

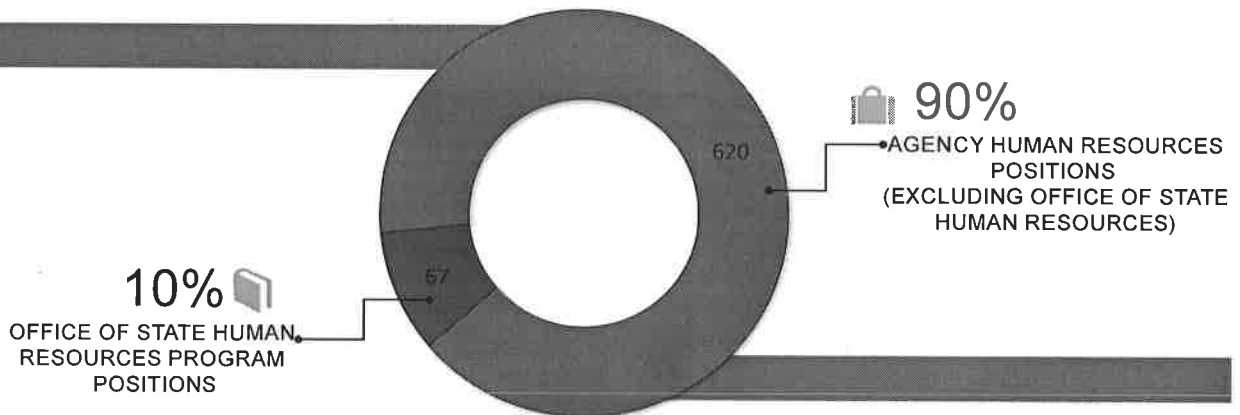
March 6, 2019

NORTH CAROLINA Office of
State Human Resources

Systems Utilized

Vendor	# of System Users	Contract Cost 7/1/2017 - 6/30/2018	# of Support Tickets 7/1/2017 - 6/30/2018
NeoGov (applicant tracking system)	8,573 + applicants	\$89,000.00	~275
CornerStone On Demand (learning management and performance management system)	94,909	\$895,500.00	16,592
BusinessWare Services, Incorporated-TempWizard (temporary employment system)	16	\$21,600.00	477
MarketPay (market survey tool)	9	\$33,700.00	not applicable
PeopleAdmin (job description tool)	131,173	\$72,112.00	19
Corporate Cost Control (Unemployment Insurance claims third party administrator)	176	\$91,000.00	100
CorVel (worker's compensation system)	788	no cost (agencies pay)	not applicable
Benefitfocus member enrollment portal (State Health Plan-Memorandum Of Understanding)	123,000 employees have access to the platform and at least 1 Health Benefits Representative from each employing unit. NCFlex has 50 participating groups	\$1,383,436.18	not applicable

State Human Resources Positions



Posting and Hiring in 2018



13

March 6, 2019

 NORTH CAROLINA Office of
State Human Resources

Temporary Solutions

-  Temporary Solutions supports and facilitates human resources policy with regards to temporary employees
-  Assist with recruitment and selections of talent
-  Timekeeping and payroll
-  Supports adherence to Affordable Care Act
-  Unemployment benefits
-  Upon request Assist Board and Commissions with employment verification, I-9 federal requirements, deductions
-  Program has expanded after it was mandated that agencies use Temporary Solutions for Temporary hires
-  Operating Budget: Fiscal Year 2018 \$94 Million

TEMPSOLUTIONS
Your Solution to State Employment.

14

March 6, 2019

 NORTH CAROLINA Office of
State Human Resources

Workers' Compensation (a self-funded system)

NC Office of State Human Resources Self-Funded Workers' Compensation Claims Program							
	Total New Claims (Includes only new claims filed July 1- June 30 for each Fiscal Year)	Total Claim Settlements			Claim Settlements Utilizing Office of State Human Resources Allocations (Data as of February 27, 2019)		
		Total Claim Settlements	Total settlement costs (including Medicare Set Asides)	Projected Future Cost Avoidance	Total Claim Settlements including Office of State Human Resources funds	Total settlement costs (including Medicare Set Asides)	Projected Future Cost Avoidance
Fiscal Year 2016	4,385	352	\$19,574,054	\$66,207,101	55 (\$2,000,000 available funds)	\$5,573,458	\$37,530,971
Fiscal Year 2017	4,379	387	\$23,745,511	\$95,506,329	137 (\$4,380,000 available funds)	\$13,570,917	\$70,151,865
Fiscal Year 2018	4,523	306	\$16,603,866	\$61,534,980	78 (\$2,000,000 available funds)	\$6,492,112	\$34,445,172

15

March 6, 2019



Work Environment

GRIEVANCES FILED

In 2018, 233 grievances were filed, a reduction of 22% since 2017

Discrimination, harassment and retaliation charges comprised 73% of the charges



GRIEVANCES RESOLVED AT MEDIATION

In 2018, Office of State Human Resources managed a caseload of 191 mediations. Of those cases, 45% were resolved at Step 1 Mediation

Conservatively, the mediation program saved the state \$128,925 last year alone, since all the mediations are handled by certified volunteers



16

March 6, 2019



NC Flex (Flexible Benefits)

Robust benefits help to attract and retain personnel

of groups participating in NCFlex

2018	2019	Growth
42	50	8

of unique subscribers participating in NCFlex

2018	2019	Growth
123,001	124,620	1,619

Benefit Plan	2018 Subscribers	2019 Subscribers	Variance	Growth
Accident	43,573	48,646	5,073	12%
Accidental Death & Dismemberment	109,636	110,725	1,089	1%
Cancer and Specified Disease	35,548	38,403	2,855	8%
Critical Illness	30,242	32,572	2,330	8%
Dependent Day Care Flexible Spending Account	4,408	4,789	381	9%
Dental	84,578	89,615	5,037	6%
Health Care Flexible Spending Account	37,533	41,386	3,853	10%
TRICARE Supplement Plan	119	151	32	27%
Vision	99,767	102,620	2,853	3%
Group Term Life	61,662	65,833	4,171	7%

Transition From Paper to Digital



LEAN process – Introduced to streamline procedures, reduce reliance on paper and expedite transactions.



Paper Forms – Temporary Solutions accepts paper applications. Upon relocation to new office, anticipate 1 to 2 Desktop Computers for Front Visitor Area for applicants seeking employment/onboarding/etc.



Minimized printed materials through increased use on online messaging

- Emailing flyers to staff, and encouraging agency partners to do the same
- Increased use of mass email to all and/or select groups of state employees via Department of Information Technology's Mailman platform – a free resource
- Stepped up use of social media (Facebook, Twitter and Instagram, as well as State of North Carolina LinkedIn) to share messages and inform a larger audience

TEMPSOLUTIONS

Your Solution to State Employment.

Priority Budget Requests



Statewide Salary Adjustment Fund

- To strategically address priority workforce needs



Government Data Analytics Center funding

- Data driven decisions

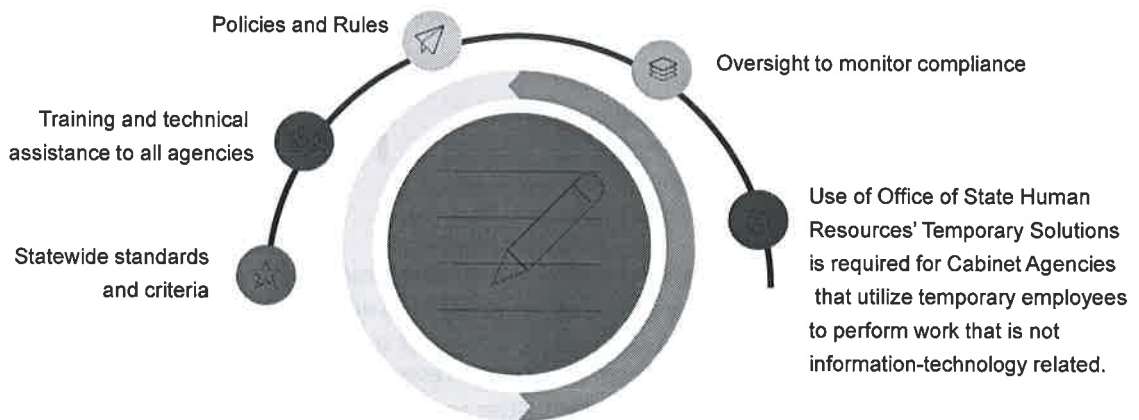


Workers' Compensation

- Strategic settlement for future cost avoidance



Statutory Requirements – NCGS Chapter 126



One State, One Employer

To ensure consistent application of state and federal law and human resources best practices across the agencies, universities and local governments we serve, Office of State Human Resources approaches its mission and function with a "one state, one employer" view of Chapter 126.



Effective Human Resources System

Legal Basis:

- Chapter 126 designed for fairness, equity, consistency
- Title VII of the Civil Rights Act, Fair Pay Act and Lilly Ledbetter Act
- State and Federal court cases view equity across agencies

Fiscal: Employee salary is a significant portion of State operating budget/taxpayer money

- Pay appropriate salaries for work needed
- Maximize state funding to recruit and retain

Good Business and Human Resources Practice

- Strategic
- Consistent pay philosophy
- Maintain equity
- Pay market rates to attract and retain (currently 70% of employees are below market rate)

Checks and Balances

- **Chapter 126:** Salaries are public information
- **Grievance Process:** May result in more contested cases before Office of Administrative Hearings
- **Courts:** Financial/legal liability resulting from adverse court decisions
- **Media:** Salaries are public information and subject to media and public scrutiny
- **SEANC:** Advocates for all employees to be paid fairly
- **State Auditor:** Consistent practices across state government
- **Turnover Costs:** In last 5 fiscal years, turnover rate has been around 12% annually, costing the state tens of millions in recruitment, training and other expenditures

Office of State Human Resources Functional Units


**LEGAL, STATE HUMAN RESOURCES
COMMISSION AND POLICY**


**SAFETY, HEALTH & WORKERS'
COMPENSATION**


ADMINISTRATION

- Communications
- Information Technology
- Assessment and Review
- Legislature
- Human Resources
- Business Operations
- Temporary Solutions




TALENT MANAGEMENT

- Recruitment Services
- Learning, Performance and Organizational Effectiveness
- Human Resources Technology Systems
- Employee Recognition


TOTAL REWARDS

- Classification & Compensation
- Salary Administration
- Benefits (NCFlex)


**DIVERSITY AND
WORKFORCE SERVICES**

- Diversity and Inclusion
- Employee Relations
- Local Government

 **NORTH CAROLINA Office of
State Human Resources**

23

March 6, 2019

Questions?

Tonya Horton
Legislative Liaison
Office of State Human Resources
Tonya.D.Horton@nc.gov
Desk: 919-807-4881
Cell: 919-576-3635



24

March 6, 2019

 **NORTH CAROLINA Office of
State Human Resources**

Committee Sergeants at Arms

NAME OF COMMITTEE Jt House Committee on Appropriations, General Government

DATE: 3/6/2019

Room: 425 LOB

House Sgt-At Arms:

1. **Name:** Warren Hawkins

2. **Name:** Jonas Cherry

3. **Name:** Doug Harris

4. **Name:** Malachi McCullough, Jr

5. **Name:** _____

Senate Sgt-At Arms:

1. **Name:** Terry Edmondson

2. **Name:** Charles Marsalis

3. **Name:** _____

4. **Name:** _____

5. **Name:** _____

**House Pages
Assignments
Tuesday, March 05, 2019
Session: 2:00 PM**

Committee	Room	Time	Staff	Comments	Member
Appropriations, Government	425	8:30 AM	Colby Parks		Rep. D. Craig Horn
			Jackson Omohundro		Rep. Pricey Harrison



Senate Pages Attending

COMMITTEE: J.A. - Gen'l Gov't & I.T. ROOM: 425 L08

DATE: 3-6 TIME: 8:30

PLEASE PRINT LEGIBLY....or else!!!!

	Page Name	Hometown	Sponsoring Senator
1.	XXXXXXXXXX	Baldwin	Harper
2.	XXXXXXXXXX	Baldwin	
3.	Megan Davis	Franklin	Davis
4.			
5.			
6.			
7.			
8.			

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

8418

J. L. & P. (1900) - A. L.

12:2

3.8

10000

10000

10000

10000

10000

10000

10000

10000

10000

10000

10000

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS, GENERAL GOV'T

MARCH 6, 2019

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Fran Lawrence	DST
Steve Trobe	DST - Retiree ment
RAY SCERRI	OSC
Nancy Astrike	OSHR
Ronnie Condrey	OSHR
Brenda Williams	DST
Scarlette Gardner	OSHR
Jill Lucas	OSHR
Andrea Clinkscales	OSHR
Amy Bowman	OSHR
Fred Liles	OST

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS, GENERAL GOV'T

MARCH 6, 2019

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Michael Barnhill	Sen Seary
Lori Kroll	Novant Health
Greg Gaskins	Dept. of State Treasurer
Sam Watts	"
Tonya Horton	OSHR
Barbara Gibson	OSHR
Judy Estevez	OSHR
Lars Nance	OSHR
Tammy Penny	OSHR
Andy Mun	MVA
Mercilee Benton	OSBM

MARCH 6, 2019

Date _____

FIRM OR AGENCY AND ADDRESS



JOINT APPROPRIATIONS COMMITTEE ON GENERAL GOVERNMENT

**2019 REGULAR SESSION
Book 2**

**REP. GEORGE G. CLEVELAND, Chair
REP. DENNIS RIDDELL, Chair
SENATOR JOHN ALEXANDER, JR., Chair
SENATOR RICK HORNER, Chair**

**Pamela Ahlin, Committee Assistant
Polly Riddell, Committee Assistant
Jessica Daigler-Walls, Committee Assistant
Regina Irwin, Committee Assistant**

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

**Tuesday, March 12, 2019 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 12, 2019 in Room 425 of the Legislative Office Building. Senators Alexander, Ford, Foushee and Searcy were present. Representatives Cleveland, Riddell, Floyd, Barnes, Garrison, Logan, Majid and Pittman were present

Senator John Alexander, presided.

Senator Alexander opened the meeting by thanking the Pages and the Sergeant-At-Arms for their service.

Cara Bridges, Fiscal Research, started with a presentation of an overview of the Department of Military and Veterans Affairs (Attachment 1). Cara outlined: Authorizing Laws, Budget Overview, Agency Responsibilities, Recent Legislative Actions and Information Requested.

Secretary Larry Hall, Department of Military and Veterans Affairs, then gave a presentation on the Department of Military and Veterans Affairs (Attachment 2) with the assistance of Deputy Secretary Martin Falls, Department of Military and Veterans Affairs. Secretary Hall and Deputy Secretary Falls outlined: Recent Major Initiatives, Performance Measurements, Customer Relationship Management System and Budget Requests.

Questions and comments regarding the presentation from Department of Military and Veterans Affairs (DMVA) (Attachment 2):

1. Senator Foushee asked questions related to the Veterans Homes, specifically the capacity and why the sites were chosen. Secretary Hall stated try to average around one hundred and twenty beds or rooms, this is a significant value because they are approximately half the market price for a private room and all of the rooms are private in the nursing homes. The sites were chosen in several different ways, for example: for the Salisbury location the VA had property available that was able to be utilized in that area, the Grants that were used because there is a Grant program and the VA is tracking all of the Veterans in North Carolina who are receiving benefits anticipating the demand. The Department submitted the Grant approximately two years ago to get the nursing homes that will now be put online in Wake and Forsyth County. Over the two year period the grant applications was reviewed and this cycle the Department had two applications that were rated out so high nationally, they were granted two nursing homes and funding from the VA for two nursing homes that the Department will provide some matching funds out of their Trust Fund for them to be built. Secretary Hall added that DMVA works closely with the Department of Transportation noting that the Kinston, Black Mountain and Wake County sites were all sites that they were able to keep the costs down by getting land that was previously under the control of the Department of Transportation and were

able to use that land to keep the cost down and meet that Grant. Secretary Hall stated that based on NC's current capacity and demand these two nursing homes should be it for the next five to six years.

2. Rep. Pittman asked when the expected completion of the Veteran Nursing Homes, if there is a possibility for some of the space to be focused on homeless Veterans and what the resident capacity of the homes will be. Secretary Hall stated there is no discrimination against Veterans if they are homeless or not, it is all done through the application process and if they are eligible for their services they will be provided a space. Secretary Hall stated in reference to completion, the bids went out last week which will let them know exact completion from there, but the approximate completion time of construction is two years. He added that DMVA built the nursing homes on two separate tracks to ensure neither would hold the other up. Each home will have its own separate bids and separate groups to ensure each project goes forward. Regarding resident capacity, Secretary Hall stated, DMVA is looking at one hundred and twenty rooms for each nursing home and one fourth of those will be for special needs patients.
3. Rep. Majeed asked what the current capacity of their nursing homes are now, if they are maxed out and if there is anticipation or for see a need for a Veteran nursing home in the Charlotte area near the VA Medical Center. Secretary Hall stated that Veteran nursing homes are similar to that of any nursing home throughout the state in that there is a flow of patients, some are short term and some are long term, with one hundred and twenty beds total every bed may not be filled every night, but they try to keep some beds reserved for VA Medical Center transfers for rehabilitation. Secretary Hall added the department can future need in that area and it is continuing to be monitored but does not for see for the next four to five years.
4. Rep. Floyd asked a series of questions. The \$1.5 million for the sprinkler system in the Governor's Budget if that is new or old money because there was money appropriated for that sprinkler system in the past. Secretary Hall stated that is in new money in that DMVA is asking for additional funds for the Fayetteville home and the continued maintenance. The money in the Governor's budget in reference to the Sandhills Cemetery landscape. Secretary Hall stated there has been a lot of complaints about the turf at that cemetery, they are putting \$6 million into restructuring and revamping that space and part of that is to put in a system that will put in more water with a sprinkler system and other improvements. In response to if there will be a need for additional staff once the two cemeteries are completed, Secretary Hall stated does not see that there will be a need for additional staff.
5. Senator Searcy asked what the distinction is between a Class II and Class III scholarship. Deputy Secretary Falls stated there are four classes: 1A, 1B, Class II and Class III. There are one hundred in each category for Class II and Class III, 1A and 1B are automatic.

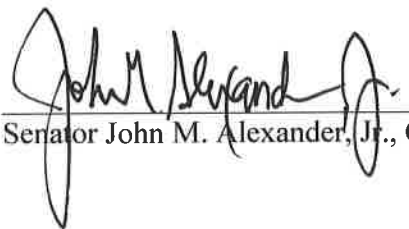
Grant Schwab, Fiscal Research, provided a presentation of the overview of the Office of the Secretary of State (Attachment 3). Grant outlined: Authorizing Laws and Responsibilities, Organizational Chart, Budget Overview, Recent Legislative Action and Information Requested.

Secretary of State Elaine Marshall provided an overview of the Department of the Secretary of state and Deputy Secretary Haley Hanes discussed budget requests, major initiatives, measuring effectiveness and efficiency and paper vs electronic (Attachment 4).

Questions and comments regarding the presentation from the Office of the Secretary of State (Attachment 4):

1. Rep. Cleveland asked about data storage and the financial software. Deputy Secretary Hanes stated they have tape backup and have the data replicated between sites, tape backup goes to a bank vault that is done routinely weekly bases. The agency does not have anything that is done outside of Raleigh, which they feel is a weakness. Kevin Harrington, Director of Securities, stated the financial software system was researched and this was the best option, they are not able to pool with other agencies because the volume is so large and it would not work as efficiently or effectively as they would need it to.
2. Rep. Floyd asked if the Accountability Auditor would be needed in 2019 or 2020. Deputy Secretary Hanes stated would need the position now and the normal recruitment time is three-four months.

The meeting adjourned at 9:50 AM.



Senator John M. Alexander, Jr., Chair Presiding



Jessica Daigler-Walls, 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 12, 2019	8:30 AM	425 LOB

Senator Alexander will chair the meeting. Presentations will be made by the Department of Military and Veteran Affairs and the Secretary of State.

Senator John M. Alexander, Jr., Co-Chair
Senator Rick Horner, Co-Chair

JOINT APPROPRIATIONS COMMITTEE ON GENERAL GOVERNMENT

Room 425 Legislative Office Building
Agenda

March 12, 2019 – 8:30 AM

I. CALL TO ORDER

Chairs: **Sen. John Alexander, presiding**
Rep. Dennis Riddell
Sen. Rick Horner
Rep. George Cleveland

II. PRESENTATIONS

Chairs' Opening Comments

Department of Military and Veterans Affairs Overview
Cara Bridges, Fiscal Research Division

Department of Military and Veterans Affairs Agency Presentation
Secretary Larry Hall, Department of Military and Veterans Affairs

Secretary of State Overview
Grant Schwab, Fiscal Research Division

Secretary of State Agency Presentation
Secretary of State Elaine Marshall
Deputy Secretary Haley Hanes, Secretary of State

III. ADJOURNMENT

Department of Military and Veterans Affairs (DMVA) Overview

Joint Appropriations Committee on General Government

March 12, 2019



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

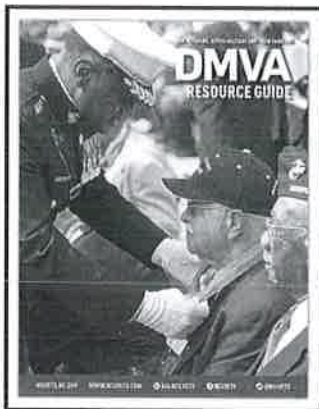
Outline

- Authorizing Laws
- Budget Overview
- Agency Responsibilities
- Recent Legislative Actions
- Information Requested



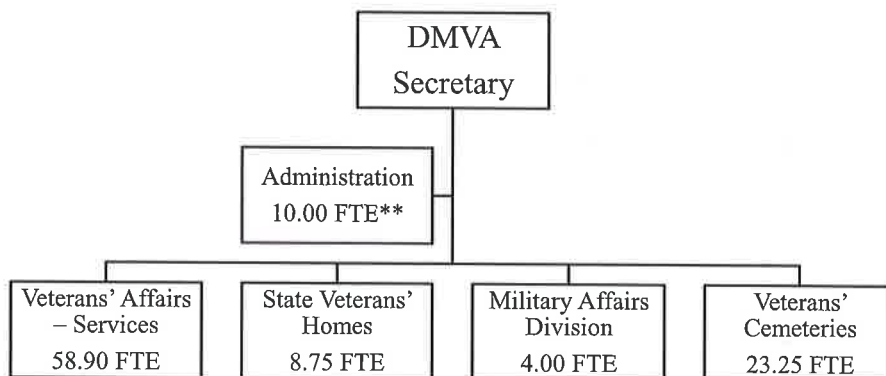
FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Authorizing Laws



- G.S. 143B – Article 14 creates the Department
- G.S. 143B-1211 – Powers and duties
 - Scholarships
 - Cemeteries
 - Nursing Homes

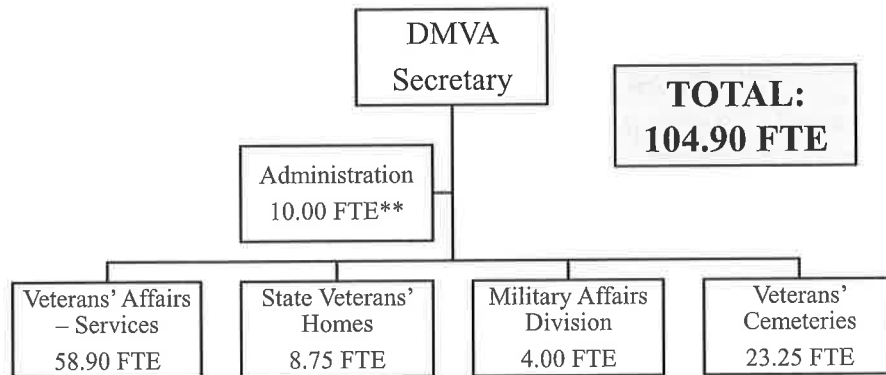
Department of Military and Veterans Affairs (DMVA) Organizational Chart (By Fund Code*)



* FY 2019-20 General Fund Base Budget

** Full Time Equivalent (FTE)

Department of Military and Veterans Affairs (DMVA) Organizational Chart (By Fund Code*)



* FY 2019-20 General Fund Base Budget

** Full Time Equivalent (FTE)

Budget Overview – DMVA General Fund

	FY 16-17 Actuals	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$55,780,107	\$59,925,253	\$63,011,082	\$62,353,064	\$62,353,064
Receipts	\$47,363,304	\$48,579,938	\$53,774,937	\$53,160,945	\$53,160,945
Net Appropriation	\$8,416,803	\$11,345,315	\$9,236,145	\$9,192,119	\$9,192,119
Full Time Equivalent (FTE)	86.65	89.65	104.90	104.90	104.90

Budget Overview – DMVA General Fund

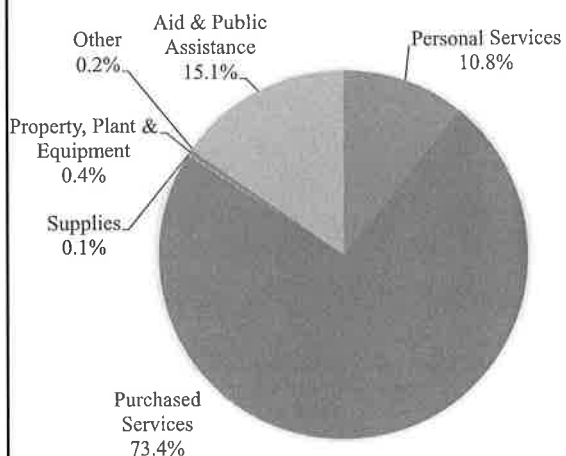
	FY 16-17 Actuals	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$55,780,107	\$59,925,253	\$63,011,082	\$62,353,064	\$62,353,064
Receipts	\$47,363,304	\$48,579,938	\$53,774,937	\$53,160,945	\$53,160,945
Net Appropriation	\$8,416,803	\$11,345,315	\$9,236,145	\$9,192,119	\$9,192,119
Full Time Equivalent (FTE)	86.65	89.65	104.90	104.90	104.90

Base Budget - DMVA FY 2019-20 Total Requirements (General Fund)

Account	FY 2019-20 Amount
Personal Services	\$6,723,770
Purchased Services	\$45,747,296
Supplies	\$64,693
Property, Plant & Equipment	\$249,424
Other	\$177,413
Aid & Public Assistance	\$9,390,468
TOTAL	\$62,353,064

Base Budget - DMVA

FY 2019-20 Total Requirements (General Fund)



Account	FY 2019-20 Amount
Personal Services	\$6,723,770
Purchased Services	\$45,747,296
Supplies	\$64,693
Property, Plant & Equipment	\$249,424
Other	\$177,413
Aid & Public Assistance	\$9,390,468
TOTAL	\$62,353,064

Departmental Responsibilities

- Provide general services and resources to North Carolina's veterans
 - Veterans Service Officers (VSOs)
 - Employment
 - Housing Assistance
- Staff the Military Affairs Commission and Veterans Affairs Commission
- Manage and run the State's Veterans' Cemeteries and Skilled Nursing Homes
- Administer the Scholarship for Children of Wartime Veterans program

NC Veterans Cemetery Program

- Locations:
 Western Carolina (Black Mountain)
 Coastal Carolina (Jacksonville)
 Sandhills (Spring Lake)
 Eastern Carolina (Goldsboro)



NC Veterans Skilled Nursing Homes

- Locations:
 Fayetteville
 Salisbury
 Black Mountain
 Kinston
*(Wake County & Forsyth County
 locations in process)*



Recent Legislative Actions

2017

- Provided \$2 million nonrecurring (NR) for the Military Presence Stabilization Fund
- Increased the recurring scholarship amount by \$536,443

2018

- Provided an additional \$2.4 million NR from Escheats for scholarships
- Appropriated the State match required for improvements to the Coastal Carolina Veterans Cemetery and for expansion projects at Western Carolina and Sandhills Cemeteries
- Authorized construction of two new skilled nursing homes – Guilford and Wake County

Information Requested

- Major initiatives over the last two years
- How the agency measures effectiveness and efficiency
- Instances of contact with the public done by paper processes
- Overview of highest priority budget requests

Questions?

Cara Bridges

Fiscal Research Division

Cara.Bridges@ncleg.net



North Carolina
**DEPARTMENT OF MILITARY
AND VETERANS AFFAIRS**

Joint Appropriations Committee on General Government

**NC Department of Military & Veterans Affairs
Secretary Larry Hall & Deputy Secretary Martin Falls
March 12, 2019**



North Carolina
DEPARTMENT OF MILITARY
AND VETERANS AFFAIRS

MISSION & VISION STATEMENT

MISSION STATEMENT

- The North Carolina Department of Military and Veterans Affairs (NC DMVA) supports both active and reserve uniformed military personnel and their families; military installations and communities; and military veterans and their families in North Carolina. The Department seeks to provide timely and responsive engagement to enhance NC's current military and veteran friendly environment. In addition, the Department also seeks to foster and promote business, technology, transportation, education, economic development, and healthcare for the above communities. Lastly, the Department works to accomplish these services by providing assistance and coordination between the Federal Government, the State of NC, its political subdivisions, and collaborative and supporting agencies.

VISION STATEMENT

- NC DMVA assists transitioning Military Personnel and Veterans as well as their families with receiving the services and benefits they have **EARNED**. Additionally, NC DMVA coordinates with our bases and facilities to maintain and improve their operational capability as well as the viability of the surrounding communities in light of the BRAC process.

Major Initiatives Enacted Over the Last Two Years

1. Increased production of the NC DMVA Annual Resource Guide
2. Created an on-line/electronic scholarship application management program
3. Utilize Government Data Analytic Center (GDAC) to conduct analysis of the needs of veterans related to benefits, trends and expenditures
4. Developed Veterans Information Platform Project (VIPPP), partnership with GDAC, DIT and Statistical Analysis System (SAS) to streamline the process for applying for jobs and other services for veterans
5. Expanding two State Veteran Cemeteries (Sandhills & Black Mountain); Beginning construction of two State Veteran Homes (Wake & Forsyth), Major renovation of State Veteran Home (Salisbury)
6. Partnership with Elizabeth City State University (ESCU) to develop curriculum for their Unmanned Aviation Systems (Drone) degree program that was approved by the UNC System.
7. Collaboration between private sector, state agencies, local leaders and veteran service organizations in rural and military communities, specifically hurricane affected areas
8. North Carolina Defense Industry Diversification Initiative (DIDI) which provides technical, marketing and training assistance to defense contractors in NC

Performance Measurements

NC DMVA analyzes the needs of veterans and applies the following tools to perform these measurements:

GDAC - NC Government Data Analytics Center (GDAC) is an effective and efficient system with built in analytic tools to provide reliable data for effective decision making that displays veteran benefits, usage and trends.

CRM - The Customer Relationship Management (CRM) tool measures the effectiveness and efficiency of our organization. It uses multiple data sources to provide our field representatives with timely information to provide veterans with resources and benefits.

VIPP - Veterans Information Platform Program (VIPPP) will report on service members discharged each month, tracks the status of veterans' federal claims hearings, and monitors county-level expenditures on benefits to help NC DMVA more effectively serve and advocate for veterans

Other Tools

- Customer Service Surveys
- Annual Performance Reviews of Personnel

Direct Contact with the Public That Could Be Done Electronically

- NC DMVA currently has the Customer Relationship Management System (CRM) which allows us to be timely and more efficient in assisting our veterans and their families with benefits and other resources. However because the system is not fully functional, we need additional resources in order to more effectively measure our internal and external systems. For example, if the program was fully developed we would be able to perform case management and other services for veterans and integrate those services within our nursing homes and cemeteries.
- Current scholarship application process is electronic but not the full management program
- Electronic Customer Service Survey

Agency's Highest Priority Budget Requests

1. **Appropriated Funds for Cemetery Compensation:** Appropriate recurring funds to support conversion of all cemetery staff from receipts-based funding to appropriation-based funding, in the amount of \$734,321. Receipts from burials will then be utilized to fund operating expenses for the cemeteries. Additionally, the NC DMVA intends to utilize the receipts to start the process of establishment of a Cemetery Trust Fund for perpetual maintenance of all the cemeteries once they are filled, therefore minimizing the burden of future funding from NC Taxpayers.

Agency's Highest Priority Budget Requests

2. Appropriate ESCHEATS Funds to Support Children of Wartime Veteran's Scholarship: Appropriate recurring escheats funds to support the Class II and Class III scholarship recipients in the amount of \$2,400,000. The 2018 budget provided non-recurring escheats funding totaling \$2,400,000 to support the scholarship program for one year, which allowed the DMVA to increase the room rate award to \$4,000 and the board rate award to \$2,400 per year, per scholarship recipient. This a tremendous advantage to those students and it also reduces the financial burden on the families. The program has been on the same recurring funding amount since FY 2011-12 while college costs have steadily increased.

Agency's Highest Priority Budget Requests

3. **Enhance Data Analysis Capacity:** Appropriate non-recurring funds to the Department to connect to the Government Data Analytics Center, in the amount of \$920,000. This connection will allow the Department to better analyze data to assist veterans and their families. This will be a shared data warehouse with Commerce (NCWORKS), DHHS, DOT, and Wildlife.

Agency's Highest Priority Budget Requests

4. **Advanced Analytics and Data Interpretation:** Appropriate \$59,104 in recurring funds to build capacity across state government to more effectively manage state resources and programs by hiring analysts with advanced quantitative and research skills. These skills are needed to inform evidence-based, data-driven decision making for agency budgets and programs. Positions will be located within the agency's central office and will provide department-wide IT and analytical support.



North Carolina
**DEPARTMENT OF MILITARY
AND VETERANS AFFAIRS**

Questions/ Comments?

Office of the Secretary of State

Agency Overview

Joint Appropriations Committee on General Government

March 12, 2019



Outline

- Authorizing Laws & Responsibilities
- Organizational Chart
- Budget Overview
- Recent Legislative Actions
- Information Requested

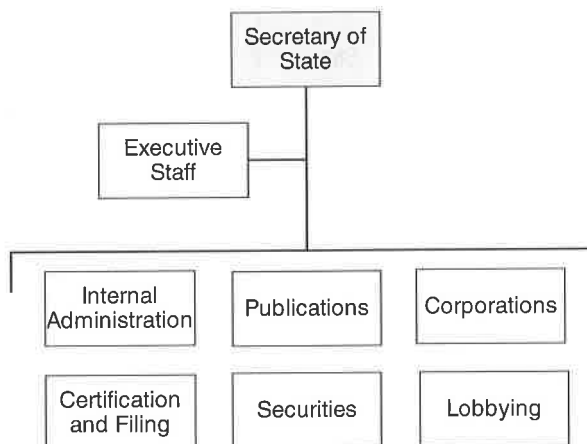
Secretary of State Authorizing Laws and Responsibilities

- State Constitution, Article III
- G.S. 143 A, Article 2 – creates the Office
- G.S. 147, Article 4 – duties of the Office
- G.S. 120 C – lobbying laws

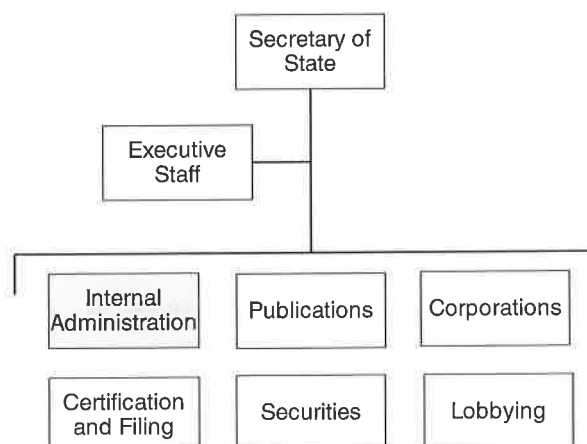
Secretary of State General Responsibilities

- Maintain business document filing system available to the public
- Ensure the reliability of signatures on transaction documents used by the legal, real estate, business, and financial communities
- Register and regulate lobbying activity
- Protect investments, charitable donations, and intellectual property through fraud investigations
- Assist businesses and institutions in engaging the international community

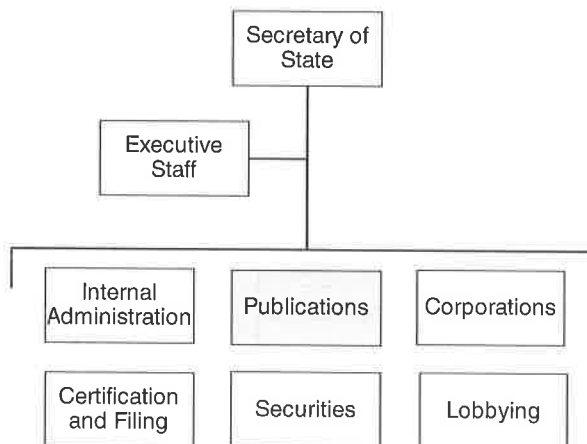
Secretary of State Organizational Chart



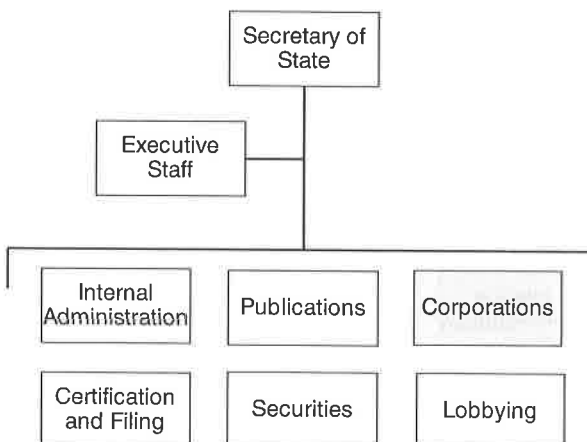
Secretary of State Organizational Chart



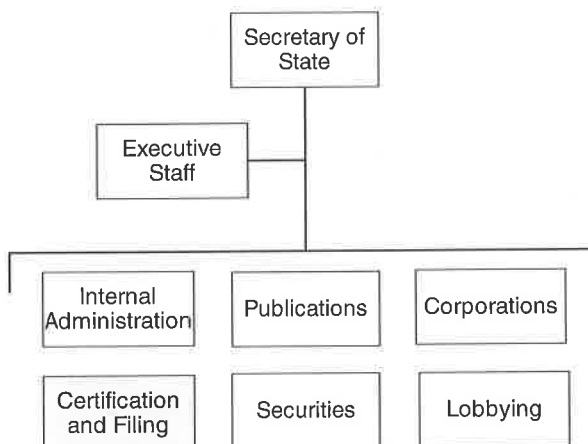
Secretary of State Organizational Chart



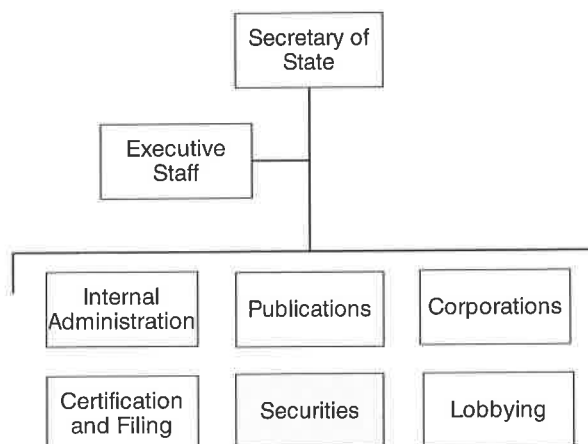
Secretary of State Organizational Chart



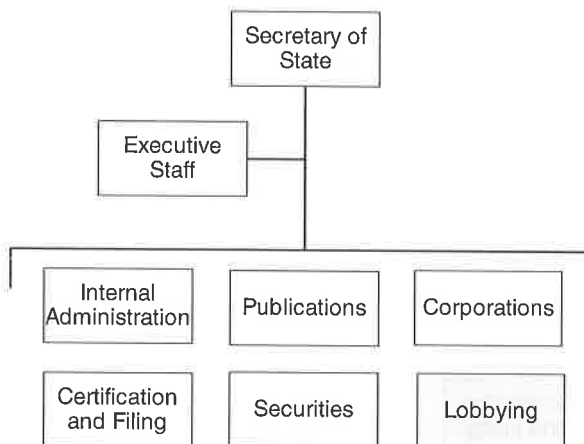
Secretary of State Organizational Chart



Secretary of State Organizational Chart



Secretary of State Organizational Chart

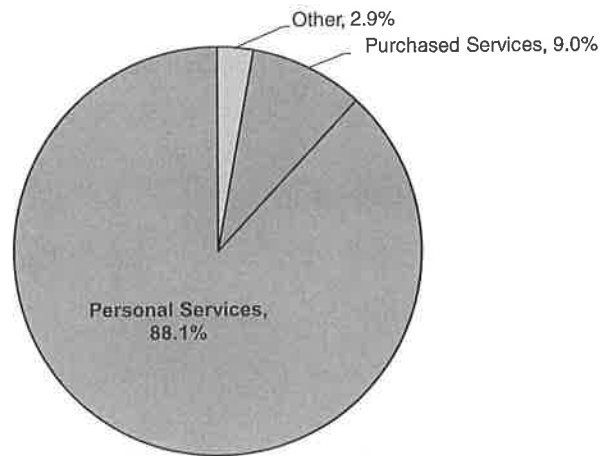


Secretary of State General Fund Budget Overview

	FY 16-17 Actuals	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$13,387,257	\$13,612,876	\$13,993,117	\$14,044,797	\$14,044,797
Receipts	\$357,389	\$451,300	\$291,456	\$291,456	\$291,456
Net Appropriation	\$13,029,868	\$13,161,576	\$13,701,661	\$13,753,341	\$13,753,341
FTE	175.88	177.88	176.88	176.88	176.88

* FTE = Full Time Equivalent

Secretary of State
General Fund Requirements
Base Budget FY 2019-20



Secretary of State
Divisions

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

Secretary of State Divisions

Administration – support functions for the Office including human resources, information technology, finance.

Base Budget FY 2019-20

Requirements:	\$3,671,085
Receipts:	\$0
Net Appropriation:	\$3,671,085
FTE:	34.40



FTE = Full Time Equivalent

Secretary of State Divisions

Publications - Custodian of public documents and records filed with Office.

Base Budget FY 2019-20

Requirements:	\$215,348
Receipts:	\$553
Net Appropriation:	\$214,795
FTE:	2.73



FTE = Full Time Equivalent

Secretary of State Divisions

Corporations – Examination, custody, and maintenance of legal documents filed by businesses. (Includes trademark oversight staff.)

Base Budget FY 2019-20

Requirements:	\$3,805,183
Receipts:	\$2,100
Net Appropriation:	\$3,803,083
FTE:	59.87

FTE = Full Time Equivalent



Secretary of State Divisions

Securities – Examines applications for securities registrations, regulates licensed securities dealers, investigates violations of securities laws.

Base Budget FY 2019-20

Requirements:	\$2,684,606
Receipts:	\$0
Net Appropriation:	\$2,684,606
FTE:	27.75

FTE = Full Time Equivalent



Secretary of State Divisions

Certification and Filing – Provides certification and filing documents related to commercial lending, Notary Public Act, and land records.

Base Budget FY 2019-20

Requirements:	\$2,597,053
Receipts:	\$34,825
Net Appropriation:	\$2,562,228
FTE:	38.00



FTE = Full Time Equivalent

Secretary of State Divisions

Charitable Fundraising Licensing – Maintains registry of organizations licensed to solicit charitable contributions in the State. Division also licenses fundraising professionals.

Base Budget FY 2019-20

Requirements:	\$731,177
Receipts:	\$0
Net Appropriation:	\$731,177
FTE:	9.13



FTE = Full Time Equivalent

Secretary of State Divisions

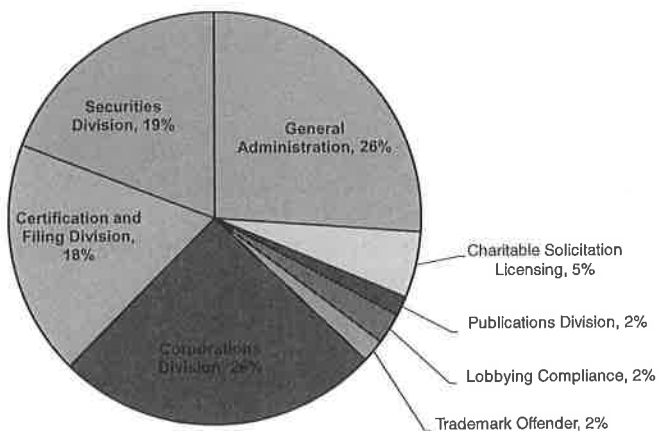
Lobbying Compliance - Maintains records of all lobbyists and principals, including liaisons for State agencies.

Base Budget FY 2019-20

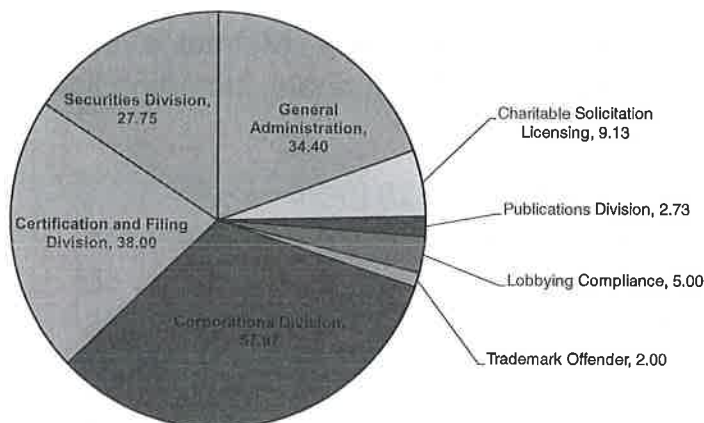
Requirements:	\$340,345
Receipts:	\$0
Net Appropriation:	\$340,345
FTE:	5.00

FTE = Full Time Equivalent

Secretary of State General Fund Requirements by Fund Code Base Budget FY 2019-20



Secretary of State
General Fund FTE by Fund Code
Base Budget FY 2019-20



FTE = Full Time Equivalent

Secretary of State
Recent Legislative Actions

2017

- n/a

2018

- \$100,00 recurring appropriation for temporary employees at Corporations Division call center.
- Lobbying Compliance Division transferred back to Secretary of State from the State Board of Elections.

Secretary of State Information Requested

- Major initiatives over the last two years
- How the agency measures effectiveness and efficiency
- Instances of contact with the public done by paper processes
- Overview of the agency's highest priority budget requests

Questions?

Grant Schwab

Fiscal Research Division

919-733-4910

grant.schwab@ncleg.net



Secretary of State Elaine F. Marshall

General Government Presentation
March 12, 2019

Overview of the Department of the Secretary of State:

Mission: To promote economic growth and protect the public from financial harm

- Facilitates economic development through business and capital formation – registering nearly 90,000 new businesses and nonprofits last year and reviewing more than 400,000 annual reports and other required filings. Since 2010, more than 600,000 new businesses registered with the Secretary of State.
- Lead state agency in providing crucial business data to the marketplace for leveraging risk and assisting millions of buy, sell, lend, borrow, and invest transactions.
- Lead state agency in administering the state's Securities laws by facilitating and regulating more than \$200 billion in securities offerings and investigating and prosecuting significant white-collar crimes.
- Lead state agency in authentication and notarization of high-level business transactions and governmental decisions.
- Lead state agency in protecting the economic value of trademarks, copyrights, and patents.
- Lead state agency providing for transparent registration and enforcement of charitable solicitation laws and registration and reporting of lobbyists and their principals.
- Lead state agency in Land Records Management supporting one of the state's largest assets valued at almost \$1 trillion, according to the NC State Property Tax Commission.
- The Secretary of State has increased its share of revenue to the General Fund by 31% over the last five years to nearly \$125 million.

Budget Request & Other Requested Information on Flip Side

Budget Request of the Department of Secretary of State:

- Major Structural Issue: Funds to fully cover required agency rent. **[\$253,000 - R]**
- Technology Modernization: Western Data Center recovery, cybersecurity software, and public Wi-Fi **[\$82,000 - NR + \$47,000 - R]** -- Financial analysis software [2 licenses] for Securities Division cases **[\$62,000 - R]**
- Accountability: Internal Auditor Position **[\$91,000 - R]**

TOTAL BUDGET REQUEST: \$453,000[R] + \$82,000 [NR]



Additional Information Requested

- Major Initiatives: E-Closing, Assumed Business Data, Veteran's Annual Report
- Measuring Effectiveness and Efficiency: Customer Service Surveys, Call/Email Metrics such as Call Time Data, Document Processing and Turn Around Times, Registration and Filing Volume, E-File Adoption Rates, Web Page Data, Number of Citizens Educated.
- Paper vs Electronic: Our agency is a state leader in E-Govt services. Nearly every registration and filing can be done electronically at SOS office.



**Joint Appropriations On
General Government and
Information Technology**

March 12, 2019

Room 425 LOB

8:30 AM

Senate Sergeant at Arms:

Terry Barnhardt

Michael Caviness

House Sergeant at Arms:

Doug Harris

Warren Hawkins

David Linthicum

Malachi McCullough



Senate Pages Attending

COMMITTEE: Joint App. Gen'l Gov't & I. L. ROOM: 425
DATE: 3-12 TIME: 8:30

PLEASE PRINT LEGIBLY....or else!!!!

Page Name	Hometown	Sponsoring Senator
1. Wayne Hunter	Knightdale	Blue
2. Eleanor McNamee	Cary	Nickel
3.		
4.		
5.		
6.		
7.		
8.		

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR SIGN-IN SHEET

APPROPRIATIONS ON GENERAL GOVERNMENT AND INFORMATION TECHNOLOGY

03/12/2019

Mike Arnold

Haley Hanes

Sec Elaine Marshall

Asst Sec Martin Falls DMVA

SEC LARRY HAZZ DMVA

~~John~~ NEWC

~~Christopher~~ Davis

Michael Barth

Regina Irwin

Lelgh Jackson DIT

Wick Ilyatt - DMVA

JAMES Woodward DMVA

Rodney Maddox N.C. Secretary of State office

Dwayne Beaman - SOS

Tim Crowley NC SOS

Tommy Clark NC SOS

Kevin Harrington NC SOS

Leo John NCSOS

Cassidy Robertson AMGA

VISITOR SIGN-IN SHEET

APPROPRIATIONS ON GENERAL GOVERNMENT AND
INFORMATION TECHNOLOGY

03/12/2019

Claudia Schneider governors ofc
Mercedes Benton OSBM
Stan Waller NCS

House Committee on Appropriations, General Government
Wednesday, March 13, 2019 at 8:30 AM
Room 425 of the Legislative Office Building

MINUTES

The House Committee on Appropriations, General Government met at 8:30 AM on March 13, 2019 in Room 425 of the Legislative Office Building. Representatives Cleveland, Floyd, Garrison, Logan, Majeed, Pittman, and Riddell attended. Senate members in attendance were J. Alexander, Ford, Horner, and Searcy. Fiscal Staff members in attendance were Cara Bridges, Grant Schwab, and Carly Weaver. Committee Clerk Polly Riddell also attended. Attached to the minutes are the Staff for the Sergeant at Arms, the Pages for the meeting, and the attendance sheets for the agency representatives and public visitors.

Representative Dennis Riddell, Chair, presided.

Rep. Riddell called the meeting to order at 8:30 A.M. and welcomed everyone. He recognized the pages, and thanked the sergeant-at-arms and committee staff.

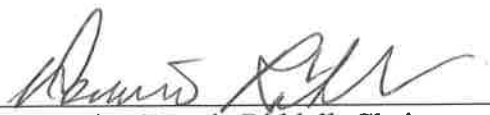
Grant Schwab was recognized to give an overview of the Office of the State Controller. (See Attachment 1)

Rep. Riddell recognized Chief Deputy Jim Dolan to present the Office of the State Controller legislative update. This update included major initiatives including security enhancements, a payroll app, online W2 processing, refreshing hardware for Decision Support System, and lease renegotiation. Also included are budget requests. There was time for discussion. (See Attachment 2)

Cara Bridges was recognized to give an overview of the Office of Administrative Hearings. (See Attachment 3)

The Chair recognized Judge Julian Mann III, Chief Administrative Law Judge, to give an agency presentation. (See Attachment 4) There was a time of discussion.

The meeting adjourned at 9:35 A.M.



Representative Dennis Riddell, Chair
Presiding



Polly Riddell, Committee Clerk

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2019-2020 SESSION**

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

DAY & DATE: Wednesday, March 13, 2019

TIME: 8:30 AM

LOCATION: 425 LOB

COMMENTS: Rep. Riddell will chair the Office of the State Controller and the Office of Administrative Hearings overview meeting.

Respectfully,

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

I hereby certify this notice was filed by the committee assistant at the following offices at 12:52 PM on Wednesday, July 24, 2019.

____ Principal Clerk
____ Reading Clerk – House Chamber

Polly Riddell (Committee Assistant)

JOINT APPROPRIATIONS COMMITTEE ON GENERAL GOVERNMENT

Room 425 Legislative Office Building
Agenda

March 13, 2019 – 8:30 AM

I. CALL TO ORDER

Chairs: **Rep. Dennis Riddell, presiding**
 Sen. Rick Horner
 Rep. George Cleveland
 Sen. John Alexander

II. PRESENTATIONS

Chairs' Opening Comments

Office of the State Controller Overview
Grant Schwab, Fiscal Research Division

Office of the State Controller Agency Presentation
Dr. Linda Combs, State Controller
Jim Dolan, Chief Deputy, Office of the State Controller

Office of Administrative Hearings Overview
Cara Bridges, Fiscal Research Division

Office of Administrative Hearings Agency Presentation
Judge Julian Mann III, Chief Administrative Law Judge

III. ADJOURNMENT

ATTACHMENT # 1

Office of the State Controller

Overview

Joint Appropriations Committee on General Government

March 13, 2019



Outline

- Authorizing Laws
- Organizational Chart
- Budget History and Overview
- Recent Legislative Actions
- Requested Information

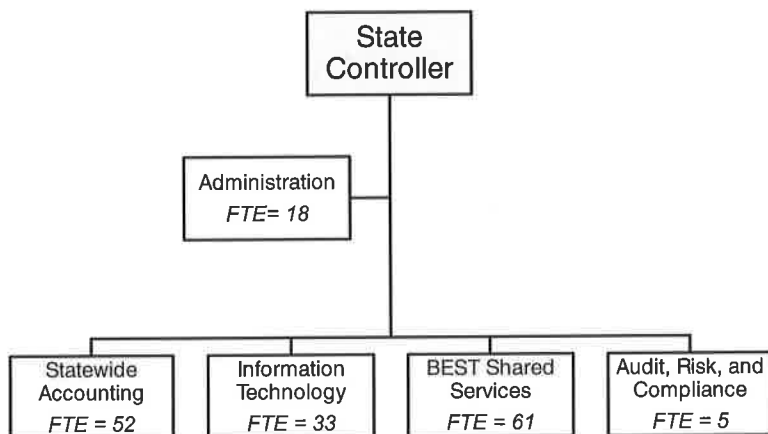
Office of the State Controller Authorizing Laws

- GS 143B-426.36-37: Creation of the office and the position of State Controller
- GS 143B-426.39: Powers and duties of the State Controller
- GS 143-3.1: Transfer of duties from the Office of State Budget and Management and the Office of the State Auditor to the State Controller

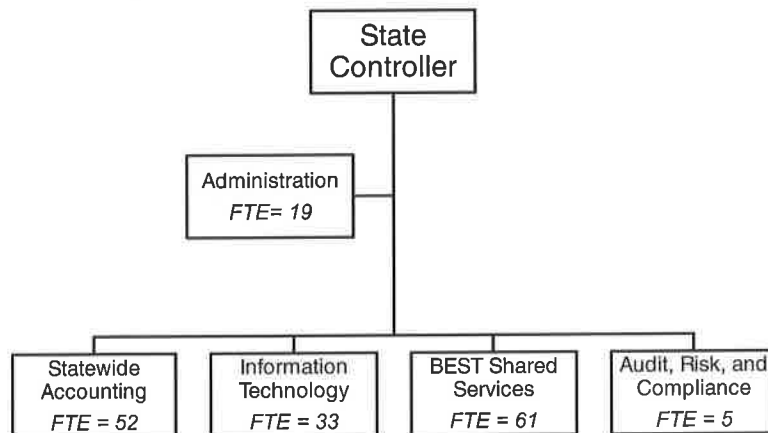
Office of the State Controller General Responsibilities

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

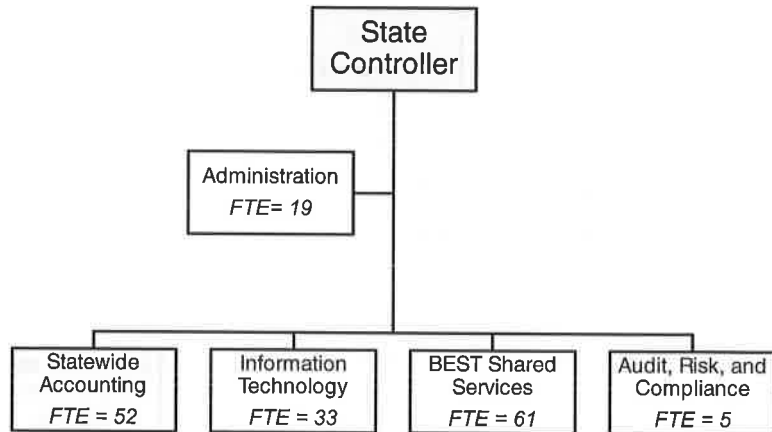
Office of the State Controller Organizational Chart



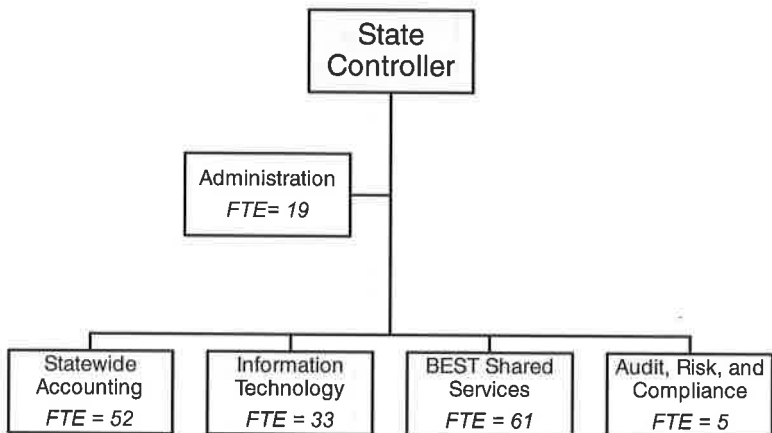
Office of the State Controller Organizational Chart



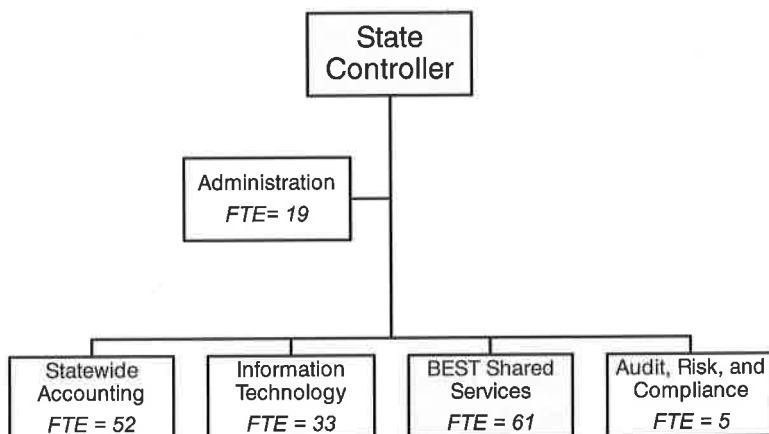
Office of the State Controller Organizational Chart



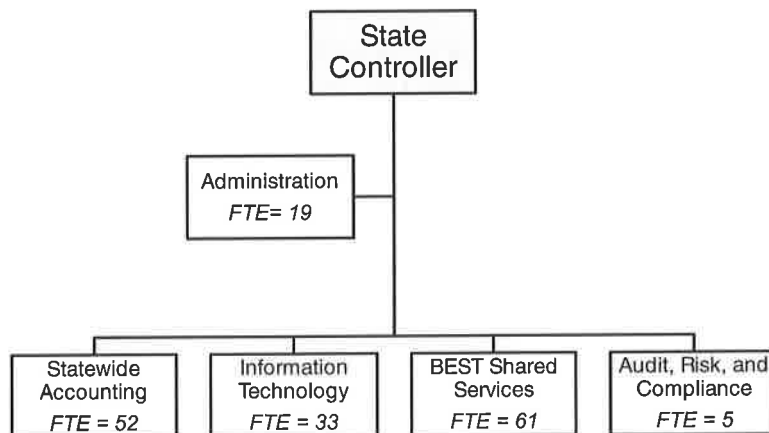
Office of the State Controller Organizational Chart



Office of the State Controller Organizational Chart



Office of the State Controller Organizational Chart



Office of the State Controller

Division Descriptions

Statewide Accounting

- Ensures proper interpretation and implementation of Statewide accounting principles
- Produces various financial reports
- Develops, implements, and monitors statewide policies for receipt, deposit, and disbursement of money
- Promotes electronic commerce to help agencies cut cost and reduce environmental footprint

Office of the State Controller

Division Descriptions

Information Technology - Implements and maintains statewide information technology systems, namely:

- North Carolina Accounting System (NCAS)
- Cash Management Control System (CMCS)
- State's HR/Payroll System*



Office of the State Controller Division Descriptions

BEST Shared Services – Support unit for agency questions related to the State's integrated human resources/payroll system. BEST stands for "BEACON Enterprise Support Team."

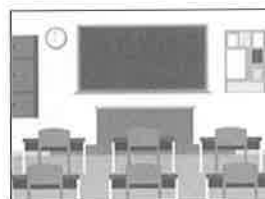
BEACON stands for "Building Enterprise Access for North Carolina's Core Operation Needs", a common nickname for the human resources/payroll system.



Office of the State Controller Division Descriptions

Audit, Risk, and Compliance Services

- Educates and assists other State agencies with best practices for internal control, efficiency in operations, and reliable financial reporting
- Monitors taxation laws/regulations and assists other agencies with tax compliance
- Performs overpayment audits

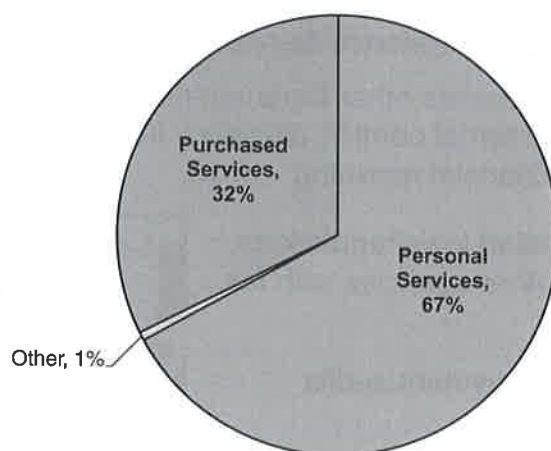


Office of the State Controller General Fund Budget History

	FY 16-17 Actuals	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$24,114,160	\$23,055,058	\$25,184,985	\$25,174,460	\$25,188,476
Receipts	\$1,481,656	\$3,519,311	\$1,580,670	\$846,028	\$846,028
Net Appropriation	\$22,632,504	\$19,535,747	\$23,604,315	\$24,328,432	\$24,342,448
FTE	169.00	169.00	169.00	169.00	169.00

FTE = Full Time Equivalent

Office of the State Controller General Fund Requirement Categories, Base Budget FY 2019-20



Office of the State Controller Recent Legislative Actions

- **2017**
 - \$3,000,000 nonrecurring appropriation for work on new financial backbone system for the State.
 - \$382,404 recurring appropriation for information technology service contracts.
- **2018**
 - \$27,000,000 nonrecurring appropriation for continued work on new financial backbone system for the State.

Office of the State Controller Requested Information

- Major initiatives over the last two years
- How the agency measures effectiveness and efficiency
- Instances of contact with the public done by paper processes
- Overview of the agency's highest priority budget requests

Questions?

Grant Schwab

Fiscal Research Division

919-733-4910

grant.schwab@ncleg.net

Legislative Update Office of the State Controller

Linda Gombis, State Controller
Jim Dolan, Chief Deputy State Controller



STATE OF NORTH CAROLINA
Office of the State Controller

Major Initiatives



**Financial Backbone
Replacement (ERP)**

*ERP = Enterprise Resource Planning

STATE OF NORTH CAROLINA
Office of the State Controller

Major Initiatives



Security Enhancements to Protect State Employees

STATE OF NORTH CAROLINA
Office of the State Controller



Major Initiatives

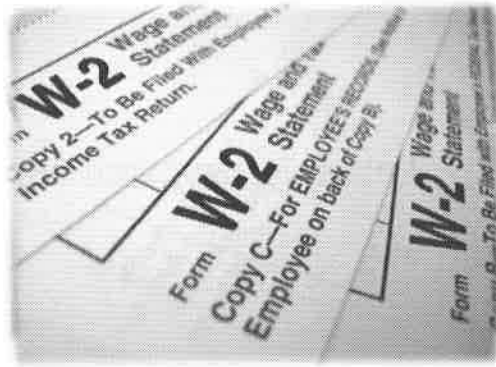


HR/Payroll Mobile App

STATE OF NORTH CAROLINA
Office of the State Controller



Major Initiatives



Online W-2 Processing

STATE OF NORTH CAROLINA
Office of the State Controller

Major Initiatives



Refreshing Hardware for Decision Support System (DSS)

STATE OF NORTH CAROLINA
Office of the State Controller

Major Initiatives



Lease Renegotiation

STATE OF NORTH CAROLINA
Office of the State Controller

Measures of Effectiveness and Efficiency

- Financial Backbone Replacement (ERP)
- Support NC's AAA Bond Rating
- IT Operational Enhancements and Improvements
- HR/Payroll Reporting Measures

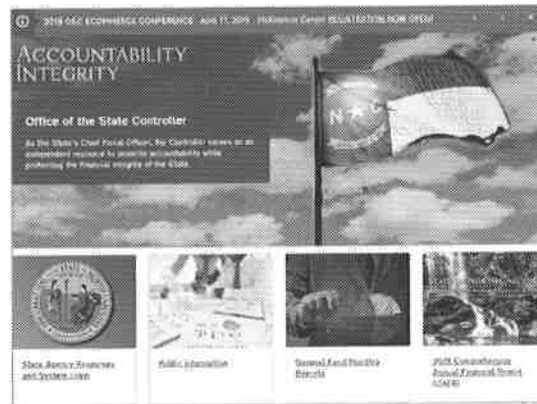
*ERP = Enterprise Resource Planning

STATE OF NORTH CAROLINA
Office of the State Controller

Direct Contact with the Public Using Paper or Manual Entry

All non-verbal contact with the public is done through the OSC website.

- 100% mobile-friendly
- No paper or manual entry required



STATE OF NORTH CAROLINA
Office of the State Controller

Overview Of Highest Priority Budget Requests

- Financial Backbone Replacement (ERP) - \$30 Million
- Salary adjustments for SAP skilled staff members - \$200,000

*ERP = Enterprise Resource Planning

STATE OF NORTH CAROLINA
Office of the State Controller



STATE OF NORTH CAROLINA
Office of the State Controller



OFFICE OF THE STATE CONTROLLER

March 2019 Legislative Update

MAJOR INITIATIVES

INITIATIVE	HIGHLIGHTS
Financial Backbone Replacement (ERP)	<ul style="list-style-type: none">✓ Replacing aging North Carolina Accounting System and Cash Management System✓ New architecture to better meet the needs of NC into the future✓ Built on the feedback from State Agencies, General Assembly, OSBM, and DIT✓ Software selection complete✓ Integration Vendor selection in progress
Security Enhancements to Protect State Employees	<ul style="list-style-type: none">✓ BEST provides employees an email and US Mail notification when any changes occur to their bank account, thus reducing the chance of fraud.
Mobile HR/Payroll App	<ul style="list-style-type: none">✓ Time Entry and Approval✓ Leave Entry and Approval✓ Paystub Review✓ Statewide rollout 1Q 2019
Online W2 Processing	<ul style="list-style-type: none">✓ Currently used by over 30,000 employees✓ Saves the State \$\$ on printing and postage
Refreshing hardware for Decision Support System (DSS)	<ul style="list-style-type: none">✓ Will be complete by fiscal year end
Lease Renegotiation	<ul style="list-style-type: none">✓ Reduced leased square footage by consolidating and more efficiently using space✓ Savings in the 2017-2019 biennium of more than \$800,000✓ Average savings of \$343,000 per year for 10 years

MEASURES OF EFFECTIVENESS AND EFFICIENCY

TASK	METRICS
Financial Backbone Replacement (ERP)	<ul style="list-style-type: none">✓ Deliverables on time per pre-approved project plan✓ Deliverables within budget per pre-approved project plan✓ Deliverables meet the State's financial requirements for the accounting system
Maintain and support NC's AAA Bond Rating	<ul style="list-style-type: none">✓ Obtain an unqualified (clean) audit opinion✓ Receive the Government Finance Officers Association (GFOA) certification
IT Operational Enhancements and Improvements	<ul style="list-style-type: none">✓ Improved security✓ Improved processing✓ Improved usability
HR/Payroll Reporting Measures	<ul style="list-style-type: none">✓ Percentage of time system operationally available✓ Payroll processing accurate and timely✓ 21 other operational metrics produced weekly and monthly

Key to Acronyms:

ERP = Enterprise Resource Planning

BEST = BEACON Enterprise Support Team

DIRECT CONTACT WITH THE PUBLIC USING PAPER OR MANUAL ENTRY

Most routine customers of OSC are other State Agencies. However, on occasion we will work with the public over the phone or in person to clarify items in the Comprehensive Annual Financial Report (CAFR) or other public reports. All non-verbal contact with the public is done through the OSC website, which is 100% mobile-friendly, with no paper or manual entry required.

OVERVIEW OF HIGHEST PRIORITY BUDGET REQUESTS

PROJECT	REQUEST
Financial Backbone Replacement (ERP)	✓ \$30 million reserve towards estimated total project cost of \$90-\$110 million
Salary adjustments for SAP-skilled staff members	✓ Salaries for these highly sought-after skilled professionals are well below the market rate ✓ Increase of \$200,000 to raise salaries to bring them closer to 85% of midpoint of market average

SUMMARY

As an independent agency, The Office of the State Controller serves all State agencies each day as a guardian of North Carolina's financial and human resources data. We are tactically and operationally laser-focused on driving efficiencies as well as strategically focused on enabling technologies in our enterprise systems.

Office of Administrative Hearings Departmental Overview

Joint Appropriations Committee on General Government

March 13, 2019



Outline

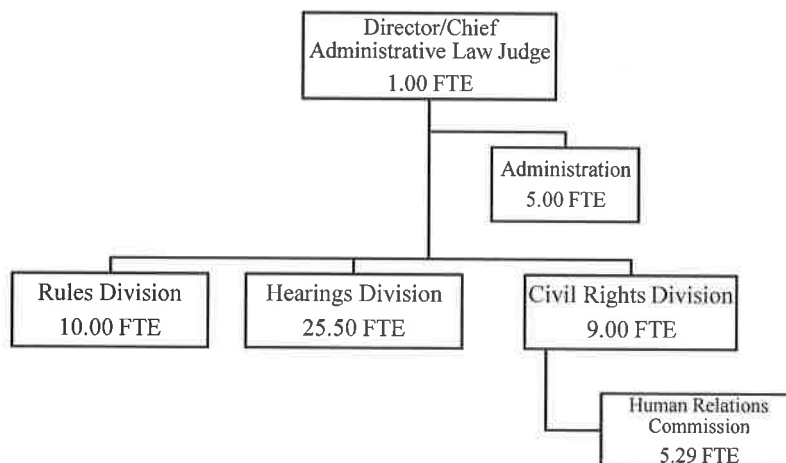
- Authorizing Laws
- Budget Overview
- Departmental Responsibilities
- Recent Legislative Actions
- Information Requested

Office of Administrative Hearings

- Article 60 of G.S. 7A – creates the Department
- G.S. 150B – Administrative Procedure Act, Rules Division
- G.S. 7A, G.S. 126 – Civil Rights Division
- Designated deferral agency for a number of areas

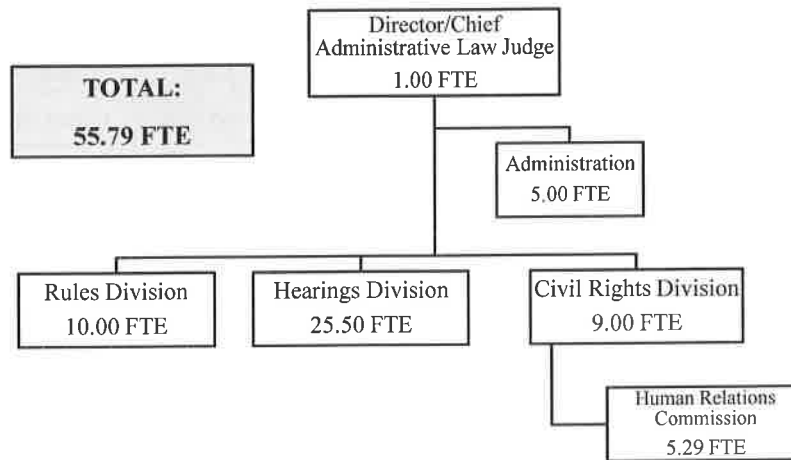
Office of Administrative Hearings

Organization Chart - FY 2019-20 General Fund



Office of Administrative Hearings

Organization Chart - FY 2019-20 General Fund



Office of Administrative Hearings

Budget History (General Fund)

	FY 16-17 Actuals	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$6,811,299	\$7,179,704	\$7,864,812	\$7,853,519	\$7,860,093
Receipts	\$2,025,219	\$1,524,110	\$1,684,910	\$1,684,910	\$1,684,910
Net Appropriation	\$4,786,080	\$5,655,594	\$6,179,902	\$6,168,609	\$6,175,183
Full Time Equivalent (FTE)	46.00	55.79	55.79	55.79	55.79

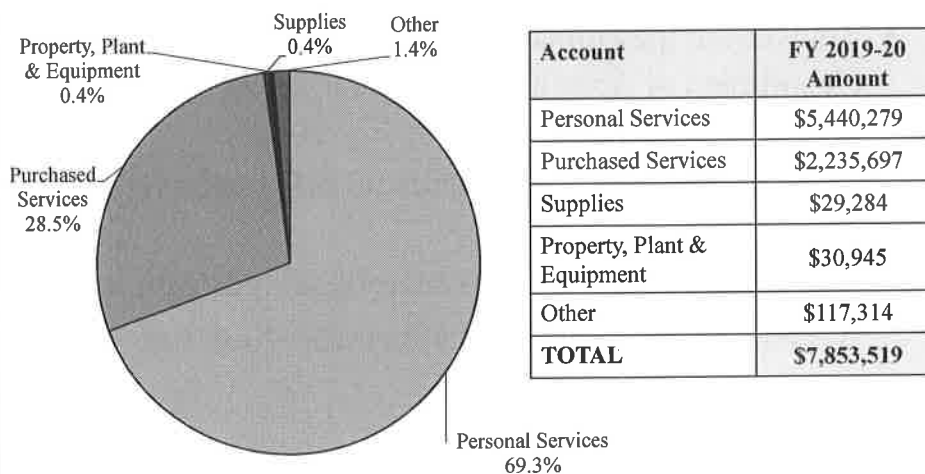
Office of Administrative Hearings Budget History (General Fund)

	FY 16-17 Actuals	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$6,811,299	\$7,179,704	\$7,864,812	\$7,853,519	\$7,860,093
Receipts	\$2,025,219	\$1,524,110	\$1,684,910	\$1,684,910	\$1,684,910
Net Appropriation	\$4,786,080	\$5,655,594	\$6,179,902	\$6,168,609	\$6,175,183
Full Time Equivalent (FTE)	46.00	55.79	55.79	55.79	55.79

Office of Administrative Hearings Budget History (General Fund)

Account	FY 2019-20 Amount
Personal Services	\$5,440,279
Purchased Services	\$2,235,697
Supplies	\$29,284
Property, Plant & Equipment	\$30,945
Other	\$117,314
TOTAL	\$7,853,519

Office of Administrative Hearings Total Requirements - FY 2019-20



Agency Responsibilities

- Rules Division: administers the rule making process throughout State government
- Hearings Division: hears contested cases per G.S. 150-B
- Civil Rights Division: investigates claims of employment discrimination by employees covered by the State Personnel Act
 - Human Relations Commission: enforces the NC Fair Housing Act

Recent Legislative Actions FY 2017-19 Biennium

- Transferred the Human Relations Commission from Department of Administration to Office of Administrative Hearings
 - Provided nonrecurring funds for office renovations related to the transfer
- Created a new Civil Rights Investigator position
- Added a new Medicaid Administrative Law Judge

Information Requested

- Major initiatives over the last two years
- How the agency measures effectiveness and efficiency
- Instances of contact with the public done by paper processes
- Overview of highest priority budget requests

Questions?

Cara Bridges
Fiscal Research Division
Cara.Bridges@ncleg.net

Office of Administrative Hearings

Julian Mann, III
Director and Chief Administrative Law Judge

LEGISLATIVE OVERVIEW
FOR
JOINT APPROPRIATIONS COMMITTEE ON GENERAL GOVERNMENT

March 13, 2019

(This page is intentionally left blank)

Outline

- Agency Overview
- Statutory Authority
- Mission Statement
- Organization Chart
- Major Agency Initiatives Over the Last 2 Years
- Agency Effectiveness and Efficiency Measures with Examples of Metrics Used to Monitor Performance
- Instances Where Direct Contact With the Public Could Be Done Online or Electronically
- Overview of Highest Priority Budget Requests

Agency Overview

NC Office of Administrative Hearings is an independent quasi-judicial agency established by the NC General Assembly in 1985 to provide a source of independent Administrative Law Judges to preside in State administrative law proceedings.

OAH is comprised of three Divisions – Hearings, Rules and Civil Rights. The agency has 57.5 FTE staff and four office locations: the Main Office in Raleigh and three satellite offices in Charlotte, High Point and Waynesville.

Major Agency Functions:

- Hearings Division – Provides an independent forum for prompt and impartial resolution of administrative law contested cases involving citizens and state agencies
- Rules Division – State's codifier, publisher, and reviewer of all administrative rules, and staffs the State's Rules Review Commission
- Civil Rights Division – Investigates alleged acts of unlawful discrimination in employment and housing, enforces the State's Fair Housing Act, manages HUD's Fair Housing Assistance Program, and staffs the State's Human Relations Commission (HRC)

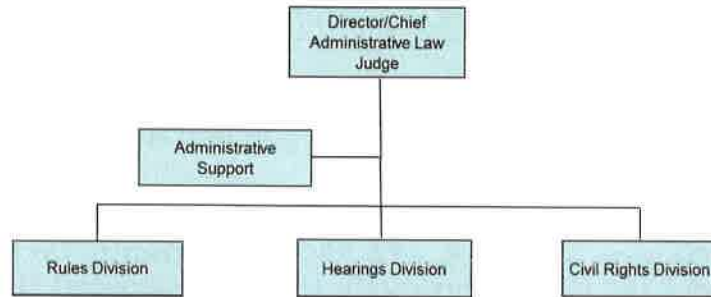
Statutory Authority

- Hearings Division –Articles 3, 3A (concurrent jurisdiction) and 4 of Chapter 150B (Administrative Procedure Act); Chapter 7A, Subchapter XII, Article 60
- Rules Division - Article 2A of Chapter 150B and Article 1, Part 3 of Chapter 143B
- Civil Rights Division – N.C.G.S. §7A-759 (NC Authority for EEOC Deferral) and §760 (NC Authority for HUD); Designated EEOC 706-deferral Agency for Civil Rights Act of 1964, Age Discrimination in Employment Act, and Americans with Disabilities Act for state and local government employees covered under N.C.G.S. 126; Designated HUD FHAP deferral Agency for unlawful discriminatory housing practices covered under N.C.G.S. § 41A

Agency Mission Statement

To serve the citizens of North Carolina with quality and efficiency by providing an independent forum for prompt and impartial resolution of administrative law contested cases involving citizens and state agencies; functioning as the State's codifier, publisher, and reviewer of all administrative rules; and investigating alleged acts of unlawful discrimination in employment and housing.

North Carolina Office of Administrative Hearings Organization Chart



Major Agency Initiatives Over the Last Two Years

NC OAH – Major Initiatives

Re-Designed Website

OAH is redesigning its website to take advantage of newer technology and a responsive (mobile-friendly) design that is better suited to meet user needs and agency goals.

The agency is working with the NC Department of Information Technology Digital Services to upgrade the website to the Digital Commons platform currently used by several State agencies. The re-designed website will be completed in the Spring of 2019.

9

NC OAH – Major Initiatives

Audio/Visual Equipment Upgrades

OAH is undertaking a state-of-the-art upgrade of the existing audio/visual equipment, teleconference and video conference systems in four courtrooms, Commission room and conference room in the Raleigh Office.

The equipment upgrades will meet user demand for digital presentation via laptop, Skype, remote video telephone conferencing, remote translation, American Sign Language, and hearing assist. The upgraded systems will digitally capture these additions into the record utilizing digital audio/video court recording software. The upgrades will be completed in Spring 2019.

10

Hearings Division – Major Initiative

On-Line E-filing System

Effective January 1, 2016, the Office of Administrative Hearings' online e-filing system was made available to registered e-filers to access contested case hearings through the OAH website. This initiative has made the contested case process paperless and considerably easier for citizens and agencies to file a contested case.

11

Civil Rights Division – Major Initiative

Transfer of Human Relations Commission to OAH

In 2017, the General Assembly statutorily transferred the 22-member Human Relations Commission (HRC) and seven staff from the NC Department of Administration to the OAH Civil Rights Division. Two of the HRC's major functions are to enforce the State's Fair Housing Act and manage the Fair Housing Assistance Program under contract with the US Department of Housing and Urban Development.

The transfer necessitated the renovation of the OAH Main Office to accommodate HRC staff, and the physical relocation of the staff, equipment and records.

12

Rules Division - Major Initiatives

- OAH created an on-line agenda for the Rules Review Commission's (RRC) monthly meetings by building the agenda with real time access to information as it is developed. This information is provided to the Rules Review Commissioners and is available to the public.
- OAH has also created a template for agencies to use in formatting administrative rules for submission for publication and RRC review. OAH provides template training to rulemaking coordinators and offers individual agency training. The template and user documentation are posted on the OAH website.
- OAH holds "Rulers Roundtable" monthly sessions for Rulemaking Coordinators on topics relative to the rulemaking process. OAH staff and other agency representatives present on topics such as: in-depth discussions on the rulemaking process, how to conduct public hearings, public notice to interested parties via email listservs, record retention requirements, reporting on rules with fees to Gov ops, and fiscal notes.
- OAH is developing a Style Manual for agencies. The style manual is designed to assist agencies in drafting and adopting rules as well as aid the public in understanding rules. It also creates uniformity in the Administrative Code.

13

Joint Appropriations Question

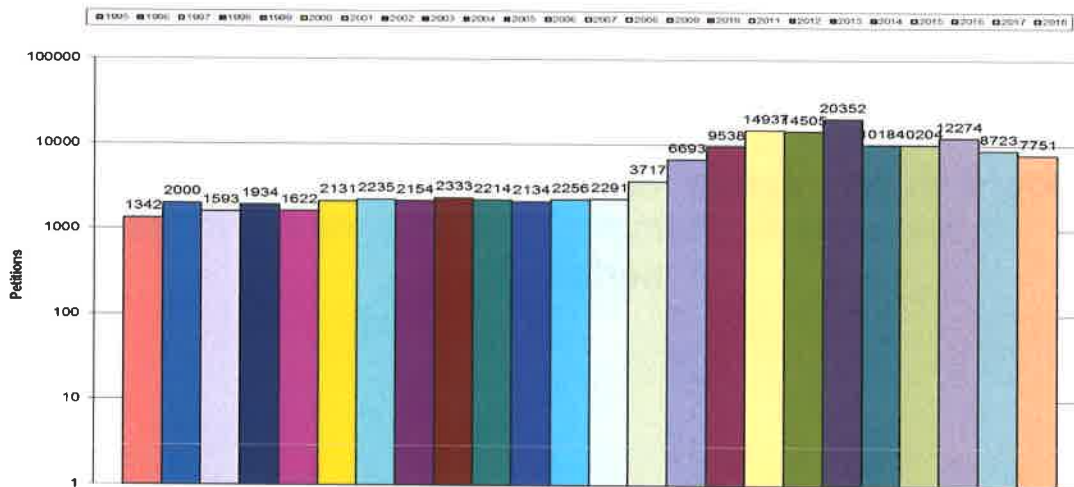
How does your agency measure effectiveness and efficiency?
Provide specific examples of metrics used to monitor
performance.

14

Hearings Division Effectiveness and Efficiency Measures

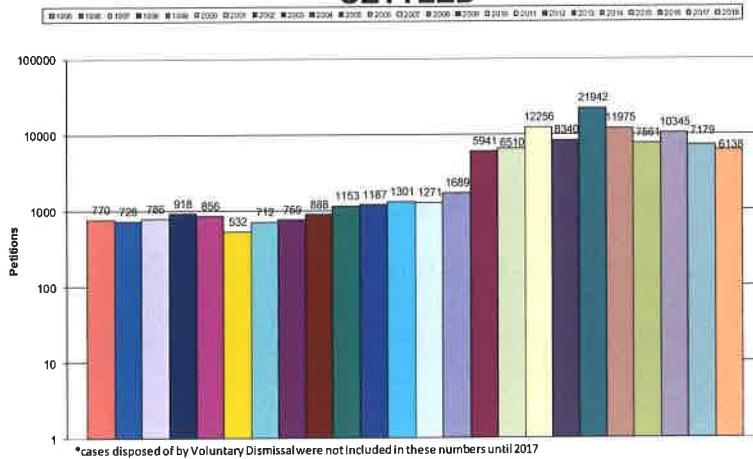
15

CONTESTED CASE PETITIONS FILED



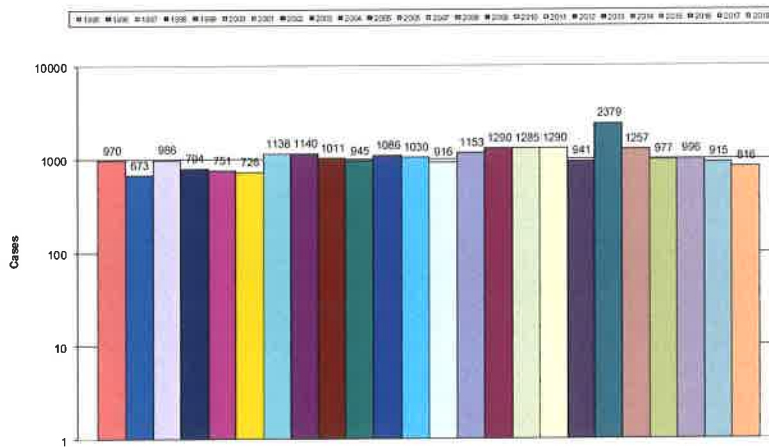
16

CONTESTED CASE PETITIONS VOLUNTARY DISMISSAL*/WITHDRAWN OR SETTLED



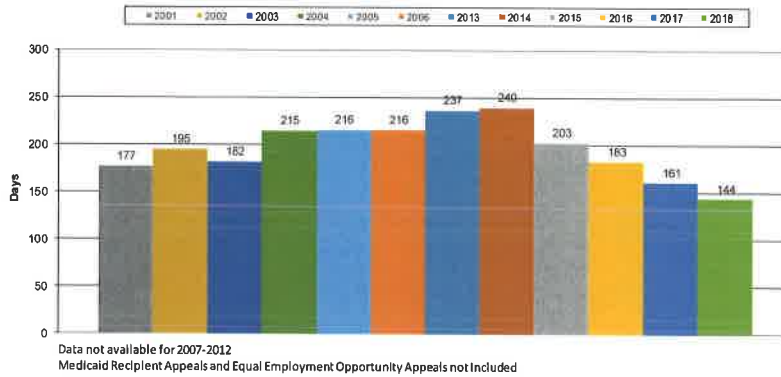
17

CONTESTED CASE PETITIONS CLOSED BY DECISION



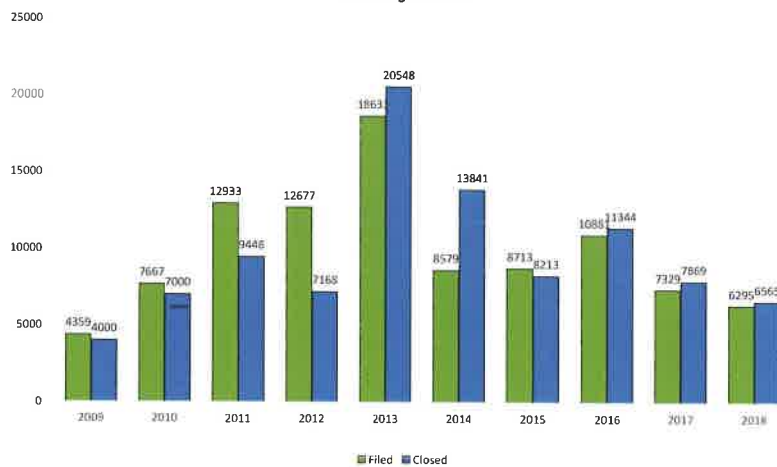
18

AVERAGE AGE BY YEAR OF ALL CASES CLOSED



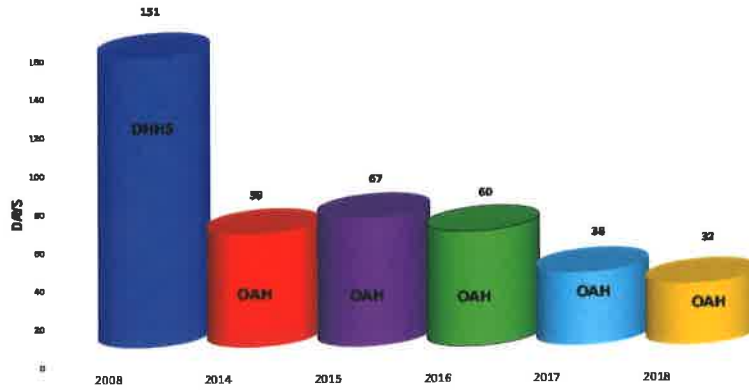
19

MEDICAID RECIPIENT APPEALS Case Filing Statistics



20

MEDICAID RECIPIENT APPEALS AVERAGE AGE FROM FILING TO CLOSING



21

ANALYSIS OF MEDICAID RECIPIENT APPEAL PROCESS

Cost Effectiveness: 10/1/2008 – 3/31/2010

(Data Submitted to DHHS Document Management System)

Appeals Process Timeframe	Average Number of Days per Appeal
Before 10/1/08	151
Since 10/1/08 (through 3/31/10)	65

Service Type	Cost (Day-Separate / JMO-2)	Appeals Received	2008 Cost (Pre-10/1/08 / 1st Qtr)	2008 Cost (Post-10/1/08 / 1st Qtr)	Cost Savings
CMS	\$42,138	2016	\$10,000,376.60	\$ 6,984,602.62	\$3,000,522.70
Community Support Team	\$31.70	456	\$1,580,021.04	\$ 1,027,588.28	\$1,223,005.86
CAP/SENCO Services	\$130.14	251	\$4,230,230.08	\$ 1,984,081.68	\$2,655,257.11
Residential - Level II (24 hrs)	\$252.38	223	\$5,665,361.74	\$ 3,714,628.64	\$4,793,962.80
Day Treatment	\$75.00	186	\$1,405,425.00	\$ 935,690.00	\$1,204,675.00
Residential - Level I	\$65.40	80	\$1,152,432.00	\$ 808,712.00	\$548,720.00
Intensive In-home Services	\$235.25	108	\$4,351,725.00	\$ 1,843,448.00	\$2,370,276.00
Psychiatric Services	\$17.33	30	\$276,611.40	\$ 34,318.26	\$44,168.18
Private Duty Nursing (15 hrs)	\$489.82	24	\$2,400,247.68	\$ 1,048,114.88	\$1,351,132.80
Skilled Nursing Facilities	\$148.00	20	\$440,000.00	\$ 105,360.00	\$425,640.00
Residential - Level II	\$342.15	8	\$415,312.30	\$ 188,656.20	\$232,688.00
CAP/SENCO Services	\$130.14	10	\$1,301,400.00	\$ 49,277.30	\$116,169.00
ICF/IID	\$526.72	8	\$2,000,000.00	\$ 129,361.62	\$186,627.84
WVTP	\$437.04	12	\$791,916.48	\$ 348,155.68	\$445,760.80
Targeted Case Management (MHC)	\$6.10	8	\$7,488.00	\$ 3,070.80	\$4,133.12
ACH-SCU/Alumina (31+ hrs)	\$91.24	8	\$23,395.20	\$ 10,147.50	\$13,166.78
Private Duty Nursing (15 hrs)	\$489.82	8	\$2,400,247.68	\$ 370,275.84	\$470,670.40
Private Duty Nursing (24 hrs)	\$979.64	8	\$3,918,752.00	\$ 345,620.00	\$3,117,615.00
CAP/SENCO Services	\$130.14	1	\$130,140.00	\$ 4,416.83	\$5,088.20
Personal Care Services Plus	\$39.60	3	\$118,680.00	\$ 2,227.00	\$6,740.00
Totals		3365	\$44,885,240.81	\$18,000,070.05	\$26,827,489.86

Totals

\$3995.0

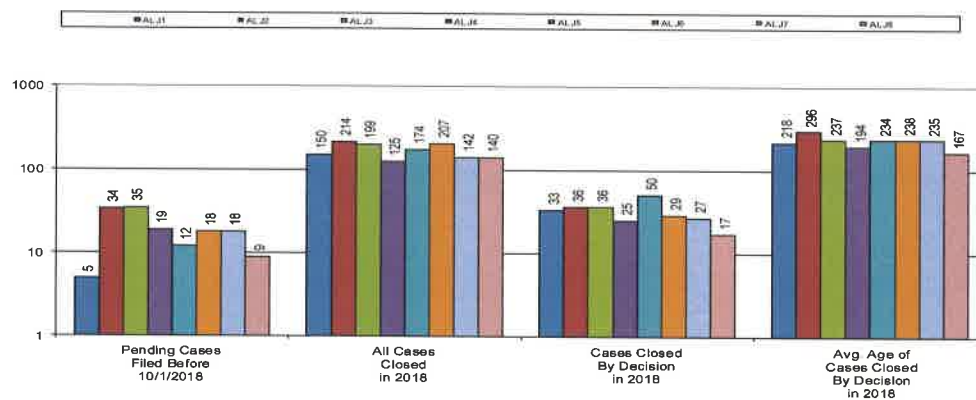
\$25,327,489.86

2

Hearings Division Metrics Used to Monitor Performance

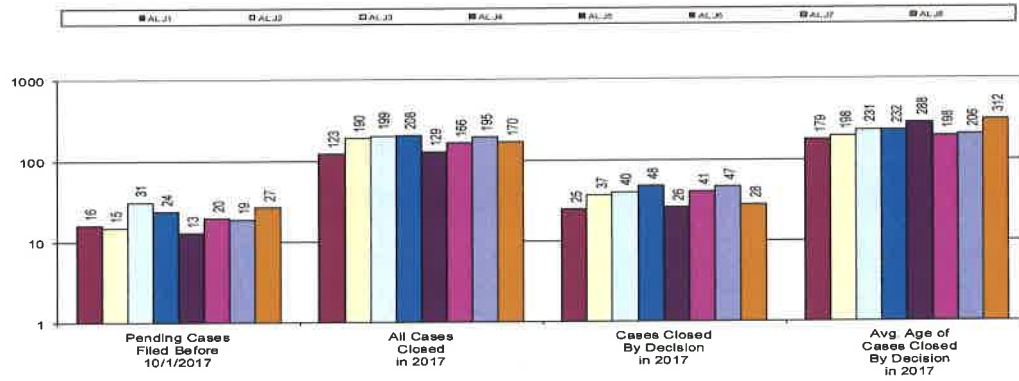
23

INDIVIDUAL ALJ PENDING/CLOSED FILE STATS FOR 2018



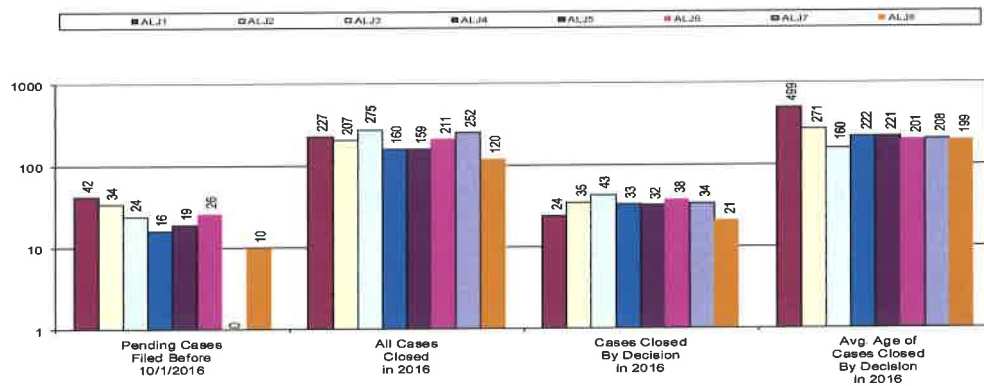
24

INDIVIDUAL ALJ PENDING/CLOSED FILE STATS FOR 2017



25

INDIVIDUAL ALJ PENDING/CLOSED FILE STATS FOR 2016

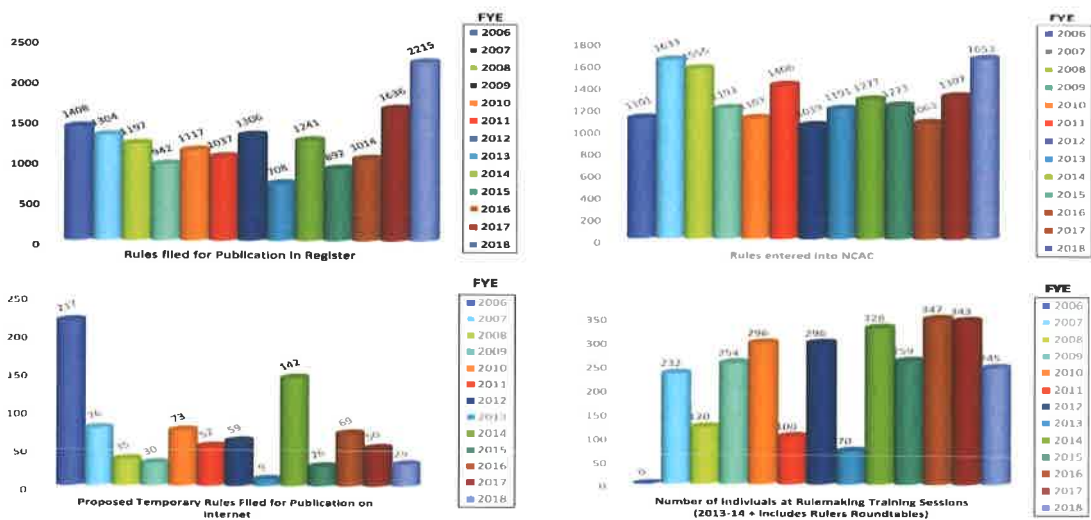


26

Rules Division Effectiveness and Efficiency Measures

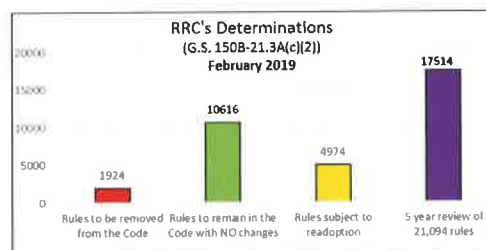
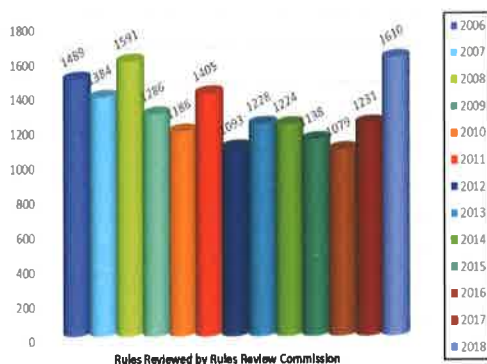
27

Rules Division Rules Disposition Statistics and Efficiency Measurements (by fiscal year)



28

RULES REVIEW COMMISSION



Step 1: Agencies have reviewed existing rules and all initial reports have been posted for public comment.

Step 2: RRC has 12 remaining reports to review by June 2019.

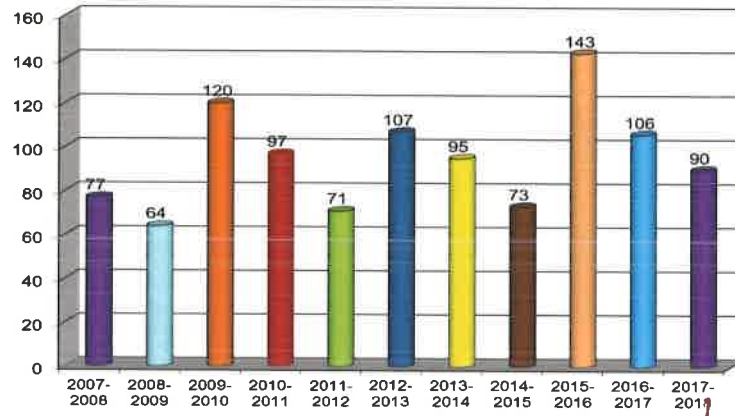
The RRC has been scheduling re-adoption dates in consultation with agencies for any rule designated as "necessary with substantive public interest." In setting re-adoption dates, the RRC considers factors including anticipated stakeholder input, potential for fiscal notes, and what kind of changes the agency anticipates making. As of the February 2019 RRC meeting, approximately 187 sets of rules have been scheduled for re-adoption.

29

Civil Rights Division Effectiveness and Efficiency Measures

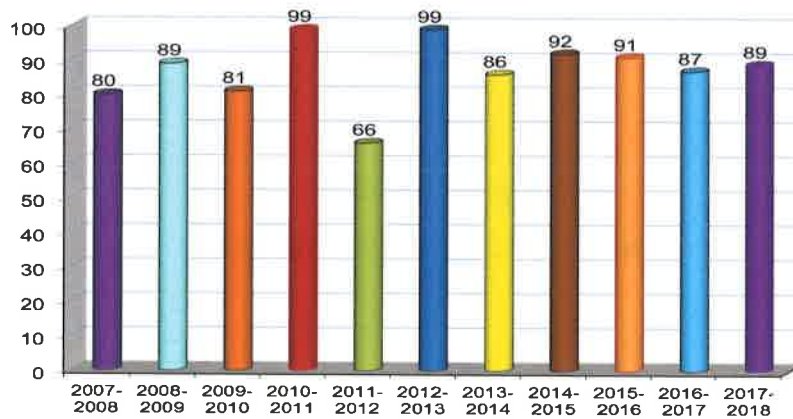
30

Office of Administrative Hearings
Civil Rights Division
Case Filings



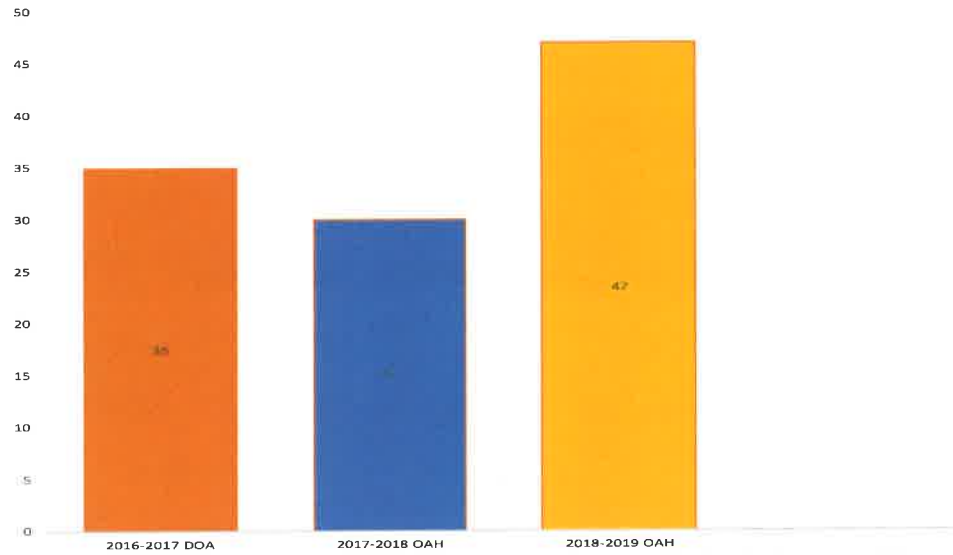
31

Office of Administrative Hearings
Civil Rights Division
Case Closings



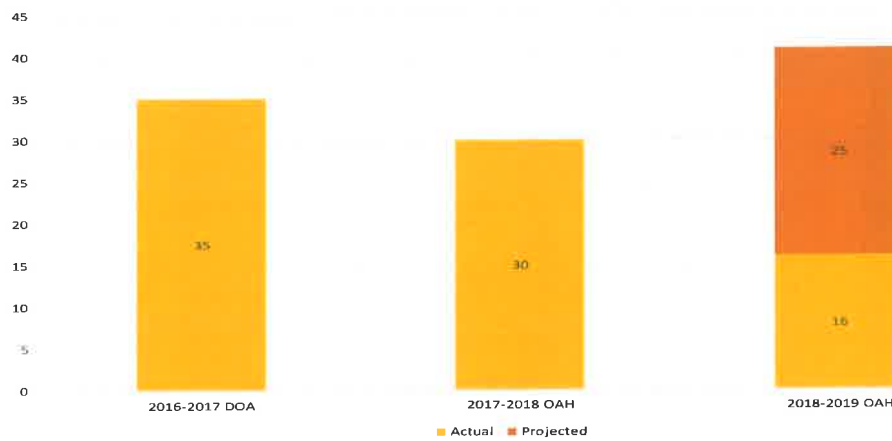
32

OFFICE OF ADMINISTRATIVE HEARINGS
HUMAN RELATIONS COMMISSION
FAIR HOUSING CASE FILINGS



33

Office of Administrative Hearings
Human Relations Commission
Fair Housing Case Closings

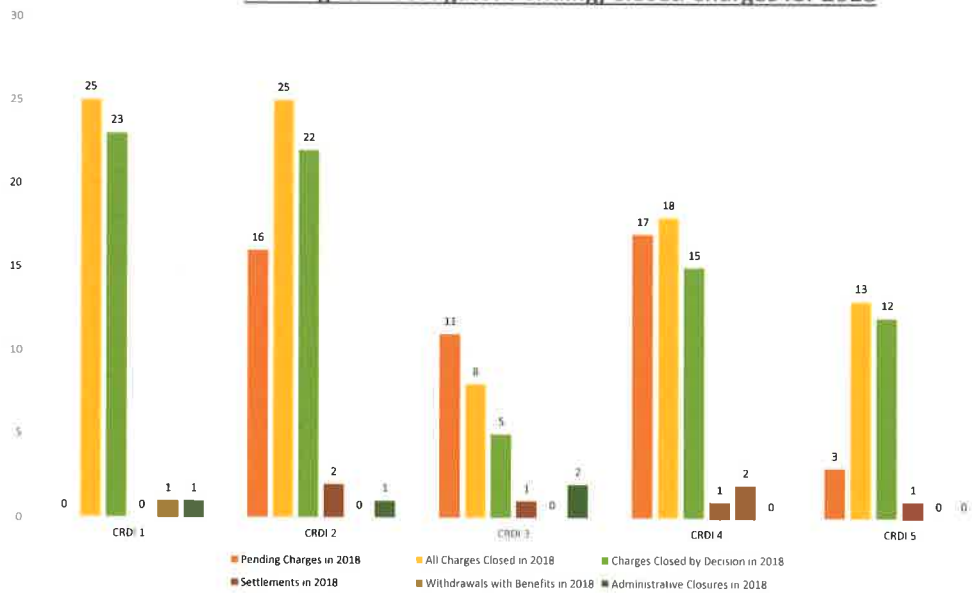


34

Civil Rights Division Metrics Used to Monitor Performance

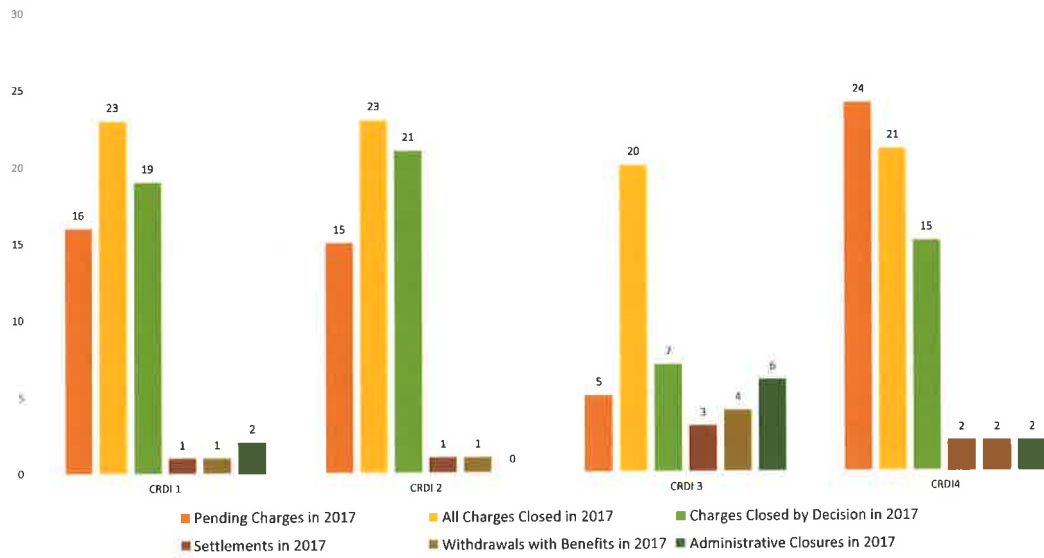
35

Civil Rights Investigator Pending/Closed Charges for 2018



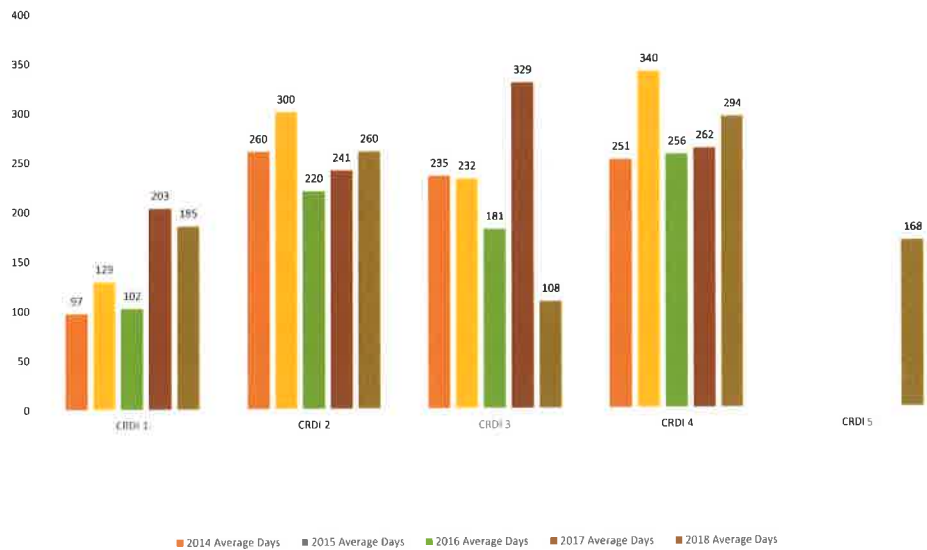
36

Civil Rights Investigator Pending/Closed Charges for 2017



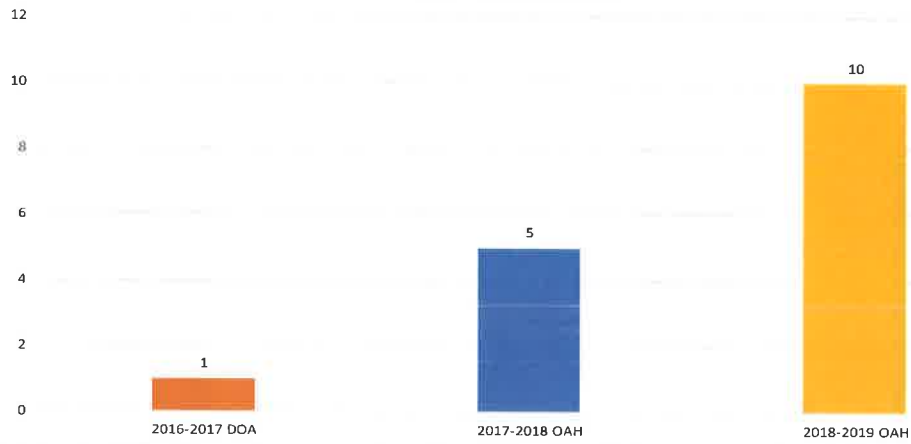
37

Civil Rights Investigator Average Processing Time



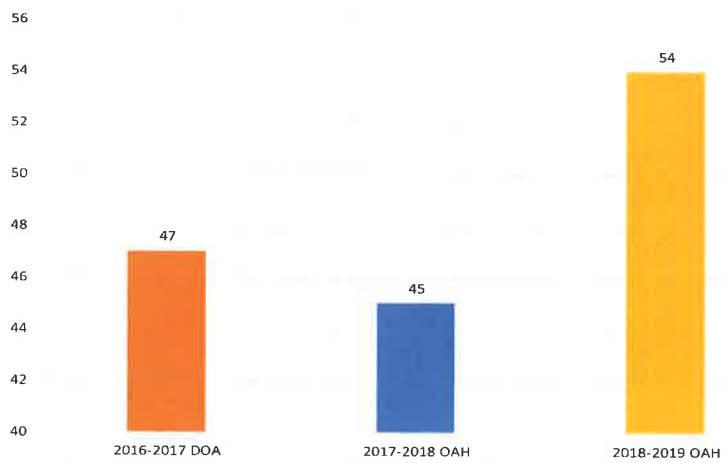
38

Office of Administrative Hearings
Human Relations Commission
Local HRC Presentations



39

Office of Administrative Hearings
Human Relations Commission
Fair Housing Trainings



40

Joint Appropriations Question

Are there instances where your agency has direct contact with the public using paper or manual entry that could instead be done online or electronically (if applicable)?

43

Rules Division

E-Filing System for Rules Submission

OAH is developing an e-filing system for agencies to submit rules to OAH for publication in the NC Register and on the OAH website. The system will allow rulemaking agencies to submit and track documents through the OAH publication process and view the listing of rules currently in process.

On-line Publications

OAH envisions requesting the General Assembly to designate the OAH online publications of the NC Register and the NC Administrative Code the "official" publications, and discontinue the print publications. OAH will identify the required IT needs and statutory changes to facilitate this transition.

Rules Review Commission

OAH envisions transitioning the Rules Review Commission to paperless by providing electronic devices (tablets) to Commissioners during meetings.

44

Civil Rights Division

Online Portal for Document Submission

The Civil Rights Division (CRD) could benefit from an online portal that is being developed for the receipt of information and documentation it currently receives from the public in paper form or that must be processed manually. An online portal would allow the public to enter and update essential information and provide a gateway to upload documents to the CRD.

Human Relations Commission

OAH envisions transitioning the Human Relations Commission meetings to paperless by providing electronic devices (tablets) to Commissioners during meetings.

43

Joint Appropriations Question

Provide an overview of your agency's highest priority budget requests.

44

User Support Technician I

The OAH IT Section currently has one full-time IT Manager and a part-time (40%) shared position with the Finance Section that serve 57.5 FTE staff, 10-Member Rules Review Commission, 22-Member Human Relations Commission, and four OAH office locations. In the State mandated IT Security Assessment conducted in August 2018, the issue of segregation of duties was determined to be a moderate security risk to the agency.

The requested FTE User Support Technician I position will address:

- 1) Need for segregation of duties in the IT Section;
- 2) Evolving service and business interfacing with internal and external customers, i.e., e-filing (Hearings & Rules), moving to a paperless environment, remote access for Hearings, etc.;
- 3) Need for better focus and responsiveness to IT security due to shared resources and increased cyber-related exposures to malicious software such as malware, viruses and other malicious code; and
- 4) the need for specialty skills to meet future challenges and requirements of advanced technologies.

Total Cost: Recurring \$73,937 (includes Salary and Fringes)

45

Administrative Associate II

The requested Administrative Associate II FTE position to be shared by the OAH Clerk's Office and Civil Rights Division will:

- 1) Address the volume of citizen inquiries regarding contested cases filed with OAH in a timely manner, and provide immediate personal responses and resolution to inquiries;
- 2) Enable the Clerk's Office to more efficiently address timely case initiation and resolution of new and existing jurisdictions [including Housing & Urban Development (HUD)] as well as increase efficiency of administrative responses associated with Civil Rights and Hearings Division operations;
- 3) Enable the Civil Rights Division to provide administrative and clerical support for the Human Relations Commission, as well as serve as agency liaison between the Civil Rights Division and State and Local Human Relations Commissions to facilitate coordination among these entities.

Total Cost: Recurring \$48,381 (includes Salary and Fringes)

46



North Carolina Office of Administrative Hearings
1711 New Hope Church Road
Raleigh, NC 27609
(919)431-3000 (P)

Julian Mann, III, Director/Chief Administrative Law Judge
Fred G. Morrison, Jr., Senior Administrative Law Judge

Linda T. Worth, Deputy Director
Lamont Goins, Director, Civil Rights Division
Molly Masich, Codifier of Rules
Prabha Vijayaraghavan, Chief Financial Officer
Arthur Harrell, Business Operations Coordinator

ATTENDANCE

HOUSE COMMITTEE ON APPROPRIATIONS, GENERAL GOVERNMENT

2019-20

DATES	03-13-2019							
CLEVELAND, George CHAIR	X							
RIDDELL, Dennis CHAIR	X							
ARP, Dean VICE CHAIR								
FLOYD, Elmer VICE CHAIR	X							
MEMBERS:								
BARNES, Lisa Stone								
GARRISON, Terry	X							
LOGAN, Carolyn	X							
MAJID, Nasif	X							
PITTMAN, Larry	X							
EX OFFICIO MEMBERS:								
LEWIS, David								
STEVENS, Sarah								
BELL, John								
JONES, Brendan								
BRIDGES, Cara STAFF	X							
SCHWAB, Grant STAFF	X							
AHLIN, Pamela CLERK								
RIDDELL, Polly CLERK	X							

Committee Sergeants at Arms

NAME OF COMMITTEE Jt House Committee on Appropriations, General Government

DATE: 3/13/2019

Room: 425 LOB

House Sgt-At Arms:

1. **Name:** Warren Hawkins

2. **Name:** Doug Harris

3. **Name:** David Linthicum

4. **Name:** Malachi McCullough, Jr

5. **Name:** _____

Senate Sgt-At Arms:

1. **Name:** Hal Roach

2. **Name:** _____

3. **Name:** _____

4. **Name:** _____

5. **Name:** _____

VISITOR REGISTRATION SHEET

Joint Appropriations for General Government

3/13/19

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Michael Bush	NCGA
Jason Juffee	Office of State Budget and Management
LINDA COMBS	State Controller
Jim Dolan	OSC
Michael Euliss	OSC
Robert Alford	OSC
Isandra Fowler	Criminal Justice Info Network
Cassidy Robertson	AMGA
Chris Hall	OAH
Robin Anderson	OAH
Linda J. Worth	OAH

VISITOR REGISTRATION SHEET

Joint Appropriations for General Government

3/13/19

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Lament Coins

OAH

PRABHA VIJAYARAGHAVAN

OAH

Molly Masich

OAH

Julian Mann

OAH

Kara Weishaar

SA

Tunya Horton

OSTR

Leigh Jackson

DIT

Quanisha Collins

NCHFA

Angela Hamerlin

Accenture



Senate Pages Attending

COMMITTEE: J.A. on Gen'l Gov't & I.T. ROOM: 425

DATE: 3-13 TIME: 8:30

PLEASE PRINT LEGIBLY....or else!!!!

Page Name	Hometown	Sponsoring Senator
1. Amanda Dorsey	Albemarle	Ford
2.		
3.		
4.		
5.		
6.		
7.		
8.		

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

**House Pages
Assignments
Tuesday, March 12, 2019
Session: 2:00 PM**

Committee	Room	Time	Staff	Comments	Member
Appropriations, General Government	425	8:30 AM	Gabria Savage "JABRIA"		Speaker Tim Moore
Appropriations, Justice and Public Safety	415	8:30 AM	Moiria Kelly		Speaker Tim Moore
Finance	544	8:30 AM	Jevan Lyle		Speaker Tim Moore

Joint Committee on Appropriations on General Government and Information Technology
Tuesday, March 14, 2019 at 8:30 AM
Room 425 LOB

Minutes

The Joint Committee on Appropriations on General Government and Information Technology met at 8:30 am on March 14, 2019 in Room 425 LOB. Two Senators and seven House members were present.

A Visitor Registration log is attached and made part of these minutes.

Senator Horner, Presiding Chair, called the meeting to order at 8:30 am. He introduced the Pages and the Sergeant-at-Arms staff.

Mr. Grant Schwab, NCGA Fiscal Research Division, gave an Agency Overview of the NC Office of the State Auditor (OSA). A copy of the presentation is attached.

The Chair recognized State Auditor Ms. Beth Wood. Ms. Wood stated the Mission and Vision of the Office of the State Auditor followed by a presentation of the work OSA performs. A copy of the presentation is attached. The Chair welcomed questions from the committee.

Senator Horner – How would Dr. Combs' (NC OSC) new enterprise planning changes help your office, your system, once implemented?

Auditor Wood – It will make the metrics easier to track. The older county systems only generate financial statements. The new accounting system will allow not just our agency but every agency to track data; therefore, we can analyze data across all agencies.

Representative Cleveland – Regarding the Medicaid audits your agency has performed over the years, doesn't DHHS have their own internal auditors that audit Medicaid?

Auditor Wood – No; we found that DHHS has forty internal auditor positions, but very few are geared towards Medicaid. What we are looking at right now is program integrity efforts. The eligibility determination and Medicaid provider eligibility determinations is done county, by county. There are just an array of things that should be looked at, but they are not.

Representative Cleveland – What is disturbing to me, is that you said DHHS is providing appropriate oversight and now you are telling me they are not.

Auditor Wood – We are in the process to determine if DHHS is providing the audits listed on (presentation) "slide 8". One of the things we will be looking at, e.g. does DHHS investigate Medicaid eligibility as they should? Are they looking at provider eligibility? So the issue is, is DHHS doing its job?

Representative Cleveland - This is the first time I have heard looking into the ERP (presentation) "slide 10." I am trying to keep track of what is going on in my agencies. I have had numerous conversations with the Comptroller and I am surprised this is going on. Have you discovered any real problems?

Auditor Wood – We have discovered risk; if not mitigated, will be problematic down the road. For instance, there was not a requirement identification done upfront before we started looking at a software application. But that is supposedly going to be taken care of in other phases. The process is very complicated and time consuming. The current system is an antiquated, twenty year old system.

Representative Cleveland – My problem is, I am hearing contradictory information. I will have another conversation with the Controller.

Auditor Wood – We have identified risk, and the agency's response has been that they will take care of these risks. And they have.

Representative Cleveland requested to be informed on the progress.

Representative Riddell – What can you tell me about the Clerk of Courts audit?

Auditor Wood – It's a financial related audit. Some of it is compliance, some of it (is) financial.

Representative Riddell – How do you know you're getting good data?

Auditor Wood – That's a big issue. We have tried for three years to get food stamp data from DHHS that is tied to the expenditure. I have been personally involved trying to determine why we can't get good data? DHHS puts data away, stores it, and then can't find it.

Representative Riddell – Do you think by moving closer toward data analytics that it will force the hand of agencies to have that data?

Auditor Wood – No.

Representative Riddell – What do we need to do?

Auditor Wood – We are going to be the ones to require, and force DHHS to have the data we need to do an audit. It has taken two years and I think we are there now to get the data to do an audit. DHHS is not the only agency.

Representative Floyd - How many staff person will you need?

Auditor Wood – In the data analytical division, five.

Representative Floyd - How big is the Food Stamp program in dollars?

Auditor Wood – It's big. I don't have exact numbers, but not as big as Medicare... about \$1 billion.

Representative Garrison – The NC Office of State Budget and Management does assessments of state agencies, e.g. Community Colleges to see how they operate and offer recommendation on how to organize. Does your office work with OSBM?

Auditor Wood – The Community College system's office provides guidance. We have been dealing with them on how they determine how to allocate money. There is no requirement in place that any state agency, community college or university track their budget, what they are supposed to do with it, and what they actually did. We are the only State agency where every division lays out metrics and every person in my office has personal metrics. I would encourage this committee to make every agency that comes before your committee require that every division lay out; what the division costs the agency, i.e., here is what they are supposed to do, and here is what they did.

The Chair thanked Auditor Wood for taking time out of her busy schedule to speak to the Joint Committee on Appropriations on General Government and Information Technology.

Ms. Cara Bridges, NCGA Fiscal Research Division, gave an overview of the NC State Board of Elections Agency. A copy of the presentation is attached.

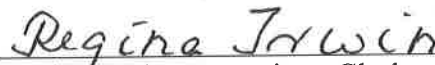
The Chair recognized Director Kim Strach who presented the work of the NC State Board of Elections Agency. A copy of the presentation is attached.

Representative Cleveland recommended that due to time constraints, the committee would bring back Director Strach for questions regarding her presentation. Director Strach agreed.

There being no further business, the Chair adjourned the meeting at 9:55am.



Senator Rick Horner, Chair
Presiding



Regina Irwin, 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
Thursday	March 14, 2019	8:30 AM	425 LOB

Senator Horner will chair the meeting. Presentations will be made by the Office of the State Auditor and Office of State Board of Elections

Senator John M. Alexander, Jr., Co-Chair
Senator Rick Horner, Co-Chair

JOINT APPROPRIATIONS COMMITTEE ON GENERAL GOVERNMENT

Room 425 Legislative Office Building
Agenda

March 14, 2019 – 8:30 AM

I. CALL TO ORDER

Chairs: **Sen. Rick Horner, presiding**
 Rep. George Cleveland
 Sen. John Alexander
 Rep. Dennis Riddell

II. PRESENTATIONS

Chairs' Opening Comments

Office of the State Auditor Overview
Grant Schwab, Fiscal Research Division

Office of the State Auditor Agency Presentation
State Auditor Beth Wood

State Board of Elections Overview
Cara Bridges, Fiscal Research Division

State Board of Elections Agency Presentation
Director Kim Strach, State Board of Elections

III. ADJOURNMENT

Regina Irwin (Sen. Rick Horner)

From: Regina Irwin (Sen. Rick Horner)
Sent: Monday, March 11, 2019 07:31 PM
To: Regina Irwin (Sen. Rick Horner)
Subject: <NCGA> Senate Appropriations on General Government and Information Technology Committee Meeting Notice for Thursday, March 14, 2019 at 8:30 AM (Joint)
Attachments: Add Meeting to Calendar_LINC_ics

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
Thursday	March 14, 2019	8:30 AM	425 LOB

Senator Horner will chair the meeting. Presentations will be made by the Office of the State Auditor and Office of State Board of Elections

Senator John M. Alexander, Jr., Co-Chair
Senator Rick Horner, Co-Chair

Regina Irwin (Sen. Rick Horner)

From: Pamela Ahlin (Rep. George Cleveland)
Sent: Tuesday, March 12, 2019 10:28 AM
To: Pamela Ahlin (Rep. George Cleveland)
Subject: <NCGA> House Appropriations, General Government Committee Meeting Notice for Thursday, March 14, 2019 at 8:30 AM (Joint)
Attachments: Add Meeting to Calendar_LINC_.ics

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2019-2020 SESSION**

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

DAY & DATE: Thursday, March 14, 2019

TIME: 8:30 AM

LOCATION: 425 LOB

COMMENTS: Senator Horner will chair the meeting. Presentations will be made by the Office of the State Auditor and Office of State Board of Elections.

Respectfully,

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

I hereby certify this notice was filed by the committee assistant at the following offices at 10:27 AM on Tuesday, March 12, 2019.

___ Principal Clerk
___ Reading Clerk – House Chamber

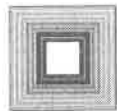
Pamela Ahlin (Committee Assistant)

North Carolina Office of the State Auditor

Agency Overview

Joint Appropriations Committee on General Government

March 14, 2019



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

Outline

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

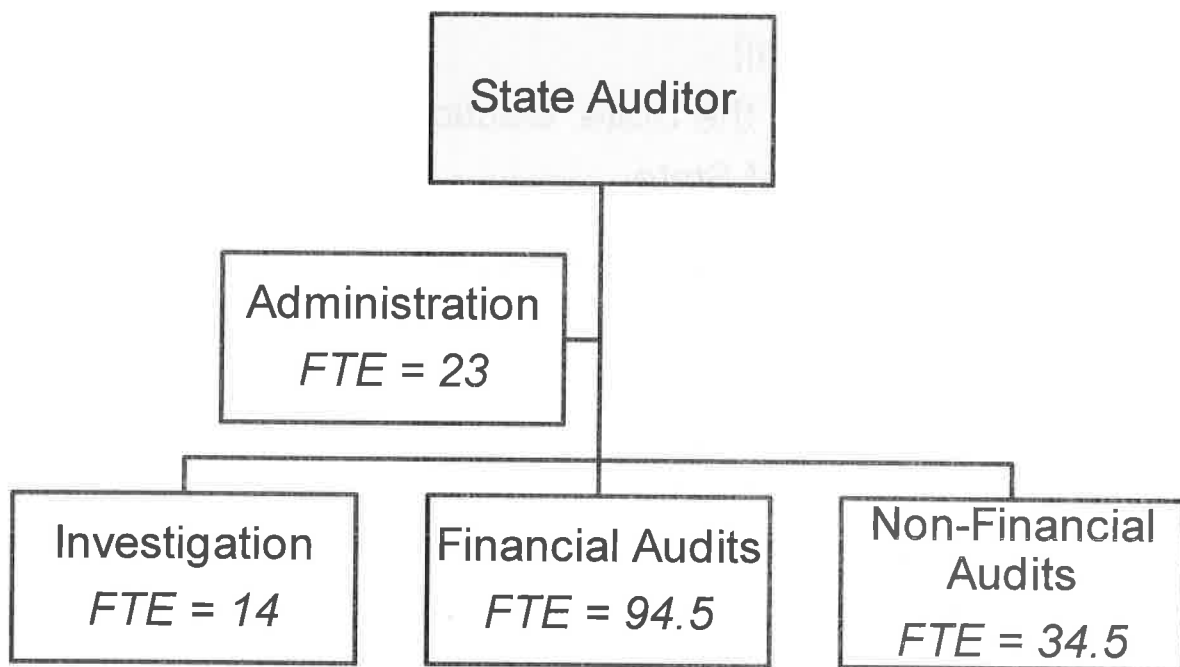


Office of the State Auditor

Authorizing Laws & Responsibilities

- NC Constitution Article III
 - Section 7: Officer of the State, election terms
 - Section 8: Council of State
- G.S. 143A (Article III): Creation of the Office
- G.S.147, Article 5A includes:
 - Duties and responsibilities
 - Methods of receiving 'tips'
 - Broad authority to access financial records
 - Ability to use contracted services

Office of the State Auditor Organizational Chart



FTE = Full Time Equivalent

Office of the State Auditor

Field Audit Division

1. Financial Statement Audits
2. Performance/Financial Related Audits
3. Information Systems Audits
4. Investigative Reports*

**Not an audit type*

See <https://www.ncauditor.net/pub42/TypesOfAudits.aspx> for more info on audits.

Office of the State Auditor

General Fund Budget History

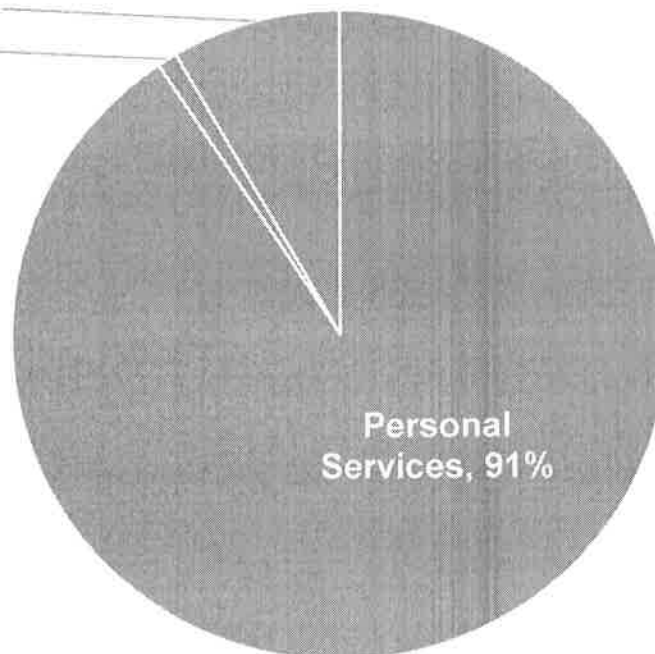
	FY 16-17 Actuals	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$18,178,442	\$17,574,462	\$20,173,901	\$20,143,575	\$20,143,575
Receipts	\$7,408,252	\$6,873,014	\$6,199,884	\$6,199,884	\$6,199,884
Net Appropriation	\$10,770,190	\$10,701,448	\$13,974,017	\$13,943,691	\$13,943,691
FTE	168.00	166.00	166.00	166.00	166.00

FTE = Full Time Equivalent

Office of the State Auditor
General Fund Requirement Categories,
Base Budget FY 2019-20

Purchased Services, 8%

Other, 1%



Office of the State Auditor Requested Information

- Major initiatives over the last two years
- How the agency measures effectiveness and efficiency
- Instances of contact with the public done by paper processes
- Overview of the agency's highest priority budget requests

Questions?

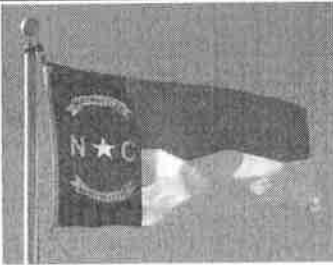
Grant Schwab

Fiscal Research Division

919-733-4910

grant.schwab@ncleg.net

North Carolina Office of the State Auditor



State Auditor Beth Wood, CPA
Presentation to the Joint Appropriations
Committee on General Government

March 14, 2019

1

NCOOSA
The Taxpayers' Watchdog

Budget Priorities

- Incremental funding needed to upgrade current positions for additional Medicaid Audit Team positions
- Incremental funding needed to upgrade current positions for additional Data Analytics Division positions

Who We Are

Mission:

We protect the interests of taxpayers and others who provide financial resources to the State of North Carolina. Specifically, we provide objective information to interested parties about whether state resources are properly accounted for, reported, and managed; as well as whether publicly funded programs are achieving desired results.

Who We Are

Objectives:

1. Effective Audits and Investigations
 - Do the results provide leaders of state government with information that is practical and actionable?
2. Efficient Audits and Investigations
 - Is this information timely?
3. Highly Trained Staff
4. Organizationally Healthy Agency
 - All staff understands the mission.
 - All staff is committed to the mission.
 - All staff is proud of what it has accomplished.

Who We Audit

- State Agencies
- Public Universities
- Community Colleges (2 Year Rotation)
- Clerks of Court (4 Year Rotation)
- Component Units (ex: State Ports Authority, Global TransPark)

Types of Audits

Financial Statement Audits

- State of North Carolina
- Six State Agencies
- Universities/ Community Colleges
- Component Units of North Carolina

Federal Grant /Compliance Audits

- State Agencies
- Universities/ Community Colleges

Types of Audits (continued)

- Performance Audits- Discretionary

Examples include:

- Medicaid Eligibility Audit (January 2017)
 - ABC Commission Audit (August 2018)
 - Medicaid Rate Setting Audit (January 2019)
- IS Audits/Data Analytics/ Data Retrieval
 - Investigations

Major Initiatives- Audit

Creation of Medicaid Audit Team

- Three Auditors
- Classifications (Manager, Supervisor, Senior Auditor)
- Objective: A permanent team of specialized auditors dedicated to continuously auditing all aspects of Medicaid; the largest spend and most complex program in North Carolina. Audit Topics include:
 - Unnecessary spending of Medicaid dollars
 - Eligibility determinations are done accurately
 - Providers are paid for services that were delivered and at the right cost
 - LME/MCOs provided all necessary services without accruing profits/savings at the detriment of program participants
 - NCDHHS has provided appropriate oversight to all of the above

Major Initiatives- Audit

Creation of Data Analytics Division

- Five members when fully staffed
- Classifications (Analytics Programmer, Database Administrator, Audit Analytics Engineer)
- Objective:
 - To identify areas at risk of noncompliance, misspending or misappropriation
 - To provide the opportunity to identify trends for auditors that have never been possible before.
 - Allowing OSA to delve into anomalies and outliers that need further investigation in both financial and compliance audits.

Major Initiatives- Audit

Continuous Audit of New Enterprise Resource Planning System/ Financial Backbone Replacement (ERP/FBR)

- IS Audit Team
- Subject Matter Expert
- Objective: To determine if there are **significant risks** that could jeopardize a successful go-live including being significantly over budget, significantly past deadline, or not delivering on intended purpose.

Major Initiatives- Management

Efficiency & Effectiveness Reviewer

- More thorough than a Peer Review
- Review of One (1) audit or Investigation of each supervisor over 2 year period
- Performs incremental reviews during Performance and IS audits

Major Initiatives- Tweaking

- Peer to Peer Accountability among Directors and Supervisors
- Calibration

Agency Goal:
 Effective audits and Deliver reliable, credible, actionable, and timely reports to those who can use the information to improve state government.
Investigations:
 Efficient audits and (1) deadlines and milestones are met; (2) minimize time between end of fieldwork and report issuance; (3) eliminate non-value added work; (4) minimize disruption to clients' regular activities.

Measures (type)	Updated as of February 26, 2019	Target	Red	Yellow	Green	Current Month	Prior Month	FYTD 2019	Rolling 12 Month Trend	Ultimate Goal
1	Chargeable Hours: employees meet or exceed chargeable time target (input)	100%	<90%	<100%	>=100%	108%	96%	93%	95%	100%
2	Budget: segments of the audit completed within budgeted hours (process)	87%	<77%	<87%	>=87%	50%	100%	62%	71%	95%
3	Milestones: segments of the audit completed by the target date (process)	90%	<80%	<90%	>=90%	100%	100%	100%	95%	95%
4	Audit Released: reports issued and projects completed meet plan requirements (output) - Note - Color indicator is prorated to reflect status as of the end of the prior month.	7	<75%	<85%	>=85%	2	1	100%	7	95%
5	Client Satisfaction: audit reports are useful and auditor conduct is professional. Rated on a 1-5 scale (outcome) -	4	<3	<4	>=4	NR	NR	4.42	4.63	4.75

Metrics- Performance Audit

NCROSA
 The Taxpayers' Watchdog

Updated through:	Thursday, February 28, 2019											
							Current Target	Current Month	Prior Month	Fiscal Year to Date	Prior Fiscal Year to Date	Ultimate Goal
Chargeable Hours												
1	Chargeable Hours: employees meet or exceed chargeable hours in Division's annual audit plan					100%	103%	99%		99%	100%	100%
Grants												
1	Budget: Grant audits within budget					85%	71%	71%		71%	90%	95%
2	Milestone Deadlines: Grant audits meet milestone dates					85%	47%	47%		47%	84%	95%
Universities												
3	Budget: University audits within budget					95%	100%	100%		100%	100%	95%
4	Milestone Deadlines: University audits meet milestone dates					95%	88%	88%		88%	88%	95%
CAFR												
5	Budget: CAFR audits within budget					95%	60%	60%		60%	80%	95%
6	Milestone Deadlines: CAFR audits meet milestone dates					95%	70%	70%		70%	100%	95%
Agency FS Audits - 2018												
7	Budget: Agency FS audits within budget					85%	100%	100%		100%	100%	95%
8	Milestone Deadlines: Agency FS audits meet milestone dates					85%	67%	50%		67%	67%	95%
Colleges												
9	Budget: Colleges audits within budget					95%	100%	100%		100%	100%	95%
10	Milestone Deadlines: College audits meet milestone dates					95%	75%	80%		75%	75%	95%
Clerks												
11	Budget: Clerk audits within budget					95%	88%	88%		88%	100%	95%
12	Milestone Deadlines: Clerk audits meet milestone dates					95%	96%	96%		96%	100%	95%
Other FS - 2018												
13	Budget: Other FS audits within budget					90%	100%	100%		100%	100%	95%
14	Milestone Deadlines: Other FS meet milestone dates					90%	87%	87%		87%	82%	95%

Metrics- Financial Audit

NC SOSA
The Taxpayers' Watchdog

Measures (type)		Updated as of February 28, 2019				Current Month	Prior Month	FYTD 2019	Rolling 12-Month Trend	Ultimate Goal
Chargeable Hours:		Target	Red	Yellow	Green					
1	Employees meet or exceed chargeable time target (input)	100%	<90%	<100%	>=100%	110%	91%	95%	99%	100%
ITGC Audits:										
2	Budget: segments of the audit completed within budgeted hours (process)	85%	<75%	<85%	>=85%	0%	0%	0%	0%	95%
3	Milestones: segments of the audit completed by the target date (process)	85%	<75%	<85%	>=85%	0%	0%	0%	0%	95%
4	Audit Released: reports issued and projects completed meet plan requirements (output)	8	<75%	<85%	>=85%	0	0	0%	0	100%
Pre-Implementation/Security Audits:										
5	Budget: segments of the audit completed within budgeted hours (process)	85%	<75%	<85%	>=85%	100%	100%	100%	100%	95%
6	Milestones: segments of the audit completed by the target date (process)	85%	<75%	<85%	>=85%	100%	100%	100%	100%	95%
7	Audit Released: reports issued and projects completed meet plan requirements (output)	3	<75%	<85%	>=85%	0	0	87%	2	100%
Integrated Auditwork:										
8	Budget: Integrated Audit segment completed within budgeted hours (process)	85%	<75%	<85%	>=85%	100%	100%	74%	76%	95%
9	Milestones: Integrated Audit segment completed by the target date (process)	85%	<75%	<85%	>=85%	100%	0%	82%	84%	95%
10	Client Satisfaction: Integrated audits are useful and auditor conduct is professional. Rated on a 1-5 scale (outcome)	4	<3	<4	>=4	0	0	0	0	4.75
Data Retrieval/CAATs:										
11	Budget: Data Retrieval/CAATs requests completed within budgeted hours (process)	85%	<75%	<85%	>=85%	100%	100%	96%	97%	95%
12	Milestones: Data Retrieval/CAATs requests completed by the target date (process)	85%	<75%	<85%	>=85%	100%	100%	82%	82%	95%
13	Client Satisfaction: data retrieval/CAATs requests completed accurately and on time and auditor conduct is professional. Rated on a 1-5 scale (outcome)	4	<3	<4	>=4	0	0	0	0	4.75
Data Analytics:										
14	Budget: Data Analytics requests completed within budgeted hours (process)	85%	<75%	<85%	>=85%	100%	100%	100%	100%	95%
15	Milestones: Data Analytics requests completed by the target date (process)	85%	<75%	<85%	>=85%	100%	100%	100%	100%	95%

Metrics- IS Audit

15

NC OSA
The Taxpayers' Watchdog

Measures (type)		Updated as of 2/28/2019				Current Month	Prior Month	FYTD	Rolling 12-Month Trend	Ultimate Goal
CHARGEABLE HOURS		Target	Red	Yellow	Green					
1	Employees meet or exceed chargeable time target (input)	100%	<90%	<100%	>=100%	119%	117%	105%	102%	100%
TRiage	(receive it) process									
2	Jurisdiction / course of action determined within 14 calendar days	90%	<80%	<90%	>=90%	100%	93%	86%	84%	85%
PENDING	(open it) process									
3	Priority A: Preliminary Investigation started within 60 days	90%	<80%	<90%	>=90%	100%	100%	92%	88%	85%
4	Priority B: Preliminary Investigation started within 70 days	90%	<80%	<90%	>=90%	100%	100%	92%	88%	85%
5	Priority C: Preliminary Investigation started within 60 days	90%	<80%	<90%	>=90%	91%	75%	90%	87%	85%
BUDGETS	(forecast it) process									
6	Phases completed within budgeted hours	85%	<75%	<85%	>=85%	67%	100%	85%	87%	85%
7	Phases completed by the target (milestone) date	85%	<75%	<85%	>=85%	100%	93%	91%	88%	85%
CLOSURE	(finish it) process									
8	Small: close within 90 days	90%	<80%	<90%	>=90%	78%	100%	94%	98%	95%
9	Medium: close within 180 days	90%	<80%	<90%	>=90%	100%	75%	94%	95%	95%
10	Large: close within 270 days	90%	<80%	<90%	>=90%	0%	75%	93%	95%	95%
REPORTS *	(write it) outcomes									
11	Timely: Time from "End of fieldwork" to Report	85%	<75%	<85%	>=85%	0%	100%	50%	51%	95%
12	Impactful: Investigative reports are useful and achieve results	85%	<75%	<85%	>=85%	1	1	100%	100%	100%

Metrics- Investigative

NCOSA
The Taxpayers' Watchdog

Budget Priorities

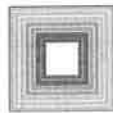
- Incremental funding needed to upgrade current positions for additional Medicaid Audit Team positions
- Incremental funding needed to upgrade current positions for additional Data Analytics Division positions

Questions?

State Board of Elections (SBOE) Overview

Joint Appropriations Committee on General Government

March 14, 2019



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

Outline

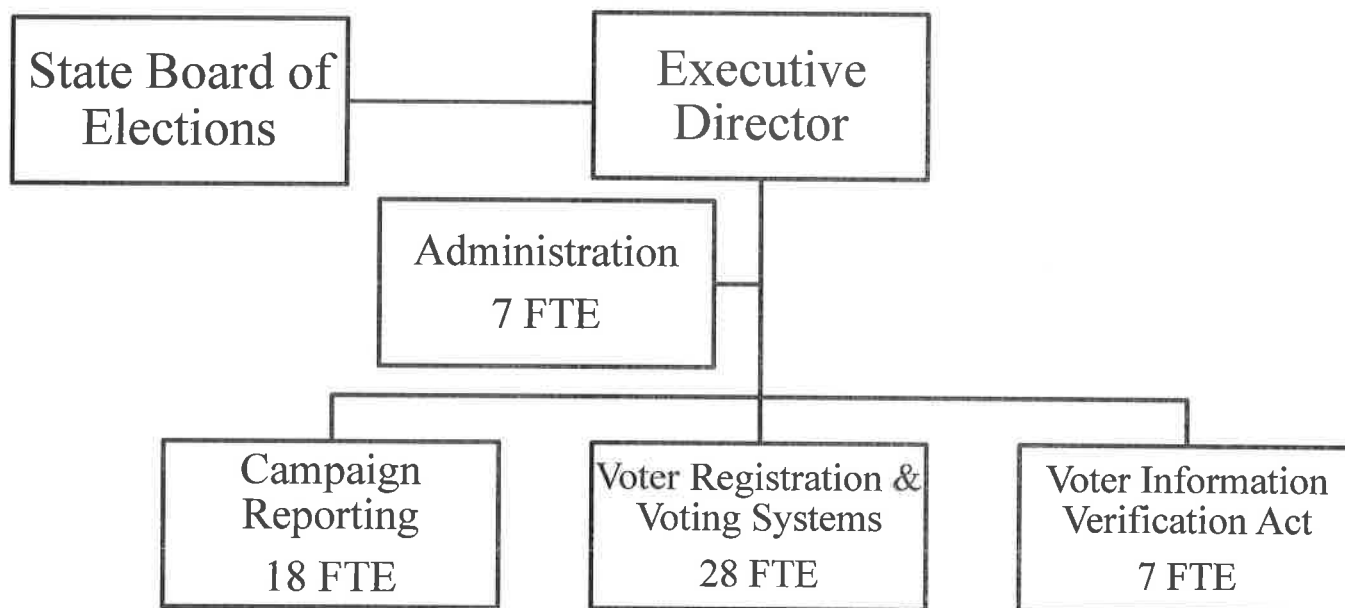
- Authorizing Laws
- Budget Overview
- Departmental Responsibilities
- Recent Legislative Actions
- Information Requested

Authorizing Laws

- G.S. 163 Elections law in North Carolina
 - G.S. 163-19 establishes the State Board of Elections
 - G.S. 163-30 County boards of elections



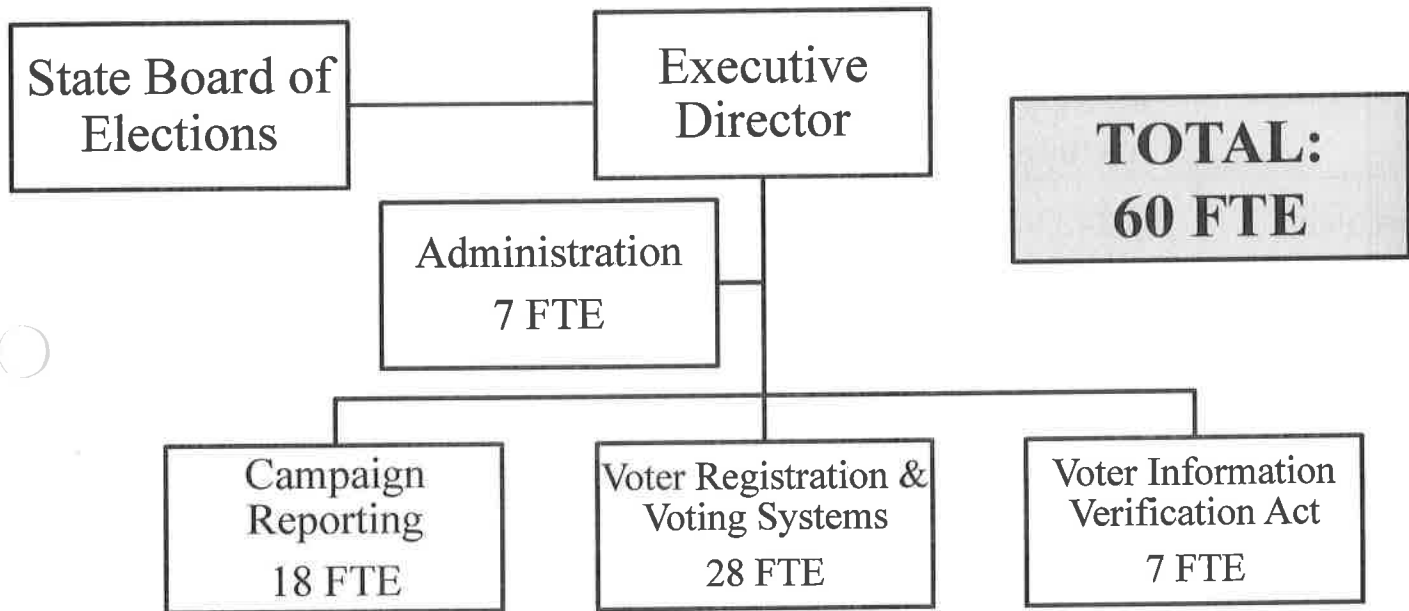
Board of Elections Organizational Chart (By Fund Code*)



* FY 2019-20 General Fund Base Budget

** Full Time Equivalent (FTE)

Board of Elections Organizational Chart (By Fund Code*)



* FY 2019-20 General Fund Base Budget

** Full Time Equivalent (FTE)

Budget Overview – Board of Elections General Fund

	FY 16-17 Actuals	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$6,242,910	\$6,128,120	\$10,046,458	\$6,935,297	\$6,935,297
Receipts	\$245,530	\$724,485	\$102,000	\$102,000	\$102,000
Net Appropriation	\$5,997,380	\$5,403,635	\$9,944,458	\$6,833,297	\$6,833,297
Full Time Equivalent (FTE)	63	60	63	60	60



Budget Overview – Board of Elections General Fund

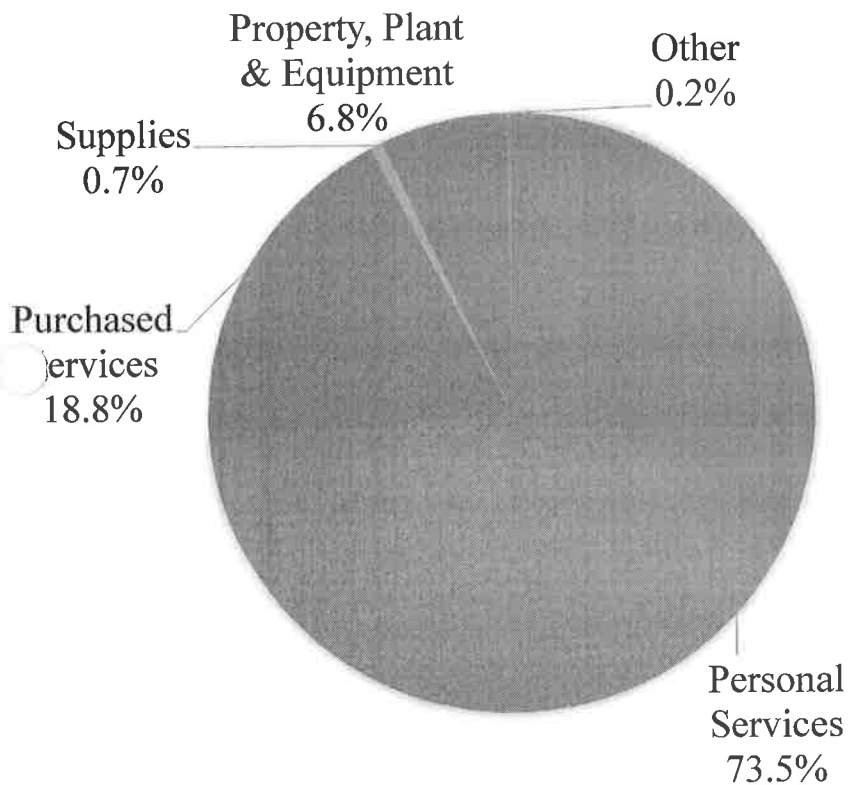
	FY 16-17 Actuals	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$6,242,910	\$6,128,120	\$10,046,458	\$6,935,297	\$6,935,297
Receipts	\$245,530	\$724,485	\$102,000	\$102,000	\$102,000
Net Appropriation	\$5,997,380	\$5,403,635	\$9,944,458	\$6,833,297	\$6,833,297
Full Time Equivalent (FTE)	63	60	60	60	60

**Base Budget – Board of Elections
FY 2019-20 Total Requirements
General Fund**

Account	FY 2019-20 Amount
Personal Services	\$5,095,108
Purchased Services	\$1,300,418
Supplies	\$47,721
Property, Plant & Equipment	\$470,763
Other	\$21,287
TOTAL	\$6,935,297

Base Budget – Board of Elections

FY 2019-20 Total General Fund Requirements



Account	FY 2019-20 Amount
Personal Services	\$5,095,108
Purchased Services	\$1,300,418
Supplies	\$47,721
Property, Plant & Equipment	\$470,763
Other	\$21,287
TOTAL	\$6,935,297

Departmental Responsibilities

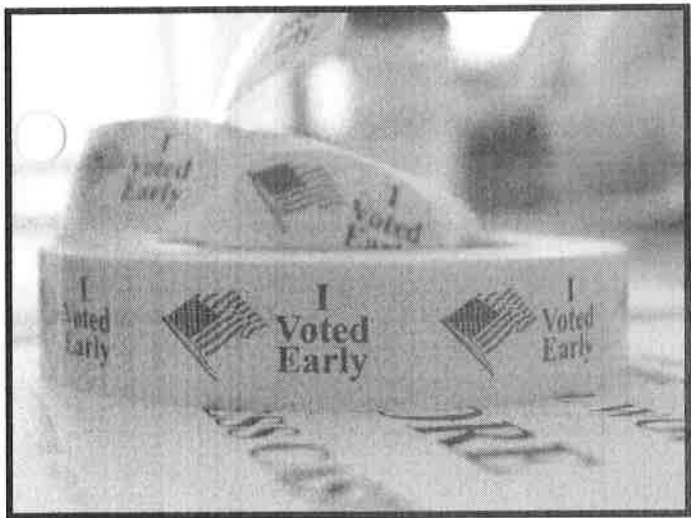
- State administrators of the elections process
- Create rules and procedures for guidance of elections
- Manage campaign finance disclosures and compliance
- Appoint and train election officials
- Investigate violations of election laws
- Maintain the Statewide voter database (Statewide Election Information Management System - SEIMS)
- *County Boards of Elections conduct elections, operate voting sites, and maintain local voter registration lists*



Recent Legislative Actions

FY 2017-19 Biennium

- Converted a time-limited position to permanent status for supporting voting application systems



- Provided the State match required for federal grant funds for the Help America Vote Act (HAVA)

Information Requested

- Major initiatives over the last two years
- How the agency measures effectiveness and efficiency
- Instances of contact with the public done by paper processes
- Status update on expenditures from the Help America Vote Act (HAVA) grant
- Overview of highest priority budget requests

Questions?

Cara Bridges
Fiscal Research Division
Cara.Bridges@ncleg.net

The Joint Appropriations • Committee on General Government

State Board of Elections

Status and Progress Report

Status of the
Agency

Legislation and Litigation Timeline

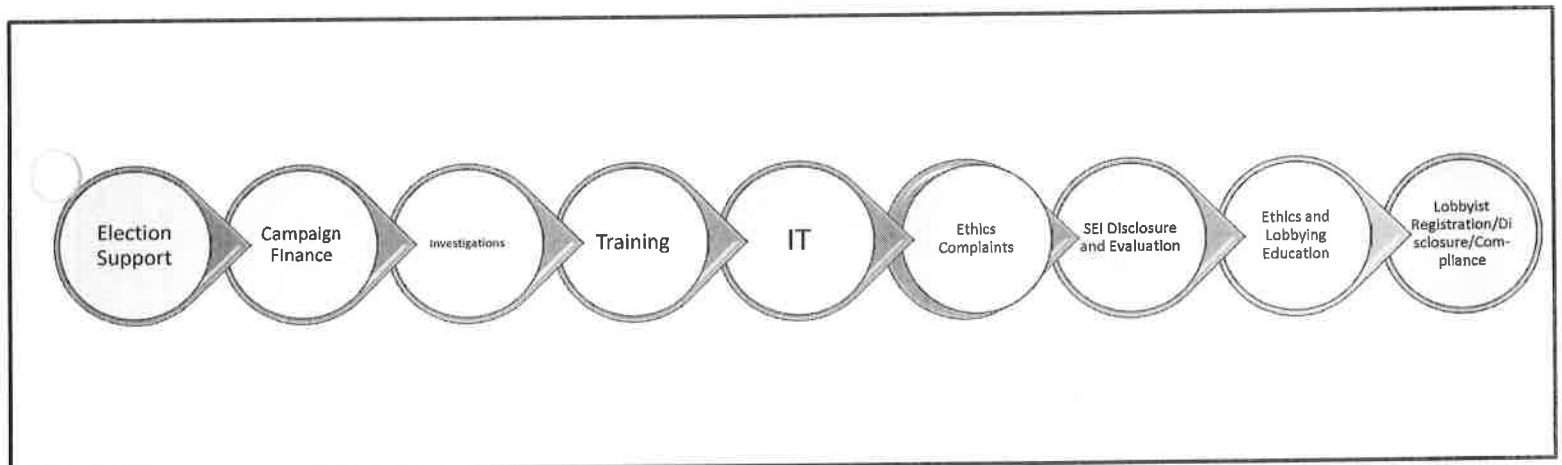
Where we've been...

December 16, 2016	S.L. 2016-125 dissolves State Board of Elections, creates eight-member State Board of Elections and Ethics Enforcement, composed of both gubernatorial and legislative appointees from the former Ethics Commission, effective January 1, 2017.
December 30, 2016	Wake Superior Court enjoins session law prior to merger (Cooper I).
February 9, 2017	Elections and Ethics merged when Court of Appeals lifts injunction, former 8-member Ethics Commission serves as Board for less than a week.
February 13, 2017	Elections and Ethics unmerged after Supreme Court enjoins merger.
March 17, 2017	Three judge panel permanently enjoins S.L. 2016-125
April 25, 2017	Session Law 2017-6 merges agencies, with gubernatorially appointed eight-member board composed of four Democrats and four Republicans, effective May 1, 2017
April 28, 2017	Wake Superior Court stays merger (Cooper II).
June 1, 2017	Elections and Ethics merged after three-judge panel dismisses governor's challenge to S.L. 2017-6. Board dissolves, remains vacant for next 288 days.
July 20, 2017	Supreme Court in July ordered status quo preserved, merger of lobbying put on hold. Board remains vacant.
January 26, 2018	Supreme Court strikes down parts of S.L. 2017-6 regarding board composition (Cooper IV). Board remains vacant.
March 2018	Elections, Ethics and Lobbying merged, board members appointed to 9-member State Board of Elections and Ethics Enforcement. S.L. 2018-2, Part VII created a 9-member gubernatorially appointed board of four Democrats, four Republicans, and a ninth member not affiliated with either party selected by the Governor from a list of two nominees chosen by the other eight members.
December 28, 2018	Three-judge panel's permanent injunction of entire session law in effect. Board dissolves, is vacant for next 35 days.
January 31, 2019	Elections, Ethics, and Lobbying unmerged by Session Law 2018-148. Governor appoints five-member State Board of Elections.

323 Days without a Board

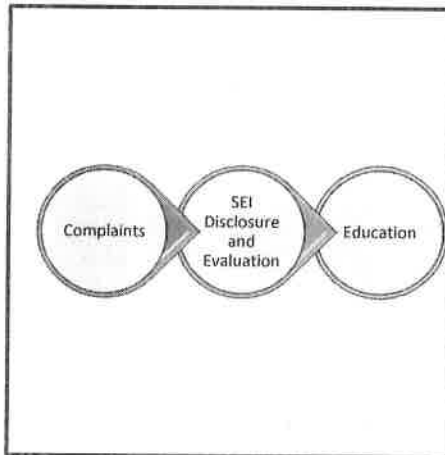
Prior to January 31, 2019...

State Board of Elections and Ethics Enforcement

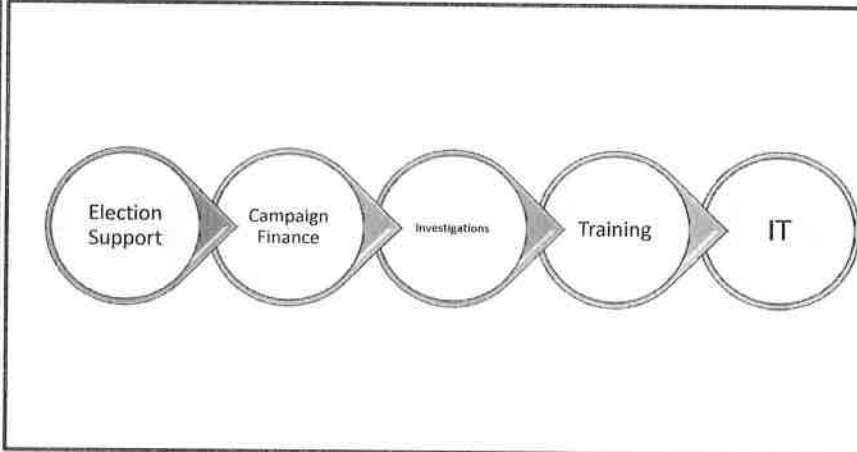


As of January 31, 2019:

State Ethics Commission



State Board of Elections



SOS Office



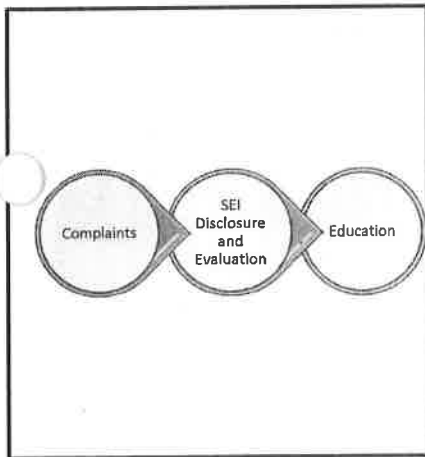
Major
Initiatives

What we have done
and what has and has
not been accomplished.

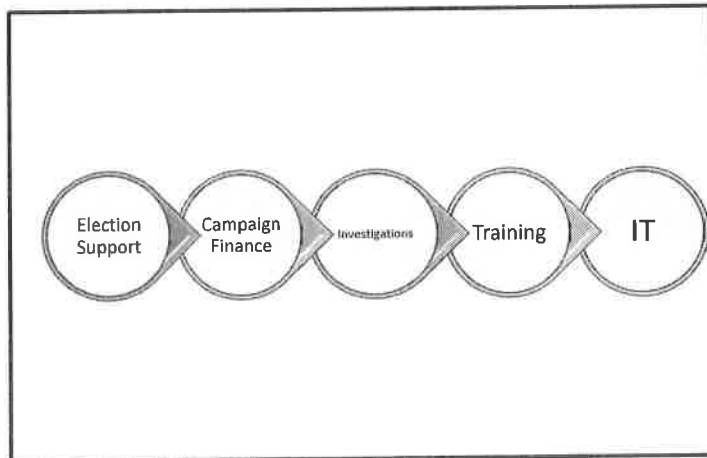
The Merger

Where we started:

State Ethics Commission



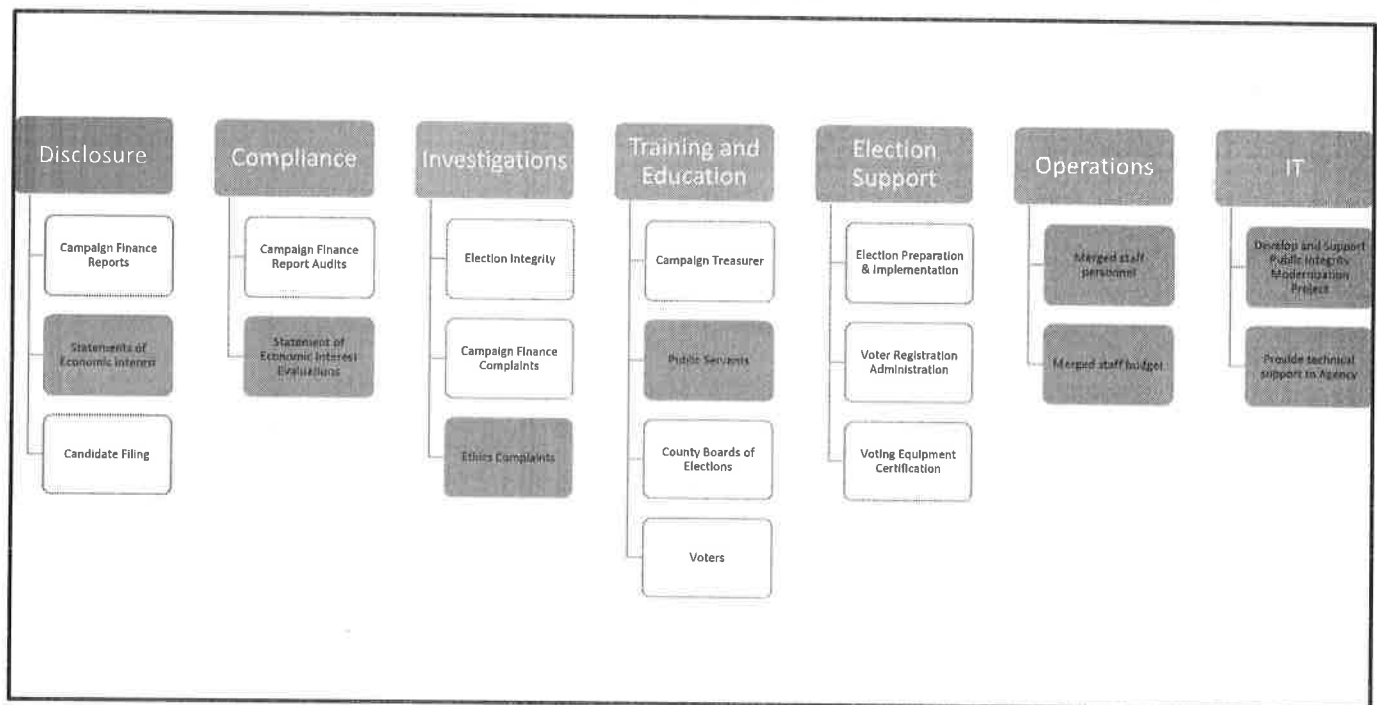
State Board of Elections



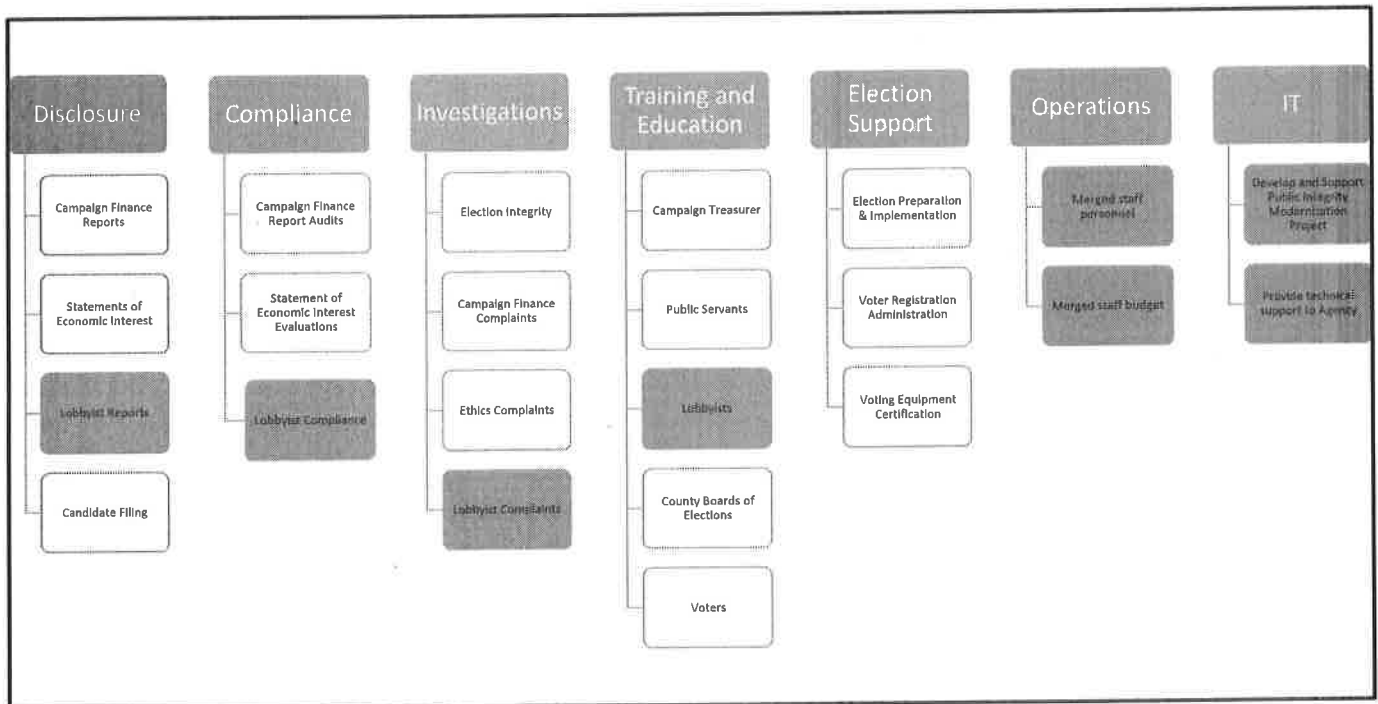
SOS Office



As of June 1, 2017:

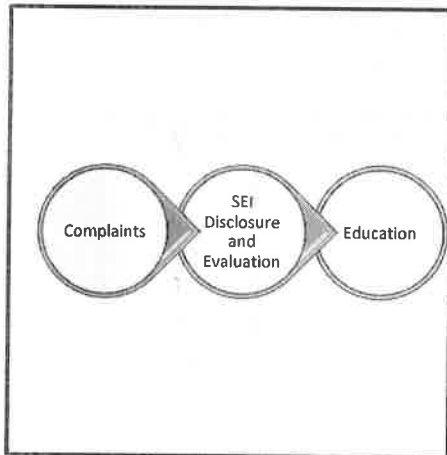


As of March 2018:

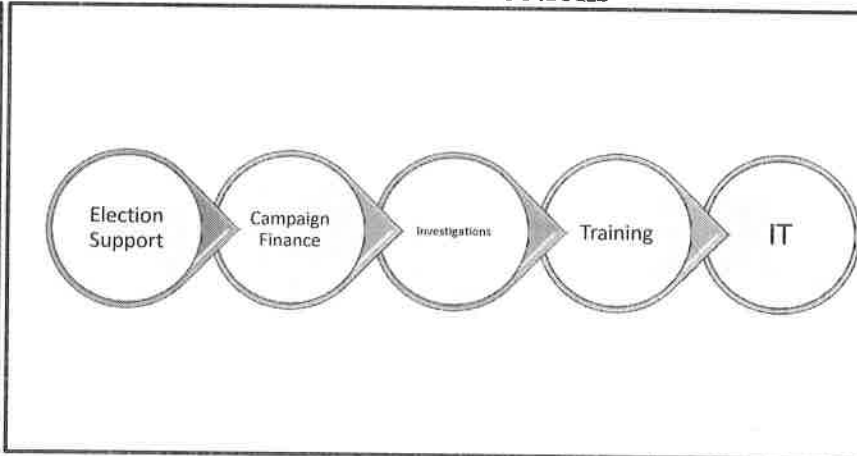


As of January 31, 2019:

State Ethics Commission



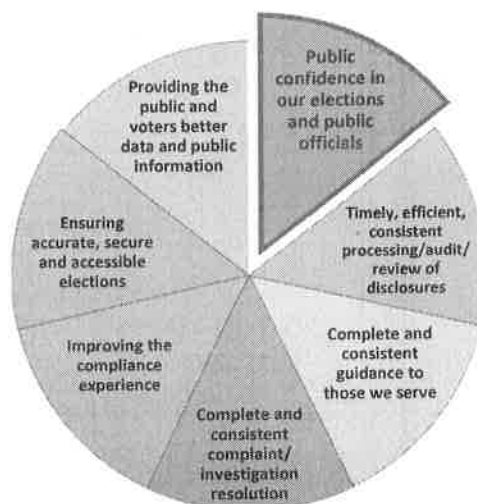
State Board of Elections



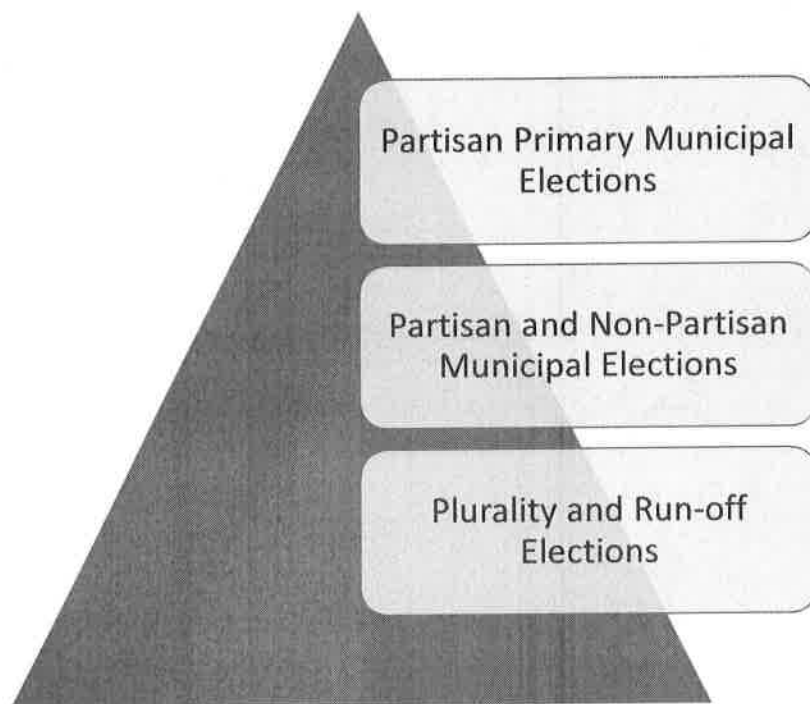
SOS Office



This was and still is our goal:

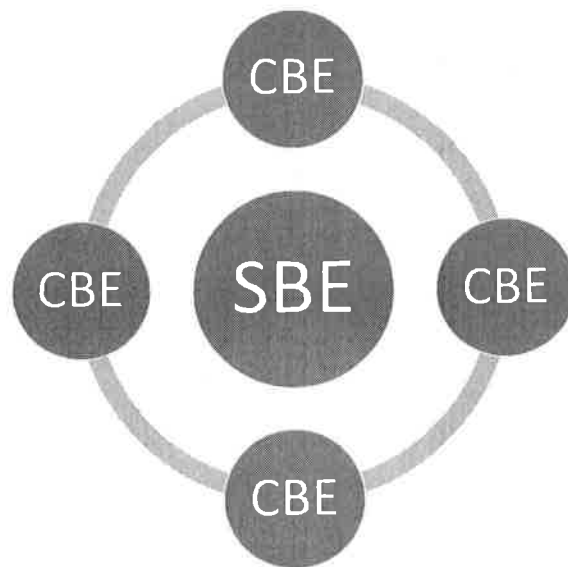


Election Administration Without a State Board

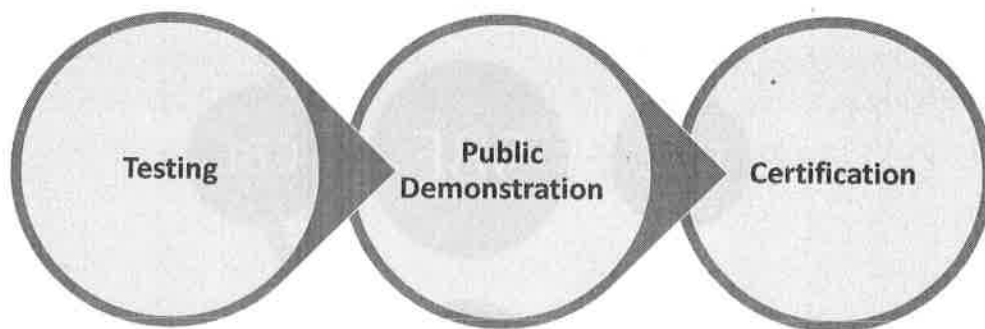


Election Security

Partnership with Department of Homeland Security



New Voting System Certification



Auditing and Data Forensics



County
Data

State Data

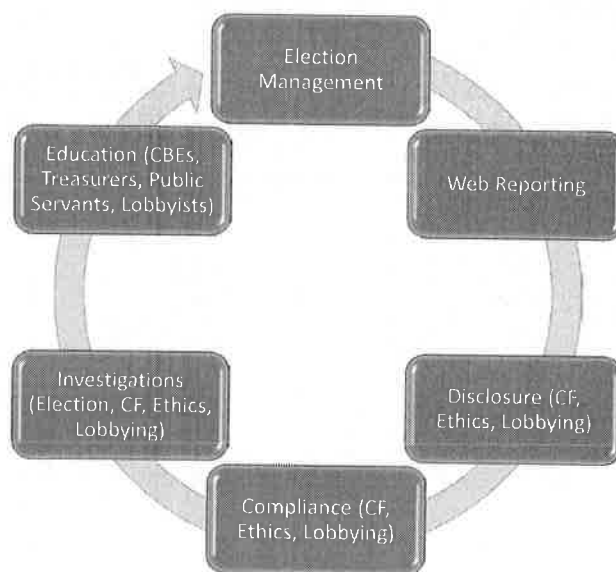
Systems

Background Checks



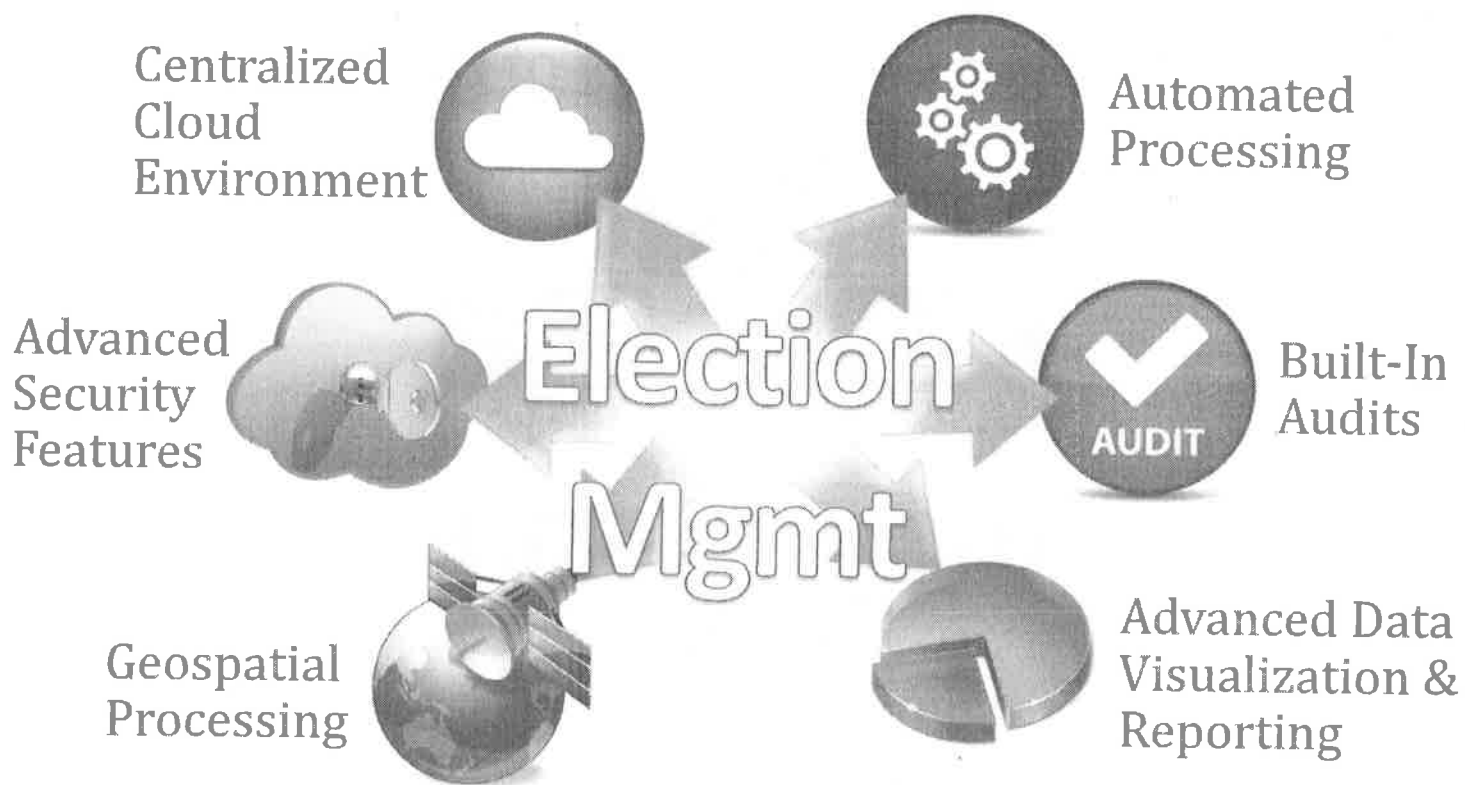
Public Integrity Modernization Project

Merger Components of the System



Post-Merger Components of the System





Campaign Finance

Centralized
Cloud
Environment



Automated
Processing



Advanced
Security
Features



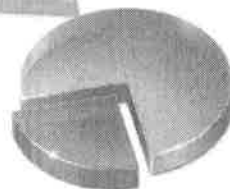
Built-In
Audits




Increased
Usability



Advanced Data
Visualization &
Reporting





Measuring
Effectiveness
& Efficiencies

How do we gage
success and failure?

Major Initiatives

Administering Elections

Building Statewide Election Mgmt/Public Integrity System

Emergency of the Day

Injunctions

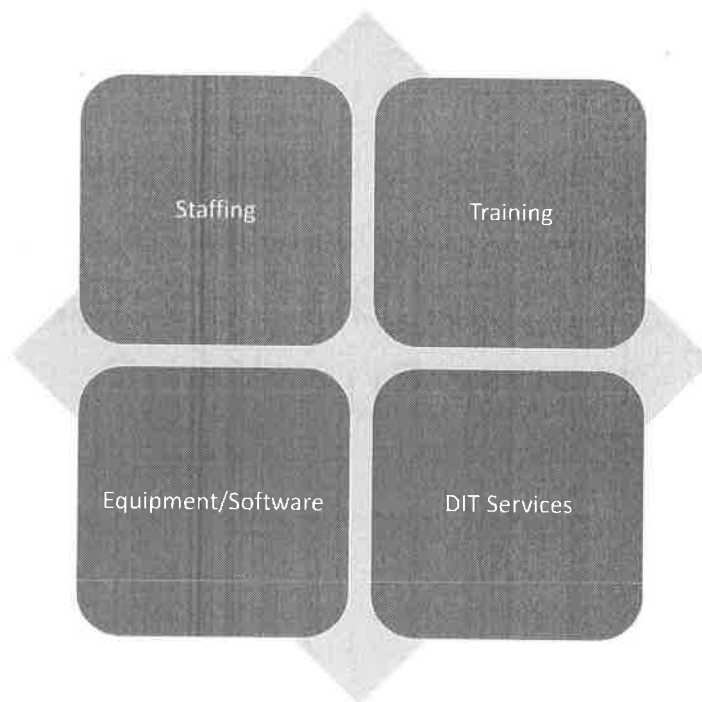
No State Board

Natural Disasters during elections



Status of
HAVA
Funding

How are we spending
our Funding?



Budget
Requests

What are our highest
priority needs?

Election Admin Needs

Funding for Campaign
Finance portion of the
Public Integrity
Modernization Project

Investigations and
Compliance Team
expansion

Grants for County
Boards Voting
Equipment purchases



Senate Pages Attending

COMMITTEE: Jt. App. on Gen. Gov't & J. Tr. ROOM: 425

DATE: 3-14 TIME: 8:30

PLEASE PRINT LEGIBLY....or else!!!!

Page Name	Hometown	Sponsoring Senator
1. <u>Carter Askins</u>	<u>Jacksonville</u>	<u>Browy</u>
2.		
3.		
4.		
5.		
6.		
7.		
8.		

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

264 7. 7. 1902. no. 9. 11. 7.
12. 12. 1902. 11. 11. 1902.

12. 12. 1902. 11. 11. 1902.

**House Pages
Assignments
Wednesday, March 13, 2019
Session: 10:00 AM**

Committee	Room	Time	Staff	Comments	Member
Appropriations, Education	422	8:30 AM	Katie Savell		Speaker. Tim Moore
* Appropriations, General Government	425	8:30 AM	Moira Kelly		Speaker. Tim Moore
Appropriations, Health and Human Services	643	8:30 AM	Jevan Lyle		Speaker. Tim Moore
Appropriations, Transportation	1228/1327	8:30 AM	Gabria Savage		Speaker. Tim Moore

NCGA



NORTH CAROLINA GENERAL ASSEMBLY

**Joint Appropriations on General
Government and Information Technology**

March 14, 2019

Room 425 LOB

8:30 AM

Senate Sergeant at Arms

TERRY EDMONDSON

CHARLES MARSALIS

House Sergeant at Arms

Doug Harris

David Linthicum

Marvin Lee

Reggie Sills

JOINT APPROPRIATIONS COMMITTEE ON GENERAL GOVERNMENT

2019 REGULAR SESSION

VISITOR REGISTRATION SHEET

DATE: 03-14-2019

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY & ADDRESS

Eliza Edwards	Gov's Office
Josh Lawson	State Board of Elections
Katelyn Love	" " " "
Kim Strach	" " " "
Cassidy Robertson	AMBA
Skye David	newframe
Jay DeLancy	Voter Integrity Project
Mya Watson	OSTR
Sarah Bales	Bubalus Assoc.



**Joint Committee on Appropriations, General Government
Tuesday, March 19, 2019 at 8:30 AM
Room 425 of the Legislative Office Building**

MINUTES

The Joint Committee on Appropriations, General Government met at 8:30 AM on March 19, 2019 in Room 425 of the Legislative Office Building. Representatives Barnes, Cleveland, Floyd, Garrison, Majid, Pittman, and Riddell attended. Senate members present were J. Alexander, Foushee, Horner, and Searcy. Cara Bridges and Grant Schwab, members of the Fiscal Staff, attended the meeting. The list of the Sergeants at Arms and Pages for the House and Senate are attached to the Minutes, as well as the Visitors Log.

Representative George G. Cleveland, Chair, presided. He called the meeting to order at 8:30 AM.

Grant Schwab from the Fiscal Staff gave the Agency Overview of the Office of State Budget and Management (Attachment #1). Sen. Horner asked for the definition of the Results First Initiative. Rep. Riddell explained that it was a push for data-driven policy, an attempt to interpret the overwhelming data that is collected and to use the data in a productive way.

Charles Perusse, the State Budget Director from the Office of State Budget and Management (OSBM), gave the Overview from the OSBM and the Governor's office (Attachment #2). He emphasized that one of the new goals was to move from administering the budget to strategic planning in the agency. Lee Lilley, the Legislative Liaison from the Governor's office, requested that the cuts that were made to the Governor's office be restored. Sen. Horner asked what they would do with restored positions, and Lilley responded that they did a volume of constituent work and would like to spend more time on policy. Horner questioned if they would find savings in the budget if the Governor's office was given more people. Perusse claimed that they needed more people to do better, and that there would be savings in the future. Rep. Riddell asked if there were vacant positions that could be re-allocated to Data Analytics positions. Perusse claimed that some agencies need 3 or more Data Analytics positions. Rep. Riddell stated that we need more analytics to decide if programs are working and if they need continued funding. He added that if positions were added, the agency would have to prove that the additional staff has added value to efficiency. Rep. Floyd asked about how it would be determined that Data Analytics positions would be awarded to agencies. The response was that a budget under a billion dollars might get 1 position, and those over a billion dollars would get 2 or more. Cities like Charlotte would be given more

than Greenville. Rep. Floyd expressed concern that there could be a cherry picking of data to make any case. He also said that there was a need to discover the solution to filling vacant positions before 6 months. He questioned if the salary was adequate for some positions that were hard to fill. Perusse stated that the OSBM would be looking at that, and again emphasized the need for Data Analytics positions.

The meeting was adjourned by the Chair at 9:25 AM.


Representative George G. Cleveland, Chair
Presiding


Pamela Ahlin, Committee Clerk

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
JOINT COMMITTEE MEETING NOTICE
AND
BILL SPONSOR NOTIFICATION
2019-2020 SESSION**

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

DAY & DATE: Tuesday, March 19, 2019

TIME: 8:30 AM

LOCATION: 425 LOB

COMMENTS: Rep. Cleveland will chair the committee.

Presentations will be from the Office of State Budget and Management & Governor Overview,

Respectfully,

Representative George G. Cleveland, Co-Chair

Representative Dennis Riddell, Co-Chair

I hereby certify this notice was filed by the committee assistant at the following offices at 11:00 AM on Thursday, March 14, 2019.

____ Principal Clerk

____ Reading Clerk – House Chamber

Pamela Ahlin (Committee Assistant)

JOINT APPROPRIATIONS COMMITTEE ON GENERAL GOVERNMENT

Room 425 Legislative Office Building
Agenda

March 19, 2019 – 8:30 AM

I. CALL TO ORDER

Chairs: **Rep. George Cleveland, presiding**
 Sen. John Alexander
 Rep. Dennis Riddell
 Sen. Rick Horner

II. PRESENTATIONS

Chairs' Opening Comments

Office of State Budget and Management & Governor Overview
Grant Schwab, Fiscal Research Division

Office of State Budget and Management Agency Presentation
Charles Perusse, Director of the Budget
Lee Lilley, Director of Legislative Affairs, Office of the Governor

III. ADJOURNMENT

Office of State Budget and Management

Agency Overview

Joint Appropriations Subcommittee on General Government

March 19, 2019



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

Outline

- Authorizing Laws & Responsibilities
- Organizational Chart
- Budget Overview
- Recent Budget Legislative Actions
- Information Requested

Office of State Budget and Management

Authorizing Laws

- **NC Constitution - Article III, Section 5(3)**
 - Governor shall prepare and Recommend a Budget
- **G.S. 143C-2-1** – The Governor of North Carolina is Director of the budget but may delegate authority
- **G.S. 143C-6-1** – The budget shall be administered as enacted by the General Assembly



Office of State Budget and Management

General Responsibilities

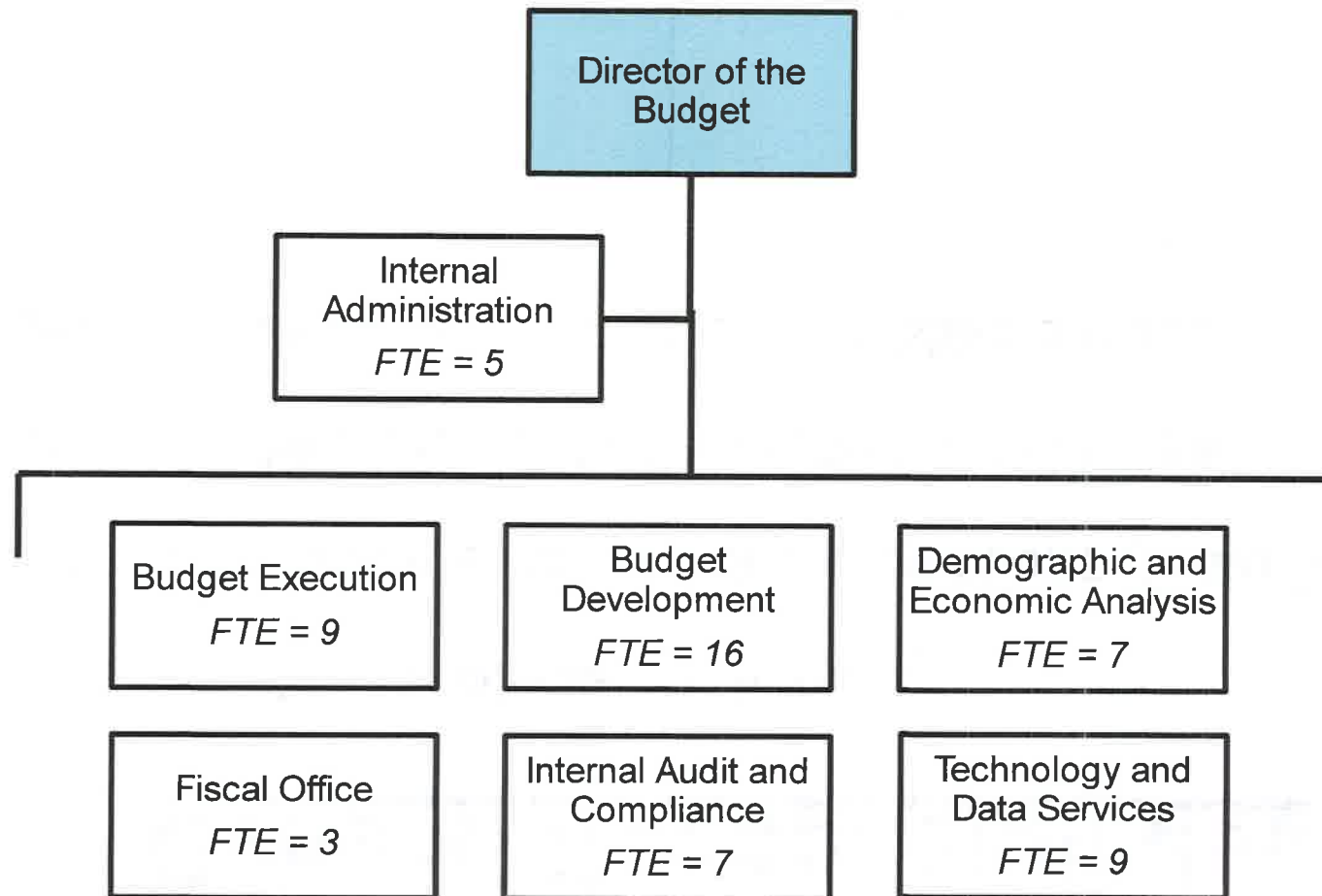
- Executes the budget as enacted by the General Assembly
- Prepares agency base budgets
- Prepares the Governor's recommended budget
- Produces joint revenue forecast with Fiscal Research Division
- Develops and monitor State agencies' performance evaluation measures
- Reviews fiscal and regulatory impact of proposed rule changes by State agencies

Office of State Budget and Management

General Responsibilities

- Supports the Council of Internal Auditing
- Produces population estimates and projections (State Demographer)
- Conducts studies and reviews as required in the law
- Assists with oversight of grants to non-State entities

Office of State Budget and Management Organizational Chart



Office of State Budget and Management

General Fund Budget Overview

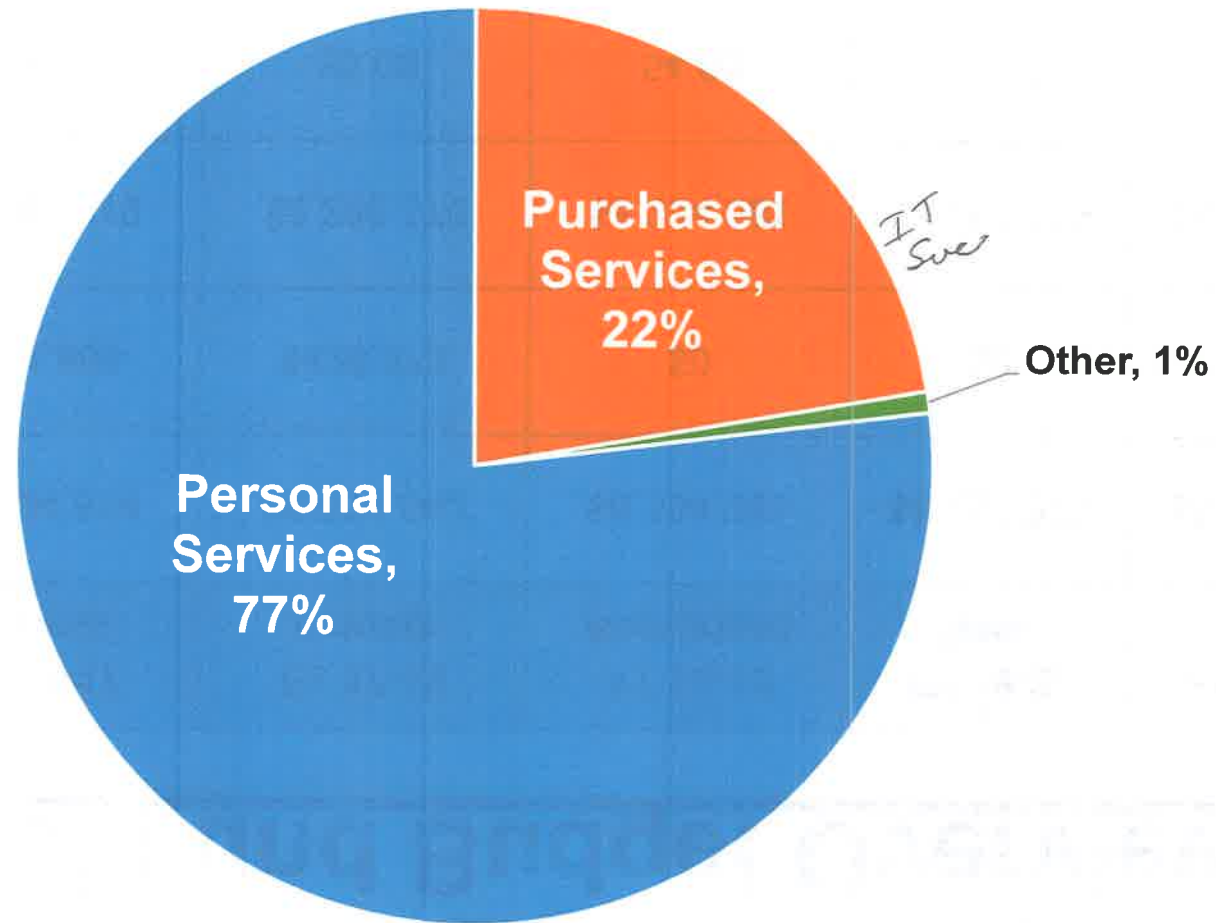
	FY 16-17 Actuals	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$8,184,814	\$8,634,842	\$8,334,081	\$8,290,273	\$8,290,273
Receipts	\$201,895	\$428,272	\$0	\$0	\$0
Net Appropriation	\$7,982,919	\$8,206,570	\$8,334,081	\$8,290,273	\$8,290,273
FTE	72.31 58	55.00	54.00	54.00	54.00

FTE = Full Time Equivalents

Office of State Budget and Management

General Fund Requirements

Base Budget FY 2019-20



Office of State Budget and Management

Recent Legislative Actions

- **2017**
 - \$100,000 recurring appropriation to implement Results First Initiative.
- **2018**
 - n/a

Office of State Budget and Management

Requested Information

- Major initiatives over the last two years
- How the agency measures effectiveness and efficiency
- Instances of contact with the public done by paper processes
- Overview of the agency's highest priority budget requests

Questions?

Grant Schwab

Fiscal Research Division

919-733-4910

grant.schwab@ncleg.net



Office of the Governor

Budget Overview

Joint Appropriations Subcommittee on General Government

March 19, 2019



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

Outline

- Authorizing Laws & Responsibilities
- Budget Overview
- Recent Budget Legislative Actions
- Information Requested

Office of the Governor

Authorizing Laws

- **NC Constitution - Article III, Sections 1-5**
 - Creates the office and lays out responsibilities
- **G.S. 143C-2-1** – The Governor of North Carolina is Director of the budget but may delegate authority



Office of the Governor

General Responsibilities

- Holds executive power in North Carolina
- Approves or vetoes legislation passed by the General Assembly
- Appoints heads of cabinet agencies
- Appoints individuals to numerous boards and commissions

Office of the Governor

General Fund Budget Overview

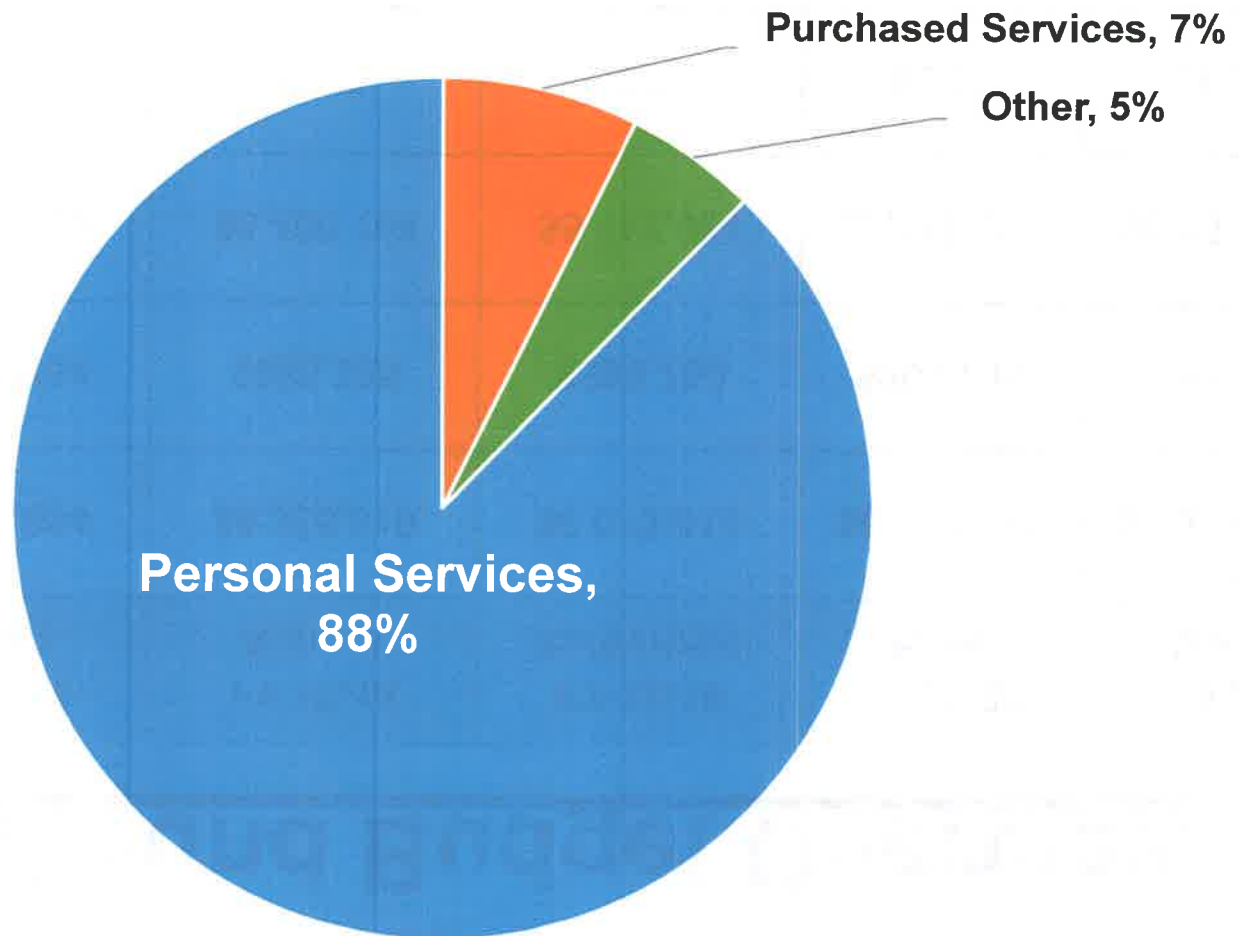
	FY 16-17 Actuals	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$7,726,054	\$6,385,519	\$6,013,814	\$6,037,114	\$6,037,114
Receipts	\$2,020,334	\$985,325	\$898,760	\$898,760	\$898,760
Net Appropriation	\$5,705,720	\$5,400,194	\$5,115,054	\$5,138,354	\$5,138,354
FTE	67 54.20	52.20	52.20	52.20	52.20

FTE = Full Time Equivalents

Office of the Governor

General Fund Requirements

Base Budget FY 2019-20



Office of the Governor

Recent Legislative Actions

- **2017**
 - \$979,205 recurring reduction to the Governor's administrative budget
- **2018**
 - n/a

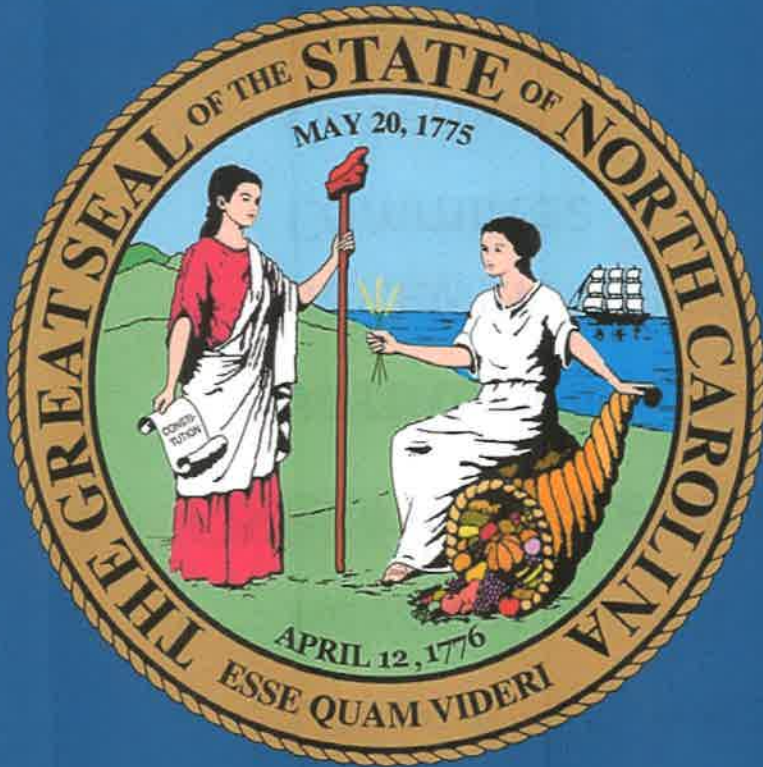
Questions?

Grant Schwab

Fiscal Research Division

919-733-4910

grant.schwab@ncleg.net



Office of State Budget and Management (OSBM) – Overview and Budget Recommendations

Charles Perusse
State Budget Director
March 19, 2019



Topics

1. Recent Initiatives

- Office Reorganization
- Advance

2. OSBM's Strategic Plan and Performance Measures

3. Governor's Budget Recommendations

- Statewide items of interest to General Government Committee
- Governor's Office
- OSBM



OSBM Reorganization Efforts

Our goal was to:

- Create greater emphasis on data-driven, evidence-based budgeting and programs
- Increase our focus on strategic and executive level budget issues
- Reduce routine and non value-add transactions and streamline processes
- Improve customer service to agencies/campuses



OSBM Reorganization Efforts

Budget Execution Section

- Interprets statutes/session laws and develops policies to guide agencies
- Meets with agency leadership to resolve complex/high-profile budget execution issues
- Reviews and approves revisions to the budget
- Ensures a balanced budget by monitoring expenditures and approving allotments
- Conducts closeout and carryforward
- Leads budget execution improvement initiatives
- Conducts Base Budget Development Process



Budget Development Sections

- Develops Governor's budget recommendations (Change Budget)
- Conducts objective analysis and develops options to support Governor's priorities
- Reviews and analyzes agency programs (e.g. performance/effectiveness, alternative analysis)
- Meets with agency leadership to review programs and priorities
- Conducts budget certification



Building a Performance Management Framework



Fostering a culture of statewide organizational excellence.

- Aligning strategic planning, performance tools, and the budget process
- Championing the use of data and evidence in state government
- Improving outcomes for North Carolinians by piloting innovative tools and sharing best practices



Building a Performance Management Framework

What we did last year (2018)

- Retooled worksheet II to include more data and evidence in budget requests
- Neared completion of first Results First policy area on child and family health
- Convened the Performance Advisory Committee, composed of agency leaders, legislative members, and experts from the public
- Hosted three trainings in partnership with the UNC School of Government on strategic planning and creating performance measures for over 200 state leaders
- Provided an evidence-based budgeting workshop in partnership with Pew
- Provided customized strategic planning support and feedback to state agencies

What we're doing this year (2019)

- Expanding Results First Initiative to include juvenile justice policy area
- Providing more training opportunities and best practice sharing on performance management topics for agency staff
- Building OSBM's toolbox to be a resource for state agencies
- Continuing to seek guidance from the Performance Advisory Committee
- Updating LINC (Log Into North Carolina) for increased efficiency and access to data



OSBM Strategic Plan – Mission, Vision, Values

Mission Statement

To professionally serve North Carolinians by providing objective information and analysis to ensure a balanced budget and effective stewardship of public resources.

Vision Statement

We are an innovative team committed to public service, responsible fiscal management, and insightful analysis.

Organizational Values

Integrity

Innovation

Teamwork

Excellence



OSBM Strategic Plan - Goals

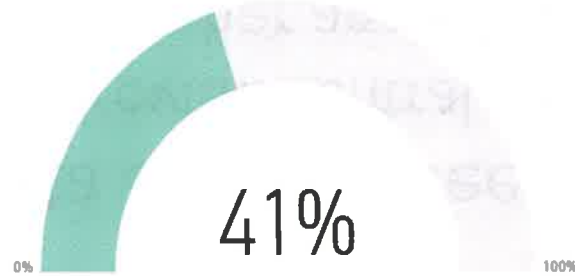
OVERARCHING GOALS:

1. Provide objective, high-quality, and timely analysis to decision-makers;
2. Attract, develop, and retain a diverse and highly-skilled workforce committed to continuous improvement;
3. Work collaboratively with stakeholders to encourage innovative thinking and ensure responsible management of state resources;
4. Leverage data and technology to operate more effectively and efficiently.



OSBM Strategic Plan – Measuring Progress

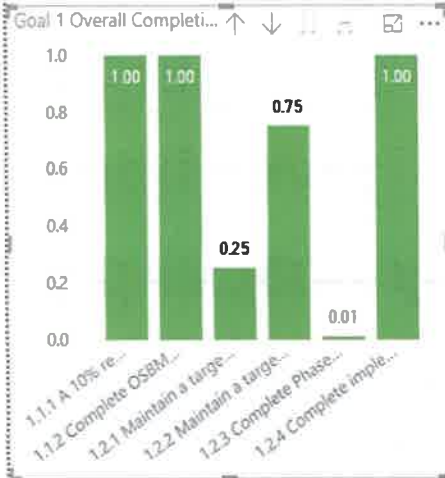
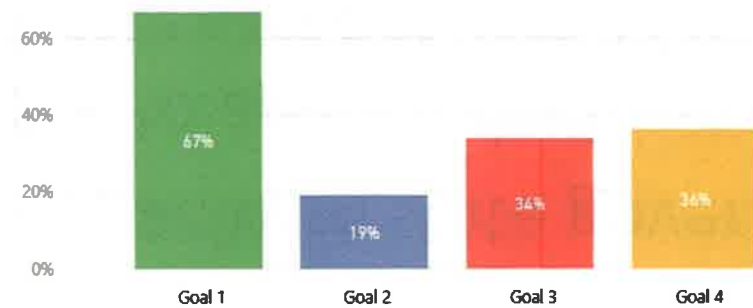
Total Completion% of All 4 Goals



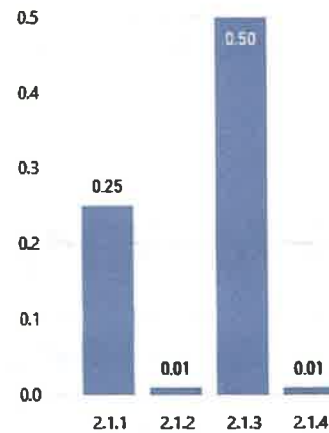
Overall Completion% by Goal and Goal Detail

Goal Detail ● Attract, develop, and re... ● Leverage data and t... ● Provide objective, ... ● Work collaborati...

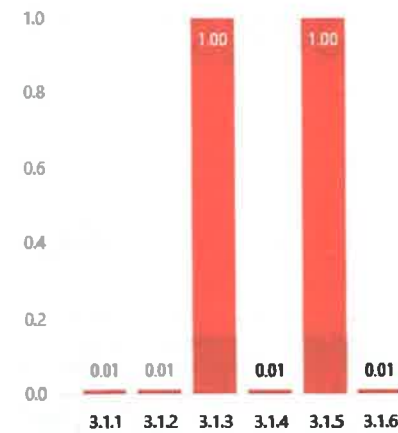
80%



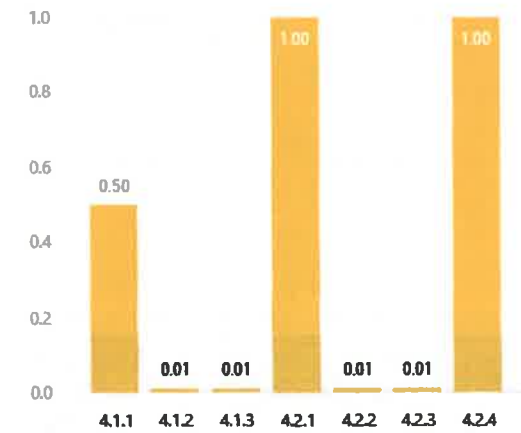
Goal 2 Overall Completion% and First Ch...



Goal 3 Overall Completion% and First Champio...



Goal 4 Overall Completion% and First Champion by Perform...





Governor's Budget Recommendations - Statewide

Advanced Analytics Positions

Background

- State has made significant investments in data
- Strong desire from agencies to more fully utilize that data but recognize lack of capacity

Recommendation

- Embed additional analytics capacity in state government
- Data analysts need to be close to agency decision makers
 - Provide central agencies and large agencies with 2 FTE
 - All other agencies 1 FTE
- 34 Total FTE, \$4M recurring
 - Within Gen Gov – 14 FTE, \$1.8M recurring



Governor's Budget Recommendations - Statewide

IT Reserve and Board (\$75M nonrecurring)

- Treat large IT projects similar to Capital Projects
- New IT Reserve Fund for several core business, reporting, and communications systems
- New IT Oversight Board to review projects

State Agency Insurance Coverage (\$2M recurring)

Making Every North Carolinian Count - 2020 Census (\$1.5M nonrecurring)





Governor's Budget Recommendations

Office of the Governor - \$926k recurring

- Restore cut from FY 2017-18
- Bring Governor's Office on par with neighboring states

General Assembly - \$500k recurring; \$1M nonrecurring

- \$1 million for IT needs
- \$500,000 for operational needs
 - Includes dues for Southern Legislative Conference (\$260k) and Education Commission of the States (\$92k)



Governor's Budget Recommendations for OSBM

- 1) One additional analyst for rules review and cost-benefit analysis (\$101k recurring)**
 - Currently have one analyst who reviews all agency fiscal notes for rules
 - Workload has doubled in last 5 years due to regulatory reform
 - Increased demand for cost-benefit and econometric analyses
- 2) Two additional analysts to support advanced analytics statewide (\$236k recurring)**
 - Provide statewide analysis to drive data-driven, evidence-based decision making
 - Organize trainings and meetings for all advanced analytics positions statewide
- 3) Evaluation Grants (\$1M recurring)**
 - Builds on best practices from Colorado and other leading states
 - Provides funding for rigorous, independent evaluations to determine whether government programs are working and achieving intended outcomes



Questions

Charles Perusse

State Budget Director

NC Office of State Budget & Management

charles.perusse@osbm.nc.gov

Committee Sergeants at Arms

NAME OF COMMITTEE Jt House Committee on Appropriations, General Government

DATE: 3/19/2019

Room: 425 LOB

House Sgt-At Arms:

1. **Name:** Warren Hawkins

2. **Name:** Doug Harris

3. **Name:** Malachi McCullough, Jr

4. **Name:** _____

5. **Name:** _____

Senate Sgt-At Arms:

1. **Name:** Linda Matthews

2. **Name:** Frank Urban

3. **Name:** _____

4. **Name:** _____

5. **Name:** _____

**House Pages
Assignments
Tuesday, March 19, 2019
Session: 4:45 PM**

Committee	Room	Time	Staff	Comments	Member
Appropriations, Education	422	8:30 AM	Leland Larson, III		Rep. Kevin Corbin
			LeKel Silver		Rep. Carolyn Logan
* Appropriations, General Government	425	8:30 AM	Kaitlyn Gomez		Rep. Stephen Ross
			Analeigh Adams		David Lewis
			Katherine Hampton		Rep. Kyle Hall
Appropriations, Justice and Public Safety	415	8:30 AM	Olivia White		Rep. Stephen M. Ross



Senate Pages Attending

COMMITTEE: J.A. on General Gov'te ^{I.T.} ROOM: 425

DATE: 3 - 19 TIME: 8:30

PLEASE PRINT LEGIBLY....or else!!!!

Page Name	Hometown	Sponsoring Senator
1. Jessica Neer	Edenton	Smith
2. Larkin Owens	Burlington	Gunn
3.		
4.		
5.		
6.		
7.		
8.		

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/ GENERAL GOV'T

MARCH 19, 2019

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Leigh Jackson	DIT
Chick S Penno	OSBM
Tiffany Gladney	NC Rural Center
Kristin Walker	OSBM
LEE LILLEY	Off. of Gov. Counsel
Cassidy Robertson	AMGA
Skylar David	NewFrame
Chris Estes	EY
Sam Williams	NCS
Michael Burdick	NC GA
Mark Bonds	OSBM

VISITOR REGISTRATION SHEET

JOINT APPROPRIATIONS/ GENERAL GOV'T

MARCH 19, 2019

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Dan Palmeto

OSBM

Thomas Check

OSBM

Tonya Hram

OSHR

Claudia Schneider

governors office

Merideth Benton OSBM

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

**Wednesday, March 20, 2019 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 20, 2019 in Room 425 of the Legislative Office Building. Senators Alexander, Horner, Ford, Foushee and Searcy were present. Representatives Cleveland, Riddell, Floyd, Barnes, Garrison, Logan, Majid and Pittman were present.

Senator John M. Alexander, Jr., Chair, presided.

Senator Alexander introduced and thanked the Sergeant-at-Arms and the Pages.

Kim Strach, Director State Board of Elections, provided a presentation on the State Board of Elections (Attachment 1) at the last Committee meeting and was unable to answer questions due to time constraints. Director Strach made herself available at this Committee meeting for any follow-up questions.

Questions and comments related to the State Board of Elections Agency Presentation (Attachment 1):

1. Rep. Riddell asked to itemize more about the investigation that has been done with the Congressional races, the additional positions the agency would like, what they intend to do with the additional positions and what happens when a complaint is received. Kim Strach, Director State Board of Elections, stated the agency has a small but capable investigating staff, there are a total of four: a Chief investigator and three investigators currently. They receive a great number of complaints year round that include elections and campaign finance. These investigators are tasked with handling all those investigations, because of this the agency is asking for an additional three investigators to assist this team. Director Strach added that if they received the additional investigators it would allow to expand the scopes of the investigations and do more than one thing at a time. Director Strach stated the agency investigates any sworn complaint, as well as complaints that are not sworn but have merit, they are assigned to the investigative division and whatever resources are needed to investigate that claim will be put on the case. Complaints are accepted from the general public and the county's Board of Elections. Director Strach added that all complaints are logged into their system to be tracked and followed up on.
2. Rep. Cleveland asked if the State Board of Elections' partnership with Department of Homeland Security was only for physical security on elections or if they do other things. Director Strach stated the partnership is more than physical security, they partnered with the agency with ensuring physical security but also cyber security.
3. Rep. Cleveland stated receives complaints that there are more people on the voter rolls than voters in the counties and asked if there are any counties that we presently have more people registered to vote than actual physical voting age residents in the county.

Director Strach stated it is possible that could be the case only because of Federal law in accordance with the National Voter Registration Act, people cannot be removed unless they move to another county where they can be removed and cannot remove people for not voting. Voters are removed that have been in inactive status after two Federal elections.

4. Rep. Cleveland asked what the agency was specifically looked for with data analytics. Director Strach stated the agency uses data analytics for a variety of things for example look for trends with absentee voting and looking for patterns for red flags. Director Strach added currently only have one data analyst on staff.
5. Senator Alexander asked when someone dies how are they removed from the voter rolls. Director Strach stated get reports from DHHS, counties get reports from local government and funeral homes are required to notify State Board of Elections.
6. Rep. Floyd asked how long you are supposed to keep campaign information. Director Strach stated the statute requires you keep it two years past your current election cycle.

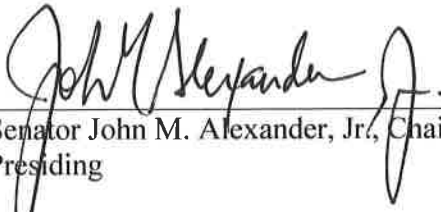
Grant Schwab, Fiscal Research Division, gave a presentation on the Department of Revenue Budget Overview (Attachment 2)

Secretary Ronald Penny, Department of Revenue, and Dave Roseberry, Chief Operating Officer Department of Revenue, provided an agency presentation on the Department of Revenue (Attachment 3)


Questions and comments related to the Department of Revenue Agency presentation (Attachment 3):

1. Rep. Riddell asked who is trying to hack the system. Dave Roseberry, COO DOR, outlined some types of parties that are trying to hack and stated it is happening daily.
2. Rep. Riddell commented to new members on the Committee directed to the Office of Tax Payer Advocacy, advise to use and they are very helpful
3. Rep. Cleveland asked if there is a handle on how many fraudulent tax returns that go through the system and are not caught. Dave Roseberry stated that is not a way to calculate that because it not caught you do not know but may caught it in an audit later, generally speaking the department is finding almost everything.
4. Senator Alexander commented on the approximate 20,000 potential fraudulent asks for refunds and asked if there was any criminal prosecution for these people. Dave Roseberry stated the department does have a criminal investigation staff but not for those, when those fraudulent claims are found they are put off to the side. Dave Roseberry added it is very difficult to go and find those people because the names that are given are normally not the real person, if anything is found it is sent to the criminal investigation division for follow up.
5. Rep. Floyd asked about salary lapses. Dave Roseberry stated have roughly one hundred and sixty vacant positions currently, about 12% vacancy rate. Dave Roseberry added shortest time to fill position is about three months and longest is six months.

The meeting adjourned at 9:39 AM.



Senator John M. Alexander, Jr., Chair
Presiding



Jessica Daigler-Walls, Committee Clerk

Principal Clerk
Reading Clerk

Updated #1: Room Change 425

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 20, 2019	8:30 AM	425 LOB

Senator Alexander will chair the committee.

Presentations will be from the State Board of Elections/Follow-Up; Department of Revenue Budget Overview & Department of Revenue Agency Presentation.

Senator John M. Alexander, Jr., Co-Chair
Senator Rick Horner, Co-Chair

JOINT APPROPRIATIONS COMMITTEE ON GENERAL GOVERNMENT

Room 425 Legislative Office Building
Agenda

March 20, 2019 – 8:30 AM

I. CALL TO ORDER

Chairs: **Sen. John Alexander, presiding**
Rep. Dennis Riddell
Sen. Rick Horner
Rep. George Cleveland

II. PRESENTATIONS

Chairs' Opening Comments

State Board of Elections – Follow-Up
Director Kim Strach, State Board of Elections

Department of Revenue Budget Overview
Grant Schwab, Fiscal Research Division

Department of Revenue Agency Presentation
Secretary Ronald Penny, Department of Revenue
Dave Roseberry, Chief Operating Officer, Department of Revenue

III. ADJOURNMENT

ATTACHMENT 1

The Joint Appropriations Committee on General Government

State Board of Elections

Status and Progress Report

Status of the
Agency

Legislation and
Litigation Timeline

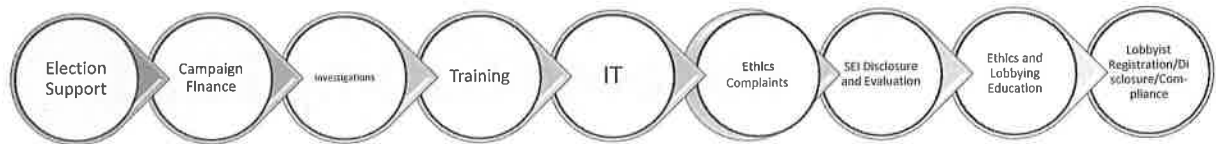
Where we've been...

December 16, 2016	S.L. 2016-125 dissolves State Board of Elections, creates eight-member State Board of Elections and Ethics Enforcement, composed of both gubernatorial and legislative appointees from the former Ethics Commission, effective January 1, 2017.
December 30, 2016	Wake Superior Court enjoins session law prior to merger (Cooper I).
February 9, 2017	Elections and Ethics merged when Court of Appeals lifts injunction, former 8-member Ethics Commission serves as Board for less than a week.
February 13, 2017	Elections and Ethics unmerged after Supreme Court enjoins merger.
March 17, 2017	Three judge panel permanently enjoins S.L. 2016-125
April 25, 2017	Session Law 2017-6 merges agencies, with gubernatorially appointed eight-member board composed of four Democrats and four Republicans, effective May 1, 2017
April 28, 2017	Wake Superior Court stays merger (Cooper II).
June 1, 2017	Elections and Ethics merged after three-judge panel dismisses governor's challenge to S.L. 2017-6. Board dissolves, remains vacant for next 288 days.
July 20, 2017	Supreme Court in July ordered status quo preserved, merger of lobbying put on hold. Board remains vacant.
January 26, 2018	Supreme Court strikes down parts of S.L. 2017-6 regarding board composition (Cooper IV). Board remains vacant.
March 2018	Elections, Ethics and Lobbying merged, board members appointed to 9-member State Board of Elections and Ethics Enforcement. S.L. 2018-2, Part VII created a 9-member gubernatorially appointed board of four Democrats, four Republicans, and a ninth member not affiliated with either party selected by the Governor from a list of two nominees chosen by the other eight members.
December 28, 2018	Three-judge panel's permanent injunction of entire session law in effect. Board dissolves, is vacant for next 35 days.
January 31, 2019	Elections, Ethics, and Lobbying unmerged by Session Law 2018-148. Governor appoints five-member State Board of Elections.

323 Days without a Board

Prior to January 31, 2019...

State Board of Elections and Ethics Enforcement



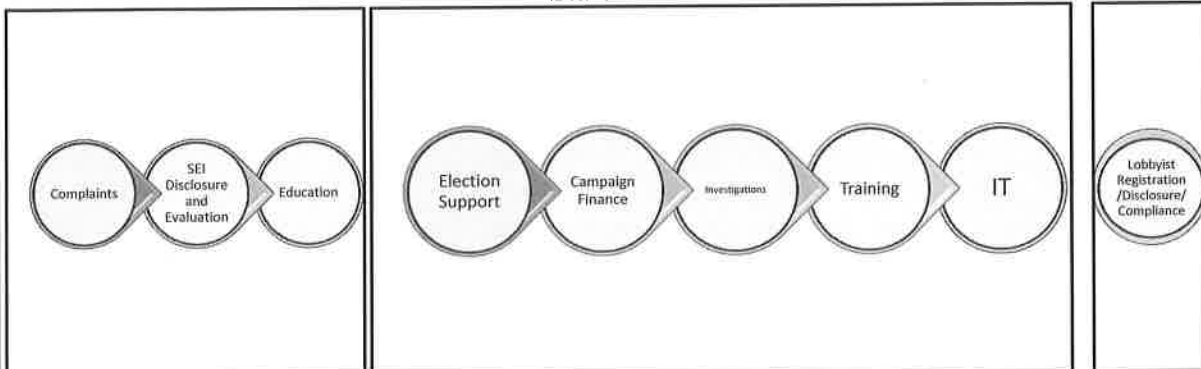
5

As of January 31, 2019:

State Ethics Commission

State Board of Elections

SOS Office



6

Major
Initiatives

What we have done
and what has and has
not been accomplished.

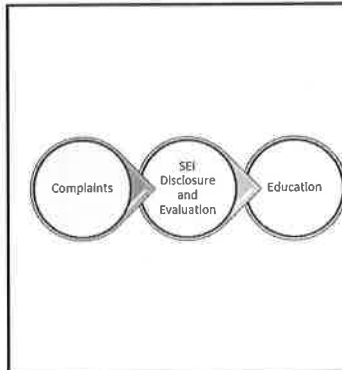
7

The Merger

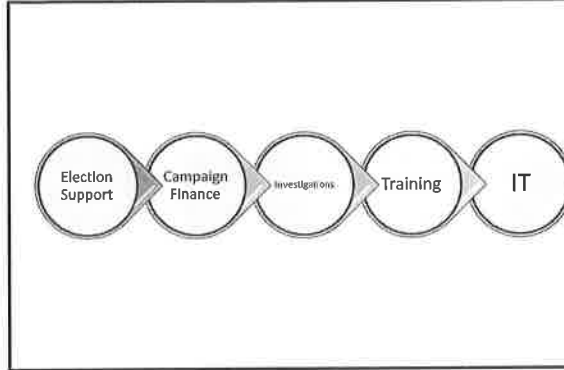
8

Where we started:

State Ethics Commission



State Board of Elections

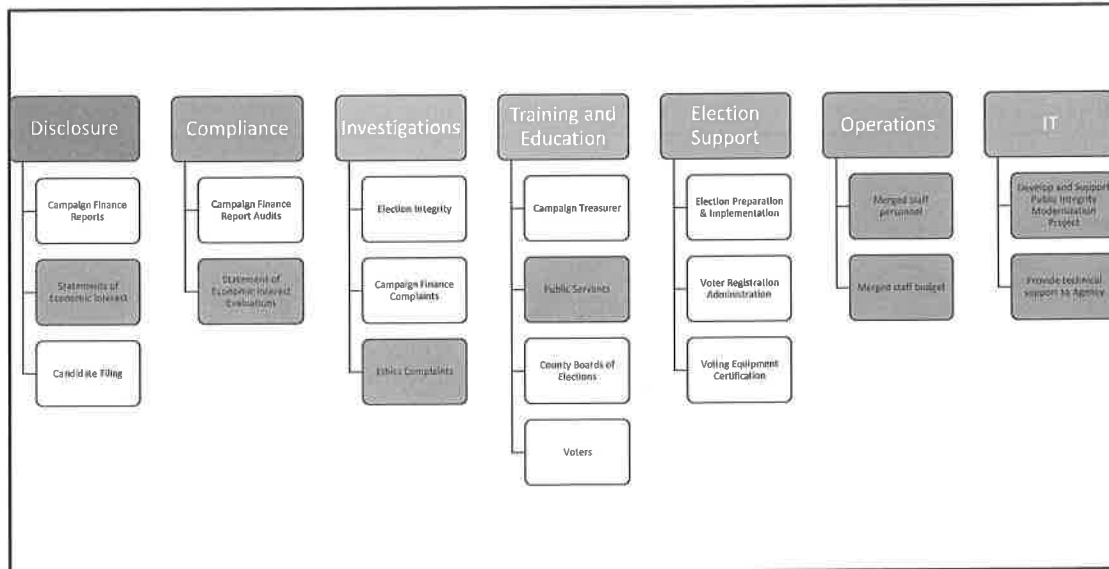


SOS Office



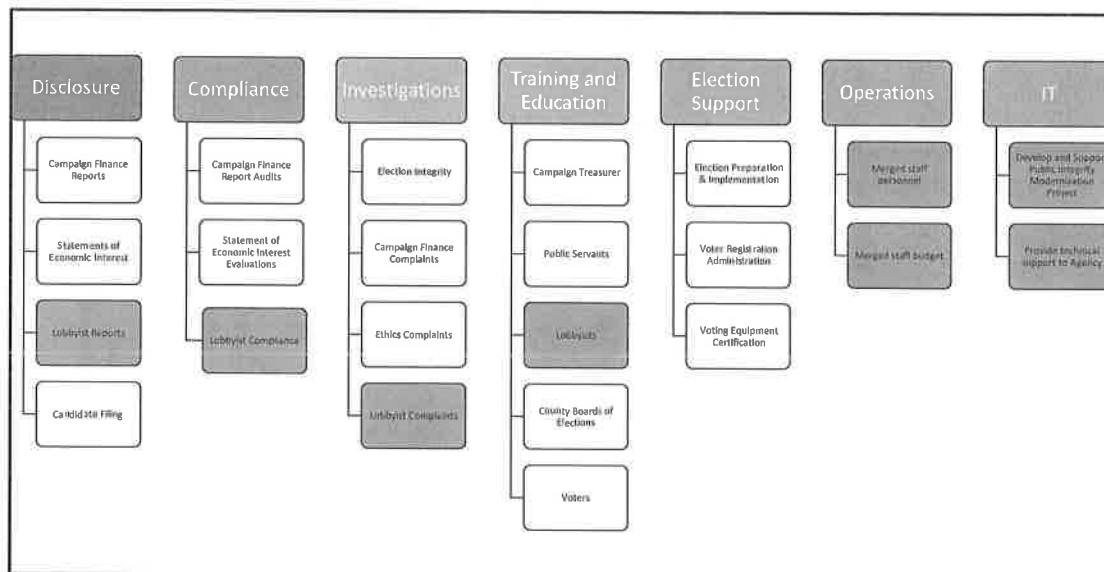
9

As of June 1, 2017:



10

As of March 2018:



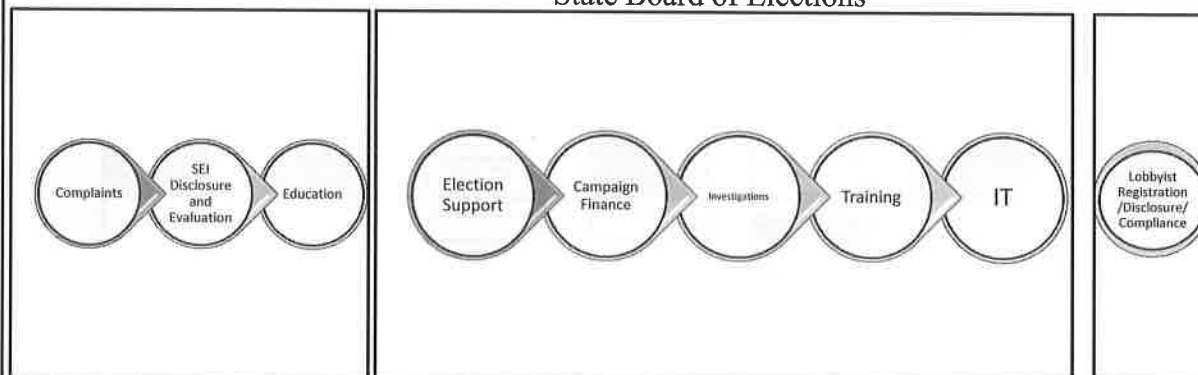
11

As of January 31, 2019:

State Ethics Commission

State Board of Elections

SOS Office



12

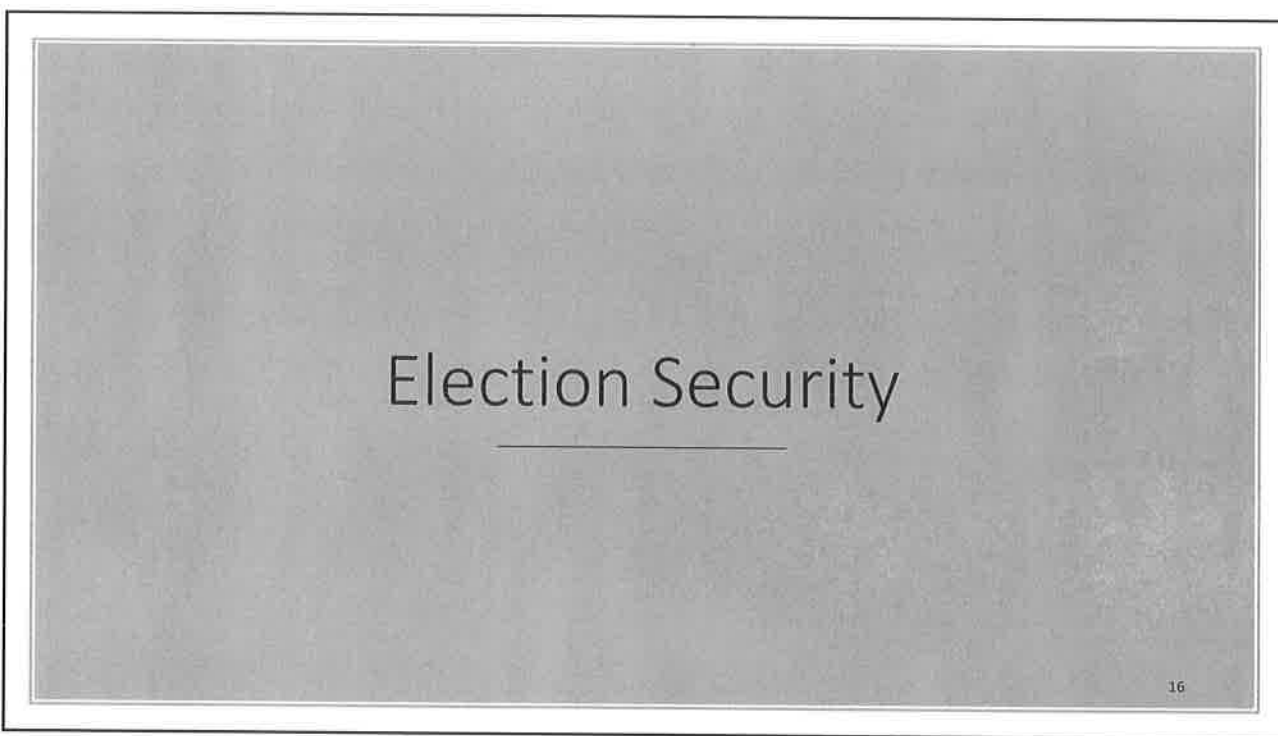
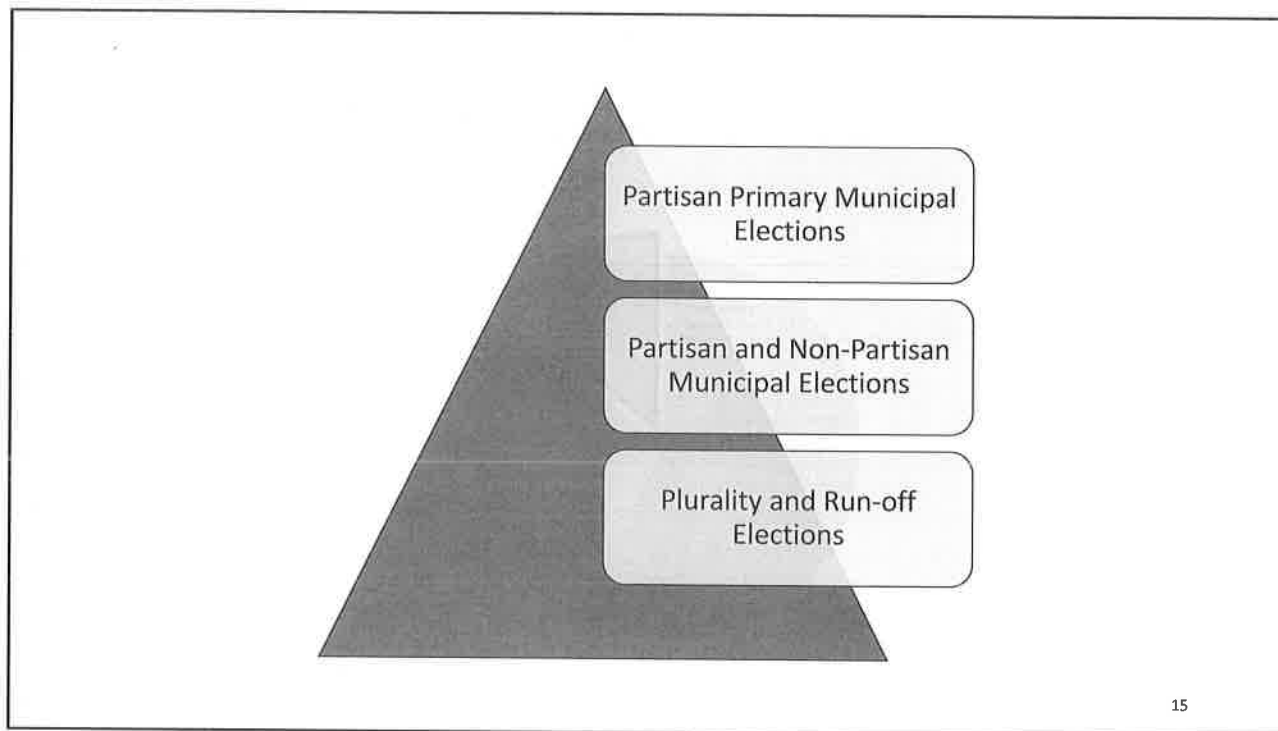
This was and still is our goal:



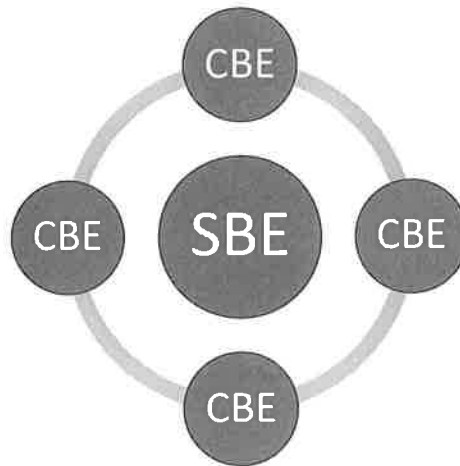
13

Election Administration Without a State Board

14

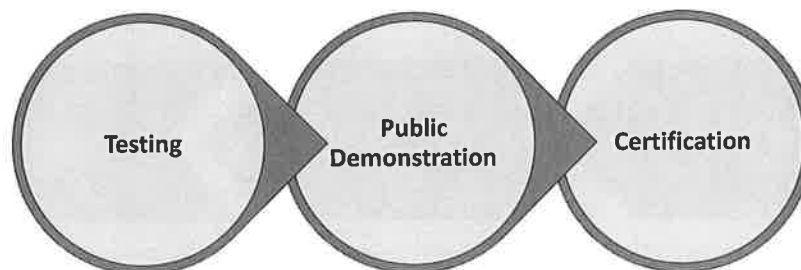


Partnership with Department of Homeland Security



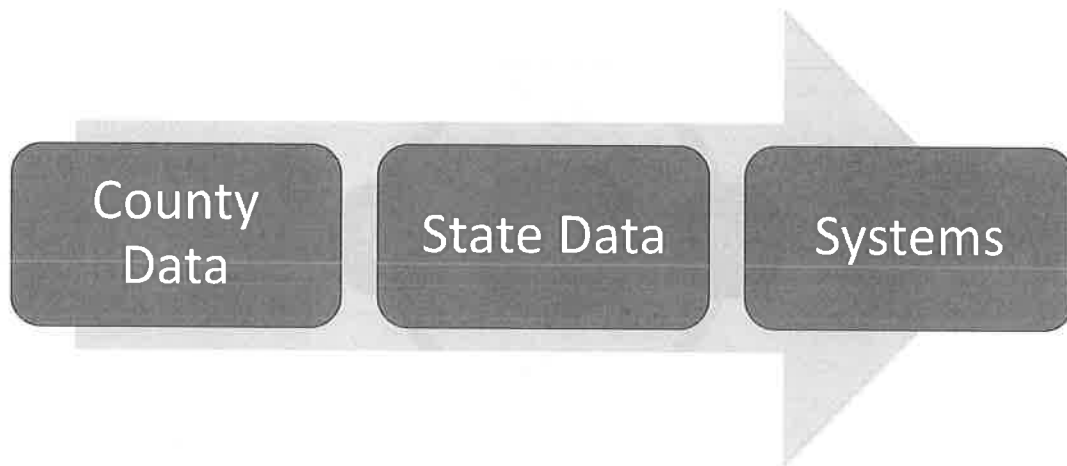
17

New Voting System Certification



18

Auditing and Data Forensics



19

Background Checks

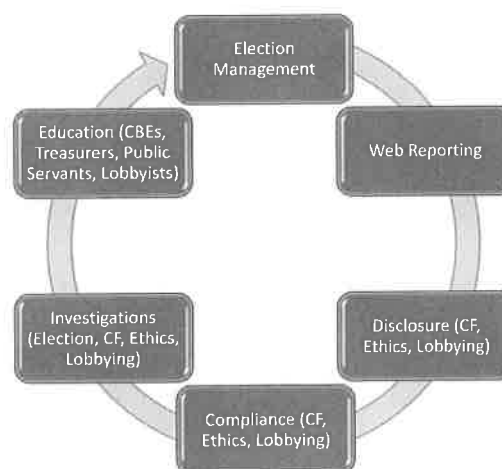


20

Public Integrity Modernization Project

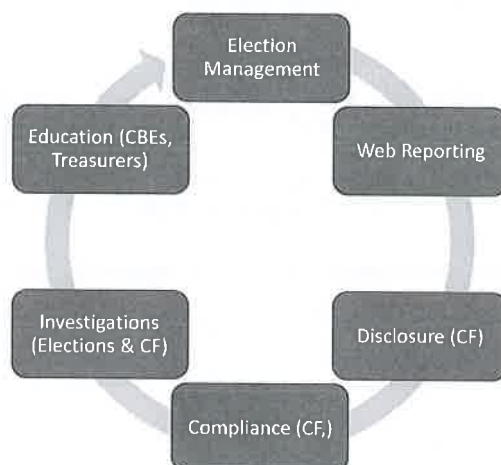
21

Merger Components of the System

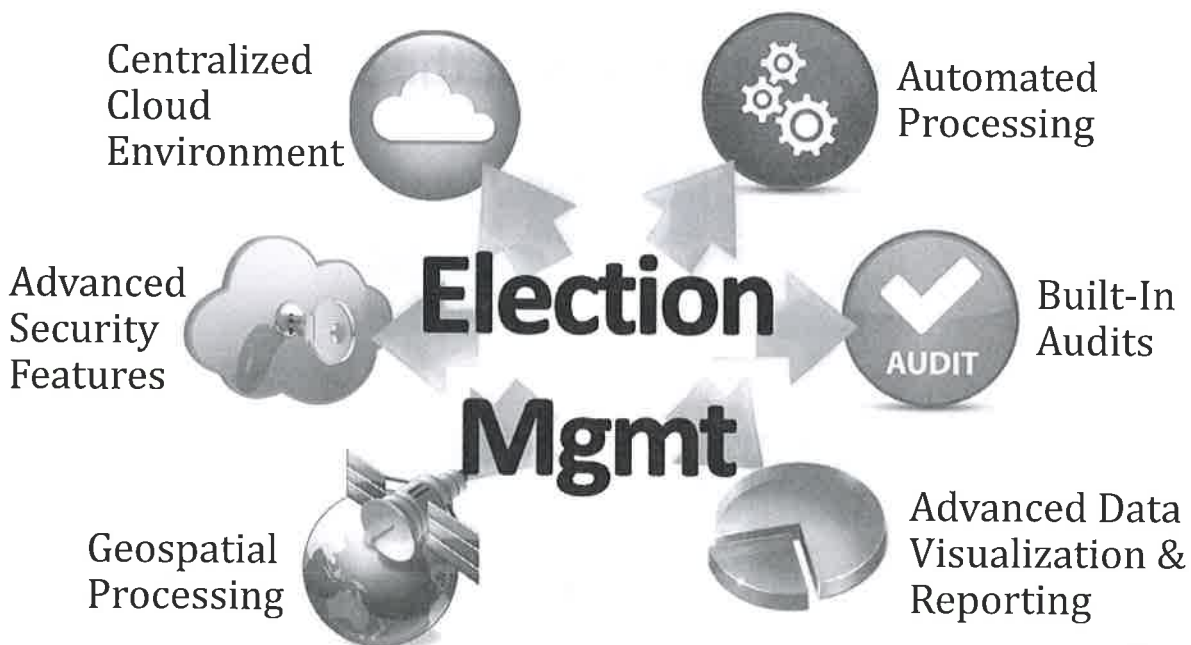


22

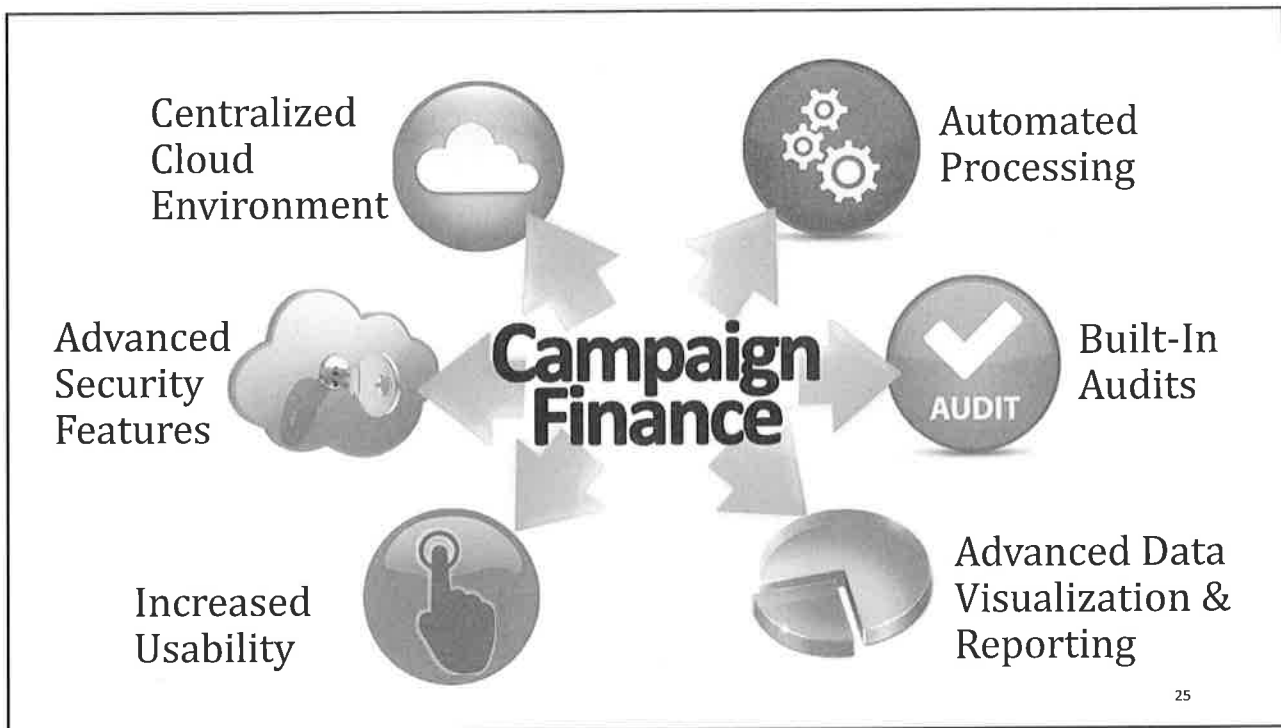
Post-Merger Components of the System



23



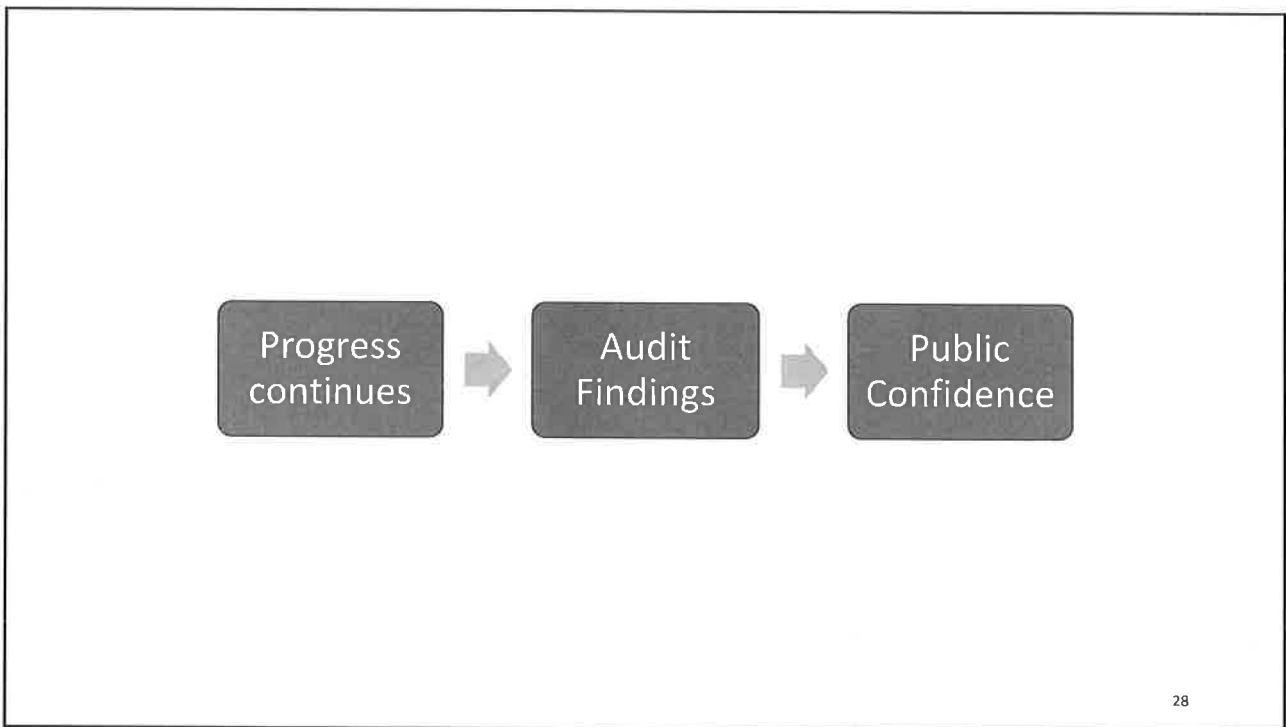
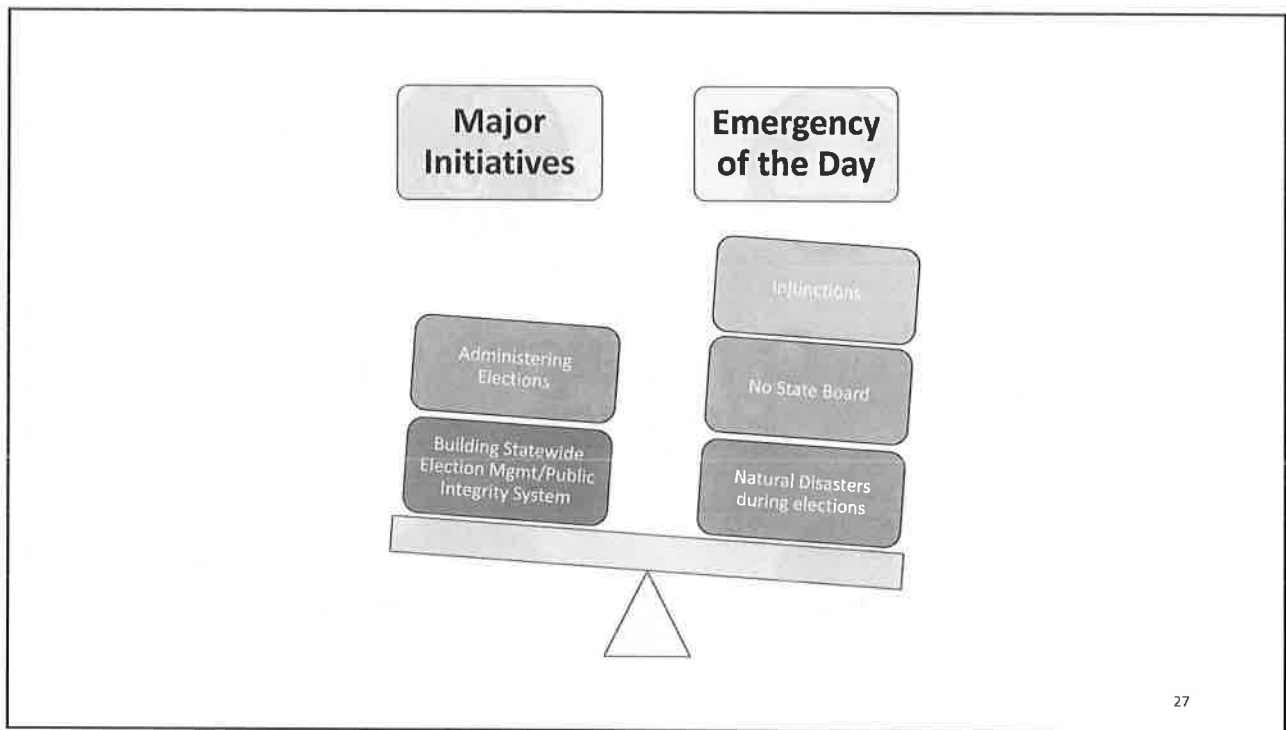
24



Measuring Effectiveness & Efficiencies

How do we gage success and failure?

26



Status of
HAVA
Funding

How are we spending
our Funding?

29

Staffing

Training

Equipment/Software

DIT Services

30

Budget
Requests

What are our highest
priority needs?

31

Election Admin Needs

Funding for Campaign
Finance portion of the
Public Integrity
Modernization Project

Investigations and
Compliance Team
expansion

Grants for County
Boards Voting
Equipment purchases

32

Department of Revenue

Agency Overview

Joint Appropriations Committee on General Government

March 20, 2019



Outline

- Authorizing Laws & Responsibilities
- Organizational Chart
- Budget Overview
- Major Budget Areas
- Recent Legislative Actions
- Information Requested

Department of Revenue

Authorizing Laws

Powers & Duties (G.S. 143B-217 through 143B-245)

- Duty to collect and account for the State's tax funds, to insure uniformity of administration of the tax laws and regulations, to conduct research on revenue matters, and to exercise general and specific supervision over the valuation and taxation of property throughout the State
- Authority over functions in relation to revenue collection, tax research, tax settlement, and property tax supervision

Taxation (G.S. 105)

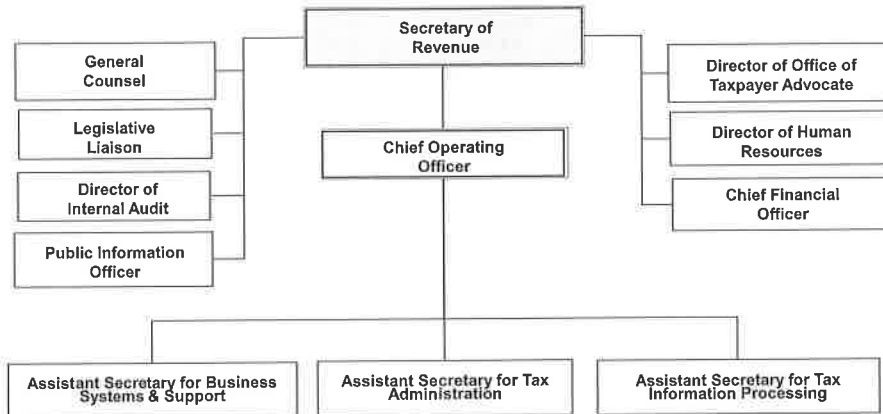
- Provides authority to raise and provide revenue for the necessary uses and purposes of the government and State of North Carolina

Department of Revenue

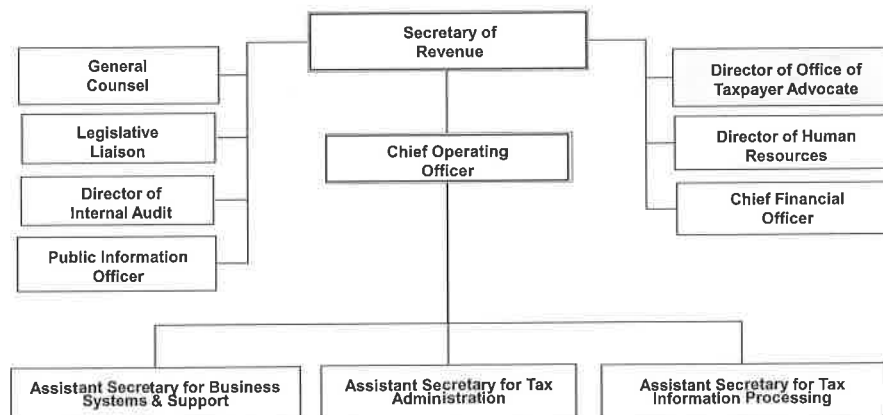
Responsibilities

- Administer the tax laws and collect the taxes due to the State in an impartial, consistent and efficient manner.
- Process and post tax payments.
- Identify and assess non-compliance and underreporting.
- Interpret the tax code.
- Assist local governments in administering their tax schedules.
- Handle appeals of tax liabilities.
- Educate taxpayers on their obligations.

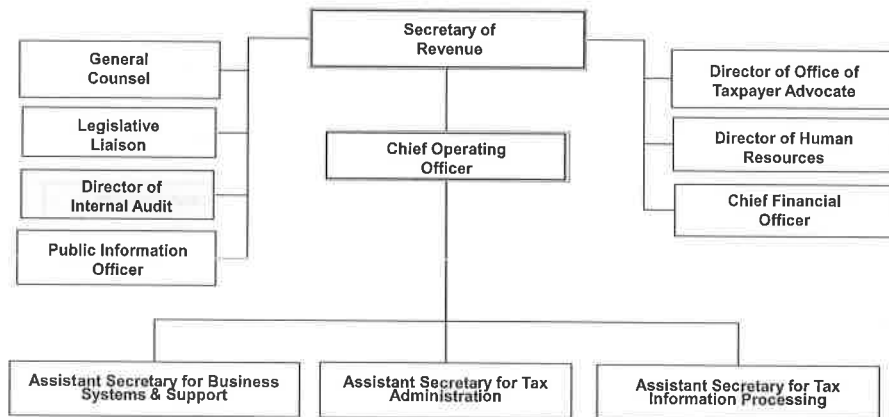
Department of Revenue **Organizational Chart**



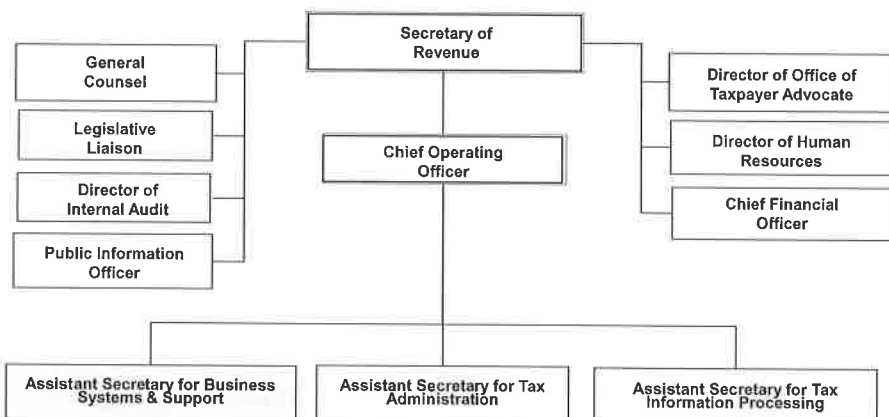
Department of Revenue **Organizational Chart**



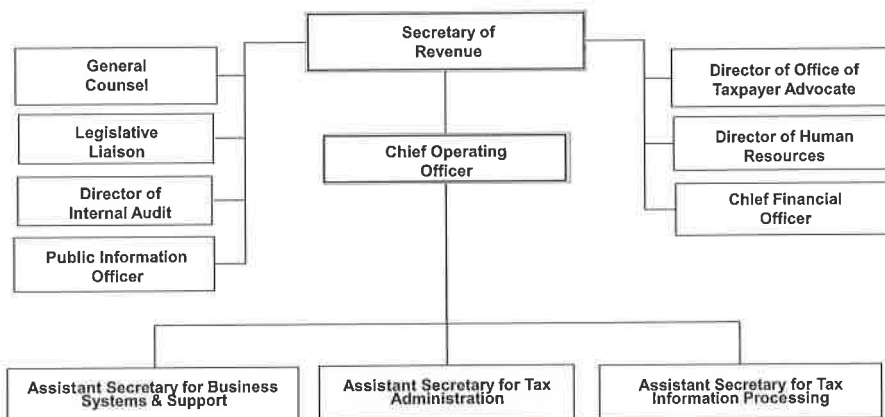
Department of Revenue Organizational Chart



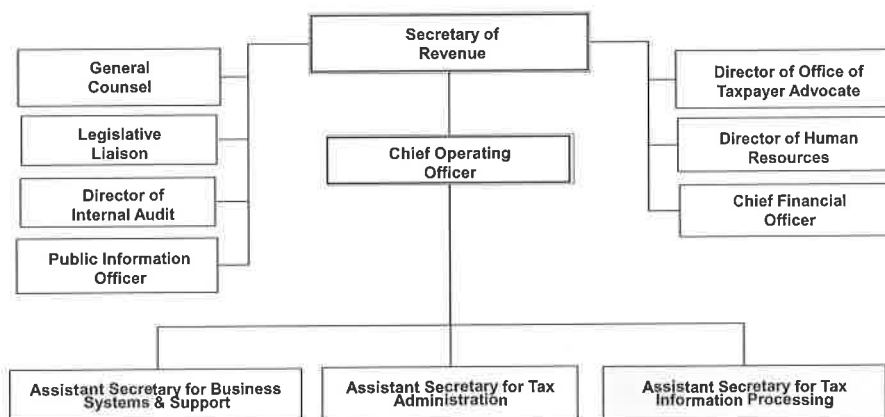
Department of Revenue Organizational Chart



Department of Revenue Organizational Chart



Department of Revenue Organizational Chart

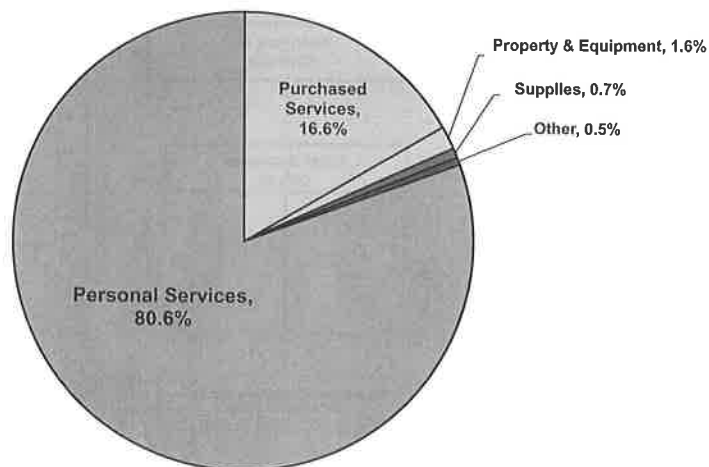


Department of Revenue General Fund Base Budget Overview

	FY 16-17 Actuals	FY 17-18 Actuals	FY 18-19 Authorized	FY 19-20 Base	FY 20-21 Base
Requirements	\$ 141,415,745	\$ 146,598,793	\$ 162,851,234	\$ 146,213,204	\$ 146,280,481
Receipts	\$ 57,818,859	\$ 63,214,024	\$ 75,802,320	\$ 59,236,207	\$ 59,268,852
Net Appropriation	\$ 83,596,886	\$ 83,384,769	\$ 87,048,914	\$ 86,976,997	\$ 87,011,629
FTE*	1467.88	1465.92	1463.92	1463.92	1463.92

* FTE = Full Time Equivalent

Department of Revenue General Fund Requirements Base Budget FY 2019-20



Department of Revenue
Expenditures & Receipts by Fund Code
Base Budget FY 2019-20

Code	Fund Description	Expenditures	Receipts	FTEs
1600	Administration	\$ 3,466,208	\$ -	22.98
1601	Enterprise Project Management Office	\$ 1,168,282	\$ -	10.00
1603	Human Resources	\$ 1,875,673	\$ -	22.00
1605	Information Technology	\$ 17,348,300	\$ 432,041	106.50
1607	Revenue Research	\$ 501,735	\$ -	7.00
1609	Criminal Investigations	\$ 993,047	\$ -	7.31
1624	Income Tax Division	\$ 2,542,451	\$ -	21.79
1625	Excise Tax Division	\$ 290,719	\$ -	3.84
1627	Sales and Use Taxes	\$ 1,606,120	\$ -	14.29
1629	Local Government Division	\$ 5,344,023	\$ 5,344,023	32.00
1643	Taxpayer Assistance	\$ 9,125,759	\$ 316,331	120.39
1660	Collection	\$ 293,603	\$ -	3.00
1661	Project Collect Tax	\$ 28,659,075	\$ 28,659,075	314.46
1662	Taxpayer Call Center	\$ 12,373,448	\$ -	166.93

* FTE = Full Time Equivalent



13

March 20, 2019

Department of Revenue
Expenditures & Receipts by Fund Code
Base Budget FY 2019-20

Code	Fund Description	Expenditures	Receipts	FTEs
1663	Examination	\$ 27,371,445	\$ 193,178	285.68
1670	Unauthorized Substance Tax	\$ 1,790,561	\$ -	19.62
1681	Business Operations	\$ 8,243,658	\$ 458,373	38.00
1683	Financial Services	\$ 993,201	\$ -	11.00
1685	Submissions Processing Division	\$ 11,681,870	\$ 915,712	168.00
1700	Motor Fuels	\$ 5,330,395	\$ 5,330,395	46.06
1708	International License Registration	\$ 247,280	\$ 247,280	2.46
1710	Fuel Tax Compliance	\$ 1,633,599	\$ 1,633,599	12.92
1711	Federal Grant-Joint Operations Center	\$ 875,999	\$ 875,999	1.72
1800	White Goods Disposal Tax	\$ 425,000	\$ 425,000	5.83
1820	Scrap Tire Disposal Tax	\$ 425,000	\$ 425,000	5.83
1830	Public Transit Tax	\$ 756,753	\$ 756,753	7.51
1840	Dry Cleaning Solvent Tax	\$ 125,000	\$ 125,000	0.00
1870	Solid Waste Disposal Tax	\$ 225,000	\$ 225,000	1.00
1880	911 - Service Charge	\$ 500,000	\$ 500,000	5.79

* FTE = Full Time Equivalent



14

March 20, 2019

Department of Revenue Key Areas (Base Budget FY2019-20)

Code	Fund Description	Expenditures	% of Total Expenditures
1605	Information Technology	\$ 17,348,300	11.87%
1643	Taxpayer Assistance	\$ 9,125,759	6.24%
1661	Project Collect Tax	\$ 28,659,075	19.60%
1662	Taxpayer Call Center	\$ 12,373,448	8.46%
1663	Examination	\$ 27,371,445	18.72%
1685	Submissions Processing Division	\$ 11,681,870	7.99%
	SUBTOTAL – Major Budget Items	\$ 106,559,897	72.88%
	SUBTOTAL – All Other Divisions	\$ 39,653,307	27.12%
	TOTAL	\$ 146,213,204	100.00%

Department of Revenue Collection Assistance Fee – Special Fund

G.S. 105-243.1

- Requires the Department to assess a 20% fee against a final bill that is at least 90 days past due
- Helps pay for operations across several divisions within Department

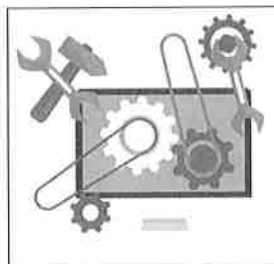
Key Information

- Officially known as “Project Collect Tax” special fund
- Currently supports 475 positions, plus annual information technology needs of Department
- Approx. Five-Year Average of Receipts: **\$36,000,000**
- Approx. Fund Balance as of 12/31/16: **\$64,000,000**
- Approx. Annual Requirements: **\$50,900,000***

** Includes \$16,900,000 for information technology, usually appropriated as nonrecurring funds.*

Department of Revenue **Information Technology**

- Handle daily technical operations including business systems analysis, application development and procurement, maintenance, database administration, server/network support, and system software support
- Manage security systems (firewalls, intrusion detection systems, and system vulnerability assessment software)
- Ensure that all hardware, software, and networks meet security standards
- Support tax systems



Department of Revenue **Examination Division**

- Administer tax laws and determine taxes due to the State
- Identify non-compliance with state tax laws
- Audit records of individuals and businesses not in compliance
- Assess and collect unpaid revenue owed to the State
- Special programs:
 - Cash intensive business audits
 - Fortune 500 audits
 - Refund Fraud/Identity Theft program



Department of Revenue

Submissions Processing Division

- Ensure/manage the daily receipt of incoming taxpayer electronic and paper payments
- Assure electronically filed returns can be successfully loaded into tax systems
- Correct suspended items (returns and/or payments with errors)



Department of Revenue

Taxpayer Assistance & Call Centers

- Customer Service and Education
 - Responds to taxpayer questions
 - Staffed in Raleigh headquarters, 12 service centers and two call centers throughout the State
 - Provides three levels of customer service and education
- Customer Education Unit
 - Develops and delivers external seminars to help educate taxpayers; tax law application and policy training for DOR employees; e-modules for the department website; and customer service training
- Quality Assurance Team
 - Evaluates and assesses knowledge of service center and call center customer service staff



Department of Revenue Recent Legislative Actions

2017

- \$20M nonrecurring appropriation for new Collections Case Management system.
- Combined \$16.9M nonrecurring appropriations from the Collection Assistance Fund (CAF) and Internal Tax Administration System (ITAS) special funds to pay for annual information technology needs of the Department.

2018

- \$16.9M nonrecurring appropriation to use money from the CAF to pay for annual information technology needs of the Department.

Department of Revenue Information Requested

- Major initiatives over the last two years
- How the agency measures effectiveness and efficiency
- Instances of contact with the public done by paper processes
- Overview of the agency's highest priority budget requests

Questions?

Grant Schwab

Fiscal Research Division


919-733-4910

grant.schwab@ncleg.net



Joint Appropriations Committee on General Government and Information Technology

March 20, 2019



Presentation Agenda

- 1. Budget Priorities**
 - Ronald G. Penny, Secretary
- 2. Agency Effectiveness and Efficiency**
 - Ronald G. Penny, Secretary
- 3. Agency Accomplishments**
 - David Roseberry, Chief Operating Officer
- 4. Budget Requests**
 - David Roseberry, Chief Operating Officer
- 5. Questions from the Committee**

2



Mission

To fund public services benefiting the people of North Carolina, we administer the tax laws and collect the taxes due in an impartial, consistent, secure, and efficient manner.

3



Top Budget Priorities

- Investment in safety and security to improve protection for our most important resource: NCDOR employees.
- Continued, recurring investment in information technology to make tax collection more impartial, consistent, secure, and efficient.

4



Agency Effectiveness and Efficiency

Fiscal Year 2017-2018

Total Collections	\$31.2 billion
Distributions to Local Governments	\$(3.4 billion)
Highway Funds/Other Funds (Net)	\$(2.1 billion)
Refunds & Transfers	<u>\$(3.1 billion)</u>
Net General Fund Collections	\$22.6 billion

NCDOR Total Budget **\$180.2 million**

Return on Investment:

For every \$1.00 spent, the NCDOR collects \$173.00



5



Agency Effectiveness and Efficiency

Total Employees:	1,300
Walk-in customers:	43,756
Phone Calls:	1.2 million
Pieces of Incoming Mail:	4.1 million
Tax Returns Processed:	12 million
Refunds Issued:	2.7 million

Year-Round:

Tax collections average \$2.5 billion per month
and \$4 billion in April



Fiscal Year 2017-2018

6



Agency Accomplishments

NCDOR's goal is to resolve taxpayer issues on the first call to our call centers.



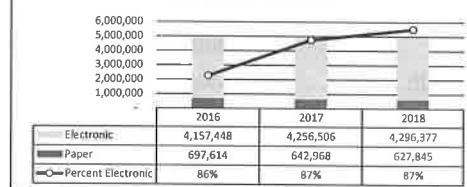
7



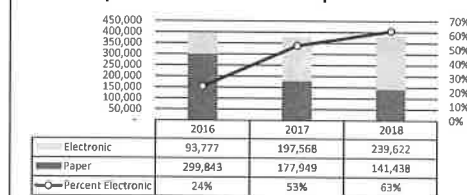
Agency Accomplishments

Electronic Filing

Individual Returns



Corporate and Partnership Returns



A paper return costs NCDOR up to **3 times** more to process than an electronic return.

Information based on processing year (year received)

8

Marketing and Outreach



- NCfreefile marketing pilot (targeted radio ads) in Edgecombe and Nash counties increased participation in the program by 66% in 2018.
- Statewide marketing for NCfreefile increased participation by 18% in 2018.
- Expanded online advertising in 2019.

9

Business Intelligence (Information Technology)

- Enhanced refund fraud and identify theft programs
 - **Stopped 25,260 fraudulent returns from being issued in 2018**
 - **Saved state \$29.9 million**
- Tax assessments from audits generated by Business Intelligence/ Information Technology programs excluding refund fraud:
 - Fiscal Year 2017: \$20.04 million
 - Fiscal Year 2018: \$38.92 million
 - **Increase in assessments year over year: 94%**

Fiscal Year 2017-2018

10

**Agency Accomplishments****Collections and Examinations (Audit)****Total Involuntary Revenue collected:**

- \$1.09 billion

Which breaks down to:

- **Collections from Final Assessments** – collections over time through forced collection activity or payment plans:
 - \$638.5 million
- **Collections from Notice of Proposed Assessments** within 90 days as a result of an audit of a taxpayer (remainder is collected over time):
 - \$448.9 million

Fiscal Year 2017-2018

11

**Agency Accomplishments****Collections and Examinations (Audit)**

Average annual non-compliance audit assessment per auditor per year:

\$2.4 million

Average annual non-compliance collections per revenue officer per year:

\$1.99 million

Fiscal Year 2017-2018

12



Information Technology/ Budget Requests

Critical Information Technology Operations and Maintenance:

\$12.5 million Recurring

- Annual operating expenses to execute tax filing for all individuals and businesses.
- Modernized eFile: continue to provide the ability for individuals and businesses to file electronically.
- Annual adjustments to fraud detection schemes and annual data loads from various sources.
- Provide maintenance, support, and upgrades for various hardware and software.

Identity Theft & Refund Fraud:

\$4.4 million Recurring

- Sustained funding for identity theft products will protect taxpayer information, reduce fraudulent refunds, and assist taxpayers in the recovery of their personal information.

13



Employee Safety/ Budget Requests

NCDOR receives threats by phone, mail, and in person

We reject in total your letter and refuse to let it stand
You have picked the wrong family to attempt to coerce and defraud.

we demand the immediate refund of all withholdings

You are either stupid, ignorant, or using your position to defraud NC residents.

I will not accept you hiding behind your job.

Excerpts from letters to NCDOR 2016-2018

**Kansas Department of Revenue employee shot multiple times
at Wichita tax office**



NCDOR Raleigh Headquarters, 4/3/17



Topeka Capital Journal 9/19/17

14



Employee Safety/ Budget Requests

NCDOR Headquarters Security & Safety Upgrades: \$2.4 million Non-Recurring

- Enhance and upgrade security to protect employees and assets with updated protective measures such as badge readers, cameras, alarms, barriers, and doors.

NCDOR Remote Locations Security & Safety Improvements: \$1.24 million Non-Recurring; \$300,000 Recurring

- Significantly enhance security to protect employees and assets with updated protective measures such as bulletproof glass, protective wall coverings, cameras, alarms, and intrusion detection.
- Recurring funds for maintenance and monitoring.

15



Question(s) from the Committee ?

Contact Information:

- Ronald G. Penny, Secretary: ronald.penny@ncdor.gov
- David Roseberry, Chief Operating Officer: david.roseberry@ncdor.gov
- Angela Altice, Assistant Secretary: angela.altice@ncdor.gov
- Anthony Edwards, Assistant Secretary: anthony.edwards@ncdor.gov
- Alan Woodard, Assistant Secretary: alan.woodard@ncdor.gov
- Jackie McKoy, Chief Financial Officer: jacqueline.mckoy@ncdor.gov
- Ken Wright, Legislative Liaison: ken.wright@ncdor.gov

16



Joint Appropriations on General Government and Information Technology

March 20, 2019

Room 425 LOB

8:30 AM

Senate Sergeant at Arms

TERRY EDMONDSON

SHEREE HEDRICK

House Sergeant at Arms

Doug Harris

Warren Hawkins

Malachi McCullough



Senate Pages Attending

COMMITTEE: J.A. on Gen'l Gov't & I.T. ROOM: 425



DATE: 3-20 TIME: 8:30

PLEASE PRINT LEGIBLY....or else!!!!

Page Name	Hometown	Sponsoring Senator
1. Larkin Owens	Burlington	Gunn
2.		
3.		
4.		
5.		
6.		
7.		
8.		

Pages: Present this form to either the Committee Clerk at the meeting or to the Sgt-at-Arms.

**House Pages
Assignments
Tuesday, March 19, 2019
Session: 2:00 PM**

Committee	Room	Time	Staff	Comments	Member
Appropriations, Education	422	8:30 AM	Taylor Fulk		Speaker Tim Moore
 Appropriations, General Government	425	8:30 AM	(<u>Mary Watkins</u>) 		Rep. Jean Farmer- Butterfield
Appropriations, Justice and Public Safety	415	8:30 AM	Timothy White		Rep. Kyle Hall
Appropriations, Transportation	1228/1327	8:30 AM	Leland Larson, III		Rep. Kevin Corbin
			LeKel Silver		Rep. Carolyn Logan
Finance	544	8:30 AM	Ansleigh Adams		Rep. David R. Lewis
			Martin Hamilton		Rep. Allison Dahle



