

S.L. 2018-5 AND OTHER LEGISLATIVE BUDGETARY HIGHLIGHTS

General Government Budget Highlights

The Conference Report provides net appropriations of \$434.8 million for the State's fifteen General Government agencies, which is a 5% increase or about \$20 million above the amount enacted for FY 2017-18. Highlights of the Conference Committee and other legislative actions in General Government follow below:

Adjustments to Appropriations: Department of Military and Veteran Affairs

- **(Page F 19, Item 2)** Provides federal funds and the required State match for improvements to the Coastal Carolina Veterans' Cemetery. The grant amount requested is \$556,610 and the match is \$57,382 (coming from a special fund account for burial fees).
- **(Page F 19, Item 22 - as amended by S.L. 2018-97, Sec. 36.7 (g))** Appropriates federal grant funds and receipt funds to the Department of Military and Veterans Affairs for the expansion of Sandhills State Veterans Cemetery and Eastern Carolina State Veterans Cemetery from Special Fund 23050. The 10% required match amount is \$874,053 and total of federal grant funds is \$8,740,530.
- **(Page F 19, Item 22A - as added by S.L. 2018-97, Sec. 36.7(d))** Appropriates federal grant funds and receipt funds from the North Carolina Veterans Home Trust Fund to the Department of Military and Veterans Affairs for the construction of two new veterans' homes to be located in the Triangle and Triad regions. The required match amount is \$27,223,560 and is appropriated from Special Fund 63050.

Special Provisions: Department of Military and Veteran Affairs

- **(Sec. 19.1, Page 160)** Authorizes the Department of Military and Veterans Affairs (DMVA) to apply for federal funds for improvements to the Coastal Carolina State Veterans Cemetery and requires DMVA to report to JLOC of General Government on details of the grant.
- **(Sec. 19.3, Page 161)** Requires the DMVA to pay expenses within 30 days of receipt of a request for such payment by the MAC Chair or designee. Directs that any members of the General Assembly who are members of the MAC may not vote on the motions that expend funds appropriated by the General Assembly.

Adjustments to Appropriations: State Board of Elections

- **(Page F 32, Items 39 and 40)** Provides the State match for the new HAVA elections security funds of \$518,662. The State will receive \$10.4 million in FY 2018-19 for enhancements to the statewide voting systems; and State Board is anticipated to spend about \$2.5 million in FY 2018-19. The match is coming from a special fund within Office of State Controller (FICA account).

Special Provisions: State Board of Elections

- **(Sec. 23.1, Page 164)** Requires the State Board of Elections and Ethics Enforcement report to the JLOC on General Government on the status and timeframe for expending new HAVA funds.

Adjustments to Appropriations: General Assembly

- **(Page F 37, Item 46 and Page F 39, Item 50)** Provides funds from the General Assembly's reserve account for a new payroll system. The amount is \$900,000. Also reduces the fund balance of the reserve account by \$900,000.

Special Provisions: General Assembly

- **(Sec. 24.1, Page 164-167)** Makes adjustments to the membership of the Council terms and now requires one representative from the US Military. This special provision also directs that UNC School of Government facilitate the meetings during the organization/formation stage of the council.

Adjustments to Appropriations: Office of the State Controller

- **(Page F 63, Item 72; Page F 64, Item 74 and Page F 67, Items 80 and 81)** Appropriates funds from the Collections Assistance Fee to support IT needs within the operating budget of DOR; the amount is \$12.5 million. Provides funds for tax fraud detection analytics which will be conducted through the GDAC and a contract. The amount is \$4.4 million, also funded from the Collection Assistance Fee on Page F 67.

Adjustments to Appropriations: Department of Administration

- **(Page F 82, Item 93)** Provides \$22,000 recurring for a grants management system for the Council of Women and Youth Involvement.
- **(Page F 83, Item 96)** Provides \$1 million for the Real Estate Management System within the State Property Office, covered through over-realized receipts within the E-Commerce fund; this will allow DOA to implement S.L. 2016-119 passed in 2016.
- **(Page F 83, Item 97)** Provides \$266,000 for the Purchase and Contracts Division to implement a contract management training and certification program specifically for Department of Health and Human Services (including 2 new FTE).

Special Provisions: Department of Administration

- **(Sec. 31.1, Page 172)** Requires all State employees who are responsible for awarding and/or monitoring contracts to be certified by DOA in contract management. Additionally, DOA shall develop a contract management training program specifically for Department of Health and Human Services' management-level employees.
- **(Sec. 31.2, Page 173)** Requires DOA to coordinate with other State agencies already utilizing GIS software to develop a real estate information management system in order to better inventory and manage the State's real property. There is an appropriation of \$1 million for this purpose.

Office of State Human Resources

- **(Sec. 26A.1, Page 170)** Authorizes Temp Solutions to conduct background checks prior to placing individuals into temporary employment assignments. These would be conducted for those agencies with the existing authority to conduct background checks.
- **(Sec. 26A.2, Page 171)** Exempts Council of State Agencies from mandatory participation in the Temporary Solutions program but still requires Temp Solutions to account for temporary employees' time worked to ensure compliance with employment law and ACA guidelines.
- **(Sec. 26A.3, Page 171)** Requires Office of State Human Resources to contract for a market compensation study of local management entities/managed care organizations (LME/MCOs) directors. OSHR is required to use the study results in approving area director salary ranges.

Special Provisions: Department of State Treasurer

- **(Sec. 21.1, Page 162)** Requires local governments to include a breakout of total revenues received from building inspections and expenditures of these receipts when reporting to the Local Government Commission and requires the LGC to include these specific chart of accounts in the new information technology system currently being developed for use by local governments.
- **(Section 21.2, Page 162 - as amended by S.L. 2018-97)**, Section 6.4 directs the State Treasurer to transfer \$2.4 million in funds for FY 2018-19 fiscal year from the Escheats Fund for scholarships for the children of veterans and appropriates those funds to Department of Military and Veterans Affairs.

Special Provisions: Department of Insurance

- **(Sec. 22.1, Page 163)** In lieu of a monetary fine, this provision allows for an alternative penalty for employers that are first-time violators of workers' compensation laws; this allows the employer to submit evidence of compliance to the Industrial Commission and adhere to other administrative requirements and monitoring.

Special Provisions: Office of State Budget and Management

- **(Sec. 26.1, Page 167)** Directs Office of State Budget and Management to continue progressing with the Results First Initiative, approved the law in FY 2017-18. OSBM shall define and describe levels of tiers of evidence and criteria needed for various programs to qualify for each level.

Special Provisions: Office of the State Auditor

- **(Sec. 27.1, Page 172)** Requires State agencies receiving an audit to prepare their financial statements and supplementary information as required by the State Auditor no later than 60 days after the agency's submission of the Comprehensive Financial Report.