

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1993**

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**HOUSE BILL 342**

Short Title: GPAC/DHR Organization.

(Public)

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Sponsors: (by request) Representatives H. Hunter, Blue, Barnes, Diamont, Hackney, Hensley, G. Miller, Nesbitt, and Robinson.

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Referred to: Appropriations.

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February 25, 1993

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT THE RECOMMENDATIONS OF THE GOVERNMENT  
PERFORMANCE AUDIT COMMITTEE REGARDING THE ORGANIZATION  
AND STAFFING OF THE DEPARTMENT OF HUMAN RESOURCES.

The General Assembly of North Carolina enacts:

—TWENTY POSITIONS ELIMINATED/DHR.

Section 1. (a) The General Assembly finds that a well-structured organization can operate with a managerial/supervisory span of control of between three and six positions. A higher supervisor-to-staff ratio that occurs from narrow spans of control can result in increased operating costs, and the creation of a middle layer of management that can impede organizational efficiency. The General Assembly further finds that 20 positions in the Secretary's Office, many of which are managerial/supervisory positions, have three or fewer positions directly reporting to them, and involve one-to-one reporting requirements.

(b) The 20 excess positions in the Office of the Secretary of the Department of Human Resources that have three or fewer positions reporting to them are eliminated. These positions are in the following organizational units of the Secretary's Office:

- Office of Governmental Liaison Services
- Council on Developmental Disabilities
- Division of Information Systems
- Division of Economic Opportunity
- Division of Public Affairs
- Division of Personnel Management Services

1                   Division of Budget and Analysis  
2                   Office of the Controller

3                   The Secretary of the Department of Human Resources shall identify those 20  
4 positions to be eliminated in accordance with the finding in subsection (a) of this section  
5 and with this subsection.

6           (c)    After identifying the positions to be eliminated by subsection (b) of this  
7 section, the Secretary of Human Resources shall combine the Office of Government  
8 Liaison Services and the Office of Public Affairs into an Office of External Affairs,  
9 under a director whom the Secretary shall appoint. This director shall report directly to  
10 the Secretary.

11          (d)    The base budget of the Department of Human Resources is reduced by six  
12 hundred six thousand dollars (\$606,000) for the 1993-94 fiscal year and by six hundred  
13 six thousand dollars (\$606,000) for the 1994-95 fiscal year due to the implementation of  
14 this section.

15          (e)    This section becomes effective July 1, 1993.

16    ---ASS'T. SEC. POS. ELIM./DHR.

17          Sec. 2. (a)    The General Assembly finds that an efficient organization has  
18 minimal layers of management to ensure that there are clear lines of communication  
19 throughout the organization structure, to facilitate organizational structure, and to  
20 facilitate organizational decision-making efficiency. The General Assembly further  
21 finds that there are three Assistant Secretary positions in the Department of Human  
22 Resources that are not performing the functions that their titles imply but, in effect,  
23 represent an unneeded layer of management in the Department.

24          (b)    The positions of Assistant Secretary for Budget and Management, of  
25 Assistant Secretary for Administration and Liaison Services, and the Assistant Secretary  
26 for Aging are eliminated. The Secretary of Human Resources shall ensure that the  
27 organizational units within the span of control of these assistant secretaries are  
28 reorganized so as to report directly to the Secretary or Deputy Secretary or to be moved  
29 into the appropriate program divisions.

30          (c)    G.S. 143B-181.2 is repealed.

31          (d)    The base budget of the Department of Human Resources is reduced by  
32 eighty-nine thousand dollars (\$89,000) for the 1993-94 fiscal year and by eighty-nine  
33 thousand dollars (\$89,000) for the 1994-95 fiscal year due to the implementation of this  
34 section.

35          (e)    This section becomes effective July 1, 1993.

36    ---DHR FTE POSITIONS ELIMINATED.

37          Sec. 3. (a)    The General Assembly finds that there are approximately 26  
38 positions in the Department of Human Resources that are considered excessive because  
39 of narrow spans of control or having fewer than three positions reporting to them,  
40 because of duplicate work being performed by similar positions, because of  
41 performance of unnecessary functions, or because of a level of work load that does not  
42 justify a full-time position. The General Assembly further finds that an additional 12  
43 positions are considered excessive because they represent an additional layer of  
44 management or supervision that is not warranted.

1 (b) The 38 positions in the Department of Human Resources that involve  
2 excessive layers of management, excessively narrow spans of control, or having fewer  
3 than three positions reporting to them, overlapping functions, or unnecessary positions  
4 are eliminated.

5 The Secretary of Human Resources shall identify the positions to be  
6 eliminated as indicated in this subsection.

7 The 26 positions that are considered excessive because of narrow spans of  
8 control, duplicate work being performed by similar positions, performance of  
9 unnecessary functions, or level of work load that does not justify a full-time position  
10 shall be identified for elimination from the following divisions and organizational units:

- 11 (1) Division of Mental Health, Developmental Disabilities, and Substance  
12 Abuse Services:
  - 13 a. Quality Improvement Section;
  - 14 b. Alcohol and Drug Abuse Section;
  - 15 c. Developmental Disabilities Section;
- 16 (2) Division of Personnel Management Services:
  - 17 a. Operations Section;
- 18 (3) Division of Youth Services:
  - 19 a. Community Services;
  - 20 b. Institutional Services;
- 21 (4) Division of Social Services:
  - 22 a. Information Systems;
  - 23 b. Regional Administration;
  - 24 c. Child Support Enforcement;
  - 25 d. Employment Programs;
  - 26 e. Public Assistance;
  - 27 f. Children's Services; and
- 28 (5) Division of Vocational Rehabilitation:
  - 29 a. Staff Development;
  - 30 b. Support Services;
  - 31 c. Administrative Services;
  - 32 d. Planning and Evaluation Services.

33 (c) The 12 positions that are considered to be excessive because they represent an  
34 additional layer of management or supervision that is not warranted are to be identified  
35 for elimination from the following divisions and organizational units:

- 36 (1) Division of Mental Health, Developmental Disabilities, and Substance  
37 Abuse Services:
  - 38 a. Mental Health Section;
  - 39 b. Alcohol and Drug Abuse Section;
  - 40 c. Developmental Disabilities Section;
  - 41 d. Willie M Services Section;
- 42 (2) Division of Social Services:
  - 43 a. Child Support Enforcement;
  - 44 b. Employment Programs; and

1 c. Public Assistance.

2 (d) The base budget of the Department of Human Resources is reduced by one  
3 million one hundred fifty thousand dollars (\$1,150,000) for the 1993-94 fiscal year and  
4 by one million one hundred fifty thousand dollars (\$1,150,000) for the 1994-95 fiscal  
5 year due to the implementation of this section.

6 (e) This section becomes effective July 1, 1993.

7 —DHR DECENTRALIZATION.

8 Sec. 4. (a) The General Assembly finds that a Cabinet Secretary's Office  
9 should act as a policy and administrative oversight function and should rarely if ever be  
10 directly involved with program service delivery. There should, generally, be no  
11 programmatic functions located in the Secretary's office and all pertinent functions  
12 should be decentralized and performed at the program division level. The General  
13 Assembly further finds that a considerable number of programmatic functions is  
14 currently inappropriately placed in the Office of the Secretary of the Department of  
15 Human Resources.

16 (b) The following programmatic functions are transferred from the Office of the  
17 Secretary of the Department of Human Resources to the specified divisions:

18 (1) The Division of Economic Opportunities, which administers grant  
19 programs that provide opportunities for low-income individuals and  
20 families, to the Division of Social Services;

21 (2) The Council on Developmental Disabilities, which is a federal  
22 program designed to assist states in developing and implementing  
23 plans for the developmentally disabled, to the Division of Mental  
24 Health, Developmental Disabilities, and Substance Abuse Services;

25 (3) The North Carolina Interagency Coordinating Council, which provides  
26 the necessary management and interagency coordination for the  
27 planning, development, and evaluation of services to developmentally  
28 disabled and at-risk infants, the Division of Mental Health,  
29 Developmental Disabilities, and Substance Abuse Services;

30 (4) The volunteer services provided by the Office of Volunteer  
31 Development Services, to the respective program divisions being  
32 served; and

33 (5) Effective July 1, 1995, when the program is fully operational, the  
34 Director of Family-Centered Services, which is a newly created  
35 program that provides policy and resource coordination among the  
36 various divisions within the Department of Human Resources to  
37 strengthen family-centered services, to the Division of Social Services.

38 (c) The position of Special Assistance for Education in the Office of the  
39 Secretary of the Department of Human Resources is eliminated and its position  
40 responsibilities are transferred to the Deputy Secretary of the Department of Human  
41 Resources.

42 (d) All of the powers, duties, and functions of the Office of Rural Health and  
43 Resource Development are transferred from the Department of Human Resources to the

1 Department of Environment, Health, and Natural Resources. This transfer shall include  
2 all elements of a Type I transfer, as defined in G.S. 143A-6.

3 (e) Effective upon the transfers mandated by subsection (b) of this section  
4 being effected, the following organizational units in the Department of Human  
5 Resources shall report to the Secretary:

- 6 (1) Deputy Secretary;
- 7 (2) DHR Counsel/Office of Legal Affairs;
- 8 (3) Office of External Affairs;
- 9 (4) Division of Information Systems;
- 10 (5) Division of Personnel Management Services;
- 11 (6) Division of Budget and Analysis; and
- 12 (7) Office of the Controller.

13 (f) Effective upon the transfers mandated by subsection (b) of this section, the  
14 program divisions shall report to the Deputy Secretary.

15 (g) The base budget of the Department of Human Resources is reduced by  
16 two hundred forty-three thousand dollars (\$243,000) for the 1993-94 fiscal year and by  
17 two hundred forty-three thousand dollars (\$243,000) for the 1994-95 fiscal year due to  
18 the implementation of this section.

19 (h) The base budget of the Department of Environment, Health, and Natural  
20 Resources is reduced by --- for the 1993-94 fiscal year and by — for the 1994-95 fiscal  
21 year due to the transfer of the budget of the Office of Rural Health and Resource  
22 Development.

23 (i) This section becomes effective July 1, 1993.

24 ---DHR UNIT REORG.

25 Sec. 5. (a) The General Assembly finds that, if organizational units within  
26 departments are misplaced, vital fiscal and human resources are wasted in unnecessary  
27 management positions and in excessive coordination of services. The General  
28 Assembly further finds that several organizational units and positions are  
29 organizationally misplaced in the Department of Human Resources.

30 (b) All of the powers, duties, budget, and functions of the Charitable Solicitation  
31 Unit of the Division of Facility Services, Department of Human Resources, are  
32 transferred to the Department of Justice, Office of the Attorney General, Consumer  
33 Protection Section. This transfer has all the elements of a Type I transfer, as defined in  
34 G.S. 143A-6.

35 (c) G.S. 131C-3(3) and G.S. 131C-3(10) are repealed.

36 (d) G.S. 131C-3(5) reads as rewritten:

37 "(5) 'Department' means the Department of ~~Human Resources~~-Justice."

38 (e) G.S. 131C-4(a) reads as rewritten:

39 "(a) Any person who solicits charitable contributions shall apply for and obtain an  
40 annual license from the ~~Department of Human Resources~~-Department. A person who is  
41 authorized to solicit on behalf of a licensed or exempt person is not required to obtain a  
42 license under this section."

43 (f) G.S. 131C-7(a)(6) reads as rewritten:

1           "(6) A copy of a financial statement in a consolidated report audited by an  
2 independent public accountant for the person's immediately preceding  
3 fiscal year or, if none, for the present fiscal year or part thereof;  
4 provided that if total support and revenue exceeds two hundred fifty  
5 thousand dollars (\$250,000) for the fiscal year or part thereof, the  
6 report shall be audited by a certified public accountant. Information as  
7 to the total support and revenue and all of the fund-raising activities  
8 including the balance sheet, kind and amounts of funds raised, costs  
9 and expenses incidental thereto, allocation or disbursement of funds  
10 raised, changes in fund balances, notes to the audit and the opinion as  
11 to the fairness of the presentation by the accountant shall be included.  
12 This report shall conform to the accounting and reporting procedures  
13 established by the ~~Commission~~ Attorney General. The ~~Commission~~  
14 Attorney General shall adopt rules for simplified reporting by persons  
15 whose total support and revenue is one hundred thousand dollars  
16 (\$100,000) or less."

17           (g) G.S. 131C-8(a) reads as rewritten:

18           "(a) An application for licensure shall be in writing, verified under oath or  
19 affirmation and shall contain such information as specified in G.S. 131C-7 as the  
20 ~~Commission~~ Attorney General shall require. In addition, the application shall contain:

- 21           (1) The name and address of all officers, employees and agents;
- 22           (2) The name and address of all persons who own a ten percent (10%) or  
23 more interest in the applicant; and
- 24           (3) A description of any other business conducted by the applicant or any  
25 person who owns a ten percent (10%) or more interest in the  
26 applicant."

27           (h) G.S. 131C-9(a) reads as rewritten:

28           "(a) An application for licensure under G.S. 131C-4 or 131C-6 shall be  
29 accompanied by a fee not to exceed one hundred dollars (\$100.00) in accordance with a  
30 fee schedule established by the ~~Commission~~ Attorney General."

31           (i) G.S. 131C-10 reads as rewritten:

32           "**§ 131C-10. Bond.**

33           An applicant under G.S. 131C-6 shall, at the time of making application, file with  
34 and have approved by the Department a bond in which the applicant shall be the  
35 principal obligor in the sum of twenty thousand dollars (\$20,000) with one or more  
36 sureties satisfactory to the Department, whose liability in the aggregate as such sureties  
37 will at least equal the said sum; and the applicant shall maintain said bond in effect so  
38 long as the license is in effect. The bond shall run to the State for the use of said bond  
39 for any penalties and to any person who may have a cause of action against the obligor  
40 of the bond for any losses resulting from the obligor's conduct of any and all activities  
41 subject to this Chapter or arising out of a violation of this Chapter or any rule of the  
42 ~~Commission~~ Attorney General. A bond shall not be required of any applicant who does  
43 not personally receive any of the contributions collected and who does not personally  
44 handle any of the contributions expended. In lieu of the bond required under this

1 section, an applicant may submit a certificate of deposit in the amount of twenty  
2 thousand dollars (\$20,000) that is either payable to the State and unrestrictively  
3 endorsed to the Department; or in the case of a negotiable certificate of deposit, is  
4 unrestrictively endorsed to the Department; or, in the case of a nonnegotiable certificate  
5 of deposit, is assigned to the Department in a form satisfactory to the Department.  
6 Access to the certificate of deposit in favor of the State is subject to the same conditions  
7 as for a bond under this section and shall extend for a period not less than four years  
8 after the licensee ceases activities that are subject to this Chapter. The Department shall  
9 deliver to the State Treasurer certificates of deposit submitted under this section."

10 (i) G.S. 131C-12 reads as rewritten:

11 **"§ 131C-12. Rule-making authority.**

12 ~~The Social Services Commission shall have the authority to~~ Attorney General shall adopt  
13 rules necessary for the implementation of this Chapter and to prevent false and  
14 deceptive statements and conduct in the solicitation of charitable contributions."

15 (j) G.S. 131C-13 reads as rewritten:

16 **"§ 131C-13. Fiscal records.**

17 Any person subject to licensure under this Chapter shall maintain accurate fiscal  
18 records in accordance with rules adopted by the ~~Commission~~ Attorney General."

19 (k) G.S. 131C-18 reads as rewritten:

20 **"§ 131C-18. Duty of Secretary of Human Resources** Attorney General to investigate.

21 ~~The Secretary of Human Resources shall have the power, and it shall be his duty, to~~  
22 Attorney General shall investigate, from time to time, the activities of all persons  
23 soliciting charitable contributions in this State, which are or may in his opinion be  
24 subject to this Chapter, or which have or may have violated the provisions of this  
25 Chapter. Such investigation shall be with a view of ascertaining whether this Chapter is  
26 being or has been violated by any such person, and if so, in what respect, with the  
27 purpose of acquiring such information as may be necessary to enable ~~him~~ the Attorney  
28 General to grant or deny an application for licensure, to revoke a license, to seek an  
29 injunction against any person, or to take any other action pursuant to this Chapter."

30 (l) G.S. 131C-19 reads as rewritten:

31 **"§ 131C-19. Power to compel examination.**

32 In performing the duty required in G.S. 131C-18, the ~~Secretary shall have the power,~~  
33 Attorney General may, at all times, to require the officers, agents or employees of any  
34 person soliciting charitable contributions in this State and all other persons having  
35 knowledge with respect to the matters and activities of such persons, to submit  
36 themselves to ~~examination by him, examination,~~ and produce for ~~his~~ inspection any of the  
37 books and papers of any such persons, or which are in any way connected with the  
38 business thereof; and the ~~Secretary is hereby given the right to~~ Attorney General may  
39 administer oath to any person ~~whom he may desire to examine.~~ under examination. ~~He~~  
40 ~~shall also, if it may become necessary, have the right to~~ The Attorney General may apply to  
41 any justice or judge of the appellate or superior court divisions, after five days notice of  
42 ~~such~~ application, for an order on any ~~such~~ person ~~he may desire to examine~~ under  
43 examination to appear and subject himself or itself to such examination, and be examined,

1 and disobedience of such order shall constitute contempt, and shall be punishable as in  
2 other cases of disobedience of a proper order of such judge."

3 (m) G.S. 131C-21 reads as rewritten:

4 **"§ 131C-21. Injunction.**

5 If any person shall violate or threaten to violate any provision of this Chapter, the  
6 ~~Secretary of Human Resources~~ Attorney General may institute an action in the Superior  
7 Court of Wake County for injunctive relief against such violation or threatened  
8 violation."

9 (n) Rules adopted by the Social Services Commission regulating the  
10 Charitable Solicitation Act remain in effect until rewritten or repealed by the Attorney  
11 General.

12 (o) This section becomes effective October 1, 1993, and applies to charitable  
13 solicitations required on or after that date.

14 (p) All of the powers, duties, and functions of the Employee Assistance  
15 Program (EAP) Branch, Department of Human Resources, that are responsible for  
16 identifying troubled employees throughout the Department of Human Resources and  
17 assisting them to find personal counseling help or to access the appropriate referral  
18 resources and that also assist the area mental health programs through promotion,  
19 training, and support of area EAP procedures, are transferred to the Division of  
20 Personnel Management Services in the Office of the Secretary.

21 (q) All of the powers, duties, and functions of the Adult Services  
22 Branch/Controlled Substance Regulatory Unit, Department of Human Resources, that is  
23 responsible for implementing the regulatory responsibilities of the North Carolina  
24 Controlled Substance Act and that does licensing and inspection of drug-related  
25 facilities in order to prevent legitimately manufactured, distributed, or dispensed  
26 controlled substances from being delivered into the illicit market, are transferred to the  
27 Division of Facility Services.

28 (r) The Computer Systems Analyst IV position in the Division of Vocational  
29 Rehabilitation, Department of Human Resources, is transferred to the Division's  
30 Administrative Services Section for better coordination in implementing the Division's  
31 computer system.

32 (s) The Staff Development Specialist position located in the Program  
33 Operations and Support Section of the Division of Vocational Rehabilitation,  
34 Department of Human Resources, is transferred to the Division's Administrative  
35 Services Section to eliminate fragmentation of the computer program automation  
36 function.

37 (t) This section becomes effective July 1, 1993.