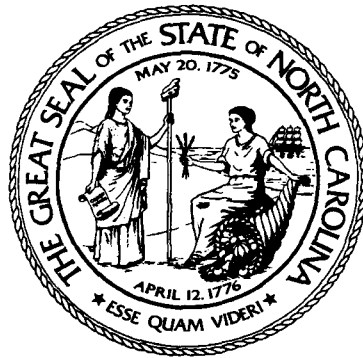


LEGISLATIVE RESEARCH COMMISSION

State Government Reorganization and Privatization



REPORT TO THE
1995 GENERAL ASSEMBLY
OF NORTH CAROLINA
1996 REGULAR SESSION

A LIMITED NUMBER OF COPIES OF THIS REPORT IS AVAILABLE
FOR DISTRIBUTION THROUGH THE LEGISLATIVE LIBRARY.

ROOMS 2126, 2226
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27611
TELEPHONE: (919) 733-7778

OR

ROOM 500
LEGISLATIVE OFFICE BUILDING
RALEIGH, NORTH CAROLINA 27603-5925
TELEPHONE: (919) 733-9390

TABLE OF CONTENTS

LETTER OF TRANSMITTAL..... i

LEGISLATIVE RESEARCH COMMISSION MEMBERSHIP.....1

PREFACE..... 2

EXECUTIVE SUMMARY.....3

COMMITTEE PROCEEDINGS..... 4

SUBCOMMITTEE REPORTS
PRIVATIZATION &
STATE GOVERNMENT REORGANIZATION..... 15

APPENDICES

APPENDIX A
RELEVANT PORTIONS OF CHAPTER 542
OF THE 1995 SESSION LAWS, THE STUDIES BILL
.....A-1

APPENDIX B
MEMBERSHIP OF THE LRC COMMITTEE ON
State Government Reorganization and Privatization.....B-1

APPENDIX C
Various Informational Materials.....C-1

APPENDIX D
A BILL TO BE ENTITLED AN ACT TO ENFORCE ECONOMY IN STATE
PRINTING COSTS AND TO PROMOTE OPPORTUNITIES FOR INCREASED
PRIVATIZATION OF PRINTING.....D-1

APPENDIX E
A BILL TO BE ENTITLED AN ACT TO PROVIDE FOR LEGISLATIVE
CONFIRMATION OF CERTAIN EXECUTIVE APPOINTMENTS AND TO
CHANGE THE COMPOSITION, APPOINTMENTS, AND TERMS OF VARIOUS
BOARDS, COMMISSIONS AND AUTHORITIES WITHIN STATE
GOVERNMENT.....E-1

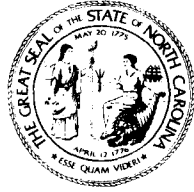
APPENDIX F

A BILL TO BE ENTITLED AN ACT TO TRANSFER THE RAIL SAFETY SECTION FROM THE UTILITIES COMMISSION TO THE DEPARTMENT OF TRANSPORTATION AND TO DIRECT THE SECRETARY OF TRANSPORTATION TO STUDY THE NEED FOR CONTINUATION OF THE RAIL SAFETY INSPECTION PROGRAM.....F-1

APPENDIX G

A BILL TO ENTITLED AN ACT TO ABOLISH OR MERGE CERTAIN BOARDS AND COMMISSIONS.....G-1

STATE OF NORTH CAROLINA
LEGISLATIVE RESEARCH COMMISSION
STATE LEGISLATIVE BUILDING
RALEIGH 27611



May 1, 1996

TO THE MEMBERS OF THE 1995 GENERAL ASSEMBLY (REGULAR SESSION 1996):

The Legislative Research Commission herewith submits to you for your consideration its interim report on State government reorganization and privatization. The report was prepared by the Legislative Research Commission's Committee on State Government Reorganization and Privatization pursuant to G.S. 120-30.17(1).

Respectfully submitted,

Harold J. Brubaker
Speaker of the House

Marc Basnight
President Pro Tempore

Cochair
Legislative Research Commission

1995-1996

LEGISLATIVE RESEARCH COMMISSION

MEMBERSHIP

President Pro Tempore of
the Senate
Marc Basnight, Cochair

Senator Frank W. Ballance, Jr.
Senator R. L. Martin
Senator Henry McKoy
Senator J. K. Sherron, Jr.
Senator Ed N. Warren

Speaker of the House
of Representatives
Harold J. Brubaker, Cochair

Rep. Jerry C. Dockham
Rep. Larry Linney
Rep. Edd Nye
Rep. Gregory J. Thompson
Rep. Constance K. Wilson

PREFACE

The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is the general purpose study group in the Legislative Branch of State Government. The Commission is cochaired by the Speaker of the House and the President Pro Tempore of the Senate and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

The Legislative Research Commission, prompted by actions during the 1995 Session, has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of study. The Cochairs of the Legislative Research Commission, under the authority of G.S. 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Cochairs, one from each house of the General Assembly, were designated for each committee.

The study of State government reorganization and privatization was authorized by Section 21.1 of Chapter 542 of the 1995 Session Laws. The relevant portions of Chapter 542 are included in Appendix A. The Legislative Research Commission authorized this study under authority of G.S. 120-30.17(1) and grouped this study in its State Government Reorganization and Privatization area. The Committee was chaired by Senator David Hoyle and Representative Richard Morgan. Mr. Howard Lee and Mr. Charles Shelton served as public sector co-chairs. The full membership of the Committee is listed in Appendix B of this report. A committee notebook containing the committee minutes and all information presented to the committee is filed in the Legislative Library.

EXECUTIVE SUMMARY

The State Government Reorganization and Privatization Study Committee has been very active during the course of the legislative interim through the several meetings of the full Committee and its subcommittees. This interim report summarizes the Committee's progress to date by providing an overview of the proceedings of the full Committee and by reporting on the status of the work of the subcommittees.

Included in the Appendices of this interim report are legislative proposals developed at the subcommittee level for consideration by the full Committee. Each proposal is accompanied by a summary of the proposed legislation as approved at the subcommittee level and recommended at the full Committee meeting held on April 23, 1996. These legislative proposals contained in the Appendices are, as follows:

- State printing** (Appendix D): Enforces economy in State Printing.
- Legislative confirmation** (Appendix E): Requires legislative confirmation of certain appointees and makes changes to certain boards.
- Railroad inspections** (Appendix F): Transfers rail safety inspections program to the Department of Transportation.
- State boards and commissions** (Appendix G): Abolishes or merges certain boards and Commissions.

COMMITTEE PROCEEDINGS

The State Government Reorganization and Privatization Study Committee met six times during the legislative interim: December 12, 1995; January 23, 1996; February 5, 1996; March 4, 1996; April 1, 1996; and April 23, 1996.

December 12, 1995

The first meeting of the State Government Reorganization and Privatization Study Committee served primarily as an organizational meeting, with Senator David Hoyle, Co-Chair, presiding. The Chair recognized House Speaker Harold Brubaker and Senate President Pro Tempore Marc Basnight for comments. Both legislative leaders addressed the Committee on the importance of its charge.

Following additional opening and introductory remarks, Committee staff provided an overview of the matters assigned to the Committee pursuant to House Bill 898 and by action of the Legislative Research Commission. Mr. Linwood Jones, Committee Co-Counsel, outlined the main items before the Committee:

- (1) Government reorganization, restructuring, and downsizing.
- (2) Boards and commissions consolidation and abolishment.
- (3) State printing.
- (4) State aid to private entities.
- (5) Private auxiliary entities.
- (6) State expenditures for legal services.
- (7) Outside counsel for the State.
- (8) Privatization, including information technology outsourcing.
- (9) Civilianization.

Ms. Phyllis Pickett, Committee Co-Counsel, explained that civilianization relates to the extent to which sworn law enforcement officers hold positions in State government employment which may or may not require sworn status as an essential element of the position. This issue was generated as the result of findings and recommendations of the 1993 Governmental Performance Audit Committee (GPAC). GPAC suggested that

certain positions held by State law enforcement officers should be civilianized (i.e., filled with non-sworn personnel) upon vacancy. Ms. Pickett provided information on the types and numbers of law enforcement personnel in State government employment and the rate of growth in those positions. In addition, staff apprised the Committee of 14 topics related to its charge that were under consideration by other committees or entities. Staff provided resource materials on state boards and commissions and on privatization, including copies of the 1994 report by the Office of State Budget and Management entitled "Privatization in North Carolina State Government", Reason Foundation publications, and examples of recent privatization efforts by other states. (See Appendix C).

Professor Frayda Bluestein of the University of North Carolina Institute of Government made a presentation to the Committee in which she: (i) gave an overview of privatization methodologies used by governments and (ii) made suggestions to the Committee regarding issues for it to consider as it reviews potential areas, services, and functions for privatization. Professor Bluestein stated that privatization can be defined as "a shift from government to private sector responsibility for some or all aspects of particular activities or services" previously rendered by government. Alternative arrangements for the provision of services previously rendered by government may be described in terms of who has responsibility for the service or function, who produces the service, and who finances the service or function. Privatization may be accomplished by various methods, including: contracting out, vouchers, subsidies, tax credits, public-private partnerships, user fees, volunteerism, shedding services and assets sales. According to Professor Bluestein, issues to be considered in choosing the appropriate privatization arrangement for a particular activity or service include review of legal authority and liability, cost, competition, ability to define performance and describe desired service levels, the consequences of private sector default, and equity.

The Committee discussed the points raised by Professor Bluestein's comments, including the importance of competition, the relevance of economies of scale, and concerns about potential private sector default as to important functions.

Following the privatization overview, the Committee went on to discuss its options as to how to proceed with the various inquiries within its charge. The use of active subcommittees was presented as one way to divide the tasks in the Committee's huge assignment as to State government reorganization and privatization.

January 23, 1996

Representative Richard Morgan presided at the second meeting of the State Government Reorganization and Privatization Study Committee. The first order of business was dividing the Committee into two subcommittees: the Privatization Subcommittee and the State Government Reorganization Subcommittee. The following members were appointed by the Representative Morgan and Senator Hoyle to serve on the State Government Reorganization Subcommittee: Senator John Kerr (Co-Chair), Representative Lyons Gray (Co-Chair), Mr. Art Pope (Co-Chair), Senator Tony Rand, Senator Hamilton Horton, Representative William Culpepper, Representative Wilma Sherrill, and Mr. Jim Harrington. Members appointed to the Privatization Subcommittee were: Senator J. K. Sherron (Co-Chair), Representative Rex Baker (Co-Chair), Mr. Bob Luddy (Co-Chair), Senator Clark Plexico, Representative Walter Church, Ms. Susan Hutchins, Mr. Chuck Hunt, and Mr. R. V. Owens. The four Committee Co-Chairs were appointed to serve as members of both Subcommittees.

After appointment of the two subcommittees, the Chair called upon Committee Counsel to list the items for referral to the respective subcommittees. Ms. Pickett reviewed the items for referral to the Privatization Subcommittee and Mr. Jones reviewed the items for referral to the State Government Reorganization Subcommittee. (See Appendix C.) The Chair formally referred each item and there was discussion pertaining to those items. The Committee proceeded to set up its monthly meeting schedule through April 1996, and handled other administrative matters.

The next order of business was a series of presentations on the issue of privatization of public school transportation services. Mr Derrick Graham, Chief of Transportation Services at the Department of Public Instruction, provided the Committee with background information on the current transportation program for local school

systems. Mr. Graham reported that there are approximately 13,000 public school buses in operation in the State, with initial purchase and ownership of the buses at the local level and payment for replacement buses to replacing public school buses according to need, age of the vehicles, and mileage at the State level. Last year, a daily average of 694,210 students were transported on public school buses and over 133.6 million miles were logged over the course of the year. For 1996, the State will spend about \$42 million to purchase 1000 replacement school buses. Total operating costs for school buses for 1995 amounted to \$169 million, of which \$147 million was paid from State funds, with local school administrative units having increased flexibility as to how the State funds provided for public school transportation are allocated on the local level. Mr. Graham explained how the Department of Public Instruction uses a budget rating formula to determine the amount of funds provided.

Mr. Ray Massey, Jr. and Dr. Wyatt Harper, of the Wake County Public Schools Auxiliary Services Division, summarized the results of a recently released privatization feasibility study conduct by Wake County Public Schools. They explained that Wake County school officials were interested in determining whether privatizing all or part of the systems transportation services would result in cost savings and service improvements. According to their presentation, the Wake County study indicated that there would not be any savings associated with the potential privatization schemes as reviewed in the feasibility study and that certain impediments exist that render privatization less feasible. The main factors relate to tort claims and insurance coverage, the funding of replacement buses, and bus driver training costs. A discussion ensued regarding the significance and validity of the Wake County Public Schools bus transportation privatization feasibility study.

The Committee heard from two representatives from private transportation companies that contract with local school systems to provide privatized public school transportation services in other states. Mr. Richard Clair, Vice President of Business Development for Ryder Student Transportation Services, spoke to the Committee in his capacity as a member of the National School Transportation Services Association, a trade group representing vendors supplying 55,000 school buses to school districts across the

nation. Mr. Clair stated that during the 1994-95 school year, over one third of all school buses were operated by private contractors, but very little is done in the Southeast due to the factors identified in the Wake County Public Schools report. Mr. Clair informed the Committee of a national trend toward increased privatization of public school services, including transportation, and he spoke about specific privatization efforts in other parts of the country. Mr. Gary Shaw of Laidlaw Transit, Inc., also gave an industry perspective on the issue of privatized public school transportation services.

After further discussion of the potential pros and cons of privatizing public school transportation services, the matter was sent on to the Privatization Subcommittee for more in-depth consideration.

February 5, 1996

Committee Co-Chair Howard Lee presided at the third Committee meeting. After hearing status reports from the two subcommittees, the Chair called for presentations on the work of the 1993 Governmental Performance Audit Committee (GPAC) study as it related to State government reorganization and privatization matters.

Mr. Curtis Clark, Deputy State Controller, explained that the GPAC study was a comprehensive performance audit of State government which began in 1991. The primary focus was to review the State's management systems and to examine organizational and staffing issues. The work of the GPAC study was divided into a four part study of Budgeting, Technology, Personnel, and Procurement. By 1992, a series of reports were issued which recommended structural changes in those four areas. Then, in Phase II, the GPAC study turned its attention to programmatic areas including, Education, Human Resources, Corrections, etc. During this phase, 57 issue papers were developed on topics ranging from transportation to telecommunications. A General Fund financial model was developed which continues to be used in the General Assembly. The various recommendations were put in the form of legislative proposals that were filed during the 1993 Session of the General Assembly. A number of the recommendations were incorporated into the budgeting process. Mr. Clark said that GPAC showed that State government can be "run in a different way" and that GPAC presented "a set of

solutions that continue to be debated and discussed today". The continued review of GPAC recommendations is an ongoing part of the legislative process.

Mr. Tony Goldman of the General Assembly's Fiscal Research Division supplemented Mr. Clark's comments concerning GPAC by updating the Committee on the current status of GPAC proposals, including legislation enacted during the 1993 General Assembly and recommendations under consideration by the 1995 General Assembly. (See Appendix C.) Mr. Goldman's remarks included discussion of GPAC educational governance changes, including changes recommended and implemented for the The University of North Carolina system and changes related to the vesting of State employee health.

March 4, 1996

At its March 4, 1996, meeting, the Committee, chaired by Representative Morgan, heard progress reports from its two subcommittees, considered the Charlotte-Mecklenburg Hospital Authority's operation of of public health department services in Mecklenburg County, and reviewed the operation of the UNC Hospitals.

The Privatization Subcommittee reported on its ongoing work with the privatization of school bus transportation, review of surplus property, potential sale of the State's interest in railroad stock, and related matters. The Reorganization Subcommittee reported on its ongoing work with abolishing inactive boards and commissions and developing a bill requiring legislative confirmation of certain gubernatorial appointments.

The Committee heard testimony on the operation of public health department services by the Charlotte-Mecklenburg Hospital Authority. Mrs. Carla DuPuy, Vice President of Public Affairs for the Authority, gave the historical background on how the Authority became involved. The initial step was negotiations between the county and the Authority about ten years ago to turn the management of the county's mental hospital over to the Authority to make it eligible for Medicaid reimbursement. There have been no increases in county funding for this program since the Authority took it over. Mrs. DuPuy estimated that the county had saved over \$20 million in this ten-year period.

Ms. Sandra Bisanar, Associate County Attorney for Mecklenburg County, noted that the Authority and the county had developed a historical relationship, based partly on the county's funding of indigent care patients and the Authority's operation for many years of clinics providing some public health services. In October, 1995, the Authority, which is a separate government entity from the county, contracted with the county to provide even more public health services. Pursuant to this agreement, the Authority now provides eighty-four percent of the public health services in Mecklenburg County. Almost all of the public health department's services can be contracted (except for services involving sanitation, communicable disease control, and vital records). The county board of commissioners, functioning as the county board of health, still retains control of the public health department. As part of the agreement, the county has capped at \$17.7 million per year the amount it will pay the Authority for indigent care and \$9.53 million the amount it will pay for public health services under contract.

Dr. John Baker, Vice President of Education and Research at the Authority, added that the county has moved to divest itself of healthcare operations over the past fifteen years. Counties must maintain ultimate responsibility for public health services, and they must ensure that there are knowledgeable staff performing outsourced public health services.

Mr. Eric Munson, Executive Director of UNC Hospitals, gave the history and an overview of the operations of the UNC Hospitals. Mr. Munson and Mr. Charles Ayscue, Chief Financial Officer of UNC Hospitals, also responded to questions concerning potential Medicare and Medicaid reductions and how UNC Hospitals would accommodate the loss of funding. Questions arose concerning the Enterprise Fund, which has accumulated funds over the past five years nearly equal to the amount appropriated by the State to UNC Hospitals, how those funds are handled, and the purpose for which they are expended. Mr. Munson noted that these funds are reported to the General Assembly and that they are audited by the State Auditor. Mr. Munson and Mr. Ayscue also commented on concerns raised in the Committee about the recent selection of an underwriter for bonds to be issued by UNC Hospitals. The concerns were over the failure to select the lowest bidder. Mr. Munson also answered questions about performance

reviews by the hospital board of trustees of him and his 2-year severance pay package. Additional information was requested of staff about severance pay among other university officials.

Mr. Gary Vanderpoole, Associate Dean of Business Affairs at ECU School of Medicine, in response to questions about State aid to the ECU medical school program, stated that State funding is about \$40 million per year. Mr. Jack Holsten, Chief Financial Officer of Pitt County Memorial Hospital, stated that the hospital receives no direct appropriation from the State, but that the hospital is reimbursed on a full cost basis for treating Medicaid patients, resulting in a premium of \$1 million a year over what would have been paid under the ordinary Medicaid DRG system. The hospital had received State funding in the past, but this was eliminated several years ago. The change resulted in savings to the State of over \$10 million the first year and \$11 million the second year, with most of this being picked up by the federal portion of Medicaid.

April 1, 1996

At its April 1, 1996, meeting, chaired by Senator David Hoyle, the Committee heard presentations from the University of North Carolina on its progress in privatizing or identifying privatization prospects and from a representative of the furniture industry concerning State furniture contracts. The Committee also received two bills from the Reorganization Subcommittee, which were discussed by counsel. No action was taken on either bill.

Mr. Bill McKoy, Vice-President for Finance of the University of North Carolina General Administration, presented a report on UNC's efforts to privatize various university operations. The study is looking at what is already being privatized elsewhere, what is the most effective way to privatize, what actions the universities are already taking on privatization, and the feasibility of privatization in the following seven areas: housekeeping, grounds maintenance, heating, ventilation, and air conditioning maintenance, central steam plant operations and maintenance, solid waste collection and disposal, hazardous waste collection and disposal, and data processing. Mr. McKoy outlined the timeframe for privatizing. The Committee discussed to some extent the

proposal to develop a medical waste incinerator at ECU and whether privatization had been considered as an option.

Mr. Jones briefly addressed the Committee about the passage last year of House Bill 301, which required multiple vendors, instead of one vendor, on the State furniture contracts (unless there are legitimate reasons to have less than three). The bill contained a requirement that agencies report their furniture purchases to the Division of Purchase and Contract in order to allow Purchase and Contract to report back to the General Assembly in 1997 on the use of the multiple award system for furniture contracts.

Mr. C.T. Morgan, former Director of Government Relations for the North Carolina Furniture Manufacturers Association, spoke to the Committee about the failure of agencies to report their purchases of furniture in accordance with the bill. Mr. Morgan believes that accurate and timely reporting is needed so that the State can determine whether the system is being abused. Mr. John Leaston, director of the Division of Purchase and Contract, confirmed that only a few agencies had reported. Out of 250 agencies required to report furniture purchases, only about 25 had done so on the first contract (side chairs) to be awarded under the provisions of House Bill 301.

Questions were raised about other states giving bid preferences to their domestic manufacturers and dealers. Counsel noted that legislation from the House is pending before the Senate Commerce Committee that would create a reciprocal bid preference: if another state discriminates against a North Carolina bidder, North Carolina will discriminate to the same extent against a bidder from that state. The furniture reporting issue was subsequently referred to the Reorganization Subcommittee.

Mr. Jones discussed the two bills reported from the Reorganization Subcommittee to the full Committee: one on legislative confirmation and changes to boards and commissions and one on the transfer of the railroad safety inspection program from the Utilities Commission to the Department of Transportation. For a full explanation of these bills, see the Explanation section with each bill. No action was taken on the two bills.

April 23, 1996

At the April 23rd meeting, chaired by Representative Morgan, the Committee received reports from its two subcommittees, heard additional testimony concerning UNC Hospitals, and discussed four bills.

Mr. Jim Newlin of Fiscal Research briefly reviewed for the Committee the State funding for UNC Hospitals. Mr. Charles Ayscue, Chief Financial Officer for UNC Hospitals, presented additional financial information that analyzed the components of the Hospitals' net income, gave past and projected appropriation dollars, and provided a statement of cash on hand. Mr. Ayscue also provided a copy of Moody's municipal credit report for the UNC Hospitals. The credit report was issued with respect to the approximately \$134 million bond issue. There was considerable discussion by the Committee on the details of the financial information, the equity of providing State indigent care funding to UNC Hospitals and not other hospitals, and the effect that a withdrawal of State funding would have on UNC Hospitals and its credit rating. (See Appendix C.)

The subcommittees presented progress reports of their work. The Reorganization Subcommittee reported in two bills: one on State agency printing and one on abolishing certain boards and commissions. The Reorganization Subcommittee also reported in an amendment to the confirmation bill that it had earlier forwarded to the Committee concerning the Coastal Resources Commission.

Mr. Jones discussed the four proposals pending before the Committee:

- A bill on State printing
- A bill to abolish certain boards and commissions
- A bill to transfer the rail safety section
- A bill on legislative confirmation and board changes

Please see Appendices D, E, F, and G for a summary of these proposals. On the bill to abolish certain boards and commissions, the Committee moved to delay the effective date of the changes concerning the Employment Security Commission Advisory Council to October 1, 1997, and added two provisions (by amendment) that require

reports to the Budget Office on all boards and commissions and reports to the Budget Office on extensions of nonstatutory boards and commissions beyond two years. On the bill providing for legislative confirmation, the Committee added the amendment received from the Reorganization Subcommittee concerning local government appointments to the Coastal Resources Commission. The Committee approved each bill and adopted the final report for submission to the Legislative Research Commission. Committee members were asked to notify counsel prior to May 1st if they wished to be listed as co-sponsors on any of the four bills.

PRIVATIZATION SUBCOMMITTEE

The Privatization Subcommittee met several times during the legislative interim and considered the following matters.

Privatization of Public School Transportation

Over the course of several meetings, the Subcommittee examined in detail issues related to the privatization of public school transportation in North Carolina. Though there is currently statutory law authorizing local school boards to contract out public school transportation, the Committee is investigating whether obstacles to competition and contracting exist which make privatization difficult or unattractive to local school boards. The Subcommittee is focusing mainly on the following topics:

- (1) **Liability Insurance.** The State is self-insured under the Torts Claim Act and does not purchase insurance for school transportation. The Subcommittee is considering the question of whether the costs associated with private contractors paying for insurance might adversely affect privatization and whether statutory changes in this regard may be warranted.
- (2) **Vehicle Replacement Funds.** The Department of Public Instruction replaces public school buses annually subject to model year and mileage criteria within funds appropriated by the General Assembly. How to best handle capital replacement funding in a privatized context is also under review by the Subcommittee.
- (3) **Retirement Coverage.** The State Teachers' and Employees' Retirement System excludes private employees from coverage. The Subcommittee is debating the efficacy of opening the Retirement System to private employees of a public school transportation contractor in the case where a private

employee is a former public school employee hired by the private contractor to continue as a bus driver in a privatized transportation system.

- (4) Fuel Taxes. School districts are exempt from paying sales taxes and excise taxes on gasoline and diesel fuel used for public school transportation. The Subcommittee is reviewing whether that exemption should also extend to a school transportation contractor.
- (5) Driver Training. School bus drivers in North Carolina are required by law to be trained by the Division of Motor Vehicles. The Subcommittee is also assessing whether changes should be made to allow the training of a private contractor's drivers to be performed by the private contractor provided that the contractor's training program meets minimum State requirements.

At its April 10, 1996 meeting, the Subcommittee discussed features of a legislative proposal drafted by Ms. Pickett, Committee Counsel, at the request of Subcommittee Co-Chair Bob Luddy, on the privatization of public school transportation. A vote was not taken and consideration of that proposal will continue after the 1996 Short Session.

Review of Potential Asset Sales: North Carolina Railroad & State Ports:

The Subcommittee has received background and other information relative to the State's stockholdings in the North Carolina Railroad and will continue its inquiry into whether the State's interest in the railroad should be liquidated. The Subcommittee has begun discussion of the operations of the State ports at Wilmington and Morehead City. As part of its information gathering process, the Subcommittee has decided to travel to both State ports after the 1996 legislative session in order to view those facilities.

State Property Leasing/ LEA Issues

The Subcommittee received information pertaining to the Capital Area Master Plan for State Government. The Subcommittee heard from the Department of Administration's State Construction and State Property Offices and from a representative of the private office space/building leasing industry regarding alternatives to the State's construction of new buildings.

On a related topic, the Subcommittee is making inquiries into the authority of local school administrative units and counties to enter into lease purchase arrangements for land and school buildings. Currently, other legislative studies are looking into this matter and the Subcommittee will stay informed of related developments.

Equipment Leasing

Mr. Dennis Brown and Mr. Edward Pletske, representatives of the Equipment Leasing Association of America, gave a presentation to the Subcommittee concerning the flexibility and potential savings to the State from the leasing of automobiles, telephones, computer equipment, and other similar equipment. Officials of the Department of Administration, including John Leaston, State Purchasing Officer, have provided the Subcommittee with overview information related to leasing and other State property matters. The Subcommittee plans to resume its review of the advantages of equipment leasing, and other State property matters, following the 1996 Short Session.

MCNC Plan to Become Self-Supporting

Dr. Frank Hart, President of the MCNC, gave the Subcommittee a progress report on the implementation of MCNC's plan to become self-supporting. The goal is that MCNC will not require any State appropriations for its operations after July 1, 1999.

Other Matters

Subsequent to the 1996 Regular Session of the 1995 General Assembly, the Subcommittee will continue its review of the topics referred to it by the full Committee as well other topics that have been raised by Subcommittee members. Among those topics are review of certain Department of Motor Vehicles functions, review of the Office of State Personnel's Temporary Solutions and Employee Assistance programs, and consideration of statutory changes to provide a framework for an effective and comprehensive State government privatization initiative.

REORGANIZATION SUBCOMMITTEE

The Reorganization Subcommittee met several times this year and considered the following matters:

Discussion of Subcommittee's Tasks

The Subcommittee reviewed the list of topics assigned to it and grouped them as “short session” and “long session” topics. The following matters were deemed appropriate for the short session:

- Legislative confirmation of gubernatorial appointments
- Boards and commissions in State government, including elimination of the Health Care Excess Liability Fund Board (inactive) and other inactive boards or potentially a sunset on advisory boards
- Department of Labor’s apprenticeship program; whether it is needed in light of the involvement of community colleges in apprenticeship
- Reorganization of the law enforcement aspects of DMV

In addition, the following items, which had been referred to the Subcommittee, were also taken up either in the full Reorganization and Privatization Committee, the subcommittee or both:

- Review of State printing operations
- Review of Government Performance Audit recommendations relating to state government reorganization
- Transfer of the railroad safety inspection program from the Utilities Commission to the Department of Transportation

- Accountability and organizational structure of UNC Hospitals

Legislative Confirmation:

The Committee discussed legislative confirmation over a series of three or four meetings and reported in its draft bill to the full Committee on April 1st. The confirmation bill would subject numerous appointees of the Governor (as well as a few appointments made by appointees of the Governor) to confirmation by the legislature. The bill initially would have required confirmation, leaving an appointee unconfirmed if the legislature took no action. However, the subcommittee amended the bill to require the legislature to act on a confirmation within 45 days of the Governor's submission of the appointee's name, and if the legislature fails to act within this time, the appointee is deemed confirmed. The exception to this rule would be for appointees submitted to the General Assembly late in the session (the last 15 legislative days) and appointees filling vacancies that occur out of session. In these cases, the appointee could serve without confirmation until the General Assembly returned to session and had a chance to vote on the confirmation. (See the explanation of this bill for more discussion on it.)

The Subcommittee exempted the State Board of Education appointments from this bill, leaving them to be confirmed, as in the past, through a joint session (as required by the North Carolina Constitution). The bill was discussed in the full Committee at its April 1st meeting, with the understanding that it would be submitted for a vote at the final meeting. (See Appendix E for the confirmation proposal.)

Apprenticeship Program:

Labor Commissioner Harry Payne and Dr. James Dixon, Vice-President for Academic and Student Services of the North Carolina Community College System, addresses the subcommittee about apprenticeship. The Subcommittee had raised the issue whether the efforts of those two agencies in apprenticeship programs were

duplicative. Commissioner Payne noted that the Department of Labor is responsible for certifying the apprenticeship programs and that the federal government requires this responsibility to be housed in the Department of Labor, the agency that handles wage and hour enforcement, or where the program has historically been housed. Commissioner Payne stated that the Department of Labor is the only agency that meets any of these criteria (and it in fact meets all three).

North Carolina currently has about 130 to 150 apprenticeable occupations, with programs available in 48 of the 58 community colleges in the State. The number of apprentices has more than doubled in the last three years and the average cost to the taxpayer per apprentice has dropped from \$300 to \$150 each year. Commissioner Payne noted that North Carolina is now number one in the country in high school apprenticeships.

Dr. Dixon noted that the legislature, in 1995, had reaffirmed that the local community colleges are the primary lead agency for delivering job training, literacy, and adult education in the state and had charged the Community College System, along with other state agencies, to develop strategies on improving workforce preparedness. One of the strategies for providing the core training necessary for workplace preparedness is through the apprenticeship program.

The Subcommittee took no further action on this matter.

Exempt Appropriations Bills from Veto:

Representative Culpepper submitted for the Subcommittee's consideration a bill that would exempt from the Governor's veto (if the Governor is given the veto by the voters in November) all appropriations and finance bills. The bill was later amended to narrow the exemption to the two main appropriations bills – the Current Operations

budget and the Capital Improvement Budget. The Subcommittee deferred action on the bill and asked that the matter instead be considered by the Executive Budget Act Revision Committee, which was at the time considering legislation to create a legislative commission to oversee the Governor's transfer of budget funds.

Boards and Commissions

Mr. Jones, subcommittee counsel, presented to the Subcommittee a list of boards, commissions, councils, and committees that were inactive. This list was compiled from the 1995 Budget Office report on boards and commissions and incomplete records for the 1996 report. All of those that had been inactive for two or more years were placed on the list, with the exception of the Ethics Board and the new juvenile detention facility advisory boards affiliated with DHR. The departments with which these boards are affiliated were notified and asked for comments on why the identified boards should not be abolished.

Mr. Jones subsequently sent out an additional list prepared by Subcommittee co-chair Art Pope identifying additional boards for abolition or merger. The affected departments were also asked for their comments on abolishing or merging these boards. It was noted that this is the beginning of a long-term project for the Subcommittee and that additional boards and commissions, including active boards and regulatory boards, would likely be reviewed in the fall.

The Subcommittee considered agency responses at its April 17th meeting.
(See Appendix G for Subcommittee action.)

State Printing

The Report of the State Printer on State Printing Operations, originally presented to the Joint Legislative Commission on Governmental Operations in 1995, had been

referred to the full Committee and referred by the full Committee to the Subcommittee. The Subcommittee reviewed the report with Mr. Med Byrd, the State Printer, and Mr. John Leaston, the State Purchasing Officer.

The subcommittee noted that most of the agency in-house printing was done at a cost higher than Correction Enterprises charges. Agencies filed explanations for the need to retain their individual print shops (contained in the State Printing Operations report). Mr. Byrd indicated that one of the factors significantly affecting costs was the use of multi-color printing and suggested that use of multi-color printing could be curtailed by giving the Department of Administration authority to approve or disapprove the use of multi-color printing and by providing “teeth” to enforce this. The enforcement “teeth” could be provided by subjecting agencies to a 10 percent reduction in their printing budget for failure to obtain the Department’s approval over color printing. (Mr. Byrd noted that the Department already had approval authority over color “process” printing, but not over ordinary color printing).

The subcommittee requested Senator Hamilton Horton to work with Mr. Byrd on this matter. Senator Horton met with Mr. Byrd and presented to the Committee a proposal to implement changes that could reduce agency printing costs. The Subcommittee requested a draft on Senator Horton’s proposal. The draft would do the following: (1) Require the State Printer’s approval of the use of multi-color printing; (2) allow agencies to obtain quotes from commercial vendors to ensure that work being sent to Corrections Enterprises is competitive with the commercial market; (3) requiring a ten percent reduction in the budget of an agency that fails to follow the model guidelines of the Department of Administration for use of recycled paper in reports; and (4) requiring a performance audit of in-house printing costs for agencies that were identified in the 1995 State Printing Report as having higher costs (based on “cost per impression”) than Correction Enterprises. (See Appendix D for the Subcommittee proposal on State printing.)

Railroad Safety Inspectors:

The Subcommittee was asked by the full Committee to consider whether the rail safety inspection program at the Utilities Commission should be abolished or transferred to the Department of Transportation. The Subcommittee heard testimony on this issue from Mr. Bob Bennick, General Counsel for the Utilities Commission; Mr. Lyman Cooper, President of the Railroad Association of North Carolina; Mr. Malcolm MacNeill, owner of the Great Smokey Mountain Railroad; Mr. Murphy Evans, President of the Laurinburg and Southern Railroad; and Mr. Mike Calhoun of the Federal Railroad Administration. North Carolina is one of thirty-one states that has elected to participate with the federal government in a rail safety inspection program. The State currently has three persons assigned to the railroad safety inspector program, two of whom are track inspectors and one of whom is a motive and one of whom is an MP&E (motive power and equipment standards) inspector. They are paid for from the funds available to the Utilities Commission, which come from fees levied against all utilities. The Federal Railroad Administration has 6 inspectors in its Charlotte Regional Office that are responsible for inspections in North and South Carolina and parts of two other states. The Utilities Commission has been considering a proposal that would levy a fee just on the railroads to support the costs of these inspectors. The railroads that addressed the Subcommittee spoke in opposition to the fee. Mr. Cooper, in a letter provided to the Subcommittee, recommended that the inspectors be transferred to the Department of Transportation, where they could perhaps work on grade crossings safety. The Department of Transportation agrees to accept the transfer and fund the positions. The inspectors would be paid from monies from the Highway Fund or the North Carolina Rail Dividend.

The subcommittee voted to transfer the three inspectors to the Department of Transportation. The bill making the transfer also requires the Secretary of Transportation

to study whether the inspection program should be retained and to report back to the General Assembly next year on his findings. (See Appendix F for this proposal.)

APPENDIX A

COMMITTEE'S ENABLING LEGISLATION AND CHARGE

The State Government Reorganization and Privatization Study Committee was created by the Legislative Research Commission pursuant to G.S. 120-30.17. An excerpt of the original legislation setting out the Committee's charge (House Bill 898, Chapter 542 of the 1995 Session Laws) is contained below:

PART XXI.-----STATE GOVERNMENT REORGANIZATION AND PRIVATIZATION (Morgan, Daughtry, Hoyle).....

Sec. 21.2. The Commission may study the following issues:

- (1) Government reorganization, restructuring, and downsizing.
- (2) Privatization efforts of North Carolina and other jurisdictions and the need for State control of essential services and activities; criteria for determining the scope and methods of privatization.
- (3) State aid to private entities, including, but not limited to, the Biotechnology Center and MCNC.
- (4) Private auxiliary entities connected with State programs, including, but not limited to, the North Carolina Zoological Society.
- (5) Privatization of State services and programs, including, but not limited to, the North Carolina Zoological Park, the North Carolina Aquariums, and the State Ports.
- (6) Outsourcing of State information resource development, operation, and maintenance.
- (7) State expenditures for legal services.
- (8) Outside counsel for the State (S.J.R. 948 - Cochrane).
- (9) Boards and commissions consolidation and abolition (H.B. 677 - Sherrill).
- (10) Other related issues.

Sec. 21.3. The Commission may develop, among other proposals, a plan for the orderly privatization of designated services and functions.....

APPENDIX B

**LEGISLATIVE RESEARCH COMMISSION'S
STATE GOVERNMENT REORGANIZATION AND
PRIVATIZATION STUDY COMMITTEE
MEMBERSHIP
1995 - 1996**

President Pro Tempore Appointments

Sen. David W. Hoyle, Cochair
PO Box 2494
Gastonia, NC 28053
(704) 867-0822

The Honorable Howard N. Lee, Cochair
9 Riggsbee Road
Chapel Hill, NC 27514
(919) 942-6528

Mr. Jim E. Harrington
PO Box 5459
Cary, NC 27512
(919) 303-5400

Sen. Hamilton C. Horton, Jr.
324 North Spring Street
Winston-Salem, NC 27101
(910) 773-1324

Mr. Chuck Hunt
PO Box 25000
Raleigh, NC 27604

Sen. John H. Kerr, III
PO Box 1616
Goldsboro, NC 27533-1616
(919) 734-1841

Mr. R.V. Owens
PO Box 935
Nags Head, NC 27959

Sen. J. Clark Plexico
PO Box 1904
Hendersonville, NC 28793
(704) 696-9435

Sen. Tony Rand
2008 Litho Place
Fayetteville, NC 28304
(800) 682-7971

Sen. J.K. Sherron, Jr.
4021 Barrett Drive
Raleigh, NC 27609
(919) 781-8059

Speaker's Appointments

Rep. Richard T. Morgan, Cochair
570 Pinehurst South
Pinehurst, NC 28374
(910) 295-4575

Mr. Charlie Shelton, Cochair
3600 One First Union Center
301 South College Street
Charlotte, NC 28202
(704) 348-2200

Rep. Rex L. Baker
Route 6, Box 291
King, NC 27021
(910) 983-6658

Rep. Walter G. Church, Sr.
PO BOx 760
Valdese, NC 28690
(704) 874-2141

Rep. William Culpepper, III
PO Box 344
Edenton, NC 27932
(919) 482-2175

Rep. Lyons Gray
420 West Fourth Street, Suite 202-C
Winston-Salem, NC 27101
(910) 722-2311

Mrs. Susan Hutchins
Mecklenberg County
Department of Human Resources
600 East 4th Street
Charlotte, NC 28202

Mr. Bob Luddy
112 Wheaton Drive
Youngsville, NC 27596
(919) 554-2410 ext. 302

Mr. James Arthur Pope
2405 Glenwood Avenue
Raleigh, NC 27608

Rep. Wilma M. Sherrill
PO Box 18561
Asheville, NC 28814
(704) 254-0991

Staff:

Mr. Linwood Jones
Research Division
(919) 733-2578

Ms. Phyllis Pickett
Bill Drafting Division
(919) 733-6660

Clerk:

Ms. Andrea Sasser
(919) 733-5863

APPENDIX C

STATE OF NORTH CAROLINA
LEGISLATIVE RESEARCH COMMISSION
STATE LEGISLATIVE BUILDING
RALEIGH 27611



STATE GOVERNMENT REORGANIZATION AND PRIVATIZATION

December 12, 1995

Issues Before the Committee

The following is a list of the topics that may be studied by the State Government Reorganization and Privatization Committee. Issues 1, 2 and 4 - 8 come from the omnibus study bill (HB 898). The remaining two issues – civilianization and State printing – were referred to the Committee by the Legislative Research Commission and the Joint Legislative Commission on Governmental Operations, respectively:

- (1) Government reorganization, restructuring, and downsizing
- (2) Boards and commissions consolidation and abolition
- (3) State printing
- (4) State aid to private entities
- (5) Private auxiliary entities
- (6) State expenditures for legal services
- (7) Outside counsel for the State
- (8) Privatization, including information technology outsourcing
- (9) Civilianization

Related Issues Under Consideration By Other Committees of Entities

- (1) OSBM to study administrative span of control (HB 229, sec. 10.1)(report to General Assembly by 5/1/96)
- (2) OSBM to study State-owned aircraft, including feasibility or privatizing aircraft services (HB 229, sec. 10.4)(report to Gov. Ops. by 4/1/96)
- (3) UNC Board of Governors to study privatization of services, including housekeeping and physical plant maintenance, at its constituent institutions (HB 229, sec. 15.10)
- (4) DMV to compare cost of services provided by branch agents under contract versus DMV offices in Raleigh and Charlotte (HB 230, sec. 18.16)(report to Transportation Oversight by 3/1/96)
- (5) Department of Corrections allowed to contract for up to specified number of beds to be provided and operated by private company (HB 230, sec. 19.10)(monitored by Corrections Oversight)
- (6) Study Commission created to study the effectiveness and efficiency of Department of Crime Control and Public Safety and to determine whether it should be reorganized or any of its divisions transferred or eliminated (HB 230, sec. 20.4)(report due to short session)
- (7) Study Commission created to study transfer of Butner Public Safety from Crime Control and Public Safety (HB 230, sec. 20.5)(report due to short session)
- (8) Biotechnology Center directed to recapture funds spent in support of successful research efforts in nonacademic private sector (HB 230, sec. 25.7)(report to Gov. Ops. by 3/1/96 and annually thereafter).
- (9) MCNC to develop a plan for operating without State funding by July 1, 1999 (HB 230, sec. 25.90)(report due to Gov. Ops. by 4/1/96)
- (10) DEHNR to study consolidation of aquariums (HB 230, sec. 26.8)(report to Gov. Ops. by 4/1/96).
- (11) Department of Labor and other agencies to study whether DOL's retaliatory employment discrimination functions and division can be consolidated with Employment Security Commission (HB 230, sec. 27.2)
- (12) Environmental Review Commission to study consolidation of environmental boards with regulatory and quasi-judicial powers into one Environmental Commission (HB 898)
- (13) State Ports Study Commission may study the ports, including whether there are "alternatives to the current methods of operation that would be more beneficial to the taxpayer" (HB 898).
- (14) Education Issues Study Committee may study vouchers, tuition tax credits, and other school choice alternatives.

90LLJ-965A

STATE GOVERNMENT PRINTING

Executive Summary

This report is in response to Section 18.23, Chapter 324, 1995 Session Laws, which directed the State Printing Officer to determine, among other things:

- (1) The feasibility of continuing separate departmental in-house printing operations;
- (2) The feasibility of the increased use of Correction Enterprises printing services; and
- (3) Whether contracting out printing orders worth more than ten thousand dollars (\$10,000) would provide savings to the State.

Methodology:

A survey form was distributed to all Departments identified as having an in-house printing operation. This survey requested information on: building and equipment layout, type of service provided, staff and budget, production and inventory, and equipment type and cost. Also requested was any special justification that, in their opinion required a separate printing facility rather than having their needs met by Correction Enterprises or commercial bid.

There were 12 general government departments, other than Corrections, that responded as having one or more in-house print shops. There were 8 other Departments identified as having no in-house printing operations. The information for Correction Enterprises was obtained from operating and financial statements instead of the survey form. Correction Enterprises prices were chosen as the printing benchmark because they are the prime source for printing for departments without in-house shops, as well as a major source of supply for overflow requirements from departments with print shops.

Determinations:

- 1) Some in-house shops have cost comparable to or below Correction Enterprises. Other have costs significantly higher than Correction Enterprises. All in-house shops report reasons that they believe justify a separate in-house printing operation.
- 2) It seems feasible, based on comparative printing costs, to increase the use of Correction Enterprises printing services.
- 3) Contracting out printing orders worth more than ten thousand dollars (\$10,000) for competitive bid does provide the most savings to the State.

CIVILIANIZATION

Background

Relevant Earlier Studies:

I. Systems Design Group (SDG) Study, 1991: "A Study of Law Enforcement in North Carolina".

The SDG Study was commissioned to review how the State compensates and classifies its State law enforcement officers. Its final report was made to the Joint Legislative Commission on Governmental Operations in 1991.

Among the questions considered was whether certain position classifications required a sworn law enforcement officer to discharge the essential duties of the position.

The SDG Study made various recommendations, including that approximately 55 State job classes be "civilianized" upon vacancy. The recommended process of civilianization would involve filling vacant positions with non-sworn personnel.

II. Governmental Performance Audit Committee Study (GPAC), 1992.

-- GPAC's review of Public Safety matters included a review of the issue of civilianization. The following recommendations on civilianization were included in the Public Safety Issue Paper:

(1) That the Office of State Personnel develop formal policies and procedures for determining when a position should be filled with a sworn law enforcement officer in order to discharge the essential duties of the position.

(2) That the General Assembly enact a statute prohibiting State agencies from using budgeted funds to pay law enforcement officer benefits to persons filling positions that do not require such status as a basic requirement for the job.

(3) That those positions identified in the SDG Study report as "classes to be civilianized" should be civilianized upon vacancy.

Attachments:

- Growth of Law Enforcement Reporting to Retirement System
- Active Certification Files, July 1990 vs. July 1995
- Legislative Authority for State Law Enforcement Agencies

**GROWTH OF LAW ENFORCEMENT
REPORTING TO RETIREMENT SYSTEM**

| CODE | EMPLOYER | OCT. | OCT. | GROWTH |
|-------|--|-------------|-------------|--------------|
| | | 1989 | 1995 | |
| 71055 | GENERAL ASSEMBLY | 10 | 10 | 0.0% |
| 72695 | SECRETARY OF STATE | 0 | 4 | |
| 72690 | STATE BUREAU OF INVESTIGATION | 306 | 322 | 5.2% |
| 70370 | STATE CAPITOL POLICE | 34 | 35 | 2.9% |
| 70015 | DEPT. OF AGRICULTURE | 1 | 1 | 0.0% |
| 70630 | DEPT. OF CORRECTIONS | 1 | 1 | 0.0% |
| 71410 | DEPT. OF INSURANCE | 23 | 23 | 0.0% |
| 72010 | ENVIROMENT, HEALTH & NATURAL RESOURCES | 49 | 176 | 259.2% |
| 73070 | EHNR-WILDLIFE | 206 | 206 | 0.0% |
| 70670 | CRIME CONTROL & PUBLIC SAFETY | 1327 | 1461 | 10.1% |
| 70675 | CULTURAL RESOURCES | 8 | 10 | 25.0% |
| 70275 | DHR-BROUGHTON HOSP | 6 | 6 | 0.0% |
| 70410 | DHR-CASWELL CENTER | 6 | 6 | 0.0% |
| 70510 | DHR-CHERRY HOSPITAL | 1 | 5 | 400.0% |
| 70740 | DHR-DOR DIX HOSPITAL | 2 | 6 | 200.0% |
| 72885 | DHR-WEST CAR CENTER | 5 | 4 | -20.0% |
| 73146 | YOUTH SERVICES | 0 | 10 | |
| 70205 | ALCOHOLIC REHAB/BLACK MOUNTAIN | 7 | 0 | |
| 72130 | O'BERRY CENTER | 3 | 0 | |
| 71900 | TRANS-MOTOR VEHICLES | 455 | 499 | 9.7% |
| 72090 | N. C. PORTS AUTHORITY | 31 | 14 | -54.8% |
| 71545 | LEE COUNTY SCHOOLS | 0 | 3 | |
| 71845 | MOORE COUNTY SCHOOLS | 0 | 2 | |
| 73142 | WINSTON-SALEM/FORSYTH SCHOOLS | 0 | 1 | |
| 70125 | BEAUFORT COMMUNITY COLLEGE | 0 | 1 | |
| 70553 | CLEVELAND TECH. COLLEGE | 1 | 0 | |
| 70560 | COASTAL CAROLINA COMM. COLLEGE | 0 | 1 | |
| 70645 | CRAVEN COMMUNITY COLLEGE | 1 | 2 | 100.0% |
| 71005 | GASTON COLLEGE | 3 | 1 | -66.7% |
| 72315 | PITT COMMUNITY COLLEGE | 1 | 3 | 200.0% |
| 70010 | A & T STATE UNIVERSITY | 24 | 24 | 0.0% |
| 70060 | APPALACHIAN STATE UNIV. | 17 | 16 | -5.9% |
| 70810 | EAST CAROLINA UNIVERSITY | 30 | 31 | 3.3% |
| 70845 | ELIZABETH CITY STATE UNIV. | 10 | 26 | 160.0% |
| 70945 | FAYETTEVILLE STATE UNIV. | 8 | 0 | |
| 72080 | N. C. CENTRAL UNIV. | 13 | 22 | 69.2% |
| 72095 | N. C. SCHOOL OF THE ARTS | 8 | 8 | 0.0% |
| 72100 | NORTH CAROLINA STATE UNIV | 36 | 31 | -13.9% |
| 72230 | PEMBROKE STATE UNIVERSITY | 10 | 10 | 0.0% |
| 72840 | UNC ASHEVILLE | 6 | 11 | 83.3% |
| 72850 | UNC-CHAPEL HILL | 39 | 31 | -20.5% |
| 72085 | N. C. MEMORIAL HOSPITAL | 11 | 12 | 9.1% |
| 72860 | UNC CHARLOTTE | 21 | 29 | 38.1% |
| 72870 | UNC-GREENSBORO | 21 | 27 | 28.6% |
| 72880 | UNC-WILMINGTON | 15 | 19 | 26.7% |
| 73030 | WESTERN CAROLINA UNIV. | 13 | 13 | 0.0% |
| 73145 | WINSTON-SALEM STATE | 10 | 11 | 10.0% |
| | | 2779 | 3134 | 12.8% |

Active Certification Files July 1990 vs. July 1995

| Certification Type | July 1995 | July 1990 | % |
|---------------------------------|---------------|---------------|-------------|
| State Corrections | 13,904 | 9,624 | 44.5 |
| Local Corrections | 4,971 | 3,459 | 43.7 |
| Jailers | 4,431 | 2,585 | 71.4 |
| Others | 540 | 874 | -38.2 |
| Law Enforcement | 24,585 | 20,226 | 20.4 |
| Municipal | 11,499 | 9,609 | 19.7 |
| Sheriffs | 8,712 | 6,891 | 26.4 |
| State | 3,549 | 2,814 | 26.1 |
| Other | 825 | 912 | -9.5 |
| Total Certified Officers | 43,460 | 32,098 | 35.4 |
| Radar Certificates | 4,680 | 4,466 | 4.8 |
| Instructor Certificates | 6,009 | 3,546 | 69.5 |
| Criminal Justice | 5,433 | 3,235 | 67.9 |
| Jail | 576 | 311 | 85.2 |
| Grand Total¹ | 54,149 | 41,321 | 31.1 |

¹6.21% Average annual increase in certification files for the period.

LEGISLATIVE AUTHORITY FOR STATE
LAW ENFORCEMENT AGENCIES

| <u>STATE DEPARTMENT</u> | | <u>NUMBER OF CERT. OFFICERS</u> |
|--|----------------------|-------------------------------------|
| <u>ADMINISTRATION</u> | | |
| State Capitol Police | G.S. 143-340(21)(22) | 48 |
| <u>CAMPUS POLICE</u> | | |
| | G.S. 116-40.5 | 318 |
| <u>COMMERCE</u> | | |
| | G.S. 143B-461(d) | |
| State Ports Authority-Morehead City | | 8 |
| State Ports Authority-Wilmington | | 14 |
| <u>CRIME CONTROL & PUBLIC SAFETY</u> | | |
| Alcohol Law Enforcement | G.S. 18B-500 | 130 |
| Highway Patrol | G.S. 20-49 | 1380 |
| Butner Public Safety | G.S. 122C-183 | 38 |
| <u>CULTURAL RESOURCES</u> | | |
| Dept. of Cultural Resources | G.S. 121-10 | 1 |
| <u>ENVIRONMENT, HEALTH & NATURAL RESOURCES</u> | | |
| Division of Forest Resources | G.S. 113-55.1 | 11 |
| Division of Marine Fisheries | G.S. 113-128 | 46 |
| Division of State Parks | G.S. 113-28.1 | 122 |
| Wildlife Resources Commission | G.S. 113-136 | 216 |
| <u>GENERAL ASSEMBLY</u> | | |
| | G.S. 120-32.2 | |
| General Assembly Security | | 13 |
| <u>HUMAN RESOURCES</u> | | |
| | G.S. 122C-183 | |
| Black Mountain DHR Complex | | 14 |
| Broughton Hospital | | 11 |
| Caswell Center | | 9 |
| Cherry-O'Berry Center | | 6 |
| Jorothea Dix Hospital | | 7 |

Excerpted from "Minimum ^{C-7} Standards and Training for Law Enforcement Officers," N.C. Dept. of Justice Report, 11/29/95.

| <u>STATE</u> | | <u>NUMBER OF</u> |
|----------------------------------|----------------|-----------------------|
| <u>DEPARTMENT</u> | | <u>CERT. OFFICERS</u> |
| Western Carolina Center | | 7 |
| <u>INSURANCE</u> | G.S. 58-9.2 | |
| Dept. of Ins.-Investigation Div. | | 20 |
| Dept. of Ins.-Special Services | | 6 |
| <u>JUSTICE</u> | G.S. 114-12 | |
| State Bureau of Investigation | | 342 |
| <u>SECRETARY OF STATE</u> | G.S. 78D-21(e) | |
| Dept. of Secretary of State | | 3 |
| <u>TRANSPORTATION</u> | G.S. 20-49 | |
| DMV-License and Theft Section | | 487 |
| DMV-Registration Section | | 3 |

PRIVATIZATION

I. Resource materials included in Committee Members' Notebooks

-- Reason Foundation. "Privatization 1995," Ninth Annual Report on Privatization. Los Angeles, California, 1995. Provides an annual overview of national and international privatization activities at all levels of government.

-- Eggers, William D. "Designing a Comprehensive State-Level Privatization Program," Reason Foundation, January 1993. Includes an introduction discussing the restructuring of government at the state level, then sets forth a "comprehensive approach to privatization" that recommends a nine step privatization program for state governments.

-- Office of State Budget and Management Report, "Privatization in North Carolina State Government," State of North Carolina, February 1994. This report includes the results of a research project/survey of privatization activities among State departments, agencies, and The University of North Carolina. Findings of the survey include, among others, that:

- Privatization is not a new service delivery tool for State departments.

- 90% of State departments are currently involved in some form of privatization activity, program, or service.

- Out of the 5 types of privatization measured (contracting, grants/subsidies, leasing, volunteerism, and public-private partnerships), contracting out and leasing were the most popular forms of privatization.

II. Examples of Recent Privatization Efforts by Other States

Maryland: Established Governor's Advisory Council on Privatization in 1993. About 30 state functions have been privatized, including the transfer of the Univ. of Maryland College Park graduate apartments to the private sector.

Michigan: Sold its Accident Fund, the state's largest workers compensation insurer to Blue Cross.

New Jersey: Report of the Governor's Advisory Commission on Privatization issued in 1995.

Texas: In 1993, the Texas legislature created a permanent Council on Competitive Government and charged it with looking at state activities and determining whether the private sector can do them more efficiently.

Georgia: A 1994 law authorized the state to contract with private firms for mental health care and substance abuse programs.

Louisiana: Completed, in 1995, a study entitled "Competition and Privatization Measures in State Government. Areas in which Louisiana has begun to privatize include: janitorial services, guard services, community based rehabilitation centers, medical care service in prisons, medium security prisons, highway maintenance, buildings and grounds maintenance, telecommunications, legal services, and food service in prisons.

Legislative Research Commission's State Government Reorganization and Privatization Study Committee

Considerations in Privatization

December 12, 1995

Presentation by

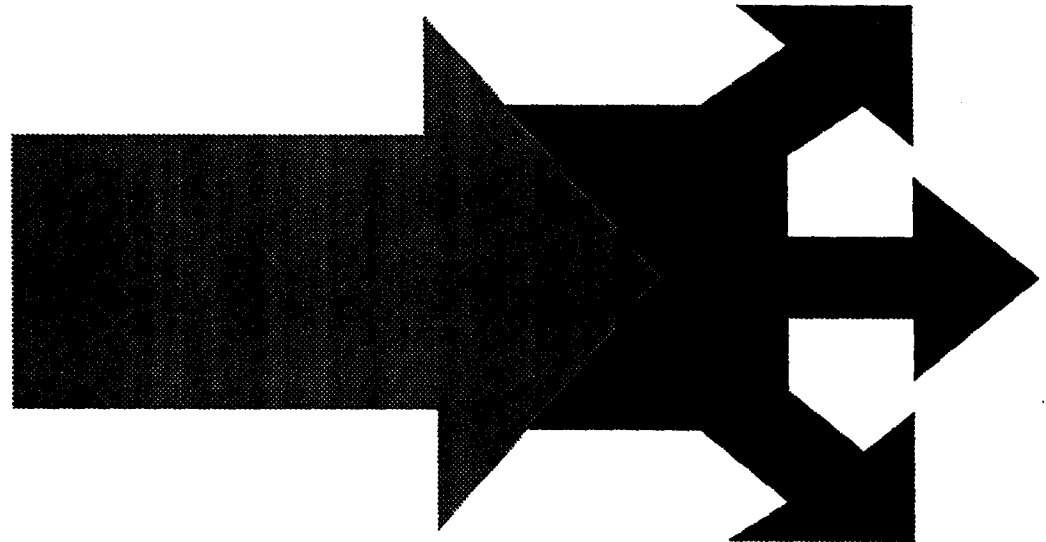
Frayda S. Bluestein

Institute of Government

The University of North Carolina at Chapel Hill

What is privatization?

A shift from government to private sector responsibility for some or all aspects of particular activities or services.



Alternative Arrangements

**Alternative arrangements may
be described in terms of:**

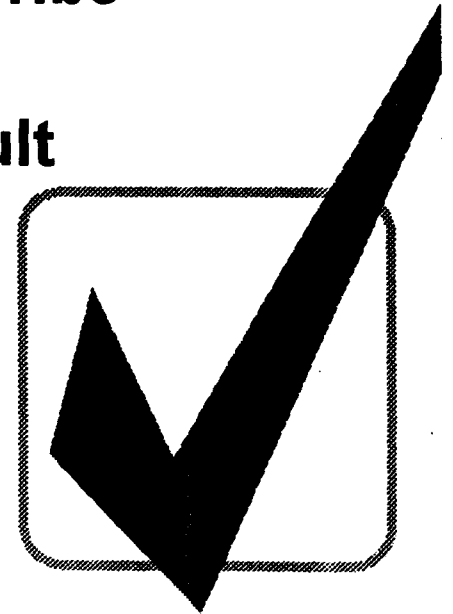
- Responsibility**
- Production**
- Financing**

Alternative Arrangements for Services or Activities

| | Responsibility | Production | Financing |
|-----------------------------|-------------------------------|-------------------------------|--|
| Government service | Government | Government | Taxes |
| Contracting out | Government | Private sector | Taxes |
| Vouchers | Government | Government or private sector | Taxes |
| Subsidies | Government | Private sector | Taxes/other public and private sources |
| Tax Credits | Government or private sector | Private sector | Taxes/private sources |
| Public/private partnerships | Government and private sector | Government and private sector | Taxes/other public and private sources |
| User fees | Government | Government or private sector | Users (private sources) |
| Volunteerism | Government | Government or private sector | Government and private sources |
| Shedding/ Asset sale | Private sector | Private sector | Users/other public and private sources |

Considerations in choosing the appropriate arrangement

- **Legal authority and liability**
- **Cost**
- **Competition**
- **Ability to define performance and describe desired service levels**
- **Consequence of private provider default**
- **Equity**



Considerations in choosing the appropriate arrangement for a particular activity or service.

1. **Legal authority and other legal issues:**
 - Does the governmental unit have the authority to privatize?
 - Does the private sector have the authority to conduct the activity?
 - What liability will the government have under the arrangement?
 - How will laws governing public activities (public records, bidding, personnel, contracting) apply under the arrangement?
2. **Cost:**
 - Can the private sector provide the service or conduct the activity more cost effectively?
 - How do we measure the cost of public sector delivery?
 - Can we establish competitive bids between the public and private sector?
3. **Existence of competition in the marketplace:**
 - Is there a market for delivery in the private sector that will make a private provider interested, and keep a private provider competitive?
 - Do assumptions about efficiencies and economies of scale in the private sector hold true for the particular activity or service?
4. **Ability to define performance and describe desired service levels:**
 - What is the service or activity?
 - What level of quality or performance is acceptable?
 - Can we define performance in a contract so that we know when a breach of contract occurs?
5. **Consequence of private provider default:**
 - Is the service or activity one which will result in public health or welfare concerns or significant government expenditure in the event of private sector default or abandonment?
 - If the government must maintain a backup capability, how does this affect the cost analysis?
6. **Equity:**
 - Is the service or activity one which should be provided without respect to the user's ability to pay?
 - What affect will the arrangement have on the availability of the service or activity to the public at large?

GOVERNMENT REORGANIZATION SUBCOMMITTEE

Matters referred to the Government Reorganization Subcommittee of the State Government Reorganization and Privatization LRC Study Committee:

- (a) Review of the process of confirmation of gubernatorial appointments by the General Assembly. [Morgan]**
- (b) Review of the most recent Report of the Office of State Budget and Management on Boards and Commission and, any other relevant information, toward the end that inactive or unnecessary boards and commissions can be eliminated and duplicative ones merged or otherwise modified. [Pope]**
- (c) Elimination of the Health Care Excess Liability Fund Board (G.S. 58-47-20). [Morgan]**
- (d) Review of the 1988 Report of the State Goals and Policy Board and the 1985 Report on State Boards and Commissions for recommendations that are still timely and relevant to the reorganization of State government. [Pope]**
- (e) Examine the structure and functions of State agencies, departments, and institutions, including:
 - (i) Council of State offices. [Sherrill]**
 - (ii) The Department of Human Resources, especially considering the impact of welfare reform initiatives toward the end that DHR can be down-sized. [Morgan, Gray]**
 - (iii) Duplicative regulatory boards and commissions. [Baker, Shelton]**
 - (iv) Effectiveness of delinquent tax collection by the Department of Revenue. [Sherron]**
 - (v) Division of Motor Vehicles, especially privatization of drivers' licenses and titles. [Shelton]**
 - (vi) UNC Hospitals, especially relating to accountability and organizational structure. [Morgan]**
 - (vii) The success of the 1989 reorganization (HB 381) of the Department of Commerce, Department of Environment, Health and Natural Resources and the Department of Human Resources, and whether further consolidation is possible in the area of economic and community development. [Pope]****

- (f) Review need for the Office of Administrative Hearings; consider whether a mediation system would be more beneficial or cost-effective. [Harrington]
- (g) Examine cost-effectiveness of governmental auditing and monitoring requirements. [Sherron]
- (h) Review the use of performance based budgeting in State government. [Plexico] Consider means to set measurable performance outcomes for State government agencies which can be evaluated to determine agency effectiveness. [Harrington]
- (i) Monitor developments and potential cost savings relating to the Information Highway and State computer technology. [Plexico]
- (j) Consider centralization of State government printing operations. [Referred from Joint Legislative Commission on Governmental Operations.]
- (k) Examine costs of maintaining the State motor fleet and State buildings. Examine costs of janitorial services in State buildings. [Church]
- (l) Examine growth in number of State employees and long-range impact of growth and employee benefits on the State's budget. [Baker]
- (m) Review recommendations of the Government Performance Audit Committee which were not enacted for areas relating to government structure and functions. [Harrington, Luddy, Rand]

PRIVATIZATION SUBCOMMITTEE

Matters referred to the Privatization Subcommittee of the State Government Reorganization and Privatization LRC Study Committee:

- (a) Identify areas suitable for privatization and make recommendations for statutory changes that will allow the flexibility for such privatization. In particular, consider:

 - (i) The privatization of school buses; including, equipment, drivers, maintenance, and gasoline. [Shelton]
 - (ii) The privatization of the North Carolina Zoological Park. [Morgan]
 - (iii) The possible sale of unnecessary State assets. [Baker]
- (b) Review the provision of health care in the State prison system to determine whether the services can be rendered more efficiently or privatized. [Rand]
- (c) Review of recommendations of the Governmental Performance Audit Committee which were not enacted for areas where privatization or competition might increase benefits and reduce cost or where services can be consolidated. [Harrington, Luddy, Rand]
- (d) Examine the extent to which privatization is already being utilized in State government. [Horton]
- (e) Review laws and regulations that pose obstacles to privatization at the State and local level and make recommendations for removing those obstacles. [Pope, Hutchins] In particular, review obstacles to privatizing certain local health department functions. [Hutchins]
- (f) Review the costs of janitorial employees and janitorial services in State buildings and compare those costs to the private sector to identify potential areas of savings. [Church]
- (g) Examine the benefits packages of grass cutters and rest area maintenance personnel for the Department of Transportation and compare those benefits to comparable workers. Consider whether any decrease in compensation or benefits have resulted where those functions have been privatized and, if so, in what ways might the local economy be affected. Consider

how the State might be affected re: lack of health benefits for lower paid workers, etc. [Hoyle, Kerr]

- (h) Consider the automatic disbursement of AFDC and food stamps, including the use of debit cards with photo ID to help eliminate fraud and effect saving on administrative costs. [Harrington]
- (i) Consider the leasing, rather than the purchase, of electronic equipment for use by State government. [Sherron]
- (j) Consider ways to provide opportunities for small and growing businesses. [Luddy]

**STATE GOVERNMENT REORGANIZATION AND
PRIVATIZATION COMMITTEE**

FEBRUARY 5, 1996

GOVERNMENT PERFORMANCE AUDIT COMMITTEE

(GPAC)

UPDATE

N.C. GOVERNMENT
PERFORMANCE AUDIT

SEQUENCE OF MAJOR EVENTS

| <u>EVENT</u> | <u>DATE</u> |
|---|-------------------|
| 1. Passage of Enabling Legislation ----- | Jul. 1991 |
| 2. Appointment of Committee ----- | Sep. 1991 |
| 3. Employee Survey ----- | Dec. '91-Mar. '92 |
| 4. Request for Proposals (Consultant) ----- | Dec. 1991 |
| 5. Selection of Exec. Director ----- | Jan. 1992 |
| 6. Selection of Consultant ----- | Jan. 1992 |
| 7. Phase I (4 Performance Audits) ----- | Feb. - Jun. 1992 |
| 8. Phase II (57 Issue Papers & Pathways) ---- | Jul. - Nov. 1992 |
| 9. Final Vote on Recommendations ----- | Dec. 29/30, 1992 |
| 10. Draft Bills ----- | Jan. - Feb. 1993 |
| 11. Final Report ----- | Feb. 1993 |
| 12. Legislative Process ----- | Feb. '93 -Current |

N.C. GOVERNMENT
PERFORMANCE AUDIT

ORGANIZATIONAL STRUCTURE

GOVERNMENT PERFORMANCE AUDIT COMMITTEE

| SENATE | HOUSE |
|-------------------|---------------------|
| President Pro Tem | Speaker |
| (3) Senators | (3) Representatives |
| (5) Pvt. Citizens | (5) Pvt. Citizens |

State Auditor -- Ex-officio

Total 19 members

3 Subcommittees

| Audit Subcommittee | Audit Subcommittee | Audit Subcommittee |
|---|--|--|
| <ul style="list-style-type: none"> * Data Processing & Telecommunication * Purchasing | <ul style="list-style-type: none"> * Planning, Budgeting & Program Eval. * Financial Model | <ul style="list-style-type: none"> * Personnel * Org & Staff |

Exec. Director

| | | |
|---------------------|--|--------------------------|
| | | |
| | | --- Loaned Mgt. Con. |
| Committee Clerk --- | | --- Audit Hotline |
| Sec./Rec. --- | | |
| | | |
| | | <u>Peat Marwick</u> |
| | | <u>Project Director</u> |
| | | --- Administrative Asst. |

| | | | | |
|------------|------------|---------|------------|------------|
| Audit Team | Audit Team | <-----> | Audit Team | Audit Team |
|------------|------------|---------|------------|------------|

Audit Teams Staffed By:

- 44 Peat Marwick Consultants
- 16 Subcontractors
- 6 Auditors from the N.C. State Auditor's Office

N.C. GOVERNMENT
PERFORMANCE AUDIT

PRODUCTS OF THE STUDY

1. PHASE I:

Employee Survey

4 Performance Audits:

- * Planning, Budgeting and Program Evaluation
- * Personnel Systems
- * Purchasing Activities
- * Information Technology and Telecommunications

Organization and Staffing Review

2. Phase II:

57 Issue Papers:

- * Transportation - 7
- * Health and Human Services - 7
- * Medicaid - 10
- * Economic Development - 4
- * Education - 12
- * Public Safety - 7
- * Organization and Staffing - 8
- * Telecommunications
- * General Fund Financial Model

**Pathways - Summary of Findings and Recommendations
of the North Carolina Performance Audit
Committee**

3. Final Committee Report

4. Proposed Legislation

Bills for all recommendations of the Performance Audit Committee were introduced in both the House and Senate.

GPAC-EDUCATION RECOMMENDATIONS GOVERNANCE CHANGES

- * Establish an Education Cabinet, Chaired by the Governor, to oversee the Continuum of Education managed by the three education systems
- * Change the selection of the State Superintendent of Public Instruction from elected to appointed
- * Change the State Board of Education selection process from Constitutional terms to Statutory Appointments by the Governor and the General Assembly
- * Align the appointment process of the three education boards

GPAC-EDUCATION RECOMMENDATIONS OPERATIONAL CHANGES

Public Education

- * Reorganize and Streamline the Department of Public Instruction
- * Eliminate Tenure for Public School Administrators
- * Restructure staff development programs to meet teachers needs
- * Grant greater funding flexibility to local school systems

Community Colleges

- * Change the funding formulas to focus on quality vs. quantity
- * Establish a regional delivery system for community college programs
- * Establish accountability standards for community college programs

University System

- * Establish a program review system that will identify opportunities to redirect resources from low priority areas to high priority areas
- * Adjust tuition rates to more accurately reflect costs.
- * Change Aid to Private Colleges to need-based

GPAC-ECONOMIC DEVELOPMENT GOVERNANCE CHANGES

- * Establish an Economic Development Council as a single point of focus for economic development policy
- * Statutory authority would include:
- * Development of a Statewide Strategic Plan for Economic Development
- * Oversight of all economic development programs funded by the State

GPAC-ECONOMIC DEVELOPMENT OPERATIONAL CHANGES

Department of Commerce

- * Reorganize and Streamline the Department
- * Restructure the Regional Office System through a consolidation plan

Economic Development Non-Profits

- * Establish Performance-Based Contracts between the State and the Non-Profits that include performance indicators
- * Phase-out state support for non-profit activities that can become self-sufficient

GPAC-TECHNOLOGY RECOMMENDATIONS GOVERNANCE CHANGES

- * Establish an Information Resource Management Commission with clear policy oversight concerning the State's technology operations and new initiatives.
- * Commission was established by the 1992 General Assembly
- * Commission became operational in September, 1992

GPAC-TECHNOLOGY RECOMMENDATIONS OPERATIONAL CHANGES

Technology Operations

- * Restructure the operations of the State Information Processing Services (SIPS) to focus on agency needs
- * Restructure SIPS billing rates and financing systems
- * Consolidate the State's computer technical staff
- * Evaluate opportunities for outsourcing computer services

Telecommunication Operations

- * Develop plans to consolidate multiple network operations
- * Utilize the State's purchasing power to negotiate reduced rates for telecommunication services

GPAC-PLANNING AND BUDGETING RECOMMENDATIONS

Planning

- * Develop a Strategic Planning Process
- * Develop a statewide, cross-department plan
- * Develop outcome measures for state programs
- * Develop a General Fund Financial Model

Budgeting

- * Develop a Performance Budgeting System that focuses on program objectives and results
- * Create incentives for program managers to reduce expenditures
- * Hold managers accountable for results
- * Develop a comprehensive Capital Budgeting process to evaluate the State's capital needs and develop strategies to address the capital needs

GPAC-HEALTH CARE RECOMMENDATIONS

Office of Health Care

- * Establish an Office of Health Care in the Governor's Office to:
 - Identify opportunities for the State to act as a single purchaser of health care services
 - Negotiate rates for health care services
 - Develop strategies to streamline the administration of health care programs between providers and the state

Medicaid Reforms

- * Short term strategies include changes in the reimbursement systems for Medicaid services to control expenditures
- * Long term strategies include a move to a Managed Care Program for Medicaid patients

State Health Plan

- * Implement a more aggressive Preferred Provider Program and establish a Catastrophic Care Plan to control expenditures
- * Change current vesting provisions for retirees
- * Adjust contribution levels between the state and the state employee (current and retirees)

GPAC-HUMAN SERVICES RECOMMENDATIONS

- * Shift emphasis of Human Services programs for large institutions to community based services
- * Downsize the State's Mental Health and Mental Retardation Facilities through expansion of home and community based services
- * Implement a Single Portal of Entry and a Single Stream Funding concept for Mental Health/Substance Abuse Services
- * Transfer mental health/substance abuse funding to the Area Mental Health Programs so purchase of service decisions can be made at the local level

GPAC-CORRECTION

- * Restructure the custody system by consolidating approximately 30 small, inefficient prisons into regional facilities
- * Reorganize and Streamline the Department of Correction Area Command structure
- * Consolidate and Reorganize the Community Correction Programs under the Department of Correction

GPAC-TRANSPORTATION

- * Re-evaluate the Highway Improvement Program on a periodic basis to assure that the priorities remain consistent with the State's infrastructure needs
- * Reorganize and Streamline the Central Administration and Division Operations of the Department of Transportation
- * Consolidate facilities to reduce unnecessary operating costs
- * Protect the State's transportation infrastructure through proper funding of highway maintenance
- * Expand private sector contracting in secondary road construction and routine maintenance

GPAC-PERSONNEL RECOMMENDATIONS

All State Employees

- * Develop and implement a new employee classification system, including the concept of "Dual Career" track, that is reflective of the current needs of state government
- * Implement a market-based compensation system that rewards performance
- * Eliminate inequities in employee benefits between the three branches of government
- * Develop strategies to implement an effective employee training program

Law Enforcement Personnel

- * "Civilianize" positions that do not require sworn status
- * Establish a "Cap" on law enforcement retirement benefits
- * Eliminate special merit funding for the Highway Patrol

GPAC-PURCHASING RECOMMENDATIONS

- * Establish policy and procedures for contracting-out government operations to the private sector
- * Implement innovative procurement practices to reduce purchasing expenditures, control inventory levels and streamline the ordering process
- * Clarify state statutes and policies concerning purchasing from Correction Enterprises
- * Improve oversight of state procurement practices, reorganize the Division of Purchase and Contract and implement operating procedures to focus on agency needs
- * Evaluate the use of multi-prime vs. single prime contractors on capital projects

1993 NORTH CAROLINA GENERAL ASSEMBLY GPAC ACCOMPLISHMENTS

The Government Performance Audit Committee (GPAC) proposed a comprehensive set of policy, programmatic and operational recommendations to restructure the management and operation of State government. The recommendations include both short-term initiatives and long-term strategies.

The 1993 General Assembly has enacted legislation to implement GPAC recommendations that will produce governance and operational changes. Through these actions, the 1993 General Assembly has endorsed the process of reform proposed by GPAC. These actions represent the "first steps" in a long-term strategy to restructure the operations of State government. Future legislative sessions will have an opportunity to consider additional actions relating to GPAC recommendations. The sections which follow summarize major GPAC recommendations enacted by the General Assembly.

EDUCATION:

An Education Cabinet. The Cabinet, chaired by the Governor and including the Chief Executive Officers of the three education systems, is structured to address inter-system issues, propose a new strategic design for the continuum of education (preschool to post-graduate) and assure effective linkage of programs between the three systems.

Public Education. Requires reorganization of the Department of Public Instruction; staff development reforms for teachers; and, elimination of tenure for administrators.

Community College. Directs the State Board of Community Colleges to focus on regional program delivery and changes in funding formulas to more appropriately address the State's needs from the Community College System.

University System. Directs the University System to conduct a comprehensive program review of current programs to identify opportunities to redirect resources from low priority areas to high priority areas.

ECONOMIC DEVELOPMENT:

An Economic Development Board. The Board, with specific statutory authority, will function as a "single point of focus" for the economic development initiatives throughout State government, including worker training programs, and non-profit organizations operating State economic development programs. The Board has clear policy responsibilities concerning economic development strategic planning and the preparation of a annual economic development report.

Department of Commerce. Requires a plan to reorganize the Department and restructure the regional offices.

PLANNING, BUDGETING AND PROGRAM EVALUATION:

Proceed with the development of a new performance budgeting system that will focus clearly, upon program results, thus providing better information for more informed decision-making.

INFORMATION TECHNOLOGY/TELECOMMUNICATION:

Creation of the Information Resource Management Commission with clear policy oversight concerning the State's technology operations.

Technology Investments in the Department of Revenue and the Division of Motor Vehicles will modernize the operations of the two critical agencies. These initiatives will help reduce operating cost and increase revenues.

Reduction in data processing charges.

Telecommunication initiatives (including network consolidations) to further advance a statewide broadband network.

HEALTH AND HUMAN SERVICES:

Proceed with plans to downsize the State's mental health and mental retardation facilities by shifting to expanded home and community based services.

Pilot test the concept of single stream funding and single portal of entry of services through the area mental health programs. A strategy that will help accomplish further downsizing of State institutions and more effective delivery of services.

MEDICAID:

Expand the Carolina Access Program (Medicaid Managed Care) to improve health care delivery and control costs.

Freeze dispensing fees for prescription drugs.

TRANSPORTATION:

Requires the Department of Transportation to develop reorganization plans that will streamline the current management and operating structures, consolidate certain field operations and focus on the use of private contractors. These initiatives should create a more effective operating environment for the Department.

Requires an ongoing evaluation of GPAC recommendations.

CORRECTION:

Authorized the process of facility consolidation to control cost and establish a more effective system of custody. In addition, reorganization plans will streamline and consolidate the operations of the Department.

Requires the Department, in conjunction with the Purchase and Contract Division, to clarify the role of prison enterprises as a supplier of goods and services to State government.

Mandates an ongoing evaluation of GPAC recommendations concerning the consolidation of community correction programs.

GENERAL GOVERNMENT:

Directs the Department of Revenue to develop a reorganization plan that will result in lower operating costs and increases in revenue collection through a combination of expanding interstate audit initiatives and consolidating in-state operations.

Authorized personnel reform, including a mandate to develop a new classification system for State employees and a new structure for appropriate personnel management oversight.

Mandates State agencies to change inventory management practices to reduce inventory levels and more effectively manage inventory requirements.

SUMMARY

In 1994, these GPAC recommendations enacted by the General Assembly are expected to generate approximately \$30 million in savings and revenue increases; in 1995 these actions will result in approximately \$42 million in savings and revenue increases. In addition, as GPAC recommendations are fully implemented, additional long-term savings can be anticipated.

The policy initiatives adopted provide the opportunity to restructure the management and operation of State government. These actions should result in more effective programs and identify additional opportunities to reduce and redirect government resources. In addition, the General Assembly's investments in new technology initiatives will enhance the management of State programs and improve the delivery of State services.

Finally, the General Assembly has provided the Governor with the flexibility to act on GPAC recommendations without specific legislative action.

GPAC DIVIDENDS

Expenditure Reductions and Revenue Enhancements

*** Actions of the 1993 General Assembly**

- FY 1993-94 \$30.9 million

- FY 1994-95 \$42.6 million

*** Actions of the 1995 General Assembly**

- FY 1995-96 \$29.3 million

- FY 1996-97 \$31.3 million

*** Total Estimated Savings and Revenue Increases**

- FY 93-94 thru FY 96-97 = \$134.1 million

UNC Hospitals: Appropriations History

| Fiscal Year | Final Appropriation | Appropriations Expenditures | Reversions | % Reverted | % Increase Appropriatio |
|-------------|---------------------|-----------------------------|-------------|------------|-------------------------|
| 1984-85 | \$25,193,212 | \$24,599,004 | \$594,208 | 2.36% | |
| 1985-86 | \$25,227,155 | \$18,704,745 | \$6,522,410 | 25.85% | 0.13% |
| 1996-87 | \$26,950,341 | \$21,785,916 | \$5,164,425 | 19.16% | 6.83% |
| 1987-88 | \$28,846,934 | \$27,346,934 | \$1,500,000 | 5.20% | 7.04% |
| 1988-89 | \$31,228,286 | \$30,928,286 | \$300,000 | 0.96% | 8.26% |
| 1989-90 | \$36,658,177 | \$34,157,324 | \$2,500,853 | 6.82% | 17.39% |
| 1990-91 | \$36,992,623 | \$35,137,386 | \$1,855,237 | 5.02% | 0.91% |
| 1991-92 | \$38,016,688 | \$36,926,688 | \$1,090,000 | 2.87% | 2.77% |
| 1992-93 | \$41,895,094 | \$41,895,094 | \$0 | 0.00% | 10.20% |
| 1993-94 | \$41,261,438 | \$41,261,438 | \$0 | 0.00% | -1.51% |
| 1994-95 | \$44,790,632 | \$44,790,530 | \$102 | 0.00% | 8.55% |
| 1995-96 | \$44,948,299 | \$44,948,299 | \$0 | 0.00% | 0.35% |

Appropriations

| | |
|---|-------|
| Annual Increase since 1984-85 | 5.40% |
| Annual Increase 1984-85 through 1989-90 | 7.79% |
| Annual Increase since 1989-90 | 3.46% |

U N C HOSPITALS

L R C O N

STATE GOVERNMENT REORGANIZATION

AND PRIVATIZATION

April 23, 1996

UNIVERSITY OF NORTH CAROLINA HOSPITALS
Medicaid Disproportionate Share Hospital (DSH) Funds
For the Years Ended June 30, 1991 to June 30, 1995

| Fiscal Year | (1) Hospital Contribution from UNCH | (2) Federal Matching Funds | (3) Total Available Funds (1) + (2) | (4) Payments to UNCH for DSH | (5) State Gain for Medicaid from DSH (3) - (4) | (6) UNCH Gain from DSH Programs (4) - (1) |
|---------------|--|-------------------------------|---|---------------------------------|--|---|
| 1991* | 3,822,339 | 7,594,444 | 11,416,783 | 8,857,965 | 2,558,818 | 5,035,626 |
| 1992* | 8,902,916 | 17,688,828 | 26,591,744 | 18,768,137 | 7,823,607 | 9,865,221 |
| 1993* | 2,665,647 | 5,296,262 | 7,961,909 | 4,770,766 | 3,191,143 | 2,105,119 |
| 1995** | - | 23,942,700 | 23,942,700 | 11,971,350 | 11,971,350 | 11,971,350 |
| Totals | 15,390,902 | 54,522,234 | 69,913,136 | 44,368,218 | 25,544,918 | 28,977,316 |

* Voluntary Contribution program for qualifying Medicaid Disproportionate Share Hospitals (DSH). Under this program hospitals donated monies to the State's Medicaid Program and the State used these monies in combination with federal matching amounts to fund additional payments to Disproportionate Share Hospitals.

** Effective July 1, 1994, DSH payments may be paid to state owned or operated hospitals for the unreimbursed cost of care provided to uninsured or Medicaid patients. UNC Hospitals' basis of uninsured cost in FY 1995 was \$18,500,000. Under the special provision for "High DSH", state hospitals can be paid 200% of unreimbursed costs in the first year of the program. The State retained the first 100% plus the non-federal portion (35.29%) of the second 100% DSH payment. UNCH received the federal portion (64.71%) of the second 100% DSH payment, or \$11,971,350.

UNIVERSITY OF NORTH CAROLINA HOSPITALS
COMPONENTS OF NET INCOME
FOR THE YEARS ENDED June 30, 1991 to Projected June 30, 1997
(MILLIONS)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Projected 1996 | Projected 1997 |
|---|---------------|---------------|---------------|---------------|---------------|-------------------|-------------------|
| NET INCOME | \$24.6 | \$29.4 | \$29.2 | \$37.9 | \$84.4 | \$63.4 | \$46.8 |
| COMPONENTS OF NET INCOME: | | | | | | | |
| <u>Non-continuing Items:</u> | | | | | | | |
| Medicaid Disproportionate Share Program | 8.9 | 18.8 | 4.8 | - | 12.0 | - | - |
| Medicaid Transition from Per Diem to DRG Reimbursement | - | - | - | - | 5.8 | - | - |
| Prior Year Third Party Settlements | 4.1 | 3.7 | 1.8 | - | 6.3 | - | - |
| Decrease in Bad Debt Expense | - | - | - | - | 6.8 | - | - |
| Increase in Medicare Payments due to Case-Mix Index increase | - | - | - | - | 1.5 | - | - |
| <u>Continuing Expense Reductions:</u> | | | | | | | |
| Position Vacancy Savings | - | - | 9.5 | 7.4 | 10.6 | 12.1 | 15.3 |
| Value Analysis Savings | - | - | - | - | 1.0 | 2.3 | 2.6 |
| Equipment/Maintenance Contract Savings | - | - | - | - | - | - | 0.6 |
| Formulary Management/ Manufacturer's Negotiations | - | - | - | - | - | 1.0 | 1.5 |
| <u>Non-operating Items:</u> | | | | | | | |
| Interest Income | 0.7 | 2.8 | 7.3 | 9.7 | 14.9 | 19.7 | 21.2 |
| SUBTOTAL | 13.7 | 25.3 | 23.4 | 17.1 | 58.9 | 35.1 | 41.2 |
| INCOME FOR DEBT SERVICE, CAPITAL REPLACEMENT AND OTHER DESIGNATED PROGRAMS | 10.9 | 4.1 | 5.8 | 20.8 | 25.5 | 28.3 | 5.6 |

C-37

UNIVERSITY OF NORTH CAROLINA HOSPITALS
 APPROPRIATION SCHEDULE
 FOR THE YEARS ENDED June 30, 1991 to Projected June 30, 1997
 (MILLIONS)

| | 1991 | 1992 | 1993 | 1994 | 1995 | Projected 1996 | Projected 1997 | TOTAL |
|--|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|-----------------|
| STATE APPROPRIATIONS | | | | | | | | |
| AUTHORIZED APPROPRIATION | \$ 37.0 | \$ 38.0 | \$ 41.9 | \$ 41.3 | \$ 44.6 | \$ 44.9 | \$ 44.9 | \$ 282.6 |
| LESS REVERSION | <u>-2.1</u> | <u>-1.1</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>-3.2</u> |
| FINAL APPROPRIATION | \$ 34.9 | \$ 36.9 | \$ 41.9 | \$ 41.3 | \$ 44.6 | \$ 44.9 | \$ 44.9 | \$ 289.4 |
| LESS SALES/USE TAX | <u>-3.0</u> | <u>-3.3</u> | <u>-3.9</u> | <u>-3.5</u> | <u>-3.7</u> | <u>-3.9</u> | <u>-3.9</u> | <u>-25.2</u> |
| NET APPROPRIATION | 31.9 | 33.6 | 38.0 | 37.8 | 40.9 | 41.0 | 41.0 | 264.2 |
| UNCOMPENSATED CARE COSTS * | 39.0 | 47.8 | 39.8 | 39.9 | 28.7 | 34.6 | 42.9 | 272.7 |
| NET GRADUATE MEDICAL | | | | | | | | |
| EDUCATION COSTS | 3.3 | 3.9 | 4.8 | 5.0 | 5.0 | 5.2 | 5.0 | 32.2 |
| UNFUNDED CAPITAL EXPENDITURES | 15.6 | 14.4 | 19.0 | 11.5 | 21.1 | 23.5 | 29.3 | 134.4 |
| UNCOMPENSATED CARE, TEACHING COSTS AND CAPITAL EXPENDITURES | <u>57.9</u> | <u>66.1</u> | <u>63.6</u> | <u>56.4</u> | <u>54.8</u> | <u>63.3</u> | <u>77.2</u> | <u>439.3</u> |
| FUNDS EXPENDED OVER STATE APPROPRIATION | \$ <u>28.0</u> | \$ <u>32.5</u> | \$ <u>25.6</u> | \$ <u>18.6</u> | \$ <u>13.9</u> | \$ <u>22.3</u> | \$ <u>36.2</u> | \$ <u>175.1</u> |
| LONG-TERM DEBT INCURRED | | | | | | | | |
| SERIES 1992 BONDS | | 60.0 | | | | | | 60.0 |
| SERIES 1996 BONDS | | | | | | 133.9 | | 133.9 |
| TOTAL LONG-TERM DEBT | | \$ <u>60.0</u> | | | | \$ <u>133.9</u> | | \$ <u>193.9</u> |
| TOTAL FUNDS EXPENDED OVER STATE APPROPRIATION (INCL. LONG-TERM DEBT) | \$ <u>28.0</u> | \$ <u>92.5</u> | \$ <u>25.6</u> | \$ <u>18.6</u> | \$ <u>13.9</u> | \$ <u>156.2</u> | \$ <u>36.2</u> | \$ <u>369.0</u> |

* EXCLUSIVE OF A SPECIAL DISPROPORTIONATE SHARE CONTRIBUTIONS POOL PROGRAM WHICH WAS INSTITUTED IN FISCAL YEAR 1991 AND HAS TERMINATED. DISTRIBUTIONS OF \$11.9 MILLION IN 1995, \$2.1 MILLION IN 1993, \$9.9 MILLION IN 1992 AND \$5.9 MILLION IN 1991 WERE RECEIVED WHICH DIRECTLY REDUCED THE LOSS ON MEDICAID.

**UNC HOSPITALS
STATEMENT OF CASH ON HAND
AS OF FEBRUARY 29, 1996**

| | |
|---|----------------------|
| State withholdings | \$1.1 |
| Operating trust funds | 3.8 |
| Operating reserve | 69.7 |
| Maintenance reserve | 193.2 |
| Trust funds | <u>1.8</u> |
| Subtotal | 269.6 |
| Less: Outstanding indebtedness | |
| Series 1992 | 57.0 |
| Series 1996 | 133.8 |
| Accounts and salaries payable | <u>43.3</u> |
| Cash available for operations (41 days) | <u><u>\$35.5</u></u> |

Moody's **Municipal** Credit Report

University of North Carolina Hospitals
Board of Governors of The University of North
Carolina

February 27, 1996

| | New Issue | Health Care |
|--------------|--|---------------------|
| sale: | \$133,870,000 | Health Care Revenue |
| date: | Expected through negotiation February 28 | |

Moody's rating: Aa (revised from A1)
Health Care Revenue

credit comment: The rating is revised upward from an **A1** to **Aa** with a stable outlook based on the following factors:

Teaching Hospital Status Contributes to Favorable Utilization Growth

Primary teaching hospital for University of North Carolina-Chapel Hill reinforces positive utilization trends. Developing physician and institutional alliances should position hospital well in this increasingly competitive market.

Cash Reserve Growth Provides Ample Flexibility for Below Average Debt Level

Demonstrated ability to rapidly build up cash reserves results in important cash cushion which is

projected to grow even with planned equity contributions to future projects. Following debt issuance, solid coverage of a below average debt level is maintained.

Strong Finances Supported by Stable State Subsidies; High Medicaid Noted

Overall profitability relies on stable state subsidies. However, performance excluding state subsidies has improved. Expense reductions are key to future profitability given high Medicaid exposure and increasing governmental and managed care pressures.

key facts:

| | U.S. Median | Actual FY Ended 1995 | Projected FY ended 1997 |
|---|-------------|----------------------|-------------------------|
| Number of beds maintained | 283 | 653 | 653 |
| Maintained bed occupancy (%) | 72.1 | 72.8 | 70.9 |
| Operating margin (%) | 2.0 | 11.8 | 6.7 |
| Maximum annual debt service coverage (x) | 2.58 | 5.48 | 5.02 |
| Debt to capitalization (%) | 44.9 | 14.2 | 29.5 |
| Total outstanding debt (000) | \$22,155 | \$57,723 | \$189,507 |
| Total unrestricted cash and investments (000) | \$11,095 | \$218,294 | \$290,952 |



University of North Carolina Hospitals Board of Governors of The University of North Carolina

analysis:

Teaching Hospital Status Contributes to Favorable Utilization Growth

As the primary teaching hospital for the University of North Carolina-Chapel Hill (UNCCH) as well as for the overall state university system, the University of North Carolina Hospitals (UNCH) benefits from a strong referral base and leading primary market position. The hospital's status is reflected by strong inpatient and outpatient utilization trends, despite the nearby location of Duke University Hospital and Medical School as well as the presence of a number of community hospitals in UNCH's secondary service area. UNCH has historically distinguished itself from Duke by providing a greater balance of community and high-end offerings, while reportedly possessing a lower cost structure on a case mix adjusted basis for tertiary services.

UNCH is a separately governed and operated state-owned institution. However, it has traditionally been linked closely to the medical school and faculty practice plan through its various functional and financial commitments to teaching, research and patient care programs. To more closely coordinate physician and hospital incentives and to position the institutions for managed care in the increasingly competitive Research Triangle market, a quasi-PHO, the UNC Health Plan (UNCHP) was formed in 1993. Since its formation, UNCHP has embarked on three key strategic initiatives to sustain the hospital's local market strength and regional and state-wide referral status, including (1) primary care physician network formation, (2) development of various institutional affiliations, and (3) aggressive managed care contract acquisition. In conjunction with these strategies, UNCH continues to augment its outpatient treatment capabilities as reflected by the establishment of large and very active ambulatory care, family practice, and oncology centers. In addition to the current facilities replacement projects, projections provide for further hospital-based and satellite outpatient service initiatives. The execution of these strategies, most of which are already underway, should position UNCH well in this market.

Reflecting the success of these competitive positioning strategies, UNCH recently locked up multi-year preferred provider designations with three of the Triangle's dominant managed care plans. In particular,

UNCH's acquisition of Blue Cross's managed care contracts, which historically were written with Duke, result in the redirection of patient flow and revenues to UNCH. The retention and successful management of these as well as other managed care contracts will become increasingly important as more patients convert from indemnity to managed care. Like other teaching hospitals, a key factor to UNCH's future success will be how well it is able to balance its medical education and public purpose missions with its market imperative to be cost competitive and efficient across the spectrum of its health care service array.

Strong Finances Supported by Stable State Subsidies; High Medicaid Noted

The hospital's operations have steadily improved following UNCH's conversion to an enterprise fund in 1991. Status as an enterprise fund has given management the opportunity to retain excess earnings, rather than having to revert gains back to the state's General Fund. Improvement is primarily the result of continuing favorable volume growth combined with management's application of expense controls and clinical efficiencies. To be noted, overall profitability is reliant on a sizable (roughly \$45 million in fiscal 1995) and historically stable state appropriation which subsidizes primarily the hospital's provision of charity care and teaching expenses. Projections assume continuation of stable state support for these functions, leaving UNCH open to potential appropriation risk. Somewhat offsetting this risk however, is the state's sound fiscal status and its historic financial support which recognizes UNCH's unique status as the state's primary public institution mandated to provide medical training and indigent care.

Consistent with its public mission mandate, a relatively high (approximately 27%) of UNCH's patient revenues are derived from Medicaid for which the hospital continues to receive favorable cost-based reimbursement. Projections assume sizable payment reductions related to the phased-in implementation of Medicaid block grants, Medicare medical education cutbacks as well as a significant discount factor to reflect anticipated increased managed care pricing pressures through the year 2000.

While management is budgeting for operating profitability to decline, maintenance of strong margins,

University of North Carolina Hospitals
Board of Governors of The University of North Carolina

operating cashflow and debt service coverage are predicated primarily on the continuation of reasonable patient volume growth, non-salary related expense savings and clinical efficiencies through 1997. Significant targeted expense reductions which are now being developed are expected to be taken thereafter. Despite future financial pressures, Moody's believes that management will be able to effectively cut expenses and sustain overall profitability, which provides an important basis for the rating upgrade at this time.

Cash Reserve Growth Provides Ample Flexibility for Below Average Debt Level

The ability to retain generated profits has contributed to the rapid build up of cash reserves and provides credit strength. Since 1991 UNCH's cash position has grown from \$31.8 million or 51 days cash on

hand to \$218 million or approximately 251 days cash on hand in 1995. Neither the University or the Medical School boards may access retained earnings without prior hospital board approval. Projections assume continuation of these trends even with planned internal funding of various project initiatives.

The current issue which will be used primarily to finance replacement children's and women's facilities will nearly triple the hospital's debt. Outstanding debt obligations are expected to increase from roughly \$57 million to over \$190 million. However, overall debt position will remain below average with debt to capitalization rising to approximately 35% using a 1995 fund balance. In addition, peak coverage at approximately 5.7 times based on 1996 proforma revenues is favorable.

details of bond sale:

Legal Name of Issuer: Board of Governors of the University of North Carolina.

Security: Gross revenue pledge less certain state appropriations. The Series 1996 bonds are parity to the 1992 Bond Series.

Date of Bonds: February 15, 1996.

Key Contacts:

Trustee: First Union National Bank of North Carolina, Charlotte, N.C. (704) 383-7316.

Bond Counsel: Poyner & Spruill, L.L.P., Raleigh, N.C. (919) 783-2911.

Financial Officer: Charles F. Ayscue, Associate Director of Operations, (919) 966-1727.

Auditor: Office of the State Auditor, (919) 966-0420.

Managing Underwriter: Merrill Lynch & Co., New York, (212) 449-0616.

rating history:

February 1996:

Aa

January 1992:

A1

Moody's Analysts:

Lilly Bursztajn-Scher
(212) 553-7831

Diana Lee
(212) 553-4747

Hospital Contact:

Charles F. Ayscue
Associate Director of Operations
(919) 966-1722

University of North Carolina Hospitals
Board of Governors of The University of North Carolina

debt factors:

Discussion of Debt: The Series 1996 fixed rate bonds are amortized over 30 years with interest only payments through 2001, followed by level debt service payments until final maturity. Consolidated debt service payments are level through 2000 at approximately \$11.9 million and then increases to roughly level debt service of \$13.9 million until 2024, followed by a decrease to level debt service of \$9.6 million until final maturity in 2029.

Future Financing/Capital Program: No additional borrowing anticipated by management. CON was received in May 1995 for the construction of children's and women's replacement facilities. The hospitals will provide 190 inpatient beds, which is an expansion of 10 beds over the existing complement and will be dedicated to the newborn critical center. Six new operating rooms will be added. In addition,

radiology services will be consolidated at one central site. Since the hospitals will be constructed on lot now occupied by a medical research building, in conjunction with this issuance, the Hospital has agreed to partially fund a replacement facility. The hospital will contribute roughly \$15.2 million for this project. In addition to budgeting \$23 million in routine capital expenditures, major capital projects funded through hospital operations which have been incorporated into management projections include; the acquisition of one and the construction of another parking site (\$37 million), an administrative office building, (\$9.5 million), a wellness center (\$7.8 million) and a family medicine center (\$1.4 million) in an adjacent county and a day care center (\$2.5 million).

Debt Statement (\$000) as of 6/30/95:

| | Rating | Amount Issued | — Amount Outstanding — | | Final Maturity |
|--------------------------------|--------|---------------|------------------------|----------------|----------------|
| | | | Before Delivery | After Delivery | |
| Series 1992 | Aa | \$59,990 | 0 | \$57,723 | 2024 |
| Series 1996 (current offering) | Aa | 133,870 | 133,870 | 133,870 | 2029 |
| Total | | \$193,860 | \$133,870 | \$191,593 | |

Selected Debt Service Requirements (\$000)

| | Outstanding Debt | — Current Issue — | | Total |
|--------------------------------|------------------|-------------------|-----------------------|----------|
| | | Principal | Interest [⊠] | |
| Next Year - 1997 | \$4,397 | 0 | \$7,537 | \$11,934 |
| Peak Year - 2020 | 4,402 | \$5,435 | 4,151 | 13,988 |
| Final Year - 2029 [⊡] | 0 | 9,055 | 530 | 9,585 |

[⊠] Assumes 5.7% on the offering as provided by the underwriter

[⊡] Final maturity on Series 1992 debt is 2/15/24.

Use of Proceeds: Proceeds will be used to finance the construction of replacement children and women's hospitals.

| Sources and Uses of Funds: | | Uses | (\$ 000) |
|----------------------------|-----------|----------------------------|-----------|
| Sources | (\$ 000) | Construction Project Costs | \$98,023 |
| Par Amount of Bonds | \$133,870 | Capitalized Interest | 32,033 |
| Original Issue Discount | -1,597 | Cost of Issuance | 2,217 |
| Total | \$132,273 | Total | \$132,273 |

University of North Carolina Hospitals Board of Governors of The University of North Carolina

| | | |
|--------------------------|---|--|
| legal provisions: | <p>Security Pledge: Gross revenue pledge less certain state appropriations. Mortgage lien is not statutorily permitted.</p> <p>Rate Covenant: Standard. 1.20 times coverage will be maintained. If less, consultant's report is required or consultant's statement of governmental restrictions.</p> <p>Reserve Requirement: None required.</p> <p>Additional Indebtedness: One of several tests must be met: (1) Long term indebtedness does not</p> | <p>exceed 60% of capitalization; or (2) historical coverage excluding proposed debt is not less than 1.20 times and a consultant states that projected coverage for two years succeeding date of project completion is not less than 1.35 times; or (4) additional debt does not exceed 10% of total operating revenues.</p> <p>Other Legal Provisions: Acceptable provisions related to transfer of assets, amendments. SWAP payments are subordinate to debt service.</p> |
|--------------------------|---|--|

description of health care provider:

Service Area: University of North Carolina Hospitals (UNCH) is located on the campus of UNC - Chapel Hill. Hospital is the only acute care facility in Orange County. Majority of discharges originate from twelve county region. Primary service area consists of Orange, Alamance, Chatham and Lee Counties which account for approximately 45% of discharges. Area wealth levels are among the highest in the state and unemployment levels are among the lowest in the nation, despite a large student constituency. Local economy is boosted by Research Triangle Park, a high technology industrial complex located in adjacent Durham County, which is also home to Duke University. Area economic and residential expansion is expected to remain strong and outpace the state for the remainder of the decade.

Services: Principal teaching hospital of the University of North Carolina. As a state-owned facility, UNCH serves as a referral center for the state but is also a primary source of care for patients in the local area. Broad array of services provided with clinical strengths in trauma, newborn intensive care, high-risk obstetrics, oncology, burn treatment and transplantation. In addition to building specialty breadth, strategic focus includes support of increased outpatient treatment capabilities. Most outpatient activity is generated by medical school clinics and ambulatory care and family practice centers.

Neurosciences hospital, a replacement facility housing neurology, neurosurgery and psychiatric inpatient services as well as a new emergency department, (funded by Series 1992 bond proceeds) is expected to open in May 1996. Opening delayed from summer 1995 due to manpower shortages in construction; no expected financial impact. Area vacated will be converted into an ambulatory procedures center. Very

favorable inpatient utilization trends in contrast to national trends. Average length of stay (7.1 days), which has been declining gradually, is inflated by provision of certain high-end and sub-acute services. Increase in case mix (1.69) reflects clinical efficiencies and specialty service growth.

Management/Governance: Only state owned hospital. Separate entity within the UNC system; governed separately from the University of North Carolina - Chapel Hill (UNC-CH) although linked for teaching, research and patient care programs. UNCH's board is composed of twelve members, nine of whom are appointed by the Board of Governors of UNC. Three ex-officio members include UNC-CH Vice Chancellor for Health Affairs, Vice President for Business and Finance and Dean Of the School of Medicine. Appointments to the Board are subject to four year terms with a maximum of three re-appointments. Seasoned management team.

Competition: Competitive market, however, environment remains generally fragmented with limited provider, payor, or employer consolidation, although the latter has just recently begun. UNCH maintains dominant and increasing (62%) market share in Orange County and 35% market share within its four county primary service area which has also steadily grown. Management identifies five competitor hospitals including 948-bed Duke University Hospital, 446-bed Durham Regional Hospital, 319-bed Alamance Regional Medical Center, 137-bed AMI Central Carolina Hospital and 68-bed Chatham Hospital. UNCH reportedly draws along the north-south axis, while Duke draws from the east. Duke has implemented a significant cost reduction program to address recent operational declines which were driven in part by utilization decreases and managed

University of North Carolina Hospitals Board of Governors of The University of North Carolina

care pressure; recently submitted a CON for new ambulatory care and surgery centers and a new children's clinic facility is also planned.

In addition to assuming operational responsibility for Chatham Hospital's emergency department and developing a family practice clinic for that hospital, other recent hospital alliance initiatives include a preferred provider relationship for tertiary services with 6 of Quorum's managed hospitals in the state as well as providing clinical coverage and medical education to sizable number of community hospitals in surrounding central counties in return for increased market presence and growth in referral base.

Medical Staff: Very large active medical staff with 838 attending physicians holding full or part time faculty appointments at UNC-CH School of Medicine and extremely high board certification rate over 90% and average age of 44.8 years. Favorably low dependence (12%) on top ten admitters. Including referrals, full time faculty members represent approximately 90% of patient activity. Significant teaching program with 19 medical and surgical specialty and 32 subspecialty accredited programs. Since 1991 six clinical chairs have been added. Currently recruiting new chairs in pathology and in orthopedics.

UNCH provides moderate ongoing support for clinical chair recruitment, for medical directors and for certain clinical programs. In addition, maintains strong commitment to medical education as evidenced by hospital's salaried 343 of the 528 resident positions. High residency retention rate; vast majority trained remain in state. Increasing emphasis on primary care residencies; comprising approximately 45% of positions currently. The University's Faculty practice plan generates solid surpluses and funds various departmental and institutional projects. Beginning in fiscal 1996, faculty compensation structure incorporates productivity bonus incentives tied to departmental earnings. This change was undertaken to increase the medical school's responsiveness to economic variability and to more closely link hospital and physician financial incentives. Signifi-

cant and increasing level of research conducted at the medical school with grants awarded to Division of Health Affairs totaling \$136 million facilitating medical staff recruitment and retention.

The University of North Carolina Health Plan (UNCHP), a quasi-PHO was formed in 1993. To date, its primary care physician network has grown to roughly 158 affiliates. Network members are subject to faculty credentialing requirements. Goal to increase participation to approximately 300 primary care physicians within the next eighteen months. Recently signed first multi-year percent of premium agreement through UNCHP with Healthsource HMO. Although UNCHP has not bought any physician practices to date, it has begun to explore acquisition selectively while focusing on physician satellite placement to reinforce primary and secondary market share. Majority of anticipated financing requirements associated with these strategies (to be shared with the medical school) have been incorporated into projections. Nearby competitor, Duke University Hospital, has been actively pursuing physician acquisitions. A number of large multi-specialty group practices remain independent at this time.

Employees: 4,252 employees results in 7.2 FTEs per AOB is high. No unions permitted. Projected salary related expense reductions rely primarily on steadily increasing vacancy factors rather than on layoffs through 1997.

Managed Care: Limited pricing pressure to date. However, managed care plan entrants and enrollment growth is accelerating rapidly. Multi-year and some contract exclusivity are becoming evident. Market remains PPO dominated, although HMO enrollment growth has accelerated recently. Largest PPO plans include Provident (73,000 lives), Blue Cross/Blue Shield (BCBS) (68,000 lives) and State Employees Health Plan (61,000 lives). Dominant HMO plans include Kaiser Permanente (88,000 lives), Health Source (71,000 lives) and BCBS Personal Care (25,000 lives). Area managed care penetration is reportedly at approximately 22%, although UNCH only generates 8% from managed care revenues.

University of North Carolina Hospitals Board of Governors of The University of North Carolina

Strategy to aggressively pursue managed care contracts by competitive pricing; UNCH now has contracts with most plans. Contracts are a combination of discounts off per case and per diems and are reportedly profitable, while physicians generally receive discounts from fees for service. Reportedly limited misalignment of financial incentives evidenced, as concerted effort has been made to coordinate managed care contract negotiations. Largest contract with State Employees is stable. Recently signed contract with Kaiser to be designated provider for primary,

secondary, and tertiary services in Durham and Chapel Hill is expected to provide new incremental business. Duke does not have a Kaiser contract, although Rex Hospital, Duke's primary local competitor does. Recent increase in UNCH patient revenues derived from growth in Blue Cross managed care business is due primarily to new preferred provider designation. UNCH management does not rule out development of its own managed care plan, although they are not actively pursuing this option at this time.

Utilization (fiscal years ending 6/30):

| | U.S. | | | | Through | | Projected [□] | | |
|-------------------------------|--------|---------|---------|---------|----------|----------|------------------------|---------|---------|
| | Median | 1993 | 1994 | 1995 | 12/13/94 | 12/31/95 | 1996 | 1997 | 1998 |
| Maintained beds | 278 | 651 | 659 | 653 | 659 | 659 | 653 | 653 | 653 |
| Admissions | 10,727 | 22,783 | 23,597 | 24,517 | 12,020 | 12,835 | 26,000 | 26,000 | 26,650 |
| Patient days | 64,917 | 174,479 | 177,563 | 173,625 | 85,669 | 85,948 | 174,200 | 169,000 | 162,565 |
| Average length of stay (days) | 5.8 | 7.7 | 7.5 | 7.1 | 7.1 | 6.7 | 6.7 | 6.5 | 6.1 |
| Maintained bed occupancy (%) | 63.9 | 73.4 | 73.8 | 72.8 | 70.7 | 70.9 | 73.1 | 70.9 | 68.2 |
| Emergency room visits | 32,907 | 37,031 | 35,375 | 36,171 | 18,326 | 18,572 | 36,700 | 37,237 | 37,781 |
| Outpatient visits | 65,288 | 295,522 | 331,845 | 362,188 | 173,011 | 181,692 | 380,365 | 402,360 | 416,443 |
| Outpatient surgeries | 4,795 | 5,331 | 5,788 | 6,212 | NA | NA | 5,917 | 6,395 | 7,997 |
| Medicare case mix index | 1.35 | 1.64 | 1.64 | 1.69 | NA | NA | 1.68 | 1.68 | 1.68 |

Source: Hospital officials.

financial factors: **Discussion of Performance:** Operating performance reflects consistent improvement since the conversion to an enterprise fund in 1991 which allowed the hospital to retain excess earnings and provided new incentives to improve profitability. Significant improvement in fiscal 1995 is primarily attributable to two non-recurring Medicare and Medicaid items totaling approximately \$18 million dollars as well as to a one time reduction in bad expenses due to improved collections totaling roughly \$6.7 million. Excluding these items, fiscal 1995 operations benefited primarily from continuation of favorable volume trends, the application of various non-salary expense reductions and a state legislated change in Medicaid reimbursement methodology, while sizable and steadily increasing investment income contributes to bottom line performance.

To be noted, overall profitability is highly dependent on state appropriations (received \$44.6 million in 1995 which equates to approximately 11% of total operating revenues), although dependence has gradually declined. Appropriation supports indigent care and graduate medical education and continues to be

stable. However, future appropriations remain typically vulnerable to state budget constraints.

UNCH has built up a very favorable cash cushion in a relatively short time, with \$218 million representing 251 days cash on hand. The Series 1996 current offering increases debt to capitalization to 35.2% using 1995 fund balance however, overall debt burden remains below average. In addition, estimated peak coverage at 5.7 times and proforma debt to cashflow at roughly 2.6 times based on 1996 proforma revenues are favorable.

Reimbursement: High Medicaid dependence is a vulnerability. Beginning January 1995, state instituted a DRG based reimbursement system which provided UNCH with approximately \$5.8 million in enhanced reimbursement. Under the Medicaid voluntary donation program (disproportionate share (DSH)-pool), hospital received modest fluctuating support between 1991 and 1993; program was phased out during 1993. While no funds were received during 1994, roughly \$11.9 million in one-time DSH payments were received during 1995. Medicaid cov-

University of North Carolina Hospitals
Board of Governors of The University of North Carolina

ers fully allocated costs during 1995 with add-ons. State is gradually pursuing plans to move Medicaid into managed care model. Pilot currently limited to Charlotte market.

Despite anticipated Medicare cutbacks, management projects total per cent of costs covered to increase through a combination of Medicare volume growth

and reduction in average length of stay. Medicare reimburses total costs when including medical education and disproportionate share add-on in 1995. During 1995 UNCH received a total of \$26.1 million in medical education reimbursement and approximately \$12.0 million in Medicare disproportionate share payments.

Financial Performance (fiscal years ended 6/30 \$ 000):

| | 1993 | 1994 | 1995 | Through | | Projected <input type="checkbox"/> | | |
|--|----------|----------|---------|----------|----------|------------------------------------|----------|----------|
| | | | | 12/31/94 | 12/31/95 | 1996 | 1997 | 1998 |
| Net patient revenues | 270,128 | 304,533 | 340,686 | 160,474 | 167,916 | 333,034 | 326,664 | 322,389 |
| Total operating revenue <input type="checkbox"/> | 328,137 | 356,477 | 377,752 | 192,779 | 198,948 | 389,648 | 384,076 | 379,885 |
| Total operating expenses | 306,453 | 328,457 | 333,247 | 165,765 | 172,464 | 350,242 | 358,332 | 355,708 |
| Income from operations (including appropriations) <input type="checkbox"/> | 21,684 | 28,020 | 44,505 | 27,014 | 26,484 | 39,406 | 25,744 | 24,177 |
| Income from Operations (excluding appropriation) <input type="checkbox"/> | (20,212) | (13,240) | (95) | NA | NA | (5,194) | (18,857) | (20,432) |
| Excess of revenue over expenses <input type="checkbox"/> | 29,230 | 37,874 | 59,688 | 33,239 | 35,902 | 58,306 | 46,644 | 44,977 |
| Net revenue available for debt service | 46,155 | 55,624 | 76,679 | 41,885 | 45,160 | 79,410 | 70,207 | 69,424 |
| Debt service | 1,693 | 1,960 | 2,178 | 650 | 130 | 3,887 | 4,383 | 4,385 |
| Additions to property, plant and equipment | 23,243 | 24,624 | 38,303 | NA | NA | NA | NA | NA |

Source: Audited financial statements.

Management projections.

Excludes \$24.7 million in one-time adjustments in FY 1995.

Balance Sheet Data (fiscal years ended 6/30 \$ 000):

| | 1993 | 1994 | 1995 | As of 12/31/95 | Projected <input type="checkbox"/> | | |
|-----------------------------------|----------|-----------|-----------|-------------------|------------------------------------|-----------|-----------|
| | | | | | 1996 | 1997 | 1998 |
| Unrestricted cash and investments | \$91,268 | \$135,944 | \$218,294 | \$256,909 | \$283,904 | \$290,952 | \$310,090 |
| Restricted cash and investments | 1,419 | 1,462 | 541 | NA | NA | NA | NA |
| Net fixed assets | 151,368 | 150,569 | 159,212 | 165,598 | 287,181 | 326,281 | 335,664 |
| Long-term debt | 58,403 | 58,430 | 57,723 | 57,739 | 190,349 | 189,507 | 188,622 |
| Net debt | 56,699 | 58,370 | 57,720 | 57,109 | 190,001 | 189,162 | 188,262 |
| Unrestricted fund balance | 225,318 | 263,504 | 348,062 | 384,334 | 407,280 | 453,924 | 483,697 |

Source: Audited financial statements.

Management projections.

University of North Carolina Hospitals
Board of Governors of The University of North Carolina

Key Ratios

| | U.S. Median | 1993 | 1994 | 1995 | Projected [□] | | |
|--|----------------|-------|-------|-------|------------------------|-------|-------|
| | | | | | 1996 | 1997 | 1998 |
| Profitability: | | | | | | | |
| Operating Margin (%)(including appropriation) [□] | 3.3 | 6.6 | 7.9 | 11.8 | 10.1 | 6.7 | 6.4 |
| Operating Margin (excluding appropriation) [□] | - | (7.1) | (4.2) | 0 | 1.5 | (5.6) | (6.1) |
| Excess margin (%) [□] | 4.6 | 8.7 | 10.3 | 15.2 | 14.3 | 11.5 | 11.2 |
| Annual debt service coverage (x) [□] | 3.46 | 27.26 | 28.38 | 35.21 | 20.43 | 16.02 | 15.83 |
| Estimated maximum annual debt service coverage (x) | 2.99 | 3.30 | 3.98 | 5.48 | 5.68 | 5.02 | 4.96 |
| Liquidity: | | | | | | | |
| Current ratio (x) | 1.9 | 5.36 | 6.29 | 7.76 | 9.34 | 9.57 | 10.35 |
| Cash on hand (days) | 108.1 | 114.4 | 158.7 | 250.9 | 311.9 | 313.9 | 338.1 |
| Cushion ratio (x) | 6.6 | 6.5 | 9.7 | 15.6 | 20.3 | 20.8 | 22.2 |
| Accounts receivable (days) | 62.6 | 58.7 | 55.0 | 48.1 | 49.9 | 50.0 | 50.0 |
| Average payment period (days) | 62.2 | 36.1 | 37.4 | 41.7 | 41.0 | 40.1 | 39.4 |
| Capital: | | | | | | | |
| Debt to capitalization (%) | 44.1 | 20.6 | 18.1 | 14.2 | 31.9 | 29.5 | 28.1 |
| Capital expense (%) | 8.5 | 5.5 | 5.4 | 5.1 | 6.0 | 6.6 | 6.9 |
| Average age of plant (years) | 7.9 | 6.8 | 7.4 | 8.2 | NA | NA | NA |

[□] Management Projections.

[□] Excludes \$24.7 million in one-time adjustments in FY 1995.

Patient Revenue Sources by Gross Revenues (%)

| Sources | U.S. Median | 1995 |
|-------------------------|----------------|------|
| Medicare | 44.4 | 29.8 |
| Medicaid | 10.2 | 27.1 |
| Blue Cross [□] | 10.0 | NA |
| Commercial | 15.8 | 27.7 |
| Managed Care | 10.9 | 8.2 |
| Self-pay and other | 7.3 | 7.2 |

Source: Hospital officials.

[□] Commercial includes Blue Cross.

171454E01 ■

University of North Carolina Hospitals
Board of Governors of The University of North Carolina

© Copyright 1996 by Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007.

All rights reserved. **ALL INFORMATION CONTAINED HEREIN IS COPYRIGHTED IN THE NAME OF MOODY'S INVESTORS SERVICE, INC. ("MOODY'S"), AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.**

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and MOODY'S, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information.

The credit ratings, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. **NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.** Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling. Pursuant to Section 17(b) of the Securities Act of 1933, MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,000 to \$350,000.

APPENDIX D

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

D

96-RNZ-021.1

THIS IS A DRAFT 24-APR-96 11:33:14

Short Title: Agency Printing

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ENFORCE ECONOMY IN STATE PRINTING COSTS AND TO PROMOTE
3 OPPORTUNITIES FOR INCREASED PRIVATIZATION OF PRINTING.
4 The General Assembly of North Carolina enacts:
5 Section 1. G.S. 143-169 reads as rewritten:
6 "**§ 143-169. Limitations on publications.**
7 (a) Repealed by Session Laws 1983, c. 866, s. 2.
8 (b) Every publication published at State expense which makes
9 use of ~~the multicolor process~~ process color or multi-color
10 printing is prohibited except:
11 (1) In cases of scientific illustrations when the
12 illustrations would be unintelligible if published
13 in black and white;
14 (2) When the publication is a project of the Department
15 of Environment, Health, and Natural Resources, or
16 is a part of the magazine "Wildlife in North
17 Carolina," published under the auspices of the
18 Wildlife Resources Commission; or
19 (3) When the express approval of the Department of
20 Administration is obtained.
21 (c) Every publication published at State expense shall be
22 prepared in accordance with the recycling and reuse requirements
23 set forth in G.S. 130A-309.14(j).

1 (d) If an agency fails to comply with this subdivision, the
2 director of the budget shall certify the agency's printing budget
3 for the next fiscal year at ten percent (10%) less than the
4 amount appropriated for the fiscal year in which the violation
5 occurs."

6 Sec. 2. G.S. 130A-309.14(j) reads as rewritten:

7 "(j) The Department of Administration shall develop a model
8 report for reports published by any State agency, the General
9 Assembly, the General Court of Justice, or The University of
10 North Carolina. This model report shall satisfy the following:

11 (1) The paper in the report shall, to the extent
12 economically practicable, be made from recycled
13 paper and shall be capable of being recycled.

14 (2) The other constituent elements of the report shall,
15 to the extent economically practicable, be made
16 from recycled products and shall be capable of
17 being recycled or reused.

18 (3) The report shall, to the extent practicable, be
19 printed on both sides of the paper.

20 If an agency fails to comply with this subdivision, the
21 director of the budget shall certify the agency's printing budget
22 for the next fiscal year at ten percent (10%) less than the
23 amount appropriated for the fiscal year in which the violation
24 occurs."

25 Sec. 3. The Division of Purchase and Contract of the
26 Department of Administration shall perform a performance audit of
27 the actual cost of all in-house printing operations conducted by
28 State agencies, excluding the University of North Carolina
29 system, to determine the cost-effectiveness of their printing
30 operations in comparison to Correction Enterprises and commercial
31 operations. The Division shall file the report with the Joint
32 Legislative Commission on Governmental Operations no later than
33 November 30, 1996.

34 Sec. 4. G.S. 143-170.1(a3) reads as rewritten:

35 "(a3) If an agency fails to comply with this section, ~~then the~~
36 ~~agency's printing budget for the fiscal year following the~~
37 ~~violation shall be reduced by ten percent (10%).~~ the director of
38 the budget shall certify the agency's printing budget for the
39 next fiscal year at ten percent (10%) less than the amount
40 appropriated for the fiscal year in which the violation occurs."

41 Sec. 5. G.S. 148-70 reads as rewritten:

42 "§ 148-70. Management and care of inmates; prison industries;
43 disposition of products of inmate labor.

1 The State Department of Correction in all contracts for labor
2 shall provide for feeding and clothing the inmates and shall
3 maintain, control and guard the quarters in which the inmates
4 live during the time of the contracts; and the Department shall
5 provide for the guarding and working of such inmates under its
6 sole supervision and control. The Department may make such
7 contracts for the hire of the inmates confined in the State
8 prison as may in its discretion be proper. In accordance with the
9 provisions of Article 11 of Chapter 66 of the General Statutes,
10 the Department may use the labor of inmates confined in the State
11 prison in work on farms and manufacturing, either within or
12 without the State prison. The Department may dispose of the
13 products of the labor of the inmates, either in farming or in
14 manufacturing or in other industry at the State Prison System to
15 any public institution owned, managed, or controlled by the
16 State, or to any county, city or town in this State, or to any
17 federal, state, or local public institution in any other state of
18 the union. Provided however, no manufacturing or other industry
19 shall be established, supervised or controlled by the Department
20 unless specifically approved by the Governor pursuant to G.S. 66-
21 58(f).

22 All departments, institutions and agencies of this State which
23 are supported in whole or in part by the State shall give
24 preference to Department of Correction products in purchasing
25 articles, products, and commodities which these departments,
26 institutions, and agencies require and which are manufactured or
27 produced within the State prison system and offered for sale to
28 them by the Department of Correction, and no article or commodity
29 available from the Department of Correction shall be purchased by
30 any such State department, institution, or agency from any other
31 source unless the prison product does not meet the standard
32 specifications and the reasonable requirements of the department,
33 institution, or agency as determined by the Secretary of
34 Administration, or the requisition cannot be complied with
35 because of an insufficient supply of the articles or commodities
36 required. The provisions of Article 3 of Chapter 143 of the
37 General Statutes respecting contracting for the purchase of all
38 supplies, materials and equipment required by the State
39 government or any of its departments, institutions or agencies
40 under competitive bidding shall not apply to articles or
41 commodities available from the Department of Correction, but the
42 Department of Correction shall be required to keep the price of
43 such articles or commodities substantially in accord with that
44 paid by governmental agencies for similar articles and

1 commodities of equivalent quality as determined by the Secretary
2 by reference to competitive bidding as required by law. The
3 Secretary, or an agency acting within its delegation from the
4 Secretary under Article 3 of Chapter 143 of the General Statutes,
5 may obtain quotes from commercial vendors to determine whether
6 the price of the Department of Correction is substantially in
7 accord with that paid for similar articles and commodities.

8 In addition, the Secretary of Correction may lease one or more
9 buildings or portions of buildings on the grounds of any State
10 correctional institution or location under Department of
11 Correction control, together with the real estate needed for
12 reasonable access to such buildings, for a term not to exceed 20
13 years, to a private corporation for the purpose of establishing
14 and operating a factory for the manufacture and processing of
15 products or any other commercial enterprise deemed by the
16 Secretary to provide employment opportunities for inmates in
17 meaningful jobs for wages. A lease entered into pursuant to this
18 section may include provisions for the remodeling or construction
19 of buildings. Each lease shall be approved by the Governor and
20 Council of State and may be entered into only after consultation
21 with the Joint Legislative Commission on Governmental Operations.
22 Each lease negotiated and concluded pursuant to this section
23 shall include and shall be valid only so long as the lessee
24 adheres to the following provisions:

- 25 (1) All persons employed in the factory or other
26 commercial enterprise operated in or on the leased
27 property, except the lessee's supervisory employee
28 and necessary training personnel, shall be inmates
29 who are approved for such employment by the
30 Secretary or his designee.
- 31 (2) The factory or other commercial enterprise operated
32 in or on the leased property shall observe at all
33 times such practices and procedures regarding
34 security as the lease may specify or as the
35 Secretary may stipulate.
- 36 (3) The factory or other commercial enterprise operated
37 on the leased property shall be deemed a private
38 enterprise and subject to all the laws and lawfully
39 adopted rules of this State governing the operation
40 of similar business enterprises elsewhere, except
41 that the provisions of G.S. 66-58 shall not apply
42 to the industries or products of such private
43 enterprise.

1 The Secretary shall adopt rules for the administration and
2 management of personnel policies for prisoner workers including
3 wages, working hours, and conditions of employment.

4 Except as prohibited by applicable provisions of the United
5 States Code, inmates of correctional institutions of this State
6 may be employed in the manufacture and processing of products and
7 services for introduction into interstate commerce, so long as
8 they are paid no less than the prevailing minimum wage."

9 Sec. 6. This act becomes effective July 1, 1996.

EXPLANATION OF PROPOSED LEGISLATION ON STATE PRINTING

The proposed legislation on State printing does the following:

- Makes clear that Department of Administration approval is required not only for “process color” printing, but for any multi-color printing. The use of color in printing adds significantly to the cost of printing. An agency that fails to obtain approval is subject to a ten percent loss of its printing budget in the following fiscal year.
- Makes an agency subject to a 10% loss of printing budget for not following the model guidelines developed by the Department of Administration for the use of recycled paper in reports.
- Requires a performance audit of State printing operations by the State Printer. This will allow the State Printer to update the figures in the last report on printing operations (based on FY 94-95 data) and to inquire with more specificity about the performance of these print shops’ operations.
- Allows the Secretary of Administration and agencies acting under delegation from the Secretary to obtain quotes from private vendors to determine whether Correction Enterprises’ price is comparable to prices in the open market. By law, Corrections Enterprises’ prices must be “substantially in accord” with the prices received in the open market. The Secretary can already use the prices received through competitive bidding to make these comparisons. However, there is no clear authority presently for the Secretary or an agency to seek informal quotes (as compared to formal bids) to compare prices. This bill would provide this authority. Although it arose in the context of printing, this provision would apply to any commodities or articles that Corrections Enterprises sells.

This provision does not override the preference that is given to Correction Enterprises. Agencies are still required by law to give preference to Correction Enterprises when Correction Enterprises can provide the product at substantially the same price and can meet the agency’s requirements and conditions (such as delivery time, quantity, etc.). An agency’s requirements and conditions are supposed to be “reasonable.”

APPENDIX E

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

Draft

D

96-RNZ-002.5

THIS IS A DRAFT

25-APR-96 10:53:32

Short Title: Confirmation/Appointments

(Public)

Sponsors:

Referred to:

January 26, 1996

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE FOR LEGISLATIVE CONFIRMATION OF CERTAIN
3 EXECUTIVE APPOINTMENTS AND TO CHANGE THE COMPOSITION,
4 APPOINTMENTS, AND TERMS OF VARIOUS BOARDS, COMMISSIONS, AND
5 AUTHORITIES WITHIN STATE GOVERNMENT.
6 The General Assembly of North Carolina enacts:

7

8

9

10 --LEGISLATIVE CONFIRMATION PROCEDURE

11 Section 1.1. G.S. 147-12(3c), 147-12(3d) and 147-16.3
12 are repealed.

13 Sec. 1.2. Chapter 147 of the General Statutes is
14 amended by adding the following new section:

15 "147-16.4. Confirmation of Appointments.

16 (a) Confirmation.-- A person nominated by the Governor to an
17 office requiring confirmation by the General Assembly may take
18 office only after having been confirmed by the General Assembly
19 in accordance with this section, except as otherwise provided in
20 subsections (d) and (e) of this section.

1 (b) Nomination.-- The Governor shall notify the President of
2 the Senate, the Speaker of the House, and the principal clerk of
3 each house of the legislature of the name of the nominee subject
4 to confirmation no later than:

5 (1) February 1 of the year in which the appointment is
6 to be made for the office of Commissioner of Banks.

7 (2) May 1 of the year in which the appointment is to be
8 made for all other offices with fixed terms.

9 (3) Fifteen days following appointment of a member of
10 an office listed in G.S. 143B-6(1) through (9) or
11 any other office for which there is no fixed term.

12 (c) Failure to timely nominate.-- If the Governor fails to
13 nominate an officer subject to confirmation by the General
14 Assembly or fails to notify the General Assembly in accordance
15 with this section, the General Assembly, upon the recommendation
16 of the President Pro Tempore of the Senate and the Speaker of the
17 House, shall jointly nominate a person for the office, to be
18 confirmed in the same manner as if nominated by the Governor.

19 (d) Procedure.-- The confirmation shall be by joint resolution.
20 The General Assembly shall act upon a nomination by the forty-
21 fifth day of the session or within 45 days of being notified in
22 accordance with subsection (b), whichever is later. If the
23 General Assembly fails to take action on a confirmation
24 resolution within the prescribed time, the appointee is deemed
25 confirmed, except that an appointee whose name is submitted
26 during the last 15 legislative days of the session is not deemed
27 confirmed and may serve as an unconfirmed appointee no later than
28 the forty-fifth day of the next legislative session.

29 If the General Assembly takes action and fails to confirm an
30 appointee, it shall notify the Governor, and the Governor shall
31 submit a new nominee within ten days. For purposes of this
32 section, the General Assembly has taken action and has failed to
33 confirm if the confirmation resolution has failed second or third
34 reading in either house. A joint confirmation resolution may be
35 introduced at any time the General Assembly is in session.

36 (e) Appointees initially serving without confirmation.-- A
37 person appointed to an office that has no fixed term, to a vacant
38 office, or as an acting officer under G.S. 147-12(3) may serve
39 without confirmation until the General Assembly takes action and
40 fails to confirm. The appointee is deemed confirmed after the
41 forty-fifth calendar day of the next legislative session
42 following appointment unless the General Assembly takes action
43 and fails to confirm before that date.

1 (f) Failure to confirm.-- An appointee who is not confirmed nor
2 deemed confirmed may not be reappointed to the same office by the
3 same Governor.

4 (g) The chair of a committee to which a confirmation resolution
5 has been assigned may request the presiding officer of that house
6 to request a background check on an appointee subject to
7 confirmation pursuant to G.S. 120-19.4A.

8 (h) State Board of Education.-- This section does not apply to
9 appointments to the State Board of Education."

10

11 --CABINET OFFICERS CONFIRMATION

12 Sec. 1.3. G.S. 143B-9 reads as rewritten:

13 "**§ 143B-9. Appointment of officers and employees.**

14 The head of each principal State department, except those
15 departments headed by popularly elected officers, shall be
16 appointed by the ~~Governor~~ Governor, subject to confirmation by
17 the General Assembly as provided by G.S. 147-16.4 as to those
18 listed in G.S. 143B-6(1) through (9) and ~~serve at his pleasure.~~
19 shall serve at the pleasure of the Governor.

20 The salary of the head of each of the principal State
21 departments and of elected officials shall be as provided by law.

22 The head of a principal State department shall appoint a chief
23 deputy or chief assistant, and such chief deputy or chief
24 assistant shall not be subject to the State Personnel Act. The
25 salary of such chief deputy or chief assistant shall, upon the
26 recommendation of the Governor, be set by the General Assembly.
27 Unless otherwise provided for in the Executive Organization Act
28 of 1973, and subject to the provisions of the Personnel Act, the
29 head of each principal State department shall designate the
30 administrative head of each transferred agency and all employees
31 of each division, section, or other unit of the principal State
32 department."

33

34 ABC COMMISSION MEMBERS AND CHAIRMAN CONFIRMATION

35 Sec. 1.4. G.S. 18B-200 reads as rewritten:

36 "**§ 18B-200. North Carolina Alcoholic Beverage Control**
37 **Commission.**

38 (a) Creation of Commission; compensation. -- The North
39 Carolina Alcoholic Beverage Control Commission is created to
40 consist of a chairman and two associate members. The chairman
41 shall devote his full time to his official duties and receive a
42 salary fixed by the General Assembly in the Current Operations
43 Appropriations Act. The associate members shall be compensated

1 for per diem, subsistence and travel as provided in Chapter 138
2 of the General Statutes.

3 (b) Appointment of Members. -- Members of the Commission shall
4 be appointed by the ~~Governor to serve at his pleasure.~~ Governor,
5 subject to confirmation by the General Assembly as provided by
6 G.S. 147-16.4, to serve at the pleasure of the Governor.

7 (c) Vacancy. -- The Governor shall fill any vacancy on the
8 Commission by appointing a ~~successor~~ successor, subject to
9 confirmation by the General Assembly as provided by G.S. 147-
10 12(3e), to serve at the Governor's pleasure. If the chairman's
11 seat becomes vacant, the Governor may designate either the new
12 member or an existing member of the Commission as the ~~chairman.~~
13 chairman, subject to confirmation by the General Assembly as
14 provided by G.S. 147-16.4.

15 (d) Employees. -- The Commission may authorize the chairman to
16 employ, discharge, and otherwise supervise subordinate personnel
17 of the Commission. The Commission shall appoint at least one
18 employee to make investigations, hold hearings requested under
19 G.S. 18B-1205, and represent the Commission in contested case
20 hearings or perform any other duties authorized by Chapter 150B."

21

22 --INDUSTRIAL COMMISSION MEMBERS AND CHAIRMAN CONFIRMATION

23 Sec. 1.5. G.S. 97-77 reads as rewritten:

24 "**§ 97-77. North Carolina Industrial Commission created; members**
25 **appointed by Governor; terms of office; chairman.**

26 (a) There is hereby created a commission to be known as the
27 North Carolina Industrial Commission, consisting of seven
28 commissioners who shall devote their entire time to the duties of
29 the Commission. The Governor shall appoint the members of the
30 Commission, one for a term of two years, one for a term of four
31 years, and one for a term of six years. Of the additional
32 appointments made in 1994, one shall be for a term expiring June
33 30, 1996, one for a term expiring June 30, 1998, and two for
34 terms expiring June 30, 2000. Upon the expiration of each term as
35 above mentioned, the ~~Governor~~ Governor, subject to confirmation
36 by the General Assembly as provided by G.S. 147-16.4, shall
37 appoint a successor for a term of six years, and thereafter the
38 term of office of each commissioner shall be six years. Not more
39 than three appointees shall be persons who, on account of their
40 previous vocations, employment or affiliations, can be classed as
41 representatives of employers, and not more than three appointees
42 shall be persons who, on account of their previous vocations,
43 employment or affiliations, can be classed as representatives of
44 employees.

1 (b) One member, to be designated by the Governor, subject to
2 confirmation by the General Assembly as provided by G.S. 147-
3 16.4, shall act as chairman. The chairman shall be the chief
4 judicial officer and the chief executive officer of the
5 Industrial Commission; such authority shall be exercised pursuant
6 to the provisions of Chapter 126 of the General Statutes and the
7 rules and policies of the State Personnel Commission.
8 Notwithstanding the provisions of this Chapter, the chairman
9 shall have such authority as is necessary to direct and oversee
10 the Commission. The chairman may delegate any duties and
11 responsibilities as may be necessary to ensure the proper
12 management of the Industrial Commission. Notwithstanding the
13 provisions of this Chapter, Chapter 143A, and Chapter 143B of the
14 General Statutes, the chairman may hire or fire personnel and
15 transfer personnel within the Industrial Commission.

16 The Governor may designate one vice-chairman from the remaining
17 commissioners. The vice-chairman shall assume the powers of the
18 chairman upon request of the chairman or when the chairman is
19 absent for 24 hours or more. The authority delegated to the vice-
20 chairman shall be relinquished immediately upon the return of the
21 chairman or at the request of the chairman."

22

23 --POST-RELEASE SUPERVISION AND PAROLE COMMISSION MEMBERS AND
24 CHAIRMAN CONFIRMATION

25 Sec. 1.6. G.S. 143B-267, as amended by section 2.5 of
26 this act, reads as rewritten:

27 "§ 143B-267. Post-Release Supervision and Parole Commission --
28 members; selection; removal; chairman; compensation; quorum;
29 services.

30 The Post-Release Supervision and Parole Commission shall
31 consist of three full-time members. The three full-time members
32 shall be appointed by the Governor from persons whose recognized
33 ability, training, experience, and character qualify them for
34 service on the Commission. The terms of office of the five
35 members presently serving on the Commission shall expire on June
36 30, 1993. The terms of three members appointed effective July 1,
37 1993, shall be for three years, but only one successor shall be
38 appointed for terms commencing on or after July 1, 1996. The
39 terms of two members appointed effective July 1, 1993, shall be
40 for four years. Thereafter, ~~the terms of office of persons~~
41 ~~appointed by the Governor as members of the Commission shall be~~
42 for members shall be appointed, subject to confirmation by the
43 General Assembly as provided by G.S. 147-16.4, for terms of four
44 years or until their successors are appointed and qualify. Any

1 appointment to fill a vacancy on the Commission created by the
2 resignation, removal, death or disability of a full-time member
3 shall be for the balance of the unexpired term only.

4 The Governor shall have the authority to remove any member of
5 the Commission from office for misfeasance, malfeasance or
6 nonfeasance, pursuant to the provisions of G.S. 143B-13. The
7 Governor shall designate a full-time member of the Commission to
8 serve as chairman of the ~~Commission~~ Commission, subject to
9 confirmation by the General Assembly as provided by G.S. 147-
10 16.4, who shall serve at the pleasure of the Governor.

11 With regard to the transaction of the business of the
12 Commission the following procedure shall be followed: The
13 chairman shall designate panels of two voting Commission members
14 and shall designate a third commissioner to serve as an alternate
15 member of a panel. Insofar as practicable, the chairman shall
16 assign the members to panels in such fashion that each
17 commissioner sits a substantially equal number of times with each
18 other commissioner. Whenever any matter of business, such as the
19 granting, denying, revoking or rescinding of parole, or the
20 authorization of work-release privileges to a prisoner, shall
21 come before the Commission for consideration and action, the
22 chairman shall refer such matter to a panel. Action may be taken
23 by concurring vote of the two sitting panel members. If there is
24 not a concurring vote of the two panel members, the matter will
25 be referred to the alternate member who shall cast the deciding
26 vote. However, no person serving a sentence of life imprisonment
27 shall be granted parole or work-release privileges except by
28 majority vote of the full Commission.

29 The full-time members of the Commission shall receive the
30 salary fixed by the General Assembly in the Current Operations
31 Appropriations Act and shall receive necessary travel and
32 subsistence expenses in accordance with the provisions of G.S.
33 138-6.

34 All clerical and other services required by the Commission
35 shall be supplied by the Secretary of Correction."

36

37 --BOARD OF TRANSPORTATION CONFIRMATION/SERVE AT GOVERNOR'S
38 PLEASURE

39 Sec. 1.7. G.S. 143B-350(c) reads as rewritten:

40 "(c) The Board of Transportation shall have 20 members
41 appointed by the ~~Governor~~ Governor, subject to confirmation by
42 the General Assembly as provided by G.S. 147-16.4. These members
43 shall serve at the pleasure of the Governor. One member shall be
44 appointed from each of the 14 transportation engineering

1 divisions and six members shall be appointed from the State at
2 large. One at-large member shall be a registered voter of a
3 political party other than the political party of the Governor.
4 At least one at-large member shall possess a broad knowledge of
5 public transportation matters. No more than two members provided
6 for in this subsection shall reside in the same engineering
7 division while serving in office. ~~The initial members shall~~
8 ~~serve terms beginning July 1, 1977, and ending January 14, 1981,~~
9 ~~or until their successors are appointed and qualified. The~~
10 ~~succeeding terms of office shall be for a period of four years~~
11 ~~beginning January 15, 1981, and each four years thereafter. The~~
12 ~~Governor shall have the authority to remove for cause sufficient~~
13 ~~to himself, any member appointed by the Governor."~~

14

15 --STATE BOARD OF ELECTIONS EXECUTIVE SECRETARY-DIRECTOR
16 CONFIRMATION

17 Sec. 1.8. G.S. 163-27 reads as rewritten:

18 "§ 163-27. Executive Secretary-Director to be appointed by
19 Board.

20 The appointment of the Executive Secretary-Director of the
21 State Board of Elections is extended to May 15, 1989, unless
22 removed for proper cause, and thereafter the Board ~~shall~~ shall,
23 subject to confirmation by the General Assembly as provided by
24 G.S. 147-16.4 as if the appointment was made by the Governor,
25 appoint an Executive Secretary-Director for a term of four years
26 with compensation to be determined by the Department of
27 Personnel. He shall serve, unless removed for cause, until his
28 successor is appointed. Such Executive Secretary-Director shall
29 be responsible for staffing, administration, execution of the
30 Board's decisions and orders and shall perform such other
31 responsibilities as may be assigned by the Board. In the event of
32 a vacancy, the vacancy shall be filled for the remainder of the
33 term. An acting Executive Secretary-Director may be appointed by
34 the State Board of Elections under the same procedures as the
35 Governor may appoint an acting officer under G.S. 147-12(3) and
36 G.S. 147-16.4."

37

38 ENVIRONMENTAL MANAGEMENT COMMISSION CONFIRMATION

39 Sec. 1.9. G.S. 143B-283, as amended by section 2.4 of
40 this act, reads as rewritten:

41 "§ 143B-283. Environmental Management Commission -- members;
42 selection; removal; compensation; quorum; services.

43 (a) The Environmental Management Commission shall consist of
44 13 members appointed by the ~~Governor~~ Governor, subject to

1 confirmation by the General Assembly as provided by G.S. 147-
2 16.4, and four members appointed by the General Assembly in
3 accordance with subsection (d) of this section. The Governor
4 shall select the members so that the membership of the Commission
5 shall consist of:

- 6 (1) One who shall be a licensed physician with
7 specialized training and experience in the health
8 effects of environmental pollution;
- 9 (2) One who shall, at the time of appointment, be
10 actively connected with the Commission for Health
11 Services or local board of health or have
12 experience in health sciences;
- 13 (3) One who shall, at the time of appointment, be
14 actively practicing as a farmer;
- 15 (4) One who shall, at the time of appointment, be a
16 registered engineer with specialized training and
17 experience in water supply or water or air
18 pollution control;
- 19 (5) One who shall, at the time of appointment, be
20 actively connected with or have had experience in
21 the fish and wildlife conservation activities of
22 the State;
- 23 (6) One who shall, at the time of appointment, have
24 special training and scientific expertise in
25 hydrogeology or groundwater hydrology;
- 26 (7) Two members interested in water and air pollution
27 control, appointed from the public at large;
- 28 (8) One who shall, at the time of appointment, be
29 actively connected with industrial production or
30 have had experience in the field of industrial air
31 and water pollution control;
- 32 (9) One who shall, at the time of appointment, be
33 actively connected with or have had experience in
34 pollution control problems of municipal or county
35 government;
- 36 (9a) One who shall, at the time of appointment, be a
37 builder or developer;
- 38 (10) One who shall, at the time of appointment, have
39 special training and scientific expertise in air
40 pollution control and the effects of air pollution;
41 and
- 42 (11) One who shall, at the time of appointment, have
43 special training and scientific expertise in

1 freshwater, estuarine, marine biological, or
2 ecological sciences.

3 (b) Members so appointed shall serve terms of office of six
4 years. Any appointment to fill a vacancy on the Commission
5 created by the resignation, dismissal, death or disability of a
6 member shall be for the balance of the unexpired ~~term~~ term,
7 subject to confirmation by the General Assembly as provided by
8 G.S. 147-16.4. At the expiration of each member's term, the
9 Governor shall replace the member with a new member of like
10 ~~qualifications~~ qualifications, subject to confirmation by the
11 General Assembly as provided by G.S. 147-16.4. The initial
12 members of the Environmental Management Commission shall be those
13 members of the present Board of Water and Air Resources who shall
14 meet the above standards for membership on the Environmental
15 Management Commission and who shall serve on the Environmental
16 Management Commission for a period equal to the remainder of
17 their current terms on the Board of Water and Air Resources, four
18 of whose appointments expire June 30, 1975, five of whose
19 appointments expire June 30, 1977, and four of whose appointments
20 expire June 30, 1979. Any initial appointment to replace a member
21 of the present Board of Water and Air Resources who does not meet
22 the above standards for membership on the Environmental
23 Management Commission shall be for a period equal to the replaced
24 member's unexpired term. The initial appointment for category
25 (9a) shall be for a four-year term commencing July 1, 1996, and
26 expiring June 30, 2000. Successors shall be appointed for six-
27 year terms.

28 The Governor shall have the power to remove any member of the
29 Commission from office for misfeasance, malfeasance, or
30 nonfeasance in accordance with the provisions of G.S. 143B-13 of
31 the Executive Organization Act of 1973.

32 The members of the Commission shall receive per diem and
33 necessary travel and subsistence expenses in accordance with the
34 provisions of G.S. 138-5.

35 A majority of the Commission shall constitute a quorum for the
36 transaction of business.

37 All clerical and other services required by the Commission
38 shall be supplied by the Secretary of Environment, Health, and
39 Natural Resources.

40 (c) Nine of the members appointed by the Governor under this
41 section shall be persons who do not derive any significant
42 portion of their income from persons subject to permits or
43 enforcement orders under this Chapter. The Governor shall require
44 adequate disclosure of potential conflicts of interest by

1 members. The Governor, by executive order, shall promulgate
2 criteria regarding conflicts of interest and disclosure thereof
3 for determining the eligibility of persons under this section,
4 giving due regard to the requirements of federal legislation, and
5 for this purpose may promulgate rules, regulations or guidelines
6 in conformance with those established by any federal agency
7 interpreting and applying provisions of federal law.

8 (d) In addition to the members designated by subsection (a),
9 the General Assembly shall appoint four members, two upon the
10 recommendation of the Speaker of the House of Representatives,
11 and two upon the recommendation of the President of the Senate.
12 Appointments by the General Assembly shall be made in accordance
13 with G.S. 120-121, and vacancies in those appointments shall be
14 filled in accordance with G.S. 120-122. The terms of initial
15 appointees by the General Assembly shall expire on June 30, 1983.
16 Thereafter, these members shall serve two-year terms."

17

18 HEALTH SERVICES COMMISSION CONFIRMATION

19

20 Sec. 1.10. G.S. 130A-30 reads as rewritten:

21 "§ 130A-30. Commission for Health Services -- Members;
22 selection; quorum; compensation.

23 (a) The Commission for Health Services shall consist of 13
24 members, four of whom shall be elected by the North Carolina
25 Medical Society and nine of whom shall be appointed by the
26 Governor. The members appointed by the Governor are subject to
27 confirmation by the General Assembly as provided by G.S. 147-
28 16.4, and the members elected by the North Carolina Medical
29 Society are subject to confirmation by the General Assembly as
30 provided by G.S. 147-16.4 as if those elected had been appointed
31 by the Governor,

32 (b) One of the members appointed by the Governor shall be a
33 licensed pharmacist, one a registered engineer experienced in
34 sanitary engineering or a soil scientist, one a licensed
35 veterinarian, one a licensed optometrist, one a licensed dentist,
36 and one a registered nurse. The initial members of the Commission
37 shall be the members of the State Board of Health who shall serve
38 for a period equal to the remainder of their current terms on the
39 State Board of Health, three of whose appointments expire May 1,
40 1973, and two of whose appointments expire May 1, 1975. At the
41 end of the respective terms of office of initial members of the
42 Commission, their successors shall be appointed for terms of four
43 years and until their successors are appointed and qualify. Any
44 appointment to fill a vacancy on the Commission created by the

1 resignation, dismissal, death, or disability of a member shall be
2 for the balance of the unexpired ~~term~~ term, subject to
3 confirmation by the General Assembly as provided by G.S. 147-
4 16.4.

5 (c) The North Carolina Medical Society shall have the right to
6 remove any member elected by it for misfeasance, malfeasance, or
7 nonfeasance, and the Governor shall have the right to remove any
8 member appointed by him for misfeasance, malfeasance, or
9 nonfeasance in accordance with the provisions of G.S. 143B-13.
10 Vacancies on said Commission among the membership elected by the
11 North Carolina Medical Society shall be filled by the executive
12 committee of the Medical Society until the next meeting of the
13 Medical Society, when the Medical Society shall fill the vacancy
14 for the unexpired term. Vacancies on said Commission among the
15 membership appointed by the Governor shall be filled by the
16 Governor for the unexpired term. The filling of vacancies is
17 subject to confirmation by the General Assembly as provided by
18 G.S. 147-16.4.

19 (d) A majority of the members of the Commission shall
20 constitute a quorum for the transaction of business.

21 (e) The members of the Commission shall receive per diem and
22 necessary traveling and subsistence expenses in accordance with
23 the provisions of G.S. 138-5."

24

25 COASTAL RESOURCES COMMISSION CONFIRMATION

26 Sec. 1.11. G.S. 113A-104 reads as rewritten:

27 "§ 113A-104. Coastal Resources Commission.

28 (a) Established. -- The General Assembly hereby establishes
29 within the Department of Environment, Health, and Natural
30 Resources a commission to be designated the Coastal Resources
31 Commission.

32 (b) Composition. -- The Coastal Resources Commission shall
33 consist of 15 members appointed by the Governor, subject to
34 confirmation by the General Assembly as provided by G.S. 147-
35 16.4, as follows:

- 36 (1) One who shall at the time of appointment be
37 actively connected with or have experience in
38 commercial fishing.
39 (2) One who shall at the time of appointment be
40 actively connected with or have experience in
41 wildlife or sports fishing.
42 (3) One who shall at the time of appointment be
43 actively connected with or have experience in
44 marine ecology.

- 1 (4) One who shall at the time of appointment be
2 actively connected with or have experience in
3 coastal agriculture.
- 4 (5) One who shall at the time of appointment be
5 actively connected with or have experience in
6 coastal forestry.
- 7 (6) One who shall at the time of appointment be
8 actively connected with or have experience in
9 coastal land development.
- 10 (7) One who shall at the time of appointment be
11 actively connected with or have experience in
12 marine-related business (other than fishing and
13 wildlife).
- 14 (8) One who shall at the time of appointment be
15 actively connected with or have experience in
16 engineering in the coastal area.
- 17 (9) One who shall at the time of appointment be
18 actively associated with a State or national
19 conservation organization.
- 20 (10) One who shall at the time of appointment be
21 actively connected with or have experience in
22 financing of coastal land development.
- 23 (11) Two who shall at the time of appointment be
24 actively connected with or have experience in local
25 government within the coastal area.
- 26 (12) Three at-large members.

27 (c) Appointment of Members. -- Appointments to the Commission
28 shall be made to provide knowledge and experience in a diverse
29 range of coastal interests. The members of the Commission shall
30 serve and act on the Commission solely for the best interests of
31 the public and public trust, and shall bring their particular
32 knowledge and experience to the Commission for that end alone.

33 The Governor shall appoint in his sole ~~discretion~~ disrection,
34 subject to confirmation by the General Assembly as provided by
35 G.S. 147-16.4, those members of the Commission whose
36 qualifications are described in subdivisions (6) and (10), and
37 one of the three members described in subdivision (12) of
38 subsection (b) of this section.

39 The remaining members of the Commission shall be appointed by
40 the ~~Governor~~ Governor, subject to confirmation by the General
41 Assembly as provided by G.S. 147-16.4, after completion of the
42 nominating procedures prescribed by subsection (d) of this
43 section. The members of the Commission whose qualifications are
44 described in subdivisions (1) through ~~(5), (9), and (11)~~, (5) and

1 subdivision (9) shall be persons who do not derive any
2 significant portion of their income from land development,
3 construction, real estate sales, or lobbying and do not otherwise
4 serve as agents for development-related business activities. The
5 Governor shall require adequate disclosure of potential conflicts
6 of interest by members. The Governor, by executive order, shall
7 promulgate criteria regarding conflicts of interest and
8 disclosure thereof for determining the eligibility of persons
9 under this section.

10 (d) Nominations for Membership. -- On or before May 1 in every
11 even-numbered year the Governor shall designate and transmit to
12 the board of commissioners in each county in the coastal area
13 four nominating categories applicable to that county for that
14 year. Said nominating categories shall be selected by the
15 Governor from among the categories represented, respectively by
16 subdivisions (1), (2), (3), (4), (5), (7), (8), (9), (11) -- two
17 persons, and (12) -- two persons, of subsection (b) of this
18 section (or so many of the above-listed paragraphs as may
19 correspond to vacancies by expiration of term that are subject to
20 being filled in that year). On or before June 1 in every
21 even-numbered year the board of commissioners of each county in
22 the coastal area shall nominate (and transmit to the Governor the
23 names of) one qualified person in each of the four nominating
24 categories that was designated by the Governor for that county
25 for that year. In designating nominating categories from biennium
26 to biennium, the Governor shall equitably rotate said categories
27 among the several counties of the coastal area as in his judgment
28 he deems best; and he shall assign, as near as may be, an even
29 number of nominees to each nominating category and shall assign
30 in his best judgment any excess above such even number of
31 nominees. On or before June 1 in every even-numbered year the
32 governing body of each incorporated city within the coastal area
33 shall nominate and transmit to the Governor the name of one
34 person as a nominee to the Commission. In making nominations, the
35 boards of county commissioners and city governing bodies shall
36 give due consideration to the nomination of women and minorities.
37 The Governor shall appoint 12 persons from among said city and
38 county nominees to the ~~Commission~~, Commission, subject to
39 confirmation by the General Assembly as provided by G.S. 147-
40 16.4. The several boards of county commissioners and city
41 governing bodies shall transmit the names, addresses, and a brief
42 summary of the qualifications of their nominees to the Governor
43 on or before June 1 in each even-numbered year, beginning in
44 1974; provided, that the Governor, by registered or certified

1 mail, shall notify the chairman or the mayors of the said local
2 governing boards by May 20 in each such even-numbered year of the
3 duties of local governing boards under this sentence. If any
4 board of commissioners or city governing body fails to transmit
5 its list of nominations to the Governor by June 1, the Governor
6 may add to the nominations a list of qualified nominees in lieu
7 of those that were not transmitted by the board of commissioners
8 or city governing body; Provided however, the Governor may not
9 add to the list a nominee in lieu of one not transmitted by an
10 incorporated city within the coastal area that neither has a
11 population of 2,000 or more nor is contiguous with the Atlantic
12 Ocean. Within the meaning of this section, the 'governing body'
13 is the mayor and council of a city as defined in G.S. 160A-66.
14 The population of cities shall be determined according to the
15 most recent annual estimates of population as certified to the
16 Secretary of Revenue by the Secretary of Administration.

17 (e) Residential Qualifications. -- All nominees of the several
18 boards of county commissioners and city governing bodies must
19 reside within the coastal area, but need not reside in the county
20 from which they were nominated. No more than one of those members
21 appointed by the Governor from among said nominees may reside in
22 a particular county. No more than two members of the entire
23 Commission, at any time, may reside in a particular county. No
24 more than two members of the entire Commission, at any time, may
25 reside outside the coastal area.

26 (f) Office May Be Held Concurrently with Others. -- Membership
27 on the Coastal Resources Commission is hereby declared to be an
28 office that may be held concurrently with other elective or
29 appointive offices in addition to the maximum number of offices
30 permitted to be held by one person under G.S. 128-1.1.

31 (g) Terms. -- The members shall serve staggered terms of office
32 of four years. At the expiration of each member's term, the
33 Governor shall reappoint or replace the member with a new member
34 of like qualification (as specified in subsection (b) of this
35 section), in the manner provided by subsections (c) and (d) of
36 ~~this section.~~ section, subject to confirmation by the General
37 Assembly as provided by G.S. 147-16.4. The initial term shall be
38 determined by the Governor in accordance with customary practice
39 but eight of the initial members shall be appointed for two years
40 and seven for four years.

41 (h) Vacancies. -- In the event of a vacancy arising otherwise
42 than by expiration of term, the Governor shall appoint a
43 successor of like qualification (as specified in subsection (b)
44 of this section) who shall then serve the remainder of his

1 predecessor's ~~term~~ term, subject to confirmation by the General
2 Assembly as provided by G.S. 147-16.4. When any such vacancy
3 arises, the Governor shall immediately notify the board of
4 commissioners of each county in the coastal area and the
5 governing body of each incorporated city within the coastal area.
6 Within 30 days after receipt of such notification each such
7 county board and city governing body shall nominate and transmit
8 to the Governor the name and address of one person who is
9 qualified in the category represented by the position to be
10 filled, together with a brief summary of the qualifications of
11 the nominee. The Governor shall make the appointment from among
12 said city and county nominees. If any county board or city
13 governing body fails to make a timely transmittal of its nominee,
14 the Governor may add to the nominations a qualified person in
15 lieu of said nominee; Provided however, the Governor may not add
16 to the list a nominee in lieu of one not transmitted by an
17 incorporated city within the coastal area that neither has a
18 population of 2,000 or more nor is contiguous with the Atlantic
19 Ocean.

20 (i) Officers. -- The chairman shall be designated by the
21 Governor from among the members of the Commission to serve as
22 chairman at the pleasure of the Governor. The vice-chairman shall
23 be elected by and from the members of the Commission and shall
24 serve for a term of two years or until the expiration of his
25 regularly appointed term.

26 (j) Compensation. -- The members of the Commission shall
27 receive per diem and necessary travel and subsistence expenses in
28 accordance with the provisions of G.S. 138-5.

29 (k) In making appointments to and filling vacancies upon the
30 Commission, the Governor shall give due consideration to securing
31 appropriate representation of women and minorities.

32 (l) Regular attendance at Commission meetings is a duty of each
33 member. The Commission shall develop procedures for declaring any
34 seat on the Commission to be vacant upon failure by a member to
35 perform this duty."

36

37 BUILDING CODE COUNCIL CONFIRMATION

38 Sec. 1.12. G.S. 143-136 reads as rewritten:

39 "§ 143-136. Building Code Council created; membership.

40 (a) Creation; Membership; Terms. -- There is hereby created a
41 Building Code Council, which shall be composed of 15 members
42 appointed by the Governor, subject to confirmation by the General
43 Assembly as provided by G.S. 147-16.4, consisting of one
44 registered architect, one licensed general contractor, one

1 registered architect or licensed general contractor specializing
2 in residential design or construction, one registered engineer
3 practicing structural engineering, one registered engineer
4 practicing mechanical engineering, one registered engineer
5 practicing electrical engineering, one licensed plumbing and
6 heating contractor, one municipal or county building inspector,
7 one licensed liquid petroleum gas dealer/contractor involved in
8 the design of natural and liquid petroleum gas systems who has
9 expertise and experience in natural and liquid petroleum gas
10 piping, venting and appliances, a representative of the public
11 who is not a member of the building construction industry, a
12 licensed electrical contractor, a registered engineer on the
13 engineering staff of a State agency charged with approval of
14 plans of State-owned buildings, a municipal elected official or
15 city manager, a county commissioner or county manager, and an
16 active member of the North Carolina fire service with expertise
17 in fire safety. In selecting the municipal and county members,
18 preference should be given to members who qualify as either a
19 registered architect, registered engineer, or licensed general
20 contractor. Of the members initially appointed by the Governor,
21 three shall serve for terms of two years each, three shall serve
22 for terms of four years each, and three shall serve for terms of
23 six years each. Thereafter, all appointments shall be for terms
24 of six years. The Governor may remove appointive members at any
25 time. Neither the architect nor any of the above named engineers
26 shall be engaged in the manufacture, promotion or sale of any
27 building material, and any member who shall, during his term,
28 cease to meet the qualifications for original appointment
29 (through ceasing to be a practicing member of the profession
30 indicated or otherwise) shall thereby forfeit his membership on
31 the Council. In making new appointments or filling vacancies, the
32 Governor shall ensure that minorities and women are represented
33 on the Council.

34 The Governor may make appointments to fill the unexpired
35 portions of any terms vacated by reason of death, resignation, or
36 removal from ~~office~~ office, subject to confirmation by the
37 General Assembly as provided by G.S. 147-16.4. In making such
38 appointment, he shall preserve the composition of the Council
39 required above.

40 (b) Compensation. -- Members of the Building Code Council
41 other than any who are employees of the State shall receive seven
42 dollars (\$7.00) per day, including necessary time spent in
43 traveling to and from their place of residence within the State
44 to any place of meeting or while traveling on official business

1 of the Council. In addition, all members shall receive mileage
2 and subsistence according to State practice while going to and
3 from any place of meeting, or when on official business of the
4 Council."

5

6 --BOARD OF AGRICULTURE/NO CONFIRMATION

7 Section 1.13. G.S. 106-2 reads as rewritten:

8 "§ 106-2. Department of Agriculture, Immigration, and Statistics
9 established; Board of Agriculture, membership, terms of office,
10 etc.

11 The Department of Agriculture, Immigration, and Statistics is
12 created and established and shall be under the control of the
13 Commissioner of Agriculture, with the consent and advice of a
14 board to be styled 'The Board of Agriculture.' The Board of
15 Agriculture shall consist of the Commissioner of Agriculture, who
16 shall be ex officio a member and chairman thereof and shall
17 preside at all meetings, and of 11 other members from the State
18 at large, so distributed as to reasonably represent the different
19 sections and agriculture of the State. In the appointment of the
20 members of the Board the Governor shall also take into
21 consideration the different agricultural interests of the State,
22 and shall appoint one member who shall be a practical tobacco
23 farmer to represent the tobacco farming interest, one who shall
24 be a practical cotton grower to represent the cotton interest,
25 one who shall be a practical truck farmer or general farmer to
26 represent the truck and general farming interest, one who shall
27 be a practical dairy farmer to represent the dairy and livestock
28 interest of the State, one who shall be a practical poultryman to
29 represent the poultry interest of the State, one who shall be a
30 practical peanut grower to represent the peanut interests, one
31 who shall be a hog farmer to represent the interest of hog
32 farmers, and one who shall be experienced in marketing to
33 represent the marketing of products of the State. ~~The members of~~
34 ~~such Board shall be appointed by the Governor by and with the~~
35 ~~consent of the Senate, when the terms of the incumbents~~
36 ~~respectively expire.~~ Upon the expiration of each term, the
37 Governor shall appoint a successor. The term of office of ~~such~~
38 these members shall be six years and until their successors are
39 duly appointed and qualified. ~~The terms of office of the five~~
40 ~~members constituting the present Board of Agriculture shall~~
41 ~~continue for the time for which they were appointed. In making~~
42 ~~appointments for the enlarged Board of Agriculture, the Governor~~
43 ~~shall make the appointments so that the term of three members~~
44 ~~will be for two years, three for four and four for six years.~~

1 ~~Thereafter the appointments shall be made for six years.~~ The
2 initial appointment of the hog farmer required by this section
3 shall be for a six-year term beginning July 1, 1996. Vacancies
4 ~~in such~~ on the Board shall be filled by the Governor for the
5 unexpired term. The Commissioner of Agriculture and the members
6 of the Board of Agriculture shall be practical farmers engaged in
7 their profession."

8

9 ATLANTIC STATES MARINE FISHERIES COMMISSION/NO CONFIRMATION

10 Sec. 1.14. G.S. 113-254 reads as rewritten:

11 " 113-254. North Carolina members of Commission.

12 In pursuance of Article III of said Compact there shall be
13 three members (hereinafter called commissioners) of the Atlantic
14 States Marine Fisheries Commission (hereinafter called
15 Commission) from the State of North Carolina. The first
16 commissioner from the State of North Carolina shall be the
17 Fisheries Director of the Division of Marine Fisheries of the
18 Department, ex officio, and the term of such ex officio
19 commissioner shall terminate at the time he ceases to hold such
20 office, and his successor as commissioner shall be his successor
21 as Fisheries Director of the Division of Marine Fisheries. The
22 second commissioner from the State of North Carolina shall be a
23 legislator and member of the Commission on Interstate Cooperation
24 of the State of North Carolina, ex officio, designated by said
25 Commission on Interstate Cooperation, and the term of any such ex
26 officio commissioner shall terminate at the time he ceases to
27 hold said legislative office or said office as Commissioner on
28 Interstate Cooperation, and his successor as commissioner shall
29 be named in like manner. The Governor ~~(by and with the advice
30 and consent of the Senate)~~ shall appoint a citizen as a third
31 commissioner who shall have a knowledge of and interest in the
32 marine fisheries problem. The term of said Commissioner shall be
33 three years and he shall hold office until his successor shall be
34 appointed and qualified. Vacancies occurring in the office of
35 such Commissioner from any reason or cause shall be filled by
36 appointment by the Governor ~~(by and with the advice and consent
37 of the Senate)~~ for the unexpired term. The Fisheries Director of
38 the Division of Marine Fisheries appointed pursuant to Article
39 III as ex officio commissioner may delegate, from time to time,
40 to any deputy or other subordinate of the Fisheries Director, the
41 power to be present and participate, including voting, as his
42 representative or substitute at any meeting of or hearing by or
43 other proceedings of the Commission. The terms of each of the
44 initial three members shall begin at the date of the appointment

1 of the appointive commissioner, provided the said Compact shall
2 then have gone into effect in accordance with Article II of the
3 Compact; otherwise they shall begin upon the date upon which said
4 Compact shall become effective in accordance with said Article
5 II.

6 Any commissioner may be removed from office by the Governor
7 upon charges and after a hearing."

8

9 TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM BOARD OF
10 TRUSTEES/NO CONFIRMATION

11 Sec. 1.15. G.S. 135-6(b) reads as rewritten:

12 (b) (Applicable until January 1, 1997) Membership of Board;
13 Terms. -- The Board shall consist of 14 members, as follows:

14 (1) The State Treasurer, ex officio;

15 (2) The Superintendent of Public Instruction, ex
16 officio;

17 (3) Ten members to be appointed by the ~~Governor and~~
18 ~~confirmed by the Senate of North Carolina.~~

19 Governor. One of the appointive members shall be a
20 member of the teaching profession of the State; one
21 of the appointive members shall be an employee of
22 the Board of Transportation, who shall be appointed
23 by the Governor for a term of four years commencing
24 April 1, 1947, and quadrennially thereafter; one of
25 the appointive members shall be a representative of
26 higher education appointed by the Governor for a
27 term of four years commencing July 1, 1969, and
28 quadrennially thereafter; one of the appointive
29 members shall be a retired teacher who is drawing a
30 retirement allowance, appointed by the Governor for
31 a term of four years commencing July 1, 1969, and
32 quadrennially thereafter; one shall be a retired
33 State employee who is drawing a retirement
34 allowance, appointed by the Governor for a term of
35 four years commencing July 1, 1977, and
36 quadrennially thereafter; one to be a general State
37 employee, and three who are not members of the
38 teaching profession or State employees; two to be
39 appointed for a term of two years, two for a term
40 of three years and one for a term of four years;
41 one appointive member shall be a law-enforcement
42 officer employed by the State, appointed by the
43 Governor, for a term of four years commencing April

1 1, 1985. At the expiration of these terms of office
2 the appointment shall be for a term of four years;
3 (4) Two members appointed by the General Assembly, one
4 appointed upon the recommendation of the Speaker of
5 the House of Representatives, and one appointed
6 upon the recommendation of the President of the
7 Senate in accordance with G.S. 120-121. Neither of
8 these members may be an active or retired teacher
9 or State employee or an employee of a unit of local
10 government. The initial members appointed by the
11 General Assembly shall serve for terms expiring
12 June 30, 1983. Thereafter, their successors shall
13 serve for two-year terms beginning July 1 of odd-
14 numbered years. Vacancies in appointments made by
15 the General Assembly shall be filled in accordance
16 with G.S. 120-122."
17

18 --COMMISSIONER OF MOTOR VEHICLES CONFIRMATION

19 Sec. 1.16. G.S. 20-2 reads as rewritten:

20 "§ 20-2. Commissioner of Motor Vehicles; rules.

21 (a) Commissioner and Assistants. -- The Division of Motor
22 Vehicles shall be administered by the Commissioner of Motor
23 Vehicles, who shall be appointed by and serve at the pleasure of
24 the Secretary of the Department of ~~Transportation~~
25 Transportation; provided that the appointment is subject to
26 confirmation by the General Assembly as provided by G.S. 147-16.4
27 as if the appointment was made by the Governor, The Commissioner
28 shall be paid an annual salary to be fixed by the General
29 Assembly in the Current Operations Appropriations Act and allowed
30 his traveling expenses as allowed by law. An acting Commissioner
31 may be appointed by the Secretary under the same procedures as
32 the Governor may appoint an acting officer under G.S. 147-12(3)
33 and G.S. 147-16.4.

34 In any action, proceeding, or matter of any kind, to which the
35 Commissioner of Motor Vehicles is a party or in which he may have
36 an interest, all pleadings, legal notices, proof of claim,
37 warrants for collection, certificates of tax liability,
38 executions, and other legal documents, may be signed and verified
39 on behalf of the Commissioner of Motor Vehicles by the Assistant
40 Commissioner of Motor Vehicles or by any director or assistant
41 director of any section of the Division of Motor Vehicles or by
42 any other agent or employee of the Division so authorized by the
43 Commissioner of Motor Vehicles.

1 (b) Rules. -- The Commissioner may adopt rules to implement
2 this Chapter. Chapter 150B of the General Statutes governs the
3 adoption of rules by the Commissioner."

4

5 -- CHAIRMAN OF EMPLOYMENT SECURITY COMMISSION

6 Sec. 1.17. G.S. 96-3 reads as rewritten:

7 **§96-3. Employment Security Commission.**

8 (a) Organization. -- There is hereby created a commission to be
9 known as the Employment Security Commission of North Carolina.
10 The Commission shall consist of seven members to be appointed by
11 the Governor on or before July 1, 1941. The Governor shall have
12 the power to designate the member of said Commission who shall
13 act as the chairman ~~thereof~~ thereof, subject to confirmation by
14 the General Assembly as provided by G.S. 147-16.4. The chairman
15 of the Commission shall not engage in any other business,
16 vocation or employment. Three members of the Commission shall be
17 appointed by the Governor to serve for a term of two years. Three
18 members shall be appointed to serve for a term of four years, and
19 upon the expiration of the respective terms, the successors of
20 said members shall be appointed for a term of four years each,
21 thereafter, and the member of said Commission designated by the
22 Governor as chairman shall serve at the pleasure of the Governor.
23 Any member appointed to fill a vacancy occurring in any of the
24 appointments made by the Governor prior to the expiration of the
25 term for which his predecessor was appointed shall be appointed
26 for the remainder of such ~~term~~ term, provided that the
27 designation of a chairman to fill a vacancy is subject to
28 confirmation by the General Assembly as provided by G.S. 147-
29 16.4. The Governor may at any time after notice and hearing,
30 remove any Commissioner for gross inefficiency, neglect of duty,
31 malfeasance, misfeasance, or nonfeasance in office.

32 (b) Divisions. -- The Commission shall establish two coordinate
33 divisions: the North Carolina State Employment Service Division,
34 created pursuant to G.S. 96-20, and the Unemployment Insurance
35 Division. Each division shall be responsible for the discharge of
36 its distinctive functions. Each division shall be a separate
37 administrative unit with respect to personnel and duties, except
38 insofar as the Commission may find that such separation is
39 impracticable. Notwithstanding any other provision of this
40 Chapter, administrative organization of the agency shall be in
41 accordance with that which the Commission finds most desirable in
42 order to perform the duties and functions of the agency.

43 (c) Salaries. -- The chairman of the Employment Security
44 Commission of North Carolina, ~~appointed by the Governor,~~ Carolina

1 shall be paid from the Employment Security Administration Fund a
2 salary payable on a monthly basis, which salary shall be fixed by
3 the General Assembly in the Current Operations Appropriations
4 Act; and the members of the Commission, other than the chairman,
5 shall each receive the same amount per diem for their services as
6 is provided for the members of other State boards, commissions,
7 and committees who receive compensation for their services as
8 such, including necessary time spent in traveling to and from his
9 place of residence within the State to the place of meeting while
10 engaged in the discharge of the duties of his office and his
11 actual traveling expenses, the same to be paid from the aforesaid
12 fund.

13 (d) Quorum. -- The chairman or his designee and three members
14 of the Commission shall constitute a quorum."

15

16

17 BANKING COMMISSIONER (CONFORMING CHANGES)

18 Sec. 1.18. G.S. 53-92 reads as rewritten:

19 "§ 53-92. (Applicable until January 1, 1997) Appointment of
20 Commissioner of Banks; State Banking Commission.

21 On or before April 1, 1983, and quadrennially thereafter, the
22 Governor shall appoint a Commissioner of Banks subject to
23 confirmation by the General Assembly ~~by joint resolution, as~~
24 provided by G.S. 147-16.4. ~~The name of the Commissioner of Banks~~
25 ~~shall be submitted to the General Assembly on or before February~~
26 ~~1, of the year in which the term of his office begins.~~ The term
27 of office for the Commissioner of Banks shall be four years. ~~In~~
28 ~~case of a vacancy in the office of Commissioner of Banks for any~~
29 ~~reason prior to the expiration of his term of office, the name of~~
30 ~~his successor shall be submitted by the Governor to the General~~
31 ~~Assembly, not later than four weeks after the vacancy arises. If~~
32 ~~a vacancy arises in the office when the General Assembly is not~~
33 ~~in session, the Commissioner of Banks shall be appointed by the~~
34 ~~Governor to serve on an interim basis pending confirmation by the~~
35 ~~General Assembly.~~

36 The State Banking Commission, which has heretofore been
37 created, shall consist of the State Treasurer, who shall serve as
38 an ex officio member thereof, 12 members appointed by the
39 Governor, and two members appointed by the General Assembly under
40 G.S. 120-121, one of whom shall be appointed upon the
41 recommendation of the President of the Senate and one of whom
42 shall be appointed upon the recommendation of the Speaker of the
43 House of Representatives. The Governor shall appoint five
44 practical bankers and seven persons selected primarily as

1 representatives of the borrowing public. The person appointed by
2 the General Assembly upon the recommendation of the President of
3 the Senate shall be a practical banker. The person appointed by
4 the General Assembly upon the recommendation of the Speaker of
5 the House shall be a person selected primarily as a
6 representative of the borrowing public. The persons selected
7 primarily as representatives of the borrowing public shall not be
8 employees or directors of any financial institution nor shall
9 they have any interest in any regulated financial institution
10 other than as a result of being a depositor or borrower. Under
11 this section, no person shall be considered to have an interest
12 in a financial institution whose interest in any financial
13 institution does not exceed one-half of one percent (1/2 of 1%)
14 of the capital stock of that financial institution. These members
15 of the Commission shall be selected so as to fully represent the
16 consumer, industrial, manufacturing, professional, business and
17 farming interests of the State. No person shall serve on the
18 Commission for more than two complete consecutive terms. As the
19 terms of office of the appointive members of the Commission
20 expire, their successors shall be appointed by the person
21 appointing them, for terms of four years each. Any vacancy
22 occurring in the membership of the Commission shall be filled by
23 the appropriate appointing officer for the unexpired term, except
24 that vacancies among members appointed by the General Assembly
25 shall be filled in accordance with G.S. 120-122. The appointed
26 members of the Commission shall receive as compensation for their
27 services the same per diem and expenses as is paid to the members
28 of the Advisory Budget Commission. This compensation shall be
29 paid from the fees collected from the examination of banks as
30 provided by law.

31 The Banking Commission shall meet at such time or times, and
32 not less than once every three months, as the Commission shall,
33 by resolution, prescribe, and the Commission may be convened in
34 special session at the call of the Governor, or upon the request
35 of the Commissioner of Banks. The State Treasurer shall be
36 chairman of the said Commission.

37 No member of said Commission shall act in any matter affecting
38 any bank in which he is financially interested, or with which he
39 is in any manner connected. No member of said Commission shall
40 divulge or make use of any information coming into his possession
41 as a result of his service on such Commission, and shall not give
42 out any information with reference to any facts coming into his
43 possession by reason of his services on such Commission in
44 connection with the condition of any State banking institution,

1 unless such information shall be required of him at any hearing
2 at which he is duly subpoenaed, or when required by order of a
3 court of competent jurisdiction.

4 A quorum shall consist of a majority of the total membership of
5 the Banking Commission. A majority vote of the members qualified
6 with respect to a matter under review present at that meeting
7 shall constitute valid action of the Banking Commission. The
8 State Treasurer and all disqualified members who are present
9 shall be counted to determine whether a quorum is present at a
10 meeting.

11 The Commissioner of Banks shall act as the executive officer of
12 the Banking Commission, but the Commission shall provide, by
13 rules and regulations, for hearings before the Commission upon
14 any matter or thing which may arise in connection with the
15 banking laws of this State upon the request of any person
16 interested therein, and review any action taken or done by the
17 Commissioner of Banks.

18 The Banking Commission is hereby vested with full power and
19 authority to supervise, direct and review the exercise by the
20 Commissioner of Banks of all powers, duties, and functions now
21 vested in or exercised by the Commissioner of Banks under the
22 banking laws of this State; any party to a proceeding before the
23 Banking Commission may, within 20 days after final order of said
24 Commission and by written notice to the Commissioner of Banks,
25 appeal to the Superior Court of Wake County for a final
26 determination of any question of law which may be involved. The
27 cause shall be entitled "State of North Carolina on Relation of
28 the Banking Commission against (here insert name of appellant)."
29 It shall be placed on the civil issue docket of such court and
30 shall have precedence over other civil actions. In the event of
31 an appeal the Commissioner shall certify the record to the Clerk
32 of Superior Court of Wake County within 15 days thereafter.

33

34 STATE CONTROLLER (CONFORMING CHANGES)

35 Sec. 1.19. G.S. 143B-426.37 reads as rewritten:

36 "§ 143B-426.37. State Controller.

37 (a) The Office of the State Controller shall be headed by the
38 State Controller who shall maintain the State accounting system
39 and shall administer the State disbursing system.

40 (b) The State Controller shall be a person qualified by
41 education and experience for the office and shall be appointed by
42 the Governor subject to confirmation by the General Assembly.
43 Assembly as provided by G.S. 147-16.4. The term of office of the

1 State Controller shall be for seven years; the first full term
2 shall begin July 1, 1987.

3 ~~The Governor shall submit the name of the person to be
4 appointed, for confirmation by the General Assembly, to the
5 President of the Senate and the Speaker of the House of
6 Representatives by May 1 of the year in which the State
7 Controller is to be appointed. If the Governor does not submit
8 the name by that date, the President of the Senate and the
9 Speaker of the House of Representatives shall submit a name to
10 the General Assembly for confirmation.~~

11 ~~In case of death, incapacity, resignation, removal by the
12 Governor for cause, or vacancy for any other reason in the Office
13 of State Controller prior to the expiration of the term of office
14 while the General Assembly is in session, the Governor shall
15 submit the name of a successor to the President of the Senate and
16 the Speaker of the House of Representatives within four weeks
17 after the vacancy occurs. If the Governor does not do so, the
18 President of the Senate and the Speaker of the House of
19 Representatives shall submit a name to the General Assembly for
20 confirmation.~~

21 ~~In case of death, incapacity, resignation, removal by the
22 Governor for cause, or vacancy for any other reason in the Office
23 of State Controller prior to the expiration of the term of office
24 while the General Assembly is not in session, the Governor shall
25 appoint a State Controller to serve on an interim basis pending
26 confirmation by the General Assembly.~~

27 (c) The salary of the State Controller shall be set by the
28 General Assembly in the Current Operations Appropriations Act.

29

30 UTILITIES COMMISSION (CONFORMING CHANGES)

31 Sec. 1.20. G.S. 62-10 reads as rewritten:

32 "§ 62-10. Number; appointment; terms; qualifications; chairman;
33 vacancies; compensation; other employment prohibited.

34 (a) The North Carolina Utilities Commission shall consist of
35 seven commissioners who shall be appointed by the Governor
36 subject to confirmation by the General Assembly ~~by joint
37 resolution, as provided by G.S. 147-16.4. The names of
38 commissioners to be appointed by the Governor shall be submitted
39 by the Governor to the General Assembly for confirmation by the
40 General Assembly on or before May 1, of the year in which the
41 terms for which the appointments are to be made are to expire.
42 Upon failure of the Governor to submit names as herein provided,
43 the Lieutenant Governor and Speaker of the House jointly shall
44 submit the names of a like number of commissioners to the General~~

~~1 Assembly on or before May 15 of the same year for confirmation by~~
~~2 the General Assembly. Regardless of the way in which names of~~
~~3 commissioners are submitted, confirmation of commissioners must~~
~~4 be accomplished prior to adjournment of the then current session~~
~~5 of the General Assembly. This subsection shall be subject to the~~
6 provisions of subsection (c) of this section.

7 (b) The terms of the commissioners now serving shall expire at
8 the conclusion of the term for which they were appointed which
9 shall remain as before with two regular eight-year terms expiring
10 on July 1 of each fourth year after July 1, 1965, and the fifth
11 term expiring on July 1 of each eighth year after July 1, 1963.
12 The terms of office of utilities commissioners thereafter shall
13 be eight years commencing on July 1 of the year in which the
14 predecessor terms expired, and ending on July 1 of the eighth
15 year thereafter.

16 (c) In order to increase the number of commissioners to seven,
17 the names of two additional commissioners shall be submitted to
18 the General Assembly on or before May 27, 1975, for confirmation
19 by the General Assembly as provided in G.S. 62-10(a). The
20 commissioners so appointed and confirmed shall serve new terms
21 commencing on July 1, 1975, one of which shall be for a period of
22 two years (with the immediate successor serving for a period of
23 six years), and one of which shall be for a period of two years.

24 Thereafter, the terms of office of the additional commissioners
25 shall be for eight years as provided in G.S. 62-10(b).

26 (d) A commissioner in office shall continue to serve until his
27 successor is duly confirmed and qualified but such holdover shall
28 not affect the expiration date of such succeeding term.

29 (e) On July 1, 1965, and every four years thereafter, one of
30 the commissioners shall be designated by the Governor to serve as
31 chairman of the Commission for the succeeding four years and
32 until his successor is duly confirmed and qualifies. Upon death
33 or resignation of the commissioner appointed as chairman, the
34 Governor shall designate the chairman from the remaining
35 commissioners and appoint a successor as hereinafter provided to
36 fill the vacancy on the Commission.

~~37 (f) In case of death, incapacity, resignation or vacancy for~~
~~38 any other reason in the office of any commissioner prior to the~~
~~39 expiration of his term of office, the name of his successor shall~~
~~40 be submitted by the Governor within four weeks after the vacancy~~
~~41 arises to the General Assembly for confirmation by the General~~
~~42 Assembly. Upon failure of the Governor to submit the name of the~~
~~43 successor, the Lieutenant Governor and Speaker of the House~~
~~44 jointly shall submit the name of a successor to the General~~

~~1 Assembly within six weeks after the vacancy arises. Regardless of
2 the way in which names of commissioners are submitted,
3 confirmation of commissioners must be accomplished prior to the
4 adjournment of the then current session of the General Assembly.~~

~~5 (g) If a vacancy arises or exists pursuant to either
6 subsection (a) or (c) or (f) of this section when the General
7 Assembly is not in session, and the appointment is deemed urgent
8 by the Governor, the commissioner may be appointed and serve on
9 an interim basis pending confirmation by the General Assembly.~~

10 (h) The salary of each commissioner and that of the
11 commissioner designated as chairman shall be set by the General
12 Assembly in the Current Operations Appropriations Act. In lieu of
13 merit and other increment raises paid to regular State employees,
14 each commissioner, including the commissioner designated as
15 chairman, shall receive as longevity pay an amount equal to four
16 and eight-tenths percent (4.8%) of the annual salary set forth in
17 the Current Operations Appropriations Act payable monthly after
18 five years of service, and nine and six-tenths percent (9.6%)
19 after 10 years of service. "Service" means service as a member of
20 the Utilities Commission.

21 (i) The standards of judicial conduct provided for judges in
22 Article 30 Chapter 7A of the General Statutes shall apply to
23 members of the Commission. Members of the Commission shall be
24 liable to impeachment for the causes and in the manner provided
25 for judges of the General Court of Justice in Chapter 123 of the
26 General Statutes. Members of the Commission shall not engage in
27 any other employment, business, profession, or vocation while in
28 office.

29 (j) Members of the Commission shall be reimbursed for travel
30 and subsistence expenses at the rates allowed to State officers
31 and employees by G.S. 138-6(a)."

32

33 EXECUTIVE DIRECTOR OF UTILITIES COMMISSION (CONFORMING CHANGES)

34 Sec. 1.21. G.S. 62-15(a) reads as rewritten: " § 62-15.
35 Office of executive director; public staff, structure and
36 function.

37 (a) There is established in the Commission the office of
38 executive director, whose salary shall be the same as that fixed
39 for members of the Commission. The executive director shall be
40 appointed by the Governor subject to confirmation by the General
41 Assembly by joint resolution. Governor, subject to confirmation
42 by the General Assembly as provided by G.S. 147-16.4. The name
43 of the executive director appointed by the Governor shall be
44 submitted to the General Assembly on or before May 1 of the year

~~1 in which the term of his office begins. The term of office for
2 the executive director shall be six years, and the initial term
3 shall begin July 1, 1977. The executive director may be removed
4 from office by the Governor in the event of his incapacity to
5 serve; and the executive director shall be removed from office by
6 the Governor upon the affirmative recommendation of a majority of
7 the Commission, after consultation with the Joint Legislative
8 Utility Review Committee of the General Assembly. In case of a
9 vacancy in the office of executive director for any reason prior
10 to the expiration of his term of office, the name of his
11 successor shall be submitted by the Governor to the General
12 Assembly, not later than four weeks after the vacancy arises. If
13 a vacancy arises in the office when the General Assembly is not
14 in session, the executive director shall be appointed by the
15 Governor to serve on an interim basis pending confirmation by the
16 General Assembly.~~

17

18 STATE PERSONNEL COMMISSION (CONFORMING CHANGES)

19 Sec. 1.22. G.S. 126-2(b), as amended by section 2.6 of
20 this act, reads as rewritten:

21 "(b) The Commission shall consist of seven members who shall be
22 appointed by the ~~Governor~~ Governor, subject to confirmation by
23 the General Assembly as provided by G.S. 147-16.4, as follows:

24 (1) Two members shall be chosen from employees of the
25 State subject to the provisions of this Chapter,
26 one of whom shall be a member of the political
27 party having the greatest number of registered
28 voters in the State, and one of whom shall be a
29 member of the political party having the second
30 highest number of registered voters in the State.
31 At least one of these two members must be
32 knowledgeable of personnel issues but may not be a
33 personnel officer for an agency.

34 (2) Two members shall be appointed from a list of
35 individuals nominated by the North Carolina
36 Association of County Commissioners, one of whom
37 shall be a member of the political party having the
38 greatest number of registered voters in the State,
39 and one of whom shall be a member of the political
40 party having the second highest number of
41 registered voters in the State. Of these two
42 members, one must also be an employee of a local
43 government subject to this Chapter.

1 (3) One member shall be appointed who is actively
2 engaged in the management of a private business or
3 industry.

4 (4) Two members shall be appointed from the public at
5 large, one of whom shall be an attorney licensed to
6 practice law in North Carolina who is neither a
7 State nor local government employee.

8 Of the initial members of the Commission, two shall be
9 appointed to serve for terms of two years, two shall be appointed
10 to serve for terms of four years, and three shall be appointed to
11 serve for terms of six years. Their successors shall be
12 appointed by the Governor for terms of six years. Any vacancy
13 occurring prior to the expiration of a term shall be filled by
14 appointment for the unexpired ~~term~~ term, subject to confirmation
15 by the General Assembly as provided by G.S. 147-16.4."

16 Sec. 1.23. G.S. 126-2(c) is repealed.

17

18

19

PART II. BOARDS AND COMMISSIONS CHANGES

20

--BOARD OF AGRICULTURE

22 Section 2.1. G.S. 106-2 reads as rewritten:

23 "§ 106-2. Department of Agriculture, Immigration, and Statistics
24 established; Board of Agriculture, membership, terms of office,
25 etc.

26 The Department of Agriculture, Immigration, and Statistics is
27 created and established and shall be under the control of the
28 Commissioner of Agriculture, with the consent and advice of a
29 board to be styled 'The Board of Agriculture.' The Board of
30 Agriculture shall consist of the Commissioner of Agriculture, who
31 shall be ex officio a member and chairman thereof and shall
32 preside at all meetings, and of ~~10~~ 11 other members from the
33 State at large, so distributed as to reasonably represent the
34 different sections and agriculture of the State. In the
35 appointment of the members of the Board the Governor shall also
36 take into consideration the different agricultural interests of
37 the State, and shall appoint one member who shall be a practical
38 tobacco farmer to represent the tobacco farming interest, one who
39 shall be a practical cotton grower to represent the cotton
40 interest, one who shall be a practical truck farmer or general
41 farmer to represent the truck and general farming interest, one
42 who shall be a practical dairy farmer to represent the dairy and
43 livestock interest of the State, one who shall be a practical
44 poultryman to represent the poultry interest of the State, one

1 who shall be a practical peanut grower to represent the peanut
2 interests, one who shall be a hog farmer to represent the
3 interest of hog farmers, one who shall be a ~~man~~ experienced in
4 marketing to represent the marketing of products of the State.
5 The members of such Board shall be appointed by the Governor by
6 and with the consent of the Senate, when the terms of the
7 incumbents respectively expire. The term of office of such
8 members shall be six years and until their successors are duly
9 appointed and qualified. The terms of office of the five members
10 constituting the present Board of Agriculture shall continue for
11 the time for which they were appointed. In making appointments
12 for the enlarged Board of Agriculture, the Governor shall make
13 the appointments so that the term of three members will be for
14 two years, three for four and four for six years. Thereafter the
15 appointments shall be made for six years. The initial
16 appointment of the hog farmer required by this section shall be
17 for a six-year term beginning July 1, 1996. Vacancies in such on
18 the Board shall be filled by the Governor for the unexpired term.
19 The Commissioner of Agriculture and the members of the Board of
20 Agriculture shall be practical farmers engaged in their
21 profession."

22

23 --GOVERNOR'S CRIME COMMISSION

24 Sec. 2.3. (a) G.S. 143B-478(a)(1) reads as rewritten:

25 "(1) The voting members shall be:

- 26 a. The Governor, the Chief Justice of the Supreme
27 Court of North Carolina (or his alternate),
28 the Attorney General, the Director of the
29 Administrative Office of the Courts, the
30 Secretary of the Department of Human
31 Resources, the Secretary of the Department of
32 Correction, and the Superintendent of Public
33 ~~Instruction;~~ Instruction.
- 34 b. A judge of superior court, a judge of district
35 court specializing in juvenile matters, a
36 chief district court judge, and a district
37 ~~attorney;~~ attorney. Of these appointees, two
38 shall be members of the political party having
39 the largest number of registered voters in the
40 State, and two shall be members of the
41 political party having the second largest
42 number of registered voters in the State.
- 43 c. A defense attorney, three sheriffs (one of
44 whom shall be from a 'high crime area'), three

1 police executives (one of whom shall be from a
2 'high crime area'), six citizens (two with
3 knowledge of juvenile delinquency and the
4 public school system, two of whom shall be
5 under the age of 21 at the time of their
6 appointment, one representative of a "private
7 juvenile delinquency program," and one of the
8 commissioners or county officials, and three
9 mayors or municipal ~~officials~~; officials.

10
11 d. Two members of the North Carolina House of
12 ~~Representatives~~ Representatives, one of whom
13 is a member of the political party having the
14 greatest number of members in the House of
15 Representatives and one of whom is a member of
16 the political party having the second highest
17 number of members in the House of
18 Representatives, and two members of the North
19 Carolina ~~Senate~~ Senate, one of whom is a
20 member of the political party having the
21 greatest number of members in the Senate and
22 one of whom is a member of the political party
23 having the second highest number of members in
24 the Senate."

25 (b) G.S. 143B-478(b)(3) reads as rewritten:

26 "(3) The following members shall be appointed by the
27 Governor from a list submitted by the Chief Justice
28 of the Supreme Court, ~~which list shall contain no~~
29 ~~less than three nominees for each position and~~
30 ~~which list must be submitted within 30 days after~~
31 ~~the occurrence of any vacancy in the judicial~~
32 ~~membership~~; Court: the judge of superior court, the
33 judge of district court specializing in juvenile
34 matters, and the chief district court judge. The
35 Chief Justice shall submit a list of at least three
36 nominees for each position within thirty days after
37 a vacancy in the judicial membership. Of the three
38 or more nominees for each position, at least one
39 shall be a member of the political party having the
40 largest number of registered voters in the State,
41 and at least one shall be a member of the political
42 party having the second largest number of
43 registered voters in the State."

44

1 --ENVIRONMENTAL MANAGEMENT COMMISSION

2 Sec. 2.4. G.S. 143B-283 reads as rewritten:

3 "§ 143B-283. Environmental Management Commission -- members;
4 selection; removal; compensation; quorum; services.5 (a) The Environmental Management Commission shall consist of
6 13 members appointed by the ~~Governor~~ Governor and four members
7 appointed by the General Assembly in accordance with subsection
8 (d) of this section. The Governor shall select the members so
9 that the membership of the Commission shall consist of:

- 10 (1) One who shall be a licensed physician with
11 specialized training and experience in the health
12 effects of environmental pollution;
- 13 (2) One who shall, at the time of appointment, be
14 actively connected with the Commission for Health
15 Services or local board of health or have
16 experience in health sciences;
- 17 (3) One who shall, at the time of appointment, be
18 actively ~~connected with or have had experience in~~
19 agriculture; practicing as a farmer;
- 20 (4) One who shall, at the time of appointment, be a
21 registered engineer with specialized training and
22 experience in water supply or water or air
23 pollution control;
- 24 (5) One who shall, at the time of appointment, be
25 actively connected with or have had experience in
26 the fish and wildlife conservation activities of
27 the State;
- 28 (6) One who shall, at the time of appointment, have
29 special training and scientific expertise in
30 hydrogeology or groundwater hydrology;
- 31 (7) ~~Three~~ Two members interested in water and air
32 pollution control, appointed from the public at
33 large;
- 34 (8) One who shall, at the time of appointment, be
35 actively connected with industrial production or
36 have had experience in the field of industrial air
37 and water pollution control;
- 38 (9) One who shall, at the time of appointment, be
39 actively connected with or have had experience in
40 pollution control problems of municipal or county
41 government;
- 42 (9a) One who shall, at the time of appointment, be a
43 builder or developer;

- 1 (10) One who shall, at the time of appointment, have
2 special training and scientific expertise in air
3 pollution control and the effects of air pollution;
4 and
5 (11) One who shall, at the time of appointment, have
6 special training and scientific expertise in
7 ecological sciences.

9 (b) Members so appointed shall serve terms of office of six
10 years. Any appointment to fill a vacancy on the Commission
11 created by the resignation, dismissal, death or disability of a
12 member shall be for the balance of the unexpired term. At the
13 expiration of each member's term, the Governor shall replace the
14 member with a new member of like qualifications. The initial
15 members of the Environmental Management Commission shall be those
16 members of the present Board of Water and Air Resources who shall
17 meet the above standards for membership on the Environmental
18 Management Commission and who shall serve on the Environmental
19 Management Commission for a period equal to the remainder of
20 their current terms on the Board of Water and Air Resources, four
21 of whose appointments expire June 30, 1975, five of whose
22 appointments expire June 30, 1977, and four of whose appointments
23 expire June 30, 1979. Any initial appointment to replace a member
24 of the present Board of Water and Air Resources who does not meet
25 the above standards for membership on the Environmental
26 Management Commission shall be for a period equal to the replaced
27 member's unexpired term. The initial appointment for category
28 (9a) shall be for a four-year term commencing July 1, 1996, and
29 expiring June 30, 2000. Successors shall be appointed for six-
30 year terms.

31 The Governor shall have the power to remove any member of the
32 Commission from office for misfeasance, malfeasance, or
33 nonfeasance in accordance with the provisions of G.S. 143B-13 of
34 the Executive Organization Act of 1973.

35 The members of the Commission shall receive per diem and
36 necessary travel and subsistence expenses in accordance with the
37 provisions of G.S. 138-5.

38 A majority of the Commission shall constitute a quorum for the
39 transaction of business.

40 All clerical and other services required by the Commission
41 shall be supplied by the Secretary of Environment, Health, and
42 Natural Resources.

43 (c) Nine of the members appointed by the Governor under this
44 section shall be persons who do not derive any significant

1 portion of their income from persons subject to permits or
2 enforcement orders under this Chapter. The Governor shall require
3 adequate disclosure of potential conflicts of interest by
4 members. The Governor, by executive order, shall promulgate
5 criteria regarding conflicts of interest and disclosure thereof
6 for determining the eligibility of persons under this section,
7 giving due regard to the requirements of federal legislation, and
8 for this purpose may promulgate rules, regulations or guidelines
9 in conformance with those established by any federal agency
10 interpreting and applying provisions of federal law.

11 (d) In addition to the members designated by subsection (a),
12 the General Assembly shall appoint four members, two upon the
13 recommendation of the Speaker of the House of Representatives,
14 and two upon the recommendation of the President of the Senate.
15 Appointments by the General Assembly shall be made in accordance
16 with G.S. 120-121, and vacancies in those appointments shall be
17 filled in accordance with G.S. 120-122. The terms of initial
18 appointees by the General Assembly shall expire on June 30, 1983.
19 Thereafter, these members shall serve two-year terms."

20

21 --POST-RELEASE SUPERVISION AND PAROLE COMMISSION

22 Sec. 2.5. G.S. 143B-267 reads as rewritten:

23 "§ 143B-267. Post-Release Supervision and Parole Commission --
24 members; selection; removal; chairman; compensation; quorum;
25 services.

26 The Post-Release Supervision and Parole Commission shall
27 consist of ~~five~~ three full-time members. The ~~five~~ three
28 full-time members shall be appointed by the Governor from persons
29 whose recognized ability, training, experience, and character
30 qualify them for service on the Commission. The terms of office
31 of the five members presently serving on the Commission shall
32 expire on June 30, 1993. The terms of three members appointed
33 effective July 1, 1993, shall be for three ~~years~~ years, but only
34 one successor shall be appointed for terms commencing on or after
35 July 1, 1996. The terms of two members appointed effective July
36 1, 1993, shall be for four years. Thereafter, the terms of
37 office of persons appointed by the Governor as members of the
38 Commission shall be for four years or until their successors are
39 appointed and qualify. Any appointment to fill a vacancy on the
40 Commission created by the resignation, removal, death or
41 disability of a full-time member shall be for the balance of the
42 unexpired term only.

43 The Governor shall have the authority to remove any member of
44 the Commission from office for misfeasance, malfeasance or

1 nonfeasance, pursuant to the provisions of G.S. 143B-13. The
2 Governor shall designate a full-time member of the Commission to
3 serve as chairman of the Commission at the pleasure of the
4 Governor.

5 With regard to the transaction of the business of the
6 chairman shall designate panels of two voting Commission members
7 and shall designate a third commissioner to serve as an alternate
8 member of a panel. Insofar as practicable, the chairman shall
9 assign the members to panels in such fashion that each
10 commissioner sits a substantially equal number of times with each
11 other commissioner. Whenever any matter of business, such as the
12 granting, denying, revoking or rescinding of parole, or the
13 authorization of work-release privileges to a prisoner, shall
14 come before the Commission for consideration and action, the
15 chairman shall refer such matter to a panel. Action may be taken
16 by concurring vote of the two sitting panel members. If there is
17 not a concurring vote of the two panel members, the matter will
18 be referred to the alternate member who shall cast the deciding
19 vote. However, no person serving a sentence of life imprisonment
20 shall be granted parole or work-release privileges except by
21 majority vote of the full Commission.

22 The full-time members of the Commission shall receive the
23 salary fixed by the General Assembly in the Current Operations
24 Appropriations Act and shall receive necessary travel and
25 subsistence expenses in accordance with the provisions of G.S.
26 138-6.

27 All clerical and other services required by the Commission
28 shall be supplied by the Secretary of Correction."
29

30

31 --STATE PERSONNEL COMMISSION

32 Sec. 2.6. G.S. 126-2(b) reads as rewritten:

33 "(b) The Commission shall consist of seven members who shall be
34 appointed by the Governor ~~on July 1, 1965, or as soon thereafter~~
35 ~~as is practicable.~~ as follows:

36 (1) ~~Two members of the Commission~~ shall be chosen from
37 employees of the State subject to the provisions of
38 this ~~Chapter;~~ Chapter, one of whom shall be a
39 member of the political party having the greatest
40 number of registered voters in the State, and one
41 of whom shall be a member of the political party
42 having the second highest number of registered
43 voters in the State. At least one of these two

- 1 members must be knowledgeable of personnel issues
2 but may not be a personnel officer for an agency.
3 (2) ~~two~~ Two members shall be appointed, of which one
4 ~~shall be an employee of local government subject to~~
5 ~~the provisions of this Chapter,~~ appointed from a
6 list of individuals nominated by the North Carolina
7 ~~association of county commissioners;~~ Association of
8 County Commissioners, one of whom shall be a member
9 of the political party having the greatest number
10 of registered voters in the State, and one of whom
11 shall be a member of the political party having the
12 second highest number of registered voters in the
13 State. Of these two members, one must also be an
14 employee of a local government subject to this
15 Chapter.
16 (3) ~~two~~ members One member shall be individuals
17 appointed who is actively engaged in the management
18 of a private business or ~~industry;~~ and industry.
19 (4) ~~one~~ member Two members shall be appointed from the
20 public at ~~large-~~ large, one of whom shall be an
21 attorney licensed to practice law in North Carolina
22 who is neither a State nor local government
23 employee.

24 Of the initial members of the Commission, two shall be
25 appointed to serve for terms of two years, two shall be appointed
26 to serve for terms of four years, and three shall be appointed to
27 serve for terms of six years. Their successors shall be
28 appointed by the Governor for terms of six years. Any vacancy
29 occurring prior to the expiration of a term shall be filled by
30 appointment for the unexpired term."

31

32 --ZOOLOGICAL PARK COUNCIL

33 Sec. 2.7. (a) G.S. 143B-336 reads as rewritten:

34 "**§ 143B-336. North Carolina Zoological Park Council -- members;**
35 **selection; removal; chairman; compensation; quorum; services.**

36 The North Carolina Zoological Park Council of the Department of
37 Environment, Health, and Natural Resources shall consist of ~~15~~ 13
38 members: four members appointed by the Governor, ~~one of whom~~
39 ~~shall be~~ the Chairman of the Board of Directors of the North
40 Carolina Zoological ~~Society-~~ Society ex officio, four members
41 appointed by the General Assembly upon the recommendation of the
42 Speaker of the House of Representatives in accordance with G.S.
43 120-121, and four members appointed by the General Assembly upon
44 the recommendation of the President Pro Tempore of the Senate in

~~1 accordance with G.S. 120-121. The initial members of the Council
2 shall be the members of the Board of Directors of the North
3 Carolina Zoo Authority who shall serve for a period equal to the
4 remainder of their current terms as the Board of Directors expires
6 July 15, 1975. At the end of the respective terms of office of
7 the initial members of the Council, the Governor, to achieve
8 staggered terms, shall appoint five members for terms of two
9 years, five members for terms of four years and five members for
10 terms of six years. The Governor shall appoint four members for
11 two-year terms commencing July 1, 1996. The General Assembly
12 upon the recommendation of the Speaker of the House of
13 Representatives shall appoint four members for four-year terms
14 commencing July 1, 1996. The General Assembly upon the
15 recommendation of the President Pro Tempore of the Senate shall
16 appoint four members for four-year terms commencing July 1, 1996.
17 Thereafter, the appointment of their successors shall be for
18 terms of ~~six~~ four years and until their successors are appointed
19 and qualify. Any appointment to fill a vacancy on the Council
20 created by the resignation, dismissal, death or disability of a
21 member shall be for the balance of the unexpired term.~~

22 The Governor shall have the power to remove any member of the
23 Council from office in accordance with the provisions of G.S.
24 143B-16 of the Executive Organization Act of 1973.

25 The Governor shall designate a member of the Council to serve
26 as chairman at his pleasure.

27 Members of the Council shall receive per diem and necessary
28 travel and subsistence expenses in accordance with the provisions
29 of G.S. 138-5.

30 A majority of the Council shall constitute a quorum for the
31 transaction of business.

32 All clerical and other services required by the Council shall
33 be supplied by the Secretary of Environment, Health, and Natural
34 Resources.

35 (b) The terms of all positions on the North Carolina Zoological
36 Park Council as of the effective date of this Part expire June
37 30, 1996.

38

39

40 PART III. EFFECTIVE DATES AND OTHER CHANGES

41

42 Sec. 3.1. G.S. 120-19.4A reads as rewritten:

1 "§ 120-19.4A. Requests to State Bureau of Investigation for
2 background investigation of a person who must be confirmed by
3 legislative action.

4 The President Pro Tempore of the Senate or the Speaker of the
5 House may request that the State Bureau of Investigation perform
6 a background investigation on a person who must be appointed or
7 confirmed by the General Assembly, the Senate, or the House of
8 Representatives. The person being investigated shall be given
9 written notice by regular mail at least 10 days prior to the date
10 that the State Bureau of Investigation is requested to perform
11 the background investigation by the ~~presiding~~ officer of the body
12 from which the request originated. There is a rebuttable
13 presumption that the person being investigated received the
14 notice if the presiding officer has a copy of the notice. The
15 State Bureau of Investigation shall perform the requested
16 background investigation and shall provide the information,
17 including criminal records, to the ~~presiding~~ officer of the body
18 from which the request originated. A copy of the information
19 also shall be provided to the person being investigated. The term
20 "background investigation" shall be limited to an investigation
21 of a person's criminal record, educational background, employment
22 record, records concerning the listing and payment of taxes, and
23 credit record, and to a requirement that the person provide the
24 information contained in the statements of economic interest
25 required to be filed by persons subject to Executive Order Number
26 1, filed on January 31, 1985, as contained on pages 1405 through
27 1419 of the 1985 Session Laws (First Session, 1985)."

28
29 Sec. 3.2. Part I of this act shall become effective
30 only if the constitutional amendments proposed in Chapter 5 of
31 the 1995 Session Laws, AN ACT TO PROVIDE FOR A REFERENDUM TO
32 AMEND THE CONSTITUTION TO PROVIDE FOR A GUBERNATORIAL VETO, are
33 approved by the qualified voters of this State in the referendum
34 held pursuant to Chapter 5 of the 1995 Session Laws. If those
35 constitutional amendments are approved, then this act shall
36 become effective upon the certification by the State Board of
37 Elections to the Secretary of State that those amendments have
38 been approved and shall apply to terms of office and vacancies
39 occurring on or after that certification. The remainder of this
40 act is effective upon ratification, and applies, except as
41 provided in section 2.7, to terms of office and vacancies
42 occurring on or after that date.

**EXPLANATION OF THE PROPOSED LEGISLATION
ON REQUIRING LEGISLATIVE CONFIRMATION FOR CERTAIN OFFICES
AND MAKING OTHER CHANGES TO BOARDS AND COMMISSIONS**

and makes other changes to various boards and commissions. The confirmation provisions are in Part I of the bill. Part I would take effect only if the voters approve the veto for the Governor when they vote on the veto referendum at the general election this fall. The changes to the various boards and commissions are contained in Part II of the bill. Part III of the bill is the effective date clause. Part III also contains a provision that would allow the President Pro Tempore of the Senate rather than the Lieutenant Governor to initiate a request on behalf of the Senate for a background check on an appointees that is subject to confirmation. (The Speaker would still make this request on behalf of the House).

Part I. Confirmation

The following offices would be subject to confirmation under this bill. Those marked with an asterisk are already subject to confirmation by the General Assembly. There are three offices that currently are confirmed only by the Senate (Board of Agriculture, Board of Trustees of the Teachers' and State Employees' Retirement System, and the Governor's appointee to the Atlantic States Marine Fisheries Commission). Under this bill, these three offices would no longer be subject to confirmation.

The list of those to be confirmed under this bill are:

- Secretary of Department of Cultural Resources
- Secretary of Department of Human Resources
- Secretary of Department of Revenue
- Secretary of Department of Crime Control and Public Safety
- Secretary of Department of Correction
- Secretary of Department of Environment, Health, and Natural Resources
- Secretary of Department of Transportation
- Secretary of Department of Administration
- Secretary of Department of Commerce
- ABC Commission members and designation of chair
- Industrial Commission members and designation of chair
- Post-Release Supervision and Parole Commission members and designation of chair
- Board of Transportation members
- Executive Secretary-Director of the State Board of Elections

- Environmental Management Commission members
- Health Services Commission members
- Coastal Resources Commission members
- Building Code Council members
- Commissioner of Motor Vehicles
- Employment Security Commission chairman
- Commissioner of Banks *
- State Controller *
- Utilities Commission members *
- Executive Director of Utilities Commission *
- State Personnel Commission changes *

Although the last five on the list are already confirmed by the legislature, they were included in this bill to conform their confirmation procedures to those set out in this bill. Please note that the State Board of Education appointees, who are also already confirmed by the legislature, are exempt from this bill. They are exempt because they fall under a unique constitutional confirmation procedure that requires confirmation by the two houses of the legislature in “joint session.” The confirmations under this bill will not be done in joint session; however, they will be done by joint resolution.

The basic confirmation procedure set out in this bill gives the General Assembly a limited amount of time in which to confirm an appointee. If the General Assembly has not acted within that time, the appointee is deemed confirmed. At least one house must vote “no” on second or third reading of the confirmation resolution in order to block a confirmation. Once a house has voted no (within the allowed time), the confirmation has failed, regardless of what the other house did or wants to do on the confirmation. The Governor is then obliged to send over the name of a new candidate for confirmation.

Thus, there are two ways for a nominee to be confirmed: (1) both houses pass the joint resolution confirming the nominee or (2) neither house blocks the confirmation within the prescribed time. The purpose of deeming a nominee “confirmed” after a certain period of time is to force the legislature either to take action on the appointment early or forego its opportunity to challenge the appointment.

Most of the confirmation proceedings will take place before the term of office begins. However, in some cases, the appointee serves at the pleasure of the Governor (which means there is no term of office). The bill provides that these appointees may begin serving without confirmation. If the legislature does not act within the prescribed time to block confirmation, the appointee will be deemed confirmed. In addition, appointees to vacant offices may also begin serving without confirmation, but they, too, are still subject to the confirmation proceedings.

The legislature is protected from the “deemed confirmed” rule if it is notified of an appointment during the last 15 legislative days of the session. Notification is

generally required early in the session, but a late notification could occur because the Governor is submitting a new name to replace someone who was unable to get confirmed or because the Governor is filling, at that time, a vacancy or an office that serves at his pleasure.

Note that the terms of the members of the Board of Transportation are also changed (see Section 1.7) so that they will serve at the pleasure of the Governor, instead of serving fixed terms. (This applies only to the Governor's appointees to the Board, not the two legislative appointees or the two ex officio members, one of whom (Secretary of Transportation) serves at the Governor's pleasure anyway). In addition, the restriction on local government appointees to the Coastal Resources Commission – not being able to serve if they derive a significant portion of their income from development, construction, real estate, or lobbying – is removed in Section 1.11.

Also note that in a few instances, appointments by someone other than the Governor are subject to confirmation under the bill. These appointees are the Executive Secretary-Director of the State Board of Elections (who is appointed by that Board); the Commissioner of Motor Vehicles (who is appointed by the Secretary of Transportation); and the four members of the Health Services Commission who are elected by the North Carolina Medical Society.

Part II. Boards and Commissions Changes

Part II of the bill contains changes to various boards and commissions. These changes are briefly described below. Please note that the work of the Subcommittee on abolishing certain boards and commissions is a separate project and is not part of this bill.

- Adds a hog farmer to the Board of Agriculture (Sec. 2.1)
- Ensures representation from both political parties on certain slots on the Governor's Crime Commission (Sec. 2.3)
- Adds a builder/developer to the Environmental Management Commission and changes the "active experience in agriculture" slot to a practicing "farmer." Although this section appears to also add 4 members appointed by the legislature, it does not. Those members are already there (Sec. 2.4)
- Reduces the Post-Release Supervision and Parole Commission from 5 to 3 members (Sec. 2.5)
- Ensures representation from both political parties in certain slots on the State Personnel Commission, reduces private industry representatives on the Commission from two members to one, and increases the public members from one to two, one of whom must be a non-government attorney (Sec. 2.6)
- Reduces Zoological Park Council membership from 15 to 13 members, shifting 8 of the remaining appointments from the Governor to the legislature (Sec. 2.7)

APPENDIX F

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

D

96-RNZ-020

THIS IS A DRAFT 25-APR-96 10:54:40

Short Title: Transfer Rail Safety

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO TRANSFER THE RAIL SAFETY SECTION FROM THE UTILITIES
3 COMMISSION TO THE DEPARTMENT OF TRANSPORTATION AND TO DIRECT
4 THE SECRETARY OF TRANSPORTATION TO STUDY THE NEED FOR
5 CONTINUATION OF THE RAIL SAFETY INSPECTION PROGRAM.
6 The General Assembly of North Carolina enacts:
7 Section 1. The statutory authority, powers, duties, and
8 functions, records, personnel, property, unexpended balances of
9 appropriations, allocations or other funds, including the
10 functions of budgeting and purchasing, of the Rail Safety Section
11 of the Transportation Division of the North Carolina Utilities
12 Commission, is transferred to the Department of Transportation.
13 Sec. 2. G.S. 62-41 reads as rewritten:
14 **"§62-41. To investigate accidents involving public utilities; to**
15 **promote general safety program.**
16 The Commission may conduct a program of accident prevention and
17 public safety covering all public utilities with special emphasis
18 on highway safety and transport safety and may investigate the
19 causes of any accident on a ~~railroad or~~ highway involving a
20 ~~public utility, or any accident in connection with any other~~
21 public utility. Any information obtained upon such investigation
22 shall be reduced to writing and a report thereof filed in the
23 office of the Commission, which shall be subject to public
24 inspection but such report shall not be admissible in evidence

1 in any civil or criminal proceeding arising from such accident.
2 The Commission may adopt reasonable rules and regulations for the
3 safety of the public as affected by public utilities and the
4 safety of public utility employees. The Commission shall
5 cooperate with and coordinate its activities for public utilities
6 with similar programs of the Division of Motor Vehicles, the
7 Insurance Department, the Industrial Commission and other
8 organizations engaged in the promotion of highway safety and
9 employee safety.

10 Sec. 3. G.S. 62-235 is repealed.

11 Sec. 4. G.S. 136-18 is amended by adding two new
12 sections to read:

13 "(30) The Department of Transportation is empowered
14 and directed, from time to time, to carefully
15 examine into and inspect the condition of each
16 railroad, its equipment and facilities, in
17 regard to the safety and convenience of the
18 public and the railroad employees. If the
19 Department finds any equipment or facilities
20 to be unsafe, it shall at once notify the
21 railroad company and require the company to
22 repair the equipment or facilities.

23 (31) The Department of Transportation may conduct a
24 program of accident prevention and public
25 safety covering all railroads and may
26 investigate the cause of any railroad
27 accident. In order to facilitate this
28 program, any railroad involved in an accident
29 that must be reported to the Federal Railroad
30 Administration shall also notify the
31 Department of Transportation of the occurrence
32 of the accident."

33 Sec. 5. G.S. 62-236 is recodified as G.S. 136-20.1 and
34 reads as rewritten:

35 ~~"62-236.~~ 136-20.1. To require installation and maintenance of
36 block system and safety devices; automatic signals at railroad
37 intersections.

38 (a) ~~The Commission is empowered and directed to~~ Department of
39 Transportation may require any railroad company to install and
40 put in operation and maintain upon the whole or any part of its
41 road an appropriate system of railroad signals and controls, a
42 ~~block system of telegraphy~~ signal system or any other reasonable
43 safety device, but no railroad company shall be required to

1 install a block system upon any part of its road unless at least
2 eight trains each way per day are operated on that part.

3 (b) ~~The Commission is empowered and directed to~~ Department of
4 Transportation may require, when public safety demands, where two
5 or more railroads cross each other at a common grade, or any
6 railroad crosses any stream or harbor by means of a bridge, to
7 install and maintain such a system of ~~interlocking or automatic~~
8 interlocking, block, automatic, or automatic block signals as
9 will render it safe for engines and trains to pass over such
10 crossings or bridge without stopping, and to apportion the cost
11 of installation and maintenance between said railroads as may be
12 just and proper."

13 Sec. 6. The Secretary of Transportation shall study the
14 provision of rail safety inspection services in North Carolina by
15 the State and the Federal Railroad Administration and shall
16 recommend to the General Assembly no later than June 1, 1997,
17 whether the State should continue to perform this service. The
18 recommendation shall be contained in a report filed with the
19 President Pro Tempore of the Senate and the Speaker of the House
20 of Representatives.

21 Sec. 7. The Department of Transportation shall
22 implement this act within available funds.

23 Sec. 8. This act becomes effective July 1, 1996.

EXPLANATION OF PROPOSED LEGISLATION TO TRANSFER THE RAIL SAFETY INSPECTION PROGRAM FROM THE UTILITIES COMMISSION TO THE DEPARTMENT OF TRANSPORTATION AND TO REQUIRE AN ASSESSMENT OF THE CONTINUED NEED FOR THE PROGRAM

The proposed legislation would transfer the Rail Safety Inspection Program from the Utilities Commission to the Department of Transportation. The program consists of three inspectors, two of whom are track inspectors and one of whom is motive power and equipment and standards inspector. These inspectors would be transferred to the Department of Transportation. The State currently operates its rail safety program in conjunction with the Federal Railroad Administration (FRA). The FRA has 6 inspectors in its Charlotte Regional Office covering North and South Carolina and portions of two other states (Tennessee and Georgia).

The statutory authority and duty to perform the rail safety inspections is amended to reflect this transfer. Under this transfer, the Department must perform rail safety inspections, although it could presumably have these inspectors also working on grade crossing safety and other matters. There would be no transfer of funds. The Department of Transportation would become responsible for funding these positions.

The bill requires the Secretary of Transportation, once this transfer is made, to examine the continued need for the rail safety program and to recommend to the General Assembly next year whether it should be retained.

APPENDIX G

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

D

96-RNZ-030.3

THIS IS A DRAFT 25-APR-96 10:56:22

Short Title: ABOLISH BOARDS AND COMMISSIONS

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ABOLISH AND MERGE CERTAIN BOARDS AND COMMISSIONS.
3 The General Assembly of North Carolina enacts:
4
5 JUVENILE LAW STUDY COMMISSION
6 Section 1. The Juvenile Law Study Commission is
7 abolished and Article 58 of Chapter 7A of the General Statutes is
8 repealed. The duties of the Commission are transferred to the
9 Juvenile Justice Planning Committee of the Governor's Crime
10 Commission.
11 Sec. 1.1. G.S. 143B-480(c) reads as rewritten:
12 "(c) The adjunct committees created herein shall report
13 directly to the Governor's Crime Commission and shall have the
14 following powers and duties:
15 (1) Repealed by Session Laws 1983 (Regular Session
16 1984), c. 995, s. 8, effective June 27, 1984.
17 (2) The Law Enforcement Planning Committee shall advise
18 the Governor's Crime Commission on all matters
19 which are referred to it relevant to law
20 enforcement, including detention; shall participate
21 in the development of the law-enforcement component
22 of the State's comprehensive plan; shall consider
23 and recommend priorities for the improvement of
24 law- enforcement services; and shall offer

- 1 technical assistance to State and local agencies in
2 the planning and implementation of programs
3 contemplated by the comprehensive plan for the
4 improvement of law-enforcement services.
- 5 The Law Enforcement Planning Committee shall
6 maintain contact with the National Commission on
7 Accreditation for Law Enforcement Agencies, assist
8 the National Commission in the furtherance of its
9 efforts, adapt the work of the National Commission
10 by an analysis of law-enforcement agencies in North
11 Carolina, develop standards for the accreditation
12 of law-enforcement agencies in North Carolina, make
13 these standards available to those law-enforcement
14 agencies which desire to participate voluntarily in
15 the accreditation program, and assist participants
16 to achieve voluntary compliance with the standards.
- 17 (3) The Judicial Planning Committee (which shall be
18 appointed by the Supreme Court) shall establish
19 court improvement priorities, define court
20 improvement programs and projects, and develop an
21 annual judicial plan in accordance with the Crime
22 Control Act of 1976 (Public Law 94-503); shall
23 advise the Governor's Crime Commission on all
24 matters which are referred to it relevant to the
25 courts; shall consider and recommend priorities for
26 the improvement of judicial services; and shall
27 offer technical assistance to State agencies in the
28 planning and implementation of programs
29 contemplated by the comprehensive plan for the
30 improvement of judicial services.
- 31 (4) The Corrections Planning Committee shall advise the
32 Governor's Crime Commission on all matters which
33 are referred to it relevant to corrections; shall
34 participate in the development of the adult
35 corrections component of the State's comprehensive
36 plan; shall consider and recommend priorities for
37 the improvement of correction services; and shall
38 offer technical assistance to State agencies in the
39 planning and implementation of programs
40 contemplated by the comprehensive plan for the
41 improvement of corrections.
- 42 (5) The Juvenile Justice Planning Committee shall
43 advise the Governor's Crime Commission on all
44 matters which are referred to it relevant to

1 juvenile justice; shall participate in the
2 development of the juvenile justice component of
3 the State's comprehensive plan; shall consider and
4 recommend priorities for the improvement of
5 juvenile justice services; shall continuously
6 review the laws concerning juveniles and the agency
7 services available to juveniles and their families;
8 and shall offer technical assistance to State and
9 local agencies in the planning and implementation
10 of programs contemplated by the comprehensive plan
11 for the improvement of juvenile justice.

12 (6) The Juvenile Code Revision Committee shall study
13 problems relating to young people who come within
14 the juvenile jurisdiction of the district court as
15 defined by Article 23 of Chapter 7A of the General
16 Statutes and develop a legislative plan which will
17 best serve the needs of young people and protect
18 the interests of the State; shall study the
19 existing laws, services, agencies and commissions
20 and recommend whether they should be continued,
21 amended, abolished or merged; and shall take steps
22 to insure that all agencies, organizations, and
23 private citizens in the State of North Carolina
24 have an opportunity to lend advice and suggestions
25 to the development of a revised juvenile code. If
26 practical, the Committee shall submit a preliminary
27 report to the General Assembly prior to its
28 adjournment in 1977. It shall make a full and
29 complete report to the General Assembly by March 1,
30 1979. This adjunct committee shall terminate on
31 February 28, 1979."
32

33 NORTH CAROLINA ALCOHOLISM RESEARCH AUTHORITY

34 Sec. 2. The North Carolina Alcoholism Research
35 Authority is abolished and Part 3 of Article 6 of Chapter 122C of
36 the General Statutes is repealed. The Authority's functions are
37 transferred to the Commission on Substance Abuse Treatment and
38 Prevention created by executive order of the Governor; provided,
39 this transfer does not convey any additional statutory authority
40 to the Governor.

41

42 GOVERNOR'S MANAGEMENT COUNCIL

1 Sec. 3. The Governor's Management Council is abolished
2 and Part 24 of Article 9 of Chapter 143B of the General Statutes
3 is repealed.

4

5 PUBLIC RADIO ADVISORY COMMITTEE

6 Sec. 4. The Public Radio Advisory Committee is
7 abolished. The Committee's functions are transferred to the
8 Board of Public Telecommunications Commissioners of the North
9 Carolina Agency for Public Telecommunications.

10 Sec. 4.1. G.S. 143B-426.9 reads as rewritten:

11 "§ 143B-426.9. (Applicable until January 1, 1997) North
12 Carolina Agency for Public Telecommunications -- creation;
13 membership; appointments, terms and vacancies; officers; meetings
14 and quorum; compensation.

15 The North Carolina Agency for Public Telecommunications is
16 created. It is governed by the Board of Public Telecommunications
17 Commissioners, composed of 27 members as follows:

- 18 (1) A Chairman appointed by, and serving at the
19 pleasure of, the Governor;
- 20 (2) ~~Ten~~ Eleven at-large members, appointed by the
21 Governor from the general public;
- 22 (3) Two members appointed by the General Assembly upon
23 the recommendation of the Speaker of the House of
24 Representatives in accordance with G.S. 120-121;
- 25 (4) Two members appointed by the General Assembly upon
26 the recommendation of the President of the Senate
27 in accordance with G.S. 120-121;
- 28 (5) The Secretary of Administration, ex officio;
- 29 (6) The Chairman of the Board of Trustees of The
30 University of North Carolina Center for Public
31 Television (if and when established), ex officio;
- 32 (7) The Chairman of the State Board of Education, ex
33 officio;
- 34 (8) The Chairman of the OPEN/net Committee, ex officio,
35 so long as such person is not a State employee;
- 36 (9) The Chairman of the North Carolina Utilities
37 Commission, ex officio;
- 38 (10) The Director of the Public Staff of the North
39 Carolina Utilities Commission, ex officio;
- 40 ~~(11) The Chairman of the Public Radio Advisory Committee~~
41 ~~of the North Carolina Agency for Public~~
42 ~~Telecommunications, ex officio;~~
- 43 (12) The Superintendent of Public Instruction, ex
44 officio;

- 1 (13) The President of the University of North Carolina,
2 ex officio;
- 3 (14) The President of the Department of Community
4 Colleges, ex officio; and
- 5 (15) Two members ex officio who shall rotate from among
6 the remaining heads of departments enumerated in
7 G.S. 143A-11 or G.S. 143B-6, appointed by the
8 Governor.

9 ~~The 10 at-large members shall serve for terms staggered as~~
10 ~~follows: four terms shall expire on June 30, 1980; and three~~
11 ~~terms shall expire on June 30, 1982; and three terms shall expire~~
12 ~~on June 30, 1984. Thereafter, the~~ The members at large shall be
13 appointed for full four-year terms and until their successors are
14 appointed and qualified. In making appointments of members at
15 large, the Governor shall seek to appoint persons from the
16 various geographic areas of the State including both urban and
17 rural areas; persons from various classifications as to sex,
18 race, age, and handicapped persons; and persons who are
19 representatives of the public broadcast, commercial broadcast,
20 nonbroadcast distributive systems and private education
21 communities of the State.

22 The terms of the ex officio members are coterminous with their
23 respective terms of office. In the event that any of the offices
24 represented on the Board ceases to exist, the successor officer
25 to the designated member shall become an ex officio member of the
26 Board; if there shall be no successor, then the position on the
27 Board shall be filled by a member to be appointed by the Governor
28 from the general public. The ex officio members shall have the
29 right to vote.

30 ~~The initial~~ members appointed to the Board by the General
31 Assembly shall serve ~~for terms expiring June 30, 1983.~~
32 ~~Thereafter, their successors shall serve~~ for two-year terms
33 beginning July 1 of odd-numbered years.

34 The terms of the rotating ex officio members shall be of
35 one-year duration, and the schedule of rotation is determined by
36 the Governor.

37 Each State official who serves on the Board may designate a
38 representative of his department, agency or institution to sit in
39 his place on the Board and to exercise fully the official's
40 privileges of membership.

41 The Secretary of Administration or his designee serves as
42 secretary of the Board.

1 Vacancies in appointments made by the General Assembly shall be
2 filled in accordance with G.S. 120-122. Other vacancies shall be
3 filled in the same manner as the original appointment.

4 The Governor may remove any member of the Board from office in
5 accordance with the provisions of G.S. 143B-16.

6 The Board meets quarterly and at other times at the call of the
7 chairman or upon written request of at least six members.

8 A majority of the Board members shall constitute a quorum for
9 the transaction of business."

10 Sec. 4.2. G.S. 143B-426.12 reads as rewritten:

11 "~~§143B-426.12. Public Radio Advisory Committee -- policy;~~
12 ~~creation; duties; members.~~ State's policy on public radio.

13 It is the policy of the State of North Carolina that at least
14 one public radio signal shall be made available to every resident
15 of North Carolina, that there be diversity in the kinds of public
16 radio licensees, that there be a uniform policy for extending
17 State financial aid to stations eligible to participate in
18 federal funds for public radio, that State financial support
19 shall constitute less than one half of the operating budget of
20 any station, that program content shall not be influenced by the
21 State by virtue of State financial support to the stations, and
22 that technical facilities be established and operated to achieve
23 station interconnection.

24 ~~The Public Radio Advisory Committee of the North Carolina~~
25 ~~Agency on Public Telecommunications is created. That Committee~~
26 ~~shall advise the Board on the distribution of State funds to~~
27 ~~public radio licensees in North Carolina and on any matter which~~
28 ~~the Board may refer to it. There shall be nine members of said~~
29 ~~Committee; three of whom shall be representatives selected by the~~
30 ~~public radio broadcast licensees in the State; six of whom shall~~
31 ~~be at-large members chosen by the Governor from the general~~
32 ~~public. The members shall choose one of the at-large members to~~
33 ~~serve as chairman of the Committee; and that chairman shall serve~~
34 ~~ex officio as a member of the Board. The terms of the members of~~
35 ~~the Committee shall be established by the Board.~~

36

37 JOBS FOR VETERANS COMMITTEE

38 Sec. 5. The Governor's Jobs for Veterans Committee is
39 abolished and Part 19 of Article 9 of Chapter 143B of the General
40 Statutes is repealed. The Committee's functions are transferred
41 to the Veterans' Affairs Commission.

42 Sec. 5.1. G.S. 143B-399 reads as rewritten:

43 "§ 143B-399. Veterans' Affairs Commission -- creation, powers
44 and duties.

1 There is hereby created the Veterans' Affairs Commission of the
2 Department of Administration. The Veterans' Affairs Commission
3 shall have the following functions and duties:

- 4 (1) To advise the Governor on matters relating to the
5 affairs of veterans in North Carolina;
- 6 (2) To maintain a continuing review of the operation
7 and budgeting of existing programs for veterans and
8 their dependents in the State and to make any
9 recommendations to the Governor for improvements
10 and additions to such matters to which the Governor
11 shall give due consideration;
- 12 (3) To serve collectively as a liaison between the
13 Division of Veterans Affairs and the veterans
14 organizations represented on the Commission;
- 15 (4) To promulgate rules and regulations concerning the
16 awarding of scholarships for children of North
17 Carolina veterans as provided by Article 4 of
18 Chapter 165 of the General Statutes of North
19 Carolina. The Commission shall make rules and
20 regulations consistent with the provisions of this
21 Chapter. All rules and regulations not inconsistent
22 with the provisions of this Chapter heretofore
23 adopted by the State Board of Veterans' Affairs
24 shall remain in full force and effect unless and
25 until repealed or superseded by action of the
26 Veterans Affairs Commission. All rules and
27 regulations adopted by the Commission shall be
28 enforced by the Division of Veterans' Affairs;
- 29 (4a) To promulgate rules concerning the awarding of the
30 North Carolina Services Medal to all veterans who
31 have served in any period of war as defined in 38
32 U.S.C. § 101. The award shall be self-financing;
33 those who wish to be awarded the medal shall pay a
34 fee to cover the expenses of producing the medal
35 and awarding the medal. All rules adopted by the
36 Commission with respect to the North Carolina
37 Services Medal shall be implemented and enforced by
38 the Division of Veterans' Affairs; and
- 39 (4b) To evaluate and monitor job opportunities for
40 veterans, to help ensure veterans receive
41 employment preferences to which they are legally
42 entitled in State jobs, to assist and encourage
43 employers in hiring veterans, and to receive

1 available federal aid in executing these duties;
2 and
3 (5) To advise the Governor on any matter the Governor
4 may refer to it."
5

6 VETERANS AFFAIRS COMMISSION ADVISORY COMMITTEE

7 Sec. 6. The Veterans' Affairs Commission Advisory
8 Committee is abolished and G.S. 143B-401 is repealed. The
9 functions of the Advisory Committee are transferred to the
10 Veterans' Affairs Commission.

11 Sec. 6.1. G.S. 143B-400 reads as rewritten:

12 "§143B-400. Veterans' Affairs Commission -- members; selection;
13 quorum; compensation.

14 The Veterans' Affairs Commission of the Department of
15 Administration shall consist of the following members:

16 (1) one ~~one~~ One voting member from each congressional
17 district, all of whom shall be veterans, appointed
18 by the Governor for four-year terms. In making
19 these appointments, the Governor shall insure that
20 both major political parties will be continuously
21 represented on the Veterans' Affairs Commission.

22 (2) The department commander or official head of each
23 veteran's organization which has been chartered by
24 an act of the United States Congress and which is
25 legally constituted and operating in this State
26 under that charter, to serve ex officio as voting
27 members.

28 ~~The initial members of the Commission shall be the appointed~~
29 ~~members of the current Veterans' Affairs Commission who shall~~
30 ~~serve for the remainder of their current terms and six additional~~
31 ~~members appointed by the Governor for terms expiring June 30,~~
32 ~~1981. Thereafter, all members shall be appointed for terms of~~
33 ~~four years.~~ Any appointment to fill a vacancy on the Commission
34 created by the resignation, dismissal, death or disability of a
35 member shall be for the balance of the unexpired term. The
36 Governor shall have the power to remove any member of the
37 Commission in accordance with provisions of G.S. 143B-13.

38 In the event that more than 11 congressional districts are
39 established in the State, the Governor shall on July 1 following
40 the establishment of such additional congressional districts
41 appoint a member of the Commission from that congressional
42 district. If on July 1, 1977, or at any time thereafter due to
43 congressional redistricting, two or more members of the Veterans'
44 Affairs Commission shall reside in the same congressional

1 district then such members shall continue to serve as members of
2 the Commission for a period equal to the remainder of their
3 current terms on the Commission provided that upon the expiration
4 of said term or terms the Governor shall fill such vacancy or
5 vacancies in such a manner as to insure that as expeditiously as
6 possible there is one member of the Veterans' Affairs Commission
7 who is a resident of each congressional district in the State.
8 This paragraph applies only to members appointed by the Governor.

9 The Governor shall designate from the membership of the
10 Commission a chairman and vice-chairman of the Commission who
11 shall serve at the pleasure of the Governor. The Secretary of
12 the Department of Administration or his the Secretary's designee
13 shall serve as secretary of the Commission.

14 Members of the Commission shall receive per diem and necessary
15 travel and subsistence expenses in accordance with provisions of
16 G.S. 138-5.

17 A majority of the Commission shall constitute a quorum for the
18 transaction of business.

19 The Veterans' Affairs Commission shall meet at least twice a
20 year and may hold special meetings at any time or place within
21 the State at the call of the chairman, at the call of the
22 Secretary of the Department of Administration or upon the written
23 request of at least six members.

24 All clerical and other services required by the Commission
25 shall be provided by the Secretary of the Department of
26 Administration."

27

28 NORTHEASTERN NORTH CAROLINA FARMERS' MARKET COMMISSION AND
29 NORTHEASTERN NORTH CAROLINA FARMERS' MARKET ADVISORY BOARD

30 Sec. 7. The Northeastern North Carolina Farmers' Market
31 Commission and the Northeastern North Carolina Farmers' Market
32 Advisory Board are abolished and Article 59 of Chapter 106 of the
33 General Statutes is repealed.

34

35 SOUTHEASTERN NORTH CAROLINA FARMERS' MARKET COMMISSION AND
36 SOUTHEASTERN FARMERS' MARKET ADVISORY BOARD

37 Sec. 8. The Southeastern North Carolina Farmers' Market
38 Commission and the Southeastern Farmers' Market Advisory Board
39 are abolished and Article 60 of Chapter 106 of the General
40 Statutes is repealed.

41

42 WHOLESALE DISTRIBUTOR ADVISORY COMMITTEE

43 Sec. 9. The Wholesale Distributor Advisory Committee is
44 abolished and G.S. 106-145.11 is repealed.

1

2 NORTH CAROLINA MARITIME MUSEUM ADVISORY COMMITTEE

3 Sec. 10. The North Carolina Maritime Museum Advisory
4 Committee, created by the Commissioner of Agriculture, is
5 abolished.

6

7 CATTLE DISEASE COMMITTEE

8 Sec. 11. The Cattle Disease Committee, established by
9 the Commissioner of Agriculture, is abolished.

10

11 SWINE DISEASE COMMITTEE

12 Sec. 12. The Swine Disease Committee, established by
13 the Commissioner of Agriculture, is abolished.

14

15 POULTRY DISEASE COMMITTEE

16 Sec. 13. The Poultry Disease Committee, established by
17 the Commissioner of Agriculture, is abolished.

18

19 ANIMAL WELFARE ADVISORY COMMITTEE

20 Sec. 14. The Animal Welfare Advisory Committee,
21 established by the Commissioner of Agriculture, is abolished.

22

23 PUBLIC LIVESTOCK MARKET ADVISORY BOARD

24 Sec. 15. The Public Livestock Market Advisory Board is
25 abolished and G.S. 106-407.1 and G.S. 143A-65 are repealed.

26 Sec. 15.1. G.S. 106-406 reads as rewritten:

27 "§ 106-406. Permits from Commissioner of Agriculture for
28 operation of public livestock markets; application therefor;
29 hearing on application.

30 Any person, firm or corporation desiring to operate a public
31 livestock market within the State of North Carolina shall be
32 required to file an application with the Commissioner of
33 Agriculture for a permit authorizing the operation of such
34 market; provided that, those markets operating under a valid
35 permit and in accordance with G.S. 106-406 through 106-418 at the
36 time this Article becomes effective shall be issued a license
37 upon payment of the annual license fee and upon satisfying the
38 requirement for bonding as specified in G.S. 106-407. An
39 application for a permit shall include the following information:

40 (1) The name and address of the applicant, name of
41 market and a listing of the names and addresses of
42 all persons having any financial interest in the
43 proposed livestock market and the amount and nature
44 of such interest, and such other information as is

1 required to complete an application form supplied
2 by the Commissioner; and

3 (2) The plans and specifications for the facilities
4 proposed to be built, or for existing structures.

5 The application for a permit shall be accompanied by a permit
6 fee of two hundred fifty dollars (\$250.00), two hundred dollars
7 (\$200.00) of which shall be returned to the applicant if the
8 application is denied, plus one hundred dollars (\$100.00) annual
9 permit fee for the first year of operation of the market, all of
10 which shall be returned to the applicant if the application is
11 denied. There shall be an annual renewal fee of one hundred
12 dollars (\$100.00) for each year of operation thereafter.

13 Upon the filing of said application, the Commissioner shall
14 determine whether all necessary information has been furnished.
15 If all information required has not been furnished, the
16 Commissioner shall notify the applicant by mail of the additional
17 information needed; it shall be furnished the Commissioner by the
18 applicant within 10 days of such notification. Upon receipt of
19 all required information, the Commissioner shall issue a license
20 or fix the date of a hearing on said application, to be held in
21 Raleigh. Notice of the time and date of the hearing shall be
22 published in a newspaper having general circulation in the county
23 in which the livestock market is proposed to be located; said
24 notice shall appear at least 10 days prior to such hearing. The
25 applicant shall be notified by mail by the Commissioner at least
26 20 days prior to the hearing of the time and place of said
27 hearing. ~~The Commissioner shall also notify by mail the members~~
28 ~~of the Public Livestock Market Advisory Board of the time and~~
29 ~~place of said hearing, at least 10 days before the date [on]~~
30 ~~which the hearing will be held.~~

31 A public hearing shall be conducted by the Commissioner on said
32 application. ~~If, after the hearing, at which any person may~~
33 ~~appear in support or opposition thereto, the North Carolina~~
34 ~~Public Livestock Market Advisory Board finds that the public~~
35 ~~livestock market for which a permit or license is sought fulfills~~
36 ~~the requirements of all applicable laws, it shall recommend to~~
37 ~~the Commissioner that a permit be issued to the applicant. Any~~
38 ~~person may appear in support of or in opposition to an~~
39 application. The Commissioner shall determine whether the
40 applicant meets the conditions for issuance of a permit or
41 license. If the Commissioner denies the application, the
42 applicant may commence a contested case under G.S. 150B-23 by
43 filing a petition within 10 days after receiving notice of the
44 denial. Unless revoked by the Board of Agriculture pursuant to

1 any applicable law or regulation, permits will be renewed each
2 July 1 on payment of the annual renewal fee."

3 Sec. 15.2. G.S. 106-418.7 reads as rewritten:

4 "~~§ 106-418.7. Authority of Board of Agriculture, North Carolina~~
5 ~~Public Livestock Market Advisory Board~~ Agriculture and the
6 Commissioner.

7 The Board of Agriculture shall establish rules and regulations
8 pertaining to the purchase and payment of livestock sold in this
9 State at public livestock markets. ~~The North Carolina Public~~
10 ~~Livestock Market Advisory Board shall recommend rules and~~
11 ~~regulations pertaining to the administration of this Article to~~
12 ~~the Board of Agriculture for their consideration.~~ The
13 Commissioner is authorized to revoke any livestock market
14 operator's license issued or to refuse to issue a livestock
15 market license to any person as hereinafter provided upon
16 satisfactory proof that said person has repeatedly violated any
17 of the provisions of this Article or any of the rules and
18 regulations made and promulgated thereunder; provided that no
19 license shall be revoked or refused until the person, firm or
20 corporation shall have first been given an opportunity to appear
21 at a hearing before the Commissioner or his agent. Any person who
22 is refused a license, or whose license is revoked by any order of
23 the Commissioner, may appeal within 30 days from said order to
24 the Superior Court of Wake County or the superior court of the
25 county of his residence."

26 Sec. 15.3. G.S. 106-418.3 reads as rewritten:

27 "~~§106-418.3. Definitions.~~

28 As used in this Article, unless the context clearly requires
29 otherwise:

- 30 (1) "Banking business day" means a day in which banks
31 are normally open for business in North Carolina.
32 (2) "Commissioner" means the Commissioner of
33 Agriculture of North Carolina or his designated
34 agent or agents.
35 (3) "Custodial accounts" means custodial accounts for
36 trust funds as explained in the Code of Federal
37 Regulations, January 1, 1972, § 201.42.
38 ~~(4) The "North Carolina Public Livestock Market~~
39 ~~Advisory Board" means the Board established under~~
40 ~~G.S. 106-407.1.~~
41 (5) "Public livestock market" means livestock sales at
42 a market duly licensed under G.S. 106-406."

43

44 SYSTEM LONG-RANGE PLANNING COMMITTEE

1 Sec. 16. The System Long-Range Planning Committee,
2 created within the North Carolina Community College System, is
3 abolished.

4

5 MOBILIZATION COORDINATION EXECUTIVE COMMITTEE

6 Sec. 17. The Mobilization Coordination Executive
7 Committee, created within the Department of Crime Control and
8 Public Safety, is abolished.

9

10 AMERICA'S FOUR HUNDREDTH ANNIVERSARY COMMITTEE

11 Sec. 18. The America's Four Hundredth Anniversary
12 Committee is abolished and Part 13 of Article 2 of Chapter 143B
13 of the General Statutes is repealed.

14 Sec. 18.1. G.S. 143B-51(b)(15) is repealed.

15 Sec. 18.2. G.S. 143B-53 reads as rewritten:

16 "~~§143B-53. Organization of the Department.~~

17 The Department of Cultural Resources shall be organized
18 initially to include the Art Commission, ~~the Art Museum Building~~
19 ~~Commission~~, the North Carolina Historical Commission, the Tryon
20 Palace Commission, the U.S.S. North Carolina Battleship
21 Commission, the Sir Walter Raleigh Commission, the Executive
22 Mansion Fine Arts Committee, the American Revolution Bicentennial
23 Committee, the North Carolina Awards Committee, ~~the America's~~
24 ~~Four Hundredth Anniversary Committee~~, the North Carolina Arts
25 Council, the Public Librarian Certification Commission, the State
26 Library Commission, the North Carolina Symphony Society, Inc.,
27 the North Carolina Art Society, and the Division of the State
28 Library, the Division of Archives and History, the Division of
29 the Arts, and such other divisions as may be established under
30 the provisions of the Executive Organization Act of 1973."

31

32 ART MUSEUM BUILDING COMMISSION

33 Sec. 19. The Art Museum Building Commission is
34 abolished and Part 3 of Article 2 of Chapter 143B of the General
35 Statutes is repealed.

36 Sec. 19.1. G.S. 143B-51(b)(9) is repealed.

37 Sec. 19.2. G.S. 140-5.13(d) reads as rewritten:

38 "(d) All initial appointments and elections to the Board of
39 Trustees shall be made on July 1, 1980, or as soon as feasible
40 thereafter except as provided in this subsection, and the terms
41 of all except the legislative appointees shall expire on June 30,
42 1983, or June 30, 1986, as the case may be. In order to establish
43 regularly overlapping terms, initial appointments and elections
44 to the Board of Trustees shall be made as follows:

- 1 (1) Four members at large shall be appointed by the
2 Governor for initial terms of three years and four
3 members at large shall be appointed by the Governor
4 for initial terms of six years.
- 5 (2) One member shall be elected by the North Carolina
6 Art Society, Incorporated, for an initial term of
7 three years and two members shall be elected by
8 that Society for initial terms of six years.
- 9 (3) One member shall be elected by the North Carolina
10 Museum of Art Foundation, Incorporated, for an
11 initial term of three years and two members shall
12 be elected by that Foundation for initial terms of
13 six years.
- 14 (4) One member shall be elected by the Art Commission
15 prior to July 1, 1980, for an initial term of three
16 years and two members shall be elected by that
17 Commission for initial terms of six years. Upon the
18 expiration of the terms of those three members,
19 their successors shall be elected by the Board of
20 Trustees of the North Carolina Museum of Art.
- 21 ~~(5) Three members shall be elected by the State Art
22 Museum Building Commission to serve until the
23 termination of that Commission or until June 30,
24 1983, whichever shall first occur. Upon the
25 termination of the terms of those three members,
26 should such termination occur prior to June 30,
27 1983, their successors shall be elected as follows:
28 one by the North Carolina Art Society,
29 Incorporated, one by the North Carolina Museum of
30 Art Foundation, Incorporated, and one by the Board
31 of Trustees of the North Carolina Museum of Art;
32 the terms of the successor members so elected shall
33 expire on June 30, 1983. On July 1, 1983, or as
34 soon as feasible thereafter, the successors of
35 these three Three members shall be elected for
36 terms of six years, as follows: one by the North
37 Carolina Art Society, Incorporated, one by the
38 North Carolina Museum of Art Foundation,
39 Incorporated, and one by the Board of Trustees of
40 the North Carolina Museum of Art.~~
- 41 (6) The initial appointments by the General Assembly
42 shall serve until June 30, 1983. Subsequent
43 appointments shall be for two-year terms commencing
44 July 1, 1983, and biennially thereafter.

1 (7) Repealed by Session Laws 1981 (Regular Session,
2 1982), c. 1191, s. 51.

3 Every vacancy occurring in the initial membership of the Board of
4 Trustees prior to the expiration of a term of office shall be
5 filled by the same authority and in the same manner as the
6 vacating member was chosen and the successor member so appointed
7 shall serve for the remainder of the unexpired term of the
8 vacating member."

9 Sec. 19.3. G.S. 140-5.17 is repealed.

10

11 EMPLOYMENT SECURITY COMMISSION ADVISORY COUNCIL

12

13 Sec. 20. Effective October 1, 1997, the State Advisory
14 Council to the Employment Security Commission is abolished and
15 G.S. 96-4(e) is repealed.

16 Sec. 20.1. If the State Advisory Council to the
17 Employment Security Commission is abolished pursuant to this act,
18 then effective October 1, 1997, G.S. 143B-438.4 reads as
19 rewritten:

20 "§ 143B-438.4. Coordinating Council.

21 (a) The State Job Training Coordinating Council is established
22 within the Department of Commerce.

23 (b) Operating funds and staff for the Council shall be
24 supported with funds from the Job Training Partnership Act.

25 (c) Adequate office space shall be provided by the Department
26 of Commerce.

27 (d) The initial staffing level of the Council and the level of
28 funding support required shall be determined by the Secretary of
29 Commerce. However, the staffing level shall not exceed 10
30 personnel as may be necessary to carry out its functions under
31 this Part and the Job Training Partnership Act.

32 (e) Duties and responsibilities of the Council include but
33 shall not be limited to the following:

34 (1) Overseeing the meeting of the State's goals for
35 employment and training.

36 (2) Reviewing the plans and programs of agencies
37 operating federally funded programs related to
38 employment and training and of other agencies
39 providing employment and training-related services
40 in the State that may be funded with State funds.

41 (3) Conducting studies, preparing reports and analyses,
42 including an annual published report to the
43 Governor and General Assembly, and providing such

- 1 advisory services as may be authorized or directed
2 by the Governor.
- 3 (4) Recommending the allocation of Job Training
4 Partnership Act funds not subject to the seventy-
5 eight percent (78%) that flows directly to service
6 delivery areas.
- 7 (5) Recommending program goals to insure job training
8 for unskilled youth and adults is a matter of the
9 highest priority and encouraging Service Delivery
10 Areas (SDA's) to reflect these goals in their SDA
11 plans.
- 12 (6) Developing a long term tracking system to measure
13 the effectiveness of the Job Training Partnership
14 Act with respect to permanent job placements.
- 15 (7) Insuring compliance with the provisions of Sections
16 122(b)(7) A and B and 122(b)(8) of the Job Training
17 Partnership Act no later than May 30 of every year,
18 requiring the following:
- 19 a. The identification of, in coordination with
20 the appropriate State agencies, the
21 employment, training, and vocation education
22 needs throughout the State;
- 23 b. An assessment of the extent to which
24 employment and training, vocation education,
25 rehabilitation services, public assistance,
26 economic development, and other federal,
27 State, and local programs and services
28 represent a consistent, integrated, and
29 coordinated approach to meeting these needs;
- 30 c. Comments on reports required by Sections
31 105(d)(3) of the Vocational Education Act of
32 1963 and appropriate recommendations to the
33 Governor and General Assembly.
- 34 (8) Annually measuring, to the extent practicable, the
35 increase in employment and earnings and the
36 reductions in welfare dependency by SDA resulting
37 from participating in the Job Training Partnership
38 Act program and reporting those findings to the
39 Governor and General Assembly.
- 40 (9) Annually reporting to the Governor and General
41 Assembly on funds expended by each SDA for job
42 training services.
- 43 (10) Providing management guidance and review of all
44 State administered employment and training programs

- 1 and encouraging compliance by the SDA's with the
2 goals and purposes outlined by the General
3 Assembly, the Governor, and the State Council.
- 4 (11) Repealed by Session Laws 1989, c. 532, s. 2.
- 5 (12) Obtaining other information from recipients of Job
6 Training Partnership Act funds, as requested by the
7 Governor and General Assembly.
- 8 (13) Overseeing the responsibilities required in the
9 Economic Dislocation and Worker Adjustment
10 Assistance Act (EDWAAA), including the following:
- 11 a. Advising the Governor on designation of sub-
12 State areas and sub-State grantees and on the
13 procedure for selecting Private Industry
14 Council (PIC) and Local Employment
15 Organizations (LEO) representatives within
16 sub-State areas relative to grantee
17 designation;
- 18 b. Advising the Governor on developing formulas
19 for distributing funds among sub-State areas
20 and formulas for reallocating unexpended
21 funds;
- 22 c. Reviewing and commenting to the Governor on
23 State and sub-State EDWAAA programs;
- 24 d. Reviewing and submitting comments on the State
25 plan prior to submission to the Secretary and
26 on each sub-State plan; and
- 27 e. Advising the Governor on the establishment and
28 application of performance standards.
- 29 (14) Assisting the Employment Security Commission in
30 formulating policies and discussing problems
31 related to the administration of Chapter 96 of the
32 General Statutes.
- 33 (f) The State Job Training Coordinating Council:
- 34 (1) Shall be appointed by the Governor in a manner
35 consistent with Section 122 of Public Law 97-300.
- 36 (2) Shall meet at the call of the chairman. A majority
37 of the Council shall constitute a quorum for the
38 transaction of business. Members shall receive per
39 diem and necessary travel and subsistence expenses
40 in accordance with the provisions of G.S. 138-5,
41 138-6 or 120-3.1, as the case may be.
- 42 (3) Repealed by Session Laws 1989, c. 532, s. 2.
- 43 (4) May create such committees as may be necessary to
44 the proper conduct of its business. The Governor

1 may establish such additional advisory bodies, in
2 accordance with existing law, related to employment
3 and training as may be necessary and appropriate to
4 the conduct of federally supported employment and
5 training-related programs."
6

7 MERGE PROFESSIONAL ADVISORY COMMITTEE WITH CONSUMER AND ADVOCACY
8 ADVISORY COMMITTEE FOR THE BLIND

9 Sec. 21. The Professional Advisory Committee is
10 abolished and Part 8 of Article 3 of Chapter 143B of the General
11 Statutes is repealed. The Committee's functions are transferred
12 to the Consumer and Advocacy Advisory Committee for the Blind.

13 Sec. 21.1. G.S. 143B-163(a) reads as rewritten:

14 "(a) There is hereby created the Consumer and Advocacy
15 Advisory Committee for the Blind of the Department of Human
16 Resources. This Committee shall make a continuing study of the
17 entire range of problems and needs of the blind and visually
18 impaired population of this State and make specific
19 recommendations to the Secretary of Human Resources as to how
20 these may be solved or alleviated through legislative action. The
21 Committee shall examine national trends and programs of other
22 states, as well as programs and priorities in North Carolina.
23 Because of the cost of treating persons who lose their vision,
24 the Committee's role shall also include studying and making
25 recommendations to the Secretary of Human Resources concerning
26 methods of preventing blindness and restoring vision. The
27 Committee shall also advise the Commission for the Blind and the
28 Secretary on matters concerning or relating to the procurement,
29 utilization, and rendering of professional services to the
30 beneficiaries of the Commission's aid and services."

31 Sec. 21.2. G.S. 143B-164 reads as rewritten:

32 "§ 143B-164. (For applicability, see note) Consumer and
33 Advocacy Advisory Committee for the Blind -- members; selection;
34 quorum; compensation.

35 (a) The Consumer and Advocacy Advisory Committee for the Blind
36 of the Department of Human Resources shall consist of the
37 following members:

38 (1) One member of the North Carolina Senate to be
39 appointed by the President Pro Tempore of the
40 Senate;

41 (2) One member of the North Carolina House of
42 Representatives to be appointed by the Speaker of
43 the House of Representatives;

- 1 (3) President and Vice-President of the National
2 Federation of the Blind of North Carolina;
- 3 (4) President and Vice-President of the North Carolina
4 Council of the Blind;
- 5 (5) President and Vice-President of the North Carolina
6 Association of Workers for the Blind;
- 7 (6) President and Vice-President of the North Carolina
8 Chapter of the American Association of Workers for
9 the Blind;
- 10 (7) Chairman of the State Council of the North Carolina
11 Lions and Executive Director of the North Carolina
12 Lions Association for the Blind, Inc.;
- 13 (8) Chairman of the Concession Stand Committee of the
14 Division of Services for the Blind of the
15 Department of Human Resources; ~~and~~
- 16 (9) Executive Director of the North Carolina Society
17 for the Prevention of Blindness, ~~Inc.~~ Inc.;
- 18 (10) One nominee of the North Carolina Medical Society
19 whose practice is limited to ophthalmology, appointed
20 by the Governor;
- 21 (11) One optometrist nominated by the North Carolina
22 State Optometric Society, appointed by the
23 Governor; and
- 24 (12) One optician nominated by the North Carolina
25 Optician's Association, appointed by the Governor.

26 With respect to members appointed from the General Assembly,
27 these appointments shall be made in the odd-numbered years, and
28 the appointments shall be made for two-year terms beginning on
29 the first day of July and continuing through the 30th day of June
30 two years thereafter; ~~provided, such appointments shall be made~~
31 ~~within two weeks after ratification of this act, and the first~~
32 ~~members which may be so appointed prior to July 1 of the year of~~
33 ~~ratification shall serve through the 30th day of June of the~~
34 ~~second year~~ thereafter. If any Committee member appointed from
35 the General Assembly ceases to be a member of the General
36 Assembly, for whatever reason, his position on the Committee
37 shall be deemed vacant. The initial members appointed by the
38 Governor shall serve terms that expire as follows: June 30, 1997
39 for the member appointed under subdivision (10), June 30, 1998
40 for the member appointed under subdivision (11), and June 30,
41 1999, for the member appointed under subdivision (12);
42 thereafter, their successors shall serve three-year terms. In
43 the event ~~that either Committee position which is designated~~
44 ~~herein to be filled by a member of the General Assembly becomes~~

1 ~~vacant during a term, for whatever reason,~~ of a vacancy in a
2 position appointed by the Governor, the President Pro Tempore of
3 the Senate, or the Speaker of the House, a successor to fill that
4 position shall be appointed for the remainder of the unexpired
5 term by the person who made the original appointment or his
6 successor. ~~Provided members~~ Members appointed by the President
7 Pro Tempore of the ~~Senate and Senate,~~ the Speaker of the ~~House~~
8 House, and the Governor shall not serve more than two complete
9 consecutive terms.

10 With respect to the ~~remaining Committee members,~~ Committee
11 members serving under subdivisions (3) through (9), each
12 officeholder shall serve on the Committee only so long as he
13 holds the named position in the specified organization. Upon
14 completion of his term, failure to secure reelection or
15 appointment, or resignation, the individual shall be deemed to
16 have resigned from the Committee and his successor in office
17 shall immediately become a member of the Committee. Further, if
18 any of the above-named organizations dissolve or if any of the
19 above-stated positions no longer exist, then the successor
20 organization or position shall be deemed to be substituted in the
21 place of the former one and the officeholder in the new
22 organization or of the new position shall become a member of the
23 Committee.

24 (b) A chairman shall be elected by a majority vote of the
25 Committee members for a one-year term to coincide with the fiscal
26 year of the State. ~~Provided, the first chairman shall be elected~~
27 ~~for a term to end June 30, 1978.~~

28 Provided, further, if any chairman does not desire or is unable
29 to continue to perform as chairman for any reason, including his
30 becoming ineligible to be a member of the Committee as specified
31 in subsection (a), the remaining members shall elect a chairman
32 to fulfill the remainder of his term.

33 (c) A majority of the members shall constitute a quorum for the
34 transaction of business.

35 (d) The Committee shall meet once a quarter to act upon any
36 information provided them by any board, commission, agency,
37 division, department, school, et cetera. Special meetings may be
38 held at any time and place within the State at the call of the
39 chairman or upon written request of at least a majority of the
40 members. Provided, a majority of the members shall be allowed to
41 waive any meeting.

42 (e) All clerical and other services required by the Committee
43 shall be supplied by the Secretary of Human Resources.

1 (f) Members of the Committee shall receive per diem and
2 necessary travel and subsistence expenses in accordance with the
3 provisions of G.S. 138-5."

4 Sec. 21.3. G.S. 143B-138(b)(6) is repealed.

5

6 NORTH CAROLINA HEALTH CARE EXCESS LIABILITY FUND

7 Sec. 22. The North Carolina Health Care Excess Liability
8 Fund Board of Governors is abolished and Article 47 of Chapter 58
9 of the General Statutes is repealed.

10

11 PROPERTY AND CASUALTY ADVISORY COMMITTEE

12 Sec. 23. The Property and Casualty Advisory Committee,
13 established by the Commissioner of Insurance, is abolished.

14

15 HOME ECONOMICS EDUCATION ADVISORY COMMITTEE

16 Sec. 24. The Home Economics Education Advisory
17 Committee is abolished.

18 Sec. 24.1. G.S. 115C-154 reads as rewritten:

19 "§ 115C-154. Duties of the State Board of Education.

20 In carrying out its duties, the State Board of Education shall
21 develop and implement any policies, rules, regulations, and
22 procedures as necessary to ensure vocational and technical
23 education programs of high quality. The State Board of Education
24 shall prepare a Master Plan for Vocational and Technical
25 Education. The plan, to be updated periodically, shall ensure
26 minimally that:

27 (1) Articulation shall occur with institutions,
28 agencies, councils, and other organizations having
29 responsibilities for work force preparedness.

30 (2) Business, industrial, agricultural, and lay
31 representatives, including parents of students
32 enrolled in Vocational and Technical Education
33 courses, which may be organized as advisory
34 ~~committees~~ committees, have been utilized in the
35 development of decisions affecting vocational and
36 technical education programs and services.

37 (3) Public hearings are conducted annually to afford
38 the public an opportunity to express their views
39 concerning the State Board's plan and to suggest
40 changes in the plan.

41 (4) The plan describes the State's policy for
42 vocational and technical education and the system
43 utilized for the delivery of vocational and
44 technical education programs, services, and

- 1 activities. The policy shall include priorities of
2 curriculum, integration of vocational and academic
3 education, technical preparation, and youth
4 apprenticeships.
- 5 (5) A professionally and occupationally qualified staff
6 is employed and organized in a manner to assure
7 efficient and effective State leadership for
8 vocational and technical education. Provisions
9 shall be made for such functions as: planning,
10 administration, supervision, personnel development,
11 curriculum development, vocational student
12 organization and coordination research and
13 evaluation, and such others as the State Board may
14 direct.
- 15 (6) An appropriate supply of qualified personnel is
16 trained for program expansion and replacements
17 through cooperative arrangements with institutions
18 of higher education and other institutions or
19 agencies, including where necessary financial
20 support of programs and curriculums designed for
21 the preparation of vocational administrators,
22 supervisors, coordinators, instructors, and support
23 personnel.
- 24 (7) Minimum standards shall be prescribed for personnel
25 employed at the State and local levels.
- 26 (8) Local boards of education submit to the State Board
27 of Education a local plan for vocational and
28 technical education that has been prepared in
29 accordance with the procedures set forth in the
30 Master Plan for Vocational and Technical Education.
- 31 (9) Appropriate minimum standards for vocational and
32 technical education programs, services, and
33 activities shall be established, promulgated,
34 supervised, monitored, and maintained. These
35 standards shall specify characteristics such as
36 program objectives, competencies, course sequence,
37 program duration, class size, supervised on-the-job
38 experiences, vocational student organization,
39 school-to-work transition programs, qualifications
40 of instructors, and all other standards necessary
41 to ensure that all programs conducted by local
42 school administrative units shall be of high
43 quality, relevant to student needs, and coordinated
44 with employment opportunities.

1 (10) A system of continuing qualitative and quantitative
2 evaluation of all vocational and technical
3 education programs, services, and activities
4 supported under the provisions of this Part shall
5 be established, maintained, and utilized
6 periodically. One component of the system shall be
7 follow-up studies of employees and former students
8 of vocational and technical education programs who
9 have been out of school for one year, and for five
10 years to ascertain the effectiveness of
11 instruction, services, and activities.

12

13 TECHNOLOGY EDUCATION ADVISORY COMMITTEE

14 Sec. 25. The Technology Education Advisory Committee,
15 established within the Department of Public Instruction, is
16 abolished.

17

18 BUSINESS ADVISORY COUNCIL

19 Sec. 26. The Business Advisory Council, created by the
20 Secretary of State, is abolished.

21

22 SECURITIES ADVISORY COUNCIL

23 Sec. 27. The Securities Advisory Council, created by
24 the Secretary of State, is abolished.

25

26 UNC SYSTEM ADVISORY COMMITTEE

27 Sec. 28. The Advisory Committee to the University of
28 North Carolina of the Presidents of the Private Colleges, created
29 pursuant to G.S. 116-14(c), is abolished.

30 Sec. 28.1. G.S. 116-14(c) reads as rewritten:

31 "(c) The President, with the approval of the Board, ~~shall~~
32 ~~appoint an advisory committee composed of representative~~
33 ~~presidents of the private colleges and universities and may~~
34 ~~appoint such additional~~ may appoint advisory committees as are
35 deemed necessary or desirable."

36

37 CONFORMING AND RELATED CHANGES

38 Sec. 29. G.S. 120-123 reads as rewritten:

39 "§ 120-123. Service by members of the General Assembly on
40 certain boards and commissions.

41 No member of the General Assembly may serve on any of the
42 following boards or commissions:

43 (1) The Board of Agriculture, as established by G.S.
44 106-2.

- 1 (1a) Not effectuated.
- 2 (1b) The Rules Review Commission as established by G.S.
- 3 143B-30.1.
- 4 ~~(2) The Art Museum Building Commission, as established~~
- 5 ~~by G.S. 143B-59.~~
- 6 (3) The Governor's Advocacy Council for Persons with
- 7 Disabilities, as established by G.S. 143B-403.2.
- 8 (3a) The State Banking Commission, as established by
- 9 G.S. 53-92.
- 10 (4) The Board of Public Telecommunications
- 11 Commissioners, as established by G.S. 143B-426.9.
- 12 (5) The Board of Transportation, as established by G.S.
- 13 143B-350.
- 14 (6) The Board of Trustees Teachers' and State
- 15 Employees' Retirement System, as established by
- 16 G.S. 135-6.
- 17 (6a) Repealed by Session Laws 1991 (Regular Session,
- 18 1992), c. 1030, s. 33, effective July 24, 1992.
- 19 (7) The Coastal Resources Commission, as established by
- 20 G.S. 113A-104.
- 21 (8) The Environmental Management Commission, as
- 22 established by G.S. 143B-283.
- 23 (8a) The Genetic Engineering Review Board, as created by
- 24 G.S. 106-769.
- 25 (9) The State Fire and Rescue Commission, as
- 26 established by G.S. 58-78-1.
- 27 (10) The Public Officers and Employees Liability
- 28 Insurance Commission, as established by G.S. 58-32-
- 29 1.
- 30 (11) Repealed by Session Laws 1983 (Regular Session,
- 31 1984), c. 995, s. 4.
- 32 (12) Repealed by Session Laws 1987, c. 71, s. 4.
- 33 (13) The North Carolina Criminal Justice Education and
- 34 Training Standards Commission, as established by
- 35 G.S. 17C-3.
- 36 (14) The North Carolina Housing Finance Agency Board of
- 37 Directors, as established by G.S. 122A-4.
- 38 (15) The North Carolina Seafood Industrial Park
- 39 Authority, as established by G.S. 113-315.25.
- 40 (16) Repealed by Session Laws 1985, c. 479, s. 153(b).
- 41 (17) The Board of Trustees of the North Carolina School
- 42 of Science and Mathematics, as established by G.S.
- 43 116-233.

- 1 (18) The North Carolina Board of Science and Technology,
2 as established by G.S. 143B-426.30.
- 3 (19) Repealed by Session Laws 1989, c. 500, s. 107(b).
- 4 (20) Repealed by Session Laws 1989 (Regular Session,
5 1990), c. 1024, s. 23(a).
- 6 (21) The Board of Trustees of the University of North
7 Carolina Center for Public Television, as
8 established by G.S. 116-37.1.
- 9 (22) The Commission for Mental Health, Developmental
10 Disabilities, and Substance Abuse Services, as
11 established by G.S. 143B-147.
- 12 (23) Repealed by Session Laws 1993, c. 501, s. 12,
13 effective July 23, 1993.
- 14 ~~(24) The North Carolina Alcoholism Research Authority,~~
15 ~~as established by G.S. 122C-431.~~
- 16 (25) The North Carolina Ports Railway Commission, as
17 established by G.S. 143B-469.
- 18 (25a) The North Carolina Global TransPark Authority
19 as established under G.S. 63A-3.
- 20 (26) The North Carolina State Ports Authority, as
21 established by G.S. 143B-452.
- 22 (27) The Property Tax Commission, as established by G.S.
23 105-288.
- 24 (28) The Social Services Commission, as established by
25 G.S. 143B-154.
- 26 (29) The North Carolina State Commission of Indian
27 Affairs, as established by G.S. 143B-407.
- 28 (30) The Wildlife Resources Commission, as established
29 by G.S. 143-240.
- 30 (31) The North Carolina Council for Women, as
31 established by G.S. 143B-393.
- 32 (32) The Board of Trustees of North Carolina Museum of
33 Art, established by G.S. 140-5.13.
- 34 (33) The North Carolina Sheriffs' Education and Training
35 Standards Commission, established by G.S. 17E.
- 36 (33a) Repealed by Session Laws 1987, c. 738, s.
37 41(d).
- 38 (34) The Board of Trustees of the North Carolina Public
39 Employee Deferred Compensation Plan, as established
40 by G.S. 143B-426.24.
- 41 (34a) Repealed by Session Laws 1989 (Regular
42 Session, 1990), c. 1024, s. 23(b).
- 43 (34b) The North Carolina Housing Partnership, as
44 established by G.S. 122E-4.

- 1 (35) The Board of Trustees of the Teachers' and State
2 Employees' Comprehensive Major Medical Plan, as
3 established by G.S. 135-39.
- 4 (36) The Milk Commission as established by G.S. 106-
5 266.7.
- 6 (37) The State Board of Chiropractic Examiners as
7 established by G.S. 90-139.
- 8 (38) The North Carolina Manufactured Housing Board, as
9 established by G.S. 143-143.10.
- 10 (39) Repealed by Session Laws 1987, c. 71, s. 4.
- 11 (40) The Alarm System Licensing Board, as established by
12 G.S. 74D-4.
- 13 (41) Repealed by Session Laws 1985 (Regular Session,
14 1986), c. 1011, s. 2.1(c).
- 15 (42) The Crime Victims Compensation Commission, as
16 established by G.S. 15B-3.
- 17 (43) The North Carolina Council on Ocean Affairs, as
18 established by G.S. 143B-390.10.
- 19 (44) The Child Day-Care Commission, as established by
20 G.S. 143B-168.3.
- 21 (45) Repealed by Session Laws 1995, c. 517, s. 39,
22 effective October 1, 1995.
- 23 (45a) The North Carolina Teaching Fellows
24 Commission, as established by G.S. 115C-
25 363.22.
- 26 (46) The Board of Directors of the North Carolina
27 Arboretum, as established in G.S. 116-240.
- 28 (47) The North Carolina Agricultural Finance Authority,
29 as established by G.S. 122D-4.
- 30 (48) Reserved for future codification purposes.
- 31 ~~(49) The Northeastern North Carolina Farmers Market~~
32 ~~Commission as established by G.S. 106-720.~~
- 33 ~~(50) The Southeastern North Carolina Farmers Market~~
34 ~~Commission as established by G.S. 106-727.~~
- 35 (50a) The North Carolina Board of
36 Dietetics/Nutrition as created by Article 25
37 of Chapter 90 of the General Statutes.
- 38 (51) The State Building Commission, as established by
39 G.S. 143-135.25.
- 40 (52) The Commission on School Facility Needs,
41 established by G.S. 115C-489.4.
- 42 (53) The North Carolina Marine Fisheries Commission as
43 established by G.S. 143B-289.5.

- 1 (54) The North Carolina Low-Level Radioactive Waste
2 Management Authority, as established by G.S. 104G-
3 5.
4 (55) The North Carolina Health Insurance Trust
5 Commission, as established by G.S. 58-68-10.
6 (56) The North Carolina Hazardous Waste Management
7 Commission, as established by G.S. 130B-6.
8 (57) The Information Resource Management Commission, as
9 established by G.S. 143B-426.21.
10 (58) The Appraisal Board created in G.S. 93E-1-5.
11 (59) The North Carolina Aquariums Commission, as
12 established by G.S. 143B-390.15.
13 (59a) The North Carolina Principal Fellows
14 Commission established by G.S. 116-74.41.
15 (60) The Commission on School Technology, as established
16 by G.S. 115C-102.5, except as provided in G.S.
17 115C-102.5(c).
18 (61) The State Health Plan Purchasing Alliance Board, as
19 established by G.S. 143-625.
20 (62) The Northeastern North Carolina Regional Economic
21 Development Commission, as established by G.S. 158-
22 8.2.
23 (63) The Teacher Academy Board of Trustees, as
24 established by Section 17.9 of House Bill 229 of
25 the 1995 General Assembly [G.S. 116-30.01].
26 (63a) (Applicable January 1, 1997) The North
27 Carolina Code Officials Qualification Board,
28 as established by G.S. 143-151.9.
29 (64) A facility authority established under Part 4 of
30 Article 20 of Chapter 160A of the General Statutes.
31 (64a) (Applicable January 1, 1997) The North
32 Carolina Educational Facilities Finance
33 Agency, as established by G.S. 115E-4.
34 ~~(65) (Applicable January 1, 1997) The Board of Governors~~
35 ~~of the North Carolina Health Care Excess Liability~~
36 ~~Fund, as established by G.S. 58-47-20.~~
37 (66) (Applicable January 1, 1997) The Local Government
38 Commission, as established by G.S. 159-3.
39 (67) (Applicable January 1, 1997) The Board of Trustees
40 of the Natural Heritage Trust Fund, as established
41 by G.S. 113-77.8."

42 Sec. 30. G.S. 143B-10(d) reads as rewritten:

43 "(d) Appointment of Committees or Councils. -- The head of
44 each principal department may create and appoint committees or

1 councils to consult with and advise the department. The General
2 Assembly declares its policy that insofar as feasible, such
3 committees or councils shall consist of no more than 12 members,
4 with not more than one from each congressional district. If any
5 department head desires to vary this policy, he must make a
6 request in writing to the Governor, stating the reasons for the
7 request. The Governor may approve the request, but may only do so
8 in writing. Copies of the request and approval shall be
9 transmitted to the Advisory Budget Commission and to the Joint
10 Legislative Commission on Governmental Operations. The members of
11 any committee or council created by the head of a principal
12 department shall serve at the pleasure of the head of the
13 principal department and may be paid per diem and necessary
14 travel and subsistence expenses within the limits of
15 appropriations and in accordance with the provisions of G.S. 138-
16 5, when approved in advance by the Director of the Budget. Per
17 diem, travel, and subsistence payments to members of the
18 committees or councils created in connection with federal
19 programs shall be paid from federal funds unless otherwise
20 provided by law.

21 An annual report listing ~~these committees or councils~~, all
22 boards, commissions, committees, and councils, the total
23 membership on each, the cost in the last 12 months and the source
24 of funding, and the title of the person who made the appointments
25 shall be made to the Advisory Budget Commission and the Joint
26 Legislative Commission on Governmental Operations by March 31 of
27 each year.

28 Prior to taking any action under this subsection, the Director
29 of the Budget may consult with the Advisory Budget Commission."

30 Sec. 31. G.S. 147-16.2 reads as rewritten:

31 "**§ 147-16.2. Duration of boards and councils created by**
32 **executive officials; extensions.**

33 (a) Any executive order of the Governor that creates a board,
34 committee, council, or commission expires two years after the
35 effective date of the executive order, unless the Governor
36 specifies an expiration date in the order; provided, however,
37 that any such executive order that was in effect on July 1, 1983,
38 expires on June 30, 1985, unless the Governor specified a
39 different expiration date in any such order. The Governor may
40 extend any such executive order before it expires for additional
41 periods of up to two years by doing so in writing; copies of the
42 writing shall be filed by the Governor with the Office of State
43 Budget and Management, the Secretary of State and the State
44 Legislative Library.

1 (b) Any other State board, committee, council, or commission
2 created by the Governor or by any other State elective officer
3 specified in Article III of the North Carolina Constitution
4 expires two years after it was created; provided, however, that
5 any such board, committee, council, or commission existing as of
6 July 1, 1984, expires on June 30, 1985, unless it was due to
7 expire on an earlier date. The elective officer creating any such
8 board, committee, council, or commission may extend the board,
9 committee, council, or commission before it expires for
10 additional periods of up to two years by doing so in writing;
11 copies of the writing shall be filed by the elective officer with
12 the Office of State Budget and Management, the Secretary of State
13 and the State Legislative Library.

14 (c) Any State board, committee, council, or commission created
15 by any official in the executive branch of State government,
16 other than by those officials specified in subsections (a) and
17 (b), expires two years after it was created; provided, however,
18 that any board, committee, council, or commission existing as of
19 July 1, 1984, expires on June 30, 1985, unless it was due to
20 expire on an earlier date. The Governor may extend any such
21 board, committee, council, or commission before it expires for
22 additional periods of up to two years by executive order; copies
23 of the executive order shall be filed by the Governor with the
24 Office of State Budget and Management, the Secretary of State and
25 the State Legislative Library.

26 The words, "official in the executive branch of State
27 government," as used in this section, do not include officials
28 of counties, cities, towns, villages, other municipal
29 corporations or political subdivisions of the State or any
30 agencies of such subdivision, or local boards of education, other
31 local public districts, units or bodies of any kind, or community
32 colleges as defined in G.S. 115D- 2(2), or private corporations
33 created by act of the General Assembly.

34 (d) Any elective officer specified in subsection (b) and any
35 other official in the executive branch of State government who
36 creates a board, committee, council, or commission shall do so in
37 writing and shall file copies of the writing with the Office of
38 State Budget and Management, the Secretary of State and the State
39 Legislative Library."

40

41 EFFECTIVE DATE

42 Sec. 32. This act is effective upon ratification.

EXPLANATION OF THE PROPOSED LEGISLATION TO ABOLISH OR MERGE CERTAIN BOARDS AND COMMISSIONS

This bill abolishes or merges 30 different boards and commissions, most of which are inactive. This list is based on recommendations from the Reorganization Subcommittee. The Subcommittee identified 41 boards and commissions in State government that it felt should be abolished or merged. The Subcommittee solicited responses from the agencies that are responsible for these boards and commissions and allowed those agencies opposing abolition or merger to orally state their case before the Subcommittee.

After reviewing the written and oral testimony on these boards, the Subcommittee recommended abolishing or consolidating 31 of these boards and commissions. The Subcommittee found that the remaining boards and commissions on the list either should not be abolished or should be reviewed again in the fall.

The attached chart shows in summary form the board or commission, whether the proposal was to abolish or consolidate the board, the agency's response to the proposal, and the Subcommittee's recommendation. The Committee followed the Subcommittee's recommendations, except that it delayed until October 1, 1997, the abolition of the Employment Security Commission Advisory Council and the transfer of its functions to the State Job Training Coordinating Council. The Subcommittee had also recommended abolition of the Solid Waste Management Facilities Capital Financing Agency, pending further review by committee counsel. On further review, counsel determined that the enabling legislation for this board and the enabling legislation for local government financing of solid waste projects through special obligation bonds are intertwined in Chapter 159I of the General Statutes and recommended that the board not be abolished at this time. The Committee agreed not to abolish the board at this time.

The proposal also requires agencies to report to the State Budget Office on all boards and commissions for which they are responsible, not just those that are created by the department head. For the most part, agencies are already doing this. Agencies will also be required to report to the State Budget Office when they extend the life of a non-statutory board or commission beyond two years. Reports are currently required to go only to the Secretary of State and the Legislative Library.

BOARD**PROPOSAL****AGENCY RESPONSE****SUBCOMMITTEE**

| <u>Administration</u> | | | |
|--|--|--------------------------------|---------------------------|
| Juvenile Law Study Commission | Abolish - Inactive | Consolidate with another Board | Consolidate |
| Alcoholism Research Authority | Abolish - Inactive | Consolidate with another Board | Consolidate |
| Advis. Council on Eastern Band/Cherokee | Abolish - Inactive | Keep | Keep |
| Governor's Management Council | Abolish - Inactive | Abolish | Abolish |
| Gov. Task Force on Racial, Ethnic Violence, etc. | Abolish - Inactive | Already expired | Noted |
| Capital Building Authority | Consolidate with Capital Planning Commission | Already abolished | Noted |
| Indian Housing Authority | Consolidate w/Commission on Indian Affairs | Keep as is | Keep |
| Public Radio Advisory Committee | Consolidate w/Bd. Of Telecomm. Commission | Consolidate as proposed | Consolidate |
| Veterans Affairs Commission Advisory Comm. | Consolidate w/Veterans Affairs Commission | Keep as is | Consolidate & add members |
| Jobs for Veterans | Consolidate w/Veterans Affairs Commission | Consolidate as proposed | Consolidate |

| <u>Agriculture</u> | | | |
|---|--|------------|---------|
| NC Maritime Museum Advisory Committee | Abolish - Inactive | Abolish | Abolish |
| Cattle Disease Committee | Abolish - Inactive | Keep | Abolish |
| Swine Disease Committee | Abolish - Inactive | Keep | Abolish |
| Poultry Disease Committee | Abolish - Inactive | Keep | Abolish |
| Animal Welfare Advis. Committee | Abolish - Inactive | Keep | Abolish |
| Plant Conservation Scientific Committee | Consolidate w/Plant Conservation Board | Keep as is | Keep |
| Public Livestock Mkt. Advisory Board | Abolish | Abolish | Abolish |
| Northeastern Farmers Mkt.. Commission | | Abolish | Abolish |
| Northeastern Farmers' Market Advisory Board | | Abolish | Abolish |
| Southeastern Farmers' Market Commission | | Abolish | Abolish |

| <u>BOARD</u> | <u>PROPOSAL</u> | <u>AGENCY RESPONSE</u> | <u>SUBCOMMITTEE</u> |
|---|--|--|-------------------------------|
| Southeastern Farmers' Market Advisory Board | | Abolish | Abolish |
| Wholesale Distributor Advisory Committee | | Abolish | Abolish |
| <u>Community Colleges</u> | | | |
| System Long-Range Planning Comm. | Abolish - Inactive | Abolish | Abolish |
| <u>Crime Control and Public Safety</u> | | | |
| Mobilization Coordination Exec. Comm. | Abolish - Inactive | | Abolish |
| <u>Cultural Resources</u> | | | |
| America's 400 th Anniversary Committee | Abolish - task complete | Abolish | Abolish |
| Art Museum Building Commission | Abolish - task complete | Abolish | Abolish |
| <u>Employment Security/Commerce</u> | | | |
| ESC Advisory Council | Abolish - Inactive | Required by federal law | Consolidate w/ESC if possible |
| <u>Environment, Health and Natural Resources</u> | | | |
| SE Interstate Forest Fire Compact Advisory Comm. | Abolish - Inactive | Required by Compact (113-60.11, Art. 3) | Keep |
| Sedimentation Pollution Control Advis. Comm. | Abolish - Inactive | Keep | Keep |
| Nat'l Parks, Parkway, & Forest Developmnt Comm | Consolidate w/Economic Development Board | Keep as is | Keep |

| <u>BOARD</u> | <u>PROPOSAL</u> | <u>AGENCY RESPONSE</u> | <u>SUBCOMMITTEE</u> |
|---|-------------------------------|---|-----------------------------|
| <u>Human Resources</u> | | | |
| Performance Mgt. & Pay Advisory Board | Abolish - Inactive | Keep | Take no action |
| Consumer and Advocacy Advis. Comm for Blind | Consolidate w/Comm. For Blind | Keep, but add PACB duties | Follow agency's proposal |
| Professional Advisory Committee for Blind | Consolidate w/Comm. for Blind | Consolidate with Consumer & Advoc. Advis. Comm. for Blind | Follow agency's proposal |
| <u>Insurance</u> | | | |
| Health Care Excess Liability Fund Board | Abolish - Inactive | Abolish | Abolish |
| Property & Casualty Advisory Committee | Abolish - Inactive | Keep | Abolish |
| <u>Public Instruction</u> | | | |
| Home Economics Education Advisory Committee | Abolish - Inactive | Abolish | Abolish |
| Technology Education Advisory Committee | Abolish - Inactive | Keep | Abolish |
| <u>Secretary of State</u> | | | |
| Business Advisory Council | Abolish - Inactive | Abolish | Abolish |
| Securities Advisory Council | Abolish - Inactive | Abolish | Abolish |
| <u>State Treasurer</u> | | | |
| Solid Mgt. Cap. Projects Financing Agency | Abolish - Inactive | Abolish | Abolish (subject to review) |
| <u>University of North Carolina system</u> | | | |
| Advisory Committee (Pres. of Private Colleges) | Abolish - Inactive | Abolish (No official position) | Abolish |

AGENCY RESPONSES

**To Proposals to Abolish or Merge
Certain Boards and Commissions**



North Carolina Department of Administration

James B. Hunt Jr., Governor

Katie G. Dorsett, Secretary

April 4, 1996

Mr. Linwood Jones
Legislative Counsel
State Government Reorganization Subcommittee
545 Legislative Office Building
Raleigh, North Carolina 27603-5925

Re: Inactive Boards and Commissions in the
Department of Administration

Dear Mr. Jones:

I appreciate the opportunity to comment on several boards and commissions housed in the Department of Administration (DOA) that the State Government Reorganization Subcommittee is considering for abolition because of their inactivity. My office has investigated those boards in the department as identified in the March 28, 1996, letter from Senator Kerr and Representative Gray, and has made diligent efforts to contact the chairs of the boards as requested. In some instances, we were successful and have included their comments in the discussion below; in others, we were not able to make direct contact and spoke with others associated with the board in question. Those comments are also included.

- **Juvenile Law Study Commission (JLSC)**

This commission was established by the General Assembly in 1979 "to make continuing studies of the law, both statutory and judicial, as it pertains to juveniles, of agency services available to juveniles and their families." N.C.G.S. §7A-741. The Legislative Services Commission (LSC) is designated in N.C.G.S. §7A-744 as the support staff for the commission, subject to the approval of the LSC. The commission last met on June 30, 1993, and the Honorable William M. Neely was its last chairman.

Judge Neely resigned due to the lack of funding and interest of others in the commission, even though he feels strongly that it is "one of the most valuable commissions we have." He considers it very important to the youth of the State and feels that its overall focus on abuse, neglect, and dependency matters, as well as juvenile delinquency, made it unique in viewing all issues of juvenile law. Judge Neely feels the commission should be kept, and new appointments made to it, with appropriate funding.

116 West Jones Street • Raleigh, North Carolina 27603-8003 • Telephone 919-733-7232

State C **G-35** 1-01-00

An Equal Opportunity... ative Action Employer



Mr. Linwood Jones
April 4, 1996
Page Two

The Juvenile Justice Planning Committee (JJPC) of the Governor's Crime Commission is one existing committee that looks at many of the issues included in the charge of the JLSC. Prior to February 28, 1979, another adjunct committee of the Governor's Crime Commission, the Juvenile Code Revision Committee, existed to "study the existing laws, services, agencies and commissions and recommend whether they should be continued, amended, abolished or merged ..." N.C.G.S. §143B-480(c)(6). With the successful completion of the juvenile code revision, this committee's work was suspended.

If the General Assembly feels that juvenile law issues need to be constantly reviewed, a revamped Juvenile Code Revision Committee in the form and with the tasks of the JLSC might be one suggestion to achieve this. Another may be to enlarge the scope of the JJPC's mission to include abuse, neglect and dependency issues. In that the Governor's Crime Commission already has staff looking at juvenile issues, either of these could be an efficient, productive, and appropriate approach. DOA would defer to the will of the General Assembly on this commission's future.

- **North Carolina Alcoholism Research Authority (NCARA)**

This authority was created by the General Assembly in 1973 to "spend ... on research as to the causes and effects of alcohol abuse and for the training of alcohol research personnel", with expenditures being made in the form of grants to engage in such research or training. N.C.G.S. §122C-432. The Director of the Center for Alcohol Studies at UNC-CH is the executive secretary for the authority, which center shall review all grant applications and make recommendations for approval, as well as providing clerical assistance. The last meeting of the authority occurred on June 4, 1990. Its chairman is Sam Powell of Burlington, according to Representative Martha B. Alexander, who has served on the authority.

My office attempted to contact Mr. Powell, but was unsuccessful. Rep. Alexander did provide her insight into the authority's work, however. She feels that the grants made by the authority have allowed other money to be obtained for research, and that if funding by the legislature was forthcoming, more progress could be made. She says she will continue her efforts to obtain an appropriation, and feels the authority fills a unique niche in the scheme of substance abuse work.

Governor Hunt has created the Commission on Substance Abuse Treatment and Prevention as a comprehensive vehicle for approaching substance abuse issues. Executive Order 46, amended Executive Order 83. If the General Assembly wishes to consolidate the NCARA into the Governor's commission, it would allow the authority's work to be considered in such a comprehensive manner, and not in isolation. DOA would similarly defer to the General Assembly's wishes as to the NCARA.

Mr. Linwood Jones
April 4, 1996
Page Three

• **North Carolina Advisory Council on the Eastern Band of the Cherokee**

This advisory council was created in 1983 by the General Assembly "to study on a continuing basis the relationship between the Eastern Band of the Cherokee and the State of North Carolina in order to resolve any matters of concern to the State or the Tribe." N.C.G.S. §143B-411.2. All clerical and support staff was to be provided by the Secretary of Administration, in whose department also resides the North Carolina Commission of Indian Affairs. The last meeting of the council was on October 29, 1993, which is a correction to the information set out in the March 28, 1996 letter. Its current chairman is Ms. Mollie Blankenship, whom my office was unable to reach on short notice. Contact was made with Mr. Ben Bridgers, attorney for the Tribe, who is familiar with the council, its inception, and history.

While the council has recently been inactive, that status is not indicative of the council's past. The council was originally formed to provide a forum to work out problems between the Tribe and the State before they reached the point of litigation. In the late 1970's, there had been litigation over licenses, taxation, and other jurisdictional issues between the Tribe and the State, and communication was poor. The dialogue created by the council led to the possibility of settlements over issues like gaming. According to Mr. Bridgers, the major advantage for keeping the council intact is the safety valve it affords for contentious issues. In a way the council may be a victim of its own success, in that the forum it provides for communication has avoided litigation and solved problems. An issue contributing to the inactivity has been the uncertainty of the tribal leadership during the turmoil surrounding the past chief, Jonathan L. Taylor. The new tribal leadership is interested in continuing to use this process.

The Eastern Band of the Cherokee is the only federally recognized tribe in the state, and as such, occupies a unique position with unique problems. The Commission of Indian Affairs has a much broader mission than the council in serving all Native Americans in the state. The makeup of the advisory council includes eight tribal members, a representative of local government, and state officials. Because of this council's useful function in the past, and the current leadership's desire to continue a dialogue with the State, my recommendation would be to keep in place this advisory council.

• **Governor's Management Council (GMC)**

The council was created by the General Assembly in 1983 to coordinate efforts to make State government more efficient and productive. N.C.G.S. §143B-426.22. The Department of Administration was to be responsible for clerical and other services. Exhaustive research in the Governor's Office, DOA, and the State Archives has failed to discover where this council has been constituted and members appointed.

Mr. Linwood Jones
April 4, 1996
Page Four

The goals of the council are indeed laudable: Improvement of productivity and efficiency in delivery of services are goals of this administration. To that end, the Governor has established the Management Improvement Council (MIC) as an ad hoc interagency group to focus precisely on these issues. While not created officially by executive order, the MIC meets to review quality initiatives, and suggest improvements in much the same manner and with similar membership as the GMC.

In that the work of the GMC is being effectively done by the MIC, my recommendation would be to abolish the GMC and allow each administration to establish its own workplace efficiency effort, as has been done by Governor Hunt through the MIC.

- **Governor's Task Force on Racial, Religious & Ethnic Violence and Intimidation**

This task force was created by Executive Order 29 by Governor Martin, who extended its existence through December 29, 1994, by his Executive Order 185. The group had as its purpose the study of hate group activity and the development of initiatives for dealing with and preventing hate crimes. Any staff support needed was to be provided by the North Carolina Human Relations Council (now the North Carolina Human Relations Commission), in the Department of Administration. The last meeting of the task force was on October 19, 1990, and the chairman at the time was H. Edward Knox of Charlotte. Efforts to contact Mr. Knox were unsuccessful as he was out of town on business.


(It should be noted that by virtue of N.C.G.S. §147-16.2, since this task force was established by executive order, its charter has expired as of December 29, 1994, and the task force no longer exists.)

Nevertheless, the task force dealt with a very important issue facing the State, and made progress in dealing with it, such as assisting in passage of the Civil Rights Interference Act. The problem continues to exist, but the Human Relations Commission is established to deal with such issues. It is my considered opinion that while we must remain ever vigilant in confronting the problem, the Human Relations Commission is already positioned to vigorously monitor and suggest remedies for it. This recommendation by no means belittles the severity of the problem, but recognizes that an agency is already at work combating it.

Mr. Linwood Jones
April 4, 1996
Page Five

Again, many thanks for this opportunity to respond to the subcommittee on these boards and commissions. If my staff or I can be of further assistance, please let me know.

Sincerely,


for Katie G. Dorsett

KGD:rgp



North Carolina Department of Administration

James B. Hunt Jr., Governor

Katie G. Dorsett, Secretary

APR 15 1996

April 15, 1996

RECEIVED

APR 15 1996

RESEARCH DIVISION

Mr. Linwood Jones
Legislative Counsel
State Government Reorganization Subcommittee
545 Legislative Office Building
Raleigh, North Carolina 27603-5925

Re: Boards and Commissions in the
Department of Administration

Dear Mr. Jones:

Thank you for the opportunity to discuss the additional boards and commissions located in the Department of Administration that were set out in your e-mail message of April 9, 1996 to Jan Parker as candidates for abolition or merger. As with the previous boards my office has addressed, investigation of each board was conducted in a thorough fashion.

- **North Carolina Capital Building Authority**

This authority was originally created by the General Assembly in 1967, and its statutory authority found in Article 7 of Chapter 129 of the General Statutes. Pursuant to Section 2 of Chapter 71 of the 1987 Session Laws, the Capital Building Authority was abolished and has not been recreated. No further legislative action is necessary as to this authority.

- **North Carolina Indian Housing Authority (NCIHA)**

This authority was established by the General Assembly in 1977 "to provide housing for Indians of low income." N.C.G.S. § 157-67. The authorizing legislation was amended in 1993 to clarify that the NCIHA was in fact a housing authority like others that exist throughout the State, and not a separate state agency. See Chapter 201, 1993 Sess. Laws. Membership on the board is spread among various Indian tribes throughout the State.



Mr. Linwood Jones
April 15, 1996
Page Two

The authority was created to fill a need that was unmet by other agencies and normal housing providers. Housing in Indian communities was substandard and rental housing difficult to obtain. At the request of the Indian leadership in the State, the authority was created and has been successful in meeting these needs. As stated in the Annual Report of the North Carolina Commission of Indian Affairs for 1994-1995, "(t)he authority currently owns 254 housing units in" Cumberland, Hoke, Robeson, Halifax, and Sampson counties. In addition, the authority has development projects under grant from the Mutual Help Homeownership Opportunity Program to aid in the purchase of decent housing of modest design with the assistance of the U.S. Department of Housing and Urban Development (HUD). Moreover, the authority is funded by the Office of Indian Housing of HUD. See 1994-1995 Annual Report, pp. 19-20.

As a unique authority dealing exclusively with the housing needs of a special population of our citizens, the NCIHA has been able to effectively function as the body most responsive to inadequate housing issues among Native Americans in the State. The department believes that these needs will best be met by keeping the NCIHA intact, and urges the General Assembly to retain the board as it is currently constituted.

- **Public Radio Advisory Committee (PRAC)**

The PRAC was established in 1979 "to advise the Board [of Public Telecommunications Commissioners] on the distribution of State funds to public radio licensees in North Carolina and on any matter which the Board may refer to it." N.C.G.S. § 143B-426.12. The committee has met infrequently recently, but was much more active immediately following its creation.

At that time, public radio was not as widespread across the State as it is today. In large measure, the success of public radio is the result of the PRAC working with its parent board and the Agency for Public Telecommunications (APT). As public radio has spread, a major function of the PRAC was met; the PRAC still functions well when needed, but its major reason for being has ceased to exist.

If the PRAC was abolished, the Board and APT would continue to work with public radio as needed. The functions of the PRAC could be transferred to the Board, and cost savings could be realized. The department would defer to the will of the General Assembly as to whether the PRAC is necessary to protect and support public radio in the State.

Mr. Linwood Jones
April 15, 1996
Page Three

- **Veterans' Affairs Commission Advisory Committee (VACAC)**

This advisory committee was created in 1977 to provide advice and input from the various veterans' organizations across the State to the Veterans' Affairs Commission (VAC). N.C.G.S. § 143B-401. As such, the committee is composed of the heads of organizations like the Veterans of Foreign Wars and the Disabled American Veterans. It meets at the same time as the Veterans' Affairs Commission and has been able to advise the commission on veterans' issues from a veterans' standpoint.

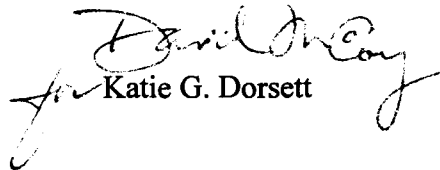
It is important to recognize that the Veterans' Affairs Commission has no places guaranteed on its membership for the heads of these organizations. The advisory committee, therefore, represents 150,000 veterans throughout the State and provides input as to the effectiveness of veterans' programs to the commission. The commission values the advisory committee for its work and desires to see it continued. The cost of the advisory committee is small in comparison to the advice it gives. Unlike other advisory committees, the mission of this committee will continue for as long as veterans live in North Carolina. The department urges its continuance.

- **Governor's Jobs for Veterans Committee**

This committee was established in 1977 to insure that the veterans' preference in State hiring was properly given and to promote the hiring of veterans across the State. N.C.G.S. § 143B-420. While this is an important function, the monitoring of job activity among veterans can be accomplished in the Division of Veterans' Affairs and the Veterans' Affairs Commission. If the General Assembly wishes to merge the functions and staff of this committee with the VAC, the department and the division have no strong objections to such a merger.

Thank you again for this chance to address the department's position on these boards and commissions, as we all work to achieve efficiency in State government. If my staff or I can be of further assistance, please let me know.

Sincerely,


for Katie G. Dorsett

KGD:rgp

cc: Jan Parker



James A. Graham
Commissioner

North Carolina
Department of Agriculture
Legal Affairs

David S. McLeod
Director

RECEIVED

APR 10 1996

RESEARCH DIVISION

MEMORANDUM

TO: Linwood Jones
General Assembly

FROM: David S. McLeod *David S. McLeod*
Director, Legal Affairs

DATE: April 4, 1996

RE: Inactive Boards and Commissions

Commissioner Graham has asked me to respond to the recent letter from the State Government Reorganization Subcommittee regarding inactive boards and commissions in the Department of Agriculture.

1) North Carolina Maritime Museum Advisory Committee. This committee is no longer active and should be abolished.

2) Cattle Disease Committee; 3) Swine Disease Committee; 4) Poultry Disease Committee and 5) Animal Welfare Advisory Committee. The information provided to the State Budget Office is incorrect due to an error on my part. These Committees have met more recently than indicated on the report, and the Cattle Disease, Swine Disease and Poultry Disease Committees have been fairly active. We will provide a corrected report as soon as possible. We would like to maintain these committees, and would point out that they operate at no cost to the State.

6) Grading Service Advisory Committee. This committee provides an important link between the Department's commodity grading service and the users of the service such as farmers, dealers and buyers of agricultural commodities. The Grading Service is fee-supported and it is important to obtain this feedback from its clientele.

We would also recommend that the Subcommittee consider abolishing several inactive statutory boards and commissions not on your list.

- 1) Northeastern Farmers Market Commission.
G.S. 106-720.
- 2) Northeastern Farmers Market Advisory Board.
G.S. 106-721.
- 3) Southeastern Farmers Market Advisory Commission.
G.S. 106-727.
- 4) Southeastern Farmers Market Advisory Board.
G.S. 106-728.
- 5) Wholesale Distributor Advisory Committee.
G.S. 106-145.11.

These boards and commissions have served their purpose, but have been inactive for several years.

We will update the information on the other boards and commissions as soon as possible. Please let me know if further information is needed.

DSM:jm

CC: James A. Graham
Weldon Denny
Maurice Weaver
Wayne Miller
Dr. George Edwards
Robert L. Gordon
Rodney Barfield



James A. Graham
Commissioner

North Carolina
Department of Agriculture
Legal Affairs

David S. McLeod
Director

MEMORANDUM

TO: Linwood Jones
Staff Counsel

FROM: David S. McLeod *D. McLeod*
Director, Legal Affairs

DATE: April 15, 1996

RE: Reorganization Subcommittee

Commissioner Graham has asked me to respond to your recent letter regarding the Plant Conservation Scientific Committee and the Public Livestock Market Advisory Board.

The Plant Conservation Scientific Committee consists of working scientists with specific knowledge about endangered and threatened plants in North Carolina. These scientists provide many hours of valuable service to the State of North Carolina. The Plant Conservation Board is then able to make policy decisions based on sound technical advice. For less than \$750 per year, the State has the benefit of the best scientific advice available. The Committee meets as needed, which varies from year to year. In 1995, the Committee met twice. The Department would like to continue this committee.

The Public Livestock Market Advisory Board meets only when we have an application for a public livestock market license. Due to the small number of applications for new licenses, the Advisory Board has met infrequently in recent years. The Department would not object to abolishing this board, so long as the Commissioner of Agriculture could still create advisory committees to use on an ad hoc basis.

Thank you for the opportunity to comment on this proposal. Please let me know if further information is needed.

DSM:jm

CC: James A. Graham
Weldon Denny
Dr. George Edwards
Howard Singletary

April 19, 1996

The Honorable Lyons Gray
The Honorable John Kerr
Co-Chairmen
Reorganization Subcommittee
N.C. General Assembly
16 West Jones Street
Raleigh, North Carolina 27603-5925

Dear Representative Gray and Senator Kerr:

We support your efforts to eliminate unnecessary boards and commissions. That is why we suggested the elimination of five boards and commissions that were not even on your list. We also agreed with your proposal to abolish two other boards and commissions that were no longer needed.

However, I am disappointed that you are proposing to abolish the Cattle Disease Committee, the Swine Disease Committee and the Poultry Disease Committee. These advisory committees are very important to our animal health programs. Control of animal diseases requires cooperation and input from producers. The fact that these committees do not meet on a regular basis does not lessen their importance. The important thing is that we have a list of producers who are willing to donate their time to assist us when the need arises. We also correspond with these committees and have telephone conference calls to avoid calling them to Raleigh unless absolutely necessary. These committees receive no per diem or expenses. They serve at no cost to the State.

Representative Lyons Gray
Senator John Kerr

Page 2

Please reconsider this proposal so that we can continue to have input from citizens who are affected by State government programs.

We will be glad to provide any other information your committee needs.

With all good wishes.

Cordially,

James A. Graham
Commissioner of Agriculture

JAG:jm

CC: Weldon Denny
Maurice Weaver
Dr. George Edwards
Dr. John Atwell
Chuck Miller



RECEIVED

APR 8 1996

RESEARCH DIVISION

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

LLOYD V. HACKLEY
PRESIDENT

April 3, 1996

ALAMANCE COMMUNITY COLLEGE
ANSON COMMUNITY COLLEGE
ASHEVILLE-BUNCOMBE
TECHNICAL COMMUNITY COLLEGE
BEAUFORT COUNTY
COMMUNITY COLLEGE
BLADEN COMMUNITY COLLEGE
BLUE RIDGE COMMUNITY COLLEGE
BRUNSWICK COMMUNITY COLLEGE
CALDWELL COMMUNITY COLLEGE
& TECHNICAL INSTITUTE
CAPE FEAR COMMUNITY COLLEGE
CARTERET COMMUNITY COLLEGE
CATAWBA VALLEY
COMMUNITY COLLEGE
CENTRAL CAROLINA
COMMUNITY COLLEGE
CENTRAL PIEDMONT
COMMUNITY COLLEGE
CLEVELAND COMMUNITY COLLEGE
COASTAL CAROLINA
COMMUNITY COLLEGE
COLLEGE OF THE ALBEMARLE
CRAVEN COMMUNITY COLLEGE
DAVIDSON COUNTY
COMMUNITY COLLEGE
DURHAM TECHNICAL
COMMUNITY COLLEGE
EDGECOMBE COMMUNITY COLLEGE
FAYETTEVILLE TECHNICAL
COMMUNITY COLLEGE
FORSYTH TECHNICAL
COMMUNITY COLLEGE
GASTON COLLEGE
GUILFORD TECHNICAL
COMMUNITY COLLEGE
HALIFAX COMMUNITY COLLEGE
HAYWOOD COMMUNITY COLLEGE
ISOTHERMAL COMMUNITY COLLEGE
JAMES SPRUNT COMMUNITY COLLEGE
JOHNSTON COMMUNITY COLLEGE
LENOIR COMMUNITY COLLEGE
MARTIN COMMUNITY COLLEGE
MAYLAND COMMUNITY COLLEGE
MCDOWELL TECHNICAL
COMMUNITY COLLEGE
MITCHELL COMMUNITY COLLEGE
MONTGOMERY COMMUNITY COLLEGE
NASH COMMUNITY COLLEGE
PAMLICO COMMUNITY COLLEGE
PIEDMONT COMMUNITY COLLEGE
PITT COMMUNITY COLLEGE
RANDOLPH COMMUNITY COLLEGE
RICHMOND COMMUNITY COLLEGE
ROANOKE-CHOWAN
COMMUNITY COLLEGE
ROBESON COMMUNITY COLLEGE
ROCKINGHAM COMMUNITY COLLEGE
ROWAN-CABARRUS
COMMUNITY COLLEGE
SAMPSON COMMUNITY COLLEGE
SANDHILLS COMMUNITY COLLEGE
SOUTHEASTERN COMMUNITY COLLEGE
SOUTHWESTERN COMMUNITY COLLEGE
STANLY COMMUNITY COLLEGE
SURRY COMMUNITY COLLEGE
TRI-COUNTY COMMUNITY COLLEGE
VANCE-GRANVILLE
COMMUNITY COLLEGE
WAKE TECHNICAL
COMMUNITY COLLEGE
WAYNE COMMUNITY COLLEGE
WESTERN PIEDMONT
COMMUNITY COLLEGE
WILKES COMMUNITY COLLEGE
WILSON TECHNICAL
COMMUNITY COLLEGE
NC CENTER FOR APPLIED
TEXTILE TECHNOLOGY

Mr. Linwood Jones
Counsel to the General Assembly's
State Government Reorganization Subcommittee
545 Legislative Office Building
Raleigh, NC 27603-5925

Dear Mr. Jones:

Thank you for the opportunity to provide input on the abolishment of committees and boards, particularly the one in our purview.

My staff and I have no problem whatsoever with abolishing the "System Long-Range Planning Committee." In fact, since it is no longer needed in its originally established format and since the terms of its members have expired, I endorse the official abolishment of the System Long-Range Planning Committee.

Sincerely,


Lloyd V. Hackley

C: Dr. J. Parker Chesson, Jr.
Executive Vice President and Vice
President for Planning and Research

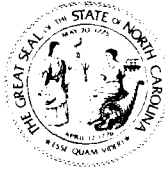
MEMORANDUM

April 17, 1996

To: *Linwood Jones***From: *Joe Stewart, Legislative Liaison*****Re: *Mobilization Coordination Executive Committee***

It appears this group was established to examine and coordinate private industry in the event of nuclear attack or military invasion of the State. As a result, the Secretary concurs with your assessment that it can be abolished.

**cc: *Richard Moore*
*Stacey Phipps-Hampton***



**North Carolina Department of Cultural Resources
Office of the Secretary**

James B. Hunt, Jr., Governor

Betty Ray McCain, Secretary

April 12, 1996

**Mr. Linwood Jones
Attorney, Legislative Research Commission
Room 545, Legislative Office Building
Raleigh, North Carolina 27603**

Dear Mr. Jones:

The Department of Cultural Resources concurs in the decision to abolish the America's 400th Anniversary Committee and the North Carolina Museum of Art Building Commission. These committees are no longer active.

With kind personal regards, I am

Sincerely,

A handwritten signature in cursive script that reads "Betty Ray McCain".

**Betty Ray McCain
Secretary
Department of Cultural Resources**

BRM:lsb

**cc: Elizabeth F. Buford
Dr. Jeffrey J. Crow
Dr. Lawrence Wheeler
Jan Parker**

G-51

**109 East Jones Street • Raleigh, North Carolina 27601-2807
(919) 733-4867**

NORTH CAROLINA EMPLOYMENT SECURITY COMMISSION

LEGAL DEPARTMENT

TO: Linwood Jones, Staff Attorney
North Carolina General Assembly

FROM: T. S. Whitaker, Chief Counsel *File*

DATE: April 1, 1996

SUBJECT: N.C.G.S. 96-4(e)

The United States Secretary of Labor (USDOL) is charged with the responsibility of reviewing the unemployment insurance laws of each State to determine if such laws establish an approved system and are eligible to continue to receive payments under the Federal Unemployment Tax Act.

One longstanding legal provision requires the USDOL to establish a Federal Advisory Council composed of men and women representing employers and employees in equal numbers and the public for the purpose of formulating policies and discussing problems relating to employment.

The former Chair of the North Carolina Employment Security Commission, Ann Q. Duncan, served on the USDOL's Advisory Council on Unemployment Compensation which on January 10, 1996 submitted its most recent report after holding numerous public hearings in many parts of the country. The group received the views of workers and employers, as well as those of government officials.

The USDOL requires each State to have a similar Advisory Council composed of individuals representing employees, employers, and the public in equal numbers. The State Councils are required to meet and receive public input the same as the Federal Advisory Council.

MEMORANDUM

Linwood Jones
April 1, 1996
Page Two of Two

North Carolina Employment Security Law currently meets the above-stated USDOL requirement. N.C.G.S. 96-4(e) is almost identical to its Federal counterpart. In essence the function of both is to allow the public to have input into the formulation of unemployment insurance policies and procedures which will be utilized by the Federal and State government agencies. There is virtually no cost connected to this activity at the State level, other than the per diem and limited expenses specified in the statute.

Attached please find the 1985 H.B. 483 with a one page explanation.

The function of the Employment Security Commissioners as authorized in N.C.G.S. 96-4(a) is to administer the provisions of Chapter 96. This function is distinctly different and separate from the functions of the Advisory Council.

Please advise if other information is needed.

Attachments

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1985
RATIFIED BILL

CHAPTER 197
HOUSE BILL 483

AN ACT TO ASSURE COMPLIANCE OF THE NORTH CAROLINA EMPLOYMENT SECURITY LAW WITH FEDERAL LAW.

The General Assembly of North Carolina enacts:

Section 1. G.S. 96-4(e) is amended by rewriting it to read as follows:

"(e) Advisory Councils. The Governor shall appoint a State Advisory Council composed of men and women representing employers, employees, and the general public, in equal numbers. The Chairman of the Commission shall be a member of the State Advisory Council and shall serve as its chairman. There shall be 15 members of the Council (other than its chairman) who shall each be appointed for a term of four years. A quorum of the State Advisory Council shall consist of the chairman, or such appointed member as he may designate, plus one half of the total appointed members. The function of the Council shall be to aid the Commission in formulating policies and discussing problems related to the administration of this Chapter. Each member of the State Advisory Council attending meetings of the Council shall be paid the same amount per diem for his services as is provided for the members of other State boards, commissions, and committees who receive compensation for their services, including necessary time spent in traveling to and from his place of residence within the State to the place of meeting while engaged in the discharge of the duties of his office, and his actual mileage and subsistence at the same rate allowed to State officials."

Sec. 2. G.S. 96-6 is amended by adding a new subsection to read:

"(f) Any interest required to be paid on advances under Title XII of the Social Security Act shall be paid in a timely manner and shall not be paid, directly or indirectly, from amounts in the unemployment insurance fund."

Sec. 3. G.S. 96-8(13) is rewritten to read:

(13)a. 'Wages' shall include commissions, bonuses, any sums paid to an employee by an employer pursuant to an order of any court, the National Labor Relations Board, or any other lawfully constituted adjudicative agency or by private agreement, consent, or arbitration for loss of pay by reason of discharge, and the cash value of all remuneration in any medium other than cash. The reasonable cash value of remuneration in any medium other than cash shall be estimated and determined in accordance with rules prescribed by the Commission; provided, if the remuneration of an individual is not based upon a fixed period or duration of time or if the individual's wages are paid at irregular intervals or in such manner as not to extend regularly over the period of employment, the wages for any week or for any calendar quarter for the purpose of computing an individual's right to unemployment benefits only shall be determined in such manner as

AN ACT TO ASSURE COMPLIANCE OF THE NORTH CAROLINA EMPLOYMENT
SECURITY LAW WITH FEDERAL LAW

Section 1

Advisory Council

In 1984, an omnibus bill that abolished little used boards inadvertently did away with the statewide Employment Security Commission Advisory Council. The Federal Wagner-Peyser Act under which the Employment Security Commission operates and to which our law must conform requires that this statewide council be in place.

This section puts the statewide advisory council back in place. This bill section is very similar to the prior law with the following exceptions:

- (1) The language setting forth the composition of the Council has been made identical to the Federal statutory language.
- (2) The Chairman of the Employment Security Commission serves as the Chairman of the Council. This is appropriate since the advisory nature of the Council requires immediate dialogue between the Council and the Commission.
- (3) No provision is made for local advisory councils since local councils are not federally required and experience has shown them to be ineffective.

State of North Carolina
 Department of Environment,
 Health and Natural Resources
 Division of Land Resources



James B. Hunt, Jr., Governor
 Jonathan B. Howes, Secretary
 Charles Gardner, P.G., P.E.
 Director and State Geologist

April 16, 1996

MEMORANDUM

TO: Mr. Linwood Jones
FROM: Nell Nevils, Chief ^{1. M. 71.}
 Land Quality Section
RE: Sedimentation Control Commission Advisory Committee

This Advisory Committee provides technical expertise to the Sedimentation Control Commission in the fields of water resources, soil science, engineering and landscape architecture. The Committee consists of representatives of the environmental community, regulated community, consulting community and academia. The Committee gives worthwhile technical advise to the Commission on new rules, policies and on training and education that the regulated community may need. The committee is composed of voluntary members with a wide range of experience and expertise and has in the past been invaluable to the Sedimentation Control Commission. The cost to the State for this Committee is minimal, consisting of limited per diem and travel cost. The Committee only meets when its technical expertise is needed and may meet a number of times during a short time span. If the Commission has to pay for the services provided by this Committee, it could be very costly to the Commission and the State of North Carolina. Therefore, it is requested that this Committee not be abolished.

cc: Assistant Secretary Linda B. Rimer
 Charles H. Gardner

Geological Survey Section
 (919) 733-2423
 FAX: (919) 733-0900

Land Quality Section
 (919) 733-4574
 FAX: 733-2576

Geodetic Survey Section
 (919) 733-3836
 FAX: 733-4407

North Carolina Park, Parkway, and Forest Development Council

The council was originally formed to address issues involving the needs of the State of North Carolina as they related to the Great Smoky Mountains National Park, the Blue Ridge Parkway, and the Pisgah and Nantahala Forests. The spectrum of these issues focused around "development" of recreational facilities, travel and tourism opportunities and transportation in the region.

The responsibilities remain timely and even more important today. The work of this council is practical and pragmatic as WNC continues to address these types of issues through the council. Given that over 25% of all lands in WNC are in federal ownership today, and that the Blue Ridge Parkway and Great Smoky Mountains National Park are the heart of the region's travel and tourism industry (11.5 and 8.5 million visitors annually respectively). Development pressures that threaten the Parkway, pollution which threatens all forest lands in the region, federal budget cuts which are closing public recreational facilities throughout the region, and transportation planning which has again become a focus for the Smokies are examples of the types of issues which this council must address on behalf of the citizens of this state. Without such a voice, the economy of this region and the entire state will suffer.

Some will argue that these responsibilities are those of the Department of Commerce's Economic Development Board. However, I would argue that this council was established to allow knowledgeable residents of WNC who know the area and its history and understand the issues and implications thereof, to provide sound advice to the State of North Carolina.

The responsibilities of the Council have also been evolving during the last several years. Members now must have a strong understanding of the types of environmental issues confronting these public properties and how they ultimately affect WNC's economy. Much work needs to be done around transportation issues involving the Great Smoky Mountains National Park and the Eastern Band of the Cherokee Indians, of both a short- and long-term nature. Issues such as entrance fees into the Smokies are serious concerns. The federal government's inability to adequately finance maintenance and upkeep on federal lands is the real underlying problem which this state must attempt to address. Additionally, construction of the Blue Ridge Parkway headquarters and the building of an adequate visitors center at Oconaufee remain priority projects for the council. This council serves in that advocacy role. Elimination of this council could provide a serious deficiency in the state's policies toward our federal lands.

Statutory elimination of the North Carolina Park, Parkway, and Forest Development Council at this time would be a grievous error. The federal agencies managing our lands need all the help they can get today; the council can serve to assist them while looking after the best interest of our citizens simultaneously.



North Carolina Department of Human Resources

101 Blair Drive • Post Office Box 29526 • Raleigh, North Carolina 27626-0526
(919) 733-4534 • Courier 56-20-00

James B. Hunt Jr., Governor

April 9, 1996

C. Robin Britt, Sr., Secretary

Mr. Linwood Jones
545 Legislative Office Building
Raleigh, North Carolina 27603-5925

Dear Mr. Jones:

This letter responds to a recent request from the State Government Reorganization Subcommittee for comments on the need for a departmental Performance Management & Pay Advisory Board. I understand that the subcommittee members will review and evaluate boards and commissions which meet infrequently to determine whether or not they should be abolished. Based upon the information which follows, I believe that the Performance Management & Pay Advisory Board is both necessary and vital to the administration of a statewide performance management system in the Department of Human Resources.

- In April, 1993, the Department of Human Resources adopted a behavior-based performance management system which required significant time and effort for planning, implementation, and training. This new system, which was adopted by a number of state agencies prior to 1993, is sanctioned and recommended by the Office of State Personnel, and we believe that it represents a more meaningful, positive method for measuring employee performance than the task-based system used in DHR in the past. The Board did not meet during the planning and implementation phases of the new system, but plans are in place to resume meetings on a regular basis.

Although this committee did not meet on a regular basis during the transition from one system to another, we recognize and acknowledge its importance in evaluating and assessing the department's performance appraisal system. The Board is representative of our departmental workforce in terms of race, gender, position classification and salary grade, and it is an important forum for employees and managers alike to have meaningful input in the performance management system in the Department of Human Resources.

I appreciate the opportunity to respond to any concerns members of the subcommittee may have concerning our Board. If I can provide further information or clarification, please call me at (919) 733-2940.

Sincerely,

Stephen E. Davis, Director
Division of Personnel Services

SED:sd

cc: Secretary Britt
Barb Kunz



North Carolina Department of Human Resources
Division of Services for the Blind

309 Ashe Avenue • Raleigh, NC 27606-2102

April 15, 1996

James B. Hunt, Governor
C. Robin Britt, Sr., Secretary

John B. DeLuca, Director
(919) 733-9822
FAX (919) 733-9769

TO: Linwood Jones
Attorney, Research Division
General Assembly

FROM: 
John B. DeLuca
Director

SUBJECT: DSB Professional Advisory Committee - GS 143B-161
DSB Consumer and Advocacy Advisory Committee - GS 143B-163
DSB Commission for the Blind - GS 143B-157

As noted above, there are currently two Committees and one Commission associated with the Division of Services for the Blind. It is the Division's preference that the role of the Professional Advisory Committee and the Consumer and Advocacy Advisory Committee be reviewed with a goal of combining these two bodies into one committee which would function in an advisory capacity to state agencies serving blind and visually impaired individuals and advocate for improved services for this population across departments. This role would be consistent with the current role of the Consumer and Advocacy Advisory Committee. This change would decrease from three to two the number of Committees and Commissions with the reconstituted Consumer and Advocacy Advisory Committee having broad responsibility and the Commission for the Blind having responsibility and authority, including rulemaking authority, limited to the programs administered by the Division of Services for the Blind. Described below are some additional points to be considered in looking at combining these groups.

In regard to the possibility of combining these two committees with the DSB Commission for the Blind, the Division views this as a less favorable option. The DSB Commission for the Blind functions as the federally mandated advisory body for the Division's Vocational Rehabilitation Program as well as advising the Division on operation of its other programs.

One strength of the Consumer and Advocacy Advisory Committee is the diversity of representation on the group. Currently individuals who are receiving services from DSB are able to serve on the Committee and individuals or entities from whom the Division purchases services can serve on the Committee. That is not, however, the case with the DSB Commission for the Blind since that body has advisory responsibilities for programs administered by DSB. Rewriting the statutes to allow for involvement by either DSB program consumers or providers could result in a conflict of interest.

The Consumer and Advocacy Advisory Committee is viewed as a group charged with advocating for better services for blind individuals across departments. For example, the Consumer and Advocacy Advisory Committee has recently been involved in advocacy efforts related to education services for blind and visually impaired children through DPI and library services for blind and visually impaired individuals offered through the N. C. Library for the Blind and Physically Disabled, Department of Cultural Resources. The DSB Commission for the Blind is viewed as a Division-specific body, and it is not likely that service providers outside this Division would place any real value on the recommendations of a body entitled "DSB Commission for the Blind."

Believing that it is important to retain a high level of involvement on the part of blind and visually impaired individuals and providers who serve these individuals, our preference would be to maintain two separate bodies--the DSB Commission for the Blind operating under the current statutes and a revised Consumer and Advocacy Advisory Committee which incorporates membership from and responsibilities of the Professional Advisory Committee. It would also be our preference to involve both of these groups very early in the process of redefining the role and restructuring the groups.

Finally, a point to be made is that this Division works very closely with eye care providers--opticians, optometrists, and ophthalmologists in this State. The Professional Advisory Committee is made up of representatives from each of these three provider groups. It is very important to us and to the consumers whom we serve that a good working relationship is maintained with these providers.

cc: Jan Parker
Lynne Perrin
Alicia Wright
Marc Lodge
Angie McMillan



DEPARTMENT OF INSURANCE

State of North Carolina

P O Box 26387

RALEIGH N C 27611

April 1, 1996

RECEIVED

APR 3 1996

RESEARCH DIVISION

JIM LONG

COMMISSIONER OF INSURANCE

(919) 733-7343

Mr. Linwood Jones
Research Division
N.C. General Assembly
545 Legislative Office Building

VIA FACSIMILE (919) 715-5460

Dear Linwood:

This is in response to your March 28 letter, in which you asked for comments about the possible abolition of the N.C. Health Care Excess Liability Fund and the Property and Casualty Advisory Liaison Committee.

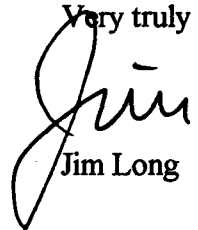
The Fund was created by the 1975 General Assembly in its 1976 Regular Session to provide excess liability insurance coverage for health care providers who had primary coverage but could not obtain excess coverage in the voluntary market. At that time there was a critical shortage of insurers willing to write this line of insurance. As it turned out, at about the time the Fund's Board was appointed and operating, the voluntary market opened up. A survey conducted by the Board showed little interest among health care providers in participating in the Fund.

Ten years later, during another liability insurance crisis, the 1985 General Assembly in an extra session in 1986 enacted legislation to provide for risk sharing plans for insurance that was not available in the voluntary market but was required in the public interest. This law (Article 42 of Chapter 58 of the General Statutes) probably could be used in lieu of the Fund (Article 47 of Chapter 58 of the General Statutes) to provide excess liability coverage if the need ever arises. There was some discussion about the Fund in 1986, and the General Assembly decided to leave that law on the books just in case. I would recommend leaving the Fund law on the books in case it is needed. If the General Assembly were to nevertheless decide to repeal the Fund law, I would recommend repealing the risk sharing plan expiration provision in G.S. 58-42-55.

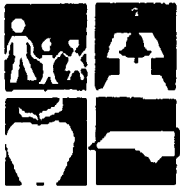
Mr. Linwood Jones
April 1, 1996
Page 2

The advisory committee was created in 1989, and meets on an "as needed" basis to provide expertise and advice to the Department, especially to the Property and Casualty Division staff. The committee comprises members of the insurance industry, who bring much knowledge and experience to the table. It was created under the auspices of G.S. 58-2-30. Because this group is a valuable asset and costs very little to have, I would recommend leaving it intact.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jim", with a large, sweeping flourish that loops back under the name.

Jim Long



Public Schools of North Carolina

Richard L. Thompson
Deputy State Superintendent

Department of Public Instruction
301 N. Wilmington Street
Raleigh, North Carolina 27601-2825

April 11, 1996

Mr. Linwood Jones, Staff Counsel
Legislative Services Office
North Carolina General Assembly
Raleigh, N.C. 27603-5925

RE: Committees by the State Government Reorganization Subcommittee

Dear Mr. Jones:

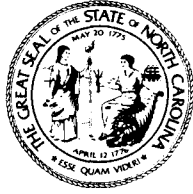
In response to your letter dated April 3, 1996, to Superintendent Etheridge regarding the identification of committees by the State Government Reorganization Subcommittee, we are recommending that the North Carolina Home Economics Education Advisory Committee be abolished but that the Technology Education Advisory Committee be retained. The latter meets on-call and will be an important avenue for advice as we move to implement a number of initiatives in technology for the public schools.

Your cooperation is appreciated.

Sincerely,

Richard L. Thompson

RLT/JEH/mrl



State of North Carolina
Department of the Secretary of State

JANICE H. FAULKNER
SECRETARY OF STATE

April 8, 1996

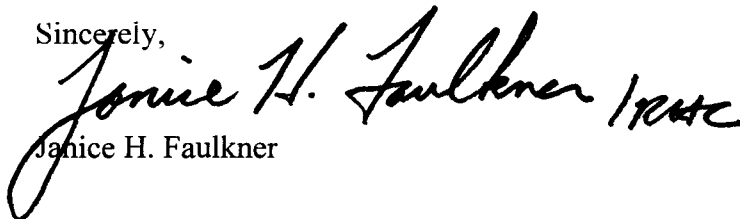
Mr. Linwood Jones
Staff Attorney
Research Division
545 Legislative Office Building
Raleigh, North Carolina 27603-5925

Dear Mr. Jones:

This is a response to the recent inquiry from Senator John H. Kerr and Representative Lyons Gray concerning the work of the State Government Reorganization Subcommittee on inactive boards and commissions. Specifically, I was asked to comment on the Secretary of State's Business Advisory Council and the Securities Advisory Council. These committees were formed by the previous Secretary of State, but neither group has met since February, 1994. While I am sure these councils served a very useful purpose, I feel that abolishing them at this time would be prudent.

Thank you for bringing this matter to my attention. If I can be of further assistance please do not hesitate to contact me at 733-5140.

Sincerely,


Janice H. Faulkner

cc: Senator John H. Kerr
Representative Lyons Gray

G-64



HARLAN E. BOYLES
TREASURER

State Of North Carolina
Department Of State Treasurer

State and Local Government Finance Division
and the Local Government Commission

ROBERT M. HIGH
DEPUTY TREASURER

April 10, 1996

MEMORADUM

To: Linwood L. Jones, Staff Attorney
Research Division

From: Robert M. High *RMH*
Secretary, Local Government Commission

Subj: North Carolina Solid Waste Management Capital Projects Financing Agency
Chapter 159I, General Statutes of North Carolina

In response to your inquiry about the status of the referenced agency, please be advised that although rules for its operation have been adopted, board member appointed, and other procedures undertaken to make the agency operational, the original agency appropriations were frozen and withdrawn during the 1990-91 budget crunch. Since that time the agency has received no further funding.

Without State appropriations, the agency will continue to be dormant. I would note that the legislation that created the agency also provides authority for local individual units to issue special obligation bonds for solid waste projects (non-voted debt, supported by non-tax revenues). This authority is routinely employed as a financing tool for local solid waste projects.

If I can be of further assistance, please let me know.