

FISCAL RESEARCH DIVISION

A Staff Agency of the North Carolina General Assembly

The Department of Commerce



William Childs

March 14, 2017

Outline

- Commerce Overview
 - Organizational Structure
 - Budget History
- Division Summaries
 - Base Budget
 - Function



Base Budget, FY 2017-19 Biennium

<i>General Fund Budget Code: 14600</i>							
	2014-15 Actual	2015-16 Actual	2016-17 Authorized	2017-18 Adjust.	2017-18 Base Budget	2018-19 Adjust.	2018-19 Base Budget
Expenditures	\$ 127,596,045	\$ 102,897,737	\$ 221,751,208	\$ (24,244,353)	\$ 197,506,855	\$ (24,244,353)	\$ 197,506,855
Less Receipts	\$ 59,850,826	\$ 45,206,135	\$ 63,090,767	\$ 1,157	\$ 63,091,924	\$ -	\$ 63,091,924
Net Approp.	\$ 67,745,219	\$ 57,691,602	\$ 158,660,441	\$ (24,245,510)	\$ 134,414,931	\$ (24,244,353)	\$ 134,414,931
Positions	420.75	340.25	332.50	0.00	332.50	0.00	332.50

Expenditures: \$197.5 M

Less Receipts: \$ 63.1 M

Net Appropriation: \$134.4 M

Reductions: (\$24.2 M net appropriation)

No FTE changes

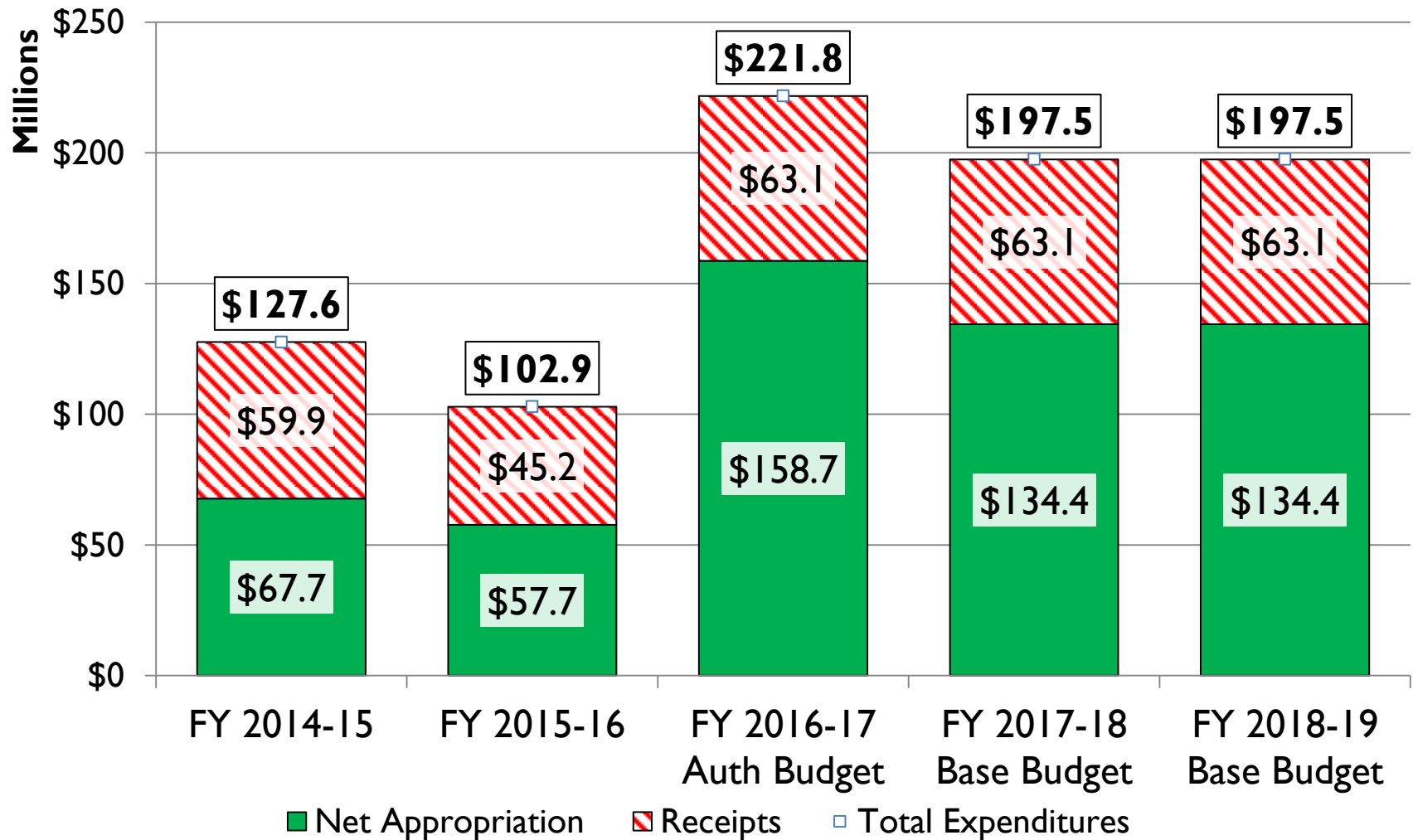


Base Budget Adjustments

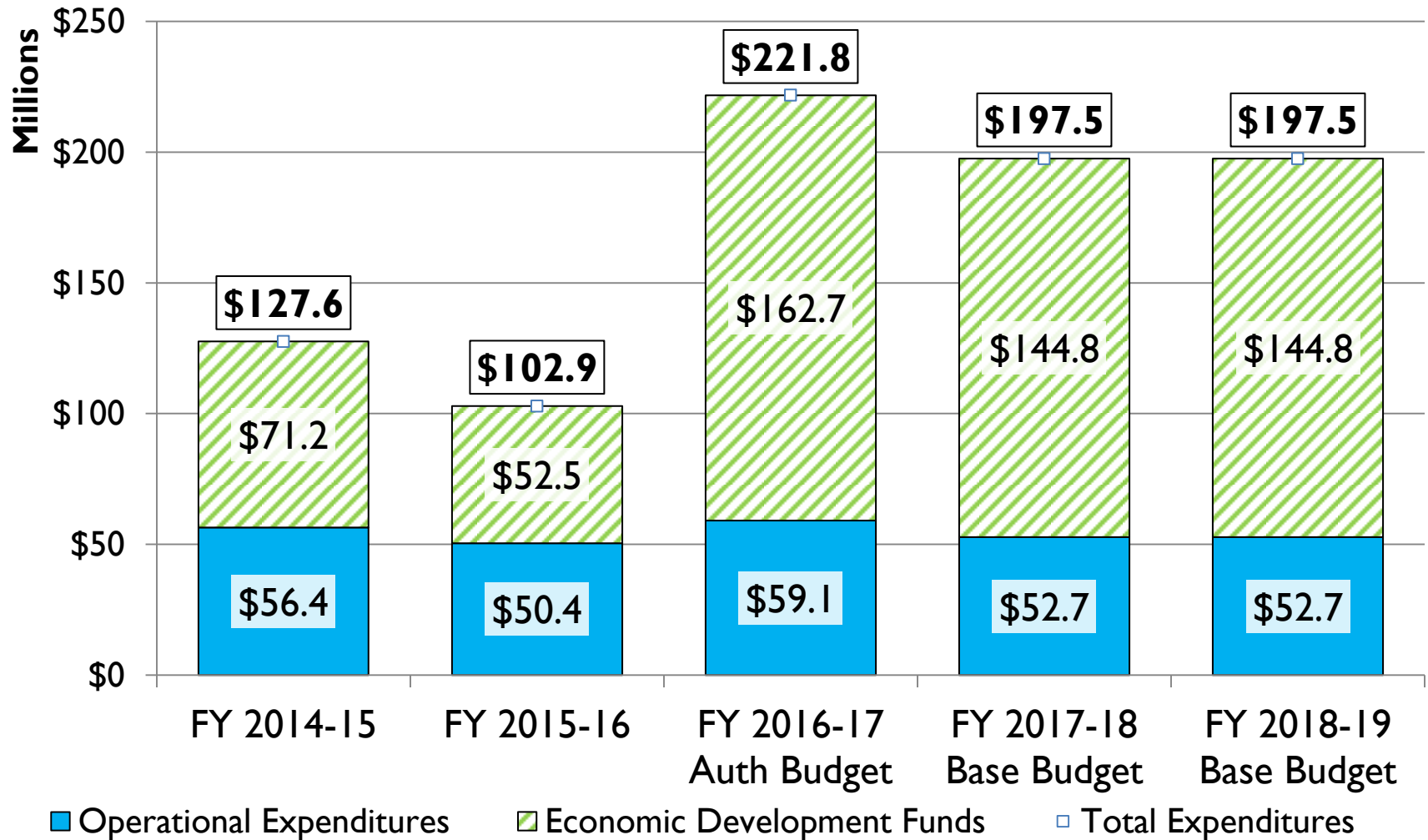
- Retirement, Salaries & Benefits, Indirect Overhead Costs: \$48K
- One NC Fund: \$418K
- JDIG Fund: \$10.0M
- Disaster Relief: (\$10.25M)
- One NC Small Business Funding: (\$3.0M)
- Domestic and International Advertising: (\$3.75M)
- Tourism Advertising: (\$1.0M)
- Additional Reserves and Grants: (\$12.8M)
- International Recruiting Coordination Office: (\$750K)
- EDPNC Funding: (\$274K)
- Apprenticeship Program: (\$500K)



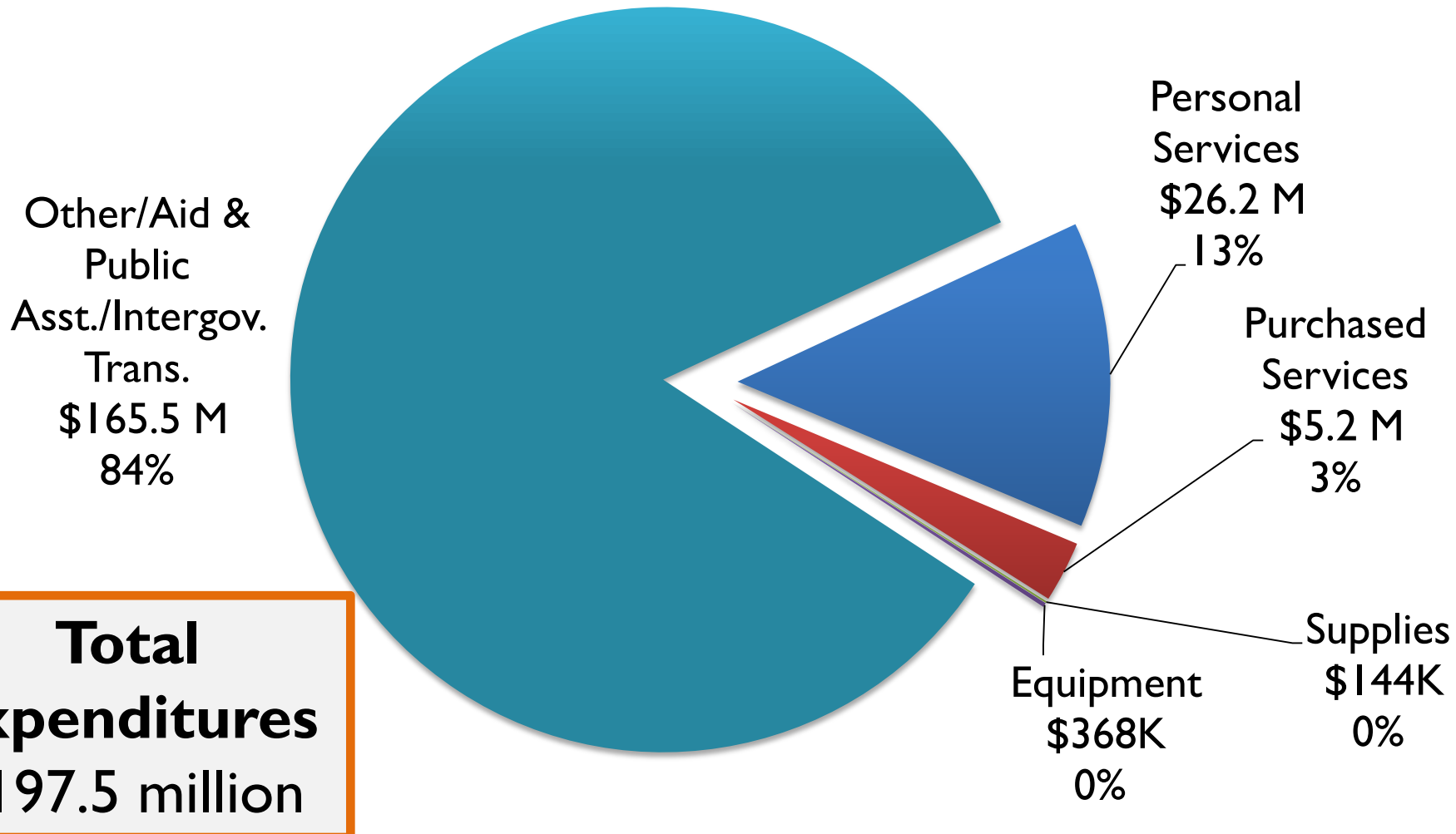
5 Year Expenditure History



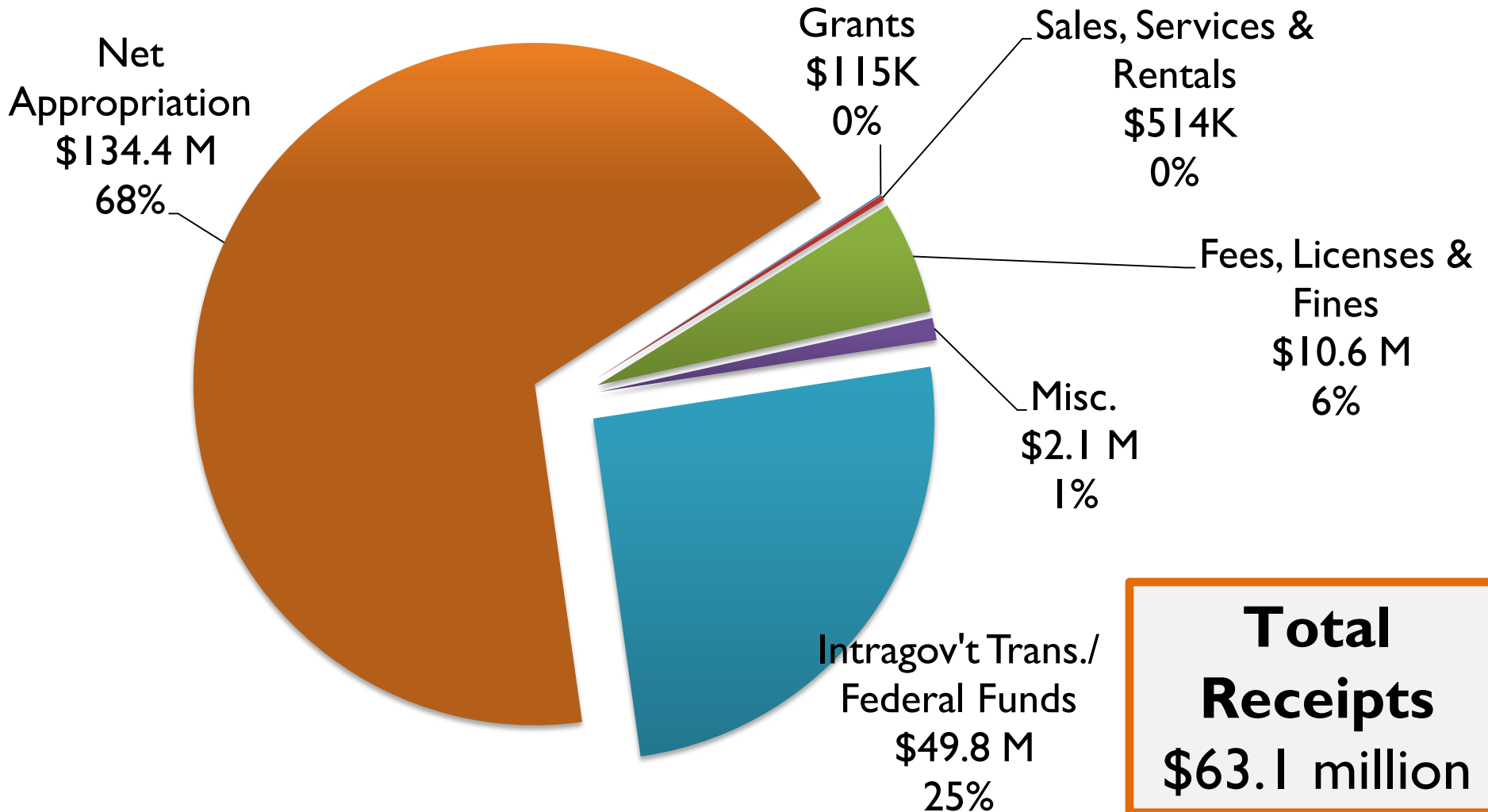
5 Year Expenditure History



Base Budget Expenditures, FY 2017-18



Source of Funds, FY 2017-18



Commerce Fund Codes: 14600

1111 Administration

1113 Office of Science, Technology & Innovation

1114 Economic Development Partnership of NC, Inc.

1120 Management Information Systems (MIS)

1130 Labor and Economic Analysis Division (LEAD)

~~1477 NC BRIM-Operating~~

1520 Commerce Graphics

~~1531 Business and Industry Development~~

~~1532 NC Business Service Center~~

1534 Rural Economic Development Division

~~1541 International Trade Division~~



Commerce Fund Codes: 14600

1551 Travel Inquiry

1552 Welcome Centers

~~1561 Wanchese – Marine Industrial Park~~

1581 Industrial Finance Center

1620 Community Assistance

1631 Community Development Block Grants (CDBG)

1632 Community Assistance - NSP

1831 Industrial Commission Administration

1912 Reserves and Transfers



Commerce Operational Divisions

Administration (1111 and 1912)

Management Information Systems (MIS) (1120)

Commerce Graphics (1520)

Labor and Economic Analysis Division (LEAD) (1130)

Travel Inquiry/Welcome Centers (1551 and 1552)

Office of Science, Technology & Innovation (1113)

Commerce Finance Center (1581)

Rural Economic Development Division/Community Assistance
(1534, 1620, 1642, and 1634)



Commerce Non-GF Areas

Division of Employment Security

Division of Workforce Solutions

Wanchese Seafood Park

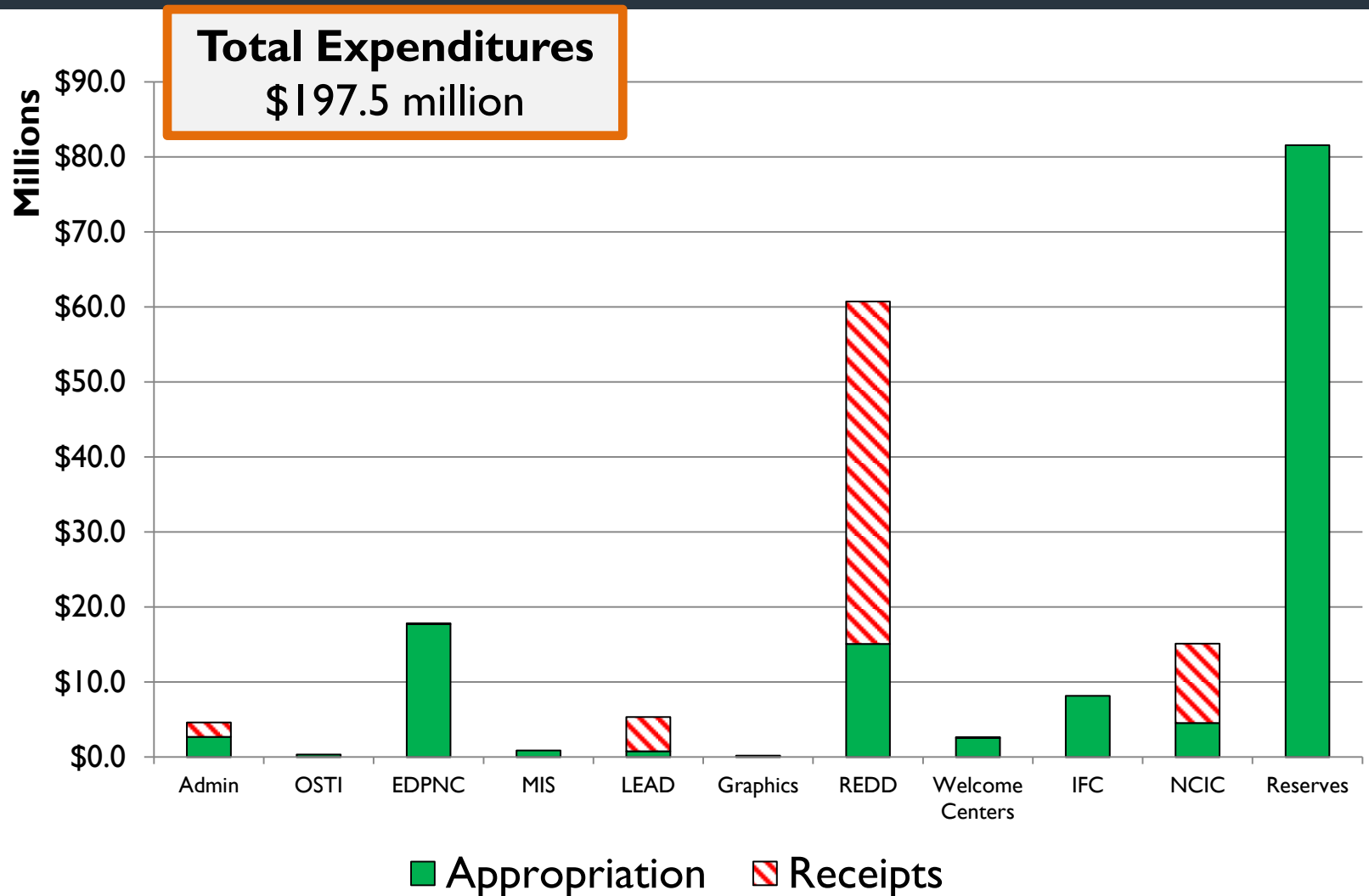
Pilotage Commissions – Morehead City and Cape Fear

Boards & Commissions:

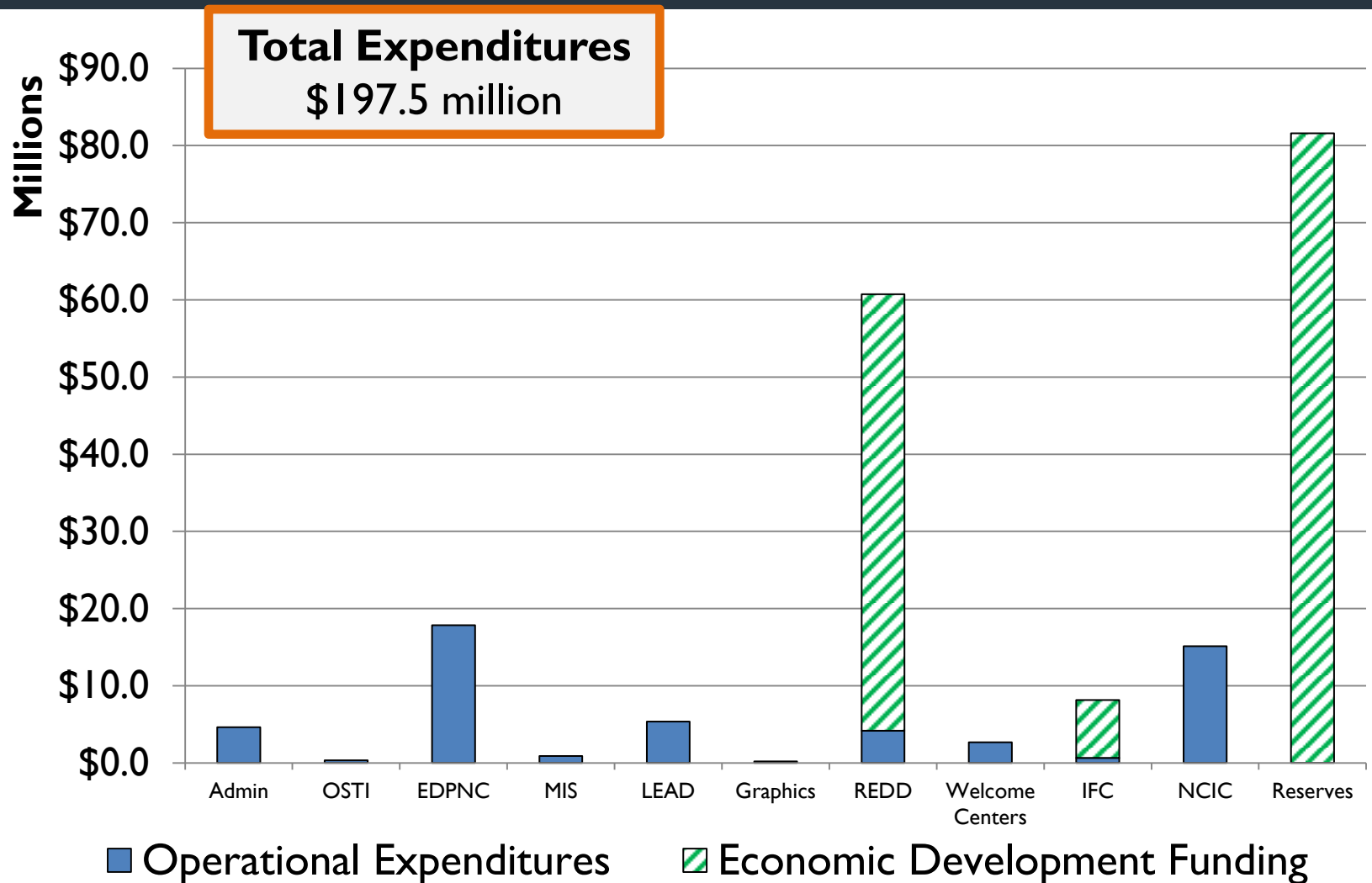
- Utilities Commission & Public Staff
- Rural Electrification Authority
- State Banking Commission
- Credit Union Division
- Lottery Commission



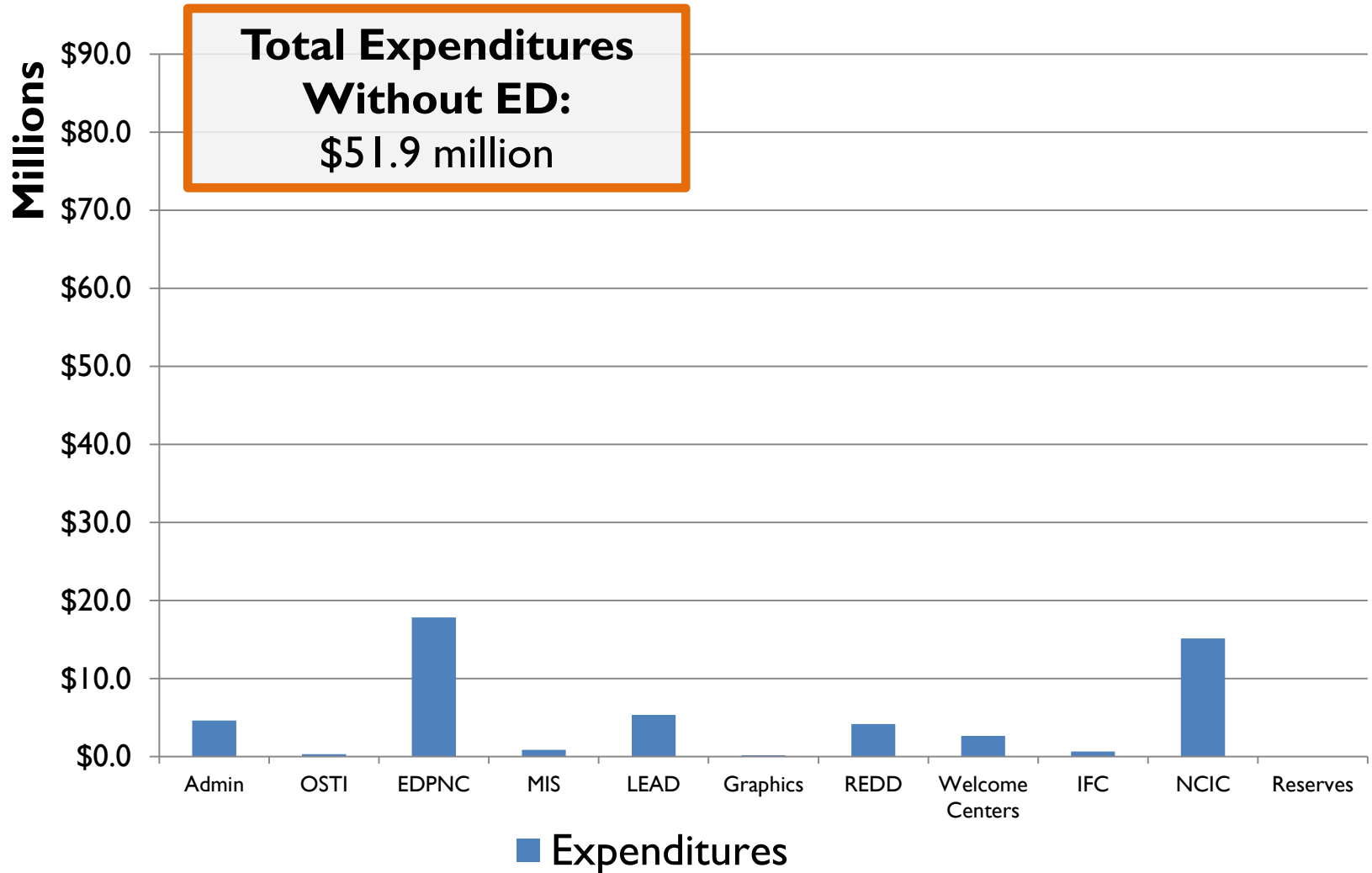
Expenditures By Division, FY 2017-18



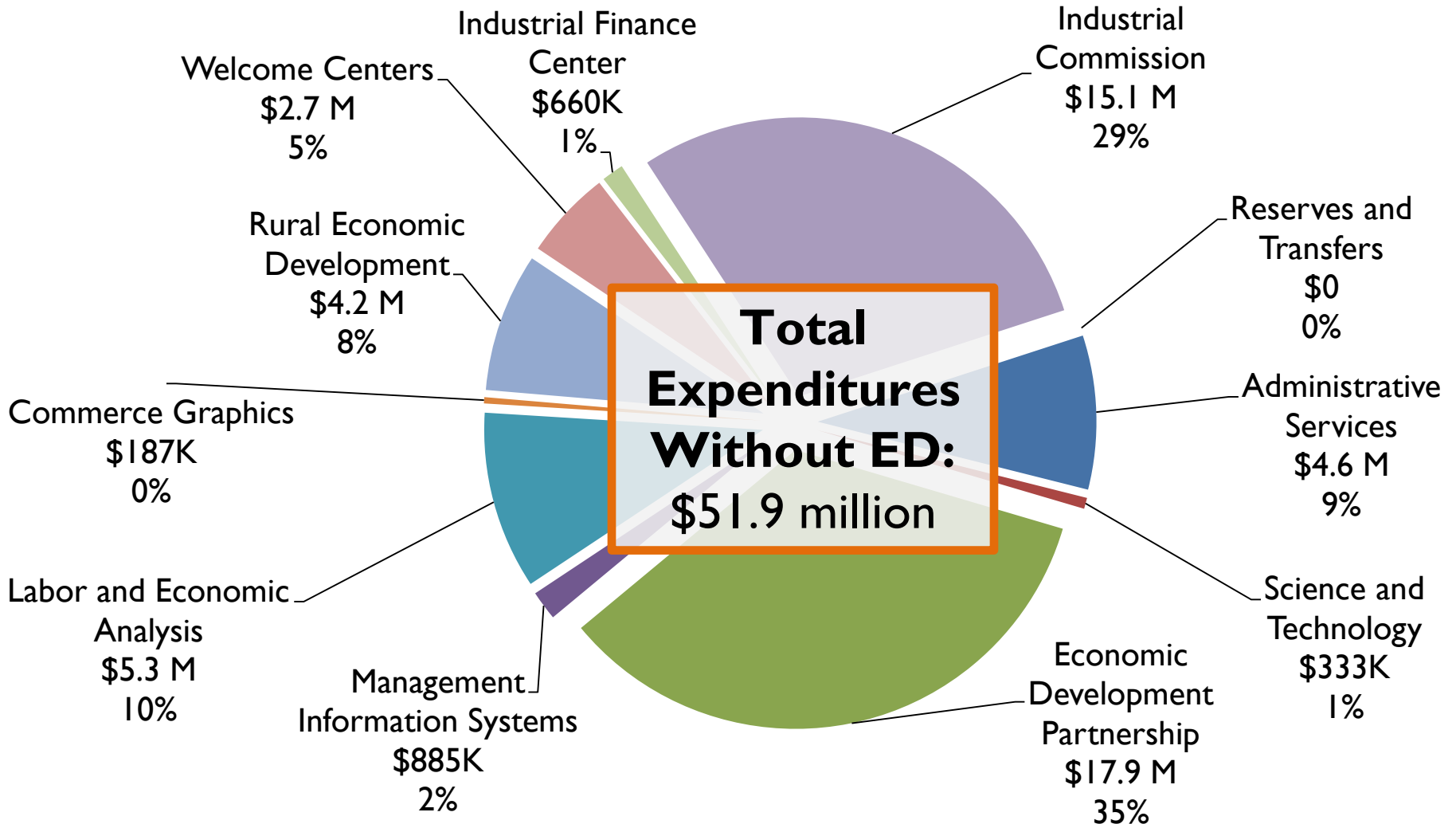
Expenditures By Division, FY 2017-18



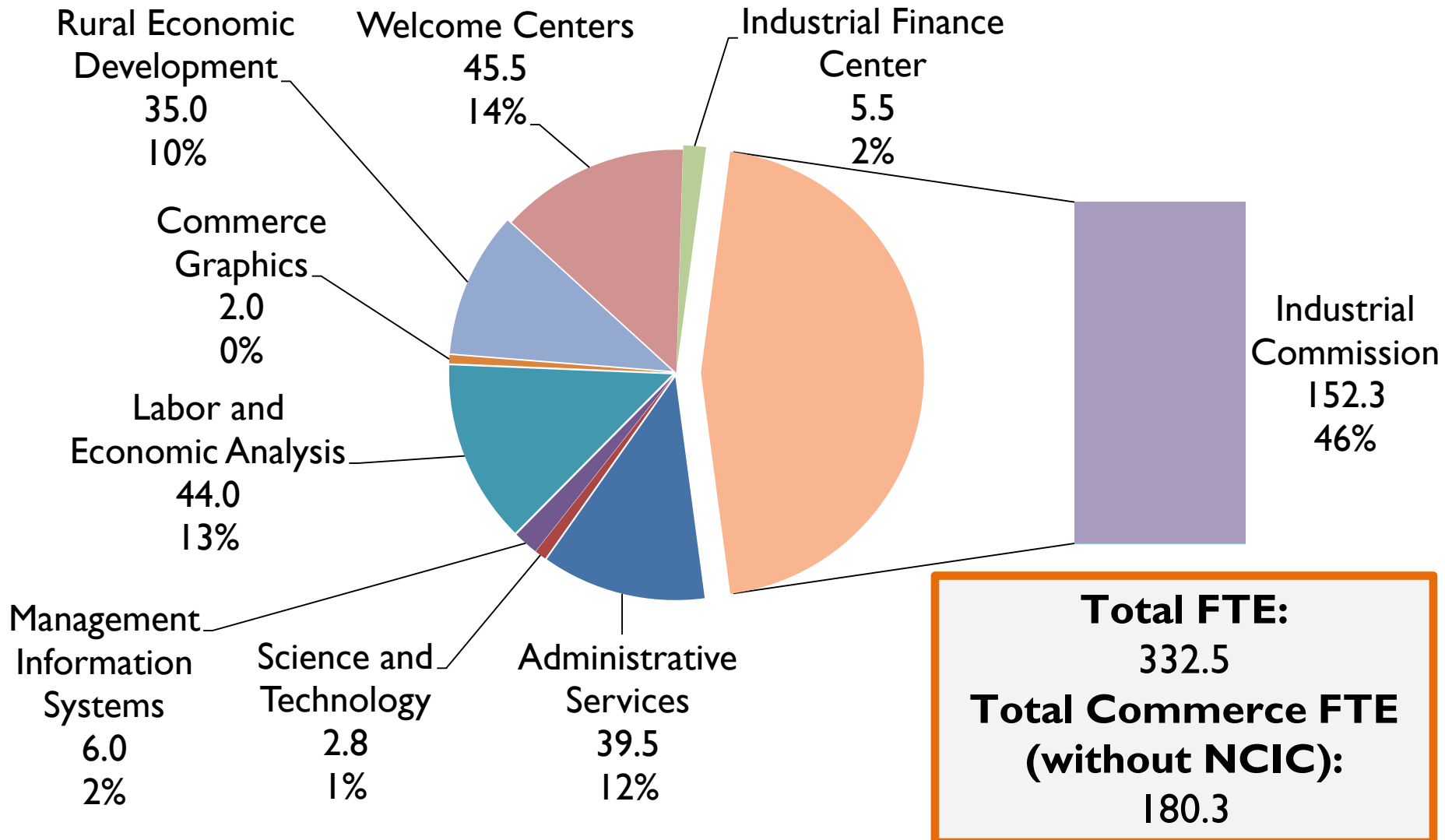
Expenditures By Division – ED Funding Removed, FY 2017-18



Expenditures By Division – ED Funds Removed, FY 2017-18



FTE By Division



Commerce Takeaways

- Funding for Commerce Operations is stable – in FY 2017-18:
 - Operations: 27% - \$52.7M
 - Economic Development Funds: 73% - \$144.8M
- Recent Innovations:
 - Rural Economic Development Division
 - Economic Development Partnership of NC
 - International Recruiting Coordination Office



Administration

- Executive Management
- Human Resources
- Legal
- Legislative Affairs
- Budget/Finance
- Procurement/Contracting
- **International Recruiting Coordination Office**

FY 2017-18 GF Base Budget (in millions)	
Expenditures	\$ 4.6
Receipts	\$ 1.9
Appropriation	\$ 2.7
Positions	39.5



Administration-Reserves

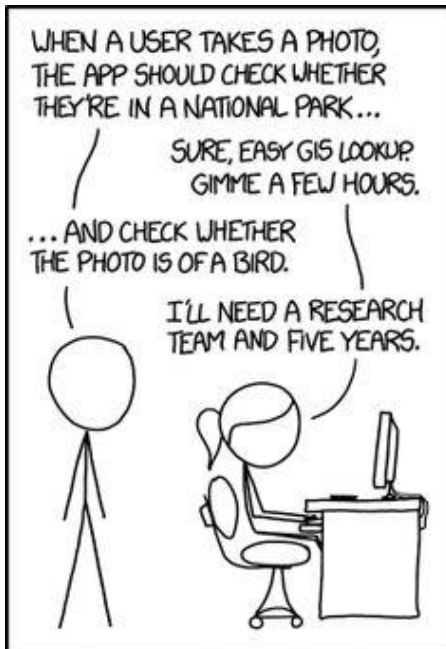
- \$71.7 M for Job Development Investment Grants (JDIG)
- \$9.0 M for One NC Fund
- \$850K for Apprenticeship Program under the Division of Workforce Solutions
- 100% to be transferred to special funds

FY 2017-18 GF Base Budget (in millions)	
Expenditures	\$ 81.6
Receipts	\$ -
Appropriation	\$ 81.6
Positions	-



Management Information Systems

- IT
- Web Management



FY 2017-18 GF Base Budget (in millions)	
Expenditures	\$ 0.8
Receipts	\$ -
Appropriation	\$ 0.8
Positions	6.0

Commerce Graphics

- Printing
- Illustration
- Design

FY 2017-18 GF Base Budget (in millions)	
Expenditures	\$ 0.2
Receipts	\$ 0.1
Appropriation	\$ 0.1
Positions	2.0



Labor and Economic Analysis Division

- Administers and collects data
- Conducts research
- Analyses, reports, and disseminates information on:
 - the state's economy
 - labor force
 - educational issues
 - workforce-related issues

FY 2017-18 GF Base Budget (in millions)	
Expenditures	\$ 5.3
Receipts	\$ 4.6
Appropriation	\$ 0.7
Positions	44.0



Notable LEAD Responsibilities

- Tier Rankings
- Collection of NC Employment Statistics for the Bureau of Labor Statistics
- Statistical databases:
 - Common Follow-Up System (CFS)
 - AccessNC database (in partnership with EDPNC)
 - Demand Driven Data Delivery System (D4)



Welcome Centers/Travel Inquiry

- 9 Welcome Centers



- 3 FTE in Travel Inquiry

FY 2017-18 GF Base Budget (in millions)	
Expenditures	\$ 2.7
Receipts	\$ 0.1
Appropriation	\$ 2.6
Positions	45.5

Welcome Centers

- Distribute Official NC Travel Guide, official state map, and other marketing publications
- Offer travel information
- Book room reservations for visitors staying overnight in NC
- Open 8 - 5 daily
- Closed on New Year's Day, Thanksgiving Day, Christmas Eve, and Christmas Day



Office of Science, Technology & Innovation

- Administers the One NC Small Business Grant Program
- Staffs the N.C. Board of Science, Technology & Innovation
- Reports on innovation and strategy

FY 2017-18 GF Base Budget (in millions)	
Expenditures	\$ 0.3
Receipts	\$ -
Appropriation	\$ 0.3
Positions	2.8



Commerce Finance Center

- Base Budget includes \$7.5 M for Job Maintenance and Capital Development Fund
- Manages benchmarks and disbursements of statewide incentive awards

FY 2017-18 GF Base Budget (in millions)	
Expenditures	\$ 8.2
Receipts	\$ -
Appropriation	\$ 8.2
Positions	5.5



Commerce Finance Center

Incentive programs managed:

- JDIG
- One North Carolina Fund
- JMAC
- Expanded Gas Products Service to Agriculture Fund (Ag-Gas)
- Film and Entertainment Grant Fund
- Industrial Development Fund – Utility Account (in connection with Rural Economic Development Division)



Rural Economic Development Division

- Base Budget includes ED funds:
 - \$43.6M for CDBG (NCGA decides how much transferred to DEQ for water infrastructure grants)
 - \$1.9M from Neighborhood Stabilization Program
 - \$12.2M for Rural Infrastructure Grants

FY 2017-18 GF Base Budget (in millions)	
Expenditures	\$ 60.7
Receipts	\$ 45.7
Appropriation	\$ 15.1
Positions	35.0

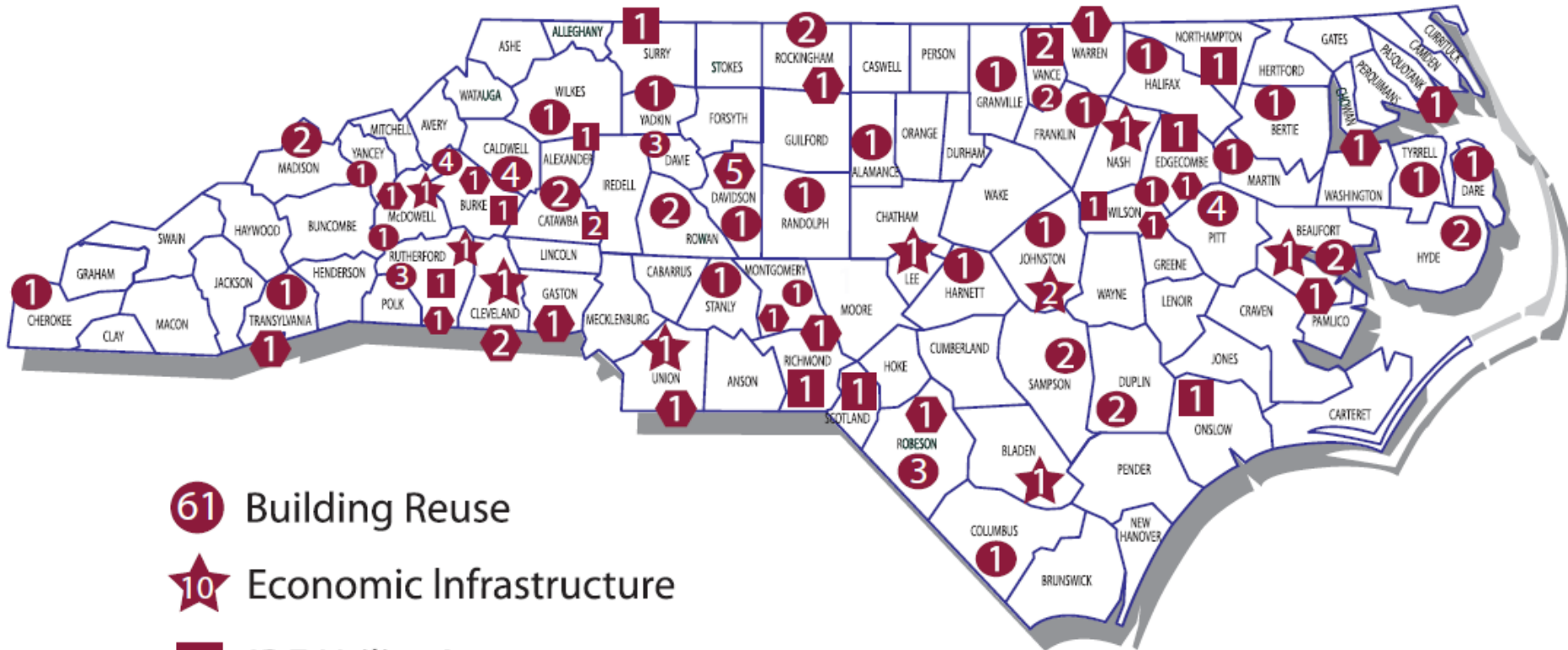


Rural Economic Development Division

- Created in the 2013 Appropriations Act
- Also created the Rural Infrastructure Authority (RIA) to award REDD grants
- Grants administered include:
 - Rural Infrastructure Grants (previously The Rural Center)
 - Building Reuse
 - Economic Infrastructure
 - Industrial Development Fund Utility Account
 - Community Development Block Grant-Economic Development (Previous Division of Community Assistance in Commerce)



RIA Awards, FY 2015-16



- 61** Building Reuse
- 10** Economic Infrastructure
- 14** IDF Utility Account
- 23** CDBG Economic Development
- 1** Confidential Projects

NC Department of Commerce



Rural Economic Development Division

Also Oversees:

- NC Main Street Center
- Appalachian Regional Commission NC Program
- Economic Advancement and Planning
 - Asheville Regional Office
 - Washington Regional Office
 - Winston-Salem Regional Office



Rural Economic Development Division

Other Programs:

- Broughton Hospital (\$500K NR)
- Downtown Revitalization Grants (\$5.7M NR in FY 2016-17)
- Commerce Fellows (\$750K from deobligated CDBG)
- NC Broadband Funding (\$500K NR and \$1.25M from deobligated CDBG)



Economic Development Partnership of North Carolina (EDPNC)

- 2014: NCGA authorized Commerce to contract with nonprofit for certain functions
 - S.L. 2014-18, NC Econ. Dev. Partnership Modifications
- October 6, 2014: Commerce signed five-year contact with the Economic Development Partnership of NC

FY 2017-18 GF Base Budget (in millions)	
Expenditures	\$ 17.8
Receipts	\$ 0.1
Appropriation	\$ 17.7
Positions	-



EDPNC Function

EDPNC took over Commerce functions for:

- Tourism, Film, & Sports Development
- Business & Industry Development
- International Trade
- Marketing & Customer Service
- Business Link North Carolina (BLNC)



EDPNC Functions

Replaces (in FY 2013-14 funds):

- Tourism, Film & Sports Development: \$10.5M
- Business & Industry: \$3.9M
- International Trade Division: \$2.1M
- Marketing: \$2.5M
 - Commerce retained 3 FTE/\$300K and \$1.5 M for branding
- NC Business Services Center: \$300K

Total: \$17.5 M



EDPNC Fundraising

Fundraising Requirements:

- \$250K prior to entering contract
- \$750K in first year
- \$1.25 M every year after
- EDPNC considers each year to run from date of contract in October
- Fundraising goals met Oct 2014-Oct 2015 (first year) and Oct 2015-Oct 2016 (second year)



EDPNC Business Recruitment

For business recruitment:	FY 2013-14 (Commerce)	FY 2014-15 (EDPNC)	FY 2015-16 (EDPNC)
Number of jobs announced by the Department in total.	14,369	14,812	14,806
Number of jobs announced resulting from recruitment of new businesses.	5,589	7,690	6,506
Number of jobs announced resulting from existing business expansions.	8,780	7,122	8,300
Total U.S. dollar amount of investment resulting from new projects.	\$2,794,056,182	\$2,388,677,254	\$4,245,981,339
Total U.S. dollar amount of investment resulting from recruitment of new businesses.	\$1,318,206,500	\$1,416,231,254	\$1,646,968,114
Total U.S. dollar amount of investment resulting from existing business expansions.	\$1,475,849,682	\$972,445,970	\$2,599,013,255
Total U.S. dollar amount of foreign direct investment.	\$1,383,621,000	\$564,189,254	\$2,662,836,932
Number of business inquiries for business relocation, investment, and expansion.	193,799	185,080	159,318

Source: NC Department of Commerce



EDPNC Business Services

For business services:	FY 2013-14 (Commerce)	FY 2014-15 (EDPNC)	FY 2015-16 (EDPNC)
Number of existing businesses receiving support.	717	672	927
Number of Business Services Team leads that lead to an expansion of existing businesses.	5	5	42
Number of businesses receiving export assistance.	435	394	522
Total U.S. dollar amount of exports by assisted companies.	\$888,978,612	\$704,412,525	\$806,945,920

Source: NC Department of Commerce



EDPNC Tourism

For tourism and marketing:	FY 2013-14 (Commerce)	FY 2014-15 (EDPNC)	FY 2015-16 (EDPNC)
Number of consumer inquiries about travel to North Carolina.	4,532,007	5,665,186	6,439,648
Total U.S. dollar amount of spending by visitors while in North Carolina.	\$20,218,576,548	\$21,323,016,842	\$21,961,209,798
Total U.S. dollar amount of State and local tax revenues resulting from visitors' spending while in North Carolina.	\$1,614,503,922	\$1,688,268,444	\$1,786,379,678

Source: NC Department of Commerce



International Recruiting Coordination Office

42 International Recruiting Coordination Office

\$250,000 R

Fund Code: 1111

\$750,000 NR

2.00

Provides funds to be used for the new International Recruiting Coordination Office within the Department of Commerce as set out in new G.S. 143B-432.1. Recurring funds are provided to hire up to 2 full-time employees to fulfill the duties of the Office and nonrecurring funds are provided for entertainment, hosting, screening, and gift-procurement expenses of the Office. The revised net appropriation to the Administrative Services Division is \$2.9 million.

- Established in Commerce Administration
- Coordination with EDPNC for hosting international delegations
- Nonrecurring funds not included in base budget



Recent NCGA Actions – Commerce Operations

FY 2015-16

- Management Flex Cut – (\$257K NR)
- Various Personnel Reductions – (\$500K R)

EDPNC:

- Contract Reduction – (\$500K R)
- Tourism Advertising – \$1.0M R

Commerce Graphics:

- Comprehensive Branding – (\$1.5M R)



Recent NCGA Actions – Economic Development Funding

FY 2015-16

- JMAC – \$6.9M R
- One NC Small Business – \$2.25M NR
- Rural Underserved/Limited Resources – (\$1.25M R)
- Rural Grants – \$2.2M NR
- Main Street Solutions – \$2.0M NR



Recent NCGA Actions – Commerce Operations

FY 2016-17

- Salary Reserve – (\$93K R)
- General Operating Funds – \$600K R
- IRCO – \$250K R and \$750K NR

EDPNC:

- Food Manufacturing Task Force – \$78K R
- Tourism Advertising – \$2.0 M R (2015 budget) and \$1.0M NR
- Contract Funding – (\$339K R) and \$274K NR



Recent NCGA Actions – Commerce Operations

FY 2016-17

Commerce Graphics:

- Domestic & International Advertising – \$3.75M NR

Rural Economic Development:

- Community Planners – \$336K R

Workforce Solutions:

- Apprenticeship Program – \$500K NR



Recent NCGA Actions – Economic Development Funding

FY 2016-17

- JMAC – \$7.5M R (2015 budget)
- One NC Small Business – \$3.0M NR (2015 budget)
- Rural Grants – \$2.25M NR (2015 budget)
- Regional Wastewater Project – \$6.0M NR
- Regional Food Commercialization Center – \$100K NR
- Broughton Hospital – \$500K NR
- Downtown Revitalization Grants – \$5.7M NR
- Broadband Infrastructure – \$500K NR



NC Industrial Commission

- Independent, quasi-judicial commission housed under Commerce umbrella
- Created in 1929 to administer the North Carolina Workers' Compensation Act
- In 1949 the NCGA added the Tort Claims Act

FY 2017-18 GF Base Budget (in millions)	
Expenditures	\$ 15.1
Receipts	\$ 10.6
Appropriation	\$ 4.5
Positions	152.25



NC Industrial Commission

Other charges:

- Law Enforcement Officers', Firemen's, Rescue Squad Workers' and Civil Air Patrol Members' Death Benefits Act
- Childhood Vaccine-Related Injury Compensation Program
- Compensation to Persons Erroneously Convicted of Felonies.



NC Industrial Commission

- Six Commissioners
- Five Regional Offices - Asheville, Charlotte, Elizabethtown, Greenville, and Winston-Salem
- Clerk's Office – new in Feb 2016
- 29 Deputy Commissioner FTE



NC Industrial Commission Sections

- Claims Administration
- Compliance and Fraud Investigation
- Deputy Commissioners
- Employee Classification
- Information Technology
- Mediation
- Medical Fees
- Medical Rehabilitation Nurses
- Safety Education



Recent NCGA Actions – Industrial Commission

FY 2015-16

- Overrealized Receipts – (\$375K R)
- Shift Positions To Receipt Support – (\$376K R)
- Additional IT Positions – \$297K R

FY 2016-17

- No changes



Commerce Non-GF Areas

Division of Employment Security – Thursday

Division of Workforce Solutions – Wed, 3/22

Wanchese Seafood Park

Pilotage Commissions – Morehead City and Cape Fear

Boards & Commissions (Thursday):

- Utilities Commission & Public Staff
- Rural Electrification Authority
- State Banking Commission
- Credit Union Division
- Lottery Commission



Wanchese Seafood Industrial Park

- Formerly in General Fund
- Base budget of \$380,727, all receipt-supported
- 2 FTE



Pilotage Commissions

- License river pilots to guide vessels in Wilmington and Morehead City
- Special funds to collect fees, pay board members, and transfer remainder to the commission
- Cape Fear: \$6,000
- Morehead City: \$11,000



Commerce Takeaways

- Commerce Operations: 27% of FY 2017-18 funding
- The remaining 73% are Economic Development Funds
- Recent innovations have changed Commerce structure
 - Rural Economic Development Division
 - Centralized rural grant programs from within the department and nonprofits that formerly received grants-in-aid
 - Economic Development Partnership of NC
 - Privatized five functions formerly performed by Commerce
 - International Recruiting Coordination Office
 - Has NR funds for certain operations



Questions?



"All work and no play makes you a valued employee."

