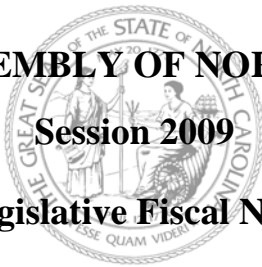


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2009

Legislative Fiscal Note

BILL NUMBER: House Bill 1163 (First Edition)

SHORT TITLE: Sustainable Local Food Policy Council.

SPONSOR(S): Representatives Rapp, Fisher, Wray, and Harrison

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>
REVENUES					
Department of Agriculture & Consumer Services	\$0	\$0	\$0	\$0	\$0
EXPENDITURES					
Department of Agriculture & Consumer Services	** See Assumptions and Methodology **				
POSITIONS (cumulative):					
Department of Agriculture & Consumer Services	1	1	1	1	1
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
Department of Agriculture & Consumer Services					
EFFECTIVE DATE: July 1, 2009					

BILL SUMMARY:

H.B. 1163 establishes the North Carolina Sustainable Local Food Policy Council (the Council) to address policy considerations regarding the development of a sustainable local food economy in North Carolina. The bill adds Article 70, North Carolina Sustainable Local Food Policy Council, to G.S. Chapter 106. Article 70 establishes the 18-member Council to help North Carolina build a local food economy, to stimulate statewide economic development, and to engender other positive impacts on health and wellness, hunger and food access, and the state's natural environment.

The Commissioner of Agriculture, the Secretary of Commerce, the Speaker of the House of Representatives, and the President of the Senate each appoint multiple members, representing a variety of areas and interests, to the Council.

H.B. 1163 delineates the policy issues that the Council is expected to address in developing sustainable local food policies for North Carolina. The Council is required to submit an annual report of its activities by October 1 of each year to the Governor, the General Assembly, and the Commissioner of Agriculture. The first report is due by October 1, 2010.

For each year of the 2009-2011 biennium, H.B. 1163 directs the Department of Agriculture and Consumer Services (DACS) to use \$100,000 of funds available to the Department to cover the costs of the work of Council. This is not an appropriation of funds; it requires that DACS use existing funds to implement this bill.

ASSUMPTIONS AND METHODOLOGY:

H.B. 1163 directs DACS to provide the Council with \$100,000 in each year of the 2009-2011 biennium from funds available. DACS estimates that this bill will cost \$59,827 in FY 2009-10 to implement. However, H.B. 1163 requires that DACS provide the Council with \$100,000. H.B. 1163 does not appropriate any additional funds to DACS for support the Council. Therefore, DACS will be required to use lapsed salaries or to reduce funding for existing programs in order to meet the \$100,000 obligation.

Expenditure Impact

Creating and staffing the Council will require additional operating expenses for DACS. H.B 1163 directs DACS to pay for the travel, subsistence, and per diem for Council members. Table 1 provides a summary of current rates used for travel, substance, and per diem.

Table 1: Reimbursement, Travel, & Subsistence Costs, FY 2009-10

Purpose	Rate	per
Per Diem	\$ 15.00	day
Mileage ¹ (non-state employee)	\$ 0.25	mile
Mileage ² (state employee)	\$ 0.33	mile
Lodging	\$ 63.75	night
Meeting Refreshments	\$ 4.50	person
Breakfast	\$ 7.50	person
Lunch	\$ 9.25	person
Dinner	\$ 16.75	person

State employees who are serving on the Council as a part of their official duties are not paid a per diem. Nine members of the Council are not State employees, and will receive a per diem payment.

¹ Section 5.3 (Travel Policies for Members of State Boards, Commissions, Committees, and Councils) Subsection 5 (Transportation) of the April 2009 update of the State Budget Manual provided by the Office of State Budget and Management states that “Transportation policies and regulations are the same as for those for state employees, except that a mileage reimbursement rate set by any other law by reference to G. S. 138-6(a)(1) is established at 25 cents a mile, not the IRS rate.

² See Section 5.1 (Travel Policies for State Employees) Subsection 25 (Transportation by Personal Vehicle) of the April 2009 update of the State Budget Manual.

In addition to the 18 members of the Council, DACS maintains that it needs additional personnel to support the Council. This staff member will require travel and subsistence as well.

To estimate the fiscal impact, the following assumptions have been made:

1. Four meetings will be held annually at locations provided without compensation by DACS.
2. Round trip mileage of 200 miles per meeting per attendee (members and staff) is expected.
3. State employees travel by state-owned vehicle or by personal vehicle when a state-owned vehicle is not available.
4. All Council members, regardless of home agency, are reimbursed by the Council.
5. Three meetings will require that Council members and staff be reimbursed only for lunch.
6. One meeting will require an overnight stay and reimbursement for meals for the entire day for all Council members and Council Staff.
7. Meeting refreshments (drinks, etc) will be provided at all meetings.

Table 2 outlines the expected cost of the four Council meetings held each year.

Table 2: Expected Cost of Reimbursement, FY 2009-10

	Non-State Employees	State Employees	Council Staff
Per Diem	\$ 540	\$ -	\$ -
Mileage	\$ 1,800	\$ 2,376	\$ 264
Lodging	\$ 574	\$ 574	\$ 63.75
Meals	\$ 556	\$ 556	\$ 62
Meeting Refreshments	\$ 162	\$ 162	\$ 18
<i>Total</i>	\$ 3,632	\$ 4,668	\$ 144
Grand Total	\$ 7,365		

This expected cost per meeting should be considered a conservative estimate. It assumes that 18 members will attend only four meetings each year and that these meetings will be in locations made available by DACS without compensation from the Council. The bill requires four meetings per year but allows for additional meetings if the Chair deems them necessary. Based on the assumptions above, each meeting costs the Council \$1,841 on average to host. Additional meetings would be expected to increase the cost to DACS by approximately \$1,841. Moreover, if any of the meetings are held in locations that cannot be provided for free, then the Council's expenses would increase by the amount of rent charged for the meeting facility.

In addition to meeting expenses, DACS has determined that staffing this Council will require a Marketing Specialist I position. This position will coordinate and staff the meetings, respond to Council member requests, and draft the annual report for the Council. The Fiscal Research Division agrees that this position is necessary due to the level of interest in sustainable, local foods issue. The Marketing Specialist I will also respond to public requests for information about the Council and its efforts and work with the Marketing Division on sustainable and local food issues.

Table 3 outlines the expected costs associated with this position, based on the minimum of the salary range and FY2009-10 estimates for health insurance and the retirement contribution.

Table 3: Expected Personnel Costs, FY 2009-10

Expenditure	Rate	2009-10
Salary		\$ 38,174
Social Security	7.65%	\$ 2,920
Retirement	8.75%	\$ 3,340
Health Insurance	\$ 4,527	\$ 4,527
<i>Marketing Specialist I</i>		\$ 48,962
Supplies	On-going	\$ 2,000
Computer	One Time	\$ 1,000
Printer	One Time	\$ 500
Personnel Total		\$ 52,462

Table 4 provides a five year overview of total expected expenditures.

Table 4: Total Expected Costs, FY 2009-10 through FY 2013-14

Expenditure	2009-10	2010-11	2011-2012	2012-13	2013-14
Marketing Specialist I	\$ 48,962	\$ 56,136	\$ 59,257	\$ 62,404	\$ 65,599
Supplies	\$ 2,000	\$ 2,036	\$ 2,074	\$ 2,110	\$ 2,147
Computer	\$ 1,000				
Printer	\$ 500				
<i>Personnel Total</i>	\$ 52,462	\$ 58,172	\$ 61,331	\$ 64,514	\$ 67,746
<i>Meeting Cost Total</i>	\$ 7,365	\$ 7,498	\$ 7,637	\$ 7,769	\$ 7,905
Council Operating Total	\$ 59,827	\$ 65,670	\$ 68,968	\$ 72,282	\$ 75,651

Revenue Impact

H.B. 1163 should have no impact on DACS' expected revenue or revenue collected for the General Fund.

SOURCES OF DATA:

Department of Agriculture and Consumer Services

TECHNICAL CONSIDERATIONS: None

1. H.B. 1163 requires that DACS provide the Council with \$100,000 per year but the estimated cost to operate the Council is less than \$60,000. Altering the language of the bill to either require less funding or by setting an "up to" amount may lessen the burden of finding these funds.

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DATE: May 11, 2009



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