

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

Legislative Fiscal Note

BILL NUMBER: Senate Bill 463 (Second Edition)

SHORT TITLE: Accountability for Taxpayer Investment Act.

SPONSOR(S): Senator Mansfield

FISCAL IMPACT						
	Yes (X)	No ()	No Estimate Available ()			
	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	
EXPENDITURES*						
State Controller	\$4,631,926	\$1,425,261	\$1,463,807	\$1,501,144	\$1,534,096	
State Budget & Management	\$2,051,840	\$957,000	\$957,000	\$957,000	\$957,000	
Commerce	\$75,502	\$80,944	\$85,928	\$90,756	\$95,018	
Agriculture	\$340,635	\$346,901	\$201,590	\$212,373	\$228,181	
Wildlife Resources	\$ 78,079	\$83,575	\$88,630	\$92,437	\$96,730	
Dept. of Administration	\$67,611	\$71,204	\$76,327	\$81,289	\$85,668	
Cultural Resources	\$247,364	\$172,095	\$182,341	\$192,265	\$201,024	
Office of Admin. Hrgs	\$82,455	\$86,048	\$91,171	\$96,133	\$100,512	
Dept. of Revenue	\$82,455	\$86,048	\$91,171	\$96,133	\$100,512	
Dept. of Sec. of State	\$82,455	\$86,048	\$91,171	\$96,133	\$100,512	
State Board of Elections	\$82,455	\$86,048	\$91,171	\$96,133	\$100,512	
State. Treasurer	\$82,455	\$83,042	\$86,784	\$90,006	\$93,115	
State Ethics Commission	\$14,844	\$14,844	\$14,844	\$14,844	\$14,844	
Office of State Personnel	\$220,495	\$102,703	\$109,321	\$115,734	\$121,420	
Transportation	≤ \$100,000					
Office of Information Technology Services	*See assumptions and methodology*					
Administrative Office of the Courts	*See assumptions and methodology*					
Health & Human Services	*See assumptions and methodology*					
Dept. of Public Instruction	*See assumptions and methodology*					
University System	*See assumptions and methodology*					
State Auditor	*See assumptions and methodology*					
POSITIONS (cumulative):						
State Controller	5.0 FTE	5.0 FTE	5.0 FTE	5.0 FTE	5.0 FTE	
Commerce	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	
Agriculture	5.0 FTE	5.0 FTE	3.0 FTE	3.0 FTE	3.0 FTE	
Wildlife Resources	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	
Dept. of Administration	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	
Cultural Resources	3.0 FTE	2.0 FTE	2.0 FTE	2.0 FTE	2.0 FTE	
Office of Admin. Hrgs	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	
Dept. of Revenue	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	
Dept. of Sec. of State	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	
State Board of Elections	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	
State. Treasurer	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	
Office of State Personnel	5.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	1.0 FTE	

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:

Office of Information Technology Services, Department of Commerce, Department of Agriculture & Consumer Services, Wildlife Resources Commission; Department of Administration; Office of the State Auditor; Department of Cultural Resources; Housing Finance Agency; Department of Insurance; Office of the Lieutenant Governor; Office of Administrative Hearings; Department of Revenue; Department of the Secretary of State; State Board of Elections; Office of State Budget & Management; Office of the State Controller; Department of the State Treasurer; Department of Public Instruction; University System

EFFECTIVE DATE: See Bill Summary

***Note: Cost estimates do not include agency costs due to information technology charges billed by the Office of Information Technology Services – See assumptions & methodology**

BILL SUMMARY:

The first edition of SB 463:

Enacts new Article 2E, Accountability for Taxpayer Investment Act, to GS Chapter 143 to require uniform, program-level accountability information in state government. Article 2E applies to any state agency in the executive branch, and also applies to any non-state entity that receives state funds. Defines non-state entity as any of the following that is not a state agency and that is discretely presented as a component unit in the State Comprehensive Annual Financial Report by the Governmental Accounting Standards Board: an individual, firm, partnership, association, corporation, or any other organization or group acting as a unit. Includes additional definitions applicable to Article 2E.

Effective July 1, 2011, creates the Taxpayer Investment Accountability Board (Board), with nine members as specified. Details meeting requirements, additional administration criteria, and Board responsibilities. Directs the Board to publish an annual report by January 1 of each year, detailing the standards, policies, and procedures to establish, implement, and maintain the required information systems.

Directs each state agency, and each non-state entity receiving state funds, to establish, implement, and maintain a system to provide uniform, program-level accountability information that accurately conveys the mission, responsibilities, and activities of the state agency or entity and any other information required by the Board. Requires the system to comply with Board guidelines, be updated on a timely basis, and be accessible to NC citizens. Makes the principal executive officer of each state agency and each non-state entity responsible for compliance with Article 2E. Enumerates items to be included in the information system, including performance measures for each program to determine listed functions, revenues by source and expenditures by purchasing category, and a listing of all employees.

Directs the State Auditor to verify compliance with Article 2E on an annual basis, and to report noncompliance as indicated. Permits any person to institute a suit in superior court requesting a judgment that the state agency or non-state entity failed to comply with Article 2E, and granting specific performance. Specifies that the plaintiff need not allege or prove special damage different

from damage suffered by the public. Sets forth additional provisions related to actions for noncompliance. Directs the Office of State Personnel to adopt rules concerning the organization charts and manager-to-employee ratios, as required, and to provide templates and technical assistance. Also directs the Office of State Budget and Management and the Office of Information Technology to provide technical assistance and software as required.

Makes a conforming change to GS 150B-1(c), exempting the Board from the Administrative Procedure Act. Directs each state agency or non-state entity subject to proposed Article 3E to revise its current information system to comply with Article 3E, and to use existing resources to do so.

The second edition of SB 463 makes the following changes to the first edition:

Revises the membership of the Taxpayer Investment Accountability Board to (1) delete the Director and Chief Administrative Law Judge of the Office of Administrative Hearings and (2) provide that certain members may serve through their designees. Adds a definition of “taxpayer” as any person subject to taxation by the state or a unit of local government. Adds a requirement that each agency or non-state entity subject to Article 2E must file annual certificates of compliance, signed by the principal executive officer of the agency or entity, the initial certificate being due on or before June 30, 2013. Requires internal auditors in state agencies required to have auditors pursuant to Article 79 of GS Chapter 143 to conduct annual audits for compliance with Article 2E and submit annual audit reports to the State Auditor and State Controller by April 1, 2013, and annually thereafter. Provides that the State Auditor may (was, shall) verify compliance with Article 2E by each state agency and non-state entity on an annual basis. Provides that upon presentation by the taxpayer plaintiff of a prima facie case that an agency or entity has filed to comply with Article 2E, the burden is on the agency or entity to show its compliance. Makes other conforming and clarifying changes

(Source: Bill Digest)

ASSUMPTIONS AND METHODOLOGY:

Entities With No Significant Fiscal Impact Anticipated

The proposed G.S. 143-47.33 states that “Each State agency shall establish, implement, and maintain within that State agency a system that provides uniform, program-level accountability information.” It is not clear if this requires uniformity within each agency or a single, uniform enterprise-wide system.

For the purposes of this analysis, assuming that G.S. 143-47.33 requires uniformity within each agency, the following State agencies and non-State entities do not anticipate significant fiscal impact to comply with the requirements of this bill. These entities all have existing data systems that collect and report the required data. If the intent is to develop a new enterprise-wide system, the impact would be substantially different. (See Technical Considerations) Further, if the Taxpayer Investment Accountability Board (Board) established under the bill establishes requirements that exceed what each agency has in place, there will be a fiscal impact on these agencies as well.

No Significant Fiscal Impact Anticipated:

Boards and Commissions associated with the Department of Commerce:

- ABC Commission
- Banking Commission
- Cemetery Commission
- Industrial Commission
- Lottery Commission
- NC Credit Union Division
- Rural Electrification Authority
- Utilities Commission and the Public Staff

- Department of Public Safety
- Department of Justice
- North Carolina Biotechnology Center
- NC Community College System
- Regional Economic Development Commissions
- Rural Economic Development Center
- Department of Environment and Natural Resources
- Department of Labor

Entities with Fiscal Impact

Office of the State Controller

The Office of the State Controller anticipates that the proposed legislation will require significant use of information from both OSC statewide systems, the North Carolina State Accounting System (NCAS) and the HR/Payroll System. Since OSC will provide the necessary core information for all state agencies in regards to accounting, human resources, and will also staff the Taxpayer Investment Accountability Board, OSC estimates it will require 5 additional positions, as follows:

2 State Controller Business System Specialists: One position will aid in moving accounting data from NCAS to Decision Support System (DSS). This information will provide state agencies with easy access to expenditure data as required as part of the act. The other position will work with the new Taxpayer Investment Accountability Board to aid the board in policy making, aid state agencies with implementation of the board's policies, and provide consultation to agencies in gathering information from their systems, and displaying data based on legislation and board policy.

2 Business & Technology Specialists: One position will be in HR/Payroll to aid state agencies and work with the Office of State Personnel (OSP) in relation to this act concerning personnel information from the Human Resource Business Intelligence module. The other position will be placed in statewide accounting and used to work with the NCAS business function group to help with NCAS modifications and other system adjustments needed to pull information out of accounting system based on the act.

1 Technology Support Specialist- Web Master: A web master position to work with board regarding statewide agency dashboards, helping to develop and post the reports required to illustrate performance information in a graphical format for the state. Legislation requires that information be placed online by July 1, 2013.

Operating Cost: The North Carolina Accounting System (NCAS) Decision Support System (DSS) could be expanded to enable the additional functionality required by legislation. Currently, the application is only used internally by agency financial specialists. Enabling external access, such as citizen inquiries would require additional software licensing, additional hardware to support the expanded user base, and professional services to support OSC's application development efforts to implement the new modules. Annual operation and maintenance costs would increase due to the additional software and hardware.

			FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Positions:							
	Salary	FTE					
Tech. Support Specialist	\$72,765	1.0	\$72,765	\$78,397	\$83,556	\$88,552	\$92,962
Bus. Tech. Applic. Specialist	\$99,490	2.0	\$198,980	\$214,381	\$228,487	\$242,151	\$254,210
OSC Business System Spec.	\$87,040	2.0	\$174,080	\$187,554	\$199,895	\$211,849	\$222,399
Social Security			\$34,106	\$36,745	\$39,163	\$41,505	\$43,572
Retirement			\$63,798	\$68,735	\$73,258	\$77,639	\$81,506
Health			\$25,960	\$25,960	\$25,960	\$25,960	\$25,960
Operating:							
Contractual Services - ITS server support			\$231,678	\$162,928	\$162,928	\$162,928	\$162,928
Software Maint. Agreement			\$636,160	\$636,160	\$636,160	\$636,160	\$636,160
Communications & Data Processing			\$14,400	\$14,400	\$14,400	\$14,400	\$14,400
Software			\$3,180,000				
Total			\$4,631,926	\$1,425,261	\$1,463,807	\$1,501,144	\$1,534,096

Office of State Budget & Management (OSBM)

OSBM is in the process of implementing the new Integrated Budget Information System (IBIS). OSBM believes that this system will eventually be able to address the programmatic nature of what is proposed in this legislation. OSBM has identified the following expenditures that would be required to implement the proposed legislation. In addition to these costs, there will be internal reallocations of staff from other projects.

	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17
Hardware (Including hosting charges and storage)	\$292,000	192,000	192,000	192,000	192,000
Software Licensing	\$345,000	315,000	315,000	315,000	315,000
Contractual Services	\$1,414,840	450,000	450,000	450,000	450,000
Total	\$2,051,840	957,000	957,000	957,000	957,000

Office of Information Technology Services

This bill requires the Office of Information Technology Services (ITS) to provide technical assistance and software to State agencies and non-State entities as needed to ensure uniformity. The coordination and resources required for ITS to accomplish this have the potential to be significant. ITS will have to identify and dedicate to this effort personnel, software, hardware, and operations and maintenance support. This could result in a substantial cost for each agency or non-State entity, as ITS operates on a fee-for-service basis and must recover the costs associated with providing support. Providing software to non-State entities could also result in an additional cost, as current State software licensing agreements will most likely not cover them.

Requiring that the information be available through the State government website creates an additional cost to ITS. ITS must maintain any associated website, a cost that must also be recovered, either from participating entities or through an increase in the Information Technology Fund.

HEALTH & HUMAN SERVICES

Department of Health & Human Services: No DHHS agency currently has an online system in place that meets all the requirements of the bill. Whereas, some of the required elements are currently available for select programs in an online platform, such particularized data and information reporting is not available for all programs housed in any one Division. It is anticipated that the Office of Information Technology Services would provide assistance to DHHS, and would bill DHHS accordingly. At this time the costs for ITS assistance have not been determined (see Information Technology Services on p. 5).

EDUCATION

The University of North Carolina: The University of North Carolina does not currently have staff that is able to provide the program level information required by the bill. It is assumed that additional employees will be needed at each of the University's special responsibility constituent institutions in order to comply with the requirement. Individual campuses do have performance metrics in place, which are frequently required by the UNC Board of Governors. However, the metrics may not be at the level and scope prescribed by the bill.

North Carolina Department of Public Instruction: The Department of Public Instruction does have existing personnel that have some responsibility for performance measurement and tracking. While the Department does not have an existing system fully capable of implementing the data requirements set out by this bill, it believes that with some additional programming and staff reallocation that its current systems could probably meet the bill requirements. Cost estimates are not available for this reprogramming and would largely be contingent on the level of detail required across State government and the definition of a "program".

NATURAL & ECONOMIC RESOURCES

Department of Agriculture & Consumer Services (DACS): DACS anticipates needing five additional staff to meet the requirements of this bill. The Department currently has two auditor positions but with over 100 unique programs, DACS is requesting an additional auditor, business officer, and administrative officer. In addition, DACS is requesting two temporary positions, an administrative officer and a planner, to help get the program started. The staff will form a new unit within the Department focused on providing the information required by SB 463, integrating the Department's strategic planning into the legislative requirements, and monitoring each program's compliance with the bill's reporting and recordkeeping requirements. DACS also provides administrative support for the Agricultural Finance Authority and the Tobacco Trust Fund and would be required to enter and update data and assist these independent entities as needed.

To meet all of these needs, DACS indicated that they would need an additional \$405,308 in General Fund appropriation in FY 2012-13; this includes salaries, benefits, and operating expenses for these five positions. Using the minimum of the salary range for non-banded positions and reduces the need for additional funds by \$64,673 to \$340,635. Fiscal Research knows of no existing programs to which to compare the requirements of SB 463 and DACS' needs to fulfill the requirements of the bill. However, other agencies responding to this fiscal note did not indicate the need for as many additional personnel as DACS. Fiscal Research agrees with DACS' concern that coordinating and overseeing the requirements of SB 463 will create additional work for the Department. The following table provides DACS' estimated cost for the next five fiscal years.

	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Additional FTE	5.00	5.00	3.00	3.00	3.00
Personnel Expenses	\$ 309,062	\$ 330,974	\$ 191,752	\$ 202,288	\$ 211,586
Operating Costs	\$ 31,573	\$ 15,927	\$ 9,838	\$ 10,086	\$ 16,595
Total Expenditures	\$ 340,635	\$ 346,901	\$ 201,590	\$ 212,373	\$ 228,181

Department of Commerce: The Department of Commerce anticipates needing one additional staff person to meet the requirements of this bill. Commerce does not currently have an independent auditor. Commerce would be required to enter and update data for nine independent boards and commissions and to assist them as needed. To meet all of these needs, Commerce anticipates needing an Accountant II with an annual salary of \$57,650.

Wildlife Resources Commission: The Wildlife Resources Commission (WRC) estimates that one additional FTE would be necessary to meet the requirements of this bill. However, the FTE would include 0.5 FTE of one accountant and 0.5 FTE of one internal auditor. The Commission's existing personnel are unable to absorb the additional accounting work and auditing/compliance verification required by S463. The following table provides WRC's estimated costs for the next five fiscal years.

	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Additional FTE	1.00	1.00	1.00	1.00	1.00
Personnel Expenses	\$ 75,319	\$ 80,747	\$ 85,718	\$ 90,534	\$ 94,784
Operating Costs	\$ 2,760	\$ 2,828	\$ 2,912	\$ 1,904	\$ 1,946
Total Expenditures	\$ 78,079	\$ 83,575	\$ 88,630	\$ 92,437	\$ 96,730

JUSTICE & PUBLIC SAFETY

Judicial Branch

While no impact to the Judicial Branch is anticipated based on the sections of the bill requiring a system to provide uniform, program-level accountability, some impact may result from the new G.S. 143-47.35 – Remedy from non-compliance. This section would allow taxpayers to sue in Superior Court if they feel that an agency is out-of compliance with the new Article 2E. Fiscal Research cannot estimate the number of suits that may be brought as a result of this bill. The cost for a trial in civil superior court is \$3,975 per day.

GENERAL GOVERNMENT

Department of Administration: The Department of Administration estimates that one additional employee will be required to handle data analysis, reporting, and compliance of the divisions and underlying programs. While the Department already has performance metrics in place, they may not be at the level and scope prescribed by the bill. The Department provided estimates related to payments to Office of Information Technology Services for the development and maintenance of web-based interface and the interaction between the Department’s own data collection systems. This cost is addressed in the section related to the Office of Information Technology Services. However, as an example, the Department estimates that this cost would be approximately \$69,000 per year.

Office of the State Auditor: The Office of the State Auditor anticipates that they can substantially comply with the provisions of this bill with current resources, with the exception of the Web-based dashboard. Since the legislation directs the Office of Information Technology Services (ITS) to assist agencies, it is anticipated that ITS would procure any necessary software and bill the Auditor’s Office accordingly. At this time, the cost cannot be estimated.

Department of Cultural Resources: The Department of Cultural Resources currently has one Internal Auditor position. Due to the scope of the Department’s operations and the current lack of applicable performance measures, the Department estimates that they will require three Strategic Planning Analysts for planning, training, tracking, and monitoring data reliability. It is anticipated that after the first year, workload would workload would be reduced to two positions. (Internal Systems Coordinator II positions are used for this fiscal memo.)

Office of State Personnel: The Office of State Personnel estimates that they would require one permanent fulltime position on an ongoing basis, and an additional four half-time positions for the first year. Workload in the first year would include establishing the required elements [Section 143-47.33 (a) system, (b) information (1) statement, (2) logic model, (3) evidence, (4a-e) performance measures] and designing the template and assisting in the development of the rules and standards [Section 143-47.36].

Ongoing requirements for a manager level position would include administering the program [Section 143-47.33 (a) system updates, (b) information, (3) evidence, (4a-e) performance measures], preparing verification of compliance [Section 143-47.34 (a)], and handling remedy for noncompliance [Section 143-47.35] in collaboration with OSP legal counsel.

Estimated costs for OSP are as follows:

FY12-13	FY13-14	FY14-15	FY15-16	FY16-17
\$220,495	\$102,703	\$109,321	\$115,734	\$121,420

State Ethics Commission: The Department of Administration handles many administrative functions for the Ethics Commission. The Department anticipates that they would bill the Ethics Commission for 10 percent of the cost of the new position required, for a cost to the Ethics Commission of \$14,844 annually.

Office of the Governor: It is anticipated that Office of State Budget & Management resources will be sufficient to assist the Office of the Governor in meeting the requirements of this bill.

Office of the Lieutenant Governor: The Office of the Lieutenant Governor does not anticipate a substantial impact from new G. S. 143-47.33, as most of the requirements cover programs, and the Office does not operate any programs. The Office cannot project the impact on staff time or other resources due to G.S. 143-47.34, 143-47.35, and 143-47.36.

Department of Insurance: The Department of Insurance (DOI) estimates it would require two positions to support information technology systems with the increased reporting requirements. However, it is anticipated that the Office of Information Technology Services would provide assistance to DOI, and would bill DOI accordingly. At this time the costs for ITS assistance have not been determined (see Information Technology Services on p. 5)

State Board of Elections: The State Board of Elections (SBOE) estimates that one additional employee will be required to handle data analysis, reporting, and compliance of the divisions and underlying programs. An Internal Systems Coordinator II would be required for SBOE. In addition, it is anticipated that the Office of Information Technology Services would provide assistance to SBOE, and would bill SBOE accordingly. At this time the costs for ITS assistance have not been determined (see Information Technology Services on p. 5)

Housing Finance Agency: The Housing Finance Agency estimates that they could absorb the functions of the bill through available resources. However, it is noted that current staff and grantees already produce reports that are related to the programs under management (income, housing units, and related information). If the Bill requires significantly different analysis or metrics, additional staff will be required.

Office of Administrative Hearings: The Office of Administrative Hearings does not currently have staff that is able to provide the program level information required by the bill. For example, the Office is exempt from Article 79 or G.S. 143, which mandated internal auditing within agencies with a budget of over \$10,000,000 per year (The Office's budget is approximately \$5.85 million, in total, for FY 2012-13). It is expected that the Office would need one additional employee, an Internal Systems Coordinator II, to handle the requirements of the bill.

Department of Revenue: The Department of Revenue estimates that one additional employee will be required to handle data analysis, reporting, and compliance of the divisions and underlying programs. While the Department already has performance metrics in place, they may not be at the level and scope prescribed by the bill. Furthermore, the Department employs internal auditors, but their workload is dedicated to audit requirements required by the U.S. Internal Revenue Service and Article 79 of G.S. 143. An Internal Systems Coordinator II would be required at the Department.

Department of the Secretary of State: The Department estimates that one additional employee will be required to handle data analysis, reporting, and compliance of the divisions and underlying programs. While the Department already has performance metrics in place, they may not be at the level and scope prescribed by the bill. The Department currently employs one internal auditor. An Internal Systems Coordinator II would be required at the Department.

The Department estimates that additional information system updates related to could be required as part of this bill. For example, additional costs to provide a linkage between financial reporting State and federal regulations could require additional costs to create. However, at this time it is assumed that the current information technology infrastructure at each agency is sufficient outside of what is required through the Office of State Budget and Management, Office of the State Controller, and the Office of Information Technology Services.

Department of the State Treasurer: The Department estimates that one additional employee will be required to handle data analysis, reporting, and compliance of the divisions and underlying programs. While the Department already has performance metrics in place, they may not be at the level and scope prescribed by the bill. The Department currently employs one internal auditor. An Internal Systems Coordinator II would be required at the Department.

General Government Agency Costs

	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17
<i>Internal Systems Coordinator II</i>	\$59,251	\$63,837	\$68,038	\$72,106	\$75,697
Dept. of Administration	\$59,251	\$63,837	\$68,038	\$72,106	\$75,697
Dept. of Cultural Resources*	\$177,753	\$127,674	\$136,075	\$144,212	\$151,394
Office of Administrative Hearings	\$59,251	\$63,837	\$68,038	\$72,106	\$75,697
Dept. of Revenue	\$59,251	\$63,837	\$68,038	\$72,106	\$75,697
Dept. of Sec. of State	\$59,251	\$63,837	\$68,038	\$72,106	\$75,697
State Board of Elections	\$59,251	\$63,837	\$68,038	\$72,106	\$75,697
Dept. of State. Treasurer	\$59,251	\$61,372	\$64,441	\$67,083	\$69,632
Subtotal Salaries	\$533,259	\$508,231	\$540,703	\$571,826	\$599,511
SS/Medicare	\$40,794	\$38,880	\$41,364	\$43,745	\$45,863
Retirement	\$76,309	\$72,728	\$77,375	\$81,828	\$85,790
Health	\$41,536	\$37,870	\$39,385	\$40,874	\$42,362
Employee Cost R	\$27,000	\$24,595	\$25,321	\$25,959	\$26,533
Employee Cost NR	\$18,000				
Total	\$736,899	\$682,305	\$724,148	\$764,232	\$800,058

*3 positions in first year, 2 positions in subsequent years

Occupational Licensing Boards: Occupational licensing boards are receipt-supported, and charge fees to support their operations. If this legislation were to have a substantial impact on these boards, each board would either absorb the additional costs or request increases in fees to cover the additional costs.

TRANSPORTATION

The Department of Transportation estimates that a maximum of 1,000 labor hours is required to gather the directed data and modify the dashboard to comply with the proposed bill. Assuming a blended labor rate of \$100/hr., total costs are not expected to exceed \$100,000. Much of the required program-level data, excluding personnel-related information, is captured through existing performance management efforts and reported via the Department’s Organizational Performance Dashboard and other publications.

SOURCES OF DATA: Office of the State Chief Information Officer; Department of Commerce and associated Boards and Commissions; Department of Transportation; Department of Administration; Office of the State Auditor; Department of Cultural Resources; Housing Finance Agency; Department of Insurance; Office of the Lieutenant Governor; Office of Administrative Hearings; Department of Revenue; Department of the Secretary of State; State Board of Elections; Office of State Budget & Management; Office of the State Controller; Department of the State Treasurer.

TECHNICAL CONSIDERATIONS:

Overall Considerations

1. The terms “program” and “program-level” are not defined in the bill, particularly in regards to how a “program” differs from or is similar to a “service.” Depending on the level of granularity required for a program, the fiscal impact may vary significantly.
2. Section G.S. 143-47.33(b)(3), as established by this bill, would require programs to report evidence confirmed independently that changes in the conditions addressed are attributable to the programs, services, and activities. It is possible that many State programs do not have independent sources with which to verify evidence. Additionally, it may not be possible in all instances to attribute changes in conditions directly to a particular program or service. Moreover, some agencies have confidential information contained within their systems that would need to be protected and could not be released to third parties.
3. Some agencies have expressed concern that the requirements of performance standards [G.S. 143-47.33(b)(4)(d)] will result in inaccurate comparisons. Cost, output, and outcome comparisons between states’ programs would be highly complex—and potentially erroneous—due to differing regulatory requirements, accounting methods, populations, and other variables.

Office of Information Technology Services

1. Technical standards will need to be set for the establishment, implementation, and maintenance of systems within each State agency.
2. In order to accomplish what the bill envisions, it may be necessary to develop a business intelligence capability to support the program.
3. This bill assumes that every participating entity, both public and private, will have the necessary resources to develop and maintain an automated system with the capability to interface with ITS.

State Controller/Office of State Budget & Management

1. The proposed legislation imposes duties on the State Controller's Office that are currently handled by the Office of State Budget & Management.

Department of Health & Human Services

1. Most DHHS programs are State administered but locally delivered (by nonprofits and counties), therefore, "efficiency" as defined by the bill - The verifiable total direct and indirect cost per output and per outcome [pg.3, line 16]) may be skewed if based only on state level information as the bill dictates.
2. The reporting time frame is as yet undefined (pg.2 line 47). Depending upon the time frame for reporting, the staff/labor costs for complying could be affected (monthly, quarterly, annually, etc.).
3. The bill has a requirement for independent confirmation of evidence that conditions addressed are attributable to the programs, services, and activities (pg.3, line 8).
4. DHHS programs that are identified as "best practices" are not necessarily evaluated by *independent* entities (independently confirmed). Requiring such verification could mean higher costs in the form of program evaluations, which can be significant.
5. The bill requires the reporting of revenues by source and expenditures by purchasing category aligned with each program individually (pg.3, line 31). It is questionable as to whether this information will be informative because some programs are formula funded, and locally administered with a corresponding local budget. As such, state level data sets may not capture specific expenditures by counties in a given program.

NC Department of Administration

1. G.S. 143-47.33(b)(8) requires an employee listing with email and phone numbers for each employee. The Department employees numerous individuals that do not require email addresses or personal phone numbers, such a janitorial staff. If all employees are required to have an email address, this would increase cost for the department.

NC Community College System

1. G.S. 143-47.30(4), as established by this bill, includes the Community College System under the definition of "State Agency". Typically, the term "Community College System" is used to include both the Community Colleges System Office (a State agency) and the 58 local community colleges. This analysis was completed assuming that the Community Colleges System Office would be the reporting entity. If, however, the intention was for all 58 colleges to report as well, the impact would change substantially.
2. Currently, G.S. 115D-31.3 establishes statutory accountability measures and performance standards for the Community College System. It is not clear if measures required by the Taxpayer Investment Accountability Board would be in addition to or in place of these measures in G.S. 115D-31.3.

NC Department of Public Instruction

1. Most funds allocated by DPI to local school districts (LEAs) are for general education purposes and are not directly targeted at a specific intervention. These funds are typically derived by considering certain inputs (number of students, district size, county wealth) and providing funding for an overall program of services. If “program” is defined as each specific funding allotment allocated to LEAs, it may be impossible to derive causality between any specific allotment and overall education outcomes.

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