



Legislative and Statewide County Issues Update



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Major Legislative Drivers

- Teachers' salaries
 - How much, how funded, tenure
- Medicaid reform
 - MCO v. ACO, eligibility & service?
- Environmental issues
 - Fracking
 - Coal Ash
 - Reg Reform





Major Political Drivers

- Election year
 - All 170 members up for re-election
- U.S. Senate race
 - House speaker running
- N.C. House Speaker race
 - 7+ candidates
- New cadre of leadership



Breaking News!

H1224—Senate PCS, Local Sales Tax For Education/ Econ. Development Changes

- Original:
 - Create Art. 43A as a county sales tax up to 1/2% for public education by referendum
 - Increase existing public transit Art. 43 to 1/2%
 - Counties choose either, if any
 - Eliminate Art. 46
 - Grandfather in existing 27 counties & counties with Nov. referendum if sales taxes <2.5% & allow add. ¼% consideration
 - Cap combined county sales taxes at 2.5%
 - Grandfather in Durham & Orange at 2.75%
- Version 2:
 - Keep Art. 46 at ¼
 - Enable new 43A at ½ cent & 43 at ½ cent
 - Cap combined sales taxes at 2.5%
- Version 3?





Breaking News!

- H369 Criminal Law Changes
 - Sets e-verify requirements for contractors & subcontractors at formal bid limits
 - Mirrors school boards & local authority requirements
 - Passed Senate on 2nd; moved to Rules
- S403 Omnibus Elections Clarifications
 - House floor amendment to limit special elections, e.g. for sales tax or bond referenda, to elections having all precincts open
 - Senate voted not to concur; conferees named





Senate v. House Budget Negotiations

Major differences: Teachers' Salaries!

1. Amount?

- Senate avg incr = 11%, \$468.7 million—*now at 8%*
- House = 5% avg, \$178.3 million—*now at 6%*
- Gov. = 2%, \$102.4 million—*now in agreement with House*
- All start pay at \$33,000

2. Funding?

- Senate cuts TAs, other school allotments, Medicaid; uses lottery million—*now cutting ½ TAs*
- House raises lottery advertising—*now off table*

3. Details?

- Senate requires teachers to cede tenure for increase—*now off table*
- House & Gov. include Career Pathways; both remove tenure for new hires



Senate v. House Budget Negotiations

Major differences: Medicaid!

1. Medicaid Rebase

- Senate approps for 2014 cost overruns & 2015 rebase twice House budget = \$285.4 v. \$128.8
- *Senate/House agree to mid-point of best/worst scenario*

2. Medicaid Reform

- Senate intent on managed care (MCO) v. House (& Governor) intent on accountable care (ACO)
 - *House passes H1181, Medicaid Modernization, to blend ACO with capitated care*
 - *Senate considers pcs to meld ACOs & MCOs*

Heads up! Any talk of reform to consider county role in eligibility determination

1. Medicaid Eligibility & Services

- Senate restricts SA, eliminates medically needy
- *Senate revises upward saving to \$100 million—sets aside for House to lessen HHS or Ed cuts—Senate reinstates medically needy*





Senate v. House Budget Negotiations

Other differences: Education

- Both restores masters' degree salary supplement
- Both revise but increase funding for small school formula
 - House rejects Senate study of small LEA consolidation
- House maintains teachers' assistants, rejects 30% DPI cut
- House allows LEAs to use state \$ for teacher supplements
- House restores Teaching Fellows
- House authorizes virtual charter pilots
- Senate includes Lt. Governor's NC Ed Endowment Fund
- Senate eliminates funding for drivers' ed in 2 years





Senate v. House Budget Negotiations

Other differences: HHS

- Both tighten eligibility for child care subsidies
 - Both increase subsidy funding
 - Senate provides additional slots
 - House increases provider rates
 - Both change county subsidy allocation formula but in different manners
- House raises funding for mental health
- Both indicate further consolidation of mental health agencies





Senate v. House Budget Negotiations

Other differences: JPS

- Both transfer SBI to Public Safety
 - Senate transfers crime lab too
 - House transfers ABC Commission, Rape Crisis, Animal Welfare
 - House strengthens state regulation of puppy mills
- Senate would authorize AOC to allocate asst. DAs
- House would decrease family court funding
 - Original proposal to eliminate funding mitigated



Senate v. House Budget Negotiations

County Impacts

Senate	House
\$100 million lottery proceeds for school capital	Same Provision to prohibit debt pledge
\$14.5 million in CPS enhancements	Same
Phase out \$500k Medicaid net benefit	Same
Misdemeanants to county jails	Same
No to governor's shift of workers' comp & tort claims	Same
School nurses to Tier 1 counties only	No
County forestry cost % increase	No
No	Contract for non-emergency Medicaid transports





County Impact in Detail, S744

Major County Impacts:

- Both maintain \$100 M in lottery proceeds for county school construction
 - House includes special provision to prevent “pledge” of funds for debt security on or after July 1, 2014
 - Does not preclude use of \$ for debt service
- Both phase out Medicaid relief swap benefit of \$500k in \$125k increments
 - Does not impact county hold harmless





House Budget Provision, S744

NEMT Provision:

- Require NC-DHHS to contract out non-emergency Medicaid transportation management
 - Must issue RFP & contract by Jan. 1, 2015
- Private contractor 3rd attempt at zombie provision
 - NC-DHHS sponsored RFP showed NC now at \$1.73 v. \$1.80/\$1.95 for lowest bid
 - NC-DHHS sponsored cost/benefit showed NC at second lowest cost
 - NC seen as national model for coordinated trip scheduling & statewide contract likely to disconnect from county-run programs



Where We Are Now?

- NO agreement other than Medicaid spending & lottery availability
- House offers “mini-budget” to set teacher raises—Senate returns without consideration
- Hold joint conference committees—the good, the bad, the ugly
 - Senate at Compromise Scenario (#7); House at #5
- If conference report, back to both houses in up/down vote
- If no budget, operate under existing authority





County Bills with Action

S463 Jail Dormitory Standards

- Eliminates population threshold for jail dormitories to house 64 inmates
- County “low hanging fruit” enacted!





Other Legislation Impacting Counties

H1195 - Pension Spiking, Collins & Ross

- LRC House Committee on Retirement
 - NCACC & NCLM crafted with Retirement Div. & NCCCMA retirement committee
 - Goal to preserve pension fund fiscal integrity w/out impacting valid salary increases or promotions
- Sets contribution-based benefit cap triggered by excessive salary increase & imminent retirement
 - Only applies to state & local employees >\$100,000 retiring Jan 2015 or later
 - Salary does not trigger cap; excessive salary MAY trigger cap
 - Retirement Div. to report names who MAY trigger cap if retire w/in year
 - Notice contains estimated liability owed if cap trigger; consequences?
 - Reduced pension; New employee pays liability; Gov't entity to pay for existing employee (can be shared locally with employee)
- Bill also provides for non-vested contribution returns with interest & resets TSERS vesting to 5 years
- House passed





Other Legislation Impacting Counties

H1043 - P&C Prequalification, Arp

- P&C study committee from NCACC-sponsored Design Build legislative goal
 - Wake County Commissioner Paul Coble county rep
- H1043 requires lgs to adopt prequal policy & prequal assessment tool & limits for construction at risk, design-build, PPP
- Defines prequal standards
 - Uniform, consistent, transparent & allows all eligible contractors to be prequalified
 - Prohibits previous entity award as qualification
- Replaces “costs & benefits” with “advantages & disadvantages”
- Establishes Blue Ribbon Comm. to Study Building & Infrastructure Needs of State
 - Includes water & sewer and schools
 - Study infrastructure needs thru 2025, priority process for needs, feasibility of fund with dedicated revenue & funding options until 2025
- Enacted!





Other Legislation Impacting Counties

H292 – Moratorium on Lawsuits for School Funds PCS

- Prohibits schools for suing over sufficiency for 2 years
 - Applies only to Union, Gaston & Nash
- Enacted!





Other Legislation Impacting Counties

S797 - 911 Board/Back-Up PSAP

- Originated out of Joint Legislative IT Oversight Committee following reports of 911 outages
- States that PSAP must have a plan & means for 911 call-taking if 911 calls cannot be received & processed in primary PSAP
 - Plan must identify the alternative capability of taking the redirected 911 calls
 - Explicitly states that this provision does not require a PSAP to construct an alternative facility to serve as a back-up PSAP.
- Failure to comply may result in reduction, suspension, or termination of 911 Fund distributions by the Board.
- Effective July 1, 2016, to allow PSAPs 2 yrs to develop plan
- Enacted





Other Legislation Impacting Counties

S78 - LEO, Asst. & DA Privacy/Tax Website

- PCS in House—complete rewrite
 - Counties & cities to remove personal identifying info, at LEO/DA request, from all web records
 - Met wit bill sponsor to request delay, liability coverage, understanding of expectations
 - Reaction to DA's father's kidnapping
 - Worked with real estate, mortgage banking, RoD to turn into study





Other Legislation Impacting Counties

H1050 Tax Reform

- Tweaks license tax simplification act of last summer
- Major impact is to cities—privilege licenses
 - Reinstates inadvertent repeal
 - Limits application in 2014-15 to physical presence
 - Repeals in entirety without replacement revenue in 2015-16
- Sets LPA fees at \$1.06 & makes increase retroactive to March
- Authorizes DoR to centrally appraise wireless facilities & towers
- Enacted





Other Legislation Impacting Counties

H1031 – Econ. Development Partnership

- Permits Commerce to outsource certain econ develop. functions
 - Recruitment, retention, business development, international trade, marketing & travel & tourism
- Does not distribute incentives
- Establishes 8 regional prosperity zones to house reps of state agencies for better collaboration & coordination
- Enacted





Other Legislation Impacting Counties

H1025—DOT/DMV Changes

- Establishes penalties for MPO/RPO report filing violations—fines & misdemeanor charges
- Original special provision in Senate budget
- Enacted





Other Legislation Impacting Counties

S38—Environmental Reg. Reform—held in Senate Clerk's Office

- Repeals moratorium on local environmental ordinances
 - Requires AG & DENR to report on any local ordinances impinging on any area subject to dept. regulation
- Redefines single on-site wastewater system to include capacity for multiple lots
- Standardizes local well program forms
- Requires study of gravel definition



Other Legislation Impacting Counties

S734—Reg. Reform PCS--Senate Ways & Means

- Limits county or city zoning authority for design controls
- Amends misconduct, negligent definition of code officials to include enforcement of more stringent building code
- Requires adherences to state building code for inspections of work in progress
- Requires Building Code Council to study authority granted to local building inspectors
- Studies whether county & city elected officials should file a SIE

S493—Health Reg. Reform PCS—Senate Ways & Means

- Requires euthanasia technician to weigh animal to determine appropriate dosage
- Defines reheated food at lodging facilities as limited food establishment



Statewide Issues

Tag & Tax

- Combined motor vehicle property tax collection/vehicle registration system
 - Last state collecting property taxes in arrears of vehicle registration
 - MV property tax rates 10+ percentage points below & falling
 - New system implemented Sept. 2013, funded via 3% interest surcharge on MV delinquencies
- Slow collections initially; now at \$67 million monthly
 - DoR estimates \$100 million add. funds under new system
- \$16.6 million returned to locals from remaining 3% funds
 - County now retains 3%



Statewide Issues

NCFAST

- 90,000 Medicaid apps in arrears—NCFAST & ACA
 - DSS agencies resolve 30% backlog
- 75% reimbursement of county admin expenses for NCFAST activities
 - NC-DHHS attempting to get same for EIS
- DSS agencies submitted plan to resolve backlogs
- CMS investigating timeliness issues





Statewide Issues

Richmond County Board of Ed lawsuit on \$50 improper equipment violation fee

- Fee implemented in 2011 to fund Statewide Misdemeanant Confinement Fund program
 - Fee comprises 40% of revenue stream to SMCF
- Court finds, for Richmond County, that \$50 equipment malfunction is fine subject to disbursement to schools as fines & forfeitures





N O R T H C A R O L I N A
C E N T E R F O R C O U N T Y R E S E A R C H

NCACC Expansion of Research Efforts





Purpose

To develop the research expertise and data collection activities needed to create, sustain, and grow NCACC's research capabilities, with the express purpose of becoming the primary repository and source of data analysis for county-based information.





Elements of Research Initiative



County Budget and Tax ▶

County Demographics and Community Indicators ▶

County Elections ▶

County Funding of Public Schools ▶

Current Legislative Issues and Analysis ▶

Hot Topics ▶

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Center for County Research

About the Center

The North Carolina Center for County Research is the principal repository and source of data analysis for county-based information. The center collects and publishes primary survey data from North Carolina county governments and compiles county data information from secondary data sources.



Research Initiatives

County Budget & Tax

- [North Carolina Fiscal Summary](#)—a fiscal analysis of all 100 counties based on audited revenue & expenditure data
- [Budget & Tax Survey](#)—an annual survey of all 100 counties to capture county budget action including school appropriations
- [Tax Rate Survey](#)—an annual survey of all 100 counties to capture county property tax rates
- [County Budget Guidance](#)—an annual forecast of major county revenues & compilation of other information to help counties in their budgeting process; includes all state distributions
- [County Sales Tax Referenda](#)—results of the local option sales tax referenda for the ¼ cent sales tax authorized in 2007, along with FAQs

County Demographics & Community Indicators

- [State of the Counties](#)—a secondary database for essential county community indicators
- [County Map Book](#)—a geographical presentation of the most important county community indicators

County Elections

- [County Elections Methods](#)—an annual survey of all 100 counties to capture how county commissioners are elected
- [County Election Results](#)—a listing of the county elections demographics
- [County Board Makeup](#)—a current & historical synopsis of the makeup of county boards of commissioners

County Funding of Public Schools

- [Basics of County Funding of Public Schools](#)—a white paper detailing county and state funding responsibilities for public education



NOTIFY ME



COUNTY CAREERS



RESOURCES & LINKS



COUNTYLINES



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2014-15 County Tax Rate Survey

State Average Effective Tax Rate = \$0.6610

	<u>Rates</u>	<u>Rate Changes</u>		<u>Sales Assess</u>	<u>Effective</u>
Avg	\$0.6396	Avg increase	\$0.0345	103.9%	\$0.6610
		Avg decrease	(\$0.0196)		
High	\$1.0300		\$0.1014	136.1%	\$1.0387
Low	\$0.2790		(\$0.0670)	83.5%	\$0.3095

<u>Summary of Actions</u>		<u>SA above 100%</u>	
Increases =	18	Total =	65
Decreases =	6	Max =	1.36
No change =	74	Total >110% =	17
Interim =	2	Total >115% =	9
	100		





Research—Next Steps

- Convene focus group for environmental scan
- Need to hear from super-users about data needs & FAQs
- Environmental scan Fall 2014
- Need budget volunteers





Questions?

Comments?

