

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Fiscal Note



BILL NUMBER: House Bill 741 (Second Edition)

SHORT TITLE: Department of Veterans Affairs.

SPONSOR(S): Representative Coates

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<u><b>FY 2005-06</b></u>	<u><b>FY 2006-07</b></u>	<u><b>FY 2007-08</b></u>	<u><b>FY 2008-09</b></u>	<u><b>FY 2009-10</b></u>
<b>REVENUES</b>					
<b>EXPENDITURES</b>					
<b>POSITIONS (cumulative):</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; Department of Administration, Office of Governor PROGRAM(S) AFFECTED:</b>					
<b>EFFECTIVE DATE:</b> July 1, 2005					

**BILL SUMMARY:** This bill retitles Article 1 of Chapter 165 of the General Statutes as the Department of Veterans Affairs. It completely rewrites G.S. § 165-1 to create a Department of Veterans Affairs, attached to the Office of the Governor for administrative purposes, and headed by an Executive Director appointed by the Governor. It rewrites G.S. § 165-2 to provide that the Department of Veterans Affairs includes the Veterans' Affairs Commission and is responsible for providing services to veterans in accordance with the Chapter. The bill amends G.S. § 165-6, pertaining to the Department's powers and duties, (1) to require (was authorize) the Department of Veterans Affairs to perform the listed departmental duties to assist veterans, (2) to increase the maximum grant to a county from \$2,000 to \$5,000, and (3) to delete provisions for assisting municipalities with veterans' services. It also makes conforming and technical changes. *Adopted from the March 17, 2005 and April 13, 2005 Bill Digest for H.B. 741.*

## ASSUMPTIONS AND METHODOLOGY:

### *Background*

Pursuant to existing G.S. § 165-1, the Department of Administration (DOA) has all duties, responsibilities, and powers that were formerly exercised by the NC Veterans Commission. The Division of Veterans Affairs is the organizational unit within DOA through which those duties, responsibilities, and powers are exercised. The Division is under the direction of the Assistant Secretary for Veterans Affairs, a position that currently reports to the Secretary of DOA.

DOA reports that the Division of Veterans Affairs has operating budget requirements for fiscal year 2004-05 of approximately \$9.3 million, which is funded with receipts of \$4 million and an appropriation of \$5.3 million. The Division has 86 positions. In addition, the receipt-supported State Veterans' Home Program has operating budget requirements of \$11.1 million with 4 positions. The Division of Veterans Affairs represents approximately 9% of DOA's total workforce. The Division's operating funds represent approximately 6% of the total operating budgets for DOA's General Fund, Special Funds, Federal Funds, and Internal Service Funds. Currently, DOA provides core administrative functions for the Division. These core functions include accounting/budgeting, payroll, personnel and technology support.

### *Creating a new Department of Veterans Affairs*

Under this bill, the Division of Veterans Affairs would become the Department of Veterans Affairs. The new department would be under the direction of an Executive Director and attached to the Office of the Governor for administrative purposes. The new department would exercise the same duties, responsibilities, and powers currently exercised by the Division of Veterans Affairs.

Because the bill does not expand the duties, responsibilities, or powers of the new department, both Fiscal Research and the Office of State Budget and Management (which is responsible for the accounting/budgeting, payroll, personnel, and technology support functions for the Office of the Governor) estimate that the establishment of the new department will have no fiscal impact. The estimate is based on the assumption that the core administrative functions of the new department would not change substantially, if at all, from the Division's current core functions. And, therefore, DOA could continue to provide those core administrative for the new department just as it currently does for the Division **and** just as it currently does for the Office of the Lieutenant Governor, the State Board of Elections, and the Office of State Personnel, the heads of which **are not** under the control of DOA's Secretary. Considering that the support function is already in place and intertwined with DOA's services to its other divisions and programs, Fiscal Research and OSBM believe it is reasonable for DOA to continue to provide that support function. Further, because DOA's support function for the existing Division of Veterans Affairs is so intertwined with its services to its other divisions and programs, no staff are specifically dedicated to providing administrative support to the Division. Therefore, it is difficult to determine whether any positions could be transferred from DOA to the Governor/OSBM to handle the new department's administrative functions.

***Increasing the County Contribution***

Existing law authorizes the Division to contribute to each county an amount not to exceed \$2,000 on a matching basis for any fiscal year for the maintenance and operation of a county veterans service program. This bill increases the maximum annual contribution by \$3,000 to \$5,000. The total needed to fund the increase would be \$300,000 (\$3,000 \* 100 counties) assuming the contribution to each of the 100 counties is increased to the \$5,000 maximum.

**SOURCES OF DATA:** Department of Administration, Office of the Governor.

**TECHNICAL CONSIDERATIONS:** Article III, section 11 of the North Carolina Constitution limits the number of principal departments to 25. There are 22 principal departments in the State.

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**DATE:** April 15, 2005

**Signed Copy Located in the NCGA Principal Clerk's Offices**