January 23, 2023

MEMORANDUM

TO: Joint Legislative Committee on Justice and Public Safety
FROM: Kristin Walker
SUBJECT: Final Report on Creation of Department of Adult Correction

Pursuant to Session Law 2021-180, Section 19C.9.(xxxx), the Office of State Budget and Management, in consultation with the Department of Public Safety, shall make an interim report on or before July 15, 2022, on progress implementing this section to the Joint Legislative Oversight Committee on Justice and Public Safety. The Office of State Budget and Management, in consultation with the Department of Public Safety, shall make a final report on or before January 15, 2023, on progress implementing this section to the Joint Legislative Oversight Committee on Justice and Public Safety. The final report shall include information on the following:

(1) Any reclassifications of positions or reductions in force.
(2) Any recommendations for changes to the statutes that organize the Department of Public Safety or the Department of Adult Correction.

Please see the enclosed final report as required by Session Law 2021-180.

Please contact Budget Analyst Marsha Overby, at Marsha.Overby@osbm.nc.gov if you have questions.
Session Law 2021-180 established the Department of Adult Correction (DAC), effective January 1, 2023. The Adult Correction entities, which were part of the Department of Public Safety (DPS), are now separate and are a Cabinet-level agency.

In preparation for the creation of the DAC, the following actions were taken or are currently underway:

- The DPS Transition Task force established an organizational structure for DAC and drafted an associated organizational chart.
- DPS Budget developed and proposed a budget structure for the new agency with new budget codes and fund codes. The proposed budget structure was reviewed and approved by the Office of State Budget and Management (OSBM) and the Office of the State Controller (OSC). This new structure has been established in the necessary IT systems (i.e., North Carolina Accounting System (NCAS), North Carolina Financial System (NCFS), HR-Payroll System, and the Integrated Budget Information System (IBIS)).
- Positions transferring to DAC within the Administration Division of DPS have been identified by section heads. This list of positions was approved by DPS General Counsel, and DPS notified employees of their status by the week of July 11, 2022.
- Necessary DAC leadership positions were identified and created—including the new DAC Secretary position—to fill the 16 FTE appropriated for FY 2022-23 in S.L. 2021-180.
- Legislation (Session Law 2022-58) allowed DAC to certify its new budget effective July 1, 2022 was ratified by the General Assembly on July 1, 2022 and signed by the Governor on July 8, 2022. Allowing the agency to establish and certify its fiscal operations before the operational effective date provided for a more efficient transition.
- After the passage of S.L. 2022-74, DPS Budget worked with OSBM to certify the DAC budget into its new budget structure.
- DPS Human Resources coordinated with OSC for the mass transfer of future DAC employees and positions to the new agency. OSC transferred all identified positions to the new agency effective October 1, 2022.
- DPS Human Resources is collaborating with the Office of State Human Resources regarding any potential position reclassifications. No reductions in force have been considered.
- DPS contracts and purchase orders are under legal review to identify those that need to be modified or amended to accommodate the creation of DAC.
- A task force within DPS has studied and analyzed the office space needs for both DAC and DPS. Additional office space is being acquired and certain teams in both agencies have begun to relocate.
- The Division of Adult Correction and Juvenile Justice consolidated Adult Correction leadership positions, separating these positions budgetarily from Administration and Juvenile Justice.
- At the end of the calendar year, new DAC email addresses (@DAC.NC.GOV) were issued to employees in the Administration Division. Work is underway to provide this new email address to the remaining DAC employees.
Moving Forward:

- OSBM is planning a review of governing statutes for DPS and DAC in order to submit any needed changes to the 2023 legislative session.
- DAC conducted a review of N.C. General Statutes and has identified multiple technical corrections that will need to be addressed in the 2023 legislative session. An overwhelming majority of corrections have little to no impact; however, the following two statutory revisions will need to be addressed as soon as possible.
  - § 14-269. Carrying concealed weapons.
    - Between 2014 and 2022, designated Division of Adult Correction leadership and management staff in non-certified positions were allowed to carry duty weapons for protection. However, statutory changes related to the creation of the Department of Adult Correction, and subsequent technical corrections, have failed to account for the oversight. The change would reinstate previous law that was enacted prior to the DPS/DAC split.
  - § 150B-1. Policy and scope.
    - Previous law provided contested case exemption to all DPS Division of Adult Correction, which included Community Corrections, Medical, and Alcohol and Chemical Dependency Programs (ACDP). The current law is limited to Prisons. The suggested change restores the contested case exemption to all of DAC.

- DPS is reviewing the governing statutes and plans to submit requests for changes during the 2023 legislative session. Clarifying language and/or revisions to statute are required where technical corrections were missed or where appropriate authority levels were not established, and post-transition operations will be impacted (primarily in Juvenile Justice).
- DPS and DAC have identified additional consequences related to the deconsolidation in administrative areas (budget, controller, HR, purchasing, etc.) where FTE resources were simply not sufficient to equitably split between the two departments leaving DPS and DAC with operational gaps in many of its administrative sections. As an example, an entire Safety Office needs to be established in DPS due to having transferred all Safety Office positions to DAC. A staff of occupational health and safety experts is needed to continue to support 24-hour residential facilities in Juvenile Justice, to provide an occupational health program for employees, and to ensure compliance with federal and state occupational health and safety regulations department wide.