

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Fiscal Note

BILL NUMBER: House Bill 946 (First Edition)

SHORT TITLE: Repeal HB2/Fund Human Relations Comm.

SPONSOR(S): Representatives Jackson, Meyer, Hamilton, and G. Martin

FISCAL IMPACT					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
State Impact	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
General Fund Revenues:					
General Fund Expenditures:	\$545,607				
State Positions:					
NET STATE IMPACT	(\$545,607)	\$0	\$0	\$0	\$0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
The Department of Administration, Human Relations Commission					
EFFECTIVE DATE: July 1, 2016					
TECHNICAL CONSIDERATIONS:					
None					

BILL SUMMARY:

Section 1 of this bill would repeal S.L. 2016-3 of the 2016 Second Extra Session, which included provisions concerning single-sex multiple occupancy bathroom and changing facilities, laws related to employment and contracting, and rights in employment and public accommodations. The bill specifies that any local ordinances, resolution, regulation, or policy that was enacted before March 23, 2016 is not abated or affected by S.L. 2016-3, and that the local ordinance, resolution, or policy that would be valid but for S.L. 2016-3 remains valid. Section 1 would be effective March 23, 2016.

Section 2 of the bill would appropriate \$545,407 for Fiscal Year 2016-17 in recurring funds from the General Fund to the Department of Administration, Human Relations Commission, to be used for operating expenses. Section 2 would be effective July 1, 2016.

ASSUMPTIONS AND METHODOLOGY:

Section 1

At the time of publication of this fiscal note, the repeal of S.L. 2016-3 of the 2016 Second Extra Session would have no direct fiscal impact on the State. To date, Fiscal Research Division has not found any record of federal funds being withheld from the State or from any state due to similar legislation. This bill would likely circumvent the risk of a potential loss of federal funds due to currently pending legal action by the federal government alleging violations of compliance with

the Title VII of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, and the Violence Against Women Reauthorization Act of 2013. These statutes authorize federal agencies to withhold funds due to lack of compliance after certain due process is met.

North Carolina Community College System and University of North Carolina System

NCCCS and UNC reported a potential risk regarding federal funding that each entity receives. The United States Department of Education (USDOE) could potentially deem that compliance with the Bill runs counter to Title IX of the Education Amendments of 1972 (P.L. 92-318) or its regulations. If the USDOE rules that the State is noncompliant there is the potential risk that USDOE would take action that could impact federal funding for educational programs. Should the USDOE make such a determination, then North Carolina officials would likely receive a letter from USDOE reaffirming that North Carolina's receipt of federal assistance is conditioned upon the State being fully compliant with Title IX and all other relevant federal regulations. If the State did not remedy the situation, then USDOE could take further action, including potentially withholding federal funds to educational programs. The entities cannot reasonably estimate the potential risk, extent, or timing of any such withholding. However, if USDOE withheld all federal funds received by educational programs the impact at the three entities could be in excess of \$1.4 billion at DPI, \$33 million at NCCCS, and \$1.4 billion at UNC.ⁱ DPI did not comment on potential Title IX compliance implications, so the above reference to \$1.4 billion is merely illustrative and was not provided by the Department.

State Board of Education/Department of Public Instruction

North Carolina's 115 school districts expended \$1,449,542,854 from federal sources in FY 2014-15 on school operations. In other terms, the average FY 2014-15 expenditure from federal sources was \$1,011 per pupil. To the extent that North Carolina is not found to be fully compliant with Title IX, there is a risk of federal action that would impact federal funding for public schools.

Department of Public Safety

The Department of Public Safety has budgeted \$209,928,823 from federal sources in FY 2015-16. This includes funds for the National Guard, Emergency Management, the Governor's Crime Commission, the Division of Adult Correction and Juvenile Justice, the State Bureau of Investigation, and the State Highway Patrol. To the extent that North Carolina is not found to be fully compliant with Title VII or the Violence Against Women Reauthorization Act of 2013 (VAWA), there is a risk of federal action that would impact federal funding for divisions and programs within the Department of Public Safety.

Section 2

House Bill 946 appropriates a recurring amount of \$545,407 to the Department of Administration to fund the Human Relations Commission. The Commission is currently on nonrecurring funding as a result of a Continuation Review as required by S.L. 2015-241. The nonrecurring funding will run out on July 1, 2016.

SOURCES OF DATA: North Carolina Department of Public Instruction, North Carolina Community College System, University of North Carolina System, North Carolina Department of

Administration, North Carolina Department of Administration – Human Relations Commission,
North Carolina Department of Public Safety

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: William Childs, Lisa Hollowell, Daniel Sater, Brian Matteson, Mark Bondo,
Brett Altman, Kristine Leggett, Lisa Fox

DATE: May 15, 2016

APPROVED BY:
Mark Trogdon, Director
Fiscal Research Division



Signed Copy Located in the NCGA Principal Clerk's Offices

ⁱ DPI's figures reflect FY 2014-15 actual expenditures from federal sources. NCCCS's figures reflect certified FY 2015-16 expenditures from federal sources. UNC's figure reflects FY 2013-14 Integrated Postsecondary Education System Data Base (IPEDS).