DOT OVERSIGHT
Danielle Battaglia, THE INSIDER, 5/29/20

State Treasurer Dale Folwell is calling on the General Assembly to transfer the N.C. Department of Transportation’s budget oversight to the Office of State Budget and Management. But OSBM Director Charles Perusse said it should remain with DOT. The conflicting suggestions came during the Senate Transportation Committee meeting Thursday morning. Folwell and Perusse were the third set of speakers in the last two weeks to discuss a state audit report that found DOT had overspent its budget by $742 million. DOT officials as well as State Auditor Beth Wood had already addressed the audit’s findings with the Senate earlier in the week. Folwell said he disagreed with the entirety of DOT officials’ presentation Wednesday except their comment that it’s hard to attract auditors to state jobs. Folwell said he was the one who called for the investigation of DOT’s spending in a Council of State meeting 18 months ago. “They’re telling us they’re writing checks they can’t cash and they didn’t slow down,” Folwell said. “And when they did slow down they didn’t slow down enough.” Sen. Erica Smith, D-Northampton, asked Folwell if OSBM has the staffing to take over DOT’s budget.

Wood, who was in the audience, spoke up and said that the audit report recommended that OSBM take over the budget. But Perusse said he’s not staffed to take on the budget, nor does he think it is best practice. Perusse came with his own set of suggestions that would keep the budget in DOT but modify their budgeting practices to prevent another overspend. “Incremental, systemic change makes the most sense going forward,” Perusse said, “and quite frankly has the best chance moving forward.” Despite that, Perusse said that he had been moving staff into position to work on DOT’s budget and is looking to hire someone specific to focus on the budget. And anytime he lost an employee, he tried to fill the position with someone who could tackle this problem. Those solutions temporarily confused senators who wanted to know why he doesn’t want the budget but is preparing for it. “Should it be moved to OSBM?” Perusse asked. “I think there is recognition from all of us that we’ve had difficulties and had some challenges and that we need to be working together to find solutions. “In related news, Wood said she was told that the 14 auditors at DOT produced 400 audits, but the auditors said they have done nothing since 2016. Wood said she will soon begin an audit of their audits to find out what was audited.

North Carolina General Assembly considers action to fund transportation shortfalls

Many of you watched the two Senate Transportation Committee meetings last week and heard from the State Auditor, State Treasurer, NCDOT Leadership, and the Office of State Budget and Management. There were differing opinions of how we have reached this point and what needs to be done moving forward. Over the next few weeks the House and Senate will consider what action to take to help NCDOT overcome the COVID-19 revenue shortfalls and other cash problems plaguing the Department, and install possible safeguards and oversight to prevent future problems. Your calls, e-mails, and contacts with State legislators have been critical to getting the message out that our industry has been dramatically affected by the events of the past several years.

Rest assured your ACEC/NC advocacy team will be working hard behind the scenes and when
necessary, in legislative committee hearings, to advocate for solutions to help our people and firms get back to work. We will also be advocating at the Federal level for several key actions, including clarifying that the $300M in Federal stimulus funds can be used for State DOT revenue shortfalls, or passage of specific State DOT targeted stimulus dollars.

Some action that could be taken at the State level includes:

1. Extend the June 15th date in the COVID-19 legislation that the federal government would have to clarify that the CARES Act funds of $300M can be used for State DOT revenue shortfalls, to August 15
2. Amend the Build NC Bond statute to allow NCDOT to apply for the $400M in bonds beyond June 30, and still apply for the $300M before June 30 2021 (so two in fiscal year 2020-2021)
3. Confirm that the House’s proposed School/Transportation bond of $3.1B can be used for engineering projects and pass this bill
4. Appoint a legislative study committee or empower the Transportation Oversight Committee to study long term funding solutions for NCDOT.

Watch for future updates on what is happening, and let us know your ideas!

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