

OSBM

PERSONAL SERVICES CONTRACTS
For Fiscal Year July 1, 2013-June 30, 2014

As Directed by Session Law 2007-322

March 2015



Prepared By:

Office of State Budget and Management
Office of State Human Resources

[THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTRODUCTION

North Carolina General Statutes 143-64.70 requires the Office of State Budget and Management (OSBM) and the Office of State Human Resources (OSHR) to report annually on the use of personal services contracts¹ by State departments, agencies, institutions, and other State entities, hereafter referred to as “State agencies”, that have annual expenditures greater than \$25,000. The report should include information on the type, number, duration, cost, and effectiveness of the personal services contracts. The report must be submitted to the Joint Legislative Commission on Governmental Operations Committee by March 15 of each year.

METHODOLOGY

OSBM requested State agencies to provide information on the personal services contracts which they used during fiscal year (FY) 2013-14, hereafter referred to as FY 2014, with expenditures greater than \$25,000. The requested information included general agency details, contract specifications, the nature of the services, the duration of the contracts, financial data, and other contractual information. The information submitted to OSBM by the State agencies, universities, and licensing boards was assembled, verified, and analyzed to ensure its completeness and accuracy. Additionally, the personal service contract data for previous fiscal year reports has been included in this report for comparative purposes.

RESULTS

Summary Tables and Charts

The tables and graphs on the following pages provide summary data on the types, number, and costs of personal services contracts for FY 2014, in addition to historical information for the four previous fiscal years. Appendix A provides the definitions for the types of personal services contracts.

Table 1 summarizes the personal services contract information for FY 2010-FY 2014 for contracts greater than \$25,000. The summary includes the number of contracts, costs, and duration of contracts as well as the number of contractors, average number of contracts per contractor, number of state employees overseeing the contracts, and the average length of contracts. The last column of Table 1 also shows a decrease in data for all categories between FY 2010-FY 2014. The average number of months for all contract categories decreased from 17.1 months for FY 2010 to 12.7 months for FY 2014.

Table 1–Summary of Personal Services Contracts for FY 2010-FY 2014

| Description of Data | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | Percent Change FY 2010 to FY 2014 |
|---|---------------|---------------|---------------|---------------|---------------|-----------------------------------|
| Total Number of Contracts > \$25,000 | 534 | 509 | 466 | 462 | 403 | -24.53% |
| Total Paid on Contracts -- All Funding Sources | \$ 27,731,481 | \$ 27,288,937 | \$ 25,091,110 | \$ 28,685,898 | \$ 23,322,592 | -15.90% |
| Total Paid on Contracts -- Only General Funds | \$ 22,066,862 | \$ 21,861,793 | \$ 19,377,696 | \$ 23,421,049 | \$ 17,194,740 | -22.08% |
| Number of Individual Contractors | 521 | 500 | 454 | 458 | 398 | -23.61% |
| Average Number of Contracts per Contractor | 1.025 | 1.018 | 1.026 | 1.009 | 1.013 | -1.21% |
| Number of State Employees Overseeing Contracts | 257 | 240 | 214 | 191 | 195 | -24.12% |
| Average Length of Contract (<i>in months</i>) | 17.1 | 16.0 | 14.2 | 15.9 | 12.7 | -25.73% |

¹ Title 01 North Carolina Administrative Code Chapter 05 Subchapter A .0112 states “...A service contract shall mean any agreement in which an independent contractor performs services requiring specialized knowledge, experience, expertise or similar capabilities for a state agency for compensation involving an expenditure of public funds. The services may include (by way of illustration, not limitation) services such as maintenance of buildings or equipment, auditing, film production, employee training and food services...”

Table 2 shows the number of contracts, amounts spent, and average expenditure for personal services contracts by personal service category for FY 2014. Although Health & Medical Services contracts out number Business & Financial Services contracts by 52.1%, the average cost per Business & Financial Services contract is 27.2% larger than a Health & Medical Services contract. Appendix B provides a breakdown for each agency.

Table 2

| Type of Contract | Number of Contracts | Percent of Contracts Issued | Amount Spent | Percent of Amount Spent | Average Cost per Contract |
|--|---------------------|-----------------------------|----------------------|-------------------------|---------------------------|
| Business & Financial Services | 45 | 11.2% | \$ 3,872,856 | 16.6% | \$ 86,063 |
| Information Technology Services | 32 | 7.9% | \$ 2,694,718 | 11.6% | \$ 84,210 |
| Health & Medical Services | 94 | 23.3% | \$ 5,886,706 | 25.2% | \$ 62,625 |
| Communications & Media Services | 10 | 2.5% | \$ 621,430 | 2.7% | \$ 62,143 |
| Management Services | 34 | 8.4% | \$ 1,889,184 | 8.1% | \$ 55,564 |
| Human Services | 18 | 4.5% | \$ 876,781 | 3.8% | \$ 48,710 |
| Legal & Law Enforcement Services | 30 | 7.4% | \$ 1,452,615 | 6.2% | \$ 48,421 |
| Other | 77 | 19.1% | \$ 3,408,531 | 14.6% | \$ 44,267 |
| Educational Services | 38 | 9.4% | \$ 1,662,294 | 7.1% | \$ 43,745 |
| Scientific Services | 7 | 1.7% | \$ 303,567 | 1.3% | \$ 43,367 |
| Architectural Services (prof. & non prof.) | 3 | .7% | \$ 129,598 | .6% | \$ 43,199 |
| Interpretation Services | 5 | 1.2% | \$ 183,776 | .8% | \$ 36,755 |
| Engineering Professional Services | 10 | 2.5% | \$ 340,536 | 1.5% | \$ 34,054 |
| Transportation | - | .0% | \$ - | .0% | \$ - |
| Grand Total | 403 | 100.0% | \$ 23,322,592 | 100.0% | \$ 57,872 |

Table 3, shows the personal services contracts data for a five year period including average length of time for a contract. Communications & Media Services contracts, on average, were for a period longer than twenty months in FY 2014.

Table 3—Average Term by Type of Personal Services Contracts for FY 2010-FY 2014

| Type of Contract | FY 2010 | | | FY 2011 | | | FY 2012 | | | FY 2013 | | | FY 2014 | | |
|--|----------------|------------|-----------------------------|----------------|------------|-----------------------------|----------------|------------|-----------------------------|----------------|------------|-----------------------------|----------------|------------|-----------------------------|
| | Amount Spent * | No. | Average Months per Contract | Amount Spent * | No. | Average Months per Contract | Amount Spent * | No. | Average Months per Contract | Amount Spent * | No. | Average Months per Contract | Amount Spent * | No. | Average Months per Contract |
| Communications & Media Services | \$.4 | 9 | 11.1 | \$.3 | 9 | 11.7 | \$.2 | 5 | 12.7 | \$.3 | 3 | 15.9 | \$.6 | 10 | 21.3 |
| Engineering Professional Services | \$.5 | 11 | 15.9 | \$.5 | 13 | 15.6 | \$.3 | 7 | 12.1 | \$.3 | 7 | 10.0 | \$.3 | 10 | 16.1 |
| Other Services | \$ 3.0 | 74 | 9.2 | \$ 3.2 | 68 | 3.7 | \$ 2.9 | 67 | 16.4 | \$ 3.1 | 72 | 15.2 | \$ 3.4 | 77 | 15.1 |
| Health & Medical Services | \$ 10.1 | 181 | 21.6 | \$ 8.7 | 150 | 24.9 | \$ 8.2 | 132 | 17.4 | \$ 6.5 | 112 | 20.7 | \$ 5.9 | 94 | 14.7 |
| Interpretation Services | \$.2 | 5 | 15.4 | \$.2 | 4 | 10.4 | \$.1 | 2 | 11.7 | \$.0 | 1 | 11.2 | \$.2 | 5 | 13.0 |
| Business & Financial Services | \$ 3.9 | 46 | 11.1 | \$ 3.1 | 29 | 11.7 | \$ 3.4 | 46 | 12.8 | \$ 2.2 | 31 | 12.7 | \$ 3.9 | 45 | 12.1 |
| Human Services | \$ 2.2 | 54 | 21.5 | \$ 2.1 | 47 | 18.7 | \$.9 | 24 | 12.8 | \$ 1.0 | 24 | 12.2 | \$.9 | 18 | 12.0 |
| Legal & Law Enforcement Services | \$ 1.7 | 28 | 18.5 | \$ 1.7 | 33 | 11.0 | \$ 1.6 | 31 | 11.1 | \$ 1.5 | 32 | 16.5 | \$ 1.5 | 30 | 11.8 |
| Management Services | \$.4 | 12 | 11.0 | \$ 1.2 | 31 | 12.8 | \$ 1.2 | 32 | 11.2 | \$ 1.3 | 33 | 10.9 | \$ 1.9 | 34 | 11.5 |
| Educational Services | \$ 2.6 | 67 | 10.5 | \$ 2.6 | 63 | 10.8 | \$ 2.6 | 62 | 10.8 | \$ 2.9 | 66 | 11.5 | \$ 1.6 | 38 | 10.7 |
| Scientific Services | \$.2 | 5 | 7.3 | \$.1 | 3 | 7.4 | \$.2 | 4 | 16.5 | \$.2 | 3 | 12.5 | \$.3 | 7 | 10.3 |
| Information Technology Services | \$ 2.2 | 29 | 18.9 | \$ 2.5 | 36 | 19.6 | \$ 2.3 | 30 | 16.1 | \$ 8.8 | 65 | 17.6 | \$ 2.7 | 32 | 9.0 |
| Architectural Services (prof. & non-prof.) | \$.5 | 12 | 11.3 | \$.9 | 20 | 18.1 | \$ 1.0 | 21 | 12.6 | \$.4 | 10 | 18.6 | \$.1 | 3 | 7.6 |
| Transportation Services | \$.0 | 1 | 12.2 | \$.2 | 3 | 15.9 | \$.2 | 3 | 19.9 | \$.2 | 3 | 28.4 | \$.0 | 0 | .0 |
| Total | \$ 27.7 | 534 | 17.1 | \$ 27.3 | 509 | 16.0 | \$ 25.1 | 466 | 14.2 | \$ 28.7 | 462 | 15.9 | \$ 23.3 | 403 | 12.7 |

*Dollars in Millions

Graph 1 shows the percent of the FY 2014 expenditures by type of contract. Health & Medical Services and Business & Financial Services used the most personal services contracts. Both accounted for 41.8% or \$ 9.8 million dollars of all contract expenditures.

Graph 1–Percent of Expenditures by Type of Personal Services Contracts for FY 2014

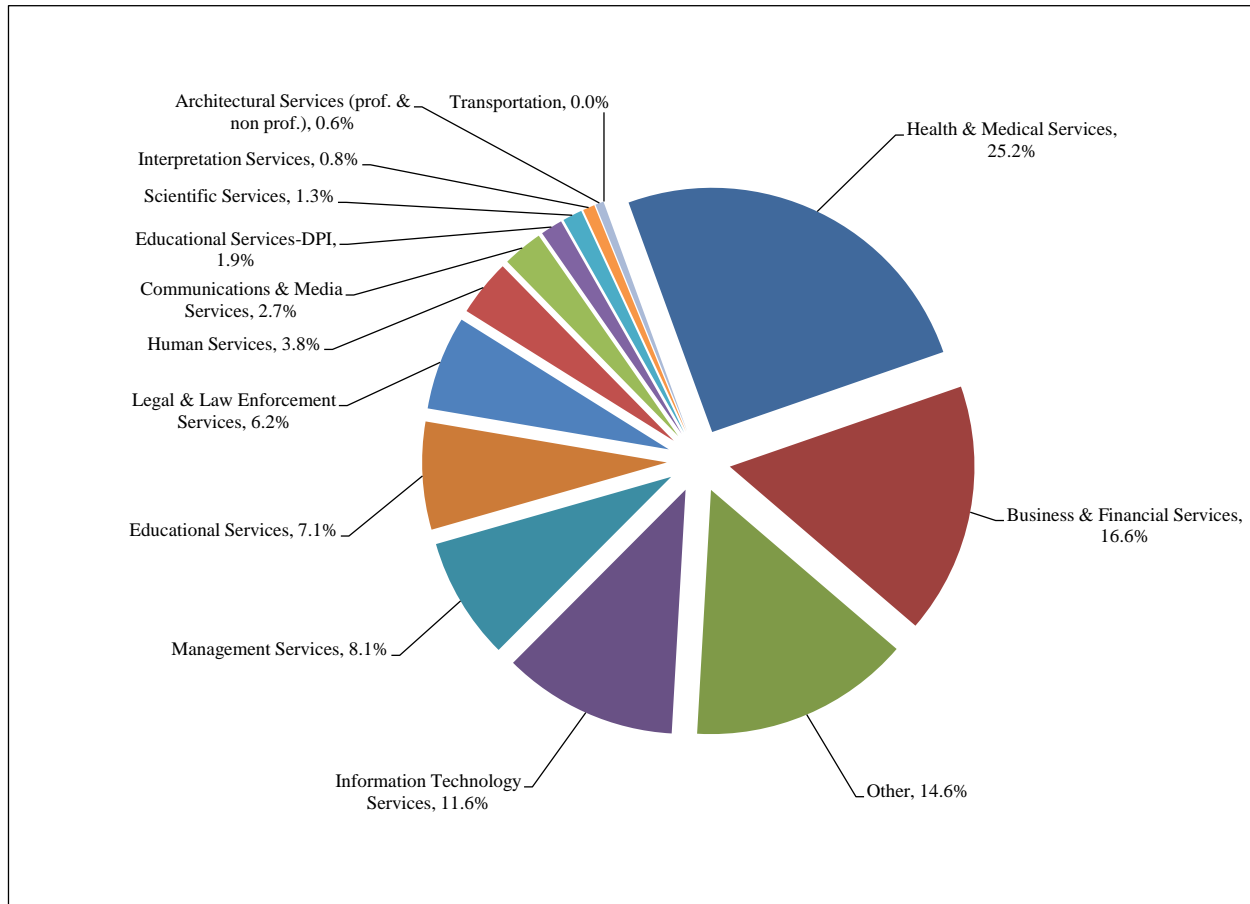


Table 4, page 4, shows the dollar amount expended and number of contracts by category for FY 2010-FY 2014. The Justice & Public Safety category had the largest number of contracts and amount spent on personal services contracts. These contracts were primarily in the Department of Public Safety for providing health and medical services. Appendix C provides information at the agency level for FY 2010-FY 2014.

Table 4–Personal Services Contracts Legislative Appropriations Committee Category for FY 2010-FY 2014

| Category | FY 2010 | | FY 2011 | | FY 2012 | | FY 2013 | | FY 2014 | |
|------------------------------|---------------------|----------------|---------------------|----------------|---------------------|----------------|---------------------|----------------|---------------------|----------------|
| | Number of Contracts | Amount Spent * | Number of Contracts | Amount Spent * | Number of Contracts | Amount Spent * | Number of Contracts | Amount Spent * | Number of Contracts | Amount Spent * |
| Justice & Public Safety | 361 | \$ 17.1 | 327 | \$ 15.3 | 283 | \$ 13.4 | 262 | \$ 11.8 | 233 | \$ 11.2 |
| Education-University System | 102 | \$ 5.2 | 102 | \$ 5.6 | 97 | \$ 5.0 | 112 | \$ 10.9 | 90 | \$ 4.6 |
| General Government | 20 | \$ 1.2 | 26 | \$ 2.0 | 23 | \$ 1.9 | 31 | \$ 2.3 | 36 | \$ 2.7 |
| Natural & Economic Resources | 14 | \$ 2.3 | 16 | \$ 2.0 | 16 | \$ 1.4 | 8 | \$.5 | 14 | \$ 2.6 |
| Health & Human Services | 23 | \$ 1.3 | 21 | \$ 1.6 | 27 | \$ 2.0 | 29 | \$ 1.8 | 14 | \$ 1.4 |
| Education-Public Instruction | 7 | \$.3 | 11 | \$.5 | 8 | \$.7 | 15 | \$.7 | 12 | \$.6 |
| Transportation | 7 | \$.3 | 1 | \$.04 | 12 | \$.7 | 5 | \$.7 | 4 | \$.2 |
| Education-Community Colleges | 0 | \$ - | 5 | \$.3 | 0 | \$ - | 0 | \$ - | 0 | \$ - |
| Total | 534 | \$ 27.7 | 509 | \$ 27.3 | 466 | \$ 25.1 | 462 | \$ 28.7 | 403 | \$ 23.3 |

*Dollars in Millions

Graph 2 shows the percent of expenditures by category for FY 2014. Justice & Public Safety and Education-University accounted for 67.9% of all the personal services contract expenditures.

Graph 2–Percent of Expenditures by Legislative Appropriations Committee Category for FY 2014

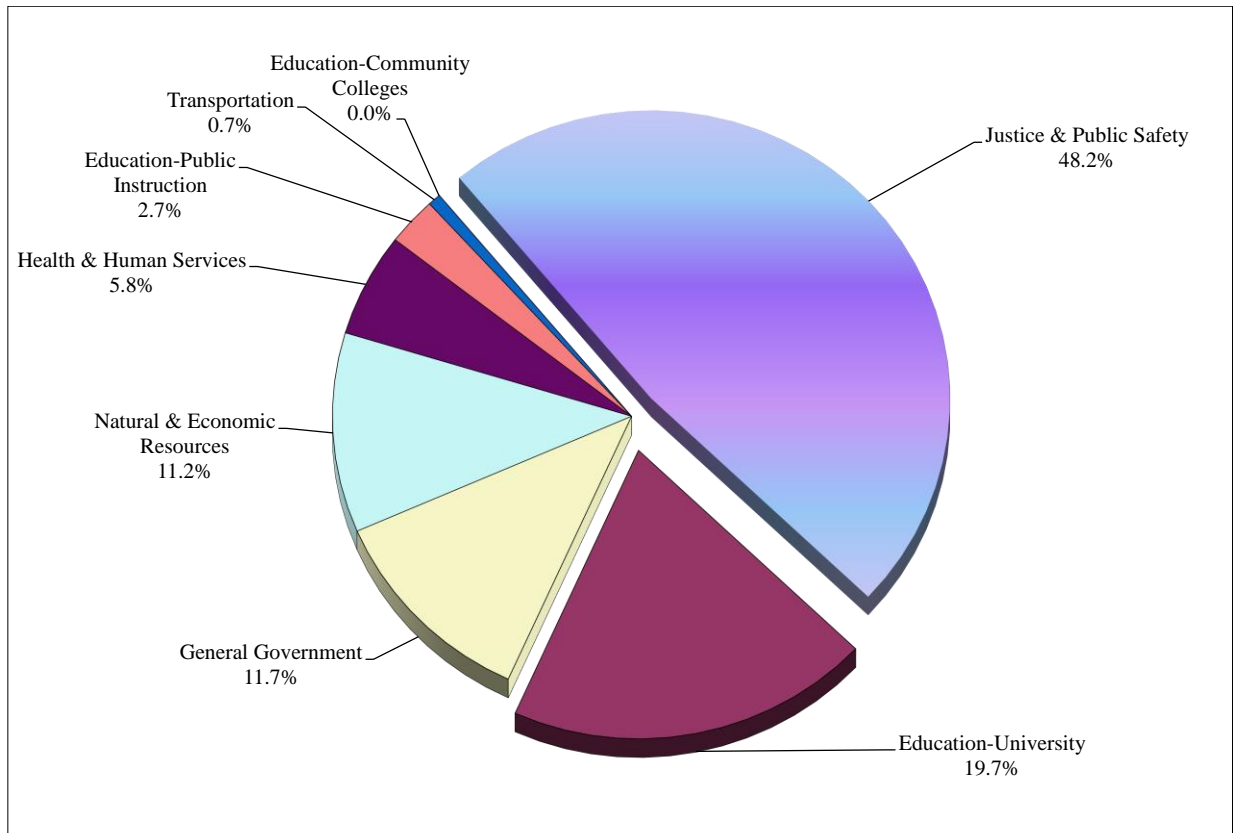


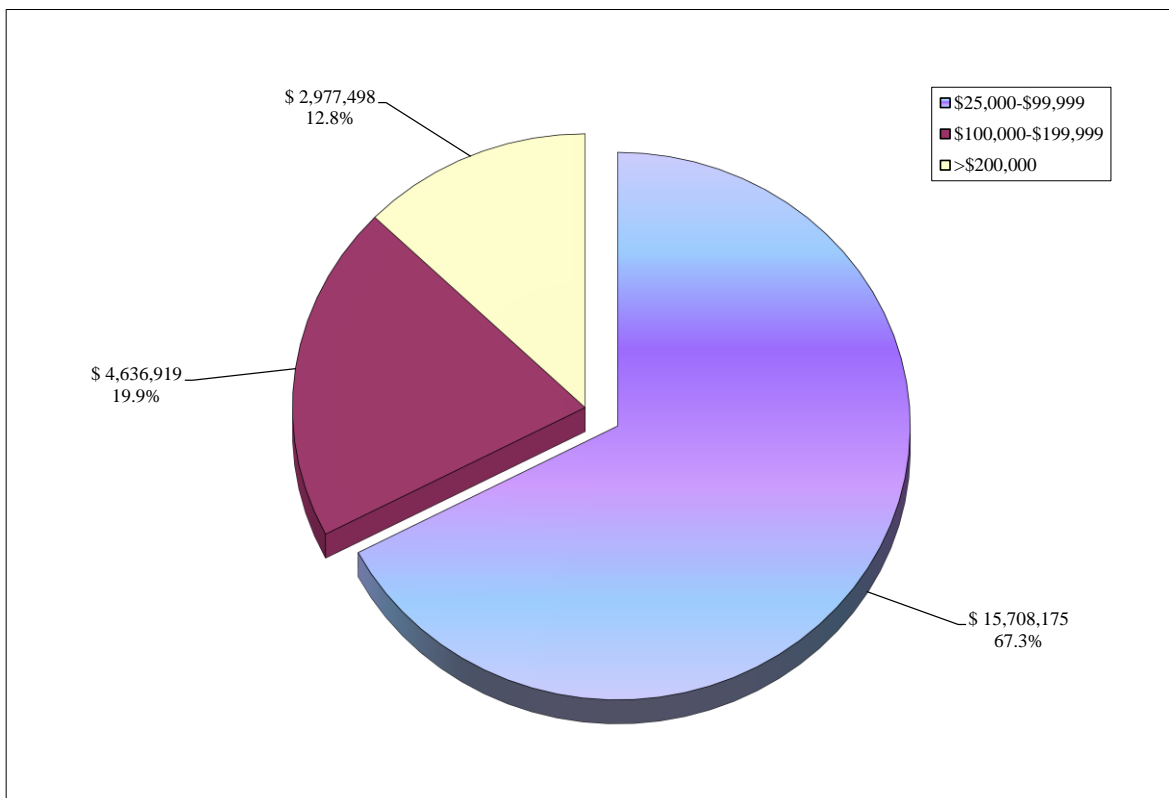
Table 5, page 5, shows the number of contracts and amount expended by dollar-range by type of contract for FY 2014. Information Technology Services, Business & Financial Services, Management Services, Communications & Media Services, and Health & Medical Services are the types of contracts over \$200,000.

Table 5—Personal Services Contracts by Dollar-Range and Type of Contract for FY 2014

| Type of Contract | \$25,000-\$99,999 | | \$100,000-\$199,999 | | \$200,000 and Over | | Total | |
|--|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| | Number of Contracts | Amount Spent | Number of Contracts | Amount Spent | Number of Contracts | Amount Spent | Number of Contracts | Amount Spent |
| Health & Medical Services | 78 | \$ 3,620,414 | 15 | \$ 2,061,717 | 1 | \$ 204,575 | 94 | \$ 5,886,706 |
| Business & Financial Services | 32 | \$ 1,608,729 | 9 | \$ 1,247,193 | 4 | \$ 1,016,934 | 45 | \$ 3,872,856 |
| Other Services | 75 | \$ 3,164,450 | 2 | \$ 244,081 | 0 | \$ - | 77 | \$ 3,408,531 |
| Information Technology Services | 27 | \$ 1,231,770 | 2 | \$ 271,295 | 3 | \$ 1,191,653 | 32 | \$ 2,694,718 |
| Management Services | 30 | \$ 1,072,178 | 3 | \$ 470,098 | 1 | \$ 346,908 | 34 | \$ 1,889,184 |
| Educational Services | 37 | \$ 1,525,120 | 1 | \$ 137,174 | 0 | \$ - | 38 | \$ 1,662,294 |
| Legal & Law Enforcement Services | 28 | \$ 1,247,254 | 2 | \$ 205,361 | 0 | \$ - | 30 | \$ 1,452,615 |
| Human Services | 18 | \$ 876,781 | 0 | \$ - | 0 | \$ - | 18 | \$ 876,781 |
| Communications & Media Services | 9 | \$ 404,002 | 0 | \$ - | 1 | \$ 217,428 | 10 | \$ 621,430 |
| Engineering Professional Services | 10 | \$ 340,536 | 0 | \$ - | 0 | \$ - | 10 | \$ 340,536 |
| Scientific Services | 7 | \$ 303,567 | 0 | \$ - | 0 | \$ - | 7 | \$ 303,567 |
| Interpretation Services | 5 | \$ 183,776 | 0 | \$ - | 0 | \$ - | 5 | \$ 183,776 |
| Architectural Services (prof. & non-prof.) | 3 | \$ 129,598 | 0 | \$ - | 0 | \$ - | 3 | \$ 129,598 |
| Transportation Services | 0 | \$ - | 0 | \$ - | 0 | \$ - | 0 | \$ - |
| Total | 359 | \$ 15,708,175 | 34 | \$ 4,636,919 | 10 | \$ 2,977,498 | 403 | \$ 23,322,592 |

As shown in graph 3, the contracts ranging from \$25,000 to \$99,999 accounted for 67.3% of expenditures and 89.1% of all contracts during FY 2014.

Graph 3—Personal Services Contract Expenditures by Dollar-Range for FY 2014

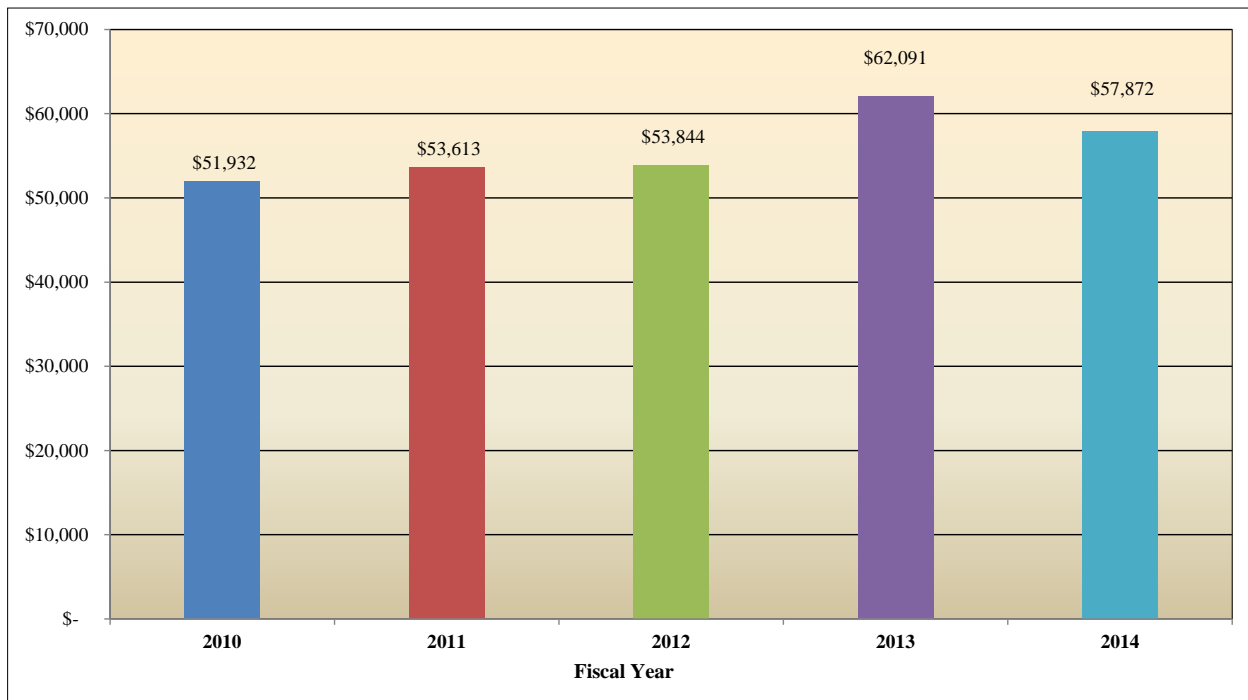


The data reported to OSBM were also compiled by budget code categories to show the type of funds used for the personal services contracts. Table 6 shows General Funds accounted for 73.7% of total expenditures for FY 2014. Over five years personal services contract expenditures decreased by 15.9%. However, over the last year, expenditures decreased by 18.7% and the total number of contracts decreased by 12.8%. This was due to the average cost of a contract going from \$62,091 in FY 2013 to \$57,872 in FY 2014. Graph 4 shows the average cost of a contract increased 11.4% over the last five years.

Table 6—Personal Services Contract Expenditures by Budget Code for FY 2010-FY 2014

| Budget Code | FY 2010 | | FY 2011 | | FY 2012 | | FY 2013 | | FY 2014 | | Net Change from FY 2010 to FY 2014 | |
|----------------------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|------------------------------------|---------------|
| | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent | Amount | Percent |
| General Funds | \$ 22,066,862 | 79.6% | \$ 21,861,793 | 80.1% | \$ 19,377,696 | 77.2% | \$ 23,421,049 | 81.6% | \$ 17,194,740 | 73.7% | \$ (4,872,122) | -22.1% |
| Institutional Funds | \$ 2,371,283 | 8.6% | \$ 2,687,411 | 9.8% | \$ 2,248,717 | 9.0% | \$ 2,372,261 | 8.3% | \$ 2,339,451 | 10.0% | \$ (31,832) | -1.3% |
| Special Funds | \$ 1,309,124 | 4.7% | \$ 1,634,409 | 6.0% | \$ 1,911,501 | 7.6% | \$ 1,380,196 | 4.8% | \$ 1,670,591 | 7.2% | \$ 361,467 | 27.6% |
| Enterprise Funds | \$ 1,182,160 | 4.3% | \$ 832,315 | 3.1% | \$ 478,486 | 1.9% | \$ 397,361 | 1.4% | \$ 836,938 | 3.6% | \$ (345,222) | -29.2% |
| Highway Funds | \$ 294,877 | 1.1% | \$ 273,009 | 1.0% | \$ 727,943 | 2.9% | \$ 704,691 | 2.5% | \$ 164,729 | 0.7% | \$ (130,148) | -44.1% |
| Trust and Agency Funds | \$ 89,820 | 0.3% | \$ - | 0.0% | \$ 346,768 | 1.4% | \$ 263,160 | 0.9% | \$ 157,525 | 0.7% | \$ 67,705 | 75.4% |
| Internal Service Funds | \$ 127,358 | 0.5% | \$ - | 0.0% | \$ - | 0.0% | \$ 26,400 | 0.1% | \$ 38,830 | 0.2% | \$ (88,528) | -69.5% |
| Federal Funds | \$ 289,997 | 1.0% | \$ - | 0.0% | \$ - | 0.0% | \$ 88,967 | 0.3% | \$ - | 0.0% | \$ (289,997) | -100.0% |
| Capital Project Funds | \$ - | 0.0% | \$ - | 0.0% | \$ - | 0.0% | \$ 31,813 | 0.1% | \$ - | 0.0% | \$ - | 0.0% |
| Blank | | | | | | | | | \$ 919,788 | 3.9% | \$ - | 0.0% |
| TOTAL | \$ 27,731,481 | 100.0% | \$ 27,288,937 | 100.0% | \$ 25,091,110 | 100.0% | \$ 28,685,898 | 100.0% | \$ 23,322,592 | 100.0% | \$ (4,408,889) | -15.9% |
| Number of Contracts | 534 | | 509 | | 466 | | 462 | | 403 | | | |
| Average Costs per Contract | \$ 51,932 | | \$ 53,613 | | \$ 53,844 | | \$ 62,091 | | \$ 57,872 | | \$ 5,941 | 11.4% |

Graph 4—Personal Services Contracts Average Costs for FY 2010- FY 2014



Effectiveness of Contracts

Use of personal services contracts enables state agencies to acquire professional services for short term durations without incurring the costs to establish state positions. It also provides agencies with an opportunity to obtain professional services that can be difficult to recruit and might otherwise not be available. Without this type of contracting vehicle, the Department of Public Safety (DPS), for example, would find it extremely difficult to provide required medical and health services to inmates. Because of the nature of this work, the often remote locations and the working environment, these roles are extremely difficult to fill and are best addressed through personal services contracts. In these cases, it is more efficient for them to contract with the same individuals year after year.

Further, for personal services contracts in which the contractor is classified as an “independent contractor” as defined by the Fair Labor Standards Act (FLSA) and the Internal Revenue Service (IRS), agencies do not have to pay the costs of benefits, withholding tax, Social Security contribution, workers’ compensation, and overtime. The difference between the amount paid to an employee or to an independent contractor doing the same work can be substantial. Use of personal services contracts can offer more flexibility as agency work demands change.

Agencies using personal services contracts should be careful not to abuse or misuse this service method. Agencies should annually evaluate their personal services contracts to ensure compliance with FLSA and IRS regulations as well as with the applicable NC Administrative Codes and what is in the best interest of the State. For example, the administrative codes related to personal service contracts do not provide clear instructions. According to the NC Administrative Codes, subchapter 5B-Purchase Procedures that deal specifically with personal service contracts:

- 01 NCAC 05B .0203, states that (b) North Carolina’s purchasing program shall be built on the principle of competition.
- 01 NCAC 05B .1401, Policy states “Under conditions listed in this Rule, otherwise if deemed to be in the public interest by the SPO or the agency, if under its delegation or benchmark, competition may be waived.
- 01 NCAC 05B .1402, Approval and Documentation, states that “Although competition may be waived pursuant to Rule .1401 of this Section, its use is required wherever practicable.”

Data analyzed over the past five fiscal years (FY 2010, 2011, 2012, 2013, and 2014) found that 14% of contractors were used three or more times in the last five years. This 14% made up 32% of the personal services contract spend over the five years. Table 7 breaks down the individual contractors by spend over the past five years.

| # of Times Contractor Used in Last 5 Years | Percent of Contractors Used in Last 5 Years | Five year spend | % of five year spend | AVG Contact |
|---|--|------------------------|-----------------------------|--------------------|
| 1 | 67% | \$ 55,696,327 | 42% | \$ 54,712 |
| 2 | 20% | \$ 34,568,532 | 26% | \$ 114,465 |
| 3 | 8% | \$ 17,763,078 | 13% | \$ 149,270 |
| 4 | 4% | \$ 15,442,155 | 12% | \$ 245,114 |
| 5 or more | 2% | \$ 8,649,926 | 7% | \$ 320,368 |
| TOTAL | 100% | \$ 132,120,018 | 100% | \$ 86,109 |

Conclusion

The percentage change from the last fiscal year decreased in a number of areas for this fiscal year. The total number of contracts executed decreased by 13%; the total spend on personal services contracts decreased by 19%; the average cost per contract decreased by 7%; and, the average duration of a contract decreased by 20%. Over the past five years 14% of contractors were used three or more times and accounted for 32% of the total contract spend.

There are three primary recommendations for this fiscal year. First, to provide a more precise picture of personal services contract spending, move the present \$25,000 reporting threshold to \$10,000. In FY 2009, OSBM collected data based on personal services contracts greater than \$10,000. This change in data collection increased the findings greatly. For example, the number of contracts increased by 120% and the dollar amount of contracts increased by 37% when changing the threshold from \$25,000 to \$10,000. Second, agencies should annually evaluate their personal services contracts to ensure compliance with FLSA and IRS regulations as well as with the applicable NC Administrative Codes and what is in the best interest of the State. Finally, administrative codes related to personal service contracts do not provide clear instructions. Purchasing rules should be improved to better define and regulate personal services contracts.

APPENDIX A

DEFINITION OF TYPES OF PERSONAL SERVICES CONTRACTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

A Personal Services Contract is defined as:

Section II, page 3 of the State Purchasing Manual provides the definition of a personal services contract: "...services provided by a professional individual (person) on a temporary or occasional basis, including (by way of illustration, not limitation) those provided a by doctor, dentist, attorney, architect, professional engineer, scientist or performer of the fine arts and similar professions; the exemption applies only if the individual is using his/her professional skills to perform a professional task; a personal service may also be a consultant service, in which case consultant contracting procedures shall be followed." *Specifically excluded* from this definition were "service contracts" between an agency and a *company* that provides services, such as lawn or housekeeping.

| Type of Service Contract | Description |
|--|--|
| Architectural Services (professional & non-professional) | Building design, interiors, space use, site planning, utilities architecture, energy management, landscape, flood control, drafting, and surveying. |
| Business & Financial Services | Accounting, auditing, cash management, financial advisory, investment consulting, collection services, and organizational and other general management consulting services. |
| Communications & Media Services | Motion picture/television/video/audio production, journalistic/professional writer services, speechwriting, graphic arts, and advertising services. |
| Educational Services | Teaching and instruction services, workshop facilitation, workshop organization and management, and course development. |
| Engineering Professional Services | Civil, geological, machine, electrical, structural, general, agricultural, foundation, energy management, and other engineering services. |
| Information Technology Services | Telecommunication consulting, Electronic Data Interchange, and applications and systems analysis. |
| Interpretation Services | Signing, interpreting, and translation. |
| Health & Medical Services | Physician, nursing, dental, mental health, x-ray, laboratory, pharmacy, audiology, hygiene, vaccination, and waste disposal. |
| Human Services | Barber/beautician, funeral services, referral services, working with special populations, counseling, case management, and community relations. |
| Legal & Law Enforcement Services | Attorneys, paralegal, other court-related services such as court stenography services, as well as security analysts, security personnel, and other law enforcement or correctional system specialists. |
| Management Services | Parking management, records management, insurance/risk management, exhibition/market management, building management, and waste management services. |
| Scientific Services | Laboratory services, sampling, leak detection, and other specialty services. |
| Transportation Services | Self-explanatory. |
| Other Services | All others. |

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

**FY 2014 PERSONAL SERVICES CONTRACT EXPENDITURES
BY LEGISLATIVE APPROPRIATIONS COMMITTEE & CONTRACT CATEGORY**

[THIS PAGE IS INTENTIONALLY LEFT BLANK]

APPENDIX B
FY 2014 Personal Services Contract Expenditures by Legislative Appropriations Committee/Contract Category

| Legislature Appropriations Committee | Agency Name | Total | Architectural Services (professional & non professional) | Business & Financial Services | Communications & Media Services | Educational Services | Engineering Professional Services | Health & Medical Services | Human Services | Information Technology Services | Interpretation Services | Legal & Law Enforcement Services | Management Services | Scientific Services | Transportation Services | Other Services |
|--------------------------------------|---|---------------------|--|-------------------------------|---------------------------------|----------------------|-----------------------------------|---------------------------|-------------------|---------------------------------|-------------------------|----------------------------------|---------------------|---------------------|-------------------------|-------------------|
| Education | University System | | | | | | | | | | | | | | | |
| | Appalachian State University | \$ 72,210 | | | | \$ 72,210 | | | | | | | | | | |
| | East Carolina University | \$ 273,099 | | \$ 39,200 | | \$ 42,499 | | \$ 191,400 | | | | | | | | |
| | Fayetteville State University | \$ 156,005 | | \$ 78,304 | | | | \$ 77,701 | | | | | | | | |
| | NC A&T State University | \$ 92,431 | | | \$ 30,413 | \$ 33,018 | | \$ 29,000 | | | | | | | | |
| | NC School of the Arts | \$ 168,005 | | | | \$ 39,906 | | \$ 27,948 | | \$ 26,536 | | | \$ 46,918 | | | \$ 26,697 |
| | NC State University | \$ 1,338,018 | | | \$ 330,050 | \$ 388,514 | | \$ 237,625 | | \$ 112,243 | | | | \$ 26,785 | | \$ 242,801 |
| | UNC Chapel Hill | \$ 316,355 | | \$ 40,000 | \$ 110,000 | | | | | \$ 166,355 | | | | | | |
| | UNC Charlotte | \$ 158,720 | | \$ 55,038 | | | | | | | \$ 42,863 | | | | | \$ 60,819 |
| | UNC General Administration | \$ 276,115 | | \$ 42,341 | | \$ 61,350 | | | | \$ 102,424 | | | \$ 70,000 | | | |
| | UNC Greensboro | \$ 500,679 | | | | \$ 42,000 | | \$ 313,167 | \$ 40,800 | | \$ 42,452 | | | | | \$ 62,260 |
| | UNC Hospitals | \$ 801,728 | | \$ 202,170 | | | | \$ 49,105 | \$ 49,626 | \$ 177,146 | \$ 98,461 | | | | | \$ 225,220 |
| | UNC Pembroke | \$ 65,450 | | | | \$ 29,872 | | | \$ 35,578 | | | | | | | |
| | UNC Wilmington | \$ 235,376 | | \$ 44,780 | \$ 40,000 | \$ 50,430 | | \$ 63,875 | | | | | | \$ 36,291 | | |
| | Winston-Salem State University | \$ 139,270 | | \$ 35,210 | \$ 74,727 | \$ 29,333 | | | | | | | | | | |
| | University System Total | \$ 4,593,461 | \$ - | \$ 537,043 | \$ 585,190 | \$ 789,132 | \$ - | \$ 989,821 | \$ 126,004 | \$ 584,704 | \$ 183,776 | \$ - | \$ 116,918 | \$ 63,076 | \$ - | \$ 617,797 |
| | Dept. of Public Instruction | \$ 629,005 | | \$ 64,095 | | \$ 448,660 | | | | \$ 79,584 | | \$ 36,666 | | | | |
| Total | \$ 5,222,466 | \$ - | \$ 601,138 | \$ 585,190 | \$ 1,237,792 | \$ - | \$ 989,821 | \$ 126,004 | \$ 664,288 | \$ 183,776 | \$ 36,666 | \$ 116,918 | \$ 63,076 | \$ - | \$ 617,797 | |
| General Government | Dept. of Administration | \$ 167,273 | | \$ 52,597 | | | | | | \$ 38,720 | | \$ 75,956 | | | | |
| | Dept. of Cultural Resources | \$ 57,520 | | | | | \$ 25,994 | | | | | | | | \$ 31,526 | |
| | Dept. of Insurance | \$ 35,558 | | | | | | \$ 35,558 | | | | | | | | |
| | Dept. of State Treasurer ¹ | \$ 1,561,297 | | \$ 1,115,090 | \$ 36,240 | | | \$ 45,675 | | \$ 364,292 | | | | | | |
| | General Assembly | \$ 260,820 | | \$ 158,820 | | | | | | | | \$ 102,000 | | | | |
| | Housing Finance Agency | \$ 95,740 | | | | \$ 95,740 | | | | | | | | | | |
| | Office of Information Technology Services | \$ 80,830 | | | | | | | | \$ 80,830 | | | | | | |
| | Office of State Auditor | \$ 250,595 | | \$ 250,595 | | | | | | | | | | | | |
| | Office of State Controller | \$ 191,052 | | | | | | | | \$ 159,052 | | | | | \$ 32,000 | |
| | Office of the Governor | \$ 32,175 | | \$ 32,175 | | | | | | | | | | | | |
| Total | \$ 2,732,860 | \$ - | \$ 1,609,277 | \$ 36,240 | \$ 95,740 | \$ 25,994 | \$ 81,233 | \$ - | \$ 642,894 | \$ - | \$ 177,956 | \$ - | \$ - | \$ - | \$ 63,526 | |

APPENDIX B
FY 2014 Personal Services Contract Expenditures by Legislative Appropriations Committee/Contract Category

| Legislature Appropriations Committee | Agency Name | Total | Architectural Services (professional & non professional) | Business & Financial Services | Communications & Media Services | Educational Services | Engineering Professional Services | Health & Medical Services | Human Services | Information Technology Services | Interpretation Services | Legal & Law Enforcement Services | Management Services | Scientific Services | Transportation Services | Other Services |
|--------------------------------------|--|----------------------|--|-------------------------------|---------------------------------|----------------------|-----------------------------------|---------------------------|-------------------|---------------------------------|-------------------------|----------------------------------|---------------------|---------------------|-------------------------|---------------------|
| Health and Human Services | Dept. of Health & Human Services-Central Management includes: NC Council on Dev. Disabilities, Office of Medicaid MIS, Office of Public Affairs, Office of Secretary, & Office of Internal Audit | \$ 898,088 | | | | | | | \$ 196,974 | | | | \$ 701,114 | | | |
| | Dept. of Health & Human Services-Division of Health Services | \$ 157,996 | | | | | | \$ 74,750 | \$ 83,246 | | | | | | | |
| | Dept. of Health & Human Services-Division of Medical Assistance | \$ 32,500 | | | | | | \$ 32,500 | | | | | | | | |
| | Dept. of Health & Human Services-Division of Mental Health | \$ 196,575 | | | | | | | | | | | \$ 196,575 | | | |
| | Dept. of Health & Human Services-Division of Public Health | \$ 38,400 | | | | | | \$ 38,400 | | | | | | | | |
| | Dept. of Health & Human Services-Division of Vocational Rehabilitation | \$ 32,100 | | | | | | \$ 32,100 | | | | | | | | |
| | Total | \$ 1,355,659 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 177,750 | \$ 280,220 | \$ - | \$ - | \$ - | \$ 897,689 | \$ - | \$ - |
| Justice and Public Safety | Administrative Office of the Courts | \$ 2,594,971 | | | | | | | | | | | | | | \$ 2,594,971 |
| | Dept. of Justice | \$ 364,972 | | \$ 57,597 | | | | | | | | \$ 307,375 | | | | |
| | Dept. of Public Safety ² | \$ 7,408,505 | \$ 129,598 | \$ 213,001 | | \$ 328,762 | \$ 281,483 | \$ 4,506,232 | \$ 470,557 | \$ 169,981 | | \$ 61,586 | \$ 874,577 | \$ 240,491 | | \$ 132,237 |
| | Indigent Defense Services | \$ 869,032 | | | | | | | | | | \$ 869,032 | | | | |
| | Total | \$ 11,237,480 | \$ 129,598 | \$ 270,598 | \$ - | \$ 328,762 | \$ 281,483 | \$ 4,506,232 | \$ 470,557 | \$ 169,981 | \$ - | \$ 1,237,993 | \$ 874,577 | \$ 240,491 | \$ - | \$ 2,727,208 |
| Natural and Economic Resources | Dept. of Agriculture & Consumer Services | \$ 174,181 | | \$ 45,000 | | | | | | \$ 129,181 | | | | | | |
| | Dept. of Commerce ³ | \$ 1,346,843 | | \$ 1,346,843 | | | | | | | | | | | | |
| | Dept. of Labor | \$ 1,088,374 | | | | | | | | \$ 1,088,374 | | | | | | |
| | Total | \$ 2,609,398 | \$ - | \$ 1,391,843 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,217,555 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Transportation | Dept. of Transportation ⁴ | \$ 164,729 | | | | | \$ 33,059 | \$ 131,670 | | | | | | | | |
| | Total | \$ 164,729 | \$ - | \$ - | \$ - | \$ - | \$ 33,059 | \$ 131,670 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Grand Total | | \$ 23,322,592 | \$ 129,598 | \$ 3,872,856 | \$ 621,430 | \$ 1,662,294 | \$ 340,536 | \$ 5,886,706 | \$ 876,781 | \$ 2,694,718 | \$ 183,776 | \$ 1,452,615 | \$ 1,889,184 | \$ 303,567 | \$ - | \$ 3,408,531 |
| Percentage | | 100% | 1% | 17% | 3% | 7% | 1% | 25% | 4% | 12% | 1% | 6% | 8% | 1% | 0% | 15% |

¹ State Health Plan transferred to the Department of State Treasurer in FY 2012.

² The Departments of Correction, Crime Control and Public Safety, and Juvenile Justice and Delinquency Prevention consolidated to create the Department of Public Safety in FY 2012.

³ Employment Security Commission merged into the Department of Commerce in FY 2012.

⁴ Global TransPark transferred into the Department of Transportation in FY 2012.

APPENDIX C

**FY 2010-FY 2014 SUMMARY OF
PERSONAL SERVICES CONTRACTS
BY STATE AGENCY**

[THIS PAGE IS INTENTIONALLY LEFT BLANK]

APPENDIX C
FY 2010-FY 2014 Summary of Personal Services Contracts by State Agency

| Legislative Appropriations Committee | State Agency | FY 2014 | | FY 2013 | | FY 2012 | | FY 2011 | | FY 2010 | |
|--------------------------------------|---|---------------------|---------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | | Number of Contracts | Amount | Number of Contracts | Amount | Number of Contracts | Amount | Number of Contracts | Amount | Number of Contracts | Amount |
| Education | University System | | | | | | | | | | |
| | Appalachian State University | 2 | \$ 72,210 | 1 | \$ 35,000 | 3 | \$ 86,647 | 1 | \$ 38,295 | 4 | \$ 162,409 |
| | East Carolina University | 6 | \$ 273,099 | 5 | \$ 224,986 | 8 | \$ 392,193 | 8 | \$ 342,002 | 11 | \$ 543,480 |
| | Elizabeth City State University | | | | | 1 | \$ 25,137 | 2 | \$ 77,606 | 3 | \$ 95,738 |
| | Fayetteville State University | 2 | \$ 156,005 | 3 | \$ 225,975 | 4 | \$ 236,755 | 6 | \$ 310,870 | 2 | \$ 126,640 |
| | NC A&T State University | 3 | \$ 92,431 | 1 | \$ 57,250 | 1 | \$ 68,688 | | | 2 | \$ 114,820 |
| | NC Central University | | | | | | | 2 | \$ 89,225 | 5 | \$ 169,639 |
| | NC School of Science & Math | | | 13 | \$ 549,118 | 11 | \$ 401,107 | 8 | \$ 339,928 | 5 | \$ 197,747 |
| | NC School of the Arts | 5 | \$ 168,005 | 6 | \$ 193,261 | 8 | \$ 252,234 | 3 | \$ 89,671 | 5 | \$ 160,439 |
| | NC State University | 21 | \$ 1,338,018 | 16 | \$ 974,204 | 20 | \$ 1,096,860 | 23 | \$ 1,335,508 | 14 | \$ 910,682 |
| | UNC Asheville | | | | | | | 1 | \$ 25,610 | | |
| | UNC Chapel Hill | 9 | \$ 316,355 | 39 | \$ 6,683,673 | 10 | \$ 591,298 | 13 | \$ 510,331 | 4 | \$ 162,475 |
| | UNC Charlotte | 5 | \$ 158,720 | 4 | \$ 142,584 | 6 | \$ 223,264 | 5 | \$ 189,877 | 4 | \$ 159,178 |
| | UNC General Administration | 6 | \$ 276,115 | 3 | \$ 117,288 | 3 | \$ 128,965 | 2 | \$ 126,264 | 4 | \$ 226,448 |
| | UNC Greensboro | 7 | \$ 500,679 | 7 | \$ 576,690 | 6 | \$ 470,819 | 15 | \$ 820,962 | 13 | \$ 796,251 |
| | UNC Hospitals | 14 | \$ 801,728 | 5 | \$ 397,361 | 6 | \$ 431,799 | 5 | \$ 590,315 | 11 | \$ 837,385 |
| | UNC Pembroke | 2 | \$ 65,450 | | | 1 | \$ 94,880 | | | 3 | \$ 116,070 |
| | UNC Wilmington | 5 | \$ 235,376 | 5 | \$ 453,135 | 5 | \$ 247,974 | 5 | \$ 531,617 | 7 | \$ 249,356 |
| | Winston-Salem State University | 3 | \$ 139,270 | 4 | \$ 235,826 | 4 | \$ 210,274 | 3 | \$ 183,115 | 5 | \$ 195,010 |
| | Total University System | 90 | \$ 4,593,461 | 112 | \$ 10,866,351 | 97 | \$ 4,958,894 | 102 | \$ 5,601,196 | 102 | \$ 5,223,768 |
| Dept. of Community Colleges | | | | | | | 1 | \$ 35,000 | | | |
| Dept. of Public Instruction | 12 | \$ 629,005 | 15 | \$ 749,219 | 16 | \$ 716,539 | 11 | \$ 455,340 | 7 | \$ 327,301 | |
| Total Education | 102 | \$ 5,222,466 | 127 | \$ 11,615,570 | 113 | \$ 5,675,433 | 114 | \$ 6,091,536 | 109 | \$ 5,551,068 | |
| General Government | Dept. of Administration | 3 | \$ 167,273 | 1 | \$ 61,383 | | | 3 | \$ 93,002 | 3 | \$ 130,765 |
| | Dept. of Cultural Resources | 2 | \$ 57,520 | 1 | \$ 25,000 | 2 | \$ 92,273 | 1 | \$ 41,538 | 3 | \$ 95,604 |
| | Dept. of Insurance | 1 | \$ 35,558 | 1 | \$ 37,905 | 1 | \$ 38,266 | 1 | \$ 38,627 | 1 | \$ 40,660 |
| | Dept. of Secretary of State | | | | | 1 | \$ 50,857 | 1 | \$ 30,137 | | |
| | Dept. of State Treasurer ¹ | 17 | \$ 1,561,297 | 13 | \$ 866,616 | 12 | \$ 903,605 | 10 | \$ 736,455 | 4 | \$ 228,554 |
| | Education Lottery | | | | | | | 1 | \$ 200,000 | 2 | \$ 127,275 |
| | General Assembly | 2 | \$ 260,820 | 2 | \$ 217,125 | 1 | \$ 137,500 | 1 | \$ 54,950 | 2 | \$ 81,493 |
| | Housing Finance Agency | 2 | \$ 95,740 | 2 | \$ 150,468 | 3 | \$ 249,208 | 2 | \$ 175,820 | | |
| | Office of Information Technology Services | 2 | \$ 80,830 | 1 | \$ 26,400 | | | | | | |
| | Office of State Auditor | 4 | \$ 250,595 | 2 | \$ 214,397 | | | | | | |
| | Office of State Controller | 2 | \$ 191,052 | 2 | \$ 263,673 | 2 | \$ 433,538 | 2 | \$ 394,173 | 2 | \$ 410,314 |
| | Office of the Governor | 1 | \$ 32,175 | 5 | \$ 358,010 | 1 | \$ 28,838 | | | | |
| | State Ethics Commission | | | 1 | \$ 41,962 | | | 2 | \$ 90,000 | | |
| | State Health Plan ¹ | | | | | | | 2 | \$ 160,049 | 3 | \$ 102,588 |
| | Total General Government | 36 | \$ 2,732,860 | 31 | \$ 2,262,939 | 23 | \$ 1,934,085 | 26 | \$ 2,014,751 | 20 | \$ 1,217,253 |

APPENDIX C
FY 2010-FY 2014 Summary of Personal Services Contracts by State Agency

| Legislative Appropriations Committee | State Agency | FY 2014 | | FY 2013 | | FY 2012 | | FY 2011 | | FY 2010 | |
|--------------------------------------|---|-----------------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|
| | | Number of Contracts | Amount | Number of Contracts | Amount | Number of Contracts | Amount | Number of Contracts | Amount | Number of Contracts | Amount |
| Health and Human Services | Dept. of Health & Human Services-Central Management | 8 | \$ 898,088 | 10 | \$ 913,043 | 6 | \$ 592,229 | 8 | \$ 602,265 | 6 | \$ 316,234 |
| | Dept. of Health & Human Services-Division of Aging | | | 1 | \$ 44,391 | 1 | \$ 64,307 | | | | |
| | Dept. of Health & Human Services-Division of Child Development | | | 9 | \$ 363,901 | 5 | \$ 239,298 | | | 1 | \$ 29,346 |
| | Dept. of Health & Human Services-Division of Health Services | 2 | \$ 157,996 | 1 | \$ 71,600 | 2 | \$ 139,762 | 3 | \$ 237,153 | 4 | \$ 196,430 |
| | Dept. of Health & Human Services-Division of Information Resource Management | | | | | 1 | \$ 159,453 | 2 | \$ 220,014 | 2 | \$ 291,408 |
| | Dept. of Health & Human Services-Division of Medical Assistance | 1 | \$ 32,500 | 2 | \$ 182,337 | 4 | \$ 264,766 | 1 | \$ 150,930 | 2 | \$ 64,534 |
| | Dept. of Health & Human Services-Division of Mental Health | 1 | \$ 196,575 | 4 | \$ 157,017 | 6 | \$ 413,674 | 7 | \$ 351,427 | 7 | \$ 321,296 |
| | Dept. of Health & Human Services-Division of Public Health | 1 | \$ 38,400 | 1 | \$ 43,709 | 2 | \$ 94,334 | | | | |
| | Dept. of Health & Human Services-Division of Social Services | 1 | \$ 32,100 | | | | | | | 1 | \$ 107,652 |
| | Dept. of Health & Human Services-Division of Vocational Rehabilitation Services | | | 1 | \$ 30,900 | | | | | | |
| | Total Health and Human Services | 14 | \$ 1,355,659 | 29 | \$ 1,806,898 | 27 | \$ 1,967,823 | 21 | \$ 1,561,789 | 23 | \$ 1,326,899 |
| Justice and Public Safety | Administrative Office of Courts | 59 | \$ 2,594,971 | 52 | \$ 2,028,086 | 48 | \$ 1,857,170 | 46 | \$ 1,708,663 | 50 | \$ 1,922,298 |
| | Dept. of Correction ² | | | | | | | 177 | \$ 9,024,232 | 6 | \$ 461,312 |
| | Dept. of Crime Control and Public Safety ² | | | | | | | 57 | \$ 2,084,726 | 58 | \$ 1,792,165 |
| | Dept. of Juvenile Justice & Delinquency Prevention ² | | | | | | | 21 | \$ 982,027 | 32 | \$ 1,461,248 |
| | Dept. of Public Safety ² | 148 | \$ 7,408,505 | 181 | \$ 8,470,568 | 207 | \$ 10,086,674 | | | | |
| | Dept. of Justice | 8 | \$ 364,972 | 3 | \$ 179,889 | 8 | \$ 427,688 | 9 | \$ 617,214 | 197 | \$ 10,410,735 |
| | Indigent Defense Services | 18 | \$ 869,032 | 26 | \$ 1,134,912 | 20 | \$ 1,028,583 | 17 | \$ 912,015 | 18 | \$ 1,026,496 |
| | Total Justice & Public Safety | 233 | \$ 11,237,480 | 262 | \$ 11,813,455 | 283 | \$ 13,400,115 | 327 | \$ 15,328,877 | 361 | \$ 17,074,255 |
| Natural and Economic Resources | Dept. of Agriculture & Consumer Services | 3 | \$ 174,181 | 3 | \$ 149,136 | 4 | \$ 152,793 | 6 | \$ 307,243 | 6 | \$ 307,553 |
| | Dept. of Commerce ³ | 7 | \$ 1,346,843 | 3 | \$ 215,309 | 8 | \$ 1,232,918 | 9 | \$ 1,682,681 | 8 | \$ 1,959,576 |
| | Dept. of Environmental & Natural Resources | | | | | | | | | | |
| | Dept. of Labor | 4 | \$ 1,088,374 | 2 | \$ 117,900 | | | | | | |
| | Employment Security Commission ³ | | | | | | | 1 | \$ 29,052 | | |
| | Total Natural and Economic Resources | 14 | \$ 2,609,398 | 8 | \$ 482,345 | 12 | \$ 1,385,711 | 16 | \$ 2,018,976 | 14 | \$ 2,267,128 |
| Transportation | Dept. of Transportation ⁴ | 4 | \$ 164,729 | 5 | \$ 704,691 | 8 | \$ 727,943 | 4 | \$ 177,798 | 6 | \$ 260,792 |
| | Global Transpark Authority ⁴ | | | | | | | 1 | \$ 95,211 | 1 | \$ 34,086 |
| | | Total Transportation | 4 | \$ 164,729 | 5 | \$ 704,691 | 8 | \$ 727,943 | 5 | \$ 273,009 | 7 |
| TOTAL ALL AGENCIES | | 403 | 23,322,592 | 462 | 28,685,898 | 466 | 25,091,110 | 509 | 27,288,937 | 534 | 27,731,481 |

¹ State Health Plan transferred to the Department of State Treasurer in FY 2012.

² The Departments of Correction, Crime Control and Public Safety, and Juvenile Justice and Delinquency Prevention consolidated to create the Department of Public Safety in FY 2012.

³ Employment Security Commission merged into the Department of Commerce in FY 2012.

⁴ Global TransPark transferred into the Department of Transportation in FY 2012.