



General Government Committee 2015-17 Fiscal Biennium Budget Highlights

Fiscal Brief

October 23, 2015

The North Carolina General Assembly House and Senate Appropriations Committees on General Government (Gen Gov) develop and recommend the budgets for 17 State agencies and offices: Department of Administration, Office of the State Auditor, Department of Military and Veterans Affairs, General Assembly, Office of the Governor, Housing Finance Agency, Department of Insurance, Lieutenant Governor’s Office, Office of Administrative Hearings, Office of State Human Resources, Department of Revenue, Secretary of State, State Board of Elections, Office of State Budget and Management, Office of State Controller, State Ethics Commission, and Department of State Treasurer.

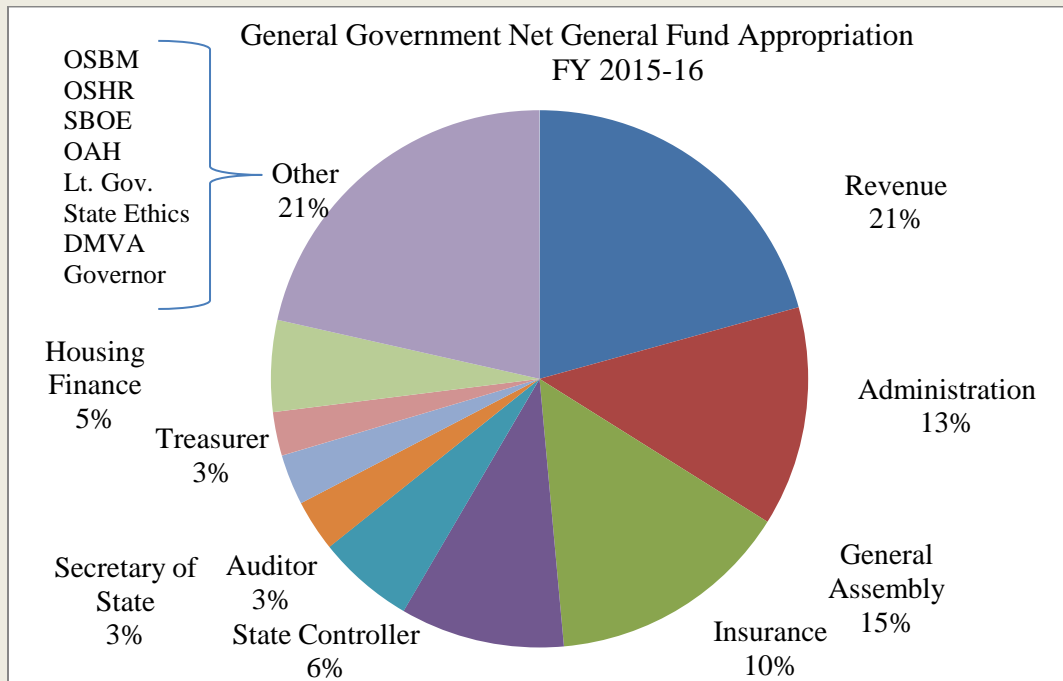
Actual and Enacted Expenditures and Receipts¹

	<u>Actual FY 2013-14</u>	<u>Actual FY 2014-15</u>	<u>Enacted FY 2015-16</u>	<u>Enacted FY 2016-17</u>
Expenditures	651,119,660	604,306,944	618,624,395	605,014,384
Less: Receipts	264,787,714	196,141,508	226,940,292	229,107,784
Net General Fund Appropriations	\$386,331,946	\$408,165,436	\$391,684,103	\$375,906,600
Positions (FTE)	4,444.5	4,506.8	3,852.5	3,847.3

¹ Division level budget and FTE information is provided at the end of this brief.

Budget Overview

The enacted FY 2015-16 net General Fund appropriation for Gen Gov is \$391.6 million. This is an increase of 11 % compared to the FY 2015-16 base budget. The General Fund Appropriation funds 3,847.3 full-time equivalent positions (FTE). The chart below shows the budget breakdown.



Effective FY 2015-16, the former Department of Cultural Resources was merged into a new Department of Natural and Cultural Resources. Please see the Agriculture and Natural and Economic Resources (ANER) Committees Brief for specifics on the newly established department.



S.L. 2015-241, 2015 Appropriations Act (H.B. 97), as amended by S.L. 2015-268, General Government Technical Corrections (H.B. 259) and S.L. 2015-264, GSC Technical Corrections 2015 (S.B. 119) appropriates \$391 million for the 17 agencies within the purview of General Government appropriations committees. The merger of the Department of Cultural Resources into a new department reduced the FY 2015-16 base budget of Gen Gov by \$68 million or 19%; and, the legislative adjustments to the FY 2015-16 enacted budget overall is an 11% funding increase or \$39.7 million over the base budget for the other agencies comprising the Gen Gov budget. The legislative budget process focused primarily on the following major areas:

- The Department of Military and Veterans Affairs,
- Information technology,
- Additional positions for agency operations,
- Continuation Reviews, and
- Other significant policy changes and appropriations.

This Fiscal Brief provides a summary of the FY 2015-17 biennial budget for Gen Gov.

Department of Military and Veterans Affairs

Creation

- S.L. 2015-241, Appropriations Act of 2015 (H.B. 97), as amended by S.L. 2015-268, General Government Technical Corrections (H.B. 259) and S.L. 2015-264, GSC Technical Corrections creates the Department of Military and Veterans Affairs (DMVA). The Department is comprised of programs and positions transferred from other agencies, primarily the Department of Administration. The Secretary’s position, which is the former Special Advisor for Military Affairs is transferred from the Office of the Governor.
- State appropriations for DMVA total \$9.5 million for FY 2015-16 and \$7.8 million in FY 2016-17. Additional receipts total \$52.6 million from the transfer of the State Veteran’s Home Program and Veterans Affairs program from Department of Administration, for a total budget of \$62.2 million for FY 2015-16 and 88.7 FTE positions.

Grants Administration

- DMVA will administer the new grant program, Aid to County Veterans Service Offices program. This program received \$200,000 to be awarded via application process to counties. County administrators must request funding prior to December 31st; if requests exceed the amount available, counties will receive a pro-rata share of available funds.

Military Presence Stabilization Fund

- The General Assembly appropriated funding for the creation of a Military Presence Stabilization Fund. Funding totals \$1.6 million, and its uses include: local projects, strategic planning, administrative expenses and reimbursement for members of the Military Advisory Commission, federal advocacy and lobbying, and other efforts that help to increase the value at and around military installations. Unspent funds will not revert at the end of FY 2015-16 but will remain available indefinitely.

Information Technology

Office of State Human Resources

- The General Assembly appropriated funds for software licensing fees for building a new personnel compensation and classification system.
- The General Assembly increased funding for the Performance Management and Learning Management systems that track and report performance evaluations and training of State personnel.

Department of Revenue

The General Assembly funded new positions and authorized receipt spending on certain projects for the Department of Revenue.

- Three new information technology security positions at the Department of Revenue with receipts from the Information Technology Reserve Fund.
- Reauthorized receipt supported spending for the completion of a corporate electronic tax filing platform and provided funds for ongoing maintenance of the Integrated Tax Administration System (ITAS) and the Tax Information Management System (TIMS).



- Authorized receipts from the Collection Assistance Fee to upgrade the e-services of TIMS.

- DOR received funding and authority to create one new Excise Tax Auditor position to assist with the increased workload associated with the new excise tax on vapor products. The position is authorized for creation in FY 2016-17.

Additional Positions for Agencies

The General Assembly granted authority and appropriated funds for the creation of positions for ongoing operations of departments. A total of ten new positions will be created.

Office of Administrative Hearings (OAH)

- OAH received funding for one additional Administrative Law Judge to be located in Waynesville to hear and adjudicate cases that originate in that part of the State. S.L. 2015-241 requires that OAH seek a work space and administrative support for the new judge that would not cost the State additional funds.
- OAH received funding and authority to create the Codifier of Rules position. This entails upgrading a current position and providing additional funding necessary for the position's elevation. This was granted as a result of additional responsibilities brought on by the requirement of decennial review of all rules.

Office of the Department of State Treasurer (DST)

- The DST received the authority to hire two positions to support its Local Government Commission in assisting local governments who are identified as being at-risk for financial failure.

Department of Insurance (DOI)

- The General Assembly granted authority to DOI to hire an actuary for regulatory work in the recently created captive insurance program. Funding for this program was appropriated in S.L. 2013-360, Appropriations Act of 2013 (S.B. 402).

Office of State Budget and Management (OSBM)

- The General Assembly appropriated funds to OSBM to create a new Policy/Management Analyst position to assist agencies in developing strategic planning efforts and program level accountability.

Department of Revenue (DOR)

Continuation Reviews

S.L. 2015-241 requires five Continuation Reviews from General Government agencies; four of these are related to Department of Transportation or Highway Fund financial transfers to these other agencies.

- The Department of Insurance shall produce Continuation Reviews for the Rescue Squad Workers' Relief Fund, Volunteer Rescue/EMS Grant Program, and State Fire Protection Grant program.
- The Office of the State Controller shall produce a Continuation Review on the funding transferred from the Highway Fund for BEACON support.
- The Department of Administration shall produce a Continuation Review on the North Carolina Human Relations Commission.

Other Significant Policy Changes and Appropriations

Workforce Housing Loan Program (WHLP)

- The Housing Finance Agency received funding for WHLP, which replaced the low income housing tax credits in FY 2014-15. Total funding for WHLP is \$12.5 million in FY 2015-16 and \$15 million in FY 2016-17.

Department of State Treasurer (DST) – Achieving a Better Life Experience Act (ABLE)

- The General Assembly enacted S.L. 2015-203, Achieving a Better Life Experience Act (H.B. 556) which directed DST to administer the ABLE program for North Carolina. This program allows individuals to open savings accounts that will earn money tax-free to be spent to support disabled individuals. The federal government created this program in 2014 and is developing program guidelines for states. The General Assembly appropriated \$465,000 in FY 2015-16 to get the program started and \$595,000 in FY 2016-17. DST may create and fill up to four positions to implement and operate the program.



Seized Vehicles Program

- The General Assembly moved oversight of the seized vehicles program from the Department of Public Instruction to the Department of Administration's State Surplus Property Agency.

For additional information, please contact:

General Government Team

Lisa Hollowell lisa.hollowell@ncleg.net
Daniel Sater daniel.sater@ncleg.net
Cara Bridges cara.bridges@ncleg.net

Motor Fleet Management

- The General Assembly exempted the Community Corrections section of the Department of Public Safety's Division of Adult Correction from the minimum mileage requirement for the motor fleet vehicles assigned to the Section. The Department of Administration shall report on the impact of the mileage exemption and other measures to the legislative oversight committees for General Government and Justice and Public Safety.

*Fiscal Research Division
NC General Assembly
300 N. Salisbury St., Room 619
Raleigh, North Carolina 27603-5925
(919) 733-4910
<http://www.ncleg.net/fiscalresearch>*

Personal Services Contracts

- The General Assembly required that all personal services contracts for Executive Branch agencies be subject to the same requirements as other services contracts. Also, agencies are required to receive written approval for technology personal services contracts from both the new Department of Information Technology and the Office of State Budget and Management.

Temporary Solutions

- All State agencies must utilize the Temporary Solutions program within the Office of State Human Resources (OSHR) for all temporary staffing needs. Previously, only non-Council of State executive branch agencies were required to use Temporary Solutions. Exemptions to the Temporary Solutions requirement may be granted by the Director of OSHR.



Actual and Certified Expenditures and Receipts by Agency

Department of Administration¹

	Actual <u>FY 2013-14</u>	Actual <u>FY 2014-15</u>	Enacted <u>FY 2015-16</u>	Enacted <u>FY 2016-17</u>
Expenditures	121,661,871	116,881,653	125,562,935	124,363,251
Less: Receipts	56,017,090	53,739,586	64,222,023	65,698,766
Net General Fund Appropriations	\$65,644,781	\$63,142,067	\$61,340,912	\$58,664,485
Positions (FTE)	529.9	520.8	452.2	446.0

¹DOA includes the budgets for the Office of State Human Resources and the State Ethics Commission.

Office of the State Auditor

	Actual <u>FY 2013-14</u>	Actual <u>FY 2014-15</u>	Enacted <u>FY 2015-16</u>	Enacted <u>FY 2016-17</u>
Expenditures	14,819,716	16,295,883	17,675,408	17,576,536
Less: Receipts	5,215,908	6,216,693	5,571,745	5,571,745
Net General Fund Appropriations	\$9,603,808	\$10,079,190	\$12,103,663	\$12,004,791
Positions (FTE)	168.0	168.0	168.0	168.0

General Assembly

	Actual <u>FY 2011-12</u>	Actual <u>FY 2014-15</u>	Enacted <u>FY 2015-16</u>	Enacted <u>FY 2016-17</u>
Expenditures	57,347,555	60,127,610	58,626,304	58,225,706
Less: Receipts	2,821,404	7,635,022	1,216,655	1,216,655
Net General Fund Appropriations	\$54,526,151	\$52,492,588	\$57,409,649	\$57,009,051
Positions (FTE)	318.9	315.3	315.3	315.3

Office of the Governor

	Actual <u>FY 2013-14</u>	Actual <u>FY 2014-15</u>	Enacted <u>FY 2015-16</u>	Enacted <u>FY 2016-17</u>
Expenditures	6,489,240	7,201,600	6,376,772	6,120,837
Less: Receipts	1,096,676	1,686,718	554,663	554,663
Net General Fund Appropriations	\$5,392,564	\$5,514,882	\$5,822,109	\$5,566,174
Positions (FTE)	52.0	58.2	56.2	56.2



Office of the Governor - Special

	Actual <u>FY 2013-14</u>	Actual <u>FY 2014-15</u>	Enacted <u>FY 2015-16</u>	Enacted <u>FY 2016-17</u>
Expenditures	-	2,000,000	2,000,000	2,000,000
Less: Receipts	-	-	-	-
Net General Fund				
Appropriations	-	\$2,000,000	\$2,000,000	\$2,000,000
Positions (FTE)	-	-	-	-

Housing Finance Agency

	Actual <u>FY 2013-14</u>	Actual <u>FY 2014-15</u>	Enacted <u>FY 2015-16</u>	Enacted <u>FY 2016-17</u>
Expenditures	8,308,412	18,241,954	21,618,739	25,660,000
Less: Receipts	-	-	2,893,408	-
Net General Fund				
Appropriations	\$8,308,412	\$18,241,954	\$18,725,331	\$25,660,000
Positions (FTE)	-	-	-	-

Department of Insurance

	Actual <u>FY 2013-14</u>	Actual <u>FY 2014-15</u>	Enacted <u>FY 2015-16</u>	Enacted <u>FY 2016-17</u>
Expenditures	64,535,342	64,535,342	49,847,320	49,550,287
Less: Receipts	29,057,579	29,057,579	11,195,041	11,195,041
Net General Fund				
Appropriations	\$35,477,763	\$35,477,763	\$38,652,279	\$38,355,246
Positions (FTE)	417.1	421.7	422.7	422.7

Lieutenant Governor's Office

	Actual <u>FY 2013-14</u>	Actual <u>FY 2014-15</u>	Enacted <u>FY 2015-16</u>	Enacted <u>FY 2016-17</u>
Expenditures	623,851	689,901	682,875	677,972
Less: Receipts	9	16,588	-	-
Net General Fund				
Appropriations	\$623,842	\$673,313	\$682,875	\$677,972
Positions (FTE)	6.0	6.0	6.0	6.0



Office of Administrative Hearings

	<u>Actual</u> <u>FY 2013-14</u>	<u>Actual</u> <u>FY 2014-15</u>	<u>Enacted</u> <u>FY 2015-16</u>	<u>Enacted</u> <u>FY 2016-17</u>
Expenditures	6,474,345	6,089,142	6,962,676	6,925,905
Less: Receipts	2,312,502	1,726,780	1,782,492	1,782,492
Net General Fund				
Appropriations	\$4,161,843	\$4,362,362	\$5,180,184	\$5,143,413
Positions (FTE)	45.0	45.0	46.0	46.0

Department of Military and Veterans Affairs²

	<u>Actual</u> <u>FY 2013-14</u>	<u>Actual</u> <u>FY 2014-15</u>	<u>Enacted</u> <u>FY 2015-16</u>	<u>Enacted</u> <u>FY 2016-17</u>
Expenditures	-	-	\$62,186,424	\$60,455,683
Less: Receipts	-	-	\$52,649,429	\$52,649,429
Net General Fund				
Appropriations	-	-	\$9,536,995	\$7,806,254
Positions (FTE)	-	-	77.9	77.9

² The Department of Military and Veterans Affairs was created in S.L. 2015-241; therefore, there are no prior years' actuals for this new agency.

Department of Revenue

	<u>Actual</u> <u>FY 2013-14</u>	<u>Actual</u> <u>FY 2014-15</u>	<u>Enacted</u> <u>FY 2015-16</u>	<u>Enacted</u> <u>FY 2016-17</u>
Expenditures	108,075,480	116,057,196	127,584,242	127,673,131
Less: Receipts	31,818,370	35,982,549	46,524,703	47,215,452
Net General Fund				
Appropriations	\$76,257,110	\$80,074,647	\$81,059,539	\$80,457,679
Positions (FTE)	1,427.3	1,470.3	1,467.3	1,468.3

Secretary of State

	<u>Actual</u> <u>FY 2013-14</u>	<u>Actual</u> <u>FY 2014-15</u>	<u>Enacted</u> <u>FY 2015-16</u>	<u>Enacted</u> <u>FY 2016-17</u>
Expenditures	11,538,002	11,803,767	11,950,316	11,812,320
Less: Receipts	165,099	315,844	61,625	61,625
Net General Fund				
Appropriations	\$11,372,903	\$11,487,923	\$11,888,691	\$11,750,695
Positions (FTE)	173.8	171.8	169.9	169.9



State Board of Elections

	Actual FY 2013-14	Actual FY 2014-15	Enacted FY 2015-16	Enacted FY 2016-17
Expenditures	5,437,440	6,651,781	6,869,377	6,617,898
Less: Receipts	116,079	905,525	104,535	104,535
Net General Fund Appropriations	\$5,321,361	\$5,746,256	\$6,764,842	\$6,513,363
Positions (FTE)	52.5	61.0	61.0	61.0

Office of State Budget and Management

	Actual FY 2013-14	Actual FY 2014-15	Enacted FY 2015-16	Enacted FY 2016-17
Expenditures	7,734,225	11,683,418	8,255,832	8,103,291
Less: Receipts	1,263,891	3,889,064	571,883	571,883
Net General Fund Appropriations	\$6,470,334	\$7,794,354	\$7,683,949	\$7,531,408
Positions (FTE)	58.3	68.3	69.3	69.3

Office of State Budget & Management - Special Appropriations

	Actual FY 2013-14	Actual FY 2014-15	Enacted FY 2015-16	Enacted FY 2016-17
Expenditures	4,912,000	1,575,000	14,781,688	2,000,000
Less: Receipts	-	333,557	-	-
Net General Fund Appropriations	\$4,912,000	\$1,241,443	\$14,781,688	\$2,000,000
Positions (FTE)	-	-	-	-

Department of the State Treasurer

	Actual FY 2013-14	Actual FY 2014-15	Enacted FY 2015-16	Enacted FY 2016-17
Expenditures	44,934,742	49,205,478	51,325,470	51,410,943
Less: Receipts	37,384,094	43,248,527	41,062,559	41,062,559
Net General Fund Appropriations	\$7,550,648	\$5,956,951	\$10,262,911	\$10,348,384
Positions (FTE)	358.9	367.8	371.8	371.8



Office of State Controller

	Actual FY 2013-14	Actual FY 2014-15	Enacted FY 2015-16	Enacted FY 2016-17
Expenditures	28,140,942	23,990,391	24,276,718	24,149,325
Less: Receipts	1,068,805	2,474,605	1,422,939	1,422,939
Net General Fund Appropriations	\$27,072,137	\$21,515,786	\$22,853,779	\$22,726,386
Positions (FTE)	173.8	169.0	169.0	169.0

Fire, Rescue Squad, and National Guard Pensions; Line of Duty Death Benefit

	Actual FY 2013-14	Actual FY 2014-15	Actual FY 2015-16	Certified FY 2016-17
Expenditures	23,179,042	20,664,274	22,041,299	21,691,299
Less: Receipts	-	-	-	-
Net General Fund Appropriations	\$23,179,042	\$20,664,274	\$22,041,299	\$21,691,299
Positions (FTE)	-	-	-	-

Legislative Changes in General Fund FTE, FY 2015-16

General Government	Vacant	Filled	Receipts	New	Transfer	Change
Administration*	-	-	(.5)	-	(74.9)	(75.4)
Auditor	-	-	-	-	-	-
Controller	-	-	-	-	-	-
Housing Finance Agency	-	-	-	-	-	-
Lieutenant Governor	-	-	-	-	-	-
Office of Administrative Hearings	-	-	-	1.0	-	1.0
Revenue	-	-	-	-	(1.0)	(1.0)
Secretary of State	-	-	-	-	-	-
Treasurer	-	-	2.0	4.0	-	6.0
General Assembly	-	-	-	-	-	-
Governor's Office	-	-	-	-	(2.0)	(2.0)
Insurance	-	-	-	-	-	-
Military and Veterans Affairs	-	-	-	-	77.9	77.9
Elections	-	-	-	-	-	-
State Budget and Management	-	-	-	1.0	-	1.0
Total	-	-	1.5	6.0	-	7.5

*Administration includes the Office of State Human Resources and the State Ethics Commission