



General Government Subcommittee FY 2012-13 Budget Highlights

Fiscal Brief

October 2012

The North Carolina General Assembly House and Senate Appropriations Subcommittees on General Government (Gen Gov Subcommittee) determine the budget for 17 State entities: Department of Administration, State Auditor, Cultural Resources (including the Roanoke Island Commission), General Assembly, Governor’s Office, Housing Finance Agency, Department of Insurance, Lieutenant Governor’s Office, Office of Administrative Hearings, Office of State Personnel, Department of Revenue, Secretary of State, State Board of Elections, Office of State Budget and Management, State Controller, State Ethics Commission, and State Treasurer.

Actual and Enacted Expenditures and Receipts¹

	<u>Actual</u> <u>FY 2009-10</u>	<u>Actual</u> <u>FY 2010-11</u>	<u>Actual</u> <u>FY 2011-12</u>	<u>Enacted</u> <u>FY 2012-13</u>
Expenditures	1,071,210,352	1,212,939,162	894,315,005	538,733,881
Less: Receipts	655,794,863	795,635,933	485,018,231	142,467,321
Net General Fund Appropriations	\$415,415,489	\$417,303,228	\$409,296,775	\$396,266,560
Positions (FTE)	4,857.4	4,838.5	4,501.2	4,495.1

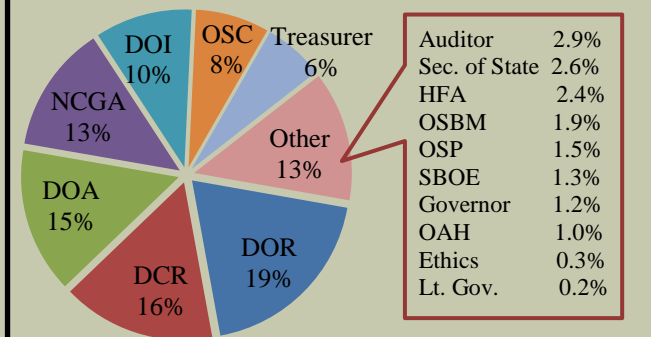
¹ Department level budget and FTE information is provided in tables at the end of this budget brief.

Expenditures and receipts include federal funds received by the Governor’s Office and distributed to other agencies. In FY 2009-10 and FY 2010-11, these receipts included federal ARRA funds.

Budget Overview

The enacted FY 2012-13 Net General Fund Appropriation for the General Government Subcommittee Agencies is \$396 million. This is a reduction of 2.9% from the FY 2012-13 Certified Budget. The General Fund Appropriation funds 4,495.1 full-time equivalent positions (FTE).¹ The chart below shows the subcommittee budget by agency.

Gen. Gov. General Fund Appropriation



¹ Does not reflect positions that may be eliminated as part of management flexibility reserves.

S.L. 2012-142, Modify 2011 Appropriations Act (H.B. 950), as amended by S.L. 2012-145, Modifications/2012 Appropriations Act (S.B. 187), appropriates \$396.3 million for the 17 General Government (Gen Gov) agencies. In total, Gen Gov’s General Fund appropriation was reduced by \$5.1 million recurring from the budget for FY 2012-13 enacted in S.L. 2011-145. Adjustments taken in FY 2012-13 can be categorized in five main areas that are described in further detail in this brief: management flexibility reductions; consolidation, transfers, and funding shifts; restoration of prior reductions taken in FY 2011-12; one time expenditures; and, changes impacting state or federal grant funds.

Management Flexibility Reserves

A management flexibility reserve of two percent or less was applied to the majority of agencies within the General Government Subcommittee area. Management flexibility reductions totaled \$5.7 million across the Subcommittee. The Departments of Insurance and Treasurer were not impacted by this particular reduction, nor were the Offices of Administrative Hearings, Lieutenant Governor, or State Controller.

Consolidations, Transfers, and Funding Shifts

Department of Administration / Department of Environment and Natural Resources

In S.L. 2011-145 building reserves for the operation and maintenance of the Green Square Office Building and Nature Research Center were appropriated to the Department of Environment and Natural Resources (DENR). In order to comply with current policy of requiring the Department of Administration (DOA) to provide operation and maintenance of buildings within the Capital Region, the building reserves were transferred to DOA. The total amount of funding is \$2.3 million recurring.

Housing Finance Agency

General Fund appropriations to the Housing Trust Fund were eliminated for one year on a nonrecurring basis and the Housing Finance Agency was directed to utilize funds from the National Mortgage Settlement instead. One-time savings to the General Fund total \$7.9 million. The Agency will receive \$30.52 million in funds from the Settlement.

General Fund support for the Home Protection Program was also eliminated. The Program will receive funds from the U.S. Treasury's Hardest Hit Program to provide similar services. Recurring savings to the General Fund total \$187,879.

Department of Insurance/Department of Justice

The Managed Care Patient Assistance Program (MCPAP) within the Department of Justice was transferred to the Department of Insurance, which performs similar functions. Appropriations for MCPAP will continue to be reimbursed by the Insurance Regulatory Fund. As part of the consolidation, the MCPAP director position was eliminated, for recurring savings to the Insurance Regulatory Fund of \$133,387.

Office of the Lieutenant Governor

Appropriations for the Office of the Lieutenant Governor were reduced by 41 percent effective at the end of December, for an overall reduction of 21 percent (\$144,150) for FY 2012-13. The incoming Lieutenant Governor is directed to consolidate staff functions to achieve the reductions.

Department of the Secretary of State

The Charitable Fundraising Division, and associated functions within the Administrative Division, was

moved from receipt support to General Fund support. In total, 9.43 FTEs and \$979,752 in receipts were moved to the General Fund. This transfer resulted in a net increase in General Fund availability of \$162,816 due to over-realized receipts in the Division.

Restoration of Prior Reductions

Department Cultural Resources

In the Department of Cultural Resources, \$1 million in reductions that had been directed in the 2011 Committee Report for FY 2012-13 were restored in the 2012 Committee Report:

- \$300,000 restored to the Transportation Museum, whose \$1.2 million appropriation was eliminated in S.L. 2011-145.
- \$500,000 restored to Tryon Palace, whose FY 2012-13 appropriation was reduced by \$2.2 million in S.L. 2011-145. Total General Fund appropriations in FY 2012-13 will be approximately \$2.5 million.
- \$105,037 restored to the Museum of Art, whose FY 2012-13 appropriation was reduced by \$674,000 in S.L. 2011-145.
- \$105,037 restored to the Museum of History, whose FY 2012-13 appropriation was reduced by \$586,000 in S.L. 2011-145.

General Assembly

S.L. 2011-145 directed that the Building & Maintenance Section of the General Assembly be funded on a nonrecurring basis for FY 2011-12 pending the outcome of a continuation review. The 2012 Committee Report restored the recurring appropriation for this section, for a total of approximately \$2.6 million and 32 positions.

Department of Insurance

The appropriation to the Department of Insurance's Consumer Protection Fund, which had been reduced in the 2011 Committee Report, was increased by \$300,000 to align with prior year actual expenditures. Appropriations to this Fund are reimbursed by the Insurance Regulatory Fund.

One-Time Expenditures

Department of Revenue

The Department of Revenue (DOR) is authorized to access the Combined Motor Vehicle and Registration

Account to fund the implementation of S.L. 2005-294. This Session Law directed DOR and the Division of Motor Vehicles (DMV) to develop a vehicle registration and tax collection system, which integrates combined assessment, billing, and collection of vehicle property taxes and registration fees. After the program is operational, receipts collected from an associated fee will support the program. DOR received authorization to create four new positions and to draw \$377,797 from the account for FY 2012-13.

Office of State Controller and Department of the State Treasurer

A new information technology project was funded at the Office of State Controller (OSC) and the Department of the State Treasurer (DST). The joint project will upgrade the State's Cash Management System. The current system version is no longer supported by the vendor. OSC's portion of the project, \$1.3 million, was funded from the E-Commerce Reserve at DOA. The State Retirement System will fund portions of the system upgrade that will service retirement related activities. DST's portion of cost associated with retirement is \$2.5 million.

Department of the State Treasurer

S.L. 2011-145 authorized the use of receipts for the first phase of an information technology upgrade at the Local Government Operations Division. The 2012 Committee Report authorizes the use of receipts to fund the second phase of the project: an audit, integrated debt, and fiscal management system. The total authorization for the second phase of this project is \$1.1 million. The source of funds is fees related to debt issuances by local governments.

Executive Branch Transitions

The budget appropriated \$750,000 for Executive Branch transition-related activities on a nonrecurring basis:

- \$420,000 in the Department of Administration (DOA), as provided in the Governor's FY 2008-09 continuation budget: \$250,000 for the Governor's Inauguration and \$170,000 for Transition Team expenses.
- \$330,000 in a reserve in the Office of State Budget and Management (OSBM), to supplement the DOA funds if necessary for Executive Branch transition-related expenses. Unspent funds will revert to the General Fund at the end of the fiscal year.

State and Federal Grant Funds

North Carolina Symphony

The North Carolina Symphony received \$3.5 million in State appropriations and support in FY 2012-13. Of this amount, \$1.5 million is a nonrecurring Challenge Grant, to be matched by the Symphony with \$8 million in non-State revenue. This is the fourth year in which the Challenge Grant has been provided.

Federal Election Funds

The freeze on the use of the remaining \$4 million in federal Help America Vote Act (HAVA) Title II funds is continued in the Appropriations Act. The expenditure of these federal funds requires that the State maintain a certain level of spending (maintenance of effort). Recurring reductions taken in S.L. 2011-145 mean that this level of spending was not met in FY 2011-12 and will not be met in FY 2012-13. S.L. 2012-142 further specified that federal HAVA Title II disability access funds, which do not require State maintenance of effort, may be spent in FY 2012-13. The bill did not freeze HAVA Title I funds, which also do not require State maintenance of effort.

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Actual and Enacted Expenditures and Receipts by Agency
Department of Administration

	Actual FY 2009-10	Actual FY 2010-11	Actual FY 2011-12	Enacted FY 2012-13
Expenditures	100,466,406	101,537,868	100,414,492	101,255,565
Less: Receipts	39,921,287	42,696,162	39,169,099	42,197,241
Net General Fund Appropriations	\$60,545,119	\$58,841,706	\$61,245,393	\$59,058,324
Positions (FTE)	502.3	506.0	457.5	457.5

State Auditor

	Actual FY 2009-10	Actual FY 2010-11	Actual FY 2011-12	Enacted FY 2012-13
Expenditures	16,423,462	16,099,660	15,300,775	16,379,624
Less: Receipts	4,549,413	4,580,764	3,854,759	5,917,110
Net General Fund Appropriations	\$11,874,049	\$11,518,897	\$11,446,017	\$10,462,514
Positions (FTE)	194.0	193.0	180.0	180.0

Department of Cultural Resources

	Actual FY 2009-10	Actual FY 2010-11	Actual FY 2011-12	Enacted FY 2012-13
Expenditures	80,505,618	83,537,125	76,676,966 [▼]	64,111,575
Less: Receipts	10,301,022	13,095,791	11,039,795	2,713,440
Net General Fund Appropriations	\$70,204,596	\$70,441,334	\$65,637,171	\$61,398,135
Positions (FTE)	786.3	822.6	700.1 [▼]	699.1

Department of Cultural Resources - Roanoke Island Commission

	Actual FY 2009-10	Actual FY 2010-11	Actual FY 2011-12	Enacted FY 2012-13
Expenditures	1,915,407	2,406,982	1,920,154 [▼]	1,203,491
Less: Receipts	0	0	0	300,000
Net General Fund Appropriations	\$1,915,407	\$2,406,982	\$1,920,154	\$903,491
Positions (FTE)*	-	-	-	-

*General Fund appropriations for the Roanoke Island Commission are transferred to a special fund. All expenses for the Commission, including personnel, are expended from the special fund. In FY 2011-12, there were 35 permanent positions supported by monies in the special fund.

General Assembly

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures*	61,115,237	66,234,573	67,915,278	53,222,487
Less: Receipts*	8,327,081	13,543,306	13,880,209	1,547,857
Net General Fund Appropriations	\$52,788,156	\$52,691,267	\$54,035,069	\$51,674,630
Positions (FTE)	335.0	335.0	326.0	318.9

*Actual expenditures and revenues include carryforward of prior year appropriations, which by statute do not revert.

Office of the Governor

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures*	514,725,145	627,884,181	326,046,846	5,343,456
Less: Receipts*	508,305,036	621,682,641	320,889,602	697,122
Net General Fund Appropriations	\$6,420,109	\$6,201,540	\$5,157,244	\$4,646,334
Positions (FTE)	67.5	62.7	62.7	62.7

*Actual expenditures and revenues include federal ARRA and Race to the Top funds that were received by the Governor's Office and distributed to other agencies.

Housing Finance Agency

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures	13,877,996	11,684,622	8,866,963	9,485,172
Less: Receipts	0	0	0	7,876,755
Net General Fund Appropriations	\$13,877,996	\$11,684,622	\$8,866,963	\$1,608,417
Positions (FTE)*	-	-	-	-

*The General Fund appropriation to HFA does not support positions. In FY 2011-12, HFA had 127 authorized positions supported by non-General Fund receipts.

Department of Insurance

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures	37,838,553	39,170,883	47,525,100	43,726,233
Less: Receipts	7,797,092	10,957,985	12,556,622	6,873,257
Net General Fund Appropriations	\$30,041,461	\$28,212,898	\$34,968,478	\$36,852,976
Positions (FTE)	414.0	413.1	410.1	413.1



Department of Insurance - Volunteer Safety Workers' Compensation Fund

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures	1,900,000	1,561,846	2,294,000	2,623,654
Less: Receipts	0	0	0	0
Net General Fund Appropriations	\$1,900,000	\$1,561,846	\$2,294,000	\$2,623,654
Positions (FTE)	-	-	-	-

Office of the Lieutenant Governor

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures	871,972	890,047	768,110	551,174
Less: Receipts	31	4,263	2	0
Net General Fund Appropriations	\$871,941	\$885,784	\$768,108	\$551,174
Positions (FTE)	12.5	12.0	9.0	9.0

Office of Administrative Hearings

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures	5,266,254	5,985,561	5,825,593	4,200,742
Less: Receipts	1,695,150	1,870,919	1,817,926	58,484
Net General Fund Appropriations	\$3,571,104	\$4,114,642	\$4,007,667	\$4,142,258
Positions (FTE)	42.0	42.0	40.0	40.0

Office of State Personnel

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures	7,100,096	6,745,680	6,418,180	6,292,707
Less: Receipts	102,978	86,068	144,525	144,525
Net General Fund Appropriations	\$6,997,118	\$6,659,612	\$6,273,655	\$6,148,182
Positions (FTE)	75.1	74.8	60.6	60.6

Department of Revenue

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures	106,964,270	109,123,096	104,571,688	109,856,593
Less: Receipts	24,943,352	27,481,555	28,522,546	33,221,046
Net General Fund Appropriations	\$82,020,918	\$81,641,541	\$76,049,142	\$76,635,547
Positions (FTE)	1,531.3	1,501.3	1,417.3	1,417.3

Department of the Secretary of State

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures	12,105,258	11,556,443	11,405,729	12,285,661
Less: Receipts	1,204,000	1,472,226	1,442,508	864,437
Net General Fund Appropriations	\$10,901,258	\$10,084,217	\$9,963,221	\$11,421,224
Positions (FTE)	188.7	180.8	176.8	176.8

State Board of Elections

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures	10,236,212	6,581,704	6,225,311	5,118,264
Less: Receipts	5,883,108	791,218	1,527,808	94,193
Net General Fund Appropriations	\$4,353,103	\$5,790,486	\$4,697,503	\$5,024,071
Positions (FTE)	64.0	65.0	51.0	51.0

Office of State Budget & Management

	Actual <u>FY 2009-10</u>	Actual <u>FY 2010-11</u>	Actual <u>FY 2011-12</u>	Enacted <u>FY 2012-13</u>
Expenditures*	11,904,640	21,161,722	14,705,355	5,983,511
Less: Receipts*	5,402,736	15,416,640	8,689,265	251,821
Net General Fund Appropriations	\$6,501,903	\$5,745,082	\$6,016,089	\$5,731,690
Positions (FTE)	81.7	65.0	59.0	59.0

*Actual expenditures and revenues include federal ARRA funds received and distributed to other agencies.



Office of State Budget & Management - Special Appropriations

	Actual FY 2009-10	Actual FY 2010-11	Actual FY 2011-12	Enacted FY 2012-13
Expenditures*	8,321,591	9,326,411	1,940,612	1,879,000
Less: Receipts*	2,012,350	1,342,700	0	0
Net General Fund Appropriations	\$6,309,241	\$7,983,711	\$1,940,612	\$1,879,000
Positions (FTE)	-	-	-	-

*Receipts primarily include motor vehicle inspection receipts used to fund grants to volunteer EMS/rescue organizations. This program was transferred to the Department of Insurance in FY 2011-12. FY 2009-10 receipts also included receipts from ITS.

State Controller

	Actual FY 2009-10	Actual FY 2010-11	Actual FY 2011-12	Enacted FY 2012-13
Expenditures	22,846,827	32,598,254	29,491,163	31,706,964
Less: Receipts	781,140	2,579,482	968,002	1,757,595
Net General Fund Appropriations	\$22,065,688	\$30,018,772	\$28,523,161	\$29,949,369
Positions (FTE)	198.7	195.8	181.8	180.8

State Ethics Commission

	Actual FY 2009-10	Actual FY 2010-11	Actual FY 2011-12	Enacted FY 2012-13
Expenditures	931,833	1,337,528	1,144,598	1,121,706
Less: Receipts	6,861	716	0	0
Net General Fund Appropriations	\$924,972	\$1,336,813	\$1,144,598	\$1,121,706
Positions (FTE)	10.0	14.0	12.0	12.0

Department of State Treasurer

	Actual FY 2009-10	Actual FY 2010-11	Actual FY 2011-12	Enacted FY 2012-13
Expenditures	45,088,905	46,710,304	47,045,978	44,574,188
Less: Receipts	34,562,227	38,033,498	40,515,563	37,952,438
Net General Fund Appropriations	\$10,526,678	\$8,676,806	\$6,530,415	\$6,621,750
Positions (FTE)	354.4	355.4	357.4	357.4



Department of State Treasurer - Retirement for Fire and Rescue

	<u>Actual</u> <u>FY 2009-10</u>	<u>Actual</u> <u>FY 2010-11</u>	<u>Actual</u> <u>FY 2011-12</u>	<u>Enacted</u> <u>FY 2012-13</u>
Expenditures	10,804,671	10,804,671	17,812,114	17,812,114
Less: Receipts	0	0	0	0
Net General Fund Appropriations	\$10,804,671	\$10,804,671	\$17,812,114	\$17,812,114
Positions (FTE)	-	-	-	-



Change in FTE, FY 2012-13

	<u>Vacant</u> (FTE)	<u>Filled</u> (FTE)	<u>Receipts</u> (FTE)	<u>New</u> (FTE)	<u>Transfers</u> (FTE)	<u>CHANGE</u> (FTE)
General Government:						
Administration						
Auditor						
Cultural Resources	(2.00)	(1.00)		2.00		(1.00)
Cultural Resources - Roanoke Island Com.						
General Assembly ¹				31.60		31.60
Governor						
Housing Finance Agency						
Insurance					3.00	3.00
Insurance - VSWCF						
Lieutenant Governor ²						
Office of Administrative Hearings						
Revenue						
Secretary of State ³			(9.43)	9.43		
State Board of Elections						
State Budget and Management						
State Budget and Management - Special						
State Controller	(1.00)					(1.00)
Treasurer - Operations						
Treasurer - Retirement / Benefits						
Total General Government	(3.00)	(1.00)	(9.43)	43.03	3.00	32.60

¹The increase in positions in the General Assembly is due to the restoration of funding for the Building & Maintenance Section, which was subject to continuation review in FY 2011-12.

²The Lieutenant Governor is directed to reduce staff effective December 31, 2012, to achieve a reduction in appropriations. The number of FTE to be reduced is not specified.

³S.L. 2012-142 transferred the Charitable Licensing Division of the Secretary of State from receipt-support to General Fund support, including 9.43 positions. The receipts that were supporting the Division are now deposited in the State's General Fund.

Overall Note:

The table above does not reflect any positions eliminated as part of a management flexibility reserve. All General Government entities except the Housing Finance Agency, the Department of Insurance, the Office of Administrative Hearings, the State Controller, and the State Treasurer have recurring management flexibility reductions in their budgets, which may be achieved by reducing personnel.