



**STATE OF NORTH CAROLINA**  
**OFFICE OF STATE BUDGET AND MANAGEMENT**

PAT MCCRORY  
GOVERNOR

ART POPE  
STATE BUDGET DIRECTOR

October 28, 2013

The Honorable Phil Berger  
President Pro-Tempore  
North Carolina Senate  
Legislative Building, Room 2008  
Raleigh, North Carolina 27601-2808

The Honorable Thom Tillis  
Speaker of the House  
North Carolina House of Representatives  
Legislative Building, Room 2304  
Raleigh, North Carolina 279601-1096

RE: Funding of the Disaster Relief Reserve Fund  
Joint Legislative Commission on Governmental Operations – October 29, 2013

The Disaster Relief Reserve Fund is a reserve in the Office of State Budget & Management that was created in 1996 (FR Div., Oct 6, 2011). The purpose of the reserve is to provide necessary and appropriate relief and assistance from the effects of Natural Disasters. 2005 Session Laws, Chp 1, Senate Bill (2005).

N.C. Gen. Stat. §166A-19.40 (a) provides the Governor the authority to manage funding for natural disasters. N.C. Gen. Stat. §166A-19.40(a) states in part that “the Governor may use contingency and emergency funds as necessary and appropriate to provide relief and assistance from the effects of an emergency and may reallocate such other funds as may reasonably be available within the appropriations of the various departments when the severity and magnitude of the emergency so requires and the contingency and emergency funds are insufficient or inappropriate.” Emphasis added.

N.C. Gen. Stat. §143C-1-2(b) in regard to reversions, states in part, “Unless otherwise provided by law, at the end of the fiscal year the unexpended, unencumbered balance of an appropriation reverts to the fund from which the appropriation was made.” Emphasis added.

The Governor’s Recommended Budget for 2013-15 requested a \$10 million appropriation in each year of the biennium for the Disaster Relief Reserve Fund. See Governor’s Recommended Budget for 2013-15, at page 287, Item #13. The amount recommended was based on information provided from the agencies that were still paying obligations for previous disasters. The Department of Public Safety estimated they would need approximately \$7.5 million and the

Department of Environment and Natural Resources estimated their need to be \$2 million to satisfy obligations incurred and outstanding during Fiscal Year 2012-2013. See attached Table A for a detailed listing of the outstanding obligations.

Rather than carry forward a \$10 Million unfunded obligation and liability from Fiscal Year 2012-2013 to Fiscal Year 2013-2014, OSBM initiated a \$10 million transfer request from the 2012-13 appropriations of the Department of Public Safety to the Disaster Relief Reserve Fund pursuant to N.C. Gen. Stat. §166A-19.40 (a). See attached Table B for a detailed listing of the source of funds transferred. Since the transfer was pursuant to statutory authority, as “otherwise provided by law,” there was no requirement that these funds revert pursuant to N.C. Gen. Stat. §143C-1-2(b).

Because funds were transferred to the Disaster Relief Reserve Fund pursuant to N.C. Gen. Stat. §166A-19.40 (a), the Governor agreed that there was not a need for additional funding for the Disaster Relief Reserve Fund for the Fiscal Year 2013-2014 appropriations. However, depending upon funding necessary to provide for relief and assistance for natural disasters that occur during the current Fiscal Year, it may be necessary for the Governor to transfer additional funds pursuant to N.C. Gen. Stat. §166A-19.40 (a), or to request additional appropriations during the 2014-2015 Fiscal Year.

Sincerely,

A handwritten signature in cursive script that reads "Art Pope".

Art Pope  
State Budget Director

Attachments: Table A  
Table B

**Table A-1 - Estimated State Share of Disaster Pending Obligations as of May 2013**

	Incurred for Events Prior to July 1, 2013 and Payable in 2013-15		
	FY 13-14	FY 14-15	Total FY 13-15
<u>Public Safety/Emergency Management</u>			
<i>Public Assistance</i>			
Federal - Western Winter Storm 2010 (DR 1871)	\$ 222,559	n/a	\$ 222,559
Federal - 2011 Tornadoes (DR 1969)	\$ 1,334,427	\$ 444,809	\$ 1,779,236
Federal - 2011 Hurricane Irene (DR 4019)	\$ 3,021,176	\$ 1,510,589	\$ 4,531,765
State - Town of Murphy	\$ 84,000	n/a	\$ 84,000
<i>Subtotal Public Assistance</i>	\$ 4,662,162	\$ 1,955,398	\$ 6,617,560
<i>Subtotal Hazard Mitigation</i>	\$ 2,963,020	\$ 1,646,122	\$ 4,609,142
<i>Individual Assistance</i>			
State - Dare County Hurricane Sandy 2012/Pending Appeal	\$ 10,000	n/a	\$ 10,000
<b>Total Emergency Management</b>	<b>\$ 7,635,182</b>	<b>\$ 3,601,520</b>	<b>\$ 11,236,702</b>
<u>Environment &amp; Natural Resources</u>			
<b>Senate Bill 7 Activities</b>	<b>\$ 2,000,000</b>		<b>\$ 2,000,000</b>
<b>Total</b>	<b>\$ 9,635,182</b>	<b>\$ 3,601,520</b>	<b>\$ 13,236,702</b>

**Table A-2 - Estimated State Share of Disaster Pending Obligations as of October 25, 2013**

	Incurred for Events Prior to July 1, 2013 and Payable in 2013-15		
	FY 13-14	FY 14-15	Total FY 13-15
<u>Public Safety/Emergency Management</u>			
<i>Public Assistance</i>			
Federal - Western Winter Storm 2010 (DR 1871)	\$ 23,214	n/a	\$ 23,214
Federal - 2011 Tornadoes (DR 1969)	\$ 593,666	\$ 197,889	\$ 791,555
Federal - 2011 Hurricane Irene (DR 4019)	\$ 2,880,806	\$ 1,440,403	\$ 4,321,209
Federal - *July 1-13 Western Floods/Slides 2013 (DR 4146)	\$ 2,132,661	\$ 1,066,331	\$ 3,198,992
Federal - *July 27 Western Floods/Slides 2013	\$ 2,049,323	\$ 1,024,661	\$ 3,073,984
State - 2012 Roanoke Rapids/Gaston	\$ 277,003	n/a	\$ 277,003
State - *Albemarle 2013	\$ 736,770	n/a	\$ 736,770
<i>Subtotal Public Assistance</i>	\$ 7,679,670	\$ 3,729,284	\$ 11,408,954
<i>Subtotal Hazard Mitigation</i>	\$ 2,223,460	\$ 2,351,710	\$ 4,575,170
<i>Individual Assistance</i>			
State - June 13 Stanly Co. Straight Line Winds 2013	\$ 80,000	n/a	\$ 80,000
State - June 30 Orange Co. Flooding 2013	\$ 57,412	n/a	\$ 57,412
State - July 27 Catawba Co. Flooding 2013	\$ 646,000	n/a	\$ 646,000
<i>Subtotal Individual Assistance</i>	\$ 783,412		\$ 783,412
<b>Total Emergency Management</b>	<b>\$ 10,686,542</b>	<b>\$ 6,080,994</b>	<b>\$ 16,767,536</b>
<u>Environment &amp; Natural Resources</u>			
<b>Senate Bill 7 Activities</b>	<b>\$ 1,226,000</b>		<b>\$ 1,226,000</b>
<b>Total</b>	<b>\$ 11,912,542</b>	<b>\$ 6,080,994</b>	<b>\$ 17,993,536</b>

\* Totals for July 1-13 Western Floods/Slides (DR 4146) and potential declaration for July 27 Western Floods/Slides are based on preliminary damage assessment estimates and are not FEMA-Obligated. State disaster declaration request pending for Albemarle 2013.

**Table B - Source of Funds Transferred to Disaster Reserve**

	FY 13-14
Department of Public Safety - Budget Code 14550	
Lapsed Salaries from Division of Adult Correction/Prisons	
Fund 1310 - Custody and Security	\$ 5,000,000
Fund 1331 - General Health	\$ 5,000,000
<b>Total</b>	<b>\$ 10,000,000</b>