

**Background Information for
Joint Legislative Commission on Governmental Operations
Motor Fleet Management Budget Deviation**

Motor Fleet Management: The Department of Administration's (DOA) Motor Fleet Management Division manages the State's passenger vehicle fleet per G.S. 143-341(8)(i), which includes a temporary motor pool and vehicles assigned to agencies/individuals. Motor Fleet Management is funded through an internal service fund. All State agencies that utilize the fleet pay a charge related to their vehicles usage. The charge covers related overhead and administration, insurance, gasoline, repair, and replacement of vehicles. Funds collected by DOA are placed into the Motor Fleet Management Fund.

Background: Beginning in FY 2008-09 the State began to hold back the purchase of vehicles to help cope with the recession. The Motor Fleet Management Fund continued to collect funds from agencies, as required by law. The table below presents the fund balances for the Fund:

Table 1: Motor Fleet Management Fund Balances

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14 (Jan)
Balance	18,815,364	35,384,109	37,041,050	39,779,494

The General Assembly and Governor have directed transfers from the Motor Fleet Management Fund in order to be used for General Availability in the past. There have been \$64 million in transfers in FY 2009-10 and FY 2010-11 for such a purpose. The fund has also been used to manage State cash flow through interfund borrowing. In FY 2010-11, \$30 million was borrowed and in FY 2012-13, \$25 million was borrowed to meet the cash-flow needs of the State. The State Motor Fleet is in poor condition as a result of the above actions. At the end of 2013, 18% of the fleet had mileage over 125,000 and 53% of fleet vehicles were older than a 2006 vehicle year.

In addition to the above issues, the Department of Public Safety (DPS) needs additional cars for Probation and Parole Officers. In 2013 (S.L. 2013-360), 175 new Probation and Parole positions were created to deal with the increased case load resulting from the Justice Reinvestment Act (S.L. 2011-192). Funds were appropriated to cover the charge for the operation of vehicles, but no funds were appropriated for the purchase of new vehicles. Furthermore, DPS reclassified numerous existing positions in such a way that they will require additional vehicles.

Issue: The Office of State Budget and Management is requesting to consult in order to deviate from their certified budget in order to purchase new cars. The purchase will be from two funding sources: the first purchase will be for \$20 million from the Motor Fleet Management Fund unappropriated cash balance to replace existing fleet vehicles. These cars have been ordered. The second purchase of \$5 million will be from a transfer of funds from DPS to DOA to expand the State fleet to meet the new requirements at DPS, plus an additional eight cars for emergency management. These cars have not been ordered and are awaiting consultation with the Commission.

Requirements: Each agency is limited to what was appropriated in the Current Operations and Capital Improvements Appropriations Act of 2013. G.S. 143C-6-4 allows a State Agency, with approval of the Governor, to spend more than was appropriated from over realized receipts under limited circumstances. Per the law, there are three items that must be satisfied for an overexpenditure to occur: one, that the item is unforeseen; two, that the item does not expand the scope and purpose of the program; and three, that the item is non-recurring.

Action Needed: The Commission can accept or reject the consultation.