

Highlights of the Major Budget Items from the 2013-15 Biennium

Joint Appropriations Subcommittee for General Government
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North Carolina General Assembly
Fiscal Research Division

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2013 Session – Budget Overview

FY 2013-14

	Continuation Budget	Legislative Net Changes	Revised Appropriation for FY 13-14	% Change
General Government				
Administration*	\$ 68,316,992	\$ (749,967)	\$ 67,567,025	-1%
Auditor	\$ 11,013,547	\$ 203,921	\$ 11,217,468	2%
Cultural Resources	\$ 63,626,477	\$ 43,668	\$ 63,670,145	0%
Cultural Resources - Roanoke Island Commission	\$ 1,058,757	\$ (608,757)	\$ 450,000	-57%
General Assembly	\$ 52,845,390	\$ (757,404)	\$ 52,087,986	-1%
Governor	\$ 5,539,743	\$ 1,630,307	\$ 7,170,050	29%
Housing Finance Agency	\$ 9,408,417	\$ (996,785)	\$ 8,411,632	-11%
Insurance	\$ 38,454,593	\$ (460,589)	\$ 37,994,004	-1%
Insurance - Worker's Compensation Fund	\$ 2,623,654	\$ (2,623,654)	\$ -	-100%
Lieutenant Governor	\$ 444,047	\$ 237,042	\$ 681,089	53%
Office of Administrative Hearings	\$ 4,335,464	\$ 906,179	\$ 5,241,643	21%
Revenue	\$ 80,031,575	\$ 967,343	\$ 80,998,918	1%
Secretary of State	\$ 11,845,185	\$ (270,002)	\$ 11,575,183	-2%
State Board of Elections	\$ 5,213,445	\$ 88,928	\$ 5,302,373	2%
State Budget and Management (OSBM)	\$ 6,951,706	\$ 500,000	\$ 7,451,706	7%
OSBM - Special Appropriations	\$ 49,000	\$ 4,863,000	\$ 4,912,000	9924%
State Controller	\$ 29,279,290	\$ (568,599)	\$ 28,710,691	-2%
Treasurer - Operations	\$ 6,851,090	\$ 1,286,800	\$ 8,137,890	19%
Treasurer - Fire/Rescue Retirement	\$ 23,179,042	\$ -	\$ 23,179,042	0%
Total General Government	\$ 421,067,414	\$ 3,691,431	\$ 424,758,845	1%
*Includes Office of State Human Resources and the State Ethics Commission				

FY 2014-15 – Session Overview

	Continuation Budget	Legislative Net Changes	Revised Appropriation for FY 14-15	% Change
General Government				
Administration	\$ 67,047,033	\$ (1,764,816)	\$ 65,282,217	-3%
Auditor	\$ 11,217,468	\$ 154,799	\$ 11,372,267	1%
Cultural Resources	\$ 63,008,100	\$ 688,852	\$ 63,696,952	1%
Cultural Resources - Roanoke Island Commission	\$ 450,000	\$ (9,000)	\$ 441,000	-2%
General Assembly	\$ 51,634,767	\$ 462,927	\$ 52,097,694	1%
Governor	\$ 7,172,132	\$ 45,245	\$ 7,217,377	1%
Housing Finance Agency	\$ 8,411,632	\$ 9,830,322	\$ 18,241,954	117%
Insurance	\$ 38,003,624	\$ (291,302)	\$ 37,712,322	-1%
Insurance - Worker's Compensation Fund		\$ -		-
Lieutenant Governor	\$ 675,089	\$ (3,782)	\$ 671,307	-1%
Office of Administrative Hearings	\$ 5,027,130	\$ 37,818	\$ 5,064,948	1%
Revenue	\$ 80,896,458	\$ (1,517,149)	\$ 79,379,309	-2%
Secretary of State	\$ 11,575,183	\$ 25,523	\$ 11,600,706	0%
State Board of Elections	\$ 5,693,244	\$ 160,815	\$ 5,854,059	3%
State Budget and Management (OSBM)	\$ 7,534,217	\$ (52,626)	\$ 7,481,591	-1%
OSBM - Special Appropriations	\$ 1,520,000	\$ 155,000	\$ 1,675,000	10%
State Controller	\$ 28,710,691	\$ (202,152)	\$ 28,508,539	-1%
Treasurer - Operations	\$ 7,026,305	\$ 2,659,931	\$ 9,686,236	38%
Treasurer - Fire/Rescue Retirement	\$ 23,179,042	\$ (1,694,768)	\$ 21,484,274	-7%
Total General Government	\$ 418,782,115	\$ 8,685,637	\$ 427,467,752	2%
*Includes Office of State Human Resources and the State Ethics Commission				

Significant Budget Actions during 2013-15 Biennium:

FY 2013-15

Money and Special Provision Items:

Overall, many agencies' budgets were reduced to meet spending targets over the biennium and priorities (including state employees' compensation and retirement benefits increase) were funded to have an overall growth in the budget for General Government agencies of \$12.4 million, a 1.52% increase over the FY 2013-14 Continuation Budget.

Operating budgets were reduced by eliminating positions (mostly vacant), maximizing receipts, and reducing information technology contracts to achieve savings and efficiencies. The overall net change of Full Time Equivalent (FTEs) positions was a reduction of 16.53 FTE's.

Department of Cultural Resources

- The Roanoke Island Commission was brought under the purview of Department of Cultural Resources.
- Tryon Palace received \$400,000 recurring for operations.
- Exemptions to rule-making were created that now allows DCR to change admission and other fees at historic sites more quickly.
- The General Assembly passed a reduction of 2% for library grants (\$284,000) and cap of \$400,000 for single county grant recipients for FY 2014-15

Department of Insurance

- Insurance Regulatory Surcharge was increased beginning January 2015 to 6.5% and the North Carolina Industrial Commission's activities related to Workers' Compensation was added as an eligible use of this fee. The additional .5% will generate about \$2.4 million annually.
- The Volunteer Safety Workers' Compensation Program funding was shifted to a dedicated funding source of the gross premium's tax collected from insurance companies producing a general fund savings of \$2.6 million.
- The General Assembly allowed the Department to develop a captives insurance industry in NC and license and regulate the captives insurance companies; funds were appropriated for this activity.

State Board of Elections

- Matching funds of approximately \$400,000 were appropriated to draw down federal Help America Vote Act (HAVA) funds. These funds will be used to rewrite and support the Statewide Elections and Information Management System (SEIMS).
- \$1 million was appropriated for the implementation of the Voter Information Verification Act (VIVA). These funds may be used for outreach and operations by SBOE and reimbursement for the issuance of state identification cards and provision of vital records.
- The North Carolina Public Campaign Fund was eliminated and the SBOE was directed to use some of the funds for the production of future voter guides and the remainder was directed to the general fund.

Office of Administrative Hearings

- Four FTEs were appropriated for the purpose of implementing regulatory reform within the Rules Review Division. Two FTEs were appropriated for the Hearings Division.

Office of State Treasurer

- There was an appropriation of \$1.6 million to hire 10 FTEs for the purpose of internalizing investments that had been managed by external fund managers. The 10 FTEs were for five Portfolio Managers and five Investment Analysts to manage a variety of investments.

General Assembly

- The Joint Legislative Oversight Committee on General Government was created.

Housing Finance Agency

- Workforce Housing Loan Program was created with a non-recurring appropriation of \$10 million for FY 2014-15 to assist taxpayers who are allocated a federal low-income housing tax credit for calendar year 2015 in constructing or substantially rehabilitating a qualified low-income NC housing development.

Secretary of State

- The General Assembly increased the fee on lobbyist and lobbyist principal registrations from \$100 to \$250 and required electronic submission of all reports as well as electronic payment.

Department of Revenue

- The Department received 8 new positions to implement the tax law changes in FY 2013-14.
- The General Assembly shifted \$2.3 million worth of expenses from general fund support to receipt support and appropriated \$3.9 million in receipts to open a second call center in Guilford County.
- In conjunction with the Information Technology section of the budget, the subcommittee appropriated funds for the continued replacement of the Integrated Tax Administration System (ITAS) and required increased oversight of the project.

Department of Administration

- The subcommittee provided non-recurring funds for the operations of the Justice for Sterilization Victims' Foundation.
- The Displaced Homemakers' Program was eliminated. Funds from the Divorce Filing Fee that had supported the program now go to the Domestic Violence Center Fund.
- The State Construction Office was moved from receipt support to general fund support. Receipts were to be from various projects' contingency reserves but the collection from contingency reserves had been problematic and receipt source was uncertain.
- The Ethics Commission received a transfer from the Highway Fund to pay for one paralegal position to handle the Statement of Economic Interest (SEI) forms from Metropolitan Planning Organizations (MPO) and Rural Planning Organizations (RPO).
- The newly opened veterans' homes in Black Mountain and Kinston received funds from the North Carolina Veterans' Home Trust Fund.
- The subcommittee appropriated \$10.9 million in receipts from the Motor Fleet Management Fund to bring the replacement schedule in line with industry standards.

Required Studies/Reviews

- Office of State Human Resources – Temporary Solutions.
 - Customer satisfaction survey
 - Review of the surcharge to state agencies
 - Compare to private operators
 - Review status of accounts receivables
- Office of State Human Resources - Reorganization Through Reduction Program
- Department of Administration – Continuation Review of Youth Advocacy and Involvement
- Department of Administration – Study E-Procurement Fee and vendor contract
- Office of State Auditor – Prepare and issue a set of financial statements regarding the investment programs for the retirement systems by January 1, 2016.
- Office of State Treasurer – Hire a commercial independent firm to evaluate the governance, operations, and investment practices of the State Treasurer for the purpose of developing recommendations for improvement. The report is due to General Assembly once complete.