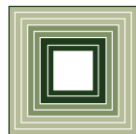


North Carolina State Highway Patrol

Basics & Budgetary Issues

Joint Appropriations Subcommittee on Transportation

March 16, 2011



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

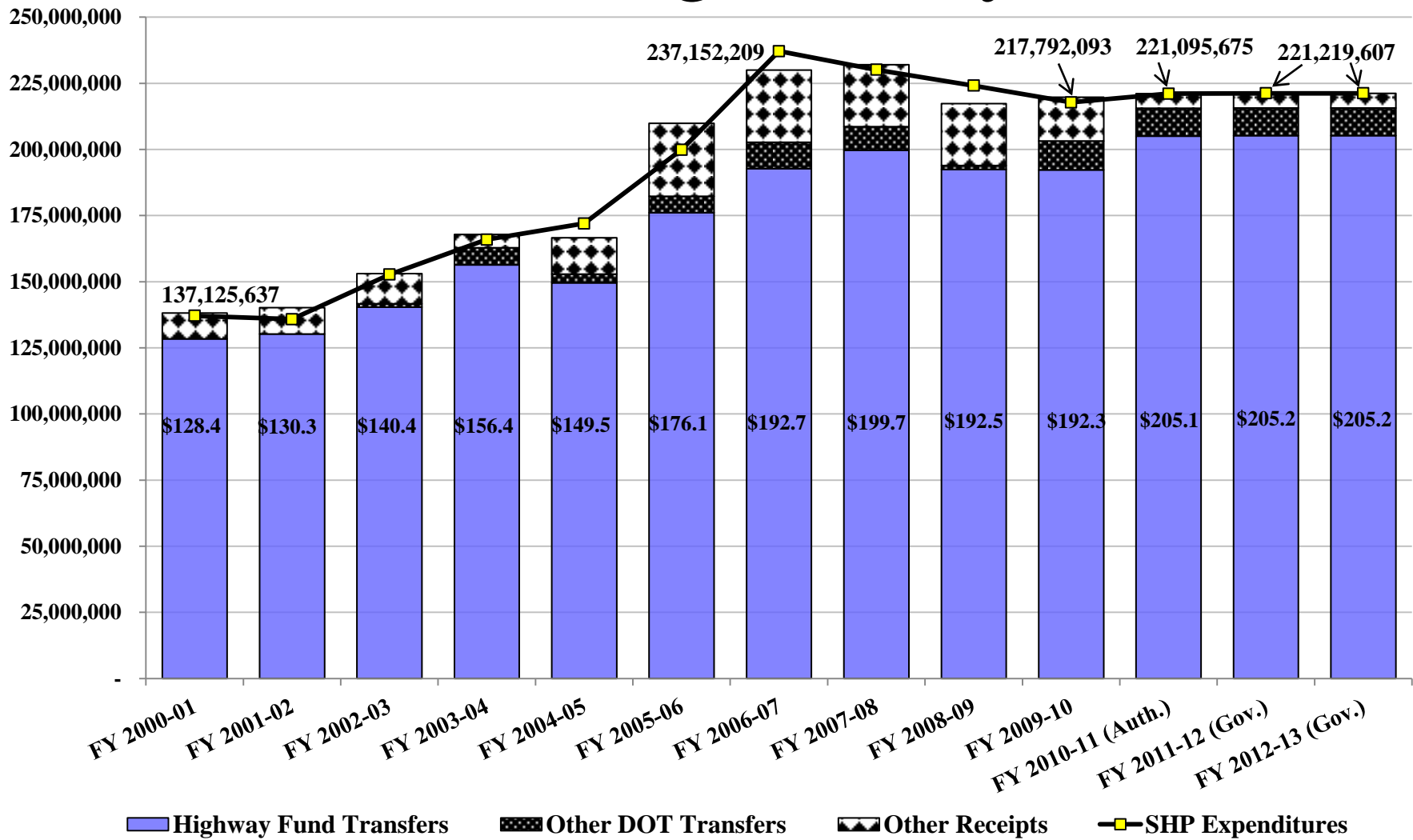
Presentation Outline

Part 1. Budget Primer/Overview

- Funding History
- Budget Drivers
- Personnel/Administrative Structure
- Recent Legislative Actions
- Governor's FY 2011-13 Recommended Budget

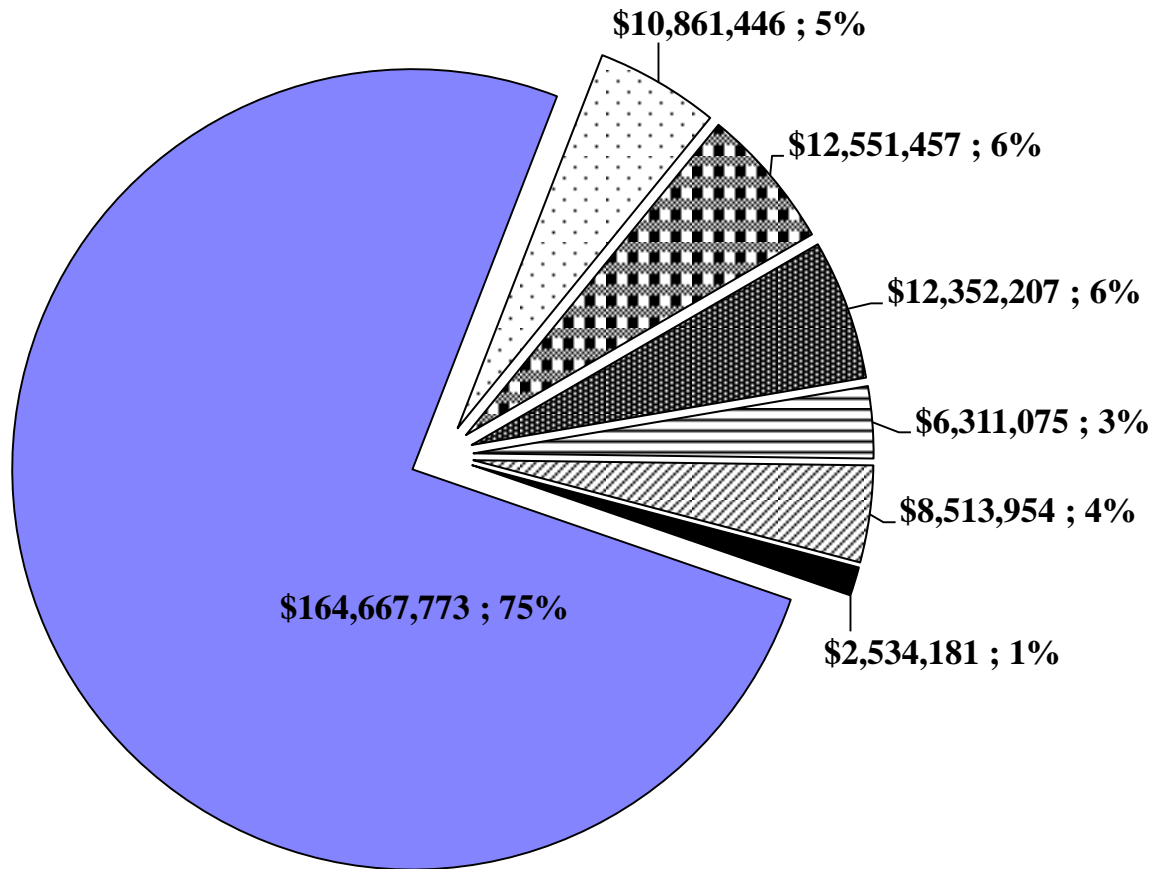
Part 2. Budget Issues/Potential Options

Funding History



Sources: North Carolina Accounting System; XTND/XTPR; Governor's Recommended 2011-13 Budget

Budget Drivers (FY 2009-10)



Principal Line Items:

Salaries & Fringe – \$164.7M

LEO Separation – \$6.12M

Vehicles – \$8.74M

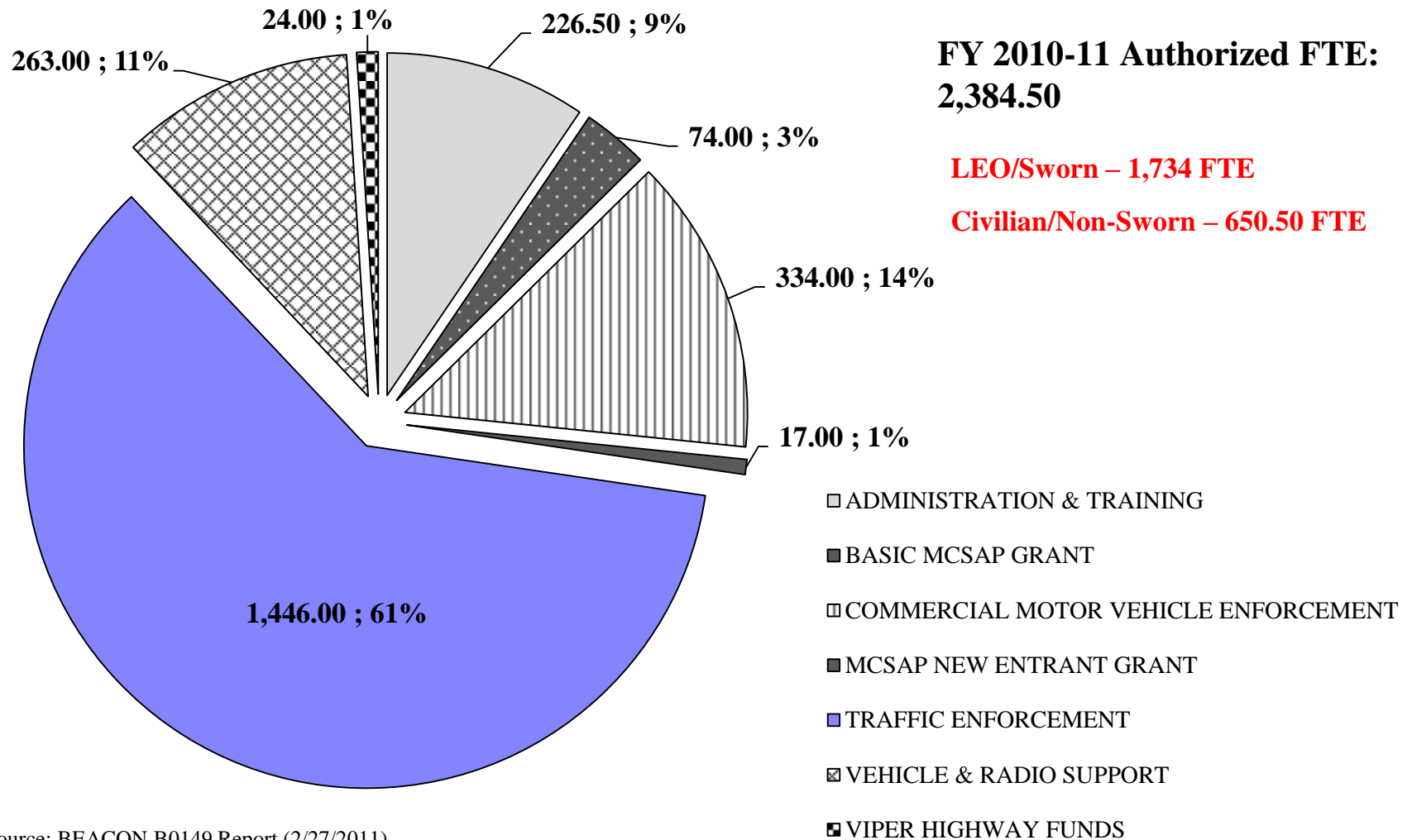
Motor Fuel/Fluids – \$8.27M

Tires & Parts – \$2.76M

- Personal Services
- Purchased Services
- ▨ Supplies
- ▩ Property, Plant, & Equipment
- ▤ Other Expenses & Adjustments
- ▧ Aid & Public Assistance
- Intragovernmental Transactions

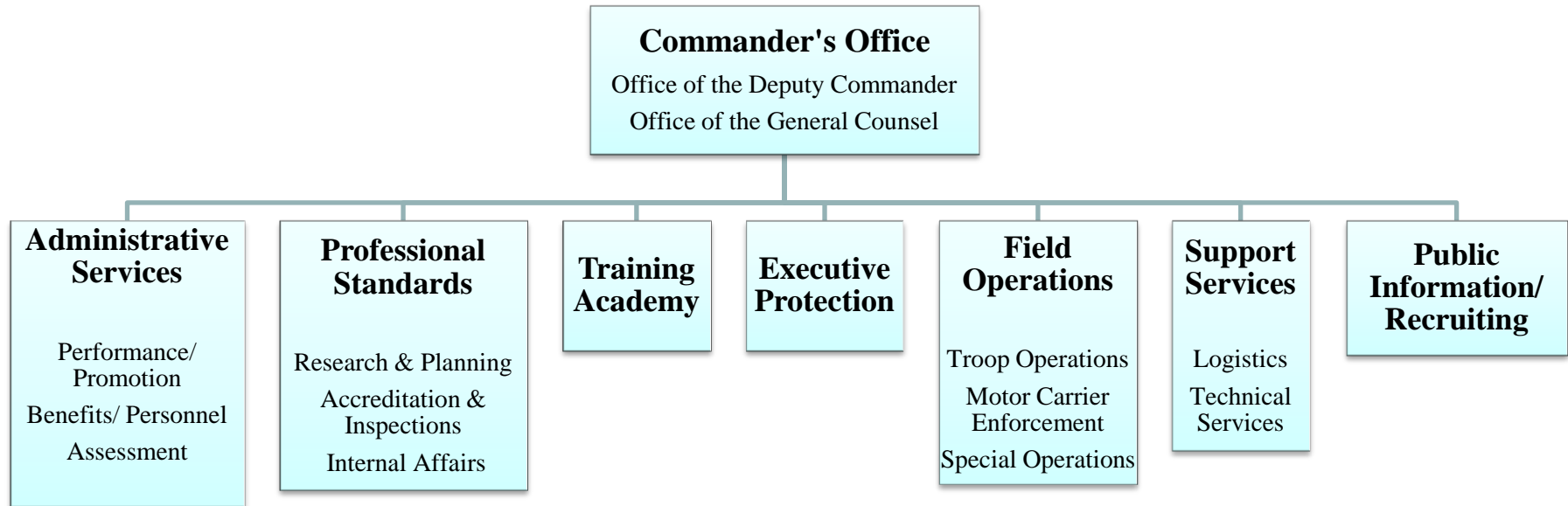
Source: North Carolina Accounting System

Highway Patrol Personnel



Source: BEACON B0149 Report (2/27/2011)

Highway Patrol Structure



Source: BEACON

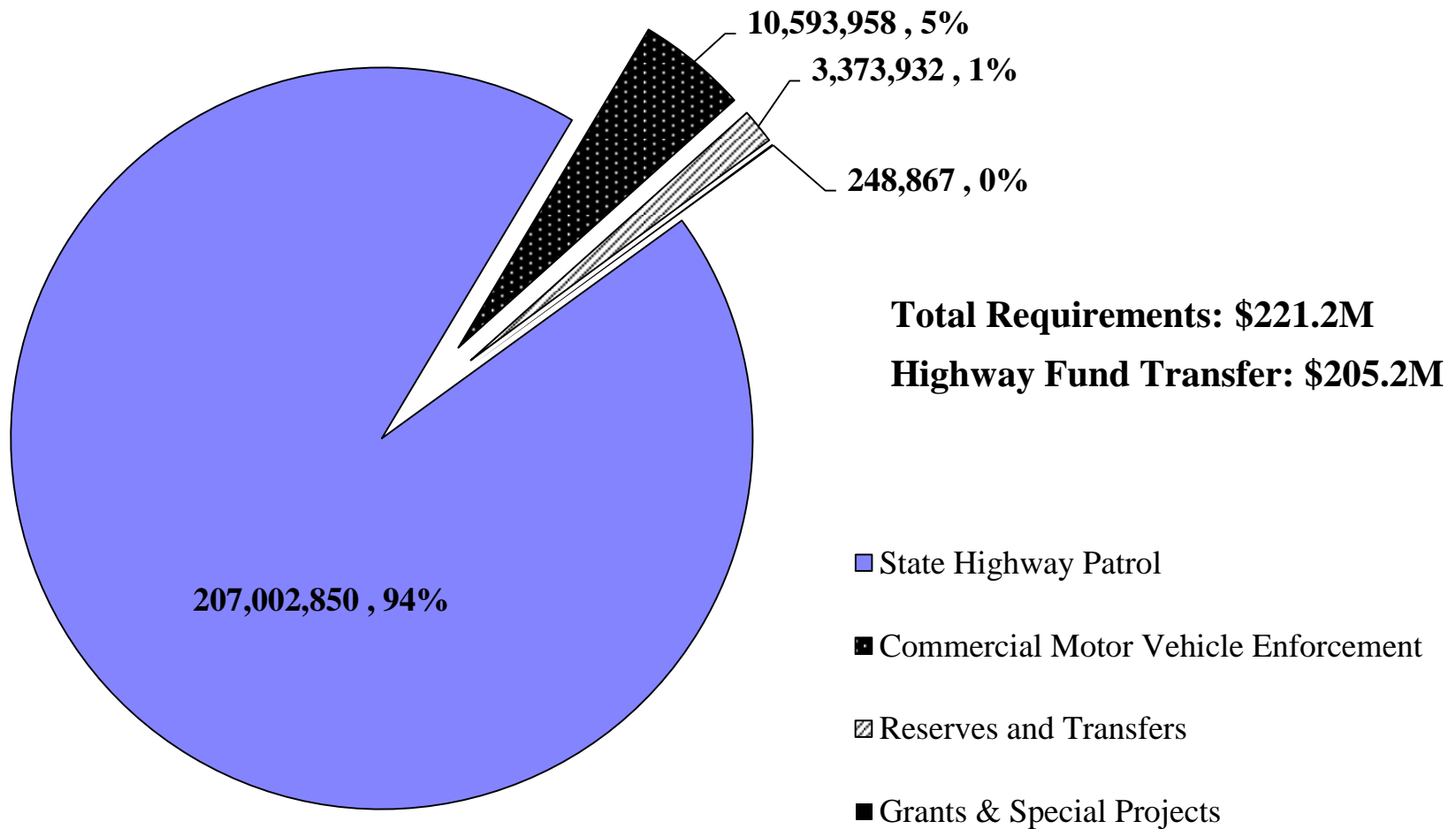
Recent Legislative Actions

	<u>FY 2009-10</u>	<u>R/NR</u>	<u>FY 2010-11</u>	<u>R/NR</u>
2009 Session:				
Management Flexibility Reserve	(5,578,242)	R	(5,608,242)	R
Operating Reductions	(2,253,000)	R	(2,253,000)	R
	(1,500,000)	NR	(1,450,000)	NR
Trooper Step Increase Freeze	(1,674,280)	NR	(3,373,932)	NR
Continuation Budget Adjustments	<u>(2,832,607)</u>	R	<u>(2,647,712)</u>	R
	(13,838,129)		(15,332,886)	
2010 Session:				
VIPER Matching Funds	-		4,700,000	NR

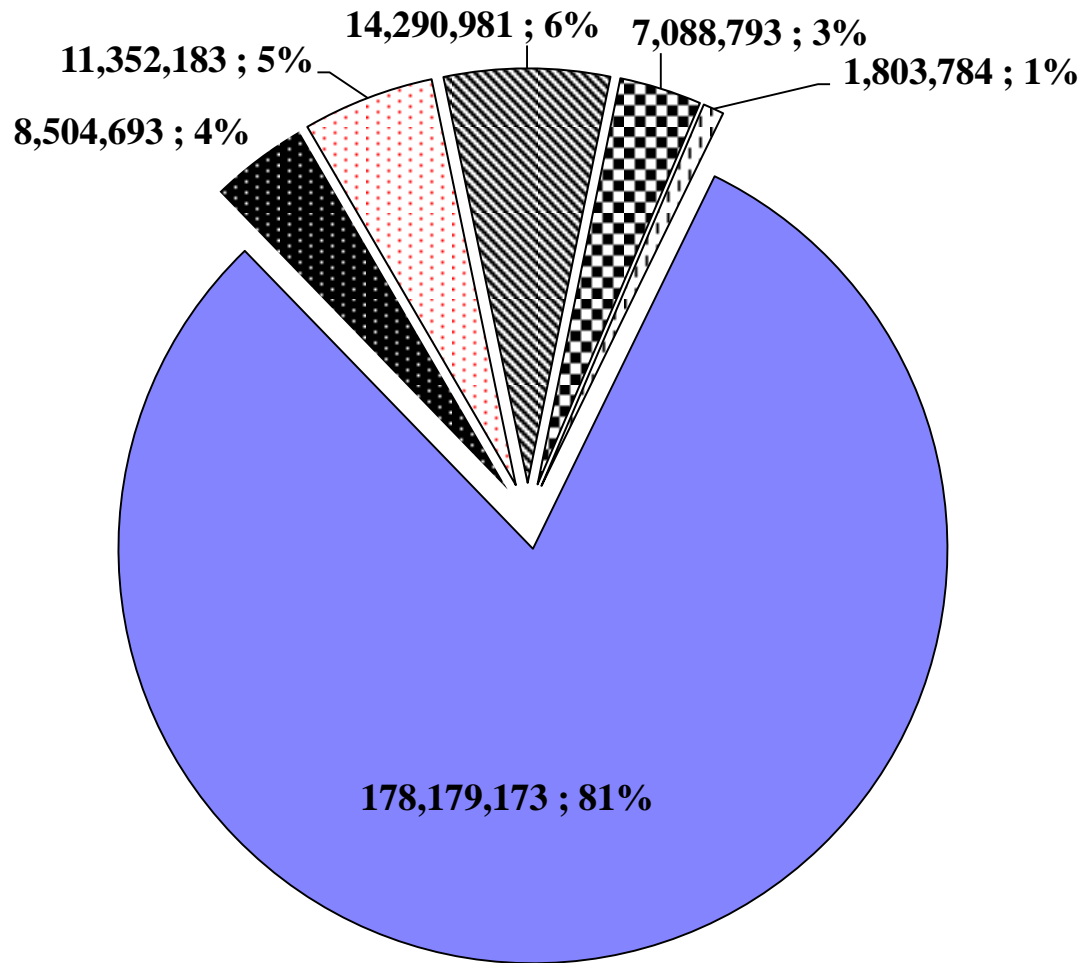
FY 2011-13 Continuation Budget

CC&PS - Highway Fund	<u>FY 2011-13 (Gov.)</u>	<u>FY 2010-11 (Auth.)</u>	<u>FY 2010-11 (Cert.)</u>	<u>FY 2009-10 (Actual)</u>
<u>Expenditures</u>	221,219,607	221,095,675	214,204,996	217,792,093
Personal Services	178,179,173	174,805,241	169,091,191	164,667,773
Purchased Services	8,504,693	8,307,992	7,487,283	10,861,446
Supplies	11,352,183	11,257,183	9,751,861	12,551,457
Property, Plant, & Equipment	14,290,981	13,132,682	13,289,743	12,352,207
Other Expenses & Adjustments	7,088,793	7,088,793	6,770,600	6,311,075
Aid & Public Assistance	-	-	-	8,513,954
Reserves	-	-	1,292,417	-
Intragovernmental Transactions	1,803,784	6,503,784	6,521,901	2,534,181
<u>Revenues</u>	221,190,127	221,066,195	214,175,516	219,777,772
State Grants	123,082	123,082	12,500	981,950
Federal Funds	179,878	179,878	179,878	2,272,452
Operating Transfers	215,923,805	215,799,873	210,134,353	211,992,624
Other - Sales, Fees, Misc.	4,963,362	4,963,362	3,848,785	4,422,325
Cash Adjustments	-	-	-	108,420
Change in Fund Balance	(29,480)	(29,480)	(29,480)	1,985,679
<i>Ending/Current Fund Balance</i>		3,819,841		4,768,344

FY 2011-13 Continuation Budget



FY 2011-13 Continuation Budget



Total Requirements: \$221.2M
Highway Fund Transfer: \$205.2M

- Personal Services
- Purchased Services
- Supplies
- Property, Plant, & Equipment
- Other Expenses & Adjustments
- Aid & Public Assistance

FY2011-13 Adjustments

Certified FY 2010-11 Transfer:	200,331,231
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FY 2010-11 Budget Revisions:

Retirement Rate, Medical, and Salary Reserve Adjustments	4,732,418
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Continuation Budget Adjustments:

Non-Recurring VIPER Funds	(4,700,000)
Non-Recurring Operating Reduction	1,450,000
Trooper Step Increases (5%)	3,373,932

Adjusted FY 2011-12 Base Transfer:	205,187,581
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MCSAP Matching Funds & Other Receipts:	1,249,578
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FY 2011-13 Governor's Recommended Budget:	206,437,159
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Budget Issues/Options

1. **Administration & Staffing:** Are there opportunities to reduce staffing, flatten central administration, and offset costs with receipts?
2. **Basic School Operations/Training:** Can savings be achieved by adjusting School timing? Are there more efficient training models?
3. **Support Services:** Should logistics operations be restructured to promote efficiency? Are there options for reducing supplies and equipment purchases?
4. **Executive Protection:** Is Highway Fund support appropriate? Are there lower-cost alternatives to the current model?
5. **VIPER:** Should local support be increased to offset VIPER operations and maintenance costs?

#1. Administration & Staffing

A. Vacant Positions:

- 57 vacant, appropriated positions as of February (2/27/11)
- Estimated personnel cost (salary & fringe) of \$3.75M recurring and associated operating costs (gasoline, oil, parts, etc.) of \$205.8k
 - 36 Trooper/LEO positions - Commercial Motor Vehicle Enforcement (17); Traffic Enforcement (18); and Administration & Training (1)

B. Reductions per Attrition:

- Reported average attrition rate of 6.5 members per month (78 annually)
 - Average annual attrition rate for sworn-members of 5.7%; non-sworn 8.35%
- *Option?* Eliminate 78 additional positions annually (156 FTE over biennium)
 - Assuming an average personnel cost of approximately \$65.8k and positions vacant for six months...
 - **FY 2011-12:** \$2.6M
 - **FY 2012-13:** \$7.7M

#1. Administration & Staffing

C. Central Administration:

- Potential to further consolidate General Counsel, Administrative Services, Public Information Office/Recruiting, Research & Planning, and Photo/Video Group functions?
- Are these administrative units mission critical? Should staffing be reduced?
 - General Counsel: \$176.8k; 2 FTE
 - State Public Information Office/Recruiting: \$267.8k; 3 FTE
 - Research & Planning: \$394.7k; 5 FTE
 - Performance/Promotion: \$436.5k; 5 FTE
 - Benefits/Personnel: \$749.6k; 10 FTE
 - Assessment: \$205.1k; 3 FTE
 - Administrative Services: \$225.2k; 3 FTE
 - Photo/Video Group: \$63.4k; 1 FTE
- Total cost of approximately \$2.5M, per 32 total FTE (50% sworn)
- Options include: a) merging certain functions within Crime Control & Public Safety, b) consolidating with existing Highway Patrol units, and/or c) eliminating units.

#1. Administration & Staffing

D. Options to Increase Receipt-Support:

- Establish a vehicle insurance policy surcharge of 8.0%
 - 8% surcharge on liability insurance policies would generate roughly \$200M
 - Using the average annual policy of \$435 as an example, annual costs increase by roughly \$35
 - Increases costs for all policy holders/drivers
- Assess fees for traffic control at special events
 - Average three-year costs of \$1.37M (FY2007 – 2009; per April 2010 JLTOC report)
 - Direct Highway Patrol to contract with event organizers for on-duty traffic control
 - Potential reduction in special event coverage
- Charge other law enforcement agencies for aviation missions
 - Aviation program costs approximately \$2.2M and consists of 9 (active) helicopters
 - Potential reduction in coordinated surveillance, search & rescue, and drug eradication activities

#2. Basic School/Training

- ❖ Highway Patrol Basic School provides basic law enforcement training to prospective Troopers
 - Basic School lasts for 29 weeks; Fast Track School lasts 17 weeks
 - 127th School ended on 3/11/2011 (38 graduated);
 - 128th School began 2/27/11 (59 cadets)
 - Lapsed salary/vacancies support training costs
 - Estimated costs per cadet are \$110,746 (first year, including equipment)
 - 127th School (38 graduates)- \$4.2M
 - Training Academy Section – 45 FTE; total personnel cost of approx. \$3.2M
- ❖ Potential Options?
 - Delay the 129th School until FY 2012-13, or delay schools for the biennium
 - Require that the Basic School operate on a static basis – shifting to one school per fiscal year
 - Shifting schools to a static, annual schedule may allow for additional staffing and operating cost reductions

#2. Basic School/Training

- Potential Options (Cont.)?
 - Evaluate the potential for outsourcing Basic School food services (10 FT FTE; \$401.6k)
 - Examine opportunities to increase district-level (non-Basic School) training via electronic training.
 - Would a short-term investment in technology, such as aircards, allow for more continuing training to be provided remotely?

#3. Support Services (Logistics)

- ❖ Support Services (Logistics Section) responsibilities include:
 - Managing SHP fleet of 2,177 law enforcement and support vehicles
 - 86.5% of vehicles assigned to sworn staff; 3.5% assigned to non-sworn; 10% unassigned/surplus
 - FY 2010-11: 242 replacement sedans (\$5.4M) and 13 SUVs (\$327.6k)
 - Approximate total replacement cost of \$10.3M
 - Average cost of vehicle (all types), including installed equipment - \$42,549
 - Fleet also includes helicopters, trailers, tractors/mowers, aviation tugs, motorcycles, military vehicles, and an ATV
 - Purchasing, asset inventory, warehousing/distribution for fuel, oil, parts, radios and electronic equipment, and uniforms
 - Logistics Section – 39 FTE (6 LEO/sworn); total cost of approximately \$2.3M
- ❖ Maintenance/installations/repairs are conducted centrally and at 8 Troop garages & body shops
 - Staffing ranges per garage, typically between of 7 – 9 FT FTE
 - Estimated hourly cost: \$30.76/hr.

#3. Support Services (Logistics)

❖ Potential Options?

Equipment and supply reductions are linked to proposed staffing reductions, as well as existing vehicle mileage/condition and inflationary pressures (gasoline).

- Garages/Body Shops:
 - Evaluate potential for reducing garages and body shops, including potential outsourcing of routine preventive maintenance and/or equipment installations.
 - Alternatively, reduce garage/body shop staffing by 15% (\$640k)
- Vehicle Replacement/Equipment Acquisitions:
 - Amend G.S. 20-190 to restrict vehicle assignments to field officers and direct supervisors.
 - Option? Require that administrative and non-sworn staff rotate vehicles to accommodate travel requirements for administrative duties and emergency response.
 - Reduce funding for equipment and vehicle/equipment operating supplies by 30%: \$6.94M

#4. Executive Protection

- ❖ Responsible for the protection of the Governor, Lieutenant Governor, their families, visiting dignitaries, and other designated individuals
 - Also provide security at the Executive Mansion and transportation for the Governor and Lieutenant Governor
- ❖ Statutory Authorization (G.S. 20-189):

“The Secretary of Crime Control and Public Safety, at the request of the Governor, shall assign and attach two members of the State Highway Patrol to the office of the Governor, there to be assigned such duties and perform such services as the Governor may direct. *The salary of the State highway patrolmen so assigned to the office of the Governor shall be paid from appropriations made to the office of the Governor and shall be fixed in an amount to be determined by the Governor.*”
- ❖ 22 FTE (21 Troopers) are currently assigned to the Executive Protection Detail
 - Total estimated cost of \$3M
 - Governor’s Office provides \$164.9k to support two troopers
 - FY 2009-10 actual transfer = \$0

#4. Executive Protection

❖ Potential Options?

- Direct the Offices of the Governor and Lieutenant Governor to support total actual costs.
 - Requires an additional \$2.8M in General Fund support
- Examine the potential for outsourcing security at the Executive Mansion (i.e. private firm or State Capitol Police) and reassigning Troopers to field operations.
- Eliminate the security detail for the Lieutenant Governor.
- Conform the statute to accommodate current staffing levels.

#5. VIPER

- ❖ Balance of remaining funds for completion - \$65.5M
 - Site construction (\$19M), Network Operations Center (\$6.5M), ITS risk requirement (\$20M), and P25 upgrade (\$20M)
- ❖ \$2.5M of recurring Highway Fund appropriations support VIPER network operations and maintenance (24 FTE)
 - Annual operations and maintenance costs are estimated to increase to \$7.5M upon network completion
 - 157 of 240 planned sites have been completed (65.4%)
- ❖ Local users represent 82% of total
 - Local – 42,741 (82%)
 - State – 9,230 (17.7%)
 - Federal – 133 (0.3%)
- ❖ Potential Options?
 - Direct Highway Patrol to evaluate implementation of a fee based on network access or usage.