

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

## **Education Appropriations Committees: Introduction to the Budget**

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Fiscal Research Division

February 9, 2023

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### Outline

- **Committee Operations**
- Budget Process
- Budget Terms
- Budget Organization
- Fiscal Research



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## Committee Operations

- The Full Appropriations Committees are divided into area committees by budget area.
- The Education Appropriations area committees are responsible for developing the budgets for:
  - Public schools (SBE/DPI)
  - North Carolina Community College System (NCCCS)
  - The University of North Carolina System (UNC), including:
    - State-funded financial aid programs, including NC Independent Colleges and Universities (NCICU)
    - Opportunity Scholarships and Education Student Accounts



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## Committee Operations – Long Session

- Joint meetings of the House and Senate, topics:
  - Budget 101: common terms, documents, and process
  - Agency budget overviews
  - Agency budget requests
  - Presentation of the Governor's budget
- Separate chamber budget deliberations/enactment
- Conference budget deliberations/enactment



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## Outline

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## Budget Process – State Constitution

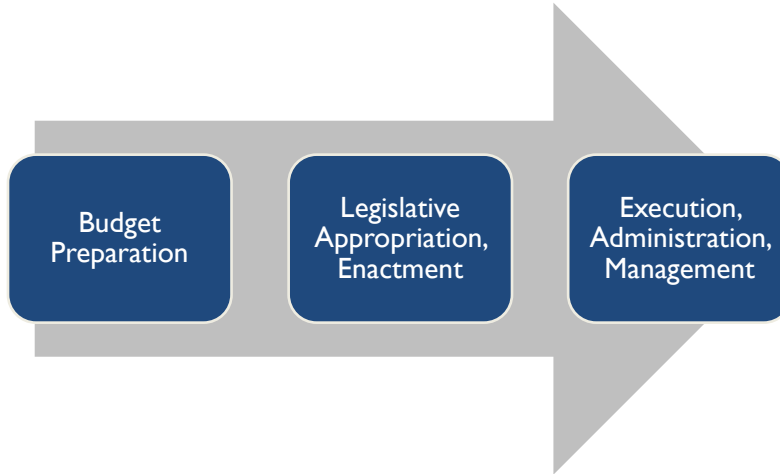
State Constitution requires:

- **Preparation:** Governor to prepare and recommend to the General Assembly a comprehensive budget of anticipated revenue and proposed expenditures (Art. III, Sec. 5(3))
- **Appropriation:** “No money shall be drawn from the State treasury but in consequence of **appropriations** made by law” (Art. V, Sec. 7)
- **Administration:** “The budget as enacted by the General Assembly shall be administered by the Governor” (Art. III, Sec. 5(3))



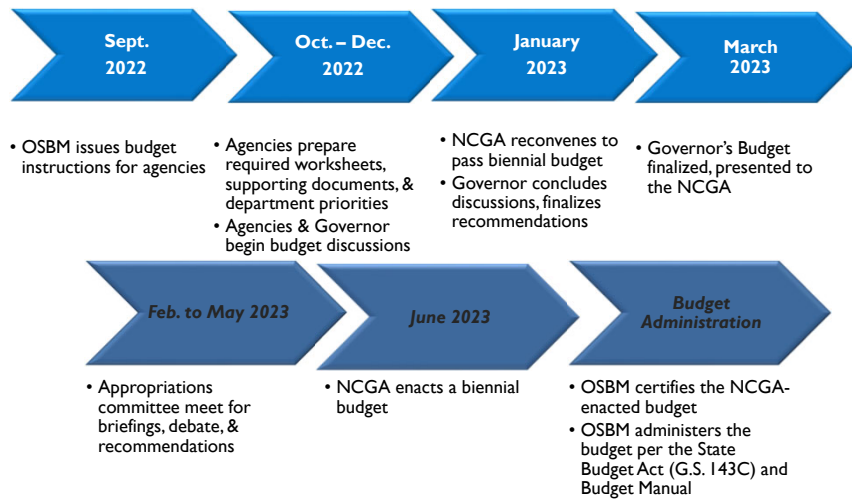
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# Budget Process - Overview



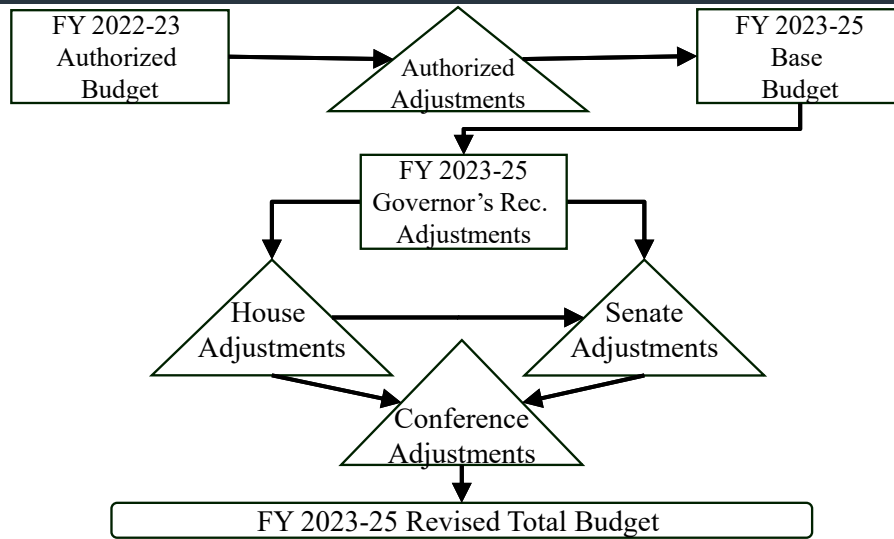
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# Budget Process - Schedule



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## Budget Process – Long Session



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## Outline

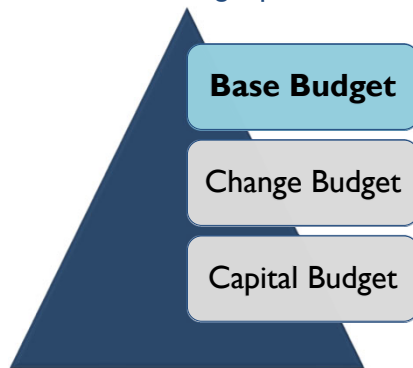
- Committee Operations
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## Budget Terms - Base Budget

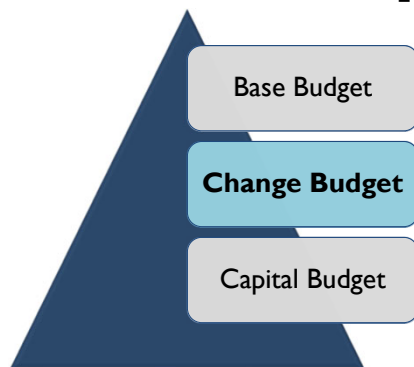
The part of the Governor's Recommended Budget that provides the baseline for the next biennium. Starting point is current year authorized budget plus allowable adjustments:



1. Program & position annualizations
2. Nonrecurring adjustments (+/-)
3. Federal payroll tax changes
4. Lease increases
5. Receipt projections changes
6. Reconciliation of transfers
7. Other statutory adjustments
8. Reconciliation of salary-related items

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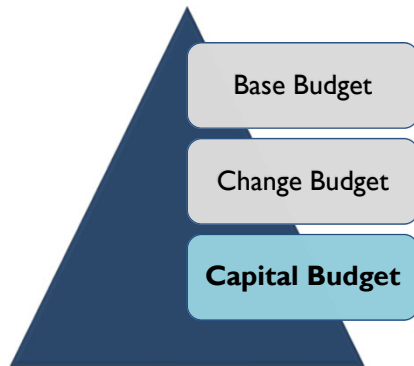
## Budget Terms - Change Budget



- Recommendations related to:
  - New programs & initiatives
  - Expansion of existing programs
  - Reductions to existing programs
  - Salaries & benefits
  - Replacement or upgrade of equipment, vehicles, etc.
  - Enrollment growth
    - Education, Medicaid & other HHS entitlement programs

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## Budget Terms - Capital Budget



- Recommendations related to:
  - Constructing new facilities
  - Repairing/renovating existing facilities
  - Purchasing land/facilities

## Budget Terms - Appropriations

### Appropriations

- “No money shall be drawn from the State treasury but in consequence of **appropriations** made by law.”  
*NC Constitution, Art. V, Sec. 7*
- “An enactment by the General Assembly authorizing the withdrawal of money from the State Treasury.”  
*State Budget Act – G.S. 143C-1-1(d)(1)*

## Budget Terms – Certified Budget

**Certified Budget** - The budget as enacted by the GA plus

1. distributions to State agencies from statewide reserves appropriated by the General Assembly,
2. distributions of reserves appropriated to a specific agency by the General Assembly, and
3. organizational or budget changes mandated by the General Assembly.

**What gets added / How it is changed:**

- Salary increases, retirement adjustments
- Management flexibility reserves
- Reorganizations



## Budget Terms – Authorized Budget

**Authorized Budget** - The certified budget with changes authorized by the Director of the Budget through authority granted in G.S. 143C-6-4 or other statutes.

▪ **What gets added / How it is changed:**

- New grants, changes to existing grants, or federal “carryforward”
- Moving money between funds/programs
- Budgeting of an increase in departmental receipts





## Budget Terms - General Fund

- The primary operating fund for most governmental entities
- Accounts for all financial transactions, except those that must be accounted for in another fund type
- Money reverts at end of fiscal year



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# Budget Organization – Bill Contents

- Appropriations by Agency/Department – Section 2.1
- Statement of General Fund Availability (G.S. 143C-5-3)
  - Beginning Unreserved Fund Balance
  - Tax and Non-Tax Revenues
- Special Provisions
- Recommended Base Budget (incorporated)
- Committee Report (incorporated)

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

SESSION LAW 2018-5  
SENATE BILL 99

AN ACT TO MODIFY THE CURRENT OPERATIONS APPROPRIATIONS ACT OF 2017  
AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATIONS OF THE STATE.

# Budget Organization - Base Budget

  
080-Department of Public Instruction  
13510-Public Instruction - General Fund  
Requirements

Recommended Base Budget (Worksheet 1)  
Summary By Account  
Biennium : 2021-23  
Status : Approved

Account Code	Account Title	Actual 2019-20	Certified 2020-21	Authorized 2020-21	Incr/Decr 2021-22	Total 2021-22	Incr/Decr 2022-23	Total 2022-23
531111	EPA-REG SALARIES-APPRO	\$1,757,126	\$1,382,802	\$1,380,580	\$0	\$1,380,580	\$0	\$1,380,580
531141	SEC/COUNCIL OF ST SAL-APP	\$133,365	\$133,365	\$133,365	\$0	\$133,365	\$0	\$133,365
531151	EPA-TEACH SALARIES-APPRO	\$6,515,100	\$8,421,461	\$8,421,461	\$0	\$8,421,461	\$0	\$8,421,461
531211	SPA-REG SALARIES-APPRO	\$28,749,645	\$32,525,471	\$32,451,617	\$0	\$32,451,617	\$0	\$32,451,617
531212	SPA-REG SALARIES-RECPT	\$21,000,203	\$24,458,164	\$25,386,945	\$0	\$25,386,945	\$0	\$25,386,945
531221	SPA TIME LIMITED SAL-APP	\$10,740	\$56,399	\$56,399	\$0	\$56,399	\$0	\$56,399
531222	SPA TIME LIMITED SAL-REC	\$533,477	\$558,170	\$623,369	\$0	\$623,369	\$0	\$623,369
531251	SPA-TEACH SALARIES-APPRO	(\$56,333)	\$714	\$714	\$0	\$714	\$0	\$714
531254	SPA TEACHING SUPPL-APPRO	\$489,997	\$407,459	\$407,459	\$0	\$407,459	\$0	\$407,459
531255	SPA TEACHING SUPPL-REC	\$7,947	\$0	\$0	\$0	\$0	\$0	\$0
531311	REG(N S) TEMP WAGES-APPR	\$1,101	\$111,387	\$111,387	\$0	\$111,387	\$0	\$111,387
531312	REG(N S) TEMP WAGES-RECPT	\$93,861	\$112,734	\$112,734	\$0	\$112,734	\$0	\$112,734
531321	CONTR EMPL PER IRS-APPRO	\$16,280,599	\$0	\$0	\$0	\$0	\$0	\$0
531322	CONTR EMPL PER IRS-RECPT	\$0	\$72,540	\$72,540	\$0	\$72,540	\$0	\$72,540
531351	STU TEMP WAGES - APPRO	\$0	\$5,849	\$5,849	\$0	\$5,849	\$0	\$5,849
531352	STU TEMP WAGES - RECPTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
531411	OT PAY - APPROPRIATED	\$24,940	\$15,755	\$15,755	\$0	\$15,755	\$0	\$15,755
531412	OT PAY - RECEIPTS	\$69,961	\$1,765	\$1,765	\$0	\$1,765	\$0	\$1,765
531421	HOLIDAY PAY - APPRO	\$2,243	\$5,693	\$2,693	\$0	\$2,693	\$0	\$2,693
531422	HOLIDAY PAY - RECEIPTS	(\$166)	\$70	\$70	\$0	\$70	\$0	\$70
531431	SHIFT PREM PAY - APPRO	\$197,837	\$65,269	\$65,269	\$0	\$65,269	\$0	\$65,269
531441	CALLBK/STBY PREM PAY-APPR	\$4,707	\$25	\$25	\$0	\$25	\$0	\$25
531451	DUAL EMPL WAGES - APPRO	(\$16,470)	\$0	\$0	\$0	\$0	\$0	\$0
531452	DUAL EMPL WAGES - RECPTS	\$16,398	\$0	\$0	\$0	\$0	\$0	\$0
531461	EPA&SPA-LONGVTY PAY-APPRO	\$906,445	\$575,701	\$471,734	\$0	\$471,734	\$0	\$471,734

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## Budget Organization - Special Provisions

- Dictate or guide how funds are to be spent
- Can affect both budgetary items & substantive issues
- May include Finance related items such as fees and taxes.

### PROHIBIT TRANSFER OF TEXTBOOKS AND DIGITAL RESOURCES FUNDS

**SECTION 7.13.(a)** G.S. 115C-105.25(b) is amended by adding a new subdivision to read:

"(12) Funds allotted for textbooks and digital resources may only be used for the purchase of textbooks and digital resources. These funds shall not be transferred out of the allotment for any other purpose."

**SECTION 7.13.(b)** G.S. 115C-105.25(c)(4) is repealed.

**SECTION 7.13.(c)** This section becomes effective July 1, 2018.



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## Budget Organization - Committee Report

- Committee Report used to construe legislative action and intent, and has force of law (G.S. 143C-5-5)
- Contains the specific changes to a Department's budget, including FTE changes
- Incorporated by special provision

### 21 School Safety Programs Fund Code: 1830

Provides funds to expand the School Resource Officer grant program for elementary and middle schools, to expand the anonymous tip line to all schools statewide, and to create new grants to support students in crisis, school safety training, safety equipment, and school mental health personnel. Further guidance on the grant programs is provided by this Act. Funding includes \$10 million nonrecurring transferred from the Dorothea Dix Hospital Property Fund (24460-2296). The revised total requirements for the programs is \$35 million in FY 2018-19.

Requirements	\$ 5,000,000 R
	23,000,000 NR
Less: Receipts	\$ 10,000,000 NR
Net Appropriation	\$ 18,000,000
FTE	-



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## Fiscal Research Division

- Provide confidential research to members upon request
- Provide presentations on financial matters
- Provide formal analysis in two manners:
  - Fiscal Memos
    - 5-year projection of revenues and costs
    - Primarily for draft bills and PCS (proposed committee substitutes)
    - Remain confidential to the requestor
  - Fiscal Notes
    - 5-year projection of revenues and costs
    - For introduced bills
    - Published alongside the bill

## Questions?

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