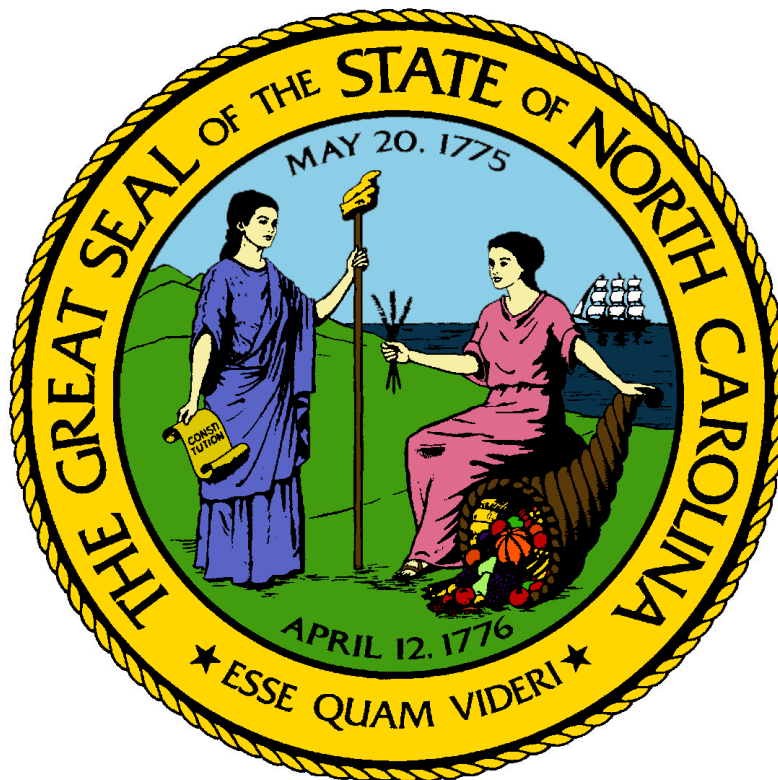


THE GOVERNOR'S
RECOMMENDED BUDGET ADJUSTMENTS



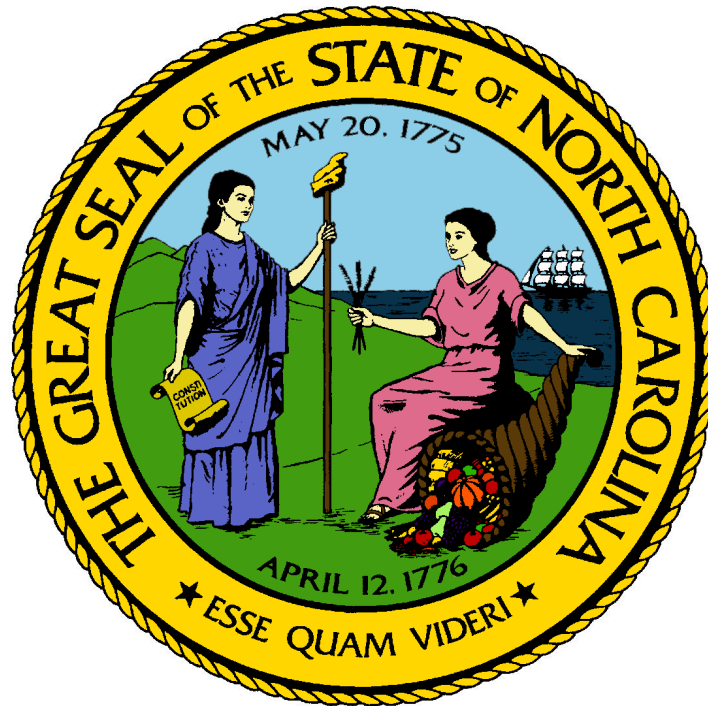
PAT McCRORY
Governor

The State of North Carolina
2014-2015

The Governor of North Carolina's _____

RECOMMENDED BUDGET ADJUSTMENTS

2014-2015



Office of State Budget and Management

Office of the Governor

Raleigh, North Carolina

osbm.nc.gov

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May 2014

Questions about the Governor of North Carolina's Recommended Budget Adjustments, 2014-15 or requests for further information may be directed to the Office of State Budget and Management, 20320 Mail Service Center, Raleigh, NC 27699-0320, or telephone (919) 807-4700. The document may also be downloaded from the Office of State Budget and Management's website at osbm.nc.gov.

Introduction

Governor's recommended budget for the state

The purpose of this document is to summarize the governor's recommended state budget adjustments for fiscal year 2014-15. These recommended changes are based on the certified budget approved by the 2013 session of the General Assembly. This publication includes recommendations for expenditures from the General Fund, Highway Fund, and Highway Trust Fund. Recommended expenditures for capital improvements and for reserves, debt service, and other adjustments are also included.

Governor's letter and highlights

Governor McCrory's priorities are listed in his transmittal letter, followed by a brief description of key recommendations on a "Highlights" page.

Revenue and budget summary

A summary of General Fund recommended budget changes by department/budget code for the entire state budget appears in table 4: "Governor's Recommended General Fund Appropriation, FY 2014-15." Estimates of fund availability, an economic forecast, and demographic analysis are also included in this section.

Budget recommendations

Brief explanations of recommended adjustments to the budget are provided in sections that correspond to the following government functions: Education; General Government; Health and Human Services; Justice and Public Safety; Natural and Economic Resources; and Transportation.

Budget adjustments for a given department/agency appear in the appropriate section (for example, the North Carolina Community College System appears in the Education section, the Department of Administration appears in the General Government section, and so forth). A department/agency presentation begins with a summary table, showing the 2012-13 actual expenditures, 2013-14 certified budget, 2014-15 certified base budget, and the total recommended adjustments to requirements, receipts, appropriation, and positions for the department/agency. Next is an explanation of each adjustment for a given department/agency, along with a listing of the recurring and non-recurring requirements, receipts, appropriation, and positions for the proposed change. At the end of each department/budget code or section, there is a table that summarizes all recommended changes.

Adjustments are listed for each agency/department including adjustments that are required by statute, such as the Average Daily Membership (ADM) adjustment for public schools.

The Transportation section summarizes recommended revenue and expenditures for the Highway Fund and the Highway Trust Fund in addition to the typical presentation of adjustments.

The Capital Improvements section and Reserves and Other Adjustments section display information in a manner similar to the presentation of adjustments as described above.

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STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR

PAT MCCRORY
GOVERNOR

May 14, 2014

The North Carolina Senate
The Honorable Phil Berger, President Pro Tempore

The North Carolina House of Representatives
The Honorable Thom Tillis, Speaker

The Citizens of North Carolina

Dear Mr. President, Mr. Speaker, Ladies and Gentlemen of the General Assembly and my fellow North Carolina citizens:

The short session adjustments contained in my budget continue the long-term investments we began last year in North Carolina's people and economy. Foremost among these adjustments is a pay raise for state employees and teachers.

Increased Pay for Teachers and State Employees

A slow economic recovery from the recession has limited North Carolina's investments in our state employees. This budget reverses the trend by providing an average two percent salary increase. State employees who have been "frozen" on early pay steps for several years, specifically the Highway Patrol, Magistrates and Deputy and Assistant Clerks of Court will, on average, receive larger pay increases.

This budget fulfills a commitment to raise the base pay for teachers with up to seven years' experience from \$30,800 to \$33,000 annually in the upcoming academic year -- a 7.1 percent increase. A commitment to further raise the base to \$35,000 for the 2015-2016 school year will mean a 13.6 percent increase for beginning teachers. Those teachers with more than seven years' experience will receive a pay increase that averages from 2 up to 4.3 percent. This immediate pay increase lays the foundation for long-term education and teacher compensation reform.

Education - Innovation and Achievement

The Recommended Budget for Fiscal Year 2014-2015 (including pay raises) increases spending for public schools, community colleges, and universities by \$196 million or 1.7 percent more than the certified budget for the previous year.

Giving all teachers a pay raise this year lays the foundation for innovative reform of teacher compensation. The Career Pathways for Teachers framework will give pilot school districts the flexibility to develop additional teacher career opportunities and to reward classroom teaching that

directly improves student achievement. This budget will also restore funding for a reformed master's degree salary supplement and doubles spending on textbooks.

This budget continues to assist the community colleges in closing the "skills gap" with \$16.8 million in additional funding for higher cost courses and for training workers in high demand fields such as health sciences, engineering, construction, manufacturing, transportation, chemical and biotechnology.

During the next few years, approximately 60,000 veterans will separate from their respective service at a military installation located in North Carolina. These men and women will come to the civilian workforce highly trained, disciplined and with the experience to get a job done. To help veterans make the transition to the civilian workforce easier, my budget provides in-state tuition for our veterans at all of the state's 58 community colleges.

Likewise, this budget establishes the North Carolina Scholarship for the Education of Returning Veterans (NC SERV). It will provide financial aid for returning military veterans attending UNC institutions who meet certain requirements. The aid will make up the difference between in-state and out-of-state tuition for their initial school year.

This budget makes strategic investments in our universities that will be a catalyst for future innovative growth such as new funding of \$2 million a year for the Next Generation Power Electronics Innovation Institution at North Carolina State University. It also provides \$3 million annually to help transition research from the university laboratory to the commercial marketplace. Additionally, this budget continues to provide the University of North Carolina the overall management flexibility it requests.

Natural and Economic Resources – Protection and Growth

The development of our natural resources into economic resources must be done in a manner that protects the environment without strangling jobs and economic growth. Protecting the environment and economic growth are not mutually exclusive. To accomplish both goals responsibly, this budget increases the funding for the Oil and Gas Regulatory Program and Mining and Energy Commission by 35 percent to ensure the exploration and production of energy is done in a manner that protects our citizens and the environment that we will leave for our children. Last year's budget made major commitments for sound environmental practices and to protect clean water. It included additional funding for the Drinking Water Revolving Fund match, Clean Water State Revolving Fund match, and Clean Water Management Trust Fund.

However, it's past time to solve the problems with the storage and containment of coal ash which literally has been accumulating for a hundred years. Therefore, I am proposing an initiative that converts or closes the state's coal ash ponds and eliminates special exemptions for utilities. Furthermore, it increases regulatory authority to ensure dam safety and protect water quality. This budget requests funding for 19 additional positions for increased inspection, reporting, and enforcement of environmental protections by the Department of Environment and Natural Resources.

In addition, \$3.46 million in recurring funds are provided to continue the clean-up of residential leaking underground storage tanks as well as \$1.3 million in new funds to support statewide aquatic weed control measures that protect our state's drinking water, lakes and waterways.

Commerce and Job Growth

Since I took office in January 2013, the state's unemployment rate has fallen from one of the highest in the nation, at 8.8 percent, to 6.3 percent in March 2014. That is a 28 percent decrease in North Carolina's unemployment rate. North Carolina added 65,000 jobs this year for a total of 4.1 million North Carolinians at work.

But the growth in jobs so far is not enough. While unemployment reform and tax reform will continue to help an economy that is still in weak recovery, we also need to take direct action with our Department of Commerce. Using authority granted in last year's budget, this year's budget proposes a streamlined, more flexible and accountable Department of Commerce with a Public Private Partnership (PPP) for Economic Development to be established by July 1, 2014. This will result in an anticipated annual savings of 5 percent. More importantly, the PPP will have the flexibility to provide marketing, recruitment, and job creation support for existing and new businesses in North Carolina. However, decisions awarding public funds will be made separately by the Department of Commerce.

Health and Human Services and Medicaid – Reform and Service

Unbudgeted Medicaid costs have bedeviled the budgeting process for years. This year, the state and counties faced the challenge of implementing completely new computer systems that had been delayed for years. While it is estimated that Medicaid will cost approximately \$70 million more for Fiscal Year 2013-2014 than budgeted, the state will carry over sufficient funds to cover this cost. To provide a further cushion for next year, I am proposing a Medicaid Risk Reserve Fund of \$50 million which will be in addition to the \$506 million increase (from Fiscal Year 2012-2013) already built into the biennium budget. An additional \$9 million will be invested to continue to upgrade and implement the NC Tracks and NC Fast computer systems.

However, more fundamental reform is vital to care for our citizens most in need. We have undertaken bold reform that will ensure Medicaid patients will receive comprehensive and compassionate care at a cost North Carolina taxpayers can afford. This reform will be submitted through separate legislation with this budget providing an initial \$1 million in seed money to begin implementation.

To support a better life and education for our most vulnerable children from the start, this budget continues to not only fully fund, but will increase funding, for NC Pre-K, Oversight for County Child Welfare Operations, and Foster Care.

General Government and Capital – Restoration and Improvements

A broad range of investments are made by this budget throughout state government. They range from increased funding for the Youth Advocacy program to additional dollars for veterans nursing homes in Black Mountain and Kinston.

For the first time since the Battleship North Carolina was acquired in 1961, \$3 million will be provided for a challenge grant to pay for major hull repairs. (The Battleship North Carolina will not sink on our watch!) Additionally, funding is restored for the preservation and operation of Tryon Palace.

This budget provides \$6.8 million for vital water resource projects that include dredging, navigation, flood control, beach protection and stream restoration. An additional \$500,000 is specifically provided for the preservation and enhancement of navigability of Oregon Inlet. An

additional \$50 million is being added to the Repair and Renovation Fund to reverse deterioration and ensure safe buildings for the public and employees throughout the university system and state government.

Justice and Public Safety

This budget continues to strengthen our Courts and the Department of Justice with further funding increases for crime labs and updated technology. Reforms of the Justice Reinvestment Act will continue to be implemented, including placing more misdemeanor offenders in county jails rather than state prisons. Probation/Parole Officers will receive more funding (including more vehicles) which will aid in advancing the rehabilitation and transition of probationers and parolees from prison to a free society.

As part of the overall state employee pay increase, the “frozen” pay steps for the Highway Patrol, Magistrates, and Clerks of Court will be partially restored and increased. The Alcohol Law Enforcement positions for its officers will be partially restored.

Transportation and the Division of Motor Vehicles - Infrastructure and Modernization

From the first day of my administration, I have emphasized providing customer service to our citizens - starting with the Division of Motor Vehicles. This budget pays for substantial technology upgrades that will allow customers to access DMV services through self-service kiosks, tablet computers or smart phones as well as through DMV call centers and high volume DMV offices.

The core function of the Department of Transportation is supported with an additional \$43 million for the Highway Fund in 2014-2015 for highway maintenance, preservation and resurfacing. The Highway Trust Fund’s Strategic Investment Program will also increase by \$57.9 million.

Sound Budget – Hard Decisions

Earlier this month, the Fiscal Research Division and the Office of State Budget and Management issued a General Fund Revenue Consensus Forecast which showed revenue for this current Fiscal Year 2013-2014 as \$445 million under budget and reduced the revenue forecast for this Fiscal Year 2014-2015 budget by \$191 million. However, the \$445 million projected shortfall is more than offset by savings of \$323.7 million in unappropriated funds set aside at the beginning of the fiscal year along with agency savings and reversions to the General Fund approaching \$290 million. This fiscally conservative approach to the state budget means that the state does not have to take any extraordinary measures to balance its budget this year, and our Triple-A bond rating is secure. Even with \$191 million less revenue than originally forecasted for Fiscal Year 2014-2015, responsible budgeting and making hard decisions will still provide a much needed pay increase for state employees and teachers and an overall increase in state funding for education.

In education, these hard decisions included giving school districts the same amount of funding for grades K-3 for classroom assistants in 2014-15 as they received in 2013-14 without any additional assistants for growth. I believe that giving our current teachers and public school employees a pay increase is a higher priority than hiring additional assistants at this time.

While an additional 2% management flexibility reduction for the UNC system was a difficult decision, my budget seeks to minimize hardships on smaller institutions by extending the exemption to include Winston-Salem State University, Fayetteville State University, and Elizabeth City State University in addition to institutions previously exempted by the General Assembly.

I have asked the Board of Governors to reduce spending on centers and institutes that are not essential for the awarding of degrees and the educational mission of the University. We all appreciate the private scholarships that attract the best students to UNC institutions. However, my budget treats these scholarships similar to other scholarships in the UNC System by requiring that they pay the full tuition for out-of-state students. While tuition should be kept as low as practical, this budget does implement the already approved tuition increase for out of state students which offsets \$27 million in general fund savings in the UNC budget.

To save state dollars, in Health and Human Services I aggressively identified \$40 million in federal funds and other receipts to finance existing health and human services programs. However, this means that those federal dollars are not available for the expansion of other programs. Hospitals are being asked to contribute more for the funding of Medicaid by increasing the State's share of the current assessment program. Likewise, local management entities/managed care organizations will begin participation in the assessment program. Together, these contributions will replace nearly \$75 million in State funding for Medicaid without reducing Medicaid services.

On the other hand, a common sense decision was to sell a Department of Transportation helicopter.

To minimize the need for future budget reductions, this budget continues sound fiscally conservative practices by adding \$50 million to the state's Saving Reserve Account and \$50 million to the Repair and Renovation fund, which is more than required by statute. It also adds \$50 million for the Medicaid Risk Reserve. The budget also leaves over \$100 million unappropriated on the "bottom line" to provide for unknown contingencies in state revenue or Medicaid funding for next year.

There will always be more requests for spending and programs than there is money available. Priorities must be set and hard decisions made in order to provide a balanced and responsible budget for the state programs that serve the people of North Carolina.

North Carolina Is On the Comeback

North Carolina has a lot to be proud of. During the past year, our unemployment rate has fallen 28 percent. More North Carolinians are earning a paycheck than were a year ago, and there is more money in those paychecks thanks to the historic tax reform we passed last session.

This budget builds upon these accomplishments with strategic investments, prudent spending, and continued reform that includes a much needed pay raise for teachers and state employees. This budget is directed at unleashing the potential of North Carolina's hard working and innovative people.

Thank you for your consideration of this budget recommendation, and I look forward to working with you on this budget during the session.

Sincerely,



Pat McCrory
Governor of North Carolina

Economic Priorities and Budget Summary

for 2014-15

Table 1
**Recommended Total State Budget by Function Excluding Transfers
2014-15**

	2014-15 Recommended	%
Education	\$16,449,921,755	32.09%
General Government	2,492,751,071	4.86%
Health and Human Services	18,518,671,328	36.12%
Justice and Public Safety	2,825,049,836	5.51%
Natural and Economic Resources	5,805,676,628	11.32%
Transportation	3,830,475,637	7.47%
Capital Improvements	43,369,274	0.10%
Debt Service	914,916,877	0.08%
Reserves and Adjustments	338,907,143	0.66%
Total State Budget	\$51,269,739,549	100.0%

Figure 1
**Recommended Total State Budget by Function Excluding Transfers
2014-15**

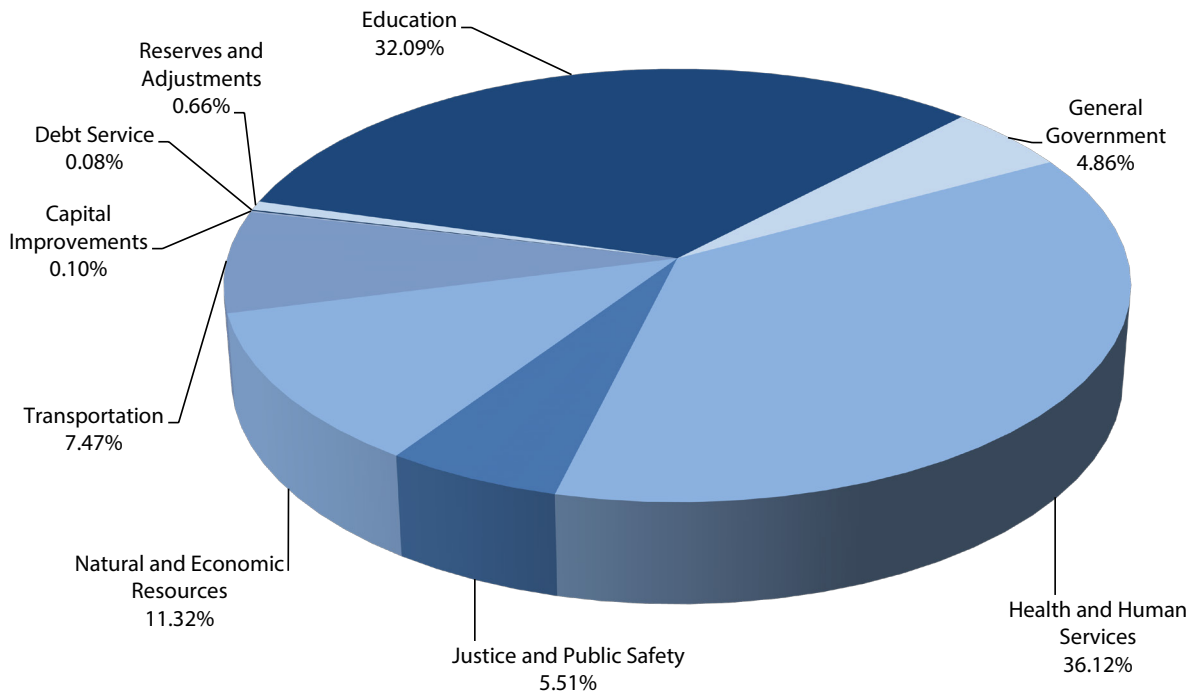


Table 2
Recommended General Fund Budget by Function
2014-15

	2014-15 Recommended	%
Education	\$11,676,317,509	55.6%
General Government	420,724,043	2.0%
Health and Human Services	5,015,081,715	23.9%
Justice and Public Safety	2,368,530,560	11.3%
Natural and Economic Resources	381,269,353	1.8%
Transportation	0	0.0%
Capital Improvements	23,431,574	0.1%
Debt Service	715,996,743	3.4%
Reserves and Adjustments	388,907,640	1.9%
Total General Fund Budget	\$20,990,267,640	100.0%

Figure 2

General Fund Budget by Function, 2014-15

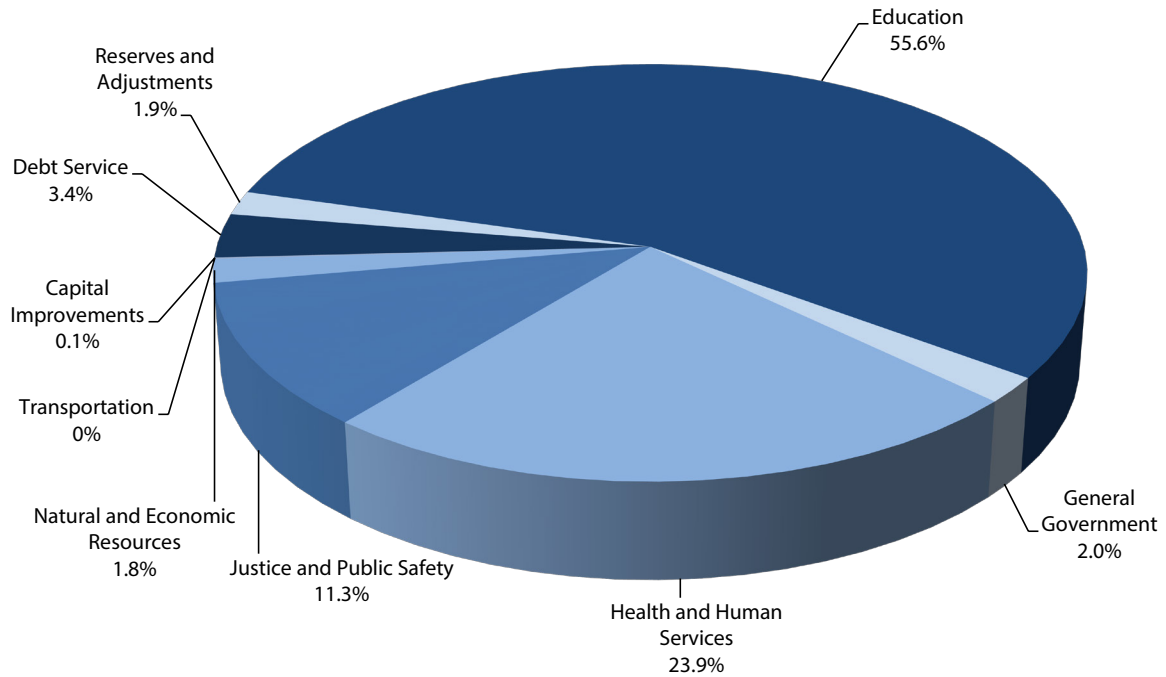


Table 3

Governor's Budget Recommendations for FY 2014-15: General Fund Balance Sheet

Brief Description	FY 2014-15
Availability	
<u>Credit Balance:</u>	
Unappropriated Balance	323,693,704
Anticipated Over (Under) Collections from FY 2013-14	(445,400,000)
Anticipated Reversions from FY 2013-14	290,000,000
<i>Subtotal Unreserved Fund Balance</i>	168,293,704
Transfer to Savings Reserve Account	42,073,426
Transfer to Repair and Renovations Account	42,073,426
<i>Subtotal Statutory Reserve Allocation</i>	84,146,852
Subtotal Credit Balance	84,146,852
<u>Revenue Based on Existing Tax Structure</u>	20,962,767,811
<u>Revenue Changes:</u>	
Department of Revenue Out-of-State Sales Tax Collections	40,000,000
FICA Transfer	4,000,000
<i>Subtotal Revenue Changes</i>	44,000,000
Total Availability	21,090,914,663
Recommended Appropriations	
<u>Authorized Budget</u>	20,998,801,208
<u>Fiscal Responsibility:</u>	
Additional Transfer to Savings Reserve Account	7,926,574
Additional Transfer to Repair and Renovations Account	7,926,574
Medicaid Risk Reserve	50,000,000
<i>Subtotal Fiscal Responsibility</i>	65,853,148
<u>Net Change by Subcommittee:</u>	
Education	
Public Education	46,358,028
Community Colleges	16,866,780
University System	(49,398,097)
Health and Human Services	(122,592,860)
General Government	1,941,928
Natural and Economic Resources	4,561,239
Justice and Public Safety	28,433,112
Statewide Reserves	1,702,070
Debt Service	(9,340,916)
Capital	7,082,000
<i>Subtotal Net Change by Subcommittee</i>	(74,386,716)
Total Recommended General Fund Appropriations	20,990,267,640
General Fund Balance	100,647,023

Table 9a

**Governor's Budget Recommendations for FY 2014-15
Compared to FY 2013-14 Enacted Budget (in 2013)**

#	Brief Description	FY 2013-14 Enacted	FY 2014-15 Recommended	Difference (\$)	Difference (%)
1	Budget Availability				
2	<u>Beginning Credit Balance:</u>				
3	Unappropriated Balance	213,432,877	323,693,704	110,260,827	51.7%
4	Anticipated Over (Under) Collections*	537,441,075	(445,400,000)	(982,841,075)	-182.9%
5	Anticipated Reversions*	290,742,586	290,000,000	(742,586)	-0.3%
6	Supplemental Medicaid Appropriations	(308,100,000)	0	308,100,000	-100.0%
7	Subtotal Unreserved Fund Balance	733,516,538	168,293,704	(565,222,834)	-77.1%
8					
9	Transfer to Savings Reserve Account	(232,537,942)	(42,073,426)	190,464,516	-81.9%
10	Transfer to Repair and Renovations Account	(150,000,000)	(42,073,426)	107,926,574	-72.0%
11	Subtotal Statutory Reserve Allocation	(382,537,942)	(84,146,852)	298,391,090	-78.0%
12					
13	Subtotal Credit Balance	350,978,596	84,146,852	(266,831,744)	-76.0%
14					
15	<u>Base Revenue (consensus revenue forecast)</u>	20,603,482,753	20,962,767,811	359,285,058	1.7%
16					
17	<u>Revenue Changes:</u>				
18	Department of Revenue Out-of-State Sales Tax Collection		40,000,000		
19	FICA Transfer		4,000,000		
20	Subtotal Revenue Changes		44,000,000		
21					
22	Total Availability	20,954,461,349	21,090,914,663	136,453,314	0.7%
23					
24					
25	Recommended Appropriations				
26	Authorized Budget	20,630,767,645	20,998,801,208	368,033,563	1.8%
27					
28	<u>Fiscal Responsibility:</u>				
29	Additional Transfer to Savings Reserve Account		7,926,574		
30	Additional Transfer to Repair and Renovations Account		7,926,574		
31	Medicaid Risk Reserve		50,000,000		
32	Subtotal Fiscal Responsibility		65,853,148		
33					
34	<u>Net Change by Subcommittee:</u>				
35	Education				
36	Public Education		46,358,028		
37	Community Colleges		16,866,780		
38	University System		(49,398,097)		
39	Health and Human Services		(122,592,860)		
40	General Government		1,941,928		
41	Natural and Economic Resources		4,561,239		
42	Justice and Public Safety		28,433,112		
43	Statewide Reserves		1,702,070		
44	Debt Service		(9,340,916)		
45	Capital		7,082,000		
46	Subtotal Net Change by Subcommittee		(74,386,716)		
47					
48	Total Recommended Appropriations	20,630,767,645	20,990,267,640	359,499,995	1.7%
49					
50	General Fund Balance	323,693,704	100,647,023	(223,046,681)	-68.9%
51					
52					
53					
54	*FY 2013-14 Enacted column uses actual over (under) collections and reversions from FY 2012-13				

Table 9b

**Governor's Budget Recommendations for FY 2014-15
Compared to FY 2014-15 Enacted Budget (in 2013)**

#	Brief Description	FY 2014-15 Enacted	FY 2014-15 Recommended	Difference (\$)	Difference (%)
1	Budget Availability				
2	<u>Beginning Credit Balance:</u>				
3	Unappropriated Balance Remaining From Previous Year	323,693,704	323,693,704	0	0.0%
4	Anticipated Over (Under) Collections	0	(445,400,000)	(445,400,000)	n.a.
5	Anticipated Reversions	0	290,000,000	290,000,000	n.a.
6	Supplemental Medicaid Appropriations	0	0	0	n.a.
7	Subtotal Unreserved Fund Balance	323,693,704	168,293,704	(155,400,000)	-48.0%
8					
9	Transfer to Savings Reserve Account	(37,122,346)	(42,073,426)	(4,951,080)	13.3%
10	Transfer to Repair and Renovations Account	(12,751,137)	(42,073,426)	(29,322,289)	230.0%
11	Subtotal Statutory Reserve Allocation	(49,873,483)	(84,146,852)	(34,273,369)	68.7%
12					
13	Subtotal Credit Balance	273,820,221	84,146,852	(189,673,369)	-69.3%
14					
15	<u>Base Revenue (consensus revenue forecast)</u>	21,153,767,811	20,962,767,811	(191,000,000)	-0.9%
16					
17	<u>Revenue Changes:</u>				
18	Department of Revenue Out-of-State Sales Tax Collection		40,000,000		
19	FICA Transfer		4,000,000		
20	Subtotal Revenue Changes		44,000,000		
21					
22	Total Availability	21,427,588,032	21,090,914,663	(336,673,369)	-1.6%
23					
24					
25	Recommended Appropriations				
26	Authorized Budget	20,998,801,208	20,998,801,208	0	0.0%
27					
28	<u>Fiscal Responsibility:</u>				
29	Additional Transfer to Savings Reserve Account		7,926,574		
30	Additional Transfer to Repair and Renovations Account		7,926,574		
31	Medicaid Risk Reserve		50,000,000		
32	Subtotal Fiscal Responsibility		65,853,148		
33					
34	<u>Net Change by Subcommittee:</u>				
35	Education				
36	Public Education		46,358,028		
37	Community Colleges		16,866,780		
38	University System		(49,398,097)		
39	Health and Human Services		(122,592,860)		
40	General Government		1,941,928		
41	Natural and Economic Resources		4,561,239		
42	Justice and Public Safety		28,433,112		
43	Statewide Reserves		1,702,070		
44	Debt Service		(9,340,916)		
45	Capital		7,082,000		
46	Subtotal Net Change by Subcommittee		(74,386,716)		
47					
48	Total Recommended Appropriations	20,998,801,208	20,990,267,640	(8,533,568)	0.0%
49					
50	General Fund Balance	428,786,824	100,647,023	(328,139,801)	-76.5%
51					
52					

Table 4
Governor's Recommended General Fund Budget, FY 2014-15

Budget Code	Function	FY 2014-15 Approved Certified Budget		Reductions		Appropriation Supported Positions		Continuation/Expansion		Net Change	FY 2014-15 Recommended Appropriation	Net Position Change
		FY 2014-15	Approved Certified Budget	Recuring	Nonrecuring	Appropriation Supported Positions	Nonrecuring	Recuring	Nonrecuring			
13510	Education:											
16800	Public Education	\$	8,046,101,622	(137,689,366)	(3,239,639)	(46.25)	8.00	182,729,893	4,557,140	46,358,028	8,092,459,650	(38.25)
1600x	Community Colleges		1,016,487,467	(20,074,626)	(851,572)	-	-	37,792,978	1,576,624	16,866,780	1,033,354,247	(2.80)
	University System		2,599,901,709	(89,339,523)	(4,579,138)	-	-	42,943,940	-	(49,398,097)	2,550,503,612	(2.80)
	Total Education		11,662,490,298	(247,103,515)	(8,670,349)	(46.25)	5.20	263,466,811	6,133,764	13,826,711	11,676,317,509	(41.05)
14100	General Government:											
13300	Administration		58,839,400	(1,176,790)	-	-	-	606,038	120,154	(450,698)	58,388,882	2.00
14800	State Auditor		11,217,468	(224,348)	-	(2.00)	-	122,000	400,000	297,652	11,515,120	(2.00)
14802	Cultural Resources - Roanoke Island		63,008,100	(634,408)	-	(6.00)	-	1,392,072	-	737,664	63,745,764	(6.00)
11000	General Assembly		450,000	(9,000)	-	-	-	529,250	-	(9,000)	441,000	-
13000	Governor's Office		51,634,767	(103,442)	-	-	-	51,700	-	(51,742)	52,164,017	-
14100	NC Ethics Commission		7,172,132	(23,339)	-	-	-	12,000	-	(11,339)	7,120,390	-
13010	NC Housing Finance		8,411,632	-	-	-	-	-	-	-	8,411,632	-
13900	Insurance		38,003,624	(1,513,955)	-	(7.80)	-	367,910	-	(1,146,045)	36,857,579	(7.80)
13100	Lieutenant Governor		675,089	(13,502)	-	-	-	6,000	-	(7,502)	667,587	-
18210	Office of Administrative Hearings		5,027,130	(312,169)	-	(2.50)	-	45,000	-	(267,169)	4,759,961	(2.50)
14100	Office of State Human Resources		7,043,374	(142,368)	-	-	-	280,261	-	137,893	7,181,267	2.50
14700	Revenue		80,896,458	(2,360,425)	-	(1.00)	-	1,671,306	-	(689,119)	80,207,339	1.00
13200	Secretary of State		11,575,183	(100,000)	-	-	-	173,750	-	73,750	11,648,933	-
18025	State Board of Elections		5,693,244	(117,415)	-	-	-	51,000	-	(66,415)	5,626,829	-
13005	State Budget and Management (OSBM)		7,534,217	(150,684)	-	(1.00)	-	560,680	-	409,996	7,944,213	(1.00)
13085	OSBM-Special Appropriations		1,520,000	(20,000)	-	-	-	3,000,000	-	(2,480,000)	4,000,000	-
13400	Controller's Office		28,710,691	(1,051,869)	-	(4.75)	-	929,010	-	(1,222,859)	28,587,832	(4.75)
13410	State Treasurer - Retirement / Benefits		7,026,305	(140,700)	-	-	-	218,221	-	77,521	7,103,826	-
13412	State Treasurer - Retirement / Benefits		23,179,042	-	-	-	-	-	-	-	23,179,042	-
	Total General Government		418,782,115	(8,094,414)	(5,000,000)	(25.05)	6.50	7,016,188	3,520,154	1,941,928	420,724,043	(18.55)
14410	Health and Human Services:											
14411	Central Administration		76,301,328	(3,120,000)	-	-	-	477,850	-	(2,642,150)	73,659,178	-
14420	Aging		54,342,241	-	-	-	-	28,890	-	28,890	54,371,231	-
14430	Child Development		254,314,089	(30,383,496)	(7,195,807)	-	1.00	91,090	-	(37,488,213)	216,826,396	1.00
14440	Public Health		141,941,507	(1,173,380)	(3,782,163)	(7.00)	-	2,001,560	-	(2,953,983)	138,987,604	(7.00)
14445	Social Services		176,558,432	(6,754,406)	-	-	-	7,858,580	-	1,104,174	177,662,606	30.00
14446	Medical Assistance		3,608,119,091	(81,806,789)	-	-	-	6,366,847	-	(74,441,942)	3,533,677,149	-
14446	NC Health Choice		57,747,933	(9,750,000)	-	-	-	1,000	-	(9,749,000)	47,998,933	-
14450	Services for the Blind		8,178,618	-	-	-	-	59,830	-	59,830	8,238,448	-
14450	Mental Health/DD/SAS		704,985,988	(10,774,708)	-	(7.00)	-	14,603,618	-	3,828,910	708,148,898	(7.00)
14470	Health Service Regulation		16,411,479	(288,000)	-	-	-	227,000	-	(61,000)	16,350,479	-
14480	Vocational Rehabilitation		38,773,169	(575,336)	-	(20.75)	-	296,960	-	(278,376)	38,494,793	(20.75)
	Total Health and Human Services		5,137,674,575	(144,628,115)	(10,977,970)	(34.75)	31.00	32,013,225	1,000,000	(122,592,860)	5,015,081,715	(3.75)
14550	Justice and Public Safety:											
12000	Public Safety		1,690,014,006	(15,884,875)	-	(379.50)	-	25,528,307	2,883,754	12,527,186	1,703,541,192	(352.50)
12001	Judicial - Indigent Defense		466,426,352	-	-	-	-	9,509,325	2,061,800	11,571,625	467,997,877	1.00
13600	Justice		111,357,264	-	-	-	-	603,250	4,483,230	4,483,230	115,840,514	-
	Total Justice and Public Safety		2,340,106,448	(16,884,202)	(2,699,327)	(379.50)	41.00	37,650,860	9,366,454	28,433,112	2,368,559,560	(338.50)
13700	Natural and Economic Resources:											
14600	Agriculture & Consumer Services		115,409,902	(2,930,390)	-	(10.00)	-	1,322,040	-	(1,608,350)	113,801,552	(10.00)
14601	Commerce		56,733,282	(675,554)	-	(68.00)	-	2,158,986	1,454,750	2,938,182	59,671,464	(68.00)
14601	Commerce - State Aid		15,624,767	-	-	-	-	-	-	-	15,624,767	-
14300	Environment and Natural Resources		157,767,236	(1,963,456)	-	(10.72)	-	4,287,515	1,096,000	3,420,059	161,187,295	8.28
14350	Wildlife Resources Commission		14,476,588	(289,532)	-	-	-	179,500	-	(110,032)	14,366,556	-
13800	Labor		16,696,339	(31,697,000)	-	(2.00)	-	238,500	-	(78,620)	16,617,919	(2.00)
	Total Natural & Economic Resources		376,708,114	(6,175,902)	-	(90.72)	19.00	8,186,391	2,550,750	4,561,239	381,269,353	(71.72)
14222	Transportation		-	-	-	-	-	-	-	-	-	-
	Net Agency		19,935,762,950	(424,586,148)	(20,148,319)	(576.27)	102.70	348,333,475	22,571,122	(73,829,870)	19,861,932,180	(473.57)
19600	Capital Improvements		8,423,000	-	-	-	-	7,926,574	7,082,000	15,008,574	23,431,574	-

Governor's Recommended General Fund Budget, FY 2014-15

Budget Code	Function	FY 2014-15 Approved Certified Budget	Reductions		Continuation/Expansion		Net Change	FY 2014-15 Recommended Appropriation	Net Position Change
			Recurring	Nonrecurring	Recurring	Nonrecurring			
19420	General Debt Service	723,721,279	(9,340,916)	-	-	-	(9,340,916)	714,380,363	-
19425	Federal Reimbursement	1,616,380	-	-	-	-	-	1,616,380	-
	Total Debt Service	725,337,659	(9,340,916)	-	-	-	(9,340,916)	715,996,743	-
	Reserves and Adjustments:								
19001	Contingency & Emergency	5,000,000	-	-	-	-	-	5,000,000	-
19003	Gr-Reserve for Compensation Increase - Retirees	-	-	-	-	-	-	70,000,000	-
19004	Gr-Reserve for Salary Adjustment	7,500,000	-	-	-	-	-	7,500,000	-
19013	Job Development Incentive Grants Reserve	63,045,357	-	(14,000,000)	-	-	(14,000,000)	49,045,357	-
19042	Severance Expenditure Reserve	-	-	-	-	-	-	-	-
19043	Reserve for State Employee Comprehensive Major Medical	89,000,000	-	-	-	-	-	89,000,000	-
19044	Reserve for IT Fund	10,470,657	-	-	-	-	-	10,470,657	-
19044	Information Technology Reserve Fund	31,582,485	(179,933)	-	2,005,000	-	2,954,555	13,425,212	(1,000)
19047	Retirement Rate Adjustment	37,000,000	-	(8,612,485)	-	-	(8,612,485)	22,970,000	-
19047	Friem's and Rescue Squad Workers Pension Fund (1341.2)	(820,000)	-	-	-	-	-	(820,000)	-
19063	One North Carolina Fund	9,000,000	-	-	-	-	-	9,000,000	-
19064	Reserve for Future Benefits	56,400,000	(56,400,000)	-	-	-	(56,400,000)	-	-
19065	NC Government Efficiency and Reform Project	2,000,000	-	-	-	-	-	2,000,000	-
19066	Unemployment Insurance (UI) Reserve	13,600,000	-	-	-	-	-	13,600,000	-
19068	Reserve for Pending Legislation	4,500,000	-	-	-	-	-	4,500,000	-
19070	Reserve for Voter ID	1,000,000	-	-	-	-	-	1,000,000	-
19xxx	Litigation Reserve	-	-	-	550,000	-	550,000	550,000	-
19xxx	Medicaid Risk Reserve	-	-	-	50,000,000	-	50,000,000	50,000,000	-
19xxx	Savings Reserve	-	-	-	7,926,574	-	7,926,574	7,926,574	-
	Total Reserves and Adjustments	329,278,499	(56,579,933)	(22,612,485)	52,555,000	-	59,628,644	388,907,143	(1,000)
	Total	\$ 20,998,801,208	\$ (490,506,997)	\$ (42,760,804)	\$ 82,208,122	\$ (577,277)	\$ (8,533,568)	\$ 20,990,267,640	(474,577)

Table 5

Highway Fund and Highway Trust Fund Budget 2014-15

Function	Reductions				Other Continuation/Expansion				2014-15 Approved Appropriation	Net Change	2014-15 Approved Appropriation	Net Position Change
	FY 2014-15 Base Appropriation	Recurring	Nonrecurring	Appropriation Supported Positions	Recurring	Nonrecurring	Appropriation Supported Positions	Net Change				
DOT Administration	94,975,916	(1,705,907)	-	-	-	-	-	(1,705,907)	93,270,009	-	-	-
<i>Division of Highways</i>												
Administration	35,139,990	-	-	-	-	-	-	-	35,139,990	-	-	-
Construction	46,859,878	(5,000,000)	-	-	-	-	-	(5,000,000)	41,859,878	-	-	-
Maintenance	1,022,097,721	(17,387,438)	-	-	43,386,032	-	-	25,998,594	1,048,096,315	-	-	-
Planning and Research	4,055,402	-	-	-	-	-	-	-	4,055,402	-	-	-
OSHA Program	365,337	(7,307)	-	-	-	-	-	(7,307)	358,030	-	-	-
State Aid to Municipalities	136,874,010	-	-	-	9,453,990	-	-	9,453,990	146,328,000	-	-	-
<i>Multi-Modal</i>												
Airports	22,244,510	(468,490)	-	(1,000)	-	-	-	(468,490)	21,776,020	(1,000)	(1,000)	-
Bicycle	751,066	-	-	-	-	-	-	-	751,066	-	-	-
Ferry	39,785,538	(794,486)	-	-	-	-	-	(794,486)	38,991,052	-	-	-
Public Transportation	85,244,235	(1,704,879)	-	-	-	-	-	(1,704,879)	83,539,356	-	-	-
Railroads	24,692,294	(417,420)	-	-	-	-	-	(417,420)	24,274,874	-	-	-
Governor's Highway Safety Program	284,932	(5,699)	-	-	-	-	-	(5,699)	279,233	-	-	-
Division of Motor Vehicles	119,532,589	(2,383,409)	-	-	7,534,410	13,947,484	44.00	19,098,485	138,631,074	44.00	44.00	-
Other State Agencies	39,967,810	(306,001)	-	-	3,458,927	-	-	3,152,926	43,120,736	-	-	-
Transfer to General Fund	215,871,719	-	-	-	-	-	-	-	215,871,719	-	-	-
Other Reserves	7,629,853	-	-	-	9,839,693	-	-	9,839,693	17,469,546	-	-	-
Capital Improvements	19,937,700	-	-	-	-	-	-	-	19,937,700	-	-	-
Total Highway Fund	1,916,310,500	(30,181,036)	-	(1,000)	73,673,062	13,947,484	44.00	57,439,500	1,973,750,000	43.00	43.00	-
Administration	45,590,880	(911,818)	-	-	-	-	-	-	44,679,062	-	-	-
<i>Construction</i>												
Strategic Prioritization Program	950,101,672	-	-	-	57,911,818	-	-	1,008,013,490	-	-	-	-
State Aid to Municipalities	-	-	-	-	-	-	-	-	-	-	-	-
<i>Bonds</i>												
Bond Redemption	46,676,132	-	-	-	-	-	-	-	46,676,132	-	-	-
Bond Interest	13,631,316	-	-	-	-	-	-	-	13,631,316	-	-	-
NC Turnpike Authority	49,000,000	-	-	-	-	-	-	-	49,000,000	-	-	-
Reserve for Visitor's Centers	400,000	-	-	-	-	-	-	-	400,000	-	-	-
Total Highway Trust Fund	1,105,400,000	(911,818)	-	-	57,911,818	-	-	-	1,162,400,000	-	-	-

***Economic Outlook
and Revenue Forecasts***

Economic Outlook

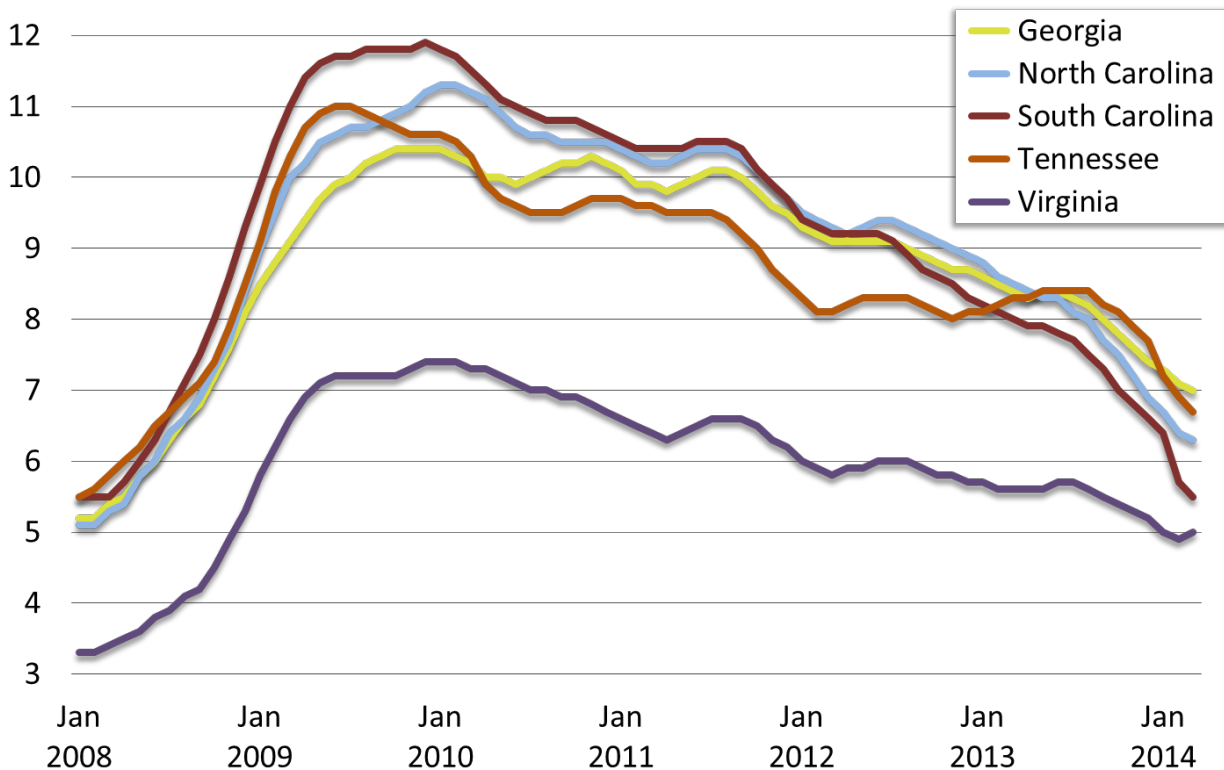
North Carolina's Unemployment Rate Has Rapidly Declined in the Past Year

The unemployment rate¹ in North Carolina rose rapidly in the early stages of the Great Recession, from 5.1% in January of 2008 to 9.0% one year later to a peak of 11.3% in January and February of 2010. Unemployment remained stubbornly high in North Carolina throughout the early years of the national economic recovery, leaving the state with an unemployment rate among the five worst in

the country through much of 2011 and 2012. It was not until early 2013 that North Carolina's unemployment rate began to fall faster than in most other states. Between March 2013 and March 2014, North Carolina's unemployment rate fell by 2.2 percentage points to 6.3%, a larger decline than in all other states except South Carolina. In February 2014, North Carolina's unemployment rate fell below the national unemployment rate for the first time since March 2006.

Figure 3

Unemployment Rate Falling Faster in North Carolina Than in Most Neighboring States State U-3 Unemployment Rate - Seasonally Adjusted



Source: US Department of Commerce, Bureau of Labor Statistics

¹ All data in this section from the Local Area Unemployment Statistics program at the US Department of Commerce's Bureau of Labor Statistics, with the most recent data being for the month of March 2014.

North Carolina, Like Most States, Has Yet to Regain Pre-Recession Employment Peak

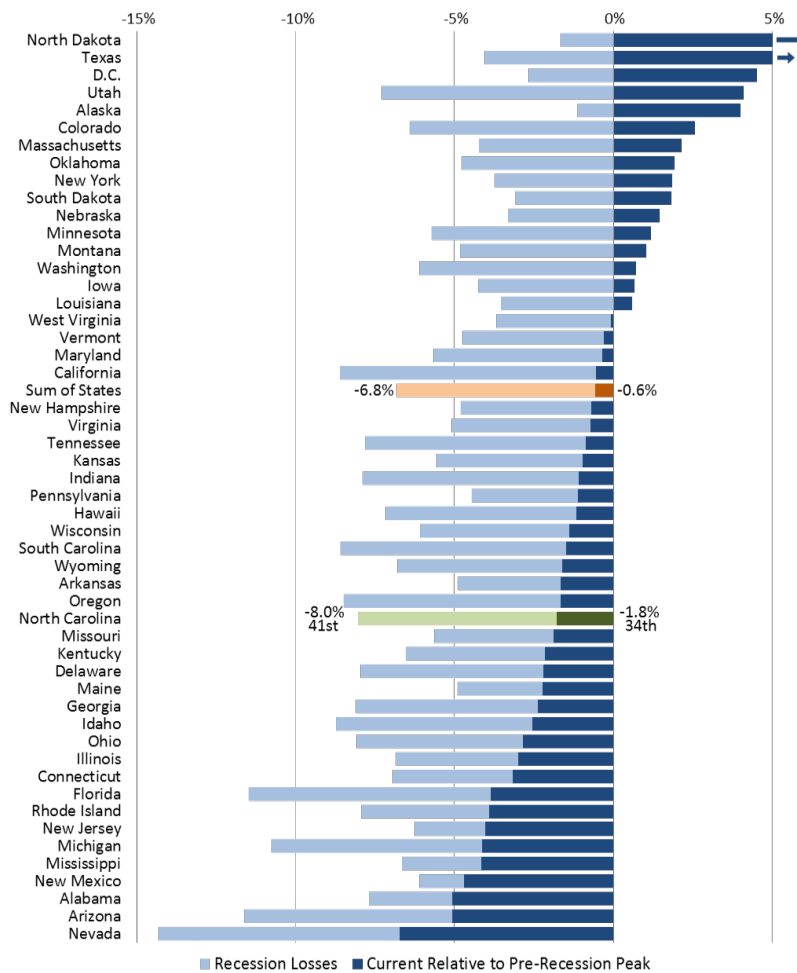
Only ten states suffered greater job losses during the Great Recession than North Carolina. After experiencing a net loss of more than 335,000 jobs between February 2008 and February 2010, North Carolina has steadily added jobs at a rate of nearly 64,000 jobs per year. As of March 2014,

North Carolina had regained nearly four in five of the net jobs lost during the recession, leaving eighteen states behind North Carolina in progress toward reaching or exceeding pre-recession employment levels. If job growth in the months ahead were to proceed at a similar pace, North Carolina would surpass its pre-recession employment peak in the first half of 2015.

Figure 4

Uneven Recession, Uneven Recovery: Most States Still Short of Pre-Recession Peak in Employment

Change in State Nonfarm Payroll Employment (Current through March 2014)



Data Source: US Department of Commerce (Bureau of Labor Statistics)

Chart Format: Oregon Office of Economic Analysis

² All data in this section from the Current Employment Statistics program at the US Department of Commerce's Bureau of Labor Statistics, with the most recent data being for the month of March 2014.

Labor Market Recovery Has Proceeded Unevenly Across North Carolina Communities

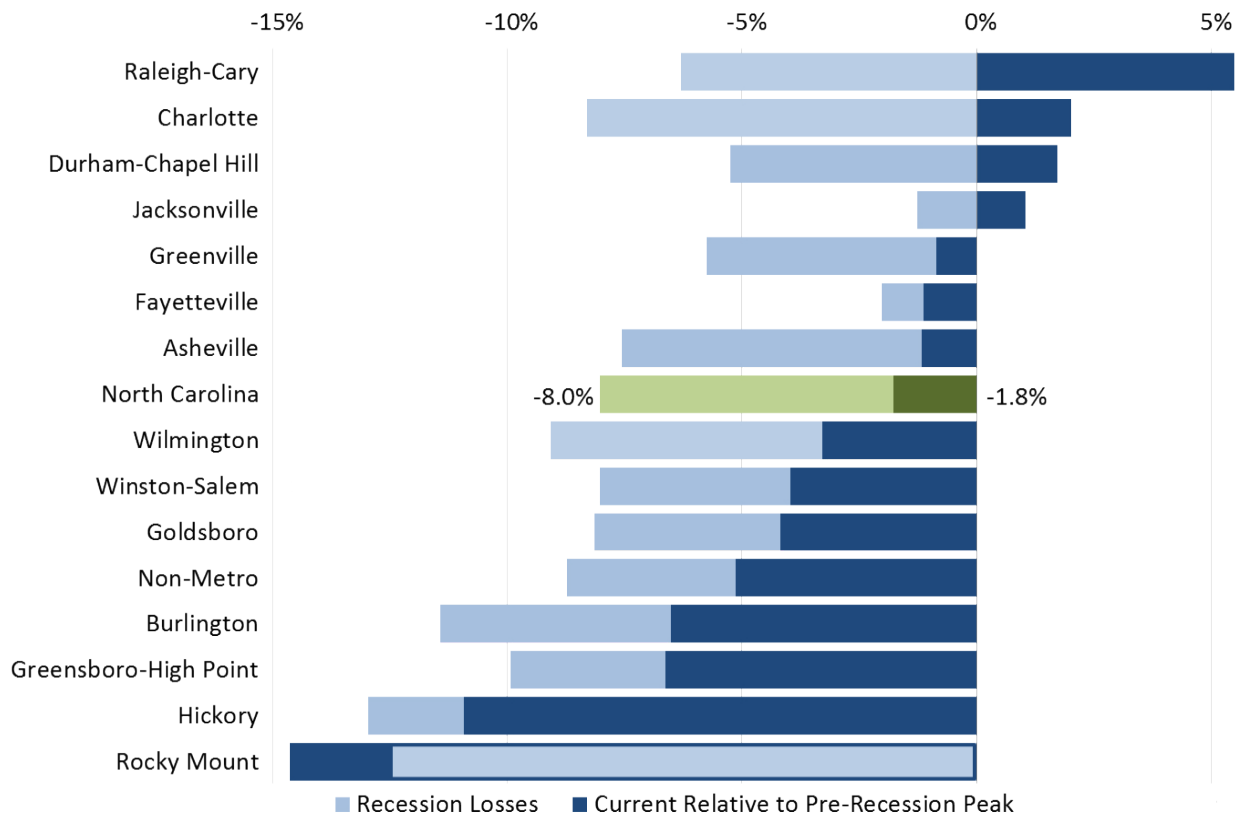
The severity of the recession's impact and the pace of the labor market recovery have each varied substantially across North Carolina's communities. Several areas of the state, including the two largest metropolitan areas, have surpassed pre-recession employment peaks, while employment levels in other metropolitan areas and the state's non-metropolitan areas remain more than 5% below pre-recession levels. The Charlotte metro area and the two Triangle-area metro areas have accounted for roughly two out

of every three net new jobs created in the state since the worst point in the labor market recession. At the other end of the labor market spectrum, the Rocky Mount metro area continued to shed jobs even after the labor market began to recover in other areas of the state after February 2010 – only recently stabilizing at employment levels nearly 15% below pre-recession levels. Other metro areas still struggling to regain lost jobs include Greensboro-High Point, Burlington, and, especially, the Hickory-Lenoir-Morganton metro area.

Figure 5

Recession and Recovery Uneven Across North Carolina Communities

Change in Nonfarm Payroll Employment



Data Source: US Department of Commerce (Bureau of Labor Statistics)

Chart Format: Oregon Office of Economic Analysis

A Few Service Industries Responsible for the Majority of State's Labor Market Recovery

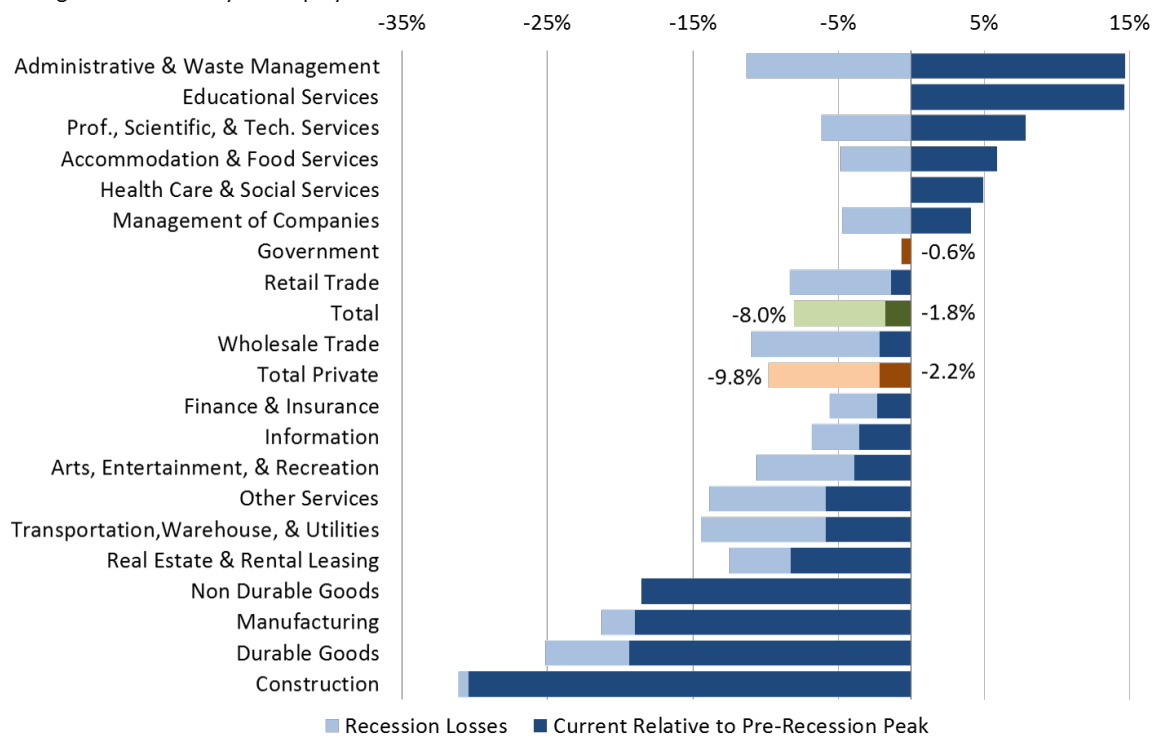
Private service-providing industries have accounted for 95% of net new jobs created in North Carolina since the depths of the labor market recession in early 2010. Among the major goods-producing industries, durable-goods manufacturing – especially the manufacturing of transportation equipment, fabricated metal products, and machinery – has accounted for nearly all net new job growth. The sector with the largest employment gains since the low

point of the recession is administrative and waste management services, which accounts for one in four net new jobs, with particularly strong gains in the employment services industry group. Other sectors with significant job growth since early 2010 include retail and wholesale trade, which together account for one in five net new jobs, and the accommodation and food services sector, which accounts for one in seven net new jobs. The hard-hit construction sector has only just begun to recover, with year-over-year job growth of nearly 4,000 jobs as of March 2014.

Figure 6

Growth of Services Driving North Carolina Labor Market Recovery

Change in Nonfarm Payroll Employment



Data Source: US Department of Commerce (Bureau of Labor Statistics)

Chart Format: Oregon Office of Economic Analysis

⁴ All data in this section from the Current Employment Statistics program at the US Department of Commerce's Bureau of Labor Statistics, with the most recent data being for the month of March 2014.

North Carolina's Exports Have Risen to Record Highs Since the End of the Recession

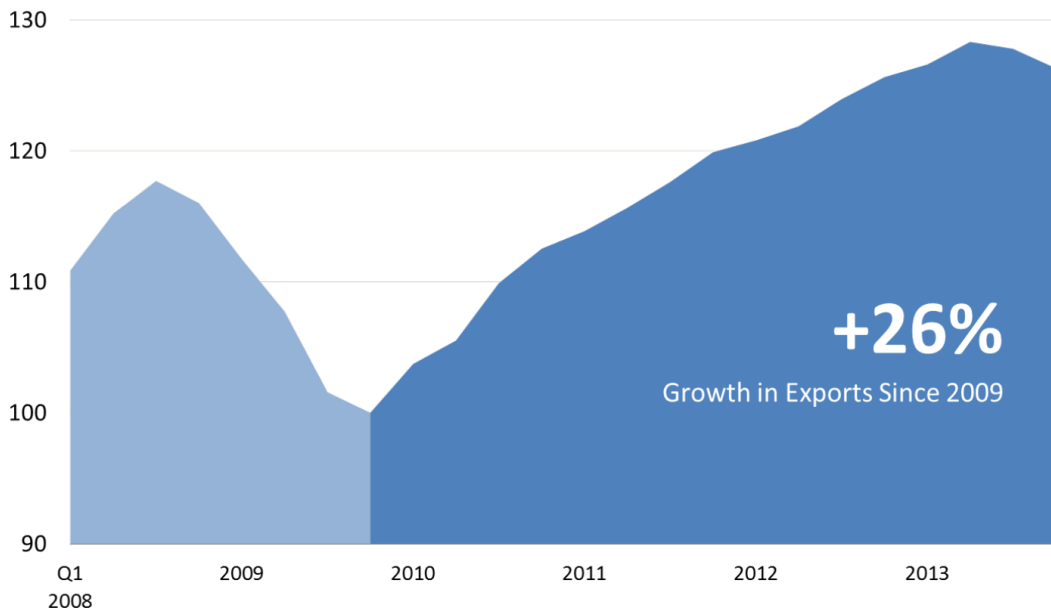
Exports have been a significant source of growth for North Carolina's economy over the course of the state's recovery from the Great Recession. Inflation-adjusted exports were up by more than \$6.1 billion (26%) in 2013 compared to 2009. Exports of manufactured goods accounted for more than three-quarters of the total increase in exports, driven to a large extent, since 2010, by a

substantial increase of more than \$665 million in inflation-adjusted exports of semi-tractors, other large trucks, and truck engines as well as a more than \$365 million increase in exports of pharmaceuticals. Canada and Mexico have, together, accounted for more than half of North Carolina's increase in exports since 2010. Other countries accounting for a large share of the state's export growth since 2010 include Saudi Arabia, China, Belgium, and India.

Figure 7

North Carolina's exports have grown substantially from recession-driven lows

4-Quarter Moving Average of Inflation-Adjusted (GDP Price Deflator) Gross Exports from North Carolina, 2009 = 100



Source: US Census Bureau, Foreign Trade Division

NC Office of State Budget & Management

⁵ All trade data in this section from the Foreign Trade Division at the US Census Bureau, with the most recent data being for the month of February 2014. All monetary values are adjusted for inflation using the national GDP deflator produced by the US Department of Commerce's Bureau of Economic Analysis.

General Fund Revenue Forecast

About half of North Carolina's total revenue originates from tax collections and other sources comprising the General Fund. The other half consists of funds from the federal government, highway funds, the Education Lottery, and other receipts and fees (e.g., tuition). General Fund revenues are primarily derived from three sources: individual income tax, corporate income tax, and the sales and use tax. Other important sources include franchise, insurance, alcohol and other miscellaneous taxes. In addition, nontax revenue, such as earnings from investment of state funds, supports the General Fund.

The revisions to the consensus revenue forecast for 2014-15 and the remainder of the current fiscal year reflect a cautious outlook. The consensus revenue forecast for FY 2014-15 was revised downward by \$191.0 million (0.9%) and the current fiscal year is anticipated to register under-collections of \$445.4 million (2.1%).

Specific highlights of the revisions include:

- By the end of 2013-14, General Fund revenue collections are expected to total \$20,158.1 million, \$445.4 million below the budgeted forecast (see table 6). This downward adjustment is caused by three primary reasons related to individual income tax collections. These reasons are:
 - Slower than anticipated wage and salary withholding growth – Withholding growth slowed in the second half of 2013 and is projected to finish over 1.0% below forecast.
 - Timing of taxpayer adjustments to tax law changes enacted last year – Last year, significant changes to the individual income tax were enacted, including both base-broadening and rate reductions. The rate reduction is having a greater immediate impact on collections than

originally anticipated, while most of the base-broadening will not impact collections until taxpayers file their returns next April 2015. This results in a greater drop in collections this year than originally projected, which will in part be offset by lower refunds and higher final payments in April 2015.

- Impact of the 2012 federal tax law changes - Expectation of higher federal taxes resulting from fiscal cliff negotiations at the end of 2012 likely resulted in the "shifting" of income into 2012 and out of 2013. This "shift" impacts collections in FY 2013-14 since April 2014 payments are based on 2013 tax year income. While original projections anticipated some of the impact, the magnitude of the response to the federal fiscal cliff appears to have exceeded expectations.
- The 2014-15 forecast was revised downward by \$191.0 million or 0.9%. Once recommended revenue changes are incorporated, General Fund revenue is expected to total \$21,006.8 million (see table 6). The revision is primarily driven by lower than expected tax base growth in personal income. Withholding on wages and salaries was below expectations throughout 2013-14 and economic projections for income growth in 2014-15 are lower than anticipated last year. Despite this downward revision to the original forecast, individual income tax collections are still expected to increase 5.3% in 2014-15 as the base-broadening changes bolster collections.
- Sales and use tax collections, which comprise nearly one-third of General Fund revenue, are estimated to increase 12.6% compared to 2013-14. This increase represents an upward

adjustment of \$174.8 million to original revenue projections and is boosted by recently enacted tax changes to broaden the sales and use tax base and out-of-state sales and use tax agreements.

- Reflecting the anticipated revenue loss from a corporate rate reduction, corporate collections are projected to decline 14.6 percent in 2014-15. Compared to original revenue projections, however, corporate collections were adjusted upward by \$23.0 million.
- Other revenue sources, including the franchise, estate, and piped natural gas taxes are expected to realize significant revenue changes in 2014-15 due to recently enacted tax changes. Both the estate and piped natural gas taxes were repealed. Franchise taxes are anticipated to decline over 22 percent in 2014-15 as the electricity franchise tax was also repealed.

While the downward revisions to the General Fund forecast reflect a cautious outlook, revenue

volatility remains a risk. State revenue volatility and responsiveness to economic changes has increased in recent years. In addition, recently enacted tax law changes are expected to have major impacts on income and sales and use tax collections, adding greater potential short-term forecast volatility for the remainder of 2013-14 and 2014-15 than normally associated with a revenue forecast.

Recommended Revenue Changes

Out-of-State Sales and Use Tax Collections – The Department of Revenue has reached settlement and/or agreement with significant out-of-state taxpayers to remit sales and use taxes to North Carolina. The agreements are expected to add \$40.0 million in 2014-15.

FICA Transfer – The Governor recommends a transfer of \$4.0 million from the NC Flex FICA fund balance in 2014-15. A similar action was included for 2013-14 in Senate Bill 402, Appropriations Act of 2013.

Table 6

General Fund Revenue by Fiscal Year: Recent History and Forecast

(In Millions)

	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Budget	2013-14 Revised	% Change 13-14 Revised / 2012-13 Actual	2014-15 Budget	2014-15 Revised	% Change 14-15 Revised / 13-14 Revised
Tax Revenue									
Individual Income	9,734.9	10,272.1	10,953.1	10,996.7	10,340.5	-5.6	11,254.5	10,885.4	5.3
Sales and Use	5,871.7	5,257.6	5,294.1	5,444.2	5,580.1	5.4	6,110.7	6,285.5	12.6
Corporate Income	1,013.5	1,132.8	1,191.7	1,249.2	1,282.8	7.6	1,072.2	1,095.2	-14.6
Franchise	607.5	612.5	660.1	660.2	698.2	5.8	510.2	543.1	-22.2
Insurance	480.1	460.4	521.5	506.0	491.6	-5.7	513.1	507.1	3.2
Beverage	275.2	287.4	298.6	309.6	305.7	2.4	318.0	310.9	1.7
Estate	23.8	58.1	111.4	0.0	14.0	-87.4	0.0	0.0	-100.0
Licenses	41.3	48.5	46.1	44.8	47.6	3.2	46.3	48.6	2.1
Tobacco Products	265.3	270.9	255.4	251.8	256.3	0.4	248.5	248.7	-3.0
Real Estate	0.0	0.0	0.0	37.4	43.9	n.a.	37.4	44.5	1.4
White Goods	0.0	0.0	0.0	1.2	1.2	n.a.	1.2	1.2	0.0
Scrap Tire	0.0	0.0	0.0	3.5	3.5	n.a.	3.5	3.5	0.0
Mill Machinery	32.5	36.2	36.9	34.4	34.8	-5.6	34.5	35.0	0.6
Solid Waste	0.0	0.0	0.0	2.3	2.3	n.a.	2.3	2.3	0.0
Piped Natural Gas	31.0	25.9	30.4	28.9	33.4	9.8	0.0	0.0	-100.0
Gift	3.0	0.2	0.8	0.0	0.0	-100.0	0.0	0.0	n.a.
Miscellaneous	0.0	0.6	1.2	1.1	1.1	-8.5	1.1	1.1	0.0
Total Tax Revenue	18,379.8	18,463.1	19,401.5	19,571.3	19,137.0	-1.4	20,153.5	20,012.1	4.6
Nontax Revenue									
Investment Income	26.3	17.8	12.5	13.7	14.8	18.7	14.1	11.3	-23.6
Judicial Fees	225.8	258.8	249.9	250.2	241.8	-3.2	251.4	244.5	1.1
Disproportionate Share Receipts	135.0	115.0	115.0	110.0	110.0	-4.3	109.0	109.0	-0.9
Master Settlement Agreement	n.a.	n.a.	n.a.	162.1	162.1	n.a.	137.5	137.5	-15.2
Miscellaneous	257.3	313.2	441.1	205.5	198.3	-55.0	198.9	199.5	0.6
Insurance Department	67.5	72.3	72.6	72.5	76.0	4.7	73.4	77.0	1.3
Total Nontax Revenue	711.9	777.0	891.1	814.1	803.0	-9.9	784.3	778.8	-3.0
Transfers									
Highway Fund	17.0	217.1	27.6	0.0	0.0	-100.0	0.0	0.0	n.a.
Highway Trust Fund	72.9	76.7	220.3	218.1	218.1	-1.0	215.9	215.9	-1.0
Total Transfers	89.9	293.8	247.9	218.1	218.1	-12.0	215.9	215.9	-1.0
Total General Fund Revenue	19,181.6	19,533.9	20,540.5	20,603.5	20,158.1	-1.9	21,153.8	21,006.8	4.2

Totals may differ from the sum of their parts due to rounding.

Highway Fund Revenue Forecast

The Highway Fund receives support from three revenue sources. The primary source is the excise tax on motor fuels, of which the Highway Fund receives 75%. The second source is licenses and fees collected by the Division of Motor Vehicles. The third source is interest earned on investments of Highway Fund cash balances held by the State Treasurer. Table 7 shows the revised forecast estimates for the Highway Fund revenue collections projected for fiscal years 2013-14 and 2014-15.

Current Fiscal Year Update

Fiscal year 2013-14 revenues are expected to exceed last year's totals by 2.7%. This is mostly due to increases in revenues from some licenses and fees and anticipated NC Railroad Company dividend payments. Both motor fuel consumption and licenses and fees are anticipated to continue increasing from the previous year by 0.5% and 5.1%, respectively. Revenue is anticipated to finish 1.2% over the official forecast as the 3.1% expected gain in motor fuel consumption is partially offset by a 2.8% loss in licenses and fees collections.

Fiscal Year 2014-15 Revenue Projections

Projected total Highway Fund revenue collections are expected to decline in fiscal year 2014-15 (-1.3%). The forecast assumes the current year's rate of increase in motor fuel consumption will not persist. Instead, motor fuel consumption is anticipated to grow a modest 0.2% in fiscal year 2014-15. Despite this modest increase in consumption, total motor fuel tax revenue is anticipated to decline slightly due to lower anticipated fuel prices. The forecasted decline in total revenue is also driven by the expected decrease in investment income (-74.3%) as the NC Railroad Co. dividend payments are scaled back. While staggered registrations fueled by economic improvements are expected to increase (4.7%), statutory changes and historical trends are expected to lead to a 2.2% and 6.6% decrease respectively in drivers licenses and other licenses revenues.

Figure 8

Highway Fund Revenue, Revised 2014-15

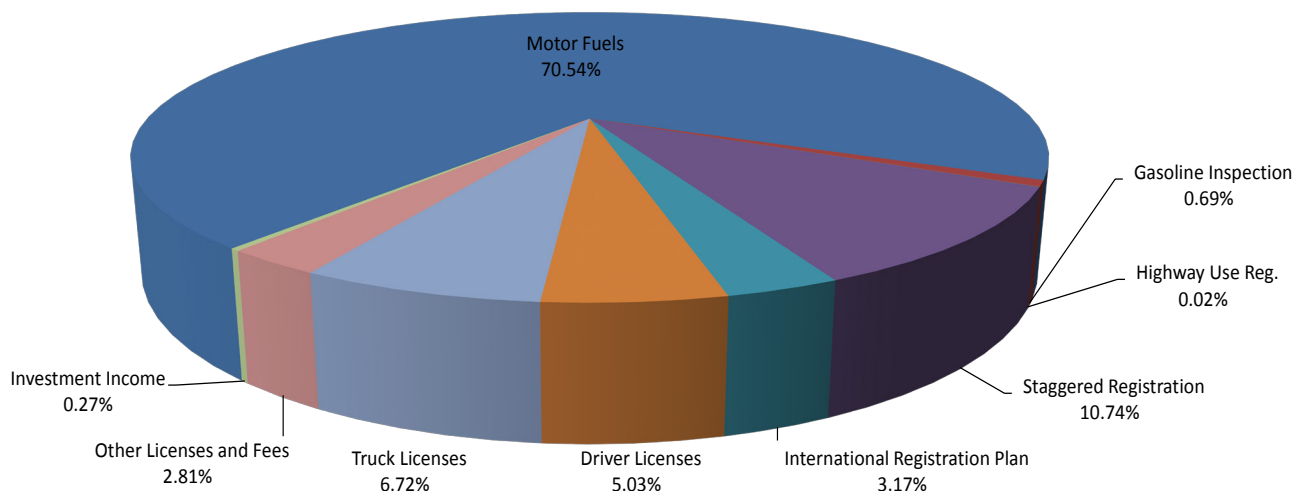


Table 7

Highway Fund Revenue by Fiscal Year: Recent History and Forecast
(In Millions)

Source	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget	2014-15 Revised	% Change 13-14 Revised / 2012-13 Actual	2014-15 Revised	% Change 14-15 Revised / 13-14 Revised
<u>Motor Fuels Tax</u>								
Motor Fuels	1,400.0	1,364.1	1,407.0	1,313.9	1,392.3	0.5%	1,392.3	-1.0%
Gasoline Inspection	13.6	13.8	13.7	13.2	13.5	0.5%	13.5	-1.0%
Highway Use Reg.	0.3	0.3	0.4	0.3	0.4	12.1%	0.4	0.0%
Total Motor Fuel Taxes	1,413.9	1,378.2	1,421.0	1,327.4	1,406.2	0.5%	1,406.2	-1.0%
<u>Licenses and Fees</u>								
Staggered Registration	198.3	194.6	202.5	197.6	212.0	2.1%	212.0	4.7%
International Registration Plan	58.5	65.7	62.9	68.0	62.7	7.4%	62.7	-0.4%
Driver Licenses	111.5	122.5	101.6	123.8	99.4	-8.9%	99.4	-2.2%
Truck Licenses	132.5	131.6	132.5	132.4	132.6	0.0%	132.6	0.1%
Other Licenses and Fees	30.7	60.8	59.4	59.3	55.5	93.2%	55.5	-6.6%
Total Licenses and Fees	531.6	575.2	558.8	581.2	562.2	5.1%	562.2	0.6%
<u>Investment Income</u>								
	2.3	23.2	20.8	7.8	5.4	794.9%	5.4	-74.3%
Total Highway Fund Availability	1,947.8	1,976.6	2,000.6	1,916.3	1,973.7	2.7%	1,973.7	-1.3%

Totals may differ from the sum of their parts due to rounding.

Highway Trust Fund Revenue

The Highway Trust Fund, established in 1989, receives support from four sources. The primary source is the highway use tax, or sales tax, on vehicle sales. The second source is the excise tax on motor fuels. The Highway Trust Fund receives 25% of this excise tax. The third source is fees on certificates of title and other miscellaneous titles. The final source is the interest earned from investments of the Highway Trust Fund cash balances held by the State Treasurer. Table 8 shows the revised forecast estimates for the Highway Trust Fund revenue collections projected for fiscal years 2013-14 and 2014-15.

Current Fiscal Year Update

Fiscal year 2013-14 revenues are expected to exceed last year's levels by 3.3%, \$48.4 million above the budgeted forecast. The modest surplus is primarily fueled by better than anticipated highway use tax. After several years of well below average car sales, sales have improved markedly and highway use tax revenues are expected to finish 5.6% over fiscal year 2012-13.

Motor fuel tax revenue is expected to increase slightly by 0.5%, while certificate of title and miscellaneous fees are anticipated to grow 3.8% and 2.5%, respectively, over last year but fall below official forecast by about 1.5% each.

Fiscal Year 2014-15 Revenue Projections

Projected revenue is expected to grow only slightly in fiscal year 2014-15 (0.8%). As the economy and consumer spending continue to improve, the highway use tax is expected to increase by 1.9%. Motor fuel consumption is anticipated to grow a modest 0.2% next fiscal year, however overall motor fuel revenue is expected to slightly decline due to lower anticipated fuel prices. When the highway use tax and motor fuel tax are considered together, the growth in the highway use tax outpaces the decline in motor fuels, leading to modest total revenue growth. Title registrations and miscellaneous fees are expected to increase 2.2% and 3.7%, respectively.

Figure 9

Highway Trust Fund Revenue, Revised 2014-15

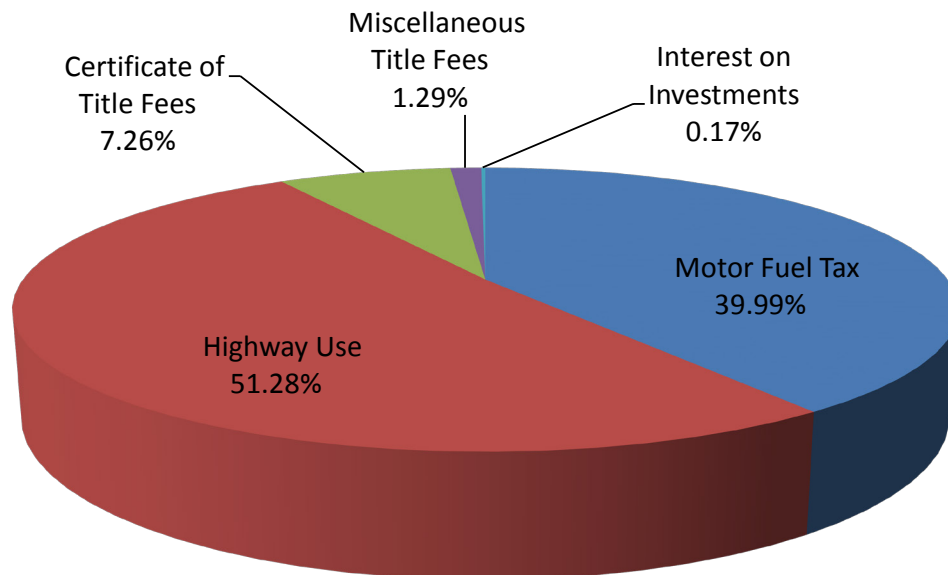


Table 8

Highway Trust Fund Revenue by Fiscal Year: Recent History and Forecast
(In Millions)

Source	2012-13 Actual	2013-14 Budget	2013-14 Revised	2014-15 Budget	2014-15 Revised	% Change 13-14 Revised / 2012-13 Actual	% Change 14-15 Revised / 13-14 Revised
<u>Fuel Taxes and Fees</u>							
Motor Fuel Tax	467.6	455.5	469.8	438.7	464.8	0.5%	-1.0%
Highway Use	553.6	550.2	584.7	565.3	596.1	5.6%	1.9%
Certificate of Title Fees	79.6	83.7	82.6	85.3	84.4	3.8%	2.2%
Miscellaneous Title Fees	14.2	14.7	14.5	15.1	15.0	2.5%	3.7%
Subtotal	1,114.9	1,104.1	1,151.5	1,104.4	1,160.4	3.3%	0.8%
<u>Interest on Investments</u>							
	2.2	1.0	2.0	1.0	2.0	-8%	0%
Total Highway Trust Fund Availability	1,117.0	1,105.1	1,153.5	1,105.4	1,162.4	3.3%	0.8%

Totals may differ from the sum of their parts due to rounding.

NC Population Dynamics

Rapid population growth has had a strong impact on North Carolina, with the state growing by roughly 1.5 million people between 2000 and 2010. By the end of the biennium, we project that the state will grow by an additional 190,000 people, from more than 9.86 million people on July 1, 2013 to nearly 10.06 million people by July 1, 2015. This is equivalent to adding an entire city approximately the size of Wilmington and Asheville combined to North Carolina over two years. In other words, the State is growing by a net 265 people every day (or about 1,850 people every week).

Migration

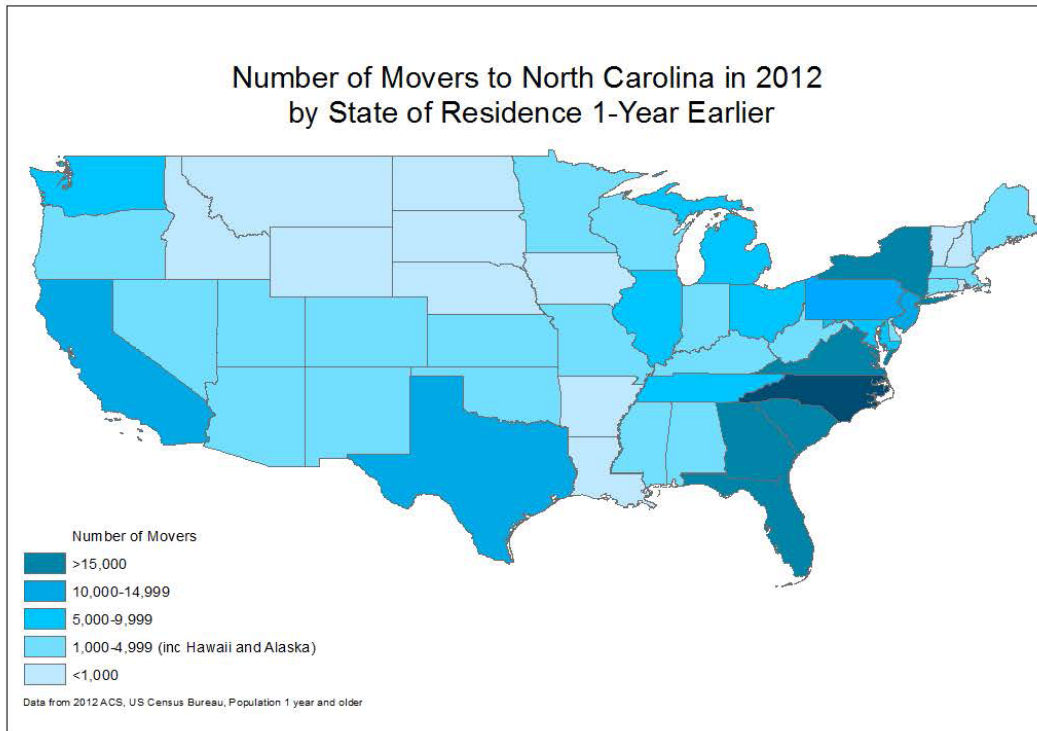
Net-migration is a major component of population growth in North Carolina. Over the current biennium, we expect people moving into the state to account for approximately 65% of total population growth. This means that of the 265 people that are added to North Carolina's population every day, approximately 172 moved into the State from somewhere else. Figure 10 highlights where newcomers to North Carolina are coming from – the majority of movers come from nearby states. The table below shows the major in and out-flows for North Carolina for 2012. The highest estimate both for in and out migration was Virginia. A significant number of people also moved to North Carolina from abroad.

Table 9

Migration Flows for North Carolina, 2012	
Non-movers	
Moved within North Carolina	8,167,830
1,149,080	
In-flows, residence 1-year earlier	
Foreign Country/Puerto Rico/US Island Areas	50,431
Virginia	26,759
Florida	26,365
South Carolina	25,532
New York	19,891
Georgia	16,823
Out-flows, North Carolina resident 1-year earlier	
Virginia	25,575
South Carolina	24,764
Florida	23,133
Texas	22,660
Georgia	16,009

2012 ACS 1-year data, population 1 year and over

Figure 10



Age

As the State's population has grown, it has also been aging. Table 10 shows the distribution of the State's population in 1994 compared to projections for July 1, 2014 and July 1, 2034. The population 65+ is expected to account for an increasing share of the total population, while the percent of the population under 35 is decreasing. Overall the median age is expected to increase to 38.14 by 2014 and 40.69 by 2034.

Although the fastest growth has been among the 65+ population, every age group has grown significantly. By July 1, 2014 we expect there to be 2.29 million children under 18, an increase of 542,000 from 1994. At the other end of the age distribution, as the baby boomer generation reaches retirement age and life expectancy increases, the population 65 and over is increasing rapidly. By 2014, we expect this group to reach 1.46 million, or nearly 15% of the State's population. This is an increase of nearly 580,000 people or 66% growth since 1994. By 2034, the population 65 and over is expected to reach 2.45 million – more than 20% of the State's total population.

The population aged 85+ is growing even faster, with an expected 97% increase over 1994 totals by 2014. The total population aged 85 and over by July 1, 2014, is likely to exceed 169,000 people (more than 1.7% of the total population). By 2034 we expect the state to have almost 325,000 residents aged 85+, with nearly 6,000 of them being centenarians.

Employment as a Percent of Total Population

As shown in table 11, the number of people employed as a percent of total population decreased from 49.2% in 1992 to 43.7% by 2013, although the rate is on an upward trend after its low of 43.1% in July 2011. The employed-to-total population ratio has been affected by both economic conditions and by demographic trends. The state has seen both a shrinking labor force as a percent of the total population and a lower labor force participation rate over this period.

Table 10

North Carolina's Age Distribution, 1994-2034			
	1994	2014	2034
Less than 5 years	508,879 7.1%	601,694 6.0%	687,240 5.7%
5 to 17 years	1,240,433 17.3%	1,690,179 17.0%	1,763,001 14.7%
18 to 34 years	1,967,632 27.4%	2,286,065 23.0%	2,641,341 22.0%
35 to 64 years	2,590,560 36.1%	3,922,612 39.4%	4,440,821 37.1%
65 and over	877,593 12.2%	1,455,938 14.6%	2,447,364 20.4%

Table 11

Employed as Percent of Total Population, July 1992-2013			
	Employed	Total Population	Employed as % of Total Pop
1992	3,393,247	6,894,973	49.2%
1993	3,447,106	7,040,342	49.0%
1994	3,514,031	7,185,097	48.9%
1995	3,574,006	7,342,026	48.7%
1996	3,714,970	7,497,863	49.5%
1997	3,809,584	7,653,854	49.8%
1998	3,837,534	7,807,095	49.2%
1999	3,911,987	7,948,901	49.2%
2000	3,967,415	8,081,986	49.1%
2001	3,921,896	8,209,775	47.8%
2002	3,942,204	8,324,059	47.4%
2003	3,961,634	8,418,493	47.1%
2004	4,040,429	8,542,420	47.3%
2005	4,118,361	8,685,811	47.4%
2006	4,257,455	8,890,380	47.9%
2007	4,272,516	9,090,572	47.0%
2008	4,283,570	9,278,794	46.2%
2009	4,095,613	9,435,396	43.4%
2010	4,145,654	9,574,477	43.3%
2011	4,170,061	9,666,342	43.1%
2012	4,260,771	9,762,822	43.6%
2013	4,310,134	9,861,952	43.7%

Number employed from the Employment Security Division

Education

Public Education

Increases starting teacher pay by 7.1% to \$33,000. Funds the experience step increase: teachers moving to steps 8-12 of the salary schedule will receive an increase ranging from 2.8% to 4.3% and teachers moving to steps 13-26 will receive an average 2% increase.

Appropriates \$9.8 million of lottery receipts for an innovative Career Pathways pilot that will support LEAs in their transition to a rigorous, aligned performance-based teacher compensation system that targets and rewards our most effective teachers with additional career opportunities and pay.

Increases the funding for textbooks by \$23.2 million, a 100% increase, which allows for activity-oriented classroom kits and/or technology-based program formats in addition to traditional textbooks.

Continues the master's degree salary for teachers who have taken a course towards the master's degree as of July 1, 2013. Also provides the master's degree salary for teachers who are teaching in the field of their graduate academic preparation.

Provides \$4 million to provide for school districts and charter schools to have access to instructional content and assessment items as well as professional development tools.

North Carolina Community College System

Reinvests the savings achieved from a reduction in remedial course enrollments by appropriating \$16.8 million into programs targeted to close the skills gap.

Invests \$1.9 million to establish a community college tuition waiver for military veterans who served at least four years, are within two years of exiting service under honorable conditions, have been stationed in North Carolina, and reside or have their official Home of Record listed within North Carolina at time of enrollment.

Transfers funds to the Department of Commerce to suspend the required \$50 fee currently charged to participate in the apprenticeship program.

University of North Carolina

Appropriates \$5 million of lottery receipts to establish NC SERV, a financial aid program for military veterans attending UNC institutions who served at least four years, are within two years of exiting service under honorable conditions, have been stationed in North Carolina, and reside or have their official Home of Record listed within North Carolina at time of enrollment. Funds will be awarded for the 2015-16 academic year.

Invests \$3 million annually to assist UNC campuses with the transition from laboratory research to the marketplace, providing competitive funding for proof-of-concept work and commercialization costs.

Provides \$2 million annually for 5 years for the \$10 million required State contribution towards the Next Generation Power Electronics Innovation Institute housed at North Carolina State University.

Public Education (13510)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change	% Change
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		from 2013-14 Certified	from 2014-15 Certified
Total Requirements	\$ 9,804,398,812	\$ 11,168,933,698	\$ 11,308,116,403	\$ 44,748,191	\$ 34,265,843	\$ 79,014,034	\$ 11,387,130,437	1.95%	0.70%
Less Receipts	\$ 2,064,365,645	\$ 3,302,973,049	\$ 3,262,014,781	\$ (319,336)	\$ 32,948,342	\$ 32,629,006	\$ 3,294,643,787	(0.25)%	1.00%
Total Appropriation	\$ 7,740,033,167	\$ 7,865,960,649	\$ 8,046,101,622	\$ 45,067,527	\$ 1,317,501	\$ 46,385,028	\$ 8,092,486,650	2.88%	0.58%
Total Positions	-	1,342.192	1,342.192	5.000	(43.250)	(38.250)	1,303.942	(2.85)%	(2.85)%

- 1. Salary and Benefit Increases for Teachers**--Effective July 1, 2014 funds are provided to raise starting teacher pay by increasing the salaries for teachers with 0-7 years of experience to \$33,000. Teachers who move to steps 8-12 of the salary schedule in the 2014-15 school year will receive an experience-based step increase ranging from 2.8% to 4.3%, and teachers who move to steps 13-36 of the salary schedule in the 2014-15 school year will receive an experience-based step increase averaging 2.0%.

	Recurring Changes	Non Recurring Changes	Total
Requirements	\$ 102,166,322	\$ 266,730	\$ 102,433,052
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ 102,166,322	\$ 266,730	\$ 102,433,052
Positions	0.000	0.000	0.000

Nonrecurring funds are provided to support a one-time salary and benefit bonus of \$1,000 for any school psychologist paid on years 0-4 on the State Salary Schedule in the 2013-14 school year and employed on July 1, 2014, who will not be receiving a salary increase as a result of the step increase.

- 2. Salary and Benefit Increase for Assistant Principals and Principals**--Funds are provided to support an average 2% increase for principals, and assistant principals who will move to steps 10-36 on the salary schedule in the 2014-15 school year, which includes an experience-based step increase, effective July 1, 2014.

Requirements	\$ 5,818,632	\$ 133,410	\$ 5,952,042
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ 5,818,632	\$ 133,410	\$ 5,952,042
Positions	0.000	0.000	0.000

Nonrecurring funds are provided to support a one-time salary and benefit bonus of \$1,000 for any assistant principal paid on years 0-8 on the State Salary Schedule in the 2013-14 school year and employed on July 1, 2014, who will not be receiving a salary increase as a result of the step increase.

- 3. Salary and Benefit Increase for All Other School-Based Personnel**--Funds are provided for a \$1,000 salary and benefit increase for all other school-based personnel effective July 1, 2014.

Requirements	\$ 52,952,330	\$ -	\$ 52,952,330
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ 52,952,330	\$ -	\$ 52,952,330
Positions	0.000	0.000	0.000

4. Salary and Benefit Increase for Department of Public Instruction Employees--Funds are provided for a \$1,000 salary and benefit increase for all Department of Public Instruction employees, effective July 1, 2014.

Requirements	\$	891,750	\$	-	\$	891,750
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	891,750	\$	-	\$	891,750
Positions		0.000		0.000		0.000

5. Career Pathways--The Career Pathways pilot, funded by lottery receipts, will provide selected LEAs with the resources to offer career paths for professional growth and advancement opportunities to promote retention of the highest quality teachers within the teaching profession, and at the classroom and school level. These pathways are directed at retaining quality teachers who take on increasing responsibility for students and for the development and success of their peers, and impact student achievement in the classroom.

Requirements	\$	-	\$	9,777,150	\$	9,777,150
Less Receipts	\$	-	\$	9,777,150	\$	9,777,150
Appropriation	\$	-	\$	-	\$	-
Positions		0.000		3.000		3.000

Three staff at the Department of Public Instruction will provide necessary teacher qualification data to LEAs, manage the pilot implementation, and oversee the evaluation process and reporting. Each of eight pilot LEAs will receive funding for implementation, including professional guidance in pilot design tailored to the LEA and for salary supplements for eligible teachers.

6. Textbooks--The increased textbook budget is supported with nonrecurring lottery funds in order to bring the per student funding level to \$30.48. Textbooks includes textbook formats allowable for adoption, activity-oriented programs, classroom kits, and technology-based programs that require the use of electronic equipment in order to be used in the learning process. This is a 100% increase above the 2013-14 certified budget of \$23,169,585.

Requirements	\$	-	\$	23,171,192	\$	23,171,192
Less Receipts	\$	-	\$	23,171,192	\$	23,171,192
Appropriation	\$	-	\$	-	\$	-
Positions		0.000		0.000		0.000

7. Master's Degree Salary Supplements--This adjustment restores the recurring reduction of \$18.7 million enacted in the 2013 Session Laws to be effective in 2014-15. The restoration of the appropriation reinstates the ability to pay these salary supplements for 1) personnel who have taken a course toward the master's degree as of July 1, 2013, and 2) for personnel for who have received a master's degree and are teaching in-field (in the subject of their graduate academic preparation) for at least 70% of their work time.

Requirements	\$	18,700,000	\$	-	\$	18,700,000
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	18,700,000	\$	-	\$	18,700,000
Positions		0.000		0.000		0.000

8. Fund Opt-In Portion of Home Base for LEAs and Charter Schools--These funds will be used to pay for LEAs and charter schools to have access to the optional portions of Home Base that previously would have required \$4.00 per ADM if an LEA or charter school opted-in. LEAs and charter schools will have access to instructional content and assessment items for Math, ELA, Science, and Social Studies. Funds will also allow LEAs and charter schools to have access to additional professional development management tools, instructional tools and assessments, and a learning management system .

Requirements	\$	-	\$	4,000,000	\$	4,000,000
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	-	\$	4,000,000	\$	4,000,000
Positions		0.000		0.000		0.000

9. Cooperative Innovative High Schools--The State Board of Education approved six new Cooperative Innovative High Schools (CIHS) in three LEAs. The associated funding requests are for three schools in Mecklenburg County; one STEM Early College and two Middle Colleges, two in Wake County; A Young Men’s and Young Women’s Leadership Academy, and one in Buncombe County; Buncombe Discovery Academy. Each school will receive the same dollar amount that has been appropriated to existing CIHS programs of \$310,669.

Requirements	\$	1,864,014	\$	-	\$	1,864,014
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	1,864,014	\$	-	\$	1,864,014
Positions		0.000		0.000		0.000

10. Increase Months of Employment for Teachers of Visually and Hearing Impaired Preschool Children--Federal Law IDEA Part C requires that teachers providing family support and early intervention services to preschool children who are vision and hearing impaired, provide year-round services. Currently, there are 16 ten-month employees and nine eleven-month employees providing services for visually impaired children, and 19 eleven-month teachers providing services for hearing impaired children. Positions from which staff have retired have had to remain unfilled in order to support this need. Increasing these 44 positions to 12 months equates to an additional 60 months of salary (or five FTE) totaling \$326,951.

Requirements	\$	352,151	\$	157,000	\$	509,151
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	352,151	\$	157,000	\$	509,151
Positions		5.000		0.000		5.000

These teachers work and travel from home in the geographic area to which they are assigned. Funds for the additional 60 months of travel are included in this adjustment at \$25,200.

Additionally, nonrecurring funds are recommended to replace outdated technology that transferred with staff when the residential schools and these functions moved from the Department of Health and Human Services in 2010-11. Nonrecurring funds will support the replacement of laptops, printers, and cartridges for each of 100 existing teachers at a per teacher cost of \$1,570.

11. Interstate Commission on Educational Opportunity for Military Children--Forty-six states and the District of Columbia are members of the Military Interstate Children’s Compact Commission. The intent of the compact is to provide consistent policies in each member school district and state to resolve key educational transition issues (enrollment, placement, attendance, and graduation) encountered by military children due to frequent relocation. The cost of membership is based on the number of military children living in the state. The cost for any state with 60,000 or more military students is capped at \$60,000. The Department of Public Instruction is currently funded at \$48,306. This recommended adjustment of \$11,694 will bring the current funding to the cap.

Requirements	\$	11,694	\$	-	\$	11,694
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	11,694	\$	-	\$	11,694
Positions		0.000		0.000		0.000

12. Average Daily Membership (ADM) Adjustment--This appropriation ensures adequate funding for instructional positions and instructional supplies that are allocated to the LEAs based on ADM. ADM is currently budgeted for 1,509,985 for 2013-14 and 1,526,591 projected for 2014-15. Recent data result in an overall net decrease in ADM of 6,286 from the 2014-15 projected ADM resulting in a budgeted ADM of 1,520,305. Driver Education receipts from the Highway Fund are reduced due to a decrease in 9th grade ADM.

Requirements	\$	(37,773,070)	\$	-	\$	(37,773,070)
Less Receipts	\$	(319,336)	\$	-	\$	(319,336)
Appropriation	\$	(37,453,734)	\$	-	\$	(37,453,734)
Positions		0.000		0.000		0.000

13. Average Salary Adjustment--Budgeted average annual salaries are revised using the 2013-14 sixth pay period salaries as the base. This adjustment is made annually after reviewing the budgeted salary projections for all certified personnel. Typically, because of turnover in these positions, the actual salaries are lower than the budgeted salaries, and savings can be realized without reducing teacher salaries.

Requirements	\$	(64,923,926)	\$	-	\$	(64,923,926)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(64,923,926)	\$	-	\$	(64,923,926)
Positions		0.000		0.000		0.000

14. Sunset Funding for the North Carolina Center for the Advancement of Teaching--Appropriations for NCCAT were made nonrecurring for each year of the 2013-15 biennium. This adjustment sunsets the funding for NCCAT. This adjustment is nonrecurring due to the nonrecurring nature of the current appropriation. Funds are included in the severance reserve in the amount of \$1 million to support severance costs associated with the elimination of all state-funded positions.

Requirements	\$	-	\$	(3,239,639)	\$	(3,239,639)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	-	\$	(3,239,639)	\$	(3,239,639)
Positions		0.000		(46.250)		(46.250)

Recommended nonrecurring building maintenance budgets for the NCCAT facilities located in Cullowhee and Ocracoke are located in the Western Carolina University and Department of Administration budgets respectively.

15. Workers' Compensation--Local boards of education shall pay all workers' compensation claims arising from events occurring on or after July 1, 2014 for school employees, regardless of the portion of the employee's salary paid from state funds. These claims must be paid from non-state funds.

Requirements	\$	(9,000,000)	\$	-	\$	(9,000,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(9,000,000)	\$	-	\$	(9,000,000)
Positions		0.000		0.000		0.000

16. Tort Claims--Local boards of education shall assume liability for all tort claims arising from events occurring on or after July 1, 2014. Claims payments shall be made with non-state funds.

Requirements	\$	(1,000,000)	\$	-	\$	(1,000,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(1,000,000)	\$	-	\$	(1,000,000)
Positions		0.000		0.000		0.000

17. Adjust Transportation Average Daily Membership (ADM) to Actual--The transportation allotment supports the maintenance, fuel, maintenance staff, and bus drivers, to operate the buses that transport students to public schools. This adjustment aligns the ADM used in the transportation formula to the actual 2014-15 ADM. This adjustment represents a -0.1% change to the 2013-14 budget of \$440,140,142.

Requirements	\$	(5,509,816)	\$	-	\$	(5,509,816)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(5,509,816)	\$	-	\$	(5,509,816)
Positions		0.000		0.000		0.000

18. Teacher Assistants--This allotment allocates funding for Teacher Assistants on the basis of student headcount in grades K-3. This adjustment maintains the appropriation for the assistants to teachers allotment at the 2013-14 budgeted level of \$453,579,630 and does not require the elimination of any positions.

Requirements	\$	(19,801,890)	\$	-	\$	(19,801,890)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(19,801,890)	\$	-	\$	(19,801,890)
Positions		0.000		0.000		0.000

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	45,067,527	\$	34,265,843	\$	79,333,370
Total Receipts	\$	-	\$	32,948,342	\$	32,948,342
Total Appropriation (Requirements minus Receipts)	\$	45,067,527	\$	1,317,501	\$	46,385,028
Total Positions		5.000		(43.250)		(38.250)

NC Community Colleges System (16800)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change	% Change
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		from 2013-14 Certified	from 2014-15 Certified
Total Requirements	\$ 1,458,457,154	\$ 1,446,956,448	\$ 1,442,715,567	\$ 6,687,132	\$ (851,572)	\$ 5,835,560	\$ 1,448,551,127	0.11%	0.40%
Less Receipts	\$ 422,203,748	\$ 425,660,981	\$ 426,228,100	\$ (11,031,220)	\$ -	\$ (11,031,220)	\$ 415,196,880	(2.46)%	(2.59)%
Total Appropriation	\$ 1,036,253,406	\$ 1,021,295,467	\$ 1,016,487,467	\$ 17,718,352	\$ (851,572)	\$ 16,866,780	\$ 1,033,354,247	1.18%	1.66%
Total Positions	-	194.100	194.100	-	-	-	194.100	-%	-%

	Requirements	Recurring Changes		Non Recurring Changes		Total
1. Salary and Benefit Increase for NC Community College System Employees --Funds are provided for a \$1,000 salary and benefit increase for all NC Community College System employees, effective July 1, 2014. This amount includes \$18,393,200 for employees located at local community colleges, and \$163,750 for employees located at the Community Colleges System Office.		\$ 18,556,950	\$ -	\$ -	\$ -	\$ 18,556,950
	Less Receipts	\$ -	\$ -	\$ -	\$ -	\$ -
	Appropriation	\$ 18,556,950	\$ -	\$ -	\$ -	\$ 18,556,950
	Positions	0.000	0.000	0.000	0.000	0.000
2. Closing the Skills Gap --Currently there are jobs in North Carolina that are unfilled due to the lack of qualified workers. The Governor recommends \$16.8 million in funding for programs which will develop the needed skills for students to fill these jobs. To allocate these funds to community colleges, the State Board of Community Colleges shall create a fourth tier in their enrollment funding formula. This tier will be funded 15% higher than the current top tier. The new tier will include health care and technical education programs that train North Carolinians for jobs having documented skills gaps and paying higher wages. The \$16.8 million shall be funded by reinvesting savings from the enrollment decline experienced by North Carolina community colleges in 2013-14.		\$ (11,646,877)	\$ -	\$ -	\$ -	\$ (11,646,877)
	Less Receipts	\$ (11,264,696)	\$ -	\$ -	\$ -	\$ (11,264,696)
	Appropriation	\$ (382,181)	\$ -	\$ -	\$ -	\$ (382,181)
	Positions	0.000	0.000	0.000	0.000	0.000

North Carolina community colleges saw their actual enrollment decline by 2.5% (or 6,156 FTE) from the budgeted amount in the 2013-14 certified budget. This lower enrollment resulted mostly from a shift in developmental education that permitted students to enroll in instruction for those areas needing remediation, rather than requiring students to enroll in a full-semester course. The enrollment decline produces a savings of \$17.2 million.

3. Charge Military Veterans Resident Tuition--The Governor recommends charging military veterans the resident tuition rate at North Carolina community colleges. To qualify, military veterans must have served at least four years, be within two years of exiting service under honorable conditions, been stationed in North Carolina and reside or have their official Home of Record listed within North Carolina at the time of enrollment. These funds shall be appropriated to the NC Community College System to offset the anticipated tuition waived by community colleges.

Requirements	\$	-	\$	-	\$	-
Less Receipts	\$	(1,867,584)	\$	-	\$	(1,867,584)
Appropriation	\$	1,867,584	\$	-	\$	1,867,584
Positions		0.000		0.000		0.000

4. Generate Additional Tuition Revenue--It is recommended that NC community colleges shall generate additional tuition and registration fee revenue by increasing tuition by \$0.50 per curriculum credit hour (a 0.7% increase). An additional \$0.50 would increase resident tuition to \$72 per credit hour (from \$71.50). Non-resident tuition would increase to \$264 per credit hour (from \$263.50). A resident student would pay \$2,304 a year in 2014-15.

Requirements	\$	-	\$	-	\$	-
Less Receipts	\$	2,101,060	\$	-	\$	2,101,060
Appropriation	\$	(2,101,060)	\$	-	\$	(2,101,060)
Positions		0.000		0.000		0.000

The NC Community College System has a total tuition and fees budget of \$367,096,183 for 2013-14 and 2014-15. The \$2.1 million total generated from additional student tuition will represent a 0.6% increase in the total budget.

5. Transfer to Department of Commerce to Offset Apprenticeship Fees--For the 2014-15 fiscal year, fees collected from each apprentice who is covered by an apprenticeship agreement entered into under GS 94 shall be waived. The Community Colleges System Office shall transfer \$300,000 to the Department of Commerce for the 2014-15 fiscal year. These funds shall be used by the Department of Commerce to offset the revenue foregone due to the apprenticeship fees being waived. The Department of Commerce will evaluate the success of the fee waivers in increasing participation in apprenticeship programs before requesting a permanent change to the fees. There is a corresponding budget increase in the Department of Commerce section of the budget document.

Requirements	\$	-	\$	(300,000)	\$	(300,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	-	\$	(300,000)	\$	(300,000)
Positions		0.000		0.000		0.000

6. Community Colleges Workers' Compensation Costs--Local boards of trustees for community colleges shall pay all workers' compensation claims arising from events occurring on or after July 1, 2014 for college employees, regardless of the portion of the employee's salaries paid from state funds. These claims must be paid from local or institutional funds. The total cost of workers' compensation claims for community colleges in 2012-13 was \$3,595,270. The \$620,460 represents 17.3% of all 2012-13 costs.

Requirements	\$	(620,460)	\$	-	\$	(620,460)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(620,460)	\$	-	\$	(620,460)
Positions		0.000		0.000		0.000

7. Fayetteville Technical Community College Botanical Laboratory--It is recommended that the Fayetteville Technical Community College Botanical Laboratory focus its efforts on industry- and community-supported activities. These funds are distributed as a categorical allotment and are not distributed through the state aid formulas. The Fayetteville Technical Community College Botanical Laboratory received \$100,000 in 2013-14. This reduction represents 100% of the total budget.

Requirements	\$	(100,000)	\$	-	\$	(100,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(100,000)	\$	-	\$	(100,000)
Positions		0.000		0.000		0.000

8. Technical Adjustment - Restore Recurring Funds for Audit Services--This recommendation restores recurring funding for the Audit Services division of the System Office. The Audit Services division conducts compliance, program, and fiscal operations audits of all 58 community colleges. Audit services also reviews and verifies class enrollment. Recurring funding was cut in the 2013 session and replaced with nonrecurring funds. Restoring recurring funding ensures adequate fiscal oversight of the community colleges while the committee's findings are implemented.

Requirements	\$	551,572	\$	(551,572)	\$	-
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	551,572	\$	(551,572)	\$	-
Positions		0.000		0.000		0.000

The 2013-14 budget for the Audit Services Division is \$551,572 in nonrecurring funds. This recommendation converts 100% of the budget to recurring appropriation.

9. Community Colleges System Office Operating Efficiencies--The Community Colleges System Office is encouraged to realize efficiencies in various operating budgets. The \$54,053 represents a -25% change in those accounts from the 2013-14 certified budget of \$217,485.

Requirements	\$	(54,053)	\$	-	\$	(54,053)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(54,053)	\$	-	\$	(54,053)
Positions		0.000		0.000		0.000

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	6,687,132	\$	(851,572)	\$	5,835,560
Total Receipts	\$	(11,031,220)	\$	-	\$	(11,031,220)
Total Appropriation (Requirements minus Receipts)	\$	17,718,352	\$	(851,572)	\$	16,866,780
Total Positions		0.000		0.000		0.000

The University of North Carolina (160xx)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>			<u>Revised</u> <u>2014-15</u>	<u>% Change</u>	<u>% Change</u>
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Net</u>	<u>Net</u>	<u>Recommended</u>		<u>from</u>	<u>from</u>
	<u>Actual</u>	<u>Certified</u>	<u>Certified</u>	<u>Recurring</u>	<u>Non-Recurring</u>	<u>Adjustment</u>		<u>2013-14</u>	<u>2014-15</u>
Total Requirements	\$ 4,256,834,231	\$ 4,150,831,095	\$ 4,148,800,495	\$ (69,274,628)	\$ 1,997,486	\$ (67,277,142)	\$ 4,081,523,353	(1.67)%	(1.62)%
Less Receipts	\$ 1,604,986,881	\$ 1,567,782,825	\$ 1,548,898,786	\$ (22,879,045)	\$ 5,000,000	\$ (17,879,045)	\$ 1,531,019,741	(2.34)%	(1.15)%
Total Appropriation	\$ 2,651,847,350	\$ 2,583,048,270	\$ 2,599,901,709	\$ (46,395,583)	\$ (3,002,514)	\$ (49,398,097)	\$ 2,550,503,612	(1.26)%	(1.90)%
Total Positions	-	34,957.220	34,966.020	(2.800)	-	(2.800)	34,963.220	0.02%	(0.01)%

	<u>Recurring</u>		<u>Non Recurring</u>		<u>Total</u>
	<u>Changes</u>		<u>Changes</u>		
1. Salary and Benefit Increase for UNC System Employees-- Funds are provided for a \$1,000 salary and benefit increase for all University of North Carolina employees, effective July 1, 2014.	Requirements	\$ 33,443,940	\$ -	\$ -	\$ 33,443,940
	Less Receipts	\$ -	\$ -	\$ -	\$ -
	Appropriation	\$ 33,443,940	\$ -	\$ -	\$ 33,443,940
	Positions	0.000	0.000	0.000	0.000
2. NC Scholarship for the Education for Returning Veterans (NC SERV) -- The Governor recommends using \$5 million of lottery funds to establish a pilot scholarship program for nonresident veterans who are working towards their first baccalaureate degree and plan to establish residency in the state. A minimum \$7,500 scholarship will be available to veterans who are within two years of exiting service from the Armed Forces of the United States under honorable conditions, have served at least four cumulative years, and were stationed in North Carolina for a portion of their military service. Eligible grant recipients must reside or have official Home of Record within North Carolina at the time of enrollment and must be matriculated and enrolled at least half time. The scholarship is limited to two semesters since recipients are expected to establish residency for tuition purposes after completing one year of coursework. Funds provided in 2014-15 will be used to make scholarship awards for the 2015-16 academic year.	Requirements	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000
	Less Receipts	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000
	Appropriation	\$ -	\$ -	\$ -	\$ -
	Positions	0.000	0.000	0.000	0.000
3. Convert Discovery into Innovation-- Funding is recommended to assist campuses in moving promising ideas, research, and technologies from the laboratory to the marketplace. This item provides competitive funding for proof-of-concept work, commercialization costs, and additional capacity to assess, protect, develop, and commercialize intellectual property.	Requirements	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
	Less Receipts	\$ -	\$ -	\$ -	\$ -
	Appropriation	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
	Positions	0.000	0.000	0.000	0.000

<p>4. NCSU - Next Generation Power Electronics Innovation Institute--The Governor recommends funding the State contribution for the establishment of a regional and national Wide Bandgap Institute at NCSU. This Institute will be part of the U.S. Department of Energy's National Network for Manufacturing Innovation for Wide Bandgap Semiconductors for Power Electronic Devices. The research and technology development resulting from this public/private consortium will significantly improve energy efficiency, reduce greenhouse gas emissions, and create sustained job growth. This \$2 million annual appropriation will continue for five years to meet the total state obligation of \$10 million.</p>	Requirements	\$	2,000,000	\$	-	\$	2,000,000
	Less Receipts	\$	-	\$	-	\$	-
	Appropriation	\$	2,000,000	\$	-	\$	2,000,000
	Positions		0.000		0.000		0.000
<p>5. CFNC Support--Federal loan program changes have resulted in the phasing-out of fees that have been used to fund operations of the College Foundation of North Carolina (CFNC). The Governor recommends temporary funding to partially support operations of CFNC until sufficient non-General Fund revenues are generated. In 2013-14, the operating budget for CFNC totaled \$5,850,000.</p>	Requirements	\$	-	\$	1,000,000	\$	1,000,000
	Less Receipts	\$	-	\$	-	\$	-
	Appropriation	\$	-	\$	1,000,000	\$	1,000,000
	Positions		0.000		0.000		0.000
<p>6. Internships and Career-Based Opportunities for HBCU Students--The Governor recommends funding to create a pilot internship program linking 60 students attending Historically Black Colleges and Universities (HBCUs) with North Carolina-based companies. ECSU and three HBCUs selected through a competitive application process will participate in the pilot. Of the three institutions selected, one must be an HBCU constituent institution of the UNC system and two must be private HBCU colleges or universities located in North Carolina. No more than 5% of funds may be used by UNC for the administration of this program.</p>	Requirements	\$	-	\$	317,500	\$	317,500
	Less Receipts	\$	-	\$	-	\$	-
	Appropriation	\$	-	\$	317,500	\$	317,500
	Positions		0.000		0.000		0.000
<p>7. WCU - Building Reserve for NCCAT Facilities--This item provides funds for the maintenance of facilities transferred to WCU from the NC Center for the Advancement of Teaching (NCCAT) upon discontinuation of the program.</p>	Requirements	\$	-	\$	259,124	\$	259,124
	Less Receipts	\$	-	\$	-	\$	-
	Appropriation	\$	-	\$	259,124	\$	259,124
	Positions		0.000		0.000		0.000
<p>8. NC Need-Based Scholarship--The North Carolina Need Based Scholarship (NCNBS) provides scholarship aid to state residents with financial need to attend a private college or university in the state. In 2011-12, lottery scholarships were no longer provided for students attending private institutions which had totaled approximately \$4.5 million annually. Since 2012-13, the General Assembly has appropriated a \$4.5 million nonrecurring reduction to need based scholarships. This recommendation continues this on a recurring basis. The 2013-14 and 2014-15 certified budget of \$86,351,588 is not changed by this item.</p>	Requirements	\$	4,500,000	\$	(4,500,000)	\$	-
	Less Receipts	\$	-	\$	-	\$	-
	Appropriation	\$	4,500,000	\$	(4,500,000)	\$	-
	Positions		0.000		0.000		0.000

9. 2% Management Flexibility Reduction--It is recommended that the UNC Board of Governors implement efficiencies to achieve a 2% savings from the UNC System's 2014-15 certified appropriation excluding financial aid, UNCA, UNCSA, NCSSM, ECSU, FSU, and WSSU. Before taking reductions in instructional budgets, the Board of Governors should consider faculty workload adjustments, restructuring research activities, span of control measures, reducing senior and middle management, eliminating redundant and low-enrollment programs, and use of alternative funding sources. This recommendation is a decrease of 1.8% from the UNC System's 2013-14 certified budget of \$2.58 billion.

Requirements	\$	(44,037,290)	\$	-	\$	(44,037,290)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(44,037,290)	\$	-	\$	(44,037,290)
Positions		0.000		0.000		0.000

10. Assess Same Tuition Rate for All Non-resident Full-Scholarship Students--This item repeals GS 116-143.6, which allows nonresident students who receive full scholarships to be considered in-state students for tuition purposes. In 2014-15, 446 scholarships would receive this waiver. The General Assembly repealed this tuition waiver for athletic scholarships in the 2010 Session Laws, Chapter 31, Section 9.25.

Requirements	\$	(9,325,958)	\$	-	\$	(9,325,958)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(9,325,958)	\$	-	\$	(9,325,958)
Positions		0.000		0.000		0.000

11. Optimize University Administrators--The Governor recommends the UNC System examine and implement workload efficiencies for senior administrators and middle management positions (EPA administrators) to curtail the recent growth in university administration. In allocating this reduction the UNC Board of Governors shall consider for each institution: 1) average salary of EPA administrators relative to the UNC System average, 2) number of EPA administrators relative to student enrollment and faculty positions, and 3) rate of growth of EPA administrator positions relative to rate of enrollment growth over the last decade.

Requirements	\$	(1,999,312)	\$	-	\$	(1,999,312)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(1,999,312)	\$	-	\$	(1,999,312)
Positions		0.000		0.000		0.000

12. UNC Centers and Institutes--A reduction to centers and institutes across the UNC System is recommended. The UNC Board of Governors shall consider allocating reductions to centers and institutes that are redundant, not involved in degree production, or not central to the educational mission of the constituent institution. This decrease of \$13.1 million is a 20% reduction to the 2013-14 appropriation supporting centers and institutes totaling \$65.6 million.

Requirements	\$	(13,125,000)	\$	-	\$	(13,125,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(13,125,000)	\$	-	\$	(13,125,000)
Positions		0.000		0.000		0.000

13. Revise Enrollment Growth Funding--Enrollment growth funding was provided by the General Assembly in the amount of \$29,124,491 in 2013-14 for an additional 503 FTE and \$55,838,115 in 2014-15 for an additional 1,952 FTE. Total budgeted student FTE is 200,704 in 2013-14 and 202,656 in 2014-15. UNC estimates that enrollment for 2014-15 will fall short of projections by 2,961 FTE resulting in a total FTE of 199,695. This represents a 0.5% decline in FTE since 2013-14 and is 1.5% lower than projected for 2014-15. The UNC enrollment funding model calculates a reduction for 2014-15 of \$1,773,018. Even with this reduction, enrollment growth funding will increase from the 2013-14 certified budget (see related item below).

Requirements	\$	(24,652,063)	\$	-	\$	(24,652,063)
Less Receipts	\$	(22,879,045)	\$	-	\$	(22,879,045)
Appropriation	\$	(1,773,018)	\$	-	\$	(1,773,018)
Positions		0.000		0.000		0.000

14. Reflect Full General Institutional Enrollment Decrease--The UNC enrollment growth formula includes a negative adjustment factor that buffers a campus from reductions to general institutional support. When enrollment declines, the UNC enrollment formula only reduces general institutional support by half. The Governor recommends that the full reduction to general institutional support be implemented. This item represents a 9.5% reduction to the 2014-15 certified budget for enrollment growth which totals \$55,838,115. Even with this reduction and updated enrollment growth projections reflecting declining enrollment, enrollment growth funding increases by \$19,614,181 from the 2013-14 certified budget.

Requirements	\$	(5,326,425)	\$	-	\$	(5,326,425)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(5,326,425)	\$	-	\$	(5,326,425)
Positions		0.000		0.000		0.000

15. Utility Budgets to Reflect Actual Expenditures--Utility budgets that exceed actual expenditures will be reduced at several campuses. Savings generated from energy efficiency measures that are dedicated to pay the debt service on energy performance contracts will be held harmless. In 2012-13, actual utility expenditures were \$191.1 million. This \$9.1 million decrease brings the 2014-15 utility budget for the UNC system to \$193.5 million. This represents a 2.1% decrease to the 2013-14 utility budget which totals \$197.8 million.

Requirements	\$	(9,128,060)	\$	-	\$	(9,128,060)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(9,128,060)	\$	-	\$	(9,128,060)
Positions		0.000		0.000		0.000

16. End Duplication of Funding for Teacher Prep Distance Education Programs--The Governor recommends that the Teacher Prep Distance Education Reserve no longer be funded since the enrollment growth formula provides campuses with funding for distance education programs. This is a 100% decrease to the 2013-14 and 2014-15 certified budget.

Requirements	\$	(1,801,861)	\$	-	\$	(1,801,861)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(1,801,861)	\$	-	\$	(1,801,861)
Positions		0.000		0.000		0.000

17. Adjust Building Reserves for Delayed Completion--The UNC certified budget for 2014-15 includes seven building reserves for facilities with delayed completion dates. This reduction adjusts the budget of those reserves to reflect updated completion dates as reported by the campuses.

Requirements	\$	(922,599)	\$	(79,138)	\$	(1,001,737)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(922,599)	\$	(79,138)	\$	(1,001,737)
Positions		(2.800)		0.000		(2.800)

18. Coastal Wave Energy Research--It is recommended that General Fund support for the Coastal Wave Energy Research Program be concluded. This is a 100% reduction to the 2013-14 and 2014-15 certified budget.

Requirements	\$	(1,900,000)	\$	-	\$	(1,900,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(1,900,000)	\$	-	\$	(1,900,000)
Positions		0.000		0.000		0.000

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	(69,274,628)	\$	1,997,486	\$	(67,277,142)
Total Receipts	\$	(22,879,045)	\$	5,000,000	\$	(17,879,045)
Total Appropriation (Requirements minus Receipts)	\$	(46,395,583)	\$	(3,002,514)	\$	(49,398,097)
Total Positions		(2.800)		0.000		(2.800)

General Government

Recognizes the hard work and contributions of the State's most valuable resource, its people, with a \$1,000 salary and benefit increase for each employee.

Invests \$520,000 in maintaining Tryon Palace and preserving North Carolina's historic heritage for our citizens and visitors.

Invests \$3,000,000 in a Challenge Grant to enable major hull repairs for the USS North Carolina Battleship, which will help preserve our military heritage.

Recognizes Agency Secretary initiatives to streamline and reorganize operations, identify management efficiencies and business process improvements that resulted in a reduction in 22 full time positions and the redirection of \$3.8M into high priority initiatives to improve government.

Upgrades the State's cash management system and business processes in human resources, payroll, budget management, taxation, data storage and accounting, which will allow the State Treasurer, State Controller and Department of Revenue to improve customer service to North Carolina citizens.

Invests in North Carolina youth by increasing funding for the Youth Advocacy and Information Office.

Supports small business development throughout the state by increasing support for the Historically Underutilized Business (HUB) Program.

General Assembly (11000)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change from 2013-14	% Change from 2014-15
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		Certified	Certified
Total Requirements	\$ 57,347,555	\$ 53,151,041	\$ 52,851,422	\$ 529,250	\$ -	\$ 529,250	\$ 53,380,672	0.43%	1.00%
Less Receipts	\$ 3,821,404	\$ 1,063,055	\$ 1,216,655	\$ -	\$ -	\$ -	\$ 1,216,655	14.45%	-%
Total Appropriation	\$ 53,526,151	\$ 52,087,986	\$ 51,634,767	\$ 529,250	\$ -	\$ 529,250	\$ 52,164,017	0.15%	1.02%
Total Positions	-	315.250	315.250	-	-	-	315.250	-%	-%

1. Salary and Benefit Increase for General Assembly Employees--Funds are provided for a \$1,000 salary and benefit increase for all General Assembly employees, effective July 1, 2014.	Recurring Changes		Non Recurring Changes		Total
	Requirements	\$ 529,250	\$ -	\$ -	\$ -
Less Receipts	\$ -	\$ -	\$ -	\$ -	\$ -
Appropriation	\$ 529,250	\$ -	\$ -	\$ -	\$ 529,250
Positions	0.000	0.000	0.000	0.000	0.000

Net Adjustments	Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$ 529,250	\$ -	\$ -	\$ -	\$ 529,250
Total Receipts	\$ -	\$ -	\$ -	\$ -	\$ -
Total Appropriation (Requirements minus Receipts)	\$ 529,250	\$ -	\$ -	\$ -	\$ 529,250
Total Positions	0.000	0.000	0.000	0.000	0.000

Office of the Governor (13000)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>			% Change	% Change	
	2012-13	2013-14	2014-15	Net	Net	Recommended	from	from	
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2013-14	2014-15	
							Certified	Certified	
Total Requirements	\$ 5,866,006	\$ 8,030,177	\$ 8,032,259	\$ (51,742)	\$ -	\$ (51,742)	\$ 7,980,517	(0.62)%	(0.64)%
Less Receipts	\$ 790,717	\$ 860,127	\$ 860,127	\$ -	\$ -	\$ -	\$ 860,127	-%	-%
Total Appropriation	\$ 5,075,289	\$ 7,170,050	\$ 7,172,132	\$ (51,742)	\$ -	\$ (51,742)	\$ 7,120,390	(0.69)%	(0.72)%
Total Positions	-	52.201	52.201	-	-	-	52.201	-%	-%

	Recurring	Non Recurring	Total
	Changes	Changes	
1. Salary and Benefit Increase for Office of Governor Employees --Funds are provided for a \$1,000 salary and benefit increase for all Office of the Governor employees, effective July 1, 2014.			
Requirements	\$ 51,700	\$ -	\$ 51,700
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ 51,700	\$ -	\$ 51,700
Positions	0.000	0.000	0.000

2. Management Flexibility Reduction --A management flexibility reduction of two percent (2%) will be identified in FY 2014-15.			
Requirements	\$ (103,442)	\$ -	\$ (103,442)
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ (103,442)	\$ -	\$ (103,442)
Positions	0.000	0.000	0.000

Net Adjustments	Recurring	Non Recurring	Total
	Changes	Changes	
Total Requirements	\$ (51,742)	\$ -	\$ (51,742)
Total Receipts	\$ -	\$ -	\$ -
Total Appropriation (Requirements minus Receipts)	\$ (51,742)	\$ -	\$ (51,742)
Total Positions	0.000	0.000	0.000

Office of State Budget and Management (13005)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>			% Change	% Change	
	2012-13 Actual	2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2014-15	from 2013-14 Certified	from 2014-15 Certified
Total Requirements	\$ 8,197,591	\$ 7,714,620	\$ 7,797,131	\$ (90,004)	\$ 500,000	\$ 409,996	\$ 8,207,127	6.38%	5.26%
Less Receipts	\$ 2,807,623	\$ 262,914	\$ 262,914	\$ -	\$ -	\$ -	\$ 262,914	-%	-%
Total Appropriation	\$ 5,389,967	\$ 7,451,706	\$ 7,534,217	\$ (90,004)	\$ 500,000	\$ 409,996	\$ 7,944,213	6.61%	5.44%
Total Positions	-	58.250	59.250	(1.000)	-	(1.000)	58.250	-%	(1.69)%

	Recurring Changes	Non Recurring Changes	Total
1. Salary and Benefit Increase for Office of State Budget and Management Employees --Funds are provided for a \$1,000 salary and benefit increase for all Office of State Budget and Management employees, effective July 1, 2014.	Requirements \$ 60,680	\$ -	\$ 60,680
	Less Receipts \$ -	\$ -	\$ -
	Appropriation \$ 60,680	\$ -	\$ 60,680
	Positions 0.000	0.000	0.000
2. Economic Modeling Tool --The Governor recommends \$500,000 for an economic modeling tool to inform and accurately analyze the state and local economic impacts of policy proposals.	Requirements \$ -	\$ 500,000	\$ 500,000
	Less Receipts \$ -	\$ -	\$ -
	Appropriation \$ -	\$ 500,000	\$ 500,000
	Positions 0.000	0.000	0.000
3. Reduce Software Licensing Fees and One Grants Assistant Position --This change reflects a reduction in licensing costs for IBM Cognos software used for the reporting component of the new Integrated Budget Information System (IBIS), as well as a reduction in software licensing fees and mainframe hosting fees associated with the legacy Budget System modules that were replaced by IBIS on July 1, 2013. The licensing and hosting fees reduction of \$100,000 reflects a change of 15% from the 2013-14 certified budget for operations and maintenance of \$644,547.	Requirements \$ (150,684)	\$ -	\$ (150,684)
	Less Receipts \$ -	\$ -	\$ -
	Appropriation \$ (150,684)	\$ -	\$ (150,684)
	Positions (1.000)	0.000	(1.000)

A vacant grants assistant position is also eliminated. The grants assistant position reduction of \$50,584 reflects a change of .82% from the 2013-14 personal services certified budget of \$6,212,926.

Net Adjustments	Recurring Changes	Non Recurring Changes	Total
Total Requirements	\$ (90,004)	\$ 500,000	\$ 409,996
Total Receipts	\$ -	\$ -	\$ -
Total Appropriation (Requirements minus Receipts)	\$ (90,004)	\$ 500,000	\$ 409,996
Total Positions	(1.000)	0.000	(1.000)

OSBM - Reserve for Special Appropriation (13085)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>			% Change from 2013-14 Certified	% Change from 2014-15 Certified	
	2012-13 Actual	2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment			Revised 2014-15
Total Requirements	\$ 1,732,346	\$ 4,912,000	\$ 1,520,000	\$ (20,000)	\$ 2,500,000	\$ 2,480,000	\$ 4,000,000	(18.57)%	163.16%
Less Receipts	\$ 85,017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-%	-%
Total Appropriation	\$ 1,647,329	\$ 4,912,000	\$ 1,520,000	\$ (20,000)	\$ 2,500,000	\$ 2,480,000	\$ 4,000,000	(18.57)%	163.16%
Total Positions	-	-	-	-	-	-	-	-%	-%

	Recurring Changes	Non Recurring Changes	Total
1. Initiate Challenge Grant for the USS North Carolina Battleship --This proposal initiates a Challenge Grant for the USS North Carolina Battleship to match \$5,000,000 in non-State revenue with \$3,000,000 in State appropriations. The purpose is to repair the shell plating of the hull of the Battleship. The proposed repair plan would include construction of a permanent bulkhead (coffer dam) around the perimeter of the ship to facilitate in-place repairs. The Challenge Grant requires the Battleship to raise \$3,000,000 in non-State revenue which the State would match with \$1,000,000 in appropriations. Once an additional \$2,000,000 (\$5,000,000 total) in non-State revenue had been raised, an additional matching State appropriation of \$2,000,000 would be released.	Requirements \$ -	\$ 3,000,000	\$ 3,000,000
	Less Receipts \$ -	\$ -	\$ -
	Appropriation \$ -	\$ 3,000,000	\$ 3,000,000
	Positions 0.000	0.000	0.000
2. Reduce Funding for NC Humanities Council --This proposal reduces state support for the NC Humanities Council. This is a 100% and \$20,000 change from the 2013-14 certified budget of \$20,000.	Requirements \$ (20,000)	\$ -	\$ (20,000)
	Less Receipts \$ -	\$ -	\$ -
	Appropriation \$ (20,000)	\$ -	\$ (20,000)
	Positions 0.000	0.000	0.000
3. Adjust Funding for the NC Symphony Challenge Grant --This proposal reduces the NC Symphony Challenge Grant from \$1.5 million to \$1.0 million. This is a 33% change from the 2013-14 certified budget of \$1,500,000.	Requirements \$ -	\$ (500,000)	\$ (500,000)
	Less Receipts \$ -	\$ -	\$ -
	Appropriation \$ -	\$ (500,000)	\$ (500,000)
	Positions 0.000	0.000	0.000
Net Adjustments			
Total Requirements	\$ (20,000)	\$ 2,500,000	\$ 2,480,000
Total Receipts	\$ -	\$ -	\$ -
Total Appropriation (Requirements minus Receipts)	\$ (20,000)	\$ 2,500,000	\$ 2,480,000
Total Positions	0.000	0.000	0.000

North Carolina Housing Finance Agency (13010)

	2012-13 Actual	<u>2013 Session Law-Enacted</u>		<u>2014 Legislative Session-Recommended Change</u>			Revised 2014-15	% Change from	% Change from
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2013-14 Certified	2014-15 Certified
Total Requirements	\$ 1,206,312	\$ 8,411,632	\$ 8,411,632	\$ -	\$ -	\$ -	\$ 8,411,632	-%	-%
Less Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-%	-%
Total Appropriation	\$ 1,206,312	\$ 8,411,632	\$ 8,411,632	\$ -	\$ -	\$ -	\$ 8,411,632	-%	-%
Total Positions	-	-	-	-	-	-	-	-%	-%

Office of the Lieutenant Governor (13100)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change from	% Change from
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2013-14 Certified	2014-15 Certified
Total Requirements	\$ 587,872	\$ 681,089	\$ 675,089	\$ (7,502)	\$ -	\$ (7,502)	\$ 667,587	(1.98)%	(1.11)%
Less Receipts	\$ 10,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-%	-%
Total Appropriation	\$ 577,865	\$ 681,089	\$ 675,089	\$ (7,502)	\$ -	\$ (7,502)	\$ 667,587	(1.98)%	(1.11)%
Total Positions	-	6.000	6.000	-	-	-	6.000	-%	-%

	Recurring Changes	Non Recurring Changes	Total
1. Salary and Benefit Increase for the Office of the Lieutenant Governor Employees --Funds are provided for a \$1,000 salary and benefit increase for all Office of the Lieutenant Governor employees, effective July 1, 2014.			
Requirements	\$6,000	\$0	\$6,000
Less Receipts	\$0	\$0	\$0
Appropriation	\$6,000	\$0	\$6,000
Positions	0.000	0.000	0.000

	Recurring Changes	Non Recurring Changes	Total
2. Adjust Operating Budget --This reduction to the travel, food supplies and telephone accounts represents a two percent (2%) budget reduction made possible through increased efficiencies and more closely matching the budget to actual expenditures.			
Requirements	(\$13,502)	\$0	(\$13,502)
Less Receipts	\$0	\$0	\$0
Appropriation	(\$13,502)	\$0	(\$13,502)
Positions	0.000	0.000	0.000

Net Adjustments	Recurring Changes	Non Recurring Changes	Total
Total Requirements	(\$7,502)	\$0	(\$7,502)
Total Receipts	\$0	\$0	\$0
Total Appropriation (Requirements minus Receipts)	(\$7,502)	\$0	(\$7,502)
Total Positions	0.000	0.000	0.000

Department of Secretary of State (13200)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change from	% Change from
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2013-14 Certified	2014-15 Certified
Total Requirements	\$ 11,726,069	\$ 11,636,808	\$ 11,636,808	\$ 73,750	\$ -	\$ 73,750	\$ 11,710,558	0.63%	0.63%
Less Receipts	\$ 198,051	\$ 61,625	\$ 61,625	\$ -	\$ -	\$ -	\$ 61,625	-%	-%
Total Appropriation	\$ 11,528,018	\$ 11,575,183	\$ 11,575,183	\$ 73,750	\$ -	\$ 73,750	\$ 11,648,933	0.64%	0.64%
Total Positions	-	173.750	173.750	-	-	-	173.750	-%	-%

	Recurring Changes	Non Recurring Changes	Total
1. Salary and Benefit Increase for Department of Secretary of State Employees --Funds are provided for a \$1,000 salary and benefit increase for all Department of Secretary of State employees, effective July 1, 2014			
Requirements	\$ 173,750	\$ -	\$ 173,750
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ 173,750	\$ -	\$ 173,750
Positions	0.000	0.000	0.000

2. Operating Budget Adjustments --Adjusts operating budgets in the General Administration, Publications, and Corporations divisions.			
Requirements	\$ (100,000)	\$ -	\$ (100,000)
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ (100,000)	\$ -	\$ (100,000)
Positions	0.000	0.000	0.000

Net Adjustments	Recurring Changes	Non Recurring Changes	Total
Total Requirements	\$ 73,750	\$ -	\$ 73,750
Total Receipts	\$ -	\$ -	\$ -
Total Appropriation (Requirements minus Receipts)	\$ 73,750	\$ -	\$ 73,750
Total Positions	0.000	0.000	0.000

Office of the State Auditor (13300)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change from	% Change from
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2013-14 Certified	2014-15 Certified
Total Requirements	\$ 15,441,029	\$ 16,699,472	\$ 16,699,472	\$ (102,348)	\$ 400,000	\$ 297,652	\$ 16,997,124	1.78%	1.78%
Less Receipts	\$ 5,439,207	\$ 5,482,004	\$ 5,482,004	\$ -	\$ -	\$ -	\$ 5,482,004	-%	-%
Total Appropriation	\$ 10,001,822	\$ 11,217,468	\$ 11,217,468	\$ (102,348)	\$ 400,000	\$ 297,652	\$ 11,515,120	2.65%	2.65%
Total Positions	-	172.000	172.000	(2.000)	-	(2.000)	170.000	(1.16)%	(1.16)%

		Recurring Changes	Non Recurring Changes	Total
1. Salary and Benefit Increase for Office of State Auditor Employees --Funds are provided for a \$1,000 salary and benefit increase for all Office of State Auditor employees, effective July 1, 2014.	Requirements	\$ 122,000	\$ -	\$ 122,000
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 122,000	\$ -	\$ 122,000
	Positions	0.000	0.000	0.000
2. Contractual Services Funding --These funds will increase Department's contractual services budget based on their need to conduct multiple upcoming audits that require expert assistance on a contractual basis. These specialized skills do not currently exist on staff. This is a 400% increase from the 2013-14 certified budget of \$50,000 for financial services and \$50,550 for miscellaneous contractual services.	Requirements	\$ -	\$ 400,000	\$ 400,000
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ -	\$ 400,000	\$ 400,000
	Positions	0.000	0.000	0.000
3. Personal Services Adjustment --Eliminates 2 vacant Assistant State Audit Manager positions. This is a 1.4% decrease from the 2013-14 certified personal services budget of \$15,632,899.	Requirements	\$ (224,348)	\$ -	\$ (224,348)
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ (224,348)	\$ -	\$ (224,348)
	Positions	(2.000)	0.000	(2.000)

Net Adjustments	Recurring Changes	Non Recurring Changes	Total
Total Requirements	\$ (102,348)	\$ 400,000	\$ 297,652
Total Receipts	\$ -	\$ -	\$ -
Total Appropriation (Requirements minus Receipts)	\$ (102,348)	\$ 400,000	\$ 297,652
Total Positions	(2.000)	0.000	(2.000)

Department of State Treasurer (13410)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change from	% Change from
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2013-14 Certified	2014-15 Certified
Total Requirements	\$ 46,008,906	\$ 49,622,617	\$ 47,462,832	\$ 77,521	\$ -	\$ 77,521	\$ 47,540,353	(4.20)%	0.16%
Less Receipts	\$ 39,610,979	\$ 41,484,727	\$ 40,436,527	\$ -	\$ -	\$ -	\$ 40,436,527	(2.53)%	-%
Total Appropriation	\$ 6,397,927	\$ 8,137,890	\$ 7,026,305	\$ 77,521	\$ -	\$ 77,521	\$ 7,103,826	(12.71)%	1.10%
Total Positions	-	358.940	358.940	-	-	-	358.940	-%	-%

		Recurring Changes	Non Recurring Changes	Total
1. Salary and Benefit Increase for Department of State Treasurer Employees --Funds are provided for a \$1,000 salary and benefit increase for all Department of State Treasurer employees, effective July 1, 2014.	Requirements	\$ 37,400	\$ -	\$ 37,400
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 37,400	\$ -	\$ 37,400
	Positions	0.000	0.000	0.000
2. Operations and Maintenance Costs - Cash Management System Upgrade --The Core Banking and Cash Management System Upgrades are a joint venture between State Controller and State Treasurer, which upgrades both central agency systems. During FY 2012-13, \$1,347,397 was appropriated for the Cash Management Upgrade; however, operations and maintenance costs were not included. This funding will provide ongoing maintenance and support costs for the new system. Funds for operations and maintenance of the Cash Management System Upgrade are appropriated to State Treasurer since the Department is the business owner for the combined project.	Requirements	\$ 180,821	\$ -	\$ 180,821
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 180,821	\$ -	\$ 180,821
	Positions	0.000	0.000	0.000
3. Operating Budget Adjustment --Adjusts budgets for other information services and computer data processing services accounts based on prior year actuals. This is a 34% decrease from the 2013-14 purchased services certified budget.	Requirements	\$ (140,700)	\$ -	\$ (140,700)
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ (140,700)	\$ -	\$ (140,700)
	Positions	0.000	0.000	0.000

Net Adjustments	Recurring Changes	Non Recurring Changes	Total
Total Requirements	\$ 77,521	\$ -	\$ 77,521
Total Receipts	\$ -	\$ -	\$ -
Total Appropriation (Requirements minus Receipts)	\$ 77,521	\$ -	\$ 77,521
Total Positions	0.000	0.000	0.000

State Treasurer - Retirement for Fire and Rescue Workers (13412)

	2012-13 Actual	<u>2013 Session Law-Enacted</u>		<u>2014 Legislative Session-Recommended Change</u>			Revised 2014-15	% Change from 2013-14	% Change from 2014-15
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2013-14 Certified	2014-15 Certified
Total Requirements	\$ 27,172,084	\$ 23,179,042	\$ 23,179,042	\$ -	\$ -	\$ -	\$ 23,179,042	-%	-%
Less Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-%	-%
Total Appropriation	\$ 27,172,084	\$ 23,179,042	\$ 23,179,042	\$ -	\$ -	\$ -	\$ 23,179,042	-%	-%
Total Positions	-	-	-	-	-	-	-	-%	-%

Department of Insurance

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change from	% Change from
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2013-14 Certified	2014-15 Certified
Total Requirements	\$ 64,535,342	\$ 60,489,411	\$ 60,499,031	\$ (146,045)	\$ -	\$ (146,045)	\$ 60,352,986	(0.23)%	(0.24)%
Less Receipts	\$ 29,057,579	\$ 22,495,407	\$ 22,495,407	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 23,495,407	4.45%	4.45%
Total Appropriation	\$ 35,477,764	\$ 37,994,004	\$ 38,003,624	\$ (1,146,045)	\$ -	\$ (1,146,045)	\$ 36,857,579	(2.99)%	(3.02)%
Total Positions	-	408.100	408.100	(7.800)	-	(7.800)	400.300	(1.91)%	(1.91)%

		Recurring Changes	Non Recurring Changes	Total
1. Salary and Benefit Increase for Department of Insurance Employees --Funds are provided for a \$1,000 salary and benefit increase for all Department of Insurance employees, effective July 1, 2014.	Requirements	\$ 367,910	\$ -	\$ 367,910
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 367,910	\$ -	\$ 367,910
	Positions	0.000	0.000	0.000
2. Budget increase in departmental receipts --Agent License Fees are paid by collection agencies (insurance agents, motor clubs, public adjusters, collection agencies, bail bondsmen, corporate licenses, premium finance companies, and insurance brokers) that do business in the State. Increasing the budget to account for fee collections would reduce department's budget by \$1,000,000 in appropriations.	Requirements	\$ -	\$ -	\$ -
	Less Receipts	\$ 1,000,000	\$ -	\$ 1,000,000
	Appropriation	\$ (1,000,000)	\$ -	\$ (1,000,000)
	Positions	0.000	0.000	0.000
3. Operating Adjustments --Adjusts budgets for contractual services and publication accounts. These are 6.9% and 62% decreases from 2013-14 certified budgets of \$861,125 and \$32,000, respectively.	Requirements	\$ (80,000)	\$ -	\$ (80,000)
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ (80,000)	\$ -	\$ (80,000)
	Positions	0.000	0.000	0.000
4. Personal Services Adjustment --Eliminates 4.8 vacant and 3 filled positions by restructuring and reorganizing operations. This is a 1.25% decrease from the 2013-14 personal services certified budget of \$34,640,008.	Requirements	\$ (433,955)	\$ -	\$ (433,955)
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ (433,955)	\$ -	\$ (433,955)
	Positions	(7.800)	0.000	(7.800)

Net Adjustments	Recurring Changes	Non Recurring Changes	Total
Total Requirements	\$ (146,045)	\$ -	\$ (146,045)
Total Receipts	\$ 1,000,000	\$ -	\$ 1,000,000
Total Appropriation (Requirements minus Receipts)	\$ (1,146,045)	\$ -	\$ (1,146,045)
Total Positions	(7.800)	0.000	(7.800)

Department of Administration (14100)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change from	% Change from
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2013-14 Certified	2014-15 Certified
Total Requirements	\$ 105,773,636	\$ 111,452,829	\$ 110,206,512	\$ 17,824,380	\$ 120,154	\$ 17,944,534	\$ 128,151,046	14.98%	16.28%
Less Receipts	\$ 44,604,675	\$ 43,885,804	\$ 43,159,479	\$ 18,268,588	\$ -	\$ 18,268,588	\$ 61,428,067	39.97%	42.33%
Total Appropriation	\$ 61,168,961	\$ 67,567,025	\$ 67,047,033	\$ (444,208)	\$ 120,154	\$ (324,054)	\$ 66,722,979	(1.25)%	(0.48)%
Total Positions	-	531.786	529.786	4.500	-	4.500	534.286	0.47%	0.85%

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		Recurring Changes	Non Recurring Changes	Total
1. Salary and Benefit Increase for Department of Administration Employees --Funds are provided for a \$1,000 salary and benefit increase for all Department of Administration employees, effective July 1, 2014.	Requirements	\$ 468,920	\$ -	\$ 468,920
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 468,920	\$ -	\$ 468,920
	Positions	0.000	0.000	0.000
2. Adjust Operating Budget for the Youth Advocacy and Involvement Office --This proposal adjusts the operating budget for the Youth Advocacy and Involvement Office to reflect actual expenditures. This is a 150% change from the 2013-14 certified operating budget of \$19,937.	Requirements	\$ 30,000	\$ -	\$ 30,000
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 30,000	\$ -	\$ 30,000
	Positions	0.000	0.000	0.000
3. Maintain Staffing Level at FY 2013-14 level for the Office for Historically Underutilized Businesses (HUB) --This proposal maintains the staffing level of HUB at the FY 2013-14 level to accommodate a variety of small business development initiatives throughout the state. Restoration of these two positions will enable the office to implement Executive Order 24 which requires HUB to increase the growth and sustainability of both small businesses and historically underutilized businesses within the State of North Carolina. This reflects no change from the 2013-14 certified budget.	Requirements	\$ 119,108	\$ -	\$ 119,108
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 119,108	\$ -	\$ 119,108
	Positions	2.000	0.000	2.000
4. Ensure Maintenance of Ocracoke Conference Facility --This proposal provides for maintenance of the Ocracoke Conference Facility with the elimination of the NC Center for the Advancement of Teaching (NCCAT). NCCAT's responsibility for facility maintenance will be transferred to the Department of Administration.	Requirements	\$ -	\$ 120,154	\$ 120,154
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ -	\$ 120,154	\$ 120,154
	Positions	0.000	0.000	0.000
5. Increase Operating Budget for Veterans Nursing Homes --This proposal extends budget adjustments required in FY 2013-14 to FY 2014-15. The expenditure increase, supported by receipts, is needed to accommodate additional operating expenses associated with the recent opening of two new facilities in Black Mountain and Kinston. This is a 77% change from the 2013-14 certified budget of \$23,788,342.	Requirements	\$ 18,268,588	\$ -	\$ 18,268,588
	Less Receipts	\$ 18,268,588	\$ -	\$ 18,268,588
	Appropriation	\$ -	\$ -	\$ -
	Positions	0.000	0.000	0.000

6. Transfer State Personnel Appeals Function to the Office of State Human Resources--This proposal transfers the state personnel appeals function from the Office of Administrative Hearings to the State Human Resources Commission within the Office of State Human Resources (OSHR). The transfer includes 2.0 Hearing Officers and .5 Administrative Assistant to manage adjudication of appeals by state employees. The increase of 2.5 FTEs and \$280,261 reflected here is matched by a comparable reduction reflected in the budget for the Office of Administrative Hearings. This is a 5% change from the personal services certified budget of \$5,471,994.

Requirements	\$	280,261	\$	-	\$	280,261
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	280,261	\$	-	\$	280,261
Positions		2.500		0.000		2.500

7. Restructure Operating Budget - Department of Administration--Management restructuring of operations achieves efficiencies and operating savings of two percent (2%) in the following Department of Administration programs: \$8,516 (Non-Public Education); \$12,727 (Historically Underutilized Businesses); \$35,000 (Veterans Affairs); \$16,341 (Management & Information Systems); \$11,818 (Human Resources); \$22,900 (Fiscal Management); \$28,823 (Office of the Secretary); \$59,212 (Purchasing & Contract); \$43,704 (State Construction); \$17,749 (State Property); \$300,000 (Janitorial Services in Facilities Management); and \$620,000 (Utility Accounts in Facilities Management).

Requirements	\$	(1,176,790)	\$	-	\$	(1,176,790)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(1,176,790)	\$	-	\$	(1,176,790)
Positions		0.000		0.000		0.000

8. Management Flexibility Reduction for the Office of State Human Resources (OSHR)--A management flexibility reduction of two percent (2%) of the budget for the Office of State Human Resources (OSHR) will be identified during FY 2014-15.

Requirements	\$	(142,368)	\$	-	\$	(142,368)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(142,368)	\$	-	\$	(142,368)
Positions		0.000		0.000		0.000

9. Reduce Operating Budget - State Ethics Commission--This reduction adjusts several operating accounts to achieve savings of two percent (2%).

Requirements	\$	(23,339)	\$	-	\$	(23,339)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(23,339)	\$	-	\$	(23,339)
Positions		0.000		0.000		0.000

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	17,824,380	\$	120,154	\$	17,944,534
Total Receipts	\$	18,268,588	\$	-	\$	18,268,588
Total Appropriation (Requirements minus Receipts)	\$	(444,208)	\$	120,154	\$	(324,054)
Total Positions		4.500		0.000		4.500

Department of Administration - Internal Service (74100)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>			% Change	% Change	
	2012-13	2013-14	2014-15	Net	Net	Recommended	from	from	
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2013-14	2014-15	
							Certified	Certified	
Total Requirements	\$ 96,417,356	\$ 70,849,508	\$ 70,849,508	\$ 32,898,151	\$ -	\$ 32,898,151	\$ 103,747,659	46.43%	46.43%
Less Receipts	\$ 99,173,072	\$ 76,712,774	\$ 76,712,774	\$ 32,898,151	\$ -	\$ 32,898,151	\$ 109,610,925	42.88%	42.88%
Change in FB	\$ (2,755,717)	\$ (5,863,266)	\$ (5,863,266)	\$ (608,536)	\$ -	\$ -	\$ (5,863,266)	0.00%	0.00%
Total Positions	-	175.500	175.500	-	-	-	175.500	-%	-%

1. Increase Operating Budget for Motor Fleet Management --This proposal extends a budget revision completed in FY 2013-14 to FY 2014-15 to more accurately match budget authority with actual receipts and expenditures. The increased expenditures, supported by receipts, are to resume the "best practice" vehicle replacement schedule. An estimated 800-1,000 vehicles will be replaced. This is a 26% change from the 2013-14 certified budget of \$40,799,693.

	Recurring	Non Recurring	Total
	Changes	Changes	
Requirements	\$ 10,979,483	\$ -	\$ 10,979,483
Less Receipts	\$ 10,979,483	\$ -	\$ 10,979,483
Change in FB	\$ -	\$ -	\$ -
Positions	0.000	0.000	0.000

2. Increase Operating Budget for Temporary Solutions--This proposal extends a budget revision completed in FY 2013-14 to FY 2014-15 to more accurately match budget authority with actual receipts and expenditures. The increased expenditures, supported by receipts, accommodate increased use of Temporary Solutions by state agencies with implementation of Executive Order No. 4 which requires all state agencies to employ temporary employees through Temporary Solutions. This is a 97% change from the 2013-14 certified budget of \$22,434,149.

	Recurring	Non Recurring	Total
	Changes	Changes	
Requirements	\$ 21,918,668	\$ -	\$ 21,918,668
Less Receipts	\$ 21,918,668	\$ -	\$ 21,918,668
Change in FB	\$ -	\$ -	\$ -
Positions	0.000	0.000	0.000

Net Adjustments	Recurring	Non Recurring	Total
	Changes	Changes	
Total Requirements	\$ 32,898,151	\$ -	\$ 32,898,151
Total Receipts	\$ 32,898,151	\$ -	\$ 32,898,151
Total Change in Fund Balance (Change in FB)	\$ -	\$ -	\$ -
Total Positions	0.000	0.000	0.000

Department of Administration - Internal Service - Special (74103)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>			% Change	% Change	
	2012-13 Actual	2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2014-15	from 2013-14 Certified	from 2014-15 Certified
Total Requirements	\$ 1,455,011	\$ 1,835,325	\$ 1,835,325	\$ 800,000	\$ -	\$ 800,000	\$ 2,635,325	43.59%	43.59%
Less Receipts	\$ 2,409,393	\$ 1,835,722	\$ 1,835,722	\$ 800,000	\$ -	\$ 800,000	\$ 2,635,722	43.58%	43.58%
Change in FB	\$ (954,382)	\$ (397)	\$ (397)	\$ (608,536)	\$ -	\$ -	\$ (397)	0.00%	0.00%
Total Positions	-	14.750	14.750	-	-	-	14.750	-%	-%

1. Increase Operating Budget for State Parking--This proposal increases operating expenditures for State Parking to complete several critical repair and maintenance projects and install security upgrades. This proposal increases budget authority to match actual expenditures and receipts. This represents a 43% change from the 2013-14 certified budget of \$1,835,722.

	Recurring Changes	Non Recurring Changes	Total
Requirements	\$ 800,000	\$ -	\$ 800,000
Less Receipts	\$ 800,000	\$ -	\$ 800,000
Change in FB	\$ -	\$ -	\$ -
Positions	0.000	0.000	0.000

Net Adjustments

	Recurring Changes	Non Recurring Changes	Total
Total Requirements	\$ 800,000	\$ -	\$ 800,000
Total Receipts	\$ 800,000	\$ -	\$ 800,000
Total Change in Fund Balance (Change in FB)	\$ -	\$ -	\$ -
Total Positions	0.000	0.000	0.000

Office of the State Controller (14160)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change from	% Change from
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2013-14 Certified	2014-15 Certified
Total Requirements	\$ 30,740,736	\$ 30,225,169	\$ 30,225,169	\$ (731,395)	\$ -	\$ (731,395)	\$ 29,493,774	(2.42)%	(2.42)%
Less Receipts	\$ 1,031,280	\$ 1,514,478	\$ 1,514,478	\$ (608,536)	\$ -	\$ (608,536)	\$ 905,942	(40.18)%	(40.18)%
Total Appropriation	\$ 29,709,456	\$ 28,710,691	\$ 28,710,691	\$ (122,859)	\$ -	\$ (122,859)	\$ 28,587,832	(0.43)%	(0.43)%
Total Positions	-	173.759	173.759	(4.750)	-	(4.750)	169.009	(2.73)%	(2.73)%

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		Recurring Changes	Non Recurring Changes	Total
1. Salary and Benefit Increase for Office of State Controller Employees --Funds are provided for a \$1,000 salary and benefit increase for all Office of State Controller employees, effective July 1, 2014.	Requirements	\$ 183,710	\$ -	\$ 183,710
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 183,710	\$ -	\$ 183,710
	Positions	0.000	0.000	0.000
2. Lease Increases --State Controller renewed lease on Bush Street building for next 3 years. Lease contained 2.5% annual inflationary rate increase; therefore, additional funds are needed to pay rent in upcoming years. This is a 1.5% increase from the 2013-14 certified rental budget of \$1,010,087.	Requirements	\$ 15,764	\$ -	\$ 15,764
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 15,764	\$ -	\$ 15,764
	Positions	0.000	0.000	0.000
3. Operating Budget Restoration --This item eliminates the transfer between State Controller's special and general fund budget codes by appropriating funds on a recurring basis to adequately support operating costs within the Department, which were previously funded by one-time special revenue transfers.	Requirements	\$ -	\$ -	\$ -
	Less Receipts	\$ (608,536)	\$ -	\$ (608,536)
	Appropriation	\$ 608,536	\$ -	\$ 608,536
	Positions	0.000	0.000	0.000
4. Oracle DSS Contract Increase --Decision Support System (DSS) is a statewide, web-based data warehouse that provides daily updates of financial transactions for the North Carolina Accounting System (NCAS). Oracle software is used for the database component of the application. ITS contracts with IBM, on behalf of state agencies, for various software licensing agreements. Additional funding is required due to an increase of \$21,000 in Oracle license fees for FY 2014-15. This is a 0.94% increase from the 2013-14 software maintenance agreements budget of \$2,214,807.	Requirements	\$ 21,000	\$ -	\$ 21,000
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 21,000	\$ -	\$ 21,000
	Positions	0.000	0.000	0.000

5. IBM Cognos DSS Contract Increase--Decision Support System (DSS) is a statewide, web-based data warehouse that provides daily updates of financial transactions for the North Carolina Accounting System (NCAS). Cognos software is used for presentation layer component of the application. ITS contracts with IBM, on behalf of state agencies, for various software licensing agreements. Additional funding supports a 40% increase in Cognos license fees for FY 2014-15. This is a 4.5% increase from the 2013-14 software maintenance agreements budget of \$2,214,807.

Requirements	\$	100,000	\$	-	\$	100,000
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	100,000	\$	-	\$	100,000
Positions		0.000		0.000		0.000

6. Personal Services Adjustment--Agency efforts to streamline and reorganize operations eliminates 3 filled and 1.75 vacant positions.

Requirements	\$	(531,783)	\$	-	\$	(531,783)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(531,783)	\$	-	\$	(531,783)
Positions		(4.750)		0.000		(4.750)

7. Operating Budget Adjustments--Adjusts budgets for communication and data processing accounts based on prior year actuals.

Requirements	\$	(520,086)	\$	-	\$	(520,086)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(520,086)	\$	-	\$	(520,086)
Positions		0.000		0.000		0.000

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	(731,395)	\$	-	\$	(731,395)
Total Receipts	\$	(608,536)	\$	-	\$	(608,536)
Total Appropriation (Requirements minus Receipts)	\$	(122,859)	\$	-	\$	(122,859)
Total Positions		(4.750)		0.000		(4.750)

Office of the State Controller - Special (24160)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change from	% Change from
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2013-14 Certified	2014-15 Certified
Total Requirements	\$ 43,771,847	\$ 24,475,381	\$ 15,262,056	\$ (608,536)	\$ -	\$ (608,536)	\$ 14,653,520	(40.13)%	(3.99)%
Less Receipts	\$ 56,486,136	\$ 8,419,536	\$ 8,419,536	\$ -	\$ -	\$ -	\$ 8,419,536	-%	-%
Change in FB	\$ (12,714,289)	\$ 16,055,845	\$ 6,842,520	\$ (608,536)	\$ -	\$ (608,536)	\$ 6,233,984	-61.17%	-8.89%
Total Positions	-	19.000	19.000	-	-	-	19.000	-%	-%

1. Operating Budget Adjustment - Special Fund--This item eliminates the transfer between State Controller's special and general fund budget codes. Appropriated funding on a recurring basis, to support operating costs within the Department, is reflected in State Controller's General Fund budget code, 14160.

	Recurring Changes	Non Recurring Changes	Total
Requirements	\$ (608,536)	\$ -	\$ (608,536)
Less Receipts	\$ -	\$ -	\$ -
Change in FB	\$ 608,536	\$ -	\$ 608,536
Positions	0.000	0.000	0.000

Net Adjustments

	Recurring Changes	Non Recurring Changes	Total
Total Requirements	\$ (608,536)	\$ -	\$ (608,536)
Total Receipts	\$ -	\$ -	\$ -
Total Change in Fund Balance (Change in FB)	\$ (608,536)	\$ -	\$ (608,536)
Total Positions	0.000	0.000	0.000

Department of Revenue (14700)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>				% Change	% Change
	2012-13	2013-14	2014-15	Net	Net	Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2014-15	2013-14	2014-15
Total Requirements	\$ 108,057,386	\$ 117,771,888	\$ 117,469,428	\$ 18,087,110	\$ 1,559,805	\$ 19,646,915	\$ 137,116,343	16.43%	16.73%
Less Receipts	\$ 31,610,081	\$ 36,772,970	\$ 36,572,970	\$ 18,776,229	\$ 1,559,805	\$ 20,336,034	\$ 56,909,004	54.76%	55.60%
Total Appropriation	\$ 76,447,305	\$ 80,998,918	\$ 80,896,458	\$ (689,119)	\$ -	\$ (689,119)	\$ 80,207,339	(0.98)%	(0.85)%
Total Positions	-	1,427.250	1,427.250	116.000	-	116.000	1,543.250	8.13%	8.13%

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		Recurring	Non Recurring	Total
		Changes	Changes	
1. Salary and Benefit Increase for Department of Revenue Employees --Funds are provided for a \$1,000 salary and benefit increase for all Department of Revenue employees, effective July 1, 2014.	Requirements	\$ 930,250	\$ -	\$ 930,250
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 930,250	\$ -	\$ 930,250
	Positions	0.000	0.000	0.000
2. Golden LEAF Positions --In 2003, Golden LEAF provided up to \$90,000 to fund Department of Revenue staff focused on enforcing terms of the Master Settlement Agreement (MSA). S.L. 2013-360 diverted all future MSA proceeds from the Foundation; therefore, funding for 2 positions were eliminated. Department of Revenue has continued operations supporting administration of the MSA. This appropriation restores funding for the 2 FTEs that were previously eliminated. This is a 1% increase from the 2013-14 personal services certified budget of \$11,523,208.	Requirements	\$ 96,870	\$ -	\$ 96,870
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 96,870	\$ -	\$ 96,870
	Positions	2.000	0.000	2.000
3. Outbound Mail Services --Department plans to implement a new tax system that offers multi-paged tax notices to taxpayers. Existing equipment is aging and has limited capabilities that only allow for single page notices. These funds will enable Revenue to contract with a third-party vendor to cover costs of outbound mail services that can produce multi-page notices in a customer-friendly format for taxpayers.	Requirements	\$ 541,125	\$ -	\$ 541,125
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 541,125	\$ -	\$ 541,125
	Positions	0.000	0.000	0.000
4. Asheville Office Lease Increase --The Asheville Office lease costs increased based on expansion requirements to meet IRS 1075 security mandates. To meet these safety standards, the Asheville Office was expanded so LAN room would be self-contained, with locking doors for limited access. This is a 7% increase from the 2013-14 rental budget of \$1,468,331.	Requirements	\$ 103,061	\$ -	\$ 103,061
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 103,061	\$ -	\$ 103,061
	Positions	0.000	0.000	0.000

5. Guilford Call Center--Currently, the State's only Call Center is located in Rocky Mount. The Call Center's major function is to receive calls from taxpayers wishing to discuss, dispute, or settle assessments. The Department plans a secondary Center, in Guilford County, as a supplemental, redundant facility within the State. Funding for the Guilford County Call Center will come from the 20% Collection Assistance Fee. G.S. 105-243.1 requires Department of Revenue to assess a 20% fee against a final collections bill that is more than 90 days overdue. Fees collected are used by the Department to cover personnel and other costs associated with delinquent tax collections.

Requirements	\$	7,027,359	\$	1,477,585	\$	8,504,944
Less Receipts	\$	7,027,359	\$	1,477,585	\$	8,504,944
Appropriation	\$	-	\$	-	\$	-
Positions		107.000		0.000		107.000

6. Criminal Investigation Division (CID) Special Agents--When civil methods do not achieve compliance with State tax laws, cases are turned over to Department's Criminal Investigations Division. Additional staffing will increase Revenue's ability to criminally pursue individuals and business owners in order to prohibit them from operating and to collect on monies owed the State. Funding for additional personnel will come from the 20% Collection Assistance Fee. G.S. 105-243.1 requires Department of Revenue to assess a 20% fee against a final collections bill that is more than 90 days overdue. Fees collected are used by the Department to cover personnel and other costs associated with delinquent tax collections.

Requirements	\$	342,634	\$	15,645	\$	358,279
Less Receipts	\$	342,634	\$	15,645	\$	358,279
Appropriation	\$	-	\$	-	\$	-
Positions		3.000		0.000		3.000

7. Local Government Division - Additional Positions--The Local Government Division only has one auditor who goes out into the field to conduct audits and educate taxpayers on correcting filing problems related to refunds. Entities claiming refunds must properly claim county refunds where taxes were originally paid, otherwise monthly sales and use tax distributions to local governments will be allocated incorrectly. Therefore, 4 Auditors and a Tax Research Analyst are recommended to the Local Government Division to audit refund requests from nonprofits and governmental units to determine if refunds were filed correctly. Funding for additional personnel will come from local sales and use tax receipts. This is a 25% increase from the 2013-14 personal services certified budget of \$1,587,597, and a 3% increase from the 2013-14 operating certified budget of \$1,200.

Requirements	\$	400,575	\$	36,575	\$	437,150
Less Receipts	\$	400,575	\$	36,575	\$	437,150
Appropriation	\$	-	\$	-	\$	-
Positions		5.000		0.000		5.000

8. Increase Budget for MotoTax Project--The MotoTax Project is a program, authorized by the 2005 General Assembly, that collects vehicle property taxes and registration renewals, and allows payment of both at the same time. This project is jointly supported by Department of Revenue and Department of Transportation. The system went live in fall 2013, and Department of Transportation requested that Department of Revenue take over expenditures for software, hardware, general maintenance and support since the Vehicle Tax System is hosted by Revenue. This budget increase will enable Revenue to pay for expenditures associated with the program. Funding for project support comes from property tax collections on motor vehicles collected by the Division of Motor Vehicles, on behalf of counties.

Requirements	\$	795,236	\$	-	\$	795,236
Less Receipts	\$	795,236	\$	-	\$	795,236
Appropriation	\$	-	\$	-	\$	-
Positions		0.000		0.000		0.000

9. Locator Services--This item budgets an increase of the locator services cap so the Department of Revenue can gather more information on delinquent taxpayers. Locator services allow the Department to acquire addresses, phone numbers, and asset information for taxpayers who owe tax debts. Funding for the increase will come from the 20% Collection Assistance Fee. G.S. 105-243.1 requires Department of Revenue to assess a 20% fee against a final collections bill that is more than 90 days overdue. Fees collected are used by the Department to cover personnel and other costs associated with delinquent tax collections. G.S. 105-243.1(e)(3) is recommended to be revised to raise cap on locator services from no more than \$150,000 per year to \$500,000 annually.

Requirements	\$	350,000	\$	-	\$	350,000
Less Receipts	\$	350,000	\$	-	\$	350,000
Appropriation	\$	-	\$	-	\$	-
Positions		0.000		0.000		0.000

10. ABC Permit/Tax Compliance Program--Department of Revenue will utilize Collection Assistance Fee receipts to implement software applications that will match applicants for ABC retail permits against compliance with all State tax statutes prior to receiving permits.

Requirements	\$	-	\$	30,000	\$	30,000
Less Receipts	\$	-	\$	30,000	\$	30,000
Appropriation	\$	-	\$	-	\$	-
Positions		0.000		0.000		0.000

11. Collection Agency Service--Department of Revenue will utilize Collection Assistance Fee receipts to cover contingency fees charged for cases turned over to a third party collection agency. Funds will only be spent once collections occur. Percentage of collection on receivables is unknown at this time; however, the \$7.5 million is an upper limit authorization for use of receipts.

Requirements	\$	7,500,000	\$	-	\$	7,500,000
Less Receipts	\$	7,500,000	\$	-	\$	7,500,000
Appropriation	\$	-	\$	-	\$	-
Positions		0.000		0.000		0.000

12. Fund source transfer to Collection Assistance Fee--Personal services and operating budget adjustments convert 1 additional FTE from appropriations to Collection Assistance Fee support. This brings the total agency position count supported by the Fee to 356. Operating costs associated with fee-supported personnel were also proportionately assigned to the Collection Assistance Fee.

Requirements	\$	-	\$	-	\$	-
Less Receipts	\$	2,360,425	\$	-	\$	2,360,425
Appropriation	\$	(2,360,425)	\$	-	\$	(2,360,425)
Positions		(1.000)		0.000		(1.000)

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	18,087,110	\$	1,559,805	\$	19,646,915
Total Receipts	\$	18,776,229	\$	1,559,805	\$	20,336,034
Total Appropriation (Requirements minus Receipts)	\$	(689,119)	\$	-	\$	(689,119)
Total Positions		116.000		0.000		116.000

Department of Revenue - IT Projects (24708)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>				<u>% Change</u>	<u>% Change</u>
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Net</u>	<u>Net</u>	<u>Recommended</u>	<u>Revised</u>	<u>from</u>	<u>from</u>
	<u>Actual</u>	<u>Certified</u>	<u>Certified</u>	<u>Recurring</u>	<u>Non-Recurring</u>	<u>Adjustment</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>
Total Requirements	\$ 11,415,501	\$ 62,946,520	\$ 51,072,201	\$ -	\$ 17,754,942	\$ 17,754,942	\$ 68,827,143	9.34%	34.76%
Less Receipts	\$ 16,275,600	\$ 27,921,919	\$ 27,921,919	\$ -	\$ 17,754,942	\$ 17,754,942	\$ 45,676,861	63.59%	63.59%
Change in FB	\$ (4,860,099)	\$ 35,024,601	\$ 23,150,282	\$ -	\$ -	\$ -	\$ 23,150,282	-33.90%	0.00%
Total Positions	-	7.000	7.000	-	-	-	7.000	-%	-%

1. Tax Information Management System (TIMS) Additional Funding--Tax Information Management System (TIMS) is a tax management project that will modernize the State's processing and management of tax information. This project is a private-public partnership that generates benefits and tax revenue for the State's General Fund. \$10.2 million of those collected receipts will be used to support the System's release 3, which is used for several tax schedules including: alcoholic beverages, tobacco products, estate and gift tax, etc. Costs will also cover software purchases, contractors for upgrades, and establishing a TIMS redundancy site at the Western Data Center, which is an Information Technology Services requirement.

	<u>Recurring</u>	<u>Non Recurring</u>	<u>Total</u>
	<u>Changes</u>	<u>Changes</u>	
Requirements	\$ -	\$ 10,205,942	\$ 10,205,942
Less Receipts	\$ -	\$ 10,205,942	\$ 10,205,942
Change in FB	\$ -	\$ -	\$ -
Positions	0.000	0.000	0.000

2. Collection E-Service--Collection Assistance Fee receipts will be used to implement an e-garnishment project that will automate management of the garnishment process, verification of NC-3s and W-2s, web portal for installment payments, and a decision analytics framework.

Requirements	\$ -	\$ 7,549,000	\$ 7,549,000
Less Receipts	\$ -	\$ 7,549,000	\$ 7,549,000
Change in FB	\$ -	\$ -	\$ -
Positions	0.000	0.000	0.000

<u>Net Adjustments</u>	<u>Recurring</u>	<u>Non Recurring</u>	<u>Total</u>
	<u>Changes</u>	<u>Changes</u>	
Total Requirements	\$ -	\$ 17,754,942	\$ 17,754,942
Total Receipts	\$ -	\$ 17,754,942	\$ 17,754,942
Total Change in Fund Balance (Change in FB)	\$ -	\$ -	\$ -
Total Positions	0.000	0.000	0.000

Department of Cultural Resources (14800)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change from	% Change from
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2013-14 Certified	2014-15 Certified
Total Requirements	\$ 73,032,155	\$ 71,986,418	\$ 71,324,373	\$ 757,664	\$ -	\$ 757,664	\$ 72,082,037	0.13%	1.06%
Less Receipts	\$ 9,434,028	\$ 8,316,273	\$ 8,316,273	\$ -	\$ -	\$ -	\$ 8,316,273	-%	-%
Total Appropriation	\$ 63,598,127	\$ 63,670,145	\$ 63,008,100	\$ 757,664	\$ -	\$ 757,664	\$ 63,765,764	0.15%	1.20%
Total Positions	-	673.924	673.924	(6.000)	-	(6.000)	667.924	(0.89)%	(0.89)%

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		Recurring Changes	Non Recurring Changes	Total
1. Salary and Benefit Increase for Department of Cultural Resources Employees --Funds are provided for a \$1,000 salary and benefit increase for all Department of Cultural Resources employees, effective July 1, 2014.	Requirements	\$ 629,380	\$ -	\$ 629,380
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 629,380	\$ -	\$ 629,380
	Positions	0.000	0.000	0.000
2. Maintain Funding to Tryon Palace at the FY 2013-14 Level --This proposal supports continuation of the FY 2013-14 level of funding by restoring \$400,000 for staffing and \$120,000 for utilities. This funding level will enable Tryon Palace to maintain basic operations, particularly with the recent addition of the History Education Center in FY 2010-2011. Retaining these nine positions will help ensure continued innovative programs and events to increase visitation by first-time and repeat guests and grow revenues. The staffing budget represents no change from the 2013-14 personal services certified budget of \$2,498,471 as reductions were planned for implementation in 2014-15.	Requirements	\$ 520,000	\$ -	\$ 520,000
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 520,000	\$ -	\$ 520,000
	Positions	0.000	0.000	0.000
3. Restore Agency-wide Budget Integrity --This proposal restores various underfunded accounts during 2014-15 in Archives and Records and Historic Preservation in the amount of \$95,419. Basic operational support is also provided for recurring worker's compensation and disability claims in the amount of \$104,273.	Requirements	\$ 199,692	\$ -	\$ 199,692
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 199,692	\$ -	\$ 199,692
	Positions	0.000	0.000	0.000
4. Continue Strategic Marketing Program --This proposal continues the strategic marketing program which supports an on-line calendar/social media contract to advertise attractions and special events at all 27 historic sites and 7 museums. This digital calendar is used by the Department of Public Instruction for curriculum support as well as by the Department of Commerce for visitor outreach programs. The amount is an 18% change from the 2013-14 certified budget amount of \$53,000.	Requirements	\$ 43,000	\$ -	\$ 43,000
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 43,000	\$ -	\$ 43,000
	Positions	0.000	0.000	0.000

5. Reorganize Staff Agency-wide--Management efficiencies and reorganization eliminate one Regional Manager for Historic Sites and one Box Office Employee at the Museum of Art. The reduction of one position in Historic Sites is a 1.1% change from the personal services certified budget of \$6,186,915. The reduction of one position at the Museum of Art is a .5% change from the personal services certified budget of \$6,370,373.

Requirements	\$	(102,959)	\$	-	\$	(102,959)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(102,959)	\$	-	\$	(102,959)
Positions		(2.000)		0.000		(2.000)

6. Reduce Aid to Libraries--This proposal establishes a cap of \$400,000 on the amount of Library State Aid provided to local jurisdictions. The impact is a change of \$142,000 each to Wake and Mecklenburg counties. This is a 2% change from the 2013-14 certified budget of \$13,491,033. A total amount of \$13,207,033 will be available to support local libraries.

Requirements	\$	(284,000)	\$	-	\$	(284,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(284,000)	\$	-	\$	(284,000)
Positions		0.000		0.000		0.000

7. Modernize and Streamline Historical Publications Program--This proposal eliminates four positions and streamlines program operations to continue to meet statutory program delivery requirements. Continued publication of The North Carolina Historical Review, one of the best known scholarly journals of state history, is assured. This is a 58% change from the 2013-14 certified budget of \$420,933.

Requirements	\$	(247,449)	\$	-	\$	(247,449)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(247,449)	\$	-	\$	(247,449)
Positions		(4.000)		0.000		(4.000)

Net Adjustments		Recurring		Non Recurring		Total
		Changes		Changes		
Total Requirements	\$	757,664	\$	-	\$	757,664
Total Receipts	\$	-	\$	-	\$	-
Total Appropriation (Requirements minus Receipts)	\$	757,664	\$	-	\$	757,664
Total Positions		(6.000)		0.000		(6.000)

Roanoke Island Commission (14802)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change	% Change
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		from 2013-14 Certified	from 2014-15 Certified
Total Requirements	\$1,058,757	\$750,000	\$750,000	(\$9,000)	-	(\$9,000)	\$741,000	(1.20)%	(1.20)%
Less Receipts	-	\$300,000	\$300,000	-	-	-	\$300,000	-%	-%
Total Appropriation	\$1,058,757	\$450,000	\$450,000	(\$9,000)	-	(\$9,000)	\$441,000	(2.00)%	(2.00)%
Total Positions	-	-	-	-	-	-	-	-%	-%

1. Reduce Appropriation to Roanoke Island Commission by Two Percent (2%)--This proposal reduces the appropriation to the Roanoke Island Commission by two percent (2%) from the 2013-14 certified budget of \$450,000.	Recurring Changes		Non Recurring Changes		Total
	Requirements	\$ (9,000)	\$ -	\$ -	\$ -
Receipts	\$ -	\$ -	\$ -	\$ -	-
Appropriation	\$ (9,000)	\$ -	\$ -	\$ -	(9,000)
Positions	0.000	0.000	0.000	0.000	0.000

Net Adjustments	Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$ (9,000)	\$ -	\$ -	\$ -	(9,000)
Total Receipts	\$ -	\$ -	\$ -	\$ -	-
Total Appropriation (Requirements minus Receipts)	\$ (9,000)	\$ -	\$ -	\$ -	(9,000)
Total Positions	0.000	0.000	0.000	0.000	0.000

State Board of Elections (18025)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>			% Change	% Change
	2012-13	2013-14	2014-15	Net	Net	Recommended	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2013-14	2014-15
							Certified	Certified
Total Requirements	\$ 5,061,863	\$ 5,464,249	\$ 5,855,120	\$ (66,415)	\$ -	\$ (66,415)	5.94%	(1.13)%
Less Receipts	\$ 403,973	\$ 161,876	\$ 161,876	\$ -	\$ -	\$ -	-%	-%
Total Appropriation	\$ 4,657,890	\$ 5,302,373	\$ 5,693,244	\$ (66,415)	\$ -	\$ (66,415)	6.12%	(1.17)%
Total Positions	-	52.520	54.520	-	-	-	3.81%	-%

1. Salary and Benefit Increase for State Board of Elections Employees--Funds are provided for a \$1,000 salary and benefit increase for all State Board of Elections employees, effective July 1, 2014.

	Recurring Changes	Non Recurring Changes	Total
Requirements	\$ 51,000	\$ -	\$ 51,000
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ 51,000	\$ -	\$ 51,000
Positions	0.000	0.000	0.000

2. Adjusts contractual services--Adjust contractual services budget to more accurately reflect projected expenditures.

	Recurring Changes	Non Recurring Changes	Total
Requirements	\$ (117,415)	\$ -	\$ (117,415)
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ (117,415)	\$ -	\$ (117,415)
Positions	0.000	0.000	0.000

Net Adjustments

	Recurring Changes	Non Recurring Changes	Total
Total Requirements	\$ (66,415)	\$ -	\$ (66,415)
Total Receipts	\$ -	\$ -	\$ -
Total Appropriation (Requirements minus Receipts)	\$ (66,415)	\$ -	\$ (66,415)
Total Positions	0.000	0.000	0.000

Office of Administrative Hearings (18210)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change from	% Change from
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2013-14 Certified	2014-15 Certified
Total Requirements	\$ 7,339,418	\$ 7,024,135	\$ 6,809,622	\$ (267,169)	\$ -	\$ (267,169)	\$ 6,542,453	(6.86)%	(3.92)%
Less Receipts	\$ 3,305,004	\$ 1,782,492	\$ 1,782,492	\$ -	\$ -	\$ -	\$ 1,782,492	-%	-%
Total Appropriation	\$ 4,034,413	\$ 5,241,643	\$ 5,027,130	\$ (267,169)	\$ -	\$ (267,169)	\$ 4,759,961	(9.19)%	(5.31)%
Total Positions	-	45.000	45.000	(2.500)	-	(2.500)	42.500	(5.56)%	(5.56)%

		Recurring Changes	Non Recurring Changes	Total
1. Salary and Benefit Increase for Office of Administrative Hearings Employees --Funds are provided for a \$1,000 salary and benefit increase for all Office of Administrative Hearings employees, effective July 1, 2014.	Requirements	\$ 45,000	\$ -	\$ 45,000
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 45,000	\$ -	\$ 45,000
	Positions	0.000	0.000	0.000
2. Realign Personnel to Achieve Savings --This adjustment represents the net savings achieved through personnel realignment to meet revised workload and tasks. This is a 0.80% change from the 2013-14 certified personal services budget of \$3,992,780.	Requirements	\$ (31,908)	\$ -	\$ (31,908)
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ (31,908)	\$ -	\$ (31,908)
	Positions	0.000	0.000	0.000
3. Transfer State Personnel Appeals Function to State Human Resources Commission --This proposal transfers the state employee appeals process from the Office of Administrative Hearings to the State Human Resources Commission in the Office of State Human Resources (OSHR). Authority for 2.5 FTEs and a total of \$280,261 will be transferred to OSHR. The move is intended to streamline the appeals process. Appeal to the Superior Court remains an option for state employees.	Requirements	\$ (280,261)	\$ -	\$ (280,261)
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ (280,261)	\$ -	\$ (280,261)
	Positions	(2.500)	0.000	(2.500)

Net Adjustments	Recurring Changes	Non Recurring Changes	Total
Total Requirements	\$ (267,169)	\$ -	\$ (267,169)
Total Receipts	\$ -	\$ -	\$ -
Total Appropriation (Requirements minus Receipts)	\$ (267,169)	\$ -	\$ (267,169)
Total Positions	(2.500)	0.000	(2.500)

Health and Human Services

Salary Increase

Invests \$6 million in new state funding to provide the State share for a \$1,000 salary and benefit increase for all Department of Health and Human Services employees, effective July 1, 2014.

Child Protection, Foster Care and NC Pre K

Strengthens the state's oversight of child welfare services to vulnerable children by adding \$2.7 million and 30 positions to create and deploy teams to monitor child welfare programs in county social service agencies. These teams will review child protective services functions, foster care services, and adoption services.

Adds \$5 million to ensure the state meets its obligation to fully support the growing caseload and state expenses associated with Foster Care assistance payments. These payments are made to foster parents for a foster child's room, board and other living expenses.

Invests an additional \$3.6 million in the NC Pre-K program. This program serves more than 26,000 at-risk four-year-old children to enhance school readiness.

Medicaid

Maintains the current level of funding in the Medicaid budget for 2014-15. Over the course of the 2013-15 biennium, the State's investment in Medicaid has grown from \$3.1 billion in the enacted 2012-13 budget to \$3.6 billion in the 2014-15 enacted budget, just over \$506 million. Funding in the second year of the biennium, when compared to 2013-14, allows for Medicaid rebase growth of \$123 million and a net overall increase in Medicaid funding of \$146 million (net of all savings and increases enacted) in fiscal year 2014-15.

Invests \$50 million in a new statewide Medicaid Risk Reserve to allow for variance in budget estimating due to data limitations and the potential for greater than anticipated Medicaid spending. Funds in the reserve would be used only if required for Medicaid obligations and only with approval of the Director of the Budget,

Central Management and Support Aging and Adult Services Child Development and Early Education
Public Health Social Services Medical Assistance NC Health Choice
Mental Health/Developmental Disabilities/Substance Abuse Services
Services for the Blind, Deaf and Hard of Hearing Health Services Regulation Vocational Rehabilitation

and funds remaining at fiscal year-end will be transferred to the State's Savings Reserve Fund. At \$50 million, the risk reserve allows for approximately 1.4% variance in the total \$3.6 billion Medicaid State budget.

Provides \$1 million in one-time startup costs to begin Medicaid reform.

Mental Health, Developmental Disabilities and Substance Abuse

Redirects \$10.7 million in administrative savings within the Division of Mental Health, Developmental Disabilities and Substance Abuse Services to shore up the financial footing of State-operated facilities providing critical in-patient care.

Includes \$6.1 million in federal block grant funded expansion of the community based crisis services system. System enhancements include Emergency Department diversion services (group home training and paramedic mobile crisis), expanded alternative treatment settings (walk-in crisis and peer run centers) and transition care. Funding is also included for the Governor's Substance Abuse Prevention and Treatment Initiative, which includes a five campus UNC System pilot to curb underage drinking and provide treatment and recovery services.

Core Public Health Functions

Bolsters the Office of Chief Medical Examiner with \$1 million in new funding to support three regional centers that are essential partners in the medical examiner system in North Carolina and increase compensation to medical examiners for performing medicolegal exams.

Provides \$350,000 in new funding to help improve the processing time for birth certificates and other records and improve customer service provided to the public by the Vital Records agency.

Efficiencies and General Fund Savings

Identifies operational efficiencies and maximizes federal block grants and other receipts throughout the Department of Health and Human Services to maintain existing service levels and continue development of major information technology projects while reducing the demands on the State's General Fund revenues.

Health and Human Services (144xx)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change	% Change
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		from 2013-14 Certified	from 2014-15 Certified
Total Requirements	\$ 17,896,294,301	\$ 18,381,623,666	\$ 18,749,066,470	\$ 59,014,852	\$ 11,361,977	\$ 70,376,829	\$ 18,819,443,299	2.38%	0.38%
Less Receipts	\$ 12,891,308,763	\$ 13,387,835,343	\$ 13,611,391,895	\$ 171,629,742	\$ 21,339,947	\$ 192,969,689	\$ 13,804,361,584	3.11%	1.42%
Total Appropriation	\$ 5,004,985,538	\$ 4,993,788,323	\$ 5,137,674,575	\$ (112,614,890)	\$ (9,977,970)	\$ (122,592,860)	\$ 5,015,081,715	0.43%	-2.39%
Total Positions	-	17,498.687	17,416.487	(5.750)	16.000	10.250	17,426.737	-0.41%	0.06%

Division of Central Management and Support (14410)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>				<u>% Change</u>	<u>% Change</u>
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Net</u>	<u>Net</u>	<u>Recommended</u>	<u>Revised</u>	<u>from</u>	<u>from</u>
	<u>Actual</u>	<u>Certified</u>	<u>Certified</u>	<u>Recurring</u>	<u>Non-Recurring</u>	<u>Adjustment</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>
							<u>Certified</u>	<u>Certified</u>	
Total Requirements	\$ 125,908,514	\$ 143,382,031	\$ 145,897,230	\$ (2,522,150)	\$ 9,361,977	\$ 6,839,827	\$ 152,737,057	6.52%	4.69%
Less Receipts	\$ 65,974,192	\$ 69,595,902	\$ 69,595,902	\$ 120,000	\$ 9,361,977	\$ 9,481,977	\$ 79,077,879	13.62%	13.62%
Total Appropriation	\$ 59,934,322	\$ 73,786,129	\$ 76,301,328	\$ (2,642,150)	\$ -	\$ (2,642,150)	\$ 73,659,178	-0.17%	-3.46%
Total Positions	-	630.250	630.250	-	16.000	16.000	646.250	2.54%	2.54%

1. Salary and Benefit Increase for Department of Health and Human Services Employees--Funds are provided for a \$1,000 salary and benefit increase for all Department of Health and Human Services employees, effective July 1, 2014. The amount listed is the share attributable to this division.

	<u>Recurring</u>	<u>Non Recurring</u>	<u>Total</u>
	<u>Changes</u>	<u>Changes</u>	
Requirements	\$ 477,850	\$ -	\$ 477,850
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ 477,850	\$ -	\$ 477,850
Positions	0.000	0.000	0.000

2. NC TRACKS--NC TRACKS was implemented July 1, 2013. In order to "go-live" on that date, system development freezes were set in place in the spring of 2013 that created a backlog of change service requests (CSRs) that need to be completed. In order to address the CSR backlog and to continue the development of the new International Statistic Classification of Disease (ICD-10) for a possible October 1, 2015 implementation date, DHHS is directed to continue funding system development and implementation using prior year earned revenue in the non-recurring amount of \$5,223,975 in 2014-15. This is in addition to the amount previously identified in SL 2013-360.

Requirements	\$ -	\$ 5,223,975	\$ 5,223,975
Less Receipts	\$ -	\$ 5,223,975	\$ 5,223,975
Appropriation	\$0	\$0	\$0
Positions	0.000	0.000	0.000

In 2012-13, project expenditures totaled \$84.9 million. Now that the project has been implemented, the overall budget is reduced and split between remaining development work and the ongoing operations and maintenance of the system. The 2014-15 budget for development costs is \$10.7 million and the operations and maintenance work associated with completion of the CSRs is an additional \$10.7 million.

3. NC FAST --In order to continue development and implementation of the NC FAST project, DHHS is directed to use prior year earned revenue in the non-recurring amount of \$4,138,002 in 2014-15. This is in addition to the amount previously identified in SL 2013-360. This funding will support the development and implementation of the Eligibility Information System, the Child Care, Low Income Energy Assistance and Crisis Intervention Programs, and Federally-Facilitated Exchange (FFE) Interoperability. These projects are funded with 90% federal funds until December 31, 2015.

Requirements	\$	-	\$	4,138,002	\$	4,138,002
Less Receipts	\$	-	\$	4,138,002	\$	4,138,002
Appropriation	\$	-	\$	-	\$	-
Positions		0.000		16.000		16.000

In 2012-13, the NC FAST project expenditures totaled \$76.4 million. The 2013-14 budget is \$60.5 million. The 2014-15 budget is anticipated to be \$55.6 million. The project's year-to-year budget and expenditures vary due to project deliverables and scope.

4. Achieve Savings in Non-Profit and University Contracts--In 2013-14, DHHS has budgeted approximately \$615M to contract with non-profit organizations and universities to deliver services, perform program evaluations, and conduct outreach, training and education. Of the total, \$315 million is funded through state General Fund appropriation. This recommendation is for DHHS to achieve a 1% savings in state General Fund appropriation while minimizing the impact on direct services. Savings are to be achieved by maximizing federal funds and other receipts to fund contracted activities, reducing administrative overhead, and eliminating redundant or ineffective contracts to the furthest extent possible. In achieving the reductions required by this section, the Department will not reduce programmatic funding to either the NC Pre-Kindergarten program or funds used to provide subsidized child care services to children.

Requirements	\$	(3,000,000)	\$	-	\$	(3,000,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(3,000,000)	\$	-	\$	(3,000,000)
Positions		0.000		0.000		0.000

5. Cost Allocate Central Regional Maintenance--The Division of Child Development and Early Education relocated to the Dorothea Dix campus during 2013-14. Due to DCDEE's relocation, Central Regional Maintenance (CRM), which provides custodial services on the Dix campus, will be cost-allocated to include the use of Child Care and Development Fund block grant funds to replace state appropriation.

Requirements	\$	-	\$	-	\$	-
Less Receipts	\$	120,000	\$	-	\$	120,000
Appropriation	\$	(120,000)	\$	-	\$	(120,000)
Positions		0.000		0.000		0.000

In 2012-13, total expenditures for CRM were \$9.7M. Total requirements for 2013-14 were \$9.1M and this level will continue in 2014-15 as cost-allocating CRM will have no overall impact to total requirements.

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	(2,522,150.0)	\$	9,361,977.0	\$	6,839,827.0
Total Receipts	\$	120,000.0	\$	9,361,977.0	\$	9,481,977.0
Total Appropriation (Requirements minus Receipts)	\$	(2,642,150.0)	\$	-	\$	(2,642,150.0)
Total Positions		0.000		16.000		16.000

Division of Aging and Adult Services (14411)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>			<u>% Change</u>	<u>% Change</u>	
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Net</u>	<u>Net</u>	<u>Recommended</u>	<u>Revised</u>	<u>% Change</u>	
	<u>Actual</u>	<u>Certified</u>	<u>Certified</u>	<u>Recurring</u>	<u>Non-Recurring</u>	<u>Adjustment</u>	<u>2014-15</u>	<u>2013-14</u>	
							<u>Certified</u>	<u>2014-15</u>	
							<u>Certified</u>	<u>Certified</u>	
Total Requirements	\$ 106,927,441	\$ 114,140,206	\$ 113,355,418	\$ 28,890	\$ -	\$ 28,890	\$ 113,384,308	-0.66%	0.03%
Less Receipts	\$ 63,151,812	\$ 59,997,865	\$ 59,013,077	\$ -	\$ -	\$ -	\$ 59,013,077	-1.64%	0.00%
Total Appropriation	\$ 43,775,629	\$ 54,142,341	\$ 54,342,341	\$ 28,890	\$ -	\$ 28,890	\$ 54,371,231	0.42%	0.05%
Total Positions	-	73.500	73.500	-	-	-	73.500	0.00%	0.00%

1. Salary and Benefit Increase for Department of Health and Human Services Employees--Funds are provided for a \$1,000 salary and benefit increase for all Department of Health and Human Services employees, effective July 1, 2014. The amount listed is the share attributable to this division.

	<u>Recurring</u>	<u>Non Recurring</u>	<u>Total</u>
	<u>Changes</u>	<u>Changes</u>	
Requirements	\$ 28,890	\$ -	\$ 28,890
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ 28,890	\$ -	\$ 28,890
Positions	0.000	0.000	0.000

Net Adjustments

	<u>Recurring</u>	<u>Non Recurring</u>	<u>Total</u>
	<u>Changes</u>	<u>Changes</u>	
Total Requirements	\$ 28,890	\$ -	\$ 28,890
Total Receipts	\$ -	\$ -	\$ -
Total Appropriation (Requirements minus Receipts)	\$ 28,890	\$ -	\$ 28,890
Total Positions	0.000	0.000	0.000

Division of Child Development and Early Education (14420)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>				<u>% Change</u>	<u>% Change</u>
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Net</u>	<u>Net</u>	<u>Recommended</u>	<u>Revised</u>	<u>from</u>	<u>from</u>
	<u>Actual</u>	<u>Certified</u>	<u>Certified</u>	<u>Recurring</u>	<u>Non-Recurring</u>	<u>Adjustment</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>
Total Requirements	\$ 669,099,259	\$ 669,932,356	\$ 668,169,954	\$ 3,470,571	\$ -	\$ 3,470,571	\$ 671,640,525	0.25%	0.52%
Less Receipts	\$ 411,106,467	\$ 415,617,747	\$ 413,855,345	\$ 33,762,977	\$ 7,195,807	\$ 40,958,784	\$ 454,814,129	9.43%	9.90%
Total Appropriation	\$ 257,992,791	\$ 254,314,609	\$ 254,314,609	\$ (30,292,406)	\$ (7,195,807)	\$ (37,488,213)	\$ 216,826,396	-14.74%	-14.74%
Total Positions	-	303.750	303.750	(1.000)	-	(1.000)	302.750	-0.33%	-0.33%

1. Salary and Benefit Increase for Department of Health and Human Services Employees--Funds are provided for a \$1,000 salary and benefit increase for all Department of Health and Human Services employees, effective July 1, 2014. The amount listed is the share attributable to this division.

	<u>Recurring</u>	<u>Non Recurring</u>	<u>Total</u>
	<u>Changes</u>	<u>Changes</u>	
Requirements	\$ 91,090	\$ -	\$ 91,090
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ 91,090	\$ -	\$ 91,090
Positions	0.000	0.000	0.000

2. Expand the NC Pre-Kindergarten Program--North Carolina currently invests over \$140 million in the NC Pre-Kindergarten program through a combination of state General Fund appropriation and proceeds from the Education Lottery. The Governor's budget expands NC Pre-K by \$3.6 million in Education Lottery proceeds to ensure the program's quality and sustainability as well as increase access to high-quality educational experiences for eligible four-year-old children.

Requirements	\$ 3,600,000	\$ -	\$ 3,600,000
Less Receipts	\$ 3,600,000	\$ -	\$ 3,600,000
Appropriation	\$ -	\$ -	\$ -
Positions	0.000	0.000	0.000

In 2012-13, program expenditures totaled \$140.5 million. The total budget for Pre-K in 2013-14 is \$140.5 million and the 2014-15 budget will be increased by \$3.6 million to serve more than 26,000 at-risk four-year-old children.

3. Change Funding of NC Pre-Kindergarten Program--In addition to the Governor's \$3.6 million expansion of the Pre-K program, the sources of funding will change in 2014-15. The program will use increased Temporary Assistance for Needy Family block grant funds on a one-time basis and increased lottery receipts on a permanent basis in lieu of an equal amount of state appropriation. This will result in a non-recurring savings to the General Fund of \$7.1 million due to the use of block grants funds and a permanent savings of \$14.75 million due to increased lottery funding. The overall level of the budget is not reduced with this refinancing of the program and the changes have no impact on the services provided.

Requirements	\$ -	\$ -	\$ -
Less Receipts	\$ 14,750,000	\$ 7,195,807	\$ 21,945,807
Appropriation	\$ (14,750,000)	\$ (7,195,807)	\$ (21,945,807)
Positions	0.000	0.000	0.000

4. Maximize Block Grant Funding for Subsidized Child Care Services--Currently, subsidized child care for children in Child Protective Services is supported with 100% state appropriation; however, it is estimated that 60% of these expenditures are Temporary Assistance for Needy Families (TANF) block grant eligible costs. Therefore, it is recommended that state appropriation be replaced with TANF block grant funding for this population. There will be no overall change to program funding or services and this will not adversely affect this vulnerable population.

Requirements	\$	-	\$	-	\$	-
Less Receipts	\$	13,800,000	\$	-	\$	13,800,000
Appropriation	\$	(13,800,000)	\$	-	\$	(13,800,000)
Positions		0.000		0.000		0.000

In 2012-13, subsidized child care expenditures totaled \$326 million. The total budget for subsidized child care in 2013-14 is \$325 million which includes \$40 million in state appropriation. This change will have no impact to the overall budget in 2014-15 for the program since state appropriation will be fully replaced with federal block grant funds.

5. Achieve Savings Due to Service Efficiencies--The Division of Child Development and Early Education (DCDEE) relocated to the Dorothea Dix campus during 2013-14. This move resulted in savings because the division will no longer pay rent for office space and can streamline administrative staff, thereby reducing one position. Additionally, the Child Care and Development Fund (CCDF) block grant will be used to replace an equivalent amount of state funding for all positions in the Regulatory Services section.

Requirements	\$	(220,519)	\$	-	\$	(220,519)
Less Receipts	\$	1,579,977	\$	-	\$	1,579,977
Appropriation	\$	(1,800,496)	\$	-	\$	(1,800,496)
Positions		(1.000)		0.000		(1.000)

In 2012-13, DCDEE administrative expenditures totaled \$31.3 million from state and federal funds. The total budget for the division's administration in 2013-14 is \$26.5 million. Overall, the total requirements for administration will be reduced by approximately 1% while achieving a 28% savings in the amount of state General Fund appropriation required to support administration within DCDEE.

6. Fully Cost Allocate the Division--It is recommended that the Division of Child Development and Early Education is fully cost-allocated. This will increase federal receipts by \$33,000 per year and reduce the need for state appropriation. There would be no overall change to the administrative funding within the division with this change.

Requirements	\$	-	\$	-	\$	-
Less Receipts	\$	33,000	\$	-	\$	33,000
Appropriation	\$	(33,000)	\$	-	\$	(33,000)
Positions		0.000		0.000		0.000

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	3,470,571	\$	-	\$	3,470,571
Total Receipts	\$	33,762,977	\$	7,195,807	\$	40,958,784
Total Appropriation (Requirements minus Receipts)	\$	(30,292,406)	\$	(7,195,807)	\$	(37,488,213)
Total Positions		(1.000)		0.000		(1.000)

Division of Public Health (14430)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>				<u>% Change</u>	<u>% Change</u>
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Net</u>	<u>Net</u>	<u>Recommended</u>	<u>Revised</u>	<u>from</u>	<u>from</u>
	<u>Actual</u>	<u>Certified</u>	<u>Certified</u>	<u>Recurring</u>	<u>Non-Recurring</u>	<u>Adjustment</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>
								<u>Certified</u>	<u>Certified</u>
Total Requirements	\$ 770,028,806	\$ 828,517,538	\$ 826,227,355	\$ 1,032,364	\$ -	\$ 1,032,364	\$ 827,259,719	-0.15%	0.12%
Less Receipts	\$ 628,755,403	\$ 684,363,451	\$ 684,285,768	\$ 204,184	\$ 3,782,163	\$ 3,986,347	\$ 688,272,115	0.57%	0.58%
Total Appropriation	\$ 141,273,403	\$ 144,154,087	\$ 141,941,587	\$ 828,180	\$ (3,782,163)	\$ (2,953,983)	\$ 138,987,604	-3.58%	-2.08%
Total Positions	-	2,020.990	1,938.790	(7.000)	-	(7.000)	1,931.790	-4.41%	-0.36%

		<u>Recurring</u>	<u>Non Recurring</u>	<u>Total</u>
		<u>Changes</u>	<u>Changes</u>	
1. Salary and Benefit Increase for Department of Health and Human Services Employees-- Funds are provided for a \$1,000 salary and benefit increase for all Department of Health and Human Services employees, effective July 1, 2014. The amount listed is the share attributable to this division.	Requirements	\$ 651,560	\$ -	\$ 651,560
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 651,560	\$ -	\$ 651,560
	Positions	0.000	0.000	0.000

2. Bolster Core State Infrastructure in the Office of Chief Medical Examiner-- The Office of Chief Medical Examiner (OCME) provides a critical service for the state and is being bolstered with \$1 million in new funding. This expansion will increase the funding to three regional centers that are essential partners in the medical examiner system in North Carolina, provide additional funding for supplies and transportation, and support training of individual medical examiners and increase the fee paid to these individuals for each medicolegal exam deemed to be a medical examiner case in North Carolina.	Requirements	\$ 1,000,000	\$ -	\$ 1,000,000
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 1,000,000	\$ -	\$ 1,000,000
	Positions	0.000	0.000	0.000

In 2012-13, the Office of Chief Medical Examiner expenditures totaled \$6.1 million. The total budget for the OCME in 2013-14 is \$6.9 million. With this expansion, the 2014-15 budget will grow roughly 15% to over \$8.1 million.

3. Bolster Core State Infrastructure in Vital Records-- Funding is provided to the Vital Records office in order to ensure quality customer service, address safety issues, and preserve vital events documents. The Vital Records Automation Fund will support modification and enhancement of the Electronic Birth Records System and updating of Vital Records system equipment, software, and hardware, as well as continuing ITS maintenance.	Requirements	\$ 350,000	\$ -	\$ 350,000
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 350,000	\$ -	\$ 350,000
	Positions	0.000	0.000	0.000

In 2012-13, Vital Records expenditures totaled \$3.3 million. The total budget for the service in 2013-14 is \$3.1 million. With this expansion, the 2014-15 budget will grow approximately 11% to \$3.4 million.

4. Well Water Testing Fee--It is recommended that authority be granted to the North Carolina State Laboratory of Public Health (NCSLPH) to charge a fee for the voluntary testing of drinking water from existing wells comparable to that fee now charged for the testing of water from newly constructed wells. As with the newly constructed well water sample testing fee per GS130A-5(16), the fee for existing wells will be embedded in the sale cost of the well water sample collection kit.

Requirements	\$	221,548	\$	-	\$	221,548
Less Receipts	\$	221,548	\$	-	\$	221,548
Appropriation	\$	-	\$	-	\$	-
Positions		0.000		0.000		0.000

In 2012-13, total expenditures for the State Laboratory of Public Health totaled \$18.9 million. The total budget for the NCSLPH in 2013-14 is \$24.8 million. With this expansion, the 2014-15 budget will increase about 1.0%.

5. Fund ADAP at Full Service Level--The AIDS Drug Assistance Program (ADAP) currently services all eligible individuals up to 300% of the Federal Poverty Level (FPL) and there is no waiting list to receive services. The program collects voluntary drug rebates from pharmaceutical companies and the collection of these receipts has grown over the past couple of years. This increased collection of the rebates will continue into 2014-15 and with additional funding from the federal government, the program can reduce its state appropriation on a one-time basis. This change in funding source will not reduce the program's overall budget and there will be no changes to eligibility, population served, or the drug regimen. The program will continue to serve all eligible individuals up to 300% of the FPL .

Requirements	\$	-	\$	-	\$	-
Less Receipts	\$	-	\$	3,782,163	\$	3,782,163
Appropriation	\$	-	\$	(3,782,163)	\$	(3,782,163)
Positions		0.000		0.000		0.000

In 2012-13, ADAP expended \$38.4 million on pharmaceuticals. The 2013-14 budget for the program's pharmaceuticals is \$46.6 million. With this change in funding source, the 2014-15 budget will remain unchanged from its current level.

6. Sunset the Vector Control Program--The Vector Control program that provided small grants to a limited number of counties for mosquito control will be sunsetted. This program has no direct program staffing which challenges its sustainability as an effective program.

Requirements	\$	(185,992)	\$	-	\$	(185,992)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(185,992)	\$	-	\$	(185,992)
Positions		0.000		0.000		0.000

In 2012-13, total aid-to-county expenditures within the Environmental Health service were \$1.6 million. The total budget for this aid-to-county funding in 2013-14 is \$1.6 million. This \$185,992 reduction represents a 11.5% decrease in Environmental Health aid-to-county funding.

7. Achieve Operational Efficiencies--The Division of Public Health will achieve operational efficiencies through consolidating business practices and responding to changes in federal grant awards. The following areas will be affected: 1) Purchase of Medical Care Unit: A position is being abolished after a retirement and existing staff will absorb the position's responsibilities; 2) State Center for Health Statistics: A position performing business functions will be eliminated and the DPH Business Branch will assume the position's responsibilities; 3) Early Intervention: A business officer position is being abolished due to consolidation of regional offices; 4) Physical Activity and Nutrition: A position is being abolished due to consolidated federal grant funding from the CDC; and 5) Chronic Disease and Injury: A position is being abolished due to consolidated federal grant funding from the CDC. There is no impact to services due to these position eliminations and the overall change to the division's personnel budget is minimal.

Requirements	\$	(315,639)	\$	-	\$	(315,639)
Less Receipts	\$	(17,364)	\$	-	\$	(17,364)
Appropriation	\$	(298,275)	\$	-	\$	(298,275)
Positions		(5.000)		0.000		(5.000)

8. Adjust Budgets to Reflect Program Requirements--The following budgets are being modified to reflect actual and/or anticipated expenditure levels, with no reduction in services to the public:
 1) Funding for multiple Purchase of Medical Care activities was eliminated in previous session law; however, the entire budget was not removed at that time. The remaining funds are now being removed. The budget for these programs is \$142,325 and no expenditures were made in 2012-13.
 2) The budget for Early Hearing Detection and Intervention is being adjusted to fund the number of clients accessing the program. The program has served no more than 35 clients per year since 2008-09 and funding will be set at \$41,000 to cover expenses for the anticipated clients.
 3) The budget for tobacco prevention and control is being discontinued due to the level of expenditure over the past five years. The budget is \$64,000 and no expenditures were made since 2008-09.

Requirements	\$	(337,325)	\$	-	\$	(337,325)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(337,325)	\$	-	\$	(337,325)
Positions		0.000		0.000		0.000

9. End Incubation Contract--Funding for the Incubation Project, a contract with the Institute of Public Health at the University of North Carolina at Chapel Hill, will be discontinued. Regional organizations comprised of local health departments will continue the development and dissemination of best practices. Existing division staff will facilitate and monitor these activities and provide technical assistance to the regional meetings and participants.

Requirements	\$	(100,000)	\$	-	\$	(100,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(100,000)	\$	-	\$	(100,000)
Positions		0.000		0.000		0.000

In 2012-13, total Incubation Project contract expenditures were \$99,669. The total budget for this contract in 2013-14 is \$100,000.

10. Child and Family Support Team--The Child and Family Support Team (CFST) program identifies and coordinates appropriate community services and supports for children at risk of school failure or out-of-home placement and creates an infrastructure within schools for improving academic and well-being outcomes of students. The primary purpose of the two CFST positions in the Division of Public Health was to offer start-up support to schools that were chosen to participate in the Child and Family Support Team program. Since the school-based teams have been in operation for several years and have solidified their existence within schools, these start-up resources are no longer needed. An evaluation contract with Duke University will also be eliminated.

Requirements	\$	(251,788)	\$	-	\$	(251,788)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(251,788)	\$	-	\$	(251,788)
Positions		(2.000)		0.000		(2.000)

In 2012-13, total CFST expenditures were \$245,694. The total budget for this contract in 2013-14 is \$251,788 and this reduction will discontinue all funding.

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	1,032,364	\$	-	\$	1,032,364
Total Receipts	\$	204,184	\$	3,782,163	\$	3,986,347
Total Appropriation (Requirements minus Receipts)	\$	828,180	\$	(3,782,163)	\$	(2,953,983)
Total Positions		(7.000)		0.000		(7.000)

Division of Social Services (14440)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>				<u>% Change</u>	<u>% Change</u>	
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Net</u>	<u>Net</u>	<u>Recommended</u>	<u>Revised</u>	<u>from</u>	<u>from</u>	
	<u>Actual</u>	<u>Certified</u>	<u>Certified</u>	<u>Recurring</u>	<u>Non-Recurring</u>	<u>Adjustment</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>	
							<u>Certified</u>	<u>Certified</u>		
Total Requirements	\$ 1,661,798,665	\$ 1,651,064,551	\$ 1,653,014,551	\$ 6,069,047	\$ -	\$ 6,069,047	\$ 1,659,083,598		0.49%	0.37%
Less Receipts	\$ 1,495,907,995	\$ 1,476,456,119	\$ 1,476,456,119	\$ 4,964,873	\$ -	\$ 4,964,873	\$ 1,481,420,992		0.34%	0.34%
Total Appropriation	\$ 165,890,670	\$ 174,608,432	\$ 176,558,432	\$ 1,104,174	\$ -	\$ 1,104,174	\$ 177,662,606		1.75%	0.63%
Total Positions	-	415.000	415.000	30.000	-	30.000	445.000		7.23%	7.23%

		<u>Recurring</u>	<u>Non Recurring</u>	<u>Total</u>
		<u>Changes</u>	<u>Changes</u>	
1. Salary and Benefit Increase for Department of Health and Human Services Employees-- Funds are provided for a \$1,000 salary and benefit increase for all Department of Health and Human Services employees, effective July 1, 2014. The amount listed is the share attributable to this division.	Requirements	\$ 179,330	\$ -	\$ 179,330
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 179,330	\$ -	\$ 179,330
	Positions	0.000	0.000	0.000
2. Enhance Oversight of County Operations in Child Welfare-- As the state oversight agency, DHHS has the responsibility to make certain all county child welfare agencies are operated in a manner to ensure children and families are provided services to address safety, permanency, and the well-being of children. To that end, 30 positions will be established to build an effective monitoring system within North Carolina for county child welfare agencies. These positions will be deployed in approximately 10 teams across the state to review records of services in the areas of child protective services, foster care, adoptions and foster home licensure. These positions shall be charged with case monitoring, reviewing county staffing levels and workloads, and providing supervisory support. In addition, two positions within the Division of Social Services will be repurposed to meet a Continuous Quality Improvement model requirement from the federal government.	Requirements	\$ 3,217,970	\$ -	\$ 3,217,970
	Less Receipts	\$ 538,720	\$ -	\$ 538,720
	Appropriation	\$ 2,679,250	\$ -	\$ 2,679,250
	Positions	30.000	0.000	30.000

In 2012-13, total expenditures for state-level administration for Child Protective Services (CPS) were \$1.3 million. The total budget for state-level CPS administration in 2013-14 is \$1.5 million and this expansion will increase that budget to \$4.7 million, which is an increase of over 200%.

3. Foster Care Assistance Payments--The Foster Care caseload in North Carolina increased by 9% from March 2013 to March 2014 and that trend is projected to continue into the next fiscal year. As such, state General Fund appropriation is being increased to support the growing caseload and the state expense associated with Foster Care assistance payments. The payments are made to foster parents for a foster child's room, board and other living expenses.

Requirements	\$	17,909,426	\$	-	\$	17,909,426
Less Receipts	\$	12,909,426	\$	-	\$	12,909,426
Appropriation	\$	5,000,000	\$	-	\$	5,000,000
Positions		0.000		0.000		0.000

In 2012-13, expenditures from state General Fund appropriation for Foster Care assistance payments were \$28.5 million. The General Fund appropriated budget for the program in 2013-14 is \$25.3 million. This expansion, in addition to increased funds for the Permanency Innovation Initiative Fund passed in Session Law 2013-360, will bring the 2014-15 budget to \$32.2 million.

4. Fund State and County Special Assistance at Full Service Level--The State and County Special Assistance Program has served fewer clients over the past three years and the average monthly payment has decreased, which has reduced the need for state appropriation. The budget is being adjusted to maintain full service levels but to better reflect anticipated program expenditures in 2014-15.

Requirements	\$	(8,431,084)	\$	-	\$	(8,431,084)
Less Receipts	\$	(4,215,542)	\$	-	\$	(4,215,542)
Appropriation	\$	(4,215,542)	\$	-	\$	(4,215,542)
Positions		0.000		0.000		0.000

The cost for this program is shared equally between state and county funds. In 2012-13, total expenditures for the State and County Special Assistance program were \$140.6 million. The total budget for the program in 2013-14 is \$146.0 million and this change represents an approximate 6% reduction to the program's funding without impact to clients.

5. Adjust Budget Due to Implementation of New Personal Care Service Program--A new consolidated Personal Care Service (PCS) program became effective January 1, 2013. Under the previous system, licensed adult care homes and licensed family care homes received funds for personal care services and were also eligible to receive an additional enhanced PSC rate for heavy needs residents (eating, ambulation, and toileting). County DSS workers performed the assessment and case management of the need for enhanced personal care services for residents of licensed adult residential facilities. Starting on January 1, 2013 the two-tiered approach was no longer in effect. The new consolidated PCS Program uses an independent assessment to determine eligibility for PCS and the Adult Care Home Case Management service is no longer needed.

Requirements	\$	(3,440,982)	\$	-	\$	(3,440,982)
Less Receipts	\$	(2,584,924)	\$	-	\$	(2,584,924)
Appropriation	\$	(856,058)	\$	-	\$	(856,058)
Positions		0.000		0.000		0.000

In 2012-13, total expenditures for Adult Care Home Case Management were \$2.2 million. The overall budget for this service for 2013-14 is \$3.4 million with \$856,058 in state appropriations, all of which will be removed from the budget.

6. Achieve Savings through Increased Federal Receipts--State funds in the amount of \$1.68 million are distributed to counties to offset the counties' costs for Medicaid enrollment activities. Because the Centers for Medicare & Medicaid Services (CMS) will allow an increase from 50% to 75% federal match on eligibility work, the state is withdrawing its funding for this administrative activity. This administration expense is primarily funded by federal and county governments. With the implementation of NC FAST, which will meet the condition and standards prescribed by CMS, counties will be able to claim the 75% Federal Financial Participation (FFP) rate when performing case management activities in the new system.

Requirements	\$	(3,365,613)	\$	-	\$	(3,365,613)
Less Receipts	\$	(1,682,807)	\$	-	\$	(1,682,807)
Appropriation	\$	(1,682,806)	\$	-	\$	(1,682,806)
Positions		0.000		0.000		0.000

In 2012-13, total expenditures for the state-supported Medical Assistance expansion were \$3.4 million, while all Medicaid eligibility activities exceeded \$250 million.

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	6,069,047	\$	-	\$	6,069,047
Total Receipts	\$	4,964,873	\$	-	\$	4,964,873
Total Appropriation (Requirements minus Receipts)	\$	1,104,174	\$	-	\$	1,104,174
Total Positions		30.000		0.000		30.000

Division of Medical Assistance (14445)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>			% Change	% Change	
	2012-13 Actual	2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2014-15	from 2013-14 Certified	from 2014-15 Certified
Total Requirements	\$ 12,643,008,323	\$ 13,071,194,944	\$ 13,476,344,404	\$ 87,897,559	\$ 2,000,000	\$ 89,897,559	\$ 13,566,241,963	3.79%	0.67%
Less Receipts	\$ 9,125,314,086	\$ 9,609,244,825	\$ 9,868,225,313	\$ 163,339,501	\$ 1,000,000	\$ 164,339,501	\$ 10,032,564,814	4.41%	1.67%
Total Appropriation	\$ 3,517,694,237	\$ 3,461,950,119	\$ 3,608,119,091	\$ (75,441,942)	\$ 1,000,000	\$ (74,441,942)	\$ 3,533,677,149	2.07%	-2.06%
Total Positions	-	428.250	428.250	-	-	-	428.250	0.00%	0.00%

		Recurring Changes	Non Recurring Changes	Total
1. Salary and Benefit Increase for Department of Health and Human Services Employees-- Funds are provided for a \$1,000 salary and benefit increase for all Department of Health and Human Services employees, effective July 1, 2014. The amount listed is the share attributable to this division.	Requirements	\$ 167,240	\$ -	\$ 167,240
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 167,240	\$ -	\$ 167,240
	Positions	0.000	0.000	0.000
2. Shared Savings Plan-- SL 2013-363 enacted a shared savings plan that included a rate reduction and savings to fund incentive payments to providers. Due to the difficulty of achieving the estimated savings as enacted, a portion of the funding is being restored.	Requirements	\$ 18,239,503	\$ -	\$ 18,239,503
	Less Receipts	\$ 12,039,896	\$ -	\$ 12,039,896
	Appropriation	\$ 6,199,607	\$ -	\$ 6,199,607
	Positions	0.000	0.000	0.000
3. Medicaid Reform-- The amount reflects year one startup cost around Medicaid Reform. Costs may include actuarial and consulting services, information system modifications, and the creation of quality measurements.	Requirements	\$ -	\$ 2,000,000	\$ 2,000,000
	Less Receipts	\$ -	\$ 1,000,000	\$ 1,000,000
	Appropriation	\$ 0	\$ 1,000,000	\$ 1,000,000
	Positions	0.000	0.000	0.000
4. Private Duty Nursing Rates-- Currently providers are paid the same rate for private duty services regardless of who performs the service. This item would establish differentiated payment rates for when registered nurses (RNs) or licensed practicing nurses (LPNs) provide private duty nursing services effective January 1, 2015.	Requirements	\$ (3,362,665)	\$ -	\$ (3,362,665)
	Less Receipts	\$ (2,212,665)	\$ -	\$ (2,212,665)
	Appropriation	\$ (1,150,000)	\$ -	\$ (1,150,000)
	Positions	0.000	0.000	0.000

Total private duty expenditures in 2012-13 was \$72.8 million. The total budget for 2013-14 is \$66 million. This initiative will reduce the budget in 2014-15 by \$3.3 million of which \$1.1 million is state appropriations.

5. Mental Health Drug Management--This item provides for prior authorization of mental health drugs, effective January 1, 2015. This adjustment brings mental health drug policy in line with other drug classes that require prior authorization in the Medicaid program.

Requirements	\$	(17,574,692)	\$	-	\$	(17,574,692)
Less Receipts	\$	(11,574,692)	\$	-	\$	(11,574,692)
Appropriation	\$	(6,000,000)	\$	-	\$	(6,000,000)
Positions		0.000		0.000		0.000

6. LME/MCO Assessment --Currently DMA receives assessments from hospitals, Intermediate Care Facilities, and Nursing Facilities. Federal law allows LME/MCOs non-Medicare revenue to be assessed and allows states to retain a portion of the assessment. This recommendation implements a 3.5% assessment on the LME/MCOs. The state retention of the assessment would be 65.86% and is used to fund Medicaid services. The assessment is proposed to be effective July 1, 2014.

Requirements	\$	90,428,173	\$	-	\$	90,428,173
Less Receipts	\$	149,984,168	\$	-	\$	149,984,168
Appropriation	\$	(59,555,995)	\$	-	\$	(59,555,995)
Positions		0.000		0.000		0.000

In 2012-13, Medicaid payments totaled \$1.4 billion to LME/MCOs. The 2013-14 budget is \$2.5 billion and is the first year where all LME/MCOs have been on board for the full year.

7. Hospital Provider Assessment--Hospitals receive enhanced Medicaid payments through the assessment program. This recommendation changes the amount of the state's retention from 25.9% to 28.85%, effective July 1, 2014. The state's retention of the assessment is used to fund Medicaid Services.

Requirements	\$	-	\$	-	\$	-
Less Receipts	\$	15,102,794	\$	-	\$	15,102,794
Appropriation	\$	(15,102,794)	\$	-	\$	(15,102,794)
Positions		0.000		0.000		0.000

The total expenditure for hospital services in 2012-13 was \$2.9 billion. The budget for 2013-14 is \$3.2 billion. This reduction would not increase or decrease expenditures in the 2014-15 budget, but it would allow the state to retain a higher percentage of the assessment.

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Net Adjustments	Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	87,897,559	\$	2,000,000	\$ 89,897,559
Total Receipts	\$	163,339,501	\$	1,000,000	\$ 164,339,501
Total Appropriation (Requirements minus Receipts)	\$	(75,441,942)	\$	1,000,000	\$ (74,441,942)
Total Positions		0.000		0.000	0.000

NC Health Choice (14446)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>				<u>% Change</u>	<u>% Change</u>
	<u>2012-13</u> <u>Actual</u>	<u>2013-14</u> <u>Certified</u>	<u>2014-15</u> <u>Certified</u>	<u>Net</u> <u>Recurring</u>	<u>Net</u> <u>Non-Recurring</u>	<u>Recommended</u> <u>Adjustment</u>	<u>Revised</u> <u>2014-15</u>	<u>from</u> <u>2013-14</u> <u>Certified</u>	<u>from</u> <u>2014-15</u> <u>Certified</u>
Total Requirements	\$ 325,597,032	\$ 283,700,664	\$ 241,177,836	\$ (40,253,541)	\$ -	\$ (40,253,541)	\$ 200,924,295	-29.18%	-16.69%
Less Receipts	\$ 246,263,500	\$ 215,751,504	\$ 183,429,903	\$ (30,504,541)	\$ -	\$ (30,504,541)	\$ 152,925,362	-29.12%	-16.63%
Total Appropriation	\$ 79,333,533	\$ 67,949,160	\$ 57,747,933	\$ (9,749,000)	\$ -	\$ (9,749,000)	\$ 47,998,933	-29.36%	-16.88%
Total Positions	-	5.000	5.000	-	-	-	5.000	0.00%	0.00%

	<u>Recurring</u> <u>Changes</u>	<u>Non Recurring</u> <u>Changes</u>	<u>Total</u>
1. Salary and Benefit Increase for Department of Health and Human Services Employees --Funds are provided for a \$1,000 salary and benefit increase for all Department of Health and Human Services employees, effective July 1, 2014. The amount listed is the share attributable to this division.	Requirements \$ 1,000	\$ -	\$ 1,000
	Less Receipts \$ -	\$ -	\$ -
	Appropriation \$ 1,000	\$ -	\$ 1,000
	Positions 0.000	0.000	0.000

2. Health Choice Adjustment --Adjustments to the Health Choice budget are recommended based on analysis of current year expenditures and anticipated costs in FY 2014-15.	Requirements \$ (34,285,087)	\$ -	\$ (34,285,087)
	Less Receipts \$ (25,785,087)	\$ -	\$ (25,785,087)
	Appropriation \$ (8,500,000)	\$ -	\$ (8,500,000)
	Positions 0.000	0.000	0.000

This recommendation is to reduce state appropriations by \$8.5 million for the Health Choice program. The majority of the reduction is due to an additional 20,000 children moving from Health Choice to Medicaid.

3. Health Choice Administrative Budget Adjustment --This recommendation is to adjust the Health Choice administrative budget to more accurately reflect actual and anticipated costs in FY 2014-15.	Requirements \$ (5,969,454)	\$ -	\$ (5,969,454)
	Less Receipts \$ (4,719,454)	\$ -	\$ (4,719,454)
	Appropriation \$ (1,250,000)	\$ -	\$ (1,250,000)
	Positions 0.000	0.000	0.000

<u>Net Adjustments</u>	<u>Recurring</u> <u>Changes</u>	<u>Non Recurring</u> <u>Changes</u>	<u>Total</u>
Total Requirements	\$ (40,253,541)	\$ -	\$ (40,253,541)
Total Receipts	\$ (30,504,541)	\$ -	\$ (30,504,541)
Total Appropriation (Requirements minus Receipts)	\$ (9,749,000)	\$ -	\$ (9,749,000)
Total Positions	0.000	0.000	0.000

Division of Services for the Blind, Deaf, and Hard of Hearing (14450)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>			<u>% Change</u>	<u>% Change</u>	
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Net</u>	<u>Net</u>	<u>Recommended</u>	<u>Revised</u>	<u>% Change</u>	
	<u>Actual</u>	<u>Certified</u>	<u>Certified</u>	<u>Recurring</u>	<u>Non-Recurring</u>	<u>Adjustment</u>	<u>2014-15</u>	<u>from</u>	
							<u>2014-15</u>	<u>2013-14</u>	
							<u>Certified</u>	<u>2014-15</u>	
							<u>Certified</u>	<u>Certified</u>	
Total Requirements	\$ 29,874,512	\$ 32,639,127	\$ 32,639,127	\$ 59,830	\$ -	\$ 59,830	\$ 32,698,957	0.18%	0.18%
Less Receipts	\$ 21,695,680	\$ 24,460,509	\$ 24,460,509	\$ -	\$ -	\$ -	\$ 24,460,509	0.00%	0.00%
Total Appropriation	\$ 8,178,832	\$ 8,178,618	\$ 8,178,618	\$ 59,830	\$ -	\$ 59,830	\$ 8,238,448	0.73%	0.73%
Total Positions	-	313.750	313.750	-	-	-	313.750	0.00%	0.00%

1. Salary and Benefit Increase for Department of Health and Human Services Employees--Funds are provided for a \$1,000 salary and benefit increase for all Department of Health and Human Services employees, effective July 1, 2014. The amount listed is the share attributable to this division.

	<u>Recurring</u>	<u>Non Recurring</u>	<u>Total</u>
	<u>Changes</u>	<u>Changes</u>	
Requirements	\$ 59,830	\$ -	\$ 59,830
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ 59,830	\$ -	\$ 59,830
Positions	0.000	0.000	0.000

Net Adjustments

	<u>Recurring</u>	<u>Non Recurring</u>	<u>Total</u>
	<u>Changes</u>	<u>Changes</u>	
Total Requirements	\$ 59,830	\$ -	\$ 59,830
Total Receipts	\$ -	\$ -	\$ -
Total Appropriation (Requirements minus Receipts)	\$ 59,830	\$ -	\$ 59,830
Total Positions	0.000	0.000	0.000

Division of Mental Health/Developmental Disabilities/Substance Abuse Services (14460)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>			% Change	% Change	
	2012-13 Actual	2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2014-15	from 2013-14 Certified	from 2014-15 Certified
Total Requirements	\$ 1,368,260,023	\$ 1,382,183,524	\$ 1,387,217,646	\$ 3,828,910	\$ -	\$ 3,828,910	\$ 1,391,046,556	0.64%	0.28%
Less Receipts	\$ 683,863,564	\$ 682,647,922	\$ 682,231,658	\$ -	\$ -	\$ -	\$ 682,231,658	-0.06%	0.00%
Total Appropriation	\$ 684,396,459	\$ 699,535,602	\$ 704,985,988	\$ 3,828,910	\$ -	\$ 3,828,910	\$ 708,814,898	1.33%	0.54%
Total Positions	-	11,712.202	11,712.202	(7,000)	-	(7,000)	11,705.202	-0.06%	-0.06%

1. Salary and Benefit Increase for Department of Health and Human Services Employees--Funds are provided for a \$1,000 salary and benefit increase for all Department of Health and Human Services employees, effective July 1, 2014. The amount listed is the share attributable to this division.

	Recurring Changes	Non Recurring Changes	Total
Requirements	\$ 3,828,910	\$ -	\$ 3,828,910
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ 3,828,910	\$ -	\$ 3,828,910
Positions	0.000	0.000	0.000

2. Re-Direct Administrative Dollars to Better Finance Facility Based In-Patient Care and Fund Crisis Services via Block Grants--State-operated in-patient care facilities continue to experience chronic budget shortfalls. The proposal addresses the shortfalls by maximizing the use of existing resources through administrative savings while preserving the state's investment in facility and community based services. The administrative savings would be realized through (1) elimination of 7 vacant positions and operating funds in the division's central administration office (\$0.45 million), (2) lower claims processing costs associated with the new claims processing technology (\$2.4 million), (3) lower LME/MCO administrative costs achieved through consolidation (\$1.83 million), and (4) elimination of the LME/MCO Risk Reserve (\$6.09 million), which based on the department's risk management efforts pursuant to S.L. 2013-85, is no longer viewed as necessary. The total of the administrative savings is \$10.7 million. These resources would be re-directed to the Division's facilities to make more financially sound, facility provided in-patient care. For 2012-13 actual expenditure totaled \$1.37 billion. The 2015 Certified Budget of \$ 1.39 billion is unchanged by these actions.

Requirements	\$ -	\$ -	\$ -
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ -	\$ -	\$ -
Positions	(7,000)	0.000	(7,000)

The recommended budget does include new funding for crisis services and the North Carolina Governor's Substance Abuse Prevention and Treatment Initiative, financed by federal block grants.

Net Adjustments	Recurring Changes	Non Recurring Changes	Total
Total Requirements	\$ 3,828,910	\$ -	\$ 3,828,910
Total Receipts	\$ -	\$ -	\$ -
Total Appropriation (Requirements minus Receipts)	\$ 3,828,910	\$ -	\$ 3,828,910
Total Positions	(7,000)	0.000	(7,000)

Division of Health Service Regulation (14470)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>				<u>% Change</u>	<u>% Change</u>
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Net</u>	<u>Net</u>	<u>Recommended</u>	<u>Revised</u>	<u>from</u>	<u>from</u>
	<u>Actual</u>	<u>Certified</u>	<u>Certified</u>	<u>Recurring</u>	<u>Non-Recurring</u>	<u>Adjustment</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>
Total Requirements	\$ 56,213,053	\$ 65,245,051	\$ 65,399,275	\$ 227,000	\$ -	\$ 227,000	\$ 65,626,275	0.58%	0.35%
Less Receipts	\$ 42,344,340	\$ 48,848,994	\$ 48,987,796	\$ 288,000	\$ -	\$ 288,000	\$ 49,275,796	0.87%	0.59%
Total Appropriation	\$ 13,868,713	\$ 16,396,057	\$ 16,411,479	\$ (61,000)	\$ -	\$ (61,000)	\$ 16,350,479	-0.28%	-0.37%
Total Positions	-	565.500	565.500	-	-	-	565.500	0.00%	0.00%

1. Salary and Benefit Increase for Department of Health and Human Services Employees--Funds are provided for a \$1,000 salary and benefit increase for all Department of Health and Human Services employees, effective July 1, 2014. The amount listed is the share attributable to this division.

	<u>Recurring</u>	<u>Non Recurring</u>	<u>Total</u>
	<u>Changes</u>	<u>Changes</u>	
Requirements	\$ 227,000	\$ -	\$ 227,000
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ 227,000	\$ -	\$ 227,000
Positions	0.000	0.000	0.000

2. Cost Allocate Construction Teams Inspections--The division's Construction Teams inspect family and adult care homes, and mental health facilities for compliance with federal licensure standards. The inspection consists of external and internal evaluations, including living quarters, fire safety, electrical, and plumbing equipment, to ensure homes and facilities are maintained in a safe living condition. The proposal would cost allocate inspection expenses based on the Medicaid census at the time of inspection. The cost sharing methodology is consistent with Centers for Medicare and Medicaid (CMS) guidance. For 2012-13, actual expenditures totaled \$5.3 million. While the budgeting of receipts (\$263,000) will result in a corresponding decrease in appropriation, the 2014-15 Certified Budget (requirements) of \$5.2 million is unchanged.

Requirements	\$ -	\$ -	\$ -
Less Receipts	\$ 263,000	\$ -	\$ 263,000
Appropriation	\$ (263,000)	\$ -	\$ (263,000)
Positions	0.000	0.000	0.000

3. Budget Over-Realized Health Care Personnel Registry Receipts--The Health Care Personnel Registry is a tool for monitoring unlicensed health care personnel. The registry lists nurse and medication aides who have met federal and state educational and competency requirements. Further, it lists unlicensed health care personnel who are being investigated for or have been found to have caused harm to a resident or facility. The cost of maintaining the registry is cost shared with Medicare. For 2012-13, actual expenditure totaled \$4.1 million. While the budgeting of over-realized receipts (\$25,000) will result in a corresponding decrease in appropriation, the 2014-15 Certified Budget (requirements) of \$4.4 million is unchanged.

Requirements	\$ -	\$ -	\$ -
Less Receipts	\$ 25,000	\$ -	\$ 25,000
Appropriation	\$ (25,000)	\$ -	\$ (25,000)
Positions	0.000	0.000	0.000

Net Adjustments	Recurring Changes	Non Recurring Changes	Total
Total Requirements	\$ 227,000.0	\$ -	\$ 227,000.0
Total Receipts	\$ 288,000.0	\$ -	\$ 288,000.0
Total Appropriation (Requirements minus Receipts)	\$ (61,000.0)	\$ -	\$ (61,000.0)
Total Positions	0.000	0.000	0.000

Division of Vocational Rehabilitation Services (14480)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>			% Change	% Change	
	<u>2012-13</u> <u>Actual</u>	<u>2013-14</u> <u>Certified</u>	<u>2014-15</u> <u>Certified</u>	<u>Net</u> <u>Recurring</u>	<u>Net</u> <u>Non-Recurring</u>	<u>Recommended</u> <u>Adjustment</u>	<u>Revised</u> <u>2014-15</u>	<u>from</u> <u>2013-14</u> <u>Certified</u>	<u>from</u> <u>2014-15</u> <u>Certified</u>
Total Requirements	\$ 139,578,673	\$ 139,623,674	\$ 139,623,674	\$ (823,628)	\$ -	\$ (823,628)	\$ 138,800,046	-0.59%	-0.59%
Less Receipts	\$ 106,931,724	\$ 100,850,505	\$ 100,850,505	\$ (545,252)	\$ -	\$ (545,252)	\$ 100,305,253	-0.54%	-0.54%
Total Appropriation	\$ 32,646,949	\$ 38,773,169	\$ 38,773,169	\$ (278,376)	\$ -	\$ (278,376)	\$ 38,494,793	-0.72%	-0.72%
Total Positions	-	1,030.495	1,030.495	(20.750)	-	(20.750)	1,009.745	-2.01%	-2.01%

1. Salary and Benefit Increase for Department of Health and Human Services Employees--Funds are provided for a \$1,000 salary and benefit increase for all Department of Health and Human Services employees, effective July 1, 2014. The amount listed is the share attributable to this division.

	<u>Recurring</u> <u>Changes</u>	<u>Non Recurring</u> <u>Changes</u>	<u>Total</u>
Requirements	\$ 296,960	\$ -	\$ 296,960
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ 296,960	\$ -	\$ 296,960
Positions	0.000	0.000	0.000

2. Operational Efficiencies--The proposal reduces the Division's administrative budget by streamlining the business functions, eliminating a no longer needed engineering position due to a change in vehicle modification policy, and eliminating other vacant positions. For 2012-13, actual expenditures totaled \$5.85 million. The proposal reduces the 2014-15 Certified Budget of \$6.5 million by \$417,271, or 6.5 percent.

Requirements	\$ (1,120,588)	\$ -	\$ (1,120,588)
Less Receipts	\$ (545,252)	\$ -	\$ (545,252)
Appropriation	\$ (575,336)	\$ -	\$ (575,336)
Positions	(20.750)	0.000	(20.750)

The Division's Independent Living Program provides home and vehicle modifications, personal care, and other services to disabled individuals to avoid institutionalization and enable them to live independently in their communities. The proposal eliminates 9.5 positions, of which 8.5 FTEs are long term vacancies. There will be no adverse impact to independent living services. For 2012-13, actual expenditures totaled \$4.2 million. The proposal reduces the 2014-15 Certified Budget of \$4.8 million by \$422,767, or 8.8 percent.

The Division's Vocational Rehabilitation Program provides an array of services to assist individuals with achieving successful employment outcomes. Clients receiving Social Security benefits receive counseling from Benefits Specialists who guide them through the employment process. The Benefits Specialists were funded by an expiring grant and a corresponding state match. The proposal eliminates the positions (5.5 FTEs) and funding. However, benefits counseling will continue to be provided by Rehabilitation Counselors, who will be supported by a statewide specialist. There will be no adverse impact to vocational rehabilitation services. For 2012-13, actual expenditures totaled \$41.5 million. The proposal reduces the 2014-15 Certified Budget of \$45.1 million by \$275,500, or 0.06 percent.

Net Adjustments	Recurring Changes	Non Recurring Changes	Total
Total Requirements	\$ (823,628)	\$ -	\$ (823,628)
Total Receipts	\$ (545,252)	\$ -	\$ (545,252)
Total Appropriation (Requirements minus Receipts)	\$ (278,376)	\$ -	\$ (278,376)
Total Positions	(20.750)	0.000	(20.750)

Justice and Public Safety

Justice

Expand the State Crime Lab's DNA testing capability to the Western Lab resulting in improved response and turnaround time to the Criminal Justice System and improved efficiency of staff time resulting from reduced travel time of scientists who are required to testify in court throughout the state.

Enhance the State Crime Lab's Toxicology resources required for timely analysis of evidence by providing additional funding to address and eliminate the backlog of pending cases through increased utilization of private labs on a temporary contractual basis.

Judicial

Provide funding for an average of one step compensation increase for the Clerks and Magistrate Pay Plan..

Indigent Defense Services

Provide additional resources to address a shortfall in the funding required for payment of private assigned counsel contracted to represent indigent clients throughout the state as required by the Indigent Defense Services Act.

Public Safety

Restore partial step increases for the State Highway Patrol that have been frozen for several years. This investment in law enforcement will help support recruitment and retention of quality applicants interested in a criminal justice career.

Continue to build on the reforms enacted by the Justice Reinvestment Act by housing an estimated increase of 1,000 misdemeanors with sentences of more than 180 days and misdemeanor DWI offenders in county jails through a program administered by the North Carolina Sheriffs' Association instead of the state prison system. Funding will be provided through the Statewide Misdemeanant Confinement Program.

Continue to invest the funds required to implement the Justice Reinvestment Act by supporting additional vehicles for Probation/Parole Officers to facilitate effective supervision of the increased number of offenders requiring mandatory community supervision.

Promote continued efficiency of Prisons management by consolidating adult correction regional offices due to the closure of a number of prison facilities since FY 2009-10.

Continue to modify prison staffing and operational budgets for a number of facilities to more appropriate levels based on current operational needs of the prisons. This will include management consolidation, closure of facilities, and conversion of facilities to meet other existing needs where appropriate.

Consolidate Alcohol Law Enforcement (ALE) district offices, restore partial funding for operations and personnel that was eliminated in 2013, and conduct a comprehensive assessment of the operations of the ALE Division to identify recommendations for long term effectiveness and efficiency improvements.

Implement a recommendation from the NC Government Efficiency and Reform (NC GEAR) project to transfer the Animal Welfare section from the Department of Agriculture and Consumer Services to the Law Enforcement Division of the Department of Safety. This will allow a greater emphasis on enforcement activities and enhance coordination with local law enforcement. Also, transfers the Spay and Neuter Program to maintain collaboration between animal cruelty prevention and enforcement efforts.

Judicial Branch (12000)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>				% Change	% Change
	2012-13	2013-14	2014-15	Net	Net	Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2014-15	2013-14	2014-15
Total Requirements	\$ 460,903,817	\$ 458,379,551	\$ 457,879,551	\$ 9,506,665	\$ 2,064,960	\$ 11,571,625	\$ 469,451,176	2.42%	2.53%
Less Receipts	\$ 1,579,646	\$ 1,453,299	\$ 1,453,299	\$ -	\$ -	\$ -	\$ 1,453,299	-%	-%
Total Appropriation	\$ 459,324,171	\$ 456,926,252	\$ 456,426,252	\$ 9,506,665	\$ 2,064,960	\$ 11,571,625	\$ 467,997,877	2.42%	2.54%
Total Positions	-	5,831.338	5,831.338	1.000	-	1.000	5,832.338	0.02%	0.02%

		Recurring	Non Recurring	Total
		Changes	Changes	
1. Salary and Benefit Increase for Administrative Office of the Courts Employees --Funds are provided for a \$1,000 salary and benefit increase for Administrative Office of the Courts employees not receiving an increase based on a statutory pay plan, effective July 1, 2014.	Requirements	\$ 2,681,967	\$ -	\$ 2,681,967
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 2,681,967	\$ -	\$ 2,681,967
	Positions	0.000	0.000	0.000
2. Salary and Benefit Increase for Magistrates, Deputy Clerks, and Assistant Clerks --Funds are provided for one salary-step increase based on the current statutory pay plan for eligible Magistrates, Deputy Clerks and Assistant Clerks, effective July 1, 2014. For Magistrates, Deputy Clerks and Assistant Clerks not eligible to receive one salary-step increase, funds for a \$1,000 salary and benefit increase are provided, effective July 1, 2014.	Requirements	\$ 6,475,252	\$ -	\$ 6,475,252
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 6,475,252	\$ -	\$ 6,475,252
	Positions	0.000	0.000	0.000
3. Adjust Assistant District Attorney Funding --Funding is recommended for three (3) Assistant District Attorney positions in Orange/Chatham (District 15B), Union (District 20B), and Person/Caswell (District 9A) counties authorized by GS 7A-60 but not funded in the biennium budget. This is a \$214,963 or 0.22% increase from the FY 2013-14 enacted certified salary and benefit account line items.	Requirements	\$ 214,963	\$ -	\$ 214,963
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 214,963	\$ -	\$ 214,963
	Positions	0.000	0.000	0.000
4. Modernize Court Technology - Criminal Court Information System --Provide funding to support eCourts initiatives. Development and deployment of the next step of functionality for the Automated Criminal/Infractions System (ACIS) to the Criminal Court Information System - Clerk Component (CCIS-CC) conversion. Funds will enable AOC to secure dedicated resources that will help to accelerate the conversion of ACIS to a more modern technical platform. This is a \$1,180,800 or 7.84% increase from the FY 2013-14 enacted certified Statewide Technology Infrastructure cost center.	Requirements	\$ -	\$ 1,180,800	\$ 1,180,800
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ -	\$ 1,180,800	\$ 1,180,800
	Positions	0.000	0.000	0.000

5. Modernize Court Technology - Micrographics eStorage--Funding is recommended to support electronic content management. This content management solution will address understaffing and increase speed in fulfilling public requests for certified court records, by converting a portion of pre-2007 microfilm records, which are manually imaged and transferred, to digital storage and retrieval. This is an \$881,000 or 5.85% increase from the FY 2013-14 enacted certified Statewide Technology Infrastructure cost center.

Requirements	\$	-	\$	881,000	\$	881,000
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	-	\$	881,000	\$	881,000
Positions		0.000		0.000		0.000

6. Legal Investigator and DNA Testing--Provide funding for a legal investigator and costs of DNA testing due to the volume of cases to review and the time-intensive nature of investigations handled by the Innocence Inquiry Commission. This position was previously funded by a federal grant from the National Institute of Justice. This is a \$137,643 or 33.10% increase from the FY 2013-14 enacted certified Innocence Commission cost center. \$3,160 of this request is nonrecurring.

Requirements	\$	134,483	\$	3,160	\$	137,643
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	134,483	\$	3,160	\$	137,643
Positions		1.000		0.000		1.000

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	9,506,665	\$	2,064,960	\$	11,571,625
Total Receipts	\$	-	\$	-	\$	-
Total Appropriation (Requirements minus Receipts)	\$	9,506,665	\$	2,064,960	\$	11,571,625
Total Positions		1.000		0.000		1.000

Judicial Branch - Indigent Defense (12001)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>				<u>% Change</u>	<u>% Change</u>
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Net</u>	<u>Net</u>	<u>Recommended</u>	<u>Revised</u>	<u>from</u>	<u>from</u>
	<u>Actual</u>	<u>Certified</u>	<u>Certified</u>	<u>Recurring</u>	<u>Non-Recurring</u>	<u>Adjustment</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>
Total Requirements	\$ 127,741,305	\$ 128,158,783	\$ 124,386,624	\$ 603,250	\$ 3,850,000	\$ 4,453,250	\$ 128,839,874	0.53%	3.58%
Less Receipts	\$ 13,349,221	\$ 13,029,360	\$ 13,029,360	\$ -	\$ -	\$ -	\$ 13,029,360	-%	-%
Total Appropriation	\$ 114,392,085	\$ 115,129,423	\$ 111,357,264	\$ 603,250	\$ 3,850,000	\$ 4,453,250	\$ 115,810,514	0.59%	4.00%
Total Positions	-	507.850	507.850	-	-	-	507.850	-%	-%

		<u>Recurring</u>	<u>Non Recurring</u>	<u>Total</u>
		<u>Changes</u>	<u>Changes</u>	
1. Salary and Benefit Increase for Indigent Defense Services Employees --Funds are provided for a \$1,000 salary and benefit increase for all Indigent Defense Services employees, effective July 1, 2014.	Requirements	\$ 524,750	\$ -	\$ 524,750
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 524,750	\$ -	\$ 524,750
	Positions	0.000	0.000	0.000
2. Private Assigned Counsel Funds --Provide \$3,500,000 in nonrecurring funds to address the continued shortfall and facilitate more timely payments to vendors. The fund for private assigned counsel has experienced extreme shortfalls for several years; \$10 Million in FY 2011 and FY 2012, and \$8 Million in FY 2013. This is a \$3,500,000 or 4.39% increase from the FY 2013-14 enacted certified fund.	Requirements	\$ -	\$ 3,500,000	\$ 3,500,000
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ -	\$ 3,500,000	\$ 3,500,000
	Positions	0.000	0.000	0.000
3. Public Defender Case Management System --Provide funds to replace an outdated Public Defender (PD) case management system used extensively in local PD offices. The 2013 legislature directed Indigent Defense Services (IDS) and the Administrative Office of the Courts to use available funds (up to \$350,000 each in current biennium) to jointly fund a replacement. IDS does not have available resources within their budget, therefore, a recommendation for nonrecurring funds to replace the system is being made. This is a \$350,000 or 0.76% increase from the FY 2013-14 enacted certified fund. \$115,000 in recurring funds will be needed beginning in FY 2015-16 to maintain the system.	Requirements	\$ -	\$ 350,000	\$ 350,000
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ -	\$ 350,000	\$ 350,000
	Positions	0.000	0.000	0.000

4. Equipment Replacement--Funding is recommended to increase the equipment replacement and repair budget. Recurring funding will allow the office to phase in new equipment and implement a 4-5 year replacement schedule. This is a \$78,500 or 0.17% increase from the FY 2013-14 enacted certified fund.

Requirements	\$	78,500	\$	-	\$	78,500
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	78,500	\$	-	\$	78,500
Positions		0.000		0.000		0.000

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	603,250	\$	3,850,000	\$	4,453,250
Total Receipts	\$	-	\$	-	\$	-
Total Appropriation (Requirements minus Receipts)	\$	603,250	\$	3,850,000	\$	4,453,250
Total Positions		0.000		0.000		0.000

Department of Justice (13600)

	2013 Session Law-Enacted			2014 Legislative Session-Recommended Change				% Change	% Change
	2012-13	2013-14	2014-15	Net	Net	Recommended	Revised	from	from
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment	2014-15	2013-14	2014-15
Total Requirements	\$ 122,056,750	\$ 124,817,576	\$ 123,400,379	\$ (689,849)	\$ 1,832,954	\$ 1,143,105	\$ 124,543,484	(0.22)%	0.93%
Less Receipts	\$ 46,175,734	\$ 45,091,453	\$ 41,091,453	\$ -	\$ 1,262,054	\$ 1,262,054	\$ 42,353,507	(6.07)%	3.07%
Total Appropriation	\$ 75,881,016	\$ 79,726,123	\$ 82,308,926	\$ (689,849)	\$ 570,900	\$ (118,949)	\$ 82,189,977	3.09%	(0.14)%
Total Positions	-	1,261.401	1,261.401	13.000	-	13.000	1,274.401	1.03%	1.03%

1. Salary and Benefit Increase for Department of Justice Employees--Funds are provided for a \$1,000 salary and benefit increase for all Department of Justice employees, effective July 1, 2014.

	Recurring Changes	Non Recurring Changes	Total
Requirements	\$ 956,330	\$ -	\$ 956,330
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ 956,330	\$ -	\$ 956,330
Positions	0.000	0.000	0.000

2. Increase State Crime Lab DNA Testing Capability--This item expands DNA testing capability to the Western lab by adding 10 positions and equipment. This will result in improved response and turnaround time to the criminal justice system, and will promote greater efficiency by reducing travel time for scientists who must testify in court throughout the state. The Department of Justice intends to utilize federal receipt funds for DNA backlog reduction to cover non-recurring requirements for lab and computer equipment, furniture, and uniforms. The State Crime Lab and the State Bureau of Investigation were separated into different fund codes effective January 1, 2014. This item reflects a 4.5% recurring increase over the FY 2014-15 State Crime Lab certified budget appropriation of \$15,231,562.

Requirements	\$ 689,219	\$ 1,172,390	\$ 1,861,609
Less Receipts	\$ -	\$ 1,172,390	\$ 1,172,390
Appropriation	\$ 689,219	\$ -	\$ 689,219
Positions	10.000	0.000	10.000

3. Enhance State Crime Lab Toxicology Resources--Timely analysis of evidence is an essential service objective of the North Carolina criminal justice system. Utilization of private labs on a temporary contractual basis is critical to address and eliminate the inventory of pending cases. This one-time funding, coupled with new positions and recurring contractual funds approved in 2013, will provide the Crime Lab with sufficient resources to eliminate the backlog of pending cases. This item provides \$545,900 in non-recurring funds, a 72.8% increase over the FY 2014-15 certified enacted budget of \$750,000 recurring.

Requirements	\$ -	\$ 545,900	\$ 545,900
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ -	\$ 545,900	\$ 545,900
Positions	0.000	0.000	0.000

4. Increase Investigators to Combat Internet Crimes Against Children--Criminals pose a substantial risk to our youth through the use of technology. This item adds three new SBI agents to investigate reports of child sexual abuse and child sexual exploitation. The agency intends to utilize federal receipts for non-recurring expenses such as vehicles and computer equipment.

Requirements	\$ 228,929	\$ 89,664	\$ 318,593
Less Receipts	\$ -	\$ 89,664	\$ 89,664
Appropriation	\$ 228,929	\$ -	\$ 228,929
Positions	3.000	0.000	3.000

5. Enhance Security for Criminal Justice Data--The Department of Justice will begin a phase-in of enhanced security features for criminal justice data accessed by 27,000 state and local law enforcement users in order to comply with a federal mandate. Funds for software licenses and maintenance expenses total \$135,000 recurring and one-time funding of \$25,000 is provided for server equipment.

Requirements	\$	135,000	\$	25,000	\$	160,000
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	135,000	\$	25,000	\$	160,000
Positions		0.000		0.000		0.000

6. Achieve Agency Efficiencies--This item establishes a management flexibility reserve, allowing Department of Justice management to identify where efficiencies can be achieved in personnel and operating accounts. This \$2,699,327 decrease, coupled with recommended expansion amounts excluding the increase for salaries and benefits, represents a 2% reduction from the FY 13-14 enacted certified budget.

Requirements	\$	(2,699,327)	\$	-	\$	(2,699,327)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(2,699,327)	\$	-	\$	(2,699,327)
Positions		0.000		0.000		0.000

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	(689,849)	\$	1,832,954	\$	1,143,105
Total Receipts	\$	-	\$	1,262,054	\$	1,262,054
Total Appropriation (Requirements minus Receipts)	\$	(689,849)	\$	570,900	\$	(118,949)
Total Positions		13.000		0.000		13.000

Department of Public Safety (14550)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change from	% Change from
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2013-14 Certified	2014-15 Certified
Total Requirements	\$ 1,898,361,711	\$ 1,955,966,707	\$ 1,916,387,318	\$ 10,023,586	\$ 2,883,754	\$ 12,907,340	\$ 1,929,294,658	(1.36)%	0.67%
Less Receipts	\$ 243,240,415	\$ 239,073,312	\$ 226,373,312	\$ 380,154	\$ -	\$ 380,154	\$ 226,753,466	(5.15)%	0.17%
Total Appropriation	\$ 1,655,121,297	\$ 1,716,893,395	\$ 1,690,014,006	\$ 9,643,432	\$ 2,883,754	\$ 12,527,186	\$ 1,702,541,192	(0.84)%	0.74%
Total Positions	-	24,388.710	24,488.710	(369.500)	13.000	(356.500)	24,132.210	(1.05)%	(1.46)%

		Recurring Changes	Non Recurring Changes	Total
1. Salary and Benefit Increase for Most Department of Public Safety Employees --Funds are provided for a \$1,000 salary and benefit increase for Department of Public Safety employees not receiving an increase based on a statutory pay plan, effective July 1, 2014.	Requirements	\$ 23,320,085	\$ -	\$ 23,320,085
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 23,320,085	\$ -	\$ 23,320,085
	Positions	0.000	0.000	0.000
2. Salary and Benefit Increase for State Highway Patrol --Funds are provided for a partial salary step increase for State Highway Patrol troopers who are not at the top of their pay range. The increase will be effective July 1, 2014. All other troopers will receive the same salary and benefit increase as other state employees.	Requirements	\$ 1,486,030	\$ -	\$ 1,486,030
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 1,486,030	\$ -	\$ 1,486,030
	Positions	0.000	0.000	0.000
3. Restore Funds for Alcohol Law Enforcement --A portion of funds and 13 positions for Alcohol Law Enforcement that were reduced during the 2013 legislative session are restored on a non-recurring basis. ALE is also directed to conduct a comprehensive assessment of its operations and make recommendations for long-term effectiveness and efficiency improvements to the 2015 Legislature. This is a \$724,454, or 10.3%, non-recurring increase over the FY 2013-14 certified appropriation.	Requirements	\$ -	\$ 724,454	\$ 724,454
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ -	\$ 724,454	\$ 724,454
	Positions	0.000	13.000	13.000
4. Vehicles for Probation/Parole Officers --Additional vehicles are needed for 100 Probation/Parole Officer positions that were funded during the 2013 legislative session and are effective July 1, 2014. Funds will be transferred to the Department of Administration Motor Fleet Management Division to purchase the vehicles which will be leased to the Department of Public Safety. Funds to cover the annual lease costs were also approved in the 2013 legislative session. This General Fund appropriation is needed to support an increase in the state's managed fleet as the Department of Administration's internal service fund (Budget Code 74100) supports the maintenance, insurance, and replacement of the existing fleet.	Requirements	\$ -	\$ 1,829,300	\$ 1,829,300
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ -	\$ 1,829,300	\$ 1,829,300
	Positions	0.000	0.000	0.000

5. Transfer Animal Welfare--A recommendation from the NC Government Efficiency and Reform (NC GEAR) project, this item transfers the Animal Welfare Section from the Department of Agriculture and Consumer Services to the Department of Public Safety Law Enforcement Division. The transfer, which includes 10 FTEs, will allow greater focus on enforcement and promote greater coordination with local law enforcement. In addition, the Spay and Neuter Program, which currently operates from receipts and has one FTE, will also transfer to Public Safety and receive a \$100,000 recurring appropriation in order to strengthen the connection between animal cruelty prevention and enforcement efforts.

Requirements	\$	755,707	\$	-	\$	755,707
Less Receipts	\$	33,515	\$	-	\$	33,515
Appropriation	\$	722,192	\$	-	\$	722,192
Positions		10.000		0.000		10.000

6. Revise Governor's Crime Commission Operational Funds--This budget adjustment modifies the grant reserve funds by \$7,543 and the funding for computer software by \$8,237 at the Governor's Crime Commission. This reduction will not impact the amount of funds available for award to criminal justice grantees. This represents a 2% reduction from the FY 2013-14 certified appropriation of \$788,998.

Requirements	\$	(15,780)	\$	-	\$	(15,780)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(15,780)	\$	-	\$	(15,780)
Positions		0.000		0.000		0.000

7. Modify Victim Services Lease and Equipment Budget--Victim Services will modify funding for rent/lease of an office building (\$8,990), and office equipment (\$1,661). This is a \$10,151, or 0.16%, decrease from the FY 2013-14 certified budget.

Requirements	\$	(10,151)	\$	-	\$	(10,151)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(10,151)	\$	-	\$	(10,151)
Positions		0.000		0.000		0.000

8. Alter Funding for Administrative Sections--This item adjusts the number of positions by 3.5 FTE, and modifies budgets for supplies (\$2,000), equipment (\$69,500), server software (\$19,000) employee meals (\$9,400) and other operating costs in agency administration. This is a \$438,089, or 0.76%, decrease from the FY 2013-14 certified budget for these sections.

Requirements	\$	(438,089)	\$	-	\$	(438,089)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(438,089)	\$	-	\$	(438,089)
Positions		(3.500)		0.000		(3.500)

9. Shift Emergency Management Positions to Receipts--Emergency Management will shift funding of 1.25 engineering technician positions to federal receipts. This is an \$89,489, or 9.5%, decrease from the FY 2013-14 certified budget for the Geodetic Survey fund.

Requirements	\$	-	\$	-	\$	-
Less Receipts	\$	89,489	\$	-	\$	89,489
Appropriation	\$	(89,489)	\$	-	\$	(89,489)
Positions		0.000		0.000		0.000

10. Adjust Adjutant General's Office Administrative Costs --This item adjusts the North Carolina National Guard's Adjutant General's budget in the administrative services account by \$6,000, and by \$5,000 in the employee travel meal account. This is an \$11,000, or 0.23%, decrease from the FY 2013-14 certified budget.

Requirements	\$	(11,000)	\$	-	\$	(11,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(11,000)	\$	-	\$	(11,000)
Positions		0.000		0.000		0.000

11. Consolidate Alcohol Law Enforcement (ALE) District Offices --This item promotes more efficient use of state resources by consolidating from nine district offices to six. Staff currently assigned to Charlotte and Fayetteville offices will report to other offices and the Elizabeth City and New Bern offices will combine to a single location to be determined. Specific accounts to be reduced are electrical service (\$6,881) and lease of office space (\$131,950). This is a \$138,831, or 2.0%, decrease from the FY 2013-14 certified budget.

Requirements	\$	(138,831)	\$	-	\$	(138,831)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(138,831)	\$	-	\$	(138,831)
Positions		0.000		0.000		0.000

12. Adjust Budget for Adult Correction/Juvenile Justice Staff Training--Reduce training budget for certified training of correctional officers, probation officers, and juvenile court counselors. Specific accounts include rent/lease motor vehicles (\$5,051), printing (\$9,900), registration fees (\$4,500), security supplies (\$4,815), food supplies (\$7,229) and educational supplies (\$6,804).

Requirements	\$	(38,299)	\$	-	\$	(38,299)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(38,299)	\$	-	\$	(38,299)
Positions		0.000		0.000		0.000

13. Consolidate Adult Correction Region Offices--This item improves efficiency of Prisons management by consolidating the female command and one region office for male prisons with the four remaining region locations. Sixteen prison facilities have closed since September 2009, and the remaining four region offices can support both the male and female facilities. In order to allow time to restructure the remaining offices and reassign duties, the female command will cease operations effective November 1, 2014, and a region office for male prisons will close March 1, 2015. Annualized savings in FY 2015-16 are \$1,017,778.

Requirements	\$	(477,134)	\$	-	\$	(477,134)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(477,134)	\$	-	\$	(477,134)
Positions		(11.000)		0.000		(11.000)

14. Modify Prison Staffing and Operational Budgets--This item consolidates the management of Tillery and Caledonia adult male correctional facilities and adjusts the staffing pattern by 32 FTE at those facilities, and reduces staffing levels by 11 FTE at other prisons to more appropriate levels based on current operation of the prisons. Also, budgets for computer software (\$200,000), contractual medical staff (\$152,031), equipment (\$100,000), and educational supplies (\$28,000) will be modified.

Requirements	\$	(2,577,565)	\$	-	\$	(2,577,565)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(2,577,565)	\$	-	\$	(2,577,565)
Positions		(43.000)		0.000		(43.000)

15. House Misdemeanant Offenders in County Jails--Under this item, an estimated 1,034 misdemeanants with sentences of more than 180 days and misdemeanant DWI offenders would be housed in county jails instead of the state prison system, with funding provided through the Statewide Misdemeanant Confinement Program. The program, which is managed by the North Carolina Sheriffs' Association, allows counties to volunteer to house offenders for \$40 per day, plus transportation, treatment, and medical costs. The misdemeanants will shift to county jails for convictions on or after October 1, 2014, with DWI offenders to shift for convictions on or after January 1, 2015. Annualized savings for FY 2015-16 are \$4,374,854. This item will result in additional expenditures from the Statewide Misdemeanant Confinement Fund. In the short-term, cash balance and current receipts are sufficient to cover costs associated with the additional offenders serving their sentences in the county jails. Transferring responsibility for housing misdemeanants to counties creates additional capacity within the state prison system to allow for the conversion and closure of facilities included in other recommended items.

Requirements	\$	(2,662,357)	\$	-	\$	(2,662,357)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(2,662,357)	\$	-	\$	(2,662,357)
Positions		0.000		0.000		0.000

16. Adjust Prison Capacity for Female Offenders--In order to adjust prison capacity for females to more closely reflect projected need, this items closes North Piedmont Correctional Center for Women, effective August 1, 2014. This action will reduce female minimum custody beds by 136 and adjust staffing levels by 44 positions. Annualized savings in FY 2015-16 are \$2,143,740.

Requirements	\$	(1,965,095)	\$	-	\$	(1,965,095)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(1,965,095)	\$	-	\$	(1,965,095)
Positions		(44.000)		0.000		(44.000)

17. Convert Eastern Correctional Institution to Female Facility--Convert Eastern Correctional Institution to a female facility effective November 1, 2014. Female inmates from Fountain Correctional Center will be transferred to Eastern Correctional Institution. Savings are generated from staffing levels associated with a medium security male versus minimum security female facility. FY 2015-16 annualized savings are \$4,336,433.

Requirements	\$	(2,890,955)	\$	330,000	\$	(2,560,955)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(2,890,955)	\$	330,000	\$	(2,560,955)
Positions		(102.000)		0.000		(102.000)

18. Shift Female Inmate Population to Different Location--Fountain Correctional Center for Women will close, effective January 1, 2015. A new female facility will open at the site of Eastern Correctional Institution which will be converted from a male to a female facility. FY 2015-16 annualized savings are \$8,794,623.

Requirements	\$	(4,397,312)	\$	-	\$	(4,397,312)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(4,397,312)	\$	-	\$	(4,397,312)
Positions		(176.000)		0.000		(176.000)

19. Collect Receipts for Hazardous Chemical Reports--Establishes a fee structure for businesses that store or process hazardous chemicals, like 26 other states. The fees will help offset the cost associated with local and state emergency response, planning, and mitigation. FY 2015-16 annualized General Fund savings are \$691,277. A reduced amount of \$172,818 will be realized in FY 2014-15 due to the fee's effective date.

Requirements	\$	84,332	\$	-	\$	84,332
Less Receipts	\$	257,150	\$	-	\$	257,150
Appropriation	\$	(172,818)	\$	-	\$	(172,818)
Positions		0.000		0.000		0.000

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	10,023,586	\$	2,883,754	\$	12,907,340
Total Receipts	\$	380,154	\$	-	\$	380,154
Total Appropriation (Requirements minus Receipts)	\$	9,643,432	\$	2,883,754	\$	12,527,186
Total Positions		(369.500)		13.000		(356.500)

Natural and Economic Resources

Agriculture

Implements a recommendation from the NC Government Efficiency and Reform (NC GEAR) project to transfer the Animal Welfare section from the Department of Agriculture and Consumer Services to the Department of Public Safety, Law Enforcement Division. This will allow a greater emphasis on enforcement activities and enhance coordination with local law enforcement. Also, transfers the Spay and Neuter Program to maintain collaboration between animal cruelty prevention and enforcement efforts.

Commerce

Reorganize the Department of Commerce effective July 1, to establish a Public Private Partnership (PPP) for Economic Development to perform several core functions including economic development activities that are currently provided by the department with anticipated recurring savings of 5% to the state.

Provides \$500,000 to recapitalize the Main Street Solutions Program, a matching grant program that focuses on downtown economic development through the rehabilitation of buildings in smaller towns.

Recommends \$2.5 million for the One North Carolina Small Business Program to provide early-stage funding for small, high-growth, high-tech businesses across the state.

Provides the necessary state match funding required for continued receipt of federal funds for the Community Development Block Grant Program (CDBG) that facilitates economic development at the local level by providing funds for grants or loans for creating and retaining jobs; and funding for infrastructure improvements for public water and sewer systems.

Waives the fee for FY 2014-15 required to participate in the Apprenticeship Program through a transfer of funds from the Community College System to facilitate increased participation in the program.

Department of Agriculture and Consumer Services

Department of Labor

Department of Commerce

Commerce - General State Aid

Department of Environmental and Natural Resources

Wildlife Resources Commission

Environment and Natural Resources

Provide funding for additional resources, equipment, and operating expenses associated with the increased regulatory efforts required to effectively monitor coal ash ponds throughout the state.

Recommends \$1.3 million in funding required to support statewide aquatic weed control measures aimed at protecting the state's natural resources.

Recommends \$3.46 million in recurring funds to continue the clean-up of residential Leaking Underground Storage Tanks throughout the state.

Department of Agriculture and Consumer Services (13700)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change	% Change
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		from	from
								2013-14 Certified	2014-15 Certified
Total Requirements	\$ 160,245,868	\$ 171,298,827	\$ 171,623,027	\$ (1,641,865)	\$ -	\$ (1,641,865)	\$ 169,981,162	(0.77)%	(0.96)%
Less Receipts	\$ 58,250,459	\$ 56,213,125	\$ 56,213,125	\$ (33,515)	\$ -	\$ (33,515)	\$ 56,179,610	(0.06)%	(0.06)%
Total Appropriation	\$ 101,995,409	\$ 115,085,702	\$ 115,409,902	\$ (1,608,350)	\$ -	\$ (1,608,350)	\$ 113,801,552	(1.12)%	(1.39)%
Total Positions	-	1,838.900	1,838.900	(10.000)	-	(10.000)	1,828.900	(0.54)%	(0.54)%

		Recurring Changes	Non Recurring Changes	Total
1. Salary and Benefit Increase for Department of Agriculture and Consumer Services Employees--Funds	Requirements	\$ 1,322,040	\$ -	\$ 1,322,040
are provided for a \$1,000 salary and benefit increase for all Department of Agriculture and Consumer Services employees, effective July 1, 2014.	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 1,322,040	\$ -	\$ 1,322,040
	Positions	0.000	0.000	0.000
2. Management Flexibility Reduction--	Requirements	\$ (2,308,198)	\$ -	\$ (2,308,198)
A management flexibility reduction of \$2,308,198 is recommended to provide a 2.0% savings of the agency's FY 2014-15 certified appropriation of \$115,409,902. This will allow the Department to determine where efficiencies can be achieved to meet the requirement. This is a \$2,308,198 or 2.0% decrease from the FY 2013-14 enacted certified budget.	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ (2,308,198)	\$ -	\$ (2,308,198)
	Positions	0.000	0.000	0.000
3. Transfer Animal Welfare --	Requirements	\$ (655,707)	\$ -	\$ (655,707)
A recommendation from the NC Government Efficiency and Reform (NC GEAR) project, this item transfers the Animal Welfare section from the Department of Agriculture and Consumer Services to the Department of Public Safety Law Enforcement Division. The transfer, which includes 10 FTEs, will allow greater focus on enforcement and promote greater coordination with local law enforcement. In addition, the Spay and Neuter Program, which operates from receipts and has one FTE, will also transfer to Public Safety in order to strengthen the connection between animal cruelty prevention and enforcement efforts.	Less Receipts	\$ (33,515)	\$ -	\$ (33,515)
	Appropriation	\$ (622,192)	\$ -	\$ (622,192)
	Positions	(10.000)	0.000	(10.000)

Net Adjustments	Recurring Changes	Non Recurring Changes	Total
Total Requirements	\$ (1,641,865)	\$ -	\$ (1,641,865)
Total Receipts	\$ (33,515)	\$ -	\$ (33,515)
Total Appropriation (Requirements minus Receipts)	\$ (1,608,350)	\$ -	\$ (1,608,350)
Total Positions	(10.000)	0.000	(10.000)

Department of Labor (13800)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>			Revised 2014-15	% Change from 2013-14 Certified	% Change from 2014-15 Certified
	2012-13 Actual	2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment			
Total Requirements	\$ 32,698,896	\$ 33,806,087	\$ 33,806,087	\$ (78,620)	\$ -	\$ (78,620)	\$ 33,727,467	(0.23)%	(0.23)%
Less Receipts	\$ 17,524,786	\$ 17,109,748	\$ 17,109,748	\$ -	\$ -	\$ -	\$ 17,109,748	-%	-%
Total Appropriation	\$ 15,174,110	\$ 16,696,339	\$ 16,696,339	\$ (78,620)	\$ -	\$ (78,620)	\$ 16,617,719	(0.47)%	(0.47)%
Total Positions	-	405.242	405.242	(2.000)	-	(2.000)	403.242	(0.49)%	(0.49)%

- 1. Salary and Benefit Increase for Department of Labor Employees**--Funds are provided for a \$1,000 salary and benefit increase for all Department of Labor employees, effective July 1, 2014.

	Recurring Changes	Non Recurring Changes	Total
Requirements	\$ 238,350	\$ -	\$ 238,350
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ 238,350	\$ -	\$ 238,350
Positions	0.000	0.000	0.000

- 2. Modify Positions and Adjust Operating Budget**--Shifts 1.07 FTE positions from state funding to 100% Federal Mine and Quarry Grant receipts. Funds available within the operating budget of the grant will be adjusted to provide funding for the positions. The department will also streamline responsibilities for two OSHA Industrial Hygiene Inspector positions. This is a \$316,970 or 2.0% decrease from the FY 2013-14 enacted certified budget.

Requirements	\$ (316,970)	\$ -	\$ (316,970)
Less Receipts	\$ -	\$ -	\$ -
Appropriation	\$ (316,970)	\$ -	\$ (316,970)
Positions	(2.000)	0.000	(2.000)

Net Adjustments

	Recurring Changes	Non Recurring Changes	Total
Total Requirements	\$ (78,620)	\$ -	\$ (78,620)
Total Receipts	\$ -	\$ -	\$ -
Total Appropriation (Requirements minus Receipts)	\$ (78,620)	\$ -	\$ (78,620)
Total Positions	(2.000)	0.000	(2.000)

Department of Environment and Natural Resources (14300)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change from 2013-14 Certified	% Change from 2014-15 Certified
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment			
Total Requirements	\$ 202,023,490	\$ 252,729,027	\$ 256,508,952	\$ 6,215,994	\$ 1,096,000	\$ 7,311,994	\$ 263,820,946	4.39%	2.85%
Less Receipts	\$ 93,609,933	\$ 98,691,716	\$ 98,741,716	\$ 3,891,935	\$ -	\$ 3,891,935	\$ 102,633,651	3.99%	3.94%
Total Appropriation	\$ 108,413,557	\$ 154,037,311	\$ 157,767,236	\$ 2,324,059	\$ 1,096,000	\$ 3,420,059	\$ 161,187,295	4.64%	2.17%
Total Positions	-	2,375.720	2,369.720	8.280	-	8.280	2,378.000	0.10%	0.35%

		Recurring Changes	Non Recurring Changes	Total
1. Salary and Benefit Increase for Department of Environment and Natural Resources Employees-- Funds are provided for a \$1,000 salary and benefit increase for all Environment and Natural Resources employees, effective July 1, 2014.	Requirements	\$ 1,596,540	\$ -	\$ 1,596,540
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 1,596,540	\$ -	\$ 1,596,540
	Positions	0.000	0.000	0.000
2. Water Resources: Laboratory and Field Equipment to Monitor Coal Ash Ponds-- Provides \$596,000 in non-recurring funding for equipment to support the Division's efforts related to ongoing surveys of the current status of coal ash ponds and regulatory activities throughout North Carolina.	Requirements	\$ -	\$ 596,000	\$ 596,000
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ -	\$ 596,000	\$ 596,000
	Positions	0.000	0.000	0.000
3. Coal Ash Positions and Operating Funds-- Provides \$1,214,186 in recurring appropriations for nineteen (19) full-time equivalent positions (\$1,105,394) and operating funds (\$108,792). This will allow the Department to increase regulatory efforts and respond to public concerns with regard to the disposal of combustion products in the Division of Water Resources, the Division of Energy, Mineral and Land Resources, and the Division of Waste Management. Two of the nineteen positions in the Division of Waste Management have an effective date of January 1, 2015, thus, the recurring appropriation for future fiscal years is \$1,311,058. Receipts are provided from Federal EPA funds and Water Permit fees for two of the positions in the Division of Water Resources.	Requirements	\$ 1,383,384	\$ -	\$ 1,383,384
	Less Receipts	\$ 169,198	\$ -	\$ 169,198
	Appropriation	\$ 1,214,186	\$ -	\$ 1,214,186
	Positions	19.000	0.000	19.000
4. Division of Energy, Minerals and Land Resources - Operating Funds for Shale Gas Program-- Provides recurring appropriations for operating funds for the Division's Energy Section's Oil and Gas Regulatory Program and the Mining and Energy Commission. This is a \$176,789 or 35.36% increase from the FY 2013-14 certified enacted.	Requirements	\$ 176,789	\$ -	\$ 176,789
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 176,789	\$ -	\$ 176,789
	Positions	0.000	0.000	0.000

5. Waste Management: Non-Commercial Leaking Underground Tanks--Provides \$3,458,927 in recurring receipts to be redirected from the Gasoline Inspection Tax proceeds to the Non-Commercial Leaking Underground Storage Tank Fund. There were no funds provided from this source for FY 2013-14.

Requirements	\$	3,458,927	\$	-	\$	3,458,927
Less Receipts	\$	3,458,927	\$	-	\$	3,458,927
Appropriation	\$	-	\$	-	\$	-
Positions		0.000		0.000		0.000

6. Division of Energy, Minerals and Land Resources: Exploration of Natural Gas Resources--Provides \$500,000 in non-recurring funding for the state's share of an industry consortium to drill three vertical core holes and conduct drilling exploration activities including seismic and other geophysical, stratigraphic surveys and testing and conducting on land owned by the state in the Sanford sub-basin. New samples and data from the reservoir, shared with the state-industry consortium, will accelerate the technical and economic evaluation of the reservoir, and serve as a mechanism to attract qualified companies interested in safely and responsibly exploring for natural gas in North Carolina's Triassic basins.

Requirements	\$	-	\$	500,000	\$	500,000
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	-	\$	500,000	\$	500,000
Positions		0.000		0.000		0.000

7. Aquatic Weed Control Funding--Recurring funding of \$1.3 million provides support for aquatic weed control measures to be implemented statewide to protect the state's investment in its natural resources. Currently, the Department has been utilizing up to \$250,000 from Park and Recreation funds, local assistance from counties and cities, and resources from the Aquatic Weed Control Program in the Division of Water Resources to deal with a hydrilla outbreak at Lake Waccamaw State Park. Hydrilla is recognized as one of the worst aquatic weeds introduced in the United States and is listed as both a US Federal Noxious Weed and a state Noxious Weed in numerous states.

Requirements	\$	1,300,000	\$	-	\$	1,300,000
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	1,300,000	\$	-	\$	1,300,000
Positions		0.000		0.000		0.000

8. Aquariums Budget Adjustment--Budgets admission receipts generated through the Aquariums to offset the recommended reduction to the utilities account for electrical in appropriation. This is a \$143,390 or 1.98% decrease from the FY 2013-14 enacted certified budget for the fund.

Requirements	\$	-	\$	-	\$	-
Less Receipts	\$	143,390	\$	-	\$	143,390
Appropriation	\$	(143,390)	\$	-	\$	(143,390)
Positions		0.000		0.000		0.000

9. Office of Land and Water Stewardship Budget Adjustment--Adjusts the staffing level for 1.00 FTE and associated fringe benefits in the Office of Land and Water Stewardship. The duties assigned to this position will be redistributed. This item is in conjunction with the administrative realignment of this program to adhere to the administrative caps established by the General Assembly. This is a \$59,274 or 18.24% decrease from the FY 2013-14 enacted certified budget for this fund.

Requirements	\$	(59,274)	\$	-	\$	(59,274)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(59,274)	\$	-	\$	(59,274)
Positions		(1.000)		0.000		(1.000)

10. Division of Coastal Management Fund Shift Position to .50 --Shifts one half FTE to receipt support. This is a \$42,601 or 2.7 % decrease from the FY 2013-14 enacted certified budget for this fund.	Requirements	\$	(42,601)	\$	-	\$	(42,601)
	Less Receipts	\$	-	\$	-	\$	-
	Appropriation	\$	(42,601)	\$	-	\$	(42,601)
	Positions		(0.500)		0.000		(0.500)
11. Division of Water Infrastructure Budget Adjustment --Adjusts the operating line item for other materials in the Division of Water Infrastructure. This is a \$10,000 or 66.67% decrease from the FY 2013-14 enacted certified budget for this account.	Requirements	\$	(10,000)	\$	-	\$	(10,000)
	Less Receipts	\$	-	\$	-	\$	-
	Appropriation	\$	(10,000)	\$	-	\$	(10,000)
	Positions		0.000		0.000		0.000
12. State Parks Division Budget Adjustment --Adjusts the staffing level, associated fringe benefits, and operating account line items in the Division of State Parks. This is a \$623,360 or 1.5% decrease from the FY 2013-14 enacted certified budget for this fund.	Requirements	\$	(623,360)	\$	-	\$	(623,360)
	Less Receipts	\$	-	\$	-	\$	-
	Appropriation	\$	(623,360)	\$	-	\$	(623,360)
	Positions		(1.000)		0.000		(1.000)
13. Division of Marine Fisheries Budget Adjustment --Shifts 2.5 positions to receipt support and adjusts staffing levels by three FTEs. This item adjusts associated fringe benefits and other operating account line items by re-evaluating shellfish growing area samples and shoreline surveys in the Division of Water Infrastructure. This is a \$292,000 or 3.72% decrease from the FY 2013-14 enacted certified budget for the fund.	Requirements	\$	(171,580)	\$	-	\$	(171,580)
	Less Receipts	\$	120,420	\$	-	\$	120,420
	Appropriation	\$	(292,000)	\$	-	\$	(292,000)
	Positions		(3.000)		0.000		(3.000)
14. Division of Waste Management Budget Adjustment --Adjusts the operating line items for legal services and motor vehicle insurance in the Division of Water Management. This is a \$18,606 or 2.82% decrease from the FY 2013-14 enacted certified budget for the legal services account, and a \$5,000 or 72.41% decrease for the motor vehicle insurance account.	Requirements	\$	(23,606)	\$	-	\$	(23,606)
	Less Receipts	\$	-	\$	-	\$	-
	Appropriation	\$	(23,606)	\$	-	\$	(23,606)
	Positions		0.000		0.000		0.000
15. NC Zoo Budget Adjustment --Adjusts the operating line item for other motorized vehicles. This is a \$208,624 or 32.89% decrease from the FY 2013-14 enacted certified budget for this account.	Requirements	\$	(208,624)	\$	-	\$	(208,624)
	Less Receipts	\$	-	\$	-	\$	-
	Appropriation	\$	(208,624)	\$	-	\$	(208,624)
	Positions		0.000		0.000		0.000
16. Division of Environmental Assistance and Customer Service Budget Adjustment --Adjusts the staffing level by 1.22 FTEs. Included are salaries, associated fringes, and general office supplies. This is a \$113,011 or 4.81% decrease from the FY 2013-14 certified enacted budget for this fund.	Requirements	\$	(113,011)	\$	-	\$	(113,011)
	Less Receipts	\$	-	\$	-	\$	-
	Appropriation	\$	(113,011)	\$	-	\$	(113,011)
	Positions		(1.220)		0.000		(1.220)

17. Division of Water Resources Budget Adjustment--Adjusts the staffing level by two FTEs included are salaries and associated fringes. This is a \$155,976 or 4.01% decrease from the FY 2013-14 certified enacted budget for this fund.

Requirements	\$	(155,976)	\$	-	\$	(155,976)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(155,976)	\$	-	\$	(155,976)
Positions		(2.000)		0.000		(2.000)

18. NC Museum of Natural Science Budget Adjustment--Amends one position to include salary and associated fringe benefits; salaries and associated fringes for temporary funded positions; salary reserves; and carpentry supplies. This is a \$195,616 or 1.63% decrease from the FY 2013-14 certified enacted budget for this fund.

Requirements	\$	(195,616)	\$	-	\$	(195,616)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(195,616)	\$	-	\$	(195,616)
Positions		(1.000)		0.000		(1.000)

19. Division of Energy, Minerals and Land Resources--Adjusts one position in the Stormwater Permitting Program. This is a \$61,049 or 0.96% decrease from the FY 2013-14 certified enacted budget for this fund.

Requirements	\$	(61,049)	\$	-	\$	(61,049)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(61,049)	\$	-	\$	(61,049)
Positions		(1.000)		0.000		(1.000)

20. Administrative Services Budget Adjustment--Adjusts salary and associated fringes in Administrative Services. This is a \$34,919 or 0.55% decrease from the FY 2013-14 certified enacted budget in this fund.

Requirements	\$	(34,949)	\$	-	\$	(34,949)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(34,949)	\$	-	\$	(34,949)
Positions		0.000		0.000		0.000

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	6,215,994	\$	1,096,000	\$	7,311,994
Total Receipts	\$	3,891,935	\$	-	\$	3,891,935
Total Appropriation (Requirements minus Receipts)	\$	2,324,059	\$	1,096,000	\$	3,420,059
Total Positions		8.280		0.000		8.280

Wildlife Resources Commission (14350)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>			<u>% Change</u>	<u>% Change</u>	
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Net</u>	<u>Net</u>	<u>Recommended</u>	<u>from</u>	<u>from</u>	
	<u>Actual</u>	<u>Certified</u>	<u>Certified</u>	<u>Recurring</u>	<u>Non-Recurring</u>	<u>Adjustment</u>	<u>2013-14</u>	<u>2014-15</u>	
Total Requirements	\$ 18,476,588	\$ 61,851,417	\$ 61,851,417	\$ 54,253	\$ -	\$ 54,253	\$ 61,905,670	0.09%	0.09%
Less Receipts	\$ -	\$ 49,374,829	\$ 47,374,829	\$ 164,285	\$ -	\$ 164,285	\$ 47,539,114	(3.72)%	0.35%
Total Appropriation	\$ 18,476,588	\$ 12,476,588	\$ 14,476,588	\$ (110,032)	\$ -	\$ (110,032)	\$ 14,366,556	15.15%	(0.76)%
Total Positions	-	649.000	649.000	-	-	-	649.000	-%	-%

		<u>Recurring</u>	<u>Non Recurring</u>	<u>Total</u>
		<u>Changes</u>	<u>Changes</u>	
1. Salary and Benefit Increase for Wildlife Resources Commission Employees--	Funds are provided for a \$1,000 salary and benefit increase for all Wildlife Resources Commission employees, effective July 1, 2014.	Requirements \$ 179,500	\$ -	\$ 179,500
		Less Receipts \$ -	\$ -	\$ -
		Appropriation \$ 179,500	\$ -	\$ 179,500
		Positions 0.000	0.000	0.000

2. Budget Adjustment--	Adjust appropriation for salary, associated fringes, and various operating account line items as well as budget additional receipts. This is a \$289,532 or 2.32% decrease from the FY 2013-14 enacted certified budget.	Requirements \$ (125,247)	\$ -	\$ (125,247)
		Less Receipts \$ 164,285	\$ -	\$ 164,285
		Appropriation \$ (289,532)	\$ -	\$ (289,532)
		Positions 0.000	0.000	0.000

<u>Net Adjustments</u>	<u>Recurring</u>	<u>Non Recurring</u>	<u>Total</u>
	<u>Changes</u>	<u>Changes</u>	
Total Requirements	\$ 54,253	\$ -	\$ 54,253
Total Receipts	\$ 164,285	\$ -	\$ 164,285
Total Appropriation (Requirements minus Receipts)	\$ (110,032)	\$ -	\$ (110,032)
Total Positions	0.000	0.000	0.000

Department of Commerce (14600)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change from 2013-14	% Change from 2014-15
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		Certified	Certified
Total Requirements	\$ 146,518,588	\$ 112,366,170	\$ 117,678,202	\$ 983,432	\$ 2,254,750	\$ 3,238,182	\$ 120,916,384	7.61%	2.75%
Less Receipts	\$ 105,917,175	\$ 61,137,366	\$ 60,944,920	\$ -	\$ 300,000	\$ 300,000	\$ 61,244,920	0.18%	0.49%
Total Appropriation	\$ 40,601,414	\$ 51,228,804	\$ 56,733,282	\$ 983,432	\$ 1,954,750	\$ 2,938,182	\$ 59,671,464	16.48%	5.18%
Total Positions	-	513.261	513.261	(68.000)	-	(68.000)	445.261	(13.25)%	(13.25)%

		Recurring Changes	Non Recurring Changes	Total
1. Salary and Benefit Increase for Department of Commerce Employees--	Funds are provided for a \$1,000 salary and benefit increase for all Commerce employees, effective July 1, 2014.			
Requirements		\$ 272,810	\$ -	\$ 272,810
Less Receipts		\$ -	\$ -	\$ -
Appropriation		\$ 272,810	\$ -	\$ 272,810
Positions		0.000	0.000	0.000
2. Reorganize the Department of Commerce to Establish Public Private Partnership--	Reorganizes the Department of Commerce to establish a Public Private Partnership (PPP) for Economic Development functions effective July 1, 2014. Total state appropriations of \$18,423,003 (67 FTE's) are currently budgeted for fiscal year 2014-15 for the programs in the Department of Commerce slated for transition to the PPP. In order to achieve savings to the state, a 5.0% reduction in budgeted funds or \$921,015 is recommended (\$500,000 is reflected in the management flexibility reduction reserve for fiscal year 2014-15 for the department). A total of \$17,501,988 (67 FTE's) in recurring funds and \$155,000 in non-recurring funds for startup costs is recommended for the PPP for fiscal year 2014-15. It is also recommended that the Department of Commerce be allowed to retain \$266,015 in non-recurring funding for fiscal year 2014-15 to assist with termination of employment related costs.			
Requirements		\$ -	\$ -	\$ -
Less Receipts		\$ -	\$ -	\$ -
Appropriation		\$ -	\$ -	\$ -
Positions		(67.000)	0.000	(67.000)
3. Community Development Block Grant Funds--	Provides recurring funding for the required match of \$1,275,000 for the Community Development Block Grant (CDBG). Included in this request are funds to purchase and install a new grants management software program for the CDBG program. The Department of Commerce will coordinate with the Department of Transportation to utilize their existing grant management module. Currently, no match funds are provided and federal funding for the program could be in jeopardy if match funds are not provided.			
Requirements		\$ 1,275,000	\$ -	\$ 1,275,000
Less Receipts		\$ -	\$ -	\$ -
Appropriation		\$ 1,275,000	\$ -	\$ 1,275,000
Positions		0.000	0.000	0.000

4. Access NC and Demand Driven Data Delivery System Merger--Provides \$715,926 in funding for FY 2014-15 and \$111,176 in recurring appropriations for FY 2015-16 to merge Access NC and the Demand Driven Data Delivery System to eliminate the duplication of effort with maintaining multiple systems. Funding supports one existing FTE and contractual services.

Requirements	\$	111,176	\$	604,750	\$	715,926
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	111,176	\$	604,750	\$	715,926
Positions		0.000		0.000		0.000

5. Common Follow-up System Funding--Restores \$500,000 in recurring funding to be appropriated from the Employment Security Reserve Fund upon successful completion of a continuation review directed by the 2013 Session of the General Assembly. The funds are requested for the following purposes: 1) \$200,000 to operate the system that tracks former participants in State education and training programs and 2) \$300,000 to maintain compliance with Chapter 96 of the General Statutes to evaluate the effectiveness of the State's job training, education, and placement programs.

Requirements	\$	-	\$	-	\$	-
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	-	\$	-	\$	-
Positions		0.000		0.000		0.000

6. NC Broadband Operational Funding--Provides \$350,000 in non-recurring funding for services contracted through ITS to continue the NC Broadband program. NC Broadband facilitates continued growth of scalable broadband infrastructure and utilization of broadband to increase competitiveness of NC businesses and residents with a particular focus on use related to economic development, education and government efficiency. Currently, no state funds are provided for program operations and federal funding terminates in the fourth quarter of 2014.

Requirements	\$	-	\$	350,000	\$	350,000
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	-	\$	350,000	\$	350,000
Positions		0.000		0.000		0.000

7. Main Street Solutions Program--Provides \$500,000 in non-recurring funds to recapitalize the Main Street Solutions Program and continue one time-limited position to administer the reimbursable, matching grant program. The Program focuses on downtown economic development to support small businesses and job creation. Non-recurring funding of \$2.0 million was appropriated in FY 2009-2010 to create the Main Street Solutions Fund.

Requirements	\$	-	\$	500,000	\$	500,000
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	-	\$	500,000	\$	500,000
Positions		0.000		0.000		0.000

8. One NC Small Business Funds --Provides support in the amount of \$2,500,000 non-recurring funding to foster job creation and economic development from existing resources available from the One North Carolina Program as allowed by general statutes. The One NC Small Business Fund provides early-stage funding for small, high-growth, and high-tech businesses across the state. The program last received non-recurring appropriations of \$1.5 million in FY 2010-2011.

Requirements	\$	-	\$	-	\$	-
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	-	\$	-	\$	-
Positions		0.000		0.000		0.000

9. ABC Commission Underage Drinking Initiative--Provides \$500,000 in non-recurring appropriations to support the North Carolina Initiative to Reduce Underage Drinking administered by the ABC Commission. The Commission received a one-time \$1.5 million transfer from the ABC Warehouse Reserve Fund for the current fiscal year to start the campaign. Recommended appropriations will be used with receipts provided by the ABC Commission to fund the Underage Drinking Initiative for fiscal year 2014-15.

Requirements	\$	-	\$	500,000	\$	500,000
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	-	\$	500,000	\$	500,000
Positions		0.000		0.000		0.000

10. Apprenticeship Fees Transferred from NC Community College System--For the 2014-15 fiscal year, fees collected from each apprentice who is covered by an apprenticeship agreement entered into under G.S. 94 shall be waived. The Community Colleges System Office shall transfer \$300,000 to the Department of Commerce for the 2014-15 fiscal year. These funds shall be used by the Department of Commerce to offset the revenue foregone due to the apprenticeship fees waiver. The Department of Commerce will evaluate the success of the fee waivers in increasing participation in apprenticeship programs before requesting a permanent change to the fees. There is a corresponding budget adjustment in the NC Community College System section of the budget document.

Requirements	\$	-	\$	300,000	\$	300,000
Less Receipts	\$	-	\$	300,000	\$	300,000
Appropriation	\$	-	\$	-	\$	-
Positions		0.000		0.000		0.000

11. Management Flexibility Reserve--This item establishes a management flexibility reserve allowing the Department to determine where efficiencies can be achieved. This is a \$675,554 or 1.32% decrease from the FY 2013-2014 enacted certified budget.

Requirements	\$	(675,554)	\$	-	\$	(675,554)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(675,554)	\$	-	\$	(675,554)
Positions		(1.000)		0.000		(1.000)

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	983,432	\$	2,254,750	\$	3,238,182
Total Receipts	\$	-	\$	300,000	\$	300,000
Total Appropriation (Requirements minus Receipts)	\$	983,432	\$	1,954,750	\$	2,938,182
Total Positions		(68.000)		0.000		(68.000)

Commerce - General State Aid (14601)

	2012-13 Actual	<u>2013 Session Law-Enacted</u>		<u>2014 Legislative Session-Recommended Change</u>			Revised 2014-15	% Change from	% Change from
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2013-14 Certified	2014-15 Certified
Total Requirements	\$ 73,069,304	\$ 21,723,226	\$ 15,624,767	\$ -	\$ -	\$ -	\$ 15,624,767	(28.07)%	-%
Less Receipts	\$ 2,315,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-%	-%
Total Appropriation	\$ 70,754,304	\$ 21,723,226	\$ 15,624,767	\$ -	\$ -	\$ -	\$ 15,624,767	(28.07)%	-%
Total Positions	-	-	-	-	-	-	-	-%	-%

Transportation

Highway Fund

Provides an additional \$43 million dollars in 2014-15 for highway maintenance, system preservation, and contract resurfacing. The increase in spending will mean that 53% or \$1,048,046,315 billion of Highway Fund availability will be directed to maintaining and enhancing the state's highway infrastructure.

Continues the Governor's emphasis on increased modernization and an improved service level at the Division of Motor Vehicles (DMV) by providing additional resources to increase customer service at the Division's call center and high volume local DMV offices.

Begins a substantial technology upgrade at DMV that will result in customers being able to access DMV services through multiple avenues such as smartphones, kiosks, and tablets.

Provides \$3.46 million to aid the Department of Environmental and Natural Resources with underground storage tank cleanup efforts.

Provides a salary increase for employees and a cost of living increase for retirees paid out of the highway fund.

Highway Trust Fund

Increases funding for the Highway Trust Fund's Strategic Investment Program by \$57.9 million allowing the Department to continue maximizing the existing transportation funding to enhance the state's transportation infrastructure, thereby supporting economic growth and job creation throughout the state.

Highway Fund (84210)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change	% Change
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2013-14 Certified	2014-15 Certified
Total Requirements	\$ 7,180,167,021	\$ 6,785,454,497	\$ 6,643,489,555	\$ 43,278,131	\$ 13,947,484	\$ 57,225,615	\$ 6,700,715,170	(1.25)%	0.86%
Less Receipts	\$ 3,708,869,623	\$ 4,736,664,198	\$ 4,727,179,055	\$ (213,885)	\$ -	\$ (213,885)	\$ 4,726,965,170	(0.20)%	0.00%
Total Appropriation	\$ 3,471,297,398	\$ 2,048,790,299	\$ 1,916,310,500	\$ 43,492,016	\$ 13,947,484	\$ 57,439,500	\$ 1,973,750,000	(3.66)%	3.00%
Total Positions	-	12,982.000	12,660.000	43.000	-	43.000	12,703.000	(2.15)%	0.34%

		Recurring Changes	Non Recurring Changes	Total
1. Reserves and Transfers - Salary and Benefit Increase for Department of Transportation Employees--	Requirements	\$ 7,514,650	\$ -	\$ 7,514,650
Funds are provided for a \$1,000 salary and benefit increase for all Department of Transportation employees, effective July 1, 2014.	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 7,514,650	\$ -	\$ 7,514,650
	Positions	0.000	0.000	0.000
2. Reserves and Transfers - Retiree Cost of Living Increase Supported by the Highway Fund--	Requirements	\$ 2,325,043	\$ -	\$ 2,325,043
Funds are provided for a 1.9% cost-of-living adjustment for retirees of the Teachers' and State Employees' Retirement System, effective July 1, 2014. This increase represents the cost of living for retirees of the Department of Transportation and other state agencies supported by Highway Fund appropriations.	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 2,325,043	\$ -	\$ 2,325,043
	Positions	0.000	0.000	0.000
3. Statutory Adjustment Based on Revised Forecast - State Aid to Municipalities--	Requirements	\$ 9,453,990	\$ -	\$ 9,453,990
Per GS 136-41.1, a statutory adjustment is required to the State Aid to Municipalities appropriation based on the revised 2014-15 revenue estimate for the Highway Fund. This adjustment is a 6.7%, or \$9,453,990 increase when compared to the certified 2013-14 budget for this fund.	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 9,453,990	\$ -	\$ 9,453,990
	Positions	0.000	0.000	0.000
4. Maintenance - Contract Resurfacing--	Requirements	\$ 5,523,261	\$ -	\$ 5,523,261
Additional appropriations are recommended for Contract Resurfacing. This fund provides for the placement of thin asphalt overlays or surface treatments by contract on paved state primary and secondary system routes to restore serviceability and prevent deterioration of the pavement surface. This is an increase of \$5,523,261 or 12.7% when compared to the 2013-14 certified budget for this fund.	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 5,523,261	\$ -	\$ 5,523,261
	Positions	0.000	0.000	0.000
5. Maintenance - Reserve for General Maintenance--	Requirements	\$ 28,213,911	\$ -	\$ 28,213,911
Additional funds for the General Maintenance Reserve are recommended for fiscal year 2014-15. The reserve provides flexible funding that can be allocated by system (primary and secondary) based on need for specific highway maintenance activities that preserve or improve the overall condition of the transportation system. This is an increase of \$28,213,911 or 31.4% compared to the 2013-14 certified budget for this fund.	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 28,213,911	\$ -	\$ 28,213,911
	Positions	0.000	0.000	0.000

6. Maintenance - System Preservation--Additional funds are recommended for the System Preservation component of the maintenance program. This program provides for highway maintenance activities that preserve and extend the life of infrastructure assets, including pavements, bridges, and traffic control devices. This is an increase of \$9,648,860 or 5.4% when compared to the 2013-14 certified budget for this fund.

Requirements	\$	9,648,860	\$	-	\$	9,648,860
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	9,648,860	\$	-	\$	9,648,860
Positions		0.000		0.000		0.000

7. Motor Vehicle Services - Cover Additional License and Identification Card Costs--Funding to cover the additional per card costs for producing new driver license and identification cards issued by the Division of Motor Vehicles. Card prices are increasing from \$1.83 to \$2.54 per card, but will be more durable and have up to 20 security features. The increase in this account line item is \$1,585,443 or 36.0% when compared to the certified 2013-14 budget for this line item.

Requirements	\$	1,585,443	\$	-	\$	1,585,443
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	1,585,443	\$	-	\$	1,585,443
Positions		0.000		0.000		0.000

8. Motor Vehicle Services - Medical Review Unit--A dedicated source of funding is required for the NC Division of Motor Vehicles' Medical Review Unit, which provides mandated services set by GS 20-9. The funding will be used to contract physicians for the purposes of case reviews and Medical Review Board Hearings for individuals with physical or mental disabilities. The proposed recommendation of \$350,000 is a 1,571% increase over the current budget for this area of \$22,281.

Requirements	\$	350,000	\$	-	\$	350,000
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	350,000	\$	-	\$	350,000
Positions		0.000		0.000		0.000

9. Motor Vehicle Services - Call Center Positions--Funding for thirteen Information Processing Technicians for the Division of Motor Vehicles' (DMV) call center. The Division plans to have more of the general information calls presently answered at local DMV offices answered by the call center. This will allow local office personnel more time to assist clients. This is an increase of \$771,980 or 2.0% when compared to the certified 2013-14 budget for this fund.

Requirements	\$	694,331	\$	77,649	\$	771,980
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	694,331	\$	77,649	\$	771,980
Positions		13.000		0.000		13.000

10. Motor Vehicle Services - Driver License Examiner Facilitators--Funding for fourteen Driver License Examiners to improve efficiency and reduce customer wait times at high volume offices around the state. This concept was successfully piloted at the North Raleigh and Cary offices in August 2013. This is an \$822,397 or 1.75% increase when compared to the certified budget for 2013-14 for this fund.

Requirements	\$	793,515	\$	28,882	\$	822,397
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	793,515	\$	28,882	\$	822,397
Positions		14.000		0.000		14.000

11. Motor Vehicle Services - Ignition Interlock Program--Funding to establish a stand alone Ignition Interlock Unit. This program works in conjunction with the court system and persons ordered to equip their motor vehicles with an ignition interlock device. This increase is 8.3%, or \$663,945 when compared to the certified 2013-14 budget for this fund.

Requirements	\$	617,495	\$	46,450	\$	663,945
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	617,495	\$	46,450	\$	663,945
Positions		10.000		0.000		10.000

12. Motor Vehicle Services - Card Payment Operation and Maintenance Costs--Provides funding for maintenance, licensing costs, and required Payment Card Industry Data Security Standards associated with the acceptance of credit cards. The Division of Motor Vehicles (DMV) currently accepts card payments for vehicle registrations, renewals, and title work at the DMV Registration Offices and the License Plate Agency Offices. This was accomplished by the placement of multiple card readers at each office and the implementation of a card payment solution. This increase is 2.1%, or \$1,032,919 when compared to the certified 2013-14 budget for this fund.

Requirements	\$	1,032,919	\$	-	\$	1,032,919
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	1,032,919	\$	-	\$	1,032,919
Positions		0.000		0.000		0.000

13. Motor Vehicle Services - Modernization of Driver Services and Vehicle Services--Increased funding to modernize the Division of Motor Vehicles in order to improve customer service. The Division will contract for the implementation of a customer-centric Statewide Automated Driver License System (SADLS) over a five year period. This increase is 17.0%, or \$8,324,503 when compared to the certified 2013-14 budget for this fund.

Requirements	\$	-	\$	8,324,503	\$	8,324,503
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	-	\$	8,324,503	\$	8,324,503
Positions		0.000		0.000		0.000

14. Motor Vehicle Services - Establish SOA Governance and Competency Center--The Department of Transportation (DOT) will establish a robust and enterprise level Service Oriented Architecture (SOA) Governance to support the design, development and deployment of products and services as part of the Division of Motor Vehicle Modernization effort and other ongoing initiatives. The enterprise level SOA governance will also establish a SOA competency center that will provide a means to retrain NCDOT existing technical resources and continue to develop the new technologies delivered via the modernization. This represents a 6.1%, or \$3,000,000 increase when compared to the certified 2013-14 budget for this fund.

Requirements	\$	640,000	\$	2,360,000	\$	3,000,000
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	640,000	\$	2,360,000	\$	3,000,000
Positions		0.000		0.000		0.000

15. Motor Vehicle Services - DMV Information Technology Product Service Integration--Funding for the Division of Motor Vehicles to implement a standardized means for all applications, products and services to cost effectively inter-operate between and among each other via a common framework to meet legislative requirements to modernize DMV applications. This is an increase of 4.7%, or \$2,300,000 when compared to the certified 2013-14 budget for this fund.

Requirements	\$	990,000	\$	1,310,000	\$	2,300,000
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	990,000	\$	1,310,000	\$	2,300,000
Positions		0.000		0.000		0.000

16. Motor Vehicle Services - Additional IT Resources to Support DMV Service Initiatives--Provides additional Information Technology (IT) resources for the State Titling and Registration System (STARS) and State Automated Driver License System (SADLS) project teams. The objectives are to improve customer services and to support the IT demands of Driver Services and Vehicle Services. This represents a 1.7%, or \$830,707 increase when compared to the 2013-14 certified budget.

Requirements	\$	830,707	\$	-	\$	830,707
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	830,707	\$	-	\$	830,707
Positions		7.000		0.000		7.000

- 17. Motor Vehicle Services/ Department wide - Develop Channel Strategy**--Provides funding to design, develop and deploy tools, applications, solutions and systems for customers and employees. These products will run on any platform, i.e. PC, tablet, laptop, phone/mobile device, Integrated Voice Recognition system. This is a 3.7%, or \$1,800,000 increase when compared to the certified 2013-14 budget for this fund.
- 18. Transfer to Other State Agencies - DENR-Underground Storage Tank Clean Up** --It is recommended that GS 105-449.125 be revised to redirect the remaining Gasoline Inspection Tax revenue not required for administration, to the Department of Environment and Natural Resources (DENR) for underground storage tank clean up. Presently the statute requires that the balance of funds be redirected to the System Preservation Reserve within the Department of Transportation.
- 19. Adjustment Based on Revised Forecast - Department of Public Instruction - Driver Education**--The new forecast for 9th grade Average Daily Membership (ADM) is less than originally estimated. Therefore, the present base budget requires a reduction to bring the level of funding in-line with expected requirements. This adjustment is a 1.2%, or \$306,001 decrease when compared to the certified 2013-14 budget for this fund.
- 20. Maintenance - Primary Maintenance Reallocation**--Funds for the program are used for routine highway and bridge maintenance activities such as patching, mowing, snow removal, signing, pavement marking, rest area operations, and bridge repair on the state primary system comprised of all Interstate, US, and NC designated highways. This adjustment is 4.5%, or \$6,678,148 when compared to the certified 2013-14 budget for this fund.
- 21. Maintenance - Secondary Maintenance Reallocation**--The Secondary maintenance funds are used for routine highway and bridge maintenance activities such as patching, mowing, snow removal, signing, pavement marking, bridge repair, machining, and stabilization on the state secondary system comprised of all paved and unpaved routes carrying the "SR" designation. This adjustment is 3.9%, or \$10,709,290 when compared to the certified 2013-14 budget for this fund.
- 22. Construction - Secondary Construction Reallocation**--The Secondary Road Construction funds are distributed to each county by formula for paving unpaved secondary roads and providing road improvements on the paved and unpaved secondary road system. This adjustment is 11.1%, or \$3,000,000 when compared to the certified 2013-14 budget for this fund.
- 23. Construction - Contingency Construction Reallocation**--The Contingency Fund may be used for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, and spot safety projects as approved by the Secretary of Transportation. This adjustment is 16.7%, or \$2,000,000 when compared to the certified 2013-14 budget for this fund.

Requirements	\$	-	\$	1,800,000	\$	1,800,000
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	-	\$	1,800,000	\$	1,800,000
Positions		0.000		0.000		0.000
Requirements	\$	3,458,927	\$	-	\$	3,458,927
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	3,458,927	\$	-	\$	3,458,927
Positions		0.000		0.000		0.000
Requirements	\$	(306,001)	\$	-	\$	(306,001)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(306,001)	\$	-	\$	(306,001)
Positions		0.000		0.000		0.000
Requirements	\$	(6,678,148)	\$	-	\$	(6,678,148)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(6,678,148)	\$	-	\$	(6,678,148)
Positions		0.000		0.000		0.000
Requirements	\$	(10,709,290)	\$	-	\$	(10,709,290)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(10,709,290)	\$	-	\$	(10,709,290)
Positions		0.000		0.000		0.000
Requirements	\$	(3,000,000)	\$	-	\$	(3,000,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(3,000,000)	\$	-	\$	(3,000,000)
Positions		0.000		0.000		0.000
Requirements	\$	(2,000,000)	\$	-	\$	(2,000,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(2,000,000)	\$	-	\$	(2,000,000)
Positions		0.000		0.000		0.000

<p>24. Motor Vehicle Services - Reallocation for Division of Motor Vehicles--A reallocation is proposed for the line item that covers the fee to card vendors for the use of their credit cards to more closely align with FY 2013-14 actual expenditures. This adjustment is 20.0%, or \$2,383,409 when compared to the certified 2013-14 budget for this account line item.</p>	<table border="0"> <tr> <td>Requirements</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">(2,383,409)</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">(2,383,409)</td> </tr> <tr> <td>Less Receipts</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="border-top: 1px solid black;">Appropriation</td> <td style="text-align: right; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black;">(2,383,409)</td> <td style="text-align: right; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black;">-</td> <td style="text-align: right; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black;">(2,383,409)</td> </tr> <tr> <td>Positions</td> <td></td> <td style="text-align: right;">0.000</td> <td></td> <td style="text-align: right;">0.000</td> <td></td> <td style="text-align: right;">0.000</td> </tr> </table>	Requirements	\$	(2,383,409)	\$	-	\$	(2,383,409)	Less Receipts	\$	-	\$	-	\$	-	Appropriation	\$	(2,383,409)	\$	-	\$	(2,383,409)	Positions		0.000		0.000		0.000
Requirements	\$	(2,383,409)	\$	-	\$	(2,383,409)																							
Less Receipts	\$	-	\$	-	\$	-																							
Appropriation	\$	(2,383,409)	\$	-	\$	(2,383,409)																							
Positions		0.000		0.000		0.000																							
<p>25. Multi-Modal Transportation - Aviation, Railroad, Public Transportation, Ferry Operation Reallocation--A reallocation in Highway Fund appropriations was made to the Divisions of Aviation, Railroad, Public Transportation, and Ferry Operations. This adjustment is 2.0%, or \$3,376,823 when compared to the certified 2013-14 budget for the funds related to this item.</p>	<table border="0"> <tr> <td>Requirements</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">(3,376,823)</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">(3,376,823)</td> </tr> <tr> <td>Less Receipts</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="border-top: 1px solid black;">Appropriation</td> <td style="text-align: right; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black;">(3,376,823)</td> <td style="text-align: right; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black;">-</td> <td style="text-align: right; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black;">(3,376,823)</td> </tr> <tr> <td>Positions</td> <td></td> <td style="text-align: right;">0.000</td> <td></td> <td style="text-align: right;">0.000</td> <td></td> <td style="text-align: right;">0.000</td> </tr> </table>	Requirements	\$	(3,376,823)	\$	-	\$	(3,376,823)	Less Receipts	\$	-	\$	-	\$	-	Appropriation	\$	(3,376,823)	\$	-	\$	(3,376,823)	Positions		0.000		0.000		0.000
Requirements	\$	(3,376,823)	\$	-	\$	(3,376,823)																							
Less Receipts	\$	-	\$	-	\$	-																							
Appropriation	\$	(3,376,823)	\$	-	\$	(3,376,823)																							
Positions		0.000		0.000		0.000																							
<p>26. Multi-Modal Transportation - Aviation--Reallocates the operational and maintenance cost associated with the Sikorsky S-76C+ helicopter in the aviation fleet. The recommendation is for the helicopter to be sold and for the Department to contract for an outside entity to provide helicopter services on an as needed basis. Of the \$158,452 in savings, \$150,000 will be placed in a contractual line for any required helicopter flights. Proceeds from the sale of the helicopter will be deposited in the General Fund.</p>	<table border="0"> <tr> <td>Requirements</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">(8,452)</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">(8,452)</td> </tr> <tr> <td>Less Receipts</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="border-top: 1px solid black;">Appropriation</td> <td style="text-align: right; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black;">(8,452)</td> <td style="text-align: right; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black;">-</td> <td style="text-align: right; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black;">(8,452)</td> </tr> <tr> <td>Positions</td> <td></td> <td style="text-align: right;">(1.000)</td> <td></td> <td style="text-align: right;">0.000</td> <td></td> <td style="text-align: right;">(1.000)</td> </tr> </table>	Requirements	\$	(8,452)	\$	-	\$	(8,452)	Less Receipts	\$	-	\$	-	\$	-	Appropriation	\$	(8,452)	\$	-	\$	(8,452)	Positions		(1.000)		0.000		(1.000)
Requirements	\$	(8,452)	\$	-	\$	(8,452)																							
Less Receipts	\$	-	\$	-	\$	-																							
Appropriation	\$	(8,452)	\$	-	\$	(8,452)																							
Positions		(1.000)		0.000		(1.000)																							
<p>27. Other Programs - Occupational Safety and Health (OSHA) Program--A modification in the appropriation for the OSHA Program. The program provides departmental funding to address safety deficiencies that impact the workplace environment. Eligible projects include mitigation of deficiencies discovered in routine inspections by OSHA, building code, or health code inspectors and employee safety training. This adjustment is 2.0%, or \$7,307 when compared to the certified 2013-14 budget for this fund.</p>	<table border="0"> <tr> <td>Requirements</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">(7,307)</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">(7,307)</td> </tr> <tr> <td>Less Receipts</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="border-top: 1px solid black;">Appropriation</td> <td style="text-align: right; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black;">(7,307)</td> <td style="text-align: right; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black;">-</td> <td style="text-align: right; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black;">(7,307)</td> </tr> <tr> <td>Positions</td> <td></td> <td style="text-align: right;">0.000</td> <td></td> <td style="text-align: right;">0.000</td> <td></td> <td style="text-align: right;">0.000</td> </tr> </table>	Requirements	\$	(7,307)	\$	-	\$	(7,307)	Less Receipts	\$	-	\$	-	\$	-	Appropriation	\$	(7,307)	\$	-	\$	(7,307)	Positions		0.000		0.000		0.000
Requirements	\$	(7,307)	\$	-	\$	(7,307)																							
Less Receipts	\$	-	\$	-	\$	-																							
Appropriation	\$	(7,307)	\$	-	\$	(7,307)																							
Positions		0.000		0.000		0.000																							
<p>28. Other Programs - Governor's Highway Safety Program Reallocation--A modification in the Highway Fund appropriation for the administrative budget for the Governor's Highway Safety Program. This fund is 50% Highway Fund dollars and 50% Federal funds. A total reduction of \$11,398 was taken in the line item for car mileage reimbursement, which represents 80.0%, or \$5,699 in highway funds and \$5,699 in receipts for that line item.</p>	<table border="0"> <tr> <td>Requirements</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">(11,398)</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">(11,398)</td> </tr> <tr> <td>Less Receipts</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">(5,699)</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">(5,699)</td> </tr> <tr> <td style="border-top: 1px solid black;">Appropriation</td> <td style="text-align: right; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black;">(5,699)</td> <td style="text-align: right; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black;">-</td> <td style="text-align: right; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black;">(5,699)</td> </tr> <tr> <td>Positions</td> <td></td> <td style="text-align: right;">0.000</td> <td></td> <td style="text-align: right;">0.000</td> <td></td> <td style="text-align: right;">0.000</td> </tr> </table>	Requirements	\$	(11,398)	\$	-	\$	(11,398)	Less Receipts	\$	(5,699)	\$	-	\$	(5,699)	Appropriation	\$	(5,699)	\$	-	\$	(5,699)	Positions		0.000		0.000		0.000
Requirements	\$	(11,398)	\$	-	\$	(11,398)																							
Less Receipts	\$	(5,699)	\$	-	\$	(5,699)																							
Appropriation	\$	(5,699)	\$	-	\$	(5,699)																							
Positions		0.000		0.000		0.000																							
<p>29. Division of Highways Administration - Receipt Supported Operations--A 2.0% modification in the receipt supported Division of Highway Administration areas of Technical Services, Transportation Planning Program, Transportation Mobility and Safety Division, and Intergovernmental Affairs.</p>	<table border="0"> <tr> <td>Requirements</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">(143,882)</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">(143,882)</td> </tr> <tr> <td>Less Receipts</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">(143,882)</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">-</td> <td style="text-align: right;">\$</td> <td style="text-align: right;">(143,882)</td> </tr> <tr> <td style="border-top: 1px solid black;">Appropriation</td> <td style="text-align: right; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black;">-</td> <td style="text-align: right; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black;">-</td> <td style="text-align: right; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black;">-</td> </tr> <tr> <td>Positions</td> <td></td> <td style="text-align: right;">0.000</td> <td></td> <td style="text-align: right;">0.000</td> <td></td> <td style="text-align: right;">0.000</td> </tr> </table>	Requirements	\$	(143,882)	\$	-	\$	(143,882)	Less Receipts	\$	(143,882)	\$	-	\$	(143,882)	Appropriation	\$	-	\$	-	\$	-	Positions		0.000		0.000		0.000
Requirements	\$	(143,882)	\$	-	\$	(143,882)																							
Less Receipts	\$	(143,882)	\$	-	\$	(143,882)																							
Appropriation	\$	-	\$	-	\$	-																							
Positions		0.000		0.000		0.000																							

30. Department of Transportation Administration Highway Fund Reallocation--A 2.0% adjustment was made to the Department's administrative areas of Communication, Strategic Planning Office, Office of Inspector General, Financial Management, Information Technology, Facility Management, and Program Development.

Requirements	\$	(1,770,211)	\$	-	\$	(1,770,211)
Less Receipts	\$	(64,304)	\$	-	\$	(64,304)
Appropriation	\$	(1,705,907)	\$	-	\$	(1,705,907)
Positions		0.000		0.000		0.000

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	43,278,131	\$	13,947,484	\$	57,225,615
Total Receipts	\$	(213,885)	\$	-	\$	(213,885)
Total Appropriation (Requirements minus Receipts)	\$	43,492,016	\$	13,947,484	\$	57,439,500
Total Positions		43.000		0.000		43.000

Highway Trust Fund (84290)

	2012-13 Actual	2013 Session Law-Enacted		2014 Legislative Session-Recommended Change			Revised 2014-15	% Change from	% Change from
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment		2013-14 Certified	2014-15 Certified
Total Requirements	\$ 931,307,727	\$ 1,105,087,500	\$ 1,105,400,000	\$ 57,000,000	\$ -	\$ 57,000,000	\$ 1,162,400,000	5.19%	5.16%
Less Receipts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-%	-%
Total Appropriation	\$ 931,307,727	\$ 1,105,087,500	\$ 1,105,400,000	\$ 57,000,000	\$ -	\$ 57,000,000	\$ 1,162,400,000	5.19%	5.16%
Total Positions	-	-	-	-	-	-	-	-%	-%

		Recurring Changes	Non Recurring Changes	Total
1. Highway Trust Fund Administration Reallocation --The Department of Transportation is authorized to use up to the certified FY 2012-13 appropriation, \$45,590,880, to cover expenses to administer the Highway Trust Fund and the North Carolina Turnpike Authority (GS 136-176). This is a 2.0%, or \$911,818 reallocation based on the certified 2013-14 budget.	Requirements	\$ (911,818)	\$ -	\$ (911,818)
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ (911,818)	\$ -	\$ (911,818)
	Positions	0.000	0.000	0.000
2. Highway Trust Fund Strategic Prioritization Program -- Additional funds for the Strategic Prioritization Program, based on the revised revenue estimate for FY 2014-15 and the reallocation of administrative funds. This represents a 6.1%, or \$57,911,818 increase in the Strategic Prioritization account line item for 2014-15 when compared to the certified 2013-14 budget.	Requirements	\$ 57,911,818	\$ -	\$ 57,911,818
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 57,911,818	\$ -	\$ 57,911,818
	Positions	0.000	0.000	0.000

Net Adjustments	Recurring Changes	Non Recurring Changes	Total
Total Requirements	\$ 57,000,000	\$ -	\$ 57,000,000
Total Receipts	\$ -	\$ -	\$ -
Total Appropriation (Requirements minus Receipts)	\$ 57,000,000	\$ -	\$ 57,000,000
Total Positions	0.000	0.000	0.000

Turnpike Authority (64208)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>			Revised 2014-15	% Change from 2013-14 Certified	% Change from 2014-15 Certified
	2012-13	2013-14	2014-15	Net	Net	Recommended			
	Actual	Certified	Certified	Recurring	Non-Recurring	Adjustment			
Total Requirements	\$ 196,784,700	\$ 88,725,718	\$ 88,725,718	\$ (42,601)	\$ -	\$ (42,601)	\$ 88,683,117	(0.05)%	(0.05)%
Less Receipts	\$ 196,784,700	\$ 88,725,718	\$ 88,725,718	\$ (42,601)	\$ -	\$ (42,601)	\$ 88,683,117	(0.05)%	(0.05)%
Change in Fund Balance	-	-	-	\$ -	\$ -	-	-	%-	%-
Total Positions	-	20.000	20.000	-	-	-	20.000	-%	-%

1. Turnpike Authority Administration --An adjustment to the Administrative budget for the North Carolina Turnpike Authority. This represents a 2.0% or \$42,601 decrease when compared to the certified 2013-14 budget for the Turnpike Authority. The adjustment was only applied to the Highway Trust Fund dollars provided to the Authority for administration.

	Changes	Changes	Total
Requirements	\$ (42,601)	\$ -	\$ (42,601)
Less Receipts	\$ (42,601)	\$ -	\$ (42,601)
Appropriation	\$ -	\$ -	\$ -
Positions	0.000	0.000	0.000

Net Adjustments

	Recurring Changes	Non Recurring Changes	Total
Total Requirements	\$ (42,601)	\$ -	\$ (42,601)
Total Receipts	\$ (42,601)	\$ -	\$ (42,601)
Total Appropriation (Requirements minus Receipts)	\$ -	\$ -	\$ -
Total Positions	0.000	0.000	0.000

Capital Improvements

Provides \$6.8 million for the State's share of the cost for water resources projects, such as dredging, navigation, flood control, beach protection, and stream restoration. State dollars will leverage \$8.9 million in federal funds.

Appropriates funds to provide technical and financial assistance to units of local government and certain non-profit water corporations in order to provide safe drinking water in the state of North Carolina.

Appropriates \$500,000 to support the recommendations of the Oregon Inlet Land Acquisition Task Force. The funds will be utilized to preserve Oregon Inlet and to develop long-term management solutions for preserving and enhancing the navigability of Oregon Inlet.

Provides funding in the amount of \$100,000 for a comprehensive plan for the State Downtown Complex. OSBM will prepare a substantive review, analysis, evaluation and recommendation on the Complex Evaluation Study.

Department of Cultural Resources received funds to support the Challenge Grants for the NC Battleship. The Challenge Grants are appropriated in the OSBM Special Fund.

General Fund

Non-General Fund

Capital Improvements - General Fund (19600)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>			% Change	% Change	
	2012-13 Actual	2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2014-15	from 2013-14 Certified	from 2014-15 Certified
Total Requirements	-	-	-	\$ -	\$ 15,008,574	\$ 15,008,574	-		
Less Receipts	-	-	-	\$ -	\$ -	\$ -	-		
Total Appropriation	-	-	-	\$ -	\$ 15,008,574	\$ 15,008,574	-		
Total Positions	-	-	-	0.000	0.000	0.000	-		

		Recurring Changes	Non Recurring Changes	Total
1. Repair and Renovation Reserve --\$42,073,426 is earmarked from the year-end credit balance to the Repair and Renovation Reserve. An additional \$7,926,574 is appropriated for FY 2014-15.	Requirements	\$ -	\$ 7,926,574	\$ 7,926,574
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ -	\$ 7,926,574	\$ 7,926,574
	Positions	0.000	0.000	0.000
2. Water Resources Development Projects --Provides funds for the State's share of Water Resource Development Projects. The projects are specified in a special provision.	Requirements	\$ -	\$ 6,482,000	\$ 6,482,000
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ -	\$ 6,482,000	\$ 6,482,000
	Positions	0.000	0.000	0.000
3. Oregon Inlet Land Acquisition Task Force --Appropriate funds to support the recommendations of the Oregon Inlet Land Acquisition Task Force. The funds will be utilized to preserve Oregon Inlet and to develop long-term management solutions.	Requirements	\$ -	\$ 500,000	\$ 500,000
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ -	\$ 500,000	\$ 500,000
	Positions	0.000	0.000	0.000
4. State's Downtown Complex Planning --Provides funding for a comprehensive short term to long term strategic plan for the design, utilization, renovation and capital expenditures for the State's Downtown Complex by OSBM and the Department of Administration.	Requirements	\$ -	\$ 100,000	\$ 100,000
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ -	\$ 100,000	\$ 100,000
	Positions	0.000	0.000	0.000
Net Adjustments				
Total Requirements		\$ -	\$ 15,008,574	\$ 15,008,574
Total Receipts		\$ -	\$ -	\$ -
Total Appropriation (Requirements minus Receipts)		\$ -	\$ 15,008,574	\$ 15,008,574
Total Positions		0.000	0.000	0.000

Capital Improvements - Non-General Fund

Department of Administration

	2012-13 Actual	2013 Session Law - Enacted		2014 Legislative Session - Recommended Change			Revised 2014-15	% change from 2013-14 Certified	% change from 2014-15 Certified
		2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-recurring	Recommended Adjustment			
Total Requirements				\$ -	\$ 3,715,000	\$ 3,715,000	\$ 3,715,000		
Less Receipts				\$ -	\$ 3,715,000	\$ 3,715,000	\$ 3,715,000		
Total Appropriation				\$ -	\$ -	\$ -	\$ -		
Total Positions				0.000	0.000	0.000	0.000		

	Recurring Changes	Nonrecurring Changes	Total
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1. **Salisbury Veteran's Affairs Home - Renovations**

Federal Veterans Administration Construction Grant receipts and required matching State Veterans Affairs Trust Fund receipts are recommended to renovate the Salisbury State Veterans Home. This project will bring the facility up to Federal VA standards and will include renovations to existing space and construction of approximately 2,500-3,000 square feet of new space. The new space will provide room for a large activity area, new conference and training space, and additional office space. The residence rooms were last renovated 20 years ago. Federal Veterans Administration Construction Grant receipts will pay for 65% of the project costs and the required matching State Veterans Affairs Trust Fund receipts will provide the remaining 35%.

Requirements	\$ -	\$ 3,715,000	\$ 3,715,000
Receipts	\$ -	\$ 3,715,000	\$ 3,715,000
Appropriation	\$ -	\$ -	\$ -
Positions			

Net Adjustments	Recurring Changes	Nonrecurring Changes	Total
Total Requirements	\$ -	\$ 3,715,000	\$ 3,715,000
Total Receipts	\$ -	\$ 3,715,000	\$ 3,715,000
Total Appropriation	\$ -	\$ -	\$ -
Total Positions	0.000	0.000	0.000

Department of Agriculture and Consumer Services

	2013 Session Law - Enacted			2014 Legislative Session - Recommended Change				% change	% change
	2012-13 Actuals	2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-recurring	Recommended Adjustment	2014-15 Revised	from 2013-14 Certified	from 2014-15 Certified
Total Requirements				\$ -	\$ 15,070,000	\$ 15,070,000	\$ 15,070,000		
Total Receipts				\$ -	\$ 15,070,000	\$ 15,070,000	\$ 15,070,000		
Total Appropriation				\$ -	\$ -	\$ -	\$ -		
Total Positions				0.000	0.000	0.000	0.000		

			Recurring Changes	Nonrecurring Changes	Total
1. Swain County Head Quarters Site Development and Modular Placement					
Division of Forest Service receipts are recommended to place a surplus modular office building on a donated site in Swain County. The BRIDGE (Young Offenders) Program will renovate the modular office building.	Requirements	\$ -	\$ -	\$ -	\$ -
	Receipts	\$ -	\$ -	\$ -	\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -
	Positions				
2. Alexander County Head Quarters Site Development and Modular Placement					
Federal Funds are recommended to replace the existing Alexander County Headquarters office, which is no longer useable and has resulted in staff having to relocate to a temporary space. A federal surplus modular office building will be used to replace the existing structure.	Requirements	\$ -	\$ -	\$ -	\$ -
	Receipts	\$ -	\$ -	\$ -	\$ -
	Appropriation	\$ -	\$ -	\$ -	\$ -
	Positions				
3. Tidewater Research Station - Deer Fence Installation					
The Tidewater Research Station consists of approximately 1,550 acres of land that supports large deer and bear populations. These free-roaming animals negatively impact the ability to conduct research at the station. The southern portion of the property known as the "new ground", in particular, has limited potential for research because the crops that are planted are eaten by deer as soon as the crops emerge. Timber sales receipts are recommended to construct a fence surrounding 455 acres of cropland.	Requirements	\$ -	\$ 20,000	\$ 20,000	\$ 20,000
	Receipts	\$ -	\$ 20,000	\$ 20,000	\$ 20,000
	Appropriation	\$ -	\$ -	\$ -	\$ -
	Positions				
4. DuPont Recreational State Forest - Rocky Ridge and Stone Mountain Trail Improvement					
Private funding and in-kind labor donations, both provided by the Friends of DuPont State Forest, Inc., are recommended to fund improvements on two trails at DuPont Recreational State Forest.	Requirements	\$ -	\$ 100,000	\$ 100,000	\$ 100,000
	Receipts	\$ -	\$ 100,000	\$ 100,000	\$ 100,000
	Appropriation	\$ -	\$ -	\$ -	\$ -
	Positions				

5.	Raleigh Farmers Market - Parking Improvements and Expansion						
	State Farmer's Market Enterprise Fund receipts are recommended to construct a roadway connection to a new park-and-ride parking lot that NC State University will build on the State Farmer's Market site. This new roadway will improve traffic flow between the State Farmer's Market and the new parking lot.	Requirements	\$	-	\$	200,000	\$ 200,000
		Receipts	\$	-	\$	200,000	\$ 200,000
		Appropriation	\$	-	\$	-	\$ -
		Positions					
6.	Research Stations Division - Safety Improvements Statewide						
	Timber sales receipts are recommended to fund life safety code improvements at Research Stations statewide. The scope of work will include improvements to electrical, plumbing, and other building systems.	Requirements	\$	-	\$	80,000	\$ 80,000
		Receipts	\$	-	\$	80,000	\$ 80,000
		Appropriation	\$	-	\$	-	\$ -
		Positions					
7.	Region 2 Jordan Lake - Classroom Site Development and Modular Placement						
	Federal Funds are recommended to site a surplus federal modular office building at the Jordan Lake facility, which will allow for an expansion of training space.	Requirements	\$	-	\$	75,000	\$ 75,000
		Receipts	\$	-	\$	75,000	\$ 75,000
		Appropriation	\$	-	\$	-	\$ -
		Positions					
8.	Western North Carolina Agricultural Center - Livestock Improvements						
	Western North Carolina Agricultural Center Enterprise funds, grant funds, and private donations are recommended to provide improvements to existing livestock facilities and fund construction of new livestock space to support livestock events. The scope of work will include improvements to existing restrooms and construction of new stall space and new show space.	Requirements	\$	-	\$	3,000,000	\$ 3,000,000
		Receipts	\$	-	\$	3,000,000	\$ 3,000,000
		Appropriation	\$	-	\$	-	\$ -
		Positions					
9.	North Carolina State Fairgrounds - HVAC Improvements - Campus wide						
	State Fair Enterprise Fund receipts are recommended to complete HVAC system improvements at multiple facilities on the fairgrounds. The project will replace aging components and improve efficiency and reliability.	Requirements	\$	-	\$	1,500,000	\$ 1,500,000
		Receipts	\$	-	\$	1,500,000	\$ 1,500,000
		Appropriation	\$	-	\$	-	\$ -
		Positions					
10.	Mountain Island Educational State Forest - Construct New Visitor and Interpretive Center						
	Donations will be solicited to construct an education and interpretive center at Mountain Island Education State Forest. The scale of the project will be determined by the actual donations received.	Requirements	\$	-	\$	3,000,000	\$ 3,000,000
		Receipts	\$	-	\$	3,000,000	\$ 3,000,000
		Appropriation	\$	-	\$	-	\$ -
		Positions					
11.	North Carolina State Fairgrounds - Renovations to Existing Buildings						
	State Fair Enterprise Fund receipts are recommended to fund roof replacements and repairs to multiple facilities on the fairgrounds in order to address safety concerns, and to prevent further deterioration of buildings.	Requirements	\$	-	\$	2,000,000	\$ 2,000,000
		Receipts	\$	-	\$	2,000,000	\$ 2,000,000
		Appropriation	\$	-	\$	-	\$ -
		Positions					

12.	Raleigh Farmer's Market - Construct New Craft Shed							
	State Farmer's Market Enterprise Fund receipts are recommended to construct a new building that will provide additional meat and seafood retail space, and additional general farmers market retail space.	Requirements	\$	-	\$	700,000	\$	700,000
		Receipts	\$	-	\$	700,000	\$	700,000
		Appropriation	\$	-	\$	-	\$	-
		Positions						
13.	Western North Carolina Farmers Market - E & F Barns - Roof Replacements							
	Western North Carolina Agricultural Center Enterprise funds are recommended to replace old and leaking roofs on stall barns. Structural repairs may also be necessary due to prolonged leaks.	Requirements	\$	-	\$	500,000	\$	500,000
		Receipts	\$	-	\$	500,000	\$	500,000
		Appropriation	\$	-	\$	-	\$	-
		Positions						
14.	Holmes Educational State Forest - Various Repairs and Renovations Projects							
	Timber sales receipts are recommended to fund various repairs in order to maintain the facility.	Requirements	\$	-	\$	15,000	\$	15,000
		Receipts	\$	-	\$	15,000	\$	15,000
		Appropriation	\$	-	\$	-	\$	-
		Positions						
15.	North Carolina State Fairgrounds - Campus Infrastructure Repairs							
	State Fair Enterprise Fund receipts are recommended to fund infrastructure repairs campus wide including: new paving; new electrical lines; storm water improvements; and improved lighting to increase efficiency and address safety concerns.	Requirements	\$	-	\$	1,550,000	\$	1,550,000
		Receipts	\$	-	\$	1,550,000	\$	1,550,000
		Appropriation	\$	-	\$	-	\$	-
		Positions						
16.	Tuttle Educational State Forest - Various Repairs and Renovations Projects							
	Timber sales receipts are recommended to fund various repairs in order to maintain the facility.	Requirements	\$	-	\$	15,000	\$	15,000
		Receipts	\$	-	\$	15,000	\$	15,000
		Appropriation	\$	-	\$	-	\$	-
		Positions						
17.	North Carolina State Fairgrounds - Horse Complex Site Repairs and Improvements							
	State Fair Enterprise Fund receipts are recommended for repairs and improvements at the Hunt Horse Complex, including laying new pavement in the stalls, providing new lighting in the barns, and improving drainage.	Requirements	\$	-	\$	2,000,000	\$	2,000,000
		Receipts	\$	-	\$	2,000,000	\$	2,000,000
		Appropriation	\$	-	\$	-	\$	-
		Positions						

18. **Piedmont Research Station - New Bridge**

Timber sales receipts are recommended to fund the construction of a new bridge across North South Creek. This new bridge will allow improved access to all areas of the research station without having to place slow moving farm equipment on busy Sherrill's Ford Road (SR 1536). The new bridge will be equivalent to a DOT secondary road bridge.

Requirements	\$	-	\$	200,000	\$	200,000
Receipts	\$	-	\$	200,000	\$	200,000
Appropriation	\$	-	\$	-	\$	-
Positions						

19. **Western North Carolina Farmers Market - Paving Improvements**

Western North Carolina Agricultural Center Enterprise funds are recommended to replace old and damaged paving at the facility.

Requirements	\$	-	\$	100,000	\$	100,000
Receipts	\$	-	\$	100,000	\$	100,000
Appropriation	\$	-	\$	-	\$	-
Positions						

20. **Rendezvous Mountain Educational State Forest - Various Repairs and Renovations**

Timber sales receipts are recommended to fund various repairs in order to maintain the facility.

Requirements	\$	-	\$	15,000	\$	15,000
Receipts	\$	-	\$	15,000	\$	15,000
Appropriation	\$	-	\$	-	\$	-
Positions						

Net Adjustments		Recurring Changes	Nonrecurring Changes	Total
Total Requirements	\$	-	\$ 15,070,000	\$ 15,070,000
Total Receipts	\$	-	\$ 15,070,000	\$ 15,070,000
Total Appropriation	\$	-	-	-
Total Positions		0.000	0.000	0.000

Department of Cultural Resources

	<u>2013 Session Law - Enacted</u>			<u>2014 Legislative Session - Recommended Change</u>			% change	% change	
	2012-13 Actuals	2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-recurring	Recommended Adjustment	2014-15 Revised	2013-14 Certified	2014-15 Certified
Total Requirements				\$ -	\$ 1,118,750	\$ 1,118,750	\$ 1,118,750		
Total Receipts				\$ -	\$ 1,118,750	\$ 1,118,750	\$ 1,118,750		
Total Appropriation				\$ -	\$ -	\$ -	\$ -		
Total Positions				0.000	0.000	0.000	0.000		

			Recurring Changes	Nonrecurring Changes	Total
1 NC Museum of Art East Building Technology Improvement					
Technology improvements to the NC Museum of Art East Building' Auditorium to include new digital sound, video projection, and lighting equipment, installation of a distance learning center to promote remote access and educational opportunities, and re-purposing of an existing space to create a new education classroom.	Requirements	\$ -	\$ 1,118,750	\$ 1,118,750	
	Receipts	\$ -	\$ 1,118,750	\$ 1,118,750	
	Appropriation	\$ -	\$ -	\$ -	
	Positions				
Net Adjustments			Recurring Changes	Nonrecurring Changes	Total
Total Requirements			\$ -	\$ 1,118,750	\$ 1,118,750
Total Receipts			\$ -	\$ 1,118,750	\$ 1,118,750
Total Appropriation			\$ -	\$ -	\$ -
Total Positions			0.000	0.000	0.000

Department of Justice

	<u>2013 Session Law - Enacted</u>			<u>2014 Legislative Session - Recommended Change</u>				% change	% change
	2012-13 Actuals	2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-recurring	Recommended Adjustment	2014-15 Revised	from 2013-14 Certified	from 2014-15 Certified
Total Requirements				\$ -	\$ 807,000	\$ 807,000	\$ 807,000		
Total Receipts				\$ -	\$ 807,000	\$ 807,000	\$ 807,000		
Total Appropriation				\$ -	\$ -	\$ -	\$ -		
Total Positions				0.000	0.000	0.000	0.000		

	<u>2014-2015 Recommended Change</u>		
	Recurring Changes	Nonrecurring Changes	Total
1. Raleigh Crime Laboratory Renovation			
The current lab space is compartmentalized into individual suites and the renovations will allow for increased collaboration and teamwork on case work and database production.	Requirements	\$ -	\$ 807,000
Interior walls will be removed to open up large areas for office cubicles to increase the number of staff in the lab.	Receipts	\$ -	\$ 807,000
	Appropriation	\$ -	\$ -
	Positions		

Net Adjustments	<u>2014-2015 Recommended Change</u>		
	Recurring Changes	Nonrecurring Changes	Total
Total Requirements	\$ -	\$ 807,000	\$ 807,000
Total Receipts	\$ -	\$ 807,000	\$ 807,000
Total Appropriation	\$ -	\$ -	\$ -
Total Positions	0.000	0.000	0.000

Department of Public Safety

	2013 Session Law - Enacted			2014 Legislative Session - Recommended Change			% change	% change	
	2012-13 Actuals	2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-recurring	Recommended Adjustment	2014-15 Revised	2013-14 Certified	2014-15 Certified
Total Requirements				\$ -	\$ 10,966,839	\$ 10,966,839	\$ 10,966,839		
Total Receipts				\$ -	\$ 10,966,839	\$ 10,966,839	\$ 10,966,839		
Total Appropriation				\$ -	\$ -	\$ -	\$ -		
Total Positions				0.000	0.000	0.000	0.000		

			Recurring Changes	Nonrecurring Changes	Total
1. Caledonia Farms Grain Station					
Installation of a grain station at Caledonia Farms. The grain station will include grain storage bins, dump pit, grain elevator (tower), and installation of new or relocation of the existing grain drying bin (wet tank) or grain dryer. Also includes electrical work to include site electrical hookup and wiring switch panels.	Requirements	\$ -	\$ -	\$ 361,340	\$ 361,340
	Receipts	\$ -	\$ -	\$ 361,340	\$ 361,340
	Appropriation	\$ -	\$ -	\$ -	\$ -
	Positions				
2. Maury Correctional Institution - Industrial Area Upfit					
Design and convert the industrial area shell space inside Maury CI to a space that can be utilized by the Correction Enterprise Industry. All work will be performed by NCDPS Inmate Construction Program. This is a site adaptation/upfit of a previous design.	Requirements	\$ -	\$ -	\$ 2,830,499	\$ 2,830,499
	Receipts	\$ -	\$ -	\$ 2,830,499	\$ 2,830,499
	Appropriation	\$ -	\$ -	\$ -	\$ -
	Positions				
3. Raleigh Facilities Maintenance Latrine Renovations					
Addition of approximately 21 Sq. foot of space to both the male and unisex latrines located in the Raleigh Facilities Maintenance Building by converting underutilized adjacent space. The additional space, as well as reconfiguring of the existing space, will allow for the addition of one or more commodes to each of the latrines.	Requirements	\$ -	\$ -	\$ 165,000	\$ 165,000
	Receipts	\$ -	\$ -	\$ 165,000	\$ 165,000
	Appropriation	\$ -	\$ -	\$ -	\$ -
	Positions				
4. Raleigh Troop Motor Pool Latrine Renovations					
Remodel existing Troop Motor Pool (TMP) unisex latrine to include a shower, new tile floors, improved ceiling, new paint, appropriate exhaust, and fixtures upgrades. Separate telecom equipment in existing storage area for access. Rework existing door for adequate entrance. Provide HVAC, electrical and water to new and existing latrines.	Requirements	\$ -	\$ -	\$ 130,000	\$ 130,000
	Receipts	\$ -	\$ -	\$ 130,000	\$ 130,000
	Appropriation	\$ -	\$ -	\$ -	\$ -
	Positions				

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5.	Camp Butner Training Site - West Perimeter Rd. - Phase II Design & construction of approximately 3600 linear feet of 18 ft. wide stone road at Camp Butner Training Site (CBTS) along the west perimeter road. Phase II encompasses the design portion, including details for manual pipe gates with chains at existing road intersections. Proposal for this phase (design) includes: basic design services, all surveying as needed, geotechnical exploration necessary to assess the design for gravel pavement to support the anticipated vehicle loads, drilling of test boring and collection of seasonal high water table measurements and preparing written reports including soil boring data and pavement design recommendations, as well as all projected DENR and DWQ permitting fees, and additional services if needed.	Requirements Receipts Appropriation Positions	\$ \$ \$ \$	- - - -	\$ \$ \$ \$	780,000 780,000 - -	\$ \$ \$ \$	780,000 780,000 - -
6.	Camp Butner Training Site - Range Control Building Design and construction of approximately 2600 sf of administrative building to accommodate range operations. Building will be metal-framed with dry wall interior and masonry façade exterior and other finishes to match adjacent headquarters building. All electrical, plumbing, HVAC, and IT/data will be included.	Requirements Receipts Appropriation Positions	\$ \$ \$ \$	- - - -	\$ \$ \$ \$	738,000 738,000 - -	\$ \$ \$ \$	738,000 738,000 - -
7.	Youngsville Field Maintenance Shop Lighting Upgrade Lighting upgrades at maintenance shop used for operations. Upgrades include removal and upgrade of florescent light fixtures to replace with energy efficient lighting, painting walls, epoxy the concrete floors, and replace drop ceiling tiles.	Requirements Receipts Appropriation Positions	\$ \$ \$ \$	- - - -	\$ \$ \$ \$	95,000 95,000 - -	\$ \$ \$ \$	95,000 95,000 - -
8.	Camp Butner Training Site Engagement Skilled Trainer Building Addition of approximately 1500 - 2100 square feet of space for office area, tools and parts storage, and an additional restroom at the Engagement Skills Trainer (EST) Building at Camp Butner Training Site (CBTS).	Requirements Receipts Appropriation Positions	\$ \$ \$ \$	- - - -	\$ \$ \$ \$	495,000 495,000 - -	\$ \$ \$ \$	495,000 495,000 - -
9.	Camp Butner Training Site Multi-Purpose Building This project consists of a 78' x 130' (10,140 SF) multi-purpose building at Camp Butner Training Site (CBTS). The structure is to be a typical, pre-fabricated metal building sheath with metal superstructure on a concrete slab.	Requirements Receipts Appropriation Positions	\$ \$ \$ \$	- - - -	\$ \$ \$ \$	800,000 800,000 - -	\$ \$ \$ \$	800,000 800,000 - -
10.	Camp Butner Training Site Water Tower & System Improvements Evaluate and design improvements to correct current issues and resolve improper flow. Water system operations are supported by a water tower and three wells. Project will improve water efficiency and flow for future expansion.	Requirements Receipts Appropriation Positions	\$ \$ \$ \$	- - - -	\$ \$ \$ \$	494,000 494,000 - -	\$ \$ \$ \$	494,000 494,000 - -

11. High Point Field Maintenance Shop Office/Storage Building A building addition to provide an increase space of 1500 - 2000 s.f. to include office area, tools and parts storage. Project scope also includes the renovation of an existing restroom.	Requirements \$ - \$ 525,000 \$ 525,000 Receipts \$ - \$ 525,000 \$ 525,000 Appropriation \$ - \$ - \$ - Positions
12. High Point Field Maintenance Shop/Military Owned Vehicle Lot Paving The project scope includes heavy duty asphalt pavement, concrete pavement, proper sheet flow and storm drainage control to support heavy vehicle parking and turning within the FMS Military owned vehicle parking lot. Approximate size of parking area is 31,025 square feet.	Requirements \$ - \$ 525,000 \$ 525,000 Receipts \$ - \$ 525,000 \$ 525,000 Appropriation \$ - \$ - \$ - Positions
13. Morrisville Army Aviation Support Facility #1 Latrine Renovations Renovations to male and female latrines and showers to include ADA compliant restroom and shower facilities and updated finishes, fixtures, partitions, and lights.	Requirements \$ - \$ 88,000 \$ 88,000 Receipts \$ - \$ 88,000 \$ 88,000 Appropriation \$ - \$ - \$ - Positions
14. Morrisville Army Aviation Support Facility #1 Guard Shack & Access Improvement The project scope includes new freestanding, masonry with metal roof guard house with single restroom and weapons storage. Plumbing, mechanical, electrical, and telephone/data design are included. Design entry and exit lanes to accommodate tractor trailer traffic, and include force protection measures such as bollards, tire shredders, and traffic control arm.	Requirements \$ - \$ 525,000 \$ 525,000 Receipts \$ - \$ 525,000 \$ 525,000 Appropriation \$ - \$ - \$ - Positions
15. Fort Bragg Regional Training Site Maintenance #2 Fire Alarm System This project scope includes the replacement of fire detection and annunciation system for the office facility at this location.	Requirements \$ - \$ 27,000 \$ 27,000 Receipts \$ - \$ 27,000 \$ 27,000 Appropriation \$ - \$ - \$ - Positions
16. Red Springs Field Maintenance Shop Expansion Expansion and upgrade to the FMS (Field Maintenance Shop) and additional mechanical repair bays specifically for military vehicles. Structure is to be a typical pre-fabricated metal building sheath with metal superstructure on concrete slab.	Requirements \$ - \$ 788,000 \$ 788,000 Receipts \$ - \$ 788,000 \$ 788,000 Appropriation \$ - \$ - \$ - Positions
17. Fort Bragg Regional Training Site Maintenance #2 Wash Rack Addition New military vehicle wash rack facility at Building A. The wash rack will allow the vehicles stored and maintained at the facility to be washed and rinsed with residual water waste properly dispensed.	Requirements \$ - \$ 525,000 \$ 525,000 Receipts \$ - \$ 525,000 \$ 525,000 Appropriation \$ - \$ - \$ - Positions

18. **Winston Salem Field Maintenance Shop Addition/Alteration**

The main project consists of adding two mechanic repair bays onto the southern end of the existing Winston Salem FMS to insure existing infrastructure (power air system, venting, lighting, floor drain systems, etc.) is upgraded to serve intended purposes.

Requirements	\$	-	\$	775,000	\$	775,000
Receipts	\$	-	\$	775,000	\$	775,000
Appropriation Positions	\$	-	\$	-	\$	-

19. **Camp Butner Training Site Land Buffer Acquisitions**

Protection of the Camp Butner Training Site (CBTS) from the encroachment of incompatible adjacent land uses. With adjacent land uses, there is a significant potential for adverse impact on training at CBTS. This project will build adequate conservation easement and fee simple buffers.

Requirements	\$	-	\$	300,000	\$	300,000
Receipts	\$	-	\$	300,000	\$	300,000
Appropriation Positions	\$	-	\$	-	\$	-

Net Adjustments		Recurring Changes		Nonrecurring Changes		Total
Total Requirements	\$	-	\$	10,966,839	\$	10,966,839
Total Receipts	\$	-	\$	10,966,839	\$	10,966,839
Total Appropriation	\$	-	\$	-	\$	-
Total Positions		0.000		0.000		0.000

Wildlife Resources Commission

	2013 Session Law - Enacted			2014 Legislative Session - Recommended Change				% change	% change
	2012-13 Actuals	2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-recurring	Recommended Adjustment	2014-15 Revised	from 2013-14 Certified	from 2014-15 Certified
Total Requirements				\$ -	\$ 7,050,000	\$ 7,050,000	\$ 7,050,000		
Total Receipts				\$ -	\$ 7,050,000	\$ 7,050,000	\$ 7,050,000		
Total Appropriation				\$ -	\$ -	\$ -	\$ -		
Total Positions				0.000	0.000	0.000	0.000		

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		Recurring		Nonrecurring		Total
		Changes	Changes	Changes	Changes	
1. Land Acquisition						
Acquire real property for the purpose of including additional acreage into the agency's public gameland program statewide.	Requirements	\$ -	\$ 3,750,000	\$ 3,750,000		
	Receipts	\$ -	\$ 3,750,000	\$ 3,750,000		
	Appropriation	\$ -	\$ -	\$ -		
	Positions					
2. New Construction FAAs (Fishing Access Area)						
This project is the construction of four new fishing access areas in various undetermined locations to meet demands for public fishing access.	Requirements	\$ -	\$ 200,000	\$ 200,000		
	Receipts	\$ -	\$ 200,000	\$ 200,000		
	Appropriation	\$ -	\$ -	\$ -		
	Positions					
3. New Construction of BAAs (Boating Access Area)						
This project is the construction of new boating access areas to meet demands for public fishing access and recreational boating access to public waters.	Requirements	\$ -	\$ 900,000	\$ 900,000		
	Receipts	\$ -	\$ 900,000	\$ 900,000		
	Appropriation	\$ -	\$ -	\$ -		
	Positions					
4. Renovations to Existing BAAs						
This project is the major repair and renovation to existing boating access areas to meet demands for public fishing access and recreational boating access to public waters.	Requirements	\$ -	\$ 900,000	\$ 900,000		
	Receipts	\$ -	\$ 900,000	\$ 900,000		
	Appropriation	\$ -	\$ -	\$ -		
	Positions					
5. Balsom Depot Renovation						
Demolition of four buildings and construction of a new multi-use facility at the Balsam site to meet demands for Wildlife Enforcement, Engineering and Land Management.	Requirements	\$ -	\$ 1,300,000	\$ 1,300,000		
	Receipts	\$ -	\$ 1,300,000	\$ 1,300,000		
	Appropriation	\$ -	\$ -	\$ -		
	Positions					

Net Adjustments	Recurring Changes	Nonrecurring Changes	Total
Total Requirements	\$ -	\$ 7,050,000	\$ 7,050,000
Total Receipts	\$ -	\$ 7,050,000	\$ 7,050,000
Total Appropriation	\$ -	\$ -	-
Total Positions	0.000	0.000	0.000

Reserves, Debt Service and Other Adjustments

General Fund

Reserves, Debt Service, and Other Adjustments (19XXX)

	<u>2013 Session Law-Enacted</u>			<u>2014 Legislative Session-Recommended Change</u>			% Change	% Change	
	2012-13 Actual	2013-14 Certified	2014-15 Certified	Net Recurring	Net Non-Recurring	Recommended Adjustment	Revised 2014-15	from 2013-14 Certified	from 2014-15 Certified
Total Requirements	-	-	-	\$ 20,345,213	\$ 29,942,515	\$ 50,287,728	-	-%	-%
Less Receipts	-	-	-	\$ -	\$ -	\$ -	-	-%	-%
Total Appropriation	-	-	-	\$ 20,345,213	\$ 29,942,515	\$ 50,287,728	-	-%	-%
Total Positions	-	-	-	-	-	-	-	-%	-%

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		Recurring Changes	Non Recurring Changes	Total
1. Information Technology Funds --Enables the Government Data Analytics Center (GDAC) to develop solutions to help the State identify, deter, prevent, and prosecute cases of fraud and non-compliance as well as improve business decisions. Provides additional funding for the Criminal Justice Law Enforcement Automated Data Services (CJLEADS) system to refine and enhance technology solutions that support and protect criminal justice professionals statewide. Realigns resources to maintain commitment to modernize government by preserving requirements development planning and by realigning investment in infrastructure to meet fiscal requirements. This is a 13.5% decrease from the 2013-14 certified budget of \$42,053,142.	Requirements	\$ 949,555	\$ (6,607,485)	\$ (5,657,930)
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 949,555	\$ (6,607,485)	\$ (5,657,930)
	Positions	0.000	0.000	0.000
2. Retirement System Contribution --Funding is provided for the increase of the State's contribution to the Teachers' and State Employees' Retirement System and to the Consolidated Judicial Retirement System for the 2014-15 fiscal year, as recommended by the System's actuary.	Requirements	\$ 7,210,000	\$ -	\$ 7,210,000
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 7,210,000	\$ -	\$ 7,210,000
	Positions	0.000	0.000	0.000
3. Cost of Living Adjustment for Retirees --Funds are provided for a 1.9% cost-of-living adjustment to retirees of the Teachers' and State Employees' Retirement System and to retirees of the Consolidated Judicial Retirement System, effective July 1, 2014.	Requirements	\$ 70,000,000	\$ -	\$ 70,000,000
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ 70,000,000	\$ -	\$ 70,000,000
	Positions	0.000	0.000	0.000
4. Reserve for Future Benefit Needs --Realigns a General Fund reserve to help provide a salary and benefit increase for State employees.	Requirements	\$ (56,400,000)	\$ -	\$ (56,400,000)
	Less Receipts	\$ -	\$ -	\$ -
	Appropriation	\$ (56,400,000)	\$ -	\$ (56,400,000)
	Positions	0.000	0.000	0.000

5. Job Development Investment Grants--A non-recurring reduction is recommended to the JDIG program based on cash flow needs for 2014-15.

Requirements	\$	-	\$	(14,000,000)	\$	(14,000,000)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	-	\$	(14,000,000)	\$	(14,000,000)
Positions		0.000		0.000		0.000

6. Medicaid Risk Reserve--The Medicaid Risk Reserve is established as a non-reverting fund to mitigate the risk to the state of unforeseen overruns in the Medicaid Program. Allocations from the risk reserve must be approved by the Director of the Budget. A report will be made to the President Pro Tempore, the Speaker of the House and the Joint Chairs within 30 days of allocation of funds from the reserve.

Requirements	\$	-	\$	50,000,000	\$	50,000,000
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	-	\$	50,000,000	\$	50,000,000
Positions		0.000		0.000		0.000

7. Special Litigation Reserve--A Special Litigation Reserve is established within the Office of State Budget and Management. This reserve may be expended or transferred at the direction of the Governor in order to employ special counsel or private counsel pursuant to NCGS § 147-17 or NCGS. § 114-2.3.

Requirements	\$	-	\$	550,000	\$	550,000
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	-	\$	550,000	\$	550,000
Positions		0.000		0.000		0.000

8. Savings Reserve Account--\$42,073,426 is earmarked from the year-end credit balance to the Savings Reserve account. An additional \$7,926,574 is appropriated for FY 2014-15.

Requirements	\$	7,926,574	\$	-	\$	7,926,574
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	7,926,574	\$	-	\$	7,926,574
Positions		0.000		0.000		0.000

9. Debt Service Requirements--It is recommended that debt service appropriations be adjusted based on updated cash flow requirements.

Requirements	\$	(9,340,916)	\$	-	\$	(9,340,916)
Less Receipts	\$	-	\$	-	\$	-
Appropriation	\$	(9,340,916)	\$	-	\$	(9,340,916)
Positions		0.000		0.000		0.000

Net Adjustments		Recurring Changes		Non Recurring Changes		Total
Total Requirements	\$	20,345,213	\$	29,942,515	\$	50,287,728
Total Receipts	\$	-	\$	-	\$	-
Total Appropriation (Requirements minus Receipts)	\$	20,345,213	\$	29,942,515	\$	50,287,728
Total Positions		0.000		0.000		0.000