2011 LEGISLATIVE SESSION

HOUSE & SENATE APPROPRIATIONS SUBCOMMITTEES GUIDANCE

February 2, 2011

As we approach the task of closing a significant budget gap for the next fiscal biennium, the House and Senate are committed to using a balanced and fiscally responsible approach to balancing the State's budget while preserving core public services and functions of our State government.

Thus, all subcommittees will be empowered to do the hard work of developing cuts and proposals to downsize government. The premise behind this approach is that subcommittee members are closer to state government programs and services and are better able to evaluate them. Then, after determining the most effective programs and services, Subcommittees are able to prioritize how funds might best be appropriated…this implies a rethinking of the structure of government by,

1. **Focusing Funding on the Core Functions of Each Agency**
   a. Constitutional requirements
   b. State and federal mandates
   c. Prioritize other programs

2. **Requiring Agencies and Nonprofits to Justify the Budget**
   - Require state agencies and nonprofits to justify continuing expenditures.
   - Use this approach for:
     - Individual programs, including non-essential, ineffective, obsolete, redundant or new programs and services.
     - Specific line items within programs.

3. **Managing Growth in Mandatory Programs**
   Manage growth in mandatory programs and services within spending targets.

4. **Considering Reduction Strategies that:**
   - Eliminate ineffective or obsolete programs
   - Eliminate duplication of effort (Span of Control);
   - Eliminate administrative inefficiencies;
   - Streamline and consolidate departments, programs, offices, and services;
   - Reduce non-essential government services
   - Reduce non-profit funding
   - Minimize the loss of non-State revenues
   - Utilize privatization and restructure contracting practices

5. **Using Cash Balances of Non-General Funds, and Close the Funds When Possible**
   Identify Special Funds that divert revenue from the General Fund; permanently close the funds and transfer balances and responsibilities to the General Fund, if feasible; if not feasible, then permanently close the funds and transfer balances and responsibilities to other funds as appropriate.

6. **Eliminating Positions**
   - Consider eliminating vacant and temporary positions, especially those vacant for 6 months or more as of January 1, 2011.

7. **Increasing or Implementing Fees**
   - Examine fees to determine if increases are appropriate to fully offset the cost of providing services. Subcommittees considering fee increases must first consult with the Appropriations Chairs.

8. **Examining Rate Changes and Cost Escalators**
   - Eliminate or reduce automatic cost escalators (e.g. inflation).

9. **Proposing a Justification or Continuation Review**
   - Identify at least one review of **significant** size.

10. **Consult the Appropriations Chairs**
    - Refer **all** salary and benefit-related, debt service, capital and other statewide issues to the Chairs of Appropriations.
    - Consult with Appropriations Chairs when considering fee increases.
    - Consult with the Appropriations Chairs <u>and</u> the appropriate subcommittee chairs prior to proposing budget adjustments, program transfers or policy changes that impact another subcommittee area.

11. **Consult Other Subcommittees as Necessary**
    Consult with the chairs of the appropriate subcommittee <u>and</u> the Appropriations Chairs prior to proposing budget adjustments, program transfers or policy changes that impact another subcommittee area.

12. **Subcommittee Reports:**
    - Should not include expansion funding.
    - Should not include negative reserves or "management flexibility" reductions.
    - Should identify <u>all</u> budget adjustments (reductions or mandatory increases) as recurring or non-recurring.
    - Should identify all position changes for all funds (eliminations and fund shifts).

13. **Special Provisions:**
    - No authorization to spend reversions.
    - No "shall not revert" or "carry forward" language.
    - No amendments to substantive policy or law unless directly related to the budget.

GLOSSARY OF FREQUENTLY USED FISCAL TERMS

APPROPRIATION: An enactment by the General Assembly authorizing the withdrawal of money from the State treasury. An enactment by the General Assembly that authorizes, specifies, or otherwise provides that funds may be used for a particular purpose is not an appropriation.

AUTHORIZED BUDGET: The funds appropriated by the General Assembly updated to reflect line-item reallocations allowed by the State Budget Act and approved by the Office of State Budget and Management.

BOILERPLATE: Special provisions, or budgetary language that is typically repeated year after year in the budget bill. For example, non-profit reporting requirements are boilerplate.

CARRY-FORWARDS: Funds appropriated but unspent in the first fiscal year of a biennium which by authorized budget revision are brought forward for expenditure in the second fiscal year of the same biennium.

CERTIFIED BUDGET: The budget as enacted by the General Assembly including adjustments made for (i) distributions to State agencies from statewide reserves appropriated by the General Assembly, (ii) distributions of reserves appropriated to a specific agency by the General Assembly, and (iii) organizational or budget changes directed by the General Assembly but left to the Director to carry out..

CONTINUATION (BASE) BUDGET: The budgeted amounts for operating funds required to carry on already established programs at the level of support approved by the previous General Assembly. May contain inflationary increases for certain line items such as food, drugs, utilities; for statutory increases, i.e., social security; for operation of newly completed facilities; or for annualization of costs for programs previously funded for only part of a year.

DEPARTMENTAL RECEIPTS: Fees, licenses, federal funds, grants, fines, penalties, tuition, and other similar collections or credits generated by State agencies in the course of performing their governmental functions that are applied to the cost of a program administered by the State agency or transferred to the Civil Penalty and Forfeiture Fund pursuant to G.S. 115C-457.1, and that are not defined as tax proceeds or nontax revenues. Departmental receipts may include moneys transferred into a fiscal year from a prior fiscal year.

ENCUMBRANCE: A financial obligation created by a purchase order, contract, salary commitment, unearned or prepaid collections for services provided by the State, or other legally binding agreement.

EXPANSION BUDGET: The recommendations to fund improvements or expansions in existing programs, to establish new programs, to provide for salary increases, and to provide for increases in enrollments, caseloads and institutional populations.

FULL-TIME EQUIVALENT (FTE): A unit that represents one full-time (2,080 hours per year) state employee. Part-time employees are factored according to the share of the full 2,080-hour work year they are employed. Total FTE provides an unduplicated head-count of the positions an agency has.

FUND: A fiscal and accounting entity with a self-balancing set of accounts recording cash and other resources, together with all related liabilities and residual equities or balances, and changes therein, for the purpose of carrying on stated programs, activities, and objectives of State government.

GENERAL FUND: The main source of operating funds for the state. A pool of financial resources made up of a beginning credit balance, State tax revenues, and State non-tax revenues. These funds are appropriated for both the operation of State agencies and construction and renovation of State facilities.

LAPSED SALARY: Surplus funds that accrue because a position is vacant due to delays in hiring, resignations, terminations, or retirements. Lapsed salary surpluses are *one-time* funds that accumulate only while a position vacancy exists.

NON-RECURRING: Term used to denote one-time revenues (windfalls, reversions) or one-time expenditures (grant-in-aid, capital).

RECURRING: Term used to denote revenues or expenditures that will be continuing, such as sales and personal income taxes, or salaries, fringe benefits, utilities.

REVERSIONS: Unspent appropriations returned to the General Fund or Highway Fund (as applicable) at the end of each fiscal year.

SALARY RESERVE: Unobligated or surplus funds generated by a position being filled at a salary less than the budgeted salary authorized by the General Assembly.

SPECIAL PROVISIONS: Language contained in the Appropriation Bill pertaining to State fiscal matters, the management, evaluation, and oversight of State government programs or policy, and the expenditure of appropriations contained in the Bill.

SPECIAL FUNDS: Accounts to which revenues are deposited that are designated for a specific purpose and remain in the account until expended for that purpose. Special Funds do not have General Funds directly appropriated to them. By definition, money in a special fund does not revert at the end of the fiscal year.

TRUST FUNDS: Accounts consisting of resources received and held by the State as trusted to be expended or invested in accordance with the conditions of the trust. In other words, Trust Funds are accounts where the State acts as a trustee. The State can only execute the terms of the trust, it cannot change the purpose for which the trust was created. Trust funds are classified as to what assets, if any, may be paid out of the fund. The three classifications are (1) expendable, (2) non-expendable, or (3) expendable as to income but unexpendable as to principal.

UNRESERVED FUND BALANCE: The available General Fund cash balance after excluding documented encumbrances, unearned revenue, federal grants, statutory requirements, and other legal obligations to General Fund cash as determined by the State Controller. Beginning unreserved fund balance equals ending unreserved fund balance from the prior fiscal year.

2011 Legislative Session - Joint Appropriations S mmittee on Transportation - Agency Contacts

Agency	Contact Name	Title	Email	Phone
Department of Transportation	Eugene Conti	Secretary	gconti@ncdot.gov	919-733-2520
	Jim Trogdon	Chief Operating Officer	jtrodgon@ncdot.gov	919-733-2520
	Ellis Powell	Chief of Staff	epowell@ncdot.gov	919-733-2520
	Susan Coward	Deputy Secretary of Intergovernmental Affairs and Budget	scoward@ncdot.gov	919-733-2520
	Mark Foster	Chief Financial Officer	mfoster@ncdot.gov	919-733-3624, ext. 324
	Anthony Roper	Deputy Secretary of Administration and Business Development	aroper@ncdot.gov	919-733-2520
	Jim Westmoreland	Deputy Secretary for Transit	jwestmoreland@ncdot.gov	919-733-2520
	Ted Vaden	Deputy Secretary of Communications	tvaden@ncdot.gov	919-733-2522
	Katherine White	General Counsel	katherinewhite@ncdot.gov	919-733-2520
	Beau Memory	Legislative Liaison	bmemory@ncdot.gov	919-733-2520
	Terry Gibson	Highway Administrator	tgibson@ncdot.gov	919-733-7384
	Randy Barnes	Chief Information Officer	rbarnes@ncdot.gov	919-707-2200
NC Turnpike Authority	David Joyner	Executive Director of Turnpike Authority	dwjoyner@ncdot.gov	919-571-3001
Division of Motor Vehicles	Mike Robertson	Commissioner of DMV	mrobertson@ncdot.gov	919-861-3015
NCAMVRC, Inc. (License Tag Agents)	Patti Smithson	Legislative Co-Chair	pdsmithson@bizec.rr.com	910-262-7166
Global TransPark	Darlene A. Waddell	Executive Director	dwaddell@ncgtp.com	252-522-4929, ext. 714
	Traci C. Myles	Controller	tymyles@ncgtp.com	252-522-4929, ext. 712
	Alanna King	Marketing & Communications Manager	aking@ncgtp.com	252-522-4929, ext.719
State Highway Patrol	Colonel Mike Gilchrist	NC State Highway Patrol Commander	mgilgchrist@ncshp.org	919.733.7952
Crime Control & Public Safety	Reuben F. Young	Secretary	ryoung@nccrimecontrol.org	919.733.2126
	Gerald A. Rudisill, Jr.	Chief Deputy Secretary	rrudisill@nccrimecontrol.org	919.733.2126
	Rhonda Raney	Deputy Secretary	rraney@nccrimecontrol.org	919.733.2126
	Bennie Aiken	Assistant Secretary for Administration	baiken@nccrimecontrol.org	919.733.2126
	Janice Turner	Exec. Asst. to the Secretary	jturner@nccrimecontrol.org	919.733.2126
	Casandra White	General Counsel	cwhite@nccrimecontrol.org	919.733.2126
	Thomas Caves	Special Assistant to the Secretary	tcaves@nccrimecontrol.org	919.733.2126
	Patty McQuillan	Public Information Office (CCPS)	pmcquillan@nccrimecontrol.org	919.733.5027
	Sgt. Jeff Gordon	Public Information Office (SHP)	jgordon@nccrimecontrol.org	919.733.5027
	H. Douglas Hoell	NC Division of Emergency Management	dhoell@ncem.org	919.733.3825
	Major General Greg Lusk	NC National Guard Adjutant General	greg.lusk@us.army.mil	919.664.6101