



RESERVES AND OTHER ADJUSTMENTS

Common Ground Solutions
for NORTH CAROLINA

Public Safety Enhancements

To improve security at North Carolina's schools and other institutions, the budget creates a \$100 million Public Safety Reserve for the State Board of Education, University of North Carolina Board of Governors, State Board of Community Colleges, the Department of Public Safety, and other state agencies.

Of the total, \$65 million is targeted for building improvements related to safety and security at preK-12 public schools, state universities, and community colleges. The funds can be used for communication system upgrades, equipment purchases, audio-visual security monitoring systems, panic alarms, improved doors, and other security features to prevent and respond to threats. Another \$25 million is allocated to the Department of Public Safety and the remaining \$10 million will be allocated by the Office of State Budget and Management to support state agency security improvements.

Support of School Bond

Supports \$2 billion in new General Obligation Bonds for the construction and renovation of public school facilities to begin to address the estimated \$8 billion statewide need.

Supporting State Employees

To attract and retain a strong state workforce, the budget includes \$20 million for the Salary Adjustment Fund. These funds will be used to begin implementing the new market-based classification and compensation system by targeting hard-to-staff, high-turnover positions, salaries below market rates, and other salary adjustments identified through analysis using human resources best practices.

To supplement hard-to-recruit positions, creates a \$10 million reserve to establish a new NC 457 supplemental retirement contributions plan for certified State Correctional Officers.

2020 Census Preparation to Make Every North Carolinian Count

Provides \$1.5 million for North Carolina's preparation of the 2020 Census. Robust census data is vital for planning, delivery of services, economic development, and federal funding for every North Carolina county, municipality, and community.

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

	2017 Session Law-Enacted			2018 Legislative Session Recommended - FY 2018-19			2018-19 Revised	% Δ from 2017-18 Certified	% Δ from 2018-19 Certified
	2016-17 Actual	2017-18 Certified	2018-19 Certified	Net Recurring	Net Nonrecurring	Recommended Adjustment			
Requirements	729,958,874	972,765,426	999,173,518	(71,427,582)	3,000,000	(68,427,582)	930,745,936	(4.32%)	(6.85%)
Receipts	17,817,915	18,653,595	18,653,595	-	-	-	18,653,595	-	-
Net Appropriation	712,140,959	954,111,831	980,519,923	(71,427,582)	3,000,000	(68,427,582)	912,092,341	(4.40%)	(6.98%)
Positions (FTE)	0.000	0.000	0.000			0.000	0.000	-	-

FY 2018-19 Recommended

	Recurring Changes	Nonrecurring Changes	Total Adjustment
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1 - Public Safety Reserve

Provides \$100 million dollars for the new Public Safety Reserve. The allocation from the reserve is as follows: \$25 million to State Board of Education, \$20 million to the University of North Carolina Board of Governors, \$20 million to the State Board of Community Colleges, \$25 million to the Department of Public Safety, and \$10 million administered by the Office of State Budget and Management for State Agencies. Funds in the reserve can be used for safety improvements to facilities, purchase of safety and security equipment, improvements in communication and data systems, training, and the development of security master plans.

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

2 - School Bond

Supports the authorization, subject to a favorable vote of the people, of up to \$2.0 billion in General Obligation Bonds for construction and renovation of public school facilities to begin to address the estimated \$8.0 billion statewide public school facility need. It is anticipated that the first issuance of public schools bonds would not occur until FY 2019-20 and there would be no debt service impacts in FY 2018-19. The issuance of public school bonds should not result in a situation where debt service exceeds four percent (4%) of General Fund revenues on an annual basis and will leave enough debt capacity for the state to address other capital needs.

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

3 - Salary Adjustment Fund

Provides \$20 million for the Salary Adjustment Fund. These funds will be used to further the implementation of the new market-based classification and compensation system through adjustments targeting hard-to-staff, high-turnover positions, salaries below market rates, and other salary adjustment identified through analysis using HR best practices.

Requirements	\$ 20,000,000	\$ -	\$ 20,000,000
Less Receipts	\$ -	\$ -	\$ -
Net Appropriation	\$ 20,000,000	\$ -	\$ 20,000,000
Positions			0.000

4 - NC 457 Contributions for Certified State Correctional Officers

Directs the Department of Public Safety to create a plan for NC 457 supplemental retirement (NC 457) contributions for certified State Correctional Officers. A corresponding special provision provides additional details on the planning process, eligibility criteria, and implementation timeline. The total net appropriation for these contributions is \$10 million in FY 2018-19.

Requirements	\$ 10,000,000	\$ -	\$ 10,000,000
Less Receipts	\$ -	\$ -	\$ -
Net Appropriation	\$ 10,000,000	\$ -	\$ 10,000,000
Positions			0.000

5 - Workers' Compensation Settlement Reserve

Provides nonrecurring funding to the Office of State Human Resources to close pending workers' compensation claims.

Requirements	\$ -	\$ 1,500,000	\$ 1,500,000
Less Receipts	\$ -	\$ -	\$ -
Net Appropriation	\$ -	\$ 1,500,000	\$ 1,500,000
Positions			0.000

6 - 2020 Census Preparation

Funds materials and outreach to promote participation in the 2020 Census across the state. High participation in North Carolina is crucial as decennial census counts are used to apportion seats in the US Congress and distribute over \$1,600 per person in federal funds in the state. The 2020 Census count will also be the foundation of certified state population estimates for the next decade. The certified estimates are used to distribute state resources to local governments. Census data is vital for planning, delivery of services, and economic development in every North Carolina county and community.

Requirements	\$ -	\$ 1,500,000	\$ 1,500,000
Less Receipts	\$ -	\$ -	\$ -
Net Appropriation	\$ -	\$ 1,500,000	\$ 1,500,000
Positions			0.000

		FY 2018-19 Recommended		
		Recurring Changes	Nonrecurring Changes	Total Adjustment
7 - Contingency and Emergency Fund				
Provides funding to restore the Emergency and Contingency Fund based on a 10-year average historical expenditure rate.				
Requirements	\$	2,000,000	\$ -	\$ 2,000,000
Less Receipts	\$	-	\$ -	-
Net Appropriation	\$	2,000,000	\$ -	\$ 2,000,000
Positions				0.000
8 - Bond Disclosure, Close Out, and Tax Exempt Analysis				
Provides a statewide reserve held at the Office of State Budget and Management to pay for the expense incurred by the Department of State Treasurer (DST) in the continuing disclosure and retirement of bonds issued by the State's General Fund. The reserve may also be used for DST analysis of ongoing General Fund supported bonds and debt.				
Requirements	\$	50,000	\$ -	\$ 50,000
Less Receipts	\$	-	\$ -	-
Net Appropriation	\$	50,000	\$ -	\$ 50,000
Positions				0.000
9 - Debt Service Obligation				
Adjusts the amount budgeted for debt service payments to accurately reflect the principal and interest due based on the current repayment schedule.				
Requirements	\$	(54,567,293)	\$ -	\$ (54,567,293)
Less Receipts	\$	-	\$ -	-
Net Appropriation	\$	(54,567,293)	\$ -	\$ (54,567,293)
Positions				0.000
10 - Public Schools Average Daily Membership (ADM)				
Moves the reserve funding appropriated in Session Law 2017-57 for anticipated increases in Average Daily Membership to the Department of Public Instruction's budget.				
Requirements	\$	(48,410,289)	\$ -	\$ (48,410,289)
Less Receipts	\$	-	\$ -	-
Net Appropriation	\$	(48,410,289)	\$ -	\$ (48,410,289)
Positions				0.000
11 - Pending Legislation Reserve				
Removes unused appropriation from the 2015-17 biennium for the pending legislation.				
Requirements	\$	(500,000)	\$ -	\$ (500,000)
Less Receipts	\$	-	\$ -	-
Net Appropriation	\$	(500,000)	\$ -	\$ (500,000)
Positions				0.000
Net Adjustments				
Requirements	\$	(71,427,582)	\$ 3,000,000	\$ (68,427,582)
Less Receipts	\$	-	\$ -	-
Net Appropriation	\$	(71,427,582)	\$ 3,000,000	\$ (68,427,582)
Positions				0.000

