



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT



Employment First State for Individuals with Disabilities

JOSH STEIN
GOVERNOR

KRISTIN WALKER
STATE BUDGET DIRECTOR

April 16, 2025

TO: Joint Legislative Commission on Governmental Operations

FROM: Kristin Walker *Kristin Walker*
State Budget Director

SUBJECT: Deviation Request from Department of Adult Correction

Pursuant to G.S. 143C-6-4 (b1) Prior consultation with Governmental Operations is required when the over-expenditure would cause a department's total requirements for a fund to exceed the department's certified budget for a fiscal year for that fund by more than three percent (3%) prior to authorizing the over expenditures.

The North Carolina Department of Adult Correction, Correction Enterprise Program, is requesting to deviate in Budget Code 75010, Budget Fund 700225 (Enterprise Fund) in order to budget actual and projected receipts for expenditures related to the GSS to NCFS Migration IT project and anticipated expenditures that exceed the certified requirements for the fiscal year.

The deviation request is outlined below:

- **Budget Code 75010** – Request to budget receipts in the amount of \$27,896,831 (\$4,329,000 to cover expenditures for the project and \$23,567,831 in anticipated expenditures to cover purchases for resale) to maintain current levels of operation. The Certified Budget for budget code 75010 is \$89,582,124. The three percent threshold of the certified budget is \$2,687,464. The receipts realized in this budget code come from the sale of articles and commodities manufactured or produced by Correction Enterprises and are intended to support the operations of the fund.

Please see the attached Deviation Exception Request Form for more details.

If you have questions or concerns, please contact the DAC Budget Director, Shannon Hobby, at Shannon.Hobby@dac.nc.gov or OSBM Budget Analyst, Anna Naples, at anna.naples@osbm.nc.gov

CC: Mark Bondo, OSBM



OPERATING BUDGET REVISION - 75010 - 3% DEVIATION REQUEST

Status: Submitted_To_OSBM

Fiscal Year: 2024-2025
Status: Submitted To OSBM
Department/Agency: Department of Adult Correction
BRU: Department of Adult Correction
Budget Code: 75010 - Adult Correction - Correction Enterprises
Title: 75010 - 3% Deviation Request
Journal Entry Number: N/A
Statutory: No
Special Provision: No
Lapsed Salary: No
One-time Salary Change: No
Carry Forward: No

Reference Number: 12-0030
Revision Type: 12
Effective Date: 07/01/2024
Approval Date: 03/28/2025
Recurrence: Non-recurring
Included in Base Budget: No
Ibis ID: 15EL7
New Grant: No
Change to Existing Grant: No
Over-realized Departmental Receipts: Yes
Realignment: No
Program Restructure: No
Other: No

Justification: North Carolina Correction Enterprises (NCCE) currently uses four systems that loosely integrate at various levels but still require substantial oversight with several staff members inputting duplicate information in these systems across the program. Correction Enterprises will be migrating these systems into NCFS over the next 2 years creating a single point of entry for input data. This will also improve financial and inventory accounting. Per program admin staff, migration to NCFS will take 2 years. Cost of the Year 1 expected to be \$4.3M; Year 2 - \$5M. Total Project Cost = \$9,329,000

This project will be funded by overrealized receipts. Since the amount for this project exceeds the 3% deviation threshold, this revision also budgets the remaining projected overrealized receipts and the total receipts matches the increase included in DAC WSI receipt adjustment.

Amount being budgeted exceeds the 3% threshold. Therefore, this revision will also serve as the deviation request to budget anticipated overrealized revenues for the fiscal year.

Authority: GS 143C-6-4(b)(3)(c)

Requirements

Budget Fund	Account Number	Account Description	AMU	NCFS Program	Fund Source	Project	Inter Fund	Amount (2023-24)	Amount (2024-25)	Annualized Amount	Authorized Budget (2023-24)	Authorized Budget (2024-25)
700225	52140000	OTH INFORMATION TECH SVCS	5205603	0000000	2000	0000000000	000000	\$0.00	\$4,329,000.00	\$0.00	\$0.00	\$0.00
700225	53800001	PFR-MANUFACTURING-DIRECT	5205600	0000000	2000	0000000000	000000	\$0.00	\$23,567,831.00	\$0.00	\$0.00	\$36,539,408.00

Receipts

Budget Fund	Account Number	Account Description	AMU	NCFS Program	Fund Source	Project	Inter Fund	Amount (2023-24)	Amount (2024-25)	Annualized Amount	Authorized Budget (2023-24)	Authorized Budget (2024-25)
700225	44110910	HH&CLN SALE&SER-INSIDE	5205600	0000000	2000	0000000000	000000	\$0.00	\$21,520,532.00	\$0.00	\$0.00	\$56,256,559.00
700225	44110920	HH&CLN SALE&SER-OUTSIDE	5205600	0000000	2000	0000000000	000000	\$0.00	\$6,376,299.00	\$0.00	\$0.00	\$32,724,732.00

Summary

	Amount (2023-24)	Amount (2024-25)	Annualized Amount
Total Requirements	\$0.00	\$27,896,831.00	\$0.00
Total Receipts	\$0.00	\$27,896,831.00	\$0.00
Change in Fund Balance	\$0.00	\$0.00	\$0.00

Budget Overview

Requirements							
Budget Fund	Account Number	Account Description	Fund Source	Amount (2023-24)	Amount (2024-25)	Authorized Budget (2023-24)	Authorized Budget (2024-25)
700225	52140000	OTH INFORMATION TECH SVCS	2000	\$0.00	\$4,329,000.00	\$1,330.00	\$2,540,915.00
700225	53800001	PFR-MANUFACTURING-DIRECT	2000	\$0.00	\$23,567,831.00	\$56,884,060.00	\$36,539,408.00
Fund(700225) Totals				\$0.00	\$27,896,831.00	\$56,885,390.00	\$39,080,323.00

Receipts							
Budget Fund	Account Number	Account Description	Fund Source	Amount (2023-24)	Amount (2024-25)	Authorized Budget (2023-24)	Authorized Budget (2024-25)
700225	44110910	HH&CLN SALE&SER-INSIDE	2000	\$0.00	\$21,520,532.00	\$71,631,945.00	\$56,256,559.00
700225	44110920	HH&CLN SALE&SER-OUTSIDE	2000	\$0.00	\$6,376,299.00	\$32,724,732.00	\$32,724,732.00
Fund(700225) Totals				\$0.00	\$27,896,831.00	\$104,356,677.00	\$88,981,291.00

Attachments

Name	Type	Size	Date	Uploaded By
Adjusting Receipts per Receipt Analysis.pdf	application/pdf	63814 Bytes	11/25/24	Kevin Rich
NC FBR-DAC CE_Implementation SOW.docx	application/vnd.openxmlformats-officedocument.wordprocessingml.document	440284 Bytes	10/28/24	Kevin Rich
Project Detail Pages - Project Charter - 20241004 (002).pdf	application/pdf	203785 Bytes	10/17/24	Kevin Rich

AUDIT INFORMATION

Created by Kevin Rich on 10/17/2024 09:00 AM
Revised by Kevin Rich on 10/18/2024 10:20 AM
Submitted by Kevin Rich on 10/18/2024 10:21 AM
Returned by Kathleen Johnson on 10/18/2024 14:16 PM
Revised by Kevin Rich on 10/28/2024 15:55 PM
Submitted by Kevin Rich on 11/25/2024 14:51 PM