



STATE OF NORTH CAROLINA  
OFFICE OF STATE BUDGET AND MANAGEMENT



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KRISTIN WALKER  
STATE BUDGET DIRECTOR

May 1, 2024

TO: Joint Legislative Commission on Governmental Operations

FROM: Kristin Walker *Kristin Walker*  
State Budget Director

SUBJECT: Deviation Request from the NC Department of Information Technology

[G.S. 143C-6-4 \(b1\)](#) requires consultation with Governmental Operations when an over expenditure would cause a department's total requirements for a fund to exceed the department's certified budget for a fiscal year by more than three percent (3%) prior to authorizing the over expenditure.

The North Carolina Department of Information Technology is requesting to realign operating accounts and budget fund balance to the amount of \$28,222,502 on a non-recurring basis to cover over expenditures of the NC 911 Board in the third quarter of FY 2023-24.

This request reduces budgeted receipts to bring them in line with actual collections and realigns operating budget to account for actual expenditures in FY 2023-24. The revision also budgets fund balance remaining from the previous fiscal year to cover over expenditures not addressed by realignment.

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

If you have questions or concerns, please contact Budget Analyst Sam Barber, at [samuel.barber@osbm.nc.gov](mailto:samuel.barber@osbm.nc.gov).

**REQUEST TO DEVIATE UNDER G.S. 143C-6-4(b)(3)(b1):**

*(b1) Prior consultation with Governmental Operations is required when the overexpenditure 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 overexpenditures.*

**DEPARTMENT:** NC Department Information Technology - NC 911 Board  
**FISCAL YEAR:** FY2024  
**Date:** 23-Apr-24  
**Budget Revision #:** 12-0009

Budget Code	Certified Requirements	3% Deviation Threshold	Amount of the Overexpenditure Request	Amount the Request Exceeds the Deviation Threshold
24669	\$ 132,667,210	\$ 3,980,016	\$ 28,222,502	\$ 24,242,486
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
<b>Fund Type Total</b>	<b>\$ 132,667,210</b>	<b>\$ 3,980,016</b>	<b>\$ 28,222,502</b>	<b>\$ 24,242,486</b>

**JUSTIFICATION FOR REQUEST:**

The NC 911 Board is charged with administering the Emergency Telephone Services Fund (ETSF), established by G.S. 143B-1404. As set forth in G.S. 143B-1404(d), the Fund is a special revenue fund and expenditure of the same is restricted to 911-related costs. The Board's staff and all of its initiatives are fully funded through this Fund; it does not receive any appropriations from the State. The Fund is generated by the service charge imposed on all active communications service connections that provide access to the 911 system. [See G.S. 143B-1403(a)] The Board sets the service charge in order to ensure that the State's 911 system is fully funded. The rate is currently \$0.55 per active connection. The charge is collected by the provider of the active communications service connection providers (generally, phone service provided through landline, wireless, or VoIP connection) and remitted to the Board.

The Board has several responsibilities under NC law. Primary among them are: 1) contracting and paying for a Next Generation Statewide Internet Protocol-enabled emergency communications system ("ESInet") and monitoring the same through its Network Monitoring and Assistance Center (NMAC); (see G.S. 143B-1402(a)); 2) providing grants to Public Safety Answering Points [see G.S. 143B-1407]; and 3) providing additional distributions to the PSAPs to pay for certain operational costs [see G.S. 143B-1406(a)]. The Board has additional responsibilities under the law, all of which are met, but these identified examples are among those that require the most funding.

The Board takes its obligations under the law very seriously. For example, as of June 30, 2023, the 911 Fund had outstanding commitments of cost-reimbursement grants to the PSAPs totaling \$31.29 million. The Board carries forward a certain amount of grants each year, as the grant awards are given for numerous capital projects and can cross fiscal years. This carryforward amount varies by fiscal year and is mentioned in the Office of State Controller's Annual Financial Comprehensive Report.

For the ESInet contract and Network Monitoring and Assistance Service, as of June 30, 2023, the 911 Fund was paying \$30,552,768. These costs will recur and are expected to increase, as the contract will be amended to include upgrades to ensure even more security and resiliency in the delivery of 911 calls through the ESInet. Further, as the NMAC has expanded to become a 24/7 call center to assist PSAPs experiencing issues with 911 calls, those costs will increase.

Another function of the Board worthy of note as it pertains to this request is that it serves as the recipient of the Telephone Relay Surcharge, which is levied by the Utilities Commission in consultation with DHHS/Services for the Deaf and Hard of Hearing (see G.S. 62-157). All wireless telephone providers are required to collect this fee and remit it to the Board. The Board then forwards those funds to DHHS; it does not retain any of those monies, nor does it levy any administrative fees for collecting or submitting the funds. Instead, the Board's account serves as a "pass-through" for the entire amount of those monies. Therefore, the Board served as the pass-through entity for those funds; it did not retain or expend any of that money. In FY2023, this accounted for \$8,708,289.30 appearing in the Board's budget, but again, these are not monies that are available to be utilized by the Board.

Due to the nature of the Board's ongoing obligations to fund the Next Generation 911 system and the PSAPs who carry out the essential functions of 911 through contracts for Next Generation 911 and PSAP grants and operational needs, the Board will exceed its certified budget. The Board has the funds necessary to fulfill all of its obligations, including the additional deviation threshold identified. The Board respectfully requests authorization for the overexpenditure above the approved budget.



RK325-Budget Approved as of 04/30/2024  
Summary by Fund  
Biennium 2023-25

24669-Department of Information Technology - IT - Wireless Fund

Budget Budget		2023-24	2023-24	2024-25	2024-25
Fund	Fund Title	Certified	Authorized	Certified	Authorized
<b>Requirements</b>					
209150	DIT 2900 911 BOARD BC 24669	\$100,863,712	\$100,959,285	\$100,854,284	\$100,968,972
209151	DIT 2910 TELECOM RELAY SURCHARGE BC 24669	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
209152	DIT 2920 NEXT GEN 911 RESERVE BC 24669	\$21,803,498	\$22,017,876	\$21,797,259	\$22,054,512
<b>Requirements</b>		<b>\$132,667,210</b>	<b>\$132,977,161</b>	<b>\$132,651,543</b>	<b>\$133,023,484</b>
<b>Receipts</b>					
209150	DIT 2900 911 BOARD BC 24669	\$80,185,597	\$80,281,170	\$80,176,169	\$80,290,857
209151	DIT 2910 TELECOM RELAY SURCHARGE BC 24669	\$10,018,000	\$10,018,000	\$10,018,000	\$10,018,000
209152	DIT 2920 NEXT GEN 911 RESERVE BC 24669	\$15,919,533	\$16,133,911	\$15,913,294	\$16,170,547
<b>Receipts</b>		<b>\$106,123,130</b>	<b>\$106,433,081</b>	<b>\$106,107,463</b>	<b>\$106,479,404</b>
<b>Change in Fund Balance</b>		<b>(\$26,544,080)</b>	<b>(\$26,544,080)</b>	<b>(\$26,544,080)</b>	<b>(\$26,544,080)</b>