



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT



Employment First State for Individuals with Disabilities

ROY COOPER
GOVERNOR

KRISTIN WALKER
STATE BUDGET DIRECTOR

March 28, 2024

TO: Joint Legislative Commission on Governmental Operations

FROM: Kristin Walker *Kristin Walker*
State Budget Director

SUBJECT: Deviation Request from Department of Adult Correction Canteen Accounts

[G.S. 143C-6-4 \(b1\)](#) requires consultation with Governmental Operations when an overexpenditure 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 overexpenditure.

The North Carolina Department of Adult Correction, Correction Enterprise Program, is requesting to budget both actual and projected over realized receipts in the amount of \$21,047,605 to maintain current levels of operation and cover the costs of repairs for FY 2023-24. The certified budget for budget code 75010 is \$88,092,901. The three percent threshold of the certified budget is \$2,642,787.

Most of these over realized receipts will be used to cover overexpenditures in the Purchase for Resale account (5380001), which covers most of the Correction Enterprises operations. In addition, over four million of the over realized receipts are from insurance recoveries, resulting from fire damage that occurred at Sampson Laundry. These are one-time recoveries for the repairs at Sampson Laundry and are not part of the budget but must be budgeted to help cover the costs of the repairs.

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

If you have questions or concerns, please contact Budget Analyst Kathleen Johnson, at Kathleen.Johnson@osbm.nc.gov

REQUEST TO DEVIATE UNDER G.S. 143C-6-4:

(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: Adult Correction
FISCAL YEAR: 2023-24
Date: 3/19/2024
Budget Revision #: 12-0007

Internal Service Budget Code	Certified Requirements	3% Deviation Threshold	Amount of the Overexpenditure Request	Amount the Request Exceeds the Deviation Threshold
75010	\$ 88,092,901	\$ 2,642,787	\$ 21,047,605	\$ 18,404,818
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
Fund Type Total	\$ 88,092,901	\$ 2,642,787	\$ 21,047,605	\$ 18,404,818

JUSTIFICATION FOR REQUEST:

G.S.143C-6-4.(b1) requires reporting an overexpenditure that would cause a department's total requirements for a Fund to exceed the department's certified budget by 3% for a fiscal year.

The Department of Adult Corrections, Correction Enterprises Program, is requesting to budget both actual and projected overrealized receipts in the amount of \$21,047,605. Most of these overrealized receipts will be used to cover overexpenditures in the Purchases for Resale (account 5380001), which covers most of the the enterprise operations of Correction Enterprises. This will allow the program to maintain current levels of operation providing necessary services to state government and its employees.

In addition, over \$4M of the overrealized receipts are from Insurance Recoveries, resulting from fire damaged that occurred at Sampson laundry. These are one time recoveries for the repairs at Sampson Laundry and are not part of the budget but that need to get budgeted to help cover the costs of the repairs.

**Office of State Budget And Management
 Certified Budget
 Summary By Purpose
 Biennium 2023-25**

75010-Adult Correction - Correction Enterprises

Fund Code	Fund Title	2023-2024	2024-2025
REQUIREMENTS			
7100	DAC Correction Enterprises Fund	\$88,092,901	\$88,099,713
TOTAL REQUIREMENTS		\$88,092,901	\$88,099,713
RECEIPTS			
7100	DAC Correction Enterprises Fund	\$87,995,820	\$87,995,820
TOTAL RECEIPTS		\$87,995,820	\$87,995,820
CHANGE IN FUND BALANCE		(\$97,081)	(\$103,893)

Position Counts

REQUIREMENTS			
7100	DAC Correction Enterprises Fund	348.275	348.275
TOTAL POSITIONS		348.275	348.275