



# NORTH CAROLINA BOARD OF BARBER EXAMINERS

## Memo

TO: Board members

FROM: Dennis Seavers

DATE: June 13, 2022

**SUBJECT: Fiscal year 2023 budget proposal**

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Below is a proposal for the board's fiscal year (FY) 2023 budget, which the board will be considering at its June 21, 2022 meeting. Board members should feel free to contact me if they have questions about the details of the proposal.

The table in Attachment A shows a detailed breakdown of the budget proposal according to the state's revenue and expense accounts. The table also compares the FY 2022 and 2023 proposals.

### **SUMMARY**

- The board's projected starting fund balance on July 1, 2022, is \$969,835.88.
- The budget anticipates \$776,576 in revenues.
- The budget would authorize \$776,959.40 in spending. This spending represents a decrease of \$335.45 (0.04%) from the FY 2022 budget.
- The board's net income is projected to be \$(383.40), though the board should review the discussion of revenues in the *Assumptions and Authorizations* section below.
- The board's ending fund balance on June 30, 2022, would be approximately \$969,452.48.

### **ASSUMPTIONS AND AUTHORIZATIONS**

Every budget makes certain assumptions, and I've listed some assumptions below for this budget proposal (others appear in the next section of this memo).

#### *Contracts*

As part of this proposal, I ask the board to authorize me to continue or enter into any necessary contracts—the costs of which are included in the budget—to make sure that operations remain smooth, just as the board has done for the last seven fiscal years. These contracts would need to comply with statewide procurement regulations.

### *Board meetings*

Various portions of the budget include costs associated with board meetings. The proposal assumes that the board will hold six regularly scheduled meetings. This assumption is solely for cost projection and doesn't commit the board to a schedule. This budget also assumes that the board will continue its practice of only providing per diems for "full" meetings (such as the regularly scheduled meetings) rather than brief special meetings.

### *Economy*

There are signs that the economy may go into a recession. If that happens, the board may feel the effects of the economic downturn, depending on the nature of the recession. This budget didn't account for the possibility of an economic downturn, which would need to be addressed as necessary during the fiscal year.

## **DETAILED EXPLANATIONS AND JUSTIFICATIONS**

This section of the memo explains portions of the budget that depart notably from the FY 2022 budget. Not all changes in spending are addressed—though the most important are—so if board members have additional questions about changes, they should feel free to contact me. The focus is on expenditures rather than revenues because the latter are projections rather than proposals. The information below is organized by the state's expenditure categories and chart of accounts, as shown in Attachment A.

### **Personal services (531)**

This budget category includes personnel costs and employee-related expenditures, as well as per diem payments for board members. The proposed budget is higher than FY 2022 to account for the 2.5% salary increase required by the statewide budget. Since the board is an Executive Budget Act agency and the salary increases are set in session law, the board must account for the increases in this budget. Other budget accounts under personal services, such as Social Security, are also affected by the salary increase.

Please note there's a budget under consideration by the General Assembly that may revise the salary increase. In fact, the governor has proposed a higher percentage. If there's a higher increase in salaries for FY 2023, the board will need to accommodate the change through a budget revision during the fiscal year.

## **Purchased services (532)**

### *Legal services (532110)*

There is at least one case that may require the board to seek a court injunction. The increased costs for legal services accounts for that possibility. Depending on the number of cases, the cost may be higher and may require a budget revision. If the board decides not to pursue those cases, the board could revise this budget account downward.

### *Professional testing service (532170001)*

As the board has previously discussed, the board has seen a significant increase in the number of apprentice applicants who fail the written exam. As a result, we've had to order more testing books. The proposed budget accounts for this increase in exams, which hopefully will be temporary.

### *Meals in-state (532724)*

This proposal reduces the amount budgeted for meals allowed by the State Budget Manual while staff members are on overnight status. The reduction better represents the actual spending practices of the field staff.

### *IT-related costs (5328xx)*

There are several budget accounts that deal with IT-related costs. (They all begin with 5328, with the last two digits changing account to the budget account.) As discussed in detail in the executive director report for the February 2022 board meeting (see Attachment 2 to the minutes of that meeting), the board had higher-than-usual spending in FY 2022 due to a billing issue by the Department of Information Technology. Since those expenditures were one-time costs, the FY 2023 budget reduces those costs.

## Attachment A FY 2023 Budget Proposal

	FY22 Budget (Revised)	FY23 Proposed	Difference
<b>Income</b>			
<b>433 - investment income</b>			
433121 - STIF interest income	\$ 4,200.00	\$ 4,200.00	\$ -
<b>Total 433 - investment income</b>	<b>\$ 4,200.00</b>	<b>\$ 4,200.00</b>	<b>\$ -</b>
<b>434 - sales, service, rentals</b>			
434320 - sale of surplus property	\$ -	\$ -	\$ -
<b>Total 434 - sales, service, rentals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>435 - fees, licenses, and fines</b>			
<b>435100 - business license fees</b>			
435100059 - duplicate license	\$ 727.00	\$ 727.00	\$ -
435100060 - individual license	\$ 294,571.00	\$ 294,571.00	\$ -
435100061 - school permit	\$ 5,077.00	\$ 5,077.00	\$ -
435100062 - bus/shop permit	\$ 126,939.00	\$ 126,939.00	\$ -
435100063 - student permit	\$ 23,476.00	\$ 23,476.00	\$ -
435100064 - renewal-individual	\$ 60,437.00	\$ 60,437.00	\$ -
435100 - business license fees - Other	\$ -	\$ -	\$ -
<b>Total 435100 - business license fees</b>	<b>\$ 511,227.00</b>	<b>\$ 511,227.00</b>	<b>\$ -</b>
<b>435300 - certification fees</b>			
435300016 - instructor exam fee	\$ 7,642.00	\$ 7,642.00	\$ -
435300017 - registered exam fee	\$ 35,109.00	\$ 35,109.00	\$ -
435300018 - apprentice exam fee	\$ 119,898.00	\$ 119,898.00	\$ -
435300019 - apprentice certific	\$ 36,249.00	\$ 36,249.00	\$ -
435300020 - instructor certific	\$ 13,586.00	\$ 13,586.00	\$ -
<b>Total 435300 - certification fees</b>	<b>\$ 212,484.00</b>	<b>\$ 212,484.00</b>	<b>\$ -</b>
<b>435400 - inspection/exam fees</b>			
435400 - inspection/exam fees	\$ 37,652.00	\$ 37,652.00	\$ -
<b>435500 - fines, pen, assess fee</b>			
435500 - fines, pen, assess fee	\$ 9,326.00	\$ 9,326.00	\$ -
<b>435800 - tuition and fees</b>			
435830 - other fees	\$ 790.00	\$ 790.00	\$ -
<b>Total 435800 - tuition and fees</b>	<b>\$ 790.00</b>	<b>\$ 790.00</b>	<b>\$ -</b>
<b>Total 435 - fees, licenses, and fines</b>	<b>\$ 771,479.00</b>	<b>\$ 771,479.00</b>	<b>\$ -</b>
<b>437 - miscellaneous</b>			
432127 - procurement card rebate	\$ 250.00	\$ 250.00	\$ -
437990 - other misc revenue	\$ 647.00	\$ 647.00	\$ -
<b>Total 437 - miscellaneous</b>	<b>\$ 897.00</b>	<b>\$ 897.00</b>	<b>\$ -</b>
<b>Total Income</b>	<b>\$ 776,576.00</b>	<b>\$ 776,576.00</b>	<b>\$ -</b>
<b>Expense</b>			
<b>531 - personal services</b>			
531112 - EPA regular salaries	\$ 298,981.52	\$ 309,446.48	\$ 10,464.96
531462 - longevity - receipts	\$ 4,722.30	\$ 4,900.87	\$ 178.57
531466 - bonus ARPA receipts	\$ 8,500.00	\$ -	\$ (8,500.00)
531512 - Social Security	\$ 21,621.78	\$ 22,947.36	\$ 1,325.58
531522 - regular retirement	\$ 66,701.76	\$ 75,443.36	\$ 8,741.60
531562 - medical insurance	\$ 38,290.56	\$ 39,610.16	\$ 1,319.60
531576 - flexible spending acct	\$ 793.50	\$ 780.00	\$ (13.50)
531651 - comp to board members	\$ 2,400.00	\$ 2,400.00	\$ -
<b>Total 531 - personal services</b>	<b>\$ 442,011.42</b>	<b>\$ 455,528.23</b>	<b>\$ 13,516.81</b>
<b>532 - purchased services</b>			
532110 - legal services	\$ 9,054.96	\$ 20,000.00	\$ 10,945.04
532120 - financial/audit svcs	\$ 14,000.00	\$ 14,500.00	\$ 500.00
532145 - managed server support	\$ 51,811.25	\$ 48,763.58	\$ (3,047.67)

## Attachment A FY 2023 Budget Proposal

	FY22 Budget (Revised)	FY23 Proposed	Difference
532170001 - prof testing serv	\$ 11,000.00	\$ 16,000.00	\$ 5,000.00
532184 - janitorial services	\$ 4,200.00	\$ 4,200.00	\$ -
532199 - misc contract services	\$ 28,006.00	\$ 27,969.00	\$ (37.00)
532430 - maint agrment - equip	\$ 1,917.00	\$ 1,917.00	\$ -
532512 - rental of bldg/prop	\$ 24,156.54	\$ 24,881.28	\$ 724.74
532714 - ground trans in-state	\$ 22,500.00	\$ 24,200.00	\$ 1,700.00
532721 - lodging in-state	\$ 18,000.00	\$ 18,000.00	\$ -
532724 - meals in-state	\$ 12,750.00	\$ 9,000.00	\$ (3,750.00)
532731 - board/non-emp transpor	\$ 1,860.00	\$ 1,000.00	\$ (860.00)
532732 - board/non-emp subsist	\$ 2,900.00	\$ 1,200.00	\$ (1,700.00)
532811 - telephone service	\$ 2,400.00	\$ 1,800.00	\$ (600.00)
532814 - cellular phone service	\$ 6,240.00	\$ 6,180.00	\$ (60.00)
532815 - email and calendaring	\$ 445.59	\$ 360.00	\$ (85.59)
532822 - managed LAN svc charge	\$ 3,396.48	\$ 3,978.72	\$ 582.24
532824 - managed server support	\$ 3,540.18	\$ -	\$ (3,540.18)
532825 - managed WAN service	\$ 14,710.21	\$ 14,217.60	\$ (492.61)
532826 - software subscriptions	\$ 10,545.96	\$ 4,150.00	\$ (6,395.96)
532828 - managed desktop services	\$ 16,322.68	\$ 9,096.00	\$ (7,226.68)
532840 - postage & delivery	\$ 1,500.00	\$ 1,800.00	\$ 300.00
532840003 - postage/postal meter charges	\$ 13,000.00	\$ 13,000.00	\$ -
532850 - printing, binding, dup	\$ 9,000.00	\$ 7,000.00	\$ (2,000.00)
532911 - insurance - property	\$ 25,000.00	\$ 26,000.00	\$ 1,000.00
532942 - other emp trng expense	\$ 100.00	\$ 100.00	\$ -
<b>Total 532 - purchased services</b>	<b>\$ 308,356.85</b>	<b>\$ 299,313.18</b>	<b>\$ (9,043.67)</b>
<b>533 - Supplies</b>			
533110 - general office supply	\$ 6,518.00	\$ 6,000.00	\$ (518.00)
<b>Total 533 - Supplies</b>	<b>\$ 6,518.00</b>	<b>\$ 6,000.00</b>	<b>\$ (518.00)</b>
<b>534 - property, plant, &amp; equip</b>			
534511 - furniture - office	\$ 1,042.00	\$ 370.00	\$ (672.00)
534534 - PC and printer purchases	\$ 5,325.68	\$ 1,647.99	\$ (3,677.69)
<b>Total 534 - property, plant, &amp; equip</b>	<b>\$ 6,367.68</b>	<b>\$ 2,017.99</b>	<b>\$ (4,349.69)</b>
<b>535 - other expenses and adjust</b>			
535830 - member dues & subcript	\$ 270.00	\$ 630.00	\$ 360.00
535900 - other expenses	\$ 100.00	\$ 470.00	\$ 370.00
<b>Total 535 - other expenses and adjust</b>	<b>\$ 370.00</b>	<b>\$ 1,100.00</b>	<b>\$ 730.00</b>
<b>538 - intragovernmental transac</b>			
538030 - fine/penalty transfer	\$ 13,000.00	\$ 13,000.00	\$ -
<b>Total 538 - intragovernmental transac</b>	<b>\$ 13,000.00</b>	<b>\$ 13,000.00</b>	<b>\$ -</b>
<b>Total Expense</b>	<b>\$ 776,623.95</b>	<b>\$ 776,959.40</b>	<b>\$ 335.45</b>
<b>Net Income</b>	<b>\$ (47.95)</b>	<b>\$ (383.40)</b>	<b>\$ (335.45)</b>