

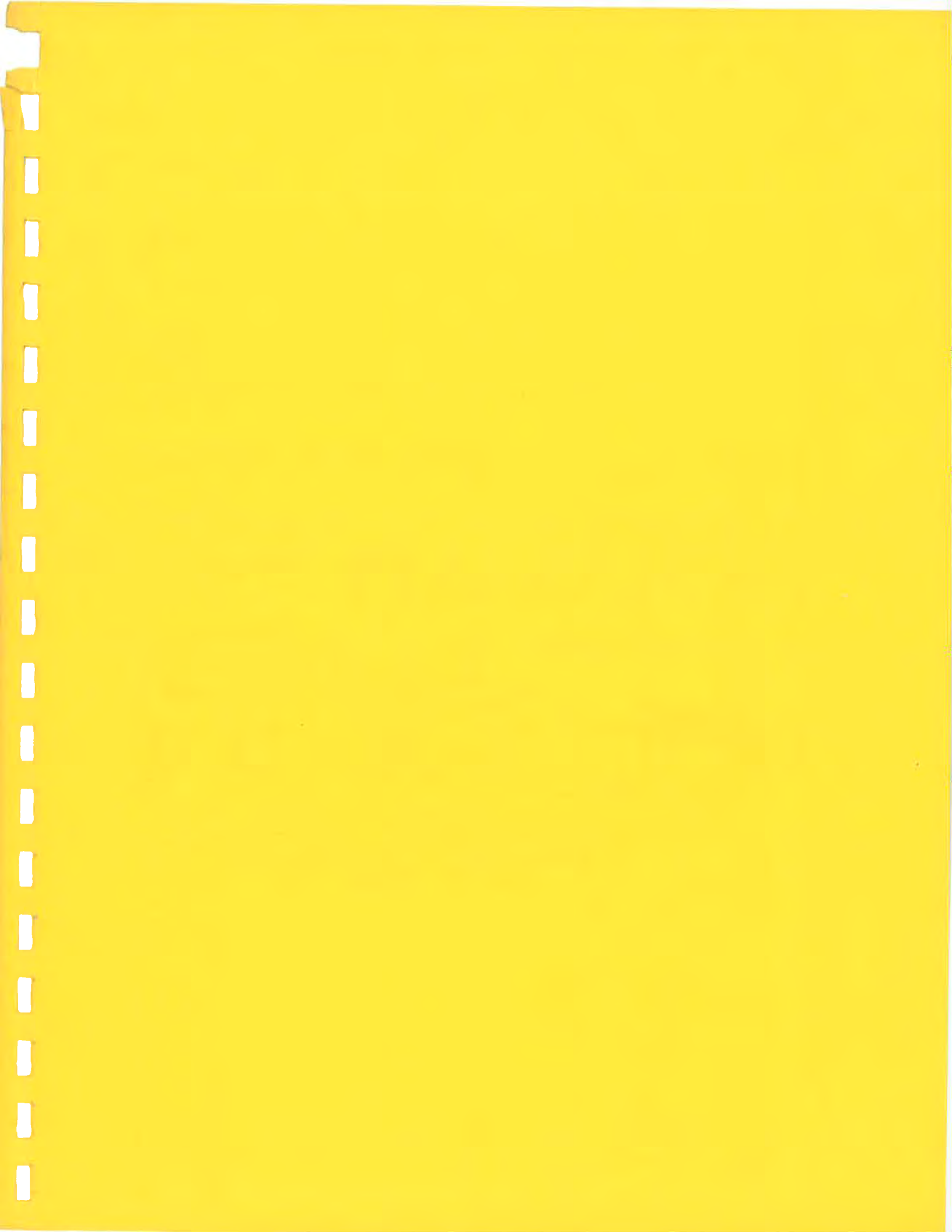
Overview:

Fiscal and Budgetary Actions

North Carolina General Assembly
1985 Session

Prepared by the
Fiscal Research Division of
the North Carolina General Assembly

Raleigh, N.C.



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1985 Regular Session**

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Raleigh, N.C.

Fiscal Research Division

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Introduction

This volume is intended to create a "picture" of what the North Carolina General Assembly enacted within the broad area of appropriations and revenues for the 1985-87 biennium. We believe it will serve both as a technical record of legislative fiscal action and as an invaluable reference tool for members of the General Assembly, legislative staff members, state agencies, and the general public.

The document is divided into four major sections: "The Economy, Revenues and Fund Conditions"; "The Budget: 1985 Session"; "The Budget: Appropriations, Increases, and Decreases"; "Special Appropriations, Studies, and Revenue Bills".

The first section, "The Economy, Revenues and Fund Conditions", describes the economic and financial backdrop against which the actions detailed in subsequent sections are conducted. Beginning with a short overview of the state's economy, the section presents the conditions of state government's two major funds - General and Highway - for 1985-87, together with a description of the amounts and kinds of revenue the state has received (or expects to receive) to sustain these funds.

The second section, "The Budget: 1985 Session", summarizes the fiscal actions authorized by the General Assembly for the 1985-87 biennium. Beginning with a short summary of the total State Budget and a look at how each General Fund tax dollar is spent, the section continues with operating budget increases, special appropriations, and capital authorizations by department. Also shown in this section are federal block grant allocations and changes in employee salaries and benefits.

Third, in "The Budget: Appropriations, Increases, and Decreases", a look is taken in a more detailed form at how the budget has been allocated to each department. Following the listed fiscal actions for a department, Special Provisions included in appropriation bills and pertinent to that department are briefly summarized.

The fourth and final section summarizes "special" appropriations bills passed in addition to the "main appropriations (budget) bill"; revenue bills authorizing various tax changes; and legislative studies authorized to scrutinize some special areas of state government with a view toward increased efficiency or cutting costs.

INTRODUCTION - CONTINUED:

Included in the "Appendix" is historical data on the State's General Fund revenues and expenditures, credit balances, reversions, number of employees, average salaries, and across-the-board salary increases.

It is hoped that this volume will be useful in making even more accessible legislative information relating to the budget of the State of North Carolina and by providing a more complete understanding of the General Assembly's fiscal functions.

The Economy, Revenues and Fund Conditions

North Carolina's Economy

The Effect on Revenue Collections

At the time the Appropriations Committee began putting the final touches on the 1985-86 state budget, the nation's economy had already begun slowing from the rapid expansion experienced during 1983 and 1984. The best indication of the overall progress of the economy is the real (inflation-adjusted) gross national product. Real GNP is the broadest measure of the nation's production of goods and services. The recent experience of this measure is shown below:

<u>Calendar Quarter</u>	<u>Annualized Percentage Change in Real Gross National Product</u>
1-82	- 4.6%
2	- .8
3	- .9
4	.5
1-83	3.3
2	9.4
3	6.8
4	5.9
1-84	10.1
2	7.1
3	1.6
4	4.3
1-85	.3
2	1.7

During the same period the rate of inflation has declined from the record double-digit levels of the early-1980's, as illustrated below:

<u>Period</u>	<u>Annualized Percentage Increase in U.S. Consumer Price Index</u>
1-80 thru 6-80	14.8%
7-80 thru 9-81	10.2
10-81 thru 3-83	2.2
4-83 thru 6-85	4.1

The inflation experience of the last four years represents the longest period of inflation below 5% since the late-1960's.

At the state level some indicators of the slowdown are as follows:

	<u>May 1984</u>	<u>May 1985</u>
Initial Unemployment Claims	17,300	23,200
Average Weekly Hours	40.0	38.9
New Car Registration	23,600	20,800

At this point in the business cycle economists would normally be suggesting the possibility of a recession, caused by the following chain of events: a too-stimulative monetary policy, followed by increased inflation, followed by a too-restrictive monetary stance. What is different this time around is that the Federal Reserve Board ("FED") has been successful, for the first time in two decades, in implementing a relatively stable policy.

The FED's success is the result of a careful balancing of competing demands. On the one hand, there is considerable pressure to "prop up" the beleaguered manufacturing sector in the face of record imports. At the same time the financial community continues to be concerned that an "easy money" policy would eventually lead to higher interest rates if the FED tightens up to relieve inflationary pressures.

The result is a stable and moderate growth monetary policy, leading to slow economic growth and low inflation. The slow growth situation has been prevalent for four quarters and there is no sign that a major change is on the horizon. Inflation has been under 5% for almost four years and continued strong imports will keep U.S. manufacturers from raising their prices dramatically. Also, there continues to be downward pressures exerted on international oil prices.

The continued diversification of the state's economy means that the state tracks the national economy much closer than in the past. Approximately 31% of the state's non-agricultural employment is in the manufacturing sector and a large chunk of imports are in the textile and apparel areas. There has been a drop in textile employment of 23,000 jobs since January of 1984. The 1984 level was already down 30% from the peak levels reached prior to the 1974-75 recession. The continuation of the textile industry's efforts to remain competitive through automation and shelving outdated operations should lead to a continuing decline in this sector.

The recent decline of the dollar and continued strong growth in service and other nonmanufacturing employment should offset some of the damage to manufacturing. However, we still feel that the state's economy will not follow the past trend of growing faster than the overall U.S. experience, and could end up moving at a slower rate.

Another factor affecting the state's economic outlook is the farm situation. While 1985 was generally a good-year from a yield standpoint, cutbacks or elimination of the tobacco price support program will have a long-term adverse effect on this very important sector. Already land prices have dropped 20-30% in certain counties in the Eastern part of the State.

The estimates of the state's General Fund tax revenue for the 1985-86 and 1986-87 fiscal years reflect the economic prospects for the national and state economies. The historical annual growth in these collections, adjusted for the effects of tax legislation, is shown below:

71-72	14.2%
72-73	15.4
73-74	11.9
74-75	6.8
75-76	8.3
76-77	14.3*
77-78	14.7*
78-79	13.4
79-80	12.9
80-81	9.2*
81-82	8.2
82-83	6.5
83-84	12.3*
84-85	11.5*

*Adjusted for tax law changes

The final rates used during the appropriations process were 6.3% for 1985-86 and 8.5% for 1986-87. The first-year figure is lower than the 7.0% economy-based estimate due to tax collection variations. In comparing the 7.0% forecast with the 7.6% average for the previous two low periods, the prospects for a less severe slowdown have been entirely offset by significantly lower inflation. In fact, the growth rate for 1983-84 and 1984-85 was 2-3 percentage points lower than similar periods in the past as a result of lower inflation.

General Fund Condition
(\$ MILLIONS)

	<u>1985-86</u> <u>Authorized</u>	<u>1986-87</u> ^{**} <u>Authorized</u>
BEGINNING CREDIT BALANCE:		
Restricted	\$ -	\$ 28.6**
Unrestricted	<u>380.1</u>	<u>15.4</u>
BEGINNING BALANCE	\$ 380.1	\$ 44.0
REVENUES:		
Tax	\$4,607.9*	\$4,911.3*
Non-Tax	<u>186.5</u>	<u>189.9</u>
TOTAL REVENUES	\$4,794.4	\$5,101.2
TOTAL AVAILABILITY	\$5,174.5	\$5,145.2
APPROPRIATIONS:		
Current Operations	\$4,877.0	\$4,915.9
Capital Improvements	253.5	174.9
Reimbursement of Local Revenue Loss Under Tax Reduction Act of 1985	-	<u>38.6</u>
TOTAL APPROPRIATIONS	\$5,130.5	\$5,129.4
ENDING CREDIT BALANCE:		
Restricted	\$ 28.6**	\$ -
Unrestricted	<u>15.4</u>	<u>15.8</u>
ENDING CREDIT BALANCE	\$ 44.0	\$ 15.8

* Based on projected economic growth rate of 6.3% for 1985-86 and 8.5% for 1986-87, adjusted for Tax Reduction Act of 1985 (\$1.8 million for 1985-86, \$90.3 million for 1986-87).

**Section 44 of Chapter 791 of 1985 Session Laws (SB 489) requires the State Treasurer to place \$28.6 million of tax revenue collected during June, 1986 in a special reserve which may not be expended prior to the 1986-87 fiscal year.

General Fund Tax Revenues

(In Millions)

<u>Tax</u>	<u>Actual 1984-85</u>	<u>Authorized 1985-86</u>	<u>Authorized 1986-87</u>
Personal Income	\$2,023.5	\$2,137.8*	\$2,350.2*
% Change	(+13.4)	-	-
Sales & Use Plus Public Utility Excise**	1,382.0	1,505.3*	1,595.2*
% Change	(+10.6)	-	-
Corporate Income	490.0***	507.5*	513.3*
% Change	(+33.3)	-	-
Insurance	116.1	124.2	132.3
% Change	(+9.0)	(+7.0)	(+6.5)
Beverage	105.1	107.2	108.3
% Change	(+3.9)	(+2.0)	(+1.0)
Corporate Franchise	83.9	89.8	97.4
% Change	(+9.8)	(+7.0)	(+8.5)
Inheritance	71.2	69.8*	48.3*
Soft Drink	24.6	25.2	25.9
Privilege License	17.7	18.5	19.2
Cigarette	14.9	14.7	14.5
Gift	5.4	5.6*	3.9*
Other	2.3	2.3	2.5
Total	\$4,336.7	\$4,607.9	\$4,911.0
% Change	(+13.6%)	-	-

*Adjusting for the effects of the Tax Reduction Act of 1985 would yield the following economy-based estimates:

Personal Income	\$2,160.2	\$2,406.5
% Change	(+6.8%)	(+11.4%)
Sales & Use, Public Utility Excise	1,486.4	1,605.2
% Change	(+7.6%)	(+8.0%)
Corporate Income	502.3	514.2
% Change	(+2.5%)	(+2.4%)
Inheritance	73.3	69.6
Gift	5.6	5.7
Total	\$4,609.7	\$5,001.3
% Change	(+6.3%)	(+8.5%)

**The two taxes are combined for historical comparison purposes due to 1984 session legislation that re-codified approximately one-half of the public utility excise tax into the sales tax.

***Amount is somewhat affected by continued windfall resulting from 1983 legislation requiring a four-year phase-in of accelerated payment schedule for large corporations.

HIGHWAY FUND REVENUE OUTLOOK

With a strong economy and additional revenue from increased fees, Highway Fund revenues grew by 11% from 1982-83 to fiscal year 1983-84. They grew by 3.5% in 1984-85, reflecting slower growth, economy in fuel-efficient vehicles, and the unexpected surge in ethanol-enhanced motor fuel sales.

Sales of "gasohol" carried a tax break of 5 cents per gallon throughout the fiscal year. July 1984 sales reflected 1.3 million gallons of gasohol taxed at 7 cents per gallon. By June, the monthly rate was 22.5 million. Total sales for 1984-85 were 117.8 million, resulting in a \$5.9 million loss to the Highway Fund.

The 1985 General Assembly repealed the preferential tax break for gasohol. However, July, 1985 sales will still reflect the impact of the tax break. In addition, a slow-growth economy and the consumer trend to purchase more fuel efficient cars will continue to dampen highway fund revenue growth. Growth is anticipated at a moderate 2.2% for 1985-86, less than the 3.5% attained this year. For 1986-87, a conservative .9% is projected.

Highway Fund Condition
(IN MILLIONS)

	Actual <u>1984-85</u>	<u>Authorized</u>	
		<u>1985-86</u>	<u>1986-87</u>
Beginning Credit Balance			
Debt Service	\$ 19.5	\$ 17.1	\$ 15.3
Current Fund	60.4	44.5	-
Prior Year Reserves	45.1	24.4	-
Subtotal-Beginning Balance	\$125.0	\$ 86.0	\$ 15.3
State Highway Fund Revenue	667.8	682.7	688.7
Transfer From Equipment Fund	4.6	-	-
Transfer From Capital Fund	-	1.0	-
Total Availability	\$797.4	\$769.7	\$704.0
Expenditures			
Operations	653.4	724.4	686.8
Prior Year Reserves	45.1	24.4	-
Capital Improvements	12.9	5.6	2.0
Total Expenditures	\$711.4	\$754.4	\$688.8
Ending Balance			
Debt Service	17.1	15.3	15.2
Current Fund	44.5	-	-
Appropriation Reserves	24.4	-	-
Total Ending Balance	\$ 86.0	\$ 15.3	\$ 15.2

Highway Fund State Revenues

(In Millions)

	<u>1984-85</u> <u>Actual</u>	<u>1985-86</u> <u>Projected</u>	<u>1986-87</u> <u>Projected</u>
Motor Fuel Tax:			
Gasoline - 11 cents	\$371.6	\$386.1	\$393.5
Gasoline - 1 cents	35.9	36.7	37.7
Gasoline Inspection - 1/4 cent	8.9	9.1	9.4
Highway Use Tax	5.3	4.7	4.7
Subtotal	\$421.7	\$436.6	\$445.3
Motor Vehicle License and Registration Fees:			
Motor Vehicle Registration	132.8	135.1	139.4
International Registration Plan	25.9	28.5	26.5
Title Fees	13.2	13.5	13.9
Lien Recording Fees	.7	.8	.9
Driver Licenses	27.7	28.2	28.6
Revocation/Restoration Fees	2.5	2.1	2.2
Safety Equipment Inspection Fees	3.1	3.2	3.2
Dealer and Manufacturer Licenses	.5	.5	.4
Overweight/Size Permits	.4	.4	.4
Subtotal	\$206.8	\$212.3	\$215.5
Other State Revenue:			
Penalties	4.5	6.3	4.7
Refunds - Highway Division	1.2	.9	.9
Miscellaneous	.3	.3	.3
Subtotal	\$ 6.0	\$ 7.5	\$ 5.9
Investment Income	33.3	26.3	22.0
TOTAL HIGHWAY FUND REVENUE	\$667.8	\$682.7	\$688.7
% CHANGE	3.5%	2.2%	.9%

The Budget:
1985 Regular Session

Summary of the Budget

TOTAL BUDGET	\$8.327 billion in 1985-86 and \$8.283 billion 1986-87 for both operations and capital improvements.
GENERAL FUND	\$5.131 billion in 1985-86 and \$5.091 billion in 1986-87.
HIGHWAY FUND	\$729.9 million in 1985-86 and \$688.8 million in 1986-87.
FEDERAL FUNDS	\$1.836 billion in 1985-86 and \$1.876 billion in 1986-87.
DEPARTMENTAL RECEIPTS	\$630.4 million in 1985-86 and \$626.9 million in 1986-87. Made up of tuition fees, patient receipts, and other dedicated receipts.
GENERAL FUND REVENUES	The rate of increase projected for General Fund Tax revenues (adjusted for tax law changes), 1985-86 over 1984-85 - 6.3%, 1986-87 over 1985-86 - 8.5%.

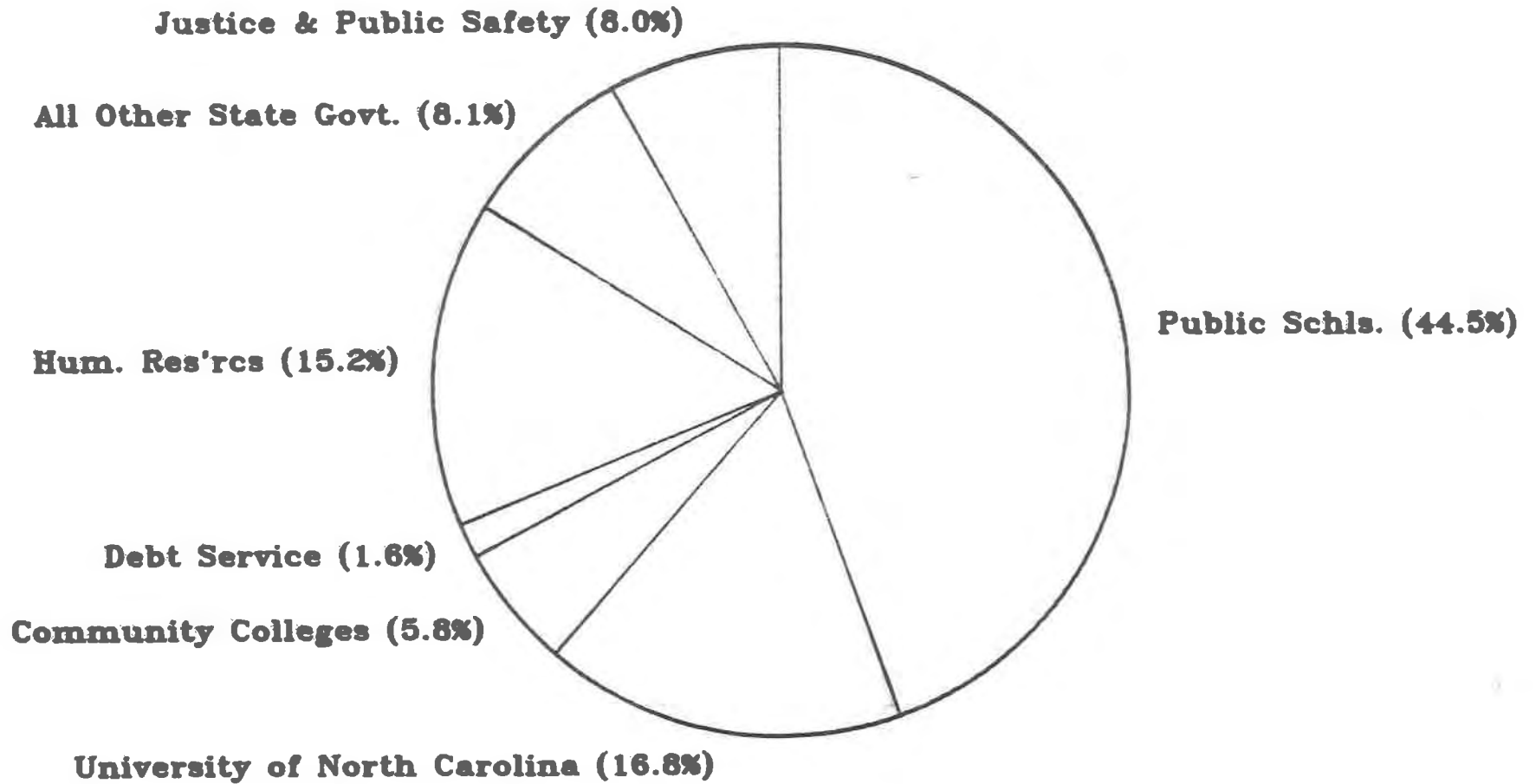
Comparisons, actual collections, percent of increase over previous year:

1974-75	6.8%
1975-76	8.3%
1976-77	14.3%*
1977-78	14.7%*
1978-79	13.4%
1979-80	12.9%
1980-81	9.2%*
1981-82	8.2%
1982-83	6.5%
1983-84	12.3%*
1984-85	11.5%*

* Adjusted for tax law changes

CAPITAL IMPROVEMENTS	Total recommendations for capital improvements from General Fund appropriations are \$253.5 million in 1983-84 and \$174.9 million in 1984-85.
HIGHWAY FUND REVENUES	Total Highway Fund revenues are projected to grow 2.2% during 1985-86 as compared to 1984-85. Motor fuel tax revenue, alone, is expected to increase 3.5%. Projections for 1986-87 over 1985-86 are .9% and 2% respectively.

1985-86 GENERAL FUND BUDGET FOR CURRENT OPERATIONS



Summary of Increases and Decreases in General Fund Operating Appropriations

1985-86

DEPARTMENTS	BASE BUDGET	BASE BUDGET REDUCTION	EXPANSION INCREASES	SPECIAL BILL APPROPRIATIONS	TOTAL APPROPRIATIONS
General Government					
General Assembly	11,699,204	(251,441)	0	449,500	11,897,263
Governor's Office	7,630,790	(206,976)	0	100,000	7,523,814
Governor's Office-Reserve for Special Appropriations	0	0	0	12,882,000	12,882,000
Lt. Governor	388,432	(387)	57,928	125,000	570,973
Secretary of State	1,503,802	(2,192)	197,127	0	1,698,737
State Auditor	9,162,244	(830,948)	366,406	0	8,697,702
State Treasurer	3,151,232	(19,096)	179,398	0	3,311,534
Insurance	5,330,616	(130,548)	1,800,000	334,318	7,334,386
Administration	37,627,980	(827,852)	760,062	4,166,860	41,727,050
Revenue	33,986,904	(198,570)	198,631	0	33,986,965
Cultural Resources	27,110,533	(753,002)	307,438	4,894,500	31,559,469
State Board of Elections	263,163	(421)	37,650	0	300,392
Justice & Public Safety					
Judicial	121,528,709	(331,823)	3,027,614	3,858,150	128,082,650
Justice	29,980,870	(180,789)	2,593,524	1,187,569	33,581,174
Correction	216,013,110	(1,950,340)	1,529,000	199,055	215,790,825
Crime Control and Public Safety	13,215,273	(148,611)	487,536	129,639	13,683,837
Natural & Economic Resources					
Agriculture	27,612,098	(344,102)	1,486,239	108,000	28,862,235
Labor	5,273,407	(2,599)	326,004	17,000	5,613,812
Natural Resources and Community Development	51,364,719	(1,004,896)	3,199,421	2,043,147	55,602,391
Commerce	23,254,438	(933,234)	349,873	1,019,274	23,690,351
Commerce-Microelectronics Center	6,989,000	(100,000)	9,840,000	0	16,729,000
Transportation	4,956,571	0	260,000	0	5,216,571
Human Resources	682,575,519	(6,483,235)	27,037,915	10,784,769	713,914,968
State Aid-Local Programs	6,505,825	0	4,814,406	0	11,320,231
Education					
Public Education	1,909,047,694	(13,368,395)	101,645,736	6,940,964	2,004,265,999
Community Colleges	256,452,781	(7,274,045)	10,190,802	2,217,728	261,587,266
University System	744,255,903	(4,295,685)	32,746,309	3,065,400	775,771,927
Reserves					
Contingency & Emergency	1,125,000	0	0	0	1,125,000
Salary Increases	0	0	300,000,000	0	300,000,000
Salary Adjustments	500,000	0	0	0	500,000
Hospitalization	0	0	34,000,000	0	34,000,000
Electronic Data Processing	2,000,000	0	870,000	0	2,870,000
Administrative Procedures Act	0	0	0	1,346,972	1,346,972
Biotechnology	0	0	5,000,000	1,200,000	6,200,000
Debt Service					
Interest	35,581,000	(299,750)	0	0	35,281,250
Principle	42,500,000	(2,000,000)	0	0	40,500,000
Grand Total	4,318,586,817	(41,938,937)	543,309,019	57,069,845	4,877,026,744

Summary of Increases and Decreases in General Fund Operating Appropriations

1986-87

DEPARTMENTS	RECOMMENDED BASE BUDGET	BASE BUDGET REDUCTION	EXPANSION INCREASES	SPECIAL BILL APPROPRIATIONS	TOTAL APPROPRIATIONS
General Government					
General Assembly	14,082,981	(73,748)	0	15,000	14,024,233
Governor's Office	7,783,266	(201,731)	0	0	7,581,535
Governor's Office-Reserve for Special Appropriations	0	0	0	810,000	810,000
Lt. Governor	389,293	(387)	84,928	125,000	598,834
Secretary of State	1,462,263	(1,969)	142,927	0	1,603,221
State Auditor	9,168,155	(830,948)	345,885	0	8,683,092
State Treasurer	3,155,298	(17,509)	239,515	0	3,377,304
Insurance	5,340,797	(130,560)	2,873,436	219,333	8,303,006
Administration	37,954,465	(581,555)	684,901	1,857,208	39,915,019
Revenue	34,058,375	(200,288)	305,813	0	34,163,900
Cultural Resources	27,327,755	(773,982)	364,655	3,000,000	29,918,428
State Board of Elections	263,465	(400)	22,650	0	285,715
Justice & Public Safety					
Judicial	127,560,470	(334,681)	1,888,801	4,329,924	133,444,514
Justice	30,195,613	(135,750)	2,119,412	873,824	33,053,099
Correction	218,689,189	(2,635,346)	1,908,463	393,357	218,355,663
Crime Control and Public Safety	13,343,345	(203,499)	117,552	64,624	13,322,022
Natural & Economic Resources					
Agriculture	27,584,149	(316,047)	1,086,872	60,000	28,414,974
Labor	5,282,860	(2,858)	521,545	0	5,801,547
Natural Resources and Community Development	51,330,642	(971,766)	4,057,835	1,032,602	55,449,313
Commerce	23,292,386	(921,944)	397,096	(164,719)	22,602,819
Commerce-Microelectronics Center	7,149,000	(100,000)	5,177,000	0	12,226,000
Transportation	4,956,571	0	305,000	0	5,261,571
Human Resources					
State Aid-Local Programs	698,557,097	(7,172,275)	33,856,058	10,808,780	736,049,660
	7,938,046	0	4,814,406	0	12,752,452
Education					
Public Education	1,892,241,733	(12,875,024)	129,959,996	4,712,964	2,014,039,669
Community Colleges	256,882,791	(13,216,156)	4,583,795	1,015,800	249,266,230
University System	753,508,615	(4,583,214)	40,660,946	3,016,000	792,602,347
Reserves					
Contingency & Emergency	1,125,000	0	0	0	1,125,000
Salary Increases	0	0	318,000,000	0	318,000,000
Salary Adjustments	500,000	0	0	0	500,000
Hospitalization	0	0	34,000,000	0	34,000,000
Electronic Data Processing	2,000,000	0	300,000	0	2,300,000
Administrative Procedures Act	0	0	0	1,346,954	1,346,954
Biotechnology	0	0	0	0	0
Debt Service					
Interest	32,056,000	3,210,250	0	0	35,266,250
Principle	42,500,000	(1,000,000)	0	0	41,500,000
Grand Total	4,337,679,620	(44,071,387)	588,819,487	33,516,651	4,915,944,371

Capital Improvements Summary (General Fund)

DEPARTMENT	1985-86	1986-87
ADMINISTRATION		
1. Renovate Education Building	\$5,214,500	\$ 0
2. Renovate Old Health Building	1,203,200	0
3. Land Purchase-Raleigh	5,000,000	0
4. Construct New Museum of History Building	9,100,000	0
5. State District Offices-Jackson County	200,000	0
6. Land Purchase in Durham County for Eno River State Park	250,000	0
7. Purchase of land-State Parks	11,185,000	12,500,000
8. Land Purchase-Bentonville State Historic Park	50,000	0
9. Purchase of land bordering the Roanoke River	1,450,000	
Total Administration	\$33,652,700	\$12,500,000
 AGRICULTURE		
1. Cabarrus County Farmers' Market	\$ 100,000	\$ 0
2. Union County Farmers' Market	100,000	0
3. Richmond County Farmers' Market	100,000	0
4. Pitt County Farmers' Market	50,000	0
5. Western Farmers' Market	918,000	0
6. Western N. C. Agriculture Center, Surry County	498,000	0
7. Southeastern Agriculture Center	900,000	0
8. Agri-Culture Center	250,000	0
9. Halifax County Farmers' Market	100,000	0
10. Raleigh Farmers' Market	2,500,000	8,500,000
11. Animal Disease Diagnostic Lab., Northwestern N.C.	1,520,900	0
12. New Farrowing House and renovations of existing nursery-Upper Coastal Plain Research Station	159,800	0
13. Irrigation System-Tidewater Research Station	329,700	0
14. Maintenance Shop-Butner Warehouse	100,000	0
15. Piedmont Farmers' Market:		
a. Two retail buildings	511,700	0
b. Site preparation	291,300	0
c. Truckers' shed	0	487,000
16. Rose Hill Laboratory Addition	0	771,000
17. Hoyle C. Griffin Laboratory Addition	771,000	0
18. Poultry Breeder Research Addition-Piedmont Research Station	405,000	0

	<u>1985-86</u>	<u>1986-87</u>
19. Renovation of the N.C. Maritime Museum Watercraft Center	75,000	0
20. Solar-assisted peanut drying system- Peanut Belt Research Station	66,500	0
Total Agriculture	\$9,746,900	\$9,758,000

BOARD OF GOVERNORS OF THE UNIVERSITY OF
NORTH CAROLINA

1. Completion of 1981 Plan for new facilities and major additions	\$37,976,000	\$ 0
2. North Carolina State University		
a. Natural Resources Research Center	2,750,000	8,170,000
b. School of Textiles	600,000	11,000,000
c. Animal Science Teaching Facility	400,000	0
3. North Carolina State University- Agricultural Programs		
a. Beef Cattle Research and Training Center	2,060,000	0
b. Mountain Horticultural Crop Station and Extension Center at Fletcher	2,460,000	0
c. Shop and Machinery Storage-Central Crops Research Station at Clayton	125,000	0
d. Swine Research Facility	932,500	932,500
4. University of North Carolina at Asheville		
a. Library Addition	400,000	6,369,000
b. Reserve for Advance Planning and land purchase for Arboretium	250,000	0
5. University of North Carolina at Chapel Hill		
a. Advance Planning for Center for Alcohol Studies Facility	163,000	0
b. Family Physician's Center-Design/ Planning	100,000	0
6. University of North Carolina at Greensboro:		
a. Art Center	800,000	2,805,000
7. University of North Carolina at Wilmington:		
a. School of Business Building and Bear Hall Renovations	250,000	6,139,000
8. Reserve for Land Acquisition	1,200,000	0
9. Reserve for Advance Planning for Projects in 1985 Line 6 Request	2,500,000	0
10. Memorial Hospital:		
a. Chiller replacement at Main Chiller Plant	2,976,500	0
b. Well for Chiller Plant #2	12,900	0

	<u>1985-86</u>	<u>1986-87</u>
11. Center for the Advancement of Teaching at Western Carolina University:		
a. Core Facility	4,200,000	0
b. Housing Facilities	1,400,000	0
c. Site Preparation and Utilities	900,000	0
d. Instructional Computer Equipment	881,000	0
12. Western Carolina University:		
a. Regional Activities Center- Contingency Increase	300,000	0
13. Appalachian State University:		
a. Addition to the Continuing Education Center	1,000,000	0
 Total Board of Governors of the University of North Carolina	 \$64,636,900	 \$35,415,500

COMMERCE

1. Purchase of Aircraft	\$2,000,000	\$ 0
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COMMUNITY COLLEGES

1. Central Piedmont Community College	\$ 250,000	\$ 0
2. Fayetteville Technical Institute	2,000,000	0
3. Technical College of Alamance (see #46 also)	300,000	300,000
4. Mayland Technical College	100,000	0
5. Coastal Carolina Community College	400,000	100,000
6. Wayne Community College	1,000,000	0
7. Central Carolina Community College	1,300,000	0
8. Pitt Community College	500,000	750,000
9. Wake Technical College	300,000	1,000,000
10. Stanly Technical College	150,000	600,000
11. College of the Albemarle	1,000,000	500,000
12. Sampson Technical College	800,000	0
13. Sandhills Community College	100,000	400,000
14. Cape Fear Technical Institute	300,000	0
15. Durham Technical Institute	80,000	700,000
16. Richmond Technical College	100,000	0
17. Asheville-Buncombe Technical College	3,001,000	0
18. Craven Community College	200,000	1,300,000
19. Surry Community College	75,000	700,000
20. Lenoir Community College	100,000	400,000
21. Vance-Granville Community College	200,000	400,000
22. Guilford Technical Community College	500,000	500,000
23. Johnston Technical College (see #48 also)	150,000	0
24. Western Piedmont Community College	1,000,000	0
25. Randolph Technical College	200,000	200,000
26. Southeastern Community College	60,000	300,000
27. James Sprunt Technical College	100,000	100,000

	<u>1985-86</u>	<u>1986-87</u>
28. Montgomery Technical College	250,000	0
29. Blue Ridge Technical College	1,168,500	0
30. Southwestern Technical College	400,000	0
31. Haywood Technical College	280,000	0
32. Gaston College	145,000	500,000
33. Forsyth Technical College	250,000	0
34. Isothermal Community College	800,000	800,000
35. Rockingham Community College	75,000	0
36. Edgecombe Technical College	500,000	400,000
37. Tri-County Community College	300,000	0
38. Roanoke-Chowan Technical College	300,000	400,000
39. Anson Technical College	100,000	500,000
40. Brunswick Technical College	500,000	0
41. Piedmont Technical College	500,000	500,000
42. Martin Community College	75,000	0
43. Robeson Technical College	500,000	0
44. Cleveland Technical College	100,000	0
45. Nash Technical College	500,000	500,000
46. Alamance Technical College,	200,000	0
47. Renovation of Transylvania Satellite Facility	75,000	0
48. Johnston Technical College-Completion of Fire Training Tower	40,000	0
49. Davidson Community College-Planning/ Study of capital needs	50,000	0
Total Department of Community Colleges	\$21,374,500	\$11,850,000

CORRECTION

1. New Construction to eliminate triple bunking	\$ 9,350,000	\$ 723,000
2. Completion of Vocational Facilities- Eastern and Southern Correctional facilities	329,300	0
3. Vocational Building at Harnett Correctional Center	325,000	0
4. Construction of new Infirmary-N.C. Correctional Center for Women	1,700,000	0
Total Department of Correction	\$11,704,300	\$ 723,000

CRIME CONTROL

1. Construct Aviation Facility and Armory-RDU Airport	\$ 16,528	\$ 900,134
2. Replace 60 Person National Guard Armory, Jefferson	113,562	0
3. Replace 60 Person National Guard Armory, Murphy	113,562	0

	<u>1985-86</u>	<u>1986-87</u>
4. Replace 60 Person Armory, Taylorsville	5,000	111,062
5. Replace 60 Person Armory, Wadesboro	5,000	111,062
6. Addition to Armory, Hickory	3,000	44,591
7. Addition to Armory, Asheville	42,094	0
8. Advance Planning 60 Person Armory, Marion	0	8,750
9. Addition to Armory, Ahoskie	38,188	0
Total Department of Crime Control and Highway Safety	\$ 336,934	\$ 1,175,599

CULTURAL RESOURCES

1. Renovate Heating System-Tryon Palace	\$ 95,700	\$ 0
2. Restoration and repairs to Storage and Display Space, Spencer Shops State Historic Site	85,000	0
3. Living History Museum at Pilot Mountain State Park-Planning	70,000	0
Total Department of Cultural Resources	\$ 250,700	\$ 0

HUMAN RESOURCES

1. Life Safety Code Renovations	\$ 1,201,800	\$ 1,831,400
2. Renovations at Dorothea Dix for Offices	200,000	1,550,000
3. Boiler Replacement, Cherry Hospital	3,418,800	0
4. Therapeutic Pool, Lenox Baker Hospital	194,000	0
5. Construction of Swimming Pools:		
a. Dobbs School	250,000	0
b. Dillon School	250,000	0
c. Juvenile Evaluation Center	250,000	0
Total Department of Human Resources	\$ 5,764,600	\$ 3,381,400

NATURAL RESOURCES AND COMMUNITY DEVELOPMENT

1. Toxic Metal and Organic Analytical Lab	\$ 400,000	\$ 4,750,800
2. Civil Works Projects	750,000	250,000
3. Office Addition, Marine Fisheries, Morehead	332,000	0
4. Forestry Projects-Development	250,000	250,000
5. Zoo Waste Disposal System	44,700	0
6. State Parks Development	250,000	250,000
7. Soil and Watershed Projects	300,000	300,000
8. Beach Access Projects	250,000	250,000
9. Estuarine Sanctuary Projects	75,000	0
10. N.C. Zoological Park Reserve	6,000,000	0

Capital Improvements Summary (Highway Fund)

	<u>1985-86</u>	<u>1986-87</u>
DEPARTMENT OF TRANSPORTATION		
Division of Motor Vehicles		
1. Replace elevators in DMV Building in Raleigh and Replace Roofs at Salisbury and Greensboro	\$ 269,000	\$ 0
Division of Highways		
1. Construct Maintenance Office, Assembly and Warehouse, Wadesboro	147,000	0
2. Construct Equipment Shop, Union (Ahoskie)	552,000	0
3. Construct Blacksmith Shop and Truck Shed, Bunn	236,000	0
4. Construct Maintenance and Equipment Complex, Method (Raleigh)	1,982,000	0
5. Construct Maintenance Complex, Craggy (Buncombe County)	250,000	2,006,000
6. Construct Mini-rest area at Cedar Island Ferry Terminal	377,000	0
7. Construct Permanent Structures at Ocracoke Island Ferry Facility	200,000	0
8. Replacement of Trent River Railroad Draw Bridge	1,500,000	0
Other Agencies		
1. Modification to Department of Agriculture Motor Fuels Lab	\$ 61,500	\$ 0
TOTAL HIGHWAY FUND APPROPRIATION	\$ 5,574,500	\$ 2,006,000

Federal Block Grant Program: How the Money Will Be Spent in North Carolina

<u>DEPARTMENT OF HUMAN RESOURCES:</u>	<u>1985-86</u>
1. Division of Mental Health, Mental Retardation and Substance Abuse Services - Alcohol and Drug Abuse and Mental Health Services Block Grant.	\$ 10,963,000
2. Division of Health Services -	
a. Maternal and Child Health Services Block Grant.	16,838,820
b. Preventive Health and Health Services Block Grant.	2,735,662
3. Division of Social Services -	
a. Social Services Block Grant.	70,343,877
b. Low Income Energy Assistance Block Grant.	45,406,713
Total Department of Human Resources	\$146,288,072
<u>DEPARTMENT OF NATURAL RESOURCES & COMMUNITY DEVELOPMENT:</u>	
1. Job Training Partnership Act	\$62,411,753
2. Community Services Block Grant	9,111,939
3. Community Development Block Grant	43,176,000
Total Department of Natural Resources & Community Development	\$114,699,692
<u>DEPARTMENT OF PUBLIC EDUCATION</u>	
1. Education Consolidation and Improvement Act Chapter II	\$12,457,599
Total Department of Public Education	\$12,457,599
TOTAL FEDERAL BLOCK GRANTS	\$273,445,363

State Employee Benefits: Salaries, Insurance, Retirement

SALARY CHANGES

A. Across-the-Board-Salary Increases

Effective July 1, 1985, the General Assembly enacted the following additional General and Highway Fund appropriations to provide a 5.0% across-the-board salary increase over the salaries in effect on June 30, 1985, for some employees paid from state funds:

	<u>1985-86</u>	<u>1986-87</u>
General Fund	\$95,500,000	\$95,500,000
Highway Fund	12,000,000	12,000,000
Total	\$107,500,000	\$107,500,000

The 5.0% across-the-board salary increase was authorized by the 1985 Session for employees of state agencies, for employees of the University System, for institutional employees of the Community College System, and for non-certified employees in the Public Schools, including teachers aides, finance officers, office support personnel, occupational and physical therapists, nurses, child nutrition supervisors, directors, managers and assistants, transportation directors, supervisors and mechanics, property and cost clerks, maintenance supervisors, mechanics and custodians, attendance counselors, and bus drivers. The 5.0% across-the-board increase was not, however, provided for certified Public School employees.

In a change from previous authorizations for across-the-board salary increases, the 1985 Session provided that the 5.0% across-the-board increase for 1985-86 be payable only when employees complete one year of continuous employment with a state agency or institution or with a local board of education or community college. Employer-approved leaves of absence would, however, not constitute a break in continuous employment for the purposes of awarding the across-the-board salary increase. Except for non-certified public school employees, a break in service for up to nine consecutive months, on and after January 1, 1985, for other employees authorized the across-the-board increase would also not constitute a break in continuous employment for awarding the salary increase.

B. Automatic and Merit Salary Increase

Effective July 1, 1985, the 1985 General Assembly lifted the freeze on automatic and merit salary increments which had been in effect since July 1, 1982. The cost of lifting the freeze required the following additional

General and Highway Fund appropriations for the 1985-87 biennium:

	<u>1985-86</u>	<u>1986-87</u>
General Fund	\$195,500,000	\$213,500,000
Highway Fund	8,300,000	15,500,000
Total	\$203,800,000	\$229,000,000

In lifting the freeze on automatic and merit salary increments, the 1985 Session established its intent that in order to prevent further salary increment freezes, new increments awarded for 1986-87 will be based upon half-step increases if funds are sufficient to support such increases.

- (1) Increases for Employees Authorized the 5.0% Across-the Board Salary Increase: Effective July 1, 1985, employees of state agencies will receive two half-step salary increments averaging 4.8% during 1985-86 on the same basis as was in effect prior to the salary increment freeze, except that all employees must receive the two half-step increases if they have at least one continuous year of employment, subject to the same stipulations as apply to the receipt of the 5.0% across-the-board increase. In order to insure that all employees receive the two half-step increase, the 1985 Session authorized an additional step for employees' respective salary schedules. For all employees subject to the State Personnel Act, the two half-step increases will be payable in total or in installments either in August, November, February, and/or May. Employees of the University System who are exempted from the State Personnel Act will be awarded salary increases equivalent to 5.0% as determined by the rules of the Board of Governors, in lieu of salary increment increases and longevity pay authorized for other state employees.

Institutional employees of the Community College System will be awarded salary increases equivalent to 4.0%, as determined by the rules of the State Board of Community Colleges, in lieu of salary increment increases authorized for other employees.

Non-certified state-supported employees of the Public School System became eligible for the additional two half-step salary increments, effective July 1, 1985, with the same stipulations as were authorized for state employees (i.e., 100% eligibility after one year's employment and additional salary schedule step). For

employees not paid on the basis of position allocations from the State, the additional salary increments will be payable as determined by established local policies.

- (2) Increases for Certified Public School Employees: Since the 1985 General Assembly did not provide a 5.0% across-the-board salary increase for 1985-86 for state-funded superintendents, associate superintendents, assistant superintendents, supervisors, directors, coordinators, administrators, principals, assistant principals, and classroom and vocational teachers in the Public School System, a graduated authorization of salary step increases on their respective 1984-85 schedules was provided. Effective July 1, 1985, or upon the beginning of the 1985-86 school term, employees who have worked continuously for at least one full year or one full school term as of June 30, 1985 will receive two half-step increases or one full step increase averaging 4.8% on their respective salary schedules. Employees who have worked continuously for at least two full years or two full school terms as of June 30, 1985 will receive four half-step increases or two full step increases averaging 9.6% on their respective schedules. In order to insure that all employees receive their authorized salary step increases, the 1985 Session authorized an additional step for these employees' respective salary schedules.

C. Specified Salary Increases

- (1) Legislators: Beginning with the 1987 General Assembly, legislators shall receive the following annual salaries by action of the 1985 Session of the General Assembly, which reflect an average increase of 10.0%, which is comparable to the total average salary increase authorized for state employees during the 1985 Session.

<u>Legislator</u>	<u>New Salary</u>
House Speaker	\$ 27,552
Senate Pro Tempore	16,500
House Pro Tempore	13,752
Senate Majority Leader	11,556
House & Senate Minority Leaders	11,556
Other Legislators	9,240

Even with the increases in legislative salaries authorized by the 1985 Session for members in 1987, North Carolina still has the distinction of having among the lowest-paid legislators in the nation.

- (2) Governor: The 1985 Session of the General Assembly authorized a 5.0% increase in salary for the Governor (\$98,196), effective July 1, 1985. The General Assembly authorized the increase in salary so as to fully recognize that North Carolina's Governor is the Chief Executive Officer of the State and should be paid accordingly.
- (3) Judicial Personnel: The 1985 Session also provided a 5.0% salary increase for most officials of the Judicial Department, effective July 1, 1985. These new annual salaries are:

<u>Officials</u>	<u>New Salary</u>
Chief Justice, Supreme Court	\$ 70,608
Associate Justice, Supreme Court	69,144
Chief Judge, Court of Appeals	66,936
Judge, Court of Appeals	65,472
Judge, Senior Regular Resident Superior Court	60,048
Judge, Superior Court	58,140
Chief Judge, District Court	48,948
Judge, District Court	47,076
District Attorney	54,084
Assistant District Attorney - an average of	34,980
Administrative Officer of the Courts	60,048
Assistant Administrative Officer of the Courts	48,948
Public Defender	54,084
Assistant Public Defender - an average of	34,980

<u>Superior Court Clerks</u>	<u>New Salary</u>
Less than 49,999 Population	\$ 31,500
50,000 to 99,999 Population	36,228
100,000 to 199,999 Population	40,956
200,000 and above Population	46,728
<u>Assistant Superior Court Clerks</u>	
Minimum	15,888
Maximum	27,276
<u>Deputy Superior Court Clerks</u>	
Minimum	12,252
Maximum	20,700

Effective July 1, 1985, assistant and deputy superior court clerks are authorized automatic annual salary step increases as recommended by each Clerk. However, recognizing that a lateral transfer of employees from the old salary plan to the new statewide plan adopted in 1984 would still leave some assistants and deputies at a salary less than what their years of service would warrant, a two-step "catch-up" salary increase was authorized beginning July 1, 1985, for all such employees until their salaries under the new plan corresponded with their years of service. The Judicial Department's Continuation Budget included an additional General Fund appropriation of \$2,430,000 for 1985-86 and \$5,030,000 for 1986-87 to fund the annual step increases authorized in 1984 for assistant and deputy clerks.

In addition to the 5.0% across-the-board salary increase effective July 1, 1985, magistrates also received an additional salary adjustment to make their salaries more comparable to the salaries of assistant clerks of superior court and to recognize and reward continued service as a magistrate by adding an additional salary schedule step for those with 11 or more years of service. The additional salary adjustment for magistrates resulted in an additional salary increase averaging 6.7%, effective July 1, 1985, at an additional cost to the General Fund of \$1,010,417 for 1985-86 and \$2,204,736 for 1986-87 supplemented by \$216,000 carried forward from 1984-85 into fiscal year 1985-86. With the 5.0% across-the-board salary increase and salary adjustment, the authorized salaries for magistrates, effective July 1, 1985 are:

<u>Magistrates</u>	<u>New Salary</u>
Less than 1 year's service	\$ 12,764
1 or more but less than 3 years' service	13,424
3 or more but less than 5 years' service	14,804
5 or more but less than 7 years' service	16,316
7 or more but less than 9 years' service	17,984
9 or more but less than 11 years' service	19,808
11 or more years' service	21,800

In the area of longevity pay for judges, district attorneys, and superior court clerks, the 1985 Session allowed, effective July 1, 1985, service in one of these positions to count for the service requirements in receiving longevity pay in the other positions. The 1985 General Assembly appropriated an additional \$50,000 in 1985-86 and \$61,000 in 1986-87 from the General Fund to support the transfer of service among judges, district attorneys, and superior court clerks for longevity pay purposes.

At an additional cost from the General Fund of \$30,000 for each fiscal year of the 1985-87 biennium, the 1985 Session also increased the pay for retired emergency judges recalled to the bench from \$75 to \$100 for each day served in a temporary capacity.

- (4) Council of State: The 1985 Session of the General Assembly also provided a 5.0% across-the-board salary increase for members of the Council of State. Effective July 1, 1985, these new salaries are:

<u>Council of State</u>	<u>New Salary</u>
Lieutenant Governor	\$ 58,140
Attorney General	58,140
Secretary of State	58,140
State Treasurer	58,140
State Auditor	58,140

<u>Council of State</u>	<u>New Salary</u>
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Superintendent of Public Instruction	\$ 58,140
Agriculture Commissioner	58,140
Insurance Commissioner	58,140
Labor Commissioner	58,140

- (5) Governor's Cabinet: The 1985 Session of the General Assembly authorized 5.0% salary increase for members of the Governor's Cabinet, effective July 1, 1985.

<u>Cabinet</u>	<u>New Salary</u>
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Administration Secretary	\$ 58,140
Commerce Secretary	58,140
Correction Secretary	58,140
Crime Control Secretary	58,140
Cultural Resources Secretary	58,140
Human Resources Secretary	58,140
Natural Resources Secretary	58,140
Revenue Secretary	58,140
Transportation Secretary	58,140

- (6) Certain Executive Officers: Based upon the Separation of Powers Act of 1983, the new salaries, effective July 1, 1985, for certain executive officials are as follows, which include the 5.0% across-the-board salary increase authorized by the General Assembly.

<u>Officials</u>	<u>New Salary</u>
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Chairman, Alcoholic Beverage Control Commission	\$ 55,920
Commissioner of Motor Vehicles	55,116
Commissioner of Banks	55,920
Deputy Banking Commissioner	42,756
Chairman, Employment Security Commission	55,920

<u>Officials</u>	<u>New Salary</u>
President, Department of Community Colleges	\$ 73,560
State Personnel Director	58,140
Chairman, Parole Commission	51,036
Members of the Parole Commission	47,076
Chairman, Industrial Commission	50,196
Members of the Industrial Commission	48,972
Executive Director, Agency for Public Telecommunications	47,076
Director, Seafood Industrial Park Authority	31,140
General Manager, Ports Railway Commission	42,468
Controller, State Board of Education	67,296
Executive Director, Art Museum	57,312
Executive Director, Housing Finance Agency	69,300
Executive Director, Ports Authority	65,000
Executive Director, Wildlife Resources Commission	48,216
Executive Director, Technological Development Authority	36,972

Under the same provisions of the Separation of Powers Act of 1983, the 1985 General Assembly limited the 1985-86 annual salary for the Executive Director of the Hazardous Waste Treatment Commission to no more than \$58,392. In a change to the 1983 Act, the 1985 Session deleted the Act's provision that the State Highway Administrator's salary be established by the General Assembly in the Current Operations Appropriations Act and substituted a provision that the Highway Administrator's salary be set in accordance with the State Personnel Act.

- (7) Minimum Salary for State Employees Established:
Effective July 1, 1985, the General Assembly required that all permanent full-time state employees subject to the State Personnel Act be paid not less than \$758 per month (pay grade 51). State agencies are to fund

this minimum salary out of their existing appropriations or from transfers from the Statewide Reserve for Salary Increases if necessary. The additional cost of the minimum salary for 1985-86 is expected to be some \$1,000,000 from all sources. The major categories of employees to be affected by the minimum salary are housekeeping assistants, laundry workers, food service workers, and laborers.

- (8) Minimum Salary for Non-Certified Public School Employees Established: At an additional General Fund cost of not more than \$9,000,000 for each fiscal year of the 1985-87 biennium, the 1985 General Assembly required, effective July 1, 1985, that all full-time non-certified public school employees paid from State funds be paid not less than \$758 per month (pay grade 51). The major categories of employees to be affected by the minimum salary are teachers aides, office support personnel, child nutrition assistants, maintenance mechanics, custodians, and attendance counselors.
- (9) Educators in State Agencies: Retroactive to July 1, 1984, the 1985 Session reversed the actions of the 1984 Session by including training school teachers in state agencies under the Public School System's teacher tenure provisions. The 1984 Session took the position that all educators in state departments and institutions should be treated alike as far as state employment was concerned. Consequently, teachers in the Department of Human Resources' Youth Services' Division were removed from the public schools' teacher tenure provisions, to be covered by the State Personnel Act as were all other teachers in state agencies and institutions. The 1985 Session, in contrast, included all teachers in the Departments of Human Resources and Correction under the public schools' teacher tenure provisions, effective July 1, 1985.
- (10) Salary Adjustment for Public School Teachers with Master's Degrees: At an additional cost to the General Fund of \$3,548,640 for each fiscal year of the 1985-87, the 1985 General Assembly, effective July 1, 1985, provided an additional salary step increase averaging 4.8% for public school teachers who were awarded higher teaching certificates from September 1, 1980 through June 30, 1985, as a result of earning a master's degree. Some 3,300 teachers are expected to receive this additional salary adjustment because of higher teaching certificates awarded in the 1981-82, 1982-83, 1983-84, and 1984-85 school years.

- (11) Salary Increases for Legislative Principal Clerks, Sergeants-at-Arms, and Reading Clerks: Effective July 1, 1985, the annual salaries of the Principal Clerks in the House of Representatives and Senate were increased by 9.6% to \$35,652 per year. Likewise, the salaries of the Sergeants-at-Arms and Reading Clerks in the House of Representatives and Senate were increased by 6.7% to \$160 per week.

D. Pilot Salary and Leave Projects for Certified Public School Employees:

- (1) Career Development Pay Plan: The 1985 General Assembly began implementation of a career growth pay plan for public school teachers and administrators by providing for 16 pilot programs, 2 in each of the State's 8 educational districts to run through 1988-89 prior to expansion on a statewide basis. Full implementation of the local pilot plans are to begin July 1, 1986. The career growth pay plan is designed to improve the quality of instruction, to increase the attractiveness of public education as a profession, and to encourage the recognition and retention of high quality teachers and managers, through continuous and comprehensive evaluations of employee performance. As employees succeed in demonstrating their own initiatives and desires to increase their professional abilities and responsibilities, they become eligible for higher levels of pay. The specifics of the career growth pay plan are:

- (a) During the first three years of employment, an employee will be paid on the basis of the basic State salary schedule with formal performance appraisals conducted twice each year by both the employee's supervisor and a trained evaluator.
- (b) At the end of the third year of employment, an employee may be recommended for the first stage of a career appointment, beginning the fourth year, based upon satisfactory performance appraisals and the completion of 30 hours of formal training. If the employee is recommended for a career appointment, a one-step salary increase over the normal salary progression will be awarded. If the employee is not recommended for a career appointment, the employee's supervisor is to recommend a termination of employment, subject to review by a three-member appeals panel chosen by the employee and his supervisor. Local boards of education have the responsibility for determining the final disposition of an appeal.

- (c) No earlier than the third year in the first stage of a career appointment, an employee becomes eligible for promotion to a second-level career appointment. During this year, the employee is to be evaluated twice by both his supervisor and a trained evaluator. Upon satisfactory performance appraisals and demonstrated professional growth, leadership potential, additional responsibilities, and improved public relations, the employee may be promoted a second level career appointment with a two-step salary increase over the normal salary progression. Employees not recommended for the promotion may request a review by the appeals panel.
- (d) In a second level career appointment, the employee will be formally evaluated no later than once every two years by his supervisor. If the employee does not maintain satisfactory performance appraisals in a second level career appointment, he will be demoted to the first stage. If satisfactory performance appraisals are maintained, the employee becomes eligible for a 0.5% salary supplement for each month that additional duties and responsibilities are performed, in addition to becoming eligible for extended terms of employment.

Employees hired before the implementation of the pilot career growth pay plans may voluntarily elect to participate in the plans and receive a \$500 stipend for successful completion of the required formal training program. Employees hired after the plans are implemented will be required to participate in the career growth plans.

- (2) Payment for Accumulated Leave to Public School Teachers: The 1985 General Assembly also instituted a two-year pilot program in 3 local school systems in the State for the payment of earned days of leave not taken by teachers. The program provides that at the end of each school year, teachers who are not permitted to take annual leave on days when school is in session may opt to be paid \$50 a day for the first three sick leave days and two personal leave days earned but not taken during the year or to accumulate these leave days as otherwise allowed. Teachers who chose to receive payment for all or any part of these five days would forfeit any right to use the days at a later date. The cost of the program for each teacher, to be funded out of existing appropriations, will be \$50 per day for each of the two personal leave days, plus \$50 per day for each of the three sick leave days. The rationale for the pilot

program is to encourage teachers to stay in the classroom rather than to take earned leave in reducing absenteeism.

- E. Salary Increase Funds to Local Governments: At a General Fund cost of an additional \$4,814,406 for each fiscal year of the 1985-87 biennium, the 1985 Session of the General Assembly tried to partially offset the impact of the 5.0% across-the-board salary increase to local governments receiving state funds. The additional form of state aid to local governments is to be used only for salary increases to local government employees and for contracted personal services provided by nongovernmental and nonprofit entities serving state and local governments to the extent that State funds support local employee salaries and locally-contracted personal services originally scheduled to be renewed during the biennium. The 1985 Session, in enacting these provisions, continued its policies first enacted during the 1984 Session.

RETIREMENT AND PENSION CHANGES

A- Currently-Employed Employees

- (1) Benefit Accrual Rate Increased: Effective July 1, 1985, the benefit accrual rate, or retirement formula, was increased in the Teachers' and State Employees', Local Governmental Employees', and the Law Enforcement Officers' Retirement Systems from 1.57% to 1.58% of Average Final Compensation per year of creditable service. The net effect of this increase will be to increase the annual retirement allowance of all employees who retire on and after July 1, 1985 by 0.6%. The General Assembly funded the increase out of unencumbered actuarial gains within the Systems as of December 31, 1983, without requiring any additional employer contributions.
- (2) Unreduced Retirement at Age 60 with 25 Years' Service Made Permanent for Teachers and State Employees: The 1985 Session of the General Assembly made the unreduced retirement at age 60 with 25 years of service a permanent provision of the Teachers' and State Employees' Retirement System, effective July 1, 1985. The provision was first enacted in 1981 on a 2-year term basis, which was reenacted in 1983 on the same 2-year term basis. Upon the expiration of the second authorization on June 30, 1985, the 1985 General Assembly funded the permanent provision out of unencumbered actuarial gains within the Teachers' and State Employees' Retirement System as of December 31, 1983, without requiring any additional employer contributions.
- (3) Retirement Allowance Provided to Surviving Beneficiaries of Deceased Disabled Employees: Effective July 1, 1980, a nominated sole surviving beneficiary of a disabled employee who filed for disability retirement but did not live to the effective date of retirement is authorized to receive in lieu of a return of the employee's contributions plus interest, a reduced retirement allowance for life from the Teachers' and State Employees' Retirement System in the form of a 50% joint and survivor benefit. The same 50% joint and survivor benefit was also provided for designated surviving spouses of deceased disabled employees in the Consolidated Judicial Retirement System in lieu of a return of the employee's contributions plus interest, and the final compensation death benefit. The joint and survivor benefit payable to these designated sole surviving beneficiaries become payable on and after July 1, 1985, and were funded out of unencumbered actuarial gains as of December 31, 1983

in the Teachers' and State Employees' Retirement System and from a 0.01% increase in the employer contribution rate to the Consolidated Judicial Retirement System, amounting to some \$2,000 annually in General Fund appropriations to be absorbed from existing operating appropriations authorized for the Judicial Department.

- (4) Unused Sick Leave Allowed to Qualify for Unreduced Service Retirement: Effective January 1, 1985, employees in the Teachers' and State Employees' Retirement System may use accumulated sick leave (one month of retirement credit for each 20 days of sick leave not to exceed one month of credit for each two years of membership service) to qualify for retirement with 30 years' service, or at age 60 with 25 years of service, or at age 65 with 5 years of service. This authorization enacted by the 1985 Session did not, however, allow unused sick leave to qualify for early retirement at age 50 with 20 years of service or to count towards disability retirement or a vested deferred retirement. The General Assembly funded this sick leave qualification for unreduced service retirement out of unencumbered actuarial gains in the Retirement System as of December 31, 1983, without requiring any additional employer contributions.
- (5) Tax-Shelter for University Employee Contributions to Optional Retirement Plans: University instructors and administrators are allowed to make an irrevocable election to participate in an optional retirement plan of fixed and/or variable annuity contracts in lieu of becoming members of the Teachers' and State Employees' Retirement System. These employees make the same contributions to the optional plan as do employees in the Retirement System. The 1985 Session of the General Assembly formally authorized a tax-shelter for these employee contributions to the optional retirement plan as was authorized for employees in the Retirement System in 1982. Although the General Assembly only officially authorized the tax-shelter for these University employee contributions during the 1985 Session, University employers have actually been excluding the contributions to the optional plan from employees' taxable income for several years.
- (6) Restoration of State Law Officers' Withdrawn Contributions and Forfeited Service: The 1984 Session of the General Assembly, effective January 1, 1985, transferred state officers from the Law Enforcement Officers' Retirement System to the

Teachers' and State Employees' Retirement System in order for all state officers to have the same retirement benefits as were available from the Law Officers' System. However, before the 1984 Session, officers in the Law Enforcement Officers' System who also had service credit in the Teachers' and State Employees' System withdrew their contributions in the Teachers' System since the service was not transferable to the Law Officers' System. The same situation affected wildlife enforcement officers except their contributions to the Teachers' and State Employees' System were transferred to the Teachers' and State Employees' System without a corresponding transfer of service credits. With the transfer of all of these state officers to the Teachers' and State Employees' System on January 1, 1985, creditable service became transferable. The 1985 General Assembly, in correcting this previous inequity, effective June 17, 1985, allowed these state officers with 10 years of membership service to repay their withdrawn contributions before January 1, 1985 to the Teachers' and State Employees' System plus interest so as to equal one-half of the cost of the additional service credits. Wildlife officers were also given service credits equal to their contributions in the System.

- (7) Temporary Service Credit Purchases Allowed for Any Employment: The 1983 General Assembly authorized retirement credit in the Teachers' and State Employees' Retirement System for temporary employment upon a lump sum payment by an employee equal to the full actuarial cost of allowing the additional credit, provided the employee started or resumed regular contributing membership with the same employer in the System immediately following the period of temporary employment. The 1983 change was in addition to the requirements that the employee have at least 10 years of membership service and have at least 3 years of temporary employment. Effective July 1, 1985, the 1985 Session modified its previous policy by providing that the temporary employment be with any employer covered by the Retirement System since the purchasing employee was required to pay the full actuarial cost for the additional temporary service credits.

- (8) Part-Time Service Credit Purchase for Part-Time Employees: Effective July 1, 1985, the 1985 General Assembly, has allowed current part-time employees the opportunity to purchase retirement credits in the Teachers' and State Employees' Retirement System for their part-time employment by paying a lump sum

amount equal to the full actuarial cost of the additional service credits, provided the part-time employees terminate their employment, begin early or service retirement immediately thereafter, and further provided the part-time employees have at least 10 years of membership service to their credit prior to the purchase of their part-time employment.

- (9) Purchase of Retirement Credit for Federal Employment: Effective July 15, 1985, members of the Teachers' and State Employees' Retirement System and members of the Consolidated Judicial Retirement System become eligible, after 10 years of membership service, to purchase additional retirement service credits for periods of non-military federal employment by paying a lump sum amount equal to the full actuarial cost of the additional service credits, provided the periods of federal employment are not already creditable in any other retirement system resulting in the receipt of benefit or the right to receive a future benefit.
- (10) State Retirement Credit for Locally-Paid Agricultural Extension Employees: Effective July 1, 1985, employees of the Agricultural Extension Service who are not members of a federal retirement program and who are paid from both the State and a county government from receipts provided by the Agricultural Extension Service will become, in total, members of the Teachers' and State Employees' Retirement System. Prior to this change, such employees were members of both the Local Governmental Employees' Retirement System and the Teachers' and State Employees' Retirement System. Employees who withdrew their contributions from either of these two Retirement Systems because of dual membership will be allowed to return their contributions plus interest before October 1, 1985 and be credited with their total membership service.
- (11) Purchase of Omitted Service Credits: Effective June 17, 1985, members of the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System are allowed to be given service credits for erroneously omitted membership service by: (a) payment of employer and employee contributions that should have been made within 90 days after the omission; (b) payment of the employer and employee contributions that should have been made plus interest within 3 years after the omission; or (c) a lump sum payment equal to the full actuarial cost of the additional omitted service credits after 3 years following the omission. These payments may be made by either the employee, his

employer, or both by mutual agreement. However, if an employer makes all or part of the payment, such employer may not discriminate against any employees in making the payment.

- (12) Limits Extended on Educational Leave Service Credit Purchases: Effective July 1, 1985, members of the Teachers' and State Employees' and Local Governmental Employees' Retirement Systems will no longer be required to purchase retirement service credits for educational leave within 90 days following the period of leave, but will instead be assessed a 1% penalty on the purchase price, in lieu of interest, for each month that the purchase is made after the period of leave.
- (13) University Employees Allowed to Participate in the Supplemental Retirement Income Plan: The 1984 Session of the General Assembly, effective January 1, 1985, created a State Supplemental Retirement Income Plan as a qualified profit-sharing arrangement under Section 401(k) of the Internal Revenue Code. Under the Plan, members of the Teachers' and State Employees', Consolidated Judicial, Legislative, Law Enforcement Officers', and Local Governmental Employees' Retirement Systems may voluntarily elect to tax-shelter contributions in providing benefits over and above the defined benefits of the State Retirement Systems. Effective June 17, 1985, the General Assembly authorized University employees who are enrolled in an optional retirement program in lieu of membership in the Teachers' and State Employees' Retirement System, to participate in the Supplemental Retirement Income Plan.
- (14) Optional State Retirement for Employees of the State Employees Association, the Association of Educators, and the School Boards Association: Although new employees of the State Employees Association, Association of Educators, and School Boards Association were prohibited from participating in the State Retirement System on and after July 1, 1983, existing employees as of the same date could continue their membership. However, the Associations petitioned the 1985 General Assembly to allow them to establish retirement systems for their own employees. Consequently, employees of these Associations as of July 1, 1985, have a 3-month period to make an irrevocable election to: (a) continue contributing membership in the Teachers' and State Employees' Retirement System; or (b) cease membership and receive a refund of accumulated member contributions plus interest; or (c) cease further membership and

leave accumulated member contributions with the System for receipt of a future benefit.

- (15) Transfer of Judges', Solicitors', and Superior Court Clerks' Contributions to the Teachers', State Employees', and Local Governmental Employees' Retirement Systems to the Supplemental Retirement Income Plan: The 1984 Session of the General Assembly allowed members of the Consolidated Judicial Retirement System credit for service under the Teachers' and State Employees' and Local Government Employees' Retirement Systems. The members, after a transfer of any accumulated contributions in the Teachers' and State Employees' and Local Government Employees' Systems, were allowed to pay the balance of the full actuarial cost for the additional retirement allowance in the Judicial System accruing from the additional service credits as a teacher, state employee or local government employee. In instances where the balance of the cost to be paid by these judicial employees proved to be prohibitively high, the 1985 Session allowed the employees the alternative of transferring their former contributions to the Teachers', State Employees', and Local Governmental Employees' Retirement Systems to the Supplemental Retirement Income Plan. In doing so, the 1985 Session allowed these employee contributions to at least earn market rates of return and provide the employees a hedge against inflation for a future benefit.
- (16) Retirement Benefits for Part-Time Magistrates Clarified: Although part-time employees have not been allowed membership in the Teachers' and State Employees' Retirement System, the Judicial Department has been enrolling part-time magistrates in the Retirement System for several years. The Department, along with the part-time magistrates, has been making contributions to the System during this period of time. At the request of the Judicial Department, the 1985 General Assembly authorized these part-time employees to be members of the Teachers' and State Employees' Retirement System, as well as the Teachers' and State Employees' Comprehensive Major Medical Plan, on the basis of magistrates possessing all of the powers of their offices at all times during their term.
- (17) Confederate Widow's Pension Increased: Effective May 16, 1985, the General Assembly increased the State's pension to confederate widows from \$75 to \$150 per month. Prior to the enactment of this increase, only two surviving widows were receiving the \$75 monthly pension for fiscal year 1984-85. In

January, 1985, one of the widows died, leaving only one remaining widow to receive the pension. Consequently, the increase in the pension to the sole surviving widow was financed out of appropriations already made to the Department of State Auditor for 1984-85 which were continued by the General Assembly at the same level for the 1985-86 biennium.

- (18) Reduced Appropriation for Firemen's and Rescue Squad Workers' Pension Fund: The 1985 Session of the General Assembly reduced the General Fund appropriation to the Department of State Auditor for the Firemen's and Rescue Squad Workers' Pension Fund by \$819,311 for each fiscal year of the 1985-87 biennium from its authorized appropriation of \$2,574,311 for 1984-85 to reflect changes in the Fund's actuarial assumptions which were adopted by its Trustees in March of 1985. The changes adopted by the Trustees were: (a) an increase in the interest assumption rate from 6.0% to 7.5% compounded annually; (b) a decrease in mortality assumptions reflecting longer life expectancies; and (c) a decrease in the period required to liquidate the Fund's unfunded accrued liabilities from 24 to 21 years. These changes serve to provide overall savings to the taxpayers, while at the same time place the pensions received currently and in the future on a more reliable financial footing.
- (19) Governing Bodies Designated for Fire Departments with Firemen in the Firemen's and Rescue Squad Workers' Pension Fund: Effective May 23, 1985, county boards of commissioners, city councils, sanitary district boards, and corporate boards of directors became the certifying bodies to the Trustees of the Firemen's and Resuce Squad Workers' Pension Fund for their respective firemen's eligibility to participate in the Fund.
- (20) Local Law Officers Transferred to the Local Governmental Employees' Retirement System: Effective January 1, 1986, all local law enforcement officers in the Law Enforcement Officers' Retirement System will be transferred to the Local Governmental Employees' Retirement System. All sworn local officers will have the same benefits as were available in the Law Enforcement Officers' Retirement System (i.e., unreduced service retirement at age 55 with 5 years' service, or upon completion of 30 years' service regardless of age). Although fully sworn, some 2,500 law officers in the Local Governmental Employees' System have been entitled to retirement benefits less than were available in the

Law Enforcement Officers' System. The transfer will provide all local officers with unreduced benefits at age 55 with 5 years of service, reduced benefits at age 50 with 15 years of service, a mandatory in-service death benefit equal to one year's salary up to \$20,000, disability benefits after one year's service if disabled in the line of duty, transferable service credits among the Teachers', State Employees' and Local Governmental Employees' Retirement Systems, an additional \$5,000 in-service death benefit from court costs, out-of-state and leave without pay service credit purchases, and immediate vesting of special annuity accounts in the State's Supplemental Retirement Income Plan, including market rates of investment return.

- (21) Additional Contributions to Local Law Officers' Supplemental Retirement Income Accounts: Effective July 12, 1985, court costs in criminal cases in which a person is found guilty will be increased by \$1.25 per case, generating some \$1,000,000 annually to be distributed, beginning January 1, 1986, on an equal-share per capital basis among all local officers, except sheriffs, for additional benefits at retirement from the State's Supplemental Retirement Income Plan. The distribution to individual officers' accounts is expected to be about \$100 annually.
- (22) Prohibition Against Employees Receiving Salary and Retirement Benefits at the Same Time Post-poned: In response to state employees retiring, becoming reemployed by the State and receiving salary and retirement benefits in excess of salary before retirement, sometimes for the same job, the 1984 Session of the General Assembly, effective September 1, 1985, placed further restrictions upon the receipt of a retirement allowance. Retired members of the Teachers' and State Employees' and Local Governmental Employees' Retirement Systems who entered into reemployment agreements while receiving a service or early retirement allowance would have their retirement allowance suspended if: reemployment earnings exceed \$1,500 per month; reemployment earnings exceed \$13,500 for any 12 consecutive months; reemployment earnings exceed 50% of the 12-month compensation prior to retirement; and if monthly reemployment earnings when combined with monthly retirement exceeds monthly compensation immediately prior to retirement when reemployed within 90 days after retirement. At the request of University officials, the 1985 Session of the General Assembly post-poned the effective date of the earlier changes until September 1, 1986.

- (23) Teachers, State Employees, Judges, Solicitors, Superior Court Clerks, and Local Government Employees Allowed to Purchase Retirement Credits for Service in the General Assembly: Effective July 8, 1985, employees in the Teachers' and State Employees', the Consolidated Judicial, and Local Governmental Employees' Retirement Systems are authorized to purchase additional retirement service credit for periods of time served as a member of the General Assembly, provided the additional service as a legislator is not already credited in the Legislative Retirement System or the Legislative Retirement Fund. Employees are required to pay a lump sum amount equal to the full actuarial cost of the additional service credits in purchasing the time served in the General Assembly.
- (24) Attachment of Retirement and Pension Benefits for Child Support and Equitable Distribution of Marital Property: In response to legislation enacted by previous sessions of the General Assembly and judicial decisions regarding this legislation, the 1985 Session made conforming changes in the state-administered retirement and pension plans attaching benefits for the enforcement of child support and equitable distribution of marital property obligations.
- (25) Protection Against Potential Abuses in the Retirement Systems: The 1985 General Assembly enacted several provisions to prevent potential abuses of the retirement and disability benefits provided for state and local government employees. These provisions included:
- (a) Prohibited the reimbursement of expenses and other payments not classified as salaries and wages from being included as part of average final compensation (TSERS, LGERS).
 - (b) Prohibited unused sick leave at retirement from being counted as additional retirement service credits unless the sick leave could be paid to employees without restriction prior to retirement (TSERS, LGERS).
 - (c) Attached future retirement and Disability Salary Continuation Plan benefits for the amount of any previous benefit overpayments (TSERS, LGERS, LEORS, LRS).
 - (d) Allowed state tax refund set-offs for amounts owed the Retirement Systems (TSERS, LGERS, LEORS, CJRS, LRS).

- (e) Suspended retirement benefits for employees who expend, or consent to expend, an appropriation for any purpose other than for which the funds were appropriated until such time as any liability to the State has been discharged.

B- Legislators

- (1) All of the legislation enacted by the 1985 Session on the Legislative Retirement System created in 1983 involved changes to make the System comparable and compatible with the other State Retirement Systems. No new benefits were authorized. These changes included:
 - (a) Requiring that a deceased legislator be in-service, or a current member of the General Assembly, before a beneficiary becomes eligible to receive a survivors alternate benefit in lieu of a return of the legislator's contributions plus interest.
 - (b) Allowing legislator contributions to the Retirement System to become tax-sheltered 60 days following tax-qualification of the System by the Internal Revenue Service.
 - (c) Redesignation of the in-service death benefit of a year's salary up to \$15,000 as life insurance in order to increase the federal tax exclusion of the benefit from \$5,000 to \$50,000.
 - (d) Allowing a legislator who designated a spouse as a joint and survivor beneficiary to select a different payment option after a divorce from the spouse.

C - Retired Employees

- (1) Cost-of-Living Adjustment in Retirement Allowances for Retired Teachers, State Employees, Law Enforcement Officers, Judges, Solicitors, Superior Court Clerks, and Local Government Employees: Effective July 1, 1985, the General Assembly provided a 4.0% increase in the retirement allowances paid to beneficiaries in the State-administered Systems whose retirement began on or before July 1, 1984. In addition, beneficiaries who retired after July 1, 1984 and before June 30, 1985, were, for the first time, authorized an increase in their retirement allowances on July 1, 1985, equal to a pro-rated amount of the 4.0% increase provided to those who retired on or before July 1, 1984. The pro-rated amount will be determined by the Retirement System's

Board of Trustees based upon the number of months that a retirement allowance was paid during 1984-85. The 4.0% increase was granted to retired beneficiaries so as to give them a comparable increase to that provided currently-employed employees in the form of a 5.0% across-the-board salary increase. Comparability was determined by the relative impact of the increase upon the average net disposable income of each group of active and retired employees, considering payroll deductions for retirement contributions, social security taxes, state income withholding taxes, and federal income withholding taxes required by law of each group. This increase in retirement allowances was funded by the 1985 Session out of unencumbered actuarial gains in the Teachers' and State Employees', Local Governmental Employees', and Law Enforcement Officers' Retirement Systems as of December 31, 1983 without requiring any additional employer contributions. An additional General Fund appropriation of \$1,200,000 was made to the Judicial Department on a one-time basis to fund the total present value cost of the 4.0% increase in retirement allowances for retired beneficiaries of the Consolidated Judicial Retirement System.

- (2) Additional Increase in Retirement Allowances for Retired Teachers, State Employees, Law Enforcement Officers, and Local Government Employees Corresponding to an Increase in the Benefit Accrual Rate: Effective July 1, 1985, retired beneficiaries whose allowances were computed on a benefit accrual rate of 1.57% of average final compensation per year of service will have their retirement allowances increased by 0.6% to reflect an increase in the benefit accrual rate for currently-employed employees to 1.58% which was authorized by the 1985 General Assembly effective July 1, 1985. This additional retirement allowance increase was funded out of unencumbered actuarial gains available to the Retirement Systems as of December 31, 1983 without requiring any additional employer contributions.
- (3) Service Retirees Allowed to Convert to Disability Retirement: Effective July 1, 1984, the 1985 General Assembly authorized retired employees of the Teachers' and State Employees' and the Consolidated Judicial Retirement Systems who retired on an early or service retirement to convert to a disability retirement within 3 years after the initial early or service retirement, provided the beneficiary was judged to be eligible for a disability retirement prior to retirement. The only cost of this change in the State's policy was to the Teachers' and State

Employees' Retirement System which was funded out of unencumbered actuarial gains in the System as of December 31, 1983 without requiring any additional employer contributions.

- (4) Refund of Deceased Local Retired Firemen's Retirement Contributions in Excess of Social Security Contributions to Surviving Beneficiaries: The 1984 Session of the General Assembly authorized a refund of retirement contribution made by firemen who were not covered by Social Security but were members of the Local Governmental Employees' Retirement System from July 1, 1965 through June 30, 1971, to the extent that retirement contributions were in excess of Social Security contributions. During this period, firemen covered by Social Security made a 3% of salary contribution to the Retirement System. Firemen not covered by Social Security contributed 5% of salary to the Retirement System. The 1984 change refunded the 2% of salary difference on a maximum annual Social Security base of \$5,600 to those firemen not covered by Social Security. The 1985 General Assembly authorized the same refund as was provided in 1984, but to the surviving beneficiaries of deceased local firemen who had made the excess retirement contributions. Actuarial gains within the Local Governmental Employees' Retirement System are projected to be sufficient to cover the anticipated small amount of cost related to these refunds.
- (5) Incentive for Disabled Retirees' Return to Work: Effective July 1, 1985, the 1985 General Assembly removed the incentive for retired disabled employees in the Teachers' and State Employees' and Local Governmental Employees' Retirement Systems who are able to return to work from doing so. Prior to this change, a disabled retiree could terminate his retirement allowance and return to work and again become a contributing member of the Retirement System. However, upon his second retirement, his benefit was reduced by the actuarial equivalent of the benefits that he initially received while on disability retirement. In many cases, this policy would reduce a second retirement benefit by as much as one-half, which would practically prevent a disabled retiree from returning to active service. The effect of the 1985 change was to eliminate the reduction in a second retirement by the actuarial equivalent of the benefit initially received while on disability retirement.
- (6) Sheriffs' Supplemental Pension Fund Created: Effective July 12, 1985, court costs in criminal cases in which a person is found guilty will be

increased by \$0.75 per case which will go to the Department of Justice in providing supplemental pension benefits to elected sheriffs who have already retired from a local government retirement plan. These supplemental pension benefits will begin at age 55, provided the retired sheriff has at least 10 years of elected service as sheriff, and will be paid for life. The amount of the benefit will be equal to one share of 90% of the available assets each year for each year's service multiplied by the total number of years of elected service. The maximum amount of the benefit will be the difference between 75% of the sheriff's salary at retirement and the amount of his retirement allowance from a local government retirement plan, not to exceed \$1,000 monthly. The first supplemental pension will be paid in July, 1986, following a year's collection of the additional \$0.75 in court cost receipts. The additional \$0.75 in court cost receipts will generate about \$600,000 a year. Of this amount, 90%, or \$540,000, will be used for pension payments. The remaining 10%, or \$60,000, is to be used by the Department of Justice in administering the Pension Fund. Based upon an average pension of \$30 per month for each year of elected service, a retired sheriff is expected to receive an average of \$480 per month in a supplemental pension.

HEALTH BENEFIT CHANGES

A - Changes in Plan Administration: In response to lingering problems regarding the administration of the Teachers' and State Employees' Comprehensive Major Medical Plan as expressed by those covered by the Plan, the 1985 Session of the General Assembly, through the Legislative Committee on Employee Hospital and Medical Benefits, employed an outside consulting firm, the Martin E. Segal Company, to review these problems and make known its findings. Based upon this review and findings, the 1985 Session made several changes regarding the Plan's administration.

(1) Executive Administrator for the Plan Authorized: A full-time Executive Administrator was authorized, effective July 12, 1985, to manage all aspects of the Plan in replacing the 9-member part-time Board of Trustees who had, since 1982, been charged with the Plan's management. The Executive Administrator, to be appointed by the Commissioner of Insurance, upon the advice of the Legislative Committee on Employee Hospital and Medical Benefits, subject to confirmation by the General Assembly, is authorized to make the decisions effecting the Plan and its membership after consulting with the Board of Trustees, and in some instances after consulting with the Legislative Committee. Vacancies in the position of Executive Administrator will result in the Commissioner of Insurance carrying out the position's duties and responsibilities.

(2) Changes in the Board of Trustees: The 1985 Session changed the membership of the Board of Trustees to include an employee covered by the Plan to be named by the Governor and an employee covered by the Plan to be named by the Lt. Governor. In addition, the Speaker of the House of Representatives is to name a retired employee covered by the Plan to the Board of Trustees. In making these changes, the 1985 Session insured that one-third of the Board would be comprised of members of the Plan. A further change enacted by the 1985 Session involved reducing the Trustees' compensation from \$200 to \$100 per day, effective August 1, 1985, to be paid only when the Board is holding a public session. Such change was made in recognition of the Executive Administrator's duties in managing the Plan which was previously within the duties of the Board.

(3) Advisory Committees Established: Although the Plan's Board of Trustees had, since 1982, been authorized to establish advisory councils of Plan beneficiaries and providers of health care, none had ever been established. In response, the 1985 Session created two advisory committees for the Plan - one to be comprised of nine members representing Plan members and one to be comprised of nine health care providers. One-third of

the membership of each of these advisory committees is to be appointed by the Governor, the Lt. Governor, and the Speaker of the House of Representatives.

- (4) Extension of Contract with Plan Administrator: In order to accomodate the changes in the Plan's benefits as enacted by the 1985 Session, the General Assembly authorized the Executive Administrator to extend the State's contract with EDS-Federal Corporation from its current expiration date of September 30, 1986, by an additional year, as was provided in the original agreement, plus an additional 3 months to December 31, 1987. The Executive Administrator is required to consult with the Legislative Committee before negotiating the time extension which is to be executed before October 31, 1985. In the event that the current contract is for some reason not extended beyond its current expiration date of September 30, 1986, the Executive Administrator is authorized, after again consulting with the Legislative Committee, to solicit competitive bids for a new contractor with new contract expiration of December 31, 1989.

B - Changes in Plan Benefits: Upon the convening of the 1985 Session, the General Assembly was faced with having to provide additional financial support for the Teachers' and State Employees' Comprehensive Major Medical Plan. Not since October, 1982, had major additional financing been required for the State's successful self-insured financial approach. Based upon the recommendations of the Plan's financial consultant, Mercer-Meidinger, Inc., the General Assembly was provided three alternatives for additional 1985-86 support:

	(A)	(B)	(C)
	Funding on Cash Basis	Funding of 7.5% Claim Stabilization Reserve	Full Funding of Reserves
(1) <u>Total Funds</u>	\$ 55.2	\$ 74.7	\$111.6
<u>Increase over 1984-85</u>	27.8%	37.5%	56.1%
(2) <u>Employer Funds</u>			
General Fund	\$ 40.4	\$ 51.3	\$ 72.0
Highway Fund	4.0	5.1	7.2
Other Funds	6.2	7.8	10.8
Total	\$ 50.6	\$ 64.2	\$ 90.0
<u>Increase over 1984-85</u>	37.4%	47.4%	66.5%
(3) <u>Employee Funds</u>	\$ 4.6	\$ 10.5	\$ 21.6
<u>Increase over 1984-85</u>	7.4%	16.5%	33.9%

In taking a "middle-of-the-road" approach, the General Assembly made its decision to begin the process of providing additional financial support for the Plan during 1985-86 by adopting a funding basis to provide a 7.5% claim stabilization reserve, which would initially require an additional appropriation of \$51.3 million from the General Fund and \$5.1 million from the Highway Fund, together with a 16.5% increase in premiums paid by employees for their dependents. However, the General Assembly, upon adopting various cost-containment and other benefit changes was able to reduce the required additional appropriations from the General Fund to \$34.0 million and from the Highway Fund to \$3.1 million for each fiscal year of the 1985-87 biennium, while at the same time reducing the premium increase paid by employees by almost a third to 12.0%. The benefit changes enacted by the 1985 Session include:

- (1) An increase in the annual deductible per person from \$100 to \$150, effective July 1, 1986. Between July 1, 1985 and June 30, 1986, participants will have a \$100 deductible regardless of having already met the calendar year \$100 deductible for 1985 between January 1 and June 30. The family deductible was also raised from \$300 to \$450 per year, effective July 1, 1986.
- (2) Begin a \$75 additional annual deductible per inpatient hospital confinement, effective July 1, 1985. Readmission to a hospital within 60 days after discharge for the same purpose would be considered a single confinement.
- (3) Elimination of the carryover of deductibles incurred in the last quarter of the year for credit in the subsequent year, effective July 1, 1985.
- (4) An increase in the annual co-payment rate after application of the deductible from 95% Plan - 5% participant (\$100 maximum) to 90% Plan - 10% participant (\$300 maximum), effective July 1, 1985, regardless of a member's having already met the maximum co-payment amount (\$100) for 1985 between January 1 and June 30.
- (5) A reduction in the co-payment rate from 80% Plan - 20% participant (\$1,000 maximum) to 50% Plan - 50% participant (\$1,000 maximum) whenever a required second surgical opinion is not obtained, effective July 1, 1985.
- (6) Nose, coronary by-pass, thyroid and knee surgery added to the required second surgical opinion program, effective July 1, 1985. Internists allowed to give second surgical opinions on coronary by-passes when qualified surgeons are not available.

- (7) The Plan's medical director allowed the option of waiving required second surgical opinions if qualified surgeons are not available within a specific locality to give the second opinion.
- (8) Outpatient surgery normally performed on an out-patient basis will become subject to deductible and co-payment effective July 1, 1985.
- (9) Elimination of 100% coverage (\$300 maximum) for accidents, effective July 1, 1985.
- (10) Begin pre-admission approvals for scheduled in-patient hospitalizations and post-admission approvals for unscheduled in-patient hospitalizations, effective January 1, 1986. Concurrent approvals on lengths of in-patient hospital stays were also included. Failure to get a required inpatient approval will result in the Plan only paying 50% of allowed charges, effective July 1, 1986.
- (11) Begin negotiations with preferred institutional and professional providers on contracted rates of charges, effective July 1, 1985.
- (12) Established Plan coverage of cleft palates, retroactive to January 1, 1983, when private coverage was required for cleft palates.
- (13) Included handicapped dependent children in the Plan if they were covered by the former Blue Cross/Blue Shield Plan regardless of whether or not coverage was in effect at the time of the handicap, retroactive to October 1, 1982.
- (14) Included newborn children in the Plan if the member has Individual coverage provided the member changes coverage to Individual and Child(ren) or Family within 30 days after the newborn's birth.
- (15) Provided surgical benefits for corneal, bone marrow, and kidney organ transplants only and excluded all other types of organ transplants. Excluded surgical benefits for organ transplants not specifically covered and for procedures determined by EDS-F to be experimental.
- (16) Provided a more specific definition of durable medical equipment expenses covered by the Plan, including the administrative decisions of the Executive Administrator, Trustees and EDS-F.
- (17) Excluded dental benefits for orthodontic charges in cases of diagnosed cross-bites. Also excluded charges for TMJ appliances that are not the result of an accident, effective October 1, 1985.

- (18) Limited chiropractic coverage to \$1,000 in total charges per fiscal year, effective October 1, 1985.
- (19) Surgery performed by a podiatrist required to have a second opinion by a medical doctor if charges are in excess of \$300, effective October 1, 1985.
- (20) Provided unlimited continuation of group benefits at fully-contributory group rates for disabled employees receiving Disability Salary Continuation Plan (DSC) benefits and their eligible dependents. A continuation of group benefits at fully-contributory group rates was also allowed for up to 12 months for employees on leave without pay due to illness or injury.
- (21) Extended continuation of group coverage from 6 to 12 months after termination of employment with employees paying all of group premium rate for the first 3 months and a rate equal to an average of 40% more than group rates for the remaining 9 months, effective July 1, 1985.
- (22) Excluded radial keratotomy from surgical benefits.
- (23) Limited daily benefits for the treatment of chemical dependency in non-medical detoxification facilities to \$100, effective October 1, 1985.
- (24) Allowed the Executive Administrator and Trustees, after consultation with the Legislative Committee on Employee Hospital and Medical Benefits, to offer multiple prepaid health plan options (HMOs) in lieu of the basic Plan benefits, provided the benefits of the prepaid options are comparable to the basic Plan benefits and further provided the State pays no more in the way of non-contributory premiums to the prepaid options than is paid for the basic Plan.
- (25) Established Plan coverage for cardiac exercise therapy and testing in hospitals for heart patients, effective October 1, 1985, to a maximum of \$650 per fiscal year after the application of deductibles and co-payments.
- (26) Provided that all deductibles, co-payments, and other benefit limits (such as for inpatient treatment of mental illness, outpatient psychiatric coverage, home health agency benefits, and chemical dependency coverage) are to be based upon a fiscal year, beginning July 1, 1985, rather than a calendar year. In cases where these deductibles, co-payments, and other benefit limits were met for 1985 between January 1 and June 30, they will have to be applied again from July 1, 1985 through June 30, 1986.

C - Changes in Plan Premiums: In translating the additional appropriations enacted by the 1985 General Assembly for the Plan during 1985-86, the premiums paid by employing agencies for their employees and retired employees are expected to increase by 33% over the amounts paid in 1984-85. Employers will still be paying 100% of the employee and retired employee individual premium cost.

For premiums paid by employees for their enrolled dependents, the increase is expected to be a little less than 16% beginning October 1, 1985, less than one-half of the increase levied on employers. Originally, the increase to employees for their dependents was scheduled to be about 12% for a full 12-month period, but due to the delay in the adjournment of the 1985 Session, the earliest practical date for implementing a rate increase for all employees is in October which results in 12 months of premium increases being converted into a 16% increase for only a 9-month period. However, to offset a part of the effects of the premium increase upon employees' net pay, the 1985 General Assembly authorized the Executive Administrator and Trustees to seek federal tax qualification of the Plan in order to tax-shelter employee premium payments to the Plan. The end result of this authorization is for employees to pay the premiums for their dependents with pre-tax dollars rather than with after-tax dollars so as to reduce the amount of a premium increase upon net take-home pay.

OTHER BENEFIT CHANGES

- A. Separation Allowances for State Law Enforcement Officers: In response to a 1983 U. S. Supreme Court ruling that State and local government employees are subject to the federal Age Discrimination in Employment Act (ADEA) which generally prohibits involuntary retirement of employees before age 70, the 1984 Session of the General Assembly directed its attention to law enforcement job classifications which would be the first area of State employment affected by the ruling since personnel policies for sworn law enforcement officers result in involuntary retirements at ages 62-65, due to the rigors and hazards of the law enforcement profession. Rather than having to restructure the State's retirement and personnel programs for law enforcement officers, the 1984 General Assembly upon recommendation of the Department of Crime Control and Public Safety, enacted a Separation Allowance, effective July 1, 1984, for State law enforcement officers as an incentive for officers to abide by agency retirement policies. Under the Separation Allowance, officers who are retired on an unreduced service retirement allowance are entitled to additional monthly compensation equal to 0.85% of their salary at retirement for each year of service, payable for life or until age 62. The 1985 Session modified its original authorization for the Allowance by: (1) providing a more precise definition of a law enforcement officer (possession of the power of arrest with primary duties of crime prevention and detection); (2) requiring at least 5 years of continuous service as a law enforcement officer immediately prior to retirement; (3) requiring that at least 75% of service at retirement be as a law enforcement officer; (4) terminating the allowance upon reemployment by the State; and (5) by exempting the allowance from any increases after the initial receipt.
- B. Benefits under Deferred Compensation Plan: Effective July 9, 1985, benefit payments from the State Deferred Compensation Plan, as administered by the Department of Administration, become nonforfeitable and exempt from any levy, sale, or garnishment except for the enforcement of child support and equitable distribution of marital property obligations; as well as being exempt from any form of State and local taxation. Under the Deferred Compensation Plan, public employees can voluntarily contribute up to the lesser of 25% of their income or \$7,500 annually towards a future post-retirement benefit and defer taxes on the contributions until receipt of the benefit. The change was made by the 1985 Session in order to make the Deferred Compensation Plan more compatible with the State Retirement Systems, in providing an alternative form of post-retirement income security.

C. Subsistence Allowances for State Employees and State Boards: Effective July 1, 1985, the 1985 General Assembly increased the subsistence reimbursement rates for State employees, in lieu of reimbursement of actual subsistence expenses, from \$42 to \$47 per day when traveling on official business in-state and from \$54 to \$59 per day when traveling on official business out-of-state. Members of State boards, commissions, committees and councils were also authorized an increase in subsistence reimbursement rates from \$42 to \$47 per day when overnight stays are required.

D. Expense and Subsistence Allowances for Legislators: Effective upon the convening of the 1987 Session of the General Assembly, the rates for daily subsistence for legislators will be increased from \$60 to \$65 for meals and lodging. The expense allowances for legislators will also be increased upon the convening of the 1987 General Assembly. The new allowances will be:

<u>Legislators</u>	<u>Monthly Expense</u>
House Speaker	\$ 847
Senate Pro Tempore	550
House Pro Tempore	307
Senate Majority Leader	307
House & Senate Minority Leaders	307
Other Legislators	230

The increase expense allowances reflect a 10% increase in rates over the ones authorized for the 1985 Session of the General Assembly. Such an increase was in keeping with established State policy that legislators should be compensated with percentage salary and expense increases equal to those authorized for employees of the State.

The Budget:

Appropriations, Increases, Decreases

GENERAL ASSEMBLY

Statutory Authority: General Statutes, Chapter 120

The General Assembly is the lawmaking body for the State of North Carolina. Its 170 members are elected for two-year terms in every odd year. The Speaker of the North Carolina House of Representatives and the President Pro Tempore of the North Carolina Senate jointly chair the fourteen-member Legislative Services Commission that oversees the operations of the General Assembly and its permanent staff.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$11,699,204	\$14,082,981

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

	<u>1985-86</u>	<u>1986-87</u>
Department-wide		
1. Reduce allowable inflation rates to reflect more recent rate estimates.	\$ (10,990)	\$ (22,941)
2. Reduce Session Length from 12 weeks to 11 weeks.	(189,665)	-0-
a. Senate		
Temporary Salaries and Benefits	(29,400)	
Travel and Per Diem	(24,928)	
b. House		
Temporary Salaries and Benefits	(48,020)	
Travel and Per Diem	(58,653)	

	<u>1985-86</u>	<u>1986-87</u>
c. Administrative	\$	\$
Temporary Salaries and Benefits	(14,699)	
Legislative Interns	(2,100)	
Printing and Binding	(1,575)	
d. Building Maintenance		
Temporary Salaries and Benefits	(2,940)	
Utilities	(4,410)	
e. Food Service		
Temporary Salaries and Benefits	(2,940)	
3. Eliminate funding for three positions vacant for more than six months.	(50,786) (3)	(50,807) (3)
a. Administrative Division		
Administrative Asst. (20,028)	(20,036)	
b. General Research		
Library Asst. (16,967)	(16,974)	
c. Building Maintenance		
Building Guide (13,791)	(13,797)	
 TOTAL BASE BUDGET REDUCTIONS	 \$(251,441)	 \$(73,748)
 TOTAL POSITION REDUCTION	 (3)	 (3)

1985-86

1986-87

EXPANSION BUDGET:

NONE

SPECIAL APPROPRIATIONS BILLS:

SB 182	Voter File Study funds for the Legislative Services Commission to contract for or to collect data for a study to determine the feasibility and cost of creating a centralized statewide voter registration file. (Section 53)	\$ 75,000	\$ -0-
	Southern Legislative Conference meeting on children's issues to be hosted by the General Assembly. (Section 58)	15,000	-0-
	Chowan Interstate Commission may be established by the President of the Senate and the Speaker of the House of the N. C. General Assembly in cooperation with the Virginia General Assembly to study the Chowan River, its tributaries, their uses, and the effects of these uses or other action. (Section 207)	25,000	-0-

1985-86

1986-87

HB 344

Simplified Business Licensing Study Commission authorized to study the current system of issuing business licenses and the advisability of creating a business license center to provide a convenient and accessible one-stop system for the business community to acquire and maintain the necessary State licenses to do business. (Part I)

\$ 15,000

\$ -0-

State Controller Study Commission created to study the fiscal and accounting functions of the State Accounting System including the current authority and responsibility of each central agency and the advantages and benefits of consolidating existing authority under one management. (Part II)

20,000

-0-

Enterprise Zone - Venture Capital Study Commission created to study establishment of system of enterprise zones in state, method of organization and financing, and other means to encourage expansion of existing industries and construction of new industries. (Part III)

25,000

-0-

1985-86

1986-87

HB 344

Housing Trust Fund Study Commission created to investigate the feasibility of establishing a North Carolina Housing Trust Fund; to document housing needs in the State for low and very low income families and sources of revenue to address those needs and to recommend viable uses of revenues that could be generated by a North Carolina Housing Trust Fund that would expand and preserve the supply of housing available and affordable to low and very low income families. (Part IV)

\$ 15,000

\$ 15,000

Indigent Health Care Study Commission created to study the issues of access to and financing of health care for North Carolinians who are unable to pay for their medical care. (Part V)

25,000

-0-

Insurance Laws Study Commission created to review and analyze the various systems or methods of property and liability insurance regulation in this State and in other states and the form, style, and intelligibility of the North Carolina General Statutes concerning property and liability insurance and the manners in which such statutes can be rewritten and recodified to improve them. (Part VI)

25,000

-0-

1985-86

1986-87

HB 344

Liability and Property Insurance Markets Study Commission is authorized to study the availability of professional and commercial liability and property insurance in this State, the underwriting and marketing practices of admitted and nonadmitted liability and property insurance and producers doing business in this State, and the optional methods of risk management or risk sharing that may be utilized by the citizens of this State and the effect of diminished underwriting capacity in professional and commercial liability and property insurance on the economy of this State. (Part VII)

\$ 17,000

\$ -0-

State Parks and Recreation areas Study Commission created to identify the location of the parks and recreation areas receiving and to receive funds from the \$25 million appropriated for State parks land purchase in 1985-87, to study legislation, reports and recommendations and issued pertinent to the State Parks and Recreation System. (Part X)

10,000

-0-

State Owned Property Study Committee established to study current system for planning space needs of the State and the allocation of state-owned property, the need for regional state office buildings, the need for more coordinated management of state-owned capital assets, and the current system of making capital budget decisions. (Part XIII)

20,000

-0-

GEN. ASM.-67

1985-86

1986-87

HB 344

Cafeteria-Style Benefits Study Commission that was established in 1984 is authorized to continue to study the feasibility of establishing a cafeteria-style benefits program for all teachers and State employees. Membership of the Commission is increased from 10 to 14 and the Speaker and President Pro Tem are each authorized to appoint two non-legislator members with expertise in employees' benefits or cafeteria-style benefit programs. (Part XIV)

\$ 25,000

\$ -0-

Public School Calendar Study Commission created to study current laws and policies regarding public school schedules, how to insure that schools are open 180 days each year throughout the State, whether these should be a uniform date for the opening of school, when teachers should be permitted to take vacation time, whether the cost of a substitute teacher should be funded in the same manner when personal leave is taken as when sick leave is taken, and whether teachers should be paid for leave time not taken during the school year. (Part XVI)

7,500

-0-

1985-86

1986-87

HB 344

State Government Complex
Study Commission established
to investigate and
recommend the best use
of the property located
in the block south
of the Governor's Mansion.
Items for consideration
by the Commission include
the feasibility for the
development of quality
housing, plans made by
the Capital Planning Com-
mission, housing for sale
on leased property, the
development of the sur-
rounding area and the
security of the Governor
and the Mansion, con-
struction of a State
government facility, under-
ground parking garage, air
rights and disposal of the
property. (Part XVII)

\$ 10,000

\$ -0-

Medical Malpractice and
Medical Liability Study
Commission created to study
all laws affecting medical
malpractice liability and
insurance; to identify the
dimensions of problems for
the providers and consumer
of medical malpractice
insurance including obtain-
ing professional liability
coverage at reasonable rates,
and alternatives and methods
for resolution of the
problems. (Part XVIII)

100,000

-0-

	<u>1985-86</u>	<u>1986-87</u>
HB 344 Commission on Agriculture, Forestry, and Seafood Awareness continued to study the present status of these entities, identify problems limiting their future growth and development, develop an awareness of the importance of science and technological development to the future of agriculture, forestry, and seafood industries and formulate plans for new State initiatives, support, and expansion of opportunities in these sectors. (Part XIX)	\$ 10,000	\$ -0-
HB 1218 State Judicial Center Commission created to study the current and future needs for office and court facilities and the desirability and practicality of providing a single facility for the exclusive use of the State-level components of the judicial branch of government. (Section 17)	10,000	-0-
TOTAL SPECIAL BILLS	\$449,500	\$15,000
TOTAL NEW POSITIONS	-0-	-0-
 TOTAL GENERAL FUND OPERATING BUDGET	 \$11,897,263	 \$14,024,233
 NET NEW POSITIONS	 (-3)	 (-3)

SPECIAL PROVISIONS INCLUDED
IN APPROPRIATIONS BILLS:

SENATE BILL 182:

Section 142	Joint Legislative Commission on Governmental Operations membership is expanded from 14 to 22 members with the appointment of four additional members each by the Speaker of the House and the President Pro Tempore of the Senate.	\$ -0-	\$ -0-
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Section 182	North Carolina Student Legislature to be provided \$10,000 by the Legislative Services Commission from funds available to the General Assembly.	-0-	-0-
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Section 205	1990 Census Preparation - Provide for the coordination of election precinct boundaries with those of census blocks used by the U. S. Census and statistical information for redistricting purposes in 1991 and thereafter. Sets out the procedures and time schedules for implementation of the Article by the Legislative Services Commission and the State and County Boards of Elections and provides for the cooperation and assistance of State and local agencies. Authorizes the General Assembly to use funds already appropriated to it to implement the Article and to reimburse State agencies for their assistance.	-0-	-0-
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OFFICE OF THE GOVERNOR

Statutory Authority: Article III Sec. 5 N. C. Constitution

The head of this office and the Chief Executive of the State of North Carolina is the Governor who is elected for a four-year term and who as Chief Executive of the State, serves as chairman of the Council of State.

The Governor's Office consists of four major areas: the Governor's Office Administration, which includes staff to assist in handling legal matters (such as executive clemency, executive orders, and extradition), to serve as top-level advisors, and to assist administratively by handling the high volume of public telephone calls and mail; the Office of Citizen Affairs to increase citizen involvement in government through volunteerism and to provide a focal point for citizen contact with the Governor and state government; the Office of State Budget and Management to assist the Governor in preparing and executing the state budget and to administer the Need Based Student Loan Program and the Housing Finance Agency; and the Executive Residences which provide staff and facilities for the residences of the first family.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$ 7,630,790	\$ 7,783,266

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

Department-Wide:

1. Abolish 2 positions which are not yet identified although there are vacancies. \$(74,290)
(2) \$(74,320)
(2)
2. Dues to National Associations. Delete funding for membership dues for the Southern Center for International Studies. (25,000) (25,000)

N.C. Housing Commission:

3. Substitute General Fund support with non-tax revenues in the Housing Finance Agency. (100,000) (100,000)

	<u>1985-86</u>	<u>1986-87</u>
4. Reduce allowable inflation rates built into the base budget to reflect more recent rate estimates.	\$ (7,686)	\$ (2,411)
TOTAL BASE BUDGET REDUCTIONS	\$(206,976)	\$(201,731)
TOTAL POSITION REDUCTION	(2)	(2)

SPECIAL APPROPRIATIONS BILLS:

House Bill 922

Section 452 Provides funds to be placed in a reserve for the Southern Governor's Conference to be held in Raleigh.

	\$ 100,000	\$ -
TOTAL SPECIAL BILLS	\$ 100,000	\$ -
TOTAL GENERAL FUND OPERATING BUDGET	\$ 7,523,814	\$ 7,581,535
TOTAL REDUCTION IN POSITIONS	(2)	(2)

CAPITAL IMPROVEMENTS:

Office of State Budget and Management

1. Reserve for repairs and renovations.	\$34,000,000	\$34,000,000
2. Reserve for Clean Water Program.		
a - NRCD - Environmental Management	39,000,000	39,000,000
b - DHR - Health Services	<u>21,000,000</u>	<u>21,000,000</u>
TOTAL CAPITAL IMPROVEMENTS	\$94,000,000	\$94,000,000

	<u>1985-86</u>	<u>1986-87</u>
Of the funds appropriated to the Repairs and Renovations Reserve, specific allocations shall be made as follows:		
<u>Administration:</u>		
Life Safety Code Improvements	\$ 100,000	\$ 100,000
Renovate Ground Floor - Admin. Bldg.	257,500	-0-
Renovations - Agriculture Bldg.	95,700	-0-
Raze Three Bldgs. - State Govt. Center	63,800	-0-
Renovations - James K. Polk Bldg.	175,000	-0-
<u>Human Resources</u>		
Renovations to Dorothea Dix Hospital	700,000	750,000
Renovate Moore Wing and Bldg. 3 and provide parking at the Black Mountain Center.	75,000	-0-
<u>Corrections</u>		
Renovate Bldg. 3 at the Black Mountain Center for a Women's Prison.	<u>50,000</u>	<u>-0-</u>
Total (Senate Bill 2, Sec. 5.1)	<u>\$ 1,517,000</u>	<u>\$ 850,000</u>
Renovate Olivia Rainey Library Bldg.	\$ 1,800,000	\$ -0-
Renovation and roof repairs - Sports Arena at Butner	80,000	-0-
Renovate Chinqua-Penn Plantation	<u>500,000</u>	<u>-0-</u>
Total (SB 182, Sec. 171)	<u>\$ 2,380,000</u>	<u>\$ -0-</u>

SPECIAL PROVISIONS INCLUDED IN
APPROPRIATIONS BILLS

Senate Bill 1:

Section 149 Specifies that expenses of the N.C. Housing Commission be paid from nontax revenues in the N.C. Housing Finance Agency.

- Section 150 Requires that executive orders of the Governor which have the force of law be printed as an appendix to the Session Laws.
- Section 151 Requires that the above executive orders be transmitted to the Legislative Services Officer on the day of issuance.
- Section 152 Requires that a copy of each executive order be sent to the President of the Senate, to the Speaker of the House of Representatives, and to the Principal Clerks of both the House and the Senate.
- Section 153 Repeals statutes relating to Incentive Pay Program for State Employees.
- Section 154 Requires that certification of the budgets for the Museum of Natural History in Raleigh and the North Carolina Maritime Museum in Beaufort be in separate funds.
- Section 155 Defines and restricts non-State matching funds. "Whenever money is required to match an appropriation made for a specific purpose by the State of North Carolina, the recipient of the appropriation shall actually receive as a gift, grant, earnings in actual money, or a pledge that can be used as collateral in any prudent loan transaction, the matching amount required. The recipient shall retain the matching amount received in its possession until spent for that purpose and shall spend an equal percentage of the appropriation and the matching amount each time an expenditure is made, unless the individual appropriation requires otherwise."

Section 156 Provides that allotments from appropriations in General Fund Codes and Highway Fund Codes are to be reduced to the extent any institution, department, or agency collects receipts, other than gifts and grants that are unanticipated and are for a specific purpose only, in excess of those certified unless the appropriations are necessary to maintain the function that generated the receipts at the level anticipated in the certified Budget Codes.

Section 157 Requires the Office of State Budget and Management to report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division within 30 days after the end of each quarter on expenditures of receipts in excess of the amounts certified in General Fund Codes and Highway Fund Codes that did not result in a corresponding reduced allotment from appropriations.

Section 158 Provides for reversion of unencumbered balances with exceptions. "All unencumbered balances of maintenance appropriations shall revert to the State treasury to the credit of the general fund or special funds from which the appropriation and/or appropriations, were made and/or expended, at the end of each fiscal year; except that capital expenditures for the purchase of land, the erection of buildings, new construction or renovations in progress shall continue in force until the attainment of the object or the completion of the work for which the appropriations are made; except that maintenance appropriations to the General Assembly shall remain available until expended, unless otherwise provided by the Legislative Services Commission.

As used in this section, "unencumbered" means not obligated in the form of purchase orders, contracts, renovations in progress or salary commitments."

Section 159

Prohibits transfers between items in the budget. "No transfers may be made between line items in the budget of any department, institution, or other spending agency; however, with the approval of the Director of the Budget, a department, institution, or other spending agency may spend more than was appropriated for a line item if the overexpenditure is:

- (1) In a program for which funds were appropriated for that fiscal period and the total amount spent for the program is no more than was appropriated for the program for the fiscal period;
- (2) Required to continue a program because of unforeseen events, so long as the scope of the program is not increased;
- (3) Required by a court, Industrial Commission, or administrative hearing officer's order or award or to match unanticipated federal funds;
- (4) Required to respond to an unanticipated disaster such as a fire, hurricane, or tornado; or
- (5) Required to call out the National Guard.

The Director of the Budget shall report on a quarterly basis to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office the reason if the amount expended for a program is more than the amount appropriated for it from all sources.

Funds appropriated for salaries and wages may only be used for salaries and wages or for premium pay, overtime pay, longevity, unemployment compensation, workers' compensation, temporary wages, contracted personal services, moving expenses, payment of accumulated annual leave, certain awards to employees, tort claims, and employer's social security, retirement, and hospitalization payments: provided, however, funds appropriated for salaries and wages may also be used for purposes for which over expenditures are permitted by subdivisions (3), (4), and (5) of this subsection but the Director of the Budget shall include such use and

the reason for it in his quarterly report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office. Salary funds that become available from vacant positions may not be used for new employee positions or to raise the salary of existing employees.

As used in this subsection, "program" means a group of expenditure and receipt line items for support of a specific budgeted activity outlined in the certified budget for each department, agency, or institution, as designated by the four-digit fund (purpose) number in the Budget Preparation System."

(Additional language was added by Senate Bill 182, Sec. 183 to provide for transfers in the budget of the General Assembly.)

OFFICE OF THE LT. GOVERNOR

Statutory Authority: North Carolina Constitution, Articles 11 and 111; General Statutes Chapters 143A and 147.

Under the provisions of the Constitution the Lieutenant Governor is an elected officer of the state. He is President of the Senate and presides over that body, but has no vote unless the Senate is equally divided. The authority and duties of the Lieutenant Governor in his capacity as President of the Senate are prescribed by the Senate Rules.

In accordance with the General Statutes, the Lieutenant Governor serves on the Council of State, the Commission on Interstate Cooperation, the Commission on Indian Affairs, the North Carolina Planning Commission, the North Carolina Land Policy Council, the State Board of Education, and the Economic Development Board.

The salary for the Lieutenant Governor is set in the Budget Appropriations Act and his annual expense allowance in the General Statutes.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$ 388,432	\$ 389,293

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Reduce Salary Reserves and related benefits by 50%.	\$ (387)	\$ (387)
TOTAL BASE BUDGET REDUCTIONS	\$ (387)	\$ (387)
TOTAL POSITION REDUCTION	0	0

	<u>1985-86</u>	<u>1986-87</u>
<u>EXPANSION BUDGET:</u>		
CONTRACTED SERVICES:		
1. Funds for Other Contracted Services which are necessary to provide adequate level of support during Legislative Sessions.	\$ 15,000	\$ 40,000
OPERATING FUNDS:		
2. Additional funds to provide for supplies and materials, travel, communications, and service and maintenance contracts at the current level.	17,359	19,359
OFFICE FURNITURE AND EQUIPMENT:		
3. To provide additional funds for office furniture and equipment.	7,569	7,569
TRANSPORTATION FUNDS:		
4. To provide funds for transportation which were previously provided by other sources.	18,000	18,000
TOTAL EXPANSION BUDGET	\$ 57,928	\$ 84,928
TOTAL NEW POSITIONS	0	0

SPECIAL APPROPRIATIONS BILLS:

Senate Bill 182

North Carolina Commission on Jobs and Economic Growth created as an advisory commission to work with private and public institutions and individuals to identify the major economic challenges facing this State and to develop practical proposals for

	<u>1985-86</u>	<u>1986-87</u>
meeting those challenges to be submitted to the executive and legislative branches of State government. (Sec. 52)	\$125,000	\$125,000
TOTAL SPECIAL BILLS	\$125,000	\$125,000
TOTAL NEW POSITIONS	0	0
TOTAL GENERAL FUND OPERATING BUDGET	\$570,973	\$598,834
NET NEW POSITIONS	0	0

SECRETARY OF STATE

Statutory Authority: G.S. Chapter 147

The Secretary of State is elected to a four-year term. He is a member of the Council of State and the Local Government Commission.

The duties of this office are delineated in the North Carolina Constitution and the General Statutes. These responsibilities fall into the broad categories of maintaining public records and state documents, including publication of the North Carolina Manual; services to commerce and industry (corporate filings, securities registration, and administration of commercial law); and appointing notaries public.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$1,503,802	\$1,462,263

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

Department-wide:

1. Reduce allowable inflation rates built into the base budget to reflect more recent rate estimates.	\$ (2,192)	\$ (1,969)
TOTAL BASE BUDGET REDUCTIONS	\$ (2,192)	\$ (1,969)

EXPANSION BUDGET:

General Administration:

1. To provide additional personnel to assist with DAS, purchasing, disbursing, personnel, and administration.	\$ 38,958 (2)	\$ 37,450 (2)
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	<u>1985-86</u>	<u>1986-87</u>
Corporations Filing:		
2. To provide for an Administrative Officer to supervise document processing and information services, a Data Control Clerk IV position to enter and proof daily work, and two clerk-typist positions for inquiry/information services.	\$ 81,927 (4)	\$ 73,507 (4)
Uniform Commercial Code Filing:		
3. To provide funds to convert manual Uniform Commercial Code files to computer files.	20,300	-0-
Notary Public Commissions:		
4. To provide funds to computerize the Notary Public Division records.	37,234	15,664
5. To provide funds for a Clerk-Typist IV position to handle the increased workload resulting from the institution of the Notary education program and to handle some of the routine problems now handled by the Director.	18,708 <u>(1)</u>	16,306 <u>(1)</u>
TOTAL EXPANSION BUDGET	\$197,127	\$142,927
TOTAL NEW POSITIONS	(7)	(7)
TOTAL GENERAL FUND OPERATING BUDGET	\$1,698,737	\$1,603,221
NET NEW POSITIONS	(7)	(7)

DEPARTMENT OF STATE AUDITOR

Statutory Authority: North Carolina Constitution, Article III, Section 7 and G.S. Chapter 147, Article 5A.

The Auditor is an elected officer of the State under the provisions of the Constitution and serves as a member of the Council of State. The duties and responsibilities of the Auditor are established by statute and he is granted independence in the performance of those duties.

The major responsibility is to perform or coordinate all financial and compliance audits of the records and operations for State government to assure the proper expenditure and accountability of public funds. The Auditor is responsible for evaluating and monitoring the bookkeeping and accounting systems in use by State agencies to assure that they are adequate and designed to accumulate the information required for preparation of budget and financial reports. He prescribes, approves and supervises the acquisition and installation of all accounting systems equipment by the agencies.

The Auditor, by statute, is Chairman of the Board of Trustees of the North Carolina Firemen's and Rescue Squad Workers' Pension Fund and his office provides the general administration of those funds.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$9,162,244	\$9,168,155

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

DEPARTMENT-WIDE:

- | | | |
|--|----------|----------|
| 1. Reduce Salary Reserves and related benefits by 50%. | \$ (347) | \$ (347) |
|--|----------|----------|

FIELD AUDIT DIVISION:

- | | | |
|--|----------|----------|
| 2. Reduce funds for contracted audits. | (11,290) | (11,290) |
|--|----------|----------|

1985-86

1986-87

GENERAL FUND CONTRIBUTION TO FIREMEN'S
AND RESCUE SQUAD PENSION FUND:

- 3. Reduce the Contribution for the Fireman's and Rescue Squad Pension Funds in accordance with the changes adopted in the actuarial assumptions by the Fund's Trustees and the Department of State Auditor. (Refer to Changes in Actuarial Assumptions.)

Fireman's Pension Fund G.F. Contribution.	\$(870,311)	\$(870,311)
Rescue Squad Pension Fund G.F. Contribution.	51,000	51,000

Changes in Actuarial Assumptions

An increase in the interest assumption rate from 6.0% to 7.5% compounded annually;

A decrease in mortality assumptions reflecting longer life expectancies; and

A decrease in the period required to liquidate the Fund's unfunded accrued liabilities from 24 to 21 years.

TOTAL BASE BUDGET REDUCTIONS	\$(830,948)	\$(830,948)
TOTAL POSITION REDUCTION	0	0

EXPANSION BUDGET:

GENERAL SERVICES:

- 1. To provide additional funds for continuing education in order to provide training for auditors and systems

	<u>1985-86</u>	<u>1986-87</u>
accountants in specific areas and update on the latest pronouncements of the profession.	\$ 31,000	\$ 27,350
FIELD AUDIT DIVISION:		
2. Funds to purchase 4 micro-computers each year to continue the implementation of their use in the Field Audit Division to improve efficiency and productivity.	24,000	24,000
3. Funds to provide 4 additional Auditor positions and supporting costs to accomplish the Federal Circular A-110 audit requirements at the Universities and Community Colleges.	131,066 (4)	126,916 (4)
ACCOUNTING SYSTEMS:		
4. To fund four additional positions and supporting costs to develop and evaluate accounting systems for State agencies and approve acquisition on rentals of accounting equipment.	151,985 (4)	148,044 (4)
5. To provide additional funds for increased travel by the accounting staff for implementation of additional accounting systems and the maintenance, monitoring, and expansion of existing systems.	11,075	11,075
6. To provide funds for five additional computer terminals so that one terminal will be available for every two systems accountants to enable them to better respond to agency's questions and resolve related accounting problems.	6,000	1,500

	<u>1985-86</u>	<u>1986-87</u>
7. To provide funds to replace the Video Equipment now being used for educational training and which is expected to receive greater usage with an expanded educational course agenda.	\$ -0-	\$ 1,000

PENSION FUND DIVISION:

8. To provide additional travel funds for Counselor to visit fire and rescue units to discuss and explain pension fund program.	6,000	6,000
9. To provide funds for an automatic envelope inserter machine (\$3,066) and a folder attachment (\$2,000), plus maintenance of \$214 for mailing out pension checks and correspondence to all fire departments and reserve squads.	5,280	-0-
TOTAL EXPANSION BUDGET	\$366,406	\$345,885
TOTAL NEW POSITIONS	(8)	(8)

TOTAL GENERAL FUND OPERATING BUDGET	\$8,697,702	\$8,683,092
NET NEW POSITIONS	(8)	(8)

DEPARTMENT OF STATE TREASURER

Statutory Authority: GS Chapter 143A

The State Treasurer is elected to a four-year term. As an elected official, the Treasurer is a member of the Council of State.

The Treasurer is responsible for investing all idle state funds. The Treasurer also manages debt incurred through bond issues, receives and disburses all state funds, manages the trust funds responsible for providing state and local employees their retirement benefits and pensions, and helps local governments improve their accounting systems and supervises their issuance of bonds.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$3,151,232	\$3,155,298

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

Department-Wide:

- | | | |
|---|----------|----------|
| 1. Eliminate 50% of Salary Reserve and related fringe benefits. | \$ (673) | \$ (673) |
| 2. Reduce allowable inflation rates built into the base budget to reflect more recent rate estimates. | (4,634) | (3,042) |

Local Government Operations:

- | | | |
|--|------------------------|------------------------|
| 3. Abolish Clerk-Typist position vacant over a year. | (13,789)
<u>(1)</u> | (13,794)
<u>(1)</u> |
| TOTAL BASE BUDGET REDUCTIONS | \$ (19,096) | \$ (17,509) |
| TOTAL POSITION REDUCTION | (1) | (1) |

<u>EXPANSION BUDGET:</u>	<u>1985-86</u>	<u>1986-87</u>
General Administration:		
1. To provide additional work space by rearranging a portion of the first floor and to provide for replacement of 14 year old carpet.	\$ 28,000	\$ -0-
2. Reduce appropriations by an Increase in estimated receipts.	(12,000)	(-0-)
Escheat Fund Administration:		
3. To increase audit staff to improve holder compliance with law and thereby increase annual amount escheated.	59,424 (2)	56,446 (2)
4. Increase estimated receipts to support increased budget requirements.	(59,424)	(56,446)
Word Processing:		
5. To provide adequate staff to handle increased utilization of the Word Proessing Center.	18,393 (1)	17,599 (1)
6. Increase estimated receipts.	(18,393)	(17,599)
Investment Management:		
7. To provide data processing terminals and printers for data proessing applications currently in development.	9,000	10,000

	<u>1985-86</u>	<u>1986-87</u>
8. To provide adequate fees for equity investment advisory services recognizing the expected increases in the size of the equity portfolio through reinvestment and new money invested and to provide for minimum level of inflation in current fees (2.5% per year).	\$ 80,000	\$ 160,000
9. To provide additional portfolio manager and other costs to maintain operating span of portfolio managers at an average of less than \$2.5 billion per manager	42,046 (1)	38,875 (1)

Local Government Operations:

10. To provide funds for an Accountant II position to handle increased level of service to the cities, towns and counties.	32,352 (1)	30,640 (1)
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Retirement Operations:

11. To provide data processing terminals and printers for data processing applications currently in development and to replace worn out equipment.	18,000	20,000
12. To provide operating expenses for applications currently being developed.	75,000	75,000
13. To provide a benefits counselor to work with persons currently retired on disability and applicants for disability retirement.	23,887 (1)	22,396 (1)

	<u>1985-86</u>	<u>1986-87</u>
14. To provide an additional benefits counsellor to work with members having questions about any of the retirement systems.	\$ -0-	\$ 23,896 (1)
15. To provide adequate equipment to meet continuing needs of the Division.	20,000	20,000
16. To replace present 12 year old reader-sorter with upgraded model which will permit saving outside costs of presorting mail and to use for other departmental applications.	50,000	-0-
17. Increase estimated receipts.	(186,887)	(161,292)
Health Benefits:		
18. To provide for administration and communications in coverage of retirees under the State's Comprehensive Major Medical Health Plan.	45,328 (2)	37,493 (2)
19. Increase estimated receipts.	<u>(45,328)</u>	<u>(37,493)</u>
TOTAL EXPANSION BUDGET	\$179,398	\$239,515
TOTAL NEW POSITIONS	(8)	(9)
TOTAL GENERAL FUND OPERATING BUDGET	\$3,311,534	\$3,377,304
NET NEW POSITIONS	(7)	(8)

DEPARTMENT OF INSURANCE

Statutory Authority: G.S. Chapter 58

The Department of Insurance is authorized to regulate insurance rates, to license companies and agents, and to check on their operations in the public interest. It also helps the insurance industry by weeding out dishonest operators, and by investigating cases of fraud by policy holders or embezzlement and fraud by company agents. The department serves as the fire and casualty insurance company for state government, enforces the state's building codes, helps set up community fire departments and rescue squads, and helps train emergency workers.

The Department is under the administration of the Insurance Commissioner who is elected to serve a four-year term. As an elected State Official, the Commissioner is a member of the Council of State.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$5,330,616	\$5,340,797

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

General Administration:

1. Abolish position of Volunteer Services Program Consultant due to more pressing needs in other areas. \$ (30,548)
(1) \$ (30,560)
(1)
2. Substantially reduce contracted actuarial services as a full-time actuary is needed and is requested in the Expansion Budget. (70,000) (70,000)

1985-86

1986-87

Legal Services:

3. Delete Contracted Legal Services as all legal services can be performed by the in-house staff of 7 attorneys.

\$ (30,000)

\$ (30,000)

TOTAL BASE BUDGET REDUCTIONS

\$(130,548)

\$(130,560)

TOTAL POSITION REDUCTION

(1)

(1)

EXPANSION BUDGET:

Department-Wide:

1. To provide for a concentrated, one time, effort to make up for what is widely felt was a significant underfunding of this Department over the past few years. Funds are included to cover several new program areas (e.g., monitoring workers' comp funds, a risk management unit) and an expansion of existing programs (Fire and Rescue Services, Building Code Enforcement) which have been called for by several legislative study commissions. The largest portion of the increase is designated to upgrade the Department's oversight of insurance company operations and financial solvency. Some 700 insurance companies

	<u>1985-86</u>	<u>1986-87</u>
nationally are listed as possibly impaired. This, coupled with a predicted record shortfall in market capacity, will make crucial the effective oversight of this industry.	\$1,800,000 <u>(63)</u>	\$2,873,436 <u>(68)</u>
TOTAL EXPANSION BUDGET	\$1,800,000	\$2,873,436
TOTAL NEW POSITIONS	(63)	(68)

SPECIAL APPROPRIATIONS BILLS:

Senate Bill 182:

Provides funds for additional personnel to handle workers' compensation insurance matters. (Sec. 54)	\$ 35,000 (1)	\$ 35,000 (1)
Transfers the State Fire Commission from the Department of Crime control and Public Safety to the Department of Insurance. (Sec. 167)	49,318 (1)	49,333 (1)
Provides funds for the State Fire Commission to implement the fire reporting system and the voluntary fire service certification plan. (Sec. 167)	150,000	-0-

	<u>1985-86</u>	<u>1986-87</u>
Provides funds to implement the statutory requirements of the North Carolina Medical Database Commission established by this section. (Sec. 208)	\$ <u>100,000</u>	\$ <u>135,000</u>
TOTAL SPECIAL BILLS	\$334,318	\$219,333
TOTAL NEW POSITIONS	(2)	(2)
TOTAL GENERAL FUND OPERATING BUDGET	\$7,334,386	\$8,303,006
NET NEW POSITIONS	(64)	(69)

SPECIAL PROVISIONS INCLUDED IN
APPROPRIATIONS BILLS

Senate Bill 182

Section 167 Transfers the State Fire Commission from the Department of Crime Control and Public Safety to the Department of Insurance and changes the composition of the Commission membership and its responsibilities.

Section 170 Prohibits any county or municipality from imposing requirements that exceed the North Carolina State Building Code regarding the design or construction of buildings constructed by the State of North Carolina.

DEPARTMENT OF ADMINISTRATION

Statutory Authority: General Statutes, Chapter 143-B

The Department of Administration is set up to assist in the management of State government. It has become more and more a central source of services that all agencies need, such as the Motor Fleet Management Division and the cost sharing Computer Center. Services to other agencies also include courier mail, purchasing and contracting for goods and services, and telephone and utilities coordination.

The Department of Administration also has its public services side. It coordinates state and local programs and research designed to concentrate on certain contemporary community problems. The department also houses advocacy programs to promote the development and growth of various ethnic and minority groups as well as programs for persons with disabilities.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$37,627,980	\$37,954,465

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

Executive and Organizational Development:

1. Abolish the positions of Director and Administrative Assistant and use an available position in the Productivity/Quality of Work Life Improvement to coordinate this program.
\$(83,835) \$(84,068)
 (2) (2)
2. Delete funding for a special Government Executive Institute Session for the Spring of 1986.
 (61,250) -

	<u>1985-86</u>	<u>1986-87</u>
3. Delete funds for Spring training sessions for only 5 participants each at Duke University (not previously funded).	\$ (3,750)	\$ (3,750)
Administrative Analysis:		
4. Abolish Executive Legal Assistant position budgeted here but not assigned to this area which duplicates functions budgeted elsewhere.	(37,693) (1)	(37,709) (1)
Office of Policy & Planning:		
5. Delete travel and subsistence funds for the Governor's Advisory Commission on Agriculture, Forestry and Seafood created 3/29/77 by Executive Order #5.	(14,396)	(14,396)
6. Reduce support to ARC Office in Washington based upon revised estimate of North Carolina's share of the cost.	(15,000)	(15,000)
Office of State Personnel:		
7. Net decrease realized through abolishing 4 positions and creating 1 new position.	(53,662) (3)	(53,684) (3)
Board of State Contract Appeals:		
8. Eliminate funding contingent upon ratification of HB 52 since contested cases would then be heard by the new Office of Administrative Hearings.	(87,028) (1)	(87,046) (1)
Distribution of State Surplus Property:		
9. Substitute a portion of the General Fund support with transfers from the State's Equipment Reserve Fund.	(100,000)	(100,000)

	<u>1985-86</u>	<u>1986-87</u>
Marine Studies and Coastal Affairs:		
10. Reduce budgeted salary for vacant Marine Affairs Director position to \$40,788 as the previous Director was at a higher pay step and retired 12/31/84.	\$ (9,541)	\$ (9,735)
11. Eliminate funding for travel and subsistence for the N.C. Marine Resources Center Administration Board which would be abolished by HB 476.	(2,673)	(2,673)
Youth Involvement Office:		
12. Transfer funds from Intern Program to fund interns in the Attorney General's Office.	(20,000)	(20,000)
Educational Benefits-Children of Veterans:		
13. Reduce funding to level of Department's estimate of needs.	(200,000)	(200,000)
Jobs for Veterans Committee:		
14. Reduce travel and subsistence funds and limit number of members to be appointed to the Committee.	(6,500)	(6,500)
Public Officers & Employees Liability Insurance Commission:		
15. Reduce travel and subsistence to keep more in line with the level of expenditures.	(5,000)	(5,000)
N.C. Alcoholism Research:		
16. Reduce funding for grant awards to \$150,000.	(63,875)	(63,875)

Department-Wide:	<u>1985-86</u>	<u>1986-87</u>
17. Reduce allowable inflation rates built into the base budget to reflect more recent rate estimates.	\$ (63,649)	\$ <u>121,881</u>
TOTAL BASE BUDGET REDUCTIONS	\$(827,852)	\$ (581,555)
TOTAL POSITION REDUCTION	(7)	(7)

EXPANSION BUDGET:

Office Automation:

1. To provide funding to continue the Office Automation Project for the Department of Administration, State Budget, and State Personnel that began with special funding in FY 1983-84.	\$184,000	\$182,000
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State Information Processing Division:

2. To provide for additional technical positions and support in order to provide critically needed planning, consultation, and training for users in choosing and using the various data processing options available in not only the traditional data processing areas, but also in the new emerging technologies.	95,736 (3)	99,794 (3)
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Open/Net:

3. To continue for the Agency for Public Telecommunications the Open Public Events Network to increase citizen information about State government by bringing meetings and hearings directly to them in their homes.	100,000	100,000
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	<u>1985-86</u>	<u>1986-87</u>
Office of State Personnel:		
4. To provide two positions for the Position Management Section to reduce the response time on position action requests and reduce the back-log of studies currently requested in problem areas.	\$ 63,865 (2)	\$ 62,358 (2)
Office of State Construction:		
5. To provide three positions and equipment to meet the demands for professional services required to administer the State's capital improvement program.	202,721 (3)	129,884 (3)
Veterans Affairs:		
6. To provide a reserve for non-personnel contingencies for the Veterans Affairs Programs.	41,200	36,700
Students Against Driving Drunk:		
7. To provide one position to continue the SADD Program with state funds.	33,222 (1)	33,230 (1)
DOA Personnel Office:		
8. To provide adequate funding so that the office can efficiently meet the needs of the agencies it serves.	5,000	5,000
Purchasing and Contracts Division:		
9. To establish a minority purchasing assistance position to increase the percentage of minority, women, and handicapped vendors participating as vendors to State Government.	34,318 (1)	35,935 (1)

	<u>1985-86</u>	<u>1986-87</u>
TOTAL EXPANSION BUDGET	\$760,062	\$684,901
TOTAL NEW POSITIONS	(10)	(10)

SPECIAL APPROPRIATIONS BILLS:

SB 182	Provide funds to the Commission of Indian Affairs for a reserve to be made available to a nonprofit corporation formed to manage the Indian Cultural Center in Robeson County to develop the Center.	\$100,000	\$ -
	Provide funds to the Division of Motor Fleet Management for the purpose of upgrading the State motor fleet. (Sec. 57)	3,500,000	1,600,000
	Provide funds to increase the payments to counties from \$1,000 to \$2,000 on a matching basis for the maintenance and operation of a county veterans service program. (Sec. 61.)	100,000	100,000
	Provide funds to hire a private consultant to prepare an updated master plan for the State Government Center.	100,000	-
	Provide funds for the expenses of the Capital Planning Commission.	10,000	10,000

	<u>1985-86</u>	<u>1986-87</u>
SB 182		
Provide funds to the State Building Division to add 2 technical positions and 1 clerical position and the necessary equipment. (Sec. 62)	\$122,342 (3)	\$114,177 (3)
Provide funds to the Office of State Construction to add 2 engineer positions and for computerization of the office. (Sec. 68)	225,000 (2)	225,000 (2)
Provides for the reorganization of day care and transfers the Child Day Care Licensing Commission to the Department of Human Resources and renamed it the Child Day Care Commission. (Sec. 155)	(952,236) (-33)	(953,734) (-33)
Provides for the transfer of the North Carolina Board of Science and Technology from the Department of Commerce to the Department of Administration.	664,726	664,719
SB 489		
Provide funds for 1985-86 only for grants for domestic violence programs. (Sec. 49)	200,000	-
Allocates a portion of the funds appropriated in Senate Bill 182, Sec. 69, to the Office of State Budget and Management for the Implementation of the Administrative Procedure Revision in order to fund the Board of Contract Appeals.	87,028 (1)	87,046 (1)

	<u>1985-86</u>	<u>1986-87</u>
HB 344 Provide funds for the Juvenile Law Study Commission to enable the Commission to carry out its legislative mandate as defined in G.S. 7A-740. (Sec. 9)	\$ <u>10,000</u>	\$ <u>10,000</u>
TOTAL SPECIAL BILLS	\$ 4,166,860	\$ 1,857,208
NET REDUCTION IN POSITIONS	(-27)	(-27)
TOTAL GENERAL FUND OPERATING BUDGET	\$41,727,050	\$39,915,019
NET NEW POSITIONS	(-24)	(-24)

CAPITAL IMPROVEMENTS:

1. Renovate Education Building	\$5,214,500	\$ -0-
2. Renovate Old Health Building	1,203,200	-0-
CAPITAL IMPROVEMENTS	\$6,417,700	\$ -0-

SPECIAL APPROPRIATIONS BILLS:

SB 182 Provide funds for the construction of the Museum of History Building on the site of the visitor center parking lot adjacent to the Bicentennial Plaza and states the building may house the Capital Area Visitor's Center and a cafeteria. Sec. 14)	\$9,100,000	\$ -0-
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	<u>1985-86</u>	<u>1986-87</u>
SB 182 Provides funds to complete the land acquisitions within the State Government Center and to acquire the Olivia Rainey Library and land adjacent to the Revenue Building. (Sec. 50)	\$5,000,000	\$ -0-
Provide funds to Jackson County to construct State district offices to serve the seven counties west of Haywood County. (Sec 55)	200,000	-0-
Provide funds for the purchase of land determined to be critical areas of the Park and Recreation System as identified and prioritized by the Department of Natural Resources and Community Development, Division of Parks and Recreation. (Sec. 126)	11,185,000	12,500,000
Provide funds to purchase the remaining lands in Durham County designated by the Department of Natural Resources and Community Development, Division of Parks and Recreation for that portion of the Eno River State Park lying in Durham County. (Sec. 126)	250,000	-0-
SB 489 Provide funds to purchase land for the site at Bentonville Battleground State Historic Site for the Department of Natural Resources and Community Development. (Sec, 25)	50,000	-0-

	<u>1985-86</u>	<u>1986-87</u>
SB 489 Provide funds to purchase land bordering the Roanoke River for the Wildlife Resources Commission. (Sec 34.1)	\$ 1,450,000	\$ -0-
TOTAL SPECIAL BILLS	\$27,235,000	\$12,500,000
TOTAL CAPITAL IMPROVEMENTS	\$33,652,700	\$12,500,000

SPECIAL PROVISIONS INCLUDED IN
APPROPRIATIONS BILLS

Senate Bill 1:

Section 162 Requires that studies conducted by the Office of Administrative Analysis and studies conducted by the Office of State Budget and Management be fully coordinated and not duplicative.

Section 163 Requires the Department of Administration and the Governor's Office to take the necessary steps to ensure that personnel working in an organizational entity are budgeted in and supervised by the same entity. Any resulting reorganization should consolidate the various intergovernmental relations functions within both departments. The Office of State Budget and Management is to report to the Joint Legislative Commission on Governmental Operations regarding positions and funds to be transferred, the new organizational structure, and the potential savings from the reorganization.

Section 164 Requires the Governor to report all transfers of departmental functions of the executive branch among the principal State departments.

- Section 165 Transfers the Land Records Management Program to the Land Resources Division in the Department of Natural Resources and Community Development effective August 1, 1985. The transfer includes the professional personnel working in the program, other budgeted costs, and all equipment purchased for operation of the program.
- Section 166 Limits the membership of the Governor's Jobs for Veterans Committee to one member from each Congressional district.
- Section 167 (a) The Department of Administration may secure federal and other non-State funds in the amount of seventy-five thousand dollars (\$75,000) to provide assistance to the Coastal Plain Women's Crisis Center, Inc., to support shelter services, counseling, and community education for victims of family violence in the following counties: Craven, Carteret, and Pamlico.
(b) The Department of Administration may secure federal and other non-State funds in the amount of two hundred fifty thousand dollars (\$250,000) to provide assistance to Reach, Inc., Respect, Inc., and any other non-profit corporation organized to support shelter services, counseling, and community education for victims of family violence in the following counties: Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Polk, Swain, and Transylvania.
(c) The Department of Administration may secure federal and other non-State funds to provide assistance to any non-profit corporation organized to support shelter services, counseling, and community education for victims of family violence.
- Section 168 Requires valid drivers' licenses of all persons who will be driving central motor pool motor vehicles assigned to any State employee or agency and that a copy of each such license be provided the Division of Motor Fleet Management.

- Section 169 Identifies State-owned motor vehicles authorized to use private license tags.
- Section 170 Revises statutes dealing with commuting fees for drivers of State-owned motor vehicles between their homes and official work stations to parallel federal law.
- Section 171 Removes exemption from commuting fees for employees used in serving revocation notices for the Commissioner of Motor Vehicles.
- Section 172 Provides that, effective August 1, 1985, no land owned by the State or by any State agency may be sold, leased, or rented at less than fair market value except to the United States or any of its agencies, to municipal corporations, special districts, political subdivisions of the State, or local school administrative units, and does not apply to transfers between State agencies.
- Section 173 Provides two exemptions from the advertising for bids process for any class of lease or rental which has a duration of more than 21 days.
- Section 174 Requires all State departments, institutions, and agencies to use State-owned office space instead of negotiating or renegotiating leases for rental of office space.
- Section 175 For each year of the 1985-87 biennium, \$100,000 from the Equipment Reserve Fund is appropriated to the Department of Administration for the operation of the State Surplus Property Warehouse.

Senate Bill 182:

- Section 155 Transfers the Child Day Care Licensing Commission of the Department of Administration to the Department of Human Resources where it is renamed the Child Day Care Commission and recodified.

Section 174 Requires that state agencies to which transportation is furnished be charged at least twenty (20) cents per mile for each motor vechile effective August 1, 1985.

Section 175 Requires that assignment of a motor vehicle to any State employee or agency be suitable transportation, which means a standard vehicle in the State motor fleet, unless special towing provisions are required by the employee or agency.

DEPARTMENT OF REVENUE

Statutory Authority: G.S. Chapter 143B

The Secretary of Revenue is appointed by the Governor. It is the Secretary's duty to make a continuing study of economic conditions and to evaluate the effect of these conditions on the tax bases and prospective collections. The Secretary is required to make and publish copies of biennial factual statistics of State and local taxation.

Under the Secretary's supervision the Department spends much time auditing tax returns and collecting taxes that support a majority of State expenditures.

The Department also serves as a consultant and advisor on state tax preparation. Local governments are also assisted in appraising and taxing property.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$33,986,904	\$34,058,375

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS

Department-Wide:

- | | | |
|---|------------|------------|
| 1. Eliminate 50% of Salary Reserve and related fringe benefits. | \$(18,428) | \$(18,428) |
| 2. Reduce allowable inflation rates built into the base budget to reflect more recent rate estimates. | (2,344) | (3,789) |

Administration:

- | | | |
|---|-----------------|-----------------|
| 3. Abolish Assistant Secretary for Revenue position which has been vacant since 8/1/84. | (55,739)
(1) | (55,963)
(1) |
|---|-----------------|-----------------|

	<u>1985-86</u>	<u>1986-87</u>
Planning and Processing:		
4. Abolish 2 Computer Systems Analyst positions vacant for more than a year and 1 Clerk position vacant since 7/1/84.	\$(79,225) (3)	\$(79,257) (3)
Individual Income Tax:		
5. Abolish accounting Clerk Supervisor position vacant since 7/1/84.	(15,590) (1)	(15,596) (1)
Gasoline Tax:		
6. Abolish Revenue Tax Auditor position vacant for almost 4 years.	(32,717) (1)	(32,717) (1)
7. Decrease estimated receipt.	32,717	32,717
Ad Valorem Tax:		
8. Abolish Property Tax Valuation Specialist position vacant since 7/1/82.	(27,244) <u>(1)</u>	(27,255) <u>(1)</u>
TOTAL BASE BUDGET REDUCTIONS	\$(198,570)	\$(200,288)
TOTAL POSITION REDUCTION	(7)	(7)

EXPANSION BUDGET:

1. Revenue Officers Division To provide additional personnel and necessary support costs to meet the increased workload caused by economic growth and an increase in tax returns and taxpayer contacts.	\$ 42,441 (2)	\$ 82,532 (4)
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	<u>1985-86</u>	<u>1986-87</u>
Communications:		
2. To provide a reserve for communications expenses to cover the growth in postage and telephone expenditures caused by an increased number of tax returns and increased correspondence during tax collection procedures.	\$ 91,988	\$175,680
3. Printing		
To provide a reserve for an increase in the costs and volume of printed instructions for filing tax returns, the cost of various tax stamps required by law, tax pamphlets, excerpts from the Revenue Act and other similar items.	<u>64,202</u>	<u>47,601</u>
TOTAL EXPANSION BUDGET	\$198,631	\$305,813
TOTAL NEW POSITIONS	(2)	(4)
TOTAL GENERAL FUND OPERATING BUDGET	\$33,986,965	\$34,163,900
NET POSITION REDUCTION	(5)	(3)

DEPARTMENT OF CULTURAL RESOURCES

Statutory Authority: Article 2, Chapter 143B, General Statutes

The head of the Department is the Secretary who is appointed by and serves at the pleasure of the Governor. The Department is responsible for providing the necessary management, policy development and the establishment and enforcement of standards for the furtherance of resources, services and programs for historical records, sites and property, including museums, arts resources, and libraries. An important function of the Department is the administration and awarding of funds appropriated for grants-in-aid.

Appropriations for grants-in-aid accounted for \$15.8 million (50%) of the Department's General Fund appropriation of \$31.6 million in 1985-86 and \$14.5 million (48%) of the appropriation of \$30 million in 1986-87.

Local governments are the primary beneficiaries of the grants-in-aid appropriations. Aid to public libraries was increased by \$3 million in 1985 bringing the total to \$10.8 for each year of the 1985-87 biennium and the \$1 million appropriation for Grassroots Arts was increased to \$1.2 million. The \$12.03 million total for these two purposes accounts for 76% of the funds appropriated for grants in the 1985-86 fiscal year and 83% in 1986-87.

A new Museum of History Building will be constructed on a lot adjacent to the Bicentennial Plaza. The General Assembly appropriated \$9.1 million to the Department of Administration in 1985-86 for construction of the building which also may house the Capital Area Visitor's Center and a cafeteria. An additional \$400,000 was appropriated to establish and operate the Charlotte Hawkins Brown State Historic Site and Black History Center.

Legislation was enacted which authorizes the consideration, development of plans, costs, etc. for a David Stick Library facility at the Elizabeth II State Historic Site, a Living History Farm at Pilot Mountain State Park and a permanent Andrew Jackson Memorial in Union County.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$27,110,533	\$27,327,755

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

	<u>1985-86</u>	<u>1986-87</u>
Department-Wide:		
1. Reduce Salary Reserves and related benefits by 50%.	\$ (34,422)	\$ (34,422)
2. Reduce allowable inflation rates built into the base budget to reflect more recent rate estimates.	(8,762)	(7,516)
America's 400th Anniversary		
3. Reduce funds for printing and binding and contractual services.	(14,000)	(14,000)
Unconditional Grants		
Eliminate funds for continuing annual grants to privately owned facilities.		
4. Old Salem	(109,500)	(109,500)
5. Elizabethan Gardens	(25,000)	(25,000)
Scholarly Publications		
6. Reduce funds for printing and binding to level adequate to replenish the supply of out-of-print publications.	(25,000)	(25,000)
7. Increase receipts by updating current prices of publications where feasible and from the sale of new series of books published by America's 400th Anniversary.	(20,000)	(20,000)
Archives and Records		
8. Abolish one half-time Housekeeping Assistant position that has been vacant since 1980.	(5,406) (.5)	(5,409) (.5)

	<u>1985-86</u>	<u>1986-87</u>
State Historic Sites		
9. Reduce funds for operations of the sites and implement a schedule which will not obligate the State to pay overtime to employees for the regular operation of the sites.		
Temporary Salaries	\$(22,300)	\$(22,300)
Social Security contribution	(1,583)	(1,594)
Utilities	(2,400)	(2,400)
10. Increase the Elizabeth II paid admission receipts to more accurately reflect the 1984-85 level and thereby reduce the appropriation.	(45,000)	(45,000)
11. Reduce funds for "Other Equipment and Motor Vehicles" by eliminating funds to purchase:		
Backhoe/loader, trailer	(55,010)	(-0-)
Truck	(11,000)	(-0-)
Tryon Palace		
12. Increase paid admission receipts to more accurately reflect the amount of receipts being generated from the 1983-84 admission fee increases and the increased number of visitors.	(40,000)	(40,000)
Historic Preservation		
13. Reduce funds for miscellaneous operating expenses, including temporary salaries, travel, and printing and binding, etc.	(32,000)	(32,000)
Museum of History Services		
14. Reduce Reserve for History Museum operation funds because of the delay in renovating the Old Art Museum building to house the Museum of History.	(56,883)	(148,022)

1985-86

1986-87

Museum of Art

Reduce funding to level adequate
for continuing operations.

15.	*Salaries - SPA	\$(146,700)	\$(146,700)
	Salary-related benefits	(33,545)	(33,618)
16.	Compensation - Board members	(2,000)	(2,000)
17.	Construction and Repair - Sup.	(10,000)	(10,000)
18.	Works of Art	(25,000)	(25,000)
19.	Motor Vehicles	(17,500)	(14,500)
	Estimated	*(13)	* (13)

*Elimination of positions to be implemented through attrition, when possible, giving preference to reducing numbers of Security positions and clerical/administrative positions.

Arts Council

20.	Elimiate funds for continuing annual grants to special projects inasmuch as funds are appropriated to the Arts Council for awarding grants to Outdoor Drama, Professional Theatre and Regional Arts Programs.		
	Liberty Cart	(35,000)	(35,000)
	Shakespeare Festival	(50,000)	(50,000)
21.	Reduce appropriations for funding of vacant positions by eliminating one position (salary and related benefits.)	(24,991)	(25,001)
		(1)	(1)
22.	Transfer Expansion Budget funds for Local Arts Programs to the Grassroots Arts Program in the Continuation Budget.	238,000	238,000
23.	Transfer Expansion Budget funds for Regional Arts Programs to the Continuation Budget.	262,000	262,000

Grants-in-Aid to Arts	<u>1985-86</u>	<u>1986-87</u>
24. Eliminate funds for continuing annual Reserve for N.C. Symphony in accordance with Section 118 of Chapter 761 of the 1983 Session Laws which states, "These funds shall not become a part of the annual grant-in-aid to the N.C. Symphony."	\$(400,000)	\$(400,000)
TOTAL BASE BUDGET REDUCTIONS	\$(753,002)	\$(773,982)
TOTAL POSITION REDUCTION	(14.5)	(14.5)

EXPANSION BUDGET:

State Historic Sites:

1. Funds for temporary employees to shift seasonal maintenance at State Historic Sites away from permanent employees thus allowing these permanent employees to concentrate on visitor programs during periods of heavy visitation.	\$ 32,130	\$ 32,145
2. To provide a carpenter position necessary for adequate maintenance of historic properties at State Historic Sites.	24,192 (1)	18,463 (1)
3. Funds for the purchase of a used, surplus backhoe, to replace the 1972 model that is inoperative, and to contract for backhoe work at the Sites until the purchase is made.	15,000	-0-

1985-86

1986-87

4.	Additional funds for Town Creek Indian Mound to provide a grounds maintenance supervisor position, other operating expenses, and the the installation and operation of a water treatment unit.	\$ 20,000 (1)	\$ 20,000 (1)
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Tryon Palace:

5.	Funds to provide additional security and preservation staff for the Tryon Palace Complex to meet the demands required due to increased visitation.	90,719 (3)	126,796 (4)
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Museum of History Services:

6.	To provide personnel to staff the Cape Fear Branch Museum in Fayetteville.	52,100 (2)	90,572 (4)
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Library Resources:

7.	To provide additional funds for book purchases at the State Library.	61,122	64,500
8.	Funds to provide one additional mail clerk position due to increased volume of incoming and outgoing mail at the Library for the Blind and Physically Handicapped.	12,175 (1)	12,179 (1)

TOTAL EXPANSION BUDGET \$ 307,438 \$ 364,655

TOTAL NEW POSITIONS (8) (11)

SPECIAL APPROPRIATIONS BILLS:

	<u>1985-86</u>	<u>1986-87</u>
SB 182 CHARLOTTE HAWKINS BROWN STATE HISTORIC SITE AND BLACK HISTORY CENTER: Funds to establish and operate the center at Sedalia in Guilford County. (Sec. 12)	\$250,000	\$ -0-
DAVID STICK LIBRARY: Funds for planning the development of the Library facility at the Elizabeth II State Historic Site and for the lease or rental of interim library facilities. (Sec. 22)	50,000	-0-
ARTS COUNCIL: Additional funds for grants to the Grassroots Arts, Local Communities, Aid to Outdoor Drama and Professional Theatre, Regional Arts Resources and up to \$85,000 for the development of local arts programs. At least \$750,000 shall be used in the Grassroots Arts and the Grants to Local Arts Programs. Priority for any funds allocated to the Regional Arts Program shall be given to organizations that provide services outside their home counties through touring. The Arts Council is encouraged to fund programs that make the arts available to citizens who have previously had little opportunity to experience the arts. (Sec. 29)	1,000,000	-0-
AID TO PUBLIC LIBRARIES: An increase of \$3 million each year brings the total state aid for equalization of library services statewide to \$10.8 million each year. (Sec. 13)	3,000,000	3,000,000
SB 489 PORTRAIT OF JUSTICE DEVIN: Funds for a portrait to be hung in the Justice Building among portraits of other former chief justices. (Sec. 41)	10,000	-0-

1985-86

1986-87

CHARLOTTE HAWKINS BROWN STATE
HISTORIC SITE AND BLACK HISTORY
CENTER: Funds to establish and
operate the center. (Sec. 45)

\$ 150,000

\$ -0-

HB 922

EXECUTIVE MANSION: Funds for
interior furnishings and
equipment repairs in the public
areas of the Raleigh Mansion.
The Executive Mansion Fine
Arts Committee shall advise
the Secretary of Cultural
Resources on these preser-
vation and maintenance
expenditures. (Sec. 18)

60,000

-0-

HB 922

UNCONDITIONAL GRANTS:

DOWD HOUSE: Funds to restore
and improve the house and to
complete an historic exhibit
at the house located in
Charlotte. (Sec. 2)

25,000

-0-

CHOWAN COURTHOUSE: Funds to
assist in the restoration of
the old courthouse. (Sec. 19)

62,000

-0-

GATES COURTHOUSE: Funds to
assist in the restoration of the
old county courthouse by
the Gates County Historical
Society, In.c (Sec. 28)

15,000

-0-

MORDECAI SQUARE REVOLVING FUND:
To preserve historical, arch-
itectural, and cultural land-
marks in the city of Raleigh
and Wake County. (Sec. 37)

25,000

-0-

ROWLAND DEPOT: Funds for
restoration of the Depot by
the Rowland Historical
Society, Inc. (Sec. 38)

10,000

-0-

MURFREE LAW OFFICE: Funds
to complete the stabilization
of the Murfree Law Office
in Murfreesboro. (Sec. 45)

30,000

-0-

	<u>1985-86</u>	<u>1986-87</u>
HB 922 CONDITIONAL GRANTS-IN-AID:		
<p>TEMPLE THEATRE: Grant for restoration of the Theatre located in Sanford, provided the Temple Theatre, Inc. matches the grant on a dollar-for-dollar basis. (Sec. 13)</p>	\$ 15,000	\$ -0-
<p>LATHAM HOUSE: Grant for the adaptive restoration of the Latham House in Plymouth, provided the Latham Foundation matches the grant on a dollar-for-dollar basis. (Sec. 20)</p>	10,000	-0-
<p>CHICAMACOMICO LIFESAVING STATION: Grant to complete the restoration of the Station contingent upon the Chicamacomico Historical Association, Inc. matching the grant on a dollar-for-dollar basis. (Sec. 21)</p>	10,000	-0-
<p>HOTEL FREEMAN (PEARL): Grant for the continued restoration of the Hotel contingent upon the Town of Windsor matching the grant on a dollar-for-dollar basis. (Sec. 26)</p>	7,500	-0-
<p>CRAVEN COURTHOUSE: Funds for the continued restoration of the county courthouse contingent upon the Craven County Board of Commissioners matching the grant on a dollar-for-dollar basis. (Sec. 36)</p>	10,000	-0-
<p>SALISBURY RAILROAD: Funds for the continued restoration of the Historic Salisbury Railroad contingent upon the Historic</p>		

	<u>1985-86</u>	<u>1986-87</u>
Salisbury, Inc. matching the grant on a dollar-for-dollar basis. (Sec. 39)	\$ 45,000	\$ -0-
JOHN R. PAGE MASONIC LODGE: Funds to stabilize and restore the Masonic Hall in Edenton contingent upon the John R. Page Masonic Lodge matching the grant on a dollar-for-dollar basis. (Sec. 147)	5,000	-0-
HB 922 STATE HISTORIC SITES:		
CASWELL-NEUSE: Funds to construct an artifact storage building and to improve the audiovisual program at the site. (Site 16)	20,000	-0-
AYCOCK BIRTHPALACE: State Historic Site funds. (Sec. 116)	10,000	-0-
REID GOLD MINE: Funds to restore equipment at the site.	25,000	-0-
HB 922 GRANTS IN AID TO ARTS:		
SHAKESPEARE FESTIVAL: Grant for production and marketing expenses.	50,000	-0-
TOTAL SPECIAL BILLS	\$4,894,500	\$3,000,000
TOTAL NEW POSITIONS	-0-	-0-
TOTAL GENERAL FUND OPERATING BUDGET	\$31,559,469	\$29,918,428
NET NEW POSITIONS	(-6.5)	(-3.5)

	<u>1985-86</u>	<u>1986-87</u>
<u>CAPITAL IMPROVEMENTS:</u>		
1. Tryon Palace Heating System Renovations - Funds to provide heating and cooling renovations at the main Palace Building.	\$ 95,700	\$ -0-
CAPITAL IMPROVEMENTS	\$ 95,700	\$ -0-

SPECIAL APPROPRIATIONS BILLS

SB 182 Spencer Shops - Funds to further restore and repair the storage and display space. (Sec. 23)	\$85,000	\$ -0-
Living-History Farm - Funds to develop a master plan and detailed cost estimate for a possible Living-History Farm as part of Pilot Mountain State Park (Sec. 116 as amended by Sec. 46 of Senate Bill 489)	70,000	-0-
TOTAL SPECIAL BILLS	\$155,000	\$ -0-
TOTAL CAPITAL IMPROVEMENTS	\$250,700	-0-

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILLS

Senate Bill 1:

Section 144 Symphony must generate 1/4 of Operating Budget from ticket sales and special events in 1985-86 or it is the intent of the General Assembly to reduce the State's \$1.4 million

grant-in-aid in 1986-87 by ten percent (10%). The Symphony Society is required to report by June 1, 1986 on the Symphony's receipts and expenditures to date and projected for the remainder of the fiscal year to the House and Senate Appropriations Base Budget Committees and Fiscal Research.

Section 145 Symphony Endowment date of reversion of unmatched challenge grant funds appropriated in 1983-85 is extended to June 30, 1987. The Society is required to provide a report on the Endowment Account to the Chairmen of the House and Senate Appropriations Committees and Fiscal Research no later than 30 days prior to the convening of the 1987 Session. The report is to include a description of the funds on deposit in the Endowment Account and the investment earnings on these funds for each of the fiscal years from 1983 through 1986.

Section 146 Symphony Grant-In-Aid - As a condition of accepting State grant-in-aid funds the Symphony is required to operate within a balanced budget.

Section 147 State Historic Site Schedule - Requires the Department to operate the sites so that the State is not obligated to pay overtime to employees for the regular operation of the sites. Provides that the Department shall report on the net operating cost per visitor at each site to the Chairmen of the House and Senate Appropriations Committees and Fiscal Research by January 1 each year.

Senate Bill 182:

Section 180 Andrew Jackson Historic Memorial Committee created to determine the need for a permanent memorial to honor Andrew Jackson and the methods for proceeding with the establishment, operations, and financing of a memorial.

The Committee is to consist of twelve members and the Speaker of the House and the President of the Senate are authorized to appoint six members each to serve four-year terms. Funds for operation of the Committee and administrative and staff services shall be provided by the Department of Cultural Resources.

BOARD OF ELECTIONS

Statutory Authority: General Statutes, Chapter 163

The State Board of Elections is an independent, regulatory and quasi-judicial agency of the State. The five members of the Board are appointed by the Governor to four-year terms. Administration and execution of the Board's decisions and orders, staffing, and other responsibilities assigned by the Board, are carried out by the Executive Director, who is appointed by the Board.

The Board is responsible for administering and enforcing all laws relating to elections and election procedures, including regulating contributions and expenditures in political campaigns.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$ 263,163	\$ 263,465

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Reduce allowable inflation rates built into the base budget to reflect more recent rate estimates.	\$ (421)	\$ (400)
TOTAL BASE BUDGET REDUCTIONS	\$ (421)	\$ (400)
TOTAL POSITION REDUCTION	0	0

EXPANSION BUDGET:

	<u>1985-86</u>	<u>1986-87</u>
RESERVE FUND RESTORATION:		
1. Funds to restore portion of emergency reserve fund, to avoid making frequent requests from Contingency and Emergency.	\$ 15,000	\$ 15,000

ELECTION LAWS DISTRIBUTION:

2. To provide funds for reprinting and distribution of 1985-86 "Election Laws of North Carolina" and the Board rules and regulations to the county and municipal boards of elections and officials and to the electorate, as mandated by G.S. 163-22(b).	15,000	-0-
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VOTER REGISTRATION FUNDS:

3. To provide funds for distribution of adequate supply of Voter Registration Certificates to 160 Division of Motor Vehicles licensing stations and all 100 counties as mandated by G.S. 163-65(a) and G.S. 163-22(e).	7,650	7,650
TOTAL EXPANSION BUDGET	\$37,650	\$22,650
TOTAL NEW POSITIONS	-0-	-0-

SPECIAL APPROPRIATIONS BILLS:

TOTAL SPECIAL BILLS	\$ -0-	\$ -0-
TOTAL NEW POSITIONS	0	0
TOTAL GENERAL FUND OPERATING BUDGET	\$300,392	\$285,715
NET NEW POSITIONS	0	0

JUDICIAL DEPARTMENT

Statutory Authority: General Statutes, Chapter 7A

The North Carolina Constitution establishes three branches of government to provide a system of checks and balances. The Judicial Department is the branch which operates the State's system of courts, consisting of District and Superior Courts at the trial level and the Court of Appeals and Supreme Court at the appeals level. The Administrative Officer of the Courts, who serves at the pleasure of the Chief Justice of the Supreme Court, manages the operations of the entire system.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$121,528,709	\$127,560,470

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

Department-wide

1. Delete vacant, non-critical positions and related benefits	\$(205,306) (12)	\$(205,390) (12)
2. Reduce salary reserve	(12,706)	(12,706)
3. Reduce inflationary increases	(17,546)	(20,320)

Mecklenburg County Custody Mediation Program

1. Delete funding for pilot Custody Mediation Program in Mecklenburg County	(85,000)	(85,000)
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	<u>1985-86</u>	<u>1986-87</u>
Public Defender Services		
5. Reduce funds for professional examinations for clients assigned to Public Defenders	\$ (11,265)	\$ (11,265)
TOTAL BASE BUDGET REDUCTIONS	\$(331,823)	\$(334,681)
TOTAL POSITION REDUCTION	(12)	(12)

EXPANSION BUDGET:

Department-wide

1. Reserve for projected increases in office rent and other operating expenses	\$ 90,000	\$ 96,000
2. Funds to support 4% cost-of-living increase for retirees in the Judicial Retirement System	1,200,000	-0-

Office of Clerk of Superior Court

3. Reserve for equipment in Clerk of Court offices	500,000	500,000
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Indigent Persons' Attorney Fee Fund

4. Additional funds for Indigent Persons' Attorney Fee Fund for appellate defense	450,000	450,000
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Information Services

5. Expand Court Information System to additional counties and to support increased Highway Patrol activities	456,190 (2)	521,275 (2)
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	<u>1985-86</u>	<u>1986-87</u>
Indigency Screening Program		
6. Expand Indigency Screening Program to four additional metropolitan areas	\$ 298,424 (20)	\$ 287,926 (20)

Dispute Settlement Center

7. Funds to continue the Dispute Settlement Center in Buncombe County	33,000	33,600
TOTAL EXPANSION BUDGET	\$3,027,614	\$1,888,801
TOTAL NEW POSITIONS	(22)	(22)

SPECIAL APPROPRIATIONS BILLS:

SB 182	Provide funds for an Intensive Juvenile Probation program	\$130,000 (4)	\$130,000 (4)
HB 1218	Funds to upgrade accounting system, microfilm, and micrographic equipment in Clerk of Court offices	900,000	-0-
	Funds for equipment for new personnel	42,126	11,067
	Reserve for reclassification of assistant clerks	191,616	191,616
	Funds for books for Supreme Court Library	38,247	62,660
	Funds to train new personnel	50,000	50,000

	<u>1985-86</u>	<u>1986-87</u>
HB 1218 Funds for new positions	\$ 484,682 (29)	\$ 638,444 (33)
Funds for four new district court judges	-0-	172,036 (4)
Funds for ten law clerks for the Court of Appeals and the Supreme Court	213,159 (10)	285,115 (10)
Additional funds for pay increase for emergency judges	30,000	30,000
Funds for change in longevity pay for judicial personnel	50,000	61,000
Funds for five new assistant district attorneys	223,160 (5)	223,250 (5)
Funds for salary increase for magistrates	1,010,417	2,204,736
Funds for recall of retired judges to fill temporary vacancies	8,743	-0-
Funds for pilot Custody Mediation program in Mecklenburg County	70,000	70,000
Funds to provide co-counsel in capital cases for indigents	200,000	200,000

	<u>1985-86</u>	<u>1986-87</u>
SB 489 Funds to support salary increase for magistrates	\$ 216,000	\$ -0-
TOTAL SPECIAL BILLS	\$3,858,150	\$4,329,924
TOTAL NEW POSITIONS	(48)	(56)
TOTAL GENERAL FUND OPERATING BUDGET	\$128,082,650	\$133,444,514
NET NEW POSITIONS	(58)	(66)

SPECIAL PROVISIONS INCLUDED IN
APPROPRIATION BILLS

Senate Bill 1:

Sections 209-212 Authorizes the 5% cost-of-living increase for judicial officials

Senate Bill 182 :

Section 111 Authorizes the implementation of an Intensive Juvenile Probation Program.

Senate Bill 489:

Section 39 Authorizes that unexpended salary and fringe benefit funds, appropriated for FY 1984-85, be used in FY 1985-86 for implementing the new magistrates' salary schedule.

Section 39.1 Authorizes that a beginning full-time magistrate licensed to practice law in N.C. may be employed at an annual salary for magistrates with 9 but less than 11 years of service.

Section 40 Makes technical correction to HB 1218.

Senate Bill 636:

Section 1 Authorizes study by the Legislative Research Commission of: 1) Bail Bondsmen and Bail Bond Forfeiture; 2) Community Service Alternative Punishment and Restitution, and 3) Satellite Courts.

House Bill 1218:

- Section 15 Expands Chief Justice's authorization to recall retired or emergency justices or judges to fill a temporary vacancy on the Supreme Court or the Court of Appeals.
- Section 17 Creates the State Judicial Center Commission to study needs for office and court facilities for the Supreme Court, the Court of Appeals and the Administrative Office of the Courts. Places this Commission under the General Assembly.
- Section 18 Extends the operation of the pilot Mecklenburg Custody Mediation Program to June 30, 1987.
- Section 19 Authorizes that funds accumulated by June 30, 1985 in the Reserve for Safe Roads be distributed to counties to offset additional cost incurred in weekend confinement of persons convicted of DWI. Funds collected after June 30, 1985 are to be distributed monthly to the counties based on the number of civil license revocations under the Safe Roads Act.
- Section 20 Establishes the Office of the Appellate Defender and defines term of office, duties, methods of appointment and removal, and reporting requirements.
- Section 22 Requires co-counsel be appointed for indigent persons being tried for capital crimes.
- Section 22.1 Defines selection of public defenders, term of office, and removal procedures.
- Section 23 Authorizes Supreme Court to establish a pilot program in three districts of mandatory, nonbinding arbitration of claims for money damages of \$15,000 or less.

DEPARTMENT OF JUSTICE

Statutory Authority: G.S. Chapter 114

The head of the department is the Attorney General who is elected for a four-year term and who, as an elected official, serves on the Council of State. The Department provides legal and law enforcement services to state agencies, local government, and the citizens of North Carolina.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$29,980,870	\$30,195,613

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

Department-wide

1. Delete vacant, non-critical positions and related benefits	\$(53,948) (3)	\$(53,970) (3)
2. Reduce salary reserve	(12,152)	(12,152)
3. Reduce inflationary rates	(18,189)	(16,628)

General Administration

4. Transfer funds from the Department of Administration to fund the Intern Program in the Department of Justice	20,000	20,000
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	<u>1985-86</u>	<u>1986-87</u>
State Bureau of Investigation		
5. Reduce travel for State Bureau of Investigation	\$(8,000)	\$(8,000)
6. Reduce funds for motor vehicle replacement and operating costs for State Bureau of Investigation	(108,500)	(65,000)
Criminal Justice Training Academy		
7. a. Increase supplies and printing for production of training notebooks by Criminal Justice Training Academy	55,000	55,000
b. Increase receipts for sale of training notebooks	(55,000)	(55,000)
TOTAL BASE BUDGET REDUCTIONS	\$(180,789)	\$(135,750)
TOTAL POSITION REDUCTION	(3)	(3)

	<u>1985-86</u>	<u>1986-87</u>
<u>EXPANSION BUDGET:</u>		
Department-wide		
1. Funds for additional departmental operating expenses	\$163,903	\$177,797
2. Funds for implementation of an office automation system	250,000	-0-

	<u>1985-86</u>	<u>1986-87</u>
Legal Services		
3. Establish an Appellate Unit in the legal services office	\$254,329 (6)	\$242,340 (6)
4. Funds for Division Head Attorney positions for legal services office	121,258 (2)	115,868 (2)
State Bureau of Investigation		
5. Expand SBI Narcotics In- vestigation Division	314,891 (5)	497,776 (10)
6. Establish positions to provide full-time security for SBI complex	165,206 (7)	131,300 (7)
7. Funds for new equipment for SBI laboratory to improve services	494,453	507,303
8. Provide funds for support items and equipment for SBI agents	260,500	113,100
9. Funds for replacement of SBI laboratory equipment	280,300	72,349
Justice Information Systems		
10. Funds for expanded Police Information Network services and additional service and maintenance cost	288,684	261,579
TOTAL EXPANSION BUDGET	\$2,593,524	\$2,119,412
TOTAL NEW POSITIONS	20	25

SPECIAL APPROPRIATIONS BILLS:

SB 182	Funds for operating expenses for the SBI and the Attorney General's Office	\$1,150,419	\$ 873,824
	Funds for Incentive Pay Program for SBI employees	32,150	-0-
HB 1380	Implement Sheriffs' Supplemental Pension Fund program	5,000	-0-
TOTAL SPECIAL BILLS		\$1,187,569	\$ 873,824
TOTAL NEW POSITIONS		0	0

TOTAL GENERAL FUND OPERATING BUDGET \$33,581,174 \$33,053,099

SPECIAL PROVISIONS INCLUDED IN
APPROPRIATIONS BILLS

Senate Bill 1:

- Section 135 Requires written permission from the Attorney General before a State board or commission may employ private counsel.
- Section 136 Provides that the Governor may give permission for private counsel to be employed to represent a State department, officer, agency, institution, commission or bureau only after the Attorney General has advised that it is impracticable for the Attorney General to render the legal services.
- Section 137 Reaffirms that the Attorney General continues to have those powers that existed at the common law.

Section 138 Provides that no State executive officer, department, agency, institution, commission, or bureau may employ a private investigator without consent of the Attorney General.

Section 139 Provides that the term of the lease for computer equipment may not be extended if a department chooses to acquire computer equipment from its present supplier.

Section 140 Enables Attorney General to select interns to work in the Department of Justice.

Senate Bill 182:

Section 162 Repeals authority for Department of Administration to determine the number of student interns to be allocated to the Department of Justice.

DEPARTMENT OF Correction

Statutory Authority: G.S., Ch. 143B-260

The head of the department is the Secretary who is appointed by the Governor and who sits on the Governor's Cabinet. The department's responsibilities are to punish criminal offenders by incarceration or by imposing probation or parole and to provide humane treatment by classifying offenders within appropriate levels of security and by providing opportunities for self-improvement.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$216,013,110	\$218,689,189

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

Department-wide

- | | | |
|--|-----------------------|-----------------------|
| 1. Delete vacant, non-critical positions and related benefits. | \$ (834,171)
(30) | \$ (834,516)
(30) |
| 2. Reduce salary reserve. | (106,351) | (106,351) |
| 3. Reduce funds for purchase of motor vehicles. | (160,000) | (160,000) |
| 4. Reduce inflationary increases. | (749,982) | (1,032,469) |

Division of Adult Probation and Parole

- | | | |
|---|-----------|-----------|
| 5. Reduce retirement benefits for Parole Commission. | (11,670) | (11,670) |
| 6. Delete funding for abolished position in Division of Adult Probation and Parole. | (35,951) | (35,966) |
| 7. Reduce funds for copier rental. | (52,215) | (52,215) |

	<u>1985-86</u>	<u>1986-87</u>
8. Delete Community Readiness Training Program.	\$(-0-)	\$(402,159)
TOTAL BASE BUDGET REDUCTIONS	\$(1,950,340)	\$(2,635,346)
TOTAL POSITION REDUCTION	(30)	(30)

EXPANSION BUDGET:

Department-wide

1. Provide a reserve for prison population increase.	\$ 233,048	\$ 233,048
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Medical Services

2. Replace x-ray machine and other equipment at Central Prison Hospital.	436,300	122,500
--	---------	---------

Custody and Security

3. Provide funds for additional correctional personnel and other operating expenses in South Piedmont Area units and at the Montgomery County Unit.	859,652 (60)	1,552,915 (136)
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TOTAL EXPANSION BUDGET	\$1,529,000	\$1,908,463
TOTAL NEW POSITIONS	(60)	(136)

SPECIAL APPROPRIATIONS BILLS:

SB 182 Provide funds for operating expenses for the Women's Prison at Black Mountain.	\$ 199,055	\$ 393,357
TOTAL SPECIAL BILLS	\$ 199,055	\$ 393,357
TOTAL NEW POSITIONS	(15)	(15)

	<u>1985-86</u>	<u>1986-87</u>
TOTAL GENERAL FUND OPERATING BUDGET	\$215,790,825	\$218,355,663
NET NEW POSITIONS	(45)	(121)

CAPITAL IMPROVEMENTS:

1. New construction to eliminate triple bunking in the South Piedmont Area.	\$ 9,350,000	\$ 723,000
2. Complete vocational facilities at Eastern Correctional Center and Southern Correctional Center.	329,300	-0-
CAPITAL IMPROVEMENTS	\$ 9,679,300	\$ 723,000

SPECIAL APPROPRIATIONS BILLS:

SB 182 Construct vocational building at Harnett Correctional Center.	\$ 325,000	\$ -0-
Construct new infirmary at N.C. Correctional Center for Women.	1,700,000	-0-
TOTAL SPECIAL BILLS	\$ 2,025,000	\$ -0-
TOTAL CAPITAL IMPROVEMENTS	\$11,704,300	\$ 723,000

SPECIAL PROVISIONS INCLUDED IN
APPROPRIATIONS BILLS

Senate Bill 1:

- Section 141 Requires that Department of Correction make a report on costs of contractual medical services and methods that could be adopted to contain such costs.
- Section 142 Allows Department of Correction to enter into combined contracts for design or construction of its facilities.

Senate Bill 2:

- Section 5.1 Specifies that \$50,000 of the funds appropriated for the Reserve for Repairs and Renovations in 1985-86 may be used by the Department to renovate Building 3 at Black Mountain Center.

Senate Bill 182:

- Section 166 Authorizes the State to enter into a consent judgement in the case of Hubert v. Ward. Allows funds appropriated in SB 1 and SB 2 to be used to implement the terms of the consent judgement and/or alternative community programs. If no consent judgement is reached, funds may be used to improve correctional facilities, staffing, services, and provisions at units in the South Piedmont Area and at the Montgomery County Unit.

Senate Bill 636:

- Section 1 Authorizes the Legislative Research Commission to study 1) Inmate Substance Abuse Therapy Programs, and 2) Inmate Work-Release Centers.

DEPARTMENT OF CRIME CONTROL & PUBLIC SAFETY

Statutory Authority: General Statutes, Chapter 143B-475

The head of the Department is the Secretary who is appointed by the Governor and who sits on the Governor's Cabinet. The responsibility of the department is to implement a statewide crime control program, to assist local law enforcement, and to prepare for and respond to natural and man-made disasters.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$13,215,273	\$13,343,345

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

Department-wide:

- | | | |
|--|----------------------|----------------------|
| 1. Delete vacant, non-critical positions and related benefits. | \$(32,386)
(2.25) | \$(32,399)
(2.25) |
| 2. Reduce salary reserve. | (10,063) | (10,063) |
| 3. Reduce inflationary increases. | (20,606) | (20,606) |

Victim and Justice Services

- | | | |
|--|--------------------|--------------------|
| 4. Adjust and reduce budget for Victim and Justice Services. | (85,556) | (140,431) |
| TOTAL BASE BUDGET REDUCTIONS | \$(148,611) | \$(203,499) |
| TOTAL POSITION REDUCTION | (2.25) | (2.25) |

	<u>1985-86</u>	<u>1986-87</u>
<u>EXPANSION BUDGET</u>		
National Guard:		
1. Increase tuition aid program for the National Guard.	\$ 30,000	\$ 60,000
2. Replace hand held radio equipment for the National Guard.	18,000	18,000
Air National Guard		
3. Fund 25% of jet fuel system mechanic in Air National Guard.	4,805 (.25)	4,807 (.25)
4. Fund Air National Guard positions to expand the aircraft fleet and facilities.	34,731 (2)	34,745 (2)
Butner Public Safety		
5. Funds to purchase aerial ladder truck for Butner Public Safety Division.	400,000	-0-
TOTAL EXPANSION BUDGET	\$487,536	\$117,552
TOTAL NEW POSITIONS	2.25	2.25

SPECIAL APPROPRIATIONS BILLS:

SB 182	Funds to establish the Missing Children Program.	\$178,957 (3)	\$113,957 (3)
	Transfer State Fire Commission to Department of Insurance.	(49,318) (1)	(49,333) (1)
TOTAL SPECIAL BILLS		\$129,639	\$ 64,624
TOTAL NEW POSITIONS		2	2

	<u>1985-86</u>	<u>1986-87</u>
TOTAL GENERAL FUND OPERATING BUDGET	\$13,683,837	\$13,322,022
NET NEW POSITIONS	2	2

CAPITAL IMPROVEMENTS:

1. State matching funds for design and construction of an aviation facility and armory at Raleigh-Durham Airport.	\$ 16,528	\$900,134
2. State matching funds for replacement of 60-person armory at Jefferson	113,562	-0-
3. State matching funds for replacement of 60-person armory at Murphy.	113,562	-0-
4. State matching funds for replacement of 60-person armory at Taylorsville.	5,000	111,062
5. State matching funds for replacement of 60 person armory at Wadesboro.	5,000	111,062
6. State matching funds for addition to armory at Hickory.	3,000	44,591
7. State matching funds for addition to armory at Asheville.	42,094	-0-
8. State matching funds for advance planning for 60 person armory at Marion.	-0-	8,750
9. State matching funds for addition to armory at Ahoskie.	38,188	-0-
CAPITAL IMPROVEMENTS	\$ 336,934	\$ 1,175,599

SPECIAL APPROPRIATIONS BILLS

1985-86

1986-87

NONE

TOTAL CAPITAL IMPROVEMENTS

\$ 336,934 \$ 1,175,599

SPECIAL PROVISIONS INCLUDED IN
APPROPRIATIONS BILLS

Senate Bill 1

Section 143 Adds requirements for law enforcement officer to be eligible for separation allowance.

Senate Bill 182

Section 163 Allows distillery representatives to transport up to ten gallons of spiritous liquor.

Section 164 Transfers Motor Carrier Safety Regulation from the Department of Transportation to the Department of Crime Control and Public Safety.

Section 167 Transfers State Fire Commission from the Department of Crime Control and Public Safety to the Department of Insurance.

HIGHWAY PATROL (HIGHWAY FUND)

CONTINUATION BUDGET AS
RECOMMENDED BY THE
ADVISORY BUDGET COMMISSION

\$60,432,675 \$60,601,320

LEGISLATIVE ACTIONS

	<u>1985-86</u>	<u>1986-87</u>
BASE BUDGET REDUCTIONS:		
1. Reduce salary reserve for Highway Patrol	\$ (123,100)	\$ (123,100)
2. Reduce appropriation due to increased Highway Patrol receipts for training	(30,000)	(30,000)
3. Reduce appropriation due to increased Highway Patrol receipts for surplus supplies	(3,500)	(3,500)
4. Terminate Highway Patrol cash awards	(4,600)	(4,600)
5. Terminate Highway Patrol legal fees	(20,000)	(20,000)
6. Reduce inflationary increases	(299,969)	(258,963)
TOTAL BASE BUDGET REDUCTIONS	\$(481,169)	\$(440,163)
TOTAL POSITION REDUCTION	(0)	(0)

EXPANSION BUDGET:

1. Funds for Highway Patrol portion of expanded computer dispatch system	\$ 68,743	\$271,700
2. Funds to purchase bullet-proof vests for the Highway Patrol	235,000	-0-
TOTAL EXPANSION BUDGET	\$ 303,743	\$ 271,700
TOTAL NEW POSITIONS	(0)	(0)

SPECIAL APPROPRIATIONS BILLS:

SB 182 Amend appropriation made in Senate Bill 1 to the

	<u>1985-86</u>	<u>1986-87</u>
Department of Crime Control and Public Safety for operation of the Highway Patrol.	\$(3,000,000) \$	-0-
Provide funds to purchase communication equipment and cameras for the Highway Patrol.	<u>162,000</u>	<u>-0-</u>
TOTAL SPECIAL BILLS	\$(2,838,000) \$	-0-
TOTAL HIGHWAY FUND OPERATING BUDGET - HIGHWAY PATROL	\$57,417,249	\$ 60,432,857
NET NEW POSITIONS	0	0

SPECIAL PROVISIONS INCLUDED IN
APPROPRIATIONS BILLS

Senate Bill 2

Section 5.2 Provides that out of the unexpended funds on June 30, 1985 of the \$1,308,000 appropriated for FY 1984-85 to construct a defensive driving and training facility for the Highway Patrol, the Department shall use 1) \$250,000 to construct district office facilities for the Highway Patrol in conjunction with the Harnett County Law Enforcement Center, and 2) \$4,000 for landscaping at the Anson County Highway Patrol Office. The remainder of the unexpended funds are to revert to the General Fund.

Section 5.3 Provides that funds appropriated but not needed for the Highway Patrol/Driver's License Examiners Office in Kenansville may be used to supplement funds for the construction of a similar facility in Lincolnton.

Senate Bill 182

Section 165 Provides that new highway patrol cars placed in service after July 15, 1985 shall be assigned to troopers assigned primarily to field duty.

Section 186 Amends Section 5.2(a) of SB 1 (above) and provides that the funds shall revert to the Highway Fund instead of the General Fund.

DEPARTMENT OF AGRICULTURE

Statutory Authority: G.S., Chapter 106

The head of this department is the Commissioner of Agriculture who is elected for a four-year term, and who, as an elected official, serves on the Council of State.

The primary responsibility of the Department of Agriculture is to enhance the production and quality of food marketed in North Carolina. In addition, the department places a major emphasis on the protection of the consumer, the farmer, and the wholesaler from unfair and deceptive marketing practices. Many research and inspection activities also contribute to healthier products, as well as promote more efficient and profitable farming methods. The department has three major programs to carry out its responsibilities: Agricultural Services and Development, Consumer Protection, and Education and Research. Included in these programs are the State Fair, the Museum of Natural History, fifteen agriculture research stations, thirteen farm units which supply food to the mental hospitals in the State, and many other inspection and regulatory activities.

Expansion appropriations for the 1985-87 biennium include \$2.5 million in additional operating funds for programs in the Department of Agriculture and \$18.8 million for capital improvements.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$27,612,098	\$27,584,149
	(General Fund)	
	\$ 1,893,575	\$ 1,884,358
	(Highway Fund)	

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

Publications:

1. Reduction of subscription costs.	\$ (4,514)	\$ (4,514)
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	<u>1985-86</u>	<u>1986-87</u>
Marketing:		
2. Elimination of 1 agricultural commodity inspector position.	\$(27,135) (1)	\$(27,016) (1)
Food Distribution & State Farm Operations:		
3. Elimination of 7 positions and support costs in State Farm Operations.	(42,893)* (7)	(53,442) (7)
4. Reduction of funding for Food Distribution program	(10,531)	(10,531)
Agronomic Services:		
5. Reduction of funding for Agronomic Services.	(12,562)	(12,562)
Food & Drug Protection Division:		
6. Increase of Receipts for Feed Advisory Service.	(15,000)	(15,000)
7. Reduction of funding for Pesticide Control and Analysis program.	(8,000)	(8,150)
Structural Pest Division:		
8. Reduction of travel costs.	(2,928)	(2,861)
Veterinary Division:		
9. Elimination of 10 vacant meat and poultry inspection positions and support costs.	(91,866) (10)	(91,904) (10)
Consumer Standards Division:		
10. Reduction of funding for Weights and Measures Inspection.	(7,238)	(6,816)
11. Reduction of funding for Gasoline and Oil Inspection.	(18,960)HF	(18,847)HF

*Three positions eliminated as of October 1, 1985 rather than July 1, 1985.

	<u>1985-86</u>	<u>1986-87</u>
Museum of Natural History:		
12. Reduction of funding for museum operations.	\$ (11,658)	\$ (11,658)
Plant Industry Division:		
13. Reduction of funding for Plant Protection Program.	(11,213)	(11,213)
Department-Wide:		
14. Reduce allowable inflation rates built into base budget to reflect more recent rate estimates.	(70,226)	(32,042)
15. Reduce salary reserves by 50%.	(28,338)	(28,338)
TOTAL BASE BUDGET REDUCTIONS	\$ (344,102)	\$ (316,047)
	(General Fund)	
	\$ (18,960)	\$ (18,847)
	(Highway Fund)	
TOTAL POSITION REDUCTION	(18)	(18)
ADDITIONAL AVAILABILITY:		
Reversion of 1984 Capital funds for a Farmer's Shed at Raleigh Farmers' Market Jan. 30, 1985.	\$ (167,500)	-

	<u>1985-86</u>	<u>1986-87</u>
<u>EXPANSION BUDGET</u>		
Marketing Division:		
1. Marketing Expansion: Provide personnel and other operating support for developing new and expanded markets for N.C. Agricultural products.	\$ 429,060 (3)	\$ 347,381 (3)
Consumer Standards Division:		
1. Metrology Lab Equipment: Provide new and updated equipment for newly constructed Metrology Lab.	141,367	69,060

	<u>1985-86</u>	<u>1986-87</u>
2. Moisture Meter Program: Provide personnel and operating support to implement moisture meter testing program.	\$ 199,992 (4)	\$ 94,672 (4)
3. Octane Rating Equipment: Replace obsolete rating equipment in Gasoline and Oil Inspection Program.	13,750 HF	52,000 HF
4. LP-GAS Inspection: Provide additional inspection personnel and other operating support for expanded LP-GAS Inspection Program.	55,630 HF (1)	58,126 HF (2)
Food & Drug Protection Division:		
5. Fertilizer Lab Improvements: Provide new equipment and additional personnel for Fertilizer Lab.	54,607 (1)	50,170 (1)
6. Food & Drug Expansion: Provide equipment and personnel to handle increased lab workload in the Food & Drug Program.	140,971 (1)	107,877 (1)
Agronomic Services Division:		
7. Regional Agronomist Expansion: Provide agronomic services to central & western N.C.	166,667 (4)	128,510 (4)
Veterinary Division:		
8. Animal Health Expansion: Provide personnel and operating support for additional diagnostic services including a poultry pathologist.	353,575 (5.5)	289,202 (5.5)

	<u>1985-86</u>	<u>1986-87</u>
TOTAL EXPANSION BUDGET	\$1,486,239	\$1,086,872
	(General Fund)	
	\$ 69,380	\$ 110,126
	(Highway Fund)	
TOTAL NEW POSITIONS	(19.5)	(20.5)

SPECIAL APPROPRIATIONS BILLS

SB 182	Maritime Museum Operating Funds	\$ 85,000	\$ 60,000
SB 922	Aid to Pitt County Farmers' Market	23,000	-
TOTAL SPECIAL BILLS		\$ 108,000	\$ 60,000
TOTAL NEW POSITIONS		(0)	(0)
TOTAL GENERAL FUND OPERATING BUDGET		\$28,862,235	\$28,414,974
TOTAL HIGHWAY FUND OPERATING BUDGET		\$ 1,943,995	\$ 1,975,637
NET NEW POSITIONS		(1.5)	(2.5)

CAPITAL IMPROVEMENTS:

1.	Northwestern Animal Disease Diagnostic Lab in Surry County	\$ 1,520,900	\$ -0-
2.	New Farrowing House and Renovation of Existing Nursery - Upper Coastal Plains Research Station	159,800	-0-
3.	Modification to Motor Fuels Lab	61,500 HF	-0-
4.	Reserve for Farmers' Markets	5,001,000	8,500,000
5.	Irrigation system - Tidewater Research Station	329,700	-0-
6.	Maintenance Shop - Butner Warehouse	100,000	-0-

	<u>1985-86</u>	<u>1986-87</u>
7. Piedmont Farmers' Market - Two Retail Building Site Preparation Trucker's Shed	\$ 511,700 291,300 -0-	\$ -0- -0- 487,000
8. Rose Hill Lab Addition	-0-	771,000
9. Holye C. Griffin Lab Addition	771,000	-0-
10. Poultry Breeder Research Addition - Piedmont Research Station	405,000	-0-
CAPITAL IMPROVEMENTS - G.F.	\$ 9,090,400	\$ 9,758,000
CAPITAL IMPROVEMENTS - H.F.	\$ 61,500	\$ -0-

SPECIAL APPROPRIATION BILLS

SB 182 Maritime Museum Watercraft Center Funds (Sec. 64)	\$ 75,000	\$ -0-
Western Farmers Market Funds (Sec. 118)	515,000	-0-
Solar Peanut Drying Research Funds (Sec. 137)	66,500	-0-
TOTAL SPECIAL BILLS	\$ 656,500	\$ -
TOTAL CAPITAL IMPROVEMENTS - GF	\$9,746,900	\$9,758,000
TOTAL CAPITAL IMPROVEMENTS - HF	\$ 61,500	\$ -

SPECIAL PROVISIONS INCLUDED IN
APPROPRIATIONS BILLS

Senate Bill 1:

- Section 133 Requires the Department of Agriculture to report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division concerning the activities of the Marketing Division.
- Section 134 Requires Board of Governors to report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division concerning its activities in marketing of agricultural farm products.
- Section 151 Requires the Director of the Budget to certify the budgets of the Museum of Natural History and the N.C. Maritime Museum in separate funds.

Senate Bill 2:

- Section 5.4 Reverts to the General Fund the 1984 Capital funds of \$167,500 for a Raleigh Farmers' Market shed as of June 30, 1985.
- Section 5.5 Allocates the Farmer's Market Reserve as follows:

	<u>1985-86</u>	<u>1986-87</u>
Cabarrus County Farmers' Market	\$100,000	\$ -0-
Union County Farmers' Market	100,000	-0-
Richmond County Farmers' Market	100,000	-0-
Pitt County Farmers' Market	50,000	-0-
Western Farmers' Market	403,000	-0-
Western N.C. Agriculture Ctr.	498,000	-0-
Southeastern Agriculture Ctr.	900,000	-0-
Agri-Culture Center	250,000	-0-
Halifax County Farmers' Market	100,000	-0-
Raleigh Farmers' Market	2,500,000	8,500,000
TOTAL	\$ 5,001,000	\$ 8,500,000

Section 5.6 Amends the Session Laws of 1983 to allow all counties to operate Farmers' Markets.

Section 5.7 Requires that the Northwestern Animal Diagnostic Laboratory be built in Surry County.

Section 5.8 Allocates \$133,200 from the Department of Agriculture's timber sales Capital Improvement account as follows:

Dairy Silo - Caswell Farm Unit	\$ 48,800
Dairy Barn - Umstead Farm Unit	34,700
Hay Shed - Cherry Farm Unit	10,000
Calf Barn - Cherry Farm Unit	26,200
Feed Shed - Cherry Farm Unit	13,500

Section 5.9 Requires Department of Agriculture to report to the chairmen of the Appropriation Committees and the Fiscal Research Division each even numbered year on capital improvement needs of all research stations owned by the department.

Section 5.10 Allows funds appropriated to the Department of Agriculture in the 1983 Session Laws to be used for purchase or lease of land and expansions at the Western N.C. Agricultural Center.

Section 5.11 Transfers \$750,000 appropriated to Reserve for the Fayetteville State Office Building to a Reserve for the Southwestern Agriculture Center.

Senate Bill 489:

Section 27 Rewrites the effective date of Chapter 461 of the 1985 Session Laws.

Section 35

Requires that the new Raleigh Farmers' Market must comply with all laws including local zoning regulations and that the Department of Agriculture consider additional potential sites for the market. The City of Raleigh is requested to give fair consideration to the State in matters concerning construction of the new Raleigh Farmers' Market.

DEPARTMENT OF LABOR

Statutory Authority: G.S., Chapter 95

The head of the department is the Commissioner of Labor who is elected for a four-year term, and who, as an elected official, serves on the Council of State.

This department's duties include administering and enforcing state laws that affect people at work, administering the OSHA program, enforcing safety and health conditions in mines and quarries, and enforcing safety regulations for elevators, amusement rides, and boilers. Other duties include promoting and supervising apprenticeship and on-the-job training programs, and establishing license requirements for private employment agencies.

Expansion appropriations during the 1985 Session include a major expansion in state support of the Occupational Safety and Health Administration program and additional elevator inspectors for the Elevator Division.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$ 5,273,407	\$ 5,282,860

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS

Department-Wide:

1. Reduction of Salary Reserves by 50%.	\$ (631)	\$ (631)
2. Reduction of allowable inflation rates built into continuation budget to reflect more recent rate estimates.	(1,968)	(2,227)
TOTAL BASE BUDGET REDUCTIONS	\$ (2,599)	\$ (2,858)
TOTAL POSITION REDUCTION	0	0
		160

EXPANSION BUDGET

1985-86

1986-87

Occupational Safety and
Health Administration:

1. OSHA Safety Officers: Provide six additional safety compliance officers in each year of the biennium. Federal receipts fund 50% of the total cost of these positions. \$ 117,141 (6) \$ 208,441 (12)

2. OSHA Industrial Hygenists: Provide six additional industrial hygenists in each year of the biennium. Federal receipts fund 50% of the total cost of these positions. 171,076 (6) 276,971 (12)

Elevator Division:

3. Elevator Inspectors: Provide two additional elevator inspectors. These positions are partially supported by elevator inspection fees. 37,787 (2) 36,133 (2)
- TOTAL EXPANSION BUDGET \$ 326,004 \$ 521,545
- TOTAL NEW POSITIONS (14) (26)

SPECIAL APPROPRIATION BILLS

SB 489 Incentive Pay Program \$ 17,000 -

TOTAL SPECIAL BILLS \$ 17,000 -

TOTAL GENERAL FUND OPERATING BUDGET \$5,613,812 \$5,801,547

NET NEW POSITIONS (14) (26)

**DEPARTMENT OF
NATURAL RESOURCES AND COMMUNITY DEVELOPMENT**

Statutory Authority: G.S., 143B-278

The head of the Department is the Secretary who is appointed by and serves at the pleasure of the Governor. The department's major duties include protecting, preserving, and managing the State's natural resources, administering two major federal programs (The Community Development Block Grant and the Job Training Partnership Act), and managing the State's Park and Recreation areas.

Major changes impacting the Department of Natural Resources and Community Development over the next biennium include continued budgetary increases for environmental programs, over \$25 million for park developments, land purchases, and staffing, \$78 million for cost-sharing of sewer projects with local governments, the transfer of the Land Records Management Program from the Department of Administration, and enactment of major legislation relating to employment and training programs. In addition, \$6 million was made available for capital projects at the State Zoo, over \$5 million for construction of a Toxic Metal and Analytical Lab, and \$1.5 million to the Wildlife Resources Commission for the purchase of game lands.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$51,364,719	\$51,330,642

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

Department-Wide:

- | | | |
|---|-------------|-------------|
| 1. Reduce operating funds for Water Resources. | \$ (15,470) | \$ (15,060) |
| 2. Reduce operating funds for Coastal Resources. | (15,470) | (14,860) |
| 3. Reduce operating funds for the Division of Forest Resources. | (120,390) | (114,425) |

	<u>1985-86</u>	<u>1986-87</u>
4. Reduce operating funds for the Division of Environmental Management.	\$ (32,177)	\$ (46,970)
5. Reduce operating funds for the Division of Community Assistance.	(21,910)	(20,280)
6. Reduce operating funds for the Division of State Economic Opportunities.	(13,795)	(13,360)
7. Reduce operating funds for the Division of Land Resources.	(19,506)	(17,990)
8. Reduce operating funds for the Division of Parks and Recreation.	(43,838)	(43,856)
9. Reduce operating funds for the N.C. Zoological Park.	(15,135)	(14,000)
10. Reduce operating funds for the Division of Marine Fisheries.	(41,316)	(37,550)
11. Eliminate Central Word Processing System and 3 positions.	(60,072)	(60,097)
12. Reduce rental expense for regional field office in Mooresville due to move to Polk Building in Charlotte in December.	(45,760)	(91,530)
13. Eliminate Forestry Cost Sharing Program for Best Management Practices due to insufficient funding.	(55,642)	(55,617)
14. Reduce transfer to NCSU for Broad Creek Research Project in Division of Soil and Water Conservation.	(100,000)	(100,000)
15. Eliminate Mine Reclamation match in Division of Soil and Water Conservation.	(48,000)	(48,000)

	<u>1985-86</u>	<u>1986-87</u>
16. Eliminate 7 vacant position throughout Department.	\$(161,423)	\$(161,559)
17. Reduce Salary Reserves by 50%.	(62,445)	(62,445)
18. Reduce allowable inflation rates built into the base budget to reflect more recent rate estimates.	<u>(132,547)</u>	<u>(54,167)</u>
TOTAL BASE BUDGET REDUCTIONS	\$(1,004,896)	\$ (971,766)
TOTAL POSITION REDUCTION	(10)	(10)

EXPANSION BUDGET:

Environmental Management:

1. Statewide Toxics staff and support.	\$ 332,613 (16)	\$ 502,751 (18)
2. Staff and support for groundwater protection, pollution response, and a monitoring program.	336,675 (10)	520,654 (16)
3. Protective equipment and medical service for the environmental emergency response team.	37,063	8,166
4. Staff and support for air quality protection.	328,770 (5)	245,168 (6)

State Parks:

5. Additional staff and support to operate parks 7 days per week, year round.	345,418 (10)	555,518 (18.5)
6. Jordan and Falls Lake staff and support.	371,582 (9.5)	480,708 (14.5)

	<u>1985-86</u>	<u>1986-87</u>
N.C. Zoological Park		
7. Additional support.	\$ 254,053 (15)	\$ 236,533 (15)
Division of Marine Fisheries		
8. Replace communication sytem and expand enforcement administrative staff.	315,591 (1)	315,597 (1)
9. Seafood development expansion.	67,540 (1)	90,531 (2)
10. Shellfish program expansion.	85,000 (1)	138,392 (2)
Sedimentation Pollution		
11. Control program expansion.	326,031 (10)	566,693 (16)
Forest Protection and Manage- ment funding:		
12. To support increased demands for service.	215,000	215,000
13. Assistant County Ranger position for Montgomery County - State cost only.	22,890 (1)	22,890 (1)
Coastal Area Management:		
14. Beach Access program support.	32,046 (1)	32,057 (1)
Office of Water Resources:		
15. Aquatic Weed Control funding.	79,149 (3)	77,177 (3)
Division of Soil and Water Conservation:		
16. District Supervisors - travel and per diem funds.	<u>50,000</u>	<u>50,000</u>
TOTAL EXPANSION BUDGET	\$3,199,421	\$4,057,835
TOTAL NEW POSITIONS	(83.5)	(114)

SPECIAL APPROPRIATIONS BILLS:

Senate Bill 182:

		<u>1985-86</u>	<u>1986-87</u>
Section 113	Forest Development Program.	\$ 300,000	\$ 300,000
Section 113*	Geological Survey Cooperative Program Funds.	93,000	93,000
Section 117	New Hanover Fire Protection Funds.	223,197	52,315
Section 120	Region B Council of Governments River Improvement Funds	40,000 (6)	40,000 (6)
Section 121	Lake Gaston Litigation Funds.	34,950	53,287
Section 123	N.C. Housing Development Advisory Service Positions and Funds.	258,000 (5)	258,000 (7)
Section 129	Cedar Island Small Port Funds.	75,000	-
Section 132	Coastal Submerged Lands Funds.	139,000	236,000
Section 133	Fire Plow for Stanley County.	200,000	-
Section 138	Artificial Reef Control Funds.	300,000	-

Senate Bill 489:

Section 21	Land Records Management Funds	325,000	-
Section 22	Forestry Pagars	40,000	-
Section 50	Incentive Pay Program Payments	2,000	-

House Bill 922:

Section 1240	Buncombe Natural Areas Inventory Funds	3,000	-
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	<u>1985-86</u>	<u>1986-87</u>
Section 1347 Balsam Fish Hatchery Funds	\$ 5,000	\$ -
Section 1411 Moore Natural Heritage Fund	5,000	-
TOTAL SPECIAL BILLS	\$ 2,043,147	\$ 1,032,602
TOTAL NEW POSITIONS	(11)	(13)
TOTAL GENERAL FUND OPERATING BUDGET	\$55,602,391	\$55,449,313
NET NEW POSITIONS	(84.5)	(117)

CAPITAL IMPROVEMENTS:

1. Toxic metal and organic analytical lab	\$ 400,000	\$4,750,800
2. Civil Works Projects	750,000	250,000
3. Marine Fisheries Office Addition	332,000	-
4. Forestry Development Projects	250,000	250,000
5. Zoo Waste Disposal System	44,700	-
6. State Parks Development Projects	250,000	250,000
7. Small Watershed Projects	300,000	300,000
8. Beach Access Projects	250,000	250,000
9. Estuarine Sanctuary Projects	<u>75,000</u>	<u>-</u>
CAPITAL IMPROVEMENTS	\$2,651,700	\$6,050,800

<u>SPECIAL APPROPRIATIONS BILLS:</u>		<u>1985-86</u>	<u>1986-87</u>
SB 182	Zoological Park Reserve	\$6,000,000	\$ -
	Buncombe County Forestry Headquarters Building	369,000	-
	Lake James State Park Recreation Development	500,000	-
	Jordan State Forest Development	400,000	-
	Town of Troy Park Development	15,000	-
SB 489	Kerr Reservoir State Recreation Area	<u>100,000</u>	<u>-</u>
	TOTAL SPECIAL BILLS	\$ 7,384,000	-
 TOTAL CAPITAL IMPROVEMENTS		\$10,035,700	\$ 6,050,800

SPECIAL PROVISIONS INCLUDED IN
APPROPRIATIONS BILLS:

Senate Bill 1:

- Section 63 **Job Training Partnership Act.**
Restrictions on FTE-Eliminates double funding of FTE when JTPA recipients receive training from Community Colleges.
- Section 118 **Employment and Training Program Inventory.** Requires a comprehensive inventory of State-administered employment and training programs be developed by the Director of the Budget and submitted to the Joint Legislative Commission on Governmental Operations by May 15, 1986.

- Section 119 **Direct contracting maximized with JTPA funds**—Directs the Governor and the State Job Training Coordinating Council to contract directly with the agency or institution capable of providing the required services.
- Section 120 **JTPA Management Information System Quarterly Updates.** Requires that the JTPA MIS be updated quarterly with financial and program information.
- Section 121 **JTPA State Priorities.** Establishes State priorities for the types of programs and training services provided with JTPA funds.
- Section 122 **Allocation of JTPA Funds.** Legislatively reemphasizes the JTPA allocation formula prescribed in PL 97-300.
- Section 123
(See HB 1333,
Chapter 543,
1985 Session
Laws for
related JTPA
Legislation) **Legislative Oversight of Employment Training Programs.** Directs the Joint Legislative Commission on Governmental Operations to perform oversight functions relating to employment and training programs and directs reporting of the State Job Training Coordinating Council to this Commission.
- Section 124 **Biennial State of the Environment Report.** Directs the Secretary of the Department of Natural Resources and Community Development to report to the 1987 General Assembly on various issues relating to the environment.
- Section 125 **Participation in the Nutrient Sensitive Watershed Project.** Directs that participation in the Nutrient Sensitive Watershed Project shall be voluntary. Establishes limited criteria on use of funds, authorizes studies of nutrient sensitive water quality in selected watersheds, and states that all participants shall be required to match State funds at the same rate.

Section 126

Implementation of the Nutrient Sensitive Watershed Program. Requires that detailed plans for implementation of the Agricultural portion of the Nutrient Sensitive Watershed project shall be reviewed by a committee consisting of selected agricultural leaders in the State with certification in writing to Legislative leaders.

Section 127

State Parks and Recreation Field Staff. Allows the Division of Parks and Recreation to utilize field staff wherever needed.

Section 128

James K. Polk State Office Building. Directs relocation of personnel now housed in the Mooresville Regional Field Office to the James K. Polk State Office Building in Charlotte and requires that necessary renovations be completed by December 1, 1986.

Section 165

Land Records Management Program/Transfer. Transfers the Land Records Management Program from the Department of Administration to the Department of Natural Resources and Community Development effective August 1, 1985.

Senate Bill 2:

Section 5.12

Water and Sewer Funding. Establishes criteria for the allocation of the \$60 million water and sewer reserve.

Section 5.13

Sandy Creek Watershed Funding. Authorizes the carry-forward and use of a previous appropriation for the Sandy Creek Watershed project.

Senate Bill 182:

Section 114

Zoological Park Funds. Appropriates \$6 million in 1985-86 to the Department of Natural Resources and Community Development for the Zoological Park and specifies matching rate to be raised by the Zoological Park Society, and limits expenditure of State funds to matching amounts raised by the Society

Section 123

North Carolina Housing Development Advisory Service Positions and Funds. Appropriates \$258,000 each year for six housing specialist positions, transfers the positions from the Division of Economic Opportunity to Community Assistance, and directs reinstatement of employees terminated due to lack of funding.

Section 160

Fire Fighters Standby Duty. Adds New Article 4D of Subchapter II of Chapter 113 General Statutes (GS 113-60.32 and 33). Defines fire fighters, fire suppression duties, and standby duty.

Senate Bill 489:

Section 34

Wildlife Resources Commission License Agents Commission. Rewrites G.S. 113-270.1(b) to allow licensed agents to deduct 6% from each license issued and requires that license agents pay penalties of 25% of the agents' fees on any license fees remitted to the Commission after the 15th day of the month immediately following the month of sale.

Section 34.1

Roanoke River Land Purchase. Appropriates \$1,450,000 in 1985-86 from the General Fund to the Wildlife Resources Commission to purchase land bordering the Roanoke River and modifies section 204, SB 182 by authorizing \$1,950,000 of Wildlife Resources Commission funds for this purpose.

DEPARTMENT OF COMMERCE

Statutory Authority: General Statutes, Chapter 143B-429

The head of the Department is the Secretary who is appointed by and serves at the pleasure of the Governor. One of the major duties of the department is to promote and assist in the total economic development of North Carolina.

Major appropriation initiatives during the 1985 Session included expansion support to the Microelectronics Center, a reserve to extend the Microelectronics System to the University of North Carolina at Asheville and Winston-Salem University and expansion of small business funding support to the Department of Commerce.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$23,254,438	\$23,292,386

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

Discovery Place:

1. Eliminate Discovery Place funding and defer this item to the expansion budget. \$ (250,000) \$ (250,000)

Tourist Development:

2. Reduce appropriation to Travel and Tourism due to increased receipts from personalized license plates. (106,259) (106,259)

Technological Development Authority:

3. Reduce funding to the Authority by 1%. (12,340) (12,340)

Department-Wide:

4. Eliminate five vacant

	positions throughout the Department.	\$ (115,489)	\$ (115,489)
5.	Reduce salary reserves by 50%.	(23,159)	(23,159)
6.	Reduce allowable inflation rates built into the budget to reflect more recent rate estimates.	(25,987)	(14,697)
N.C. Tomorrow Programs:			
7.	Transfer Western N.C. Tomorrow program to the Board of Governors.	(250,000)	(250,000)
8.	Transfer Northeastern N.C. Tomorrow program to the Board of Governors.	(150,000)	(150,000)
TOTAL BASE BUDGET REDUCTIONS		\$ (933,234)	\$ (921,944)
TOTAL POSITION REDUCTION		(5)	(5)

EXPANSION BUDGET:

Export Marketing:

1.	Funds to expand the export marketing program.	\$ 192,383 (3)	\$ 192,410 (3)
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Industrial Commission:

2.	Funds to add two positions due to increase in the number of hearings and cases.	57,490 (2)	54,686 (2)
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Tourist Development:

3.	Funds to print brochures, pamphlets, and other information.	100,000	150,000
TOTAL EXPANSION BUDGET		\$ 349,873	\$ 397,096
TOTAL NEW POSITIONS		(5)	(5)

SPECIAL APPROPRIATIONS BILLS:

SB 182	Hazardous Waste Treatment Commission Funds for operating expenses. (Sec.112)	\$ 150,000 (3)	\$ 150,000 (3)
	Additional funds for the Technological Dev- elopment Authority. (Sec. 127)	128,000	100,000
	Travel and Tourism funds for advertising and tourism promotion grants. (Sec. 136)	1,156,000	-
	Transfer of the Board of Science and Tech- nology from the Depart- ment of Commerce to the Department of Adminis- tration. (Sec. 179)	(664,726) (-29)	(664,719) (-29)
SB 489	Small Business Develop- ment funds to promote assistance programs available to small businesses. (Sec. 47)	250,000	250,000
	TOTAL SPECIAL BILLS	\$ 1,019,274	\$ (164,719)
	TOTAL POSITIONS REDUCTION	(-26)	(-26)
	TOTAL GENERAL FUND OPERATING BUDGET	\$23,690,351	\$22,602,819
	NET NEW POSITIONS	(-26)	(-26)

MICROELECTRONICS CENTER - DEPARTMENT OF COMMERCE

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$ 6,989,000	\$ 7,149,000

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Reduce funding due to interest earned on \$5.8 million transfers from universities.	\$ (100,000)	\$ (100,000)
TOTAL BASE BUDGET REDUCTIONS	\$ (100,000)	\$ (100,000)

EXPANSION BUDGET:

1. Expansion support to the Microelectronics Center.	\$4,165,000	\$4,977,000
2. Reserve to provide operating costs and extend the MCNC Communications System to UNC-Asheville and Winston- Salem State University including Bowman Gray Medical School.	5,675,000	200,000
TOTAL EXPANSION BUDGET	\$9,840,000	\$5,177,000
TOTAL GENERAL FUND OPERATING BUDGET	\$16,729,000	\$12,226,000

CAPITAL IMPROVEMENTS:

<u>House Bill 922:</u>	<u>1985-86</u>	<u>1986-87</u>
State Air Transportation Funds. (Sec. 453)	\$2,000,000	-
CAPITAL IMPROVEMENTS	\$2,000,000	-

**SPECIAL PROVISIONS INCLUDED IN
APPROPRIATIONS BILLS**

Senate Bill 1:

- Section 129 Directs the Secretary of Commerce to develop a plan for the use of the Wanchese Harbor Seafood Development Park and submit that plan to the Joint Legislative Commission on Governmental Operations by December 1, 1985.
- Section 131 Establishes limitations and criteria on tourism promotion grants.
- Section 132 States that funds for the Biotechnology Center shall remain available to the Center and will not revert to the General Fund.

Senate Bill 182:

- Section 179 Transfers the Board of Science and Technology from the Department of Commerce to the Department of Administration.

DEPARTMENT OF TRANSPORTATION (DOT) — HIGHWAY FUND

Statutory Authority: General Statutes, Chapters 20, 63, 136
and 143B

The Department of Transportation has two primary operating agencies, the Division of Highways and the Division of Motor Vehicles. In addition, there are staff that have to do with other modes of transportation such as aviation, railroads, bikeways and overall statewide transportation planning.

The Department of Transportation is headed by the Secretary of Transportation who serves at the pleasure of the Governor. The Board of Transportation formulates policies and priorities of all modes of transportation. The Board also approves all highway construction plans and construction projects.

The Division of Highways is responsible for all highway construction and maintenance operations including bridge maintenance activities and ferry operations.

The Division of Motor Vehicles is responsible for registering all motor vehicles and issuing drivers licenses to all qualified North Carolina drivers. This division also provides defensive driver training to public school bus drivers.

Goals of the Department of Transportation include:

- To properly maintain 12,048 miles of Primary roads, 59,611 miles of secondary roads and 6,648 miles of Urban roads.
- To inspect and maintain 17,289 bridges in North Carolina.
- To provide ferry service to the islands on the coast of North Carolina.
- To provide a method for licensing, titling and license recording of motor vehicles.
- To issue drivers licenses to only qualified drivers.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$698,451,356	\$708,259,379

LEGISLATIVE ACTIONS

1985-86

1986-87

BASE BUDGET REDUCTIONS:

Division of Highways

- | | | |
|--|------------|------------|
| 1. Eliminate 33 <u>receipt supported positions</u> and <u>payroll additives</u> in the Equipment department for a total savings in that department of \$683,876 each year. | - | - |
| | (33) | (33) |
| 2. Eliminate 2 positions in the Division of Highways vacant for over one year. | \$ 58,558 | \$ 58,558 |
| | (2) | (2) |
| 3. Eliminate the one-million dollar allocation to each of the fourteen Highway Divisions for urban construction projects. | 14,000,000 | 14,000,000 |

Division of Motor Vehicles

- | | | |
|--|--------|---------|
| 4. Eliminate 4 positions in 1985-86 and an additional 36 positions in 1986-87 plus \$60,000 each year that had been budgeted for travel in the Division of Motor Vehicles. Most of these position are related to the enforcement of the 1984 amended Vehicle Financial Responsibility Act. | 52,182 | 719,348 |
| | (4) | (40) |

	<u>1985-86</u>	<u>1986-87</u>
Transportation Reserves		
5. These amounts reflect a 1% reduction in the transfer to the Department of Agriculture for the Gasoline Inspection program; salary reserve reductions and inflation rate reductions in the Highway patrol's budget; and a reduction in the transfer to the Department of Public Education during 1986-87 due to the cap on Driver Training funds.	\$ 500,129	\$ 852,259
6. <u>Department of Revenue.</u> Eliminate a Revenue Tax Auditor position in the Gasoline Tax Collection Unit vacant for almost 4 years.	32,717 (1)	32,717 (1)

Department-wide

7. Reduce allowable inflation rates built into the base budget to reflect more recent rate estimates.	<u>74,127</u>	<u>105,052</u>
TOTAL BASE BUDGET REDUCTIONS	\$ 14,717,713	\$ 15,767,934
TOTAL POSITION REDUCTION	(40)	(76)

**SUMMARY - HIGHWAY FUND BASE
BUDGET REDUCTIONS**

Department of Transportation	\$ 14,184,867	\$ 14,882,958
Department of Revenue	32,717	32,717
Department of Public Education	-0-	393,249
Department of Agriculture	18,960	18,847
Department of Crime Control and Public Safety	<u>481,169</u>	<u>440,163</u>
TOTAL BASE BUDGET REDUCTIONS-HF	\$ 14,717,713	\$ 15,767,934

1985-86

1986-87

EXPANSION BUDGET:

Transportation Administration

1.	Fiscal. Provides for one accountant and one micro-film clerk to support processing increased Federal Grant funds, and a clerk-typist position for assistance in the Audit Section handling bridge replacement related activities.	\$ 58,308 (3)	\$ 54,516 (3)
2.	Transportation Computing Center. Represents DOT's share of Central Computer Center cost for the new location on Wake Forest Road.	179,000	179,000
3.	Purchasing. Provides for the cost of one additional purchasing agent.	22,151 (1)	22,160 (1)
4.	General Services. Provides additional funding requirements due to increased activity in the Transportation Improvement program, and the addition of duplicating equipment operator, one housekeeping assistant, and one maintenance mechanic.	275,818 (3)	275,836 (3)
5.	Administration. Provides a word processor position for the satellite location and increased services cost for the equipment.	35,686 (1)	35,692 (1)
6.	Transportation System Planning. Provides for the cost of the expenses of the Bicycle Committee.	11,800	11,800

1985-86

1986-87

Highway Administration

7.	Chief Engineer of Operation. Provides for the first two year cost of a four year plan for installation of computer terminals in state-wide maintenance facilities to facilitate cost improvement through improved inventory control and utilization, cost reporting and monitoring, and operations communications.	\$ 281,795	\$ 328,604
8.	Legal. Provides for maintaining the Law Library plus updating the General Statutes.	3,500	3,500
9	Division Ten. Provides for roof replacement and furniture for new offices.	31,218	4,000
10.	Division Twelve. Provides a copy machine for the Resident Engineer's office in Hickory.	8,900	1,900
11.	Division Thirteen. Provides copy machines for the Division office and the District Offices.	20,050	2,050
12.	Ferry Division. Provides additional space for Quality Assurance support.	3,000	3,000
13.	Highway Design. Provides positions of a clerk-typist and a secretary. The balance provides support for the increased activities in this Branch and needed equipment in Design, Roadway, Photogrammetry, Location and Survey and the Hydro-graphic Units.	654,859 (2)	349,902 (2)
14.	Maintenance. Provides for rental of new maintenance equipment.	16,790	16,790

	<u>1985-86</u>	<u>1986-87</u>
15. Construction. Provides for repairing and purchasing surveying equipment. Funds are also provided for a cooling tower and increased expenses for the Landscape Unit.	\$ 52,275	\$ 42,575
16. Planning & Research. Provides a clerk-typist position for the Thoroughfare Planning Unit. Position to be funded by direct charge to Work Orders.	-0- (1)	-0- (1)
17. Traffic Engineering. Provides an electronic technician to repair traffic light equipment and will provide for the purchase of diagnostic testing equipment.	26,156 (1)	24,348 (1)
18. Engineer Trainee Program. Provides support for the increased number of Engineers in Training.	19,000	19,000

Transportation Construction & Maintenance

19. Right of Way. Provides 2 additional Right of Way Appraisers. The cost of \$51,960 each year will be charged to Work Orders.	-0- (2)	-0- (2)
20. Reduces funds for secondary Roads construction program to more accurately reflect the amount required for 1985-86.	(750,000)	-0-
21. Reduces funds for State-Aid to Municipalities to more accurately reflect the amount required for 1985-86.	(750,000)	-0-

	<u>1985-86</u>	<u>1986-87</u>
22. Reduces State funds to match Federal Highway Aid for 1986-87 because the General Assembly chose not to transfer General Fund monies into the Highway Program.	\$ -0-	\$(39,500,000)
23. Provides 309 additional positions for Engineers, Engineering Aides, Inspectors, and Technicians for Inspection and supervision of the increase in activity related to the Transportation Improvement Program. The cost of \$4,514,676 each year will be charged directly to Work Orders. Due to the urgent need for these positions the State Budget Office authorized on 12/6/84 for DOT to proceed with activation of 172 of those positions at that time.	-0- (309)	-0- (309)
Division of Motor Vehicles		
24. Commissioners Office. Provides for replacement of wornout printing equipment.	58,000	57,000
25. Vehicle Registration. Provides for 5 clerks, 2 Title Examiners, 6 Public Information Assistants, and 4 Field Supervisors.	220,993 (17)	221,114 (17)
26. Driver Licensing. Provides for the installation of computer terminals in all permanent Driver Licensing Stations.	300,000	45,000

1985-86

1986-87

27. **International Registration Plan.** Provides 2 additional positions for this program since the activities in this program have doubled in volume in the last five years.

\$ 45,566 (2)	\$ 41,167 (2)
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28. **Enforcement and Vehicle Registration.** Provides for temporary labor for Dealer Registration, City Directories, Court Reporter cost, portable truck scales and the cost of replacing old firearms with proceeds from their sale.

152,099	22,107
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Transportation Reserves

29. **Department of Agriculture-Gas Inspection Program.** Provides for the replacement of obsolete octane rating equipment and adds inspection personnel and other operating support for the inspection of fixed LP-gas delivery and storage installations and devices.

69,380	110,126
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30. **Department of Revenue-Gas Tax Collection.** Provides funds for printing, communications, service and maintenance agreements, travel and equipment.

17,475	30,257
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31. **Department of Crime Control & Public Safety.** Provides funds for the Highway Patrol share of the expansion of the computer system by the Administrative Office of the Courts and provides funds to buy bulletproof vests for Highway Patrol

303,743	271,700
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	<u>1985-86</u>	<u>1986-87</u>
32. Department of Crime Control & Public Safety. Reduce transfer of funds to Highway Patrol for current operations.	\$ (3,000,000)	\$ -0-
33. Department of Public Education. Provides funds for increased enrollment in the Driver Training program.	1,690,068	1,038,001
34. Legislative Salary Increases	20,300,000	27,500,000
35. Reserve for Hospital Medical Benefits	3,100,000	3,100,000
TOTAL EXPANSION BUDGET	\$ 23,457,630	\$ (5,688,855)
TOTAL NEW POSITIONS	(342)	(342)

SPECIAL APPROPRIATIONS BILLS:

SB 182 Urban Construction Funds (Sec. 187)	\$17,000,000	\$ -0-
SB 182 Transportation Reserves: Dept. of Crime Control & Public Safety (Sec. 108)	<u>162,000</u>	<u>-0-</u>
TOTAL SPECIAL BILLS	\$17,162,000	\$ -0-
TOTAL HIGHWAY FUND OPERATING BUDGET	\$724,353,273	\$686,802,590
NET NEW POSITIONS	(302)	(266)

	<u>1985-86</u>	<u>1986-87</u>
<u>CAPITAL IMPROVEMENTS:</u>		
1. Division of Motor Vehicles -Replace Elevators in DMV Building in Raleigh and Replace roofs at Salisbury and Greensboro.	\$ 269,000	\$ -0-
2. Division of Highways: Construct Maintenance Office, Assembly and Warehouse-Wadesboro.	147,000	-0-
3. Construct Equipment Shop- Union (Ahoskie).	552,000	-0-
4. Construct Blacksmith Shop and Truck Shed-Bunn.	236,000	-0-
5. Construct Maintenance and Equipment Complex-Method (Raleigh).	1,982,000	-0-
6. Construct Maintenance Complex-Craggy (Buncombe County).	250,000	2,006,000
7. Department of Agriculture. Modify motor fuel lab.	<u>61,500</u>	<u>-0-</u>
CAPITAL IMPROVEMENTS	\$ 3,497,500	\$ 2,006,000
<u>SPECIAL APPROPRIATIONS BILLS:</u>		
SB 182 Department of Trans- portation Rest Area - Cedar Island Ferry Terminal (Sec. 125)	\$ 377,000	\$ -0-
SB 182 Department of Trans- portation - Build permanent structures at Ocracoke Island Ferry Facility (Sec. 130)	200,000	-0-
SB 182 Department of Trans- portation - Replace Trent River Railroad Draw Bridge (Sec. 141)	<u>1,500,000</u>	<u>-0-</u>
TOTAL SPECIAL BILLS	\$ 2,077,000	\$ -0-
TOTAL HIGHWAY FUND CAPITAL IMPROVEMENTS	\$ 5,574,500	\$ 2,006,000

SPECIAL PROVISIONS INCLUDED IN
APPROPRIATIONS BILLS

Senate Bill 1:
Section 5

Requires the Controller of the Department of Transportation at the beginning of each fiscal year to eliminate all overdrafts on State maintenance and construction projects from the various appropriations made to the Department of Transportation.

Section 6

Requires that overexpenditures have corresponding underexpenditures in the following titles:

State Construction/Primary Construction
State Construction/Urban Construction
State Construction/Access & Public
Service Roads

State Funds to Match Federal Highway Aid
State Maintenance

Ferry Operations

Overexpenditures or underexpenditures may not vary more than 10% without prior consultation with the Advisory Budget Commission.

Overexpenditures in any of the above titles for the purpose of providing additional positions shall be approved by the Director of the Budget.

Section 7

Authorizes and certifies anticipated revenues in the Highway Fund for the 1987-89 biennium.

Section 8

Allows an amount not to exceed 10% of the Board of Transportation's allocation for Contract Maintenance Resurfacing Programs to be used for widening existing narrow pavements that are scheduled for resurfacing.

Section 9

Allows the Department of Transportation to deduct and retain from the sales tax collected on motor vehicles an amount equal to the cost of collecting the sales tax; however, the annual amount can not exceed \$475,000.

Section 177

Appropriates \$500,000 each year of the 1985-87 biennium for use only as the State's share of the operating cost of the Amtrak Passenger Service. Expenditures in excess of this amount is prohibited and the Department of Transportation must report quarterly to the Joint Legislative Commission on Governmental Operations and Fiscal Research Division. The Joint Legislative Commission on Governmental Operations must review and comment on the new agreement between the State of North Carolina and Amtrak.

- Section 178 Authorizes the Department of Transportation to perform dredging operations for other State agencies and bill those agencies for the total cost incurred in the dredging operation that would not have been incurred had the dredge been at dockside.
- Section 179 Authorizes the Department of Transportation to employ no more than one person for its Investigative Unit and must report its activities quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.
- Section 180 Requires the Department of Transportation to report on the amount of State funds required to match federal public transportation grants for local governments during 1986-87.
- Section 181 Requires the Secretary of Transportation to provide to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division a report no later than March 1, 1986 which details the operational improvements, cost reductions and personnel reductions that can be achieved in the 1986-87 fiscal year in all programs administered by the Department of Transportation.
- Section 182 Authorizes the appropriations support of 31 drivers' license examiner positions established by the 1984 Session of the 1983 General Assembly which were originally to be supported from receipts.
- Section 183 Eliminates the funding July 1, 1986 for 36 process servers and clerical positions in the Department of Motor Vehicles related to the enforcement of the Vehicle Financial Responsibility Act.
- Section 184 Places a cap on the amount of Highway funds that may be used for the Driver Training and Safety Education program in the Department of Public Education.
- Section 185 Requires that each member of the Board of Transportation representing a division or if the member resides in the division shall be consulted before the Board makes a decision affecting that division.

Section 186 Requires the Department of Transportation to pay for the nonbetterment cost for the relocation of water and sewer lines located within existing State Highway Right-of-Way that are necessary to be relocated for a State highway improvement project and are owned by (1) a municipality with a population of 5,000 or less; (2) a nonprofit water or sewer association or corporation and or (3) any water or sewer system organized pursuant to Chapter 162A of the General Statutes.

Section 187 Authorizes the Department of Transportation to expend up to \$500,000 from the Highway Fund cash balances to acquire a mitigating wetlands bank for use in connection with State Highway Projects.

Senate Bill 2:

Section 5.3 Authorizes the funds appropriated for the Highway Patrol/Drivers' License Examiners Office in Kenansville and not needed for that purpose may be used to supplement funds for the construction of a Highway Patrol/Drivers' License Examiners Office in Lincolnton.

Senate Bill 182:

Section 125 Appropriates Highway Funds to construct a rest area at the Cedar Island Ferry Terminal.

Section 129(b) Directs the Department of Transportation to extend the existing rock jetty on the eastern side of the Cedar Island Ferry Harbor to create a harbor for small boats to use and also directs that it utilize its dredges to remove sand from this harbor to allow for small boat usage.

Section 130 Appropriates Highway funds to build permanent structures at the Ocracoke Island Ferry Facility.

Section 141 Appropriates \$1.5 million to replace the Trent River Railroad Drawbridge.

Section 164 Transfers from the Department of
Transportation to the Department of Crime
Control and Public Safety the safety
regulations of all motor carrier
transportation services, effective July
1, 1986.

Section 184 Rewrites Section 3 of Chapter 479 of the 1985
Session - Current Operations - Highway Fund.

DEPARTMENT OF TRANSPORTATION (DOT) – General Fund

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$4,956,571	\$4,956,571

LEGISLATIVE ACTIONS

EXPANSION BUDGET:

State Aid-Public Transportation. Provides additional General Fund monies for State matching for anticipated increases in Federal Funds for Public Transportation	\$ <u>260,000</u>	\$ <u>305,000</u>
TOTAL GENERAL FUND OPERATING BUDGET	\$5,216,571	\$5,261,571

DEPARTMENT OF HUMAN RESOURCES

Statutory Authority: G.S., Chapters 108, 111, 112, 130 and 131.

The Department of Human Resources, established by the Reorganization Act of 1971, consolidated several formerly independent departments and commissions into a single agency. These included Health Services, Mental Health Services, Social Services, Services for the Deaf and the Blind, Vocational Rehabilitation Services and Facility Services. In 1975, the Division of Youth Services was transferred from the Department of Corrections to Human Resources, and in 1978 the Division of Medical Assistance was created by executive order and given operational responsibility for the Medicaid program. The goal of the 1971 and 1973 Reorganization Acts was to put all human service functions into one department. The Department of Human Resources is the second largest department in State government and the largest under the Governor's direct control.

Some of the major budgetary issues in the department during the 1985 legislative session included funds to replace lost federal funds for day care services; funds to provide additional day care services to low income families; funds for expansion of the Medicaid in-home services to aged and disabled; funds to increase the maximum monthly rates for domiciliary care residents; additional funds for prenatal and perinatal services in maternal and child health programs; funds for ADAP clients who are served without state subsidy; and additional "Willie M" funds; and the reorganization and transfer of the Child Day Care Licensing Commission from the Department of Administration to this department.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$689,081,344	\$706,495,143

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

Office of Secretary:

1. Reduce salary reserves
and related fringe
benefits by one half
- | | | |
|--|--------------|--------------|
| | \$ (310,740) | \$ (310,740) |
|--|--------------|--------------|

	<u>1985-86</u>	<u>1986-87</u>
Health Services:		
2. Environmental Epidemiology - eliminate funds for model cancer registry program	\$(24,200)	\$(24,200)
3. Adult Health Care - eliminate funds for model cancer registry program	(15,000)	(15,000)
4. Lenox Baker Children's Hospital - reduce G.F. appropriation by increasing per diem charges to 3rd party reimbursers	(238,000)	(238,000)
5. Occupational Health - reduce G.F. appropriations by anticipated receipts from fees	(14,000)	(14,000)

Facility Services:

6. State Health Planning - Reduce the state appro- priation in Health Planning by the amount of overrealized receipts	(184,000)	(184,000)
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N.C. Schools for the Deaf:

7. Eliminate positions that will allow for the streamlining of services	(150,649) (14.5)	(362,573) (23.0)
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Medical Assistance:

8. Reduce rental expense due to moving of offices to Dix Campus	(156,468)	(156,468)
9. Reduce Medicaid contin- uation budget and increase the Medicaid payments to hospitals with a dis- proportionate number of indigent patients	(3,858,952)	(3,858,952)

	<u>1985-86</u>	<u>1986-87</u>
State Aid To Non-State Institutions:		
10. Eliminate funds to Thoms Rehabilitation Hospital	\$(277,332)	\$(277,332)
Services for the Blind:		
11. Reduce five (5) nursing positions in the Medical Care Program	(100,000) (5)	(100,000) (5)
Department-Wide:		
12. Reduce allowable inflation rate increases built into the base budget to reflect current rate estimates	(1,153,894)	(1,631,010)
TOTAL BASE BUDGET REDUCTIONS	\$(6,483,235)	\$(7,172,275)
TOTAL POSITION REDUCTION	(19.5)	(28.0)

EXPANSION BUDGET:

Office of the Secretary:

1. To replace lost federal funds that are expended for day care.	\$ 880,394	\$1,107,119
2. To provide additional services to unserved low income families.	3,713,000	5,726,000
3. To continue the appropriation for victims of Alzheimer's Disease.	50,000	50,000
4. Funds for acquisition, alteration, or renovation of additional senior citizens centers. The General Funds provided will draw down \$1,000,000 in federal funds.	50,000	50,000

	<u>1985-86</u>	<u>1986-87</u>
Medical Assistance:		
5. To increase the medically needy income scale by 10%. Federal law requires the medically needy income scale be set at 133% of AFDC payment level.	\$ 707,000	\$ 707,000
6. Funds to provide personal care services, adult screening and increase resource limits for aged, blind and disabled.	3,434,780	5,580,600
Social Services:		
7. From existing funds the department is to provide AFDC payments to eligible women who are in the last trimester of pregnancy.	-0-	-0-
8. Increase payments to AFDC recipients by 10%.	2,815,696	2,815,696
9. Increase the adoption subsidy by \$50 per month from \$100 to \$150 per month.	450,000	450,000
10. To increase the domiciliary care rates from \$565 per month maximum, to \$593 per month.	1,412,574	1,412,574
Mental Health, Mental Retardation and Substance Abuse:		
11. To provide funds for local mental health programs who are losing federal grant funds.	811,639	1,036,811
12. Funds for school-based drug prevention and early intervention services for children as well as additional residential services.	1,200,000	1,200,000

	<u>1985-86</u>	<u>1986-87</u>
13. Additional funds for Willie M class members.	\$ 2,625,000	\$ 2,625,000
14. To provide additional slots for mentally ill patients in group homes for mentally ill adults.	636,000	795,000
15. Additional funds to support the involuntary outpatient commitment law.	250,000	500,000
16. Funds to expand the services to the mentally retarded in western North Carolina by providing for additional group homes.	480,000	480,000
17. Funds to replace lost receipts at Alcohol and Drug Education Traffic Schools (ADETS).	210,773	210,773
18. Funds to provide services to autistic adults in North Carolina.	400,000	500,000
19. Funds for ADAP clients who are served but without a state subsidy.	688,800	688,800

Health Services:

20. Funds for prenatal clinic services in local health departments and for community-based teenage pregnancy and prematurity prevention programs on the local level.	3,209,813 (1)	3,709,824 (1)
21. To provide additional funds for perinatal program.	1,860,000	1,860,000
22. Funds for additional personnel in the Environmental Health Division.	143,557 (2)	130,798 (2)

	<u>1985-86</u>	<u>1986-87</u>
23. Funds for additional personnel at Lenox Baker Children's Hospital.	\$ 158,889 (8)	\$ 162,664 (8)
24. Funds for additional inpatient hospitalization services in the Migrant Health Program.	200,000	200,000
Facility Services:		
25. Funds for additional staff to meet increased workload in the Division.	200,000 (7)	457,890 (15)
26. Funds to add two new rural health clinics in each year of the biennium.	350,000	350,000
Vocational Rehabilitation:		
27. Funds to expand the community independent living program. Existing state and federal funds will be used to expand services.	-0-	-0-
Youth Services:		
28. Funds to establish an Eckerd Wilderness Camp for girls.	-0-	837,149
29. Funds for additional maintenance personnel for the training schools.	100,000 (5)	212,360 (12)
Reserves:		
30. Funds to provide for salary increases for state-funded portion of local positions.	4,814,406	4,814,406
TOTAL EXPANSION BUDGET	\$31,852,321	\$38,670,464
TOTAL NEW POSITIONS	(23)	(38)

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1985-86

1986-87

SPECIAL APPROPRIATIONS BILLS

SB 182	SOUTHEASTERN HEARING IMPAIRED CENTER FUNDS: Appropriation to the Department of Human Resources to establish and operate a regional center to serve the hearing impaired in Bladen, Brunswick, Carteret, Columbus, Duplin, Jones, New Hanover, Onslow, Pender, Robeson, Sampson and Scotland Counties. (Sec. 72)	\$ 79,465	\$ 69,778
	JUVENILE CENTER CHAPLAIN FUNDS: Appropriation to DHR for a chaplain position at both the Juvenile Evaluation Center at Black Mountain and at the Samarkand Manor School at Eagle Springs. (Sec. 77)	50,000 (2)	50,000 (2)
	HOLOCAUST COUNCIL FUNDS: Appropriation to the Department of Human Resources to fund the activities of the Holocaust Council (Sec. 81(b))	5,000	-0-
	SOCIAL SECURITY DISABILITY INFORMATION FUNDS: Appropria- tion to the Department of Human Resources to establish & staff a public information office with toll free information hot line, and to continue funding for the Disability Task Force. (Sec. 82)	50,000 (2)	50,000 (2)
	METABOLIC SCREENING FUNDS: Appropriation to Department of Human Resources for additional metabolic screening services for newborns. (Sec. 83)	100,000	100,000

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SB 182

	<u>1985-86</u>	<u>1986-87</u>
COMMUNITY GROUP HOMES AND APARTMENTS: Appropriation to Division of Mental Health, Mental Retardation and Substance Abuse to provide funds for state participation in the operation of HUD group homes and apartments for the mentally retarded. (Sec. 84)	\$ 659,200	\$ 648,400
CHILD PROTECTIVE SERVICES WORKERS: Appropriation to Division of Social Services for 50 additional child protective services workers for county departments of social services. (Sec. 85)	1,000,000 (50)	1,000,000 (50)
FOSTER CARE BOARD RATE FUNDS: Appropriation to the Division of Social Services to raise payments to foster care families from \$150 to \$200 per month. (Sec. 87)	811,512	811,512
CRIPPLED CHILDRENS PROGRAM FUNDS: Appropriation to Division of Health Services for increased funding of the Crippled Childrens Program. (Sec. 88)	419,000	419,000
NUTRITION AND DIETARY SERVICES: Appropriation to the Division of Health Services for expansion of nutrition and dietary services. (Sec. 89)	180,576	180,576
COMMUNITY BASED ALTERNATIVES FUNDS: Appropriation to the Division of Youth Services for expansion of Community Based Alternatives funds in 100 counties. (Sec. 92)	1,000,000	1,000,000

	<u>1985-86</u>	<u>1986-87</u>
SB 182 DEVELOPMENTAL DISABILITIES STUDY FUNDS: Appropriation to the Division of Mental Health, Mental Retardation and Substance Abuse to study unmet service needs of persons whose disability is not included in the current definition of "developmentally disabled person". (Sec. 97)	\$ 120,000	\$ -0-
LEE HARNETT MENTAL HEALTH AUTHORITY FUNDS: Appropria- tion to the Division of Mental Health, Mental Retar- dation and Substance Abuse Services for delivery of inpatient services at Good Hope Hospital in Erwin as part of the South Central Deinstitutionalization Project. (Sec. 98)	225,000	425,000
EASTERN REGION DETOXIFICATION FUNDS: Appropriation to Division of Mental Health, Mental Retar- dation and Substance Abuse Services for detoxification services and capital improve- ments to detoxification facilities in the eastern region. (Sec. 99)	1,500,000	2,000,000
SICKLE CELL ANEMIA FUNDS: Appropriation to Division of Health Services for additional services. (Sec. 100)	80,000	80,000
ADULT DEVELOPMENTAL ACTIVITIES PROGRAM FUNDS: Appropriation to Division of Mental Health, Mental Retardation and Substance Abuse Services to raise the reimbursement rate for Adult Developmental Activities Program slots to \$224.00 per month. (Sec. 102)	812,340	812,340

	<u>1985-86</u>	<u>1986-87</u>
SB 182 CHILD DAY CARE COMMISSION FUNDS: Appropriation to the Department of Human Resources for operating expenses for Child Day Care Commission. (Sec. 155(s))	\$ 63,000	\$ 12,000
DAY CARE LICENSING PROGRAM FUND TRANSFER: Transfer of funds to Department of Human Resources from the Department of Administration for operation of the Office of Day Care Licensing. (Sec. 155)	952,236	953,734
SB 489 COMMUNITY BASED SERVICES FOR THE MENTALLY ILL FUNDS: Appropriation to the Division of Mental Health, Mental Retardation and Substance Abuse Services for community based support services for the chronically mentally ill. (Sec. 16)	1,250,000	1,250,000
DEVELOPMENTAL DAY CARE CENTER FUNDS: Appropriation to the Department of Human Resources to provide 239 additional grant-in-aid slots for mentally retarded children. (Sec. 17.1)	946,440	946,440
HOME HEALTH CARE FUNDS: Appropriation to the Department of Human Resources to provide home health care to the indigent. (Sec. 19.1)	375,000	-0-
HB 922 McCORMICK GROUP HOME FUNDS: Appropriation to the Department of Human Resources for operating expenses for McCormick Avenue Group Home in Gastonia. (Sec. 465)	10,000	-0-

	<u>1985-86</u>	<u>1986-87</u>
RELATIVES FUNDS: Appropriation to the Department of Human Resources for assistance with the purchase of a permanent home for The Relatives of Charlotte, a crisis intervention and counseling center. (Sec.466)	\$ 15,000	\$ -0-
HAVEN HOUSE: Appropriation to the Department of Human Resources for a total of \$66,000 for operating expenses of Haven House, Inc., a group home for emotionally disturbed children.	66,000	-0-
DOROTHEA DIX RECREATIONAL EQUIPMENT FUNDS: Appropriation to the Department of Human Resources for purchase of recreational equipment for adolescent treatment unit at Dorothea Dix Hospital. (Sec. 468)	5,000	-0-
SAFE FUNDS: Appropriation to the Caswell Center in Kinston for operating expenses for SAFE, a shelter for battered spouses.	\$ 10,000	\$ -0-
TOTAL SPECIAL BILLS	\$ 10,784,769	\$ 10,808,780
TOTAL NEW POSITIONS	(54)	(54)
TOTAL GENERAL FUND OPERATING BUDGET	\$725,235,199	\$748,802,112
NET NEW POSITIONS	(57.5)	(64)

CAPITAL IMPROVEMENTS:

1.	Life Safety Code Renovations	\$ 1,201,800	\$ 1,831,400
2.	Renovation at Dorothea Dix for Offices	200,000	1,550,000
3.	Replacement of Boiler at Cherry Hospital	3,418,800	-0-
4.	Therapeutic Pool at Lenox Baker Children's Hospital	194,000	-0-
5.	Construct swimming pools at:		
	Dobbs School	250,000	
	Dillon School	250,000	
	Juvenile Evaluation Center	250,000	-0-
	TOTAL CAPITAL IMPROVEMENTS	\$5,764,600	\$3,381,400

SPECIAL PROVISIONS INCLUDED IN
APPROPRIATIONS BILLS

Senate Bill 1:

- Section 85 Willie M. Established procedures for allocation and expenditure of Willie M funds by the Departments of Human Resources and Public Instruction. Requires periodic reports on expenditures to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.
- Section 86 Medicaid. Establishes eligibility requirements for recipients of services, and payment rates to provider under the State's Medicaid program. Provides authority for the operation of various cost containment and reimbursement to hospitals with a disproportionate share of Medicaid cost.
- Section 87 Non Medicaid Reimbursement. Legislative requirements for recipients of services, and payments to providers under various health programs. These include perinatal health care, maternal and child health, medical eye care program, etc.
- Section 88 Domiciliary Care Facilities. Increase the maximum allowable payments for rest home services at \$593 for ambulatory patients and \$622.65 for nonambulatory patients. The rate for services had been \$565 and \$593 respectively.
- Section 89 Aged and Family Care/County and State Shares of Costs. Establishes state and county shares of rest home cost at 50% - 50%.
- Section 90 Mixed Beverage Tax for Area Mental Health Programs. Allocates state's portion of the mixed beverage tax to area mental health programs on a per capita basis.
- Section 91 Inflationary Increases in state aid to Local Agencies. Allocates "Jordan-Adams" funds for inflationary increases and salaries for local programs.
- Section 92 No Eye Clinics in Certain Counties. Provides that the Division of Services for the Blind shall not operate clinics in counties in which optometrist or ophthalmologist agree to provide the same services.

- Section 93 Limitations on state Abortion Funds. Limits expenditures and eligibility for state funded abortions. Also provides for counselor and other services for persons receiving assistance under this program.
- Section 94 Day Care Allocation. Allocates new state day care funds to counties based upon an individual county's population and county's poverty rate as a percentage of the sum of all North Carolina's county poverty rates.
- Section 95 Day Care. Requires the Department of Human Resources to serve the greatest number of children with the dollars appropriated.
- Section 96 Day Care Rates. Establishes maximum allowable rates for day care centers, allows all licensed centers to participate in the reimbursement program after January 1, 1986. Requires the Department of Human Resources to conduct a study of day care rate setting and report to the 1986 Session of the General Assembly.
- Section 98 AFDC/Women in Third Trimester of Pregnancy. AFDC payment begins in third trimester of pregnancy. Previously only eligible for medicaid.
- Section 99- Requires that local health departments maintain
100 same level as in previous year for maternal and child health services. Section 100 limits maternal and child health care funds to prenatal clinics, purchase of medical services, family planning services.
- Section 101 Establishes an Advisory Board for Adolescent Pregnancy and Prematurity Prevention. Review and make recommendations to the Division of Health Services and the Secretary of the Department of Human Resources on the selection of model community pregnancy prevention programs.
- Section 102 Adolescent Pregnancy and Prematurity Prevention Projects. Establishes program for adolescent pregnancy and prematurity prevention projects. Requires evaluation of the projects and a report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

- Section 103 IV-D Program/Administration. Delays the date of county take over of operation of the state operated local IV-D program until July 1, 1986.
- Section 104 Requires the Division of Health Services, Department of Human Resources to submit a report on the operations of the Arthritis Program to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division 30 days prior to the convening of the 1987 General Assembly.
- Section 105 Federal Funds Carried Forward for Senior Citizens Centers. Utilizes unexpended federal funds to construct senior citizens centers. Section also requires the Division of Aging, Department of Human Resources to report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.
- Section 106 Retrospective Accounting Adjustment/AFDC. Provides a supplemental payment to AFDC families adversely affected by 1982 federal changes.
- Section 107 State Medical Facilities Plan/Nursing Home Allocation Study. Requires the Department of Human Resources to re-evaluate the criteria used in the state health plan for the allocation of nursing home beds. Requires a report on the draft plan to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division 30 days prior to final approval by the Governor, and a report on the final plan to the Commission 30 days prior to convening of the 1986 Session of the General Assembly.
- Section 108 Domiciliary Care Facilities/Reporting Requirements. Changes the reporting date on rest home cost reports from February 1 of each year to March 1 of each year.
- Section 109 South Central Deinstitutionalization Project. Authorizes the Department of Human Resources to continue this experimental project under the following conditions:
1. Wake area mental health to establish an inpatient unit prior to the end of the fiscal year;

2. establishment of clear goals to reduce inpatient admissions at Dix;
3. Report to the 1986 Session of the General Assembly on the progress of the deinstitutionalization project.

Section 111 Kidney Donor and Human Tissue Program/Fund Reversion. Requires reversion of unexpended funds in the kidney program at the end of each fiscal year. In prior years these funds did not revert.

Section 112 Community Living Program. Allows the Division of Vocational Rehabilitation, Department of Human Resources to utilize federal funds to establish community independent living programs in Forsyth and Mecklenburg counties.

Section 113 Secretary's Fee Schedule. Requires the Secretary of Human Resources to develop a fee schedule for environmental consultation visits now provided free of charge to industry. This schedule will be presented to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division one month prior to the convening of the 1986 Session of the Legislature.

Section 114 Sanitation Branch Funds. Allows the Division of Health Services, Department of Human Resources to expend up to \$100,000 for additional personnel in the area of plan review for food and lodging.

Section 115 Mosquito and Vector Control Program. Requires that no more than 65% of the funds for mosquito and vector control be used for spraying and fogging operations, and 35% for drainage projects. Requires that a report be submitted on the Grove Creek Project to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by May 1, 1986.

Section 116 Eckerd Wilderness Therapeutic Camp. Requires the Divisions of Youth Services, Department of Human Resources to study the need for an all female camp and the camper's length of stay. The results of this report are to be presented to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division one month prior to convening of the 1986 Session of the Legislature.

Section 117 DHR Employees In-Kind Match. Allows the Department of Human Resources to assign employees of the department to serve as in-kind match to nonprofit corporations working to establish health care cost containment programs.

Senate Bill 182:

Section 82 Social Security Information Funds. Appropriates funds for legal assistance for those persons who lost social security disability. Continues the Disability Task Force created in 1984 and adds several new members.

Section 155 Day Care Reorganization. Transfers the Child Day Care Licensing Commission from the Department of Administration to the Department of Human Resources. Reorganizes the commission and establishes appointments of the Governor, Lt. Governor, and the Speaker of the House of Representatives. Requires a report from the Secretary of the Department of Human Resources to the Joint Legislative Commission on Governmental Operations, Lt. Governor, and the Speaker of the House, Chairmen of the House and Senate Committee on Children and Youth, and the Joint Legislative Commission on Children and Youth, and the Fiscal Research Division on the implementation of this provision.

Section 156 Day Care/Standards/Abuse and Neglect Protection. Establishes new day care licensing standards for North Carolina to be implemented by the New Day Care Licensing Commission. Requires the implementation of new regulations for family day care plans. Provides authority to the Commission to implement new regulations associated with this provision.

Senate Bill 489:

Section 17 Allocates \$1,200,000 each year from funds appropriated in Section 2 of Senate Bill 1 in the following manner: \$130,000 in FY 85-86 & \$200,000 in FY 86-87 for planning & training; \$1,070,000 in FY 85-86 and \$1,000,000 in FY 86-87 for area program services.

- Section 19 Prescription Drug Funds for Disabled. Allocates \$500,000 in State Medicaid funds appropriated in SB 1 to the Division of Health Services for prescription drugs for persons who were terminated from Social Security Disability between March 1, 1983 and September 30, 1983. Requires a quarterly report from the Department of Human Resources to the Joint Legislative Commission on Governmental Operations.
- Section 20 Requires the Department of Human Resources to study the cost of providing transportation to ADAP clients. Requires that a report be submitted to the Joint Legislative Commission on Governmental Operations no later than May 1, 1986.
- Section 21 Eliminates the matching requirement on day care funds unless one is required by the federal government.

The following appropriations for Human Resources related items have been deposited in a reserve fund in the Office of the Director of the Budget for distribution.

	<u>1985-86</u>	<u>1986-87</u>
Moore County Childrens Center SB 182, Sec. 73	\$ 5,000	\$ -0-
Samaritan Colony (SB 182, Sec. 74)	10,000	-0-
Child Care Directions, Inc. (SB 182, Sec. 75)	10,000	-0-
L. Richardson Memorial Hospital (SB 182, Sec. 76)	200,000	200,000
Autistic Children's Camp Funds (SB 182, Sec. 78)	60,000	-0-
Tammy Lynn Respite Care (SB 182, Sec. 80)	5,000	-0-
Model Latchkey Program (SB 182, Sec. 86)	50,000	50,000
Mission Air Funds (SB 182, Sec. 90)	50,000	-0-
Harnett Hospice Program Funds (SB 182, Sec. 91)	25,000	-0-

	<u>1985-86</u>	<u>1986-87</u>
Carolina Organ Procurement Funds (SB 182, Sec. 93)	\$ 150,000	\$ -0-
ACCEPT Funds (SB 182, Sec. 94)	12,000	-0-
New Bern Child Center Funds (SB 182, Sec. 95)	200,000	-0-
t.l.c. Home Funds (SB 182, Sec. 96)	-0-	200,000
First Step Farm Funds (SB 182, Sec. 101)	40,000	
North Carolina Family of the Year (SB 182, Sec. 103)	10,000	-0-
Union County Area Home for Abused Children (SB 489, Sec. 16.1)	20,000	-0-
TOTAL	\$847,000	\$450,000

DEPARTMENT OF PUBLIC EDUCATION

Statutory Authority: General Statutes, Chapter 115C

The department consists of a 13-member State Board of Education (11 members appointed by the Governor, plus the Lieutenant Governor and the State Treasurer); the State Superintendent of Public Instruction, a constitutional officer, serves as the secretary and chief administrative officer of the State Board of Education; and an appointed controller administers the fiscal affairs of the Board.

The major duties of the department are to communicate the needs of public elementary and secondary education, to provide leadership and support services to public schools, to assure standards of quality for programs and personnel, and to equitably provide all pupils an opportunity to achieve their full potential.

Both policy and budget actions of the 1985 General Assembly demonstrate again its solid commitment to the public schools of the State.

For the first time, the combined State appropriations for all school operations will exceed \$2.0 billion dollars each year in the 1985-87 biennium. Combined appropriations in the main bill and two special statewide bills (SB 182 and SB 489) bring the total State funds to \$2,004,225,999 in 1985-86 and \$2,014,039,669 in 1986-87 exclusive of salary increases. In addition, one statewide project for \$40,000 was included in the local projects bill -- N.C. flags for each school -- brings the total statewide appropriation to \$2,004,265,999 for 1985-86.

The 1985-86 General Fund appropriation to the Department of Public Education reflects an increase of \$391.2 million over 1984-85 appropriations. This is a 24.3% increase in one year, exclusive of salary increases, perhaps reflecting the largest one-year gain in history.

These gains mean a significant boost in school personnel each year...2,398 (85-86) and 2,861 (86-87)...primarily classroom teachers and guidance counsellors.

PER PUPIL SPENDING INCREASES 35%

State spending per pupil in the public schools shows a dramatic 35 percent increase in the last two years. The average appropriation per pupil will rise from \$1,475 in 1983-84 to \$1,734 in 1984-85, \$1,999 in 1985-86 and \$2,020 in 1986-87.

A BASIC EDUCATION PROGRAM

The most significant funding increases are for a basic education program totalling \$108.2 million in 1985-86 and \$114.6 million in 1986-87. In another history-making step, the State has established as State policy that a basic education program will be offered to all public school children in the State.

The expansive school program will be adopted by the State Board of Education in consultation with representatives of local boards of education. It will be phased-in over eight years as the State raises its financial support for the basic education program.

Among the significant appropriations for the basic education program this biennium are the following:

<u>CLASS SIZE REDUCTION</u>	(Millions)	
	<u>1985-86</u>	<u>1986-87</u>
Reduction in class size will add over 1,300 teachers and over 50 assistant principals each year	\$34.5	\$31.2
 <u>DROPOUT PREVENTION</u>		
Expanded dropout prevention efforts in high schools and middle schools are designed to keep high risk students in school	13.7	18.2
 <u>SCIENCE, MATH, COMPUTER EQUIPMENT</u>		
More equipment for math/science, vocational education, and computers	20.3	16.4
 <u>SUMMER SCHOOLS</u>		
A first-time State appropriation for summer schools will serve pupils who fall short of promotion standards in grades 3, 6, and 8	5.25	10.5
 <u>FINANCE OFFICERS</u>		
The State begins support for one finance officer in each county school system	1.6	3.2

ADM FUNDING OPTION

Prior year funding provides an option for school systems with declining enrollments \$ 5.9 \$ 6.4

PROFESSIONAL DEVELOPMENT

Funds for local school personnel to upgrade skills and knowledge. 3.1 5.35

RESERVE FOR ADDITIONAL PUPILS 2.0 2.0

Other major program improvements in the public schools include funds for career development pilot programs in 16 local schools. The performance-based program will differentiate pay for teachers and administrators and be piloted over the next four years.

A detailed listing of the budget actions for the Department of Public Education in the 1985 Session follows.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$1,909,047,694	\$1,892,241,733

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Salary reserves	\$ (47,573)	\$ (47,593)
2. Central payroll system	(95,000)	(33,600)
3. Competency development	(600,000)	(900,000)
4. Competency testing	(200,000)	(200,000)
5. Pupil testing	(100,000)	(100,000)
6. Vocational education grades 7-8	(200,000)	(200,000)
7. School principal positions	(1,235,164)	(1,953,140)
	(31)	(49)
8. Contract transportation - exceptional children	(38,017)	(38,017)

	<u>1985-86</u>	<u>1986-87</u>
9. Revised average daily membership and average salary projections	\$(5,530,947) (109+)	\$(4,351,456) (197+)
10. Extended day/year pilot program	<u>(512,600)</u>	<u>-</u>
Subtotal	(8,559,301) (78+)	(7,823,806) (148+)
11. Inflationary rate adjustments for motor vehicle operations, telephone & utilities	(64,658)	(100,174)
12. Energy costs-local schools	(3,602,868)	(3,792,914)
13. Gasoline at \$0.85/gallon for school buses	<u>(1,141,568)</u>	<u>(1,158,130)</u>
Subtotal	\$ (4,809,094)	\$ (5,051,218)
TOTAL BASE BUDGET REDUCTIONS	\$(13,368,395)	\$(12,875,024)
TOTAL POSITION CHANGE	+78	+148

EXPANSION BUDGET

1. Management Information System -- develop MIS in the agency and local school administrations	\$1,700,000 (9)	\$3,000,000 (12)
2. Transportation Management System -- complete implementation of State Vehicle Fleet Management System	300,000 (1)	900,000 (1)
3. Assessment Centers for Prospective Principals -- Promote better school leadership through assessment of principals, assistant principals and other administrators	316,744 (6)	316,820 (6)

	<u>1985-86</u>	<u>1986-87</u>
4. Scholarship loan program -- for \$ 400,000 top college students who will be future teachers		\$ 800,000
5. Teacher allotment--grades 7-9 --lower class size by improving the pupil:teacher ratio to 1:26 (grade 7-8) and 1:27 (grade 9)	34,498,828	33,169,270
No. teaching positions.	(1,357)	(1,305)
No. assistant principal positions.	(55)	(52)
6. Summer school/remediation for pupils who fail promotion standards in grades 3, 6, and 8	5,250,000	10,500,000
7. Professional development for certified personnel	2,000,000	2,000,000
8. Center for the Advancement of Teaching at Western Carolina University in Jackson County -- related support for mid-career teachers to attend the Center.	-0-	2,245,000
9. Vocational Education equipment -- \$5 per ADM in grades 7-12	2,573,860	2,544,195
10. School Finance Officers -- (a) begin State funding Jan. 1, 1986 to coincide with central payroll system implementation; (b) provide \$100,000 each year for professional development	1,697,292 (50)	3,294,583 (100)
11. Student Information Management System (SIMS) -- assist high schools with computer equipment necessary to implement SIMS	900,000	900,000
12. Job Placement Centers -- one-half counsellor position in each high school to reduce dropouts	-0-	4,432,215 (172.5)

	<u>1985-86</u>	<u>1986-87</u>
13. High School and Middle School Dropout Prevention -- early identification and special alternative instructional programs for high risk students	\$13,715,256 (534)	\$13,720,596 (534)
14. Instructional Support staff -- includes librarians, counsellors psychologists, nurses, social workers	-0-	5,138,800 (200)
15. Textbooks -- provides \$20 per pupil in grades 1-12	-0-	6,579,740
16. Microcomputer labs -- provides at least 30 minutes access per week in grades 4-12 (85-86) and K-12 (86-87)	13,512,210	9,610,980
17. Math and science equipment on a graduated basis in each grade	5,237,464	5,197,668
18. Exceptional Children -- additional pupils in out-of-district placements, Willie M and residential centers	329,243	847,111
19. Prior Year ADM funding as an option to school systems with declining enrollments	5,940,384 (291)	6,412,809 (314)
20. ADM Contingency Fund to relieve class size overages	2,000,000	2,000,000
21. To plan and implement career growth pilot programs for teachers and administrators, two in each educational district in 1985-86 and 1986-87	11,274,455	16,350,209
EXPANSION - OPERATING TOTAL	\$101,645,736	\$129,959,996
TOTAL NEW POSITIONS	2,303	2,696.5

SPECIAL APPROPRIATIONS BILLS:

	<u>1985-86</u>	<u>1986-87</u>
SB 182		
SPORTS MEDICINE. To provide additional funds for the Sports Medicine and Emergency Paramedical Program in high schools. (Sec. 45)	\$ 35,000.	\$ 70,000
PAY FOR TEACHERS WITH MASTERS DEGREE. To amend the 1980 salary schedule provisions to allow teachers earning a masters degree September 1, through June 30, 1985 to receive experience increment earned previously but not rewarded under State Board of Education rules. (Sec. 46)	3,548,640	3,548,640
LIAISON WITH GENERAL ASSEMBLY. To establish a liaison Office of Planning and Development in the Dept. of Public Instruction (2 positions)	73,772	73,772
To develop subject area tests in the least expensive manner for the implementation of the Basic Education Program. (Sec. 47)	50,000	50,000
SCHOOL BUS REPLACEMENTS. To supplement bus funds to reduce the age of the fleet. (Sec. 48)	2,000,000	-
GOVERNOR'S SCHOOL FUNDS. To add funds for operating expenses of the Governor's School summer program the first year. (Sec. 49)	50,000	-

	<u>1985-86</u>	<u>1986-87</u>
SCHOOL ALCOHOL AND DRUG PROGRAM. To establish a new program to address the alcohol and drug problems of school aged youth.	\$ 565,000	\$ 592,000
New positions - Dept. of Public Instruction.(Sec. 79)	<u>(11)</u>	<u>(11)</u>
TOTAL SCHOOL FUNDS - S 182	\$6,322,412	\$4,334,412
TOTAL POSITIONS	(13)	(13)

SB 489

QUALITY ASSURANCE FUNDS. To provide for on-the-job training components of the QAP. Allocations are \$100 for each initially certified individual employed in each school unit in 1985-86. (Sec. 2)	\$ 200,000	\$ -
CHILDREN'S TRUST FUNDS. To fund additional child abuse and prevention projects on the local level. (Sec. 3)	250,000	250,000
SCHOOL HEALTH COORDINATORS. To add four health coordinators in school units without a State funded health coordinator. (2 positions; Sec. 4)	<u>128,552</u> (4)	<u>128,552</u> (4)
TOTAL SCHOOL FUNDS - S 489	\$ 578,552	\$ 378,552
TOTAL POSITIONS	(4)	(4)

HB 922

N.C. FLAGS FOR SCHOOLS. To provide funds for a N.C. flag for each public school in the state.	40,000	-
TOTAL SPECIAL APPROPRIATIONS	\$6,940,964	\$4,712,964
TOTAL POSITIONS	(17)	(17)
TOTAL GENERAL FUND OPERATING BUDGET	\$2,004,265,999	\$2,014,039,669
NET NEW POSITIONS	2,398	2,861.5

The following appropriations for Public School related items were placed in a reserve in the Office of State Budget and Management for distribution:

	<u>1985-86</u>	<u>1986-87</u>
Carol C. Wilson Scholarship (Sec. 330)	\$ 1,500	-
Carteret County Schools Physical Ed (Sec. 261)	20,930	-
Onslow County Schools Physical Ed (Sec. 261)	10,430	-
Cherokee After-School Funds (Sec. 322)	4,000	-
Cherokee School Enrichment (Sec. 304)	5,000	-
Clay After-School Funds (Sec. 323)	1,500	-
Clay School Enrichment Funds (Sec. 300)	2,500	-
Duplin High School Athletic (Sec. 338)	5,000	-
East Burke High School Tennis (Sec. 271)	10,000	-
East Duplin High School Athletic Funds (Sec. 277)	3,000	-
East Laurinburg School Playground (Sec. 343)	2,500	-
East Rutherford High School (Sec. 293)	25,000	-
Freedom High School Fitness Program (Sec. 290)	10,000	-
Goldsboro City Schools Endowment (Sec. 283)	2,500	-
Goldsboro City School Ath. Band & En. (Sec. 345)	12,000	-
Goldsboro City Schools Endowment (Sec. 284)	2,500	-
Graham After School Funds (Sec. 325)	2,500	-

HB922(con't.):

	<u>1985-86</u>	<u>1986-87</u>
Graham School Enrichment (Sec. 299)	\$ 2,500	-
Greene Central HS Lighting (Sec. 342)	10,000	-
Greene Central HS Music Funds (Sec. 341)	10,000	-
Halifax Board of Education (Sec. 289)	3,000	-
Haywood Co. After-School Funds (Sec. 260)	16,000	-
Haywood Educational Enrichment (Sec. 305)	5,000	-
Haywood Schools Fin. Dev. Program (Sec. 354)	50,000	-
Henderson Co. String Parents (Sec. 320)	1,000	-
Henderson Co. School Enrichment (Sec. 296)	5,000	-
Henderson County School Funds (Sec. 310)	14,500	-
Hendersonville City School (Sec. 309)	4,500	-
Hendersonville Cty School Enrichment (Sec. 297)	1,500	-
Jackson After-School Funds (Sec. 326)	5,000	-
Jackson School Programs Funds (Sec. 302)	5,000	-
John R. Hawkins Alumni & Friends (Sec. 321)	5,000	-
John Wesley Tutorial Program (Sec. 337)	2,500	-
Johnston Central Alumni Assoc. (Sec. 318)	2,500	-

HB 922(con't.):	<u>1985-86</u>	<u>1986-87</u>
Johnston Central Alumni Funds (Sec. 340)	\$ 4,000	-
Johnston County Cultural Arts (Sec. 273)	15,000	-
Jones Senior High Athletic (Sec. 280)	3,000	-
Kenan High School Athletic (Sec. 278)	3,000	-
Macon After-School Funds (Sec. 329)	5,000	-
Macon School Programs Funds (Sec. 301)	5,000	-
Mary Ellen Nelson School (Sec. 292)	10,000	-
North Duplin HS Athletic (Sec. 276)	3,000	-
Northampton Hi-West Summer Program (Sec. 294)	5,000	-
Northampton High School-West (Sec. 334)	5,000	-
Northwood High School Funds (Sec. 335)	2,500	-
Northwood High School Track (Sec. 308)	50,000	-
Northwood High School Track (Sec. 307)	10,000	-
Parkwood High School Lighting (Sec. 263)	50,000	-
Pender High School Athletic (Sec. 281)	2,500	-
Polk After-School Funds (Sec. 327)	5,000	-

HB 922(con't.):

	<u>1985-86</u>	<u>1986-87</u>
Polk School Enrichment Funds (Sec. 315)	\$ 1,500	-
Roberdel Children Center Funds (Sec. 344)	2,500	-
Sampson Alumni Renovation (Sec. 287)	3,000	-
Sampson Alumni Renovation (Sec. 314)	4,000	-
Sampson Middle School Improvement (Sec. 286)	10,000	-
Scotland Literacy Funds (Sec. 275)	10,000	-
Shelley School Child Dev. Ctr. (Sec. 356)	10,000	-
Shelley School Child Develop- ment (Sec. 269)	2,000	-
Swain After-School Funds (Sec. 324)	2,500	-
Swain School Enrichment Funds (Sec. 298)	2,500	-
Transylvania After-School (Sec. 328)	6,000	-
Transylvania Latchkey Funds (Sec. 319)	1,000	-
Transylvania School Enrichment (Sec. 295)	5,000	-
Tryon City School Enrichment (Sec. 313)	1,000	-
Tryon City Schools Funds (Sec. 312)	2,000	-
Wallace-Rose Hill HS Athletic (Sec. 279)	3,000	-
Warren County High School (Sec. 270)	1,500	-

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HB 922(con't.):	<u>1985-86</u>	<u>1986-87</u>
Wayne Co. Schools Computer (Sec. 346)	\$12,000	-
Wayne County School Funds (Sec. 285)	2,500	-
Wayne School Alcohol Education (Sec. 282)	2,500	-
Williams Township HS Aggie Club (Sec. 272)	1,000	-
TOTAL	<u>\$527,360</u>	<u>-</u>

SPECIAL PROVISIONS INCLUDED IN
APPROPRIATIONS BILLS:

SENATE BILL 1:

- Section 18 LEGISLATIVE OVERSIGHT. Joint Legislative Commission on Governmental Operations to oversee planning and implementation of career development pilot programs, basic education program, advancement center for teachers, administrator training programs and other initiatives.
- Section 19: SCHOLARSHIP LOAN FUND FOR PROSPECTIVE TEACHERS. Continues scholarships and adds 200 additional ones at \$2,000 each year of the biennium to be awarded on criteria which includes academic performance.
- Section 20 COMPETENCY TESTING/MEASUREMENT. Builds on the Annual Testing Program by adding achievement tests for grades 3, 6 and 8 in basic areas not covered and by developing end-of-course tests in high school.
- Section 21 COMPETENCY PROGRAMS PILOT PROGRAMS. Competency development in grades K-12 and competency tests/measurement programs are designated as pilot programs.
- Section 22 COMMUNITY SCHOOLS FUNDS. Requires funds shall be used for Community Schools program and no other purpose.
- Section 23 STAFF ALLOCATIONS TO SPECIAL DAY SCHOOL PROGRAMS. Directs the State Board of Education to develop staffing ratios for administrators of special day school programs that serve only handicapped pupils; report to Appropriations Committees and Fiscal Research Division by May 1, 1986.
- Section 24 ACCOUNTING FOR ADM POSITIONS SERVING EXCEPTIONAL CHILDREN. Requires the State Board of Education and local boards of education to account for the proper use of such positions and report to the Legislative Commission on Children with Special Needs and Fiscal Research Division by November 1, 1985.
- Section 25 PURCHASE OF BUSES IN LIEU OF CONTRACT TRANSPORTATION. Continues use of contract monies for purchase of buses.

- Section 26 LIMIT FREE BUS TRANSPORTATION OF CHILDREN WITH SPECIAL NEEDS. Makes statutory changes to limit free special transportation to those handicapped children who are unable because of their handicap to ride the regular school buses.
- Section 27 VOCATIONAL EDUCATION STUDY. Directs the Joint Legislative Commission on Governmental Operations to study the relationship among various providers.
- Section 28 STANDARDS FOR APPROVAL OF VOCATIONAL EDUCATION PROGRAMS. Beginning with 1986-87 year, the State Board of Education shall approve local education plans or applications within the standards established.
- Section 29 FUNDS TO REPLACE FEDERAL VOCATIONAL EDUCATION FUNDS. Emphasizes dropout prevention as a priority in use of Job Training Partnership Act funds. Directs Department of Natural Resources and Community Development to maintain or increase current level of services to prevent school dropouts.
- Section 30 Permits local decision in the use of vocational education funds for three budget lines -- 6301, 6310 and 6324 -- to avoid loss of federal funds, and JTPA funds, so long as this does not violate the federal law.
- Section 31 ALLOTMENT OF DROPOUT/EXTENDED DAY VOCATIONAL EDUCATION FUNDS. Combines budget lines 6311 and 6391.
- Section 32 DISPOSITION OF SERVICES, PRODUCTS, AND PROPERTIES GENERATED THROUGH VOCATIONAL EDUCATION. Amends statute governing these items; local boards shall adopt rules for their disposition.
- Section 33 EXTEND EMPLOYMENT OF MATH/SCIENCE TEACHERS in grades 9-12. Summer employment of six weeks is provided only for 700 math and science teachers who teach summer school or who are engaged in classroom related activities. Controller to report to Joint Legislative Commission on Governmental Operations and Fiscal Research Division 30 days prior to 1986 session.

- Section 34 SUBSTITUTE TEACHER PAY. Allows increase in per day rate by the same percentage as the legislative cost of living increases for teachers are funded.
- Section 35 SALARY SUPPLEMENTS NOT ELIGIBLE FOR LEGISLATIVE SALARY INCREASES. Salary supplements for advanced degrees and vocational teacher pay for extra work are a flat rate and do not increase with the legislative increase.
- Section 36 ELIGIBILITY TO SERVE ON STATE BOARD OF EDUCATION. Prohibits public school employees, their spouses, and employees of the Dept. of Public Instruction and their spouses to serve as appointive members, effective with appointments after July 1, 1985.
- Section 37 AUTHORITY TO APPOINT PUBLIC INSTRUCTION STAFF. Allows Superintendent of Public Instruction to make appointments of administrative and supervisory personnel under his control.
- Section 38 CERTIFIED SCHOOL PERSONNEL EVALUATION/RESEARCH. Directs State Board of Education to develop and implement pilot programs in up to nine local school units on a voluntary basis using outside evaluators. Planning takes place in 1985-86 and piloting in 1986-87, 1987-88 and 1988-89. Status reports are due February 1, each year to the Legislature and Fiscal Research Division.
- Section 39-51 SCHOOL CAREER DEVELOPMENT PROGRAM. Defines the program's purpose and policy, development, implementation, elements of the plan, levels of differentiation, salary and evaluation requirements, definition of terms, evaluators, stipend, salary and employees' option.
- Reports to the Legislature occur annually on February 1 beginning in 1986.
- Section 54 REEXAMINE NEW COMPETENCY-BASED CURRICULUM. The State Board of Education shall reexamine the new curriculum to ensure that it gives emphasis to American and family values.
- Section 55 BASIC EDUCATION PROGRAM. Funding increases over 1984-85 are listed for 1985-86 and 1986-87. Implementation provisions are provided for (1) finance officers; (2) transportation workers, (3)

teachers; (4) instructional aides; (5) counselors; (6) instructional support; (7) assistant principals; (8) handicapped pupils; (9) prior year funding option; (10) average daily membership contingency funds; (11) summer schools; (12) professional development; (13) textbooks; (14) equipment -- vocational math and science materials and equipment, and computer, computer maintenance related supplies and courseware. The Basic Education Program will be implemented between 1985-1993 and shall provide every student in the State equal access to a basic education program.

Local boards of education shall implement the BEP within rules set by the State Board of Education and funds appropriated for that purpose.

A State accreditation program shall be implemented and monitored by the State Board of Education.

SENATE BILL 182:

- Section 144 FORMULA DISTRIBUTION OF STATE VOCATIONAL EDUCATION FUNDS. Changes the distribution of State funds required to match federal funds for disadvantaged and handicapped students.
- Section 145 CENTRAL PAYROLL MODIFIED. Rewrites a 1984 Legislative mandate that the State Board of Education develop a central payroll system for all payments from State and federal funds for employees of local schools.

Authorizes the Board to allow payroll check in lieu of electronic transfer for certain classes of temporary employees.

Requires two statewide payroll dates. Continues local payroll systems covering locally funded employees unless the school system requests that these funds be included in the State system.

Other provisions relating to public schools are described under "Special Appropriations Bills."

(Note: See also Salary Modifications, Sections 195-198).

SENATE 489:

- Section 5 EMPLOYMENT/CERTIFIED TEACHERS. Places teachers in institutions of the Department of Human Resources and Corrections under the Fair Employment and Dismissal Act and repeals a 1984 enactment to the contrary.
- Section 6 PUPIL TRANSPORTATION PILOT PROGRAM. Authorizes the State Board of Education to use non-State funds to administer pupil transportation safety pilot programs focusing on the use of seat belts on new buses.
- Section 7-8 SNOW DAYS. Reduces from five to two the number of days local boards may excuse due to hazardous weather.
- Section 9 TEACHER LEAVE PILOT PROGRAM. Directs the State Board of Education to experiment with new teacher leave policies in three local school units within funds available. Authorizes \$50 per day payment to teachers for certain days not used. Directs reports be made to Legislature and Fiscal Research Division.
- Section 18 WILLIE M. COSTS. Directs the Department of Public Education to report to the Joint Legislative Commission on Governmental Operations and to Fiscal Research Division on the costs of educating Willie M. pupils in the public schools. The report is due 30 days before the convening of the 1986 Session.
- Section 2-4 WILLIE M. STUDY. Directs the State Board of Education to determine the most cost effective methods of educating Willie M. pupils and to report to named groups (#18) by March 18, 1986.
- Other provisions relating to public schools are listed and described under "Special Appropriations Bills"

STATEWIDE STUDY TOPICS/PUBLIC SCHOOLS AUTHORIZED:

SB 636 Adolescent Sexuality
Teaching (HJR 275)
School Discipline (HJR 861)
Superintendent of Public Instruction and State Board of
Education (HJR 1412)
Home Schooling Programs (SJR 224)
School Finance Act (SB 848)

SB 1 Vocational Education in public schools, community
colleges, proprietary institutions, and public and
private colleges and universities to be conducted
by Joint Legislative Commission on Governmental
Operations (Sec. 27)

Teacher Preparation Program Study by the Board of
Governors of the University of North Carolina.
(Sec. 72)

DEPARTMENT OF COMMUNITY COLLEGES

Statutory Authority: General Statutes, Chapter 115D

The Department of Community Colleges provides state-level administration over a system of 58 institutions under the direction of the State Board of Community Colleges. The board is a 20-member body: 2 are ex officio, 8 are appointed by the General Assembly, and 10 are appointed by the Governor. Serving at the pleasure of the board is a State President who has the responsibility to administer all policies, regulations and standards adopted by the board to operate the department and the institutions.

Each of the 24 Community Colleges and 34 Technical Colleges/Institutes in the system is administered by a local board of trustees and a president who is chosen by the local board and approved by the state board. The local boards of trustees have 13 members: 4 elected by the local board of education, 4 elected by the local board of county commissioners, 4 appointed by the Governor, and the president of the student government as an ex officio non-voting member.

Programs and services offered by each institution reflect the needs and concerns of the citizens and industries in the community. Instruction is provided through curriculum and continuing education (extension) programs to more than 600,000 different individuals each year.

The major issues during the 1985 Session were declining enrollment projections, the funding formula, Job Training Partnership Act funds, and the capital construction needs of the system.

Two major studies of the system were funded dealing with the vocational education needs of the state as well as the method of funding for institutions of the community college system.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$256,452,781	\$256,882,791

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS

Department-wide

1.	Update enrollment figures with current data. This reduces FTE by 4,000 in 1985-86 and 6,900 in 1986-87. In addition a \$15 million contingency enrollment reserve provides a cushion for 1985-86 estimates.	\$ (6,854,374)	\$(11,830,463)
2.	Eliminate double fund generation of state FTE and JTPA dollars for same students.	-0-	(904,243)
3.	More accurately reflect receipts by moving \$400,000 of Vocational Education Act funds into formula.	(400,000)	(400,000)
4.	Reduce inflation rate for library books from 8% to 7%.	(19,671)	(42,296)
5.	Reduce rental expense due to move into Caswell Building January, 1987.	-0-	(39,154)
TOTAL BASE BUDGET REDUCTIONS		\$ (7,274,045)	\$(13,216,156)
REVISED BASE BUDGET		\$ 249,178,736	\$ 243,666,635

1985-86

1986-87

EXPANSION BUDGET:

1.	ABE GROWTH. Enrollment growth in Adult Basic Education program of 1700 FTE in 1985-86 and 1986-87.	\$ 3,207,407	\$ 3,208,699
2.	NON-SALARY FUNDS. Increase formula allocation for supplies, travel, printing and other non-salary items.	5,000,000	-0-
3.	SMALL BUSINESS. Increase number of Small Business Assistance Centers from 14 to 19 in 1985-86 and to 24 in 1986-87 at \$50,000 per Center.	250,000	500,000
4.	COOPERATIVE SKILLS. Increase number of Cooperative Skills Training Centers from 15 to 19 in 1985-86 at \$75,000 per Center.	300,000	300,000
5.	DEPARTMENTAL COSTS. Increase for Departmental Operations.	138,395	215,096
6.	RESERVE FUNDS. Reserve for two auditors and support costs for audit program, for the formula study and other expenses.	300,000	200,000
7.	ABE COMPUTER. Computer hardware and software for each of the 58 institutions to use for the Adult Basic Education program.	875,000	-0-

	<u>1985-86</u>	<u>1986-87</u>
8. COMPUTER PERSONNEL. Contracted personnel to develop and deliver the computer assisted instruction for the Adult Basic Education program.	\$ <u>120,000</u>	\$ <u>160,000</u>
TOTAL EXPANSION BUDGET	\$10,190,802	\$ 4,583,795

SPECIAL APPROPRIATIONS BILLS:

SB 182	COMMUNITY COLLEGE STUDY FUNDS. Appropriates funds for feasibility studies focusing on future needs of the system. (Sec. 31)	\$ 100,000	\$ -0-
	SOUTHWESTERN TECH HEALTH CENTER FUNDS. Appropriates funds for Southwestern Technical College to purchase equip- ment for its Regional Allied Health Centers. (Sec. 32)	-0-	962,000
	HAYWOOD TECH DIRECTOR FUNDS. Appropriates funds for the Director of the High Tech Center at Haywood Technical College. (Sec. 37)	53,800	53,800
	COMMUNITY COLLEGE SALARY FUNDS. Appropriates additional salary money to be used in upgrading faculty salaries within the Community College system. (Sec. 42)	2,000,000	-0-
HB 922	LENOIR COMMUNITY COLLEGE FUNDS. Appropriates funds for Lenoir Community College to make repairs at the Greene County facility. (Sec. 264)	8,000	-0-

	<u>1985-86</u>	<u>1986-87</u>
HB 922 PITT COMMUNITY COLLEGE FUNDS. Appropriates funds for Pitt Community College for a manufacturing and technical program. (Sec. 267)	\$ 2,000	\$ -0-
BLADEN TECH FUNDS. Appropriates funds for Bladen Technical College to improve the grounds at its Kelly campus. (Sec. 288)	5,000	-0-
CENTRAL PIEDMONT FUNDS. Appropriates \$9,672.36 for Central Piedmont Community College to be reimbursed for equipment purchased to provide reading services for the blind. (Sec. 333)	9,673	-0-
SIR WALTER RALEIGH GARDEN FUNDS. Appropriates funds for Sandhills Community College to create the Sir Walter Raleigh Historical Garden. (Sec. 350)	1,000	-0-
CATAWBA VALLEY TECH FUNDS. Appropriates funds for Catawba Valley Technical College to pilot small business programs. (Sec. 355)	25,000	-0-
N.C. VOCATIONAL TEXTILE SCHOOL FUNDS. Appropriates funds for the N.C. Vocational School in Gastonia. (Sec. 359)	13,255	-0-
TOTAL SPECIAL BILLS	\$ 2,217,728	\$ 1,015,800
TOTAL GENERAL FUND OPERATING BUDGET	\$261,587,266	\$249,266,230

CAPITAL IMPROVEMENTS

SB 2 Allocation of Capital Funds. a) The section allocates \$21,009,500 for the 1985-86 fiscal year and \$11,850,000 for 1986-87 to various community colleges for capital construction projects: (Sec. 5.16)

<u>INSTITUTION</u>	<u>AMOUNT</u>	
	<u>1985-86</u>	<u>1986-87</u>
01. Central Piedmont C. C.	\$ 250,000	\$ -0-
02. Fayetteville T. I.	2,000,000	-0-
03. T. C. of Alamance	300,000	300,000
04. Mayland T. C.	100,000	-0-
05. Coastal Carolina C. C.	400,000	100,000
06. Wayne C. C.	1,000,000	-0-
07. Central Carolina C. C.	1,300,000	-0-
08. Pitt C. C.	500,000	750,000
09. Wake T. C.	300,000	1,000,000
10. Stanly T. C.	150,000	600,000
11. College of the Albemarle	1,000,000	500,000
12. Sampson T. C.	800,000	-0-
13. Sandhills C. C.	100,000	400,000
14. Cape Fear T. I.	300,000	-0-
15. Durham T. I.	80,000	700,000
16. Richmond T. C.	100,000	-0-
17. Asheville-Buncombe T. I.	3,001,000	-0-
18. Craven C. C.	200,000	1,300,000
19. Surry C. C.	75,000	700,000
20. Lenior C. C.	100,000	400,000
21. Vance-Granville C. C.	200,000	400,000
22. Guilford T. C. C.	500,000	500,000
23. Johnston T. C.	150,000	-0-
24. Western Piedmont C. C.	1,000,000	-0-
25. Randolph T. C.	200,000	200,000
26. Southeastern C. C.	60,000	300,000
27. James Sprunt T. C.	100,000	100,000
28. Montgomery T. C.	250,000	-0-
29. Blue Ridge T. C.	1,168,500	-0-
30. Southwestern T. C.	400,000	-0-
31. Haywood T. C.	280,000	-0-
32. Gaston College	145,000	500,000
33. Forsyth T. I.	250,000	-0-
34. Isothermal C. C.	800,000	800,000
35. Rockingham C. C.	75,000	-0-
36. Edgecombe T. C.	500,000	400,000
37. Tri-County C. C.	300,000	-0-
38. Roanoke-Chowan T. C.	300,000	400,000
39. Anson T. C.	100,000	500,000
40. Brunswick T. C.	500,000	-0-

	<u>1985-86</u>	<u>1986-87</u>
41. Piedmont T. C.	\$ 500,000	\$ 500,000
42. Martin C. C.	75,000	-0-
43. Robeson T. C.	500,000	-0-
44. Cleveland T. C.	100,000	-0-
45. Nash T. C.	<u>500,000</u>	<u>500,000</u>
TOTAL	\$21,009,500	\$11,850,000

SPECIAL APPROPRIATIONS BILLS

SB 182	ALAMANCE TECH FUNDS. Appropriates funds for capital improvements at Alamance Technical College. (Sec. 41)	\$ 200,000	\$ -0-
HB 922	BLUE RIDGE TECH FUNDS. Appropriates funds for Blue Ridge Technical College to renovate the Transylvania satellite facility. Dollar for dollar match is required. (Sec. 268)	75,000	-0-
	JOHNSTON TECH FUNDS. Appropriates funds for Johnston Technical College to complete its training tower for fire and rescue squad personnel. (Sec. 136)	40,000	-0-
	DAVIDSON COMMUNITY COLLEGE FUNDS. Appropriates funds for Davidson Community College to study its capital construction needs. (Sec. 348)	<u>50,000</u>	<u>-0-</u>
	TOTAL SPECIAL BILLS	\$ 365,000	\$ -0-
	TOTAL CAPITAL IMPROVEMENTS	\$21,374,500	\$11,850,000

SPECIAL PROVISIONS INCLUDED IN
APPROPRIATIONS BILLS

Senate Bill 1:
Section 56

Curriculum Enrollment Reserve. Sets up a five million dollar reserve to be allocated to institutions based on projected enrollment figures. It requires that funds be reverted if enrollment estimates are not achieved, allowing for a 3% cushion. It also provides funds for schools that exceed their enrollment estimates by more than 3%.

Section 57

Formula for Distribution of Funds. Prohibits the State Board of Community Colleges from establishing a minimum number of FTE for which funding shall be granted. It also eliminates the 90% of FTE funding protection for an institution with declining enrollment.

Section 58

Realignment of Formula. Realigns \$10.5 million in 1985-86 and \$10.2 million in 1986-87 of formula money in accordance with the actual expenditures for salary and non-salary cost items made by the institutions of the Community College system. It also prohibits transfers between these items unless the State Board of Community Colleges approves them on an emergency basis. The Board must report to the General Assembly any transfers it approves.

Section 59

Full Time Equivalent Teaching Positions. Sets the ratio of teaching positions to students at 1 to 22 for purposes of allocating funds to Community Colleges under the State Board's formula.

Section 60

Recreation Extension. Requires all recreation extension courses offered by institutions to be approved on a self-supporting basis.

Section 61

Assistance to Hospital Nursing Programs. Provides \$850 per full time nursing student to hospital nursing programs offered as a course of study by a Community College.

- Section 62 **Books and Equipment.** Allows the appropriation for books and equipment for community colleges to be available to institutions on a two-year basis instead of requiring unused funds to revert at the end of the fiscal year.
- Section 63 **Job Training Partnership Act (JTPA).** Prohibits institutions from generating FTE for students funded by the federal JTPA program. However, it allows administrative costs to be paid for these students in the same manner as others are funded.
- Sections 64-65 **Equipment Formula.** No institution may be penalized under the equipment formula because of any special appropriation. The equipment formula may not be changed until July 1, 1987.
- Section 66 **Community College Study.** Requires an outside, independent study of the community college system involving the funding formula, mission, tuition and various other issues. This report is due to the General Assembly by June 1, 1986.
- Section 67 **Tuition Waiver.** Provides a tuition waiver for students of the Human Resources Development program and juveniles in training schools.
- Section 68 **Juveniles in Training Schools.** Changes the statutes to allow juveniles of any age committed to training schools to attend community colleges.

Senate Bill 2:

- Section 5.15 **Capital Funds Not Revert.** Allows capital funds appropriated during the 1984 Session of the General Assembly to remain available to institutions until expended. It also makes a technical correction by certifying feasibility money to the proper operating account.

Section 5.16

Allocation of Capital Funds. a) Allocation. b) Requires money appropriated to Vance-Granville Community College in 1985-86 to be split evenly between the main campus and the Granville County satellite. It also directs the money for this institution appropriated for 1986-87 to be used for a Warren County satellite. It further requires the funds for the Granville County satellite to be paid to the County Commissioners upon entering into a contract for construction. c) Repeals the capital construction restriction on the use of funds for Caldwell Community College imposed in 1984. d) Requires the satellite campus in Caswell County to be operated by Piedmont Technical College. e) Requires the \$100,000 appropriation to Central Carolina Technical College to be used for a regional law enforcement firing training facility with no match required. f) Requires \$50,000 appropriated to Central Carolina Technical College to be used for the completion of the satellite in Harnett County. g) Requires the Department of Community Colleges to report to the Governmental Operations Committee on the status of capital appropriations obligations by June 1, 1986.

Senate Bill 182:
Section 146

Capital Matching Funds. Makes it clear in the statute that prior local expenditures may be used as matching funds for capital projects.

Section 147

Satellite County/Appoint Trustees. Allows county commissioners in a county in which a satellite campus is located to appoint up to two additional members of the local Board of Trustees of a Community College if the Board agrees.

Section 148

Satellite Requirements. (a) Amends G.S. 115-D to require all counties in which a satellite campus is located to accept the maintenance and utility costs of the satellite. (b) Authorizes boards of county commissioners to enter into contracts for construction of satellite campuses in their county. (c) Requires capital construction funds to be paid directly to county commissioners for satellite campuses in accordance with the payment schedule contained in the construction contract. (d) Requires the board of County Commissioners to submit Capital construction plans for the satellite campus to the local board of trustees of the Community college for approval prior to entering into a construction contract. (e) Prohibits the use of the satellite facility for any other purpose unless approved by the local board of trustees of the Community College which operates the satellite.

Section 149

Allocation for Cape Fear Tech. Designates that the funds allocated to Cape Fear Technical Institute for capital construction must be used to build a satellite facility in Pender County.

Section 150

Allocation for Central Carolina Tech. Rewrites an early special provision by requiring \$100,000 instead of \$50,000 of funds allocated to Central Carolina Technical College for capital construction to be used for the completion of the Harnett County satellite. It also provides that the 49 year lease of land for this facility satisfies the matching requirement.

Section 151

No match/Anson and Tri-County. Exempts Anson Technical College and Tri-County Community College from matching requirements for capital construction funds appropriated during the 1985-87 biennium.

Senate Bill 489:
Section 10

Community College Staff and Support. Allocates \$56,000 each year of the biennium from special allotments to be used for additional Department staff and support.

Section 11

Community College Salary/Technical Correction. Clarifies the requirement of one year of continuous service for a salary increase for employees of the Community College system by basing this provision on the amount of employment available to individuals within the system.

Section 13

Caswell County Satellite. Assigns Caswell County as a service area to Piedmont Technical College. Prohibits any other Community College from offering courses in Caswell County unless there is a written agreement to do so with Piedmont Technical College.

House Bill 922:
Section 347

Caswell Satellite Funds. Appropriates \$25,000 to Caswell County for the purchase of equipment for its satellite campus.

THE UNIVERSITY OF NORTH CAROLINA (UNC) BOARD OF GOVERNORS

Statutory Authority: G.S. Chapter 116

The Board of Governors is composed of thirty-two members elected for eight-year terms by the General Assembly. The Board is required to plan and develop a coordinated system of higher education in North Carolina.

The President of The University of North Carolina is the chief administrative officer of the University. He establishes administrative organizations to carry out the policies of the University. In carrying out his duties and responsibilities the President is assisted by his staff officers and by the chancellors of the constituent institutions.

The 1985 General Assembly provided funding for the first time to match private gifts for endowments for distinguished professorships, created a residential summer program for junior and senior high students who could benefit from additional skills training and motivation, and made statutory changes to set out the relationship of the N.C. School of Science and Mathematics to the UNC system. It also created a Center for the Advancement of Teaching, expanded several university programs that aid the public schools, and directed the UNC Board to study its Teacher Preparation Programs.

UNC-GENERAL ADMINISTRATION

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$11,411,656	\$11,513,899

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Increase Utility Budgets	\$ 432	\$ 5,142
2. Reduce salary reserve by 50%	(567)	(567)
3. Eliminate one-third of positions vacant 6 months or longer.	(41,974) (2)	(41,974) (2)

UNC - BOARD OF GOVERNORS:

TOTAL BASE BUDGET REDUCTIONS	\$(42,109)	\$(37,399)
TOTAL POSITION REDUCTION	(2)	(2)
TOTAL GENERAL FUND OPERATING BUDGET	\$11,369,547	\$11,476,500

UNC - INSTITUTIONAL RESERVES FOR PROGRAMS
AND FACILITIES

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$ 8,462,837	\$ 8,230,292

LEGISLATIVE ACTIONS

EXPANSION BUDGET

1. ENROLLMENT CHANGES.
To provide funds for a projected increase of 1,140 FTE students in 1985-86 and 2,175 FTE students in 1986-87 over the 105,685 FTEs budgeted for 1984-85.
\$ 4,821,338 \$ 8,350,153
2. STATEWIDE PROGRAM FOR SUPPORT OF PUBLIC EDUCATION.
To increase the level of support and expand the operations of four programs authorized by the General Assembly in the 1983 and 1984 Sessions for University participation in strengthening public education. The four programs and additional amounts recommended for each program are:
The Mathematics and Science Education Centers Network (\$850,000-\$850,000);
The Summer Residential Institutes in Mathematics and Science for High School Students (-0--\$350,000);
The Principals' Management Program (\$153,413-\$195,353);
and Rural Education Offices (\$70,000-\$70,000).
1,073,413 1,465,353

UNC - INSTITUTIONAL RESERVES FOR PROGRAMS
AND FACILITIES

	<u>1985-86</u>	<u>1986-87</u>
3. <u>AHEC STATE-WIDE MENTAL HEALTH PROGRAM.</u> To provide funds for the scheduled development of the AHEC State-wide effort to improve mental health programs, initiated with appropriations made by the 1984 General Assembly. Programs are scheduled to begin in the Eastern, Mountain and Wake AHEC's during the 1984-85 fiscal year.	\$ 451,580	\$1,126,595
4. <u>NEW DEGREE PROGRAMS TO COMPLETE CONSENT DECREE COMMITMENTS.</u> To meet the costs of estab- lishing the remaining new degree programs identified in the 1981 Consent Decree entered into between the University and the U.S. Department of Education. Ten programs are included: two at Fayetteville State University; seven at North Carolina A & T State University; and one at Winston-Salem State University.	300,000	400,000
5. <u>CHANGE TO COMPREHENSIVE UNIVERSITY: FAYETTEVILLE STATE AND UNC-WILMINGTON.</u> To provide funds to change these two institutions from general baccalaureate institutions to comprehensive universities. Funds for academic support, libraries, and faculty salary funds are included.	Total 737,112 Receipts (673,860) Gen. Fund 63,252	1,109,250) (693,180) <u>416,070</u>

UNC - INSTITUTIONAL RESERVES FOR PROGRAMS
AND FACILITIES

1985-86

1986-87

- | | | | |
|-----|--|-------------|-------------|
| 6. | <u>FACULTY SALARY SUPPORT FOR
THE COMPREHENSIVE UNIVERSITIES
AND THE SCHOOL OF THE ARTS.</u>
To improve the level of
faculty salaries at the six
comprehensive universities
and the School of the Arts. | \$1,131,353 | \$1,265,498 |
| 7. | <u>ACADEMIC COMPUTING.</u>
To provide funds to enhance
the educational programs of
the 16 constituent insti-
tutions through the further
incorporation of the
computer into the curricula
with particular emphasis
on strengthening. | (*) | (*) |
| 8. | <u>SCIENTIFIC EQUIPMENT.</u>
To provide increased funds
for the purchase of
scientific equipment in
all 16 constituent insti-
tutions. Major emphasis is
placed on improving the
undergraduate teaching
laboratories in the
natural sciences, in
engineering, and in
some related fields. | (*) | (*) |
| 9. | <u>UNIVERSITY-WIDE LIBRARY
NETWORK.</u>
To provide for the
establishment of a
University-wide library
network, which would
link all of the University
libraries in an automated,
on-line catalogue and
circulation system. | (*) | (*) |
| 10. | <u>IMPROVEMENTS IN ACCOUNTING
SYSTEMS.</u>
To provide funds to
upgrade the administrative
computing capabilities at | | |

UNC - INSTITUTIONAL RESERVES FOR PROGRAMS
AND FACILITIES

1985-86

1986-87

each of the 16 constituent institutions to enable them to implement a uniform computerized system for financial accounting and reporting.

(*)

(*)

11. BIOTECHNOLOGY RESEARCH.

To provide for improvements and expansions in research in biotechnology. A Biotechnology Council has been created and four constituent institutions are participants in that Council.

(*)

(*)

12. INTER-INSTITUTIONAL PROGRAMS.

To provide increased support for various institutes, centers and programs that involve groups of University institutions in cooperative efforts in public service, research or instructional activities.

(*)

(*)

13. BASIC PROGRAM SUPPORT.

To provide for expansions and improvements, not addressed in the preceding priority lines, for the 16 constituent institutions, the School of Medicine at East Carolina University, the UNC Center for Public Television, the University General Administration and the Area Health Education Centers (other than the new mental health program described on Line 3).

(*)

(*)

UNC - INSTITUTIONAL RESERVES FOR PROGRAMS
AND FACILITIES

	<u>1985-86</u>	<u>1986-87</u>
13a. <u>INDIAN SCHOLARSHIPS.</u> Increase scholarship grants to American Indians by \$20,000 each year. (SB 489, Sec. 15.1).	(*)	(*)
TOTAL PRIORITIES 7-13a (Less increased out-of-state tuition)	\$22,437,733 (4,437,733)	\$22,564,133 (4,564,133)
NET GENERAL FUND (7-13a)	\$18,000,000	\$18,000,000

OTHER ITEMS

14. <u>CENTER FOR THE ADVANCEMENT OF TEACHING.</u> This Center, to be located at Western Carolina University, will provide short-term in-residence learning and study opportunities in advanced topics and issues related to teaching and education for outstanding mid-career public school teachers.	\$ 500,000 (4.5)	\$2,000,000 (31)
15. <u>RESERVE FOR AGRICULTURAL PROGRAMS.</u> To provide additional support for several problem areas identified by the Agricultural Research Service and the Agricultural Extension Service in cooperation with the School of Agriculture and Life Sciences and the agricultural community. These areas include: Management and marketing of agricultural products;		

UNC - INSTITUTIONAL RESERVES FOR PROGRAMS
AND FACILITIES

	<u>1985-86</u>	<u>1986-87</u>
electronic technology in agriculture; biotechnology; water quality and management; horticultural crops; field crops and tobacco; forest resources, fisheries and wildlife; poultry; and livestock.	\$ 1,897,373	\$ 2,471,740
TOTAL EXPANSION BUDGET (General Fund)	\$ 28,238,309	\$ 35,495,409
TOTAL NEW POSITIONS	(4.5)	(31)

SPECIAL APPROPRIATIONS BILLS:

Senate Bill 182:

Section 39 Residential Summer programs for junior and senior high school student leaders with additional motivation and skills development. This will be operated by the Offices of Rural Education at East Carolina and Western Carolina Universities.	\$405,000	\$405,000
Section 202 Distinguished Profes- sorships Trust Fund will provide state match for private gifts to UNC institutions to set up endowed chairs.	2,000,000	2,000,000
TOTAL SPECIAL BILLS	\$2,405,000	\$2,405,000
TOTAL GENERAL FUND OPERATING BUDGET	\$39,106,146	\$46,130,701
NET NEW POSITIONS	(4.5)	(31)

UNC - INSTITUTIONAL RESERVES FOR PROGRAMS
AND FACILITIES

1985-86

1986-87

CAPITAL IMPROVEMENTS:

1.	Appalachian State		
a.	Addition to Music Building (SB 2)	\$ 1,033,000	\$ -
b.	Addition to Continuing Education Center (SB 182, Sec. 43)	1,000,000	-
2.	N.C. School of the Arts Performance Training Labs	6,334,000	-
3.	N.C. State - Academic		
a.	Page Hall Renovations (SB 2)	4,058,000	-
b.	Winston Hall Renovation (SB 2)	2,753,000	-
c.	Natural Resources Research Center (SB 2)	2,750,000	8,170,000
d.	School of Textiles (SB 2)	600,000	11,000,000
e.	Animal Science Teaching Facility (SB 182, Sec. 44)	400,000	-
4.	N.C. State - Agricultural Programs		
a.	Beef Cattle Research and Teaching Center at Butner (SB 2)	2,060,000	-
b.	Mountain Horticultural Crops and Extension Center at Fletcher (SB 2)	2,460,000	-
c.	Central Crops Research Station at Clayton - Shop and Storage (SB 2)	125,000	-
d.	Swine Research Facility (SB 2)	932,500	932,500
5.	UNC - Asheville		
a.	Library Addition (SB 2)	400,000	6,369,000
b.	Reserve for Advance Planning and Land Purchase for Arboretum (SB 2)	250,000	-

**UNC - INSTITUTIONAL RESERVES FOR PROGRAMS
AND FACILITIES**

	<u>1985-86</u>	<u>1986-87</u>
6. UNC - Chapel Hill		
a. Advance Planning for Center for Alcohol Studies Facility (SB 2)	\$ 163,000	\$ -
b. Advance Planning for Family Physicians Center (SB 182, Sec. 38)	100,000	-
c. Public Health and Environmental Sciences Building (SB 2)	16,372,000	-
7. UNC - Greensboro		
a. University Art Center (SB 2)	4,300,000	2,805,000
Less Receipts	(3,500,000)	-
General Fund	800,000	2,805,000
8. UNC - Wilmington		
a. School of Business Bldg. and Renovation of Bear Hall (SB 2)	250,000	6,139,000
9. Western Carolina		
a. Contingency Reserve for Regional Activities Center (SB 182, Sec. 35)	300,000	-
10. N.C. Memorial Hospital		
a. Chiller Replacement and Well for Chiller Plant (SB 2)	2,989,400	-
11. Reserve for Land Acquisition (SB 2)	1,200,000	-
12. Reserve for Advance Planning of 1985 Requests (SB 2)	2,500,000	-
13. Center for Public Television Production Center (SB 2)	7,426,000	-
14. Center for the Advancement of Teaching at Western Carolina University (SB 2)	7,381,000	-
TOTAL CAPITAL IMPROVEMENTS	\$64,636,900	\$35,415,500

UNC - RELATED EDUCATIONAL PROGRAMS

1985-86

1986-87

CONTINUATION BUDGET AS
RECOMMENDED BY THE
ADVISORY BUDGET COMMISSION

\$28,944,698

\$29,104,688

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Reduce costs of Legislative Tuition Grants to non-resident military personnel.	\$(100,000)	\$(100,000)
2. Reduce costs of Legislative Tuition Grants to students at off-campus sites with lower costs.	(325,000)	(325,000)
3. Shift unused funds budgeted for Medical and Dental spaces at Meharry Medical College to Board of Governors Dental and Medical Scholarship programs.	-	-
TOTAL BASE BUDGET REDUCTIONS	\$(425,000)	\$(425,000)

EXPANSION BUDGET:

Aid to Students Attending
Private Colleges.

1. Legislative Tuition Grant Program. Increase the Legislative Tuition Grant award from \$850 to \$950

UNC - RELATED EDUCATIONAL PROGRAMS

	<u>1985-86</u>	<u>1986-87</u>
per student in 1985-86 and 1986-87.	\$2,132,000	\$2,132,000
2. State Contractual Scholarship Program. Increase the funding for need-based scholarship from \$200 per full-time equivalent student to \$300 per full-time equivalent student.	2,376,000	2,376,000
TOTAL EXPANSION BUDGET	\$4,508,000	\$4,508,000
TOTAL GENERAL FUND OPERATING BUDGET	\$33,027,698	\$33,187,688

SPECIAL PROVISIONS INCLUDED IN
APPROPRIATIONS BILLS:

Senate Bill 1

Section 69 Military Personnel and Their Dependents.
Non-resident military personnel and their dependents will pay the equivalent of in-state tuition at Community Colleges and UNC institutions, but the charges to the military employers will be at out-of-state rates.

Section 70 UNC Graduate Centers.
Tuition and fees at graduate centers are limited to rates comparable to on-campus rates at the school providing the instruction.

Section 71 Off-Campus Programs.
The Department of Community Colleges and UNC must report to the General Assembly on off-campus undergraduate degree programs, in an effort to avoid duplication of program offerings.

UNC - RELATED EDUCATIONAL PROGRAMS

Senate Bill 1

Section 72 Study Teacher Education.
The Board of Governors was divided to study its teacher preparation programs in an effort toward effective reform. A final report is due to the General Assembly by January 15, 1987.

Section 74 Center for the Advancement of Teaching.
Sets up a Board of Trustees to govern the new Center for the Advancement of Teaching at Western Carolina University to help advance teaching as an art and as a profession.

Section 75 Agricultural Programs.
Expansion funds are partially designated by program as follows:

	<u>1985-86</u>	<u>1986-87</u>
a. Biotechnical apple research program and pre-harvest apple research position	\$100,000	\$100,000
b. Conduct the N.C. Turfgrass Survey	20,000	-
c. Provide fishery specialist to aid mountain trout industry	87,373	84,240
d. Research horticulturalist and entomologist for woody ornamentals at Mountain Horticultural Crops Station at Fletcher	100,000	100,000

Section 77 N.C. Memorial Hospital
Deficits in N.C. Memorial Hospital's cafeteria operation must be covered by receipts from the vending machine operation before vending receipts can be used for other purposes.

Section 78 Off-campus programs have increased reporting requirements, and amounts paid are lower than the maximum if the charges are lower than on-campus programs.

UNC - RELATED EDUCATIONAL PROGRAMS

Senate Bill 1

- Section 78(e) Military personnel are eligible only for on-campus programs.
- Section 79 Contractual Scholarship Program
The amount per full-time equivalent N.C. student disbursed to each school was increased from \$200 to \$300 per year.
- Section 80 Aid To Students Attending Private Colleges.
The rate for students attending private colleges was increased from \$850 to \$950 per year.
- Section 82 Private Medical School Funding
Criteria and amounts to aid Duke and Wake Forest Medical Schools are spelled out in this section.
- Section 83 Reserve for Jackson County Board of Education
Funds previously appropriated for this purpose in Sec. 3 of Chapter 971, 1983 Session Laws shall not revert unless authorized by the General Assembly.
- Section 84 N.C. Tomorrow Programs
Funds for the Western N.C. Tomorrow program and the Northeastern N.C. Tomorrow program will be funded directly to Western Carolina University and Elizabeth City State University respectively.

Senate Bill 182

- Section 39 Residential Summer School Programs
Section 39 funds and establishes residential summer school programs for junior and senior high students who could benefit from extra motivation and opportunity. The programs will be run by the Rural Education Programs at East Carolina and Western Carolina Universities.
- Section 152 Advance Planning UNC may use leftover funds from other capital projects to plan future capital projects.

UNC - RELATED EDUCATIONAL PROGRAMS

Senate Bill 182

- Section 178 Microelectronics Center Expansion
Funds were provided to expand the Microelectronics Communications System to Winston-Salem State and Bowman Gray School of Medicine in Winston-Salem and to UNC-Asheville.
- Section 202 Endowed Professorships
Funds were provided to UNC on a matching basis to provide endowments for distinguished professorships at institutions who match the appropriated funds with private gifts.
- Section 206 N.C. School of Science and Mathematics
Statutes governing this school are rewritten to set out its affiliation and governance under the UNC Board of Governors.

Senate Bill 489

- Section 15 Capital Improvements Unexpended capital improvement funds may be used to complete renovations on the Anderson School project at Winston-Salem State University.
- Section 15.1 Indian Scholarships
Directed the Board to increase grants to American Indians by \$20,000 each year from funding for Institutional Reserves.

THE UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

UNC-CHAPEL HILL (ACADEMIC AFFAIRS)

Statutory Authority: General Statutes 116

The University of North Carolina at Chapel Hill is a Research University offering programs at the baccalaureate, master's, intermediate, first professional, and doctoral levels. It occupies a unique place in higher education in North Carolina. It is the nation's oldest state university, and the strength of its graduate and professional programs have brought it national and international stature. The range of its programs at all levels and the breadth of the specialized research and public service programs it maintains makes it the most comprehensive institution in the State. It is the Board of Governors intent that the University at Chapel Hill continue to serve as the principal center of graduate education and research at the doctoral level (except in those scientific and technological areas that are assigned to North Carolina State University at Raleigh).

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$ 95,366,798	\$ 96,553,391

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Reduce Reserve for Operation of Student Activities Center due to Construction delays.	\$ (107,159)	\$ -
2. Increase utilities because of inflation.	49,838	206,263
3. Reduce inflation allowed for library books.	(30,718)	(66,044)

UNC-CHAPEL HILL (ACADEMIC AFFAIRS)

	<u>1985-86</u>	<u>1986-87</u>
4. Reduce one-third SPA positions vacant for 6 months or longer.	\$ (50,339) (3)	\$ (50,339) (3)
TOTAL BASE BUDGET REDUCTIONS	\$ (138,378)	\$ 89,880
TOTAL POSITION REDUCTION	(3)	(3)

SPECIAL APPROPRIATIONS BILLS:

Senate Bill 182:

Section 34 Provide staff and support costs to distribute and show "North Carolina: A Multi-Image Celebration" across the state, in connection with the 400th Anniversary Celebration.	\$ 75,700	\$ 76,000
TOTAL SPECIAL BILLS	\$ 75,700	\$ 76,000
TOTAL GENERAL FUND OPERATING BUDGET	\$95,304,120	\$96,719,271
NET NEW POSITIONS	(-3)	(-3)

UNC-CHAPEL HILL (HEALTH AFFAIRS)

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$ 67,703,720	\$ 68,321,579

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Increase allowance for inflation in utilities budgets.	\$ 21,385	\$ 149,226
2. Reduce salary reserves by 50%.	(13,387)	(13,387)
3. Reduce inflation increases for library books.	(4,152)	(8,927)
4. Eliminate one-third of SPA positions vacant for 6 months.	(95,350) (5)	(95,350) (5)
TOTAL BASE BUDGET REDUCTIONS	\$ (91,504)	\$ 31,562
TOTAL POSITION REDUCTION	(5)	(5)

SPECIAL APPROPRIATIONS BILLS:

Senate Bill 182:

Section 36 Funds for Lineberger Cancer Research Center.	\$ 350,000	\$ 450,000
TOTAL SPECIAL BILLS	\$ 350,000	\$ 450,000

TOTAL GENERAL FUND OPERATING BUDGET	\$67,962,216	\$68,803,141
NET NEW POSITIONS	(-5)	(-5)

UNC-CHAPEL HILL (AREA HEALTH EDUCATION CENTERS)

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$ 23,493,934	\$ 23,496,943

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Eliminate 50% of salary reserves	\$ (881)	\$ (881)
TOTAL BASE BUDGET REDUCTIONS	\$ (881)	\$ (881)
TOTAL GENERAL FUND OPERATING BUDGET	\$ 23,493,053	\$ 23,496,062

THE UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

NORTH CAROLINA STATE UNIVERSITY AT RALEIGH (ACADEMIC AFFAIRS)

North Carolina State University at Raleigh is one of the State's two land-grant institutions and is a Research University, offering degrees at the baccalaureate, master's, intermediate, first professional, and doctoral levels. The institution has a major role in the development of the Microelectronics Center of North Carolina. The new School of Veterinary Medicine, authorized in 1974 by the Board of Governors, enrolled its first entering class in 1981, and the developmental phase of the School will be completed during the present planning period. The institution offers unique research and science programs through the Agricultural Research Services, the Agricultural Extension Service, and the Industrial Extension Service. Its schools of Agriculture and Life Sciences and Engineering are the only schools in The University of North Carolina offering programs at the doctoral level in these fields, and its schools of Design, Forest Resources, Textiles, and Veterinary Medicine are unique in The University. The principal mission of North Carolina State University at Raleigh is scientific and technological education and research.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$119,676,029	\$121,484,545

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Reduce inflation in utility budgets.	\$ (710,131)	\$ (1,116,752)
2. Reduce overmatch for retirement of academic employees.	(863,000)	(863,000)
3. Eliminate 50% of salary reserves.	(9,000)	(9,000)

NORTH CAROLINA STATE UNIVERSITY AT RALEIGH (ACADEMIC AFFAIRS)

	<u>1985-86</u>	<u>1986-87</u>
4. Eliminate one-third of SPA positions vacant for over 6 months. No. pos. shown	\$ (267,779) (13)	\$ (267,779) (13)
5. Reduce inflation increases for library books.	(25,247)	(54,281)
6. Eliminate increase in data processing funds not in accord with budget guidelines.	(325,000)	(325,000)
TOTAL BASE BUDGET REDUCTIONS	\$ (2,200,157)	\$ (2,635,812)
TOTAL POSITION REDUCTION	(13)	(13)

SPECIAL APPROPRIATIONS BILLS:

Senate Bill 182:

Section 128 Funds for the Water Resources Interstate to study the water quality of the Pigeon River about Canton's water supply.	\$ 50,000	\$ 50,000
TOTAL SPECIAL BILLS	\$ 50,000	\$ 50,000
TOTAL GENERAL FUND OPERATING BUDGET	\$117,525,872	\$118,898,733
NET NEW POSITIONS	(-13)	(-13)

NORTH CAROLINA STATE UNIVERSITY--(AGRICULTURAL EXTENSION SERVICE)

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$ 19,585,009	\$ 19,650,890

NORTH CAROLINA STATE UNIVERSITY-(AGRICULTURAL EXTENSION SERVICE)

BASE BUDGET REDUCTIONS:

1. Reduce 50% of salary reserves	\$ (2,947)	\$ (2,947)
TOTAL BASE BUDGET REDUCTIONS	\$ (2,947)	\$ (2,947)
TOTAL GENERAL FUND OPERATING BUDGET	\$ 19,582,062	\$ 19,647,943

NORTH CAROLINA STATE UNIVERSITY-(AGRICULTURAL RESEARCH SERVICE)

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$ 25,173,368	\$ 25,220,863

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Reduce 50% of salary reserves	\$ (27,883)	\$ (27,883)
TOTAL BASE BUDGET REDUCTIONS	\$ (27,883)	\$ (27,883)
TOTAL GENERAL FUND OPERATING BUDGET	\$ 25,145,485	\$ 25,192,980

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILLS:

Senate Bill 1:

Section 76 From available funds, N.C. State must locate a burley tobacco specialist at its office in Waynesville.

THE UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

UNIVERSITY OF NORTH CAROLINA - GREENSBORO

The University of North Carolina at Greensboro is a Doctorate-Granting University offering degree programs at the baccalaureate, master's, intermediate, and doctoral levels. The institution has substantially broadened its curriculum in recent years, offering doctoral programs in four discipline divisions, including the only doctoral programs in North Carolina in home economics. A number of new graduate degree programs are authorized for planning, and efforts to improve established programs and research and public service programs continues to receive emphasis.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$ 35,731,807	\$ 36,373,867

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Reduce overmatch of retirement for academic employees	\$ (98,000)	\$ (98,000)
2. Reduce 50% of salary reserves	(10,104)	(10,104)
3. Increase inflation for utilities budgets	27,705	68,662
4. Reduce inflation increases for library books	(11,152)	(23,976)
TOTAL BASE BUDGET REDUCTIONS	\$ (91,551)	\$ (63,418)
TOTAL GENERAL FUND OPERATING BUDGET	\$ 35,640,256	\$ 36,310,449

THE UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

UNIVERSITY OF NORTH CAROLINA - CHARLOTTE

The University of North Carolina at Charlotte is a Comprehensive University, offering programs at the baccalaureate, master's, and intermediate levels. The institution has experienced rapid growth in recent years, and during that time has added new degree programs and strengthened its research and public service programs. It is a participant in the Microelectronics Center of North Carolina, and this participation will lead to further improvements in its programs in engineering and in related disciplines. Located in the largest metropolitan region of the State, The University of North Carolina at Charlotte emphasizes its responsibilities as an urban university and gives special priority in its graduate and professional programs to serving that urban region.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$ 31,531,916	\$ 31,798,369

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Reduce inflationary increase for library books	\$ (8,524)	\$ (18,326)
2. Eliminate 50% of salary reserve	(53)	(53)
3. Change utilities budgets because of different inflation estimates	(18,637)	38,032
TOTAL BASE BUDGET REDUCTIONS	\$ (27,214)	\$ 19,653

UNC - CHARLOTTE

SPECIAL APPROPRIATIONS BILLS:

House Bill 922:

Section 353 Expenses for public radio station WFAE	\$	5,000	\$	-
TOTAL SPECIAL BILLS	\$	5,000	\$	-
TOTAL GENERAL FUND OPERATING BUDGET	\$	31,509,702	\$	31,818,022

THE UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

UNIVERSITY OF NORTH CAROLINA - ASHEVILLE

The University of North Carolina at Asheville is a Comprehensive University offering degrees at the baccalaureate level. Its instructional program is organized in 19 departments. It participates in a cooperative program in Asheville with Western Carolina University offering master's level courses and programs. Enrollments have increased rapidly in recent years, with a large number of its students being part-time from the area around Asheville.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$ 8,411,471	\$ 8,545,896

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Change utilities budget due to inflation estimates	\$ (5,256)	\$ 5,168
2. Reduce inflationary increase for library books	(2,317)	(4,980)
3. Reduce overmatched retirement for academic employees	(47,000)	(47,000)
4. Eliminate 50% of salary reserves	(4,757)	(4,757)
TOTAL BASE BUDGET REDUCTIONS	\$ (59,330)	\$ (51,569)
TOTAL GENERAL FUND OPERATING BUDGET	\$8,352,141	\$8,494,327

THE UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

UNIVERSITY OF NORTH CAROLINA - WILMINGTON

The University of North Carolina at Wilmington offers programs at the baccalaureate level and is authorized to grant the master of science in biology and the master's degree in business administration and in education. Instructional programs are organized into the College of Arts and Sciences, the School of Business Administration, and the School of Education. The 1985 Session provided funds to upgrade UNC-Wilmington to a Master's level institution, and to construct a new building for the School of Business.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$18,350,031	\$18,693,344

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Reduce utilities budgets due to lower inflation estimates	\$ (92,715)	\$ (126,477)
2. Reduce increases for library books	(6,194)	(13,318)
3. Eliminate 50% of salary reserves	(7,958)	(7,958)
TOTAL BASE BUDGET REDUCTIONS	\$ (106,867)	\$ (147,753)
TOTAL GENERAL FUND OPERATING BUDGET	\$18,243,164	\$18,545,591

THE UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

EAST CAROLINA UNIVERSITY

East Carolina University is a Comprehensive University offering degree programs at the baccalaureate, master's, and intermediate levels, the first professional degree in medicine, and five doctoral programs in the basic medical sciences. The institution has experienced rapid growth in the last decade, adding many new programs and expanding its research and public service programs. The principal emphasis for East Carolina University is on strengthening its established degree programs and its programs in public service and research. The 1985 Session directed the ECU Office of Rural Education to operate a summer residential program for junior and senior high school students.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$ 79,712,223	\$ 80,813,482

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Reduce Special Bill funding placed in continuation budget	\$ (6,000)	\$ (6,000)
2. Reduce utilities budgets	(136,147)	(262,043)
3. Reduce increases for library books	(15,963)	(34,319)
4. Eliminate one-third of positions vacant 6 months or longer	(92,151) (5)	(92,151) (5)
5. Reduce overmatch for retirement for academic employees	(283,000)	(283,000)
TOTAL BASE BUDGET REDUCTIONS	\$ (533,261)	\$ (677,513)
TOTAL POSITION REDUCTION	(5)	(5)

EAST CAROLINA UNIVERSITY

SPECIAL APPROPRIATIONS BILLS:

House Bill 922:

Section 265	Funds to promote and equip the East Carolina Summer Theatre	\$ 5,000	\$ -
Section 352	Funds for the Volunteers in Partnership with Parents in Martin County to provide services to retarded children and their parents	2,000	-
Section 336	Equipment and supplies for the Remedial Education Activity program	1,000	-
Section 266	Scholarships for the Friends of Music Program at E.C.U.	1,000	-
TOTAL SPECIAL BILLS		\$ 9,000	\$ -
TOTAL GENERAL FUND OPERATING BUDGET		\$79,187,962	\$80,135,969

THE UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

NORTH CAROLINA A & T STATE UNIVERSITY

North Carolina Agricultural and Technical State University is one of the State's two land-grant institutions and is a Comprehensive University offering degree programs at the baccalaureate and master's levels. It has one of the three schools of engineering in The University of North Carolina and one of the two schools of agriculture. It offers special research and public service programs to the State in agriculture and through other specialized teaching and research programs. North Carolina A & T State University's services are being strengthened through its participation in the Microelectronics Center of North Carolina. Emphasis is placed on strengthening programs in engineering, in the sciences, in technology, and in the animal science program developed as a related activity to the School of Veterinary Medicine. Priority has also been given to improvements in administrative services in the institution, especially in fiscal management.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED IN THE ADVISORY BUDGET COMMISSION	\$ 23,911,303	\$ 24,260,818

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Reduce inflationary increase for library books	\$ (4,810)	\$ (10,341)
2. Eliminate 50% of salary reserve	(11,019)	(11,019)
3. Reduce utilities budgets due to different inflation estimates	(357,461)	(191,868)
TOTAL BASE BUDGET REDUCTIONS	\$ (373,290)	\$ (213,228)
TOTAL GENERAL FUND OPERATING BUDGET	\$ 23,538,013	\$ 24,047,590

THE UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

WESTERN CAROLINA UNIVERSITY

Western Carolina University is a Comprehensive University offering programs at the baccalaureate, master's, and intermediate levels. Western Carolina University has significantly broadened its curriculum and its public service programs at the Cherokee High School, where it has established an educational center. It continues to have responsibility also for offering master's level courses and programs, and for some undergraduate programs, under the cooperative program with The University of North Carolina at Asheville. The 1985 General Assembly funded a Center for the Advancement of Teaching to be located at Western Carolina.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED IN THE ADVISORY BUDGET COMMISSION	\$ 22,313,134	\$ 22,426,346

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Transfer budget for Western N.C. Tomorrow program to Western Carolina budget	\$ 250,000	\$ 250,000
2. Reduce utilities budgets	(168,414)	(159,537)
3. Reduce inflationary increases for library books	(6,147)	(13,216)
4. Eliminate one-third of SPA positions vacant for 6 months or longer	(22,126) (1)	(22,126) (1)
TOTAL BASE BUDGET REDUCTIONS	\$ 53,313	\$ 55,121
TOTAL POSITION REDUCTION	(1)	(1)

WESTERN CAROLINA UNIVERSITY

SPECIAL APPROPRIATIONS BILLS:

House Bill 922:

Section 303	Funds for the preservation of the "Migration of the Scotch-Irish People" Exhibit at the Mountain Heritage Center	\$	15,000	\$	-
Section 306	Funds to design and test a system to provide better access to historic land records		10,000		-
	TOTAL SPECIAL BILLS	\$	25,000	\$	-
	TOTAL GENERAL FUND OPERATING BUDGET	\$	22,391,447	\$	22,481,467
	NET NEW POSITIONS		(-1)		(-1)

THE UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

APPALACHIAN STATE UNIVERSITY

Appalachian State University is a Comprehensive University offering degree programs at the baccalaureate, master's and intermediate levels. The institution has grown and diversified its curriculum significantly in recent years, and it has broadened its public service programs in the western regions of the State. Emphasis is being placed now on strengthening established programs, and on continuing improvements in the public service and research programs of the institution.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$33,852,234	\$34,312,558

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Change utilities budgets with new inflation estimates	\$ 18,290	\$ 57,303
2. Reduce increases for library books	(8,052)	(17,312)
3. Eliminate 50% of salary reserves	(2,402)	(2,402)
TOTAL BASE BUDGET REDUCTIONS	\$ 7,836	\$ 37,589
TOTAL GENERAL FUND OPERATING BUDGET	\$33,860,070	\$34,350,147

THE UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

PEMBROKE STATE UNIVERSITY

Pembroke State University offers degree programs at the baccalaureate level and two master's programs. Emphasis is placed on strengthening established programs, particularly the continuing development of the newly-established master's programs in education, which responds to an important need in strengthening public education in the Southeastern region.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$8,234,375	\$8,400,416

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Reduce utilities budgets	\$ (19,843)	\$ (32,976)
2. Reduce inflationary increases for library books	(1,639)	(3,525)
3. Eliminate 50% of salary reserve	(1,970)	(1,970)
TOTAL BASE BUDGET REDUCTIONS	\$ (23,452)	\$ (38,471)

PEMBROKE STATE UNIVERSITY

1985-86

1986-87

SPECIAL APPROPRIATIONS BILLS:

Senate Bill 182:

Section 40	Funds for the Centennial Celebration at Pembroke State	\$ 95,000	\$ -
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House Bill 922:

Section 274	Scholarships for summer computer program	6,000	-
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TOTAL SPECIAL BILLS		\$ 101,000	\$ -
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TOTAL GENERAL FUND OPERATING BUDGET	\$8,311,923	\$8,361,945
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THE UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

WINSTON-SALEM STATE UNIVERSITY

Winston-Salem State University offers degree programs at the baccalaureate level. Its instructional programs are in eight academic departments and division of nursing, education, general studies, and continuing education. It operates a graduate center through which master's level study is provided in a cooperative interinstitutional arrangement.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$10,730,761	\$10,858,681

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Reduce utilities budgets	\$ (81,742)	\$ (84,584)
2. Reduce inflationary increases for library books	(1,800)	(3,871)
3. Eliminate one-third of SPA positions vacant for 6 months or longer	(21,795) (1)	(21,795) (1)
4. Reduce overmatch in retirement for academic employees	(29,000)	(29,000)
5. Eliminate 50% of salary reserves	(5,583)	(5,583)
TOTAL BASE BUDGET REDUCTIONS	\$ (139,920)	\$ (144,833)
TOTAL POSITION REDUCTION	(1)	(1)
TOTAL GENERAL FUND OPERATING BUDGET	\$10,590,841	\$10,713,848
NET NEW POSITIONS	(-1)	(-1)

THE UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

ELIZABETH CITY STATE UNIVERSITY

Elizabeth City State University offers degree programs at the baccalaureate level. Its instructional programs are offered through 13 academic departments, a general studies division, and a special programs office. It operates a graduate center offering master's level study through a cooperative interinstitutional arrangement.

	<u>1985-86</u>	<u>1987-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$7,801,195	\$8,005,128

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Transfer budget for Northeastern N. C. Tomorrow to University	\$ 150,000	\$ 150,000
2. Reduce inflationary in- creases for library books	(1,353)	(2,910)
3. Reduce utilities budgets	(23,955)	(67,144)
4. Eliminate 50% of salary reserves	(446)	(446)

TOTAL BASE BUDGET REDUCTIONS \$ 124,246 \$ 79,500

TOTAL GENERAL FUND OPERATING BUDGET \$7,925,441 \$8,084,628

THE UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

FAYETTEVILLE STATE UNIVERSITY

Fayetteville State University is now a master's level institution. Instructional programs at the undergraduate level are organized under six divisions (business and economics, education and human development, general studies, humanities and fine arts, physical and life sciences, and social and behavioral sciences). It provides undergraduate instruction in the Education Center at Fort Bragg. It also offers graduate degrees in elementary education, administration and supervision, and special education. The 1985 Session provided funds to make F.S.U. a master's level school with its graduate programs in business receiving emphasis.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$9,937,373	\$10,051,110

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Reduce utilities budgets	\$ (14,802)	\$ (28,876)
2. Correct overbudgeted receipts in continuing education	100,000	100,000
3. Reduce overmatch in retirement for academic employees	(32,000)	(32,000)
4. Reduce inflationary increases for library books	(1,598)	(3,436)

FAYETTEVILLE STATE UNIVERSITY

	<u>1985-86</u>	<u>1986-87</u>
5. Eliminate 50% of salary reserve	\$ (4,124)	\$ (4,124)
TOTAL BASE BUDGET REDUCTIONS	\$ 47,476	\$ 31,564

SPECIAL APPROPRIATIONS BILLS:

Senate Bill 182:

Section 33 Funds to further develop public radio station WFSS	\$ 35,000	\$ 35,000
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House Bill 922:

Section 291 Funds to support the three R's Camp under the Center for Continuing Education	5,000	-
TOTAL SPECIAL BILLS	\$ 40,000	\$ 35,000

TOTAL GENERAL FUND OPERATING BUDGET \$10,024,849 \$10,117,674

THE UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

NORTH CAROLINA CENTRAL UNIVERSITY

North Carolina Central University is a comprehensive university offering programs at the baccalaureate and master's level and the first professional degree in law. Its instructional programs are organized in five colleges and professional schools (arts and sciences, business, law, library science, and graduate). N. C. Central has begun to increase its admissions standards and to emphasize its role as an urban university.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENED BY THE ADVISORY BUDGET COMMISSION	\$20,153,418	\$20,554,026

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Reduce utilities budgets due to revised inflation estimates	\$(105,775)	\$(320,531)
2. Reduce overmatch in retirement for academic employees	(44,000)	(44,000)
3. Reduce inflationary increases for library books	(7,065)	(15,190)
4. Eliminate 50% of salary reserve	(9,733)	(9,733)
TOTAL BASE BUDGET REDUCTIONS	\$(166,573)	\$(389,454)
TOTAL GENERAL FUND OPERATING BUDGET	\$19,986,845	\$20,164,572

THE UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

N. C. SCHOOL OF THE ARTS

The North Carolina School of the Arts is a specialized institution offering instruction to junior and senior high school students and college students in dance, drama, and music at the secondary and baccalaureate levels and in theatre design and technical production at the baccalaureate and master's levels. A general studies division provides correlative courses of instruction at both the high school (diploma) and college (baccalaureate) levels in sciences and humanities.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$5,700,764	\$5,752,831

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Reduce utilities budgets due to lower inflation estimates.	\$ (29,834)	\$ (22,158)
2. Reduce overmatch in retirement for academic employees.	(47,000)	(47,000)
3. Reduce inflationary increases for library books.	(1,182)	(2,541)
TOTAL BASE BUDGET REDUCTIONS	\$ (78,016)	\$ (71,699)
TOTAL GENERAL FUND OPERATING BUDGET	\$5,622,748	\$5,681,132

THE UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

N.C. SCHOOL OF SCIENCE AND MATHEMATICS

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$ 4,102,090	\$ 4,343,778

LEGISLATIVE ACTIONS

EXPANSION BUDGET:

1. Expanded the number of students authorized for 1986-87 when dormitory space becomes available	\$ -	\$ 657,537
TOTAL EXPANSION BUDGET	\$ -	\$ 657,537
TOTAL NEW POSITIONS		(9.5)
TOTAL GENERAL FUND OPERATING BUDGET	\$ 4,102,090	\$ 5,001,315
NET NEW POSITIONS		(9.5)

THE UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

NORTH CAROLINA MEMORIAL HOSPITAL

The executive head of the North Carolina Memorial Hospital is the director of the hospital who is appointed by the board of directors of the hospital to serve at its pleasure. The director must administer the affairs of the hospital subject to the policies, rules and regulations of the board of directors, including the appointment, promotion, demotion, and discharge of all hospital personnel.

The North Carolina Memorial Hospital is the primary clinical teaching facility of the Schools of Medicine and Nursing at UNC-Chapel Hill; and it is also a major teaching resource for the Schools of Dentistry, Public Health, and Pharmacy.

	<u>1985-86</u>	<u>1986-87</u>
CONTINUATION BUDGET AS RECOMMENDED BY THE ADVISORY BUDGET COMMISSION	\$23,963,758	\$24,740,875

LEGISLATIVE ACTIONS

BASE BUDGET REDUCTIONS:

1. Eliminate 50% of salary reserve from General Funds	\$ (223)	\$ (223)
TOTAL BASE BUDGET REDUCTIONS	\$ (223)	\$ (223)

NORTH CAROLINA MEMORIAL HOSPITAL

	<u>1985-86</u>	<u>1986-87</u>
<u>SPECIAL APPROPRIATIONS BILLS:</u>		
<u>Senate Bill 489:</u>		
Section 50 To fund incentive pay awards authorized prior to program being abolished	\$ 4,701	\$ -0-
TOTAL SPECIAL BILLS	\$ 4,701	\$ -0-
TOTAL GENERAL FUND OPERATING BUDGET	\$23,968,236	\$24,740,652

Statewide Operating Reserves

1985-86

1986-87

GENERAL FUND

1.	To provide a 5% across-the-board salary increase plus a one-step salary increase for all state employees and non-certified school personnel and to provide a two-step salary increase for all certified school personnel who have at least one continuous year of service (Average 9.6%)	\$300,000,000	\$318,000,000
2.	To provide for increased costs in the State's Health Benefit Plan for State Employees and Teachers.	34,000,000	34,000,000
3.	To provide additional funds for electronic data processing equipment and development in the Insurance Department.	870,000	300,000
4.	To provide funds to implement the Administrative Procedures Act.	1,346,972	1,346,954
5.	To provide funds for the Biotechnology Center.	6,200,000	-0-
	TOTAL GENERAL FUND INCREASES	\$342,416,972	\$353,646,954

HIGHWAY FUND

1.	To provide a 5% across-the-board salary increase plus a one-step salary increase for all Highway Fund employees who have at least one continuous year of service (Average 9.6%)	\$ 20,300,000	\$ 27,500,000
2.	To provide for increased costs in the State's Health Benefit Plan for Highway Fund State Employees.	3,100,000	3,100,000
	TOTAL HIGHWAY FUND INCREASES	\$ 23,400,000	\$ 30,600,000

**Special Appropriations,
Studies and Revenue Bills**

Summary of Special Appropriations

Bill	1985-86	1986-87
<hr/>		
Senate Bill 182 (Chapter 757) (Statewide Appropriations)		
General Fund		
Operating	\$39,733,425	\$26,466,735
Capital	38,005,500	12,500,000
Total	77,738,925	38,966,735
Highway Fund		
Operating	\$ 162,000	\$ -0-
Capital	2,077,000	-0-
Total	2,239,000	-0-
<hr/>		
Senate Bill 489 (Chapter 791) (Additional Statewide Appropriations)		
Operating	\$ 4,461,842	\$ 2,824,992
Capital	1,450,000	-0-
Total	5,911,842	2,824,992
<hr/>		
House Bill 1218 (Chapter 698) (Courts Bill)	\$ 3,522,150	\$ 4,199,924
<hr/>		
House Bill 344 (Chapter 792) (Independent Study Commissions)	\$ 334,500	\$ 25,000
<hr/>		
House Bill 922 (Chapter 778) Local Projects		
Operating	\$ 9,012,928	\$ -0-
Capital	2,165,000	-0-
Total	11,177,928	-0-
<hr/>		
House Bill 1380 (Chapter 729) Sheriff's Retirement - Justice Department	\$ 5,000	\$ -0-
<hr/>		
TOTAL SPECIAL APPROPRIATIONS		
GENERAL FUND		
OPERATING	\$57,069,845	\$33,516,651
CAPITAL	41,620,500	12,500,000
TOTAL	\$98,690,345	\$46,016,651
HIGHWAY FUND		
OPERATING	\$ 162,000	\$ -0-
CAPITAL	2,077,000	-0-
TOTAL	2,239,000	-0-

SUMMARY
OF
SENATE BILL 182
CHAPTER 757

(STATEWIDE ITEMS)

<u>BILL SECTION</u>	<u>ITEM</u>	<u>1985-86</u>	<u>1986-87</u>
1	Elizabethan Gardens	\$ 25,000	\$ 25,000
2	Brevard Music Center	100,000	-0-
3	Cabarrus County Courthouse	100,000	-0-
4	Cool Springs Archeological Project	65,000	-0-
5	Liberty Cart	35,000	35,000
6	Cherokee Historic Building	215,000	-0-
7	Arts Together, Incorporated	50,000	-0-
8	Renovation Funds-Estey Hall	75,000	-0-
9	Rock School House Preservation Funds	91,000	-0-
10	Lakeland Arts Center	45,000	45,000
11	Historic Preservation Fund	150,000	-0-
12	Charlotte Hawkins Brown Historic Site	250,000	-0-
13	Aid to Public Libraries	3,000,000	3,000,000
14	Museum of History	9,100,000 CI	-0-
15	N.C. Theater-Raleigh	50,000	-0-
16	American Dance Festival	55,000	55,000
17	Horn In the West (Grant-In-Aid)	50,000	-0-

<u>BILL SECTION</u>	<u>ITEM</u>	<u>1985-86</u>	<u>1986-87</u>
18	Operation Raleigh	\$ 50,000	\$ -0-
19	Folkmoot USA	75,000	-0-
20	Halifax Historical Association	15,000	-0-
21	Belhaven Museum-restoration of Bell Tower & Maintenance	50,000	-0-
22	Planning funds for David Stick Library	50,000	-0-
23	Spencer Shops	85,000 CI	-0-
24	N.C. Dance Theater	55,000	-0-
25	C.S. Brown Cultural Center	100,000	-0-
26	Stein Library-Arts Council of Fayetteville	150,000	-0-
27	Old Chowan County Courthouse Renovations	50,000	-0-
28	Wm. C. Lee Memorial	50,000	-0-
29	Arts Program	1,000,000	-0-
30	Andrew Jackson Memorial	200,000	200,000
30	Duke Homestead	150,000	-0-
31	Funds for Outside Research - Community Colleges	100,000	-0-
32	Southwestern Technical - Regional Allied Health	-0-	962,000
33	Fayetteville State - operation of WFSS	35,000	35,000
34	Multi Image Children Funds	75,700	76,000
35	Western Carolina University-Regional Activity Center-Increase Contingency Reserve	300,000 CI	-0-
36	Lineberger Cancer Research Center (UNC-CH-Research Lab)	350,000	450,000

<u>BILL SECTION</u>	<u>ITEM</u>	<u>1985-86</u>	<u>1986-87</u>
37	Director, Microelectronics Center at Haywood Tech	\$ 53,800	\$ 53,800
38	Planning Money-Family Physician's Facility; (Board of Governors)	100,000 CI	-0-
39	Residential Summer School Program	405,000	405,000
40	Pembroke University-100th Anniversary	95,000	-0-
41	Alamance Technical College	200,000 CI	-0-
42	Reserve for Salary Adjustments in Community Colleges	2,000,000	-0-
43	Continuing Education Building Addition at Appalachian State University	1,000,000 CI	-0-
44	Board of Governors-NCSU-Animal Science Teaching Facility	400,000 CI	-0-
45	Sports Medicine Program (DPE)	35,000	70,000
46	To fund Master's Degree teachers	3,548,640	3,548,640
47	Office of Planning & Development-Department of Public Education-develop subject area test for the implementation of the Basic Education Plan in the least expensive manner	123,772	123,772
48	Public School Bus Purchases	2,000,000	-0-
49	Governor's Schools-operating funds	50,000	-0-
50	Land Purchase-State Government Center	5,000,000 CI	-0-
51	DOA-Indian Cultural Center	100,000	-0-
52	N.C. Committee on Jobs & Economic Growth	125,000	125,000

<u>BILL SECTION</u>	<u>ITEM</u>	<u>1985-86</u>	<u>1986-87</u>
53	Voter Files Study	\$ 75,000	\$ -0-
54	Additional funds for Worker's Compensation Division- Department of Insurance	35,000	35,000
55	Jackson County District Offices	200,000 CI	-0-
56	N.C. Museum of Life & Science	25,000	-0-
57	Motor Fleet Management- Capitalization Funds	3,500,000	1,600,000
58	State Conference on Children's Issues (Grove Park Inn-15 states in Southern Legislative Conference)	15,000	-0-
59	National Sports Festival	800,000	-0-
60	Landfill Trash Compactor and Related Equipment (Madison County)	75,000	-0-
61	Additional grant-in-aid funds, county veterans' offices	100,000	100,000
62	Capital Planning Commission Staff	232,342	124,177
63	Roanoke River Basin Association -to assist in the Lake Gaston litigation	15,000	-0-
64 & 65	N.C. Maritime Museum	85,000 75,000 CI	60,000
66	Town of Spring Lake-capital improvements	10,000	-0-
67	Biotechnology Center Building	1,200,000	-0-
68	Department of Administration- State Construction Division - Funds for two engineers and computerization	225,000	225,000
69	Administrative Procedures Act	1,434,000	1,434,000
70	Agri-Culture Center (Union County)	50,000	-0-

<u>BILL SECTION</u>	<u>ITEM</u>	<u>1985-86</u>	<u>1986-87</u>
71	Renovations Sampson Agriculture Center (County Commissioners)	\$ 5,000	\$ -0-
72	Southeastern Hearing Center in Wilmington	79,465	69,778
73	Children's Center-Moore County	6,500	-0-
74	Samaritan Colony (Alcohol Rehabilitation-Richmond County)	10,000	-0-
75	Child Care Directions, Inc.	10,000	-0-
76	L. Richardson Memorial Hospital-Preserve Black Heritage	200,000	200,000
77	(2) Chaplains-Juvenile Centers	50,000	50,000
78	Autistic Children's Camp-N.C. Society for Autistic Children	60,000	-0-
79	Alcohol/Drug Abuse-Public Instruction	565,000	592,000
80	Tammy Lynn School-Respite Care Services	5,000	-0-
81	Holocaust Council	5,000	-0-
82	Social Security Information	50,000	50,000
83	New Born Screening	100,000	100,000
84	Funds for startup and operation of HUD group homes for the mentally retarded. 10 projects	659,200	648,400
85	Child Protection Services	1,000,000	1,000,000
86	Latchkey Funds	50,000	50,000
87	Foster Care Board Rate Increase	811,512	811,512
88	Crippled Children's Funds	419,000	419,000
89	Nutrition & Dietary Service-Health Services, Human Resources	180,576	180,576
90	Mission Air	50,000	-0-
91	Hospice in Harnett County	25,000	-0-

<u>BILL SECTION</u>	<u>ITEM</u>	<u>1985-86</u>	<u>1986-87</u>
92	Community Based Alternative Program	\$ 1,000,000	\$ 1,000,000
93	Carolina Organ Procurement Agency, Inc.	150,000	-0-
94	Parent Education Program for Parents of Retarded Children - "Accept"	12,000	-0-
95	Child Development Center- New Bern	200,000	-0-
96	Home for Severely Mentally Retarded in Lee County	-0-	200,000
97	Funds to study the unserved needs of Developmentally Disabled Persons-Mental Health	120,000	-0-
98	Lee-Harnett Mental Health Center	225,000	425,000
99	Eastern N.C. Detox Funds	1,500,000	2,000,000
100	Sickle Cell Anemia	80,000	80,000
101	First Step Farm-additional funds	40,000	-0-
102	ADAP Program-Increase rate per slot to \$224	812,340	812,340
103	N.C. Family of the Year Society	10,000	-0-
104	Missing Children's Program	178,957	113,957
105	Additional operating funds- Department of Justice	1,150,419	873,824
106	Women's Prison-Black Mountain	199,055	393,357
107	Black Mountain Fire Department	100,000	-0-
108	Communications Equipment & Cameras	162,000 HF	-0-
109	Harnett Correctional Center	325,000 CI	-0-
110	New Infirmary-Women's Prison	1,700,000 CI	-0-
111	Intensive Juvenile Probation	130,000	130,000

<u>BILL SECTION</u>	<u>ITEM</u>	<u>1985-86</u>	<u>1986-87</u>
112	Hazardous Waste Treatment Commission	\$ 150,000	\$ 150,000
113	Forestry Development Act	300,000	300,000
113a	USGS Survey-Water Monitoring	93,000	93,000
114	N.C. Zoo	6,000,000 CI	-0-
115	Haywood County Agricultural Center	200,000	-0-
116	Northwest Living Farm Museum (Cultural Resources - Pilot Mountain State Park)	70,000 CI	-0-
117	New Hanover County Forest Fire Protection	223,197	52,315
118	Western Farmer's Market	515,000 CI	-0-
119	Town of Clyde-wastewater treatment facilities (matching basis-no funds until matched)	75,000	-0-
120	Natural Resources-French Broad River Improvement Program	40,000	40,000
121	Lake Gaston Litigation (NRCD)	34,950	53,287
122	Repayment of Loan (Scotland County)	160,000	-0-
123	N.C. Housing Development Advisory Service-operating funds	258,000	258,000
124	Town of Hazelwood-water supply system (matching basis-no funds until matched)	75,000	-0-
125	Cedar Island Ferry	377,000 HF CI	-0-
126	Purchase of Park Lands	12,500,000 CI	12,500,000 CI
127	Technological Development Authority	128,000	100,000

<u>BILL SECTION</u>	<u>ITEM</u>	<u>1985-86</u>	<u>1986-87</u>
128	Pigeon River Water Study	\$ 50,000	\$ 50,000
129	Cedar Island Small Port Funds	75,000	-0-
130	Ocracoke Island Ferry	200,000 HF CI	-0-
131	Vance County Commissioners - Road to Landfill	40,000	-0-
132	Coastal Submerged Lands	139,000	236,000
133	Fire Plow (Stanly)	200,000	-0-
134	Forestry Building-Buncombe County	369,000 CI	-0-
135	Alleghany County Agricultural Center	100,000	-0-
136	Tourism Promotion-Commerce	1,156,000	-0-
137	Solar Peanut Drying Research	66,500 CI	-0-
138	Artificial Reef Program	300,000	-0-
139	Keep N.C. Beautiful	25,000	-0-
140	Crop Depredation Pilot Program in Pender County	10,000	(Wildlife Fund)
141	Trent River Railroad Bridge Replacement	1,500,000 HF CI	-0-
155	DHR-Child Day Care Commission	63,000	12,000
167	State Fire Commission	150,000	-0-
202	UNC-Chair Fund Created	2,000,000	2,000,000
204	Purchase land on Roanoke River	3,400,000 CI	(Wildlife Fund)

<u>BILL</u> <u>SECTION</u>	<u>ITEM</u>	<u>1985-86</u>	<u>1986-87</u>
207	Chowan Interstate Commission	\$ 25,000	\$ -0-
208	Medical Data Base Commission	<u>100,000</u>	<u>135,000</u>
GENERAL FUND:			
	Operating	\$39,733,425	\$26,466,735
	Capital	38,005,500	12,500,000
	Total	\$77,738,925	\$38,966,735
HIGHWAY FUND			
	Operating	\$ 162,000	\$ -0-
	Capital	2,077,000	-0-
	Total	\$ 2,239,000	\$ -0-

SUMMARY
OF
SENATE BILL 489
CHAPTER 791
(ADDITIONAL STATEWIDE ITEMS)

ITEMS	1985-86	1986-87
School Quality Assurance	\$ 200,000	\$ -0-
Children's Trust Fund	250,000	250,000
School Health Coordinators	128,552	128,552
Chronically Mentally Ill	1,250,000	1,250,000
Land Records Management	325,000	-0
Natural Resources & Community Development - pagers for forest fire fighters	40,000	-0-
Cultural Resources - Justice's Portrait	10,000	-0-
West Onslow Beach Fire and Rescue Squad	20,000	-0-
Charlotte Hawkins Brown Center	150,000	-0-
Small Business Development Funds	250,000	250,000
Southeastern Business & Professional League	25,000	-0-
Spouse Abuse	200,000	-0-
Developmental Day Care	946,440	946,440
Roanoke River Land Purchase - Wildlife Comm.	1,450,000 CI	-0-
Abused Children Home Funds (Union County)	20,000	-0-
Home Health Care	375,000	-0-
Magistrates Salary Increase	216,000	-0-
Incentive Pay Program Awards	55,850	-0-
TOTAL STATEWIDE ITEMS	\$5,911,842	\$2,824,992

SUMMARY
OF
HOUSE BILL 922
CHAPTER 778
(LOCAL PROJECTS)

519 sections gave funds to local volunteer fire departments and rescue squads. TOTAL FUNDING TO THOSE GROUPS WAS \$2,650,000.

99 sections gave funds to local education projects including school enrichment programs, after-school activity programs, and school alcohol and drug education programs. TOTAL FUNDING TO THOSE PROGRAMS WAS \$1,014,857.

28 sections gave funds to local libraries. TOTAL FUNDING TO THE LIBRARIES WAS \$161,000.

250 sections gave funds to local arts and cultural groups, including groups concerned with theater, symphonies, operas, historic building restoration, and arts centers. TOTAL FUNDING TO THOSE GROUPS WAS \$2,843,450.

11 sections gave funds to programs aimed at improving the agricultural sector of the economy. TOTAL FUNDING TO AGRICULTURAL PROJECTS WAS \$346,000.

38 sections gave funds to programs to bolster families and young people. TOTAL FUNDING TO THOSE PROGRAMS WAS OVER \$260,000 WITH AN ADDITIONAL \$60,500 GOING TO WOMEN'S PROGRAMS AND WOMEN'S GROUPS.

OVER \$65,000 went to programs to help handicapped citizens gain access to public buildings and other facilities in North Carolina's localities.

\$2,000,000 went to improve the state's aircraft.

TOTAL FUNDING OF LOCAL PROJECTS WAS \$11,177,928.

SUMMARY
OF
COURTS BILL (HB 1218)
CHAPTER 698

<u>BILL SECTION</u>	<u>ITEMS</u>	<u>1985-86</u>	<u>1986-87</u>
1	Clerk's Equipment	\$ 900,000	\$ -0-
2	New Personnel Equipment	42,126	11,067
3	Ass't. Clerk Reclassification	191,616	191,616
4	Supreme Court Library	38,247	62,660
5	Personnel Training	50,000	50,000
6	New Personnel	484,682	638,444
7	New District Judges	-0-	172,036
8	Appellate Law Clerks	213,159	285,115
9	Emergency Judge Pay Increase	30,000	30,000
10	Longevity-Judicial Personnel	50,000	61,000
11	New Ass't. District Attorneys	223,160	223,250
12	Buncombe Magistrate	-0-	-0-
13	Magistrate Salary Increase	1,010,417	2,204,736
14	Magistrates Benefits Clarified	-0-	-0-
15	Retired Appellate Judge Service	8,743	-0-
16	Retired Justice Service on Court of Appeals	-0-	-0-
17	Judicial Courts Commission (General Assembly)	10,000	-0-
18	Mecklenburg Custody Mediation Pilot Program	70,000	70,000
19	Safe Roads Funds to Counties	-0-	-0-
20	Appellate Defender Established	-0-	-0-
21	Public and Appellate Defender/ Counsel Fees	-0-	-0-
22	Co-Counsel/Capital Cases	200,000	200,000
22.1	Public Defender Selection	-0-	-0-
23	Arbitration Pilot Program	-0-	-0-
	TOTAL COURTS BILL	\$3,522,150	\$4,199,924

Grouping of All Studies
Authorized to be Made by LRC
With LRC Member Responsible for
Study Group

- I. Children - Senator Lura Tally
- A. Child Abuse Testimony (Keese-Forrester - Hipps); and Child Protection (Hipps)
 - B. Child Support (Marvin)
 - C. School Discipline (Colton)
- II. Corrections - Representative Barney Paul Woodard
- A. Community Service Alternative Punishment, Restitution (Swain); and Inmate Work-Release Centers (Swain)
 - B. Inmate Substance Abuse Therapy Program (Plyler)
- III. Justice - Senator Henson Barnes
- A. Bail Bondsmen and Bail Bond Forfeiture (Watkins); and Pretrial Release (Winner)
 - B. Mental Patient Commitments (Miller)
 - C. Stun Guns (McDowell)
- IV. Education - Representative Aaron Fussell
- A. Adolescent Sexuality Training (Jeralds)
 - B. School Finance Act (Taft)
 - C. Superintendent of DPI and State Board of Education (Nye)
- V. Environment - Representative Bruce Ethridge
- A. Haw River and Jordan Reservoir Water Quality (Hackney)
 - B. High-Level Radioactive Waste Disposal (Diamont - Hipps)
 - C. Underground Storage Tanks and Groundwater Hazards (Locks); and Water Pollution (Evans)

- VI. Human Resources - Senator Ollie Harris
- A. Aging (Greenwood)
 - B. County Commissioners' Authority over Local Boards (Holroyd)
 - C. Life Care Arrangements (Locks)
 - D. Long-Term Health Care Insurance (Locks)
 - E. Preventative Medicine (Locks)
- VII. Local Government - Representative John Church
- A. Itinerant Merchants (Lancaster)
 - B. Local Government Financing (Rauch)
 - C. Manufactured Housing Zoning (Plyler - Ballance)
 - D. Municipal Incorporations (Greenwood)
- VIII. Revenue - Senator Robert Warren
- A. Premium Tax Rate on Insurance Companies (Hardison)
 - B. Revenue Laws (Lilley)
- IX. State Government Operation - Representative Chris Barker
- A. Legislative Ethics and Lobbying (Rauch)
 - B. State Infrastructure Needs (Royall)
 - C. State Investments with South African Investors (Locks)
 - D. State Personnel System (Wiser)
- X. State Regulation - Senator A. D. Guy
- A. Interest Rate Regulation (Evans)
 - B. Rental Referral Agencies (Stamey)
 - C. Outdoor Advertising (Bo Thomas)

Studies Not Undertaken

1. Commercial Laboratory Water Testing (Taft)
2. Community College System (W. Martin)
3. Home Schooling Programs (Winner)
4. State Employee Salaries and Benefits (Jordan)
5. Substantive Legislation in Appropriations Bills (Rand)
6. Day Care Rate Setting (Plyler et al)

Studies Referred to Other Agencies

1. Perishable Food Marketing (Basnight) --
Commission on Agriculture, Forestry and
Seafood Awareness
2. Medical Malpractice and Liability (Taft) --
Medical Malpractice and Medical Liability
Study Commission
3. Satellite Courts (H. Barnes) -- Courts Commission
4. Transportation Problems at Public Facilities
(Plyler et al) -- Department of Transporta-
tion Study Committee

SUMMARY
OF
HOUSE BILL 344
CHAPTER 792
(INDEPENDENT STUDIES)

<u>STUDY COMMISSION</u>	<u>1985-86</u>	<u>1986-87</u>
Simplified Business Licensing	\$ 15,000	\$ -0-
State Controller	20,000	-0-
Enterprise Zone-Venture Capital	25,000	-0-
Housing Trust Fund	15,000	15,000
Indigent Health Care	25,000	-0-
Insurance	25,000	-0-
Liability & Property Insurance Markets	17,000	-0-
Juvenile Law (Dept. of Admin.)	10,000	10,000
Mental Health	-0-	-0-
State Parks & Recreation Areas	10,000	-0-
Property Tax System	-0-	-0-
Railroad Negotiating	-0-	-0-
State-Owned Property	20,000	-0-
Cafeteria Style Benefits	25,000	-0-
Department of Transportation	-0-	-0-
Public School Calendar	7,500	-0-
State Government Complex	10,000	-0-
Medical Malpractice	100,000	-0-
Agriculture, Forestry & Seafood Awareness	<u>10,000</u>	<u>-0-</u>
TOTAL INDEPENDENT STUDIES	\$334,500	\$ 25,000

TAX ADJUSTMENT ACT OF 1985
HOUSE BILL 222 (CHAPTER 656)

<u>ITEM</u>	<u>EFFECTIVE DATE</u>	<u>FISCAL IMPACT (\$ MILLIONS)</u>			
		<u>85-86</u>	<u>86-87</u>	<u>87-88</u>	<u>88-89</u>
(1) Exempt money on deposit in banks, money on hand, funds on deposit with insurance companies, and short-term cash balances held by stock and bond brokerage firms from intangibles tax. Allow taxpayers holding accounts receivable an offset for notes payable issued within calendar year. Provide for a full state reimbursement for local government revenue loss, based on current method of distribution.	1/1/85	-	\$ 22.9 (Eliminates tax on at least 1,800,000 accounts)	\$ 24.7	\$ 26.7
(2) Allow a non-refundable personal and corporate income tax credit for property taxes paid on manufacturing inventories as follows: 1986 20% 1987 and 40% thereafter	1986 tax year	-	10.1	21.7	23.4
Allow a five-year carry-forward of credit.					
Leave in place existing credit for inventory-intensive manufacturers and allow taxpayer to take larger of two credits.					

<u>ITEM</u>	<u>EFFECTIVE DATE</u>	<u>85-86</u>	<u>FISCAL IMPACT</u> <u>(\$ MILLIONS)</u>		
			<u>86-87</u>	<u>87-88</u>	<u>88-89</u>
(7) Increase State and local sales tax exemption for funeral expenses from \$150 to \$1,500	7/1/86	-	1.9 (S) .9 (L)	2.0 (S) 1.0 (L)	2.1 (S) 1.0 (L)
(8) Allow state and local sales tax exemption for sale of items purchased with food stamps and provide for full state reimbursement of local government revenue loss, based on Department of Revenue estimate of impact on each county.	10/1/85	5.0	10.2 (Affects 500,000 recipients)	11.8	12.3
(9) Increase eligible expense limit for state personal income tax credit for day-care expenses from \$2,000 to \$2,400 for one child and from \$4,000 to \$4,800 for two or more children, and allow the credit to apply to expenses incurred for care outside the household for a mentally or physically disabled child or spouse.	1985 tax year	2.7	2.9	3.1	3.3
(10) Conform corporate and individual income taxes to 1984 federal changes	1985 tax year	(5.2)	(9.2)	(13.7)	(18.6)
(11) Allow motor fuel tax refund for 1/3 of fuel purchased by operators of bulk feed and fertilizer spreader vehicles (off-highway use)	1/1/85	.2	.2	.2	.2

(S) = State (L) = Local

<u>ITEM</u>	<u>EFFECTIVE DATE</u>	<u>FISCAL IMPACT (\$ MILLIONS)</u>			
		<u>85-86</u>	<u>86-87</u>	<u>87-88</u>	<u>88-89</u>
(15) Allow a non-refundable state personal income tax credit for 100% of local property tax paid on farm equipment and machinery owned by individual farmers (including those who are part of a Subchapter S corporation for federal tax purposes), limited to \$1,000 per year, with no carry-forward.	1986 tax year	-	3.3	3.3	3.3

(S) = State (L) = Local

FISCAL SUMMARY:

		<u>(\$ MILLIONS)</u>			
		<u>85-86</u>	<u>86-87</u>	<u>87-88</u>	<u>88-89</u>
State:	Reductions	\$ 31.3	\$ 138.3	\$ 182.2	\$ 195.9
	Increases	33.8	15.1	20.1	25.6
	Net Reduction	\$ (2.5)	\$ 123.2	\$ 162.1	\$ 170.3
Local:	Reductions	\$.1	\$ 1.0	\$ 1.2	\$ 1.2
	Increases	10.2	-	-	-
	Net Reduction	\$ (10.1)	\$ 1.0	\$ 1.2	\$ 1.2
Combined:	Reductions	\$ 31.4	\$ 139.3	\$ 183.4	\$ 197.1
	Increases	44.0	15.1	20.1	25.6
	Net Reduction	\$ (12.6)	\$ 124.2	\$ 163.3	\$ 171.5

OTHER REVENUE BILLS

GENERAL FUND

<u>BILL</u>	<u>SESSION LAWS CHAPTER</u>	<u>EXPLANATION</u>	<u>EFFECTIVE DATE</u>	<u>FISCAL EFFECT 1985-86</u>	<u>1986-87</u>
HB397	720	Clarifies income tax law for 1985 tax year to allow individuals and corporations to claim as a business deduction amounts paid for marketing assessments on tobacco grown in North Carolina	1985 income year	Less than \$5,500,000 reduction	None
SB512	513	Adds to list of "additional" personal exemptions income tax a \$1,100 exemption for taxpayers or dependents who have multiple sclerosis	1985 income year	-100,000	-100,000
HB1371	568	Adds to list of additional personal income tax exemptions a \$1,100 exemption for a taxpayer whose dependent has a persistently severe head injury	1985 income year	-100,000	-100,000
SB149	176	Adds to list of "additional" personal income tax exemptions a \$1,100 exemption for a taxpayer or dependent who has spina bifida disease	1985 income year	-33,000	-36,000
SB430	750	Allows an income tax credit to savings and loan associations for the full amount of supervisory fees paid to the state, limited to tax liability	1985 income year	Less than \$480,000 reduction	

<u>BILL</u>	<u>SESSION LAWS CHAPTER</u>	<u>EXPLANATION</u>	<u>EFFECTIVE DATE</u>	<u>FISCAL EFFECT</u>	
				<u>1985-86</u>	<u>1986-87</u>
SB164	590	Allows a taxpayer liable for the state wine excise tax an income tax credit of 20¢ per liter of tax paid on wine produced principally from N.C. fruits or berries, limited to tax liability.	1985 income year	Less than \$75,000 increase	
HB730	555	Allows a sales tax exemption for medicines sold by prescription of a veterinarian	7/1/85	-200,000	-250,000
HB116	23	Allows a sales tax exemption for purchases of electric power by cities from a federal agency	1/1/85	-165,000	-175,000
HB6	82	Raises reporting threshold under inheritance tax from estates valued at \$75,000 to \$100,000 to conform to change in Class A credit level	7/1/85	None	None
HB14	83	Clarifies language dealing with inheritance tax exemption for bequests to charitable, religious, and educational organizations	Upon Rat.	None	None
HB15	84	Allows a \$5,000 personal income tax exclusion for death benefits received by the beneficiary of a self-employed individual who belonged to a qualified pension plan.	1985 income year	Negl.	Negl.
HB16	44	Corrects an outdated reference in revenue laws	Upon Rat.	None	None

<u>BILL</u>	<u>SESSION LAWS CHAPTER</u>	<u>EXPLANATION</u>	<u>EFFECTIVE DATE</u>	<u>FISCAL EFFECT 1985-86</u>	<u>1986-87</u>
HB30	85	Allows military personal stationed outside U.S., or who are required to reside in government quarters at a remote site, eight years instead of four years after sale of principal residence to build or purchase another residence with a higher basis.	Residences sold on or after 7/18/84	Negl.	Negl.
HB32	114	Re-codifies state excise taxes on beer and wine, repeals preferential tax rate on wine produced in N.C. from fruits and berries grown in N.C., and requires alcoholic beverage salesman to purchase a state license for each vendor represented (instead of one license)	Upon Rat.	+62,500	+62,500
HB49	86	Amends law allowing one spouse to use other spouse's \$10,000 annual gift tax exclusion upon consent of other spouse by making it clear that the gift-sharing applies only if both spouses are residents of the state, and that consent is irrevocable	Gifts made on or after 1/1/85	None	None
HB50	87	Allows a transfer agent to transfer, without an inheritance tax waiver, shares of stock placed in a decedent's estate as a result of a stock divided or stock split that was declared subsequent to death, and to allow a depository institution to make a similar transfer of interest earnings	Upon Rat.	None	None

<u>BILL</u>	<u>SESSION LAWS CHAPTER</u>	<u>EXPLANATION</u>	<u>EFFECTIVE DATE</u>	<u>FISCAL EFFECT 1985-86</u>	<u>1986-87</u>
HB73	88	Amends personal income tax to allow both spouses in a separation or divorce status to claim a medical deduction for a dependent.	1985 income year	Negl.	Negl.
HB75	45	Amends state privilege license tax to make it clear that tax does not apply to slingshots.	Upon Rat.	None	None
HB300	394	Allows an ordained clergyman to elect to be considered self-employed for personal income tax purposes (pay estimated taxes instead of having taxes withheld)	Upon Rat.	None	None
HB113	278	Amends income tax credit for land donated to state to specify that for marshland subject to special fishing right claims, the donation offer must be made prior to December 31, 1990	Upon Rat.	Unknown	
HB471	484	Authorizes Commissioner of Insurance to require monthly or quarterly payment of fees for annual insurance licenses	7/1/85	Negl.	Negl.
HB696	376	Allows an exemption under state privilege license tax for persons operating a non-profit teen center	7/1/85	Negl.	Negl.
HB1005	443	Conforms statutes dealing with estimated income tax payments by individuals to federal changes dealing with remittance threshold	1986 income year	Negl.	Negl.

<u>BILL</u>	<u>SESSION LAWS CHAPTER</u>	<u>EXPLANATION</u>	<u>EFFECTIVE DATE</u>	<u>FISCAL EFFECT</u>	
				<u>1985-86</u>	<u>1986-87</u>
HB1145	467	Excludes from personal income tax retirement benefits paid by law enforcement beneficiary organizations, if benefits are paid from assessments against members of organization	1985 income year	-15,000	-16,000
HB1148	431	Expands the list of local government agencies eligible for annual refund of state and local sales tax to include lake authorities created by county	Upon Rat.	Negl.	Negl.
HB1213	44	Conforms personal income tax provisions dealing with alimony to federal rules, and exempts transfer of property received in a divorce proceeding	Property transfers- 7/18/84; alimony- 1985 income year	+15,000	+41,000
SB663		Applies sales tax to sales made in flea markets by persons who sell for more than two consecutive days in any four-week period	7/1/85	Negl.	Negl.
SB1 (Sec. 9)		Allows Department of Transportation to retain from sales taxes collected on motor vehicles the costs of collecting the tax, not to exceed \$475,000 per year	7/1/85	Maximum Reduction of \$475,000	

<u>BILL</u>	SESSION LAWS <u>CHAPTER</u>	<u>EXPLANATION</u>	<u>EFFECTIVE DATE</u>	<u>FISCAL EFFECT</u>	
				<u>1985-86</u>	<u>1986-87</u>
SB633	719	Consolidates differential insurance premiums tax for carriers domesticated in state and foreign carriers into single rate based on foreign rate, and then allows a full credit equal to rate increase for companies with corporate headquarters or principal place of business in state.	1/1/85	Unknown	

HIGHWAY FUND

<u>BILL</u>	<u>SESSION LAWS CHAPTER</u>	<u>EXPLANATION</u>	<u>EFFECTIVE DATE</u>	<u>FISCAL EFFECT</u>	
				<u>1985-86</u>	<u>1986-87</u>
H 119	261	Eliminates the preferential tax break of 7¢ for gasohol	July 1, 1985	\$16 mil.	-
H189	657	Allows disabled veterans who are less than 100% disabled to receive a special license plate upon payment of an additional \$10 fee.	Jan. 1, 1986	negl.	negl.
H284	615	Imposes a fine not to exceed \$250 for operating a boat while intoxicated or for using water skis, a surfboard, etc. while intoxicated.	Oct. 1, 1985	-	-
H765	315	Allows widows of ex-prisoners of war to retain the special license plates issued to their husbands.	Upon rat.	-	-
S98	699	Allows a person who has been awarded the Congressional Medal of Honor to receive a free registration plate.	Upon rat.	-	-
S322	685	Allows senior enlisted and retired members of the National Guard to receive numbered registration plates upon payment of an additional \$10 fee.	Upon rat.	-	-

LOCAL REVENUE

<u>BILL</u>	<u>SESSION LAWS CHAPTER</u>	<u>EXPLANATION</u>	<u>EFFECTIVE DATE</u>	<u>FISCAL EFFECT 1985-86</u>	<u>1986-87</u>
SB298	627	Overhauls method of establishing property tax use value for eligible agricultural, horticultural, and forestland by: (a) restricting determination of use value to those methods dealing solely with the income-producing potential of property; (b) establishing a mechanism for the compilation of a state use value manual that may be used by counties; and (c) establishing a state-wide capitalization rate of 9% to be applied to the net income per acre figure adopted by the board of commissioners	Next revaluation occurring on or after 1/1/87	Unknown	Unknown
SB279	667	Makes technical changes to law regarding use-value assessment of agricultural, horticultural, and forestland as follows: (1) Allows non-contiguous farm tracts to be eligible as long as at least one tract meets the eligibility requirements	Upon Rat.	Unknown	Unknown

<u>BILL</u>	<u>SESSION LAWS CHAPTER</u>	<u>EXPLANATION</u>	<u>EFFECTIVE DATE</u>	<u>FISCAL EFFECT 1985-86</u>	<u>EFFECT 1986-87</u>
		(2) clarifies law by requiring that wasteland or woodland that is part of a farm unit be assessed as such and not as producing farmland;			
		(3) allows use value treatment passing from one member of a family to <u>any other member of a family</u> to be eligible for use value (old law required previous owner to be spouse or child);			
		(4) eliminates requirement that taxpayer re-apply for use-value each time a revaluation occurs; and			
		(5) allows farmland changing hands to be eligible for use value without the four-year waiting requirements if the land would have qualified had the previous owner applied for use-value (but didn't).			
HB664	440	Extends indefinitely the 1977 legislation allowing buildings equipped with solar heating or cooling systems to be appraised for property tax purposes as if they had conventional systems.	Upon Rat.	Unknown	Unknown

<u>BILL</u>	<u>SESSION LAWS CHAPTER</u>	<u>EXPLANATION</u>	<u>EFFECTIVE DATE</u>	<u>FISCAL EFFECT 1985-86</u>	<u>1986-87</u>
HB1045	378	Expands current property tax law that requires marina operators to file a report with the county tax supervisor regarding boats for which spare is rented to include floating structures	1/1/86	Negl.	Negl.
SB147	216	Amends property tax law to require that a dedication to the State of rights to land having natural or scientific significance be reflected in the assessed value of the property	Upon	Unknown	Reduction
SB451	510	Allows a property tax exclusion for works of fine art	1/1/86	Negl.	Negl.
SB663	704	Applies the local sales tax to sales made in flea markets by persons who sell for more than two consecutive days in any four-week period	7/1/85	Negl.	Negl.
HB730	555	Allows a sales tax exemption for medicines sold by prescription of a veterinarian	7/1/85	-95,000	-120,000

Appendix

TREND DATA

GENERAL FUND REVENUE
(MILLIONS)

Fiscal Year	TAX REVENUE				NON-TAX REVENUE				Total General Fund Revenue
	Income Tax	Sales & Use Tax	Other Taxes	Total	Income From Treasurer's Investments	Other Sources	Federal Revenue Sharing	Total	
1963-64	\$ 177.8	\$ 156.7	\$ 93.7	\$ 428.2	\$ 6.0	\$ 3.6	\$ -	\$ 9.6	\$ 437.8
1964-65	210.1	168.5	101.8	480.4	7.9	15.4	-	23.3	503.7
1965-66	252.7	188.3	114.4	555.4	10.3	7.5	-	17.8	573.2
1966-67	284.8	201.6	118.8	605.2	12.3	6.2	-	18.5	623.7
1967-68	311.2	216.2	125.1	652.5	19.3	7.4	-	26.7	679.2
1968-69	350.2	239.5	149.8	739.5	20.3	16.3	-	36.6	776.1
1969-70	380.1	264.4	197.3	841.8	22.6	14.2	-	36.8	878.6
1970-71	413.6	285.9	221.9	921.4	29.4	16.8	-	46.2	967.6
1971-72	483.9	324.8	243.2	1,051.9	24.3	17.7	-	42.0	1,093.9
1972-73	566.3	368.8	278.9	1,214.0	26.8	18.6	-	45.4	1,259.4
1973-74	653.1	409.4	295.7	1,358.2	53.6	18.0	-	71.6	1,429.8
1974-75	715.4	423.0	312.8	1,451.2	73.3	19.6	-	92.9	1,544.1
1975-76	760.5	464.8	346.6	1,571.9	48.6	27.6	48.8	125.0	1,696.9
1976-77	985.5	510.3	374.2	1,870.0	43.1	39.4	51.0	133.5	2,003.5
1977-78	1,076.9	579.0	404.6	2,060.5	44.1	30.2	38.5	112.8	2,173.3
1978-79	1,248.9	646.7	441.6	2,337.2	59.3	33.8	30.3	123.4	2,460.6
1979-80	1,471.1	691.9	476.2	2,639.2	110.4	35.7	56.9	203.0	2,842.2
1980-81	1,583.3	737.1	515.5	2,845.9	108.6	40.9	28.4	177.9	3,023.8
1981-82	1,726.8	777.5	573.4	3,077.7	115.6	36.2	-	151.8	3,229.5
1982-83	1,856.6	823.4	599.0	3,279.0	88.0	36.8	-	124.8	3,403.8
1983-84	2,152.8	999.0	662.6	3,814.4	96.3	46.6	-	142.9	3,957.3
1984-85	2,513.4	1,155.8	667.5	4,336.7	131.0	57.9	1.5	190.4	4,527.1

TREND DATA
GENERAL FUND EXPENDITURES
(MILLIONS)

<u>Fiscal Year</u>	<u>Current Operating Expense</u>	<u>Debt Service Expense</u>	<u>Capital Improvement Appropriations</u>	<u>Total General Fund Expenditures</u>
1963-64	\$ 419.5	10.4	\$ 60.6	\$ 490.5
1964-65	448.3	11.7	3.0	463.0
1965-66	505.2	11.9	41.6	558.7
1966-67	549.1	16.1		565.2
1967-68	626.5	17.5	112.4	756.4
1968-69	700.5	17.8		718.3
1969-70	819.6	17.8	75.6	913.0
1970-71	921.5	17.8		939.3
1971-72	1,013.1	18.2	64.9	1,096.2
1972-73	1,118.1	21.4		1,139.5
1973-74	1,387.4	45.9 (a)	86.6	1,519.9
1974-75	1,627.7	-	36.2	1,663.9
1975-76	1,639.9	30.1	24.0	1,694.0
1976-77	1,851.1	39.7	29.0	1,919.8
1977-78	2,082.3	48.8	4.7	2,135.8
1978-79	2,308.8	49.6	93.8	2,452.2
1979-80	2,606.4	53.8	84.4	2,744.6
1980-81	2,990.0	60.1	104.1	3,154.2
1981-82	3,183.0	61.7	30.9	3,275.6
1982-83	3,300.1	74.8	65.7	3,440.6
1983-84	3,636.6	79.1	59.8	3,775.5
1984-85	4,112.0	76.0	212.5	4,400.5

(a) Includes \$25.2 million as appropriation for debt service expense in 1974-75.

TREND DATA
GENERAL FUND CREDIT BALANCE
(MILLIONS)

<u>Fiscal Year</u>	<u>General Fund Balance-July 1</u>	<u>General Fund Revenue</u>	<u>General Fund Expenditures</u>	<u>General Fund Balance-June 30</u>
1963-64	\$ 111.7	\$ 437.8	\$ 490.5	\$ 59.0
1964-65	59.0	503.7	463.0	99.7
1965-66	99.7	573.2	558.7	114.2
1966-67	114.2	623.7	565.2	172.7
1967-68	172.7	679.2	756.4	95.5
1968-69	95.5	776.1	718.3	153.3
1969-70	153.3	878.6	913.0	118.9
1970-71	118.9	967.6	939.3	147.2
1971-72	147.2	1,093.9	1,096.2	144.9
1972-73	144.9	1,259.4	1,139.5	264.8
1973-74	264.8	1,429.8	1,519.9	174.7
1974-75	174.7	1,544.1	1,663.9	54.9
1975-76	54.9	1,696.9	1,694.0	57.8
1976-77	57.8	2,003.5	1,919.8	141.5
1977-78	141.5	2,173.3	2,135.8	179.0
1978-79	179.0	2,460.6	2,452.2	187.4
1979-80	187.4	2,842.2	2,744.6	285.0
1980-81	285.0	3,023.8	3,154.2	154.6
1981-82	154.6	3,229.5	3,275.6	108.5
1982-83	108.5	3,403.8	3,440.6	71.7
1983-84	71.7	3,957.3	3,775.5	253.5
1984-85	253.5	4,527.1	4,400.5	380.1

TREND DATA
GENERAL FUND REVERSIONS

<u>Year</u>	<u>Net Reversions (Millions)</u>	<u>% of Appropriation</u>
1963-64	\$ 10.4	2.0%
1964-65	18.2	3.8
1965-66	21.2	3.6
1966-67	25.9	4.4
1967-68	26.7	3.4
1968-69	26.5	3.6
1969-70	38.8	4.0
1970-71	41.8	4.3
1971-72	41.9	3.6
1972-73	47.9	4.0
1973-74	87.5	5.4
1974-75	70.7	4.1
1975-76	67.6	3.8
1976-77	72.1	3.6
1977-78	62.2	2.8
1978-79	93.7	3.7
1979-80	90.7	3.2
1980-81	100.9	3.1
1981-82	157.0	4.6
1982-83	186.2	5.1
1983-84	82.1	2.2
1984-85	131.6	3.1

TREND DATA

PERMANENT STATE POSITIONS

<u>Year</u>	<u>Public Schools</u>	<u>Other General Fund</u>	<u>Total General Fund</u>	<u>Total Highway Fund</u>	<u>Receipts Supported</u>	<u>Grand Total</u>
1972-73	66,655	46,478	113,133	14,142	*	
1973-74	69,114	50,136	119,250	14,880	*	
1974-75	72,433	52,659	125,092	15,475	*	
1975-76	75,939	54,566	130,505	15,375	*	
1976-77	75,680	55,541	131,221	15,484	13,082	159,787
1977-78	81,968	56,368	138,336	15,406	14,344	168,086
1978-79	85,892	58,741	144,633	15,542	15,011	175,186
1979-80	86,726	59,826	146,552	15,562	14,384	176,498
1980-81	89,886	61,616	151,502	15,258	14,181	180,941
1981-82	88,978	61,795	150,773	14,818	14,042	179,633
1982-83	88,241	63,210	151,451	14,246	13,443	179,140
1983-84	88,366	63,795	152,161	14,201	13,658	180,020
1984-85	90,123	65,001	155,124	14,627	13,839	183,590
1985-86	93,459	65,915	159,374	14,984	13,980	188,338

*Data not available.

SUMMARY OF PERMANENT POSITIONS
(July 1, 1985)

<u>DEPARTMENT</u>	<u>GENERAL FUND</u>	<u>HIGHWAY FUND</u>	<u>RECEIPTS- SUPPORTED</u>	<u>TOTAL POSITIONS</u>
General Assembly	99	-	-	99
Judicial Department	3,719.1	-	35.45	3,754.55
Governor's Office	170	-	49	219
Lt. Governor's Office	10	-	-	10
Secretary of State	63	-	-	63
State Auditor	165	-	6	171
State Treasurer	67	-	156.5	223.5
State Board of Education	662.57	-	282.17	944.74
Public Schools	93,459	-	-	93,459
Department of Justice	809.25	-	52.75	862
Department of Agriculture	974.75	69	313.75	1,357.5
Department of Labor	174.2	-	137.8	312
Department of Insurance	213	-	59	272
Department of Administration	821.8	-	369.48	1,191.28
Natural Resources and Comm. Dev.	1,582	-	1,011.5	2,593.5
Human Resources	15,339.71	12.8	2,546.12	17,898.63
Department of Correction	7,688.4	-	248	7,936.4
Department of Commerce	433	-	2,242	2,675
Department of Revenue	1,013	34	15	1,062
Department of Cultural Resources	561.5	-	55.75	617.25
Crime Control and Public Safety	363.05	1,448	169.25	1,980.3
Board of Governors	21,946.85	-	6,167.57	28,114.42
Math and Science High School	107	-	8.25	115.25
Department of Community Colleges	204.5	-	27.5	232
Community Colleges (Institutions)	8,721.3	-	-	8,721.3
State Board of Elections	5.75	-	-	5.75
Department of Transportation	-	13,420.3	27.0	13,447.3
 TOTAL	 159,373.73	 14,984.10	 13,979.84	 188,337.67

TREND DATA
AVERAGE SALARY OF EMPLOYEES SUBJECT
TO THE PERSONNEL ACT

<u>Year</u>	<u>Average Salary</u>
1964-65	\$ 4,453
1966-67	4,995
1968-69	5,707
1970-71	6,748
1972-73	7,680
1973-74	8,249
1974-75	9,013
1975-76	9,092
1976-77	9,431
1977-78	11,060
1978-79	11,756
1979-80	12,677
1980-81	14,233
1981-82	15,329
1982-83	15,329
1983-84	16,026
1984-85	17,587
1985-86	18,742

NOTE: (1) Prior to 1972 computations were only made every two years.

(2) The average salary figures show all permanent SPA employees at a particular point in time. During these years new programs were added and coverage was extended to positions previously exempt. When new positions were added at salaries above the average or at salaries below the average, this resulted in an increase or decrease in average salary levels. Therefore, changes in average salaries are not measures of salary increases or decreases.

TREND DATA
LEGISLATIVE INCREASES SINCE 1949

<u>Year</u>	<u>State Employees</u>	<u>Teachers</u>
1963-65	\$120 (Average 2.5%)	5% (\$15 month increase 1963-64; \$10 month increase 1964-65)
1965-67	10%	10%
1967-69	6%	20%
1969-70	Average 10% (7.5% to 13.9%)	10%
1970-71	2%	10%
1971-72	5%	5%
1972-73	5%	5%+(employment extended 185 to 187 days = 1% salary increase)
1973-74	5% + (5% for those under \$2.75/hour)	5%+(employment extended 187 to 200 days = 7% salary increase and 1 step added to schedule)
1974-75	7.5%	7.5%
1975-76	-0-	-0-
1976-77	4% + \$300 (average 7.2%)	4% + \$300 (average 6.8%)
1977-78	6.5%	6.5%
1978-79	6%	6%
1979-80	5% + (\$200 one-time bonus payment)	5% + (\$200 one-time bonus payment)
1980-81	10%	10% + (Salary schedule changed = 2% to 10% added to each step of salary range)
1981-82	5% (effective 1/1/82)	5% (effective 1-1-82)
1982-83 ^a	-0-	-0-
1983-84 ^a	5%	5%
1984-85 ^a	10%	10% + 4.8% salary classification adjustment
1985-86 ^b	5% + 1 step increase (9.6%)	1-step increase (4.8%) - second-year teacher 2-step increase (9.6%) - 3rd year or more teacher

a Salary increment program frozen

b Conditional upon continuous employment for one year

TREND DATA

ACROSS-THE-BOARD SALARY
COST FOR EACH 1% INCREASE
(MILLIONS)

<u>Year</u>	<u>General Fund</u>	<u>Highway Fund</u>
1971-72	\$ 8.40	\$ 1.17
1972-73	8.43	1.17
1973-74	10.13	1.35
1974-75	12.27	1.51
1975-76	No Increase Granted	
1976-77	13.91	1.73
1977-78	15.79	1.84
1978-79	17.44	2.01
1979-80	18.86	2.13
1980-81	21.29	2.26
1981-82	25.14 a	2.51 a
1982-83	25.25 b	2.51 b
1983-84	25.97	2.57
1984-85	27.60	2.70
1985-86	32.10	2.50

(a) Figure reflects annual cost, even though the increase was not effective until January 1, 1982.

(b) Figure reflects cost to continue the increase granted January 1, 1982; no additional salary increase.

