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# Overview:

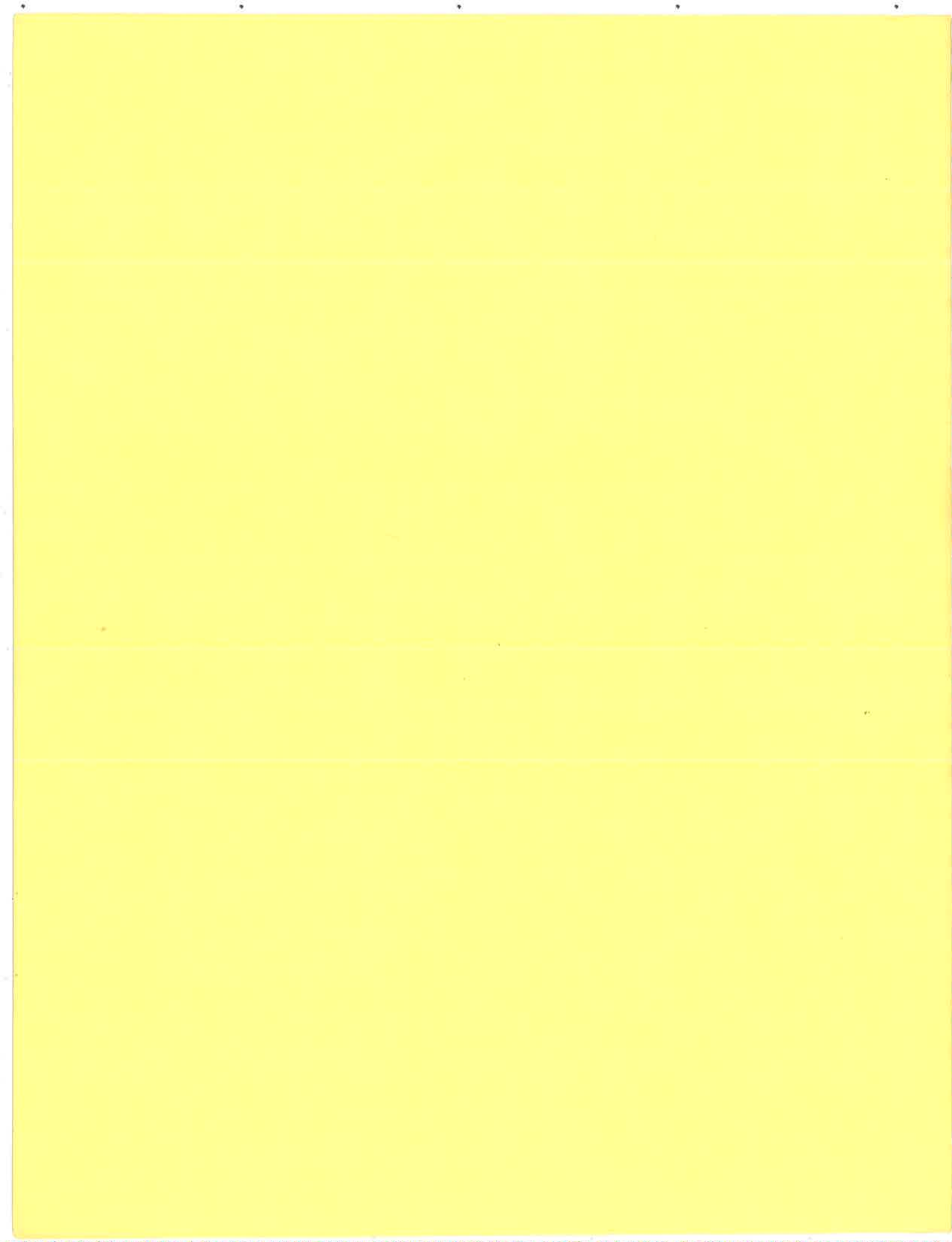
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## Fiscal and Budgetary Actions

**North Carolina General Assembly  
1989 Session**

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

**Raleigh, N.C.**



**OVERVIEW:**

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**FISCAL AND BUDGETARY ACTIONS**

**North Carolina General Assembly  
1989 Session**

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Fiscal Research Division  
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**Raleigh, North Carolina**

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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 1989-91 fiscal 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.

This document is divided into sections as follows: "Total Budget", "The Economy, Revenues and Fund Conditions"; "Revenue Bills"; "Federal Block Grants"; Salaries and Benefits"; "Legislative Actions: General Fund Appropriations"; and Legislative Actions: Highway Fund Appropriations".

Section one, "Total Budget" summarizes the fiscal actions authorized by the General Assembly for the 1989-91 biennium.

Section two, "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, this section presents the conditions of the government's two major funds - General and Highway - together with a description of the amounts and kinds of revenue the state has received (or expects to receive) to sustain these funds. Also, included is an explanation of the new Highway Trust Fund.

Section three, "Revenue Bills" provides a listing of bills authorizing various tax changes and their fiscal impact.

Section four, "Federal Block Grants" gives a brief history of programs and identifies how these funds are allocated.

Section five, "Salaries and Benefits" identifies salary increases as approved as well as changes in retirement and pension plans, health insurance programs, and other benefit programs.

Section six, "Legislative Actions: General Fund Appropriations" identifies each change made to the Governor's proposals for continuation support for each department. Special provisions which are pertinent to that department are included. General Fund, capital Improvement projects as authorized are also included in this section.

Section seven, "Legislative Actions: Highway Fund Appropriations" identifies actions for the Highway Fund in the same manner as addressed in section six.

Included in the "Appendix" is historical data relating to revenues and expenditures of the General Fund. Also, included is historical personnel salary increase data.

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

## **THE TOTAL BUDGET**

THE ROYAL BUREAU



# SUMMARY OF THE BUDGET

TOTAL BUDGET	\$11.996 billion in 1989-90 and \$12.584 billion in 1990-91 for both operations and capital improvements.
GENERAL FUND	\$7.360 billion in 1989-90 and \$7.752 billion in 1990-91.
HIGHWAY FUND	\$960.7 million in 1989-90 and \$968.7 million in 1990-91.
HIGHWAY TRUST FUND	\$275.9 million in 1989-90 and \$359.6 million in 1990-91.
FEDERAL FUNDS	\$2.367 billion in 1989-90 and \$2.579 billion in 1990-91.
DEPARTMENTAL RECEIPTS	\$1.033 billion in 1989-90 and \$924.2 million in 1990-91. Made up of tuition fees, patient fees, and other dedicated receipts.
GENERAL FUND REVENUES	The rate of increase projected for General Fund tax revenues 1989-90 actual, is 13.8% (8.8% adjusted for tax law changes).

Comparison of collections, percent of increase over previous year:

	Actual	Economic Base*
1974-75	6.8%	6.8%
1975-76	8.3	8.3%
1976-77	19.0	14.3
1977-78	10.1	14.7
1978-79	13.4	13.4
1979-80	12.9	12.9
1980-81	7.8	9.2
1981-82	8.1	8.2
1982-83	6.5	6.5
1983-84	16.3	12.2
1984-85	13.7	11.6
1985-86	8.3	7.5
1986-87	10.4	9.4
1987-88	7.2	10.2
1988-89	6.8	8.8
1989-90 (E)	13.8	8.8
1990-91 (E)	4.9	7.4

\*Actual collections adjusted for tax law changes and other special factors.

**CAPITAL  
IMPROVEMENTS**

Total authorizations from the General Fund are \$245.3 million in 1989-90 and \$65.5 million in 1990-91.

**HIGHWAY FUND  
REVENUES**

Total Highway Fund revenues are projected to grow 2% during 1989-90 and 3% during 1990-91.

**THE ECONOMY, REVENUES  
AND FUND CONDITIONS**

THE ECONOMY, REVENUES  
AND FUND CONDITIONS

**MAJOR GENERAL FUND AVAILABILITY ISSUES FACING  
1989 GENERAL ASSEMBLY**

The General Fund outlook for the 1989-91 biennium was the tightest since the early-1980's. Normally, a budget crunch translates into "recession". However, the 1989-91 budget outlook was unprecedented in that only a portion of the shortfall stemmed from slower revenue growth.

: The major factors occurring in recent years that have an impact on the 1989-91 General Fund Budget include:

	(\$ Million)	
	89-90	90-91
	\$212*	\$220*
<u>Tax Reductions</u>		
Cost of 1985 tax package		
Driver Education Transfer	26	28
Impact of 1983 transfer of funding driver education program from Highway Fund to General Fund		
Medicaid Mandates	80	144
Impact on Medicaid budget of catastrophic health insurance, nursing home reform, and lower federal participation rate in Medicaid funding		
Corrections System	75	75
Impact of consent decree in prison inmate suit in federal court		
Basic Education Plan	113	212
Cost of fifth and sixth year of eight-year program		
Health Insurance	30	40
Cost increases for state health plan for teachers and state employees		
Salary Increases	298	624
Cost of 4% cost-of-living salary increases for teachers and state employees plus 2% merit pay funds**		

\*Approximates the amount of State reimbursements to local government for cost of 1981-87 legislation mandating local tax relief. The budgeted reimbursement amounts are \$231 million for 1989-90 and \$235 million for 1990-91.

\*\*For teachers, the increases came in the form of a new salary plan that is equivalent in dollars to a 6% salary increase.

**SUMMARY OF LEGISLATIVE FISCAL ACTIONS  
AFFECTING GENERAL FUND AVAILABILITY  
(\$ MILLIONS)**

	<u>1989-90</u>	Non-	<u>1990-91</u>	Non-
	Recurring	recurring	Recurring	recurring
Initial Availability*	\$6,663.7	\$157.0	\$7,155.2	\$ -
Governor's Continuation				
Expenditure Recommendations:				
Continuation	6,307.4	-	6,345.3	-
Medicaid	80.0	-	143.8	-
	<u>6,387.4</u>	-	<u>6,489.1</u>	-
Availability for Expansion	276.3	157.0	666.1	-
Legislative Actions to Increase Availability				
(1) Base Budget Reductions	38.1	-	37.7	-
(2) Reductions to Special Fund Accounts:				
a. Textbook Reserve	-	3.5	-	-
b. Public School Unemploy- ment Reserve	-	.85	-	-
c. Scholarship Loan Fund	-	2.4	-	.5
d. Administrative Hearings Office - Publication Trust Fund	-	.05	-	-
(3) Tax Law Changes				
a. Privilege Tax Restructure	-	-	4.8	-
b. Tax Amnesty/Enforcement	66.6	-	68.9	-
c. Estimated Income Tax Change	2.3	24.2	2.3	-
d. Sales Tax on boats, aircrafts	2.3	-	3.0	-
e. Sales Tax on rental cars	17.0	-	18.0	-
(4) Court Fee Increase	11.3	-	13.0	-
(5) Treasurer's Investment Management Fees	.4	-	.6	-
(6) Transfer from Highway Trust Fund	149.4	-	186.0	-
(7) Departmental Receipts Increases which Reduce Appropriations:				
a. University Tuition Increase	20.0	-	22.4	-
b. Community College Tuition Increase	4.8	-	4.8	-

	<u>1989-90</u>		<u>1990-91</u>	
	Recurring	Non-recurring	Recurring	Non-recurring
c. Utilities Assessment Fees	3.1	-	6.3	-
d. Other Receipt Increases	1.3	-	1.3	-
(8) Additional Base Budget Reductions	<u>3.6</u>	<u>-</u>	<u>7.2</u>	<u>-</u>
Total Availability Increases	320.2	31.0	376.3	.5
RJR Nabisco	(30.0)	123.0	-	-
Total Availability for Expansion:	<u>566.5</u>	<u>311.0</u>	<u>1,042.4</u>	<u>.5</u>
Expenditures:				
Consent Decree - Correctional Programs/Alternatives	20.3	53.8	41.9	33.1
Other Federal Mandates/Court Orders	9.3	8.7	17.8	6.0
Continuation Support for items funded as non-recurring by the 1988 Session	4.5	-	4.7	-
Basic Education Program	69.3	-	180.5	-
Hospital - Medical Increase	30.0	-	40.0	-
Salary Increase Reserve	298.3	-	624.1	-
University Enrollment Increases	17.9	-	26.8	-
Community College Enrollment Increases	6.0	1.9	6.0	-
Community College Restoration Fund	5.0	-	10.0	-
Tax Amnesty/Enforcement	6.1	-	4.8	-
Other Items Considered as Critical for Program Activities	19.0	117.4	33.3	35.6
All Other Items	<u>24.9</u>	<u>119.0</u>	<u>42.2</u>	<u>1.9</u>
Total Expenditures	510.6	300.8	1,032.1	76.6
Ending Availability	\$55.9	\$10.2	\$10.3	\$(76.1)

\*Based upon actual beginning credit balance and revised estimate used in certification.



## ECONOMIC OUTLOOK AND IMPACT ON GENERAL FUND REVENUES

In predicting General Fund revenues there are three potential sources of uncertainty: movements in the national and state economy, the impact of legislative tax changes, and special factors.

In past years, economic uncertainty has far outweighed the other two categories. Recently, however, the economy has been stable and other factors have dictated fluctuations in revenue flows. The upcoming beinnium promises more of the same.

### Economic Outlook

In November the national economy will celebrate the seven-year anniversary of the end of the last recession. One would have to go back to the 1960's to find a time during which the economy expanded for such a long period.

Because the trend is unprecedented, it is helpful to look at the reasons. Obviously, good fortune plays a major role. In recent years we have not experienced inflationary pressures caused by oil embargoes or major crop failures.

Good luck aside, the major stabilizing factor has been the success of the Federal Reserve Board (the "Fed") in leading the economy out of the 1981-82 recession and then fine-tuning the economy whenever it threatened to become overheated. The success of Fed in dealing with the October, 1987 stock market crash and during recent attempts to slow the economy suggests that we have a fair chance at achieving the elusive "soft landing" the Fed has failed to pull off the last four times.

State tax collections depend largely on movements in State personal income. This measure of economic output is a tabulation of the amount of income from wages and salaries, dividends, interest, rent, farm and other proprietorship income, and government payments to individuals. State personal income, in turn, corresponds over time to movements in the overall U.S. economy.

The specific overall economic assumptions underlying the General Fund tax forecast are as follows:

	(% Increase Over Preceeding Year)		
	Last Five Years	1989- 1990	1990- 1991
Real GNP	3.7%	2.3%	2.1%
Inflation	3.2	4.1	3.5
Nominal GNP	7.0%	6.5%	5.7%
N.C. Personal Income	8.4%	7.5%	6.6%



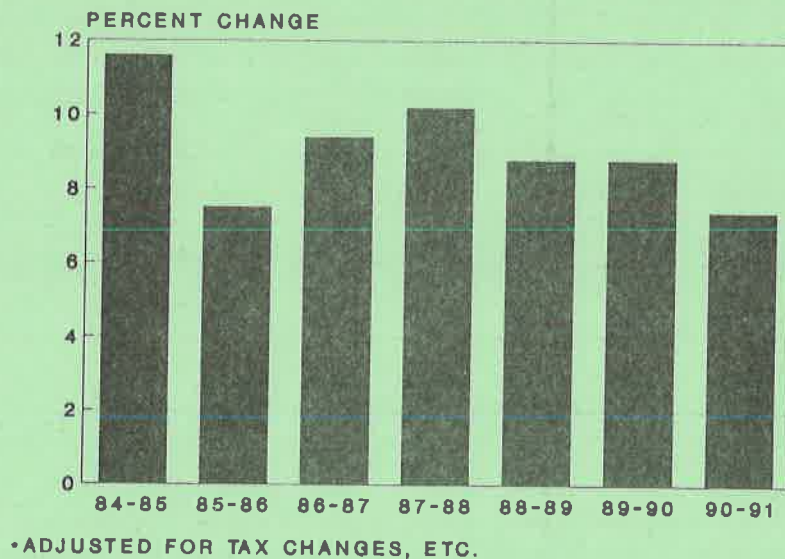


### General Fund Tax Forecast

The specifics of the General Fund tax estimates underlying the 1989-91 biennial budget adopted by the 1989 General Assembly are shown on page 18. Due to substantial legislative tax changes during recent years and other special factors, actual collections have borne little relationship to movements in the economy.

A truer picture of the revenue outlook can be obtained by adjusting the collection data for these factors. After the adjustments are made, the annual growth rates would follow the pattern shown in the graph below.

### General Fund Tax Growth\*



## Special Factors

### (1) RJR Nabisco Leveraged-Buyout

The sale of RJR Nabisco stock will lead to an estimated \$130 million in one-time additional personal and corporate income taxes on the capital gains from the sale of the stock. The Department of Revenue estimates that \$30 million came in during the 1988-89 fiscal year (1988 tax year sales). Thus, the 1989-90 estimate assumes \$100 million of additional gains.

An earlier concern was that if the new owners structure the loan and bond financing of the buyout in such a way that the cost of the junk bond financing can be deducted on the company's tax return, up to \$35 million of corporate income taxes would be eliminated. The 1989-91 revenue estimates do not reflect a deduction as there are no indications yet that such a financing arrangement will occur.

### (2) Capital Gains Taxation

The President and members from both parties in Congress are discussing a number of options to lower or restructure the capital gains tax again. It is not clear which new schedule will be adopted and whether the change will apply to new assets purchased or existing assets. If a law is not enacted this year but shareholders feel that a change is likely next year, there will be an incentive to hold off selling assets this year.

### (3) Federal Retiree Court Suit

The March, 1989 U.S. Supreme Court decision in Davis v. Michigan mandated that the state provide no more tax relief on the benefits of its own retirees than that provided to federal civil service and military retirees. While the 1989 General Assembly resolved the issue for 1989 and future tax years, a class-action suit has been filed in federal district court by federal retirees demanding refunds for taxes paid on their benefits in past years. In addition, there are two cases before the U.S. Supreme Court dealing with the issue of whether a State law can deny refunds of a tax later held to be unconstitutional.

If North Carolina were required to grant refunds to federal retirees for the 1985-88 tax years, the impact could be as high as \$120 million. In fact, some retirees who filed their 1988 taxes late enough during the filing season were able to apply for a refund within the 30 days required by law and thus are already eligible for a refund for that year. The budget estimates do not reflect the cost of any of these refunds.

## 1989 Session Tax Changes

### (1) Income Tax Restructuring

Senate Bill 51 revised the State personal income tax to follow federal rules in the determination of taxable income. While the consultants hired by the General Assembly indicate that the rate schedule adopted should be revenue-neutral on a tax year basis, it is not clear yet how the fiscal year cash flow will mesh with the calendar year liability for the first couple of years. One possibility is that the cost of the revenue-reduction changes (personal exemptions, standard deduction) will show up sooner (through the new withholding schedules) than the base-broadening changes (affects annual return).

Whether this occurs depends on how well the Department of Revenue and employers educate employees about recalculating their withholding and how employees respond. It is also not clear how persons required to file estimated tax returns (persons with large amounts of non-wage income) will adjust their payment schedule. The revenue estimates used in the budget process assume that the new system will be revenue-neutral on both an tax year and fiscal year basis.

### (2) Estimated Income Tax Change

House Bill 399 increased from 80% to 90% the proportion of actual tax year liability that must be paid during the tax year by persons required to make estimated tax payments (persons with large amounts of non-wage income). With the change taking place in 1990, it is not clear whether persons required to make such payments will increase their April and June remittance sufficiently or will catch up in September and December.

### (3) Retirement Tax Changes

House Bill 1311 allows a \$4,000 income tax exclusion for public sector retirees and a \$2,000 exclusion for private

retirees. While the annualized impact is approximately revenue-neutral, state and local retirees taxed for the first time for the 1989 tax year may file extension returns (and thus not pay the new tax until August). In addition, retirees may not correctly remit estimated tax payments during the early part of the 1990 tax year.

(4) Tax Amnesty/Enforcement Program

HB 272 establishes a three-month tax amnesty program in North Carolina, provides for stiffer tax evasion penalties, and authorizes a substantial increase in enforcement/compliance resources for the Department of Revenue. While the revenue estimates used in the appropriations process were based on an extensive review of data from other states, the projections are still somewhat subjective.

(5) Sales Tax on Motor Vehicles

The adoption of House Bill 399 increases the state sales tax on motor vehicles, boats, aircraft, and railway equipment. The additional revenue from these items will fall below the budget estimates to the extent that taxpayers accelerate their purchases to avoid the tax increase.

**GENERAL FUND REVENUES**  
(\$ Million)

Source	1988-89 Actual	1989-90 Authorized	1990-91 Authorized
<b>TAX</b>			
Personal Income	\$3,002.3	\$3,496.9	\$3,674.9
Sales & Use	1,681.7	1,703.3	1,779.0
Corporate Income	549.4	787.6	825.1
Franchises	236.3	254.4	270.3
Insurance	187.1	201.9	214.1
Beverage	127.6	131.5	134.1
Inheritance	67.2	75.7	77.8
Soft Drink	27.9	29.3	28.7
Privilege License	22.4	28.3	33.6
Cigarette	8.0	15.7	5.7
Gift	4.6	5.4	5.5
Other	14.1	15.7	17.0
<b>Total Tax</b>	<b>\$5,928.6</b>	<b>\$6,744.8</b>	<b>\$7,075.8</b>
<b>NON-TAX</b>			
Investment Income	\$141.8	\$137.3	\$174.3
Judicial Dept.	48.2	61.9	66.2
Gas & Oil Inspection	1.2	1.2	1.2
Miscellaneous	34.8	44.2	39.9
<b>Total Non-Tax</b>	<b>\$226.0</b>	<b>\$244.6</b>	<b>\$254.6</b>

Note: Due to the large number of legislative tax changes and other factors, the year-to-year comparison is severely distorted (see page 14).



**GENERAL FUND CONDITION**  
(\$ Million)

Source	1988-89 Actual	1989-90 Authorized	1990-91 Authorized
Beginning Credit Balance	\$392.9	\$157.0	\$65.8
<b>Revenues:</b>			
Tax	5,928.5 <sup>a</sup>	6,744.8	7,075.8
Non-Tax	226.0	244.6	254.6
	<hr/>	<hr/>	<hr/>
Subtotal	6,154.5	6,989.4	7,330.4
Transfer from Highway Trust Fund	-	279.4	356.0
Total Revenue	6,154.5	7,268.8	7,686.4
Total Availability	6,547.4	7,425.8	7,752.2
<b>Expenditures:</b>			
Tax Reimbursement to Local Governments	- <sup>a</sup>	231.8	234.1
Current Operations	6,302.7	6,883.0	7,452.6
Capital Improvements	258.7	245.2	65.5
	<hr/>	<hr/>	<hr/>
Total Expenditures	6,561.4	7,360.0	7,752.2
Less Reversions	171.0	-	-
Net Expenditures	6,390.0	7,360.0	7,752.2
Ending Credit Balance	\$157.0	\$65.8	-

<sup>a</sup> 1988-89 revenues are net of reimbursements to local governments; the 1989 General Assembly changed the methodology of funding these reimbursements to direct appropriations.

**DEPARTMENT OF REVENUE  
LOCAL GOVERNMENT TAX REIMBURSEMENT RESERVE**

Reserves to be used to reimburse local governments for certain reductions in tax revenue resulting from tax legislation enacted by the General Assembly are as follows:

	1989-90 General Fund	1990-91 General Fund
(a) in accordance with G.S. 105-164.44C, the exemption of food stamp purchases from sales tax under Chapter 656 of the 1985 Session Laws	\$5,366,497	\$5,618,722
(b) in accordance with the second sentence of the third paragraph of G.S. 105-213(a), the intangibles tax exemption of certain accounts and accounts receivable under Chapter 656 of the 1985 Session Laws	5,439,102	5,874,231
(c) in accordance with G.S. 105-213.1, the intangibles tax exemption of money on deposit and money on hand under Chapter 656 of the 1985 Session Laws	24,902,468	25,496,225
(d) in accordance with G.S. 105-275.1 as enacted by Chapter 622 of the 1987 Session Laws and rewritten by Chapters 813 and 1041, the property tax exemption for inventories of manufacturers and for livestock, poultry and feed	107,973,963	107,973,963
(e) in accordance with G.S. 105-277A as rewritten by Chapters 622, 813, and 1041 of the 1987 Session Laws, the property tax exemption for inventories of wholesalers and retailers	80,373,585	81,445,756



DEPARTMENT OF REVENUE - LOCAL GOVERNMENT TAX  
REIMBURSEMENT RESERVE (Continued)

	1989-90 General Fund	1990-91 General Fund
(f) in accordance with G.S. 105-277.1A, the expansion of the property tax homestead exemption under Chapter 1052 of the 1981 Session Laws and Chapter 656 of the 1985 Session Laws	7,700,000	7,685,000
<b>TOTAL</b>	<b>\$231,755,615</b>	<b>\$234,093,897</b>

## NORTH CAROLINA STATE HIGHWAY FUND

Total collections for the Highway Fund for FY 1988-89 were \$913.7 million, a 1.9% increase over the previous fiscal year of 1987-88. Revenues by broad category and their proportionate share of total Highway Fund revenues are shown below:

<u>Revenue</u>	<u>(\$Millions) Collected</u>	<u>Share</u>
Motor fuel taxes and fees	\$625.8	68.5%
Vehicle license fees	198.7	21.7%
Driver license fee	39.0	4.3%
Penalty and inspection fees	17.5	1.9%
Other revenue (investments, refunds, etc.)	32.7	3.6%
	<u>\$913.7</u>	<u>100.0%</u>

### Wild Swings in the Price of Gasoline

During the 1988-89 fiscal year, the price of gasoline was extremely volatile. After averaging 57.7 cents per gallon for the 1988 calendar year, the average wholesale price rose 21% in the month of April to 74.2 cents per gallon. Angry reaction on the part of retailers and consumers laid the blame for the price explosion on collusion between the major oil companies. In their defense, suppliers blamed rising crude and wholesale costs which were not passed along until early spring. What actually happened was that trends in several factors that affect the price of oil began to change direction. When these changes occurred together, normal annual swings in price cycles were exaggerated.

On the supply side, beginning in the early spring of 1989, effective OPEC production restraints, industry accidents - the Exxon "Valdez" oil spill in Alaska and a series of explosions and platform fires in the North Sea - and new EPA regulations for refiners constricted normal supplies. On the demand side, better-than-expected economic performance increased consumption.

By the end of May, 1989, the average retail price for all types of gasoline had reached \$1.15 per gallon. Not since 1985 had the retail price hit and stayed above the \$1 a gallon level for any long period of time. But as early as June, many stations were beginning to lower prices. The average retail gasoline price was slightly lower than the peak price of the previous month. Although prices are moderating slightly, most forecasters agree that retail gasoline prices under \$1 a gallon are a thing of the past.

# **HIGHWAY FUND REVENUE**

	1989-90 Authorized	1990-91 Authorized
<b>MOTOR FUELS TAX:</b>		
Gasoline Tax	\$633,200,000	\$661,850,000
: Gasoline Inspection Fee	10,300,000	10,500,000
Highway Use Tax	400,000	0
Total Motor Fuels Tax	<u>\$643,900,000</u>	<u>\$672,350,000</u>
<b>LICENSES AND FEES:</b>		
Motor Vehicle Registration	\$155,100,000	\$158,500,000
International Reg. Plan	33,800,000	34,800,000
Title Fees	10,900,000	11,300,000
Lien Recording Fees	100,000	0
Driver Licenses	40,500,000	41,700,000
Revocation and Restoration	7,300,000	7,500,000
Equipment Inspection Fees	5,200,000	5,400,000
Dealers and Manufactures		
Licenses	700,000	800,000
Overweight/Size Permits	500,000	600,000
Motor Carrier Safety	600,000	600,000
Total Licenses and Fees	<u>\$254,700,000</u>	<u>\$261,200,000</u>
<b>OTHER STATE REVENUE:</b>		
Penalties	\$6,800,000	\$7,000,000
Refunds	1,000,000	1,100,000
Miscellaneous	1,500,000	1,700,000
Total Other State Revenue	<u>\$9,300,000</u>	<u>\$9,800,000</u>
Investment Income	\$26,000,000	\$23,000,000
Total Highway Fund Revenue	<u>\$933,900,000</u>	<u>\$966,350,000</u>

## HIGHWAY TRUST FUND

Statutory Authority: G.S. 136, Article 14; G.S. 120, Article 12E

The 1989 General Assembly created the North Carolina Highway Trust Fund, designated the sources of revenue for the Fund, and specified the purposes for which Trust Fund revenue may be used. The Trust Fund is administered by the Department of Transportation and monitored by the newly created Joint Legislative Highway Oversight Committee. The Trust Fund is separate from the Highway Fund. Like the Highway Fund, however, the Trust Fund is subject to the Executive Budget Act.

In general, the Trust Fund is a \$9.1 billion, 13 1/2 year roads package that creates 3,600 miles of a four-lane Intrastate Highway System, builds 207 miles of urban loops around seven cities, paves 10,000 miles of unpaved secondary roads in the State, and provides additional funds for cities to improve city streets. The Trust Fund and the tax and fee increases that are sources of revenue for the Fund terminate when these goals are reached.

### I. REVENUE

The Trust Fund consists of the revenue sources listed below. The amount of additional revenue generated by these sources is estimated to be \$425.3 million for fiscal year 1989-90. Of this additional revenue, \$149.4 million is to be transferred to the General Fund, leaving net estimated 1989-90 revenues for the Trust Fund of \$275.9 million. The amount of estimated revenue for subsequent fiscal years is shown on the table titled "Highway Trust Fund Revenue" on page 328 of the Appendix.

#### Sources of Trust Fund Revenue:

- (1) Twenty-five percent (25%) of the excise taxes collected on motor fuels and twenty-five percent (25%) of the road tax levied on motor carriers for the privilege of using the roads in this State. The amount of 25% is designated because that is the increase in the motor fuels and road taxes. These taxes were increased effective August 1, 1989, from a flat rate of 14¢ a gallon plus 3% of the average wholesale price of the fuel to 17¢ a gallon plus either 3 1/2¢ a gallon or 7% of the average wholesale price of the fuel, whichever is greater. Before the increase the tax was 15.7¢ a gallon; after the increase the tax was 20.9¢ a gallon. The tax therefore increased by 5.2¢ a gallon.
- (2) Revenue from a "highway use" tax levied on the issuance of a certificate of title for a motor vehicle, other than certain vehicles that will be rented or leased. This tax is a



## Highway Trust Fund (Continued)

titling tax and replaces the current 2%, \$300 maximum sales tax on motor vehicles. The use tax is three percent (3%) of the retail value of the vehicle for which a title is issued. The tax cannot be less than \$40.00, cannot exceed \$1,000 until July 1, 1993, and cannot exceed \$1,500 after that date. The tax is effective October 1, 1989.

The retail value of a vehicle is determined as follows:

- a. New vehicle-- value is the sales price, less the amount of any trade-in allowance.
- b. Used vehicle sold by a dealer-- value is the sales price, less the amount of any trade-in allowance.
- c. Used vehicle sold by a person who is not a dealer-- value is presumed to be the wholesale book value of the vehicle, less the amount of any trade-in allowance. A person who disagrees with the presumed value must pay the tax due based on the presumed value, but may appeal the value to the Commissioner of Motor Vehicles.
- d. Vehicle transferred for a reason other than a sale of the vehicle, such as a gift-- value is presumed to be the wholesale book value of the vehicle. A person who disagrees with the presumed value must pay the tax due based on the presumed value, but may appeal the value to the Commissioner of Motor Vehicles.

Only a few transfers of title are exempt from the new use tax or are not taxed based on their full value. Titles for wrecked vehicles transferred to an insurance company and titles transferred to a motor vehicle dealer when the car is to be sold by the dealer are exempt from the tax. Several transfers are subject to only the \$40.00 minimum tax. These transfers are: gifts between spouses or a parent and child, transfers by will or intestacy, distributions of marital property, transfers to a person who has a lien on the transferred motor vehicle, transfers to a partnership or corporation upon the formation of the entity and transfers to a corporation upon the merger or consolidation of the corporation with another entity, and transfers to the same owner to reflect a change in the owner's name. Titles issued to motor vehicles that have previously been titled in another state for at least 90 days enjoy a ceiling of \$100.

Those who lease or rent motor vehicles are given an option of paying the use tax when they purchase a vehicle for lease or rent or paying a tax on the gross lease or rental receipts subsequently received when the vehicle is leased or rented. The optional tax on gross receipts is 8% on leases or rentals to the same person for no more than 90 days, and it is 8% for

## Highway Trust Fund (Continued)

the first 90 days of a lease or rental to the same person for more than 90 days and 3% for the period in excess of 90 days. The maximum use tax applies to lease or rental receipts, but the maximum is computed anew on each lease or rental of the vehicle to a different person.

The option of paying a gross receipts tax applies to vehicles purchased on or after October 1, 1989, the effective date of the tax change; it does not apply to vehicles owned on that date. The lease or rental of vehicles owned as of October 1 is subject to the new 8% short-term and 3% long-term rates, and the lessor or renter does not have the option on October 1 of paying a use tax on the vehicles rather than charge the new rates. The change, however, applies only to leases or rentals made on or after October 1. Therefore, the change does not affect a long-term lease in effect on October 1, for example, until the lease is renewed.

Revenue from the optional gross receipts tax is placed in the Trust Fund if it is at the 3% rate and is placed in the General Fund if it is at the 8% rate. Generally, therefore, revenue from long-term leases or rentals is deposited in the Trust Fund, and revenue from short-term leases or rentals is deposited in the General Fund. The table of Trust Fund revenue following this explanation includes the 3% alternate gross receipts tax revenue, but does not include the 8% gross receipts tax revenue because that revenue is not deposited in the Trust Fund.

- (3) Revenue from the following fee increases related to titles for motor vehicles. These fees are in addition to the highway use tax imposed on the issuance of a certificate of title. The fee increases are effective August 15, 1989.

Type	Former Fee	New Fee
a. certificate of title....	\$5	\$35
b. duplicate or corrected title.....	7	10
c. reposessor of title....	5	10
d. transfer of registration	4	10
e. replacement registration plates.....	9	10
f. duplicate registration certificate.....	3	10
g. recording supplementary lien.....	3	10
h. removing a lien.....	4	10
i. title transferred to a dealer when no use tax is due.....	0	10.

## Highway Trust Fund (Continued)

- (4) Revenue made available beginning in the 1994-95 fiscal year from the retirement of highway refunding bonds.
- (5) Interest on revenue in the Trust Fund.

## II. EXPENDITURES

Revenue in the Trust Fund is allocated for four main purposes and two incidental purposes. These purposes and the percentage of Trust Fund revenue that is to be used on each purpose are listed below. The estimated amount of revenue that will be allocated to each purpose during the life of the Trust Fund is shown on the table titled "Highway Trust Fund Allocations" on page 329 of the Appendix.

### Allocations of Trust Fund Revenue:

- (1) Intrastate System Projects--61.95%. The 32 projects are listed on a chart that follows this explanation. The same chart appears in G.S. 136-179. The projects primarily consist of widening and improving existing Interstate, U.S., and N.C. routes.
- (2) Urban Loop Projects--25.05%. The 7 projects are for the cities of Asheville, Charlotte, Durham, Greensboro, Raleigh, Wilmington, and Winston-Salem. The projects are listed on a chart that follows this explanation. The same chart appears in G.S. 136-180.
- (3) Supplement to cities for city streets--6.5%. This supplement is in addition to the current appropriation of the equivalent of a 1 3/4¢ per gallon tax on motor fuels and is to be distributed in the same manner as the current appropriation. The distribution is made on or before October 1 of each year but is based on revenue collected during the preceding fiscal year. Therefore, no Trust Fund revenue will be distributed to cities until fiscal year 1990-91.
- (4) Supplement for secondary roads--6.5%, plus \$15.00 of the \$30.00 increase in the fee for issuing a certificate of title. This supplement is in addition to the current appropriation of the equivalent of a 1 3/4¢ per gallon tax on motor fuels and is to be used to pave unpaved secondary roads that are traveled by at least 50 vehicles a day. The Department of Transportation does not distribute this supplement to counties because counties have no authority to pave roads. The Department is responsible for secondary roads and thus applies the amount of the supplement to secondary road construction.



## Highway Trust Fund (Continued)

- (5) Expenses of the Department of Transportation in administering the Trust Fund-- an amount not to exceed 5% of the taxes and fees deposited in the Fund. This amount is deducted before the percentage allocations are determined. For the 1989-90 fiscal year, the sum of \$11,000,000 is appropriated from the Trust Fund to the Department for administrative expenses of the Trust Fund in lieu of applying the 5% formula.
- (6) Expenses of the Joint Legislative Highway Oversight Committee-- actual expenses of the Committee. These expenses are deducted from the amount allocated to the Intrastate System projects. The Committee has 16 members who are all legislators and meets at least quarterly.

### III. RESTRICTIONS ON EXPENDITURES FROM TRUST FUND

The act creating the Highway Trust Fund contains three restrictions on the expenditure of Trust Fund revenue and sets a ten percent (10%) goal for minority participation in construction contracts let for Trust Fund projects as well as for projects in the Transportation Improvement Program. The ten percent (10%) goal is not a quota, but a desired level of minority participation. It parallels the ten percent (10%) minority participation goal established by the federal government for highway contracts. The three restrictions are a five-year limitation on construction spending, a requirement that highway construction funds be spent evenly throughout the State, and a two-year limitation on letting contracts in anticipation of revenue.

#### Construction Expenditure Limitation

The act restricts the amount of Trust Fund revenue, other than revenue allocated for city streets or secondary roads, that can be used to construct or improve highways during the first five years of the Trust Fund programs. During those years, no more than the maximum amounts listed in the table below can be obligated for construction. Trust Fund revenues in excess of the maximum amounts may be used only for preliminary planning and design and the acquisition of rights-of-way for scheduled highways and highway improvements to be funded from the Trust Fund.

<u>Fiscal Year</u>	<u>Maximum Expenditure</u>
1989-90	\$200,000,000
1990-91	\$250,000,000
1991-92	\$300,000,000
1992-93	\$400,000,000
1993-94	\$500,000,000



## Highway Trust Fund (Continued)

### Distribution Formula

In G.S.136-17.2A, the act establishes a distribution formula for Trust Fund revenue expended on the the Intrastate System and for Department of Transportation appropriations and federal revenue expended on the Transportation Improvement Program. The formula does not apply to revenue expended on the urban loops.

The formula is designed to ensure that every county in the State receives its fair share of the transportation improvements. The formula divides the State into seven regions by grouping two of the existing 14 highway engineering divisions into a region. The distribution regions are as follows:

- (1) Distribution Region A consists of the following counties: Bertie, Camden, Chowan, Currituck, Dare, Edgecombe, Gates, Halifax, Hertford, Hyde, Johnston, Martin, Nash, Northampton, Pasquotank, Perquimans, Tyrrell, Washington, Wayne, and Wilson.
- (2) Distribution Region B consists of the following counties: Beaufort, Brunswick, Carteret, Craven, Duplin, Greene, Jones, Lenoir, New Hanover, Onslow, Pamlico, Pender, Pitt, and Sampson.
- (3) Distribution Region C consists of the following counties: Bladen, Columbus, Cumberland, Durham, Franklin, Granville, Harnett, Person, Robeson, Vance, Wake, and Warren.
- (4) Distribution Region D consists of the following counties: Alamance, Caswell, Davidson, Davie, Forsyth, Guilford, Orange, Rockingham, Rowan, and Stokes.
- (5) Distribution Region E consists of the following counties: Anson, Cabarrus, Chatham, Hoke, Lee, Mecklenburg, Montgomery, Moore, Randolph, Richmond, Scotland, Stanly, and Union.
- (6) Distribution Region F consists of the following counties: Alexander, Alleghany, Ashe, Avery, Caldwell, Catawba, Cleveland, Gaston, Iredell, Lincoln, Surry, Watauga, Wilkes, and Yadkin.
- (7) Distribution Region G consists of the following counties: Buncombe, Burke, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania, and Yancey.

Until ninety percent (90%) of the mileage of Intrastate System projects is completed, each region must receive between ninety percent (90%) and one hundred ten percent (110%) of the total amount expended during any consecutive seven-year period multiplied by a factor that is based on the following components and weights: estimated miles to complete the Intrastate System projects in the region, weighted twenty-five percent (25%); population of the distribution region compared to the population of

## Highway Trust Fund (Continued)

the State, weighted fifty percent (50%); and the fraction one-seventh, weighted twenty-five percent (25%). When ninety percent (90%) of the mileage of the Intrastate System projects is completed, the factor by which the amount expended is multiplied changes to have only two components as follows: population of the distribution region compared to the population of the State, weighted sixty-six percent (66%); and the fraction one-seventh, weighted thirty-four percent (34%).

Although each distribution region receives an equal share over time, each county within a distribution region may not necessarily receive the same amount as all other counties in the distribution region. The act, however, directs the Department of Transportation to consider the highway needs of every county in a distribution region.

### Limit on Contracts Let in Anticipation of Revenue

G.S.136-176(d) allows Trust Fund projects to be let in anticipation of revenue but limits the period for which revenue may be anticipated to the two year-period following the year in which the contract is let. Without this limitation, contracts for Trust Fund projects could be let in anticipation of Trust Fund revenue for an indefinite period, subject to the limitations in G.S. 143-28.1(4) on the amount of revenue that can be anticipated.

# NORTH CAROLINA HIGHWAY TRUST FUND

	<u>1989-90</u>	<u>1990-91</u>
Revenues:		
Motor Fuels Revenues	\$187,600,000	\$230,700,000
Motor Vehicles Use Tax	301,400,000	404,800,000
Title Fees (Highway Fund		
Classification):		
Registration Fees	11,540,000	13,583,000
Miscellaneous Title Fees	2,630,000	3,095,000
Fees for Certificates of		
Title	40,530,000	49,122,000
Interest from Treasurer's		
Investments	<u>11,600,000</u>	<u>14,300,000</u>
Subtotal	\$555,300,000	\$715,600,000
Less Amount Required to be		
Transferred to the General Fund	<u>279,400,000</u>	<u>356,000,000</u>
Balance Available	<u>\$275,900,000</u>	<u>\$359,600,000</u>
Availability for Allotment to the		
Department of Transportation:		
Maximum allowable for addition		
to Administrative Budgets	\$11,000,000	\$16,037,000
Construction Allocation:		
Intrastate System	151,551,382	197,621,739
Urban Loop System	61,281,068	79,910,001
Supplement to Powell Bill		
for City State Aid	15,901,275	20,735,130
Secondary Road Construction:		
From Percentage Allocation	15,901,275	20,735,130
From Certificate of Title		
Revenue	<u>20,265,000</u>	<u>24,561,000</u>
Total	<u>\$275,900,000</u>	<u>\$359,600,000</u>

Source: Office of State Budget and  
Management

# INTRASTATE SYSTEM PROJECTS

Listed below are the projects of the Intrastate System that are to be funded from the Highway Trust Fund. This same list appears in G.S. 136-179.

Route	Improvements	Affected Counties
I-40	Widening	Buncombe, Haywood, Guilford, Wake, Durham
I-77	Widening	Mecklenburg
I-85	Widening	Durham, Orange, Alamance, Guilford, Cabarrus, Mecklenburg, Gaston
I-95	Widening	Halifax
US-1	Complete 4-laning from Henderson to South Carolina Line (including 6-laning of Raleigh Beltline)	Vance, Franklin, Wake, Chatham, Lee, Moore, Richmond
US-13	Connector from I-95 to NC-87	Cumberland
US-13	Complete 4-laning from Virginia Line to US-17	Gates, Hertford, Bertie
US-17	Complete 4-laning from Virginia Line to South Carolina Line (including Washington, New Bern, and Jacksonville Bypasses)	Camden, Pasquotank, Perquimans, Chowan, Bertie, Martin, Beaufort, Craven, Jones, Onslow, Pender, New Hanover, Brunswick
US-19/ US-19E	Complete 4-laning from US-23 to NC 194 in Ingalls	Madison, Yancey, Mitchell, Avery
US-19	Complete 4-laning	Cherokee, Macon, Swain
US-23	Complete 4-laning and upgrading existing 4-lanes from Tennessee Line to I-240	Madison, Buncombe

US-23-441	Complete 4-laning from US-19/US-74 to Georgia Line	Macon
US-52	Complete 4-laning from I-77 to Lexington (including new I-77 Connector)	Surry, Davidson
US-64	Complete 4-laning from Raleigh to Coast (including freeway construction from I-95 to US-17)	Edgecombe, Pitt, Martin, Washington, Tyrrell, Dare
US-64	Complete 4-laning from Lexington to Raleigh	Davidson, Randolph, Chatham, Wake
US-70	Complete 4-laning from Raleigh to Morehead City (including Clayton, Goldsboro, Kinston, Smithfield-Selma, and Havelock Bypasses predominately freeways on predominately new locations)	Wake, Johnston, Wayne, Lenoir, Craven
US-74	Complete 4-laning from Charlotte to US-17 (including multilaning of Independence Blvd. in Charlotte, and Bypasses of Monroe, Rockingham, and Hamlet)	Mecklenburg, Union, Richmond, Robeson, Columbus
US-74	Complete 4-laning from I-26 to I-85	Polk, Rutherford
US-158	Complete 4-laning from Winston-Salem to Whalebone	Forsyth, Guilford, Rockingham, Caswell, Person, Granville, Vance, Warren, Halifax, Northampton, Gates, Hertford, Pasquotank, Camden, Currituck, Dare
	New bridge over Currituck Sound	Currituck



US-221	Complete 4-laning from Linville to South Carolina	Avery, McDowell, Rutherford
US-220	Complete 4-laning from I-40 to US-1	Guilford, Randolph, Montgomery, Richmond
US-220/NC-68	Complete 4-laning from Virginia Line to I-40	Rockingham, Guilford
US-264	Complete 4-laning from US-64 to Washington (including Wilson and Greenville Bypasses) (including freeway construction from I-95 to Greenville)	Wilson, Greene, Pitt
US-321	Complete 4-laning from Boone to South Carolina Line	Caldwell, Catawba, Lincoln, Gaston
US-421	Complete 4-laning from Tennessee Line to I-40	Watauga, Wilkes, Yadkin
US-421	Complete 4-laning from Greensboro to Sanford (including Bypass of Sanford)	Chatham, Lee
NC-24	Complete 4-laning from Charlotte to Morehead City	Mecklenburg, Cabarrus, Stanly, Montgomery, Moore, Harnett, Cumberland, Sampson, Duplin, Onslow, Carteret
NC-87	Complete 4-laning from Sanford to US-74	Lee, Harnett, Cumberland, Bladen, Columbus
NC-105	Complete 4-laning from Boone to Linville	Watauga, Avery
NC-168	Complete multilaning from Virginia Line to US-158	Currituck
NC-194	Complete 4-laning from US-19E to US-221	Avery

### URBAN LOOP PROJECTS

Listed below are the urban loop projects that are to be funded from the Highway Trust Fund. This same list appears in G.S. 136-180.

Loop	Description	Affected Counties
Asheville Western Loop	Multilane facility on new location from I-26 west of Asheville to US-19/23 north of Asheville for the purpose of connecting these roads. The funds may be used to improve existing corridors.	Buncombe
Charlotte Outer Loop	Multilane facility on new location encircling City of Charlotte	Mecklenburg
Durham Northern Loop	Multilane facility on new location from I-85 west of Durham to US-70 east of Durham	Durham, Orange
Greensboro Loop	Multilane facility on new location encircling City of Greensboro	Guilford
Raleigh Outer Loop	Multilane facility on new location from US-1 southwest of Cary northerly to US-64 in eastern Wake County	Wake
Wilmington Bypass	Multilane facility on new location from US-17 northeast of Wilmington to US-17 southwest of Wilmington	New Hanover
Winston-Salem North-belt	Multilane facility on new location from I-40 west of Winston-Salem northerly to I-40 in eastern Forsyth County	Forsyth

## **SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS**

### **Senate Bill 1309:**

**Section 10      Regional Public Transportation Authority Funding -**  
Permits a regional public transportation authority created pursuant to newly enacted G. S. 160A, Article 26, to apply to the Department of Transportation for a grant from the public transportation funds "received from the North Carolina Highway Trust Fund" and allows the Department to allocate to a regional public transportation authority any funds appropriated for public transportation.

G.S. 136-44.20 allows the Department of Transportation to use up to \$5,000,000 of the amount appropriated for State construction under the Transportation Improvement Program each year for public transportation. No Trust Fund revenue is designated for public transportation.

**Section 17      DEPARTMENT OF TRANSPORTATION EXEMPTION FROM  
LIMITATION ON NUMBER OF STATE EMPLOYEES**

Excludes employees of the Department of Transportation who are engaged in planning, designing, or constructing Trust Fund projects from the limit, imposed by newly enacted G. S. 143-10.2, on the yearly increase in the number of permanent State employees. Also requires the Department of Transportation to report the number of employees hired for Trust Fund projects.

G.S. 143-10.2, enacted by Section 46 of Chapter 752 of the 1989 Session Laws, restricts the annual percentage increase in the number of permanent state employees to the same percentage increase of the population of the State. Percentage increases are computed on the basis of a 10-year average.

**Section 18      NORTH CAROLINA HIGHWAY TRUST FUND CASH BALANCES**

Permits the Department of Transportation to advance Trust Fund revenue to the Equipment Fund, which is part of the Highway Fund, to acquire equipment needed for Department employees to construct secondary roads in accordance with the Trust Fund project schedule. Revenue advanced from the Trust Fund will be repaid as the purchased equipment is used. Requires the Department to report a proposed advance to the Joint Legislative Highway Oversight Committee and to the Joint Legislative Commission on Governmental Operations.



Section 19      **DEPARTMENT OF TRANSPORTATION FUND CODE STRUCTURE REORGANIZATION**

Permits the Department of Transportation to reorganize its Fund Code Structure during the 1989-90 fiscal year to accommodate the Trust Fund, requires the changes and any accompanying staffing changes to be approved by the Director of the Budget, and requires the Department to report the changes to the Joint Legislative Highway Oversight Committee and to the Joint Legislative Commission on Governmental Operations.

Section 21      **EXECUTIVE BUDGET ACT APPLIES TO NORTH CAROLINA HIGHWAY TRUST FUND**

Makes the Highway Trust Fund subject to the Executive Budget Act.

Section 22      **CASH FLOW - HIGHWAY TRUST FUND APPROPRIATION**

Certifies anticipated revenues of the Highway Trust Fund so that the Department of Transportation will be able to let contracts in anticipation of revenues under G. S. 143-28.1(4). The certified amounts are:

<u>Fiscal Year</u>	<u>Revenue</u>
1991-92	\$734,800,000
1992-93	\$756,700,000

Section 33      **TAX PROCEEDS CREDITED TO HIGHWAY TRUST FUND**

Allows for taxes collected to be credited to the General Fund and taxes collected to be credited to the North Carolina Highway Trust Fund.



**REVENUE  
BILLS**

REVENUE  
BILLS

**TAX FAIRNESS ACT  
SB 51 (Chapter 728)**

History

In 1921, North Carolina became one of the first states to levy a broad-based personal income tax. The original tax structure was based on model legislation developed by a national tax association. As in other states, the State tax was not tied to the new federal income tax.

During the 1920's and 1930's tax rates were increased to generate additional tax revenue. Since 1937 the only major changes have included a minor increase in personal exemptions and the standard deduction limit, three increases in the personal exemption for dependents, and a small tax credit for low and middle income taxpayers.

During the same period 34 of the 39 other states levying a broad-based income tax adopted or re-wrote their tax code to conform in some fashion to the federal tax. In addition, most states had followed the example federal government in significantly increasing their personal exemptions and the standard deduction limit to offset inflation.

Explanation of Bill

- (1) Restructures the North Carolina personal income tax by using federal taxable income line 37 of federal return as the starting point for the State tax calculation. By starting with federal taxable income, the State will be picking up the federal rules on which sources of income are taxable, federal personal exemptions, federal itemized deductions, and the federal standard deduction (see page \_ for a comparison of the old system and SB 51).
- (2) Preserves some differences between State and federal law and makes a few technical adjustments to the federal base through additions and deductions from federal taxable income retirement tax addressed separately on page - of this summary.

Additions to Federal Taxable Income

- (a) Interest on obligations of other states and their political subdivisions
- (b) Income taxed under federal law separately from the income tax

- (c) State and local income tax deducted on federal return
- (d) Automatic increases in federal personal exemptions and the federal standard deduction (indexing)

#### Deductions from Federal Taxable Income

- (a) Interest on U.S., State of North Carolina, and N.C. local government obligations
  - (b) Interest on and gain from disposition of tax exempt obligations
  - (c) Social Security and Railroad Retirement benefits
  - (d) Up to \$1,500 in National Guard pay
  - (e) Refunds of State and local income taxes reported on federal return
- (2) Language in the N.C. Constitution prohibits the State from automatically picking up future federal changes in the tax base. Such changes require legislative action.
  - (3) The use of federal rules will allow married couples to file a joint return for the first time.
  - (4) A 1988 session bill tied State law to the federal Subchapter S filing option beginning with the 1991 tax year. The enactment of SB 51 moves this change forward to 1989.
  - (5) The child and dependent care credit of 7% of employment-related expenses is maintained. For dependents under the age of seven or who are physically or mentally incapacitated, the credit will increase from 7% to 10%.
  - (6) The deduction of up to \$15,000 of dividends received by taxpayers from the N.C. share of corporations operating in North Carolina is changed by:
    - (a) conversion to a tax credit (to be applied against tax liability instead of being deducted from income) of 6% of eligible dividends, up to a maximum credit of \$300 (\$5,000 of dividends) for person or married couple holding the assets jointly (\$600 maximum if each spouse hold assets separately)



- (b) elimination of the need to determine the taxable percentage of dividends from multi-state corporations by applying the credit to all of the dividends received by a corporation that has at least 50% of its taxable income allocated to North Carolina
- (7) Converts the numerous "additional" personal exemptions for certain permanent disabilities to a portion of the federal credit granted to low and moderate income taxpayers who are permanently and totally disabled and who receive disability income.
- (8) Maintains all of the tax credits under the prior law with the exception of two unused energy conservation credits and the low and moderate income credit (replaced by higher personal exemptions and standard deduction).
- (9) Provides transition rules relating to the calculation of the basis of property when it is transferred, recognizing gains that were previously unrecognized, carrybacks and carryforwards of net losses, and carryforwards of other losses and deductions.
- (10) Specifies that no penalty will be imposed on on taxpayers who have paid an insufficient amount of estimated taxes and withholding taxes for the 1989 tax year.

#### Effective Date

1989 tax year

#### Fiscal Effect

A simulation of the new system by Price Waterhouse tax analysts, based on a sample of federal returns for N.C. taxpayers and adjustments for federal tax reform, indicates that the new system will produce the same annual revenue as the old system. In general, the revenue loss from higher personal exemptions and the standard deduction will be offset by a broadening of the tax base and a higher beginning tax rate.

The impact on different income groups under each federal filing status is shown in the table on page \_.

**STRUCTURE OF PERSONAL INCOME TAX  
UNDER CURRENT LAW AND SB 51**

<u>Current Law</u>	<u>SB 51</u>
<b>BASIS</b>	
Unique rules for calculating income and itemized deductions	Federal taxable income
<b>EXEMPTIONS</b>	
\$1,000 for single	\$2,000 each for self, spouse, and dependents
\$2,200 for married (\$3,300 if both work)	
\$2,200 for head-of-household	
\$800 for dependents	
<b>STANDARD DEDUCTION</b>	
\$550 for each taxpayer (\$1,100 if both spouses work)	\$5,000 joint return
	4,400 for head of household
	3,000 for single individual
	2,500 for married filing separately
<b>RATES</b>	
All taxpayers*	Married filing jointly and surviving spouse
\$ 1 - 2,000 3%	\$1 - 21,250 6%
2,001 - 4,000 4%	21,251 & over 7%
4,001 - 6,000 5%	
6,001 - 10,000 6%	Heads of households:
10,000 & over 7%	\$1 - 17,000 6%
	17,001 & over 7%
* No joint returns allowed.	Single individuals:
	\$1 - 12,750 6%
	12,751 & over 7%
	Married filing separately:
	\$1 - 10,625 6%
	10,626 & over 7%
<b>TAX THRESHOLD (Family of four)</b>	
\$4,350 (one spouse working)	\$13,000
6,000 (both spouses working)	
<b>LOW INCOME TAX CREDIT</b>	
\$ 1 - 5,000 \$25	Replaced by higher personal exemptions and standard deduction
5,001 - 10,000 20	
10,001 - 15,000 15	



FILING STATUS ANALYSIS OF SB 51 (6%, 7%)  
(Change From Current Law)

Adjusted Gross Income	Single			Head-of- Household*			Married, Filing Jointly**			Actual Dollars			Net Change After
	# of Returns	% Change In Tax	% Change After Federal Tax	# of Returns	% Change In Tax	% Change After Federal Tax	# of Returns	% Change In Tax	% Change After Federal Tax	Current Tax	Proposed Tax	Change	Fed Tax
Less than 5,000	324,993	-92.5%	-92.5%	38,524	-100.0%	-100.0%	35,939	-100.0%	-100.0%				
5,000 - 10,000	246,815	-19.7	- 9.7	86,026	- 84.2	- 84.2	99,296	- 88.7	- 88.7	90	10	-80	-80
10,000 - 15,000	251,677	- 6.1	- 6.1	95,336	- 52.8	- 52.8	134,405	- 58.8	- 58.8	281	116	-165	-165
15,000 - 20,000	168,501	- 6.1	- 6.1	62,517	- 24.5	- 24.5	155,247	- 27.9	- 27.9	494	356	-138	-138
20,000 - 30,000	139,141	- 1.7	- 1.7	46,215	- 16.0	- 16.0	287,141	- 11.7	- 11.7	890	786	-104	-104
30,000 - 40,000	45,793	4.4	3.8	10,799	- 2.0	- 1.7	238,625	- 2.1	- 1.8	1,385	1,356	-29	-25
40,000 - 50,000	13,991	4.1	3.0	4,155	- 1.2	- .9	177,735	5.1	3.7	1,892	1,987	95	68
50,000 - 75,000	15,660	6.1	4.4	3,671	3.1	2.2	228,418	6.5	4.7	2,723	2,900	177	127
75,000 - 100,000	3,101	8.1	5.8	1,249	5.4	3.9	62,532	8.6	6.2	4,118	4,472	354	255
100,000 - 200,000	2,396	9.8	6.7	455	10.5	7.0	45,427	10.2	6.8	6,811	7,509	698	467
200,000 & Over	776	4.5	3.2	111	3.7	2.7	9,989	7.2	5.2	27,493	29,485	1,992	1,434
TOTAL	1,218,080	-2.6		349,074	-22.7		1,485,561	1.8					

\* Average number of dependents is 1.5

\*\* Average number of dependents is 1.2 and median family income is \$32,000.

Filing Status	Minimum Amount of				
	Personal Exemptions	Standard Deduction	Gross Income Exempt from Tax***	Net Taxable Income**** Taxed at 6 %	Net Taxable Income**** Taxed at 7%
Single	\$2,000	\$ 3,000	\$ 5,000	\$1-12,750	\$12,751 & over
Head-of-Household, Two Dependents	6,000	4,400	\$10,400	1-17,000	17,001 & over
Married Couple, Two Dependents	8,000	10,400	\$13,000	1-21,250	21,251 & over

\*\*\* Based on personal exemptions and standard deduction amount. For taxpayers itemizing on federal return, the exempt amount will equal the sum of personal exemptions and the itemized deduction.

\*\*\*\*After subtracting personal exemptions and deductions.

Note: Taxpayer impact to state data is based on a simulation of actual returns for North Carolina taxpayers. The results represent the "average" or "typical" taxpayer in each income category. For a particular taxpayer, the results may differ from the amounts shown.

IMPACT OF SB 51 ON  
MARRIED COUPLES WITH TWO DEPENDENTS

<u>Adjusted</u> <u>Gross Income</u>	<u>Current</u> <u>Tax</u>	<u>Proposed</u> <u>Tax</u>	<u>Tax</u> <u>Change</u>	<u>Net</u> <u>Change</u> <u>After</u> <u>Fed. Tax</u>
Less than \$ 5,000	-	-	-	-
5,000 - 10,000	\$64	-	\$-64	\$-64
10,000 - 15,000	249	-	-249	-249
15,000 - 20,000	453	\$261	-192	-192
20,000 - 30,000	845	717	-128	-128
30,000 - 40,000	1,340	1,240	-100	-86
40,000 - 50,000	1,847	1,892	45	32
50,000 - 75,000	2,678	2,781	103	74
75,000 - 100,000	4,073	4,360	287	207
100,000 - 200,000	6,766	17,423	657	440
200,000 and over	27,448	29,439	1,991	1,434

Median income for this filing status is \$38,000.

Note: Taxpayer impact is based on a simulation of actual returns for North Carolina taxpayers. The results represent the "average" or "typical" taxpayer in each income category. For a particular taxpayer, the results may differ from the amounts shown.

**TAX AMNESTY/ENFORCEMENT  
(FAIR SHARE TAX ACT)  
HB 272 (Ch. 557)**

Explanation of Bill:

(1) Tax Amnesty

Requires the Department of Revenue to conduct a one-time tax amnesty program for the period September 1-December 1, 1989. During this period individuals and businesses who have not filed a required tax return, who have under-reported tax obligations, or who have not paid taxes that have been assessed may pay the taxes due and criminal prosecution will be waived.

The program applies to all state and local taxes collected by the Department of Revenue.

In general the amnesty program would apply only to tax liabilities incurred prior to the current tax filing period.

The bill allows the Department of Revenue to earmark up to \$1.1 million to publicize and administer the program.

(2) Penalties

Increases tax penalties as follows:

<u>Violation</u>	<u>Current Law</u>	<u>Proposed Law</u>
Attempt to evade or defeat tax	Misdemeanor: \$1,000 or six months imprisonment or both	Class I felony: \$25,000 or five years imprisonment or both
Willful failure to collect, withhold, or pay over tax	Misdemeanor: \$1,000 or two year imprisonment or both	Misdemeanor*
Willful failure to file return, supply information or pay tax	Misdemeanor	Misdemeanor*
Willful aiding or assisting in filing fraudulent return or document	Misdemeanor	Class J Felony: \$10,000 or three years imprisonment or both

- \* Extends general law statute of limitations from two years back to three years for these tax law violations.

(3) Enforcement and Compliance Resources

Authorizes additional General Fund spending of \$5.1 million for 1989-90 and \$4.9 million for 1990-91 by the Department of Revenue for additional tax enforcement personnel, support personnel, and related costs in improving the collection and enforcement of the state tax laws (including local taxes collected by the state).

: Effective Date:

The tax amnesty period runs from September 1-December 1, 1989. The increased penalties begin with violations occurring on or after December 2, 1989. The additional appropriations for the Department of Revenue are effective July 1, 1989.

Fiscal Impact:

		(\$ Million)	
		1989-90	1990-91
<u>Tax Amnesty</u>	One-Time Revenue	25.0	-
	Program Cost	1.1	-
<u>Penalties</u>	Permanent Revenue	**	**
<u>Enforcement Resources</u>	Permanent Revenue	42.0	68.9
	Appropriations	5.1	4.9

\* Some additional revenue will result from improved compliance by taxpayers and the use by Department of Revenue of the additional taxpayer information gained during the program.

\*\* Unknown.

**RETIREMENT PAY TAX EQUALIZATION  
HB 1311 (Chapter 792)**

**Legislative History**

Since 1943 State and local retirees have received a full State income tax exclusion under the retirement system law on their pension. As other tax-sheltered retirement benefits have been added (such as 401k plans), these benefits have been also been exempt.

From the early-1970's until the 1988 session, federal civil service and military retirees received a \$3,000 exclusion on their employment-based retirement pay. The amount was raised to \$4,000 beginning with the 1989 tax year.

Until this year, no exclusion was provided for pension or other retirement benefits received by private sector retirees.

On March 28, 1989 the U.S. Supreme Court, in Davis v. Michigan, ruled that a State cannot provide tax exemptions to its own employees (including retirees) in a greater amount than that provided to federal employees (including retirees).

**Explanation of Bill**

- (1) Provides a uniform \$4,000 income tax exclusion for the retirement benefits received by federal, state, or local retirees and a \$2,000 exclusion for private sector benefits. In the case of a person receiving both public and private benefits, the maximum exclusion would be \$4,000.
- (2) Increases retirement pay formula for state and local employees and retirees from 1.60% of the retiree's average final compensation (multiplied by years of service) to 1.63% (a 1.9% increase in benefits), to be funded from unencumbered system gains.
- (3) Specifies intent of 1989 General Assembly that the accrual benefit rate for State and local retirees be further increased beginning July 1, 1990 upon the availability of unencumbered actuarial gains in the retirement systems.

**Fiscal Effect**

- (1) The exclusion amounts adopted in the bill, combined with the fact that a retiree of more than one system can receive no more than \$4,000 in exclusions and the enactment of the income tax restructuring bill (SB 51), should lead to no significant change in State tax revenue.



(2) The amount of pension benefits and total income of various classes of retiree is shown below:

<u>Retiree Class</u>	<u>Annual Pension Amount</u>	<u>Number of Retirees</u>	<u>Total Household Income</u>
Federal civil service and military	\$13,000	100,000	\$43,000
State and local	7,200	80,000	34,500
Private	4,800	275,000	28,000

OTHER GENERAL FUND REVENUE BILLS:

<u>BILL</u>	<u>CHAPTER</u>	<u>EXPLANATION</u>	<u>EFFECTIVE</u>	<u>FISCAL EFFECT</u>	
			<u>DATE</u>	<u>1989-90</u>	<u>1990-91</u>
HB 4	36	Updates the state income tax reference to the Internal Revenue code.	Upon Rat.	-	-
HB 5	37	Makes numerous technical and conforming changes to the revenue laws.	Upon Rat.	-	-
HB 198 SB 740	111 753	Modify jobs tax credit by: (1) Increasing the number of eligible counties from 20 to 25.			
		(2) Limiting credit in future to employers engaged in manufacturing or industrial activities.	1989 Tax Year	-	+1,100,000
		(3) Deleting the requirement that a county must have an unemployment rate of 7% or more to be eligible for credit.			
		(4) Deleting a provision requiring the Employment Security Commission to calculate and report to the Department of Revenue the number of new jobs created by employers.			
HB 330	582	Clarifies existing law and repeals obsolete corporate franchise and corporate income tax credits.	1989 Tax Year	-	-
HB 512	584	Modernizes state privilege license tax system by: (1) Consolidating numerous separate taxes into a general business tax. (2) Substituting a \$50 per year minimum tax for numerous taxes based on population of locality or other obsolete bases.	7-1-89	-	+4,800,000
HB 1383	615	Recognizes bona fide estate settlements for inheritance tax purposes.	-	-	
SB 50	769	Exempts interest earned on deposits with Federal Home Loan Bank from corporate income tax.	1989 Tax Year	-2,000,000	-2,160,000

<u>BILL</u>	<u>CHAPTER</u>	<u>EXPLANATION</u>	<u>EFFECTIVE</u>	<u>FISCAL EFFECT</u>	
			<u>DATE</u>	<u>1989-90</u>	<u>1990-91</u>
SB 523	148	Allows certification by a local air pollution control program to be sufficient to qualify the equipment for state and local tax incentives.	1989 Tax Year	-	-
SB 552	346	Repeals the insurance premiums tax sunset, leaving in effect the 1986 and 1987 reform of the tax structure.	Upon Rat.	-	-
SB 119	435	(1) Repealing the \$25 tax on flea market vendors.  (2) Increasing the tax on flea market operators from \$100 to \$200.  (3) Making numerous technical changes to the tax.	7-1-89	-	-
SB 450	716	Increases from \$5,000 to \$25,000 the maximum income deduction tax for donations of real property for land conservation.	1989 Tax Year	-50,000	-50,000
SB 699	772	Imposes an excise tax on the illegal possession of controlled substances at the rate of \$3.50 per gram of marijuana.	1-1-90	Unknown	Unknown
SB 787	530	Permits Secretary of Revenue to change interest rate on assessments and refunds of state taxes every six months instead of annually.	Upon Rat.	-	-
SB 788	580	Permits the state or a local property tax collector to recover property in the Escheat Fund and apply the property to the payment of state or local taxes, as appropriate.	Upon Rat.	Unknown	Unknown
SB 893	531	Makes technical corrections to the State's generation skipping transfer tax statute by conforming.	Upon Rat.	-	-
SB 894	718	Allows an income tax deduction for inheritance tax paid on income with respect to a decedent.	1989 Tax Year	-30,000	-30,000
SB 1145	748	Exempts rental of tobacco sheets from sales tax.	8-1-89	-39,000	-49,000



# HIGHWAY FUND REVENUE BILLS

<u>BILL</u>	<u>CHAPTER</u>	<u>EXPLANATION</u>	<u>EFFECTIVE</u>	<u>FISCAL EFFECT</u>	
			<u>DATE</u>	<u>1989-90</u>	<u>1990-91</u>
HB 58	7	Amends the motor carrier fuel use tax in order to enable North Carolina to adopt a uniform tax reporting form.	1-1-90	-	-
HB 556	:667	Authorize the Secretary of Revenue to enter into cooperative agreements with other states to administer the fuel tax and to make a conforming change to the definition of motor carrier.	Upon Rat.	-	-
SB 1336	788	Increases motor fuel tax proceeds earmarked to Wildlife Resources Commission for boating access and safety education in same proportion as increase in tax.	7-1-90	-	-

LOCAL GOVERNMENT REVENUE BILLS

<u>BILL</u>	<u>CHAPTER</u>	<u>EXPLANATION</u>	<u>EFFECTIVE DATE</u>	<u>1989-90</u>	<u>FISCAL EFFECT 1990-91</u>
HB 788	79	Requires the Department of Revenue to assist counties, upon their request, in the preparation of the specifications and proposed contracts related to the selection of private contractors employed to conduct the county's general revaluation of real property.	1-1-90	-	-
HB 457	723	Excludes from property tax real and personal property owned by non-profit organizations and leased by units of government for public purposes.	1989 Tax Year	Insign.	Insign.
HB 945	704	Exempts venture capital firms from intangibles tax.	1989 Tax Year	-	-100,000 (Max.)
HB 1397	736	Modifies gross income requirement used in determination of eligibility for use value taxation for Christmas trees.	1-1-90	-	-15,000
HB 1775	705	Increases from \$34,000 to \$38,000 property tax exclusion for specially adapted housing (including land) owned and used by a wheelchair-confined disabled veteran.	1-1-90	-	-15,000
SB 28	196	Extends date by which Board of Equalization and review must complete its duties from July 1 to December 1.	1-1-90	-	-
SB 49	99	Allows an owner of forestland that is classified for taxation at its use value to acquire other land classified for use value taxation or is eligible for use value classification and, to have the newly acquired land immediately classified for taxation at its use value.	1-1-89	-	-
SB 63	176	Allows the board of county commissioners to include in the resolution creating a special board of equalization and review a procedure for appeal of the special board's decisions as to the listing or appraisal of real property to the county commissioners.	1-1-90	-	-

<u>BILL</u>	<u>CHAPTER</u>	<u>EXPLANATION</u>	<u>EFFECTIVE</u> <u>DATE</u>	<u>1989-90</u>	<u>FISCAL EFFECT</u> <u>1990-91</u>
SB 566	682	Requires a county tax collector to notify all lienholders of record who have a lien against the listing taxpayer or against any subsequent owner of the property of a pending in rem tax foreclosure action against the property under G.S. 105-375.	10-1-89	-	-
SB 628	578	Gives the governing body of a taxing unit the authority to enter into a contract with a bank or other financial institution under which the institution agrees to collect property taxes owed the taxing unit.	Upon Rat.	-	-
SB 788	580	Permits the State or local property tax collector to recover property in the Escheat Fund for the property to the payment of State or local taxes.	Upon Rat.	Unknown	Unknown
SB 1146	674	Classify for property taxation precious metals used by manufacturers as machinery.	1-1-89	-375,000	-375,000
SB 1145	748	Rental of tobacco sheets from sales tax.	8-1-89	-26,000	-32,500



# **FEDERAL BLOCK GRANTS**

FEDERAL BUREAU OF INVESTIGATION  
UNITED STATES DEPARTMENT OF JUSTICE



## **FEDERAL BLOCK GRANT PROGRAMS**

### **History**

In 1981, the Reagan Administration recommended and Congress adopted the Omnibus Budget Reconciliation Act which created a number of new "block grants" to be distributed to State governments in lieu of numerous traditional "categorical" funds. This approach to State aid reflected the President's philosophy of shifting more fiscal decision-making to the States. In addition, it provided the Administration with a creative way to significantly cut the federal budget.

In previous years Congress had appropriated money to the States for smaller, narrow-purpose programs, such as those for crippled children, migrant health, family planning, and immunization. These funds were accompanied by numerous "strings" and substantial paperwork requirements. The new block grants consolidated appropriations for many of these programs into large, general purpose grants which had fewer "strings" and allowed more flexibility in the use of the funds.

### **Brief Description of the Block Grants**

#### **1. Community Services Block Grant**

This is a federally funded program that provides a range of services and activities designed to eliminate the causes of poverty among the elderly, poor, and handicapped.

#### **2. Job Training Partnership Act**

The Job Training Partnership Act provides federal funds to establish programs to prepare youth and unskilled adults for entry into the labor force and assists individuals who have become unemployed due to plant closings or layoffs.

**FEDERAL BLOCK GRANT PROGRAM:  
HOW THE MONEY WILL BE SPENT IN NORTH CAROLINA**

1989-90

**DEPARTMENT OF HUMAN RESOURCES:**

1. Division of Mental Health, Mental Retardation, and Substance Abuse Services:
  - A. Social Services Block Grant \$ 5,770,693
  - B. Alcohol and Drug Abuse and Mental Health Services Block Grant 13,875,934
  - C. Alcohol and Drug Abuse Treatment and Rehabilitation Block Grant 1,083,406
  - D. Mental Health Services for the Homeless Block Grant 290,783
  - E. Community Youth Activity Program Block Grant 68,509
2. Division of Health Services:
  - A. Maternal and Child Health Block Grant 14,493,772
  - B. Preventive Health Services Block Grant 2,144,340
  - C. Social Services Block Grant 2,890,744
  - D. Low Income Energy Block Grant 1,696,362
3. Division of Social Services:
  - A. Low Income Energy Block Grant 24,848,420
  - B. Social Services Block Grant 42,247,125
4. Division of Facility Services:
  - A. Preventive Health Services Block Grant 424,828
  - B. Social Services Block Grant 12,742,059
  - C. Low Income Energy Block Grant 209,116

**Federal Block Grant Program (Continued):**

**1989-90**

**5. Division of Youth Services:**

A. Social Services Block Grant \$ 1,051,428

**6. Division of Blind Services:**

A. Social Services Block Grant 2,691,673

**7. Office of the Secretary:**

A. Social Services Block Grant 44,970

**8. State Administration:**

A. Social Services Block Grant 3,362,775

**TOTAL DEPARTMENT OF HUMAN RESOURCES \$129,936,934**

**DEPARTMENT OF ADMINISTRATION:**

A. Preventive Health Block Grant 89,369

B. Low Income Energy Block Grant 45,270

**TOTAL DEPARTMENT OF ADMINISTRATION \$134,639**

**DEPARTMENT OF COMMERCE:**

A. Low Income Energy Block Grant 1,737,187

**DEPARTMENT OF NATURAL RESOURCES  
AND COMMUNITY DEVELOPMENT:**

1. Community Services Block Grant 8,684,354

2. Community Development Block Grant 37,904,000

3. Job Training Partnership Act Funds 40,833,645

**TOTAL DEPARTMENT OF NATURAL RESOURCES  
AND COMMUNITY DEVELOPMENT \$89,159,186**

**Federal Block Grant Program (Continued):**

**1989-90**

**DEPARTMENT OF PUBLIC INSTRUCTION:**

**A. Education Consolidation and Improvement  
Act Chapter II**

**\$11,526,834**

**TOTAL FEDERAL BLOCK GRANTS**

**\$230,757,593**

## **SALARIES AND BENEFITS**

CONTENTS AND SUMMARY



# SALARY CHANGES FOR EMPLOYEES SUPPORTED BY THE STATE

## \*\*\*\*\* 1989 LEGISLATIVE ACTIONS \*\*\*\*\*

### A. Salary Increases

The 1989 Session of the General Assembly enacted the following additional General Fund and Highway Fund appropriations to provide a salary increase effective July 1, 1989, and an additional salary increase effective July 1, 1990, for employees paid from State funds:

	<u>1989-90</u>	<u>1990-91</u>
General Fund		
1989-90 Increases	\$292,300,000	\$292,300,000
1990-91 Increases	-	319,600,000
Total General Fund	<u>\$292,300,000</u>	<u>\$611,900,000</u>
Highway Fund		
1989-90 Increases	\$17,300,000	\$17,300,000
1990-91 Increases	-	18,900,000
Total Highway Fund	<u>\$17,300,000</u>	<u>\$36,200,000</u>
Total General & Highway Funds		
1989-90 Increases	\$309,600,000	\$309,600,000
1990-91 Increases	-	338,500,000
Grand Total	<u>\$309,600,000</u>	<u>\$648,100,000</u>
	=====	=====

The foregoing additional General Fund and Highway Fund appropriations were net of some \$4.5 million for each year of the 1989-91 biennium from employer Social Security cost savings on tax-sheltered employee premium payments to the State Employee Health Benefit Plan.

### B. General Salary Increases

- (1) Employees Whose Salaries are Set in Accordance with the State Personnel Act: The 1989 Session of the General Assembly authorized a 4% across-the-board salary increase for all State employees whose salaries are set in accordance with the State Personnel Act, effective July 1, 1989, and an additional 4% across-the-board salary increase for these same employees effective July 1, 1990. In addition, funds were appropriated equivalent to an average annual 2% across-the-board salary increase effective July 1, 1989, plus funds equivalent to an additional 2% across-the-board salary increase effective July 1, 1990, for merit pay to reward employees who perform at or above satisfactory levels of job

## Salary Changes - 1989 Session (Continued)

performance. At the request of the State Employees Association, a performance pay system was adopted by the 1989 Session, which directs that at least 25% of all future salary increases awarded by the General Assembly be reserved for job performance increases. Each department, agency, or institution must have an operational performance appraisal system approved by the State Personnel Director that has at least 5 graduated levels of job performance with the top three levels qualifying for different levels of performance salary increases. The maximum salary increases that can be awarded to individual employees for performance increases is 6% for each fiscal year of the 1989-91 biennium. Merit pay raises are expected to be effective January 1, 1990, retroactive to July 1, 1989 in some cases. Employees may appeal evaluations first to immediate supervisors and then to an agency grievance committee which shall make recommendations to the head of each department, agency, or institution for final approval. Appeals no longer are to be referred to the Office of Administrative Hearings or to the State Personnel Commission.

- (2) Employees Whose Salaries are Not Set in Accordance with the State Personnel Act: The 1989 Session increased the salaries of employees of the Judicial Department, the General Assembly, and employees of the Executive Branch of State Government whose salaries are not set in accordance with the State Personnel Act by 6% across-the-board effective July 1, 1989, and by an additional 6% increase effective July 1, 1990.
- (3) Employees of the University System Exempt from the State Personnel Act: The 1989 Session authorized funds for an average annual salary increase of 6% effective July 1, 1989, for employees of the University System whose salaries are exempt from the State Personnel Act and an additional average annual salary increase of 6% effective July 1, 1990, to be awarded to individuals based on the rules of the University Board of Governors.
- (4) Community College Institutional Employees: The 1989 Session authorized funds for an average annual salary increase of 6% effective July 1, 1989, for institutional employees of the Community College System and an additional average annual salary increase of 6% effective July 1, 1990.

## Salary Changes - 1989 Session (Continued)

### (5) Employees of the Public Schools:

- (a) Superintendents, Assistant Superintendents, Associate Superintendents, Supervisors, Directors, Coordinators, Evaluators, Program Administrators, Principals, and Assistant Principals: The 1989 Session of the General Assembly appropriated funds for a 6% across-the-board salary increase effective July 1, 1989, for superintendents, assistant superintendents, associate superintendents, supervisors, directors, coordinators, evaluators, program administrators, principals, and assistant principals. The 1989 General Assembly also appropriated funds equivalent to an average annual salary increase of 6% effective July 1, 1990, to implement a new state salary schedule for these same personnel to be developed by the State Board of Education and the Superintendent of Public Instruction by April 1, 1990, incorporating (1) a 30 annual step salary schedule based on years of experience with a 2% increase between steps, (2) a 5% difference between the third and fourth steps, and (3) annual longevity pay at 2.5% of base salary after 25 years of State service. The change in annual longevity pay is to replace the previously authorized annual longevity pay of 1.50% of base salary after 10 years of State service, 2.25% of base salary after 15 years of service, 3.25% of base salary after 20 years of service, and 4.50% of base salary after 25 years of State service.
- (b) Teachers: The 1989 Session appropriated additional funds equivalent to an average annual salary increase of 6% for teachers effective July 1, 1989, and an additional amount for an average annual salary increase of 6% effective July 1, 1990, in order to begin the first two years of a three-year implementation of a new salary schedule based on years of experience which will incorporate (1) a 30 annual step salary schedule based on years of experience with a 2% increase between steps, (2) a 5% difference between the third and fourth steps, (3) a 5% difference for teachers with a master's degree, (4) a 7.5% difference for teachers with a six-year degree, (5) a 10% difference for teachers with a doctoral degree, and (6) annual longevity pay at 2.5% of base salary after 25 years of State service. For 1989-90, salary increases for teachers generally range from 1% to 16% with a median increase of around 7.5%. For 1990-91, teachers' salary increases will generally

## Salary Changes - 1989 Session (Continued)

range from 3% to 10% with a median increase of around 7%. The change in annual longevity pay, effective for 1989-90, is to replace the previously authorized annual longevity pay of 1.50% of base salary after 10 years of State service, 2.25% of base salary after 15 years of service, 3.25% of base salary after 20 years of service, and 4.50% of base salary after 25 years of State service.

(c) Noncertified Employees Except School Bus Drivers: The 1989 Session authorized funds for a 4% across-the-board salary increase effective July 1, 1989, and an additional 4% across-the-board salary increase effective July 1, 1990, for non-certified employees of the public schools except school bus drivers. In addition, funds equal to an additional 2% average annual salary increase were appropriated for each successive year of the 1989-91 biennium to be used by the State Board of Education and the Superintendent of Public Instruction to adjust the salaries and salary schedules for non-certified employees to be comparable with the salaries of similarly classified State employees insofar as possible.

(d) School Bus Drivers: The 1989 Session appropriated funds so that the pay rates adopted by local boards of education for school bus drivers for the 1989-90 year could be increased by 6% on or after July 1, 1989 and by an additional 6% on and after July 1, 1990.

### C. Specified Salary Increases

(1) Legislators: Beginning with the 1991 General Assembly, legislators will receive the following annual salaries by action of the 1989 Session of the General Assembly, which reflect the same total salary increase of 12.4% over the biennium authorized for state employees by the 1989 Session.

<u>Legislator</u>	<u>New Salary</u>
House Speaker	\$35,100
Senate President Pro Tempore	35,100
House Speaker Pro Tempore	19,776

## Salary Changes - 1989 Session (Continued)

Senate Deputy President Pro Tempore	19,776
House & Senate Majority Leaders	15,396
House & Senate Minority Leaders	15,396
Other Legislators	12,504

In addition, the 1989 Session approved an increase in the salary of the Senate President Pro Tempore to the same level as authorized for the House Speaker and an increase in salary for the Senate Deputy President Pro Tempore to the same level as authorized for the House Speaker Pro Tempore. Also, the office of House Majority Leader was formally established with a salary set at the same amount as authorized for the Senate Majority Leader and the House and Senate Minority Leaders. Even with the increases in legislative salaries authorized by the 1989 Session for members in 1991, North Carolina still has the distinction of having among the lowest paid legislators in the nation.

- (2) Governor: The 1989 Session of the General Assembly authorized a 6% annual salary increase for each year of the 1989-91 biennium for the Governor from \$109,728 to \$116,316 effective July 1, 1989, and to \$123,300 effective July 1, 1990. 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, notwithstanding the fact that North Carolina's Governor will be the highest paid in the country.

- (3) Judicial Personnel: The 1989 Session provided a 6% salary increase for the following officials of the Judicial Department, effective July 1, 1989, and an additional 6% salary increase effective July 1, 1990. These new annual salaries are:

Officials	New Salary	
	1989-90	1990-91
Chief Justice, Supreme Court	\$86,232	\$91,416
Associate Justice, Supreme Court	84,456	89,532
Chief Judge, Court of Appeals	81,756	86,664

# Salary Changes - 1989 Session (Continued)

Judge, Court of Appeals	79,968	84,768
Judge, Senior Regular Resident Superior Court	73,332	77,736
Judge, Superior Court	70,992	75,252
Chief Judge, District Court	62,628	66,396
Judge, District Court	60,240	63,864
District Attorney	66,060	70,032
Assistant District Attorney - an average of	42,732	45,300
<u>Superior Court Clerks</u>	<u>1989-90</u>	<u>New Salary 1990-91</u>
Administrative Officer of the Courts	\$73,332	\$77,736
Assistant Administrative Officer of the Courts	59,772	63,360
Public Defender	66,060	70,032
Assistant Public Defender - an average of	42,732	45,300
Less than 99,999 population	44,256	46,920
100,000 to 199,999 population	50,016	53,028
200,000 and above population	57,072	60,504

In addition to providing a 6% across-the-board increase for each year of the 1989-91 biennium, the 1989 General Assembly changed the salary schedule for court clerks by reducing the population categories from four to three. By eliminating the lowest population category of "Less than 30,000", 38 Clerks were authorized to receive an additional \$5,784 annual salary increase. The 1989 Session directed the Judicial Department to fund the increased cost of \$332,625 for 1989-90 and \$333,882 for 1990-91 out of the Department's existing General Fund appropriations.



**Salary Changes - 1989 Session (Continued)**

<u>Assistant Superior Court Clerks</u>	<u>1989-90</u>	<u>New Salary 1990-91</u>
Minimum	\$19,536	\$20,712
Maximum	32,772	34,740

<u>Deputy Superior Court Clerks</u>	<u>1989-90</u>	<u>New Salary 1990-91</u>
Minimum	\$15,312	\$16,236
Maximum	25,128	26,640

<u>Magistrates</u>	<u>1989-90</u>	<u>New Salary 1990-91</u>
Less than 1 year's service	\$15,600	\$16,536
1 or more but less than 3 years' service	16,416	17,412
3 or more but less than 5 years' service	18,084	19,176
5 or more but less than 7 years' service	19,920	21,120
7 or more but less than 9 years' service	21,972	23,292
9 or more but less than 11 years' service	24,204	25,656
11 or more years' service	26,628	28,236

In addition to providing a 6% across-the-board salary increase for each year of the 1989-91 biennium, the 1989 General Assembly provided educational incentives so that magistrates who earn a two-year associate in applied science degree in criminal justice or paralegal training from a North Carolina community college or the equivalent degree from a private educational institution in North Carolina, a four-year degree from an accredited educational institution, a

# **Salary Changes - 1989 Session (Continued)**

law degree, or who is licensed to practice law in North Carolina will receive additional years of credit to be applied to the foregoing table in determining an annual salary rate.

- (4) Council of State: The 1989 Session of the General Assembly provided a 6% annual salary increase for members of the Council of State effective July 1, 1989 and an additional 6% annual salary increase effective July 1, 1990. These new annual salaries are:

<u>Council of State</u>	<u>New Salary</u>	
	<u>1989-90</u>	<u>1990-91</u>
Lieutenant Governor	\$70,992	\$75,252
Attorney General	70,992	75,252
Secretary of State	70,992	75,252

<u>Council of State</u>	<u>New Salary</u>	
	<u>1989-90</u>	<u>1990-91</u>
State Treasurer	\$70,992	\$75,252
State Auditor	70,992	75,252
Superintendent of Public Instruction	70,992	75,252
Agriculture Commissioner	70,992	75,252
Insurance Commissioner	70,992	75,252
Labor Commissioner	70,992	75,252

- (5) Governor's Cabinet: The 1989 Session of the General Assembly authorized a 6% annual salary increase for members of the Governor's Cabinet, effective July 1, 1989, and an additional 6% annual salary increase effective July 1, 1990, as follows:

<u>Cabinet</u>	<u>New Salary</u>	
	<u>1989-90</u>	<u>1990-91</u>
Administration Secretary	\$70,992	\$75,252

# Salary Changes - 1989 Session (Continued)

Economic and Community Development Secretary	70,992	75,252
Correction Secretary	70,992	75,272
Crime Control Secretary	70,992	75,272
Cultural Resources Secretary	70,992	75,272
Human Resources Secretary	70,992	75,272
Environment, Health and Natural Resources Secretary	70,992	75,272
Revenue Secretary	70,992	75,272
Transportation Secretary	70,992	75,272

- (6) Certain Executive Officers: Based upon the Separation of Powers Act of 1983, as amended, the new annual salaries, effective July 1, 1989, and July 1, 1990, for certain executive officials are as follows, which include the 6% across-the-board salary increase for each year of the biennium authorized by the 1989 Session of the General Assembly:

<u>Officials</u>	<u>New Salary</u>	
	<u>1989-90</u>	<u>1990-91</u>
State Controller	\$110,772	\$117,420
Chairman, Alcoholic Beverage Control Commission	68,304	72,408
Commissioner of Motor Vehicles	68,304	72,408
Commissioner of Banks	68,304	72,408
Chairman, Employment Security Commission	68,304	72,408
State Personnel Director	70,992	75,252
Chairman, Parole Commission	62,328	66,072
Members of the Parole Commission	57,504	60,960
Chairman, Industrial Commission	61,320	65,004

## Salary Changes - 1989 Session (Continued)

responsibilities, training, and technical assistance, (2) a comparison of salaries for all State law enforcement officers, and (3) a determination if sworn law enforcement agents of the State Bureau of Investigation should be eligible for automatic annual salary increases as authorized for Highway Patrol troopers.

## RETIREMENT AND PENSION CHANGES FOR STATE AND LOCAL PERSONNEL

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### 1989 LEGISLATIVE ACTIONS

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#### A. Currently-Employed Employees

- (1) Benefit Accrual Rate Increased: Effective July 1, 1989, the benefit accrual rate, or retirement formula, was increased in the Teachers' and State Employees' and Local Governmental Employees' Retirement Systems from 1.60% to 1.63% 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, 1989 by 1.9%. The General Assembly funded the increase out of unencumbered actuarial gains within the Systems, as of December 31, 1987, without requiring any additional employer contributions. The increase cost the Teachers' and State Employees' Retirement System some \$213 million and the Local Governmental Employees' Retirement System some \$49 million for active employees in available actuarial gains.
- (2) Additional Employer Contributions to the University Employee Optional Retirement Program: The 1989 Session of the General Assembly increased the State's employer contribution rate for University faculty and administrators participating in the Optional Retirement Program's fixed and variable life annuities from 6.1% to 6.2% of an employee's compensation, effective September 1, 1989. Such a change was made at an additional General Fund cost of some \$210,000 for 1989-90 and some \$220,000 for 1990-91 to be financed out of existing appropriations to the University System.
- (3) Increased Employee Costs to Purchase Retirement Service Credits: Effective June 7, 1989, the General Assembly expanded the definition of "full actuarial cost" used by active members of the Teachers', State Employees', Consolidated Judicial, Legislative and Local Governmental Employees' Retirement Systems as the price to purchase additional retirement service credits not otherwise provided through state and local government payrolls. The more complete definition includes assumed post-retirement allowance increases to be set by the Trustees of the Retirement Systems to supplement the price for the additional retirement benefits resulting

## Retirement and Pensions Changes - 1989 Session (Continued)

from the additional service credits at the earliest age that an unreduced benefit would be payable. The Trustees of the Retirement Systems are expected to adopt a 3.5% annual post-retirement allowance increase.

- (4) Maximum Amount and Age Limits Set for Retirement Benefits: The 1989 General Assembly, effective January 1, 1989, in complying with federal tax law to maintain tax-qualified retirement plans, established a \$200,000 maximum annual compensation amount upon which a retirement benefit is based from the Teachers' & State Employees', Consolidated Judicial, Legislative, or Local Governmental Employees' Retirement System. In addition, a \$200,000 maximum annual benefit was established under these separate Retirement Systems to be adjusted from year to year by amounts allowed by the federal Internal Revenue Service. The 1989 General Assembly also set age 70 1/2 as the latest age at which a member of the Retirement Systems could defer drawing a benefit whenever their covered employment was terminated in compliance with federal tax law.
- (5) Retroactive Death Benefits Payable after Age 70 for Teachers, State Employees, and Local Government Employees: In compliance with the federal Age Discrimination in Employment Act (ADEA), the 1988 General Assembly, with the advice of the Attorney General's Office, removed the age 70 exclusion for the payment of death benefits on behalf of deceased active members of the Teachers' and State Employees' and Local Governmental Employees' Retirement Systems, effective July 1, 1988. Death benefits were paid regardless of an employee's age at the time of death. The federal Equal Employment Opportunity Commission (EEOC) subsequently ordered the Retirement Systems' death benefit trusts to eliminate the over-age-70 prohibition retroactively to January, 1987. The 1989 Session of the General Assembly consequently enacted legislation to comply with the federal order upon further advice from the Attorney General's Office. The trusts' reserves were authorized to be used in paying out an additional \$174,000 in death claims for the period January 1, 1987 to July 1, 1988 as required by the EEOC order.



Retirement and Pensions Changes - 1989 Session (Continued)

- (6) Military Service Retirement Credit Purchases Reinstated for Teachers, State Employees, Judicial Officials, and Local Government Employees: Effective October 1, 1989, the General Assembly reinstated the privilege of purchasing retirement service credits for initial periods of active duty military service for members of the Teachers' and State Employees', Consolidated Judicial, and Local Governmental Employees' Retirement Systems provided the members have 5 years of membership service in the Retirement Systems and pay the full actuarial cost for the purchased service credits. The privilege of making such service purchases was previously ended for employees whose retirement service began after July 1, 1981, in the Teachers' & State Employees' Retirement System and for employees whose retirement service began after January 1, 1988, in the Local Governmental Employees Retirement System. For employees whose retirement service began prior to these dates, the purchase price may, however, be at a reduced rate upon the completion of 10 but less than 13 years of service or at the full actuarial cost upon the completion of 5 years of retirement membership service or upon the completion of more than 13 years of membership service. Members of the Legislative Retirement System were also allowed to purchase retirement credits for initial periods of active duty military service upon the completion of 5 years of service as a legislator by paying the full actuarial cost for the additional credits.
- (7) Involuntary Termination of Retirement Membership Revoked: The 1989 General Assembly, effective July 1, 1989, permitted members of the Teachers' and State Employees' Retirement System with 5 years of membership service who had their membership in the Retirement System involuntarily terminated before July, 1971, because of an absence of service, the privilege of maintaining their contributions in the Retirement System in order to be eligible for a benefit at age 60.
- (8) Time Limits Set for Firemen and Rescue Squad Worker Pension Service Credit Purchases: Effective July 28, 1989, members of the State Firemen's and Rescue Squad Worker's Pension Fund have 6 months from the date of applying for the purchase of prior service credits to make payments to the Pension Fund for such purchases. Any member of the Fund who made such application

## Retirement and Pensions Changes - 1989 Session (Continued)

before March 31, 1987, will have until October 1, 1989 to actually make payments to the Fund and receive additional service credit from the Fund.

- (9) Public School, Community College, and University Employees Allowed to Purchase Qualified Interests in Mutual Funds and Financial Institutions in Lieu of Annuities: Effective January 1, 1990, educational employees qualified to purchase tax-sheltered annuities under Section 403(b) of the Internal Revenue Code through salary reductions are authorized by the 1989 General Assembly to also purchase interests in qualified custodial accounts offered by mutual funds and financial institutions for retirement purposes as specified by the federal Internal Revenue Code.
- (10) Study of Firemen's Retirement and Other Benefits: The 1989 General Assembly directed the Legislative Research Commission to study the coordination of retirement and related benefits from all federal, state, and local government sources for firemen, including eligibility requirements to receive such benefits, and report its findings to the 1991 Session of the General Assembly.

### B. Retired Employees

- (1) Cost-of-Living Adjustment in Retirement Allowances for Retired Teachers, State Employees, Judges, District Attorneys, Superior Court Clerks, and Local Government Employees: Effective July 1, 1989, the General Assembly provided a 3.5% increase in the retirement allowances paid to beneficiaries in four of the State-administered Systems whose retirement began on or before July 1, 1988. In addition, beneficiaries who retired after July 1, 1988, and before June 30, 1989, were authorized an increase in their retirement allowances on July 1, 1989, equal to a pro-rated amount of the 3.5% increase provided to those who retired on or before July 1, 1988. The pro-rated amount will be determined by the Retirement Systems' Board of Trustees based upon the number of months that a retirement allowance was paid during 1988-89. The 3.5% increase was granted to retired beneficiaries so as to give them a comparable increase to the 4.0% across-the-board salary increase provided for currently-employed employees (3.2%) plus an additional 0.3% increase. Comparability was determined by the relative impact of the increase upon the average net disposable income of each group of active and retired

## Retirement and Pensions Changes - 1989 Session (Continued)

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 out of unencumbered actuarial gains in the following Retirement Systems as of December 31, 1987: Teachers' and State Employees' - \$150 million; Consolidated Judicial - \$2 million; and Local Governmental Employees' - \$29 million. For fiscal year 1990-91, the 1989 Session of the General Assembly expressed its intention of providing a 6.1% increase in the post-retirement allowances paid to beneficiaries in the same four State-administered Systems contingent upon the availability of unencumbered actuarial gains to pay for such increases.

- (2) Cost-of-Living Adjustment in Retirement Allowances for Retired Legislators: At an additional one-time cost to the General Assembly for 1989-90 of \$135,000, beneficiaries of the Legislative Retirement System retired on or before January 1, 1989, were provided, on and after July 1, 1989, a 7.8% increase in retirement allowances, comparable to the same type of increases granted to retired beneficiaries of the Teachers' and State Employees' Retirement System for 1986 and 1987 as provided for by law.
- (3) Additional Increase in Retirement Allowances for Retired Teachers, State Employees, and Local Government Employees Corresponding to an Increase in the Benefit Accrual Rate: Effective July 1, 1989, retired beneficiaries whose allowances were computed on a benefit accrual rate of 1.60% of average final compensation per year of service will have their retirement allowances increased by 1.9% to reflect an increase in the benefit accrual rate for currently-employed employees to 1.63% which was authorized by the 1989 General Assembly, effective July 1, 1989. This additional retirement allowance increase was funded out of unencumbered actuarial gains available to the Retirement Systems as of December 31, 1987, without requiring any additional employer contributions - at a cost of \$79 million from the Teachers' and State Employees' System and \$16 million from the Local Governmental Employees' System.

## Retirement and Pensions Changes - 1989 Session (Continued)

- (4) Court-Mandated State Income Taxation of State and Local Government Employee Retirement Benefits: In response to a March, 1989, ruling of the United States Supreme Court (Davis v. Michigan) that North Carolina and some 19 other states could not tax retired federal employees' income any differently than retired state and local government employees' income under the federal Public Salary Tax Act of 1939, the 1989 General Assembly reduced retired state and local government employees' 100% exclusion from state income tax to the same \$4,000 annual state income tax exclusion as provided by North Carolina for retired federal civilian and military retirees. The change was made by the General Assembly effective January 1, 1989. To give retired federal civilian and military employees the same 100% exclusion from state income tax, as was provided retired state and local government employees would have cost North Carolina some \$45 million per year in lost tax revenues. Retired state and local government employees are expected to pay an additional \$15 million per year in state income taxes from the \$4,000 annual income tax exclusion. However, a 1.9% increase in the retirement benefits for state and local government employees combined with a \$4,000 annual state income tax exclusion on retirement benefits is expected to at least maintain the net income levels prior to the Supreme Court ruling for state and local government employees retiring with a salary of \$35,000 or less and whose only income is from state and local government retirement benefits, exclusive of Social Security. The \$35,000 salary at retirement threshold is expected to cover some 85-90% of all retiring state and local government employees.
- (5) Refund of Retired State and Local Government Agricultural Extension Agent Retirement Contributions in Excess of Social Security Contributions: The 1988 Session of the General Assembly authorized a refund to beneficiaries for retirement contributions made by employees of the Agricultural Extension Service in the Teachers' and State Employees' Retirement System and by employees of the Agricultural Extension Service in the Local Governmental Employees' Retirement System who were not covered by Social Security to the extent that their retirement contributions were in excess of other employees' retirement contributions during the period 1955 through mid-1963 (through mid-1965 for the Local System). During these periods, affected employees not covered by Social Security contributed 2% of their salaries more to the

## Retirement and Pensions Changes - 1989 Session (Continued)

Retirement Systems than did other System employees who were covered by Social Security. However, under the defined benefit structure of the Retirement Systems, the affected employees received no greater benefits for their additional contributions. A refund of these excess member contributions was authorized by the 1988 Session through June 30, 1993, out of \$100,000 in unencumbered actuarial gains in each of the Retirement Systems as of December 31, 1986. However, applications for refunds of these excess employee contributions exceeded the amounts authorized by the 1988 General Assembly. Consequently, the 1989 Session expanded its earlier authorization through June 30, 1994, out of \$1,500,000 in unencumbered actuarial gains in the Teachers' and State Employees' Retirement System and \$500,000 in unencumbered actuarial gains in the Local Governmental Employees' Retirement System.

- (6) Additional Child Support Withholding from Retirement Benefits: Effective October 1, 1989 Clerks of Superior Court and county social services departments are authorized to order the withholding of child support payments from retirement benefits payable from the Teachers' and State Employees', Consolidated Judicial, and Local Governmental Employees' Retirement Systems under Section IV-D of the Social Security Act. Previously, such withholding was authorized only upon a district court order.

# STATE EMPLOYEE HEALTH BENEFIT CHANGES

## \*\*\*\*\* 1989 LEGISLATIVE ACTIONS \*\*\*\*\*

- A. Plan Financing: The actions of the 1989 Session of the General Assembly resulted in some \$120 million in additional financing for the State Employee Health Benefit Plan for the 1989-91 biennium. Such actions maintained the previous 1988-89 level of benefits in the Basic Plan for another two years. Not since 1985-86 has the Basic Plan's overall benefit design been changed. The details of the additional financing provided by the 1989 Session for the Plan for the 1989-91 biennium are:

	(\$ Million)		
<u>Financial Requirements</u>	<u>1989-90</u>	<u>1990-91</u>	<u>Total Biennium</u>
Basic Self-Insured Plan	\$42.0	\$56.0	\$ 98.0
Prepaid HMO Alternatives	9.5	11.5	21.0
Total Requirements	\$51.5	\$67.5	\$119.0
Less: Administrative & Favorable Risk Fees Paid by HMOs	6.5	6.5	13.0
Net Requirements from Premium Increases	<u>\$45.0</u>	<u>\$61.0</u>	<u>\$106.0</u>

	(\$ Million)		
<u>Sources of Premium Increases</u>	<u>1989-90</u>	<u>1990-91</u>	<u>Total Biennium</u>
General Fund	\$30.0	\$40.0	\$ 70.0
Highway Fund	3.0	4.5	7.5
Other Employer Receipts	1.5	2.5	4.0
Total Employer Funds	\$34.5	\$47.0	\$81.0
Employee Funds for Dependents	<u>\$10.5</u>	<u>\$14.0</u>	<u>\$ 24.5</u>
Total Premium Increases	<u>\$45.0</u>	<u>\$61.0</u>	<u>\$106.0</u>

The amount of premium increases for the Basic Plan set by the General Assembly for individual employees, effective October 1, 1989, to fully fund their premium cost is some 15% more than the 1988-89 premiums or about \$11 per month more for Medicare-eligible employees and \$14 per month more for non-Medicare employees. The amount of premium increases for the Basic Plan set by the Plan's Executive Administrator for dependents of employees is expected to be some 16%. For



## Health Benefit Changes - 1989 Session (Continued)

alternative prepaid HMO coverage, premium increases, effective October 1, 1989, for Kaiser Permanente are expected to average 30%. For PruCare of Charlotte, the premium increases, effective October 1, 1989, are expected to average 31%.

### B.: Basic Plan Benefit Changes:

- (1) Cleft Palate, Speech Therapy, and Other Congenital Defects: Effective October 1, 1989, the 1989 General Assembly removed the Plan's previous specialized coverage limitations of requiring an individual to be covered by the Plan at the time of birth in order for benefits to be paid for the treatment of cleft palates, speech therapy, and other congenital defects. However, the Plan's general pre-existing condition limitations (12-month waiting period when enrollment is more than 30 days after first eligibility to enroll) remain intact.
- (2) Heart Transplants: The 1989 General Assembly added coverage for heart transplants, effective October 1, 1989. At the same time, the Plan's Executive Administrator and Board of Trustees were authorized to establish reimbursement levels for selected organ transplants, including heart transplants, by negotiating payment rates with preferred providers of health care. Employees, retirees, and their dependents would still be able to use the provider of their choice, but the Plan's full reimbursement of eligible charges would be available only from the preferred providers.
- (3) Occupational Therapy: Effective October 1, 1989, coverage for recognized forms of occupational therapy provided by a doctor, hospital or licensed occupational therapist to restore a patient's fine motor skills for the resumption of bodily functions was added by the 1989 Session of the General Assembly.
- (4) Chemical Dependency: The 1989 General Assembly increased the maximum chemical dependency benefits for each covered individual from \$130 to \$200 per day except for medical detoxification, from \$6,500 to \$8,000 per fiscal year, and from \$20,000 to \$25,000 for lifetime benefits, effective October 1, 1989. At the same time, the General Assembly removed the previous 30 consecutive day maximum benefit for chemical dependency.

Health Benefit Changes - 1989 Session (Continued)

- (5) Emergency Pre-Admission Hospital Certifications: Effective October 1, 1989, the General Assembly removed the Plan's requirements that unscheduled inpatient hospital admissions resulting from accidents, medical emergencies, acute conditions and trauma require approval certification from the Plan prior to or within 48 hours after admission.
- C. Changes in Enrollee Eligibility: Effective October 1, 1989, the General Assembly provided that any person covered by the Plan found to have knowingly and willfully made or caused to be made a false statement or false representation of a material fact in a claim for reimbursement of medical services under the Plan would lose his or her eligibility for continued coverage by the Plan on the last day of the month in which such a finding by the Plan or the Courts was made. A loss of eligibility under the Plan would be in addition to any penalties imposed by the Courts.
- D. Changes in Plan Administration:
- (1) Maintenance of Plan's Tax Qualification: The 1989 General Assembly took the necessary actions to maintain enrolled employees' privileges of paying for their dependent coverages on a pre-tax basis. Effective January 1, 1989, the Plan's statutes were changed to specify that the Plan was exclusively for the benefit of its enrolled members, that the Plan had an indefinite existence through the powers and privileges of incorporation, that the Plan's Executive Administrator and Board of Trustees are to carry out their duties as fiduciaries for the Plan, and that the Executive Administrator and Board of Trustees are to comply with all applicable provisions of the federal Internal Revenue Code not specifically prohibited by the General Assembly. Such changes were made to maintain the Plan's tax-qualified status under the Internal Revenue Code.
- (2) Fraud Detection: The 1989 General Assembly assigned the Plan's Executive Administrator and Board of Trustees the duty of establishing a fraud detection program. Studies of health insurance coverage have indicated that fraud has become a serious problem with such coverage. Evidence of fraudulent health benefit activities include (a) forgiveness of deductibles, copayments and penalties by medical providers through fictitious claims; (b) unnecessary and fragmented laboratory tests ordered by medical providers; (c) inflated charges billed by providers for unnecessary ancillary services, duplicate

## Health Benefit Changes - 1989 Session (Continued)

services, fragmented services, drugs, unnecessary consultations, and self-referrals; (d) charges billed by providers for services not rendered; (e) altered service descriptions by providers and enrollees to correspond with coverages; (f) charges billed by providers for non-covered patients under covered patient names; and (g) altered dates of services by providers and enrollees to correspond with coverages. The Plan's fraud detection program was enacted by the General Assembly in order to educate employees, retirees, and their dependents on how to spot fraudulent activities and what to do about such activities when detected.

- (3) Hospital Bill Audits: The 1989 Session of the General Assembly also directed the Plan's Executive Administrator and Board of Trustees to establish a hospital bill audit program to compare selected patient medical records with hospital billings, particularly for hospital pharmacy and laboratory charges. Such a program was enacted by the General Assembly to identify the hospitals and hospital billings with the greatest likelihood of inaccuracies, and to insure that the Plan is paying only for documented medical charges.

## OTHER BENEFIT CHANGES FOR STATE AND LOCAL PERSONNEL

- A. Technical Corrections to Disability Income Benefits for Teachers and State Employees: Effective July 1, 1989, the 1989 General Assembly made technical corrections to the Disability Income Plan for Teachers and State Employees enacted by the 1987 Session of the General Assembly to replace disability retirements. These changes and clarifications include allowing employees to convert to a qualified retirement benefit whenever long-term disability benefits have been denied by medical authorities, allowing disability benefits to be continued during periods of trial rehabilitation when employees temporarily return to work, providing clarification that permanent partial workers' compensation benefits do not reduce disability benefits since such workers' compensation benefits are awards for disability and not for lost wages, providing a minimum \$10 monthly disability benefit after reductions for primary Social Security disability benefits, and providing clarification that lump sum vacation leave payments offset disability payments.
- B. Dependent Care Assistance Programs Authorized for Public School, Community College, University, and State Agency Employees: Effective January 1, 1990, the 1989 General Assembly provided authorization for employee dependent care assistance programs to be established. Under the dependent care assistance programs, eligible employees may pay for dependent care expenses on a pre-tax (income withholding and Social Security) basis under Section 129 and related sections of the federal Internal Revenue Code. Such expenses are paid through salary reduction agreements with employers, up to a maximum annual pre-tax amount of \$5,000 per taxpayer, or \$2,500 for a married taxpayer filing a separate return. However, certain employees using pre-tax dollars for dependent care expenses under Section 129 of the Internal Revenue Code lose, on a dollar-for-dollar basis, their eligibility for federal child care expense income tax credits equal to 20%-30% of the expenses up to \$2,400 per year for one child and \$4,800 per year for two or more children. The State Board of Education is assigned the responsibility for providing the program for public school employees; the State Board of Community Colleges, for community college institutional employees; the University Board of Governors, for university institutional employees; and the Director of the Budget, for officers and employees of state agencies, departments, and institutions other than universities.

## Other Benefit Changes - 1989 Session (Continued)

- C. Accounting for Public School Employee Annual Vacation Leave Changed from Calendar Years to Fiscal Years: The 1989 General Assembly, effective July 1, 1989, changed the date for cancellation of more than 30 days of earned annual vacation leave days from December 31st of each year to June 30th of each year for public school teachers, principals, supervisors, and other employees employed for less than twelve months per year. Such a change in accounting periods was made to keep employees employed in areas of the State with unusually inclement weather before the month of January from losing earned annual vacation leave.
- D. Revised Selection Procedures for Fully Contributory State Agency Employee Insurance Products: Effective June 12, 1989, the 1989 General Assembly specified the procedure to be used by State agency insurance committees in selecting insurance projects paid for by the agency's employees. The products require that all product proposals be sealed by offerors and remain sealed until publicly opened by an agency committee, that changes in proposals be made in writing by offerors within two days after the proposal's public opening, and that any persons opening or disclosing the contents of sealed proposals be subject to a misdemeanor punishable by fine and/or imprisonment.
- E. Expense Allowances Increased for Legislators: Effective upon the convening of the 1991 Session of the General Assembly, the monthly expense allowances will be increased for legislators. The new allowances will be:

<u>Legislators</u>	<u>Monthly Expense</u>
House Speaker	\$ 1,320
Senate President Pro Tempore	1,320
House Speaker Pro Tempore	780
Senate Deputy President Pro Tempore	780
House & Senate Majority Leaders	622
House & Senate Minority Leaders	622
Other Legislators	522

The increased expense allowances generally reflect a 12.4% increase in rates over the ones authorized for the 1989 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 salary increases authorized for employees of the State, which averaged 12.4% for 1990-91 over 1988-89 by action of the 1989 General Assembly.



**LEGISLATIVE ACTIONS:  
GENERAL FUND APPROPRIATIONS**



LEGISLATIVE ACTION  
GENERAL FUND APPROPRIATIONS

This section includes, by department, a report of legislative actions to the Governor's recommended continuation budget. These actions have been summarized on the following tables. Capital improvements projects are listed by department following the departmental operating budget information.

In summary, legislative actions include the following:

	<u>1989-90</u>	<u>1990-91</u>
<b>Base Budget Reductions</b>	<b>\$(38,159,101)</b>	<b>\$(37,692,531)</b>
<b>Operating Budget</b>		
<b>Expansion Increases:</b>		
Salary Increase Reserve	\$298,302,988	\$624,146,094
Hospital - Medical Reserve	30,000,000	40,000,000
Subtotal	328,302,988	664,146,094
Basic Education Program	69,277,440	180,532,850
Mandated Correction Programs/ Alternatives	20,261,900	41,884,306
Enrollment Increases - Community Colleges and University	25,751,399	32,840,000
All Other Programs	122,532,823	123,807,499
Total Increases	\$566,126,550	\$1,043,210,749
<b>Operating Budget</b>		
<b>Appropriation Expansion Decreases</b>		
Tuition Fee Increases	24,825,650	27,270,132
Utility Assessment Fee	3,071,614	6,276,956
All Other Receipt Increases	4,877,338	8,453,499
Total Appropriation Decreases	32,774,602	42,000,587
<b>Net Operating Expansion Budget Increases</b>	<b>\$533,351,948</b>	<b>\$1,001,210,162</b>
<b>Capital Improvements</b>	<b>245,264,593</b>	<b>65,515,494</b>
<b>Total Expansion/Capital</b>	<b>\$778,616,541</b>	<b>\$1,066,725,656</b>
<b>Net Effect of Legislative Actions</b>	<b>\$740,457,440</b>	<b>\$1,029,033,125</b>
Of the total expansion/capital net increases, recurring and non-recurring amounts are shown below:		
	<u>1989-90</u>	<u>1990-91</u>
<b>Recurring</b>	<b>\$477,854,974</b>	<b>\$990,168,538</b>
<b>Non-Recurring:</b>		
Operating	55,496,974	11,041,624
Capital	245,264,593	65,515,494
Subtotal	\$300,761,567	\$76,557,118
<b>TOTAL</b>	<b>\$778,616,541</b>	<b>\$1,066,725,656</b>

Operating Budgets	1989-90					Total
	Recommendations	Base Budget Reductions	Transfers	Expansion Increases	Decreases	
Human Resources	\$822,057,099	\$(4,889,012)	\$1,141,615	\$13,648,736	\$ -	\$831,958,438
Justice and Public Safety:						
Corrections	\$340,035,686	\$(1,107,636)	\$170,000	\$20,424,150	\$(287,372)	\$359,234,828
CC&PS	24,505,120	(234,153)	-	2,200,253	(71,000)	26,400,220
Judicial	181,102,884	(168,310)	-	9,882,503	-	190,817,077
Justice	45,308,979	(227,733)	-	1,984,288	-	47,065,534
Subtotal - Justice and Public Safety	\$590,952,669	\$(1,737,832)	\$170,000	\$34,491,194	\$(358,372)	\$623,517,659
Natural and Economic Resources:						
Agriculture	\$38,305,982	\$(874,603)	\$(1,457,901)	\$1,402,836	-	\$37,376,314
Commerce	26,295,589	(171,984)	-	2,381,045	(3,071,614)	25,433,036
Labor	7,337,009	(233,700)	-	1,194,639	-	8,297,948
Natural Resources & Community Develop.	67,078,278	(473,012)	-	3,134,690	-	69,739,956
Environment, Health and Natural Resources	-	-	-	300,000	-	300,000
Transportation	116,571	-	-	-	-	116,571
Subtotal - Natural and Economic Resources	\$139,133,429	\$(1,753,299)	\$(1,457,901)	\$8,413,210	\$(3,071,614)	\$141,263,825
Reserves and Transfers:						
Contingency and Emergency	\$ 1,125,000	-	-	-	-	\$ 1,125,000
Salary Adjustment	4,000,000	-	-	-	-	4,000,000
Debt Service	69,083,445	-	-	-	-	69,083,445
Salary Increase	-	-	-	292,300,000	-	292,300,000
Hospital - Medical Increase	-	-	-	30,000,000	-	30,000,000
Subtotal - Reserves	\$74,208,445	-	-	\$322,300,000	-	\$396,508,445
Total Operating	\$6,034,499,403	\$(35,344,516)	-	\$514,592,461	\$(32,774,602)	\$6,480,972,746

1989-90

**State Aid**

State Aid	Base Budget			Expansion		Total
	Recommendations	Reductions	Transfers	Increases	Decreases	
<b>Education:</b>						
Public Education	\$17,415,353	\$(200,000)	-	\$2,000,000	-	\$19,215,353
Community Colleges	381,650	(100,000)	-	-	-	281,650
University	38,073,619	(275,200)	-	2,649,431	-	40,447,850
Subtotal - Education	\$55,870,622	\$(575,200)	-	\$4,649,431	-	\$59,944,853
<b>General Government:</b>						
Administration	\$3,291,810	\$(368,000)	-	\$443,000	-	\$3,366,810
Board of Elections	-	-	-	481,555	-	481,555
Cultural Resources	17,050,360	-	-	75,000	-	17,125,360
Governor's Office						
- State Budget	35,906	-	-	-	-	35,906
Governor's Office						
- State Aid	-	-	-	10,820,000	-	10,820,000
Insurance	200,000	(200,000)	-	-	-	-
State Aid	5,934,865	(194,085)	-	-	-	5,740,780
Subtotal - General Gov.'t.	\$26,512,941	\$(762,085)	-	\$11,819,555	-	\$37,570,411
Human Resources	\$220,012,705	\$(1,088,636)	-	\$25,648,113	-	\$244,572,182
<b>Justice and Public Safety:</b>						
Corrections	\$ 75,000	-	-	-	-	\$ 75,000
Crime Control & Public Safety	743,967	-	-	75,000	-	818,967
Judicial	334,360	-	-	211,990	-	546,350
Subtotal - Justice and Public Safety	\$1,153,327	-	-	\$286,990	-	\$1,440,317

1989-90

State Aid	Base Budget		Transfers	Expansion		Total
	Recommendations	Reductions		Increases	Decreases	
Natural & Economic Resources:						
Agriculture	\$230,014	-	-	\$25,000	-	\$255,014
Commerce	2,310,000	-	-	5,500,000	-	7,810,000
Commerce - Micro-electronics	25,576,034	(275,000)	-	-	-	25,301,034
Commerce - Bio-technology	6,360,200	(63,000)	-	-	-	6,297,200
Natural Resources & Community Develop.	9,523,634	-	-	2,750,000	-	12,273,634
Transportation - Aeronautics	5,545,000	-	-	355,000	-	5,900,000
Transportation - Railroads	216,666	(50,664)	-	500,000	-	666,002
Subtotal - Natural & Economic Resources	\$49,761,548	\$(388,664)	-	\$9,130,000	-	\$58,502,884
Total State Aid	\$353,311,143	\$(2,814,585)	-	\$51,534,089	-	\$402,030,647
TOTAL - OPERATIONS	\$6,387,810,546	\$(38,159,101)	-	\$566,126,550	\$(32,774,602)	\$6,883,003,393
CAPITAL IMPROVEMENTS	-	-	-	\$245,264,593	-	\$245,264,593
GRAND TOTAL	\$6,387,810,546	\$(38,159,101)	-	\$811,391,143	\$(32,774,602)	\$7,128,267,986



**CHANGES TO GOVERNOR'S CONTINUATION RECOMMENDATIONS  
FOR 1990-91 FISCAL YEAR**  
(Excludes Local Government Tax Reimbursement Reserve)

<u>Operating Budgets</u>	<u>1990-91</u>					<u>Total</u>
	<u>Recommendations</u>	<u>Base Budget Reductions</u>	<u>Transfers</u>	<u>Expansion Increases</u>	<u>Decreases</u>	
<b>Education:</b>						
Public Education	\$2,903,521,588	\$(17,702,857)	\$ -	\$187,221,325	\$(6,840,000)	\$3,066,200,056
Community Colleges	333,555,849	(379,743)	-	16,000,000	(4,868,460)	344,307,646
University	1,032,823,072	(901,144)	-	34,541,966	(23,656,638)	1,042,807,256
Subtotal - Education	\$4,269,900,509	\$(18,983,744)	-	\$237,763,291	\$(35,365,098)	\$4,453,314,958
<b>General Government:</b>						
Administration	\$42,878,969	\$(536,043)	\$146,286	\$1,486,068	-	43,975,280
Administration- Controller's Off.	5,192,978	(133,212)	-	-	-	5,059,766
Administrative Hearings	1,975,809	(86,852)	-	-	-	1,888,957
Administrative Rules Review	251,545	-	-	-	-	251,545
Board of Elections	402,909	-	-	-	-	402,909
Cultural Resources	21,131,970	(237,633)	-	198,253	-	21,092,590
General Assembly	20,487,849	-	-	467,455	-	20,955,304
Governor's Office	4,544,345	(30,474)	-	-	-	4,513,871
Governor's Office- State Budget	3,402,942	(23,259)	-	-	-	3,379,683
Insurance	12,146,572	(148,373)	-	265,311	-	12,263,510
Lt. Governor	564,124	-	-	-	-	564,124
Revenue	44,585,645	(351,991)	-	7,812,549	-	52,046,203
Secretary of State	3,254,615	(63,137)	-	276,222	-	3,467,700
State Auditor	7,012,832	(64,500)	-	336,295	-	7,284,627
State Treasurer	4,041,240	(21,523)	-	579,754	-	4,599,471
Subtotal - Gen. Gov't.	\$171,874,344	\$(1,696,997)	\$146,286	\$11,421,907	-	\$181,745,540

Operating Budgets	1990-91					Total
	Recommendations	Base Budget Reductions	Transfers	Expansion Increases	Decreases	
Human Resources	\$887,029,093	\$(5,133,303)	\$1,173,061	\$25,999,821	\$ -	\$909,068,672
Justice and Public Safety:						
Corrections	\$343,123,073	\$(1,344,784)	\$170,000	\$40,731,750	(287,533)	\$382,392,506
CC&PS	24,717,036	(239,569)	-	2,297,623	(71,000)	26,704,090
Judicial	183,335,278	(168,510)	-	10,547,806	-	193,714,574
Justice	45,521,858	(237,233)	-	2,185,905	-	47,470,530
Subtotal - Justice and Public Safety	\$596,697,245	\$(1,990,096)	\$170,000	\$55,763,084	\$(358,533)	\$650,281,700
Natural and Economic Resources:						
Agriculture	\$38,427,315	\$(1,047,436)	\$(1,489,347)	\$1,918,637	-	\$37,809,169
Commerce	26,227,832	(172,082)	-	(2,998,005)	(6,276,956)	22,776,799
Labor	7,334,122	(214,702)	-	791,867	-	7,911,287
Natural Resources & Community Develop.	66,507,988	(473,012)	-	2,913,581	-	68,948,557
Transportation	116,571	-	-	-	-	116,571
Subtotal - Natural and Economic Resources	\$138,613,828	\$(1,907,232)	\$(1,489,347)	\$8,622,090	\$(6,276,956)	\$137,562,383
Reserves and Transfers:						
Contingency and						
Emergency	\$1,125,000	-	-	-	-	\$1,125,000
Salary Adjustment	4,000,000	-	-	-	-	4,000,000
Debt Service	66,538,583	-	-	-	-	66,538,583
Salary Increase	-	-	-	611,900,000	-	611,900,000
Hospital - Medical Increase	-	-	-	40,000,000	-	40,000,000
Subtotal - Reserves	\$71,663,583	-	-	\$651,900,000	-	\$723,563,583
Total Operating	\$6,135,778,602	\$(29,711,372)	-	\$991,470,193	\$(42,000,587)	\$7,055,536,836



1990-91

State Aid	Base Budget			Expansion		Total
	Recommendations	Reductions	Transfers	Increases	Decreases	
Education:						
Public Education	\$17,486,013	\$(400,000)	-	\$4,000,000	-	\$21,086,013
Community Colleges	381,650	(100,000)	-	-	-	281,650
University	38,162,169	(343,200)	-	2,649,431	-	40,468,400
Subtotal - Education	\$56,029,832	\$(843,200)	-	\$6,649,431	-	\$61,836,063
General Government:						
Administration	\$3,291,810	\$(368,000)	-	\$595,500	-	\$3,519,310
Board of Elections	-	-	-	-	-	-
Cultural Resources	17,050,360	-	-	100,000	-	17,150,360
Governor's Office						
- State Budget	-	-	-	-	-	-
Governor's Office						
- State Aid	-	-	-	1,080,000	-	1,080,000
Insurance	200,000	(200,000)	-	-	-	-
State Auditor	5,934,865	(194,085)	-	-	-	5,740,780
Subtotal - General Gov.'t.	\$26,477,035	\$(762,085)	-	\$1,775,500	-	\$27,490,450
Human Resources	\$223,775,304	\$(6,037,210)	-	\$38,102,309	\$ -	\$255,840,403
Justice and Public Safety:						
Corrections	\$75,000	-	-	-	-	\$75,000
Crime Control & Public Safety	743,967	-	-	-	-	743,967
Judicial	334,360	-	-	293,490	-	627,850
Subtotal - Justice and Public Safety	\$1,153,327	-	-	\$293,490	-	\$1,446,817

1990-91

State Aid	Base Budget		Transfers	Expansion		Total
	Recommendations	Reductions		Increases	Decreases	
Natural & Economic Resources:						
Agriculture	\$230,014	-	-	-	-	\$230,014
Commerce	2,310,000	-	-	-	-	2,310,000
Commerce - Micro-electronics	21,658,424	(225,000)	-	-	-	21,433,424
Commerce - Bio-technology	6,360,200	(63,000)	-	2,000,000	-	8,297,200
Natural Resources & Community Develop.	9,523,686	-	-	2,064,826	-	11,588,512
Transportation - Aeronautics	5,545,000	-	-	855,000	-	6,400,000
Transportation - Railroads	216,666	(50,664)	-	-	-	166,002
Subtotal - Natural & Economic Resources	\$45,843,990	\$(338,664)	-	\$4,919,826	-	\$50,425,152
Total State Aid	\$353,279,488	\$(7,981,159)	-	\$51,740,556	-	\$397,038,885
TOTAL - OPERATIONS	\$6,489,058,090	\$(37,692,531)	-	\$1,043,210,749	\$(42,000,587)	\$7,452,575,721
CAPITAL IMPROVEMENTS	-	-	-	\$65,515,494	-	\$65,515,494
GRAND TOTAL	\$6,489,058,090	\$(37,692,531)	-	\$1,108,726,243	\$(42,000,587)	\$7,518,091,215

## 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 a central source of services that all agencies need, such as the motor fleet management, courier mail, purchasing and contracting for goods and services, 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.

CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR	1989-90 General Fund	1990-91 General Fund
	\$45,524,104	\$46,170,779

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

### BASE BUDGET REDUCTIONS

#### WORKFORCE REDUCTIONS

1. Reduce appropriation for salaries and related benefits by eliminating 10 vacant positions, including 2 in the Office of State Personnel.

	\$(303,286)	\$(303,458)
	(10)	(10)

#### AGENCY FOR PUBLIC TELECOMMUNICATIONS

2. Authorize the collection of \$50,000 in receipts from telecommunications (object 0535) instead of corporation grants (object 0862).

	-	-
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#### STATE SURPLUS PROPERTY

3. Provide partial support of operations from the Surplus Equipment Reserve Fund (Fund code 64101) and reduce required appropriation.

	-	(100,000)
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1989-90  
General  
Fund

1990-91  
General  
Fund

DEPARTMENT OF ADMINISTRATION (1989 ACTIONS, Continued)

COUNCIL ON THE STATUS OF WOMEN

4. Remove non-recurring appropriation for grants to Rape Crisis Programs in FY 1988-89 from the base budget and designate as an expansion budget item. Funds were inadvertently left in the base budget.

\$(368,000)  
State Aid

\$(368,000)  
State Aid

NORTH CAROLINA COURTS COMMISSION

5. Delete all support for the commission (G.S. 7A, Article 40A). This commission duplicates the efforts of various legislative study commissions. (Commission not abolished.)

(32,540)  
(.5)

(32,585)  
(.5)

DIVISION OF VETERANS AFFAIRS

6. Reduce the surplus in the funds appropriated for scholarships for children of deceased, disabled or POW/MIA veterans. Over \$200,000 has been reverted to the General Fund each of the last five years due to declining enrollments.

(100,000)

(100,000)

TOTAL BASE BUDGET REDUCTIONS  
TOTAL POSITION REDUCTIONS

\$(803,826)  
(10.5)

\$(904,043)  
(10.5)

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TRANSFER

1. Transfer the Social Security Disability Telephone Hotline from the Department of Human

	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF ADMINISTRATION (1989 ACTIONS, Continued)</b>		
Resources to the Governor's Advocacy Council for Persons with Disabilities in the : Department of Administration.	\$146,286	\$146,286
<b>REVISED BASE BUDGET</b>	<b>\$44,866,564</b>	<b>\$45,413,022</b>

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#### EXPANSION BUDGET

##### LOW-LEVEL RADIOACTIVE WASTE MANAGEMENT AUTHORITY

1. Continue funding for staff,  
contracted services and  
operating support for the  
Authority to perform the  
activities necessary to have  
a low-level radioactive  
waste disposal facility  
licensed and operational on  
January 1, 1993.

TOTAL REQUIREMENTS	\$1,079,696	\$1,067,061
LESS: RECEIPTS	200,000	200,000
TOTAL APPROPRIATION	879,696	867,061
TOTAL POSITIONS	(14)	(14)

##### MARINE STUDIES AND COASTAL AFFAIRS

2. Outer Continental Shelf  
(OCS) Office - Mobil  
Response Project - Provide  
continued support of the  
OCS Office to conduct the  
State's review of and to  
develop the State's  
official response to Mobil  
Oil's exploration plan  
(expected in late summer)  
to drill a wildcat well  
approximately 45 miles  
northeast of Cape Hatteras.

171,616	165,666
(3)	(3)



	1989-90 General Fund	1990-91 General Fund
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DEPARTMENT OF ADMINISTRATION (1989 ACTIONS, Continued)

COUNCIL ON STATUS OF WOMEN

3. Continue funding of rape crisis grants at the 1988 level. Funds are to be awarded to Rape Crisis Centers providing direct services to victims of sexual assault and rape prevention services.	\$368,000 State Aid	\$368,000 State Aid
4. Provide funds in FY 1989-90 to insure that domestic violence centers in operation as of 2-1-89 receive a \$15,000 grant. Increase the grant amount to \$17,500 for all 61 domestic violence centers in FY 1990-91.	75,000 State Aid	227,500 State Aid

OFFICE OF STATE PERSONNEL

5. Continue the Equal Employment Opportunity Institute that began in FY 87-89.	33,000 (1)	39,766 (1)
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STATE BUILDING DIVISION

6. Reserve to continue implementation of the Facility Evaluation and Assessment Program in the State Construction Office.	300,000	300,000
7. Complete and maintain an inventory of state land in State Property Office.	106,133 (3)	113,575 (3)

TOTAL OPERATING EXPANSION	\$1,933,445	\$2,081,568
TOTAL POSITIONS	(21)	(21)
TOTAL OPERATING APPROPRIATIONS	\$46,800,009	\$47,494,590

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**DEPARTMENT OF ADMINISTRATION (1989 ACTIONS, Continued)**

**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

**Senate Bill 43**

**Section 38      Maintenance Contracts Cost Control - Encourages**  
agencies and universities to eliminate maintenance contracts on word processors, personal computers and terminals. Copies of all current maintenance contracts are to be kept at a central office in an agency and lists of such contracts are to be provided to the General Assembly and the Office of State Budget by December 30, 1989. A central record of repairs is also mandated for each agency and university.

**Section 40      Council on Status of Women Retain Positions -**  
Prohibits positions in the Council on the Status of Women to be included in the Governor's required reduction in force for the 1989-91 biennium.

**Section 42      Council of Governments Funds - Authorizes**  
allocations up to \$55,000 annually to each regional Council of Government (COG) or lead regional organization (LRO) to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments. The cities and counties in a region must pass a resolution to approve the spending of their allotment of the grant by the COG or LRO.

**Senate Bill 44**

**Section 14      Allocation of Rape Crisis Center Funds - Authorizes**  
the Council on the Status of Women to make grants available to rape crisis centers providing direct services to victims of sexual assault and rape prevention services. The Council must consider the impact of discontinued federal funding on the centers when reviewing grant applications. The funds are to be disbursed no later than November 1 each year.

**Section 15      Domestic Violence Center Funds - Each domestic**  
violence center in operation on February 1, 1989 offering a hotline, transportation services, community education programs, daytime services, and call forwarding during the night shall receive a \$15,000 grant during 1989-90 and a \$17,500 grant during 1990-91.



**DEPARTMENT OF ADMINISTRATION (1989 ACTIONS, Continued)**

**Senate Bill 1042**

**Section 16      Veteran Cemeteries Funds** - The funds for veterans cemeteries shall be divided equally between the 3rd and 11th Congressional Districts. The funds shall be used for fees, advance planning, site improvements, construction costs and a project manager.

**Senate Bill 1309**

**Section 16      Domestic Violence Grants/Lump Sum Payments** - Grants to domestic violence centers shall be paid in lump sums.

**DEPARTMENT OF ADMINISTRATION - CONTROLLER'S OFFICE**

Statutory Authority: General Statutes, Chapter 143B,  
Article 9, Part 28

The State Controller is responsible for maintaining the State Accounting and Disbursing Systems, operating a central payroll system, implementing cash management policies, and administering the State Information Processing Services (SIPS). SIPS runs the State Computer Center and the State's telephone service.

CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR	1989-90 General Fund	1990-91 General Fund
RECOMMENDED BY THE GOVERNOR	\$5,187,931	\$5,192,978

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

**BASE BUDGET REDUCTIONS**

1. Reduce appropriation for salaries and related benefits by eliminating one vacant Computer Programmer II position.	\$(33,194) (1)	\$(33,212) (1)
2. Reduce funds for other contractual services to obtain professional services of independent accounting firms, qualified consultants and other functional/technical experts.	(100,000)	(100,000)
TOTAL BASE BUDGET REDUCTIONS	(133,194)	(133,212)
TOTAL POSITION REDUCTION	(1)	(1)
REVISED BASE BUDGET	\$5,054,737	\$5,059,766

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**EXPANSION BUDGET**

1. Authorize transfer from the capital equity gains of the State Information Processing System and provide direct support

1989-90  
General  
Fund

1990-91  
General  
Fund

**DEPARTMENT OF ADMINISTRATION - CONTROLLER'S OFFICE**  
**(1989 ACTIONS, Continued)**

for the initial phase of revising  
the State accounting system.

Total	2,000,000	
Receipts: Transfer from SIPS	2,000,000	
Appropriation	-	NR

<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$5,054,737</b>	<b>\$5,059,766</b>
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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

**Senate Bill 1042**

Section 18      **North Carolina Financial Systems Master Plan Report**  
- Requires the Office of State Controller to prepare  
a comprehensive written master plan for the  
development of the Statewide Accounting System and  
deliver it to the Joint Legislative Commission on  
Governmental Operations no later than March 31,  
1990.

## OFFICE OF ADMINISTRATIVE HEARINGS

Statutory Authority: General Statutes, Chapter 7A, Article 60

The 1985 General Assembly created this office to provide independent hearing officers to preside at contested cases, to investigate and resolve discrimination cases in State employment, and to receive, edit, codify, and publish notices of rule-making and the administrative rules themselves.

CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR	1989-90 General Fund	1990-91 General Fund
	\$1,972,220	\$1,975,809

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

### BASE BUDGET REDUCTIONS

1. Reduce expenditure for travel, equipment, software rental, service and maintenance contracts, educational expenses, and other fixed charges. From the total reduction of \$44,649, OAH is authorized to use \$7,641 to increase telephone, postage and data processing services.	\$(37,008)	\$(37,008)
2. Eliminate the Publication Trust Fund.  Budget receipts from sale of N. C. Register (\$23,292) and from the sale of the N. C. Administrative Code (18,876).	(42,168)	(42,168)
3. Set longevity pay of Chief Administrative Law Judge on the same basis as provided SPA employees. Reduce appropriation for longevity and retirement accordingly.	(7,676)	(7,676)
<b>TOTAL BASE BUDGET REDUCTION</b>	<b>(86,852)</b>	<b>(86,852)</b>
<b>REVISED BASE BUDGET</b>	<b>\$1,885,368</b>	<b>\$1,888,957</b>

1989-90 General Fund	1990-91 General Fund
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**OFFICE OF ADMINISTRATIVE HEARINGS (1989 ACTIONS, Continued)**

Revert the balance of the Publication Trust Fund to the General Fund (estimate, June 30, 1989).	50,000	-
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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

**Senate Bill 43**

Section 43      **Eliminate Publication Trust Fund** - All fees charged for publications and documents that were once deposited in a special fund are now deposited into the General Fund.

Section 44      **OAH Personnel Study** - The Office of State Personnel is to do a classification study of OAH positions that will include an evaluation of staffing needs, supervisory needs, and the use of contractual personnel.

Section 45      **Chief Administrative Law Judge Longevity** - Longevity pay was reduced from the judicial rate to the rate paid employees subject to the State Personnel Act.

**Senate Bill 44**

Section 19      **OAH Receipts** - The Office may budget receipts from the sale of publications and from the federal government.

## ADMINISTRATIVE RULES REVIEW COMMISSION

Statutory Authority: General Statutes, Chapter 143B,  
Article 1, Part 3

Previously under the Office of Administrative Hearings, this 8 member Commission was given independent status in 1988. The Commission's 4 person staff is charged with reviewing new rule filings to see if they conform to the following standards: (1) are within the authority delegated to the agency by the General Assembly, (2) are clear and unambiguous, and (3) are reasonably necessary to enable the agency to perform functions assigned by statute. The Commission is also evaluating the existing rules in the North Carolina Administrative Code.

### CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR

1989-90  
General  
Fund

1990-91  
General  
Fund

\$258,469

\$251,545

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

### BASE BUDGET REDUCTIONS

1. Reallocate \$9,600 each fiscal year from board members compensation to underfunded items such as longevity pay, salaries and benefits. (Salaries and benefits are underfunded due to classification changes approved by the Office of State Personnel.

\$-

\$-

### REVISED BASE BUDGET

\$258,469

\$251,545

\*\*\*\*\*

### SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989



## DEPARTMENT OF AGRICULTURE

Statutory Authority: General Statutes, 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: Agriculture 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, and many other inspection and regulatory activities.

### CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR

1989-90  
General  
Fund

1990-91  
General  
Fund

\$38,535,996      \$38,657,329

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

### BASE BUDGET REDUCTIONS

#### WORKFORCE REDUCTIONS

1. Eliminate 12 vacant positions and reallocate existing receipts of \$140,000 for the Western N.C. Horse and Livestock Facility to offset appropriations.

\$(412,287)      \$(412,439)  
(12)                      (12)

### FEE INCREASES

2. Increase fees in the following Divisions in the Department of Agriculture: Administrative



	1989-90 General Fund	1990-91 General Fund
DEPARTMENT OF AGRICULTURE (1989 ACTIONS, Continued)		
Services, Agronomic Services, Food and Drug Protection, Structural Pest, Veterinary Services, and Weights and Measures.	\$(262,456)	\$(262,456)

#### STATE FARM OPERATIONS

- |   |           |           |
|---|-----------|-----------|
| 3. Change the purpose of the State Farms from providing food for State institutions to applied agricultural and forestry research. Unnecessary operations are eliminated. | (199,860) | (167,914) |
| 4. Realign line items to allow the State Farm Operations to do its own forest management.   | -         | -         |

	<u>Increase</u>	<u>Decrease</u>
1950 Forest-Man- agement Contract - NRCD		\$30,000
8396 Reserve for Forest Man- agement	\$30,000	
Total Requirements	-0-	-0-

#### AGRICULTURAL FINANCE AUTHORITY

- |  |   |                  |
|--|---|------------------|
| 5. Discontinue operation of the Agricultural Finance Authority, effective June 30, 1990. | - | (204,627)<br>(3) |
|--|---|------------------|

#### VETERINARY SERVICES

- |  |  |  |
|--|--|--|
| 6. Realign line items to allow the Veterinary Services Division to implement the next phase of |  |  |
|--|--|--|

	1989-90 General Fund	1990-91 General Fund
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DEPARTMENT OF AGRICULTURE (1989 ACTIONS, Continued)

the pseudorabies control and eradication program.	\$-	\$-
	<u>Increase</u>	<u>Decrease</u>
1990 Veterinarian Services		\$542,170
2320 Laboratory Services		425,475
3210 Telephone Services		900
3250 Postage		5,100
8395 Reserve for Swine Disease Control/ Eradication	\$973,645	
Total Requirements	-0-	-0-

TOTAL BASE BUDGET REDUCTIONS	\$(874,603)	\$(1,047,436)
TOTAL POSITION REDUCTIONS	(12)	(15)

\*\*\*\*\*

TRANSFER

Transfer funding to the Department of Human Resources from the State Farm Operations to be used to purchase food for State institutions.	(1,457,901)	(1,489,347)
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REVISED BASE BUDGET	\$36,203,492	\$36,120,546
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EXPANSION BUDGET

1. Food and Drug Protection - Additional program support to offset the extraordinary cost of inspection and laboratory analysis resulting from emergency situations.	93,430 71,128 NR	103,200
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	1989-90 General Fund	1990-91 General Fund
DEPARTMENT OF AGRICULTURE (1989 ACTIONS, Continued)		
2. Food Distribution Delivery System - (6 Month Funding) Funding to support compliance with the Commodity Reform Act of 1987 which requires a new delivery system for donated commodities. The Hunger Prevention Act also provides additional commodities if the delivery system is adequately funded.	\$104,956 (4)	\$197,961 (4)
3. Data Processing Improvements - (6 Month Funding) Provide equipment and personnel to expand departmental office automation system and provide improved data processing services to all programs. Also provide new data processing services to the Plant Industry and Veterinary Services Programs.	198,388 468,765 NR (5)	420,383 135,000 NR (5)
4. Structural Pest Control - (6 Month Funding) Additional personnel and other resources to support regulation of the expanding structural pest control industry.	75,996 41,900 NR (4)	155,508 (4)
5. Seed Testing Program - Additional resources to conduct laboratory testing for fungal endophytes in forage crops. Also supported from \$32,000 in annual receipts.	13,026 (1)	1,017 (1)
6. Domestic/Foreign Marketing - (6 Month Funding) Additional funding to strengthen efforts to sell North Carolina agricultural products domestically and internationally.	91,392 (2)	182,748 (3)

	1989-90 General Fund	1990-91 General Fund
--	----------------------------	----------------------------

DEPARTMENT OF AGRICULTURE (1989 ACTIONS, Continued)

- |  |                        |                             |
|--|------------------------|-----------------------------|
| 7. Genetic Engineering Act - (6 Month Funding) A new program to regulate the Biotechnology industry to protect the environment from detrimental release of organisms and to protect beneficial organisms.                    | \$26,855<br>(1)        | \$53,734<br>(1)             |
| 8. Pesticide Disposal Funds - (6 Month Funding) Personnel and lab equipment to expand the scope of the existing pesticide disposal program to include unlabeled products.  | -0-<br>217,000 NR      | 129,293<br>(1)              |
| 9. Pesticide Groundwater Pollution - A joint program with NRCD and DHR to determine the extent of groundwater contamination from pesticides.   | -0-                    | 271,281<br>82,350 NR<br>(6) |
| 10. Aquaculture Development Act - Personnel and other support for an aquaculture coordinator to help persons interested in aquaculture to comply with permitting requirements and resources to support aquaculture research. | -0-                    | 186,162<br>(3)              |
| 11. Division of Marketing - Grant-in-aid for a poultry marketing sales promotion.  | 25,000 NR<br>State Aid | -                           |

TOTAL OPERATING EXPANSION	\$1,427,836	\$1,918,637
TOTAL POSITIONS	(17)	(28)
TOTAL OPERATING APPROPRIATIONS	\$37,631,328	\$38,039,183

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**DEPARTMENT OF AGRICULTURE (1989 ACTIONS, Continued)**

**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

**Senate Bill 43**

- Section 107      **State Farm Operations Changes** - Abolishes the State Farm Commission and redefines the purpose of the State Farms. The farms will now be used for research, teaching and demonstration in agriculture, forestry, and aquaculture.
- Section 108      **Drought Emergency Reserve Allocation** - Reallocates \$950,800 of the Drought Emergency Reserve to the Department of Agriculture to be used to complete construction of the new Raleigh Farmers' Market.
- Section 109      **Abolish Agricultural Finance Authority** - Abolishes the North Carolina Agricultural Finance Authority effective July 1, 1990.

**Senate Bill 44**

- Section 147      **Aquaculture Development Act** - Establishes a new Article 63 in Chapter 106 of the General Statutes as the Aquaculture Development Act. This Act promotes the development of the State's aquacultural resources and designates the Department of Agriculture as the Lead agency in the promotion of aquaculture.
- Section 148      **Genetic Engineering** - Establishes a new Article 64 in Chapter 106 of the General Statutes as the Genetically Engineered Organisms Act. The purpose of this Act is to regulate the release and commercial use of genetically engineered organisms in order to protect agriculture, public health, and the environment. Creates the Genetic Engineering Review Board in the Department of Agriculture to implement this Act.

**Senate Bill 1042**

- Section 24      **Museum Advance Planning Funds** - Authorizes the Office of State Budget and Management to use unexpended funds in the Reserve for Advance Planning for the advance planning costs of the North Carolina Museum of Natural Science.

**DEPARTMENT OF AGRICULTURE (1989 ACTIONS, Continued)**

**OTHER LEGISLATION**

**House Bill 1112**

**Fee Increases** - Rewrites General Statutes to increase agriculture fees to implement base budget recommendations.

**DEPARTMENT OF COMMERCE** (See Department of Economic  
and Community Development)

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.

<b>CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR</b>	<b>1989-90 General Fund</b>	<b>1990-91 General Fund</b>
	<b>\$28,605,589</b>	<b>\$28,537,832</b>

\*\*\*\*\*  
**1989 LEGISLATIVE ACTIONS**  
\*\*\*\*\*

**BASE BUDGET REDUCTIONS**

**WORKFORCE REDUCTIONS**

- |   |                            |                            |
|---|----------------------------|----------------------------|
| 1. Eliminate 5 vacant positions<br>as recommended by the<br>Governor. | <b>\$(171,984)<br/>(5)</b> | <b>\$(172,082)<br/>(5)</b> |
|---|----------------------------|----------------------------|

<b>REVISED BASE BUDGET</b>	<b>\$28,433,605</b>	<b>\$28,365,750</b>
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**EXPANSION BUDGET**

- |  |                              |                        |
|--|------------------------------|------------------------|
| 1. Industrial Commission - Funds<br>to add two deputy commissioners,<br>two legal stenographers, and<br>two secretaries to handle<br>increased caseloads, effective<br>10/1/89.                | <b>211,502<br/>(6)</b>       | <b>275,124<br/>(6)</b> |
| 2. Business/Industry<br>Development - Funds to provide a<br>reserve to add positions and<br>support to expand staff of<br>the regional offices and<br>add office in eastern<br>North Carolina. | <b>340,127<br/>88,728 NR</b> | <b>755,318</b>         |



	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF COMMERCE (1989 ACTIONS, Continued)</b>		
3. Industrial Economic Development - Grant to local government entities for improvements to existing infrastructure; and funds for making loans through local government entities to private businesses for building renova- tions of industrial facilities.	\$3,500,000 NR State Aid	\$-
4. Travel and Tourism Development - 1 additional position in 1990-91 and funds for printing brochures, maps, and other materials.	213,578	273,007 (1)
5. Housing Program to Develop Central Housing Focus - Funds will provide a central housing focus in the Depart- ment of Commerce with 7 positions, 2 located in Raleigh, the remainder across the State. Related to transfer of several functions under environmental consolidation to the Department of Commerce.	110,000 (2)	324,375 (7)
6. N.C. Housing Finance Agency - Provide reserve to be used for the Housing Partnership Program.	2,000,000 NR State Aid	-
7. Film Office Reserve Fund - Establish a special fund within this Office to be used for the purpose of attracting national public television film productions to the State.	100,000 NR	-
8. Hazardous Waste Treatment Commission ( Effective 10/1/89) - Funds to support 3 additional positions and support costs to accomplish the tasks of the Commission.	138,002 (3) 495,000 NR	216,080 (3) 495,000 NR

	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF COMMERCE (1989 ACTIONS, Continued)</b>		
9. Utilities Commission - Reduce appropriation due to implementation of assessments to cover costs of Utilities Commission and Public Staff Operations. Fee legislation (SB 1320, Chapter 787) expires June 30, 1991.		
	-	-
Total Requirements	\$3,071,614	\$6,276,956
Receipts	(3,071,614)	(6,276,956)
Appropriation		
10. Wanchese Harbor Wastewater - Funds to support 2 positions to operate the wastewater treatment facility at Wanchese Harbor.	54,208 (2)	54,201 (2)
11. International Development including Trade Office in Canada - Funds to add 3 positions and support costs for expansion and overseas trade missions. Funds to establish a trade office in Canada.	629,900 (3)	604,900 (3)
<b>TOTAL OPERATING EXPANSION</b>	<b>\$4,809,431</b>	<b>\$(3,278,951)</b>
<b>TOTAL POSITIONS</b>	<b>(13)</b>	<b>(19)</b>
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$33,243,036</b>	<b>\$25,086,799</b>
<b>TRANSFER TO DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT</b>	<b>\$(33,243,036)</b>	<b>\$(25,086,799)</b>
<b>REVISED OPERATING APPROPRIATIONS</b>	-	-

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#### **SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

##### **Senate Bill 43**

Section 110 Rural Economic Development Center - Appropriates \$2 million each year to the Center as a grant-in-aid

**DEPARTMENT OF COMMERCE (1989 ACTIONS, Continued)**

and limits administrative expenses to \$500,000. Mandates appropriate reporting requirements to the Chairmen of the Appropriations Committee on Natural and Economic Resources and the Joint Legislative Commission on Governmental Operations.

**Section 111 Funds for the Employment Security Commission -** Appropriates \$4.537 million each year from the Worker Training Trust Fund to the Commission to maintain the operation of local offices at the 86-87 level of service. Appropriates \$1 million each year from the Special Employment Security Administration Fund to the Commission for administration of the Veterans Employment Program, Employment Services Program, and Unemployment Insurance Program. Mandates appropriate reporting requirements to the Joint Legislative Commission on Governmental Operations.

**Section 112 Tourism Promotion Grants -** Directs that tourism promotion grants shall be allocated according to per capita income, unemployment, and population growth in an effort to direct funds to counties most in need.

**Section 113 Microelectronics Center -** Rewrites Section 74(a) of Chapter 830 of the 1987 Session Laws related to the Supercomputing Center. Specifies legislative intent with respect to the membership of the Supercomputing Center's Technical Advisory Council, and mandates appropriate reporting by the Microelectronics Center on all funds received and expended by the Center. In addition, states legislative intent to reduce the General Fund's share of the Center's support from the current two-thirds to three-fifths.

**Section 114 Biotechnology Private Sector Research -** Authorizes the Biotechnology Center to recapture funds spent in support of successful research efforts in the nonacademic private sector. Mandates appropriate reporting to the Chairmen of the Appropriations Committee on Natural and Economic Resources and the Joint Legislative Commission on Governmental Operations.

**Senate Bill 44**

**Section 149 Worker Readjustment Program Funds -** Appropriates \$1.2 million each year for a worker readjustment program to provide a statewide program of rapid response to plant closings. Requires

**DEPARTMENT OF COMMERCE (1989 ACTIONS, Continued)**

appropriate reporting to the Joint Legislative Commission on Governmental Operations. Also relates to Section 82 of Senate Bill 44 and Section 14 of Senate Bill 1042.

**Section 150**      **Petroleum Overcharge Funds Allocation** - Continues the five year program begun in 1987 and allocates \$10.9 million in Exxon funds over the next two years for energy conservation programs. Also appropriates \$5.98 million in Stripper Well funds for the Business Energy Improvement Program Revolving Loan Fund (\$2.5 million), \$1.675 million to expand the Transportation Information Management System, \$.35 million for waste tire utilization, \$1.35 million for local government energy conservation, and \$.1 million for the Energy Assurance Study Commission. Mandates appropriate reporting to the General Assembly.

**Section 151**      **Business Energy Improvement Program** - Amends Article 10 of Chapter 143B by adding the Business Energy Improvement Program and authorizes the Department of Commerce to establish a revolving loan fund for this purpose. See Section 151 above for appropriation to the Business Energy Improvement Program.

**Section 152**      **Commerce Regional Office** - Specifies the manner in which funds appropriated for business and industrial development will be used. Directs that the Department concentrate on establishing an eastern North Carolina office for economic development. Remaining funds can then be used to expand economic development operations in other parts of the State. Directs a report to the Joint Legislative Commission on Governmental Operations by November 1, 1989.

**Section 153**      **Visitor and Welcome Centers Funds** - Allocates \$50,000 in 1989-90 of the Personalized License Fee Fund and \$150,000 in 1990-91 for three rest areas to be administered by local agencies.

**Senate Bill 1042**

**Section 23**      **Masonboro Island and Buxton Woods Funds/Use** - Restricts use of funds to this purpose only.

**Section 34**      **Solid Waste Management Trust Fund/ Waste Stream Analysis** - Reallocates \$500,000 from the Special Reserve for Oil Overcharge Funds appropriated to the North Carolina Housing Trust Fund in 1987 to the



**DEPARTMENT OF COMMERCE (1989 ACTIONS, Continued)**

Department of Commerce for a waste stream analysis study by the Department of Human Resources. Funds are to be matched 1:1 by the private sector and the study is to be contracted out by the Department of Human Resources. Annual reports on the use of overcharge funds is required of the Department of Commerce. Appropriate reports on the waste stream analysis to Legislative Committees will be determined by the President Pro Tempore of the Senate and the Speaker of the House.

**Section 35      Petroleum Overcharge Attorney Fees** - Directs the Attorney General to withdraw all overcharge settlement funds located in out-of-State accounts or reserves for payment of attorney fees and directs that these funds be deposited with the State Treasurer into the Special Reserve for Oil Overcharge Funds. Authorizes the payment of attorney fees related to oil overcharge settlements by the Attorney General.

**Section 37      Incubator Facilities Funding** - Authorizes uncommitted funds, as of May 15 each year, for first-time incubator facilities to be used for the expansion of existing incubators. Directs appropriate reporting to the General Assembly.

**Section 51      Utility Commission Staff Positions** - Appropriates, from fees collected, \$157,486 for 89-90 and 90-91 to establish and support two Grade 80 Public Utilities Engineer III positions.

**Section 52      Piedmont Triad Airport Authority Fund** - Directs the reversion of these funds if unexpended and unencumbered on June 30, 1991 if the project is not completed.

**Section 53      N.C. Housing Partnership** - Amends G.S. 122E-4 to insure that members of the Partnership receive no direct benefit from, or participate in, the programs of the North Carolina Housing Trust Fund.

**Section 54      Industrial Development Fund** - Amends Article 10, Chapter 143B of the General Statutes to continue the Industrial Development Fund begun in 1987. Authorizes the expenditure of funds appropriated (\$3.5 million for industrial and economic development in distressed counties at the rate of \$250,000 per project and \$1,200 per new job created.

**DEPARTMENT OF COMMERCE (1989 ACTIONS, Continued)**

Allows the Secretary of the Department of Commerce to use up to \$100,000 to provide emergency economic development assistance in any county which is documented to be experiencing a major economic dislocation. Further defines "major economic dislocation".

**Senate Bill 1309**

Section 1      Office of State Budget and Management, Rural Economic Development Center, Inc. - Appropriates \$650,000 in State Aid to the Rural Economic Development Center for grants to community development corporations, incorporated under Chapter 55A of the General Statutes.

Section 30      Celebration '91 Activities - Allows the Department to continue the development and implementation, with existing resources, of Celebration '91 activities, a series of activities and events which are scheduled to occur across the State in 1991 to demonstrate local history and heritage.

**DEPARTMENT OF COMMERCE: BIOTECHNOLOGY CENTER**

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

<b>CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR</b>	<b>1989-90 General Fund</b>	<b>1990-91 General Fund</b>
	<b>\$6,360,200</b>	<b>\$6,360,200</b>

\*\*\*\*\*  
**1989 LEGISLATIVE ACTIONS**  
\*\*\*\*\*

**BASE BUDGET REDUCTIONS**

1. Reduce grant-in-aid for Center's activities by approximately one percent.	<b>\$(63,000) State Aid</b>	<b>\$(63,000) State Aid</b>
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<b>REVISED BASE BUDGET</b>	<b>\$6,297,200 State Aid</b>	<b>\$6,297,200 State Aid</b>
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**EXPANSION BUDGET**

1. Support for Biotechnology Center - Funds to increase support to young biotechnology companies, to expand training programs in biotechnology, and to increase university research.	<b>-</b>	<b>2,000,000 State Aid</b>
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<b>TOTAL OPERATING EXPANSION</b>	<b>-</b>	<b>\$2,000,000</b>
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<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$6,297,200</b>	<b>\$8,297,200</b>
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**DEPARTMENT OF COMMERCE: MICROELECTRONIC CENTER**

The Microelectronic Center's purpose is to manage an advanced research and technology development program in modern electronics that enhances the educational research capabilities of participating institutions in modern electronics related disciplines and direct research and technology investigations for development of design, fabrication and test technologies for commercial manufacture of next generation submicron integrated circuits. The Center complements the State's initiative to attract new and support existing modern electronics and related industry to enhance North Carolina's high technological economic development.

**CONTINUATION BUDGET  
AS RECOMMENDED BY  
THE GOVERNOR**

**1989-90  
General  
Fund**

**1990-91  
General  
Fund**

**\$25,576,034      \$21,658,424**

\*\*\*\*\*  
**1989 LEGISLATIVE ACTIONS**  
\*\*\*\*\*

**BASE BUDGET REDUCTIONS**

1. Reduce grant-in-aid for the Microelectronic Center's activities, excluding the supercomputer operation.

**\$(275,000)  
State Aid**

**\$(225,000)  
State Aid**

**REVISED BASE BUDGET**

**\$25,301,034      \$21,433,424**

## 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 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 Community Colleges 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.

CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR	1989-90 General Fund	1990-91 General Fund
	\$333,262,160	\$333,937,499

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

### BASE BUDGET REDUCTIONS

- |   |            |            |
|---|------------|------------|
| 1. Establish a negative reserve of 1% to come from overall reductions within the Departmental budget.   | \$(91,126) | \$(91,126) |
| 2. Special Allotments<br>Reduce program by the amount of the unexpended balance due to overestimate of FTE for these special, high cost programs. | (38,617)   | (38,617)   |

	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF COMMUNITY COLLEGES (1989 ACTIONS, Continued)</b>		
3. Hospital-Based Nursing Program Adjust the appropriation to more accurately reflect the actual number of students.	\$(100,000) State Aid	\$(100,000) State Aid
4. Community Services Block Grant Reduce amount from Community Services Block for avocational and leisure courses.	(250,000)	(250,000)
<b>TOTAL BASE BUDGET REDUCTIONS</b>	<b>(479,743)</b>	<b>(479,743)</b>
<b>REVISED BASED BUDGET</b>	<b>\$332,782,417</b>	<b>\$333,457,756</b>

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#### EXPANSION BUDGET

1. Equipment Funds - Provide a reserve to be allocated to the various campuses for purchase of equipment needed for program support.	5,000,000 NR	-
2. Library Books - Provide a reserve to be allocated to the various campuses for purchase of library books to maintain standards required for accreditation.	304,649 NR	-
3. Enrollment Increase - Provide support for additional budgeted enrollment.	6,000,000 1,900,000 NR	6,000,000
4. Restoration Fund - Provide a reserve to be allocated to the various campuses to help fund program needs at a more sufficient level.	5,000,000	10,000,000
5. Tuition Increases - To reflect tuition rate increase based		

1989-90	1990-91
General	General
Fund	Fund

**DEPARTMENT OF COMMUNITY COLLEGES (1989 ACTIONS, Continued)**

on current enrollment from \$75 to \$90 per quarter for in-state students and from \$702 to \$840 per quarter for out-of-state students.	\$(4,868,460)	\$(4,868,460)
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<b>TOTAL OPERATING EXPANSION</b>	<b>\$13,336,189</b>	<b>\$11,131,540</b>
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<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$346,118,606</b>	<b>\$344,589,296</b>
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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

**Senate Bill 43**

Section 16      **Operating Appropriations/Not Used for Recreation Extension** - Requires recreation courses in the Community College system to be self-supporting.

Section 17      **Books and Equipment Appropriations/Revert After One Year** - Gives community colleges two years to spend books and equipment funds.

Section 18      **Assistance to Hospital Nursing/Fund Distribution** - Allocates \$850 per full-time nursing student for financial support to hospital-based nursing programs.

Section 19      **Management Support System** - Requires the Department of Community Colleges to report quarterly to the Joint Legislative Commission on Governmental Operations on its progress toward the development of a management support system.

Section 20      **Stability of Funding** - Appropriates full-time equivalent (FTE) student enrollment funds based on the last two years' actual enrollment or the previous year's actual enrollment, whichever is greater. It also provides that no college shall receive less than 90% of the prior two-year's average curriculum FTE enrollment.

Section 21      **Community College Trustees Training Course** - Encourages the Community College Trustees'

**DEPARTMENT OF COMMUNITY COLLEGES (1989 ACTIONS, Continued)**

- Association to continue its training programs and to report on the number of participants and types of training provided.
- Section 22      **Literacy** - Requires the State Board to develop specific policies for the literacy programs and to report them to the 1990 Session.
- Section 23      **Satellite Centers** - Requires the State Board to provide greater oversight of and policies for the development of satellites and off-campus centers and to report these policies to the General Assembly.
- Section 24      **Student Accounting Study** - Requires the community college, UNC and private college systems to develop a recommendation on a common method for counting student enrollments for purposes of receiving public funds.
- Section 25      **Regional Cooperation** - Directs the State Board of Community Colleges and the Board of Governors to develop incentives to encourage regional cooperation among the community colleges and between community colleges and the UNC system.
- Section 26      **Community College Transfer of Credits Study** - Requires a plan to be developed by the State Board of Community Colleges and the UNC Board of Governors to increase the number of community college credits that will transfer to the UNC system.
- Section 27      **FTE Accounting** - Changes the census date for counting extension FTE to the same one used for curriculum.
- Section 28      **Maintenance of Plant Subsidy** - Requires the State Board to study the current allocation formula used to distribute maintenance of plant funds and to recommend a more equitable method for distribution.
- Senate Bill 44**
- Section 79      **Tuition Increase** - Increases tuition from \$75 to \$90 a quarter for in-state students and from \$702 to \$840 a quarter for out-of-state students.
- Section 80      **Accountability and Flexibility** - Directs the State Board to define "Critical Success Factors" to measure progress in the community college system. In exchange for more accountability it provides the system with more budget flexibility.



**DEPARTMENT OF COMMUNITY COLLEGES (1989 ACTIONS, Continued)**

- Section 81      **Full-Time Equivalent Teaching Positions/Community Colleges** - Sets the faculty student ratio for curriculum programs at 1 to 21 and extension at 1 to 22.
- Section 82      **Focused Industrial Training Program** - Appropriates \$500,000 for each year of the biennium from the Worker Training Trust Fund to the Focused Industrial Training (FIT) program to continue it at the current level.
- Section 83      **Retooling for the Year 2000: Gaining the Competitive Edge** - Enacts into Chapter 115D the recommendations of the Commission on the Future of the Community College system for an Education Blueprint.
- Section 84      **Literacy Allocation Basis** - Directs the State Board to allocate literacy funds to the colleges on a more equitable basis, including providing incentives for performance.
- Section 85      **North Carolina Employers Charged In-State Tuition** - Allows in-state rates for out-of-state students if their North Carolina employer pays the tuition.
- Section 86      **Literacy Transportation** - Allows literacy funds to be used for literacy transportation. Also requires State Board of Community Colleges and Education to develop pilot projects using the public school transportation system for community college literacy programs. Also allows State Board to adopt rules governing use of equipment funds for purchase of vehicles.
- Section 87      **Equine Instruction/Martin Community College** - Allows Martin Community College to allow students under 16 to participate in equine instruction on a self-supporting basis.
- Section 88      **Tuition/Public School Students Taking Community College Courses** - Exempts high school students taking "Huskin's bill" or dual enrollment courses in community colleges from tuition.
- Section 89      **Community College Reports** - Requires State Board and local Boards to review all requests for data to make sure they are necessary and are not duplicative.

**DEPARTMENT OF COMMUNITY COLLEGES (1989 ACTIONS, Continued)**

**Senate Bill 1042**

**Section 13      Community College Capital Funds/Permanent - Makes the 1989-90 capital appropriations permanent so that they will not revert.**

**Section 14      Expanded Focused Industrial Training Program - Appropriates \$350,000 in 1989-90 and \$500,000 in 1990-91 from the Worker Training Trust Fund to expand the focused industrial training program.**



## DEPARTMENT OF CORRECTION

Statutory Authority: General Statutes, Chapter 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.

### CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR

1989-90	1990-91
General	General
Fund	Fund

\$340,110,686	\$343,198,073
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1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

### BASE BUDGET REDUCTIONS

#### DEPARTMENTAL MANAGEMENT

- |  |             |             |
|--|-------------|-------------|
| 1. Reduce continuation budget due to realignment of FY 1988-89 Authorized Budget. Inaccurate alignment resulted in inappropriate increases for some line items, for FY 1989-90 and FY 1990-91. | \$(140,737) | \$(448,898) |
|--|-------------|-------------|

#### DIVISION OF PRISONS

- |   |                  |                  |
|---|------------------|------------------|
| 1. Delete funds to purchase law library books. A recent court decision mandates that inmate access to lawyers be provided by the State in place of law libraries. 1310-5600 | (51,500)         | (51,500)         |
| 2. Delete four positions in accordance with recommendation by the Office of State Budget and Management. This amount includes \$29,988 of Salary Reserve.                   | (181,006)<br>(4) | (181,111)<br>(4) |
| 3. Delete vacant position of Correctional Food Services   |                  |                  |

	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF CORRECTION (1989 ACTIONS, Continued)</b>		
Coordinator (Position No. 4540-1410-0014-110)	\$(38,254) (1)	\$(38,275) (1)
<b>RESERVES AND TRANSFERS</b>		
1. Reduce Reserve for New Units due to recalculation of effective dates for positions to be established. 1800-8380	(71,111)	-
2. Reduce Reserve for New Units by deleting one position designated to supervise a law library. 1800-8380	(22,728) (1)	(22,700) (1)
<b>RECEIPTS</b>		
1. Increase receipts for meals purchased from the Department of Correction. Charge per meal is to increase from \$1.00 to \$1.25. 1999-0902	(92,663)	(92,663)
2. Increase receipts for per diem charge to work release inmates from \$6.00 per day to \$8.00 per day. 1999-0402	(475,466)	(475,466)
3. Increase receipts for trans- portation charge to work release inmates from \$1.00 per day to \$1.50 per day. 1999-0402	(34,171)	(34,171)
<b>TOTAL BASE BUDGET REDUCTIONS</b>	<b>\$(1,107,636)</b>	<b>\$(1,344,784)</b>
<b>TOTAL POSITION REDUCTION</b>	<b>(6)</b>	<b>(6)</b>
*****		
<b>TRANSFERS</b>		
Transfer funds from the Department of Human Resources to the Department of Correction, Division of Prisons, to offset partial operating costs of Goldsboro Correctional Center.	\$170,000	\$170,000
<b>REVISED BASE BUDGET</b>	<b>\$339,173,050</b>	<b>\$342,023,289</b>

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	1989-90 General Fund	1990-91 General Fund
DEPARTMENT OF CORRECTION (1989 ACTIONS, Continued)		
SENATE BILL 38: AN ACT TO MAKE AN EMERGENCY APPROPRIATION FOR CORRECTIONAL PROGRAMS AND PROJECTS		
1. Expand the Electronic House Arrest Program for probationers at high risk of incarceration.	\$2,333,999 (36)	\$1,461,698 (36)
2. Fund new probation and parole personnel to reduce the average caseload.	5,104,544 (249)	9,729,791 (372)
3. Expand the Intensive Probation/Parole Program by ten (10) teams to supervise an additional 200 probationers/parolees.	1,402,820 (41)	1,331,184 (41)
4. Implement a treatment program for DWI parolees.	1,460,935 (45)	1,571,173 (45)
5. Establish the IMPACT (Shock Incarceration) Program for youthful offenders.	507,972 (24)	611,819 (24)
6. Provide funds to operate new facilities.	-	1,415,854 (62)
SUBTOTAL - SENATE BILL 38	\$10,810,270	\$16,121,519
SUBTOTAL POSITIONS - SENATE BILL 38	(395)	(580)

\*\*\*\*\*

	1989-90 General Fund	1990-91 General Fund
DEPARTMENT OF CORRECTION (1989 ACTIONS, Continued)		
EXPANSION BUDGET		
OTHER OPERATING EXPANSION		
1. Positions, operating expenses, equipment and critical/emergency safety needs to begin Department-wide safety program.	49,188 (2)	75,743 (2)
2. Expansion of health staffing standards, operating expenses, equipment, and AIDS testing for 6 months in FY 1989-90.	286,803 (5)	476,800 (32)
3. Maintenance positions, vehicles, and support costs to maintain and improve prison units.	207,575 (19)	796,608 (31)
4. Implement new inmate clothing policy throughout prison system to meet defensible standards.	935,636 (3)	1,760,000 (3)
5. Provide funds to configure existing bunks for standard headroom space.	12,000	12,000
6. Funds required in order to comply with Order of Court (Smith vs. Bounds). Law libraries are being abolished and replaced by legal representation furnished by NC Prisoners Legal Services, Inc. Budgeted amount will fund ten (10) attorneys and five (5) secretaries with appropriate support cost.	664,838	610,295
7. Positions and support to establish compliance monitoring for Division of Prisons operations and programs.	55,080 (2)	81,789 (2)

	1989-90 General Fund	1990-91 General Fund
DEPARTMENT OF CORRECTION (1989 ACTIONS, Continued)		
8. Positions, operating expense and equipment to place training coordinators at Area Offices.	\$139,378 (6)	\$211,394 (6)
9. Positions and support for inmate transportation, diagnostic and classification, and eastern jail transportation system.	356,913 (9)	435,502 (9)
10. Funds for Correctional Officer and Sergeant positions for certain field units and institutions to address supervision and relief factors and to place officers in dormitories.	1,117,939 (141)	10,413,447 (620)
11. Funding to provide office space for twenty-five (25) Parole Officers now housed in Division facilities.	38,250	38,250
12. Positions, operating expense and equipment to meet minimum standards for mental health treatment.	199,903 (14)	567,044 (28)
13. Misdemeanor Diagnostic Center for female inmates at Fountain Correctional Center for Women (50 beds).	403,606 (38)	985,234 (38)
14. Continue funding for nine (9) positions funded for five (5) months in FY 1988-89 to reduce average Parole Officer caseload from an estimated 82 in July 1989 to 76. (HB 19)	277,250 (9)	277,375 (9)

	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF CORRECTION (1989 ACTIONS, Continued)</b>		
15. Provide continued funding for twenty (20) positions funded for five months in FY 1988-89. These positions are needed to reduce the present officer caseload of 121. (HB 19)	\$588,146 (20)	\$588,424 (20)
16. Twenty-five bed inpatient substance abuse treatment unit for female inmates at the North Carolina Correctional Institute for Women.	179,768 (4)	108,708 (4)
17. Provide for kitchen equipment necessary to produce special diets required for certain inmates.	65,000	65,000
18. Funds to cover increase in Outside Prisoner Housing.	-	1,000,000
19. The Criminal Justice Training and Standards Council will require drug testing of all new probation/parole officials, that are subject to Certification.	-	12,960
20. Funds to replace federal grants that will expire in the 1989-91 budget years. Funds now support Regional Substance Abuse Coordinators, the Inpatient Youthful Offender Treatment Program, and the Outpatient Probation/Parole Treatment Program.	820,235 (18)	914,479 (22)
21. Fund positions needed to meet increased requirements for mandatory and in-service training.	213,324 (9)	350,523 (12)



	1989-90 General Fund	1990-91 General Fund
DEPARTMENT OF CORRECTION (1989 ACTIONS, Continued)		
22. Provide additional funds for support costs for mandatory training of new correctional officers.	\$195,365	\$195,365
23. Add ten positions in the Controller's office to provide adequate staff to handle increased workload.	253,176 (10)	292,843 (10)
24. Provide correctional program positions to enable the Division of Prisons to meet program standards.	-	520,206 (23)
25. Provide secretaries to field unit superintendents.	-	136,416 (5)
26. Fund two Assistant Command Managers for the Eastern and Western Geographic Commands and a Secretary for the Female Command manager.	93,166 (3)	100,288 (3)
27. Provide funds for telephone, office, data processing, and maintenance equipment.	47,000	80,000
28. Delete funds from Continuation Budget for FY 1989-90 for positions and operating costs for Redd Dorm at Cameron Morrison.	(287,372) (-13)	(287,533) (-13)
29. Reserve from Redd Dorm to be allocated by 1990 Session of the General Assembly.	287,372	287,533
30. Reserve from the \$75 m. allocation for Correctional Improvements/Alternatives.	-	1,384,477



	1989-90 General Fund	1990-91 General Fund
DEPARTMENT OF CORRECTION (1989 ACTIONS, Continued)		
31. Provide needed support staff to handle an increase in workload of 15% in the Interstate Compact Section, 18% in the Data Entry Section, and 24% in the Parole Supervision Section.	\$105,946 (5)	\$104,955 (5)
32. Medical equipment to meet standards.	-	175,000
33. Provide funds for seven (7) Clerks and one (1) Case Analyst due to workload resulting from cap legislation.	136,508 (8)	161,293 (8)
34. Provide funds for one Information and Communication Specialist to assist the Public Information Officer.	27,284 (1)	29,708 (1)
35. Fund additional personnel staff. The current personnel staff to employee ratio is 1 to 563 which is significantly greater than other State agencies.	304,360 (10)	325,003 (10)
36. Funds for positions and operating costs for new dormitory at Columbus Correctional Center.	-	242,181 (31)
37. Funds to provide support costs for fourteen maintenance positions that were authorized in the prior biennium for the Department's Engineering Section. When these positions were approved, no support costs were provided (primarily travel and auto/truck expense).	-	73,450
38. Funds to maintain electronic surveillance equipment.	-	185,900

	1989-90 General Fund	1990-91 General Fund
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DEPARTMENT OF CORRECTION (1989 ACTIONS, Continued)

39. Additional positions for Combined Records to handle the increased number of inmate files, the amount of material filed, the frequency of pulling/refiling files, and to meet the demand for up-to-date inmate files and automate/modernize the filing system in Combined Records.	\$147,382 (6)	\$154,668 (6)
40. Additional personnel to meet the State Accounting System requirements, to reprogram the inmate records system database, and to conduct data analysis.	91,394 (2)	91,433 (2)
41. Funds for communication equipment and lines for the Division of Adult Probation and Parole. Additional control units, modems, terminals, and data circuits are needed to provide required communication.	400,000	210,000
42. Positions, equipment and vehicles to install and service electronic equipment in the Division of Prisons.	48,292 (2)	39,923 (2)
43. Fund two positions to automate the extradition files on over 8,000 Probation/Parole absconders and escapees and to provide clerical support for the DOC Safety Program.	36,803 (2)	38,014 (2)

	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF CORRECTION (1989 ACTIONS, Continued)</b>		
44. Computer service payment due to the State Information Processing Center for 1987-88.	\$829,000 NR	\$-
SUBTOTAL OTHER OPERATING EXPANSION	\$9,326,508	\$24,322,698
SUBTOTAL POSITIONS	(335)	(933)
TOTAL OPERATING EXPANSION	\$20,136,778	\$40,444,217
TOTAL POSITIONS	(730)	(1,513)
TOTAL OPERATING APPROPRIATIONS	\$359,309,828	\$382,467,506

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#### **SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

##### **Senate Bill 43**

- Section 64      **Prison Personnel Funds** - Provides that funds appropriated for the reserve for new units shall be used as approved by the General Assembly and that the additional positions for the new units shall not be effective until the facilities are within 90 days of completion.
- Section 65      **Private Confinement Facilities** - Provides that no privately for-profit owned or operated confinement facilities may be added to the State prison system unless approved by the General Assembly. Allows the State to contract with private, non-profit firms for work or study release centers for women.
- Section 66      **Negotiated Rates for Medical Services** - Requires the Department of Correction to negotiate for rates as close to Medicaid rates as possible for all medical services rendered by providers who are not State employees and to report on the results of its negotiations.
- Section 67      **Goldsboro Correctional Center Reallocation** - Reallocates land, buildings, and equipment of Goldsboro Correctional Center from the Department of Human Resources, Cherry Hospital, to the Department of Correction.

**DEPARTMENT OF CORRECTION (1989 ACTIONS, Continued)**

- Section 116      **Need for Training Coordinator Positions** - Requires a report by the Department to fund training coordinator positions after July 1, 1991 and to consolidate basic and in-service training for Division of Prisons personnel.
- Section 117      **Engineering Support Section Audit** - Directs the Office of the State Auditor to conduct an operational audit of the Engineering Support Section of the Department and to report its findings by May 1, 1990.
- Section 118      **Substance Abuse and DWI Parole Program Evaluations** - Requires the Department to conduct an evaluation of the substance abuse program and of the DWI program for parolees at Cherry Hospital and to issue reports by May 1, 1990.
- Section 119      **Prisoner AIDS Testing/Treatment** - Specifies that all incoming inmates be tested for AIDS for a six-month period, that the Department track AIDS related expenditures, that the Department formulate a plan for the detection, treatment, and prevention of AIDS, and that a report be issued to the General Assembly by May 15, 1990.
- Section 120      **Corrections Centralization Study** - Directs the House and Senate Appropriations Committees on Justice and Public Safety to study a more centralized approach to corrections in North Carolina and to report by May 1, 1990.

# DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY - GENERAL FUND

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. The Highway Patrol which enforces the State's traffic laws is also part of this Department.

CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR	1989-90 General Fund	1990-91 General Fund
	\$25,249,087	\$25,461,003

## \*\*\*\*\* 1989 LEGISLATIVE ACTIONS \*\*\*\*\*

### BASE BUDGET REDUCTIONS

#### WORKFORCE REDUCTIONS

1. Delete four positions in accordance with recommendation of the Office of State Budget and Management - Administration (1), National Guard (1) and Victim and Justice Services (2).	\$(142,963) (4)	\$(142,999) (4)
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#### ALCOHOL LAW ENFORCEMENT

1. Reduce funds for purchasing 10 new vehicles and reduce budgeted sale of surplus vehicle receipts accordingly. 1410-5400 and 1410-0935.	(133,690)	(139,070)
Receipts	(42,500)	(42,500)
	<u>(91,190)</u>	<u>(96,570)</u>

TOTAL BASE BUDGET REDUCTIONS	(234,153)	(239,569)
TOTAL POSITION REDUCTION	(4)	(4)
REVISED BASE BUDGET	\$25,014,934	\$25,221,434



1989-90  
General  
Fund

1990-91  
General  
Fund

DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY  
(1989 ACTIONS, Continued)

SENATE BILL 38

1. : Chapter 8 (SB 38) authorizes expansion of prison and alternative programs in the 1989-91 biennium by expanding the existing 12 Community Penalties Programs at 85% State support, providing contractual services to rural counties, and providing additional administrative costs. Also establishes new programs at 90% State share in Mecklenburg County and two in the First Superior Court Division in 1989-90, and in the Third and Fourth Superior Court Divisions in 1990-91.

\$509,208

\$837,170

EXPANSION BUDGET

OTHER OPERATING EXPANSION

1. Grant for support of a pilot program at Summit House, a community-based residential alternative to incarceration for mothers and pregnant women convicted of non-violent crimes.

75,000 NR  
State Aid

\$-

2. Increase funds for payments to victims through the N.C. Crime Victims Compensation Program, and provide additional personnel, effective 9-1-89.

Victim Awards	600,000	600,000
Personnel	74,248	86,019
	(3)	(3)
Requirements	674,248	686,019
Receipt	225,000	400,000
Appropriation	449,248	286,019
	(3)	(3)

	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY</b> (1989 ACTIONS, Continued)		
3. Provide additional funds to meet National Guard Pension Fund requirements.	225,461 183,970 NR	225,461
4. Provide additional Community Service personnel, effective 9-1-89.	444,914 (22)	602,919 (22)
5. Authorize funds to provide data processing personnel and equipment for General Fund operations, effective 9-1-89.	137,772 (1)	207,824 (2)
6. Increase personnel in the Emergency Management Division to expand emergency coverage.	99,680 (2)	138,230 (3)
7. Adjust base budget to reflect the deletion of computer training support which was funded as non-recurring in 1988-89.	(71,000)	(71,000)
8. Provide funds for the Emergency Management Division to purchase radios to use in coastal areas.	150,000 NR	-
<b>TOTAL EXPANSION BUDGET</b>	<b>\$2,204,253</b>	<b>\$2,226,623</b>
<b>TOTAL POSITIONS</b>	<b>(28)</b>	<b>(30)</b>
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$27,219,187</b>	<b>\$27,448,057</b>



DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY -- HIGHWAY FUND

CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR	1988-89 Highway Fund	1990-91 Highway Fund
	\$79,385,558	\$81,579,469

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

BASE BUDGET REDUCTIONS

WORKFORCE REDUCTIONS

1. Reduce budgeted receipt transferred from the Governor's Office to support two (2) Highway Patrolmen's positions and offset with direct appropriation. 2610-0304 and 2610-0308.

TOTAL RECEIPTS	\$ (23,488)	\$ (23,488)
APPROPRIATION	<u>23,488</u>	<u>23,488</u>

2. Delete vacant Mechanic II position and related benefits. (Position No. 4960-0604-4007-096)

(28,063)	(28,070)
(1)	(1)

TOTAL BASE BUDGET REDUCTIONS  
HIGHWAY FUND

(4,575)	(4,582)
(1)	(1)

REVISED BASE BUDGET

\$79,380,983	\$81,574,887
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	1989-90 Highway Fund	1990-91 Highway Fund
<b>DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY</b>		
<b>(1989 ACTIONS, Continued)</b>		
<b>EXPANSION BUDGET</b>		
<b>HIGHWAY PATROL</b>		
1. Support for additional Highway Patrol troopers, effective 9-1-89.	\$734,805 (15)	\$1,342,110 (30)
2. Authorize funds to provide data processing personnel and equipment for Highway Fund operations, effective 9-1-89.	300,765 (2)	414,558 (5)
3. Expand Telecommunication personnel in the Highway Patrol, effective 9-1-89.	216,893 (11)	492,407 (21)
4. Provide additional secretarial staff for Highway Patrol district offices, effective 9-1-89.	119,632 (6)	129,752 (6)
<b>TOTAL EXPANSION BUDGET</b>	<b>\$1,372,095</b>	<b>\$2,378,827</b>
<b>TOTAL POSITIONS</b>	<b>(34)</b>	<b>(62)</b>
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$80,753,078</b>	<b>\$83,953,714</b>

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# **SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

## **Senate Bill 43**

Section 61      **Report on Community Service Workers -** Directs the Department of Crime Control and Public Safety to report quarterly in the 1989-90 fiscal year and semiannually in the 1990-91 fiscal year to the Joint Legislative Commission Governmental Operations and the Fiscal Research Division on the number of community service workers who were available during each month of the time period preceding that report to perform repairs and maintenance of the parks and when and where they were available.

**DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**  
**(1989 ACTIONS, Continued)**

**Section 62**      **Reports on the Community Penalties Program and the Crime Victims Compensation Fund** - Directs the Department of Crime Control and Public Safety to report annually to the Senate and House Appropriations Base Budget Committees on Justice and Public Safety and the Fiscal Research Division on the administrative expenditures of the Community Penalties Program and the North Carolina Crime Victims Compensation Fund.

**Section 63**      **Legislative Review of Drug Law Enforcement and Other Grants** - Provides that State applications for grants under the State and Local Law Enforcement Assistance Act of 1986, Part M of the Omnibus Crime Control and Safe Streets Act of 1968, as enacted by Subtitle K of P.L. 99-570, the Anti-Drug Abuse Act of 1986, are subject to review by the Joint Legislative Commission on Governmental Operations if at the time of review the General Assembly is not in session. Designates this Commission as the review agent, if the General Assembly is not in session, for all state applications for grants requiring review unless a State statute provides a different forum for review. Repeals Article 13A of Chapter 120 of the General Statutes.

**Senate Bill 44**

**Section 109**      **Community Service Coordinator Appointment** - Amends G.S. 143B-475.1(a) to specify that the appointment of coordinators to work with deferred prosecution, community service restitution and the volunteer program for youthful and adult offenders is made in consultation with the Chief District Court Judge in the district to which the coordinator is assigned.

Also amends G.S. 20-179.4(b) to specify that the Chief District Court Judge will be consulted when a coordinator is appointed in the judge's respective judicial district to assure an individual's compliance with the community service sentence.

**Section 110**      **Victims Compensation Program Study** - Directs the Office of the State Auditor to study the costs of administering the North Carolina Crime Victims Compensation Program, established in Chapter 15B of the General Statutes, and to submit a report to the Senate and House Appropriations Committees on Justice and Public Safety and to the Fiscal Research Division by May 1, 1990, on more cost-effective methods of

**DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**  
**(1989 ACTIONS, Continued)**

administration, including the possible computerization of data. The study shall also include a review of the information obtained by the Victim Witness Coordinators, to determine if that information is acceptable for use by the Department and may relieve the Department from duplicating efforts.

**Section 111**

**Review of the Civil Air Patrol Operations** - Requests that the Office of the State Auditor conduct a performance audit of the Civil Air Patrol administered by the Department of Crime Control and Public Safety that will address, but is not limited to, a review of the responsibilities of the supervisory personnel and the Military Board; the role of the Department of Crime Control and Public Safety in structuring the programs and activities of the Civil Air Patrol; and the use of funds appropriated annually from the General Fund for State personnel and operating expenses. Directs the Office of State Auditor to report its findings and recommendations to the Senate and House Appropriations Base Budget Committee on Justice and Public Safety by April 15, 1990.

**Section 112**

**Review of National Guard Operations** - Directs the Office of the State Auditor to conduct, within funds available, a performance audit of the North Carolina National Guard administered by the Department of Crime Control and Public Safety that will address, but is not limited to, determining the demographic make-up of active personnel and retirees, retention procedures and practices, the proportion of minorities among full-time personnel, and the adequacy of current procedures to allow reporting of acts of discrimination. The Office of State Auditor is directed to report its findings and recommendations to the Senate and House Appropriations Base Budget committee on Justice and Public Safety by April 15, 1990.

**Section 113**

**Summit House Funds** - Specifies that the \$75,000 appropriated to the Department of Crime Control and Public Safety for the 1989-90 fiscal year shall be used to support a pilot program at Summit House, a community-based residential alternative to incarceration for mothers and pregnant women



**DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**  
**(1989 ACTIONS, Continued)**

convicted of nonviolent crimes. Summit House shall provide a quarterly report to the Joint Legislative Commission on Governmental Operations on the expenditure of State appropriations and on the effectiveness of the program, including information on the number of clients served, the number of clients who have their probation revoked, and the number of clients who successfully complete the program while housed at Summit House.

**Section 114      Assignment of Highway Patrol Cars -** Rewrites G.S. 20-190.3 to extend the assignment of new cars to all members of the Highway Patrol.

**Section 115      Additional Highway Patrol Troopers -** Specifies that the new troopers for the Highway Patrol may not be assigned to any duty other than full-time enforcement of the traffic laws by patrolling the roads except when absence therefrom is required for court appearances, training mandated by statutes or compliance with the rules of the North Carolina Criminal Justice Education and Training Standards Commission, or administrative work directly arising out of road patrol or court appearance. Also, no additional administrative positions may be created that decrease the number of members of the Highway Patrol assigned to road patrol as essentially full-time duty. The new Highway Patrol positions shall be of salary grade 66.

Also allows the Highway Patrol to create from salary reserve as available three new positions - a first sergeant at salary grade 73 and two line sergeants at salary grade 71, of which one position may be assigned to the driving track. The Highway Patrol may also assign three troopers (master) to the driving track.

**Senate Bill 1042**

**Section 25      Tornado Assistance Funding -** Allows the Office of State Budget and Management to use up to \$150,000 of the funds appropriated in 1989-90 fiscal year for the Repairs and Maintenance Reserve to support the required federal match for federal grants received resulting from the May, 1989 tornadoes, if funds outlined in G.S. 143-23(a1)(3), (4) and (5) of the Contingency and Emergency Fund are depleted.

**DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**  
(1989 ACTIONS, Continued)

- Section 26      **State Law Enforcement Firing Range Study** - Directs the Department of Crime Control and Public Safety and the Department of Justice to study the feasibility of constructing a firing range to be used by the Highway patrol, the State Bureau of Investigation, and other State law enforcement agencies, and to submit a report and recommendations to the Senate and House Appropriations Committees on Justice and Public Safety and to the Fiscal Research Division by May 1, 1990. The report should include a list of all firing ranges currently available for use by State law enforcement agencies, an analysis of the man-hours lost due to travel to and from these facilities, the cost of maintaining the present facilities, any other costs associated with the current arrangement for the use of firing ranges by the State law enforcement agencies, and recommendations of possible sites for the location or construction of a firing range for the use of all State law enforcement personnel.
- Section 27      **Law Enforcement Driving Track Funds** - Specifies that \$239,400 of the unexpended funds appropriated for the 1987-88 fiscal year to the Department of Crime Control and Public Safety in Section 5 of Chapter 795 of the 1987 Session Laws for the law enforcement driving track will be used for the construction of a control tower.
- Section 27      **Law Enforcement Driving Tract Funds** - Specifies that unexpended funds appropriated for the 1987-88 year to the Department of Crime Control and Public Safety in Section 5 of Chapter 795 of the 1987 Session Laws for the law enforcement precision driving track, \$239,400, shall be used for the construction of a control tower.
- Section 42      **Use of Drug Enforcement Receipts** - Directs the Department of Crime Control and Public Safety to use the \$258,200 of drug law enforcement receipts in its budget for the 1989-90 fiscal year for operating expenses related to drug law enforcement activities of the Highway Patrol and for other one-time equipment purchases. The Department of Crime Control and Public Safety shall report to the Joint Legislative Commission on Governmental Operations on its intended use of these funds in compliance with Section 57 of Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989.

**DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**  
**(1989 ACTIONS, Continued)**

**Section 43      Underground Storage Tank Funds** - Directs the Department of Crime Control and Public Safety to use \$212,350 of the funds appropriated in Section 6 of Chapter 754 for the 1989-90 fiscal year to begin the upgrading and replacement of underground gasoline storage tanks to meet the standards required by the Environmental Protection Act. Also directs the Department of Crime Control and Public Safety, Division of Highway Patrol, to report to the Senate Appropriations Committee on Justice and Public Safety and to the Fiscal Research Division by April 15, 1990, on additional costs needed to meet the standards required by the Environmental Protection Act and on receipts that are available to the Highway Patrol Division to offset these costs.

**Senate Bill 1309**

**Section 25      Civil Air Patrol Headquarters Building Funds** - Specifies that within the provision of the law \$100,000 of the funds appropriated pursuant to G.S. 136-16.4 for aviation will be used for the 1989-90 fiscal year by the North Carolina Wing of the Civil Air Patrol, Inc., for the construction of a new headquarters and training facility. No less than ninety percent (90%) of these funds shall be used for capital improvements, and the remaining ten percent (10%) may be used for furnishings. In order to receive these funds, the North Carolina Wing of the Civil Air Patrol, Inc., shall match the funds on a dollar-for-dollar basis.



## 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, art resources, and libraries. An important function of the Department is the administration and awarding of funds appropriated for grants-in-aid.

CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR	1989-90 General Fund	1990-91 General Fund
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	\$37,916,730	\$38,182,330
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1989 LEGISLATIVE ACTIONS  
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### BASE BUDGET REDUCTIONS

#### WORKFORCE REDUCTIONS

1. Reduce appropriation for salaries and related benefits by eliminating vacant positions, (6 full-time 1 part-time) and by reducing two full-time positions to one-half time.	\$(164,331) (7.5)	\$(164,422) (7.5)
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#### DIVISION OF ARCHIVES & HISTORY

2. Delete one-time appropriation for the Stagville Preservation Center from the base budget.	(\$18,500)	(\$18,500)
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#### HISTORIC SITES

3. Delete one-time appropriation for Living History Farm from the base budget.	(50,000)	(50,000)
4. Reduce amount budgeted for replacement of vehicles.	(12,623)	(4,711)

	1989-90 General Fund	1990-91 General Fund
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DEPARTMENT OF CULTURAL RESOURCES (1989 ACTIONS, Continued)

TRYON PALACE

5. Reduce amount for replacement : of truck.	\$(2,300)	\$-
TOTAL BASE BUDGET REDUCTIONS	(247,754)	(237,633)
TOTAL POSITION REDUCTIONS	(7.5)	(7.5)
REVISED BASE BUDGET	\$37,668,976	\$37,944,697

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EXPANSION BUDGET

STATE LIBRARY

1. Provide the Library for the Blind and Physically Handicapped with additional staff and operating support to reduce its backlog in audiocassette player repairs and client requests for materials, effective 9-1-89.	167,987 (4)	123,253 (4)
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STATE HISTORIC SITES

2. Provide a reserve for the Horne Creek Farm State Historic Site. The reserve will be used for operating expenses and for the design and initial restoration of the main house.	42,000	75,000
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ARCHIVES AND HISTORY - ADMINISTRATION

3. Provide funds for grants of up to \$10,000 to nonprofit historic attractions in the state. The grants are to be matched on a dollar-for-dollar basis.	-	100,000 State Aid
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GRANT-IN-AID TO ARTS

4. Grant to N.C. Shakespeare Festival for expenses related to touring		
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	1989-90 General Fund	1990-91 General Fund
DEPARTMENT OF CULTURAL RESOURCES (1989 ACTIONS, Continued)		
metropolitan and rural communities throughout the State to present major Shakespearean productions, : to tour high schools, and operations.	\$75,000 NR State Aid	\$-
TOTAL OPERATING EXPANSION	\$284,987	\$298,253
TOTAL POSITIONS	(4)	(4)
TOTAL OPERATING BUDGET	\$37,953,963	\$38,242,950

\*\*\*\*\*

# SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989

## Senate Bill 44

Section 16      **Regional Historic Attraction Funds** - \$100,000 in 1990-91 shall be used for grants of up to \$10,000 each to nonprofit historic attractions selected by the North Carolina Historical Commission. The funds are to be matched on a dollar-for-dollar basis.

Section 17      **SECCA Funds Limitation** - No state funds shall be appropriated or allocated to the Southeastern Center for Contemporary Art (SECCA) Awards in the Visual Arts Program.

Section 21      **C & E Fund/Outdoor Dramas** - Amends the statutes to permit an outdoor drama to receive funds from the Contingency and Emergency Fund regardless of the receipt of other state funds.

Section 70      **N.C. Symphony Audio-Visual Funds** - \$50,000 in the Department of Public Instruction will be used to develop an on-going audio-visual program and a young people's television series for the North Carolina Symphony's statewide education outreach effort.

# DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

Statutory Authority: General Statutes 143B-429

The 1989 General assembly enacted House Bill 381, Chapter 751 of the 1989 Session Laws, that changed the name of the Department of Commerce to the Department of Economic and Community Development. This change provides for a Division of Housing in the Department, powers and duties related to local planning assistance, and the creation of the Housing Coordination and Policy Council. House Bill 480, Chapter 727 of the 1989 Session Laws, an Act to Consolidate Environmental Programs, also transferred the Division of Community Assistance and the Division of Employment and Training to the Department of Economic and Community Development.

## \*\*\*\*\* 1989 LEGISLATIVE ACTIONS \*\*\*\*\*

	1988-89 General Fund	1990-91 General Fund
<b>TOTAL OPERATING APPROPRIATIONS</b>		
DEPARTMENT OF COMMERCE	\$33,423,036	\$25,086,799
<b>TRANSFERS</b>		
1. Programs transferred from the Department of Natural Economic Resources are as follows:		
Fund 1420 Local Government Assistance	\$3,024,007	\$2,025,199
Fund 1431 Community Development Block Grant	37,630,763	37,631,329
	Receipts	Receipts
Fund 1480 Employment and Training Administration	2,538,990	2,539,875
	Receipts	Receipts
Fund 1481 USDOL JTPA Grants Program	45,174,916	40,658,155
	Receipts	Receipts
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$36,447,043</b>	<b>\$27,111,998</b>

**DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES**  
 (See Department of Natural and Economic Resources)

**Statutory Authority:**

House Bill 480, Chapter 727 of the 1989 Session Laws, An Act to Consolidate Environmental Programs, transferred environment and health related agencies from the Department of Human Resources to the newly created Department of Environment, Health, and Natural Resources, formerly the Department of Natural Resources and Community Development. In addition, community and economic development and job training programs were transferred from the Department of Natural Resources and Community Development to the Department of Economic and Community Development, formerly the Department of Commerce.

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**1989 LEGISLATIVE ACTIONS**  
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	1988-89 General Fund	1990-91 General Fund
<b>TOTAL OPERATING APPROPRIATIONS</b>		
DEPARTMENT OF NATURAL AND		
ECONOMIC RESOURCES	\$82,013,590	\$80,537,069

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**EXPANSION BUDGET**

- |  |           |   |
|--|-----------|---|
| 1. Reserve for the establishment of the Solid Waste Management Trust Fund. | \$300,000 | - |
|--|-----------|---|

**TRANSFERS**

- |  |             |             |
|--|-------------|-------------|
| 1. Transfer of all programs previously funded in the Division of Health Services to this new department. |             |             |
| Total Requirements   | 183,327,397 | 184,621,989 |
| Receipts   | 100,857,252 | 101,106,355 |
| Appropriation  | 82,470,145  | 83,515,634  |
| 2. Transfer of Fund 1611 Radiation Protection Services from the Division of Facility Services.           | 1,273,090   | 1,002,593   |



	1988-89 General Fund	1990-91 General Fund
<b>DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES</b> (1989 ACTIONS, Continued)		
3. Transfers from Secretary's Office of the Department of Human Resources:		
Fund 1050 Governor's Waste Management Board	492,872	343,784
Fund 1010 Central Management and Administration	57,737	57,770
Fund 1210 Personnel Management Services	206,007	206,123
4. Transfer to Secretary's Office of the Department of Human Resources:		
Fund 1470 Community Action Partnership Program	(1,302,320)	(1,052,372)
Fund 1475 Community Services Block Grant Program	(8,719,390)	(8,719,646)
	Receipts	Receipts
Fund 1477 Emergency Community Services Homeless Grant Program	(956,997)	(956,997)
	Receipts	Receipts
5. Transfers to the Department of Economic and Community Development:		
Fund 1420 Local Government Assistance	(3,024,007)	(2,025,199)
Fund 1431 Community Development Block Grant	(37,630,763)	(37,631,329)
	Receipts	Receipts
Fund 1480 Employment and Training Administration	(2,538,990)	(2,539,875)
	Receipts	Receipts
Fund 1481 USDOL JTPA Grants Program	(45,174,916)	(40,658,155)
	Receipts	Receipts
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$162,487,114</b>	<b>\$162,585,402</b>

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**DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES**  
(1989 ACTIONS, Continued)

**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

**Senate Bill 1309**

Section 4      **Comprehensive Solid Waste Management Program Funds -**  
Appropriates \$300,000 from the General Fund to the  
Department of Environment, Health, and Natural  
Resources in 1989-90 for establishment of the Solid  
Waste Management Trust Fund.

Section 28      **Waste Stream Analysis - Rewrites Section 34 of the**  
Capital Improvement Appropriations Act of 1989 (SB  
1042, Chapter 754) by making editing changes, only.

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**OTHER LEGISLATION**

**Senate Bill 115**

**North Carolina Solid Waste management Loan Program -**  
Adds new chapter to the General Statutes (Chapter  
1591) to establish program.

## 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.

CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR	1988-89 General Fund	1990-91 General Fund
	\$17,236,893	\$20,487,849

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
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### BASE BUDGET REDUCTIONS

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### EXPANSION BUDGET

#### ADMINISTRATIVE

1. Fund change in Legislative Retirement System for members who served prior to 1983. The 1988 General Assembly reduced from 8 to 5 years the legislative service required for entitlement to benefits in the retirement system. \$186,500 NR \$-
2. Provide funds to continue the Accounting Clerk position to assist the Disbursing Office in handling the work overload and the processing and payment of accounts. 25,385 (1) 24,449 (1)
3. Fund a North Carolina reception at the 1989 Southern Legislative Conference. 50,000 NR -

	1989-90 General Fund	1990-91 General Fund
<b>GENERAL ASSEMBLY (1989 ACTIONS, Continued)</b>		
4. Fund North Carolina's role as host of the Southern Legislative Conference in Asheville in 1990.	150,000 NR	-
<b>GENERAL RESEARCH</b>		
5. Continue funding for one Legal Research Assistant position and one Legal Analyst II position to provide staff support to the increased number of Legislative Committees.	\$86,532 (2)	\$84,570 (2)
<b>FISCAL RESEARCH</b>		
6. Continue funds to support the Fiscal Analyst I, Fiscal Analyst II, and Legal Analyst III positions to provide staff assistance to the increased number of Legislative Committees.	149,947 (3)	146,852 (3)
<b>AUTOMATED SYSTEMS</b>		
7. Continue funding for additional positions to provide the level of support required of the Division.		
1) Training No. Positions	75,024 (3)	72,305 (3)
2) Reapportionment No. Positions	84,855 (2)	83,063 (2)
<b>SENATE</b>		
8. Continue funding of Administrative Assistant position of the Senate Principal Clerk's Office, which was authorized by the Legislative Services Commission.	29,042 (1)	28,108 (1)

	1989-90 General Fund	1990-91 General Fund
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# GENERAL ASSEMBLY (1989 ACTIONS, Continued)

## HOUSE

9. Continue funding of Administrative Assistant position for the House Principal Clerk's Office, which was authorized by the Legislative Services Commission.	\$29,042 (1)	\$28,108 (1)
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## RESERVES AND TRANSFERS

10. Reserve to be used to support expenses associated with the extended term of the 1989 Session of the General Assembly and other expenses.	1,000,000	-
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TOTAL OPERATING EXPANSION	\$1,866,327	\$467,455
TOTAL POSITIONS	(13)	(13)

TOTAL OPERATING BUDGET	\$19,103,220	\$20,955,304
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## SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989

### Senate Bill 44

Section 43      **Firemen's Benefits** - Directs that \$5,000 of funds appropriated in 1989-90 and 1990-91 be used to study the receipt and disposition of premium taxes levied by the State on fire and lightning insurance policies issued within the State in accordance with Articles 1 and 2 of Chapter 118 of the General Statutes. Study is to include coordination of medical disability, death, retirement, and related benefits provided by federal, state and local governments. Report is to be made to the 1991 Session.

## **House Bill 231**

**Section 2.1 Legislative Research Commission - Lists topics that may be studied by the Commission. Studies of issues are as follows:**

**State Ports - Study continued (S.J.R. 96 - Barker, H.B. 133 - Hall), Lease and Renegotiation of Contracts of the North Carolina Railroad Company and the Atlantic and North Carolina Railroad Company**

**Development of a State Strategy for the Management of Solid Waste (S.J.R. 112 - Speed, S.B. 1214 - Basnight) and Infectious Wastes (H.B. 1045 - Diggs)**

**Worker Training Trust Fund (S.B. 271 - Parnell)**

**Tourism's Growth and Effect - Study continued (S.B. 297 - Block, H.B. 379 - Warren) and Travel/Tourism Reorganization (H.B. 1132 - Perdue)**

**Deregulation of Revolving Credit and Authorization of Credit Card Banks (S.B. 377 - Staton) and Linked Deposits (H.B. 1910 - Locks)**

**Administrative Procedure Act's Rule-Making Process (S.B. 535 - Johnson) and Office of Administrative Hearings and the Administrative Rules Review Commission (S.J.R. 1003 - Martin of Guilford, H.B. 1459 - Michaux)**

**"Willie M." Programs (S.J.R. 887 - Block)**

**State Procurement Contracts to Minority Business Enterprises (S.B. 927 - Hunt of Durham) and Small Business Technical Assistance Programs (H.J.R. 1514 - Colton)**

**Consumer Protection Issues, including those relating to the elderly (S.B. 1261 - Barker)**

**State Marine Patrol (S.B. 1267 - Barker)**

**Sports Fishing Licenses (S.B. 1282 - Barker)**

**Revenue Laws - Study continued, including the impact of 1989 tax law changes (H.J.R. 3 - Lilley) and Local Revenue Sources Options (S.B. 1298 - Odom)**

**GENERAL ASSEMBLY (1989 ACTIONS, Continued)**

Care Provided by Rest Homes, Intermediate Care Facilities, and Skilled Nursing Homes - Study Continued (H.J.R. 173 - Easterling), Necessity for Certificates of Need, and Continuing Care Issues

Health Care/Insurance Costs Issues including, but not limited to, Availability, Benefits, Costs, Portability, Long-Term Care Insurance (H.B. 202 - Wiser), Health Insurance Costs (H.B. 961 - Perdue, S.B. 1068 - Johnson, Joe), Health Insurance (H.J.R. 1159 - Duncan), Infertility Treatment Coverage (H.B. 1187 - Payne), Mammogram/Pap Smear Coverage (H.B. 1014 - Barnes), and Health Care Insurance Coverage (H.B. 1242 - Mills)

Development of a State Strategy for the Protection of All Groundwater Resources (H.J.R. 554 - DeVane, S.J.R. 367 - Winner)

Surface Water Quality and Resources Issues, Including Interbasin Transfer, Albemarle-Pamlico Estaurine (H.J.R. 33 - Ethridge, B.), Coastal Water Quality - Study Continued (H.J.R. 37 - Ethridge, B.), Haw in Scenic River System (H.B. 1224 - Hackney), Pesticides (H.J.R. 1399 - Holt), Water Resources Planning (H.B. 1945 - Payne), Toxaway River (H.B. 1955 - Colton) and Yadkin River Use and Protection (S.B. 1182 - Kaplan)

Insanity Verdict (H.B. 1364 - Rhodes) and Guilty but Insane Verdict (H.B. 1372 - Sizemore)

Agriculture Study (H.B. 1362 - Brown), Agribusiness Plant Variances (H.B. 1304 - Bowman) and Fallow Deer (H.J.R. 1924 - James)

Homeless Persons (H.B. 2018 - Greenwood, S.B. 1290 - Martin of Guilford)

State Information Processing Needs and Cost - Study Continued (S.B. 47 - Royall)

Proprietary Schools (S.B. 854 - Martin, W.)

**Section 2.2**

**Legislative Activity Between Legislative Sessions and Procedures to Shorten the Legislative Session -** Allows a study of the procedures of this State's, other states' and other legislative bodies' practices and procedures regulating legislative and study activity.



## GENERAL ASSEMBLY (1989 ACTIONS, Continued)

- Section 2.3      **State Capital Assets and Improvements** - Allows study of State facilities' use, the issue of preventive maintenance and the need and feasibility of establishing a reserve for repairs and renovations and its administration plus a rental charge program for user agencies. Report is to be made to the 1990 Session of the 1989 General Assembly or the 1991 General Assembly, or both. Existing resources available to the General Assembly are to be used to support the study.
- Section 3.1      **State Parks Study Commission** - Creates the Commission which is to identify needs of the State Parks and Recreation areas; collect and evaluate reports and recommendations of other studies related to State parks; and to study the recreation potential of the Randleman Dam area. Allocates \$20,000 of funds appropriated to the General Assembly for this purpose for both 1989-90 and 1990-91.
- Section 4.1      **Public Health Study Commission** - Creates an independent commission to study public health services in North Carolina. Commission is to examine (1) the need for improvement in the statewide health delivery system through local communities and the need for additional legislation to deal with Acquired Immune Deficiency Syndrome (AIDS). Allocates \$25,000 of funds appropriated to the General Assembly for both 1989-90 and 1990-91 for this study.
- Section 5.1      **Education Study Commission** - Establishes Commission to review fourteen subject areas related to improving the entire education system within the State. Allocates \$50,000 for 1989-90 and \$25,000 for 1990-91 from funds appropriated to the General Assembly for this study.
- Section 6.1      **Energy Assurance Study Commission** - Creates Commission to investigate the feasibility of establishing an Energy Assurance Plan in North Carolina. The sum of \$10,000 is allocated for 1989-90 from funds appropriated to the General Assembly. In addition, \$100,000 appropriated to the Department of Economic and Community Development to be allocated to the Energy Assurance Study Commission are transferred to the General Assembly.

**GENERAL ASSEMBLY (1989 ACTIONS, Continued)**

**Section 7.1 Mental Health Study Commission** - Continues Commission created by prior Session until July 1, 1991. Expenses of the Commission are to be paid by the Department of Human Resources. Funds of \$20,000, for 1989-90, are transferred from the Legislative Services Commission reserve to the Department of Human Resources for use of the Commission in the study of insurance coverage for mental illness and chemical dependency.

**Section 8.1 Medical Malpractice Claims Arbitration Study Commission** - Creates Commission to study the use of court annexed arbitration in medical malpractice actions, as described in G.S. 90-21.12, and allows Commission to consider studies by other groups regarding alternate forms or dispute resolution in mediation, conciliation, and other forms as alternate dispute resolution. Support for this commission is \$25,000 for each fiscal year to be allocated from funds appropriated to the General Assembly.

**Section 9.1 Property Tax Study Commission** - Creates Commission to make a detailed and comprehensive study of the efficiency, effectiveness, and fairness of the property tax system in North Carolina. Expenses, up to \$75,000, are to be paid from funds collected by the Department of Revenue under Article 7, Chapter 105 of the General Statutes.

**Section 10.1 Commission on the Family** - Creates permanent commission to study issues dealing with the family. From funds appropriated to the General Assembly, \$25,000 is allocated in each year to support the Commission's activities. Article 12B of Chapter 120 of the General Statutes is repealed; and, funds appropriated to the Commission on Children and Youth are transferred to this Commission.

**Section 11.1 State Infrastructure and Local Government Needs Study Commission** - Creates Commission to undertake a comprehensive review and analysis of the impact upon community service facilities of any new development, or other governmental or quasi-governmental action allowing real property development and that generates or tends to generate the need for new, expanded, or improved community service facilities, and of the various methods by which local governments fund the costs of these facilities. The

**GENERAL ASSEMBLY (1989 ACTIONS, Continued)**

sum of \$30,000 for the 1989-90 fiscal year and the sum of \$25,000 for the 1990-91 fiscal year is allocated from the funds appropriated to the General Assembly.

**Section 12.1 Joint Legislative Commission on Seafood and Aquaculture** - Permanently establishes this Commission to monitor and study the current seafood industry including studies of the feasibility of increasing the State's production, processing, and marketing of seafood and to study the potential for increasing the role of aquaculture in all regions of the State. The sum of \$10,000 for each year of the biennium is allocated from the funds appropriated to the General Assembly.

**Section 13.1 Social Services Study Commission** - Establishes the Commission to study public social services and public assistance programs and to recommend improvements that will assure cost-effective, consistently administered programs. The sum of \$25,000 for the 1989-90 fiscal year and the sum of \$20,000 for the 1990-91 fiscal year is allocated from the funds appropriated to the General Assembly.

**Section 14.1 Legislative and Judicial Salary Study Commission** - Creates Commission to study the salaries of the members of the General Assembly and Justices and Judges of the General Court of Justice. A report of its findings and recommendations are to be submitted to the General Assembly on or before the first day of the 1989 General Assembly (Regular Session 1990). The sum of \$20,000 for fiscal year 1989-90 is transferred to Office of Governor from the funds appropriated to the General Assembly.

**Section 15.1 Depository Institutions Study Commission** - Creates Commission to study the impact of national developments within the depository institutions industry and what effect, if any, these developments will have upon North Carolina depository institutions. The sum of \$25,000 is transferred from the funds appropriated to the Banking Commission for the 1989-90 fiscal year to the General Assembly for this study.

**GENERAL ASSEMBLY (1989 ACTIONS, Continued)**

**Section 16.1 Legislative Study Commission on Wetlands Protection**  
- Creates Commission to study the desirability and feasibility of State assumption and adaptation of the federal permitting program under Section 404 of the Federal Water Pollution Control Act of 1972 as amended by the Clean Water Act of 1977. The sum of \$15,000 is allocated from the funds appropriated to the General Assembly each year of the biennium.

**Section 17.1 Health Care Licensing Study** - Allows the North Carolina Study Commission on Aging to study the need for regulation of agencies not licensed under State statute or certified for Medicare that provide nursing and nurse's aide services to persons at home.

**Section 18.1 Medicaid Resources Limit Study** - Allows the Department of Human Resources to study the provisions of the Catastrophic Health Care Act of 1987, in order to determine whether the federal provision that permits states to apply "less restrictive methodologies" to the resource test portion of the eligibility determination process will allow alternatives to current resource test policies that will simplify the determination process and treat applicants more equitably.

**Section 19.1 Substance Abuse Treatment and Medical Care in Prisons Study** - Charges the Special Committee on Prisons to study the extent to which appropriate treatment and counseling programs exist within and outside our prison system. Of funds appropriated to General Assembly, \$10,000 is allocated for each fiscal year.

**Section 20.1 Elizabeth II Cultural Activities Facility** - Transfers for studies to the Department of Cultural Resources, the sum of \$20,000 for the 1990-91 fiscal year for a planning and feasibility study for a cultural activities facility on the Elizabeth II State Historic Site as part of the State Historic Site.

**Section 21.1 State Personnel System Study Commission** - Creates Commission to study all aspects of the State personnel system, including the impact of State and local governmental employees retirement benefits increases, impact of the exemption from State taxes



**GENERAL ASSEMBLY (1989 ACTIONS, Continued)**

of State, local, federal, and private retirement benefits, and public employees' day care and medical and dental benefits. The sum of \$25,000 for the 1989-90 fiscal year and the sum of \$20,000 for the 1990-91 fiscal year is allocated from the funds appropriated to the General Assembly.

Section 22.1 **Juvenile Jurisdictional Age, Statutory Rape, and Violent Videos** - Directs Juvenile Law Study Commission to study the issues of juvenile jurisdictional age, statutory rape, and sales of violent videos.

Section 23.1 **Licensing for Professional Engineers and Land Surveyors Study** - Allows the Legislative Committee on New Licensing Boards to meet during the legislative interim and study the issue of licensing boards for professional engineers and land surveyors.

Section 24.1 **State Marine Patrol Study** - Directs the Joint Legislative Commission on Governmental Operations to conduct a study of State law enforcement agencies and of other State agencies having law enforcement responsibility. This study shall include consideration of a method to coordinate the activities of these agencies as appropriate and to reduce duplication and overlapping of law enforcement responsibilities, training, and technical assistance and examination of the salary grade of all State law enforcement agencies' officers and a determination of whether present salary grades are appropriate.

## OFFICE OF THE GOVERNOR

Statutory Authority: Article III, Section 5,  
North Carolina Constitution

This agency consists of the following three major administrative units:

- o **Governor's Office** - An 8 person staff assists the governor in his deliberations on legal, policy, and administrative matters. Staff are assigned to offices in Washington, D.C., Asheville, New Bern and to the Executive Residence in Raleigh. Each month, the Office of Citizen's Affairs handles thousands of calls, letters and visits intended for the Governor.
- o **Office of State Budget and Management** - Not only does this office author the biennial budget, but its staff of 63 monitors federal funds, makes revenue and expenditure projections, does annual population estimates and evaluates agency operations for cost effectiveness.
- o **N.C. Housing Finance Agency** - Although located within the Governor's Office since 1981, this is an independent agency directed by a 13 member Board of Directors. The agency's mission is to provide affordable housing for the State's low- and moderate-income citizens through the sale of tax-exempt bonds, mortgage credit certificates, low-income housing tax credits and other financial tools. The HFA is also responsible for the North Carolina Housing Partnership and the Housing Trust Fund.

### CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR

1989-90 General Fund	1990-91 General Fund
\$4,520,811	\$4,544,345

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

### BASE BUDGET REDUCTIONS

#### WORKFORCE REDUCTIONS

1. Reduce appropriation for salaries and related benefits



CONTINUATION BUDGET  
AS RECOMMENDED BY  
THE GOVERNOR

1989-90  
General  
Fund

1990-91  
General  
Fund

OFFICE OF THE GOVERNOR (1989 ACTIONS, Continued)

by eliminating one Administrative  
Assistant II position.

\$(30,457)  
(1)

\$(30,474)  
(1)

REVISED BASE BUDGET

\$4,490,354

\$4,513,871

\*\*\*\*\*

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989

Senate Bill 43

Section 9

Budgeting of Pilot Programs - The Governor shall submit to the General Assembly a report listing all experimental, model, or pilot programs in the proposed budget.

OFFICE OF STATE BUDGET AND MANAGEMENT

CONTINUATION BUDGET  
AS RECOMMENDED BY  
THE GOVERNOR

1988-89 General Fund	1990-91 General Fund
\$3,442,661	\$3,402,942

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

BASE BUDGET REDUCTIONS

WORKFORCE REDUCTIONS

1. Reduce appropriation for salaries and related benefits by eliminating one Accounting Clerk V position.

\$(23,246)	\$(23,259)
(1)	(1)

REVISED BASE BUDGET

\$3,419,415	\$3,379,683
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OFFICE OF STATE BUDGET AND MANAGEMENT - STATE AID

CONTINUATION BUDGET  
AS RECOMMENDED BY  
THE GOVERNOR

1988-89  
General  
Fund

1990-91  
General  
Fund

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

EXPANSION BUDGET

- |    |  |                          |     |
|----|--|--------------------------|-----|
| 1. | Vagabond School of Drama - Grant<br>for operating expenses of the<br>official State Theatre of N. C.<br>(HB 1576).   | \$25,000 NR<br>State Aid | \$- |
| 2. | North Carolina Association of<br>Black Lawyers' Land Loss<br>Prevention Project, Inc. -<br>Grant to be used to provide<br>free legal representation to<br>low-income, financially<br>distressed small farmers.                                       | 100,000 NR<br>State Aid  | -   |
| 3. | N.C. Coalition on Adolescent<br>Pregnancy - Grant-in-aid for<br>providing technical assistance<br>in reducing the high incidence<br>of infant mortality resulting<br>from low birth weight babies<br>born to adolescents from 10-16<br>years of age. | 75,000 NR<br>State Aid   | -   |
| 4. | Association for Retarded<br>Citizens/North Carolina, Inc. -<br>Grant-in-aid for the LIFE<br>guardianship program for<br>adults with developmental<br>disabilities.   | 40,000 NR<br>State Aid   | -   |
| 5. | Piedmont Triad Airport Authority -<br>Match to local funds to support<br>utility costs for the location<br>of Orion Air's maintenance and<br>training facility at this site.   | 700,000 NR<br>State Aid  | -   |

1989-90  
General  
Fund

1990-91  
General  
Fund

OFFICE OF STATE BUDGET AND MANAGEMENT - STATE AID  
(1989 ACTIONS, Continued)

- |     |   |                           |     |
|-----|---|---------------------------|-----|
| 6.  | Discovery Place, Charlotte, N.C.<br>- Grant for operating expenses.   | \$250,000 NR<br>State Aid | \$- |
| 7.  | North Carolina Performing Arts<br>Center in Charlotte - Provide<br>additional funding for the<br>construction of this facility<br>(three-to-one private to public<br>match required).   | 2,000,000 NR<br>State Aid | -   |
| 8.  | A.A. Cunningham Air Museum<br>Foundation, Inc. - Grant to be<br>matched on a three-to-one private<br>to public basis for capital needs<br>of the marine and aviation museum.  | 500,000 NR<br>State Aid   | -   |
| 9.  | Piedmont Triad Regional Water<br>Authority - Grant to be used by<br>the Authority in the acquisition<br>of land for the Randleman Lake<br>Project if this land is used for<br>the reservoir, access to the<br>project, or water treatment and<br>distribution facilities -<br>Guilford/Randolph Counties. | 1,000,000 NR<br>State Aid | -   |
| 10. | Community Self-Help, Inc. -<br>Grant to be used for the purpose<br>of furthering a revolving loan<br>program, to be leveraged at a<br>24 to 1 ratio with other funds<br>for home-ownership to low and<br>moderate income families in<br>North Carolina.   | 2,000,000 NR<br>State Aid | -   |
| 11. | Roanoke Island Historical<br>Association - Grant to be used<br>for acquisition of land on the   |                           |     |

	1989-90 General Fund	1990-91 General Fund
<b>OFFICE OF STATE BUDGET AND MANAGEMENT - STATE AID</b> (1989 ACTIONS, Continued)		
north end of Roanoke Island for the future site of a permanent Center for the Arts.	\$250,000 NR State Aid	\$-
12. Marine Research and Development Crescent - Grant for operating expenses incurred in providing economic development in south- eastern North Carolina to attract and assist industries actively involved in marine-related activity while maintaining the region's fragile ecology.	98,000 NR State Aid	-
13. Thelonious Monk Institute of Jazz - Provides grant for capital and operating funds for setting up the Institute's academic program.	250,000 NR State Aid	-
14. North Carolina International Folk Festival, Inc. (Folkmoor, USA) - Grant to further international cultural exchange of goodwill.	75,000 NR State Aid	-
15. Cumberland County - Grant for Cumberland County Area Mental Health, Mental Retardation and Substance Abuse Authority for construction of new building at the Myrover-Reese Mental Facility.	125,000 NR State Aid	-
16. Montgomery County - Grant-in- aid for economic development.	50,000 NR State Aid	-
17. Autism Foundation of N.C., Inc., for development of a		

	1989-90 General Fund	1990-91 General Fund
<b>OFFICE OF STATE BUDGET AND MANAGEMENT - STATE AID</b> (1989 ACTIONS, Continued)		
permanent year-round camp and conference center for autistic adults and children.	\$250,000 NR State Aid	-
18. Fairgrounds Rural Fire Department, Inc., in Wake County to match funds for construction of a new building to be used to continue fire protection to State-owned properties.	140,000 NR State Aid	-
19. Autistic Society of North Carolina - To continue grant for operations and stipends for the autistic children's and adults' camp.	262,000 NR State Aid	-
20. Grant to the Lineberger Cancer Research Center for planning of facility addition.	400,000 NR State Aid	-
21. The Greenville Museum of Art., Inc. to match funds for construction of a new regional facility.	200,000 NR State Aid	-
22. North Carolina Minority Economic Development Institute - Grant for operating expenses.	200,000 NR State Aid	-
23. Rural Economic Development Center, Inc. - Grants to Community Development Corporations, incorporated under Chapter 55A of the General Statutes.	650,000 NR State Aid	-



	1989-90 General Fund	1990-91 General Fund
<b>OFFICE OF STATE BUDGET AND MANAGEMENT - STATE AID</b> (1989 ACTIONS, Continued)		
24. North Carolina State Bar - Funds to implement Article 37A of Chapter 7A of the General Statutes, access to legal representation for indigent persons in certain kinds of civil matters.	\$1,000,000	\$1,000,000
25. Youth and Family Counseling Services - Grant to allow Service to continue the Grimes Alternative School Model Program, a community based alternatives program for undisciplined juveniles in the public schools in Davidson County.	80,000 State Aid	80,000 State Aid
26. Gates County Board of Education - Reallocation of funds to be used to bring the High School's wastewater system into compliance with State and federal wastewater regulations.	100,000 NR	-
<b>TOTAL OPERATING EXPANSION</b>	<b>\$10,820,000</b>	<b>\$1,080,000</b>

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# **SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

## **Senate Bill 44**

**Section 18**      **Land Loss Prevention Funds** - Directs that funds be used to provide free legal representation to low-income financially distressed small farmers. Requires the North Carolina Association of Black Lawyers' Land Loss Prevention Project, Inc., to report quarterly to the Joint Legislative Commission on Governmental Operations on the use of these funds.

**OFFICE OF STATE BUDGET AND MANAGEMENT - STATE AID**  
**(1989 ACTIONS, Continued)**

**Senate Bill 1042**

**Section 50**      **Center for Community Self-Help Funds** - Allocates \$2 million appropriated to the Office of State Budget and Management to the Center for Community Self-Help to be leveraged on a 24:1 ratio for homeownership loans to low-moderate income families. Directs appropriate reporting to the Controller and the General Assembly, and authorizes the State Auditor to conduct an annual end-of-year audit.

**Section 52**      **Piedmont Triad Airport Authority Fund** - Directs the reversion of these funds if unexpended and unencumbered on June 30, 1991 if the project is not completed.

## DEPARTMENT OF HUMAN RESOURCES

Statutory Authority: General Statutes, 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. In 1989, the General assembly consolidated environmental programs in various departments by creating a new Department of Environment, Health and Natural Resources. Environmental health and personal health programs in the Department of Human Resources were transferred to this new department. The Department of Human Resources is the second largest department in State government and the largest under the Governor's direct control.

### CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR

1989-90  
General  
Fund

1990-91  
General  
Fund

\$1,042,069,804 \$1,110,804,397

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

### BASE BUDGET REDUCTIONS

#### DIVISION OF SOCIAL SERVICES

- |   |             |             |
|---|-------------|-------------|
| 1. Abortion Fund: Reduce fund to \$424,000 in each year of the biennium.  | \$(500,500) | \$(500,500) |
| 2. CWEP Training Funds: Reduce requirements in FY 89-90 and FY 90-91 to a level consistent with historical spending.      | (114,000)   | (127,200)   |
| 3. CWEP Travel Funds: Reduce requirements for client travel reimbursement to a level consistent with historical spending. | (53,775)    | (72,525)    |

1989-90  
General  
Fund

1990-91  
General  
Fund

DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)

4. CWEP Reserve:  
Eliminate funds budgeted  
for 5 counties FY 87-88,  
88-89 due to anticipated  
reduction in federal WIN  
funding. (14440-1900-8394) \$(173,430) \$(173,430)

DIVISION OF MENTAL HEALTH,  
MENTAL RETARDATION AND  
SUBSTANCE ABUSE SERVICES

5. Increases in Institutional  
Receipts:  
Adjust patient receipts in  
state psychiatric hospitals  
and mental retardation  
centers to more accurately  
reflect anticipated  
revenues. (1,200,000) (1,700,000)
6. Adolescent Substance Abuse  
Services:  
Reduce funding for inpatient  
hospitalization services. (200,000) (200,000)  
State Aid State Aid
7. Reductions in Institutional  
Unexpended Balances:
- (a) Reduce level of funding for  
the 2XXXX object code. (202,113) (202,113)
- (b) Reduce level of funding for  
the 3XXXX object code. (320,565) (320,565)

DIVISION OF HEALTH SERVICES

8. Children Special Health  
Services:  
Reduce level of funding  
by the amount of funds made  
available as a result of  
the Medicaid expansion for  
three and four year olds. (569,000) (990,000)

	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)</b>		
9. Appropriation of Unbudgeted Receipts: Budget refunds of prior year expenditures from the Purchase of Care Program.	\$(382,954) State Aid	\$(382,954) State Aid
10. Prescription Drug Program For the Disabled: Discontinue funding for the prescription drug payment program effective 6-30-90.	-	(211,153)
11. Reductions in Unexpended Balances:		
(a) Reduce level of funding for the 3XXX object codes	(123,847)	(123,847)
(b) Reduce level of funding for the 5XXX object codes	(57,464)	(57,464)
12. Mosquito and Vector Control Program: Reduce funding in the program to a level consistent with current needs.	(80,000) State Aid	(80,000) State Aid
<b>DEPARTMENTAL CHANGES</b>		
13. General Fund Supported Positions: Eliminate positions as identified by the Department.	(2,000,000) (75)	(2,000,000) (75)
14. Inflationary Increases for Locally Operated Programs		
(a) Eliminate the non-salary inflationary increase for locally operated programs, effective July 1, 1989 (G.S. 143-10.1 amended).	(2,333,278) State Aid	(5,374,256) State Aid

1989-90  
General  
Fund

1990-91  
General  
Fund

DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)

(b) Provide non-recurring support for non-salary related program costs.	\$1,907,596 State Aid	\$-
(c) Domiciliary Care Rate Increase: Increase rates for ambulatory care from \$687 to \$696 effective January 1, 1990 and to \$706 effective January 1, 1991; also, increase rates for semiambulatory care from \$721 to \$730 effective January 1, 1990 and to \$740 effective January 1, 1991.		
(a) Social Services	417,447	1,319,874
(b) Blind Services	8,235	25,620
TOTAL BASE BUDGET REDUCTIONS	(\$5,977,648)	(\$11,170,513)

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TRANSFERS

1. Transfer the Social Security Disability Telephone Hotline from the Department of Human Resources to the Governor's Advocacy Council for Persons with Disability in the Department of Administration. (146,286) (146,286)
2. Transfer the Goldsboro Youth Facility from the Department of Human Resources to the Department of Corrections. (170,000) (170,000)
3. Transfer funds from the Department of Agriculture to the Department of Human Resources for the purchase



	1989-90 General Fund	1990-91 General Fund
DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)		
of food formally supplied by the State Farm Operations.	\$1,457,901	\$1,489,347
NET TRANSFER TOTAL	1,141,615	1,173,061
REVISED BASE BUDGET TOTAL	\$1,037,233,771	\$1,100,806,945

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#### EXPANSION BUDGET

##### DIVISION OF AGING

- Services for Older Adults -  
Funds to replace federal  
reserve that affects  
transportation, in-home  
services, respite care,  
adult day care, and other  
services for older adults.  
3,422,404  
State Aid  
327,033 NR  
State Aid  
5,024,337  
State Aid  
-
- Aging Funds - Funds to  
continue the existing  
information and referral  
pilot projects serving  
older adults.  
120,000 NR  
State Aid  
-
- Alzheimer's Chapters - Funds  
to be divided equally among  
four regional chapters located  
in Charlotte, Winston-Salem,  
Raleigh, and Asheville.  
50,000 NR  
State Aid  
-

##### DIVISION OF SOCIAL SERVICES

- Federal Welfare Reform -  
Implementation of the Federal  
Family Support Act of 1988 in  
the Division of Social Service

	1989-90 General Fund	1990-91 General Fund
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**DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)**

and County Departments of Social Services.	\$681,519 (37)	\$1,521,119 (56)
5. Protective Services - Funds to provide staff in local departments of social services, provide training for workers, and provide consultation and technical assistance to local programs.	2,650,000 State Aid 350,000 (5)	3,593,783 State Aid 350,000 (5)
6. Domiciliary Care Rate Increase - Raise rates by 4% effective 1-90. When added to continua- tion budget increases, this increase equals a 5.4% increase in 89-90 and a 6.8% increase in 90-91 over FY 88-89.		
Division of Social Services		
Requirements	2,690,214	5,626,812
Receipts	1,345,107	2,813,406
Appropriation	1,345,107	2,813,406
Division of Services for the Blind		
Requirements	53,940	107,880
Receipts	26,970	53,940
Appropriation	26,970	53,940
7. Foster Care Rate Funds - Funds to raise the foster care rates from \$200 to \$250 per month effective 1-1-90.	400,000	800,000
8. Adult Protective Services - Funds to establish a position to provide consultation and technical assistance to local departments of Social Service.	15,583 (1)	38,573 (1)

	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)</b>		
9. Child Abuse Medical Evaluation Program - Funds to provide additional support for medical and psychological evaluation and treatment of abused children.	\$150,000	\$150,000
10. Aid to Families with Dependent Children - Funds to provide a 2% increase to the AFDC/Medically Needy Income Levels, effective 1-1-90.	498,211	1,077,445
<b>DIVISION OF MEDICAL ASSISTANCE</b>		
11. Federal Welfare Reform - Implementation of benefits mandated by Federal Family Support Act of 1988.	10,904	3,247,144
12. Medicaid for Pregnant Women and Infants (Up to Age 1) whose incomes are below 150% of Federal Poverty Level (@ \$15,090/year for family of 3) effective 1/1/90.	4,539,504	9,079,008
13. Medicaid Coverage for Children: With Families Incomes Under 100% of Federal Poverty Guidelines - Provide coverage for children ages 4 to 6 effective 10/1/89; and for children up to age 7 effective 10-1-90.	499,354	289,086
14. Transfer from Division of Health Services. Services now funded through the Childrens Special Health Services Program will be covered under Medicaid effective 10-1-89. These funds will be used to support the State share of Medicaid expansion for children.	370,026	834,414

	1989-90 General Fund	1990-91 General Fund
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DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)

15. Medicaid Maternity Care Rates - Raise physician reimbursement for maternity care services.	\$950,820	\$1,333,212
16. Support for an Infant Mortality Prevention Campaign, an educational awareness program on the importance of prenatal care (HB 1904).	260,000 NR	-
17. Aid to Families with Dependent Children - Funds to support the Medicaid costs of a 2% increase in the AFDC/Medically Needy Income Levels.	523,651	547,525

DIVISION OF MENTAL HEALTH, MENTAL  
RETARDATION AND SUBSTANCE ABUSE SERVICES

18. Thomas S - Funds to begin development of a court-ordered system of community-based services for clients with a dual diagnosis of mental retardation and mental illness.	1,500,000 State Aid	4,500,000 State Aid
19. Willie M - Funds to provide services for an estimated increase in the number of Willie M clients who will participate in the program over the biennium.	1,700,000 State Aid	1,700,000 State Aid
20. Pioneer Project - Funds will begin statewide implementation of the project providing one-time and recurring appropriations for as many as 13 programs in the first year and 12 additional programs in the second year.	368,027 State Aid 711,000 NR State Aid	1,396,054 State Aid 518,500 NR State Aid
21. Chronically Mentally Ill - Funds to provide expanded		

	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)</b>		
community-based services to adults with severe and persistent mental illness. : Funds are to be allocated to the Department's regions on a per-capita basis and distributed to area mental health programs as determined by the regional management team.	\$3,000,000 State Aid	\$3,000,000 State Aid
22. Cherry Hospital - Funds for 60 new Nursing and Health Care Technicians, physicians, and social work positions, effective 10-1-89.	1,065,376 (60)	1,420,502 (60)
23. HUD Group Homes for the Mentally Retarded - Funds for start-up and operational costs of 14 group homes and 5 apartments for programs approved in the 1988 Section 202 allocation by the U.S. Department of Housing and Urban Development.	185,860 State Aid 1,035,000 NR State Aid	1,670,240 State Aid 290,000 NR State Aid
24. HUD Group Homes for the Mentally Ill - Funds for start-up and operational costs of 11 group homes and 1 apartment for programs approved in the 1986, 1987, and 1988 Section 202 allocation by the U.S. Department of Housing and Urban Development.	237,500 State Aid 520,000 NR State Aid	750,000 State Aid 110,000 NR State Aid
25. Child Mental Health - Funds to expand community-based		

	1989-90 General Fund	1990-91 General Fund
DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)		
child mental health services and to provide matching funds to draw down an additional \$750,000 in foundation funds.	300,000 State Aid	300,000 State Aid 325,000 NR State Aid
26. Adult Developmental Activities Programs (ADAP) - Funds to increase the subsidy rate by \$5 per month, to \$260 per month per client.	317,040 State Aid	317,040 State Aid
27. Developmentally Disabled Program Funds - Funds to expand community-based services for the developmentally disabled.	200,000 State Aid	200,000 State Aid
28. OPC/UNC Training Programs - Funds will be used to train students for professional careers in the public sector mental health area and will provide community-based treatment services for emotionally disturbed children. Funds are to be appropriated to the Division of Mental Health, Mental Retardation and Substance Abuse for this cooperative effort between the Orange-Person-Chatham Area Mental Health program and UNC at Chapel Hill.	367,326 State Aid	367,326 State Aid
29. Group Homes for the Developmentally Disabled - Funds will be used to meet federal wage and hour regulations imposed upon the		



	1989-90 General Fund	1990-91 General Fund
DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)		
DD group homes now in operation.	\$1,246,685 State Aid	\$1,246,685 State Aid
30. First Step Farm for Women - Funds to continue development of this substance abuse treatment program which serves women in the western region of the State.	100,000 NR State Aid	-
OFFICE OF THE SECRETARY		
31. Governor's Waste Management Board - Funds to allow the Governor's Waste Management Board to provide community assistance grants and technical assistance related to establishing a low-level radioactive waste facility.	200,000	50,000
32. Single Portal of Entry Pilot Program - Funds to pilot test the single portal of entry program model.	40,000 NR State Aid	-
33. Cued Speech Funds - Funds for the Cued Speech Center, Inc. to establish and operate a pre-school deaf education program for hearing impaired infants and pre-school children.	50,000 State Aid	50,000 State Aid
DIVISION OF HEALTH SERVICES		
34. Solid Waste Management - Funds for additional staff to reduce the processing time required to permit county sanitary landfill applications, and to provide technical assistance to counties in developing solid waste plans.	325,000 (8)	650,000 (13)

1989-90  
General  
Fund

1990-91  
General  
Fund

DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)

35. Hazardous Waste Regulation - Funds to continue the on-site investigation and assessment of hazardous waste in the state, and to provide waste minimization services to industry as well as technical assistance in permitting a low-level radioactive waste facility in North Carolina.	\$171,651 (5)	\$173,000 (5)
36. Hazardous Waste Site Cleanup - Funds for the required 10% match for cleanup sites in the State that qualify for federal support, and additional positions to monitor each site.	900,000 (2)	993,624 (4)
37. Pesticide Groundwater Study - Funds for a multi-departmental intensive statewide study of pesticide contamination in groundwater supplies.	-	140,000
38. Environmental Health Funds - Funds to continue the support of health departments in providing high quality environmental programs.	300,000 State Aid	300,000 State Aid
39. Cancer Registry - Funds to continue the implementation of the Cancer Registry Program.	200,000	200,000
40. Transfer to Division of Medical Assistance - Funds from Division of Health Services, Childrens Health Services program to be used as State match for children's medical services provided under Medicaid Program effective 10-1-89.	(370,026)	(834,414)

	1989-90 General Fund	1990-91 General Fund
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DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)

41. Institute of Medicine - Funds to continue the study of statewide health programs.	\$100,000 NR State Aid	-
42. Grant to the Bowman-Gray School of Medicine at Wake Forest University to support the operating expense of its comprehensive epilepsy program.	100,000 NR State Aid	-
43. Grant for general operations and services support for United Cerebral Palsy group homes and developmental centers.	200,000 NR State Aid	-
44. Funds to provide additional services for the Hemophilia Assistance program.	50,000 NR State Aid	-

DIVISION OF YOUTH SERVICES

45. One-on-One Program Funds - Funds to expand the program and to increase the allocation provided to the existing 34 programs.	197,250 State Aid	197,250 State Aid
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DIVISION OF VOCATIONAL REHABILITATION

46. Independent Living Program Funds - Funds to expand the Independent Living Program for severely physically disabled persons.	-	677,754
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DIVISION OF FACILITY SERVICES

47. Low-Level Radioactive Waste Program Funds - Funds to carry out siting and licensing activities required to establish		
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	1989-90 General Fund	1990-91 General Fund
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DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)

a low-level radioactive waste disposal facility, as required by federal law and the Southeast Interstate Low-Level Radioactive Waste Compact.	\$284,523 (3)	\$101,918 (3)
48. Nursing Home Inspectors - Funds for new positions to assist with complaints of nursing home patients.	250,563 (8)	292,565 (8)

STATE AID TO NON-STATE AGENCIES

49. Florence Crittenton Services, Inc. grant for the support of a residential maternity facility.	250,000 NR State Aid	-
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DEPARTMENTAL CHANGES

50. Support for a 4.0% across-the-board salary increase in each fiscal year for locally mandated programs as follows:

Division of Aging	2,074	4,230
Division of Health Services	665,382	1,357,380
Division of Social Services	382,151	779,586
State Aid to Non-State Agencies	101,726	207,521
Division of Mental Health	4,036,404	8,234,264
Division of Facility Services	415,181	846,970
Division of Vocational Rehabilitation	77,183	157,453
Division of Youth Services	322,887	658,690
SUBTOTAL	6,002,988	12,246,094

TOTAL OPERATING EXPANSION	\$39,296,849	\$64,102,130
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TOTAL POSITIONS	(129)	(155)
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TOTAL OPERATING APPROPRIATIONS	\$1,076,530,620	\$1,164,909,075
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TRANSFERS

1. Adjustments for programs transferred to newly created

1989-90  
General  
Fund

1990-91  
General  
Fund

DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)

Department of Environment,  
Health and Natural Resources:

(a) Secretary's Office			
Fund 1050	Governor's Waste Management Board	(492,872)	(343,784)
Fund 1010	Central Management and Administration	(57,737)	(57,770)
Fund 1210	Personnel Management Services	(206,007)	(206,123)
(b) Division of Health Services (all programs)			
	Total Requirements	(183,327,397)	(184,621,989)
	Receipts	(100,857,252)	(101,106,355)
	Appropriation	(82,470,145)	(83,515,634)
(c) Division of Facility Services			
Fund 1611	Radiation Protection Services	(1,273,090)	(1,002,593)

2. Adjustments for programs  
transferred from the Department  
of Natural and Economic  
Resources to the Secretary's  
Office:

Community Action Partnership Program	1,302,320	1,052,372
Community Services Block Grant Program	8,719,390 Receipts	8,719,646 Receipts
Emergency Community Services Homeless Grant Program	956,997 Receipts	956,997 Receipts

TOTAL REVISED APPROPRIATIONS	\$993,333,089	\$1,080,835,543
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SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989

Senate Bill 43

Section 70      Medicaid - Establishes eligibility requirements for  
recipients      of Medicaid and Aid to Families  
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**DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)**

with Dependent Children; establishes allowable services payment rates to provider under the State's Medicaid program. (Eligibility thresholds revised by SB 44, Section 135).

**Section 71**      **N.C. Family Support Act** - Authorizes the provision of Medicaid and Aid to Families With Dependent Children (AFDC) benefits to two-parent families where primary wage earner is unemployed; authorizes a modification in the calculation of AFDC benefits for single parent families; authorizes the provision of a special allowance to provide day care for teenage parents.

**Section 72**      **Limitation on the State Abortion Fund** - Limits expenditures, services, and eligibility for state funded abortions.

**Section 73**      **Aged and Family Care/County and State Share of Costs** - Establishes state and county share of costs for domiciliary homes at 50% state and 50% county.

**Section 74**      **Retrospective Accounting Adjustment/AFDC** - Provides supplemental payment to families adversely affected by federal changes to the Aid to Families with Dependent Children program which were enacted in 1982.

**Section 75**      **Foster Care Board Rate** - Establishes foster care board rate at \$200 per month. (revised by SB 44, Section 132)

**Section 76**      **Adoption Subsidy** - Establishes adoption subsidy at \$150 per month.

**Section 77**      **AFDC Women in Third Trimester of Pregnancy** - Authorizes cash benefits to women who are pregnant for the first time in the third trimester of pregnancy if they meet financial eligibility requirements.

**Section 78**      **Emergency Assistance** - Establishes limitations on expenditures for Emergency Assistance Program.

**Section 79**      **Federal Welfare Reform Report** - Establishes reporting requirements for the Department of Human Resources on the implementation of the federal Family Support Act of 1988.



**DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)**

- Section 80      **Child Support Enforcement Study** - Establishes reporting requirements for the Department of Human Resources and the Administrative Office of the Courts on the Child Support Enforcement (Title IV D) Program.
- Section 81      **Domiciliary Home Rate Increase** - Revises the maximum monthly rate for ambulatory care patients and for semi-ambulatory care residents effective January 1, 1990. (Further modified in SB 44).
- Section 82      **Willie M** - Directs the Department as to the use of appropriated funds for the Willie M Program and places certain reporting requirements on the Department.
- Section 83      **Mixed Beverage Tax For Area Mental Health Programs** - Refers to the charges placed on quantities of spirituous liquor sold in ABC stores and directs how funds raised from these charges are to be spent, i.e., for the treatment of alcoholism or for research or education on alcohol abuse. It also requires that these funds be matched by local funds.
- Section 84      **ADAP Transportation Reimbursement** - Provides direction to the Department of Human Resources as to the allocation of some \$544,000 appropriated to assist Adult Developmental Activity Programs (ADAPs) with their transportation costs. It sets the minimum and maximum rates to be paid to programs for monthly transportation costs per client.
- Section 85      **Pioneer Project Reimbursement Authorization** - Allows the Department of Human Resources to reimburse those area mental health programs which are participating in the Pioneer Funding Project Pilot Study on a cost reimbursement basis.
- Section 86      **Alcohol Rehabilitation Center Plan Development** - Requires the Department to determine the most effective use of the Alcohol Rehabilitation Centers, taking into account the entire adult substance abuse services network, both at the local and state levels. It also requires the Department to implement a plan to improve the efficiency and effectiveness of the Centers in accordance with the findings and recommendations of its own study of the Centers.
- Section 87      **Adolescent Substance Abuse Services** - Allows the Department to spend up to \$200,000 of the funds

**DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)**

appropriated for Adolescent Substance Abuse Services (\$1.3 million in total) on inpatient hospitalization services, but requires the Department to implement specific rules and criteria for their allocations and expenditures.

**Section 88**      **McLeod West Residential Drug Treatment Program -** Requires the Department to study the possible duplication of services between the McLeod West Drug Treatment Program and the Alcohol Rehabilitation Center at Black Mountain. The programs are about 1/2 mile away from each other and offer similar services to similar types of clients.

**Section 89**      **Maternal and Child Health Care -** Places a maintenance of effort requirement on the local health departments. It prohibits local health departments from reducing county funds for maternal and child health services as a result of receiving State funds for these services, identifies the services for which State funds can be used, and requires health departments to allocate funds earned from federal sources, like Medicaid, back into those program areas which generated those earnings.

**Section 90**      **Health Promotion Funds -** Prohibits local health departments to supplant local dollars with State dollars for health promotion activities.

**Section 91**      **Adolescent Pregnancy Prevention Project -** Addresses the 34 Adolescent Pregnancy Prevention Projects which have been funded for the last four years. This provision continues funding for all of the projects for the first year of the biennium. It calls for an evaluation of seven of the projects - those which received the lowest marks in the independent evaluation of the projects contracted for by the Adolescent Pregnancy Study Commission - and a yearly evaluations of all of the projects funded.

Funds will be awarded on a competitive grant basis beginning in FY 90-91, with the Commission on Health Services assuming monitoring responsibilities for the Program. Funds will be awarded on a five year, phase-out basis.

**Section 92**      **Transfer of Certain Funds Authorized -** Authorizes the Director of the Budget to transfer funds for local services from one program into another program,

**DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)**

within the same agency or division, where they may be more needed. The Office of State Budget reports to the Appropriations Committees on transfers authorized by this section.

- Section 93      **Budget Required to Include State Cost of Local Programs** - Discontinues the non-salary inflationary increase appropriated as part of the continuation budget for the State's share of locally operated programs.
- Section 94      **Caregiver Support** - Directs the Division of Aging on what specific activities are authorized to be funded, for services that support family caregivers of older adults.
- Section 95      **Aging Federal Matching Funds** - Authorizes the Division of Aging to use existing funds to provide the State matching requirement necessary to draw down federal funds available for in-home services for the frail elderly.
- Section 96      **Respite Care Program** - Rewrites provision establishing how funds available for respite care services for older adults are to be spent, and also provides for a comprehensive set of parameters encompassing respite care services.
- Section 97      **In-Home Aging Services** - Directs the Division of Aging on how it will provide funds appropriated for additional in-home services.
- Section 98      **Septage Management Fees** - Authorizes the Department of Human Resources to use receipts generated from the Septage Management Program for the operation of the program.
- Section 99      **Day Care Funds Match Requirement** - Directs the Department of Human Resources not to require local matching funds as a prerequisite for a county to receive any State day care funds.
- Section 100     **Day Care** - Requires the Department of Human Resources to distribute the funds available for day care slots, as to serve the greatest number of children possible.
- Section 101     **Day Care Rates** - Establishes the parameters by which the Social Services Commission will be guided in establishing rates for the purchase of day care services for low income children.

**DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)**

- Section 102**     **Day Care Allocation Formula** - Directs the Department of Human Resources on which allocation formula to follow, in all noncategorical federal and State day care funds used to pay the costs of day care for minor children of eligible formula.
- Section 103**     **No Eye Clinics In Certain Counties** - Directs the Department of Human Resources not to expend its funds in any county in which an optometrist or ophthalmologists is willing to perform the service that would otherwise be provided by the clinic.
- Section 104**     **DHR Employees As In-Kind Match** - Authorizes the Department of Human Resources, to allow employees of the Division of Facility Services to be used as in-kind match to nonprofit corporations addressing health care strategies.
- Section 105**     **Establishes Non-Medicaid Reimbursement** - Establishes reimbursement for medical services and income levels for participation in some programs, also adds children served by the Medical Eye Care Program in the Division of Services for the Blind under the Children's Special Health Services eligibility level of 100% of the federal poverty guidelines.
- Section 106**     **Operational Audit On Schools For The Deaf and Hearing Impaired:** Directs the Office of State Auditor to perform an operational audit.

**Senate Bill 44**

- Section 121**     **Block Grant Family Planning Funds** - Provides that local health departments maintain family planning services at or above the 1988-89 fiscal year levels.
- Section 122**     **Block grant Adolescent Pregnancy Funds** - Allocates Social Services Block grant funds to specific adolescent pregnancy prevention and prematurity prevention projects and requires these projects to meet the same program standards as those projects which are funded with General Fund dollars.
- Section 123**     **Alcohol, Drug Abuse, Mental Health Block Grant Funds** - Allows the Department of Human Resources to restore cuts to this block grant if additional federal block grant funds become available.
- Section 124**     **Eastern Regional Detox Funds** - Changes the allocation of these funds from a per capita basis to a regional per capita basis to be distributed as determined by the regional management team.



**DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)**

Section 125 **Specialized Residential Centers' Bed Conversions** - Requires the Department of Human Resources to use funds made available from ICF/MR bed conversion to increase the state subsidy rate for community specialized residential centers to 65% of the statewide 1988-89 average cost of providing the service.

Section 126 **Study of Funds Used for Local Program Salaries** - Requires the Department of Human Resources to conduct a 5-year comparative analysis between funds made available for salary and salary-related increases with the changes in the cost of salaries in locally operated State-funded programs.

Section 127 **Thomas S** - Establishes a reserve for Thomas S program funds and requires that these funds be expended only for Thomas S clients or those likely to become class members. Also requires certain reporting procedures for Thomas S funds.

Section 128 **One-On-One Program Funds** - Directs the Department on how it must allocate \$197,500 in each year to the Governor's One-On-One Program for children at risk of coming in contact with the juvenile justice system.

Section 129 **Liability Insurance for Physicians/Dentists** - Allows the Departments of Human Resources and Corrections to provide either through the purchase of commercial insurance or through self-insurance liability insurance for State employees who work as physicians or dentists. Coverage would provide insurance over and above the \$100,000 limit provided by the State and could not exceed \$1,000,000.

Section 130 **Child Protective Services** - Allocates \$3,000,000 in FY 89-90 and \$3,593,783 in FY 90-91 for child protective services. A total of \$350,000 is allocated to the Division of Social Services for technical assistance and consultation to counties and for training of county staff. The balance of the funds is appropriated for additional staff and services according to a formula set out in the provision. The Department is required to report to the General Assembly on the expenditure of the funds by May 1, 1990.

Section 131 **Domiciliary Care Rate Increase** - Raises the reimbursements for providers who care for domiciliary care residents. Effective January 1, 1990, the rate



DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)

for ambulatory care will be \$724 per month and for semi-ambulatory will be \$760. Effective January 1, 1991 the rate for ambulatory care will be \$734 per month and for semi-ambulatory care will be \$770 per month.

Section 132 Foster Care Rate Increase - Raises reimbursements for foster care families from \$200 per month to \$250 per month effective January, 1990.

Section 133 Revised/Expanded Medicaid Coverage for Pregnant Women and for Infants and for Children - Expands Medicaid coverage to new groups of women infants and children on a schedule of implementation over the 1989-91 biennium.

Section 134 Anson County Sewer Funds: Allocates funds appropriated in 1987 for use by Anson County for extension of a sewer line.

Section 135 AFDC Increase - Provides for an increase of 2% in the Medically Needy Income Level for the Aged and Disabled persons, and for a 2% increase in payment levels and the threshold of need for beneficiaries of the Aid to Families With Dependent Children. The increase in benefits is to take effect January 1, 1990.

Section 136 Adolescent Pregnancy Prevention Projects - Modifies the provision addressing this program in the continuation budget (SB 43, Sec. 91), specifically changing the schedule of State funding for the projects.

Section 137 Infant Mortality Prevention Funds - Provides a one time appropriation to develop and implement an Infant Mortality Prevention Campaign. The campaign will make use of TV, radio and news media spots to educate women on the importance of prenatal care.

Section 138 Statewide Medical Examiner Funds - Allows the State Health Director to use excess federal indirect receipts to increase funding for the Medical Examiner System.

Section 139 Prescription Drug Program - Raises the pharmacy dispensing fee from \$4.04 per month to \$4.24 per month. The provision also allows for another



**DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)**

increase in the dispensing fee (to \$4.85) in the event that the federal government imposes a drug reimbursement policy on North Carolina that takes reimbursement below the Average Wholesale price of drugs.

**Section 140 Cued Speech Funds** - Provides \$50,000 in each year of the biennium to the Cued Speech Center, Incorporated.

**Section 141 Blind Services Information** - The provision rewrites G.S. 11-28; by adding two new sentences authorizing DHR to make certain blind services information available to the N. C. Library for the Blind and Physically Disabled.

**Section 142 Environmental Health Funds** - Directs the Department on how to allocate \$300,000 for the 1989-90 fiscal year and the 1990-91 fiscal year to local health departments for continued high quality environmental health programs.

**Section 143 Solid Waste Management Technical Assistance** - Directs the Department to allocate four new positions for the purpose of providing technical assistance to units of local governments.

**Section 144 Superfund Program** - Directs the Department and the Office of State Budget to provide the required 10% cost share for federal Superfund cleanups, not currently budgeted.

**Section 145 Aging Funds** - Directs the Department to allocate \$120,000 of Information and Referral Pilot Project funds to existing pilot projects.

**Section 146 Asbestos Hazard Management Funds** - Provides language to allow fees collected for asbestos control be used by DHR, to support the Asbestos Hazard Management Program.

**Senate Bill 1309**

**Section 3 Comprehensive Solid Waste Management Program Funds** - Appropriates \$300,000 for the 1989-90 fiscal year to establish the Solid Waste Management Trust fund.

**DEPARTMENT OF HUMAN RESOURCES (1989 ACTIONS, Continued)**

**Section 28      Waste Stream Analysis -** Allocates funds from the Special Reserve for Oil Overcharge, to be used for a waste stream analysis of local landfills.

**Section 34      Use of Funds for Eastern Detox Programs -** Allows DHR to use up to \$695,000 for FY 89-90 from over-realized receipts and other sources of funds for the established detoxification programs in the eastern region.

## CHANGES IN THE STATE'S MEDICAID PROGRAM

### \*\*\*\*\* 1989 LEGISLATIVE ACTIONS

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Medicaid spending for FY 88-89 totaled \$1.2 billion dollars, an increase of 22% over the FY 87-88. Spending exceeded budgeted requirements by \$ 17 million dollars in appropriations and required a transfer of funds from programs across all Divisions in the Department of Human Resources.

The 1989 General Assembly approved a Medicaid budget totaling \$1.4 billion dollars for FY 89-90 and \$1.6 billion dollars for FY 90-91. The State's share of the budget is \$391.6 million dollars and \$463.4 million dollars in FY 89-90 and FY 90-91, respectively.

In addition to continuation increases, the General Assembly approved expansion of the program to new groups of pregnant women, infants and children according to the following implementation schedule:

- o Beginning January 1, 1990, coverage is expanded to include pregnant women and infants (under age 1) with family incomes equal to or below 150% of the federal poverty guidelines. Current law provides coverage for this group if the family income is equal to below 100% of the federal poverty guidelines. (150% of the Federal Poverty Level for a family of three is \$15,090). This expansion is expected to provide coverage for 6700 women and 7200 infants who were not eligible under earlier requirements.
- o Beginning October 1, 1989, coverage will be provided for children ages 4 to 6 with family incomes equal to or below the federal poverty guidelines. (100% of the federal poverty guidelines is \$10,060 for a family of 3) Under current law children under age 5 were to be phased in for coverage over the biennium; children age 5 to 6 were not eligible for coverage. (100% of the 1989 federal poverty guidelines is \$10,060). This expansion is expected to provide coverage for an additional 17,000 children.
- o Beginning October 1, 1990, coverage will be provided to children age 6 to 7 with family incomes equal to or below the federal poverty guidelines. Under current law these children are not eligible for coverage. This expansion is expected to provide coverage for an additional 9,000 children.

# **CHANGES IN THE STATE'S MEDICAID PROGRAM (1989 ACTIONS, Continued)**

The General Assembly also approved a 2% increase in the AFDC/Medically Needy Income Levels effective January 1990, thereby allowing elderly and disabled persons to retain a larger portion of their income. The increase also provided families who eligible for the Aid to Families With Dependent Children Program a 3% increase in the maximum monthly payment to families. Maximum payments for a family of three increased from \$266 per month to \$274 per month.

Finally, appropriations totaling \$3.2 million dollars will support transitional Medicaid coverage for employed beneficiaries of the Aid to Families With Dependent Children Program. In compliance with the federal Family Support Act of 1989, Medicaid benefits will be provided to single parent families who are employed for a period of one year beyond their termination from the AFDC payment program. This coverage is to begin in April 1990.

## DEPARTMENT OF INSURANCE

Statutory Authority: General Statutes, 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.

CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR	1989-90 General Fund	1990-91 General Fund
	\$12,313,876	\$12,346,572

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1989 LEGISLATIVE ACTIONS  
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### BASE BUDGET REDUCTIONS

#### WORKFORCE REDUCTIONS

1. Reduce appropriation for salaries and related benefits and eliminate the vacant positions of Chief Risk Manager and Assistant Risk Manager.

	\$(107,563)	\$(107,625)
	(2)	(2)

#### AGENT SERVICES

2. Eliminate expenses for an authorized board that was never created and for witness fees that were not used.

	(3,680)	(3,680)
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#### CONSUMER SERVICES

3. Eliminate expenses for an authorized board that was never created.

	(540)	(540)
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	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF INSURANCE (1989 ACTIONS, Continued)</b>		
<b>PUBLIC AND PROFESSIONAL RISK MANAGEMENT</b>		
4. Reduce operating expenses for : two positions that will be abolished in the Governor's Reduction in Force (RIF) program.	\$(16,541)	\$(16,528)
<b>DEPARTMENT WIDE</b>		
5. Reduce funding for service and maintenance contracts (object 4400) due to the removal of computer equipment from contract.	(20,000)	(20,000)
<b>RESERVES</b>		
6. Eliminate reserve for grants. An increase in the fire insurance premium tax was authorized by the 1987 General Assembly to establish a Rural Volunteer Fire Department Fund to provide grants for capital and equipment needs. In 1988 the tax generated \$1.1 million and provided grants to 177 fire departments. Due to the operation of this new fund, this reserve is not necessary.	(200,000) State Aid	(200,000) State Aid
<b>TOTAL BASE BUDGET REDUCTIONS</b>	<b>(348,324)</b>	<b>(348,373)</b>
<b>TOTAL POSITION REDUCTIONS</b>	<b>(2)</b>	<b>(2)</b>
<b>REVISED BASE BUDGET</b>	<b>\$11,965,552</b>	<b>\$11,998,199</b>
*****		
<b>EXPANSION BUDGET</b>		
1. Add two positions in the Engineering Division to implement the new state-wide fire protection code that requires the instruction and testing of Fire Code Officials (Fire Inspectors).	43,216 (2)	51,884 (2)



	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF INSURANCE (1989 ACTIONS, Continued)</b>		
2. Provide a reserve for the purpose of registration, disclosure, contract and financial monitoring requirements for continuing care facilities (SB 519). The 3 positions to be funded from this reserve at Step 1 are an Accounting Clerk, an Insurance Company Examiner, and an Administrative Assistant. The positions are to begin 1-1-90.	\$75,000 (3)	\$109,768 (3)
3. Provide reserve to be used in the rewrite of the North Carolina Medicare Supplement Insurance Minimum Standards Act of 1981 in order to comply with recent changes in federal law (SB 446). The reserve will fund 3 Policy & Rate Analyst I positions at Step 1 on 1-1-90.	50,000	103,659
<b>TOTAL OPERATING EXPANSION</b>	<b>\$168,216</b>	<b>\$265,311</b>
<b>TOTAL POSITIONS</b>	<b>(5)</b>	<b>(5)</b>
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$12,133,768</b>	<b>\$12,263,510</b>

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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

## 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.

CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR	1989-90 General Fund	1990-91 General Fund
	\$181,437,244	\$183,669,638

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1989 LEGISLATIVE ACTIONS  
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### BASE BUDGET REDUCTIONS

1. Recommend transfer for FY 1989-90 and FY 1990-91 of \$34,227 for Freight, Express and Delivery from budget for Offices-Clerks of Superior Court to budget for Warehouse and Printing Services.	-	-
2. Reduce Salary Reserve and related benefits by one-half.	\$(142,725)	\$(142,809)
3. Reduce appropriation for Death Penalty Resource Center from \$217,090 to \$191,505 for FY 1989-90 and from \$217,206 to \$191,505 for FY 1990-91.	(25,585)	(25,701)
<b>TOTAL BASE BUDGET REDUCTIONS</b>	<b>(\$168,310)</b>	<b>(\$168,510)</b>
<b>TOTAL POSITION REDUCTION</b>	-	-
<b>REVISED BASE BUDGET</b>	<b>\$181,268,934</b>	<b>\$183,501,128</b>

	1989-90 General Fund	1990-91 General Fund
<b>JUDICIAL DEPARTMENT (1989 ACTIONS, Continued)</b>		
<b>EXPANSION BUDGET</b>		
1. Additional funds to meet projected : deficiency in Superior Court Jury Fees and Witness Fees.	\$400,000	\$400,000
2. Funding to establish new Judicial Department positions within the Supreme Court, the Trial Court Divisions, the Clerks' Offices, the Public Defender Services, the District Attorney Offices, Special Counsel to the Mentally Ill, the Indigency Screening Program, the Guardian Ad Litem Program, and in the Administrative Office of the Courts. New positions are needed as a result of an average increase of over 9% in case filings per year.	3,838,647 (178)	7,287,410 (270)
3. Both authorization and additional funding are requested to expand the services of the General Court of Justice's Court Information System and to purchase a new mainframe.	503,377 (13) 4,790,000 NR	861,877 (19) 1,071,250 NR
4. Based on the results of the AOC's required study, new appropriations are recommended to continue the custody mediation programs in Gaston and Mecklenburg Counties and to establish other such programs throughout the state.	140,000 State Aid	212,000 State Aid
5. Funds to provide statewide court- ordered, nonbinding arbitration programs in certain civil court actions.	189,118 (6)	350,402 (7)

	1989-90 General Fund	1990-91 General Fund
<b>JUDICIAL DEPARTMENT (1989 ACTIONS, Continued)</b>		
6. Provide for the ongoing maintenance and upkeep of legal reference materials found within the Supreme Court Library and the library of the Court of Appeals.	\$117,617	\$158,542
7. Utilize lapsed salaries in FY 1989-90 to meet increased Department operating requirements in the areas of supply use, Child Support Enforcement postage, and legal reference upkeep services. (Cost = \$248,828. No appropriation for this item.)	-	-
8. Fund from lapsed salaries in FY 1988-89 the FY 1988-89 deficit in Jury and Witness Fees. (Cost = \$650,000. No appropriation for this item.)	-	-
9. Extend and expand the operations of the Dispute Settlement Centers in Orange, Buncombe, Guilford, Durham, Henderson, Iredell, Forsyth, Alamance (new), and Wayne (new) Counties.	71,990	81,490
10. Utilize up to \$670,000 each year of the 1989-91 biennium of Continuation Budget funds for line item 1260-1160 (Office-Clerk of Superior Court/EPA Salaries - Temporary) for additional new permanent full-time or part-time deputy clerks of superior court. (No additional appropriation. Total equivalent full-time positions = 35.5 each year of the 1989-91 biennium.)	(35.5)	(35.5)
11. Fund new Assistant Public Defenders from the 1989-91 biennium Continuation Budget		

1989-90  
General  
Fund

1990-91  
General  
Fund

JUDICIAL DEPARTMENT (1989 ACTIONS, Continued)

for the Indigent Persons' Attorney Fee Fund. (No additional appropriation for this item. Cost for FY 1989-90 = \$218,055 and \$522,285 in FY 1990-91, based on 9/1/89 effective date.)		\$- (5)	\$- (10)
12.	From funds available to the Judicial Department for the 1989-91 biennium, fund the contract for the special drug trafficking prosecution program in the 13th Prosecutorial District. (Cost = \$47,500. No appropriation for this item.)	-	-
13.	From funds available to the Judicial Department for FY 1989-90, utilize up to \$25,000 to support the existing Rape Victim Witness Counselor Program. (Cost = \$25,000. No appropriation for this item.)	-	-
14.	From funds available to the Judicial Department for the 1989-91 biennium, utilize up to \$23,000 per year to reimburse delegate expenses to the National Conference of Commissioners on Uniform State Laws. (No appropriation.)	-	-

	1989-90 General Fund	1990-91 General Fund
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**JUDICIAL DEPARTMENT (1989 ACTIONS, Continued)**

15. Fund HB 1974 - Divide District Court/Prosecutorial District 6. Divide Prosecutorial District 6 effective 9/1/89 and District Court District 6 effective 12/1/89. (In addition to the appropriation for FY 1989-90, authorize use at up to \$219,549 of funds available to the Judicial Department for FY 1989-90 for this item.)	\$43,744 (7.5)	\$334,694 (7.5)
16. Fund SB 144 - Divide District Court District 19A. Divide District Court District 19A effective 9/1/89 and authorize use of \$3,924 in FY 1989-90 and \$5,232 in FY 1990-91 of funds in the Travel line item of the Continuation Budget and up to \$73,204 of funds available to the Judicial Department for FY 1989-90 for this item.	- (3)	83,631 (3)
<b>TOTAL OPERATING EXPANSION</b>	\$10,094,493	\$10,841,296
<b>TOTAL POSITIONS</b>	(248)	(352)
<b>TOTAL OPERATING APPROPRIATIONS</b>	\$191,363,427	\$194,342,424

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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

**Senate Bill 43**

**Section 68 Indigent Persons' Attorney Fee Fund -** Specifies \$3,294,270 of this fund be set aside for capital cases and for transcripts, professional examinations and expert witness fees. Authorizes the Department to allot funds by a formula for indigent counsel fees by county or judicial districts where superior and district court districts are the same.

**Section 69 Report on Death Penalty Resource Center -** Requires the Judicial Department to report on March 15, 1990



**JUDICIAL DEPARTMENT (1989 ACTIONS, Continued)**

and March 15, 1991 on the purpose and activities of the Death Penalty Resource Center and on General Fund expenditures by the Center.

**Senate Bill 1124**

- Section 15**      **Statewide Custody and Visitation Mediation Program**  
- Establishes a statewide Custody and Visitation Mediation Program, sets forth qualifications for personnel and guidelines for the program.
- Section 21**      **Additional Assistant Public Defenders** - Provides that \$218,055 in FY 1989-90 and \$260,670 in FY 1990-91 be used from the Indigent Persons' Attorney Fee Fund to fund new assistant public defenders.
- Section 22**      **Additional Superior Court Judges** - Provides for the election in 1990 of additional superior court judges in Superior Court Districts 3A, 5, 11, 13, 17A, 20A, 25A and 29.
- Section 23**      **Additional Superior Court Judges/Magistrate for District Court District 15A and 15B/Split District Court Districts 6 and 19A** - Authorizes increase in maximum number of magistrates for District Court Districts 5, 15A, and 15B; authorizes splitting of District Court District 19A effective September 1, 1989 and provides funding for the division; authorizes division of District Court District 6 effective December 1, 1989 and provides funding for the division; authorizes one new district court judge for districts 4, 5, 7, 10, 11, 12, 17B, 18, 20, 22, 25, 26, 27B, and 28 to be elected in the 1990 election; and authorizes one new district court judge for district 9 effective July 1, 1990 to be appointed by the Governor.
- Section 24**      **Assistant District Attorneys** - Divide Prosecutorial District 6 - Effective September 1, 1989, adds an assistant district attorney for districts 3B, 4, 5, 7, 10, 11, 15A, 15B, 16A (adds 2), 18, 20, 21, 22, 23, 25, 26, 27A, and 28; authorizes division of Prosecutorial District 6 and provides funding for this division; effective July 1, 1990 add an assistant district attorney in districts 1, 9, 13, 14, 17B, 27B, and 30.

**JUDICIAL DEPARTMENT (1989 ACTIONS, Continued)**

- Section 25 Indigent Access to Civil Justice System -**  
Establishes a statewide program for legal representation of indigent persons in certain civil matters, sets legal definitions, eligible activities, and limitations of the program, and appropriates \$1,000,000 for each year of the 1989-91 biennium.
- Section 27 District Attorney's Office Study -** Authorizes the Department to use available funds to study the efficiency of district attorney's offices.
- Section 28.2 Study of Child Support Enforcement -** Requires the Judicial Department and the Department of Human Resources to conduct a comprehensive study of the child support enforcement services in North Carolina and to issue an interim report on May 15, 1990 and a final report by January 5, 1991.
- Section 28.3 Death Penalty Resource Center Limitation -** Sets limitations on responsibilities of the Center and its personnel and requires that a report be issued on Center activities by October 1, 1990.

## DEPARTMENT OF JUSTICE

Statutory Authority: General Statutes, 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.

### CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR

1989-90  
General  
Fund

1990-91  
General  
Fund

\$45,308,979      \$45,521,858

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

### BASE BUDGET REDUCTIONS

#### STATE BUREAU OF INVESTIGATION

1. Increase receipt from Private Protective Services to recover actual cost of processing fingerprint cards. Charge per card to increase from \$8.75 to \$14.00. 1300-0721. \$(21,450)      \$(21,450)
2. Increase receipts from sale of surplus vehicles. Trade-in value will increase from \$2,000 to \$2,500 per vehicle. 1300-0901. (48,500)      (48,000)

#### JUSTICE TRAINING AND STANDARDS

3. Reduce funding for equipment for the North Carolina Justice Academy due to corrections in cost of items. 1500-5300. (21,401)      (31,401)

	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF JUSTICE (1989 ACTIONS, Continued)</b>		
<b>WORKFORCE REDUCTIONS</b>		
4. Reduce appropriations by the value of six positions and related benefits.	\$(136,382)	\$(136,382)
<b>TOTAL BASE BUDGET REDUCTIONS</b>	<b>(227,733)</b>	<b>(237,233)</b>
<b>TOTAL POSITION REDUCTION</b>	<b>(-)</b>	<b>(-)</b>
<b>REVISED BASE BUDGET</b>	<b>\$45,081,246</b>	<b>\$45,284,625</b>

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#### **EXPANSION BUDGET**

1. A consent judgment was entered on December 16, 1988 in the case of National Federation of the Blind of North Carolina, Inc., et al. v. Randolph Riley, et al. The consent judgment awarded attorney's fees to the lawyer for the plaintiff in the amount of \$75,000 plus interest. The award is contingent upon an appropriation by the 1989 General Assembly. Interest is set at 8% per annum.	78,720 NR	-
2. Provide funds to purchase equipment for the new dormitory.	287,950 NR	-
3. Authorize funds for staff to implement Smith v. Bounds Court order.	168,007 (4)	152,718 (4)
4. Provide continuation funding for project attorney working on RICO Act activities.	61,691 (1)	60,471 (1)
5. Add SBI agents and necessary services to expand the Drug Abuse Resistance Education Program (D.A.R.E.).	324,920 (6)	265,332 (6)

	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF JUSTICE (1989 ACTIONS, Continued)</b>		
6. Authorize additional funds to continue maintenance contracts on data processing equipment.	\$ -	\$279,500
7. Provide funding to meet increased postage expense.	31,000	31,000
8. Appropriate additional funds to support increased travel expense for all sections in the Legal Services Section.	-	80,300
9. Authorize a Secretary IV and a Personnel Analyst III for the Personnel Section and an Accounting Technician II and a Data Entry Specialist for the Budget Section.	-	110,584 (4)
10. Authorize funds to allow the SBI to reallocate positions within the Agent I, Agent II and Agent III classes following three (3) years of satisfactory performance within each class.	112,000	112,000
11. Provide funds to meet increased utility expense for the Justice Academy.	50,000	50,000
12. Provide funding for a two step increase for SBI agents, effective 9-1-89.	870,000	1,044,000
<b>TOTAL OPERATING EXPANSION</b>	<b>\$1,984,288</b>	<b>\$2,185,905</b>
<b>TOTAL POSITIONS</b>	<b>(11)</b>	<b>(15)</b>
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$47,065,534</b>	<b>\$47,470,530</b>

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**DEPARTMENT OF JUSTICE (1989 ACTIONS, Continued)**

**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

**Senate Bill 43**

**Section 55**      **SBI Use of Court-Ordered Restitution Funds** - Allows the State Bureau of Investigation (SBI) to use funds available from court-ordered restitution in undercover drug operations.

**Section 56**      **Access to the Police Information Network (PIN)** - Specifies that all local law enforcement agencies shall comply with federal requirements that set forth access to the Police Information Network (PIN) administered by the State Bureau of Investigation.

**Section 57**      **Use of Seized and Forfeited Property Transferred to State Law Enforcement Agencies by the Federal Government** - Specifies that the General Assembly shall review and approve the use of federal funds from the Drug Enforcement Agency to the Department of Justice for the SBI and the Department of Crime Control and Public Safety for the Highway Patrol as a result of assistance in enforcement of drug trafficking laws.

**Section 58**      **Justice Department Study the Use of the Police Information Network (PIN)** - Directs the Department of Justice to study the use of the Police Information Network (PIN) by State and local law enforcement agencies and determine whether those uses comply with federal requirements regarding access to the Police Information Network (PIN). Also directs the Department to study local and State guidelines and rules regarding the use of PIN, the enforcement of those guidelines and rules, and penalties imposed for violations in the use and administration of the network. Requires the Department to report its findings to the Senate and House Appropriations Base Budget Committees by April 15, 1990.

**Section 59**      **Private Protective Services and Alarm Systems Licensing Boards are Self-Supporting** - Clarifies that the Private Protective Services and Alarm Systems Licensing Boards are responsible for adjusting fees as necessary within the statutory limits to ensure that both boards are operated on a self-supporting fee-funded basis.



**DEPARTMENT OF JUSTICE (1989 ACTIONS, Continued)**

**Section 60**           **Charges for Legal Services Rendered by the Attorney General** - Adds a new Section to Article 1 of G.S. 114 to allow the Department of Justice to charge State Boards and Commissions that are totally supported by receipts from fees or surcharges for legal services provided by the Department to the Board or Commission.

**Senate Bill 44**

**Section 106**       **Reallocate SBI Agent Positions** - Allows the Department of Justice to use \$112,000 of the funds appropriated each year of the biennium to support the reallocation of 87 agent positions in the State Bureau of Investigation as recommended by the Office of State Personnel.

**Section 107**       **State Law Enforcement Study** - Allows the Joint Legislative Commission on Governmental Operations to conduct a study of State law enforcement agencies and other State agencies having law enforcement responsibility. This study shall include: (1) Consideration of a method to coordinate the activities of these agencies as appropriate and to reduce duplication and overlapping of law enforcement responsibilities, training, and technical assistance among State law enforcement agencies and among other State agencies having law enforcement responsibility; (2) Examination of the salary grade of all State law enforcement agencies' officers and a determination of whether present salary grades are appropriate; and (3) Determination of whether G.S. 114-13 should be changed to make sworn law enforcement agents of the State Bureau of Investigation exempt from G.S. 126-7 but subject to the same salary classifications, ranges, and longevity pay for services as are applicable to other State employees generally, and whether to increase the agents' salary in an amount corresponding to the increments between steps within the salary range established for the class to which the member's position is assigned by the State Personnel Commission, not to exceed the maximum of each applicable salary range.

**DEPARTMENT OF JUSTICE (1989 ACTIONS, Continued)**

Allows the Commission to hire outside consultants, if necessary, to assist in its study; to make an interim report to the 1989 General Assembly, Regular Session 1990; and to make a final report to the 1991 General Assembly.

**Section 108**

**Telecommunicators' Certification Study** - Directs the Department of Justice to study the need to establish a certification requirement and program for Telecommunicators in the State's Criminal Justice System. The Department shall consider possible training requirements and standards for certification, methods, procedures, and staffing needs required to implement a telecommunicators' certification program, and whether certified telecommunicators shall be entitled to law enforcement officer retirement benefits. The Department may also study any other matters relevant to the issue of certification of telecommunicators. Requires the Department to report its findings and recommendations to the 1989 General Assembly, Regular Session 1990.

**Senate Bill 1309**

**Section 24**

**State Bureau of Investigation Salary Adjustment** - Allows the State Bureau of Investigation to continue in fiscal year 1989-90 to pay overtime compensation for supervisory personnel as is being done on June 30, 1989, up to a maximum of five thousand two hundred dollars (\$5,200) annually per individual. Also directs the Office of State Personnel to study the issue of overtime compensation for State Bureau of Investigation supervisory personnel and make recommendations to the Senate and House Appropriations Committee on Justice and Public Safety and the Fiscal Research Division by April 15, 1990 as to whether such compensation should continue.

## DEPARTMENT OF LABOR

Statutory Authority: General Statutes, 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.

### CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR

1989-90  
General  
Fund

1990-91  
General  
Fund

\$7,337,009

\$7,334,122

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

### BASE BUDGET REDUCTIONS

#### ELEVATOR INSPECTION DIVISION

1. Increase fees for elevator inspections by 27.3%. This reduction is considered part of the Governor's budget reductions.

\$(84,328)

\$(84,328)

#### BOILER AND PRESSURE VESSEL INSPECTION DIVISION

2. Require the Division to be supported entirely from inspection receipts. Transfer funding for the Special Assistant for Productivity position (3801-0201-0000-225) to Administrative Services to be supported by appropriations.

(149,372)

(130,374)

1989-90  
General  
Fund

1990-91  
General  
Fund

DEPARTMENT OF LABOR (1989 ACTIONS, Continued)

POSITION TRANSFERS

- |    |  |     |     |
|----|--|-----|-----|
| 3. | Transfer the funding for the Accounting Technician II position (3801-0201-000-263) from the Boiler and Pressure Vessel Inspection Division to Administrative Services. This position shall continue to be supported from Boiler Inspection receipts. | \$- | \$- |
| 4. | Transfer the funding for the Clerk-Typist II position (3801-0204-0000-540) from the Wage and Hour Division to the Information Office.  | -   | -   |
| 5. | Transfer funding for the Word Processor (IV) position (3801-0302-0000-824) from the Apprenticeship Division to the Commissioner's Office.  | -   | -   |
| 6. | Transfer funding for the Clerk (III) position (3801-0302-0000-845) from the Apprenticeship Division to Administrative Services.  | -   | -   |

TOTAL BASE BUDGET REDUCTIONS	\$(233,700)	\$(214,702)
REVISED BASE BUDGET	\$7,103,309	\$7,119,420

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EXPANSION BUDGET

- |    |   |            |   |
|----|---|------------|---|
| 1. | Computer Equipment Acquisition - Funds to purchase equipment for a departmental office automation system. | 824,600 NR | - |
| 2. | OSHA Health Compliance Officers - (6 Month Funding) - Additional  |            |   |

	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF LABOR (1989 ACTIONS, Continued)</b>		
Health Compliance Officers are needed to conduct regular health inspections of the State's workplaces.	\$91,401 (4)	\$298,713 (7)
3. Migrant Housing Inspection - A new program to consolidate Migrant Housing Inspection in one State agency as specified in SB 631 or Chapter 91 of the 1989 Session Laws.	278,638 (14)	493,154 (14)
<b>TOTAL OPERATING EXPANSION</b>	<b>\$1,194,639</b>	<b>\$791,867</b>
<b>TOTAL POSITIONS</b>	<b>(18)</b>	<b>(21)</b>
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$8,297,948</b>	<b>\$7,911,287</b>

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#### **SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

##### **Senate Bill 43**

Section 115      **Renegotiate OSHA Benchmarks** - Requires the Commissioner of Labor to renegotiate the compliance staffing benchmarks for the Occupational Safety and Health Act of North Carolina with the U.S. Department of Labor on or before May 1, 1990.

Section 116      **Funding for OSHA Enforcement Positions** - Authorizes the Department of Labor to use full State funding for enforcement personnel in the OSHANC program if no federal matching funds are available.

#### **OTHER LEGISLATION**

##### **House Bill 1064**

Section 1      **Inspection Fee Increase** - Rewrites G.S. 95-105 to increase fees for elevator, escalator, dumbwaiter, and special equipment inspections.

Section 2      **Inspection Fee Increase** - Rewrites G.S. 95-106 to increase amusement devices inspection fees.



**DEPARTMENT OF NATURAL RESOURCES AND COMMUNITY DEVELOPMENT**  
 (See Department of Environment, Health and Natural Resources)

Statutory Authority: General Statutes, Chapter 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.

<b>CONTINUATION BUDGET</b>	<b>1989-90</b>	<b>1990-91</b>
<b>AS RECOMMENDED BY</b>	<b>General</b>	<b>General</b>
<b>THE GOVERNOR</b>	<b>Fund</b>	<b>Fund</b>
	<b>\$76,601,912</b>	<b>\$76,031,674</b>

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**1989 LEGISLATIVE ACTIONS**  
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**BASE BUDGET REDUCTIONS**

**WORKFORCE REDUCTIONS**

1. Eliminate vacant positions as recommended by the Governor.	\$ (473,012) (17)	\$ (473,012) (17)
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<b>REVISED BASE BUDGET</b>	<b>76,128,900</b>	<b>75,558,662</b>
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**EXPANSION BUDGET**

1. Low Level Radioactive Waste Management - Funds to support characterization studies and permits for the Low Level Radioactive Waste Facility.	215,646 (2)	225,662 (2)
2. Estuarine Sanctuary Management - Funding to support the cost of two previously federally funded positions to manage estuarine sanctuary preserves.	92,158 (2)	92,198 (2)
3. Purchase a single engine land-based aircraft for night		



1989-90  
General  
Fund

1990-91  
General  
Fund

DEPARTMENT OF NATURAL RESOURCES AND COMMUNITY DEVELOPMENT  
(1989 ACTIONS, Continued)

	surveillance operations and patrol of closed harvest areas and polluted shellfish areas.	\$100,000 NR	\$-
4.	Support the expansion of the capabilities of the oyster rehabilitation program by adding a second shallow-draft vessel to transplant oyster stocks.	392,080 NR	-
5.	State Parks Maintenance Staff - Funds will continue 6 community service worker positions and add 2 Park Ranger positions at the Lumber River State Park and 20 maintenance mechanics to increase the level of main- tenance at state parks, effective 10/1/89.	373,207 (28) 562,340 NR	809,023 (28) 64,550 NR
6.	Agriculture Cost Share - Funds to allow statewide expansion of the Agriculture Cost Share Program that reduces nonpoint source pollution into the water bodies of the state. Authorizes 2 additional positions to admin- ister the program at the State level.	1,000,000 (2) State Aid	2,064,826 (2) State Aid
7.	Support to bring one "H" model helicopters on line for fire suppression services.	39,000 NR	-
8.	Forestry Equipment Operator for Davidson County.	21,600 (1)	21,600 (1)
9.	Forestry Radios - Funds to replace antiquated and obsolete radios.	500,000 NR	500,000 NR

	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF NATURAL RESOURCES AND COMMUNITY DEVELOPMENT</b> (1989 ACTIONS, Continued)		
10. Land Mapping Funds - Matching grant funds to counties for land mapping.	\$500,000 NR State Aid	\$-
11. Land Surveyor Positions - Funds will pick up support of two previously federally funded positions and support costs with responsibilities for submerged lands, oyster lease surveys, park boundary markings, and coastal geodetic survey work.	88,049 (2)	88,049 (2)
12. Air Quality Control Staff - Funds for additional positions and support costs to achieve compliance with state and federal ambient.	113,110 (3) 600,000 NR	242,959 (6) 418,800 NR
13. Community Assistance - Support for a senior planner in the Western Regional Office for a pilot program to assist counties and their municipalities in developing a growth management strategy.	37,500 (1)	37,500 (1)
14. Provide grants to North Carolina Main Street Cities affiliated with the National Main Street Center program for the purpose of rehabilitating properties in downtown areas.	1,000,000 NR State Aid	-
15. Provide additional support for the administration of community action programs.	250,000 NR State Aid	-
16. Pesticide Groundwater Study - Funds are requested in 90-91		

	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF NATURAL RESOURCES AND COMMUNITY DEVELOPMENT</b>		
(1989 ACTIONS, Continued)		
to determine the extent of pesticide contamination in groundwater.	-	413,240 (6)
<b>TOTAL OPERATING EXPANSION</b>	<b>\$5,884,690</b>	<b>\$4,978,407</b>
<b>TOTAL POSITIONS</b>	<b>(41)</b>	<b>(44)</b>
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$82,013,590</b>	<b>\$80,537,069</b>
<b>TRANSFER</b>		
1. Transfer all operations to the newly established Department of Environment, Health, and Natural Resources	\$(82,013,590)	\$(80,537,069)
<b>REVISED OPERATING APPROPRIATIONS</b>	<b>\$-</b>	<b>\$-</b>

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# **SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

## **Senate Bill 43**

**Section 19 Community Action Program Funds** - Authorizes the use of up to 10% of Community Service Block Grant funds for the administration of agency programs. Mandates appropriate reporting to the Joint Legislative Commission on Governmental Operations.

**Section 117 Review Committee for Agriculture Cost Share Program** - Rewrites G.S. 143-215.74B to include the Dean of the School of Agriculture at North Carolina Agricultural and Technical State University, the Executive Director of the Wildlife Resources Commission, and the Director of the Division of Marine Fisheries as members of the Review Committee for the Agriculture Cost Share Program.

**DEPARTMENT OF NATURAL RESOURCES AND COMMUNITY DEVELOPMENT  
(1989 ACTIONS, Continued)**

**Section 118      Technical Review Committee Appointments** - Directs that the Soil and Water Conservation Commission include the Executive Director of the Wildlife Resources Commission and the Director of the Marine Fisheries Division among its appointments to the Technical Review Committee of the Agriculture Cost Share Program.

**Section 120      Forestry Equipment Replacement Plan** - Directs the Department of Natural Resources and Community Development to prepare a plan for the replacement of fire-fighting equipment and the construction of equipment sheds and office complexes to protect forestry equipment.

**Section 121      Environmental Management Permit Fees** - Rewrites G.S. 143-215.3A to allow the Department of Natural Resources and Community Development to manage the collection of application and permit fees for air and water quality rather than the Office of State Budget and Management.

**Section 122      Lab Certification Fees** - Rewrites G.S. 143-215(a)(10) to allow the Department of Natural Resources and Community Development to retain fees collected for certifying commercial laboratories. Fees will be used to offset the cost of such certification.

**Section 123      Clean Water Revolving Loan and Grant Fund** - Rewrites G.S. 159G-4(b) to delete the use of the Administrative Account. This account is no longer needed.

**Senate Bill 44**

**Section 154      Zoo Receipts** - Creates a Special Zoo Fund that allows the Zoo to retain unbudgeted receipts at the end of each fiscal year. Receipts can be used for maintenance, repairs, and renovations of exhibits. Mandates appropriate reporting to the Office of State Budget and Management and the Fiscal Research Division.

**Section 155      Lumber River Parks Rangers** - Directs the Department to establish and support, from funds appropriated to State Parks for maintenance workers, two park ranger positions to be allocated to the Lumber River State Park.

**DEPARTMENT OF NATURAL RESOURCES AND COMMUNITY DEVELOPMENT**  
**(1989 ACTIONS, Continued)**

- Section 156      **Natural and Scenic Rivers System** - Amends G.S. 113A-34 to define "Class III, Recreational river areas" and further designates part of the Lumber River as a scenic river. Also directs the Department to prepare a general management plan for the Lumber River State Park.
- Section 157      **Authorization for Use of Water Quality Fees** - Appropriates \$1.143 million in 1989-90 and \$1.465 million in 1990-91 to the Department from water quality fees to provide support to existing positions funded from this source, and to add nine positions in 1989-90 and nine additional positions in 1990-91 for use in this program. Mandates appropriate reporting to the General Assembly.
- Section 158      **Authorization for Use of Air Quality Fees** - Appropriates \$627,000 in 1989-90 and \$918,000 in 1990-91 to the Department from air quality fees to provide support to existing positions funded from this source, and to add eight positions in 1989-90 and six additional positions in 1990-91 for use in this program. Mandates appropriate reporting to the General Assembly.
- Section 159      **Sales Tax Proceeds for Wildlife Fund Modified** - Amends G.S. 105-164.44B to increase sales tax revenue transfer to the Wildlife Resources Commission by \$874,329.
- Section 160      **Texasgulf Settlement Funds** - Directs that funds received from the Texasgulf Settlement by the Division of Environmental Management shall be reallocated to the Beaufort County Board of Commissioners to be distributed to the school systems in Beaufort County and Washington City Schools on an average daily membership basis.
- Section 161      **Agriculture Cost Share Program** - Allocates \$40,000 each year of funds appropriated in the continuation budget of the Department for the agriculture cost share program for tidegates in Hyde County. Expands the agriculture cost share program statewide with funds appropriated and authorizes two positions (\$64,826 each year) to support administration of the program.



**DEPARTMENT OF NATURAL RESOURCES AND COMMUNITY DEVELOPMENT**  
(1989 ACTIONS, Continued)

**Senate Bill 1042**

**Section 36      Forestry Resources Regional Headquarters -**  
Authorizes the use of forestry receipts to construct a regional headquarters facility on forestry property in Buncombe County not to exceed \$150,000 in force account construction and labor.

**Section 38      Lake Rim Fish Hatchery Repairs -** Authorizes the Wildlife Resources Commission to use up to \$250,000 in 1989-90 to repair the dam at the Lake Rim Fish Hatchery in Cumberland County.

**Section 39      State Parks Capital Funds -** Allocates \$8 million in 1989-90 as follows: \$250,000 for one-time limited position and authorizes the Department to contract with a professional design firm to manage capital improvement projects. Allocates \$5,750,000 for repairs, renovations, and capital improvements throughout the State park system. Allocates \$2 million to acquire critical parcels of inholdings or corridors and easements.

Directs appropriate reporting to the General Assembly and prescribes the format of the reports for repairs and land acquisition. Also authorizes the Director of the Budget maintain the status quo to authorize the expenditure of overrealized receipts for parks due to consideration, but not enactment, of House Bill 433. Refer also to Sec. 12, SB 1309, Chapter 799; 1989 Session Laws.

**Section 40      Main Street Financial Incentive Fund -** Establishes and allocates the \$1 million appropriated for this purpose to the Main Street Financial Incentive Fund. Specifies criteria and eligible activities for receiving Main Street funding.

**Section 44      Zoological Park Funds -** Specifies match requirement of \$1,062,500 for use of \$4.25 million appropriation to the Zoo.

**Section 47      Community Action Funds -** Allocates \$250,000 to the Department for Community Action Agency programs as follows: \$125,000 to supplement other appropriations to serve the elderly, needy, and handicapped; and \$125,000 for Head Start programs.



**DEPARTMENT OF NATURAL RESOURCES AND COMMUNITY DEVELOPMENT**  
**(1989 ACTIONS, Continued)**

- Section 48**      **Civil Works Projects** - Allocates \$2.2 million appropriation to fund 12 projects. Authorizes funding of projects advanced in schedule by the Corps, and directs appropriate reporting to the General Assembly.
- Section 49**      **N.C. Rural Water Association Report** (See Section 62 also) - Directs appropriate reporting to the General Assembly on funds appropriated in Section 62 for this purpose.
- Section 62**      **Assistance to Small Water Systems** - Allocates \$100,000 of the Water and Sewer Funds appropriated to the Office of State Budget and Management as a grant-in-aid for operating expenses of the Rural Water Association.

**Senate Bill 1309**

- Section 28**      **Waste Stream Analysis** - Rewrites Section 34 of the Capital Improvement Appropriations Act of 1989 (SB 1042, Chapter 754) by making editing changes, only.
- Section 32**      **Gates County Wastewater System Funds** - Allocates \$100,000 of funds appropriated to the Division of Coastal Management to be used by the Gates County Board of Education to bring the high school's wastewater system into compliance with state and federal wastewater regulations. Also rewrites Section 23 of Chapter 754 of the 1989 Session Laws relating to Masonboro Island and Buxton Woods Funds/Use by deleting references to Buxton Woods.

**OTHER LEGISLATION**

**HOUSE BILL 957**

- Section 19**      **Funding for Implementation** - Appropriates \$600,000 for each year from both the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund and the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund to the Department for implementation of Parts 2A and 2B of Chapter 143 of the General Statutes.

**Senate Bill 1336**

Effective July 1, 1990, increases the percentage from 1/8 of 1% to 1/6 of 1% of net proceeds of the

**DEPARTMENT OF NATURAL RESOURCES AND COMMUNITY DEVELOPMENT**  
**(1989 ACTIONS, Continued)**

taxes levied on motor fuels levied under G.S. 105.434 designated for use by the Wildlife Resources Commission. Percentage reflects amount of motor fuel taxes collected related to boating versus total motor fuel taxes collected.

## 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 superintendent 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.

CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR	1989-90 General Fund	1990-91 General Fund
	\$2,903,557,650	\$2,921,007,601

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1989 LEGISLATIVE ACTIONS  
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### BASE BUDGET REDUCTIONS

1. Reductions in departmental personnel. Establish a negative reserve of \$1.5 million for the 1989-91 biennium. \$(750,000) \$(1,500,000)
2. Outside Evaluator Program  
Eliminate the Outside Evaluator Pilot Project in FY 89-90 instead of FY 90-91 as originally scheduled. (3,543,617) -
3. Adjust all appropriate salary, Social Security, retirement line items in the Public School Fund to reflect changes in average salary and average daily membership. (20,764,146) (20,920,635)  
3,661,688 4,973,665
4. Division of Financial Services  
Reduce base budget by two (2) positions, plus travel as a result of reassessment of staffing needs under UERS. (105,855) (105,887)  
(2) (2)

	1989-90 General Fund	1990-91 General Fund
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DEPARTMENT OF PUBLIC EDUCATION (1989 ACTIONS, Continued)

5. Division of Financial Services Reduce maintenance Contracts.	\$(150,000)	\$(150,000)
6. : Teaching Juniors Program Reduce in FY 89-90 and eliminate program in FY 90-91 due to low demand for scholarships.	(200,000) State Aid	(400,000) State Aid
<b>TOTAL BASE BUDGET REDUCTIONS</b>	<b>\$(21,851,930)</b>	<b>\$(18,102,857)</b>
<b>TOTAL REVISED BASE BUDGET</b>	<b>\$2,881,705,720</b>	<b>\$2,902,904,744</b>
<b>TOTAL POSITIONS REDUCTION</b>	<b>(2)</b>	<b>(2)</b>

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INCREASE IN AVAILABILITY

1. Reduction in unemployment compensation trust fund.	850,000	-
2. Scholarship Loan Program Reduction to amount necessary to fund 200 scholarships.	2,400,000	500,000
3. Textbook Fund Reduction in excess funds.	3,500,000	-
<b>TOTAL INCREASE IN AVAILABILITY GENERAL FUND</b>	<b>6,750,000</b>	<b>500,000</b>

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EXPANSION BUDGET

1. Basic Education Program		
a. Additional Teachers Positions	\$46,735,714 (1,556)	\$90,342,391 (3,007)
b. Vocational Education Teachers Positions	1,039,116 (33)	2,078,823 (66)
c. In-School Suspension Positions	-	1,726,921 (53)

	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF PUBLIC EDUCATION (1989 ACTIONS, Continued)</b>		
d. Instructional Support Positions	\$15,477,126 (475)	\$39,113,549 (1,200)
e. Instructional/Lab Clerical Assistants Positions	-	17,073,432 (1,271)
f. Athletic Trainer Supplement	15,000	15,000
g. Assistant Principals - Extension of Term	-	11,166,375
h. Assistant/Associate Superintendents Positions	-	4,767,421 (89)
i. Clerical Assistants Positions	6,010,484 (311)	11,637,563 (602)
j. Supervisors Positions	-	2,611,375 (55)
TOTAL BASIC EDUCATION PROGRAM POSITIONS	69,277,440 (2,375)	180,532,850 (6,343)
2. Student Information Management System (SIMS) - Complete installation of SIMS in all elementary schools.	4,847,270 NR	4,858,475 NR
3. Uniform Education Reporting System (UERS) - Complete installation of Education Reporting system - uniform payroll and accounting systems.	925,943 NR	-
4. Transportation Information Management System (TIMS) - School bus routing and scheduling system.	1,675,000 NR	
	Stripper Well Funds	

	1989-90 General Fund	1990-91 General Fund
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DEPARTMENT OF PUBLIC EDUCATION (1989 ACTIONS, Continued)

5. Teaching Fellows Program. 400 additional scholarships per year. Completes four- year implementation of the program.	\$2,000,000 State Aid	\$4,000,000 State Aid
6. Continue drug prevention programs funded in FY 88-89 with non-recurring funds.	750,000	750,000
7. Strengthen teacher education program. Continue efforts by the State Board of Education and the Board of Governors to improve teacher education.	1,080,000	1,080,000
8. Establish a model teacher consortium in conjunction with local school systems, Department of Public Instruction, and public and private institutions of higher education.	50,000 NR	-
9. Adjust base budget to reflect actual data on average teacher salaries.	(3,210,000)	(6,840,000)
10. Funds to develop curriculum materials and resources to be used to strengthen the drug and alcohol curriculum in the Basic Education Program.	97,850 NR	-
11. Increase funding for the Drug Abuse Resistance Education Program to complement the expansion in the Department of Justice budget.	50,000 NR	-
<b>TOTAL EXPANSION BUDGET</b>	<b>\$75,868,503</b>	<b>\$184,381,325</b>
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$2,957,574,223</b>	<b>\$3,087,286,069</b>

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**DEPARTMENT OF PUBLIC EDUCATION (1989 ACTIONS, Continued)**

**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

**Senate Bill 43**

**Section 12 Abolish Outside Evaluator Program** - Repeals the Outside Evaluator Pilot Project. Program was originally included in the recommended continuation budget by the Governor and the Advisory Budget Commission. No funds are appropriated for this purpose in the 1989-91 biennium.

**Section 13 BEP Funding Transfer** - Reduces balance in the unemployment compensation reserve fund and allocates the funds through the Basic Education Program to local school units.

**Section 14 Dropout Prevention** - Allows local school units increased flexibility in the use of dropout prevention funds and in requirements for in-school suspension programs provided waivers are granted by the State Board of Education.

**Section 15 Abolish Teaching Grant Program for College Juniors** - Repeals the scholarship for third and fourth year college students who elect to enter teaching. Repeal was based on a recommendation from the Teaching Fellows Commission, and the lack of applicants for the scholarship.

**Senate Bill 44**

**Section 55 Pupil Transportation** - Authorizes the Department of Public Instruction to expend up to \$400,000 of school transportation funds to implement the findings of the Pupil Transportation Operational Study. Report to the 1990 session of the General Assembly.

**Section 56 Child Nutrition** - Authorizes the Department of Public Education to expend \$280,000 in FY 1989-90 for staff development of school food service personnel.

**Section 57 Dropout Prevention Coordinators** - Authorizes the Department of Public Instruction to expend up to \$225,000 in each year of the 1989-91 biennium to hire three dropout prevention coordinators to work with local school units.

**Section 58 Dropout Prevention** - Authorizes the Department of Public Education to expend \$200,000 for each year of

**DEPARTMENT OF PUBLIC EDUCATION (1989 ACTIONS, Continued)**

the 1989-91 biennium to fund eight model public/private educational compacts to work with children at-risk of dropping out of school. Funds may also be used to fund parental involvement workshops.

**Section 59      Teacher Scholarship Loans -** Authorizes the Superintendent of Public Instruction to designate up to \$200,000 in each year of the 1989-90 biennium as scholarships for teacher assistants enrolled in teacher training programs.

**Section 60      Kindergarten Study -** Allocates \$24,000 to the Board of Governors of the University of North Carolina to study the impact of kindergarten education on subsequent school performance. Study will be carried out by the Collegium for the Advancement of Schools, Schooling, and Education at the University of North Carolina at Greensboro.

**Section 61      Basic Education Program Funds -** Allocates funds in the 1989-91 biennium for the Basic Education Program in various categories such as teachers, instructional support personnel, clerical assistants, etc. See table on page - of this report for details.

**Section 62      Foreign Language Institute -** Authorizes the State Board of Education to allocate up to \$300,000 in each year of the 1989-91 biennium to provide foreign language training to public school teachers.

**Section 63      Assistant Principals -** Authorizes local school units to employ assistant principals for 10, 11 or 12 months. Local superintendents should distribute these positions as nearly as possible based on the average daily membership of the school. If the assistant principal is not employed beyond 10 months the additional funds may be used for the summer school programs. Report to the 1990 General Assembly.

**Section 64      Coordination of Department of Human Resources/Department of Public Instruction Programs -** Superintendent of Public Instruction shall use funds appropriated to the Department of Public Instruction for the 1989-91 biennium to employ a person to coordinate programs for children between the public schools and the Department of Human Resources.

**DEPARTMENT OF PUBLIC EDUCATION (1989 ACTIONS, Continued)**

- Section 65      Reduce Paperwork** - Requires the State Board of Education to review requirements for reports from local school units, and to reduce or eliminate any obsolete or duplicate reports. Local boards of education are also required to go through the same process and report the results of their to the State Board of Education prior to April 1, 1990. No additional reports can be required at the local level after the beginning of the school year without the prior approval of the local school board.
- Section 66      Teacher Training/Learning Disabled Children** - Requires teacher training programs in institutions of higher education to include in the curriculum of non-special education majors, courses in the identification and education of children with learning disabilities.
- Section 67      Accreditation/Accountability Funds** - Requires the State Board of Education to allocate, from funds appropriated for the Basic Education Program \$200,000 in FY 1989-90 and \$250,000 in FY 1990-91, to the Department of Public Instruction to implement performance standards that are part of the statewide accreditation program.
- Authorizes the Superintendent of Public Instruction to use up to \$150,000 in each year of the biennium of funds appropriated to the Department of Instruction for research and development.
- Section 68      Use of Funds for Teachers** - Provides flexibility to local boards of education to utilize teaching positions allocated in the Basic Education Program for expanded curricular offerings at any grade level based on local schedules for implementing the BEP. Also allows local boards alternative methods of providing expanded programs under the BEP, subject to approval of the State Board of Education.
- Section 69      Project Teach Funds** - Requires the State Board of Education to allocate \$73,000 in each year of the biennium to continue Project TEACH. The goal of Project TEACH is to increase the numbers of minority students entering the teaching profession.
- Section 70      N.C. Symphony Audio-Visual Funds** - Requires the State Board of Education to allocate \$50,000 to the Department of Public Instruction for an audio-visual program of performances of the N.C. Symphony.

**DEPARTMENT OF PUBLIC EDUCATION (1989 ACTIONS, Continued)**

- Section 71**      **Principles of Technology Funds/Do Not Revert** - Funds appropriated in previous fiscal years for the Principles of Technology Program do not revert until June 30, 1991.
- Section 72**      **Model Teacher Education Consortium** - Establishes a model teacher training program in northeastern N.C. Participants include local school systems, area universities and colleges, and Vance-Granville Community College. The goal of the consortium to provide educational services to persons interested in becoming certified teachers, or in up grading the skills of existing teachers.
- Section 73**      **Assignment of Principals to Smaller Schools** - Requires that when a state paid principal is reassigned to a smaller school that the state will pay only that salary level that would have been earned had the principal taught his entire career at the smaller school.
- Section 74**      **Existing Career Development Pilot Projects** - Provides for extension of existing career ladder pilot projects, under the following conditions: Additional compensation paid to employees for participating in the pilot projects will be paid as a bonus; employees evaluated for Career Level I or II in the 1989 school year may be paid a bonus at the discretion of the local school board; no early promotions to Career Level II or III. The language in this provision is superseded by the more detailed language on the transition of Career Development Pilot Projects contained in Senate Bill 2, Chapter 778, Section 7 of the 1989 Session Laws.
- Section 75**      **Existing Lead Teacher Pilot Projects** - Provides for extension of the existing lead teacher pilot projects in FY 1989-90. State Board of Education shall use up to \$250,000 of Career Development funds to continue the Lead Teacher Program. In 1990 these units come under the provisions of Senate Bill 2, Chapter 778 of the Session Laws.
- Section 76**      **Reduction of Vandalism in the Public Schools** - Authorizes the Department of Public Instruction to use up to \$80,000 in each year of the biennium for salaries and support cost to develop plans and procedures to reduce vandalism of public school facilities.



**DEPARTMENT OF PUBLIC EDUCATION (1989 ACTIONS, Continued)**

**Section 77 Preliminary Scholastic Aptitude Opportunities -**  
Provides the opportunity for all students in grades 8-10, who have taken Algebra I, to take the PSAT one time at state expense. Superintendent of Public Instruction to report biennially on the implementation of this plan. The State Board of Education is authorized to expend \$365,000 in FY 1989-90 and \$396,000 in FY 1990-91 to implement this program.

**Section 78 Administration of Department of Public Instruction Budget -** Provides authority for the Superintendent of Public Instruction to administer the budget of the Department of Public Instruction, and to enter into contracts for the operation of the department. As Secretary to the State Board of Education the Superintendent administers funds appropriated for the operation of the board and for aid to local school administrative units.

Provision also divides the budget of the Department of Public Education between the Department of Public Instruction, Aid to Local School Administrative Units, and the State Board of Education.

**Senate Bill 1309**

**Section 11 Braille Textbooks -** State Board of Education may expend textbook funds to provide Braille textbooks to visually handicapped children.

**Section 15 Plan for Implementation of Educational Programs for Certain Handicapped Children -** Requires the Department of Public Education during the 1989 school year to begin planning for the implementation of programs for 3 and 4 year old handicapped children as required under PL99-457. Department must report to the General Assembly no later than May 1, 1990.

**Section 29 Allocation of Basic Education Program Enhancement Teachers -** Requires that no school unit receive fewer teachers for program enhancement under the Basic Education Program in 1989-90 than it received in 1988-89.

## DEPARTMENT OF REVENUE

Statutory Authority: General Statutes, 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.

CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR	1989-90 General Fund	1990-91 General Fund
	\$44,526,759	\$44,585,645

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

### BASE BUDGET REDUCTIONS

#### WORKFORCE REDUCTIONS

1. Reduce appropriation by the value of salaries and employer benefits for nine vacant positions. The Secretary may elect to eliminate any of the forty vacant positions and/or reduce other appropriations to derive at the identified level of reduction.

	\$(351,791)	\$(351,991)
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REVISED BASE BUDGET	\$44,174,968	\$44,233,654
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### EXPANSION BUDGET

1. Provide for payment to the State Information Processing System for data processing services provided during the 1987-89 biennium when insufficient funds were budgeted

	1,400,000 NR	-
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	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF REVENUE (1989 ACTIONS, Continued)</b>		
2. Continue automation of Management Information Services (MIS) that began in FY 1987-88.	\$934,438 (6) 2,756,993 NR	\$1,204,632 (9) 1,842,699 NR
3. Tax Amnesty Program - Support for issuance of forms and instructions related to the implementation and publicity of this program. The Secretary of the Department is authorized to draw from collections received by the Department during July, 1989 under Division II of Article 4 of Chapter 105 of the General Statutes (Sec. 6 of HB 272).	1,100,000	-
4. Enforcement/Compliance Funds - Reserve to support additional enforcement personnel, support personnel, and other costs related to increased tax law enforcement activities.		
General Fund	4,953,192	4,765,218
Highway Fund	117,950	149,690
<b>TOTAL EXPANSION BUDGET</b>	<b>\$11,144,623</b>	<b>\$7,812,549</b>
<b>TOTAL POSITIONS</b>	<b>(6)</b>	<b>(9)</b>
<b>TOTAL OPERATING APPROPRIATION</b>	<b>\$55,319,591</b>	<b>\$52,046,203</b>

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#### **SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

##### **Senate Bill 44**

Section 52. **Reserve for Local Tax Reimbursements** - The provision allows cities whose annexation had begun by September 1, 1987 to be reimbursed for the revenue loss that occurred through the repeal of the property tax on manufacturing inventories.

**DEPARTMENT OF REVENUE (1989 ACTIONS, Continued)**

**Section 53 Tax Amnesty/Tax Enforcement** - The provision clarified that the appropriation in Chapter 557 of the 1989 Session Laws was for tax enforcement uses.

# DEPARTMENT OF SECRETARY OF STATE

Statutory Authority: General Statutes, 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 the 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.

CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR	1989-90 General Fund	1990-91 General Fund
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	\$3,345,317	\$3,254,615
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1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

## BASE BUDGET REDUCTIONS

### WORKFORCE REDUCTIONS

1. Reduce appropriation for salaries and related benefits and eliminate 2 vacant clerical positions.	\$(43,113) (2)	\$(43,137) (2)
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### PUBLICATIONS DIVISION

2. Reduce funds for the Central Voter File Registration System to the level of expenditure.	(20,000)	(20,000)
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TOTAL BASE BUDGET REDUCTIONS	\$(63,113)	\$(63,137)
TOTAL POSITION REDUCTIONS	(2)	(2)

REVISED BASE BUDGET	\$3,282,204	\$3,191,478
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1989-90  
General  
Fund

1990-91  
General  
Fund

DEPARTMENT OF SECRETARY OF STATE (1989 ACTIONS, Continued)

EXPANSION BUDGET

Administrative Division

1. Increase Administration staff support by 4 positions (Deputy for Business Services, Executive Assistant, Administrative Assistant and Clerk Typist IV).	\$120,785 (4)	\$135,530 (4)
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Securities Division

2. Add 2 Securities Investigator positions (Grade 71) to investigate a backlog of securities cases and investment advisor complaints, effective 9/1/89.	62,110 (2)	70,773 (2)
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Business License Division

3. Increase operating funds for the recently established Business License Information Office to be used in clearinghouse and license coordination functions.	35,240	32,407
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Publications Division

4. Provide funds for Information and Communications Specialist III position and additional data processing equipment.	40,966 (1)	37,512 (1)
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TOTAL EXPANSION BUDGET	\$259,101	\$276,222
TOTAL POSITIONS	(7)	(7)

TOTAL OPERATING APPROPRIATIONS	\$3,541,305	\$3,467,700
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SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989

## DEPARTMENT OF STATE AUDITOR

Statutory Authority: General Statutes, Chapter 143A,  
Article 3

The State Auditor directs a staff in Raleigh and 7 regional offices in the performance of financial and compliance audits of State agencies. The staff also performs quality control reviews of CPA firm workpapers of local government and local non-profit agency audits. The State Auditor received funding from the 1988 General Assembly to operate a "hotline" for citizens to report fraud, waste or abuse of State funds.

The State Auditor is the chief administrator of the North Carolina Firemen's and Rescue Squad Workers' Pension Funds. The Auditor also administers a \$250,000 fund for death benefits for families of law enforcement officers, firemen, rescue squad workers and Civil Air Patrol who die in the line of duty.

CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR	1989-90 General Fund	1990-91 General Fund
	\$12,940,608	\$12,947,697

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

### BASE BUDGET REDUCTIONS

- |  |                        |                        |
|--|------------------------|------------------------|
| 1. Reduce appropriation by value of 3 positions. Reduction may come from position elimination or other recurring expense budget items.                         | \$(64,500)             | \$(64,500)             |
| 2. Reduce the state's contribution to the Firemen's Pension Fund based on an actuarial analysis.   | (34,269)<br>State Aid  | (34,269)<br>State Aid  |
| 3. Reduce the state's contribution to the Rescue Squad Workers' Pension fund based on an actuarial analysis.   | (109,816)<br>State Aid | (109,816)<br>State Aid |
| 4. Reduce the appropriation for the Line of Duty Death Benefit for firemen, rescue squad workers, law enforcement officers, and Civil Air Patrol members based |                        |                        |

	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF STATE AUDITOR (1989 ACTIONS, Continued)</b>		
on reversions during the previous five years.	(50,000) State Aid	(50,000) State Aid
<b>TOTAL BASE BUDGET REDUCTIONS</b>	<b>\$(258,585)</b>	<b>\$(258,585)</b>
<b>TOTAL POSITION REDUCTIONS</b>	<b>-</b>	<b>-</b>
<b>REVISED BASE BUDGET</b>	<b>\$12,682,023</b>	<b>\$12,689,112</b>

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#### EXPANSION BUDGET

1. Provide microcomputer equipment for the audit staff.	\$45,000 NR	\$-
2. Create Deputy State Auditor position to assist with the internal management of the department and with the requests made by the General Assembly, effective 9-1-89.	51,675 (1)	54,495 (1)
3. Add Administrative Secretary to assist the Deputy State Auditor, Director of Audits, and five Audit Managers, effective 9-1-89.	25,886 (1)	22,662 (1)
4. Add 3 financial audit (ASA II) positions to improve the time- liness of audits conducted on state agencies and institutions, effective 9-1-89.	105,244 (3)	116,095 (3)
5. Add 2 performance audit (ASA III) positions to increase the number of performance audits completed annually, effective 9-1-89.	72,746 (2)	84,089 (2)
6. Provide rented office space for auditors stationed in Greensboro.	3,254	3,254



	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF STATE AUDITOR (1989 ACTIONS, Continued)</b>		
7. Increase funding for North Carolina's share of the operating cost of the Governmental Accounting Standards Board (GASB).	2,300 (1)	2,300 (1)
8. Increase funding for data processing services due to expanded use of computers in audit process, Firemen's Pension Fund and administration.	40,400	40,900
9. Increase contractual funds to hire private CPA firms with specialized experience and expertise.	12,500	12,500
<b>TOTAL EXPANSION BUDGET</b>	<b>\$359,005</b>	<b>\$336,295</b>
<b>TOTAL POSITIONS</b>	<b>(8)</b>	<b>(8)</b>
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$13,041,028</b>	<b>\$13,025,407</b>

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#### **SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

##### **Senate Bill 44**

**Section 54 Information from Private Organization Receiving State Funds** - Any private organization receiving \$25,000 or more in state funds shall furnish the State Auditor all books, records, and other information necessary to account for the use of the funds. All financial statements furnished to the Auditor and any audits prepared by the Auditor shall be public records.

##### **Senate Bill 1309**

**Section 5 Auditor Department Collator** - Up to \$27,000 of the funds appropriated to the department for data processing services may be used to purchase a new collator.

## STATE 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.

CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR	1989-90 General Fund	1990-91 General Fund
	\$375,445	\$402,909

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

### EXPANSION BUDGET

1. Reimburse 18 counties for costs incurred holding the Super Tuesday Presidential Primary; insufficient funds were budgeted in proper year. \$481,555 NR \$-  
State Aid

TOTAL OPERATING APPROPRIATIONS	\$857,000	\$402,909
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### SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989

## DEPARTMENT OF STATE TREASURER

Statutory Authority: General Statutes, 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.

CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR	1989-90 General Fund	1990-91 General Fund
	\$4,035,438	\$4,041,240

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

### BASE BUDGET REDUCTIONS

#### WORKFORCE REDUCTIONS

1. Reduce appropriation for salary and related benefits by eliminating a Special Assistant position.

Total	\$39,521	\$39,545
Less: Receipts	<u>18,021</u>	<u>18,022</u>
Adm. Fees		
Appropriation	(\$21,500) (1)	(\$21,523) (1)

REVISED BASE BUDGET	\$4,013,938	\$4,019,717
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### EXPANSION BUDGET

1. Add funds for hardware and software for the Local Government Commission due to increased bond sales and mandates by the General Assembly.

48,000 NR

-

2. Fund a Secretary IV (effective 9-1-89) and a Financial Analyst II (effective 7-1-90) for the

	1989-90 General Fund	1990-91 General Fund
<b>DEPARTMENT OF STATE TREASURER (1989 ACTIONS, Continued)</b>		
Local Government Commission due to increased bond sales and mandates by the General Assembly.	\$17,912 (1)	\$70,738 (2)
3. Increase the number of portfolio managers to handle 15% annual growth rate in state's investments, effective 9-1-89.	65,188 (2)	159,016 (4)
4. Increase Investment Advisory Fees to permit increases in equity investments in state's portfolio.	250,000	350,000
5. Equip the investment trading room with modular furniture and computer terminals.	50,000 NR	-
6. Add two Escheat auditors to conduct compliance and field audits.	72,951	93,081
	<u>72,951</u>	<u>93,081</u>
Receipts	-	-
Appropriation	(2)	(2)
Subtotal	406,051	672,835
Receipts	<u>72,951</u>	<u>93,081</u>
<b>TOTAL EXPANSION BUDGET</b>	<b>\$431,100</b>	<b>\$579,754</b>
<b>TOTAL POSITIONS</b>	<b>(5)</b>	<b>(8)</b>
<b>TOTAL OPERATING APPROPRIATION</b>	<b>\$4,445,038</b>	<b>\$4,599,471</b>

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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

# DEPARTMENT OF TRANSPORTATION - GENERAL FUND

CONTINUATION BUDGET  
AS RECOMMENDED BY  
THE GOVERNOR

1989-90  
General  
Fund

1990-91  
General  
Fund

\$5,878,237

\$5,878,237

## \*\*\*\*\* 1989 LEGISLATIVE ACTIONS \*\*\*\*\*

### BASE BUDGET REDUCTIONS

#### STATE AID TO RAILROADS

1. G.S. 136-16.6 requires an annual appropriation of \$100,000 or 100% of the annual dividend received in the prior year by the State from its ownership of stock in the N. C. Railroad Company and the Atlantic and North Carolina Railroad Company. Dividends received in fiscal year 1988/89 totaled only \$166,002.

\$(50,664)  
State Aid

\$(50,664)  
State Aid

REVISED BASE BUDGET

\$5,827,573

\$5,827,573

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### EXPANSION BUDGET

#### AID TO RAILROADS

1. Provides a reserve to be used for the purchase of abandoned railway corridors.

500,000 NR

-

#### AERONAUTICS PROGRAM

2. Aid to Airports (G.S. 136-16.4)

355,000

855,000

TOTAL EXPANSION BUDGET

\$855,000

\$855,000

TOTAL OPERATING APPROPRIATIONS

\$6,682,573

\$6,682,573

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# UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS

Statutory Authority: General Statutes, Chapter 116

The Board of Governors is composed of thirty-two members elected for four-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.

CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR	1988-89 General Fund	1990-91 General Fund
	\$1,059,551,398	\$1,070,985,241

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

## BASE BUDGET REDUCTIONS

1. Reduce reserves for new facilities due to delays in construction completion.	\$(718,082)	\$(293,022)
2. Reduce funding for Regional Education contracts		
(a) Meharry Medical College		
Reduce contracts in medicine from 14 to 10 per year	(27,200)	(28,200)
	State Aid	State Aid
(b) Optometry Contracts		
Reduce from 94 to 84 based on 78 used this year	(57,000)	(59,000)
	State Aid	State Aid
3. Reduce number of positions at UNC-General Administration (4.0) and the campuses (16.0).	(508,061)	(508,122)
	(20)	(20)
4. Eliminate continuing funding for 1988-89 one-time grant to Research Triangle World Trade Center.	(100,000)	(100,000)



	1989-90 General Fund	1990-91 General Fund
<b>UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS</b> (1989 ACTIONS, Continued)		
5. Eliminate proposed increase in aid to private medical schools.	\$(191,000) State Aid	\$(256,000) State Aid
6. Delay continuation funding for Distinguished Professors Endowment for one year due to current unmatched balance of \$2.9 million.	(2,000,000)	-
<b>TOTAL BASE BUDGET REDUCTIONS</b>	<b>(3,601,343)</b>	<b>(1,244,344)</b>
<b>TOTAL POSITIONS REDUCTION</b>	<b>(20)</b>	<b>(20)</b>
<b>REVISED BASE BUDGET</b>	<b>\$1,055,950,055</b>	<b>\$1,069,740,897</b>

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#### EXPANSION BUDGET

1. Strengthen Teacher Education: Continue recommendation on Teacher Preparation at 1988-89 level for 1989-90.	1,500,000	1,700,000
2. Enrollment Increases: Funds most of projected increases in number of students for the University of North Carolina.	17,851,399	26,840,000
3. Elizabeth City State Scholarships: continues third and fourth year of Incentives Scholars Program began in 1987-88.	500,000	1,000,000
4. Aid to Private College Students: Increases Legislative Tuition Grant from \$1,100 to \$1,150 per student; increases need-based scholarship program from \$400 to \$450 per student.	2,649,431 State Aid	2,649,431 State Aid
5. Need-based scholarships for UNC students.	-	500,000

1989-90  
General  
Fund

1990-91  
General  
Fund

UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS  
(1989 ACTIONS, Continued)

6. Tuition Increase: To reflect in-state tuition increase which ranges from \$74 to \$100; and, to reflect an out-of-state tuition increase of 15%/2.4%. Receipts are budgeted on projected enrollment increases.
 

Requirements	\$-	\$-
Receipts	19,957,190	22,401,672
Appropriation	(19,957,190)	(22,401,672)
7. Increase budgeted projections of overhead receipts at UNC-Chapel Hill and N.C. State to a level equal to 1988-89 actual amounts, and budget the General Fund portions (30%) of these receipts. These funds would otherwise revert.
 

N.C. State			
University	370,000	316,000	
UNC-			
Chapel Hill	688,966	688,966	(1,058,966) (1,004,966)
8. Increase budgeted receipts at University of North Carolina Hospitals at Chapel Hill by \$250,000 and reduce appropriations by a like amount.
 

(250,000)	(250,000)
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9. N.C. School of Science & Math - Begin implementation of salary plan for teaching faculty and administration.
 

201,000	302,000
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10. Agricultural Programs: Funds reserve for expansion of Agricultural Research and Extension at N.C. State.
 

500,000	500,000
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11. Support to match grant from the United States Department of Agriculture for N.C.

	1989-90 General Fund	1990-91 General Fund
UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS (1989 ACTIONS, Continued)		
Agricultural and Technical University's agriculture programs.	\$600,000 NR	\$-
12. Support for equipment needs at University of North Carolina at Charlotte's Applied Research Center.	1,000,000 NR	-
13. Support for the Bringing It All Back Home Study Center at Appalachian State University to allow the Center to continue its home remedies community- based alternatives program for undisciplined juveniles and their families.	41,000	41,000
14. Reserve to be available for continuing operations of the Regional TEACCH Center which serves the Greensboro, High Point, and Winston-Salem areas.	318,966	318,966
*****		
STUDY COMMISSION ON NURSING		
1. Fund portion of recommendations which will not become part of the continuation budget.	805,000 NR	330,000 NR
2. Nursing Implementation: Funds a portion of recommendations of Study Commission on Nursing to increase supply of nurses and enhance nursing profession.	1,210,000	3,010,000
TOTAL GENERAL FUND EXPANSION BUDGET	\$5,910,640	\$13,534,759
TOTAL OPERATING APPROPRIATIONS	\$1,061,860,695	\$1,083,275,656

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**UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS**  
**(1989 ACTIONS, Continued)**

**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

**Senate Bill 43**

- Section 33      Funding Levels for Institutions** - Requires UNC Board to review variations in funding levels of different campuses, including costs by type of program and level of instruction.
- Section 34      Management Incentives** - Requires UNC Board and State Budget Office to review the need for management incentives and flexibility in budgeting at the campus level.
- Section 36      Retention and Graduation Rates** - Requires UNC Board to report to the General Assembly on differences in retention and graduation rates on UNC campuses.
- Section 37      Remediation** - Requires UNC Board and Community College Board to study the cost of remediation and its role in providing educational opportunity. Directs UNC, Community Colleges, and public schools to develop plan for sharing information on student performance and records.

**Senate Bill 44**

- Section 94      Accountability** - Directs UNC Board to require campuses to show how they will measure institutional effectiveness, including student and faculty development.
- Section 95      Financial Aid for Post-Secondary Education for Part-Time Students** - Directs that State-funded need-based financial aid programs shall be available to part-time students enrolled for at least 3 credit hours.
- Section 96      Teacher Task Force Recommendations/Funds** - Directs areas of expenditure and annual reports on funds appropriated to improve teacher education.
- Section 97      Centennial Observance Funds** - Directs that overhead receipts balances held by General Administration be allocated in an amount not to exceed \$100,000 for centennial observance at North Carolina Agricultural

**UNIVERSITY OF NORTH CAROLINA - BOARD OF GOVERNORS  
(1989 ACTIONS, Continued)**

and Technical State University and \$50,000 for centennial observance at Western Carolina University.

**Senate Bill 1042**

Section 15      **UNC Extension Fees/Charges Review - Directs UNC Board to review policies on charges for off-campus courses.**

**Senate Bill 1177**

Section 4      **Center for Alcohol Studies Endowment - Increases driver's license restoration fee for licenses revoked for driving while impaired by \$25, with additional money going to the Center for Alcohol Studies Endowment at UNC-Chapel Hill until amount from this source totals \$5,000,000.**

## STATEWIDE RESERVES - OFFICE OF STATE BUDGET AND MANAGEMENT

The Office of State Budget and Management is charged to allocate lump sum appropriations which are distributed to all State departments and institutions once their needs are determined. Each agency determines its own needs and makes its request to the Office of State Budget and Management. The latter ranks the requests according to overall need and allocates the appropriations accordingly.

CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR	1989-90 General Fund	1990-91 General Fund
Contingency and Emergency Reserve	\$1,125,000	\$1,125,000
Reserve for Salary Adjustments	4,000,000	4,000,000
<b>TOTAL RECOMMENDATIONS</b>	<b>\$5,125,000</b>	<b>\$5,125,000</b>

\*\*\*\*\*  
1989 LEGISLATIVE ACTIONS  
\*\*\*\*\*

### EXPANSION BUDGET

#### RESERVE FOR SALARY INCREASE:

1. Reserve to be allocated to the various departments for granting salary increases for State employees and public school personnel as outlined in Salary Changes section.  
\$292,300,000<sup>a</sup> \$611,900,000<sup>a</sup>

#### RESERVE FOR HOSPITAL-MEDICAL BENEFIT

2. Reserve to support a fifteen percent increase in premiums effective October 1, 1989.  
30,000,000 40,000,000

<b>TOTAL OPERATING EXPANSION</b>	<b>\$322,300,000</b>	<b>\$651,900,000</b>
<b>TOTAL OPERATING APPROPRIATIONS</b>	<b>\$327,425,000</b>	<b>\$657,025,000</b>

<sup>a</sup> Does not include Salary Increases for Mandated Local Programs - These costs are included under the Department of Human Resources.

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**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

**Senate Bill 44**

- Section 20**      **Contingency and Emergency Restricted Reserve -**  
Directs that a specific portion of fund be designated for purposes as outlined in G.S. 143-23(a1)(3)(4) and (5).
- Section 21**      **Contingency and Emergency/Outdoor Drama -** Permits the allocation of up to \$15,000 upon application by an outdoor historical drama corporation.
- Section 50**      **Contingency and Emergency Fund Allocation -**  
Designates \$900,000 for each fiscal year of the biennium for emergency purposes outlined in G.S. 143-23 (a1)(3)(4), and (5) allowing \$225,000 each year to be used for other purposes.

# GENERAL FUND CAPITAL IMPROVEMENTS

\*\*\*\*\*  
 1989 LEGISLATIVE ACTIONS  
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Department:

	1989-90 General Fund	1990-91 General Fund
<b>ADMINISTRATION</b>		
1. Construction of New Steam Plant, State Government Complex in Raleigh	\$7,054,500	\$-
2. Reserve for Asbestos Removal	750,000	-
3. Life Safety Corrections, Government Complex	100,000	-
4. North Carolina Aquariums - Emergency Repairs/Renovations	300,000	-
5. Construction of New Revenue Building	18,000,000	18,000,000
6. Veterans Cemetery Funds	400,000 <sup>a</sup>	400,000 <sup>a</sup>
7. Indian Cultural Center - Planning and Construction	500,000	-
<b>TOTAL ADMINISTRATION</b>	<b>\$27,104,500</b>	<b>\$18,400,000</b>

## AGRICULTURE

1. Construction of New Agronomic Building	7,100,000	-
2. Irrigation System/Border Belt - Tobacco Research Station		
Total Requirements	\$90,800	
Less Receipts from Timber Sales	<u>90,800</u>	
Appropriation	\$ -0-	-
3. Garden Center Building, Charlotte Regional Farmers' Market	320,600	-

	1989-90 General Fund	1990-91 General Fund
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**CAPITAL IMPROVEMENTS - 1989 SESSION (Continued)**

4. Purchase of Harborside Building - Maritime Museum at Beaufort	\$355,000	\$-
5. Piedmont Triad Market - Planning for First Phase of Development (HB 7)	500,000	-
6. Museum of Natural Science - Planning Special Provision: Directs that funds from Reserve for Advance Planning be Used - Approximately \$300,000 is Available	-	-
<b>TOTAL AGRICULTURE</b>	<b>\$8,275,600</b>	<b>\$-</b>

**COMMERCE<sup>b</sup>**

1. Hazardous Waste Treatment Reserve - Land Acquisition	2,000,000	-
2. State Ports Authority		
(a) Wilmington	3,000,000	-
(b) Morehead City	3,000,000	-
3. Biotechnology Center - Grant for Construction (dollar for dollar match required)	1,000,000 State Aid	-
<b>TOTAL COMMERCE</b>	<b>\$9,000,000</b>	<b>\$-</b>

**COMMUNITY COLLEGES<sup>c</sup>**

1. Completion of Funding for Original 1984 Five Year Capital Needs Plan		
(a) Cape Fear Community College	500,000	-

	1989-90 General Fund	1990-91 General Fund
<b>CAPITAL IMPROVEMENTS - 1989 SESSION (Continued)</b>		
(b) Catawba Valley Community College	\$650,000	\$-
(c) Caldwell Community College and Technical Institute	100,000	-
(d) Randolph Community College	1,200,000	-
(e) Halifax Community College	410,459	-
(f) Isothermal Community College	461,000	-
2. Repayment of Loans	850,000	-
3. Central Piedmont Community College - Completion of Facility for Optical Disc Program	400,000	-
<b>TOTAL COMMUNITY COLLEGES</b>	<b>\$4,571,459</b>	<b>\$-</b>

#### **CORRECTION**

1. Reserve for electrical, heating ventilating repairs at various field units	341,700	347,800
2. Reserve for repair and renovation of plumbing at 51 field units	-	517,600
3. Harnett Medium Custody - Renovate present dorms - safety, plumbing, ventilation, roofs, add day rooms	710,700	-
4. Waste Water and Water Improvements	1,832,600	133,400
5. Morrison Youth - Fencing for Edwards Dorm	55,200	-
6. Renovate Dorm A at NCCIW for Substance Abuse	-	62,800

	1989-90 General Fund	1990-91 General Fund
<b>CAPITAL IMPROVEMENTS - 1989 SESSION (Continued)</b>		
7. Renovation of building at Cherry Hospital for DWI Probation : and Parole	\$-	\$894,000
<b>TOTAL CORRECTION</b>	<b>\$2,940,200</b>	<b>\$1,955,600</b>

**CRIME CONTROL AND PUBLIC SAFETY**

1. National Guard - Expansion/ Modifications to Military Center Center Building in Raleigh	1,774,000	-
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**CULTURAL RESOURCES**

1. Museum of the Albemarle - Planning	150,000	-
2. Thomas Wolfe Memorial - Supplement to prior years' funding for the Visitor's Center	75,000	-
3. Ziegler House renovation and construction of an addition to be used as a Visitors Center.	463,000	-
4. Charlotte Hawkins Brown State Historic Site - Improvements	482,000	-
5. Spencer Shops - Round House Renovations	200,000	-
6. Newbold-White House - Land Acquisition	50,000 <sup>d</sup>	-
7. Library Grants (Grant of up to \$50,000 per library system, one for one match of non-state funds required).	500,000 <sup>e</sup> State Aid	-
<b>TOTAL CULTURAL RESOURCES</b>	<b>1,920,000</b>	<b>-</b>

	1989-90 General Fund	1990-91 General Fund
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**CAPITAL IMPROVEMENTS - 1989 SESSION (Continued)**

**HUMAN RESOURCES**

1. Life Safety Improvements	\$2,900,000	\$-
2. Reserve Area Mental Health Centers	1,500,000 <sup>f</sup>	-
3. Vocational Rehabilitation Program - Purchase Buildings from Wayne Community College	1,500,000	-
4. Western Carolina Center		
(a) Addition to wheelchair shop	105,160	-
(b) Roof construction over outdoor recreation center	20,000	-
(c) Replacement of air conditioning cooling towers (match an Exxon grant dollar-for-dollar)	200,000	-
<b>TOTAL HUMAN RESOURCES</b>	<b>\$6,225,160</b>	<b>\$-</b>

**JUSTICE**

1. State Bureau of Investigation Complex Building, Raleigh	12,186,000	6,322,000
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**NATURAL RESOURCES**

1. Addition to Existing Geological Survey Core Repository on Reedy Creek Road, Raleigh	250,900	-
2. Reserve for Critical Needs for Construction at Forest Resources County Headquarters - Beaufort, Scotland, Rutherford, Pasquotank, Henderson, Cumberland, and Mitchell Counties	997,400 <sup>g</sup>	-



	1989-90 General Fund	1990-91 General Fund
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**CAPITAL IMPROVEMENTS - 1989 SESSION (Continued)**

**3. Reserve for Land Purchases at Coastal areas**

(a) Buxton Woods	— <sup>o h</sup>	\$—
(b) Masonboro Island Match of Non-State Funds Required	1,000,000	—

**4. Reserve for Beach Access - Land Acquisition**

500,000 —

**5. State Parks System Reserve**

(a) Repairs and Renovations/ Improvements	6,000,000 <sup>i</sup>	—
(b) Land Purchases	2,000,000 <sup>i</sup>	—

**6. North Carolina Zoological Park - Complete North American Phase**

Total Requirements	5,312,500	
Less Receipts	<u>1,062,500</u>	4,250,000 <sup>j</sup> —

**7. Reserve for Civil Works Projects**

2,200,000<sup>k</sup> —  
State Aid

**8. Small Watershed Grant Program**

450,000 —  
State Aid

**TOTAL NATURAL RESOURCES**

\$17,648,300 —

**OFFICE OF STATE BUDGET AND MANAGEMENT**

**1. Reserve for Emergency Prison Construction<sup>l</sup>**

(a) Alamance, Minimum Custody - 2 50-man dorms, multi-purpose building, fencing, utilities	31,883	1,171,345
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	1989-90 General Fund	1990-91 General Fund
<b>CAPITAL IMPROVEMENTS - 1989 SESSION (Continued)</b>		
(b) Duplin, Minimum Custody - 1 50-man dorm, multipurpose building, dining/kitchen building, fencing utilities	\$43,804	\$1,551,427
(c) Anson, Minimum Custody: 1 50-man dorm, multipurpose building, dining/kitchen building, fencing, utilities	38,813	1,518,702
(d) Nash-Sign Plant for Enterprises	701,000	-
(e) Columbus, Medium Custody - 104- man dorm, multipurpose building, dining/kitchen building, guard tower, fencing, utilities	3,619,581	-
(f) Harnett - Medium Custody: 104 man dorm, administration building, dining hall expansion, guard towers, fencing, utilities	-	4,192,984
(g) New Unit - 652 bed receiving and processing center; six 104 bed dorms, one 28 bed single cell: and, food, medical, processing, program and administrative areas. Support for land acquisition, site development, and advance planning.	-	2,310,651 <sup>m</sup>
(h) Harnett - Metal Products Plant (Enterprises)	-	1,531,800
(i) Harnett - Tailoring Plant (Enterprises)	-	1,028,100
(j) Pender Medium Custody 104 man dorm, vocational building, multi-purpose building, dining/kitchen hall, guard tower, fencing and utilities.	-	3,953,533

	1989-90 General Fund	1990-91 General Fund
<b>CAPITAL IMPROVEMENTS - 1989 SESSION</b>		
(k) Female Misdemeanant Processing at Fountain Correctional Center	\$332,200	\$-
(l) Kitchen facility construction and renovation at Women's Correctional Center	660,168	-
(m) DWI facility, Cherry Hospital	193,800*	650,200*
(n) Mental Health Facilities, Women's Correctional Center	1,718,196*	-
(o) Franklin, Medium Custody, 104-man dorm, administration building, multipurpose building, recreation building, recreation field fence and tower	2,362,042*	-
(p) Sampson, Medium Custody, 104- man dorm, administration building, recreation field fence and tower, pave road and parking lot	2,164,718*	-
(q) Nash, Convert from Minimum to Medium Custody, 400 single rooms, multipurpose building, kitchen/dining building, electronic perimeter security, double fencing, utilities, convert old dorm to programs building, demolish modular dorm, construct gymnasium, administration building and infirmary	20,069,073*	-
(r) Nash Print Plant - Triple current space (Enterprises)	2,672,880*	-
(s) Johnston Print Plant - Triple current space (Enterprises)	3,895,360*	-

	1989-90 General Fund	1990-91 General Fund
<b>CAPITAL IMPROVEMENTS - 1989 SESSION (Continued)</b>		
(t) Dayrooms Addition to Existing Medium Security - Field unit dorms	\$6,255,760*	\$-
(u) Dayroom Addition to Existing Minimum Security - Field unit dorms	224,456*	7,668,211*
(v) Classroom and Vocational Buildings - Renovations and site preparation	1,386,596*	1,583,141*
2. Low Level Radioactive Waste Site Development	8,000,000	6,000,000
3. Repairs/Renovation Reserve	7,922,840 <sup>n</sup>	-
4. Executive Mansion Fund (dollar- for-dollar match required)	1,000,000 <sup>o</sup>	-
5. Vietnam Veterans Memorial park - Establishment of Park on Interstate 85 (Contingent upon match of \$1 for each \$2 of State Funds) (HB 1513)	150,000	-
6. Clean Water and Sewer Loan and Grant Program	10,000,000 <sup>p</sup> State Aid	-
7. Satellite Jail Program	4,576,604 StateAid	4,000,000 State Aid
8. Solid Waste Revolving Fund	5,000,000 State Aid	-
<b>TOTAL OFFICE OF STATE BUDGET AND MANAGEMENT</b>	<b>\$83,019,774</b>	<b>\$37,160,094</b>

\*Funds appropriated in SB 38

	1989-90 General Fund	1990-91 General Fund
<b>CAPITAL IMPROVEMENTS - 1989 SESSION (Continued)</b>		
<b>UNIVERSITY</b>		
1. : Board of Governors:		
(a) Partial Funding for Remaining Projects of 1988 Supplemental Requests	\$10,000,000	\$-
(b) Reserve for Repairs/Renovations; Utilities, Repairs and Improvements; Roads, Walks, and Drives; and, OSHA and Barrier	6,000,000	-
(c) Reserve for Land Acquisition	1,000,000	-
(d) Reserve for Area Health Education Centers - Construction Grants	1,500,000	-
2. Appalachian State University		
(a) Academic Support Services Building - Planning	1,000,000	-
(b) Student Activities Center (Project one-half self liquidating)	3,000,000	-
3. East Carolina University - Academic		
(a) Addition to Joyner Library - Planning of \$1.0 M and Construction Reserve of \$6.0 M	7,000,000 <sup>a</sup>	-
(b) Center for Regional Advance- ment (dollar for dollar match required) - Planning	1,000,000 <sup>c</sup>	-
4. East Carolina University - Medical School		
(a) Vivarium Addition - Planning	364,000	-

	1989-90 General Fund	1990-91 General Fund
<b>CAPITAL IMPROVEMENTS - 1989 SESSION (Continued)</b>		
5. Elizabeth City University		
(a) Supplement for Dorm Renovations/Repairs - Planning	\$131,000	\$-
6. Fayetteville State University		
(a) Indoor Health/Physical Education Facility	8,000,000	1,677,800
7. N.C. Arboretum		
(a) Projects as outlined in Board of Governor's Request	1,250,000	-
8. N.C. Central University		
(a) Conversion of Women's Gym to Data processing Center - Planning	158,000	-
9. N.C. State University		
(a) Engineering Graduate Research Center Reserve	6,000,000 <sup>a</sup>	-
(b) Agricultural Programs - Laboratory Animal Facilities - Planning	200,000	-
(c) Centennial Campus Center - Matching Funds	2,000,000	-
10. Pembroke State University		
(a) Administration Building - Planning	276,000	-
11. University of North Carolina at Asheville		
(a) Conference Center Reserve	4,000,000 <sup>a</sup>	-



	1989-90 General Fund	1990-91 General Fund
<b>CAPITAL IMPROVEMENTS - 1989 SESSION (Continued)</b>		
(b) Renovations and/or addition to the Kellogg Center in Henderson County.	\$200,000	\$-
12. University of North Carolina at Chapel Hill		
(a) Building for School of Social Work Reserve	4,140,500 <sup>a</sup>	-
(b) School of Business - Planning \$1.0 M/; Construction Reserve of \$6.5 M (\$5.0 M match required)	7,500,000 <sup>a</sup>	-
13. University of North Carolina Hospitals at Chapel Hill		
(a) Fire Alarm/Sprinkler System Upgrade	4,003,100	-
14. University of North Carolina at Charlotte		
(a) Classroom/Academic Support Facility Planning	840,000	-
15. University of North Carolina at Wilmington		
(a) Physical Sciences Building/ Renovation of DeLoach Hall	656,000	-
16. Western Carolina University		
(a) Completion of Belk Building/ Asbestos removal - Planning	76,000	-

	1989-90 General Fund	1990-91 General Fund
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**CAPITAL IMPROVEMENTS - 1989 SESSION (Continued)**

**17. Winston-Salem State University**

(a) Student Services/Cafeteria/ Student Union Complex (Project one-half self liquidating) - Planning	305,000	-
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<b>TOTAL UNIVERSITY</b>	<b>\$70,599,600</b>	<b>\$1,677,800</b>
<b>GRAND TOTAL - CAPITAL OUTLAY</b>	<b>\$245,264,593</b>	<b>\$65,515,494</b>
	=====	=====

- a Section 16, S1042, Chapter 754 requires that funds be divided equally each year between the 3rd and 11th Congressional Districts for purpose shown. Funds are to be used for fees, advance planning, site improvements, and construction costs. Funds allocated are also to be used for the employment of one time- limited project manager position and administrative expenses.
- b Department of Commerce was reorganized as the Department of Community and Economic Development
- c Section 13, S1042, Chapter 754 states that Community Colleges' capital funds are not to revert.
- d Section 12, S1042, Chapter 754 requires that land purchased for this facility in Perquimans County be deeded to the State.
- e Section 19, S1042, Chapter 754 allows use of funds for construction or renovation of public library facilities. Grant maximum is \$50,000 and a local dollar-for-dollar match is required. Land may be considered for match requirement.
- f Section 10, S1042, Chapter 754 limits allocation for any one area mental health center to \$500,000.
- g Section 36, S1042, Chapter 754 permits the use of receipts to construct a regional forestry headquarters facility on the Buncombe County site with force account construction and labor not to exceed the value of \$150,000.

## CAPITAL IMPROVEMENTS - 1989 SESSION (Continued)

- <sup>h</sup> Section 23, S1042, Chapter 754 requires that funds appropriated for land purchases - coastal reserve be used only for Buxton Woods and Masonboro Island. Section 32, S1309, Chapter 799 directs that \$100,000 be redesignated to the Gates County Board of Education and rewrites Section 23, S1042 to limit use of the \$1,000,000 reserve for purchase of land at Masonboro Island.
- <sup>i</sup> Section 39, S1042, Chapter 754 allows the sum of \$250,000 to be used to support one-time limited position to manage capital projects and to contract with a professional design firm to manage these projects; the sum of \$5,750,000 is to be used for projects throughout the park system; and, \$2,000,000 is to be used for acquiring critical parcels of inholdings or corridors or easements identified for inclusion in the State Park System. Reports of projects and land purchases are to be made to the Joint Legislative Commission on Governmental Operations, the Office of State Budget and Management, and the Fiscal Research Division.
- <sup>j</sup> Section 44, S1042, Chapter 754 allows the expenditure of State funds to the extent that the required matching funds have been raised. Funds are not to revert.
- <sup>k</sup> Section 48, S1042, Chapter 754 allocates funds as follows:

(1)	Wilmington Harbor Maintenance Dredging	\$225,000
(2)	Northeast Cape Fear River	201,000
(3)	Wanchese Channel Maintenance Dredging	231,000
(4)	Wilmington Harbor Passing Lane Study	173,000
(5)	Wrightsville Beach Protection	353,000
(6)	Aquatic Weed Control	40,000
(7)	State Local Water Resources	499,000
(8)	Cape Lookout Ferry Channel Maintenance	175,000
(9)	Corps of Engineers - Feasibility Studies	50,000
(10)	Wilmington Harbor Turns and Bends Study	150,000
(11)	Wilmington Harbor Turning Basin Study	90,000
(12)	Neuse River (Oriental) Bank Protection	13,000

Adjustments of allocations among projects are permitted as well as shifts to projects that the Army Corps of Engineers may have advanced if these projects are delayed. Report is to be made quarterly to the Joint Legislative Commission on Governmental Operations.

- <sup>1</sup> Section 28, S1042, Chapter 754 excludes these projects from the requirements of several statutes and rules implementing those statutes. Reports on progress of projects are to be made to various committees including the Joint Legislative Commission on Governmental Operations.

**CAPITAL IMPROVEMENTS - 1989 SESSION (Continued)**

- m Section 29, S1042, Chapter 754 limits land acquisition cost of a new diagnostic unit to \$1,000,000.
- n Section 32, S1042, Chapter 754 allows up to \$61,500 to be used to repair or replace the heating and air conditioning system at the Chapel of the Correctional Center for Women at Raleigh.
- o Section 46, S1042, Chapter 754 permits the release of State funds to the Executive Mansion Fund, Inc., provided an equal match of non-state funds is raised by the corporation. Use of State funds is limited to immediate needs for restoration and acquisitions for the first floor public areas and for the Fine Arts Reserve Fund's acquisitions, restoration and operations.
- p Section 62, S1042, Chapter 754 allocates \$100,000 of these funds to the North Carolina Rural Water Association, Inc. as a grant-in-aid for operating expenses incurred for providing training and technical assistance to small water systems throughout the State.
- q Section 11, S1042, Chapter 754 as amended by Section 6(b), SB 1309 Chapter 799, identifies the following items to be placed in a restricted reserve until the General Assembly appropriates additional construction needs for these projects. It allows the Asheville project to be contracted with the stipulation that no more than \$2,000,000 be available for contract payment during 1989-90.

North Carolina State University	
Engineering Graduate Research Center	\$ 6,000,000
University of North Carolina - Chapel Hill	
School of Business	6,500,000
Social Work Building	4,140,500
East Carolina University	
Joyner Library	6,000,000
University of North Carolina at Asheville	
Conference Center	2,000,000
	<hr/>
	\$24,640,500

- r Section 6(c), S1309, Chapter 799 eliminates the match requirement for the Center for Regional Advancement if no part of the facility is a sports arena.

**SELF-LIQUIDATING/RECEIPT SUPPORTED PROJECTS  
OF THE  
UNIVERSITY SYSTEM**

	<u>1989-90</u>	<u>1990-91</u>
<b>University of North Carolina Hospitals at Chapel Hill</b>		
1. Administration Office Building <i>5 B1098 ch 785</i>	\$ 8,774,200	\$-
<b>University of North Carolina at Chapel Hill</b>		
1. Alumni Center - Increased scope from \$6,967,000 to \$12,150,300 (SB 88) <i>ch 745</i>	5,183,300 ✓	-
2. Research Facility to be leased by the United States Government for use by the Environmental Protection Agency (SB 693) <i>ch 745</i>	30,000,000 ✓	-
3. Institute of Marine Sciences - Visiting Investigator Facility (SB 693) <i>ch 745</i>	106,000 ✓	-
<b>University of North Carolina at Charlotte</b>		
1. Parking Deck (1,200 vehicles)	7,604,000 ✓	-
2. Student Housing, Phase VI	8,445,600 ✓	-
3. University/Convocation Activities Center	5,677,300 ✓	-
<b>Appalachian State University</b>		
1. Improvements to Student Housing Facilities	1,761,000 ✓	-
2. Parking Deck	4,054,600 ✓	-
<b>East Carolina University</b>		
1. Expansion of Radiation Oncology Center	7,812,100 ✓	-
2. Biotechnology Laboratory Building Completion	4,746,600 ✓	-



	<u>1989-90</u>	<u>1990-91</u>
<b>North Carolina State University</b>		
1. Research and Technology Building	\$7,002,000 ✓	\$-
<b>University of North Carolina at Asheville</b>		
1. Highsmith Center Renovation and Addition	3,001,800 ✓	-
2. 300-Bed Residence Hall	5,357,500 ✓	-
<b>University of North Carolina at Greensboro</b>		
1. Student Housing	6,310,600 ✓	-
<b>University of North Carolina at Wilmington</b>		
1. 200 Student Housing	4,317,300 ✓	-
<b>Winston-Salem State University</b>		
1. Cultural Arts Center	2,374,200 ✓	-
<b>TOTAL</b>	<b>\$112,528,100</b>	<b>\$-</b>



**LEGISLATIVE ACTIONS:  
HIGHWAY FUND APPROPRIATIONS**

LEGISLATIVE ACTION:  
HIGHWAY FUND APPROPRIATIONS

## DEPARTMENT OF TRANSPORTATION - HIGHWAY FUND

Statutory Authority: General Statutes, Chapter 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, the Department is also responsible for 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. This division is also responsible for constructing the new Intrastate Highway System and paving 10,000 miles of unpaved secondary roads during the next 13 1/2 years.

The Division of Motor Vehicles is responsible for registering all motor vehicles and issuing drivers licenses to all qualified North Carolina drivers. This division provides defensive driver training to public school bus drivers. The division also has the responsibility for collecting titling tax on each certificate of title that is issued.

Goals of the Department of Transportation include:

- To properly maintain 12,091 miles of Primary roads, 59,231 miles of Secondary roads and 5,225 miles of Urban roads.
- To inspect and maintain 16,864 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.

	1989-90 Highway Fund	1990-91 Highway Fund
<b>DEPARTMENT OF TRANSPORTATION - HIGHWAY FUND</b>		
(1989 ACTIONS, Continued)		
<b>CONTINUATION BUDGET AS RECOMMENDED BY THE GOVERNOR</b>	1989-90 Highway Fund	1990-91 Highway Fund
	\$905,039,079	\$911,686,645

\*\*\*\*\*  
**1989 LEGISLATIVE ACTIONS**  
 \*\*\*\*\*

**BASE BUDGET REDUCTIONS**

**STATE FUNDS TO MATCH FEDERAL HIGHWAY AID**

- |    |   |               |     |
|----|---|---------------|-----|
| 1. | (a) Construction  | \$(3,000,000) | \$- |
|    | Based upon the Department of Transportation's estimate of the level of anticipated federal aid for 1989/90 only \$64.6 million in State match is required. DOT indicated that in addition to this amount an additional 1 1/2% or 2% is needed for those instances when the feds will not participate in additional project costs. The Governor's request of \$73.3 million for 1989/90 is reduced to \$70.3 million which the subcommittee indicated is an adequate level of funding. |               |     |

\*\*\*\*\*

**TRANSFERS**

- |                            |   |                      |                      |
|----------------------------|---|----------------------|----------------------|
| 2.                         | Transfer to Department of Crime Control and Public Safety | (4,575)              | (4,582)              |
| <b>REVISED BASE BUDGET</b> |   | <b>\$902,034,504</b> | <b>\$911,682,063</b> |

\*\*\*\*\*

1989-90  
Highway  
Fund

1990-91  
Highway  
Fund

DEPARTMENT OF TRANSPORTATION - HIGHWAY FUND  
(1989 ACTIONS, Continued)

EXPANSION BUDGET

1. : Transportation Administration

- (a) Transportation Computing  
Center

\$698,586  
(26)

\$1,500,000  
(43)

Reorganize and expand the  
information processing services  
for all of the various activities  
within DOT.

- (b) Aeronautics

170,456  
(4)

157,154  
(4)

These funds brings this program  
into full compliance with the  
State's environmental law pro-  
viding airspace evaluations and  
provides positions with flying  
responsibilities to reduce current  
overtime required of the programs  
pilots.

- (c) Public Transportation

60,533  
(2)

72,480  
(2)

These funds will provide 2 new  
positions to deal with increased  
demands for planning and marketing:  
to work with county governments to  
complete and implement transporta-  
tion development plans.

2. Transportation Operations

- (a) Division Seven

96,093

24,555

Provides administrative support  
for construction and maintenance  
activities within Highway Division  
Seven (relocation of division  
office to new location).



1989-90  
Highway  
Fund

1990-91  
Highway  
Fund

DEPARTMENT OF TRANSPORTATION - HIGHWAY FUND  
(1989 ACTIONS, Continued)

*highway  
fund?*

(b) Operations Support Division \$647,486 (5) \$704,588 (5)

These funds provide 5 new positions related to hazardous waste management, asbestos control program, hazardous materials handling and control.

(c) Chief Engineer 190,997 (1) 180,746 (1)

These funds provide 1 position relating to the Keep N.C. Clean and Beautiful program and other operating costs.

(d) Ferry Division 70,019 14,327

These funds provide for the administrative needs associated with the newly completed Mann's Harbour Marine Maintenance Facility.

3. Transportation Construction and Maintenance

(a) Ferry Division 1,040,381 1,410,397  
Less: Direct Charges to  
Work Orders 1,040,381 1,410,397  
Highway Fund Appropriation (57) (57)

These funds will provide the positions needed to fully activate the new Mann's Harbour Marine Maintenance Facility. (Maintenance Operations.)

(b) Special Appropriation for Highways 6,000,000 6,000,000

These funds will provide a 10% increase for this program and will include the Ferry Replacement Schedule in the Transportation Improvement Program.



	1989-90 Highway Fund	1990-91 Highway Fund
<b>DEPARTMENT OF TRANSPORTATION - HIGHWAY FUND</b> (1989 ACTIONS, Continued)		

(c) Construction - Spot Safety	\$2,900,000	\$2,900,000
--------------------------------	-------------	-------------

These funds will deal with the backlog of small-scale safety related projects (traffic signals, turn lanes, etc.).

(d) Contract Resurfacing

Reduce appropriations in Base Budget to reflect projected revenue availability.	-	(11,000,000)
---	---	--------------

(e) Ferry Operations	1,711,200	2,235,654
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Provides for the increased funding for the Ferry Division.

(f) Governor's Highway Safety Program		
(1) Planning and Administration	6,000	6,000

Provides funds for the development of a Highway Safety program of a comprehensive nature that involves all elements of the Safety Community.

(g) OSHA	200,000	150,000
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Provides funds to correct deficiencies in operations supported by the Highway Fund to meet OSHA standards.

*omit  
Spent this year?*

4. Transportation Regulation

(a) Commissioner's Office	767,321 (3)	812,841 (3)
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Provides funds to establish a Consumer Information, Education and Relations Program.

*what has he  
done to date*

	1989-90 Highway Fund	1990-91 Highway Fund
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DEPARTMENT OF TRANSPORTATION - HIGHWAY FUND  
(1989 ACTIONS, Continued)

(b) Vehicle Registration

(1) Branch Agency Commission	\$680,000	\$1,400,000
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Provides for an increase of 10 cents per transaction in each year of the biennium for contract agents (1989-90 - 82 cents, 1990-91 - 92 cents).

(2) Replace and repair microfilm equipment	803,289	77,815
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Provides funds to replace and repair dated microfilm equipment.

(c) Driver Licensing	896,390 (22)	560,577 (22)
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Provides funds to establish and staff additional driver license offices and provides additional clerical personnel.

(d) Traffic Safety Education Services	57,625	49,500
--	--------	--------

Provides funds to standardize the Driver Improvement Course so that it will correspond to the course offered nationwide for traffic offenders.

(e) Traffic Records	22,948 (1)	(32,504) (1)
---------------------	---------------	-----------------

Provides funds for one additional position to meet the requirements of coding and processing the increased number of citations and depositions issued.

(f) International Registration Plan	37,735	-
--	--------	---

Provides funds to replace old computer equipment.

	1989-90 Highway Fund	1990-91 Highway Fund
<b>DEPARTMENT OF TRANSPORTATION - HIGHWAY FUND</b>		
(1989 ACTIONS, Continued)		

(g) Enforcement and Vehicle Registration	\$735,663 (12)	\$332,000 (12)
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Provides funds for 10 additional positions at weigh stations to operate with a full complement seven days a week to enforce weight laws, 2 additional positions because of increased number of stolen vehicles.

5. Transportation Reserves

(a) Department of Crime Control  
and Public Safety -

Provides funds for increased activities in this department.	1,372,095	2,378,827
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(b) Reserve for Hospital/ Medical Benefits	3,000,000	3,500,000
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Provides funds for estimated additional need for Hospital/Medicaid Benefits costs.

(c) Reserve for Compensation Increase	17,300,000	36,200,000
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Provides funds for Legislative salary increase.

(d) Department of Revenue	160,000	160,000
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Provides funds for computer programming related to the adoption of a uniform form for gasoline reporting requirements for interstate motor carriers.

(e) Department of Revenue

Provide reserve to be allocated for necessary costs associated

1989-90  
Highway  
Fund

1990-91  
Highway  
Fund

DEPARTMENT OF TRANSPORTATION - HIGHWAY FUND  
(1989 ACTIONS, Continued)

	with improvements in state tax enforcement and compliance.	117,950	149,690
6.	For erection of hurricane emergency evacuation signs for coastal areas subject to hurricane damage.	100,000	-
7.	State Aid for Public Transportation, Elderly and Handicapped Transportation assistance program.	2,000,000 State Aid	2,000,000 State Aid
8.	Underground Storage Tank Cleanup Funds		
	(a) Appropriates the gasoline inspection taxes for this purpose except for the amount required to administer and enforce the provisions of Chapter 119 and funds retained by the Department of Revenue for the cost of collection of taxes under Subchapter V of Chapter 105 of the General Statutes.	6,433,000	6,533,000
TOTAL EXPANSION BUDGET		\$47,235,386	\$57,067,250
TOTAL POSITIONS		(133)	(150)
TOTAL OPERATING APPROPRIATIONS		\$949,269,890	\$968,749,313

\*\*\*\*\*



**SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1989**

**Senate Bill 43**

*cheg 500*

**Section 46      Eliminate Overdrafts -** Requires the Controller of the Department of Transportation to eliminate all overdrafts at the beginning of each fiscal year on State maintenance and construction projects.

**Section 47      Limitations on Over-Expenditures -** Requires that over-expenditures have corresponding under-expenditures in the following titles:

State Construction/Primary  
State Construction/Urban  
State Construction/Access & Public Service Roads  
State Funds to Match Federal Highway Aid  
State Maintenance  
Ferry Operations

Over-expenditures or under-expenditures may not vary more than 10% without prior consultation with the Advisory Budget Commission.

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

**Section 48      Cash Flow -** Authorizes and certifies anticipated revenues of the Highway Fund for the 1991-93 biennium.

**Section 49      Highway Fund Appropriations -** Allows an amount not to exceed 15% 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. Requires the Department of Transportation to report to the General Assembly by May 15, 1990 concerning this program and the expenditures of funds for widening existing narrow pavements.

**Section 50      Use of Sales Taxes -** 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 may not exceed \$475,000.

**Section 51      Urban Construction Funds -** Provides \$1.0 million for each of the 14 Highway Divisions for small urban construction projects and \$6.0 million to be used statewide for rural or small urban highway

**DEPARTMENT OF TRANSPORTATION - HIGHWAY FUND**  
**(1989 ACTIONS, Continued)**

improvement projects. The Department of Transportation shall report to members of the General Assembly on projects in each member's district prior to Board action. Comprehensive reports are to be filed quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

**Section 52**      **Adjustments to Reflect Actual Revenue** - Provides for any unreserved credit balance in the Highway Fund on June 30 of each fiscal year shall be used to support appropriations in the succeeding fiscal year. Requires Board of Transportation to report monthly to the Joint Legislative Commission on Governmental Operations on the use of these funds.

**Section 53**      **Continuing Aviation, Rail, and Public Transportation Appropriations** - Removes the sunset provision which was to have taken effect June 30, 1990.

**Section 54**      **Ferry Captain III, Shift Premium Pay** - Allows shift premium pay for ferry captains in pay grade 70.

**Senate Bill 44**

*(1984-91 Expense Budget) chap 752*

**Section 98**      **Special Appropriations** - Provides \$66.0 million each year of the biennium for highway construction, planning, design and engineering of highways, and acquisition of rights-of-way, matching funds for unanticipated Federal aid, payment of interest and principal on highway bonded indebtedness and scheduled ferry replacement.

**Section 99**      **Commission Paid to Branch Agents** - Provides a 10 cents per transaction increase for DMV Contract Branch Agents each year of the biennium. This increase brings the fee up to 82 cents per transaction in 1989-90 and 92 cents in 1990-91.

**Section 100**      **Commissioner of Motor Vehicles to Report on Printing and Binding Funds** - Requires a report to the General Assembly on the amount of funds spent on printing and binding by May 15, 1990.

**Section 101**      **Concessions on Ferries and at Ferry Facilities** - Allows the Department of Transportation to operate



**DEPARTMENT OF TRANSPORTATION - HIGHWAY FUND**  
(1989 ACTIONS, Continued)

- concessions on ferries and at ferry facilities to provide food, drink and personal comfort items.
- Section 102      **Bridge Maintenance** - Requires DOT personnel to dispose of debris taken from around bridges to an appropriate disposal site for solid waste.
- Section 103      **Currituck/Dare Bridge Maintenance Yard Consolidation** - Allows the Department of Transportation to dispose of property in Currituck and Dare Counties and allows the use of the proceeds for the consolidation of the Currituck and Dare Counties bridge maintenance yards.
- Section 104      **NC 400 Under Voyages Commission** - Requires the Department of Transportation to provide maintenance of highway NC 400.
- Section 105      **Elderly and Handicapped Transportation Assistance Program** - Provides \$2.0 million in highway funds each year of the biennium for the Elderly and Handicapped Transportation Assistance Program.
- Section 153      **Visitor and Welcome Centers** - Requires the Secretary of Transportation, before making any other transfers pursuant to G.S. 20-81.3(c) or (g) to allocate and reserve \$50,000 in 1989-90 and 1990-91 for U.S. Highway 17 Center in Camden County; \$50,000 in 1990-91 for the U.S. Highway 441 Center in Macon County; and \$50,000 in 1990-91 for the U.S. Highway 17 South Center in Brunswick County. Section expires on June 30, 1991.
- Senate Bill 1042      *ch 754*
- Section 41      **Highway Funds/Adjustment to Reflect Actual Revenue** - Allows the Department of Transportation to establish a "Reserve for Purchase of Rights-of-Way" from the unreserved credit balance in the Highway Fund.
- Senate Bill 1309      *ch 799*
- Section 9      **Rules on Trucks** - Requires the Department of Transportation to adopt rules regarding limitations on tandem trailers and semi-trailers by December 1, 1989.

**DEPARTMENT OF TRANSPORTATION - HIGHWAY FUND**  
(1989 ACTIONS, Continued)

Section 12      **Department of Transportation to Repair and Maintain the State Parks Road System** - Requires the Department of Transportation to maintain all roads in the Park system beginning July 1, 1990.

Section 14      **P. B. Raiford Regional Airport in Duplin County** - Reallocates the funds appropriated in 1988-89 from providing for drainage at the airport to capital improvement needs at the airport.

Section 23      **Anson County Airport Funds Reallocation** - Reallocates funds appropriated for 1988-89 to include airport capital improvement needs.

Section 25      **Civil Air Patrol Headquarters Building Funds** - Of the funds appropriated for aviation purposes, \$100,000 shall be used for the construction of a new headquarters and training facility by the North Carolina Wing of the Civil Air Patrol, Inc. Funds to be matched by CAP on a dollar-for-dollar basis.

Section 31      **Motor Fuels Tax Collection Costs** - Diverts the 1/4 cent gasoline inspection fee from the Highway Fund to the Leaking Underground Storage Tanks program. The cost of collection of taxes and the cost of administration of the gasoline inspection program shall continue to be paid from funds generated from the inspection fees.

**Senate Bill 913**

*ch. 774*

Section 1      **Increase Personalized License Plate Fee** - Fee increased from \$10 to \$20 for personalized registration plates. The \$10 increase is to be deposited in the Recreation and Natural Heritage Trust Fund established under G.S. 113-77.7.

**Senate Bill 1336**

Effective July 1, 1990, increases the percentage from 1/8 of 1% to 1/6 of 1% of net proceeds of the taxes on motor fuels levied under G.S. 105-434 designated for use by the Wildlife Resources Commission. Percentage reflects amount of motor fuels taxes collected related to boating versus total motor fuels taxes collected.

# **HIGHWAY FUND CAPITAL IMPROVEMENTS**

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**1989 LEGISLATIVE ACTIONS**  
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## **TRANSPORTATION**

### **DIVISION OF HIGHWAYS**

*S 1042 ch 754*

	1989-90 Highway Fund	1990-91 Highway Fund
1. Bridge Maintenance Office and Warehouse - Boone	\$200,900	\$-
2. Equipment Shop - Burnsville	566,600	-
3. Equipment Shop - Shallotte	438,000	-
4. Maintenance Office - Monroe	217,800	-
5. Repair Shop - Williamston	492,900	-
6. Materials and Test Lab - Statesville	283,800	-
7. Maintenance Yard Security Fence - Albemarle	40,900	-
8. Maintenance Yard Security Fence - Mt. Pleasant	18,900	-
9. Roof Replacement - Shelby	15,000	-
10. Maintenance Yard Security Fence - Lincolnton	22,700	-
11. Maintenance Yard Security Fence - Shelby	29,600	-
12. Maintenance Facility - Ocracoke	124,600	-
13. Roof Replacements - Statewide	226,150	-
14. Sandcape/Sign Shop Renovation and Addition - Boone	43,400	-
15. Rest Area - U.S. 264 - Beaufort County	335,100	-
15.1 Ferry Office and Restroom - Pamlico River	125,000	-
16. Salt Storage Shed - Hudson	69,100	-

	1989-90 Highway Fund	1990-91 Highway Fund
CAPITAL IMPROVEMENTS - 1989 SESSION (Continued)		
17. Landscape/Sign Shop Renovation - Elkin	9,900	-
18. Maintenance Building Addition - North Wilkesboro	38,000	-
19. Maintenance Building Addition - Smethport	35,600	-
20. Sign Shop - Union	100,000	-
21. Storage Warehouse - Warrensville	53,900	-
22. Foreman and Inspector Office Addition - Graham	19,400	-
23. Bridge Maintenance Office Addition - Hudson	11,800	-
24. Bridge Maintenance Office Addition - Monroe	24,700	-
25. Bridge Maintenance Office Addition - Burgaw	24,700	-
26. Roof Replacement - Central Equipment Office - Raleigh	164,100	-
27. Bridge Maintenance Office Building - Hendersonville	87,600	-
28. Blacksmith/Warehouse/Lumber Shed - Hendersonville	181,000	-
29. Equipment Shop - Mocksville	100,000	-
30. Repair Shop - Creswell	50,000	-
31. Landscape Office and Warehouse - Graham	111,900	-
32. Office, Assembly Room and Office Addition - Maury	462,600	-



	1989-90 Highway Fund	1990-91 Highway Fund
<b>CAPITAL IMPROVEMENTS - 1989 SESSION (Continued)</b>		
33. Office, Assembly Room and Office Addition - Kinston	25,100	-
34. Roof Replacement - Storage Warehouse - Raleigh	10,400	-
35. Division Equipment Shop - Carthage	200,000	-
36. Equipment Shop - Sandy Ridge	60,000	-
37. Landscape Warehouse - Wentworth	77,200	-
38. Bridge Maintenance Office Building - Franklin	88,300	-
39. Paint Warehouse and Truck Shed - Camp Burton	70,200	-
40. Bridge Maintenance Office Renovation - Lexington	23,100	-
41. District Equipment Shop - Asheboro	100,000	-
42. Equipment Shop - Marion	90,000	-
43. Maintenance Warehouse - Hillsborough	86,300	-
44. Bridge Maintenance Office Building - Union	88,700	-
45. New Division Complex - Fayetteville	500,000	-
46. Maintenance Facility - Cherry Branch	250,000	-
47. Maintenance Facility - Cedar Island	250,000	-
48. Division Office Addition - Durham	655,000	-
49. Manns Harbor - Cost Overrun on Marine Maintenance Facility	1,000,000	-
<b>TOTAL DIVISION OF HIGHWAYS</b>	<b>\$8,299,950</b>	<b>\$-</b>

	1989-90 Highway Fund	1990-91 Highway Fund
<b>CAPITAL IMPROVEMENTS - 1989 SESSION (Continued)</b>		
<b>DIVISION OF MOTOR VEHICLES</b>		
1. Building Additions (5 Locations)	892,500	-
2. Resurface Parking Lots (6 Locations)	91,800	-
3. Roof Replacements (7 Locations)	89,300	-
4. Warehouse and Office Building - Raleigh	1,681,300	-
<b>TOTAL DIVISION OF MOTOR VEHICLES</b>	<b>\$2,754,900</b>	<b>\$-</b>
<b>CRIME CONTROL AND PUBLIC SAFETY - HIGHWAY FUND</b>		
1. Highway Patrol - upgrade and replace Underground Gas Storage Tanks	212,350	-
2. Highway Patrol-Training Center (a) Helicopter Hangar	82,800	-
(b) Air Condition Dining Fac.	51,700	-
3. Highway Patrol - Design fee for Troop H, Headquarters Building Charlotte/Monroe Area	42,380	-
4. Highway Patrol - Additional Parts Storage for State Agency Vehicles	16,200	-
<b>TOTAL CRIME CONTROL AND PUBLIC SAFETY</b>	<b>\$405,430</b>	<b>\$-</b>
<b>GRAND TOTAL - HIGHWAY FUND CAPITAL IMPROVEMENTS</b>	<b>\$11,460,280</b>	<b>\$-</b>



## APPENDIX

APPENDIX

GENERAL FUND  
COMPARATIVE STATEMENT OF AVAILABILITY AND EXPENDITURES  
( \$ Millions)

	1989-90			1990-91		
	Governor's	Submissions	Authorized By General Assembly	Governor's	Submissions	Authorized by General Assembly
	January 1989	April 1989		January 1989	April 1989	
Beginning Credit Balance						
Reversions	\$186.9	\$170.9	\$171.0	\$177.	\$177.0	\$-
Overcollections in Prior Year	(6.8)	-	(14.0)	-	-	65.8
Total	180.1	170.9	157.0	177.0	177.0	65.8
Revenues Existing Structure						
Tax	6,351.7	6,351.7	6,439.9	6,872.0	6,872.0	6,917.0
Non-tax	268.3	268.3	223.8	288.0	288.0	238.2
Subtotal	6,620.0	6,620.0	6,663.7	7,160.0	7,160.0	7,155.2
Adjustment to Reflect Change in Method of Financing						
Local Tax Reimbursement			231.8*			234.1*
Legislative Bonds	73.0	73.0	-	-	-	-
RJR Nabisco						
Capital Gains from leveraged buyout	-	-	123.0	-	-	-
Adjustment for Interest costs	-	-	(30.0)	-	-	-
Revenue Changes:						
1. Sales and Use Tax -						
1% increase	-	408.0	-	-	494.0	-
2. Sales & Use Tax -						
Adjust State Tax on Food and Non-Prescription Drugs to 1%	-	(128.2)	-	-	(146.5)	-

1989-90				1990-91			
<u>Governor's Submissions</u>		Authorized By General Assembly		<u>Governor's Submissions</u>		Authorized by General Assembly	
January	April			January	April		
1989	1989			1989	1989		
3.	Sales & Use Tax - Merchants						
	Discount	-	(12.2)	-	(18.3)	-	
4.	Collect Utilities and						
	Franchise Tax monthly	-	-	-	77.0	-	
5.	Tax Amnesty/Enforcement						
	Program	-	53.1	-	68.9	68.9	
6.	Other changes - Reductions to						
	Special Fund Accounts:						
	(1) Textbook Reserve		3.0	-	-	-	
	(2) Public Schools Unemployment						
	Reserve		1.0	-	-	-	
	(3) Scholarship Loan Program		-	-	-	.5	
	(4) Administrative Hearings Office						
	Publications Trust Fund		-	-	-	-	
			.05				
7.	Sales & Use Tax - Increase						
	limit on boats, aircraft	-	2.3	-	-	3.0	
8.	Sales & Use Tax - Increase						
	motor vehicle rental tax						
	from 3% to 8%	-	17.0	-	-	18.0	
9a.	Sales & Use Tax - Earmarking						
	of existing vehicle sales						
	and use tax for Highway						
	Trust Fund	-	(130.0)	-	-	(170.0)	
9b.	Transfer from Highway						
	Trust Fund	-	279.4	-	-	356.0	
	Net Change	-	149.4	-	-	186.0	
10.	Privilege Tax Restructure	-	-	-	-	4.8	

	1989-90			1990-91		
	Governor's	Submissions	Authorized By General Assembly	Governor's	Submissions	Authorized by General Assembly
	January 1989	April 1989		January 1989	April 1989	
11. Estimated Income Tax						
Change	-	-	26.5	-	-	2.3
12. Court Fee Increases	-	-	11.3	-	-	13.0
13. Investment Management Fees	-	-	.4	-	-	-
Adjusted Availability	\$6,873.1	\$7,188.6	\$7,425.8	\$7,337.0	\$7,812.1	\$7,752.2
Expenditures:						
Current Operations:						
Continuation	6,307.4	6,307.4	6,307.4	6,345.3	6,345.3	6,345.3
Continuation -						
Medicaid Increase	80.4	80.4	80.4	143.8	143.8	143.8
Continuation - Workforce						
Reductions	(10.4) <sup>a</sup>	(10.0) <sup>a</sup>	(5.8)	(10.4) <sup>a</sup>	(10.0) <sup>a</sup>	(6.6)
Departmental Receipt						
Adjustments	-	(1.7)	(2.8)	-	(2.3)	(3.4)
Average Annual Salary						
Adjustment public Schools	-	(16.0)	(20.8)	-	(16.0)	(20.9)
Average Daily Membership						
Adjustment	-	5.4	3.7	-	5.4	5.0
Average Daily Membership						
Reserve	-	(1.0)	-	-	(1.0)	-
Other Base Reductions (net)	-	(.7)	(12.4)	-	(1.2)	(11.8)
Revised Base Budget	6,377.4	6,363.8	6,349.7	6,478.7	6,464.0	6,451.4
Local Government Tax						
Reimbursement	-	-	231.8	-	-	234.1
Enrollment Increases -						
University	-	-	17.9	-	-	26.8
Enrollment Increases -						
Community Colleges	-	-	7.9	-	-	6.0
Corrections/Alternatives						
Programs Reserve	75.0	75.0	20.3 <sup>c</sup>	75.0	75.0	41.9 <sup>c</sup>

	1989-90			1990-91		
	Governor's Submissions	Authorized		Governor's Submissions	Authorized	
	January 1989	April 1989	By General Assembly	January 1989	April 1989	by General Assembly
Basic Education Program	113.1	113.0	69.3	212.4	212.4	180.5
Career Development		42.3	-	47.0	73.0	-
Tuition Increase	-	-	(24.8)	-	-	(27.3)
Utilities Assessment						
Fees (Ch. 787)	-	-	(3.1)	-	-	(6.3)
Debt Service	5.0	5.0	-	10.2	10.2	-
Salary Increase - State						
Employees	61.1	300.3	292.3	244.4	596.2	611.9
Salary Increase - local						
Employees	1.3	10.7	6.0	5.4	20.2	12.2
Hospital - Medical Increase	40.0	40.0	30.0	53.5	53.5	40.0
Court personnel/Other Needs		1.0	10.1		3.0	10.8
Amnesty/Tax Enforcement	-	6.1	6.1	-	4.8	4.8
All other Expansion (net)	33.0	54.5	101.4	45.5	66.0	99.9
Subtotal-Expansion	328.5	641.8	765.2	693.4	1,114.3	1,235.3
Capital:						
Direct Appropriations	94.2	99.9	191.4	125.8	141.5	32.3
Legislative Bond	73.0	73.0	-	-	-	-
Prisons/Satellite Jails			53.9			33.2
Subtotal - Capital	167.2	172.9	245.3	125.8	141.5	65.5
Total Expenditures	\$6,873.1	\$7,184.6	\$7,360.2	\$7,297.0	\$7,719.8	\$7,752.2

<sup>a</sup> Governor's Submissions netted the workforce reduction against the expansion recommendations.

<sup>b</sup> Revised to reflect inclusion of tax amnesty/enforcement

<sup>c</sup> Operating portion only



**SUMMARY OF APPROPRIATIONS  
GENERAL FUND AND HIGHWAY FUND**

Senate Bill 43, Chapter 500  
"The Current Operations Appropriation Act of 1989"

	<u>1989-90</u>	<u>1990-91</u>
General Fund		
Sec. 3	\$5,999,154,887	\$6,106,067,230
Sec. 5	350,496,558	345,298,329
Total	<u>\$6,349,651,445</u>	<u>\$6,451,365,559</u>
Highway Fund		
Sec. 4	\$830,606,014	\$838,055,593
Sec. 6	71,428,490	73,626,470
Total	<u>\$902,034,504</u>	<u>\$911,682,063</u>

Senate Bill 44, Chapter 752  
"The Expansion Budget Appropriations Act of 1989"

General Fund		
Sec. 3 rewritten by Sec. 6 of Chapter 799	\$450,340,606	\$916,656,893
Sec. 5	32,642,099	50,367,066
Sec. 52	231,755,615	234,093,897
Sec. 53 rewrite of Sec. 11 of Chapter 557	4,953,192	4,765,218
Total	<u>\$719,691,512</u>	<u>\$1,205,883,074</u>
Highway Fund		
Sec. 4	\$38,584,436	\$48,384,560
Sec. 6	2,000,000	2,000,000
Sec. 53 rewrite of Sec. 11 of Chapter 557	117,950	149,690
Total	<u>\$40,702,386</u>	<u>\$50,534,250</u>

Senate Bill 1042, Chapter 754  
"Capital Improvement Appropriations Act of 1989"

General Fund		
Sec. 4	\$182,947,108	\$51,613,942
Sec. 5	23,726,604	4,000,000
Sec. 7	2,381,080	-
Sec. 9	15,248,000	-
Total	<u>\$224,302,792</u>	<u>\$55,613,942</u>
Highway Fund		
Sec. 6	\$11,460,280	-
Sec. 8	100,000	-
Total	<u>\$11,560,280</u>	<u>-</u>

	<u>1989-90</u>	<u>1990-91</u>
Senate Bill 38, Chapter 8		
"Emergency Appropriation for Correctional Programs and Projects"		
General Fund		
Sec. 2(a)	\$10,810,270	\$16,121,519
Sec. 2(b)	509,208	-
Sec. 2(c)	-	837,170
Sec. 3	40,942,881	9,901,552
Total	\$52,262,359	\$26,860,241

Senate Bill 1124, Chapter 795  
 "An Act to Appropriate Fund to the Administrative Office of the  
 Courts, etc."

General Fund		
Total	\$11,215,493	\$11,962,296

House Bill 272, Chapter 557  
 "An Act to Create a Tax Amnesty Program and Improve State Tax  
 Enforcement and Compliance"

General Fund		
Sec. 6	\$1,100,000	\$ -
Sec. 11 rewritten in Sec. 53 of Chapter 752		
Total	\$1,100,000	\$ -

Senate Bill 1309, Chapter 799  
 "An Act to Make Miscellaneous Changes to the State Budget"

General Fund		
Sec. 1 Reallocation of Funds in Sec. 4 of Chapter 754	-	-
Sec. 3	\$1,000,000	\$ -
Sec. 4	300,000	-

Sec. 6 Rewrite of Sec. 3 of Chapter 752	450,840,606 <sup>a</sup>	917,156,893 <sup>a</sup>
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House Bill 957, Chapter 957  
 "An Act to Amend Various Statutes Relating to the Cleanup of Leaking  
 Petroleum Underground Storage Tanks etc."

Highway Fund	6,433,000 <sup>b</sup>	6,533,000 <sup>b</sup>
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Grand Total		
General Fund	\$7,360,023,601	\$7,752,185,112
Highway Fund	\$960,730,170	\$968,749,313

<sup>a</sup>Net increase of \$500,000 each year

<sup>b</sup>Funds remaining from fee after funding the Department of Revenue and  
 the Department of Agriculture support from Highway Fund

**TOTAL STATE BUDGET BY SOURCE OF FUNDS**  
**1963-64 TO 1988-89**  
(In Millions)

		<u>General</u>	<u>Federal</u>	<u>Highway</u>	<u>Federal</u>	<u>Other</u>
	<u>Total</u>	<u>Fund</u>	<u>Revenue</u>	<u>Fund</u>		
			<u>Sharing</u>			
1963-64	\$ 534.0	-	\$158.3	\$152.4	\$127.4	\$ 972.1
1964-65	468.7	-	161.8	153.3	91.3	875.1
1965-66	608.8	-	181.7	188.8	185.2	1,164.5
1966-67	580.6	-	188.8	175.8	107.7	1,052.8
1967-68	791.7	-	219.6	236.4	180.3	1,428.0
1968-69	735.1	-	226.9	221.3	135.3	1,318.6
1969-70	969.6	-	303.7	349.9	193.4	1,816.6
1970-71	961.4	-	304.7	335.1	171.2	1,772.3
1971-72	1,198.0	-	344.8	476.7	218.6	2,238.2
1972-73	1,173.6	-	352.4	491.7	199.5	2,217.2
1973-74	1,607.3	105.2	381.7	519.3	264.4	2,877.9
1974-75	1,734.6	57.2	392.7	648.6	247.8	3,080.9
1975-76	1,733.2	51.7	422.8	747.6	292.3	3,247.6
1976-77	1,922.4	67.1	414.6	776.8	282.9	3,463.8
1977-78	2,158.0	66.9	433.1	967.9	351.4	3,977.3
1978-79	2,515.4	62.5	461.8	1,042.7	328.5	4,410.9
1979-80	2,787.7	57.0	497.6	1,240.5	448.8	5,031.7
1980-81	3,216.4	28.4	506.1	1,296.5	395.7	5,443.1
1981-82	3,435.0	-	535.0	1,312.7	470.0	5,752.8
1982-83	3,623.6	-	555.6	1,322.3	485.9	5,987.4
1983-84	3,857.6	-	664.0	1,597.4	584.9	6,703.9
1984-85	4,516.6	-	713.6	1,655.8	551.7	7,437.7
1985-86	5,130.5	-	735.5	1,838.1	696.4	8,400.5
1986-87	5,516.0	-	839.4	1,887.4	698.3	8,941.0
1987-88	5,977.9	-	882.4	2,026.8	837.1	9,724.2
1988-89	6,586.1	-	918.7	2,117.4	788.2	10,410.4

Source: State Budget Office

**REIMBURSEMENTS TO LOCAL GOVERNMENTS  
DUE TO STATE-MANDATED TAX RELIEF SINCE 1981**

	1985-86 Refunds	1986-87 Refunds	1987-88 Refunds	1988-89 Refunds	1989-90 Appropriations	1990-91 Appropriations
Reimbursement of Property Taxes Lost due to Rate Reduction Applicable to Wholesale and Retail Inventories						
Manufacturers' Inventory (G.S. 105-275.1) (Netted against Corporate Income)				\$106,243,531	\$107,973,963	\$107,973,963
Retailers and Wholesalers' Inventory (G.S. 105-277A) 80%				63,620,905	63,620,905	63,620,905
20%		9,600,000	15,080,000	15,745,000	16,752,680	17,824,851
Homestead Reimbursement (G.S. 105-164.44C) Netted Against Cigarette Tax Income	1,665,544	4,523,601	7,735,401	7,731,752	7,700,000	7,685,000
Sales of Food Products Pursuant to Food Stamp Coupons and Supplemental Food Instruments, effective 10-1-85 (G.S. 105-164.44C)		2,839,856*	4,893,928*	5,125,594*	5,366,497	5,618,722
Intangibles - Exemption of Money on deposit and money on hand (G.S. 105-213.1)		20,654,256*	21,996,782*	23,404,576*	24,902,468	25,496,225

**REIMBURSEMENTS TO LOCAL GOVERNMENTS  
DUE TO STATE-MANDATED TAX RELIEF PACKAGE SINCE 1981**

	1985-86 Refunds	1986-87 Refunds	1987-88 Refunds	1988-89 Refunds	1989-90 Appropriations	1990-91 Appropriations
Exemption of certain accounts and accounts receivables [G.S. 105-213(a)]		4,111,184*	4,976,019*	5,036,206*	5,439,102	5,874,231
<b>TOTAL</b>	<b>\$1,665,541</b>	<b>\$41,728,897</b>	<b>\$54,682,130</b>	<b>\$226,907,564</b>	<b>\$231,755,615</b>	<b>\$234,093,897</b>

\*Prior year collections distributed in State fiscal year as shown

GENERAL FUND APPROPRIATIONS FOR CAPITAL IMPROVEMENTS  
(includes Revenue Sharing Funds)

	Total Direct Appropriation	University	Community Colleges	Correction	Human Resources	State Ports	Repair and Renovation Reserve	Clean Water Program	Other
1965-67	42,139,578	25,233,600	1,943,578	851,000	8,144,000	1,752,500	—	—	4,214,900
1967-69	112,356,788	65,839,600	1,367,813	4,200,000	20,830,000	4,490,000	—	—	15,629,375
1969-71	75,588,603	36,508,921	—	500,000	14,936,582	—	—	—	23,643,100
1971-73	64,891,192	24,885,500	3,420,000	691,000	16,176,572	—	—	—	19,718,120
1973-74	191,822,446	81,246,000	25,418,187	5,649,000	25,834,434	8,295,000	—	—	45,379,825
1974-75	93,365,337	11,571,000	10,000,000	19,810,100	4,259,887	3,800,000	—	—	43,924,350
1975-76	28,662,437	11,360,500	—	6,000,000	5,421,112	—	—	—	16,723,051
1976-77	45,096,295	26,402,500	1,600,000	40,000	7,839,420	—	—	—	9,214,375
1977-78	31,332,626	9,540,000	1,000,000	4,750,000	3,575,000	2,265,000	—	—	10,202,626
1978-79	126,008,818	49,751,700	1,000,000	45,700,000	8,735,000	815,000	—	—	20,007,118
1979-80	84,378,719	59,195,800	2,616,838	4,500,000	4,916,500	2,700,000	—	—	10,449,581
1980-81	103,807,712	53,536,000	4,024,820	21,300,000	3,095,000	4,800,000	—	—	17,051,892
1981-82	30,005,727	7,309,903	175,000	970,000	4,747,000	—	—	—	16,803,824
1982-83	65,772,358	47,458,936	125,000	8,700,000	5,018,000	—	—	—	4,470,422
1983-84	59,782,244	35,815,440	255,000	—	200,000	—	15,000,000	—	8,511,804
1984-85	212,535,238	107,817,200	26,395,700	50,000	1,420,000	—	60,000,000	—	16,852,338
1985-86	253,504,234	64,636,900	21,374,500	11,704,300	5,764,600	—	34,000,000	60,000,000	56,023,934
1986-87	297,667,245	86,993,750	34,376,600	30,400,138	11,666,223	—	34,000,000	60,000,000	40,230,534
1987-88 Rev.	173,170,035	63,168,200	25,888,125	2,265,000	4,510,563	19,900,000	15,288,200	5,700,000	36,449,947
1988-89	258,659,030	94,798,900	29,521,726	18,965,391	6,388,300	16,000,000	2,184,300	25,800,000	65,000,413
1989-90	245,264,593	70,599,600	4,571,459	53,887,134 <sup>a</sup>	6,225,160	6,000,000	7,922,840	10,000,000	86,058,400
1990-91	65,515,494	1,677,800	—	33,115,694 <sup>a</sup>	—	—	—	—	30,722,000

<sup>a</sup>Includes Corrections projects and Satellite Jail program certified to Office of State Budget and Management



SUMMARY OF GENERAL FUND REVENUE

FISCAL YEAR	INCOME TAX	SALES & USE TAX	OTHER TAXES	TOTAL TAX REVENUE	INCOME FROM TREASURER'S INVESTMENTS	CAPITAL IMPROVEMENT REVERSIONS	FEDERAL REVENUE SHARING, ANTI- RECESSION	OTHER SOURCES	TOTAL NON-TAX REVENUES	TOTAL GENERAL FUND REVENUE
1965-66	252,736,461	188,246,243	114,432,692	555,415,396	10,322,713	1,933,444		5,577,906	17,834,063	573,249,459
1966-67	284,807,547	201,641,570	118,755,843	605,204,960	12,337,612			6,166,907	18,504,519	623,709,479
1967-68	311,192,821	216,173,811	125,115,960	652,482,592	19,266,180			7,450,156	26,716,336	679,198,928
1968-69	350,145,307	239,525,769	149,839,452	739,510,528	20,284,196	5,402,564		10,868,448	36,555,208	776,065,736
1969-70	380,063,453	264,350,605	197,300,010	841,714,068	22,624,169	26,621		14,185,176	36,835,966	878,550,034
1970-71	413,596,745	285,893,056	221,954,891	921,444,692	29,369,118	1,669,214		15,153,132	46,191,464	967,636,156
1971-72	483,850,778	324,824,018	243,224,906	1,051,899,702	24,325,582	456,116		17,227,781	42,009,479	1,093,909,181
1972-73	566,308,449	368,746,184	278,942,411	1,213,997,044	26,816,266	437,465		18,165,044	45,418,775	1,259,415,819
1973-74	653,067,805	409,393,909	295,723,754	1,358,185,468	53,574,504	542,199		17,462,292	71,578,995	1,429,764,463
1974-75	715,401,376	423,006,813	312,775,911	1,451,184,100	73,317,870	1,657,696		17,937,386	92,912,952	1,544,097,052
1975-76	760,478,534	464,756,311	346,610,609	1,571,845,454	48,641,750	4,268,324	48,779,830	23,322,372	125,012,276	1,696,857,730
1976-77	985,489,725	510,295,335	374,181,698	1,869,966,758	43,165,147	446,798	50,954,604	38,995,330	133,561,879	2,003,528,637
1977-78	1,076,941,120	578,960,737	404,579,891	2,060,481,748	44,086,759	620,014	38,516,731	29,632,663	112,856,167	2,173,337,915
1978-79	1,248,931,187	646,729,888	441,557,070	2,337,218,145	59,238,926	1,125,090	30,284,051	32,713,242	123,361,309	2,460,579,454
1979-80	1,471,139,203	691,902,227	476,172,559	2,639,213,989	110,401,212	1,133,957	56,911,047	34,510,606	202,956,822	2,842,170,811
1980-81	1,583,321,118	737,098,123	525,534,207	2,845,953,448	108,546,785	4,950,481	28,391,897	35,969,822	177,858,985	3,023,812,433
1981-82	1,726,818,176	777,449,131	573,445,530	3,077,712,837	115,633,898	1,179,609	262,514	34,751,994	151,828,015	3,229,540,852
1982-83	1,856,624,375	823,400,004	599,000,004	3,279,024,843	88,017,324	1,427,224	0	35,373,362	124,817,910	3,403,842,753
1983-84	2,152,810,530	998,987,392	662,579,681	3,814,377,603	96,291,399	52,777	39,433	46,556,300	142,939,909	3,957,317,512
1984-85	2,513,419,114	1,155,845,141	667,457,999	4,336,722,254	131,037,254	177,208	1,456,544	57,701,411	190,372,417	4,527,094,671
1985-86	2,717,424,128	1,380,409,070	596,687,652	4,694,520,850	151,004,316	317,813	0	65,027,037	216,349,166	4,910,870,016
1986-87	3,129,406,895	1,451,612,941	599,542,284	5,180,562,118	139,317,588	5,870,818	0	66,326,174	211,514,580	5,392,076,698
1987-88	3,312,804,849	1,555,266,971	683,217,053	5,551,288,873	166,899,926	2,342,734	0	83,995,809	253,238,469	5,804,527,342
1988-89	3,551,755,877	1,681,724,768	695,061,462	5,928,542,107	141,780,651	603,796	0	83,603,051	225,987,498	6,154,529,606

<sup>a</sup>Includes transfer of \$12,007,219 from Reserve for Income Tax Refunds in order to close out reserve account

NORTH CAROLINA STATE GENERAL FUND OPERATING APPROPRIATIONS  
FOR PUBLIC SCHOOLS, COMMUNITY COLLEGES, AND HIGHER EDUCATION  
1965-66 TO 1988-89

<u>Year</u>	<u>General Fund Total Current Operations</u>	<u>Public Schools</u>		<u>Community Colleges</u>		<u>Higher Education</u>		<u>Percent of Total Gen. Fund Current Oper. for Education</u>
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
1965-66	\$538,302,356	\$315,924,120	58.69%	\$11,626,558	2.16%	\$70,177,054	13.04%	73.89%
1966-67	591,139,328	335,127,904	56.69	20,078,492	3.40	78,559,545	13.29	73.38
1967-68	670,679,218	371,207,691	55.34	19,625,725	2.93	95,037,544	14.17	72.44
1968-69	744,733,486	406,208,538	54.54	32,436,358	4.36	104,894,567	14.08	72.98
1969-70	876,169,359	459,814,709	52.48	41,431,965	4.73	130,344,741	14.88	72.09
1970-71	981,127,808	510,055,771	51.99	44,935,256	4.58	147,326,678	15.02	71.59
1971-72	1,073,289,571	533,536,652	49.71	55,958,450	5.21	163,331,175	15.22	70.14
1972-73	1,187,443,130	575,012,350	48.42	63,193,535	5.32	179,910,706	15.15	68.89
1973-74	1,520,694,407	718,947,864	47.28	99,582,404	6.55	222,838,796	14.65	68.48
1974-75	1,698,417,672	789,391,908	46.48	109,218,752	6.43	280,638,400	16.52	69.43
1975-76	1,737,659,496	800,937,335	46.09	105,465,494	6.07	270,526,549	15.57	67.73
1976-77	1,962,976,606	899,151,043	45.81	116,481,854	5.93	307,123,340	15.65	67.39
1977-78	2,193,405,714	997,654,527	45.48	114,065,103	5.20	357,790,592	16.31	66.99
1978-79	2,452,011,095	1,098,173,958	44.79	139,794,869	5.70	394,767,166	16.10	66.59
1979-80	2,750,988,834	1,230,099,474	44.71	145,243,264	5.28	436,949,552	15.88	65.87
1980-81	3,150,963,479	1,390,907,313	44.14	174,996,965	5.55	515,255,082	16.35	66.04
1981-82	3,401,694,904	1,495,263,953	43.96	194,452,082	5.72	567,573,821	16.69	66.37
1982-83	3,561,142,890	1,515,742,033	42.56	205,585,837	5.77	599,235,054	16.83	65.16
1983-84	3,812,808,921	1,620,044,340	42.49	232,195,091	6.09	653,091,405	17.13	65.71
1984-85	4,319,568,173	1,886,700,077	43.68	259,101,105	6.00	746,998,910	17.29	66.97
1985-86	4,877,060,744	2,185,803,123	44.82	281,875,727	5.78	840,311,094	17.23	67.83
1986-87	5,233,438,532	2,346,139,866	44.83	307,102,490	5.87	909,134,150	17.37	68.07
1987-88	5,805,245,729	2,639,237,658	45.46	326,296,294	5.62	980,746,492	16.89	67.97
1988-89	6,302,733,865	2,930,643,866	46.50	332,064,381	5.27	1,039,510,499	16.49	68.26

GENERAL FUND OPERATING EXPENDITURES  
BY DEPARTMENT/FUNCTIONS OF GOVERNMENT

FISCAL YEAR	CURRENT OPERATING EXPENSE	DEBT SERVICE EXPENSE	PUBLIC SCHOOLS	UNIVERSITY SYSTEM	COMMUNITY COLLEGES SYSTEM	DEPARTMENT OF HUMAN RESOURCES	JUDICIAL DEPARTMENT	DEPARTMENT OF CORRECTION	ALL OTHER DEPARTMENTS	TRANSFER TO HIGHWAY FUND
1965-66	517,110,881	11,905,291	305,140,902	66,241,100	11,411,657	68,773,133	2,492,262	19,697,099	31,449,437	
1966-67	565,195,417	16,114,637	324,216,229	73,013,092	18,697,812	74,427,423	3,976,730	20,417,630	34,331,864	
1967-68	643,992,638	17,517,958	366,024,522	88,272,493	18,310,803	82,250,834	5,769,435	23,858,998	41,987,595	
1968-69	718,259,774	17,780,947	400,822,976	104,894,567	31,282,412	89,041,553	12,463,890	25,446,821	36,526,608	
1969-70	837,404,905	17,774,223	450,688,435	122,252,656	39,689,410	106,632,807	18,830,659	30,658,825	50,877,890	
1970-71	939,311,030	17,757,503	496,905,842	138,608,501	43,642,139	122,069,070	22,056,549	35,074,124	63,197,302	
1971-72	1,031,353,080	18,171,391	527,938,182	148,864,864	55,954,999	148,919,439	26,333,117	40,872,066	64,299,022	
1972-73	1,139,500,643	21,355,238	569,792,945	166,208,535	60,636,067	168,819,831	28,926,414	45,542,237	78,219,376	
1973-74	1,433,241,642	45,897,043	702,789,400	207,225,420	92,458,946	198,201,121	34,037,147	56,488,912	96,143,653	
1974-75	1,627,703,631	(98,264)	772,145,444	267,090,160	106,413,517	246,757,184	39,385,118	70,743,705	125,266,767	
1975-76	1,670,011,262	30,130,770	792,213,250	249,604,282	99,816,634	274,169,121	40,988,613	66,428,299	116,660,293	
1976-77	1,890,839,697	39,693,952	888,449,745	289,972,146	110,824,929	313,022,287	45,565,044	73,566,297	129,745,297	
1977-78	2,131,150,750	48,771,987	988,189,540	337,633,079	113,168,528	351,655,302	54,340,430	91,140,983	146,250,901	
1978-79	2,358,332,842	49,569,523	1,092,015,308	379,305,638	133,975,021	372,632,422	62,230,026	102,025,973	166,578,931	
1979-80	2,660,272,288	53,795,956	1,230,099,473	414,751,963	145,243,264	429,814,253	71,077,496	120,052,369	195,437,514	
1980-81	3,050,012,908	60,044,412	1,390,907,313	487,919,423	169,011,630	488,201,903	81,229,801	141,575,912	231,122,514	
1981-82	3,244,758,733	61,723,326	1,477,036,604	534,143,560	185,809,489	501,927,937	88,506,852	151,194,947	244,416,018	
1982-83	3,374,921,984	74,763,426	1,455,408,320	560,438,959	191,749,633	547,208,474	91,114,984	167,419,485	286,818,703	
1983-84	3,715,704,836	79,050,866	1,615,216,290	615,765,535	226,494,819	584,128,657	108,968,044	186,536,133	273,744,492	25,800,000
1984-85	4,187,988,291	75,954,416	1,854,957,593	714,513,120	257,230,807	629,977,924	119,319,546	208,505,200	327,529,685	
1985-86	4,718,355,241	73,358,416	2,156,921,328	793,114,439	277,815,320	707,151,818	131,506,102	226,241,439	352,246,379	
1986-87	5,051,335,794	63,572,699	2,293,921,501	853,232,567	299,359,220	771,114,680	143,311,248	245,627,559	381,196,320	
1987-88	5,600,754,582	73,800,147	2,571,179,747	936,874,299	317,666,441	824,077,501	157,700,249	268,139,442	451,317,206	
1988-89	6,131,757,409	71,513,536	2,857,740,313	996,187,746	324,207,283	939,216,000	174,697,558	311,077,980	457,116,993	

SUMMARY ANALYSIS OF GENERAL FUND  
REVENUES AND EXPENDITURES

GENERAL FUND REVENUES

GENERAL FUND EXPENDITURES  
(OPERATING & CAPITAL)

FISCAL YEAR	AUTHORIZED	ACTUAL	OVER COLLECTIONS	AUTHORIZED	ACTUAL	UNEXPENDED APPROPRIATIONS ON	NET EFFECT CREDIT BALANCE
1965-66	525,413,698	573,249,459	47,835,761	590,527,181	558,762,459	31,764,722	79,600,483
1966-67	546,680,483	623,709,479	77,028,996	591,139,328	565,195,417	25,943,911	102,972,907
1967-68	659,050,000	679,198,928	20,148,928	792,154,382	756,349,426	35,804,956	55,953,884
1968-69	695,238,000	776,065,736	80,827,736	744,733,486	718,259,774	26,473,712	107,301,448
1969-70	842,900,000	878,550,034	35,650,034	970,106,887	912,993,508	57,113,379	92,763,413
1970-71	937,200,000	967,636,156	30,436,156	981,127,808	939,311,030	41,816,778	72,252,934
1971-72	1,044,665,000	1,093,909,181	49,244,181	1,152,034,499	1,096,244,272	55,790,227	105,034,408
1972-73	1,133,820,000	1,259,415,819	125,595,819	1,187,443,130	1,139,500,643	47,942,487	173,538,306
1973-74	1,353,751,000	1,429,764,463	76,013,463	1,607,316,853	1,519,864,088	87,452,765	163,466,228
1974-75	1,575,620,000	1,544,097,052	(31,522,948)	1,734,583,009	1,663,868,968	70,714,041	39,191,093
1975-76	1,731,272,735	1,696,857,730	(34,415,005)	1,780,179,097	1,693,959,910	86,219,187	51,804,182
1976-77	1,958,039,633	2,003,528,637	45,489,004	1,991,946,543	1,919,809,634	72,136,909	117,625,913
1977-78	2,103,704,000	2,173,337,915	69,633,915	2,198,289,024	2,135,899,750	62,389,274	132,023,189
1978-79	2,393,087,774	2,460,579,454	67,491,680	2,545,789,913	2,452,111,660	93,678,253	161,169,933
1979-80	2,685,893,722	2,842,170,811	156,277,089	2,845,381,200	2,744,651,008	100,730,192	257,007,281
1980-81	2,966,580,876	3,023,812,433*	57,231,557	3,255,104,769	3,154,154,198	100,950,571	158,182,128
1981-82	3,280,400,000	3,229,540,852	(50,859,148)	3,435,685,366	3,275,619,875	160,065,491	109,206,343
1982-83	3,518,600,000	3,403,842,753	(114,757,247)	3,626,915,248	3,440,694,342	186,220,906	71,463,659
1983-84	3,800,850,000	3,957,317,512	156,467,512	3,872,591,165	3,775,487,080	97,104,085	253,571,597
1984-85	4,278,061,800	4,527,094,671	249,032,871	4,532,103,411	4,400,523,529	131,579,882	380,612,753
1985-86	4,794,423,700	4,910,870,016	116,446,316	5,130,563,978	4,971,858,475	158,705,503	275,151,819
1986-87	5,215,865,791	5,392,076,698	176,210,907	5,531,345,878	5,349,003,039	182,342,839	358,553,746
1987-88	5,616,052,823	5,804,527,342	188,474,519	5,978,265,764	5,773,774,887	204,490,877	392,965,396
1988-89	6,168,457,486	6,154,529,606	(13,927,880)	6,561,392,895	6,390,416,439	170,976,456	157,048,576

\*Does not include \$57.2 million in Federal Revenue Sharing

SUMMARY OF GENERAL FUND APPROPRIATION REVERSIONS

APPROPRIATION

FISCAL YEAR	CURRENT YEAR OPERATING	CAPITAL	PLUS CARRY FORWARD	TOTAL	EXPENDITURES	UNEXPENDED APPROPRIATION	LESS CARRY FORWARD	NET REVERSIONS
1965-66	548,887,603	41,639,578	0	590,527,181	558,762,459	31,764,722	10,573,247	21,191,475
1966-67	580,566,081	0	10,573,247	591,139,328	565,195,417	25,943,911	0	25,943,911
1967-68	679,797,594	112,356,788	0	792,154,382	756,349,426	35,804,956	9,118,376	26,686,580
1968-69	735,615,110	0	9,118,376	744,733,486	718,259,774	26,473,712	0	26,473,712
1969-70	894,518,284	75,588,603	0	970,106,887	912,993,508	57,113,379	18,348,925	38,764,454
1970-71	962,778,883	0	18,348,925	981,127,808	939,311,030	41,816,778	0	41,816,778
1971-72	1,087,143,307	64,891,192	0	1,152,034,499	1,096,244,272	55,790,227	13,853,736	41,936,491
1972-73	1,173,589,394	0	13,853,736	1,187,443,130	1,139,500,643	47,942,487	0	47,942,487
1973-74	1,520,694,407	86,622,446	0	1,607,316,853	1,519,864,088	87,452,765	0	87,452,765
1974-75	1,698,417,672	36,165,337	0	1,734,583,009	1,663,868,968	70,714,041	0	70,714,041
1975-76	1,756,230,449	23,948,648	0	1,780,179,097	1,693,959,910	86,219,187	18,570,953	67,648,234
1976-77	1,944,405,653	28,969,937	18,570,953	1,991,946,543	1,919,809,634	72,136,909	0	72,136,909
1977-78	2,193,540,024	4,749,000	0	2,198,289,024	2,135,899,750	62,389,274	134,310	62,254,964
1978-79	2,451,876,785	93,778,818	134,310	2,545,789,913	2,452,111,660	93,678,253	0	93,678,253
1979-80	2,761,002,481	84,378,719	0	2,845,381,200	2,744,651,008	100,730,192	10,013,647	90,716,545
1980-81	3,140,949,832	104,141,290	10,013,647	3,255,104,769	3,154,154,198	100,950,571	0	100,950,571
1981-82	3,404,824,224	30,861,142	0	3,435,685,366	3,275,619,875	160,065,491	3,129,320	156,936,171
1982-83	3,558,013,570	65,772,358	3,129,320	3,626,915,248	3,440,694,342	186,220,906	0	186,220,906
1983-84	3,812,808,921	59,782,244	0	3,872,591,165	3,775,487,080	97,104,085	15,027,077	82,077,008
1984-85	4,304,541,096	212,535,238	15,027,077	4,532,103,411	4,400,523,529	131,579,882	0	131,579,882
1985-86	4,877,060,744	253,503,234	0	5,130,563,978	4,971,858,475	158,705,503	0	158,705,503
1986-87	5,233,678,633	297,667,245	0	5,531,345,878	5,349,003,039	182,342,839	0	182,342,839
1987-88	5,805,245,729	173,020,035	0	5,978,265,764	5,773,774,884	204,490,880	0	204,490,880
1988-89	6,302,733,865	258,659,030	0	6,561,392,895	6,390,416,439	170,976,456	0	170,976,456

**REVERSIONS AND PERCENT OF ADJUSTED APPROPRIATIONS**

<u>Fiscal Year</u>	<u>Public Schools</u>		<u>University</u>		<u>Human Resources</u>		<u>TOTAL</u>	
	<u>Reversions</u>	<u>% of Adjusted Approp.</u>	<u>Reversions</u>	<u>% of Adjusted Approp.</u>	<u>Reversions</u>	<u>% of Adjusted Approp.</u>	<u>Reversions</u>	<u>% of Adjusted Approp.</u>
1965-66	\$10,783,218	3.4%	\$3,935,954	5.6%	\$2,625,601	3.7%	\$21,191,475	3.9%
1966-67	10,911,675	3.3	5,546,453	7.1	3,022,897	3.9	25,943,911	4.4
1967-68	5,183,169	1.4	6,765,051	7.2	8,836,926	9.7	26,686,580	4.0
1968-69	5,385,562	1.6	6,464,296	6.2	7,725,398	8.0	26,473,712	3.6
1969-70	9,126,274	2.0	8,092,085	6.2	8,611,475	7.5	38,764,454	4.4
1970-71	13,149,929	2.6	8,718,177	5.9	9,414,690	7.2	41,816,778	4.3
1971-72	5,598,470	1.0	14,466,311	8.9	11,688,271	7.3	41,936,491	3.9
1972-73	5,219,405	0.9	13,702,171	7.6	11,942,333	6.6	47,942,487	4.0
1973-74	16,158,464	2.2	15,613,376	7.1	26,413,504	11.8	87,452,765	5.8
1974-75	17,246,464	2.2	13,548,240	4.8	23,677,556	8.8	70,714,040	4.2
1975-76	8,724,085	1.1	20,922,267	7.7	8,380,099	3.0	67,648,234	3.9
1976-77	10,701,298	1.2	17,151,194	5.6	22,820,056	6.8	72,136,909	3.7
1977-78	9,464,987	0.9	20,157,513	5.6	16,514,132	4.5	62,254,964	2.8
1978-79	6,158,650	0.6	15,461,528	3.9	39,927,495	9.7	93,678,253	3.8
1979-80	1	-	22,197,589	5.1	43,891,741	9.3	90,716,545	3.3
1980-81	-	-	27,335,659	5.3	44,573,299	8.4	100,950,571	3.2
1981-82	18,227,349	1.2	33,430,261	5.9	60,576,029	10.8	156,936,171	4.6
1982-83	60,333,713 <sup>a</sup>	4.0	38,796,095	6.5	42,321,853	7.2	186,220,906	5.2
1983-84	3,833,404	0.2	26,145,906	4.1	31,496,804	5.1	82,077,008	2.2
1984-85	31,742,484	1.7	32,485,790	4.3	46,604,125	6.9	131,579,882	3.0
1985-86	28,881,795	1.3	47,196,655	5.6	40,463,453	5.4	158,705,503	3.3
1986-87	52,218,365	2.2	55,901,583	6.1	33,818,204	4.2	182,342,839	3.5
1987-88	68,057,911	2.6	43,872,193	4.5	50,316,667	5.6	204,490,880	3.5
1988-89	72,903,553	2.5	43,323,023	4.2	21,988,892	2.3	170,976,456	2.7

<sup>a/</sup> General Assembly directed that \$29.8M of funds needed for 11th and 12th pay periods be part of the credit balance.



# CAPITAL IMPROVEMENTS

## LEGISLATIVE BOND ISSUES

	Total	University	Community Colleges	Correction	State Ports	Other
1961-63	\$ 6,216,000	\$ 3,173,000	\$ —	\$ —	\$ —	\$3,043,000
1963-65	21,985,000	19,158,000	—	—	—	2,827,000
1965-67	17,982,000	10,727,500	2,540,000	—	2,724,500	1,990,000
1971-73	45,996,500	32,923,000	—	2,875,000	—	6,913,500
1988-89	25,000,000	—	—	—	—	25,000,000

## VOTE OF THE PEOPLE BOND ISSUES

	Clean Water Program	Public School Facilities	University
1972	\$150,000,000	\$ —	\$ —
1973	—	300,000,000	—
1975	—	—	43,250,000
1977	230,000,000	—	—

**BASIC EDUCATION PROGRAM**  
**ANNUAL NEW COSTS ASSOCIATED WITH PROGRAM**

	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
<b>Classroom Teachers</b>						
Reduce Class Size (Gr. 7-9)	\$36,261,754	\$5,799,450	\$-	\$-	\$-	\$-
Expand Programs (Gr. 7-8)	-	-	15,449,073	15,539,379	15,108,010	-
Expand Programs (Gr. 4-5)	-	-	14,883,500	8,982,300	14,327,079	14,335,207
Expand Programs (Gr. K-3)	-	-	-	16,426,381	17,300,624	17,310,438
Expand Programs (Gr. 9-12)	-	-	11,341,227	11,889,571	-	-
Reduce Class Size (Gr. 10-12)	-	-	7,650,119	(179,983)	-	11,961,032
<b>Total</b>	<b>\$36,261,754</b>	<b>\$5,799,450</b>	<b>\$49,323,919</b>	<b>\$52,657,648</b>	<b>\$46,735,714</b>	<b>\$43,606,677</b>
<b>Superintendents</b>	-	-	-	-	-	-
Asst./Assoc. Superintendents	-	-	-	4,438,249	-	4,767,421
Supervisors	-	-	-	-	-	2,611,375
<b>Asst. Principals</b>	1,731,180	(100,752)	5,905,127	5,112,485	-	11,166,375
Summer School	5,250,000	5,250,000	5,154,779	14,338,237	-	-
Vocational Education	-	-	21,749,550	21,845,178	1,039,116	1,039,707
In-School Suspension	15,101,276	5,271,349	2,208,523	2,221,062	-	1,726,921
Exceptional Children	-	-	13,269,431	22,135,206	-	-
Finance Officers	1,608,800	1,647,800	-	-	-	-
Instructional Support	-	6,200,200	3,200,858	9,647,819	15,477,126	23,636,423
Clerical Assistance	-	-	15,728,157	15,737,581	6,010,484	5,627,079
Instructional/Lab or Clerical Aides	-	-	-	-	-	17,073,432
Athletic Trainer Supplement	25,000	25,000	-	-	15,000	-
Staff Development	736,334	1,001,094	5,475,219	429,771	-	-
Instructional Supplies	-	-	9,259,827	1,315,183	-	-
Instructional Equipment	7,811,324	-	-	-	-	-
Textbooks	-	7,350,674	2,016,326	-	-	-
<b>TOTAL</b>	<b>\$68,525,668</b>	<b>\$32,444,815</b>	<b>\$133,291,716</b>	<b>\$149,878,419</b>	<b>\$69,277,440</b>	<b>\$111,255,410</b>

**BASIC EDUCATION PROGRAM**  
**ANNUAL NEW POSITIONS ASSOCIATED WITH PROGRAM**

	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
<b>Classroom Teachers</b>						
Reduce Class Size (Gr. 7-9)	1,357	205	-	-	-	-
Expand Programs (Gr. 7-8)	-	-	519	519	503	-
Expand Programs (Gr. 4-5)	-	-	500	300	477	477
Expand Programs (Gr. K-3)	-	-	-	525	576	576
Expand Programs (Gr. 9-12)	-	-	381	380	-	-
Reduce Class Size (Gr. 10-12)	-	-	257	(6)	-	398
<b>Total</b>	<b>1,357</b>	<b>205</b>	<b>1,657</b>	<b>1,718</b>	<b>1,556</b>	<b>1,451</b>
Asst./Assoc. Superintendents	-	-	-	86	-	89
Supervisors	-	-	-	-	-	55
Asst. Principals	55	(3)	166	143	-	-
Vocational Education	-	-	-	-	33	33
In-School Suspension	534	171	69	69	-	53
Finance Officers	50	50	-	-	-	-
Instructional Support	-	200	100	300	475	725
Clerical Assistance	-	-	854	848	311	291
Instructional/Lab or Clerical Aides	-	-	-	-	-	1,271
<b>TOTAL</b>	<b>1,996</b>	<b>623</b>	<b>2,846</b>	<b>3,164</b>	<b>2,375</b>	<b>3,968</b>

# ANALYSIS OF STATE PORTION OF FEDERAL REVENUE SHARING FUNDS

FISCAL YEAR	FUND BALANCE	ENTITLEMENTS	INTEREST EARNED	REVERSIONS	TOTAL FUNDS	TRANSFER TO CAPITAL IMPROVEMENTS	TRANSFER TO GENERAL FUND NON-TAX	ENDING FUND BALANCE
1972-73	-	56,739,830	1,567,114	-	58,306,944	-	-	58,306,944
1973-74	58,306,944	52,075,149	652,071	-	111,034,164	105,200,000	-	5,834,164
1974-75	5,834,164	52,330,322	12,713	706,720	58,883,919	57,200,000	-	1,683,919
1975-76	1,683,919	51,889,900	134,671	10,429,736	64,138,226	4,713,789	48,779,830	10,644,607
1976-77	10,644,607	54,464,467	122,639	5,748,073	70,979,786	16,126,358	50,764,604	4,088,824
1977-78	4,088,825	55,653,827	101,559	60,227	59,904,438	26,583,626	29,610,118	3,710,694
1978-79	3,710,694	56,225,748	133,996	303,263	60,373,701	32,230,000	28,024,132	119,569
1979-80	119,568	56,543,286	17,125	221,268	56,901,247	-	56,901,247	-
1980-81	-	28,092,475	7,714	291,709	28,391,898	-	28,391,897	-
1981-82	-	-	-	262,398	262,398	-	262,398	-
1982-83	-	1,233,888*	1,371	38,464	1,273,723	-	-	1,273,723
1983-84	1,273,723	-	169,360	-	1,443,083	-	39,433	1,403,650
1984-85	1,403,650	-	52,894	-	1,456,544	-	1,456,544	-

\*Settlement

# ANALYSIS OF ANTI-RECESSION FUNDS

FISCAL YEAR	FUND BALANCE	ENTITLEMENTS	INTEREST EARNED	TOTAL FUND	TRANSFER TO GENERAL FUND NON-TAX	ENDING FUND BALANCE
1976-77	-	5,340,632	99,754	5,440,386	190,000	5,250,386
1977-78	5,250,386	5,842,753	73,393	11,166,532	8,906,613	2,259,919
1978-79	2,259,919	-	9,886	2,269,805	2,259,919	9,886
1979-80	9,886	-	14	9,900	9,800	100
1980-81	100	-	11	111	-	111
1981-82	111	-	5	116	116	0

**AVERAGE SALARY OF EMPLOYEES  
SUBJECT TO THE PERSONNEL ACT**

<u>Year</u>	<u>Average Salary</u>
1966-67	\$4,995
1968-69	5,707
1970-71	6,748
1972-73	7,680
1973-74	8,249
1975-75	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
1986-87	20,290
1987-88	21,305
1988-89	22,272
1989-90	23,105

**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.**



# LEGISLATIVE INCREASES

Year	State Employees	Teachers
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 <sup>a</sup>	-0-	-0-
1983-84 <sup>a</sup>	5%	5%

1984-85 <sup>a</sup>	10%	10% + 4.8% salary classification adjustment
1985-86 <sup>b</sup>	5% + 1 step increase (9.6%)	1-step increase (4.8% - second year teacher 2-step increase (9.6%) - 3rd year or more teacher
1986-87	\$75 month (average 6%)	6.5%
1987-88	5%	5%
1988-89	4.5%	4.5%
1989-90	4% + 2% merit funds	6.65% average
1990-91 <sup>c</sup>	4% + 2% merit funds	6.15% average

<sup>a</sup>Salary increment program frozen

<sup>b</sup>Conditional upon continuous employment for one year

<sup>c</sup>Authorized by 1989 Session

**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 <sup>a</sup>	2.51 <sup>a</sup>
1982-83	No Increase Granted	
1983-84	25.97	2.57
1984-85	27.60	2.70
1985-86	32.10	2.50
1986-87	36.45	2.66
1987-88	40.84 <sup>b</sup>	2.72
1988-89	45.40	2.93
1989-90	47.75	2.93

<sup>a</sup> Figure reflects annual cost, even though the increase was not effective until January 1, 1982.

<sup>b</sup> Figure does not reflect adjustment to offset anticipated savings from the tax sheltering of employee Health Benefits from Social Security tax.

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