



Overview:

Fiscal and Budgetary Actions

North Carolina General Assembly
1991 Session and 1992 Session

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the North Carolina General Assembly

Raleigh, N.C.

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TABLE OF CONTENTS

Introduction1
 The Total Budget	
Summary of the Budget, 1991-93 Biennium5
Summary of Appropriations . . . . .	.6
 The Economy, Revenues and Fund Conditions	
Economic Outlook and General Fund Revenues - 1991 Session	13
General Fund Revenues - 1991 Session	16
Economic Outlook and General Fund Revenues - 1992 Session	17
General Fund Revenues - 1992 Session	18
Condition of General Fund	20
Highway Fund Revenue Outlook	21
Highway Trust Fund	24
Budget Reform/Long Term General Fund Outlook	26
 Federal Block Grant Programs	
History . . . . .	.33
How the Money Will Be Spent In North Carolina . . . . .	.35
Changes to the Medicaid Program . . . . .	.38
 Legislative Actions: General Fund Appropriations	
Condition of General Fund . . . . .	.43
General Fund Appropriations . . . . .	.44
Changes to Governor's Continuation Budget Recommendations - FY 1991-92 . . . . .	.46
Changes to Governor's Continuation Budget Recommendations - FY 1992-93 . . . . .	.49
1992 Major Changes . . . . .	.51
Changes to 1991 Session Authorizations for 1992-93 . . . . .	.52
Department of Administration . . . . .	.55
Administrative Hearings Office . . . . .	.62
Administrative Rules Review Commission . . . . .	.64
Department of Agriculture . . . . .	.66
Department of Community Colleges . . . . .	.71
Department of Correction . . . . .	.77
Department of Crime Control and Public Safety . . . . .	.83
Department of Cultural Resources . . . . .	.92
Department of Economic and Community Development . . . . .	.97
Biotechnology Center . . . . .	.104
Microelectronics Center . . . . .	.106
Rural Economic Development Center . . . . .	.108
Department of Environment, Health, and Natural Resources	111
General Assembly	126
Office of the Governor	135
Office of State Budget and Management	137
Office of State Budget and Management - State Aid	139
Department of Human Resources	143
Department of Insurance	167
Judicial Department	171
Department of Justice	179
Department of Labor	185
Office of Lieutenant Governor	188
Department of Public Education	190
Department of Revenue	204

Department of Secretary of State	209
Department of State Auditor	211
State Board of Elections	214
Department of State Controller	216
Department of Transportation - General Fund	218
Department of Treasurer	220
University of North Carolina - Board of Governors	222
Self-Liquidating/Receipt Supported Projects of the University System	232
Debt Service	235
Statewide Reserves-Office of State Budget and Management	236
Legislative Bonds - 1991 Session	240
Capital Facilities - 1992 Session	243
Prison Bond Appropriation	248
Legislative Actions: Highway Fund Appropriations	
Department of Transportation - Operations	253
Highway Trust Fund	267
Global Air Cargo Authority Budget	268
Highway Fund Capital Improvements	270
Salaries and Benefits	
Salary Changes for Employees Supported by the State	275
Retirement and Pension Changes for State and Local Personnel	284
State Employee Health Benefit Changes	290
Benefit Changes for State and Local Personnel	294
Revenue Bills	
Budget and Tax Bill - House Bill 83	299
Fee Increases for General Fund Agencies	306
Local Government Revenue Bills	318
Highway Fund Revenue Bills	324
Appendix	
Glossary	331
Total State Budget by Source of Funds	333
Condition of General Fund	334
Summary of General Fund Revenue	335
Summary of General Fund Appropriations	336
State General Fund Operating Appropriations for Public Schools, Community Colleges, and Higher Education	338
General Fund Operating Expenditures by Department/Functions of Government	340
Reversions and Percent of Adjusted Appropriations	341
General Fund Appropriations Expenditures and Reversions - FY 1991-92	343
General Fund Appropriations Expenditures and Reversions - FY 1990-91	345
Local Government Tax Aid	347
Local Government Tax Aid Changes	348
Total State Employment Growth vs. State Population Growth Rates	349
Permanent State Positions	351
Summary of Permanent Positions by Departments, July 1, 1991	352
Average Salary of Employees Subject to the Personnel Act	353
Legislative Increases	354
Across-the-Board Salary Increase Cost for Each 1% Increase	356
Critical School Facility Needs Fund	357

School Facilities Finance Act of 1987	358
Capital Improvements Legislative Bond Issues	359
Analysis of State Portion of Federal Revenue Sharing Funds	360
Governor's Continuation Recommendations as Adjusted for Legislative Actions - FY 1991-92. . . . .	.361
Governor's Continuation Recommendations as Adjusted for Legislative Actions - FY 1992-93. . . . .	.363
Condition of the General Fund - 1990-91	365

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 1991-93 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"; "Federal Block Grants"; "Legislative Actions: General Fund Appropriations"; "Legislative Actions: Highway Fund Appropriations"; "Salaries and Benefits"; "Revenue Bills"; and, "Appendix".

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. An explanation of the new Highway Trust Fund is included in this section, as well.

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

Section Four, "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. Capital Improvement projects, as authorized, are also included in this section.

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

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

Section Seven, "Revenue Bills" provides a listing of bills authorizing various tax changes and their 5-year fee increases are included in this section, as well.

The "Appendix" includes data relating to revenues and expenditures of the General Fund and Highway Fund, including salary increases, reversions, aid to local governments, Critical School Facilities funds, and numbers of permanent positions.

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 actions.

THE TOTAL BUDGET

**SUMMARY OF THE BUDGET
1991-93 BIENNIUM**

(IN MILLIONS)

	<i>1991 SESSION</i>	<i>1992 SESSION</i>	<i>1992-93 Revised</i>
	<i>1991-92</i>	<i>1992-93</i>	
TOTAL BUDGET	\$13,610.4	\$13,947.0	\$14,508.6
(includes both operations and capital improvements)			
GENERAL FUND			
Operating	\$7,350.5	\$7,691.5	\$7,877.5
Local Governments Shared Revenues/ Reimbursements	474.6	474.6	236.8
Savings Reserve	.4	—	—
Capital Improvements	—	—	95.2
Total	<u>7,825.5</u>	<u>8,166.1</u>	<u>8,209.5</u>
Legislative and Prison Bonds	157.5	—	—
<i>HIGHWAY FUND</i>	958.6	965.3	943.6
<i>HIGHWAY TRUST FUND*</i>	364.7 *	369.7 *	374.8 *
<i>FEDERAL FUNDS</i>	3,127.8	3,312.0	3,617.5
<i>DEPARTMENTAL RECEIPTS</i> (tuition fees {University, Community College}, patient fees, licenses, fines, other dedicated receipts)	1,176.3	1,133.9	1,363.2

*Does not include Transfer to General Fund.

REVENUES

GENERAL FUND TAX REVENUES	\$7,432.9	\$8,079.4	\$7,692.5
% Increase			
Combined Economic Growth	5.3%	7.0%	5.5%
Real Economic Growth	1.6%	3.3%	2.0%
Inflation	3.7%	3.7%	3.5%

**COMPARISON OF COLLECTIONS, % OF INCREASE
OVER PREVIOUS YEAR**

	<i>Actual</i>	<i>Economic Base*</i>
1984-85	13.7	11.2
1985-86	8.3	7.0
1986-87	10.4	9.0
1987-88	7.2	10.2
1988-89	6.8	8.8
1989-90	13.8	5.6
1990-91	4.9	-1.3

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

HIGHWAY FUND REVENUES	\$953.6	\$960.3	\$924.1
% Increase	5.6%	0.7%	-2.0%

**SUMMARY OF APPROPRIATIONS
GENERAL FUND AND HIGHWAY FUND**

1991 ACTIONS

	1991-92	1992-93
<i>HOUSE BILL 83, CHAPTER 689 "BASE BUDGET, EXPANSION, CAPITAL"</i>		
General Fund		
Sec. 3 Current Operations	\$7,657,972,809	\$7,922,965,058
Sec. 182 Expansion	156,773,215	235,201,211
Sec. 347 Budget Reform	3,000,000	—
Sec. 356 Department of Revenue	700,000 *	—
Sec. 226 Environment, Health, and Natural Resources		
a) Coastal Management Fees	30,000	50,000
b) Sedimentation Control Fees	140,000	160,000
c) Dam Safety Fees	20,000	20,000
d) Mining Fees	40,000	70,000
Sec. 227 Environment, Health, and Natural Resources - Community Water Systems Permits	258,938	621,450
Sec. 231 Asbestos/Silicosis Exams Fees	112,124	119,479
Sec. 233.1 Alcohol Testing program Injury Control Section	1,433,822	1,433,264
TOTAL GENERAL FUND	\$7,819,780,908	\$8,160,640,462
Highway Fund		
Sec. 4 Current Operations	\$916,595,253	\$925,732,095
Sec. 183 Current Operations - Expansion	37,383,472	30,763,405
Sec. 236.1 Capital Improvements	4,619,275	8,802,500
TOTAL HIGHWAY FUND	\$958,598,000	\$965,298,000
Highway Trust Fund		
Sec. 4.1	\$534,900,000	\$539,900,000
Prison Bonds		
Sec. 239 Construction	\$112,500,000	—

* Non-add, will be treated as departmental receipts

*HOUSE BILL 1287, CHAPTER 742 ADMINISTRATIVE OFFICE OF COURTS
APPROPRIATIONS AND FEE INCREASES*

General Fund

Sec. 1 Indigent Persons' Attorney Fee Fund	\$2,374,043	\$2,369,249
Sec. 2(b) Special Capital Case Rehearing Fund	547,626	1,048,424

SUMMARY OF APPROPRIATIONS - GENERAL FUND AND HIGHWAY FUND
 (1991 Actions, Continued)

	1991-92	1992-93
Sec. 3 New District Court Personnel	46,472	44,756
Sec. 4 Deputy Clerks of Superior Court	767,516	749,564
Sec. 5 Reallocates Funds from Indigent Persons Attorney Fee Fund	—	—
Sec. 6 District Attorneys/Secretaries	746,789	736,400
Sec. 7 Guardian Ad Litem Program	225,000	225,000
Sec. 8 Administrative Office Staff	119,380	102,256
Sec. 9 Court Information system	453,617	—
Sec. 10 Reallocates Funds for Non-Binding Arbitration Program	—	—
Sec. 12(c) District Court 3 Division	125,957	130,751
TOTAL GENERAL FUND	<u>\$5,406,400</u>	<u>\$5,406,400</u>

*SENATE BILL 917, CHAPTER 754 "AUTHORIZE STUDIES
 BY THE LEGISLATIVE RESEARCH COMMISSION"*

General Fund

Sec. 3.13 Department of Justice - Railroad Advisory Commission	\$20,000	\$20,000
Sec. 20.1 General Assembly's Legislative Services Commission	300,000	—
TOTAL GENERAL FUND	<u>\$320,000</u>	<u>\$20,000</u>

*SENATE BILL 930, CHAPTER 760 "STATE CAPITAL FACILITIES
 LEGISLATIVE BOND FUND OF 1991"*

Sec. 6, Allocations Identified (See Capital Authorizations)	\$45,000,000	—
Sec. 9.1 Amends Allocations of Sec. 6	—	—
TOTAL	<u>\$45,000,000</u>	<u>—</u>

*HOUSE BILL 929, CHAPTER 761 "TECHNICAL CORRECTIONS
 AND OTHER CHANGES"*

Sec. 51.1 Requires Transfer of \$6,600,000 from Reserve for Reimbursements to Local Governments and Shared Tax Revenues (1991-92) to the Clean Water Revolving Loan and Grant Fund	—	—
Sec. 50 Transfers Two Legal Positions from Department of Justice to the Department of Insurance	—	—
Insurance	100,436	109,842
Justice	(100,436)	(109,842)

SUMMARY OF APPROPRIATIONS - GENERAL FUND AND HIGHWAY FUND
 (1991 Actions, Continued)

	1991-92	1992-93
Sec. 50.1 Allows Transfer of \$1,600,000 from Office of State Budget and Management Reserve for Repairs and Renovation for Revenue Building Revisions	—	—
TOTAL - GENERAL FUND	\$7,825,507,308	\$8,166,066,862
- Highway Fund	958,598,000	965,298,000
- Highway Trust Fund	534,900,000	539,900,000
- Prison Bonds	112,500,000	—
- Legislative Bonds	45,000,000	—
GRAND TOTAL	\$9,476,505,308	\$9,671,264,862

1992 LEGISLATIVE ACTIONS

1992-93

*HOUSE BILL 1245, CHAPTER 812, "AN ACT TO MAKE MODIFICATIONS
 IN THE BASE AND EXPANSION BUDGET APPROPRIATIONS..."*

General Fund

Sec. 9 Reimbursements and Tax- Sharing Distributions	\$225,000	—
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*HOUSE BILL 1340, CHAPTER 900, "AN ACT TO MODIFY THE APPROPRIATIONS
 AND BUDGET REVENUE ACT OF 1991..."*

General Fund

Sec. 3 Current Operations	\$163,937,599
Sec. 161 Sedimentation Fees	60,000

Highway Fund

Sec. 4 Current Operations	(21,898,746)
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Highway Trust Fund

Sec. 5	5,000,000
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*SENATE BILL 1142, CHAPTER 833 "AN ACT TO TRANSFER
 THE NORTH CAROLINA FIREMEN'S AND RESCUE SQUAD WORKERS'
 PENSION FUND..."*

Department of State Auditor	(5,600,305)
Department of State Treasurer	5,600,305

SUMMARY OF APPROPRIATIONS - GENERAL FUND AND HIGHWAY FUND
 (1992 Actions, Continued)

1992-93

SENATE BILL 1205, CHAPTER 1044 "AN ACT TO MODIFY THE CAPITAL IMPROVEMENTS APPROPRIATIONS...AND OTHER CHANGES..."

General Fund

Sec. 4 Capital Improvements	95,205,570
Sec. 4.1 Nonrecurring Appropriations	23,594,430
Sec. 5 Requires Transfer of \$4,400,000 from Reserve for Reimbursements to Local Governments and Shared Tax Revenues (1992-93) to the Clean Water Revolving Loan and Grant Fund	

Highway Fund

Sec. 17 Capital Improvement (net)	219,466
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HOUSE BILL 916, CHAPTER 993 "AN ACT TO RESTORE LOCAL GOVERNMENT EARMARKING FROM CORPORATE INCOME TAX" (237,782,020)

HOUSE BILL 1568, CHAPTER 1039 "AN ACT TO CLARIFY THE ACCOUNTING TREATMENT OF CERTAIN FEES" (Changes fees to departmental receipts in lieu of non-tax revenues)

Sec. 2 Asbestos/Silicosis Exams Fees	(119,479)
Sec. 3 Sedimentation Control Fees	
(a) House Bill 83	(160,000)
(b) House Bill 1340	(60,000)
Sec. 4 Coastal Management Fees	(50,000)
Sec. 11 Community Water Systems Permits	(621,450)
Sec. 15 Dam Safety Fees	(20,000)
Sec. 16 Mining Fees	(70,000)
Sec. 7 Lodging Fees (Continuation Budget - HB 83)	(443,606)
TOTAL	(1,544,535)

Net Change 1992 Session

General Fund	43,471,044
Highway Fund	(21,679,280)
Highway Trust Fund	5,000,000

TOTAL - GENERAL FUND	\$8,209,537,906
- HIGHWAY FUND	943,618,720
- HIGHWAY TRUST FUND	544,900,000

GRAND TOTAL **\$9,698,056,626**

**THE ECONOMY, REVENUES
AND FUND CONDITIONS**

ECONOMIC OUTLOOK AND GENERAL FUND REVENUES

1991 SESSION

The 1991 General Assembly faced the largest General Fund budget shortfall since the Depression of the 1930s. Much of the budget gap was due to increased demands on the continuation (current services) budget from such items as federal Medicaid and AFDC mandates, prison system demands, health insurance cost increases, and enrollment/caseload/inflation increases. However, the major portion was due to the impact of the 1990-91 recession and the specific effect of the Persian Gulf War on North Carolina.

1990-91 REVENUE COLLECTIONS

The revised 1990-91 General Fund revenue estimate was a consensus estimate made by the Office of State Budget and Management and the Fiscal Research Division. The projection was based on economy-based growth of 6.6% (2.5% real growth and 4.1% inflation). This outlook was in line with the consensus of economists at the time (May, 1990). For example, the financial services arm of Standard and Poor's Corporation, the bond rating agency, projected an increase in the Gross National Product of 6.1% for the period. National income growth of 6.1% is equivalent to a 7.0% increase North Carolina, based on historical patterns.

<i>SOURCE</i>	<i>AUTHORIZED</i>	<i>ACTUAL</i>	<i>DIFFERENCE</i>
Revenues:			
Tax	7,357.4	6,692.5	(664.9)
Non-Tax	214.0	184.5	(29.5)
Subtotal	7,571.4	6,877.0	(694.4)
Transfers:			
Highway Fund	17.0	17.0	-
Highway Trust Fund	264.0	231.1	(32.9)
Subtotal	281.0	248.1	(32.9)
Other Funds:			
Prison Construction Bonds	75.0	75.0	-
Capital Construction			
Reversions	-	35.2	35.2
Special Funds	-	47.5	47.5
TOTAL REVENUES/FUNDS	\$7,927.4	\$7,282.8	\$(644.6)

The actual economy-based growth in tax collections for 1990-91 was -1.3%. This turnaround of almost eight percentage points is the largest since an eight-point decline in 1949-50 and a twenty-point decline during the Depression.

ECONOMIC OUTLOOK AND GENERAL FUND REVENUES (1991, Continued)

IMPACT OF RECESSION

During the 1990-91 fiscal year, the economy went through four distinct phases:

Phase 1: Slow Growth - During July the economy and state tax collections performed as expected.

Phase 2: Kuwait Invasion - The August 2 invasion of Kuwait came as a total surprise. The initial reaction in the energy markets pushed the price of crude oil from \$18 per barrel to \$35 (prices at the pump rose from \$1.08 per gallon to \$1.50). Uncertainty surrounding the events in the Middle East and high debt burdens caused consumers to back off their purchasing plans, particularly for big-ticket items. Finally, weak demand prevented many businesses (especially airlines) from passing on higher fuel prices. Thus, corporate profits went into a tailspin (versus a 10% increase that had been projected by Standard and Poor's). In short, the initial reaction to the events of August 2 pushed a weak economy into a mild recession. The hope at the time was that the downturn would be brief.

Phase 3: Preparation for War and Consumer Confidence - In early November the decision was made to increase the size of the troop deployment in the Middle East from 200,000 to over 400,000. Eventually, the number rose to 550,000. The impact of this displacement, combined with heated rhetoric as the nation prepared for war, caused consumer confidence to plunge more rapidly than at any time since the surveys began in the 1940s and pushed the economy into a major recession lasting almost a full year.

Phase 4: Victory - With the successful completion of the war in late February, it was hoped that the initial euphoria would be followed by increased consumer spending. This would allow the economy to return to the pre-August 2 basis. Unfortunately, this was not to be the case. The upswing in consumer confidence was not matched by increased consumer spending. One factor limiting purchases was the realization that the economy was mired in a full-fledged recession.

NORTH CAROLINA EXPERIENCE

During the 1990-91 recession the North Carolina economy suffered more than the national experience. The primary reason was the displacement of 100,000 troops from the Carolinas to the Middle East. This represented almost 20% of the total deployment. Compounding the problem was the fact that once the troops shipped out, many dependents moved away to be with other family.

The displacement had a drastic impact on the economy of counties with large military bases and surrounding counties. For example, during early 1991 some counties experienced a year-over-year decline of 10-12% in retail sales. In one county, apartment vacancy rates jumped from 5% to over 50% in a couple of months. On a statewide basis, non-utility sales tax collections dropped as much as 8% during one month. A decline of this magnitude had not been experienced since the Depression.

ECONOMIC OUTLOOK AND GENERAL FUND REVENUES (1991, Continued)

OUTLOOK FOR 1991-92

When the revenue estimates for 1991-92 were being finalized in May, there were signs the recession was coming to an end. However, other indicators, particularly those dealing with employment, suggested no improvement.

One item was the magnitude of the revenue shortfalls experienced during 1989-90 and 1990-91. In addition, there was some feeling that the recovery might not begin until well into the new year. Finally, tight credit conditions, continued high debt levels, and the impact of reduced state and local spending led most economists to believe that the recovery would be abnormally weak. For these reasons, a conservative forecast of 1.6% real growth and 3.7% inflation was used. This combined economic growth assumption was 5.3%.

The position faced by the 1991 General Assembly was very similar to that faced in 1983. During the 1983-84 budget deliberations there were a few signs that the severe recession might be ending. However, interest rates were abnormally high (relative to inflation) and economists felt that this would lead to a slow recovery.

During the first year of a normal recovery, inflation-adjusted growth rates are in the 6-8% area. The 1983 General Assembly based the budget on 3% real growth and 5% inflation for a total increase of 8%. In fact, tax growth for 1983-84 was 12.4% as consumers and businesses ignored the high interest rates.

The recent history and forecast amounts for key national economic indicators is shown below:

	<i>Annual % Change</i>		
	<i>89-90 Actual</i>	<i>90-91 Actual</i>	<i>91-92 Estimated</i>
Real Economic Growth	+ 3.7%	-.7%	+ 1.6%
Inflation	+ 4.0%	+ 3.6%	+ 3.7%
Corporate Profits	-9.5%	+ 1.0%	+ 24.8%
Housing Starts	-9.3%	-23.7%	+ 14.1%
Auto Sales	-4.0%	-8.4%	+ 5.5%
Short-term Interest Rate (Actual)	7.8%	6.5%	5.9%
Long-term Interest Rate (Actual)	8.3%	8.5%	8.4%

REVENUE AVAILABILITY

Over the long-run, General Fund tax collections grow at about the same rate as the growth of the state's economy. However, during a turning point in the business cycle, the rates may be out of sync for a year or two. For example, during recoveries state corporate income taxes may continue to show a decline or no increase as taxes paid during a fiscal year reflect, to a large extent, liabilities for the prior year. In addition, dividends paid to shareholders may not be increased until the recovery is well under way. This dampens personal income tax receipts.

For these and other technical reasons, the economy-based General Fund tax growth for the 1991-92 authorized budget was 4.5%, versus estimated economic growth of 5.3%. Once the recovery was underway, it was expected that tax collections would more closely track economic conditions.

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

1991 SESSION

	90-91 <i>Actual</i>	1991-92 <i>Baseline Estimate</i>	1991-92 <i>Tax Changes</i>	1991-92 <i>Revised Total</i>	<i>% of Total</i>
TAX:					
Personal Income	\$3,534.5	\$3,532.6	* \$61.0	\$3,593.6	48.3%
Sales & Use	1,682.3	1,753.3	* 432.0	2,185.3	29.4
Corporate Income	493.2	505.0	* 92.0	597.0	8.0
Franchise	372.9	388.0	1.6	389.6	5.2
Insurance	193.2	205.6	3.1	208.7	2.8
Alcoholic Beverage	153.8	157.1	2.9	160.0	2.2
Intangibles	92.5	101.1	-	101.1	1.4
Inheritance	76.8	80.6	-	80.6	1.1
Soft Drink	29.8	30.8	.5	31.3	0.4
License	31.6	29.5	-	29.5	0.4
Tobacco Products	15.2	14.7	20.5	35.2	0.5
Deed Stamp	-	-	11.9	11.9	0.2
Other	16.8	17.7	-8.6	9.1	0.1
TOTAL - TAX	\$6,692.6	\$6,816.0	* \$616.9	\$7,432.9	100.0%
NON-TAX:					
Investment Income	\$78.6	\$66.0	\$.4	\$66.4	31.0%
Judicial Department	63.1	66.0	6.9	72.9	34.1
Other	43.2	42.0	32.6	74.6	34.9
TOTAL - NON-TAX	\$184.9	\$174.0	\$39.9	\$213.9	100.0%

*A comparison of this amount to 1990-91 actual collections is distorted due to one-time special factors such as tax accelerations for 1990-91 and deferral of income tax refund payments from June to July. In the absence of such factors, the growth rates would have been:

	91-92 <i>Baseline Revenue Growth</i>
Personal Income	6.0%
Sales & Use	4.0%
Corporate Income	6.9%
General Fund Total	4.5%

ECONOMIC OUTLOOK AND GENERAL FUND REVENUES

1992 SESSION

1991-92 EXPERIENCE

The General Fund revenue estimate for 1991-92 was a consensus estimate made by the Fiscal Research Division and the Office of State Budget and Management. The projection was based on a modest economic recovery beginning during the middle of the fiscal year and mild inflation. This forecast was much more conservative than the outlook of most economists at the time.

Specifically, the 1991-92 budget forecast assumed state economic growth of 4.0%. This total was comprised of .8% real growth plus 3.2% inflation. Preliminary data indicates that real growth turned out to be 1.4% for the year and inflation came in at 3.2% for a total of 4.6%.

The accuracy of the economic forecast is reflected in revenue collection data shown below:

	<i>(\$ Million)</i> <i>Budgeted</i>	<i>(\$ Million)</i> <i>Actual</i>	<i>(\$ Million)</i> <i>Difference</i>
Tax	\$7,432.9	\$7,438.4	+ \$5.5
Non-Tax	<u>213.9</u>	<u>199.9</u>	<u>-14.0</u>
Total	7,646.8	7,638.3	-\$8.5

From a historical perspective, the 1991-92 General Fund revenue forecast was the most accurate in 40 years. Ironically, the second most reliable year was 1988-89, just prior to the major fiscal problems of the 1989-91 biennium.

OUTLOOK FOR 1992-93

During the 1991 session the General Assembly adopted a tentative budget for 1992-93, based on funding all continuation budget increases but little expansion. The idea was to follow the practice since 1973 of using the short session to update the economic outlook and to spend the second-year expansion availability.

The original 1992-93 revenue estimate, adopted during the 1991 session, used a 7.0% state economic growth assumption. This estimate was developed by factoring down the 8.5% average annual revenue growth for the late-1980s by 1.5%. Using this forecast would leave \$315 million of uncommitted revenue for the 1992 session.

In hindsight, this session strategy was prudent. While the economy improved enough to meet the conservative targets, the improvement was small by historical standards. When the 1992 session convened, there were still no signals that the economy was picking up steam. As a result the tentative economic growth forecast of 7.0% was lowered to 5.5% (2.0% real growth and 3.5% inflation).

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

1992 SESSION

	90-91	91-92	1992-93 Baseline	1992 Session	1992-93 New	1992-93 % of
	<i>Actual</i>	<i>Actual</i>	<i>Estimate</i>	<i>Actions</i>	<i>Total</i>	<i>Total</i>
TAX:						
Personal Income	\$3,534.5	\$3,583.0	\$3,796.8	—	\$3,796.8	49.4%
Sales & Use	1,682.3	2,161.4	2,326.0	—	2,326.0	30.2
Corporate Income	493.2	606.2	680.8	-237.8	443.0	5.8
Franchise	372.9	406.9	423.7	—	423.7	5.5
Insurance	193.2	203.8	210.0	—	210.0	2.7
Alcoholic Beverage	153.8	158.1	160.6	—	160.6	2.1
Intangibles	92.5	112.2	114.3	—	114.3	1.5
Inheritance	76.8	87.6	96.0	—	96.0	1.3
Soft Drink	29.8	32.3	33.6	—	33.6	0.4
License	31.6	29.6	30.0	—	30.0	0.4
Tobacco Products	15.2	40.3	39.8	—	39.8	0.5
Deed Stamp	—	8.6	10.4	—	10.4	0.1
Gift	7.7	7.2	7.0	—	7.0	0.1
Savings & Loan	8.2	—	—	—	—	—
Other	0.9	1.2	1.3	—	1.3	—
TOTAL - TAX	\$6,692.6	\$7,438.4	\$7,930.3	\$-237.8	\$7,692.5	100.0%
NON-TAX:						
Investment Income	\$78.6	\$57.2	\$58.9	\$—	\$58.9	27.2%
Judicial Department	63.1	71.3	74.2	6.40	80.6	37.0
Capital Reversions	35.2	.1	—	—	—	—
Retiree Health Benefits	47.0	—	—	—	—	—
Other	43.3	71.3	74.0	4.20	78.20	35.8
TOTAL - NON-TAX	\$267.2	\$199.9	\$207.1	\$10.6	\$217.7	100.0%
TOTAL REVENUES	\$6,959.8	\$7,638.3	\$8,137.4	\$-227.2	\$7,910.2	

The continued weakness of the nation's economy is due to a number of persistent problems:

1. A lack of consumer and business confidence
2. The paring down of the massive debt accumulated during the free-spending 1980s
3. continue depressed conditions in the commercial and industrial real estate market
4. The large number of white-collar layoffs as corporations streamline their operations
5. State and local government fiscal problems
6. Cuts in defense spending

On the positive side, short-term interest rates are the lowest in 30 years. With continued low inflation the Federal Reserve Board has considerable latitude to take the steps necessary to keep the recovery going. News accounts indicate that the Fed will take the steps necessary. What is unusual about this recovery so far is that low interest rates have had only a minimal impact on business expansion. This is due primarily to low demand for loans.

The specifics of the economic outlook are shown below:

	<i>% Change Unless Noted Otherwise</i>		
	<i>1991-92 Estimated</i>	<i>1991-92 Actual</i>	<i>1992-93 Estimated</i>
<i>U.S. Indicators</i>			
Real Economic Growth	+ 1.6	+.5	+ 2.2
Inflation	+ 3.7	+ 3.2	+ 3.5
Corporate Profits	+ 13.8	+ 2.3	+ 13.2
Housing Starts	+ 14.1	+ 10.0	+ 6.4
Auto Sales	+ 5.5	-5.1	+ 4.2
Short-Term Interest Rates (Actual Rate)	5.9	4.4	4.1
Long-Term Interest Rates (Actual Rate)	8.4	7.9	8.2
<i>North Carolina Data</i>			
Personal Income	+ 4.0	+ 4.8	+ 5.5
Employment	-.1	-.2	+ 1.6
Average Hourly Earnings - Manufacturing	+ 3.8	+ 3.8	+ 3.5

CONDITION OF THE GENERAL FUND
(\$ Million)

SOURCE	1990-91 ACTUAL	1991-92 ACTUAL	1992-93 REVISED AUTHORIZATION
Beginning Credit Balance			
Savings Reserve	\$—	\$—	\$41.6
Unrestricted	222.2	.4	123.5
	<hr/>	<hr/>	<hr/>
Total	\$222.2	\$.4	\$165.1
Revenues:			
Tax	6,692.5	7,438.4	7,692.5
Non-Tax	267.2	199.9	217.7
	<hr/>	<hr/>	<hr/>
Total	\$6,959.7	\$7,638.3	\$7,910.2
Transfers:			
Highway Trust Fund	231.1	170.0	170.0
Highway Fund	17.0	8.7	9.4
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	\$7,207.8	\$7,817.0	\$8,089.6
	<hr/>	<hr/>	<hr/>
TOTAL AVAILABILITY	\$7,430.0	\$7,817.4	\$8,254.7
Expenditures:			
Operating:			
Reduction In Retirement Matching	(57.4)	—	—
Departments	6,935.2	7,184.1	7,877.5
	<hr/>	<hr/>	<hr/>
Total - Operating	\$6,877.8	\$7,184.1	\$7,877.5
Local Government Reimbursements/ Shared Revenues	445.4	468.2	236.8
Transfer to Savings Reserve	—	.4	—
Capital Improvements	106.4	—	95.2
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$7,429.6	\$7,652.7	\$8,209.5
Ending Credit Balance:			
Savings Reserve	—	.4	41.6
Unrestricted	.4	164.7 ^a	3.6
	<hr/>	<hr/>	<hr/>
TOTAL	\$.4	\$165.1	\$45.2

^a The State Controller is to earmark 25% of this sum to the Savings Reserve Account until the Account equals 5% of the operating budget.

HIGHWAY FUND REVENUE OUTLOOK

1991 ACTIONS

Highway Fund revenues for the 1990-91 fiscal year totaled \$903.4 million, a decline from the previous fiscal year of 0.1%. Although fuel tax revenues increased by approximately \$10 million in FY 1991, revenues from vehicle title and registration fees and Highway Fund investment income declined by approximately the same amount, resulting in a no-growth situation for Highway Fund revenues in FY 1991.

The 1990-91 recession impacted the Highway Fund as well as the General Fund. Higher oil prices in effect during the Persian Gulf crisis restricted the purchasing power of consumer budgets. Combined with general uncertainty over the final outcome of United States intervention and its impact on the economy, a major shift in behavior occurred. Motor fuel tax collections fell \$13.3 million short of the revenue estimate as the state motor fuel consumption rate declined 2.7% in FY 1991 compared to FY 1990. A decline of similar magnitude was last experienced during the recession of 1980-81. A 15.5% decline in new motor vehicle sales in North Carolina in 1990 and lower freight volumes and an increasing number of bankruptcies in the trucking industry impacted revenues collected from motor vehicle licenses and fees. Through June 30, 1991, the shortfall in the Highway Fund for FY 1991 totaled \$32.8 million.

Forecasted revenues for the 1991-92 fiscal year total \$953.6 million. The expected 5.6% growth rate in the Highway Fund represents additional revenues from two major sources:

1. \$27.6 million in motor fuel tax revenue; and,
2. \$28.0 million in motor vehicle licenses and fees.

MOTOR FUEL TAX INCREASED

North Carolina's motor fuel tax increased from 22.3 cents to 22.6 cents, effective July 1, 1991, due to higher wholesale prices in effect during the Iraqi invasion of Kuwait. From a high of an average of 98.6 cents per gallon for the month of October, 1990, wholesale prices for gasoline have since stabilized at 70 cents per gallon, similar to price levels in effect prior to the beginning of the Kuwaiti occupation in August, 1990. Corresponding retail prices were \$1.35 per gallon in October, 1990 versus \$1.06 in April, 1991, a 21% decline.

House Bill 1222, enacted by the 1991 General Assembly, raises the motor fuel tax by one-half cent effective January 1, 1992. The additional revenues (approximately \$8.2 million in FY 1992 and \$19.5 million in FY 1993) will not be credited to the Highway Fund. Instead, they will be equally allocated between the Commercial Leaking Petroleum Underground Storage Tank Fund and a newly created Groundwater Protection Loan Fund. Both funds are administered by the Department of Environment, Health, and Natural Resources. The one-quarter cent allocated to the Groundwater Protection Loan fund will expire effective January 1, 1995. The remaining one-quarter cent allocated to the Commercial Leaking Petroleum Underground Storage Tank Fund will expire effective January 1, 1999.

HIGHWAY FUND REVENUE OUTLOOK (1991 Actions, Continued)

HIGHWAY FUND FEE INCREASES

House Bill 83 enacted by the 1991 General Assembly raised several fees and penalties credited to the Highway Fund. These included:

1. Motor vehicle record (MVR) fees increased from \$4 to \$5.
2. Fees for drivers license learner's permits, duplicate licenses, and I.D. cards increased from \$5 to \$10.
3. Oversize/overweight vehicle permit fees increased from \$5 to \$10 for a one-time permit and from \$25 to \$50 for an annual permit.
4. Motor vehicle dealer and manufacturer license fees were increased by varying amounts.
5. The penalty for submission of vehicle title transfer documentation to the Division of Motor Vehicles later than 20 days after the completion of a sale or trade increased from \$4 to \$10 (the 20-day grace period was also increased to 28 days).

In addition to the new fees enacted by the 1991 General Assembly, additional Highway Fund revenues of approximately \$4.7 million are anticipated in fees collected from a new commercial motor carriers' drivers license, required by the Federal government to be obtained by all commercial drivers before April 1, 1992.

1992 ACTIONS

In FY 1991-92, Highway Fund revenues collected were \$943.3 million, a 4.5% increase over the previous fiscal year. Motor fuel tax collections increased from \$618 million in FY 1991 to \$640 million in FY 1992 due to significant fuel price increases caused by the war in the Persian Gulf. Fuel prices have since stabilized around 1990 price levels in effect prior to the war and the price escalation.

In the 1991 Session, Highway Fund revenues were authorized for FY 1992 at \$953.6 million, resulting in a shortfall of \$10.3 million. Post-war declines in fuel prices and interest rates were subsequently factored into a downward revision in the authorized Highway Fund revenue forecast for FY 1993, from \$960.3 million to \$924.1 million, a contraction of 3.9%

**HIGHWAY FUND REVENUE
(\$ MILLIONS)**

	1990-91 <i>Actual</i>	1991-92 <i>Authorized</i>	1992-93 <i>Authorized</i>	1992-93 <i>Authorized Revised</i>
<i>MOTOR FUELS TAX:</i>				
Motor Fuels Tax	\$618.9	\$644.5	\$645.6	\$617.8
Fuel Inspection Fee	9.8	10.2	10.3	9.9
Highway Usage Registration Fees	.7	.8	1.1	.7
Total Motor Fuels Tax	\$629.4	\$655.5	\$657.0	\$628.4
 <i>LICENSES AND FEES:</i>				
Motor Vehicle Registration	149.6	152.2	155.8	158.9
International Reg. Plan	29.5	31.0	35.0	33.0
Registration and Title Fees	9.9	9.6	12.0	10.6
Driver Licenses	41.4	57.5	51.7	53.6
Revocation and Restoration	7.7	8.2	8.9	8.6
Equipment Inspection Fees	4.7	5.5	5.6	5.4
Dealers and Manufactures Licenses	.6	1.1	1.4	1.0
Overweight/Size Permits	.5	1.1	1.3	.9
Motor Carrier Safety	.6	.6	.8	.7
Total Licenses and Fees	244.5	266.8	272.5	272.7
 <i>OTHER STATE REVENUE:</i>				
Penalties	6.1	6.5	7.4	6.2
Refunds	1.5	1.5	1.6	0.0
Miscellaneous	.5	.3	.8	.8
Total Other State Revenue	8.1	8.3	9.8	7.0
<i>INVESTMENT INCOME</i>	21.4	23.0	21.0	16.0
TOTAL HIGHWAY FUND REVENUE	\$903.4	\$953.6	\$960.3	\$924.1

HIGHWAY TRUST FUND

1991 ACTIONS

In FY 1991, revenues in the Highway Trust Fund totaled \$513.9 million. Of that total, \$231.1 million in highway use tax collections was credited to the General Fund, leaving \$281.2 million in new revenues for highway construction.

Because of cash flow problems in the General Fund, quarterly transfers of highway use tax collections to the General Fund were accelerated in the second quarter of FY 1991. Transfers occurred on the following schedule (\$ millions):

September	\$44.8
October	18.7
November	139.8
March	20.0
June	7.8

The Highway Trust Fund forecast for FY 1992 is \$534.9 million and for FY 1993 is \$539.9 million.

NORTH CAROLINA HIGHWAY TRUST FUND REVENUE (\$ MILLIONS)

	<i>1990-91 Actual</i>	<i>1991-92 Authorized</i>	<i>1992-93 Authorized</i>	<i>1992-93 Authorized Revised</i>
Motor Fuels Tax	\$206.5	\$214.8	\$215.3	\$205.9
Highway Use Tax	231.1	242.8	248.4	258.0
Title Fees				
Title Certificates	47.0	50.0	51.0	52.6
Miscellaneous Registration Fees	6.1	6.6	7.2	7.8
Lien Recording Fees	2.3	2.5	2.8	2.6
Investment Income	20.8	18.0	15.0	18.0
TOTAL HIGHWAY TRUST FUND	\$513.8	\$534.7	\$539.7	\$544.9

1992 ACTIONS

In FY 1991-92, Highway Trust revenue collections were \$537.3 million, an increase of 4.6% over the previous fiscal year. Revenues were authorized in 1991 at \$534.7 million, resulting in a surplus of \$2.6 million.

Authorized revenues for FY 1993 were revised slightly upward from \$539.7 million to \$544.9 million, an increase of \$5.0 million. It is expected that automobile sales and resulting highway use tax collections will increase slowly as the national and state economies climb out of the recession.

**HIGHWAY TRUST FUND
PAST YEAR EXPENDITURES
AND
CURRENT YEAR ALLOTMENT**

	1989-90 ³	1990-91	1991-92	1992-93 ⁴
Intrastate System	\$64,694,870	\$129,019,164	\$197,401,148	\$206,741,398
Secondary Road Construction	23,045,119	42,813,727	42,683,737	47,991,995
Urban Loops	14,495,710	51,379,416	91,058,661	83,597,612
State Aid to Municipalities	— ¹	13,767,789	16,129,336	21,691,995
Program Administration ²	10,150,000	11,141,990	13,160,822	14,877,000
TOTAL CURRENT YEAR ALLOTMENTS	\$112,385,699	\$248,122,086	\$360,433,704	\$374,900,000

- 1 Expenditures are made October 1 following the fiscal year in which revenue is collected
- 2 This is the appropriated amount; DOT does not track administrative expenditures
- 3 Expenditure data for 1989-90 through 1991-92 is from North Carolina Highway Trust Fund Expenditure Update, as of July 10, 1992 prepared by Christy Martin (DOT)
- 4 This is the appropriated amounts for 1992-93 as amended by House Bill 1340 (Chapter 900, Section 5 of the 1991 Session Laws)

BUDGET REFORM PACKAGE
HOUSE BILL 83
(CHAPTER 689, SESSION LAWS, 1991)

1991 SESSION

- A. Requires any fiscal analysis of the overall budget outlook and proposed legislation affecting State revenues or State expenditures to encompass a five-year period. Legislation proposing to appropriate funds from the General Fund for State facilities must contain an estimate of the annual operating and maintenance costs of the facility for the first 20 years. Legislation that could lead to increases in incarceration requires a five-year fiscal analysis. (Section 340)
- B. Clarifies law limiting growth of state employees to population growth. (Section 343, 344)
- C. Requires Office of State Budget and Management to recommend to the 1993 General Assembly a method to establish a permanent reserve for repair, renovation, and maintenance of state buildings. (Section 345)
- D. Requires enactment of Current Operations Appropriation Act by June 15th of odd-numbered years ("long session") and by June 30th of even-numbered years ("short session"). Requires General Fund spending availability estimates to be included in main budget bill. Limits growth in second year appropriations enacted during long session to 2% of appropriations for first year of the biennial budget (limit second-year expansion but still allow for Medicaid and other unavoidable second-year cost increases). (Section 346)
- E. Requires 1/4 of year-end General Fund credit balance to be appropriated to a Savings Reserve Account until Account reaches 5% of the General Fund Operating Budget. The remaining amount may be expended only for capital improvements and other one-time items. Requires Governor to obtain legislative approval to use Savings Reserve Account proceeds. (Section 346)
- F. Limits General Fund Operating Budget to 7% of state personal income (1991-92 level). The limit may be increased to the extent that Medicaid costs, employee health cost increases, or corrections system requirements increase at a faster rate than personal income. (Section 346)
- G. Appropriates \$3 million to the Legislative Services Commission to contract for an outside performance audit of the Executive Branch and Legislative Branch of State Government. (Section 347)
- H. Establishes a Joint Select Fiscal Trends and Reform Commission to study budget reform, state and local fiscal relations, impact of fiscal trends on State Budget, and options for dealing with federal mandates. (Sec. 348)

1992 SESSION

Section E, as listed on Page 26, was changed to allow the State Controller to earmark one-fourth of the General Fund credit balance to the Savings Reserve Account beginning with the estimated balance of June 30, 1992. The original package required that this sum be appropriated effective with the June 30, 1993 credit balance.

Also, the General Assembly received an additional \$500,000 for outside performance audit which has been awarded to KPMG Peat Marwick.

In accordance with this legislation (Sections D and E, as listed on Page 26), the 1992 Session used the following revenue estimates for House Bill 1340 and Senate Bill 1205:

	<u>House Bill</u> <u>1340</u>	<u>Senate Bill</u> <u>1205</u>	<u>Total</u>
1. 1991-92 Revenue Collections			
a. Budgeted	—	\$7,647,025,000	\$7,647,025,000
b. Actual (Latest Estimate)	—	<u>7,638,025,000</u>	<u>7,638,025,000</u>
c. Difference	—	(9,000,000)	(9,000,000)
2. 1991-92 Unexpended Appropriations	—	169,000,000	169,000,000
3. Estimated June 30, 1992 Credit Balance	1,600,000	158,400,000	160,000,000
4. Earmarked for Savings Reserve	(400,000)	(39,600,000)	(40,000,000)
5. Revised Revenue Growth for 1992-93 not appropriated by 1991 Session	151,500,000	—	151,500,000
6. Court Fees - Chapter 811	6,400,000	—	6,400,000
7. Insurance Assessment Rate Increase	1,200,000	—	1,200,000
8. Motor Fleet Management Transfer	1,600,000	—	1,600,000
9. Controlled Substances Tax	1,450,000	—	1,450,000
10. Equipment Reserve (Non-Tax)	350,000	—	350,000
11. Investment Earnings	250,000	—	250,000
TOTAL	<u>\$163,950,000</u>	<u>\$118,800,000</u>	<u>\$282,750,000</u>

1992 SESSION (Continued)

House Bill 916, Section 10

**Earmarking of Corporate Income
Tax for Local Government
Reimbursement**

(237,782,020)

**House Bill 1568 - Change Accounting
Procedures for Certain Fees**

(1,484,535)

TOTAL

\$43,483,445

LONG-TERM GENERAL FUND OPERATING BUDGET OUTLOOK
ANNUAL INCREASE BASIS

	Average Annual % Increase for Item	(\$ Million)			
		1993-94	1994-95	1995-96	1996-97
Revenue Growth	6.5% *	\$525	\$559	\$595	\$634
Continuation Budget Increases:					
MEDICAID	20.0%	\$148	\$178	\$213	\$256
AFDC/Other Social Services	8.9%	47	51	56	61
Correction (Operating)	8.8%	45	49	54	59
Health Insurance	17.5%	78	91	107	125
Inflation/Enrollment	4.0%	81	87	92	97
Total: Continuation Increases		\$399	\$456	\$522	\$598
Discretionary Availability		\$126	\$103	\$73	\$36
Expansion Budget Options:**					
Salaries - Cost of Living (3.8%)		\$216	\$227	\$238	\$249
Performance Pay (2.0%)		112	117	123	129
Education Improvement**		100	108	116	125
Other Expansion**		148	158	169	181
Total: Expansion Budget Options		\$576	\$610	\$646	\$684

* Based on factoring down late-1980's growth of 8.7% by one-fourth to account for slower expected growth during 1990's.

** Based on experience during late-1980's.

**FEDERAL BLOCK
GRANTS**

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 allowed the Administration 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

SOCIAL SERVICES BLOCK GRANT

The Social Services Block Grant is intended to provide federal funds to help people achieve or maintain a greater degree of economic self-support or self-sufficiency, to prevent abuse or exploitation of children and adults who are unable to protect their own interests, and to prevent inappropriate institutional care or to secure appropriate institutional care when other forms of care are not appropriate. The primary providers of these services are the one hundred county departments of social services, and examples of services funded include child and adult day care and in-home services for the elderly.

ALCOHOL, DRUG ABUSE AND MENTAL HEALTH SERVICES BLOCK GRANT

This block grant provides funds to states to establish and maintain programs to combat alcohol and drug abuse, to care for the mentally ill and to promote mental health. The primary providers of these services are the forty-one area mental health, mental retardation, and substance abuse authorities.

ALCOHOL AND DRUG ABUSE TREATMENT AND REHABILITATION BLOCK GRANT

In 1986 Congress passed the Anti-Drug Abuse Act of 1986 (P.L. 99-570) which provided \$516 million in designated formula grants to states for law enforcement, drug education, and treatment and rehabilitation. This new block grant is a two-year allocation which may be used by states for alcohol abuse and drug abuse treatment and rehabilitation programs and activities.

MATERNAL AND CHILD HEALTH BLOCK GRANT

This block grant funds health services for mothers and children to reduce infant mortality and the incidence of preventable diseases and handicapping conditions among children. It also provides for rehabilitative services for blind and disabled individuals under the age of 16 and for treatment and care of children with developmental disabilities.

FEDERAL BLOCK GRANT PROGRAM (1991 Actions, Continued)

PREVENTIVE HEALTH SERVICES BLOCK GRANT

This block grant provides health services to low-income persons in order to reduce the risk of preventable illness and early death and to improve the quality of life through better health.

LOW INCOME ENERGY ASSISTANCE BLOCK GRANT

The purpose of this block grant is to provide funds to assist low-income families with their heating fuel costs, to provide some emergency assistance and home weatherization or energy-related home repairs.

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.

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.

COMMUNITY DEVELOPMENT BLOCK GRANT

This is a federally funded program that provides for economic development, neighborhood revitalization and housing programs for low income people.

CHILD CARE AND DEVELOPMENT BLOCK GRANT

In 1990 Congress passed a comprehensive child care package, which was passed as part of the Omnibus Budget Reconciliation Act (OBRA), P.L. 101-508. A major piece of the child care package included a Child Care and Development Block Grant. The new block grant has been authorized by Congress for three years, and provides federal funds for child care services to low-income families and for activities to improve the availability and quality of child care.

1991 ACTIONS

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

	1991-92
DEPARTMENT OF HUMAN RESOURCES:	
<i>DIVISION OF MENTAL HEALTH, MENTAL RETARDATION, AND SUBSTANCE ABUSE SERVICES</i>	
A. Social Services Block Grant	\$ 5,514,782
B. Alcohol and Drug Abuse and Mental Health Services Block Grant	23,907,526
C. Mental Health Services for the Homeless Block Grant	531,000
E. Community Youth Activity Program	
D. Block Grant	92,091
<i>DIVISION OF ECONOMIC OPPORTUNITY</i>	
A. Low Income Energy	1,737,187
B. Social Services Block Grant	197,421
C. Community Services Block Grant	9,886,100
<i>DIVISION OF SOCIAL SERVICES</i>	
A. Low Income Energy Block Grant	24,857,972
B. Social Services Block Grant	45,079,112
<i>DIVISION OF FACILITY SERVICES</i>	
A. Preventive Health Services Block Grant	451,915
B. Social Services Block Grant	12,489,508
C. Low Income Energy Block Grant	209,116
D. Child Care Development Block Grant	20,316,667
<i>DIVISION OF AGING</i>	
Social Services Block Grant	333,656
<i>DIVISION OF YOUTH SERVICES</i>	
Social Services Block Grant	1,037,868
<i>DIVISION OF BLIND SERVICES</i>	
Social Services Block Grant	3,162,920
<i>OFFICE OF THE SECRETARY</i>	
Social Services Block Grant	55,086
<i>STATE ADMINISTRATION</i>	
Social Services Block Grant	3,392,468

FEDERAL BLOCK GRANT PROGRAM (1991 Actions, Continued)

1991-92

DEPARTMENT OF ADMINISTRATION:

A. Preventive Health Block Grant	91,269
B. Low Income Energy Block Grant	45,270

**DEPARTMENT OF ENVIRONMENT, HEALTH,
AND NATURAL RESOURCES:**

A. Preventive Health Services Block Grant	3,585,678
B. Maternal and Child Health Block Grant	18,830,668
C. Social Services Block Grant	2,984,895

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT:

A. Job Training Partnership Act	35,316,871
B. Community Development Block Grant	40,657,000
C. Low Income Energy Block Grant	1,696,362

1992 LEGISLATIVE ACTIONS

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

1992-93

DEPARTMENT OF HUMAN RESOURCES:

*DIVISION OF MENTAL HEALTH, MENTAL RETARDATION,
AND SUBSTANCE ABUSE SERVICES*

A. Social Services Block Grant	\$ 5,514,782
B. Alcohol and Drug Abuse and Mental Health Services Block Grant	25,558,878
C. Community Youth Activity Program Block Grant	45,288

DIVISION OF ECONOMIC OPPORTUNITY

A. Social Services Block Grant	197,421
B. Community Services Block Grant	10,017,747

DIVISION OF SOCIAL SERVICES

A. Low Income Energy Assistance Block Grant	8,005,357
B. Social Services Block Grant	45,177,822

FEDERAL BLOCK GRANT PROGRAM (1992 Actions, Continued)

1992-93

DIVISION OF FACILITY SERVICES

A. Preventive Health Services Block Grant	\$245,652
B. Social Services Block Grant	12,975,730
C. Child Care Development Block Grant	21,755,770

DIVISION OF AGING

Social Services Block Grant	333,656
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DIVISION OF YOUTH SERVICES

Social Services Block Grant	1,037,868
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DIVISION OF BLIND SERVICES

Social Services Block Grant	3,162,920
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OFFICE OF THE SECRETARY

Social Services Block Grant	55,086
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STATE ADMINISTRATION

Social Services Block Grant	3,392,468
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RESERVE

A. Low Income Energy Assistance Block Grant	20,983,028
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DEPARTMENT OF ADMINISTRATION:

A. Preventive Health Services Block Grant	91,269
B. Social Services Block Grant	45,270

DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES:

A. Preventive Health Services Block Grant	4,491,250
B. Maternal and Child Health Block Grant	18,422,152
C. Social Services Block Grant	1,801,929

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT:

A. Job Training Partnership Act Funds	52,949,580
B. Community Development Block Grant	42,892,000

CHANGES TO THE MEDICAID PROGRAM

1991 SESSION

Expenditures for the Medicaid Program totaled \$1.9 billion in FY 1990-91, an increase of 36% over FY 1990-91 spending. This unprecedented growth in Medicaid expenditures was due to an increase in the share of nursing home beds paid for by the Medicaid program, the success of the BABYLOVE program, and rapid growth in caseloads for the Aid to Families With Dependent Children program due to the downturn in the state's economy.

The General Assembly appropriated a total of \$2.1 billion and \$2.4 billion for FY 1991-92 and FY 1992-93 respectively for continuation of current services. General Fund Appropriations for FY 1991-92 are \$580.7 million and \$669.4 million.

During its deliberations on the proposed budget, the General Assembly adopted reductions totaling \$23.6 and \$24.8 million in General Funds for FY 1990-91 and FY 1992-93 respectively. These reductions represent cuts in proposed inflationary increases for medical care providers for FY 1991-92, authorized savings in program requirements, and reductions in administration.

In addition, the General Assembly appropriated funds for the following expansion items:

- o Funds to implement expanded services mandated by the Omnibus Reconciliation Act of 1990 (OBRA '90).
- o Funds to improve maternity care services covered by the BABYLOVE program. Covered services will include nutritional counseling, psycho-social counseling and pre-delivery and post-delivery home visits.
- o Funds to increase the pharmacist dispensing fee and to provide transportation services to pregnant women and children.

1992 SESSION

Expenditures for the Medicaid Program totaled \$2.46 billion in FY 1990-91, an increase of 27% over FY 1990-91 spending. This year's growth in Medicaid expenditures was due to growth in long term care services, the success of the BABYLOVE program, and growth in caseloads for the Aid to Families With Dependent Children program due to nationwide economic recession.

The General Assembly adjusted total requirements for the FY 1992-93 Medicaid Program from \$2.4 billion to \$2.65 billion and General Fund appropriations from \$669.4 million to \$675 million. Funds from the Voluntary Hospital Donations Fund will provide \$65.5 million for state match to support the programs budgeted requirements FY 1992-93.

During its deliberations on the proposed budget, the General Assembly adopted reductions totaling \$8.8 million in General Funds. These reductions represent cuts in proposed utilization and inflationary increases for medical care providers and savings associated with increased patient copayments, the success of the Carolina Access Program, and reductions to reimbursements for Durable Medical Equipment.

CHANGES TO THE MEDICAID PROGRAM (1992 Actions, Continued)

In addition, the General Assembly appropriated funds for the following expansion items:

- o Funds for the development and administration of a computerized tracking system for the Early, Periodic, Diagnosis and Treatment (EPSDT) Program, an automated tracking system to insure the delivery of timely and appropriate child health care.
- o Funds to cover all women for Preventive Mammogram Screenings, an optional coverage under the Medicaid Program.

**LEGISLATIVE ACTIONS:
GENERAL FUND APPROPRIATIONS**

**CONDITION OF GENERAL FUND
GOVERNOR'S RECOMMENDATIONS COMPARED TO AUTHORIZATION
1991-93**

	<i>1991 Session 1991-92</i>		<i>1991 Session 1992-93</i>		<i>1992 Session 1992-93</i>
	<i>Governor's Submission</i>	<i>Legislative Authorization</i>	<i>Governor's Submission</i>	<i>Legislative Authorization</i>	<i>Revised Authorization</i>
Beginning Credit Balance	\$107.2	—	—	—	\$165.1
Tax Revenue	7,250.0	7,432.9	\$7,800.0	\$8,079.4	7,692.5
Non-Tax Revenue	220.1	213.9	234.1	222.3	217.7
Highway Trust Fund Transfer	170.0	170.0	170.0	170.0	170.0
Highway Fund Transfer	—	8.7	—	9.4	9.4
Two-Thirds Legislative Bonds	40.0	45.0	—	—	—
TOTAL AVAILABILITY	\$7,787.3	\$7,870.5	\$8,204.1	\$8,481.1	\$8,254.7
Expenditures:					
Current Operations					
- Continuation	\$7,276.7	\$7,183.4	\$7,604.7	\$7,448.4	\$—
- Expansion	143.7	167.1	288.0	243.1	—
Subtotal	7,420.4	7,350.5	7,892.7	7,691.5	7,877.5
Budget Stabilization Reserve	95.0	.4	70.0	—	—
Local Shared Revenues	231.9	236.8	238.5	236.8	236.8
Local Tax Reimbursements	242.5	237.8	247.5	237.8	—
Reimbursements Elimination	(242.5)	—	(247.5)	—	—
Legislative Bonds	40.0	45.0	—	—	—
Capital Improvements	—	—	—	—	95.2
TOTAL EXPENDITURES	\$7,787.3	\$7,870.5	\$8,201.2	\$8,166.1	\$8,209.5
ENDING CREDIT BALANCE	\$ -	\$ -	\$2.9	\$315.0	45.2

GENERAL FUND APPROPRIATIONS

As noted in "The Economy, Revenues and Fund Conditions", the 1991 General Assembly faced budget proposals which exceeded existing revenue sources. The Governor's proposed continuation budget was balanced through "negative reserves"¹ and his expansion budget incorporated the recommendation that the General Assembly authorize local governments to implement an additional one-half cent local option sales and use tax effective April 1, 1991. Implementation of this sales tax revenue was to replace the anticipated annual distributions to local governments in reimbursement of prior state-mandated reductions in local inventory, intangibles, sales, and property taxes. This recommendation allowed the state to maintain \$242.5 million in 1991-92 and \$247.5 million in 1992-93 for expansion of state programs.

The General Assembly did not accept the Governor's recommendations for the use of negative reserves in balancing the proposed budget. This approach was viewed as (a) using reversions during the year before they occur; (b) allowing no cushion for revenue shortfall or eliminating the state's historical rainy day fund; (c) using the normal capital project funding source for current operations; (d) yielding no permanent reductions; and (e) allowing line-item veto without "veto authority".

The proposed budget was adjusted as shown below prior to consideration by the General Assembly.

	1991-92	1992-93
	<i>(in Millions)</i>	
Governor's Continuation Recommendation	\$7,754.2	\$8,114.4
Further Continuation Adjustments (in change Budget)	(15.8)	(21.5)
Public Education Management Flexibility Adjustment (in Change Budget)	15.0	-
Total	\$7,753.4	\$8,092.9

Adjustments:

1. Management Flexibility Negative Reserve	195.8	-
2. Non-Mandatory Inflationary Adjustments (Negative Reserve)	106.9	153.2
3. Retirement/Disability Rate Reduction	53.0	53.0
4. Salary Reserve	2.3	2.3
5. Continuation of 1990-91 "One-time" special charge - University System	5.8	5.8
6. Delay phased reduction in overhead receipts as prescribed in Ch. 936, 1989 Session until 1993-94	1.3	3.6
7. Reductions used to balance the expansion budget	15.8	21.5
8. Hospital-Medical Plan for Employees	100.0	133.0
Subtotal Adjustments	\$480.9	\$372.4
Total Revised Continuation Budget	\$8,234.3	\$8,465.3

See appendix tables for departmental adjustments to Governor's recommendations.

¹Lump sum reduction netted against total program line-item requirements prior to budget execution which must, by year end, be offset in total by identified line-items reduction.

Legislative action to the revised continuation budget reflects reductions summarized as follows:

	1991-92	1992-93
Program/Position Reductions	\$398.48	\$419.20
Local Government Reimbursements Capped at \$474.6 million	25.15	47.96
Employer Retirement Rate Matching Reduction	93.08	44.05
Departmental Receipt Increases Offsetting Appropriation Needs	<u>59.84</u>	<u>31.08</u>
Total	\$576.55	\$542.29

These reductions are itemized by department in this section.

The major increases for expansion were:

	1991-92	1992-93
Supplemental Funds for Small Schools	\$4.0	4.0
Funding for Low Wealth Schools	6.0	6.0
Community Colleges Work Gain Competitive Edge Program	10.0	10.0
Expansion of Incentive Scholarship Program at predominantly Black universities	.4	.4
Minority Economic Development Funds	3.8	-
Thomas S. Lawsuit (Human Resources)	7.7	12.1
Coalition 91 which implements various recommendations of the Mental Health Study Commission	6.0	6.0
Rest Home Rate Increase	6.7	7.3
Infant Mortality	4.5	5.8
PL 99-457 (handicapped children under 5 year old)	18.0	26.7
Child Protective Services	5.5	8.5
Nursing Program	2.3	2.8
HUD Group Homes	.5	.5
ADAP Funds	.5	.5
Increased Pharmacy Dispensing Fee	.6	1.2
State support for youth detention homes	.9	.9
Performance Audit of State Government	3.0	-
Basic Education Program	-	28.9
University Enrollment Increases	31.6 *	31.6 *
Corrections - Operating New Facilities	-	10.8
Community Colleges Enrollment Increases	16.2 *	16.2 *
Need Based Student Aid	3.9	5.0

*Partially Offset by tuition increases

The following tables reflect changes by department as approved by the 1991 Session for each fiscal year of the biennium.

**CHANGES TO GOVERNOR'S CONTINUATION RECOMMENDATIONS
FOR 1991-92 FISCAL YEAR**

<i>Operating Budgets</i>	<i>Base Budget</i>		<i>Transfers</i>	<i>Expansion Increases</i>	<i>Total</i>
	<i>Adjusted</i>	<i>Reductions</i>			
Education:					
Public Education	\$3,426,878,048	\$(204,502,267)		\$25,346,040	\$3,247,721,821
Community Colleges	383,265,118	(54,510,560)	73,860	10,955,044	339,783,462
University	1,186,367,216	(84,301,368)	49,544	8,389,400	1,110,504,792
Subtotal-Education	\$4,996,510,382	\$(343,314,195)	123,404	\$44,690,484	\$4,698,010,075
Human Resources	1,225,872,377	(85,603,819)	(127,336)	93,402,398	1,233,543,620
General Government:					
Administration	53,249,312	(4,354,510)	(1,460,273)	624,395	48,058,924
Administration-Controller's Office	5,393,609	(440,320)	-	1,037,280	5,990,569
Administrative Hearings	1,291,507	(19,863)	-	619,776	1,891,420
Administrative Rules Review	264,804	(15,302)	-	-	249,502
Board of Elections	1,834,817	(1,364,812)	-	8,200	478,205
Cultural Resources	41,148,959	(2,429,324)	-	70,145	38,789,780
General Assembly	20,193,260	(2,254,612)	-	3,300,000	21,238,648
Governor's Office	4,828,170	(366,821)	1,007,952	-	5,469,301
Governor's Office-State Budget	3,639,222	(264,216)	417,367	-	3,792,373
Insurance	14,743,140	(2,240,857)	(479,255)	964,893	12,987,921
Lt. Governor	611,970	(71,775)	-	-	540,195
Revenue	56,819,726	(4,453,771)	(37,570)	-	52,328,385
Secretary of State	4,815,375	(426,901)	(61,824)	-	4,326,650
State Auditor	13,490,413	(647,846)	-	-	12,842,567
State Treasurer	4,957,366	(56,605)	-	-	4,900,761
Subtotal - General Government	\$227,281,650	\$(19,407,535)	\$(613,603)	\$6,624,689	\$213,885,201

1991-92

Operating Budgets	Base Budget		Transfers	Expansion Increases	Total
	Adjusted	Reductions			
Justice and Public Safety:					
Correction	\$508,772,728	\$(37,912,054)	\$(270,514)	-	\$470,590,160
CC&PS	28,946,601	(1,957,375)	(1,504,740)	\$ 165,000	25,649,486
Judicial	215,812,044	(11,110,769)	1,504,740	6,603,662	212,809,677
Justice	51,803,150	(4,334,705)	1,725,028	249,627	49,443,100
Subtotal-Justice & Public Safety	\$805,334,523	\$(55,314,903)	\$1,454,514	\$7,018,289	\$758,492,423
Natural and Economic Resources:					
Agriculture	\$42,705,034	\$(3,857,061)	\$(40,271)	\$ 205,000	\$39,012,702
Economic & Comm. Dev.	57,753,621	(8,134,646)	(156,000)	3,250,461	52,713,436
EHNR	183,047,272	(12,195,484)	(640,708)	7,537,678	177,748,758
Labor	8,652,673	(740,528)	-	-	7,912,145
Transportation	8,950,000	(505,023)	-	-	8,444,977
Subtotal-Natural & Economic Resources	\$301,108,600	\$(25,432,742)	\$(836,979)	\$10,993,139	\$285,832,018
Reserves and Transfers:					
Contingency and Emergency	\$1,125,000	-	-	-	\$1,125,000
Salary Adjustment	500,000	-	-	-	500,000
Minimum Salary Adjustment	750,000	-	-	-	750,000
Hospital - Medical Increase	100,000,000	(24,800,000)	-	-	75,200,000
Computer Reserve	-	2,500,000	-	-	2,500,000
Reserve - Economic Development	-	-	-	750,000	750,000
Savings Reserve	-	-	-	400,000	400,000
Subtotal - Reserves	\$102,375,000	\$(22,300,000)	-	1,150,000	\$81,225,000
Debt Service	\$76,028,270	-	-	\$3,655,500	\$79,683,770
TOTAL OPERATING	\$7,734,510,802	\$(551,373,194)	-	\$167,534,499	\$7,350,672,107

1991-92

<i>Operating Budgets</i>	<i>Base Budget Adjusted</i>	<i>Reductions</i>	<i>Transfers</i>	<i>Expansion Increases</i>	<i>Total</i>
Local Shared Revenues/ Reimbursements	\$499,758,668	\$(25,152,494)	-	-	\$474,606,174
GRAND TOTAL	\$8,234,269,470	\$(576,525,688)	-	\$167,534,499	\$7,825,278,281

**CHANGES TO GOVERNOR'S CONTINUATION RECOMMENDATIONS
FOR 1992-93 FISCAL YEAR**

<i>Operating Budgets</i>	<i>Base Budget</i>		<i>Transfers</i>	<i>Expansion Increases</i>	<i>Total</i>
	<i>Adjusted</i>	<i>Reductions</i>			
Education:					
Public Education	\$3,469,454,451	\$(214,075,877)	-	\$60,045,414	\$3,315,423,988
Community Colleges	383,793,485	(24,070,054)	70,946	10,955,044	370,749,421
University	1,207,423,650	(63,136,278)	49,544	10,989,400	1,155,326,316
Subtotal-Education	\$5,060,671,586	\$(301,282,209)	\$120,490	\$81,989,858	\$4,841,499,725
Human Resources	\$1,317,518,033	\$(72,164,183)	\$(139,863)	\$111,499,250	\$1,356,713,237
General Government:					
Administration	\$56,292,340	\$(4,323,727)	\$(1,464,413)	\$ 606,507	\$51,110,707
Administration-Controller's Office	5,402,063	(398,211)	-	1,037,280	6,041,132
Administrative Hearings	-	-	-	1,907,437	1,907,437
Administrative Rules Review	264,981	(13,306)	-	-	251,675
Board of Elections	435,187	(2,269)	-	-	432,918
Cultural Resources	41,546,765	(1,925,177)	-	70,145	39,691,733
General Assembly	23,533,040	(2,486,086)	-	-	21,046,954
Governor's Office	4,843,178	(333,416)	1,008,550	-	5,518,312
Governor's Office-State Budget	3,772,462	(240,350)	417,367	-	3,949,479
Insurance	14,764,328	(2,130,757)	(524,510)	925,349	13,034,410
Lt. Governor	613,901	(67,017)	-	-	546,884
Revenue	56,880,244	(4,098,968)	(41,382)	-	52,739,894
Secretary of State	4,378,761	(259,165)	(67,970)	-	4,051,626
State Auditor	13,505,576	(573,550)	-	-	12,932,026
State Treasurer	4,969,228	(27,119)	-	-	4,942,109
Subtotal Gen. Gov't.	\$231,202,054	\$(16,879,118)	\$(672,358)	\$4,546,718	\$218,197,296

Operating Budgets	1992-93		Transfers	Expansion Increases	Total
	Base Budget Adjusted	Reductions			
Justice and Public Safety:					
Correction	\$524,962,973	\$(34,846,297)	\$(296,983)	\$10,764,288	\$500,583,981
CC&PS	29,051,026	(1,744,555)	(1,484,740)	-	25,821,731
Judicial	218,167,710	(8,414,770)	1,484,740	5,603,662	216,841,342
Justice	51,130,686	(4,103,648)	1,890,011	249,627	49,166,676
Subtotal-Justice & Public Safety	\$823,312,395	\$(49,109,270)	\$1,593,028	\$16,617,577	\$792,413,730
Natural and Economic Resources:					
Agriculture	\$42,579,185	\$(3,530,892)	\$(42,497)	\$205,000	\$39,210,796
Economic & Comm. Development	57,779,108	(8,517,269)	(156,000)	393,989	49,499,828
EHNR	183,937,211	(11,453,062)	(702,800)	11,878,512	183,659,861
Labor	8,661,310	(636,771)	-	-	8,024,539
Transportation	8,700,000	(483,429)	-	-	8,216,571
Subtotal-Natural & Economic Resources	\$301,656,814	\$(24,621,423)	\$(901,297)	\$12,477,501	\$288,611,595
Reserves and Transfers:					
Contingency and Emergency	\$1,125,000	-	-	-	\$1,125,000
Salary Adjustment	500,000	-	-	-	500,000
Minimum Salary Adjustment	750,000	-	-	-	750,000
Hospital - Medical Increase	133,000,000	(33,100,000)	-	-	99,900,000
Computer Reserve	-	2,500,000	-	-	2,500,000
Subtotal - Reserves	\$135,375,000	\$(30,600,000)	-	-	\$104,775,000
Debt Service	\$73,049,578	-	-	\$15,970,900	\$89,020,478
TOTAL OPERATING	\$7,942,785,460	\$(494,656,203)	-	\$243,101,804	\$7,691,231,061
Local Shared Revenues/Reimbursements	\$522,562,368	\$(47,956,194)	-	-	\$474,606,174
GRAND TOTAL	\$8,465,347,828	\$(542,612,397)	-	\$243,101,804	\$8,165,837,235

1992 MAJOR CHANGES

LEGISLATIVE ACTION TO 1991 SESSION APPROPRIATIONS FOR 1992-93:

— Restore Local Government Reimbursements to Earmarking of Tax Revenue (HB 916)	(\$237.78)
— Reduce Budgeted Salary by 30% for Positions Vacated by Retirement	(19.50)
— Delete Salary Reserve	(1.93)
— Reduce Operating Reserves Due to Construction Delays In New Facilities	(13.41)
— Receipt Increases Offsetting Appropriation Needs	(13.97)
— Adjust Public Schools Average Daily Membership Budgeted	(13.94)
— Adjust Average Annual Teachers' Salaries Budgeted	(32.04)
— Disproportionate Share Revenue	(65.62)
— Eliminate Duplicate Funding Made by 1991 Session	(3.30)
— Revise 1992-93 Expansion of Basic Education Program	(8.20)
— Utilization and Inflationary Increases for Medical Care Providers	(5.3)

MAJOR INCREASES INCLUDE:

— Child Fatality	\$2.11
— Infant Mortality	2.28
— Supplemental Funding for Small Schools	3.00
— Funding for Low Wealth Schools	3.00
— End of Course/End of Year Testing	5.70
— Rest Home Rate Increase	5.20
— Federal Participation Rate Decrease	9.10
— Operation Cost for New Facilities	2.54
— Continue Senate Bill 2 Differential Pay	29.50
— PL 99-457 (Handicapped Children)	1.42
— Salary Increase	115.14
— Match or Replace Federal Funds	16.03
— Coalition 2001 - Implementation of Recommendations of the Mental Health Study Commission	9.00
— Accounting System Implementation Continued	2.20
— Enrollment Increase - University System	14.29
— Enrollment Increase - Community Colleges	21.66
— Medicaid Utilization Increase	70.30
— AFDC Caseload Increase	4.18
— Basic Education Program Support Personnel	3.00
— University Tuition Increase	(16.56)
— Community Colleges Tuition Increase	(8.03)
— Willie M Program	3.58
— Textbook Allocation Increase of \$3	3.31
— OSHA Program Staff	3.18
— Need Based Student Aid	1.50

CHANGES TO 1991 SESSION AUTHORIZATIONS FOR 1992-93 FISCAL YEAR

	1991 Session Authorizations	House Bill 1340		Other Bills	Total Revised Authorizations	1992 Session Net Change
		Decreases	Increases			
OPERATING BUDGETS:						
Education:						
Public Education	\$3,315,423,988	(\$52,231,967)	\$43,114,046	\$1,750,000 a	\$3,308,056,067	(\$7,367,921)
Community Colleges	370,749,421	(1,896,085)	12,632,427	* 5,281,650 a	386,767,413	16,017,992
University	1,155,326,316	(11,419,047)	(314,869)	* 2,492,000 a	1,146,084,400	(9,241,916)
Subtotal - Education	4,841,499,725	(65,547,099)	55,431,604	9,523,650	4,840,907,880	(591,845)
Human Resources	1,356,713,237	(85,706,365)	125,774,576	5,162,880 a	1,401,944,328	45,231,091
General Government:						
Administration	51,110,707	(72,496)	1,558,204	15,000 a	52,611,415	1,500,708
Administration - Controller's Office	6,041,132	(31,866)	2,200,000	—	8,209,266	2,168,134
Administrative Hearings	1,907,437	(484)	—	—	1,906,953	(484)
Administrative Rules Review	251,675	(2,043)	4,500	—	254,132	2,457
Board of Elections	432,918	—	24,475	77,500 a	534,893	101,975
Cultural Resources	39,691,733	(4,260)	—	295,000 a	39,982,473	290,740
General Assembly	21,046,954	—	—	500,000 a	21,546,954	500,000
Governor's Office						
a) Governor's Office	5,518,312	(40,306)	—	—	5,478,006	(40,306)
b) State Budget	3,949,479	—	—	—	3,949,479	—
c) Special Appropriations	—	—	850,000	4,870,400 a	5,720,400	5,720,400
Insurance	13,034,410	(77,439)	1,139,944	—	14,096,915	1,062,505
Lt. Governor	546,884	(14,235)	—	—	532,649	(14,235)
Revenue	52,739,894	(301,808)	615,591	—	53,053,677	313,783
Secretary of State	4,051,626	—	—	—	4,051,626	—

	1991 Session Authorizations	House Bill 1340		Other Bills		Total Revised Authorizations	1992 Session Net Change
		Decreases	Increases				
State Auditor	12,932,026	(123,448)	119,778	(5,600,305)	d	7,328,051	(5,603,975)
State Treasurer	4,942,109	(1,507)	265,000	5,600,305	d	10,805,907	5,863,798
Subtotal - General Government	218,197,296	(669,892)	6,777,492	5,757,900		230,062,796	11,865,500
Justice and Public Safety:							
Correction	500,583,981	(9,828,597)	17,628,997	—		508,384,381	7,800,400
Crime Control & Public Safety	25,821,731	(138,916)	966,020	—		26,648,835	827,104
Judicial	216,841,342	(1,217,824)	8,400,000	—		224,023,518	7,182,176
Justice	49,396,303	(403,147)	1,234,788	—		50,227,944	831,641
Subtotal - Justice & Public Safety	792,643,357	(11,588,484)	28,229,805	—		809,284,678	16,641,321
Natural and Economic Resources:							
Agriculture	39,210,796	(452,527)	708,424	450,000	a	39,916,693	705,897
Economic and Community Development	49,499,828	(295,802)	6,206,004	500,000	a	55,910,030	6,410,202
Environment, Health, and Natural Resources	183,659,861	(422,221)	7,662,029	(1,034,535)	c	189,865,134	6,205,273
Labor	8,024,539	(64,083)	3,700,602	—		11,661,058	3,636,519
Transportation	8,216,571	—	2,666,666	—		10,883,237	2,666,666
Subtotal - Natural and Economic Resources	288,611,595	(1,234,633)	20,943,725	(84,535)		308,236,152	19,624,557
Reserves and Transfers:							
Contingency and Emergency	1,125,000	—	—	—		1,125,000	—

	1991 Session Authorizations	House Bill 1340		Other Bills	Total Revised Authorizations	1992 Session Net Change
		Decreases	Increases			
Salary Adjustment	500,000	—	—	—	500,000	—
Minimum Salary Adjustment	750,000	—	—	—	750,000	—
Hospital - Medical Increase	99,900,000	—	—	—	99,900,000	—
Computer Reserve	2,500,000	—	—	—	2,500,000	—
Savings - 30% Cut in Positions Vacated by Retirement	—	(19,500,000)	—	—	(19,500,000)	(19,500,000)
Salary - State Employees	—	—	111,026,870	—	111,026,870	111,026,870
Reserve - Blood Pathogen	—	—	—	1,000,000 a	1,000,000	1,000,000
Reserve - Moving Expenses	—	—	—	750,000 a	750,000	750,000
Subtotal - Reserves	104,775,00	(19,500,000)	111,026,870	1,750,000	198,051,870	93,276,870
Debt Service	89,020,478	—	—	—	89,020,478	—
Total Operations	7,691,460,688	(184,246,473)	348,184,072	22,109,895	7,877,508,182	186,047,494
Local Shared Revenues/ Reimbursements	474,606,174	—	—	(237,782,020) b	236,824,154	(237,782,020)
Capital Improvements	—	—	—	95,205,570 a	95,205,570	95,205,570
GRAND TOTAL	\$8,166,066,862	\$(184,246,473)	\$348,184,072	\$(120,466,555)	\$8,209,537,906	\$43,471,044

* Net of Tuition Increase

a Senate Bill 1205

b House Bill 916, Section 10

c Senate Bill 1205 - \$450,000; House Bill - \$(1,484,535)

d Transfer of Firemen's Pensions and Rescue Pensions

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.

	<i>1991-92 General Fund</i>	<i>1992-93 General Fund</i>
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$50,632,543	\$54,449,848
Add: Negative Reserves	2,616,769	1,842,492
Other Adjustments	-	-
	<hr/>	<hr/>
REVISED RECOMMENDED CONTINUATION BUDGET	\$53,249,312	\$56,292,340

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Administrative Analysis:

1. Consolidate management consulting activities within the Office of State Budget and Management

(a) Abolish three positions	(186,345)	(186,345)
	(-3)	(-3)
(b) (See transfers below)		

Policy and Planning:

- | | | |
|--|-----------|-----------|
| 2. Reduce Council of Government subsidies by 10% | (96,030) | (96,030) |
| 3. Reduce staffing level of Division | (136,729) | (136,729) |
| | (-3) | (-3) |
| 4. See Transfers below | | |

Office of State Planning:

- | | | |
|---|-----------|-----------|
| 5. Eliminate this new division created in 1990 by moving positions from the Office of State Property and Construction | (107,201) | (107,201) |
| | (-2) | (-2) |

DEPARTMENT OF ADMINISTRATION (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
<i>Juvenile Law Study Commission:</i>		
6. Reduce Commission activity for the biennium	(6,045)	(2,045)
<i>Board of Science and Technology:</i>		
7. Reduce research grants support. Grants were partially deferred in 1990-91 to offset Department's budget shortfall	(175,000)	(175,000)
<i>Alcoholism Research Program:</i>		
8. Eliminate funding for all activities, including grants. The Center for Alcohol Studies at the University of North Carolina is the primary state research organization in this field	(174,841)	(174,853)
<i>Office of State Personnel:</i>		
9. Continue to decentralize functions. Reductions due to in-house personnel activities within larger departments	(1,020,591)	(1,328,568)
	(-25)	(-37)
<i>Department-wide:</i>		
10. Eliminate twenty-three vacant positions	(779,554)	(779,554)
	(-23)	(-23)
11. Reduce non-salary expenditures:		
Office of the Secretary	(4,000)	(4,000)
DOA Personnel Office	(6,000)	(6,000)
Executive and Organizational Dev.	(15,000)	(15,000)
Office of Administrative Analysis	(16,000)	(16,000)
Division of Policy and Planning	(16,000)	(16,000)
Agency for Public Telecommunications	(10,000)	(10,000)
State Construction and Property	(86,000)	(86,000)
State Building Commission	(10,000)	(10,000)
Facility Management	(37,000)	(37,000)
Purchase and Contract	(70,000)	(70,000)
General Services Administration	(1,000)	(1,000)
State Capitol Police	(12,000)	(12,000)
Office of Marine Affairs	(28,000)	(28,000)
Veterans Affairs	(70,000)	(70,000)
Council on the Status of Women	(15,000)	(15,000)
Human Relations Commission	(5,000)	(5,000)
Youth Involvement Office	(10,000)	(10,000)
Governor's Advocacy Council on Children and Youth	(5,000)	(5,000)
Governor's Advocacy Council for Persons with Disabilities	(14,000)	(14,000)
Commission on Indian Affairs	(5,000)	(5,000)
	-----	-----
TOTAL	(435,000)	(435,000)

DEPARTMENT OF ADMINISTRATION (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
12. Eliminate salary reserve	(153,000)	(153,000)
13. Reduce data processing service line to reflect savings of 5% reduction in SIPS charges	(31,503)	(31,503)
14. Reduce budget to reflect deferring purchases of data processing equipment and software with State funds	(132,735)	(105,394)
15. Reduce budget to reflect reduction in publication cost	(20,250)	(20,250)
16. Reduce budget to reflect savings by eliminating commuting in State vehicles	(4,320)	(4,320)
17. Reduce continuation budget by eliminating an additional 12 positions at an average salary cost of \$25,000 per position	(300,000) (-12)	(300,000) (-12)
18. Reduce employer retirement contribution	(595,366)	(287,935)
Total Continuation Changes	(\$4,354,510)	(\$4,323,727)
Total Position Changes	(-68)	(-80)
REVISED CONTINUATION BUDGET	\$48,894,802	\$51,968,613
Transfers:		
1. Transfer Administrative Analysis Program, excluding four computer support positions, to the Office of State Budget and Management	(417,367) (-8)	(417,367) (-8)
2. Transfer staff and program operations of the Policy and Planning Division to the Governor's Office	(1,007,952) (-9)	(1,008,550) (-9)
3. Transfer support for legal position and operating cost to the Department of Justice		
Radioactive Waste	(34,954) (-1)	(38,496) (-1)
TOTAL CONTINUATION BUDGET	\$47,434,529	\$50,504,200
TOTAL POSITION CHANGES	(-86)	(-98)

DEPARTMENT OF ADMINISTRATION (1991 Actions, Continued)

	<i>1991-92 General Fund</i>	<i>1992-93 General Fund</i>
EXPANSION BUDGET		
<i>Science and Math Alliance:</i>		
1. Match federal funds for initiatives to improve math and science instruction	303,945	306,620
<i>Veterans Cemetery:</i>		
2. Staff and equip Veterans Cemeteries at Jacksonville and Black Mountain	265,450 (9)	299,887 (9)
<i>State Personnel:</i>		
3. Continue contract for Unemployment Insurance Management Program	55,000	-
Total Expansion Budget	<u>\$624,395</u>	<u>\$606,507</u>
TOTAL OPERATING BUDGET	\$48,058,924	\$51,110,707
Availability Increase:		
1. Increase non-tax revenue to reflect payment by Motor Fleet Management to the General Fund during the 2nd quarter of 1992 as a return of investment for a General Fund investment in upgrading the motor fleet in 1985.	3,500,000	-

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

- Section 17** **Science and Technology Limitation** - Requires that monies appropriated for Board of Science and Technology research grants be expended for that purpose and no other.
- Section 18** **State Personnel Decentralization** - Requires the Office of State personnel to decentralize personnel administration in all agencies with more than 500 employees by January 1, 1993. Requires reporting to Joint Legislative Commission on Governmental Operations.
- Section 19** **COG Funds** - Established procedures for allocation of funds appropriated to support Councils of Government.
- Section 20** **Rape Crisis Center Funds** - Establishes conditions for distribution of grant funds to Rape Crisis Centers.
- Section 21** **Domestic Violence Center Funds** - Establishes conditions for distribution of grant funds to Domestic Violence Centers.

DEPARTMENT OF ADMINISTRATION (1991 Actions, Continued)

- Section 22* **Motor Fleet Management Changes** - Amends G.S. 143-341 by setting normal Motor Fleet Management vehicle replacement mileage at 90,000 miles, prohibiting favoritism in the assignment of new vehicles, and restricting commuting practices.
- Section 23* **Motor Fleet Management Transfer** - Transfers \$3.5 million from Motor Fleet Management internal service fund to General Fund in partial repayment of a previous loan.
- Section 23.1* **Appalachian Commission Grants** - Requires the Department of Administration to subgrant at least 50% of the Appalachian Regional Commission technical assistance grant to eligible applicants in the Appalachian Region.
- Section 64* **Bids for Computer Services** - Restricts bidding procedures to prevent consultants who prepare data processing plans or studies from selling hardware or software pursuant to a recommendation in the plan or study.
- Section 184.3* **State Personnel UI Claims** - Requires the Office of State Personnel to continue contracted services for unemployment insurance claims monitoring activity.

1992 LEGISLATIVE ACTIONS

	<i>1992-93 General Fund</i>
TOTAL OPERATING BUDGET - 1991	\$51,110,707
1. Delete Salary Reserve	(60,496)
2. Pay Inauguration expenses and transition costs for Incoming Governor and Council of State members.	
Inauguration Expenses \$40,000	
Transition Costs <u>\$120,000</u>	160,000
3. Eliminate deficit in scholarship program for children of veterans.	540,000
4. Add staff and support to meet responsibility for certifying minority, women, and disabled vendors desiring to participate in state procurement and construction processes. (Effective January 1, 1993)	153,561
<i>Agency for Public Telecommunications</i>	
5. Increase appropriation to offset shortfall in receipts.	225,000
6. Reduce Governor's Widow Pension Fund	(12,000)
7. State Construction Division - Support for conducting a feasibility study to determine cost of constructing and operating a State Veterans Home	15,000

DEPARTMENT OF ADMINISTRATION (1992 Actions, Continued)

	1992-93 General Fund
<i>Office of State Personnel</i>	
1. Pay increased costs resulting from more extensive use of the Personnel Management Information System (PMIS).	150,000
2. Continue unemployment insurance claims monitoring.	62,400
3. Restore positions needed because decentralization is being delayed.	190,000 (4.75)
4. Add staff to furnish statutorily required EEO training for managers and supervisors.	77,243 <u>(2)</u>
NET CHANGE - ADMINISTRATION/STATE PERSONNEL	\$1,500,708
TOTAL OPERATING APPROPRIATIONS	\$52,611,415

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1992

HOUSE BILL 1340

- Section 13** **Limitation on the Sale or Exchange of Property** - Prohibits exchange or trade of Old Health Farm Property and places restrictions on the disposition of railroad right-of-way. Limitations extend through June 30, 1993.
- Section 22** **Indian Cultural Center** - Requires that state property in Robeson County be conditionally leased to the North Carolina Indian Cultural Center, Inc. and further requires that the North Carolina Indian Cultural Center, Inc. enter an annual sublease providing for continued operation of the Riverside Golf Course. Requires an audit of the North Carolina Indian Cultural Center, Inc.
- Section 23** **Motor Fleet Management/Return of General Fund Investment** - Requires the Secretary of Administration to transfer \$1.6 million from the Motor Fleet Management internal service fund to the General Fund on April 1, 1993.
- Section 24** **Surplus Property Warehousing Fees/General Fund** - Eliminates the Equipment Reserve Fund and provides that revenues previously deposited to the Equipment Reserve Fund shall instead be deposited to the General Fund.
- Section 25** **Agency for Public Telecommunications Budget Code** - Requires that budgets of the Agency for Public Telecommunications shall be consolidated.
- Section 26** **Aquarium Society Lease Exemption** - Exempts the North Carolina Aquarium Society from the requirement that leases with the state must satisfy certain conditions related to fair market value.

DEPARTMENT OF ADMINISTRATION (1992 Actions, Continued)

SENATE BILL 1205

- Section 10* **North Carolina Aquariums Commission** - Establishes a twelve member Aquariums Commission to recommend a schedule of uniform admissions fees at the North Carolina Aquariums. Credits fee receipts to a Special Aquariums Fund to be used for repair, maintenance, and exhibit construction.
- Section 10.1* **Study Commuting by State Employees** - Requires the Department to study and report to the 1993 Session regarding methods for encouraging State employees to use public transit when commuting to work.
- Section 11* **State Veterans Home Study** - Requires the Department to use \$15,000 to study the feasibility of a skilled nursing home for veterans and to report findings to the 1993 Session.

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 rulemaking and the administrative rules themselves.

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$1,291,507	-
Add: Negative Reserves	-	-
Other Adjustments	-	-
	<hr/>	<hr/>
REVISED RECOMMENDED CONTINUATION BUDGET	\$1,291,507	-

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

1. Reduce employer retirement contribution	(19,148)	-
2. Reduce travel by 5%	(715)	-
	<hr/>	<hr/>
Total Continuation Budget Changes	(\$19,863)	-
REVISED CONTINUATION BUDGET	\$1,271,644	-

EXPANSION BUDGET

1. Repeal sunset provision and provide operating budget	\$619,776	\$1,916,466
2. Reduce employer retirement contribution	-	(9,029)
	<hr/>	<hr/>
Total Expansion Budget	\$619,776	\$1,907,437
TOTAL OPERATING BUDGET	\$1,891,420	\$1,907,437

OFFICE OF ADMINISTRATIVE HEARINGS

1992 LEGISLATIVE ACTIONS

	<i>1992-93 General Fund</i>
TOTAL OPERATING APPRIATIONS - 1991 SESSION	\$1,907,437
CHANGES:	
1. Delete salary reserve	(\$484)
TOTAL OPERATING APPROPRIATIONS	<hr/> \$1,906,953

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.

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$256,437	\$263,136
Add: Negative Reserves	8,367	1,845
Other Adjustments	-	-
 REVISED RECOMMENDED CONTINUATION BUDGET	 \$264,804	 \$264,981

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

1. Reduce budget to reflect deferring purchases of data processing equipment and software with State funds	(\$11,458)	(\$11,458)
2. Reduce employer retirement contribution	(3,777)	(1,781)
3. Reduce budget to reflect reduction in publications cost	(67)	(67)
 Total Continuation Budget Changes	 (\$15,302)	 (\$13,306)
REVISED CONTINUATION BUDGET	\$249,502	\$251,675

NO EXPANSION

ADMINISTRATIVE RULES REVIEW COMMISSION

1992 LEGISLATIVE ACTIONS

	<i>1992-93 General Fund</i>
TOTAL OPERATING APPROPRIATIONS - 1991 SESSION	\$251,675
CHANGES:	
1. Provides funds for conference room rental.	\$4,500
2. Delete salary reserve	(2,043)
NET CHANGE	\$2,457
TOTAL OPERATING APPROPRIATIONS	\$254,132

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 four major programs to carry out its responsibilities; Agriculture Services and Development, Consumer Protection, Natural and Agricultural Education, and Research. Included in these programs are the State Fair, the Museum of Natural History, agriculture research stations, and many inspection and regulatory activities.

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$40,586,298	\$41,515,201
Add: Negative Reserves	2,118,736	1,063,984
Other Adjustments	-	-
	<hr/>	<hr/>
REVISED RECOMMENDED CONTINUATION BUDGET	\$42,705,034	\$42,579,185

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Museum of Natural Science:

- | | | |
|--|-----------|-----------|
| 1. Eliminate all State Aid for the following: | | |
| (a) Museum of Life and Science, Durham | (95,000) | (95,000) |
| (b) Tobacco Museum of N.C., Kenly | (23,750) | (23,750) |
| 2. Eliminate State Aid for Discovery Place,
Charlotte | (250,000) | (250,000) |

Grape Growers Council:

- | | | |
|---|----------|----------|
| 3. Eliminate direct appropriation for Council's
support. | (10,000) | (10,000) |
|---|----------|----------|

Reserves and Transfers:

- | | | |
|---|-----------|-----------|
| 4. Delete operating reserves for new facilities
which will not be completed during 1991-93 | | |
| (a) Southeast Shipping Point Market | (137,676) | (92,841) |
| (b) Agronomics Lab | (77,648) | (154,557) |

DEPARTMENT OF AGRICULTURE (1991 Actions, Continued)

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
<i>Department-wide:</i>		
5. Delete vacant positions as identified in the 1990-91 schedule of \$40 million vacancy identification report	(560,871) (-19)	(560,871) (-19)
6. Reduce data processing	(100,000)	(100,000)
7. Reduce salary reserve by 50%	(19,379)	(19,379)
8. Eliminate positions	(625,000)	(625,000)
9. Reduce equipment line items by 15% (excludes data processing equipment)	(364,035)	(364,035)
10. Reduce travel	(337,860)	(337,860)
11. Reduce dues and subscriptions	(19,782)	(19,782)
12. Reduce budget to reflect savings due to elimination of commuters in state vehicles	(1,200)	(1,200)
13. Reduce budget to reflect savings in computer costs due to SIPS 5% reduction	(7,626)	(7,626)
14. Reduce publications by 15%	(3,480)	(3,480)
15. Eliminate data processing equipment	(263,327)	(284,461)
16. Reduce employer retirement contribution	(717,898)	(338,521)
17. Reduce budget for motor vehicle operations due to exemption from gas tax	(36,190)	(36,190)
<i>Public Affairs:</i>		
18. Reduce General Fund support for <u>Agricultural Review</u>	(40,000)	(40,000)
<i>Food and Drug Protection:</i>		
19. Adjust underbudgeted receipts for the Feed Tax (\$20,000) and Pesticide Ground Application License (\$10,000)	(30,000)	(30,000)
<i>Plant Industry:</i>		
20. Adjust underbudgeted receipts for the Seed Tax	(10,000)	(10,000)
<i>State Farms:</i>		
21. Reduce support for State Farms operations	(126,339)	(126,339)
Total Continuation Budget Changes	(\$3,857,061)	(3,530,892)
Total Position Changes	(-19)	(-19)
REVISED CONTINUATION BUDGET	\$38,847,973	\$39,048,293

DEPARTMENT OF AGRICULTURE (1991 Actions, Continued)

	<i>1991-92 General Fund</i>	<i>1992-93 General Fund</i>
Transfer:		
1. Transfer support for legal position and operating cost to the Department of Justice	(40,271) (-1)	(42,497) (-1)
TOTAL CONTINUATION BUDGET	\$38,807,702	\$39,005,796

EXPANSION BUDGET

Agricultural Finance Authority:		
1. Continue operating support	205,000	205,000
TOTAL OPERATING BUDGET	\$39,012,702	\$39,210,796

Availability Increase

1. Revert funds in the Timber Receipts account	80,000	-
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SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1991

HOUSE BILL 83

Section 14 **Departmental Reduction/Counties Harmless** - Requires that the Department not reduce funding for counties to make required budget reductions unless county funding is specifically reduced in the Appropriations Act.

Section 139 **Agriculture to Market Forest Products** - Consolidates the function of marketing forest products in the Marketing Division of the Department of Agriculture.

1992 LEGISLATIVE ACTIONS

	<i>1992-93 General Fund</i>
TOTAL OPERATING BUDGET - 1991	\$39,210,796
1. Pesticide Control and Analysis - Funds to implement expanded federal requirements for the training, certification, and inspection of pesticide applicators.	\$542,674 (8)

DEPARTMENT OF AGRICULTURE (1992 Actions, Continued)

1991-92
General
Fund

2.	Meat and Poultry Division - Fund two positions and support to replace federal monitor positions; fund travel for federally mandated training and for inspection of meat and poultry plants.	Req 186,834 Rec 93,417 GF 93,417 (2)
3.	Standards Division - Funding from the gas and oil tax for positions and equipment to implement federal Clean Air Act requirements for monitoring and registering companies selling oxygenated gasoline.	Req 169,806 Rec 169,806 GF 0 (2)
4.	Standards Division - Establish fee for equipment calibration services to purchase advanced calibration equipment.	Req 30,300 Rec 30,300 GF 0
5.	Marketing Division - Fund horticultural/apple marketing specialist for Asheville Farmers Market.	72,333 (1)
6.	Food and Drug - Increase receipts for Feed Tax.	(40,000)
7.	Food and Drug - Increase receipts for Lime Tax.	(25,000)
8.	Food and Drug - Increase receipts for Pesticide Ground Applicators License Fee.	(25,000)
9.	Veterinary Services - Increase receipts for Veterinary Service fees.	(40,000)
10.	State Farms - Recapture Timber receipts.	(111,000)
11.	State Farms - Reduce equipment funding.	(150,000)
12.	Commodity Distribution - Eliminate salary and benefits for vacant Stock Clerk position.	(18,190) (-1)
13.	Grassroot Science Program - Provide for development of program by the Museum of Natural Sciences to serve local science museums and nature centers (grant of \$50,000 to each of State's nine centers).	450,000
14.	Delete salary reserve.	(43,337)
NET CHANGE		<hr/> \$705,897 (12)
TOTAL OPERATING APPROPRIATIONS		\$39,916,693

DEPARTMENT OF AGRICULTURE (1992 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1992

HOUSE BILL 1340

Section 175 **Agricultural Museum Property Disposition** - Authorizes the Department to sell or exchange objects from the collections of the Museum of Natural Sciences and the Maritime Museum and to retain the proceeds from these sales in a special fund for use in purchasing additional objects for the museums' collections.

Section 176 **Extend Time Period that Grape Council Funds do not Revert** - Extends the Department of Agriculture's authority to retain unexpended wine excise tax funds for use by the Grape Council through June 1997.

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.

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$371,705,315	\$381,862,865
Add: Negative Reserves	11,559,803	1,930,620
Other Adjustments	-	-
	<hr/>	<hr/>
REVISED RECOMMENDED CONTINUATION BUDGET	\$383,265,118	\$383,793,485

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

1. Visiting Artist and Community Services Block Grant - Combine Visiting Artist and Community Services Block Grant programs and cut in half:	(4,386,203)	(4,903,709)
Visiting Artist:	\$1,862,130	
CSBG:	6,910,275	
	<u>\$8,772,405</u>	
	<u>2</u>	
	<u>\$4,386,203</u>	
Additional reduction in 2nd year.		
2. Curriculum Ratio - Change the faculty-student ratio for curriculum programs.	(6,000,000)	(5,238,865)

DEPARTMENT OF COMMUNITY COLLEGES (1991 Actions, Continued)

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
3. Extension Ratio - Change the faculty-student ratio in occupational extension programs from 1:22 to 1:23.	(824,033)	(824,033)
4. Administrative Ratio - Change Administrative and Instructional Support Allotment ratios from "per 100 FTE: to "per 110 FTE".	(8,303,831)	(8,303,831)
5. Department of Community Colleges - Reduce the budget of the Department of Community Colleges by eliminating vacant positions and reducing supplies, materials and other operating costs.	(439,523)	(439,523)
6. Department of Community Colleges - Eliminate salary reserves as of 3-21-91	(35,907)	(35,907)
7. Maintenance of Plant Funds - Keep in the first year and eliminate funds to all colleges in second year, except those colleges that have an out-of-county student headcount served on the main campus in excess of 50% of the total student headcount.	-	(1,020,946)
8. New Industry - Reduce funds for the "New and Expanding Industry Program" by 15.5% (for one year only).	(1,134,815)	-
9. Hospital Diploma Nursing Fund - Eliminate funds for the 4 hospital-based diploma nursing programs (non-community college program) in the 2nd year.	-	(281,650)
10. Retirement Rate Change - Reduce employer retirement contribution.	(6,366,968)	(3,002,310)
11. SIPS Costs - Reduce contribution to State Information Processing System by 5%.	(4,638)	(4,638)
12. Commuting in State Vehicles - Reduce funds for commuting costs in State vehicles.	(2,688)	(2,688)
13. Publications - Reduce publications costs.	(5,886)	(5,886)
14. Travel - Reduce travel costs.	(6,068)	(6,068)
15. Payday Delay - Defer June, 1992 payroll for local community colleges until July 1, 1992.	(27,000,000)	-
TOTAL CONTINUATION BUDGET CHANGES	(\$54,510,560)	(\$24,070,054)
Transfer:		
1. Paralegal - Transfer the paralegal position in DCC to Attorney General's Office.	(32,596)	(35,510)
	(-1)	(-1)

DEPARTMENT OF COMMUNITY COLLEGES (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
2. Area Coordinator Transfer to UNC - Transfer funds for trout fishery position to NCSU - Agriculture Extension.	(49,544) (-1)	(49,544) (-1)
3. Small Business Center Transfer - Transfer funds from the Department of Economic and Community Development to the Department of Community Colleges to establish three new Small Business Centers.	156,000	156,000
REVISED CONTINUATION BUDGET	<u>\$328,828,418</u>	<u>\$359,794,377</u>

EXPANSION BUDGET

1. Enrollment and Tuition Increases	\$875,044	\$875,044
Enrollment Increase:	\$16,221,642	
Tuition Increase:	\$15,346,598	
G.F. Appropriation:	<u>\$875,044</u>	
<p>Raises in-state tuition from \$8.75 per credit hour (up to 12 hrs.) to \$11.50 (up to 14 hrs). Raises out-of-state tuition from \$81.75 per credit hour (up to 12 hrs) to \$107.50 (up to 14 hrs.). also raises occupation extension fee from \$25 to \$30.</p>		
2. Funds to Gain Competitive Edge - Funds to begin implementing recommendations of the N. C. Commission on the Future of the Community College System which include enhancing quality of teaching and basic skills, helping industry adapt to technological change, preparing the workforce of the future for the skills demanded in a complex and competitive economy and increasing the accessibility of educational opportunities.	10,000,000	10,000,000
3. Nursing Program - Additional help for nursing students from disadvantaged backgrounds.	80,000	80,000
TOTAL EXPANSION BUDGET	<u>\$10,955,044</u>	<u>\$10,955,044</u>
TOTAL OPERATING BUDGET	<u>\$339,783,462</u>	<u>\$370,749,421</u>

DEPARTMENT OF COMMUNITY COLLEGES (1991 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

- Section 40* **Maintenance of Plant** - Provides supplemental funds to 3 colleges that have an out-of-county student headcount served on the main campus in excess of 50% of the total student headcount. These funds are used for plant maintenance.
- Section 41* **Budget Flexibility** - Gives the State board of Community Colleges the authority to develop budget guidelines for the local colleges to use when implementing the budget cuts adopted by the General Assembly. Prohibits reducing literacy and Human Resources Development (HRD) funds.
- Section 42* **Operating Appropriations/Not Used for Recreation Extension** - Prohibits the use of state funds for recreation and sports activities.
- Section 43* **Full-Time Equivalent Teaching Positions/Community Colleges** - Establishes the faculty-student ratio that corresponds to the budget decisions.
- Section 44* **Tuition/Public School Students Taking Community College Courses** - Codifies a former special provision waiving tuition for high school students attending community colleges.
- Section 45* **Books and Equipment Appropriations/Revert After One Year** - Gives Community Colleges two years to use books and equipment funds.
- Section 46* **"Tech Prep" Implementation** - Requires the Department of Public Education and the Department of Community Colleges to each contribute \$50,000 to the N.C. Tech Prep Leadership Development Center at Richmond Community College.
- Section 47* **Assistance to Hospital Nursing/Fund Distribution** - Establishes the conditions under which the hospital-based diploma nursing programs receive up to an \$850 per student subsidy for their programs. (Sunsets June 30, 1992)
- Section 48* **State Defense Militia Exempt From Community Colleges Tuition and Fees** - Provides an exemption to the members of the State Defense Militia from fees for community college courses related to their official duties.
- Section 202* **Hold Harmless/Community Colleges Serving Military Bases** - Keeps the FTE at the 1990-91 fiscal year level for the three community colleges adversely impacted by the Gulf War.
- Section 203* **Community College Tuition Increase** - Increases tuition from \$8.75 to \$11.00 per credit hour up to a maximum of 14 hours for in-state students and increases out-of-state tuition from \$81.75 to \$107.50 per credit hour up to a maximum of 14 hours. Raises occupational extension fee from \$25 to \$30 per course.

DEPARTMENT OF COMMUNITY COLLEGES

1992 LEGISLATIVE ACTIONS

1992-93
 General
 Fund

TOTAL OPERATING APPROPRIATIONS - 1992 SESSION **\$370,749,421**

<p>1. Enrollment Increases - Funds a net enrollment increase of 8,322 FTE after reducing 576 occupational extension FTE to adjust for excess earnings in sheltered workshops and in-plant training programs. No cuts shall be taken in direct instructional costs for these programs. This reduction shall be taken from those colleges with the largest "windfall profits" in these programs.</p>	\$20,659,442
<p>2. Tuition - Increase in-state tuition by 15.2% (from \$161 to \$185.50 per quarter) and occupational extension fees from \$30 to \$35.</p>	(8,027,015)
<p>3. Base Budget Reductions:</p>	
<p>a) <u>Curriculum Ratio</u> - Continue the same faculty student ratio as was enacted for the the 1991-92 fiscal year.</p>	(761,135)
<p>b) <u>New and Expanding Industry</u> - Continue the same reduction in this program as was made in the first year of the biennium.</p>	(1,134,815)
<p>4. Focused Industrial Training Centers - Enhance 31 FIT centers from \$74,000 to \$90,000 each.</p>	496,000
<p>Funds are from Worker Training Trust Fund receipts.</p>	(496,000)
	-0-
<p>5. Books and Equipment - Supplement for purchases.</p>	NR 5,000,000
<p>6. Hospital-Based Nursing Diploma Program - Continue Subsidy for one more year.</p>	NR 281,650
<p>7. Delete salary reserve</p>	(135)
<p>NET CHANGE</p>	\$16,017,992
<p>TOTAL OPERATING APPROPRIATIONS</p>	\$386,767,413

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1992

HOUSE BILL 1340

Section 82 **Huskins Bill Quality Control** - Prohibits the supplanting of public school funds by community college contracts with high school teachers for cooperative programs.

DEPARTMENT OF COMMUNITY COLLEGES (1992 Actions, Continued)

- Limits reimbursement for non-supplanting cooperative contracts to direct instructional cost plus 15% for administrative overhead until studies are made and recommendations submitted to the 1993 General Assembly.
- Section 83* **Community College/UNC Disadvantaged Nursing Funds** - Provides legislative intent for the use of funds appropriated last year for both years of the biennium. Requires these funds to be used for academic services, not financial aid.
- Section 84* **In-Plant Training/Sheltered Workshops** - Tightens up the community college programs offered in sheltered workshops and In-plant training sites to only those that are needed. It also directs the State Board of Community Colleges to study these issues and report back to the 1993 General Assembly. Beginning in 1993, it limits the reimbursement of these programs to direct instructional costs plus 15% for administrative overhead unless the General Assembly amends this policy after reviewing the State Board's study.
- Section 85* **New and Expanding Industry Program Funds** - Allows the Department of Community Colleges to transfer up to 15% above the 1990-91 appropriation for the New and Expanding Industry Program if additional funds are needed.
- Section 86* **Community College Tuition Increase** - Implements the 15.2% in-state tuition increase adopted in the money section of the bill. Tuition rates will increase from \$161 to \$185.50 per quarter. Occupational extension fees will increase from \$30 to \$35 a course.
- Section 87* **Worker Training Trust Fund** - Implements the recommendations of the Worker Training Trust Fund LRC by enhancing various training programs across several departments of state government. It uses only proceeds from the Trust Fund and no General Fund monies. A total of \$1.79 million in new Trust Fund money is allocated.
- Section 88* **Community College Small Business Center Funds** - Directs the State Board of Community Colleges to continue funding all Small Business Centers for 1992-93 in the same amount as they received in 1991-92.
- Section 89* **Maintenance of Plant Allotment** - Allows those colleges who lose maintenance of plant money to use other state funds during a two-year transition period to cushion the loss. They may use up to 70% of the amount of their previous allotment from other state funds to replace the loss during 1992-93 and up to 35% in 1993-94.

SENATE BILL 1205

- Section 24* **Assistance to Hospital Nursing/Fund Distribution Continued** - Describes the procedure used to distribute the \$281,650 subsidy to the hospital based diploma nursing programs.
- Section 25* **Certain Refugees State Residents for Community College Tuition Purposes** - Allows refugees to receive in-state tuition rates at community colleges during the 1992-93 fiscal year and directs the State Board of Community Colleges to report on the effect of this provision by March 15, 1993.

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.

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$481,191,167	\$507,069,698
Add: Negative Reserves	27,581,561	17,893,275
Other Adjustments	-	-
REVISED RECOMMENDED CONTINUATION BUDGET	\$508,772,728	\$524,962,973

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

1. Reduce the Reserve for \$75.0 Million Expansion.
 (Reserve for operating units constructed with \$75 Million two-thirds bonds.)

(a) Controller's Office	(445,337) (-15)	(441,011) (-15)
(b) Personnel Office	(574,068) (-15)	(491,931) (-15)
(c) Staff Development and Training	(882,943) (-13)	(1,022,920) (-13)
(d) Division of Prisons - Units	(7,407,319) (-149.75)	(6,218,265) (-168.75)
(e) Division of Prisons - Administration	(2,215.104) (-58)	(1,588.064) (-58)
(f) Division of Prisons - Population Management	(253,800)	(297,950) (-14)
Subtotal	(11,778,571) (-250.75)	(10,060,141) (-283.75)

2. Reduce Division of Prisons' Reserve for Operating New Units (Funds for all other units under construction)

(2,899,689) (-73)	(2,296,435) (-73)
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DEPARTMENT OF CORRECTION (1991 Actions, Continued)

	<i>1991-92 General Fund</i>	<i>1992-93 General Fund</i>
3. Provide additional personnel and safety equipment to meet litigation requirements	2,492,566 (103)	3,062,396 (196)
4. Reduce recommended support for additional probation and parole officers	(4,403,087) (-171)	(8,116,506) (-263)
5. Delete Pre-Release training programs:		
(a) Division of Adult Probation and Parole	(484,504) (-14)	(484,504) (-14)
(b) Division of Prisons	(185,180) (-7)	(185,180) (-7)
6. Reduce salary reserve	(284,839)	(284,839)
7. Delete vacant positions as identified in the 1990-91 schedule of \$40 million vacancy identification report	(5,605,380) (-195)	(5,605,380) (-195)
8. Reduce supplies, travel, communications, office rent and other line items related to vacant positions deleted above	(476,705)	(476,705)
9. Reduce vacant positions budgeted in continuation budget to Step 1	(634,076)	(634,076)
10. Charge fee to Probationers and Parolees for drug testing (\$8.00 fee per test estimated to generate \$125,000 which will be transferred to the Department of Crime Control and Public Safety to provide matching funds for grants	-	-
11. Convert Specialized House Arrest Programs:		
(a) Delete support for 14 Specialized Electronic House Arrest programs	(1,868,918) (-42)	(1,868,918) (-42)
(b) Add 14 locations to statewide computerized system	1,121,425 (10)	1,114,925 (10)
(c) Convert 30 filled House Arrest Officer positions to Probation/Parole Officers	1,093,186 (30)	1,093,186 (30)
(d) Delete 30 vacant Probation/Parole Officer positions	(953,107) (-30)	(875,107) (-30)
12. Reduce bus, van, and truck replacement purchases	(594,482)	(555,851)

DEPARTMENT OF CORRECTION (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
13. Reduce cost for office furniture, data processing equipment and other equipment	(444,167)	(444,167)
14. Reduce Service Contracts for Division of Adult Probation and Parole	(160,829)	-
15. Reduce Blanket Bond insurance in Department Management to level actually expended in prior years	(90,221)	(90,221)
16. Delete additional positions identified by the Department	(3,635,253) (151)	(3,794,806) (151)
17. Reduce travel line-item to reflect		
a. Elimination of cost of commuters in state vehicles	(337,584)	(337,584)
b. Elimination of State motor fuel tax on purchase by state agencies	(27,181)	(27,181)
18. Delete all data processing software and equipment. Critical needs are to be funded from \$5.0 million reserve established under Office of State Budget and Management if no alternative source of funds is available	(554,341)	(430,272)
19. Reduce data processing services to reflect a 5% reduction in charges made by the State Information Processing System	(96,400)	(96,400)
20. Reduce printing and binding by 15%	(2,915)	(3,688)
21. Reduce employer retirement contribution	(7,101,802)	(3,448,843)
Total Continuation Budget Changes	\$(37,912,054)	\$(34,846,297)
Total Position Changes	(-790.75)	(-822.75)
REVISED CONTINUATION BUDGET		
Transfer:		
1. Transfer support for legal staff and their support positions and operating cost to the Department of Justice	\$(270,514) (-8)	\$(296,983) (-8)
TOTAL CONTINUATION BUDGET	\$470,590,160	\$489,819,693

DEPARTMENT OF CORRECTION (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
EXPANSION BUDGET		
1. Reserve to administer and operate new prison facilities being constructed with bond proceeds appropriated by the 1991 Session of the General Assembly	-	\$10,764,288 (414)
TOTAL EXPANSION BUDGET	-	\$10,764,288 (414)
TOTAL OPERATING BUDGET	\$470,590,160	\$500,583,981

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

- Section 67* **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 and for youth.
- Section 68* **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 69* **Prison Personnel Funds** - Provides that funds appropriated for the operation of 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, except as otherwise authorized.
- Section 70* **Inmate Representation Study** - Requires that the Joint Legislative Commission on Governmental Operations study the issue of providing legal representation to inmates and to report by May 1, 1992.
- Section 239* **Prison Bond Appropriations** - Authorizes \$112,500,000 of bonds to be issued for construction, renovation, and repairs of State prison facilities and youth services facilities. Describes capital projects to be completed and specifies how the construction is to be administered. Requires quarterly report to appropriate legislative members and committees.

DEPARTMENT OF CORRECTION

1992 LEGISLATIVE ACTIONS

1992-93
 General
 Fund

TOTAL OPERATING BUDGET **\$500,583,981**

CHANGES:

- 1. **Adjustment to Operating Reserves for Facilities under Construction or Funded** - These adjustments are due to changes in staffing patterns, size of facilities, and projected operational dates. (\$4,857,515)
- 2. **Adjust Reserve due to revised completion date for facility at Lumberton.** (1,900,000)
- 3. **Elimination of Duplicate Funding** - This reduction in reserves is due to duplicate funding for positions needed to operate new facilities. (3,071,082)

EXPANSION BUDGET

- 1. **Funding for Underbudgeted Line Items** - These funds are needed to cover FY 1991-92 requirements that have not been paid (\$3,765,591 non-recurring for food, clothing, State Information Processing Services charges, and operating expenses for the Parole Commission) and FY 1992-93 recurring expenses (\$8,519,615) for medical costs, extradition, outside prisoner housing, and housekeeping and kitchen/dining supplies. 12,285,206
- 2. **Critical Prison Staffing Needs** - Funds for staff to meet needs due to 1) increased admissions at diagnostic centers at Hoke, Odom, Piedmont, and Rowan, 2) security and medical services at Hoke and Blanche; 3) programming at Craggy, and 4) security at Sandhills Youth Center. 2,590,692
(131)
- 3. **State Information Processing Services** - Funds for increased processing charges from SIPS due to increased admissions and number of inmates, additional data on inmates, parolees, and probationers, and development of a perpetual inventory system. The deficiency for FY 1991-92 is projected to be \$2,515,702. 2,030,000
- 4. **Funding for Offender Drug Screening Program** Funds to continue the drug screening program for probationers and parolees that is supported by federal funds through June 30, 1992. 723,099
(12)

NET CHANGE **\$7,800,400**

TOTAL OPERATING APPROPRIATIONS **\$508,384,381**

DEPARTMENT OF CORRECTION (1992 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS

HOUSE BILL 1340

Section 109 **Greene County Water and Sewer Connection Funds Reappropriated/ Gates County School Funds** - Requires the Department of Correction to allow the Gates County Junior and Senior High Schools to tie their wastewater treatment systems into that of the Gates County Correctional Center.

Section 111 **Private Confinement Facilities** - Allows Secretary of Correction to issue a Request for Proposal to determine contract terms or conditions for privately owned and operated treatment facility for alcohol or drug abusers committed to the Department of Correction. Report to be made by December 31, 1992.

Section 112 **Limit Use of Operational Funds** - Limits use of funds for additional prison personnel for new units to not more than 90 days before unit opens with certain exceptions for managerial personnel.

SENATE BILL 1205

Section 41 **Prison Bond Reallocation/Administration Changes** - Reallocates capital improvement projects for the Department of Correction that are funded by the \$112.5 m. bonds appropriated by the 1991 Session of the General Assembly. Omits some exemptions to certain statutes regarding construction. Requires the appropriate involvement of the Office of State Construction, Department of Correction, and Department of Insurance in the construction program and requires a quarterly report from these offices and departments.

Section 42 **Columbus Sewing Facility** - Allows unexpended funds in above-noted section to be used to construct the Sewing Facility at the Columbus Correctional Center. If these funds are not available, requires the Department of Correction to expend profits from the Correction Enterprises Revolving Fund for the Sewing Facility.

Section 43 **Permit Department of Correction to Hire Temporary Employees** - Allows the Department to hire temporary employees for data entry in the Division of Adult Probation and Parole.

Section 43 **Prison Chapel Reserve** - Establishes a reserve for construction of prison chapels to be allocated when certain local match requirements are met. Requires a quarterly report on such allocations.

DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

Statutory Authority: General Statutes, Chapter 143B-475

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

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$27,713,804	\$28,402,168
Add: Negative Reserves	1,232,797	648,858
Other Adjustments	-	-
REVISED RECOMMENDED CONTINUATION BUDGET	\$28,946,601	\$29,051,026

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Salary Reserve:

1. Reduce salary reserve of \$7,005 and related benefits	(9,718)	(9,718)
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Department-wide:

2. a) Delete vacant positions frozen in the 1990 Session and related benefits	(254,405)	(254,405)
	(-10)	(-10)
b) Delete state funding for position in the National Guard that was on the list of vacant positions frozen in the 1990 Session, but allow department to retain position if other resources are available	(45,071)	(45,071)
c) Additional reduction of vacant positions and related benefits	(255,015)	(255,015)
	(-8.25)	(-8.25)
3. Reduce employer retirement contribution	(336,359)	(158,608)
4. Reduce funds for printing and reproduction by 15%	(4,832)	(4,832)
5. Eliminate cost by commuters in State vehicles	(13,632)	(13,632)
6. Reduce appropriation for motor vehicle operation for ALE and Butner Public Safety due to gas tax exemption	(108,306)	(108,306)
7. Eliminate funds for data processing equipment	(120,215)	(120,215)

DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY
(1991 Actions, Continued)

	<i>1991-92 General Fund</i>	<i>1992-93 General Fund</i>
8. Reduce data processing services costs by 5%	(8,493)	(8,493)
9. Additional 5% reduction in travel	(13,128)	(13,128)
<i>Administration:</i>		
10. Reduce travel funds (3100)	(3,000)	(3,000)
11. Reduce funds for office furniture & equipment (5100)	(2,605)	(2,605)
12. Delete funds to purchase books (5600)	(3,997)	(3,997)
<i>National Guard:</i>		
13. Reduce state cost for telephone services (3200)	(170,732)	(170,732)
14. Reduce NG-Educ. Grant Scholarship funds (3900)	(192,500)	(192,500)
15. Reduce funds for office furniture and equipment (5100)	(6,481)	(6,481)
16. Increase Pension Fund requirements (8207)	80,052	80,052
<i>Civil Air Patrol:</i>		
17. Reduce travel funds (3100)	(2,000)	(2,000)
<i>Butner Public Safety:</i>		
18. Reduce cleaning supply, clothing, uniforms and arms funds (2100)	(3,600)	(3,600)
19. Reduce funds for office furniture & equipment (5100)	(3,403)	(3,403)
20. (a) Delete one vehicle each fiscal year (5400)	(13,489)	(13,639)
(b) Reduce trade-in allowance receipts (0935)	(3,000)	(4,500)
	<u>Receipt</u>	<u>Receipt</u>
NET APPROPRIATION REDUCTION	(10,489)	(9,139)
21. Reduce funds for other equipment (5500)	(11,676)	(11,676)
<i>Alcohol Law Enforcement:</i>		
22. Reduce cleaning supply, clothing, uniforms, and arms funds (2100)	(15,832)	(15,832)
23. Reduce funds for office furniture and equipment (5100)	(6,120)	(6,120)
24. (a) Reduce funds to replace twelve (12) vehicles in FY 1991-92 and five (5) in FY 1992-93.	(161,868)	(68,195)
(b) Reduce trade-in allowance receipts (0901)	(38,400)	(16,000)
	<u>Receipt</u>	<u>Receipt</u>
NET APPROPRIATION REDUCTION	(123,468)	(52,195)

DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY
(1991 Actions, Continued)

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
25. Reduce funds for other equipment (5500)	(3,000)	(3,000)
<i>Emergency Management:</i>		
26. Reduce funds for other personal services (1990)	(9,144)	(9,144)
27. Reduce office furniture and equipment funds (5100)	(479)	(479)
28. Reduce funds for other equipment (5500)	(7,150)	(7,150)
<i>Victim and Justice Services:</i>		
29. Install software to automate claims processed in the Victims Compensation Program and eliminate 1 Claims Examiner and 1 Law Enforcement Program Specialist effective January 1, 1992	(37,553)	(75,107)
	(-2)	(-2)
30. Reduce motor vehicle operation costs (2500)	(2,500)	(2,500)
31. Adjust funding for out-of-state travel and subsistence and other travel expenses (3100)	(7,466)	(7,466)
32. Reduce funds for office furniture and equipment (5100)	(18,734)	(18,734)
<i>Governor's Crime Commission:</i>		
33. Reduce funds for Board member compensation (1700)	(3,000)	(3,000)
34. Reduce consultation fees (1920)	(6,500)	(6,500)
35. Reduce funds for other personal services (1990)	(1,000)	(1,000)
36. Reduce funds for office furniture and equipment (5100)	(1,500)	(1,500)
37. Reduce match for Drug Enforcement grants to State departments (8220)	(210,000)	(210,000)
<i>Crime Prevention:</i>		
38. Adjust in-state Travel and Subsistence funds (3100)	(3,000)	(3,000)
39. Reduce funds for repairs and maintenance (3500)	(1,000)	(1,000)
40. Reduce funds for office furniture and equipment (5100)	(324)	(324)
Continuation Budget Reductions	(\$1,957,375)	(\$1,744,555)
Total Position Reductions	(-20.25)	(-20.25)
REVISED CONTINUATION BUDGET	\$26,989,226	\$27,306,471

DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY
(1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
Transfer:		
1. Transfer the Community Penalties Program, staff and grant funding from the Department of Crime Control and Public Safety (SB 465, Ch. 566). The 1991-92 transfer includes funds for data processing equipment.	(1,504,740)	(1,484,740)
TOTAL CONTINUATION BUDGET	\$25,484,486	\$25,821,731

EXPANSION

Summit House:

1. Funds to support Summit House, a community-based residential alternative for pregnant women convicted of non-violent crimes.	165,000	-
TOTAL OPERATING EXPANSION	\$165,000	-
TOTAL OPERATING BUDGET	\$25,649,486	\$25,821,731

1991 LEGISLATIVE ACTIONS

HIGHWAY PARTOL - HIGHWAY FUND

REVISED RECOMMENDED CONTINUATION BUDGET	\$87,190,315	\$88,681,046
1. Delete vacant position and related benefits	(33,101)	(33,101)
	(-1)	(-1)
2. Eliminate automatic annual step increase and related benefits for one fiscal year	(1,209,527)	(1,330,597)
3. Reduce employer retirement contribution	(1,281,000)	(604,050)
4. Reduce travel by 5% (3100)	(17,790)	(17,790)
5. Reduce printing and reproduction cost	(19,621)	(19,621)
6. Reduce funds for office furniture and equipment in FY 91-92 (5100)	(34,242)	-
7. Reduce funds for data processing equipment in FY 91-92 (5200)	(156,708)	-

DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY
 (1991 Actions, Continued)

	1991-92 Highway Fund	1992-93 Highway Fund
8. Decrease motor vehicle replacement costs by \$500 per vehicle in FY 91-92 (5400)	(237,500)	-
9. (a) Delete 38 vehicles in 91-92 and 35 in 92-93 from the replacement schedule	(527,752)	(529,602)
(b) Reduce trade-in allowance receipts to agree with reduction in vehicle replacement in (a) above (0935)	(148,500)	(130,000)
	<u>Receipt</u>	<u>Receipt</u>
NET APPROPRIATION REDUCTION	(379,252)	(399,602)
10. Increase receipts for other trade-in allowance in FY 1991-92 (0935)	(65,500)	-
11. Reduce funds for other equipment in FY 1991-92 (5500)	(492,387)	-
Total Continuation Budget Reductions - Highway Fund	(3,926,628)	(2,404,761)
Total Position Reduction	(-1)	(-1)
REVISED CONTINUATION BUDGET - HIGHWAY FUND	\$83,263,687	\$86,276,285

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

Section 71 Report on Community Service Workers - Directs the Department of Crime Control and Public Safety to report quarterly each fiscal year of 1991-93 biennium to the Joint Legislative Commission on 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.

Section 72 Report on 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 North Carolina Crime Victims Compensation Fund.

DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY
(1991 Actions, Continued)

- Section 73* **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.
- Section 74* **Report on Motor Vehicle Replacement Cost** - Directs the Department of Crime Control and Public Safety and the Department of Justice to report on reductions to the 1991-92 fiscal year vehicle replacement schedule and subsequent effects on vehicle acquisition for the 1992-93 fiscal year to the 1992 Session of the General Assembly.
- Section 75* **Report on Highway Patrol Furniture and Equipment Replacement Schedule** - Directs the Department of Crime Control and Public Safety, Highway Patrol Division, to report on reductions to furniture and equipment schedules in the 1991-92 fiscal year and effects, if any, to the 1992-93 fiscal year schedules to the 1992 Session of the General Assembly.
- Section 76* **Crime Victims Compensation/Software Funds** - Requires the Office of State Budget and Management to identify funds from the Computer Reserve Fund to automate claims processed for the Crime Victims Compensation Fund, and eliminate one claims examiner and one investigator effective January 1, 1992.
- Section 211* **Highway Patrol Salaries** - Suspends the automatic annual increase for Highway Patrol troopers without amending G.S. 20-187.83.
- Section 211.1* **Summit House** - Specifies that the \$165,000 appropriated to the Department of Crime Control and Public Safety for the 1991-92 fiscal year shall be used to continue support for Summit House, a community-based residential alternative to incarceration for mothers and pregnant women 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.

1992 LEGISLATIVE ACTIONS

1992-93
 General
 Fund

TOTAL OPERATING APPROPRIATIONS - 1991 SESSION **\$25,821,731**

CHANGES:

- 1. **Delete Vacant Positions** - Delete non-critical vacant position(s) equal to the value of the reduction. **(\$88,238)**
- 2. **Delete salary reserve** **(50,678)**

EXPANSION

- 1. **Appropriation restores excess funding deleted from ALE and Butner Public Safety budgets in the 1991 Session due to tax exemption.** **67,137**
- 2. **Operational Expense for Additional Facility** - Provide operational expense for new Air National Guard maintenance hangar at Douglas International Airport in Charlotte that opens in March, 1993.

Requirements	22,469
Receipts	<u>16,852</u>
Appropriation	5,617
Position(s)	(1)
- 3. **Operational Cost for Existing Logistical Facilities** - Funding provides additional match to support a new Housekeeping position, supplies, repairs and maintenance for 25 existing facilities.

Requirements	274,620
Receipts	<u>205,964</u>
Appropriation	68,656
Position(s)	(1)
- 4. **Matching Funds for Hurricane Hugo** - Funds are required to complete payments to local agencies for damages incurred as a result of the disaster. **556,626**
- 5. **National Guard Pension Fund** - Increase Pension Fund requirements. **17,984**
- 6. **Summit House** - Continued funding for Summit House a community-based residential alternative for pregnant women convicted of non-violent crimes. **250,000**

NET CHANGE **\$827,104**

TOTAL OPERATING APPROPRIATIONS **\$26,648,835**

1992 LEGISLATIVE ACTIONS

	1992-93 Highway Fund
TOTAL OPERATING APPROPRIATIONS - 1991 SESSION	\$86,276,285
HIGHWAY PATROL - HIGHWAY FUND	
1. Motor Vehicle Operation - Adjust appropriation due to fuel tax exemption approved in the 1991 Session.	(\$603,913)
Net Change - Highway Fund	(\$603,913)
TOTAL OPERATING APPROPRIATIONS	\$85,672,372

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1992

HOUSE BILL 1340

- Section 121* **Summit House** - Specifies that the \$250,000 appropriated to the Department of Crime Control and Public Safety for the 1992-93 fiscal year shall be used to continue support for Summit House, a community-based residential alternative to incarceration for mothers and pregnant women 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 122* **Operating Funds for Air National Guard Hangars** - Directs the Department to use \$5,617 from funds appropriated to support the new maintenance hangar and personnel at Douglas International Airport in Charlotte.
- Section 123* **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. During legislative sessions State agencies submitting grant applications for review shall also report to the House and Senate Appropriations Subcommittees on Justice and Public Safety. Repeals Article 13A of Chapter 120 of the General Statutes.

DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY
(1992 Actions, Continued)

Also directs the Government Performance Audit Committee to study the current procedure regarding legislative review of federal grants and include in its findings and recommendations to the 1993 General Assembly a method to allow legislative review prior to grant approval and the means to streamline review proceedings.

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

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$39,556,043	\$41,087,504
Add: Negative Reserves	1,592,916	459,261
Other Adjustments	-	-
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REVISED RECOMMENDED CONTINUATION BUDGET	\$41,148,959	\$41,546,765

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Administrative Services:

1. Eliminate vacant position of Assistant to Secretary (Vacated 2-1-91)	(57,813) (-1)	(57,813) (-1)
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Public Affairs Office:

2. Reduce operating expenses	(14,118)	(14,118)
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Archives and History Administration:

3. Eliminate funding of grants for historic attractions	(97,000)	(97,000)
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Historical Publications:

4. Delay funding for typesetting, printing and binding of Vol. IX of the Colonial Records	(33,240)	(4,000)
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Archives and Records:

5. Eliminate one Archivist I position which was vacated June 1, 1990	(26,175) (-1)	(26,175) (-1)
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State Historic Sites:

6. Eliminate increases for regular salaries (15,470) and temporary salaries (46,800) and the related benefits. See expansion budget.	(70,145)	(70,145)
7. Disallow the increase on motor vehicle purchases	(10,700)	(13,465)
8. Discontinue funding for local grants	(21,500)	(21,500)

DEPARTMENT OF CULTURAL RESOURCES (1991 Actions, Continued)

	<i>1991-92 General Fund</i>	<i>1992-93 General Fund</i>
9. Eliminate vacant Historic Sites Specialist II position and related benefits. (Vacated 1-6-91)	(31,204) (-1)	(31,204) (-1)
<i>Historic Preservation:</i>		
10. Delay purchase of the underwater archaeology truck unit	(17,000)	-
<i>Museum of Art:</i>		
11. Delay replacement of truck used to haul art works. (1982 Chevrolet with mileage of 50,000 on June 30, 1991)	(27,000)	-
12. Eliminate one-half Security Guard position, salary and benefits	(7,758) (-.5)	(7,758) (-.5)
<i>Arts Council:</i>		
13. Reduce appropriation to the Arts Council for arts grant awards. Grants identified for reduction by the department are \$78,000 from Grassroots Arts, leaving a balance of \$1,175,000; and \$172,000 from the other 4 grant categories, leaving a balance of \$2,618,500.	(250,000)	(250,000)
14. Eliminate funding for the American Dance Festival inasmuch as they are eligible to receive grants from the Arts Council	(45,000)	(45,000)
<i>North Carolina Symphony:</i>		
15. Reduce funding for office supplies, communication, insurance and bonding	(14,209)	(14,234)
<i>Public Libraries Services:</i>		
16. Reduce State aid to Public Libraries funding. (Appropriation balance \$10,699,669)	(250,000)	(250,000)
17. Reduce other equipment by \$8,000 and communications by \$3,000.	(11,000)	(11,000)
<i>Department-wide:</i>		
18. Eliminate positions identified by the department as its share of the \$40 million of the 1990-91 negative reserve with the exception of the Admin. Asst. I (Pos. 2047)	(262,530) (-10.75)	(262,530) (-10.75)

DEPARTMENT OF CULTURAL RESOURCES (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
<i>Reserve and Transfers:</i>		
19. Reserve - History Museum: Reduce reserve. Reduction for 1991-92 eliminates textile storage units and reflects savings related to phasing in 9 positions effective 1-1-92 and 10 more positions effective 4-1-92. Reduction for 1992-93 reflects savings by phasing in 9 positions effective 10-1-92 and 6 more positions effective 1-1-1993.	(400,680)	(151,824)
20. Reserve - Historic Sites: Reduce reserve: 1991-92 balance \$407,940; 1992-93 balance \$387,781	(250,000)	(250,000)
<i>Department-wide:</i>		
21. Reduce budget to reflect savings due to exempting motor fuel taxes on motor fuel purchases	(6,101)	(6,101)
22. Reduce budget to reflect savings by deferring purchases of data processing equipment and software with State funds	(83,862)	(83,862)
23. Reduce employer retirement contribution	(352,576)	(166,255)
24. Reduce budget to reflect reduction in publication costs	(26,859)	(28,339)
25. Reduce travel by 5%	(12,854)	(12,854)
26. Reduce budget by eliminating 2 positions at an average salary cost of \$25,000 per position	(50,000)	(50,000)
	(-2)	(-2)
Total Continuation Budget Changes	(\$2,429,324)	(\$1,925,177)
Total Position Changes	(-16.25)	(-16.25)
REVISED CONTINUATION BUDGET	\$38,719,635	\$39,621,588

EXPANSION BUDGET

1. State Historic Sites Fund required increases in regular salaries (\$15,470) and temporary salaries (\$46,800) and related benefits.	\$70,145	\$70,145
TOTAL OPERATING BUDGET	\$38,789,780	\$39,691,733

DEPARTMENT OF CULTURAL RESOURCES (1991 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

Section 191 **Museum Duties** - Amends G.S. 121-7(b) to relieve Department of Cultural Resources of responsibility for maintaining records on objects and furnishings in the Executive Mansion.

Section 192 **Museum of History Contracts** - Amends G.S. 124-4 to allow the Department of Cultural Resources to contract with non-profit corporation for restaurant services in the Museum of History.

1992 LEGISLATIVE ACTIONS

	<i>1992-93 General Fund</i>
TOTAL OPERATING BUDGET - 1991	\$39,691,733
CHANGES:	
<i>Department-Wide</i>	
1. Eliminate Salary reserve and related benefits	(4,260)
<i>Senate Bill 1205</i>	
2. <u>Grants for Local Arts</u>	
Eastern Music Festival grant to support activities commemorating the 30th anniversary of the Festival.	NR 30,000
North Carolina Shakespeare Festival grant for equipment and other purposes.	NR 50,000
3. <u>State Historic Sites - Restricted Reserve</u>	
A sufficient sum shall be allocated for the addition of an auditorium for the Visitors Center at the Charles B. Aycock Historic Site.	NR 215,000
NET CHANGE	\$290,740
TOTAL OPERATING APPROPRIATIONS	\$39,982,473

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1992

SENATE BILL 1205

Section 12 **Grants for Local Art/Historic Sites** - Authorizes grants of \$30,000 to the Eastern Music Festival, \$50,000 to the Shakespeare Festival and a sufficient sum for construction of an auditorium at the Charles B. Aycock State Historic Site from the \$295,000 non-recurring appropriation.

DEPARTMENT OF CULTURAL RESOURCES (1992 Actions, Continued)

Section 13 **Brunswicktown State Historic Site/Use Receipts** - Authorizes the net proceeds from the sale of timber or other land products owned at the site be deposited into a capital improvement account and be used to replace the 1967 visitor center exhibits, perform site archaeology, and make other improvements at the site. Funds are not to revert until June 30, 1995.

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

The head of the Department is the Secretary of Economic and Community Development who is appointed by the Governor.

The Department's primary responsibilities include promotion of economic development through job creation and business assistance and the development of the State's communities through employment and training, housing and other programs. In addition, the Department oversees many regulatory commissions.

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$27,675,949	\$28,482,308
Add: Negative Reserves	782,701	1,829
Other Adjustments	-	-
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REVISED RECOMMENDED CONTINUATION BUDGET	\$28,458,650	\$28,484,137

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Economic Development:

1. Reduce travel (15,265) (15,265)

Science and Technology:

2. Eliminate General Fund Support (442,605) (443,423)
 (-10) (-10)

Small Business:

3. Eliminate funding for program (200,672) (201,918)

Industrial Financing Center:

4. Reduce Industrial Development Fund (Industrial Building Renovation Fund) (1,500,000) (1,500,000)

Wanchese Seafood Industrial Park:

5. Abolish one vacant chemist position and perform required duties at wastewater treatment plant by contract. (10,000) (10,000)
 (-1) (-1)

Hazardous Waste Management Commission:

6. Reduce operating support for Hazardous Waste Management Commission to minimum level including elimination of executive director position (374,528) (375,655)
 (-2) (-2)

Department-wide:

7. Delete vacant positions as identified in the 1990-91 schedule of \$40 million vacancy identification report (246,306) (246,306)
 (-9) (-9)

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
(1991 Actions, Continued)

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
8. Reduce salary reserve by 50%	(54,826)	(54,826)
9. Reduce travel	(137,938)	(137,938)
10. Reduce dues and subscriptions	(17,406)	(17,406)
11. Reduce budget to reflect savings due to elimination of commuters in state vehicles	(1,200)	(1,200)
12. Reduce equipment line items by 10%	(8,782)	(8,782)
13. Reduce budget to reflect savings in computer costs due to SIPS 5% reduction	(11,500)	(11,500)
14. Reduce publications	(37,073)	(37,073)
15. Eliminate data processing equipment	(99,545)	(107,245)
16. Reduce employer retirement contribution	(292,484)	(139,076)
17. Reduce budget for motor vehicle operations due to exemption from gas tax	(178)	(178)
<i>Travel and Tourism:</i>		
18. Reduce tourism promotion grants	(125,707)	(125,707)
19. Eliminate State Aid to Keep North Carolina Beautiful	(25,000)	(25,000)
20. Reduce funding for Welcome Center program	(52,500)	(52,500)
<i>Community Assistance:</i>		
21. Allow one-year use of \$40,000 interest from Main Street Financial Incentive Fund for administration	-	-
<i>Technological Development Authority:</i>		
22. Reduce research grants	(250,000)	(250,000)
23. Reduce continuation funding for incubator grants	(43,847)	(43,847)
24. Realign grant line items to reflect actual grant expenditures.		
	<u>Increase</u>	<u>Decrease</u>
6901 Research Grants -		
Investments	106,153	0
6910 Research Grants -		
Incubators	0	106,153

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
(1991 Actions, Continued)

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
<i>Administrative Services:</i>		
25. Eliminate Assistant Secretary for Existing Industries	(75,000) (-1)	(75,000) (-1)
Total Continuation Budget Change	(4,022,362)	(3,879,845)
Total Position Changes	(-23)	(-23)
REVISED CONTINUATION BUDGET	24,436,288	24,604,292
Transfer:		
1. Transfer funds from Small Business to the Department of Community Colleges to establish 3 new Small Business Centers	(156,000)	(156,000)
TOTAL CONTINUATION BUDGET	\$24,280,288	\$24,448,292

EXPANSION BUDGET

Community Assistance:

1. Provide state administrative funds for new federal housing program (HOME program)	150,461 (6)	393,989 (11)
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Energy Division:

2. Funds energy conservation programs from petroleum overcharge settlements according to the 1987 plan established by the General Assembly		
Requirements	10,900,000	10,900,000
Receipts	10,900,000	10,900,000
Appropriation	-0-	-0-

TOTAL EXPANSION BUDGET	\$150,461	\$393,989
	(6)	(11)
TOTAL OPERATING BUDGET	\$24,430,749	\$24,842,281

Availability Increase

1. One-time recapture of interest from Main Street Financial Incentive Fund	100,000	
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DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
 (1991 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1991

HOUSE BILL 83

Section 14 **Departmental Reduction/Counties Harmless** - Requires that the Department not reduce funding for counties to make required budget reductions unless county funding is specifically reduced in the Appropriations Act.

Section 140 **Main Street Program Limitations** - Directs the following changes in the Main Street Financial Incentive Fund: changes the minimum amount of a grant or loan to a single Main Street city from \$100,000 to \$20,000; allows use of \$40,000 of interest for state administration of Main Street program for 1991-92; and, transfers \$100,000 in accumulated interest to the General Fund for 1991-92.

Section 141 **Worker Training Trust Fund (WTF)** - Appropriates WTF funds for various employment programs as follows:

	1991-92	1992-93
ESC	\$5,459,673	\$6,059,673
ECD	3,000,000	2,400,000
Labor	500,000	500,000
DHR	2,000,000	2,000,000
Community Colleges	1,250,000	1,250,000
TOTAL	\$12,209,673	\$12,209,673

Also appropriates \$2,000,000 from the Special Employment Security Administration Fund to ESC for each year of the biennium for program administration.

Section 142 **Worker Training Trust Fund/Reversion of Funds** - Clarifies that unexpended and unencumbered funds appropriated from the Worker Training Trust Fund shall revert to the Worker Training Trust Fund.

Section 143 **Utilities Regulatory Fee** - Sets the Utilities regulatory fee, which supports the Utilities Commission, at .09% effective July 1, 1991.

Section 144 **Tourism Promotion Funds** - Continues funding of tourism promotion grants and criteria requiring that economically distressed counties receive the strongest consideration in the awarding of grant funds. Changes the maximum grant amounts to account for program funding reductions.

Section 145 **Petroleum Overcharge Attorney Fees** - Extends the current procedures for paying attorney fees for litigation related to the petroleum overcharge funds through the next biennium.

Section 146 **N.C. Manufacturing Directory Proceeds** - Authorizes the Department to use excess proceeds from the sale of the N.C. Manufacturing Directory for industrial promotional advertising for the next biennium.

Section 147 **Industrial Development Fund/Local Match** - Requires that local recipients of funds from the Industrial Development Fund demonstrate to the Department that it would be an economic hardship to match State funding with local funds. The Department must develop guidelines for determining economic hardship.

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

(1991 Actions, Continued)

- Section 153* **Federal Funds Administration** - Clarifies the Department's statutory authority by amending G.S. 143B-431 to give ECD the ability to apply for and administer federal funds. Also allows the Department to charge fees in conjunction with the use of federal funds.

- Section 154* **Employment and Training Program** - Establishes a State Employment and Training Grant Program and a formula for the allocation of grants based on unemployment and poverty. Also mandates reporting to the Governor, Speaker of the House and President Pro Tempore of the Senate.

- Section 154.1* **First Flight System** - Establishes the First Flight System, a statewide network of business incubators, and allocates \$150,000 each fiscal year from MCNC (\$75,000) and the Biotechnology Center (\$75,000) for the System. Transfers all funds and responsibilities of the Technological Development Authority to the N.C. Technological Development Authority, Inc., a private non-profit corporation.

- Section 223* **Petroleum Overcharge Funds Allocation** - Allocates \$10.9 million of Exxon and Stripper Well Funds over the next two years for energy conservation programs to continue the multi-year plan begun in 1987. Continues the allocation of Diamond Shamrock Settlement funds for the administration of oil overcharge funds by the Division of Energy. Mandates reporting to the General Assembly.

- Section 225* **Home Program Funding Limit** - Prohibits the Department from spending funds appropriated for the state administration of the federal HOME program if Congress does not appropriate federal funds for the program.

1992 LEGISLATIVE ACTIONS

	<i>1992-93 General Fund</i>
TOTAL OPERATING BUDGET - 1991	\$24,842,281
1. Industrial Commission - Fund optical disk storage system and related support.	\$582,322 (3)
2. Industrial Commission - Fund ombudsman position to respond to inquiries.	45,175 (1)
3. Industrial Commission - Fund positions to adjudicate increased number of contested cases.	255,221 (6)
4. Industrial Commission - Fund additional law clerks to reduce delays in processing contested claims.	82,500 (2)

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
(1992 Actions, Continued)

	<i>1992-93 General Fund</i>
5. Industrial Commission - Fund additional position to process compromise settlement agreements.	45,175 (1)
6. Industrial Commission - Fund additional position to facilitate closing of claims.	23,937 (1)
7. Industrial Commission - Fund additional staff to reduce delay in processing non-contested claims.	30,000 (1)
8. N.C. Film Office - Increase operating support.	200,000
9. HOME - Fund Phase I of 1993 match for federal housing funds.	2,300,000
10. PHHHP (Homeless Program) - Provide one position and administrative support.	42,897 (1)
11. International Development - Fund one position currently supported by private funds.	23,777 (1)
12. International Development - Increase travel.	100,000
13. Travel and Tourism - Increase advertising.	175,000
14. Main Street Financial Incentive Fund - Recapture interest.	(40,000)
15. Rural Electrification Authority - Eliminate GF support (100% fee support since 1991).	(97,931)
16. Business Assistance - Eliminate Information and Communication Specialist III and Computer Programmer II positions which were funded but never established.	(70,474) (-2)
17. Business Assistance - Funding for secretary for the Greenville Economic Development Regional Office.	25,000 (1)
19. Hazardous Waste Management Commission - Eliminate vacant engineer position.	(59,950) (-1)
20. Hazardous Waste Management Commission - Phase out General Fund support for Commission due to private siting of hazardous waste facility by December; and place balance of funds in a restricted reserve.	—
21. Delete salary reserve.	(27,447)

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
 (1992 Actions, Continued)

	1992-93 General Fund
22. Industrial Building Renovation Fund - Continued economic assistance to local units of government.	500,000
NET CHANGE	<u>\$4,135,202</u> (15)
TOTAL OPERATING APPROPRIATIONS	\$28,977,483

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1992

HOUSE BILL 1340

- Section 153* **HOME Program Matching Funds** - Sets priorities for allocating the General Fund appropriation as follows: First priority to projects in the most economically distressed counties and second priority to projects which benefit persons with incomes below 50% of median income. Also states that the funds will not revert at the end of the fiscal year, and requires report to the General Assembly by April 1, 1993 on the status of the program.
- Section 154* **Petroleum Overcharge Funds Allocation** - Reallocates \$1,737,187 in overcharge funding from the Low Income Home Energy Assistance Program in DHR to the Weatherization Program in ECD to replace federal block grant funds.
- Section 155* **Main Street Fund Restrictions** - Transfers \$40,000 in accumulated interest in the Main Street Financial Incentive Fund to the General Fund on a quarterly basis for fiscal year 1992-93.
- Section 156* **Community Development Block Grant Reports** - Requires ECD to report the status of the Community Development Block Grant program, including changes in next year's program design, to the House Appropriations Subcommittee on Environment, Health, and Natural Resources and the Senate Appropriations Committee on Natural and Economic Resources.
- Section 158* **N.C. Technological Development Authority** - Authorizes the TDA to continue leasing space in its building to the Educational Computing Service of the University of North Carolina.
- Section 159* **Hazardous Waste Management Commission Reserve** - Allows for the use of no more than \$53,000 for the Commission to complete current projects by December 31, 1992, and places the remaining \$183,719 for fiscal year 1992-93 in a reserve account. Allows for the use of the reserve if the Director of the Budget deems necessary the siting of a public hazardous waste facility.

**ECONOMIC AND COMMUNITY DEVELOPMENT -
BIOTECHNOLOGY CENTER**

The purpose of the Biotechnology Center is to provide for improvements in biotechnology through research and economic development activities.

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$7,600,080	\$7,807,547
Add: Negative Reserves	207,467	-
Other Adjustments	-	-
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REVISED RECOMMENDED CONTINUATION BUDGET	\$7,807,547	\$7,807,547

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Grant-in-Aid:

1. Reduce support for the Biotechnology Center in the following programs: Economic Development Loan funds by \$138,793 each year, University Research Grants by \$241,207 each year, and the Biotechnology Information program by \$120,000 each year	(\$500,000)	(\$500,000)
2. Reduce support for Biotechnology Center	(150,000)	(150,000)
	<hr/>	<hr/>
Total Continuation Budget Change	(\$650,000)	(\$650,000)
REVISED CONTINUATION BUDGET	\$7,157,547	\$7,157,547

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

Section 148 **Biotechnology Center** - Authorizes the Biotechnology Center to recapture funds spent in support of successful research efforts in the private sector and provide funding for biotechnology and related bioscience applications under its Economic and Corporate Development Program. Also mandates quarterly reporting to the Joint Legislative Commission on Governmental Operations and provision of budget information to the Office of State Budget and Management for preparation of the biennial budget.

**ECONOMIC AND COMMUNITY DEVELOPMENT -
BIOTECHNOLOGY CENTER**

1992 LEGISLATIVE ACTIONS

**TOTAL OPERATING BUDGET - 1991
NO CHANGES**

*1992-93
General
Fund*
\$7,157,547

**DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT -
MCNC (MICROELECTRONICS CENTER OF NORTH CAROLINA)**

The purpose of MCNC is to support the State's efforts to foster science-based economic development and to encourage the use and application of advanced computer and micro-electronic technology by the business and educational communities.

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$19,237,284	\$19,762,424
Add: Negative Reserve	525,140	-
Other Adjustments	-	-
	<hr/>	<hr/>
REVISED RECOMMENDED CONTINUATION BUDGET	\$19,762,424	\$19,762,424

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Grant-In-Aid:

1. Reduce Microelectronics Program. Continuation of \$2,000,000 of the \$6,000,000 appropriation for the Microelectronics program is contingent on a dollar-for-dollar match in non-state funds.	(1,915,314)	(1,537,597)
2. Eliminate Grants Program	(804,245)	(804,245)
3. Reduce Administration and Support	(2,052,932)	(2,470,623)
4. Reallocate funds to expand Supercomputer program	997,885	682,527
5. Reallocate funds to expand Telecommunications programs	537,322	367,514
	<hr/>	<hr/>
Total Continuation Budget Changes	(\$3,237,284)	(\$3,762,424)
REVISED CONTINUATION BUDGET	\$16,525,140	\$16,000,000

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

Section 149 **MCNC** - Continues various requirements relating to the administration of the Supercomputer. Continues legislative intent that MCNC's basic research program be funded on two-to-one match. Mandates that MCNC report quarterly to the Joint Legislative Commission on Governmental

**DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT -
MCNC (MICROELECTRONICS CENTER OF NORTH CAROLINA)
(1991 Actions, Continued)**

Operations and provide budget information to the Office of State Budget and Management for preparation of the biennial budget.

Section 150 **MCNC Budget Limits** - Directs that appropriations to MCNC be allocated to specific programs. Also requires that \$2 million of the approximately \$6 million in State funds appropriated for the Microelectronics Program be matched on a dollar-for-dollar basis and requires MCNC to report any change from the program funding listed in the provision to the Joint Legislative Commission on Governmental Operations within thirty days after the change.

1992 LEGISLATIVE ACTIONS

*1992-93
General
Fund*

TOTAL OPERATING BUDGET - 1991 **\$16,000,000**
NO CHANGES

**SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1992
HOUSE BILL 1340**

Section 152 **MCNC Budget Limits** - Revises 1991 provision (Section 150) by modifying program allocations of 1992-93 appropriations to reflect an internal administrative change that shifts \$1,231,034 from the Microelectronics Program to the Telecommunications Program. Also revises provision to require MCNC to report to the Joint Legislative Commission on Governmental Operations 30 days before any transfer of appropriations between major MCNC programs.

**DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT -
RURAL ECONOMIC DEVELOPMENT CENTER**

The Rural Economic Development Center was created to spur economic development in the State's rural communities. REDC provides funding and support to rural businesses and to organizations that work directly with these businesses.

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	0	0
Add: Negative Reserves	-	-
Other Adjustments	\$1,725,000	\$1,725,000
REVISED RECOMMENDED CONTINUATION BUDGET	\$1,725,000	\$1,725,000

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Grant-in-Aid:

1. Reduce support for the Rural Economic Development Center to reflect cap of \$300,000 for administrative costs.	(225,000)	(225,000)
REVISED CONTINUATION BUDGET	\$1,500,000	\$1,500,000

EXPANSION BUDGET

Economic Development Funding:

1. Funds to support economic development activities in minority neighborhoods and communities, and programs that assist small businesses.	3,100,000	-
TOTAL OPERATING BUDGET	\$4,600,000	\$1,500,000

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

Section 151 **Rural Economic Development Center** - Allocates \$1.5 million in each year of the biennium to the Rural Economic Development Center and directs that no more than \$300,000 of appropriated funds shall be used for administrative costs. Also requires Center to report quarterly to the Joint Legislative Commission on Governmental Operations and provide budget information to the Office of State Budget and Management for preparation of the biennial budget.

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

RURAL ECONOMIC DEVELOPMENT CENTER (1991 Actions, Continued)

Section 152 **Rural Economic Development Center Fund Limitations** - Directs that no more than 50% of the interest earned on State funds appropriated to the Center can be used for administration.

Section 224 **Economic Development Funds** - This provision allocates funds for various non-state entities related to minority and community economic development for fiscal year 1991-92 through appropriations to the Rural Economic Development Center as follows:

Community Development Corporations	\$1,400,000
Minority Credit Unions	1,000,000
Microenterprise Loan Program	650,000
Rural Economic Development Center	50,000
TOTAL	\$3,100,000

1992 LEGISLATIVE ACTIONS

	<i>1992-93 General Fund</i>
TOTAL OPERATING BUDGET - 1991	\$1,500,000
1. Support for economic development activities in minority neighborhoods and communities, programs that assist small business, and job training programs.	2,200,000
2. Support for opportunities industrialization centers	75,000
NET CHANGE	\$2,275,000
TOTAL OPERATING APPROPRIATIONS	\$3,775,000

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1992

HOUSE BILL 1340

Section 157 **Economic Development Funds** - Identifies \$3,025,000 allocated to various non-state entities related to minority, community and farm economic development, and to job training as follows:

Community Development Corporations	\$1,400,000
Land Loss Prevention Project	OSB 300,000
NC Coalition of Farm and Rural Families	OSB 250,000
Institute for Minority Economic Development	OSB 200,000
Minority Credit Unions	100,000
Microenterprise Loan Program	650,000

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
RURAL ECONOMIC DEVELOPMENT CENTER (1992 Actions, Continued)

Section 157 (Continued)

Rural Economic Development Center	50,000
Job Training Programs	75,000
TOTAL	\$3,025,000

Also requires quarterly reports to the Joint Legislative Commission on governmental Operations on all of these activities.

SENATE BILL 1205

Section 52 **Economic Development Funds** - Allows REDC to use funds appropriated for the Microenterprise Loan program as loan capital.

DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES

Statutory Authority: General Statutes, Chapter 113

The head of the Department is the Secretary of Environment, Health, and Natural Resources (EHNR) who is appointed by the Governor. The Department's primary responsibilities include protection of the environment, improvement of the health of North Carolinians and conservation and development of the State's natural resources. The Department administers a wide variety of assistance, regulatory, promotion and education programs.

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$172,682,403	\$177,226,836
Add: Negative Reserves	10,364,869	6,710,375
Other Adjustments	-	-
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REVISED RECOMMENDED CONTINUATION BUDGET	\$183,047,272	\$183,937,211

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Forest Resources:

1. Abolish Forest Resources marketing program and transfer function to Department of Agriculture	(40,000)	(40,000)
	(-1)	(-1)
2. Use 100% assessments for 2 years in Forest Development Act program	(700,000)	(700,000)

N.C. Zoo:

3. Adjust receipts to more accurately reflect anticipated revenues	(232,424)	(231,603)
4. Increase receipts by increasing admission fees	(405,000)	(405,000)

Radiation Protection:

5. Adjust receipts to more accurately reflect anticipated revenues	(50,000)	(50,000)
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Water Resources:

6. Abolish one position	(30,000)	(30,000)
	(-1)	(-1)

Coastal Management:

7. Adjust budgeted receipts and reduce travel	(35,000)	(35,000)
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Administrative Services:

8. Reduce departmental Administrative Services by abolishing positions as determined by Department	(200,000)	(400,000)
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DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES
(1991 Actions, Continued)

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
<i>Environmental Management:</i>		
9. Budget investigation fees	(75,000)	(75,000)
<i>Maternal and Child Health:</i>		
10. Abolish Perinatal Council	(2,500)	(2,500)
11. Reduce non-mandated inflationary increases in Children's Special Health Services	(721,856)	(721,856)
12. Adjust underbudgeted receipts in the Developmental Evaluation Centers	(75,000)	(75,000)
<i>Regional Offices:</i>		
13. Abolish one Public Health administrative and consultant position in the department's regional offices	(130,243) (-1)	(130,243) (-1)
<i>Dental Health Services:</i>		
14. Reduce program services including one position.	(73,757) (-1)	(73,757) (-1)
<i>Public Health Education:</i>		
15. Abolish two positions.	(66,190) (-2)	(66,190) (-2)
<i>Parks and Recreation:</i>		
16. Adjust the following Parks and Recreation receipts to more accurately reflect anticipated revenues: camping, cabin rental, marina, ferry, pier permits, special activity permits and new day use areas	(392,300)	(392,300)
17. Reduce contract for local recreational services	0	(33,000)
<i>Land Resources:</i>		
18. One-year moratorium on Land Records Management Grants and abolish one position	(456,469) (-1)	(46,011) (-1)
<i>Soil and Water Conservation:</i>		
19. Reduce Soil Survey Program by 50% including the elimination of 8 positions	(311,000) (-8)	(311,000) (-8)
20. Transfer \$500,000 from the Agricultural Cost Share fund (line item 6844) to Aid to Counties for Agricultural Cost Share Technical Assistance (line item 6128)	-	-
<i>Department-wide:</i>		
21. Delete vacant positions as identified in the 1990-91 schedule of \$40 million vacancy identification report	(815,417) (-26)	(815,417) (-26)

DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES
(1991 Actions, Continued)

	<i>1991-92 General Fund</i>	<i>1992-93 General Fund</i>
22. Reduce salary reserve by 50%	(11,755)	(11,755)
23. Eliminate positions	(2,000,000)	(2,000,000)
24. Reduce equipment line items by 15% (excluding data processing equipment)	(678,836)	(678,836)
25. Reduce travel	(884,088)	(884,088)
26. Reduce dues and subscriptions	(49,776)	(49,776)
27. Reduce budget to reflect savings due to elimination of commuters in state vehicles	(8,205)	(8,205)
28. Reduce budget to reflect savings in computer costs due to SIPS 5% reduction	(47,950)	(47,950)
29. Reduce publications by 15%	(8,091)	(11,095)
30. Eliminate data processing equipment	(518,859)	(518,859)
31. Reduce budgeted retirement contribution	(1,960,587)	(926,324)
32. Reduce the non-salary inflationary increase for locally operated programs	(437,921)	(905,037)
33. Reduce budget for motor vehicle operations due to exemption for gas tax	(224,807)	(224,807)
<i>Environmental Education:</i>		
33. Reallocate \$95,000 of Governor's Waste Management Board to environmental education	-	-
<i>Adult Health:</i>		
34. Reduce non-mandated increases in Adult Health Care	(161,549)	(161,549)
35. Reduce non-mandated increase in Health Promotion	(161,549)	(161,549)
<i>Public Health Lab:</i>		
36. Adjust underbudgeted receipts	(150,000)	(150,000)
<i>Chief Nurse:</i>		
37. Reduce support for Office of Chief Nurse including one position	(79,355)	(79,355)
	(-1)	(-1)
Total Continuation Budget Changes	(12,195,484)	(11,453,062)
Total Position Changes	(-42)	(-42)
REVISED CONTINUATION BUDGET	170,851,788	172,484,149

DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES
(1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
Transfer:		
1. Transfer legal staff and their support positions and operating costs to the Department of Justice	(640,708) (-19)	(702,800) (-19)
TOTAL CONTINUATION BUDGET	<u>\$170,211,080</u>	<u>\$171,781,349</u>

EXPANSION BUDGET

Epidemiology:

1. Fund measles booster doses for students entering kindergarten and college and HIB doses (meningitis) for infants		
Requirements	\$2,818,725	\$3,194,304
Receipts	<u>2,818,725</u>	<u>2,447,725</u>
Appropriations	-0-	746,579
2. Funds to partially offset reduced federal funds for STD/Partner Notification	217,887 (10)	290,516 (10)
3. Use fees collected from employers for conducting employee asbestoses/silicosis examinations to defray examination costs (See HB 83, Section 231).	112,124	119,479
4. Use EHNR portion of drivers license revocation fees to fund statewide chemical alcohol testing program (See HB 83, Section 233.1).	1,433,822	1,433,264

Communicable Disease:

5. Funds to partially offset reduced federal funds for HIV Testing and Counseling including Aid to Counties	420,000	420,000
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Solid Waste Management:

6. Funds to support the resident inspector program mandated by G.S. 130A-295.02 which requires a resident inspector at commercial hazardous waste facilities		
Requirements	374,902	369,250
Receipts	<u>374,902</u>	<u>369,250</u>
Appropriation	-0- (7)	-0- (7)

Maternal and Child Health:

7. Expand Rural Obstetrical Care Incentive Program	300,000	300,000
8. Expand the Women, Infants, and Children Program	500,000	750,000
9. Fund maternity care coordination for non-Medicaid eligible pregnant women	125,000	250,000

DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES
 (1991 Actions, Continued)

	<i>1991-92 General Fund</i>	<i>1992-93 General Fund</i>
10. Continue funding for Bowman-Gray information and placement coordination for neonatal intensive care services	60,000	60,000
11. Expand high-risk infant tracking system	500,000	1,000,000
12. Expand Family Planning program	750,000	750,000
13. Continue grant-in-aid for Adolescent Pregnancy Prevention Coalition	75,000	-
14. Funds to support the activities of a state level task force and a state review team to review child fatality issues	158,000	165,000
15. Funding for evaluations and child services coordination for high risk children under the age of 5 (PL 99-457)	2,086,000	4,372,000
<i>Public Health Laboratory:</i>		
16. Fund one position for timely newborn infant screening to prevent death or onset of retardation	189,769 (1)	175,000 (1)
<i>Environmental Health:</i>		
17. Increase state milk sanitation inspection program in order to meet Grade "A" certification standards because county participation in this program has decreased.	121,138 (3)	125,224 (3)
18. Use fees collected from the issuance of permits to operate community water systems to fund the public water systems program (See HB 83, Section 227).	258,938	621,450
<i>Coastal Management:</i>		
19. Use program fees to fund salaries and support for permitting, compliance and education activities (See HB 83, Section 226).	30,000	50,000
<i>Land Resources</i>		
20. Use program fees to fund salaries and support for education, erosion control plan approval, and compliance activities in the Sedimentation Control Program (See HB 83, Section 226).	140,000	160,000
21. Use program fees to fund salaries and support for permitting, education, and compliance activities in the Dam Safety Program (See HB 83, Section 226).	20,000	20,000

DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES
 (1991 Actions, Continued)

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
22. Use program fees to fund salaries and support for permitting, education and compliance activities in the Mining Program (See HB 83, Section 226).	40,000	70,000
TOTAL EXPANSION BUDGET	<u>\$7,537,678</u> (21)	<u>\$11,878,512</u> (21)
TOTAL OPERATING BUDGET	\$177,748,758	\$183,659,861

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1991

HOUSE BILL 83

- Section 14* **Departmental Reduction/Counties Harmless** - Requires that the Department not reduce funding for counties to make required budget reductions unless county funding is specifically reduced in the Appropriations Act.
- Section 57* **Obstetrical Education Funds** - Transfers \$480,000 from the Department to UNC for Obstetrical Education at the Mountain Area Health Education Center. These funds were previously used to fund a contract for obstetrical education programs.
- Section 156* **Reduction in Administrative Services** - Directs the Department to consider six program areas when implementing the budget reduction in administrative services positions.
- Section 157* **Septage Management Fees** - Authorizes the Department to continue to use receipts generated from the Septage Management Program for program operation. (Repealed by House Bill 1568, Chapter 1039 of the 1991 Session Laws {Regular Session 1992})
- Section 158* **Authorize Use of Water Quality Fees** - Appropriates \$2,124,142 in 1991-92 and \$2,148,017 in 1992-93 to the Department from water quality fees for salaries and support in the water quality program. (Repealed by House Bill 1568, Chapter 1039 of the 1991 Session Laws {Regular Session 1992})
- Section 159* **Authorize Use of Air Quality Fees** - Appropriates \$1,193,340 in 1991-92 and \$1,487,506 in 1992-93 to the Department from air quality fees for salaries and support in the air quality program. (Repealed by House Bill 1568, Chapter 1039 of the 1991 Session Laws {Regular Session 1992})
- Section 160* **Superfund Program** - Authorizes the Department, with the approval of the Office of State Budget and Management, to use available funding to provide the required 10% cost share for federal Superfund cleanups not currently budgeted. Also requires report to Joint Legislative Commission on Governmental Operations within 30 days of expenditure of these funds.

DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES
(1991 Actions, Continued)

- Section 161* **Forest Development Act Funds** - Authorizes the Department to continue to collect and expend assessments from the primary forest product processors for the Forest Development Act program even though State appropriations have been eliminated for the biennium.
- Section 162* **Study Terminating Lease with Federal Government** - Directs Parks and Recreation to study the feasibility of terminating State leases of federal reservoirs and requires a report to the General Assembly by April 1, 1992.
- Section 163* **Revision of Parks Fee Schedule** - Clarifies that the Division of Parks and Recreation may use temporary rules to amend its fee schedule (to make up budget cuts) so that changes will be effective July 24, 1991.
- Section 164* **Technical Review Committee Appointments** - Requires that the Director of Marine Fisheries and the Executive Director of the Wildlife Resources Commission be members of the Technical Review Committee which reviews technical specifications for "best management practices" in the Agriculture Cost Share Program.
- Section 165* **Agriculture Cost Share Program** - Allows the Department to use \$40,000 per year of existing agriculture cost share funds for tide gates in Hyde County.
- Section 166* **Audits of Soil and Water District Boards** - Amends G.S. 139-7 to eliminate the requirement for an outside audit of the accounts of Soil and Water District Boards provided that an internal audit is conducted and the respective Board chairman certifies under oath that the internal audit is true and accurate.
- Section 167* **Interest on Wildlife Resources Fund/Preserve Federal Funding** - Implements the federal mandate that all interest earned on hunting and fishing license receipts be deposited in the fish and wildlife program funds.
- Section 169* **Continue Public Dental Health Program Emphasis** - Requires the Department, as it reviews the future direction of the public dental health program, to ensure the program's primary emphasis continues to be services to pre-school and school-age children.
- Section 170* **Maternal and Child Health Non-Supplanting Requirement** - Codifies in G.S. 130A the maintenance of effort requirement on local health departments by prohibiting local health departments from reducing county funds for maternal and child health services as a result of receiving State funds for these services. Also requires health departments to allocate maternal and child health funds earned from federal sources back to those program areas which generated the earnings.
- Section 171* **Health Promotion Non-Supplanting Requirement** - Codifies in G.S. 130A the maintenance of effort requirement on local health departments by prohibiting local health departments from reducing county funds for health promotion activities as a result of receiving State funds for these activities.
- Section 172* **Non-Medicaid Reimbursement** - Establishes reimbursement procedures for non-Medicaid medical services and sets income levels for participation in certain programs.

DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES

(1991 Actions, Continued)

- Section 173* **Asbestos Hazard Management Funds** - Appropriates fees collected under G.S. 130A, Article 19 to support the asbestos hazard management program, which oversees the inspection and removal of asbestos from buildings.
- Section 174* **Adolescent Pregnancy Prevention Projects** - Specifies minimum requirement for grant proposals, establishes criteria for project grant selection including level of community support and establishes a grant funding schedule. Also, clarifies requirement that grantees maintain project funding at original levels, minus start-up costs, as State funds are reduced, by specifying that projects can use in-kind sources or public or private funding to meet this requirement. Also requires that program effectiveness be evaluated annually by an evaluator external to the Department.
- Section 175* **Infection Control Program/Funds Transfer** - Transfers \$85,274 each fiscal year from EHNR, Division of Epidemiology, to the UNC-Chapel Hill School of Medicine to operate the Infection Control Program, an infectious disease control program for health care facilities.
- Section 175.1* **Pharmaceutical Funds/Sexually Transmitted Disease Control Program** - Allows the Department to use funds appropriated for the Tuberculosis Control Program to purchase pharmaceuticals for the Sexually Transmitted Disease Control Program.
- Section 176* **Soil and Water Conservation District Supervisors' Expenses** - Mandates that the Department use the \$214,594 budgeted each fiscal year for the per diem and travel expenses of the Soil and Water Conservation District supervisors for that purpose.
- Section 178* **Children's Special Health Services/Refunds** - Requires committed program funds to be carried forward from one year to the next. Also allows the Department to budget refunds in the year that the refund is received.
- Section 181* **Transfer Land Records Management** - Transfers the Land Records Management Program from EHNR to the Secretary of State.
- Section 226* **EHNR Use of Fees** - Allocates funds from fees for the following programs: Coastal Management; Sedimentation Control; Dam Safety; and, Mining. Also requires that the appropriations be reduced accordingly if the revenues raised are less than those specified. (Repealed by House Bill 1568, Chapter 1039 of the 1991 Session Laws {Regular Session 1992})
- Section 227* **Community Water Systems Permits Fees** - Appropriates funds generated by permit fees specified in Chapter 576 of the 1991 Session Laws (SB 449) to the Department to support the public water systems programs. Also requires that the appropriation be reduced accordingly if the revenues raised are less than those specified. (Repealed by House Bill 1568, Chapter 1039 of the 1991 Session Laws {Regular Session 1992})
- Section 228* **Clean Air Act Permit Fees** - Appropriates funds generated by air quality permit fees specified in Chapter 552 of the 1991 Session Laws (HB 551) to the Department to support the implementation and development of the Title V program of the federal Clean Air Act. Also requires that the appropriation be reduced accordingly if the revenues raised are less than those specified. (Repealed by House Bill 1568, Chapter 1039 of the 1991 Session Laws {Regular Session 1992})

DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES

(1991 Actions, Continued)

- Section 229* **Hazardous Waste Inspectors** - Authorizes the Department to hire additional inspectors as new hazardous waste facilities are opened.
- Section 230* **Vital Records Fees** - Appropriates funds from the Vital Records Automation Fund established in G.S. 130A-93.1 and generated by an increase in vital records fees specified in Chapter 343 of the 1991 Session Laws (SB 341) to EHNR to defray the cost of automating the vital records system. Also requires that the appropriation be reduced accordingly if the revenues raised are less than those specified. (Repealed by House Bill 1568, Chapter 1039 of the 1991 Session Laws {Regular Session 1992})
- Section 231* **Asbestoses/Silicosis Exam Fees** - Appropriates funds generated by fees specified in Chapter 491 of the 1991 Session Laws (SB 359) to EHNR for defraying the cost of examinations for screening asbestoses or silicosis. Also requires that the appropriation be reduced accordingly if the revenues raised are less than those specified. (Repealed by House Bill 1568, Chapter 1039 of the 1991 Session Laws {Regular Session 1992})
- Section 232* **Rural Obstetrical Care Incentive Program (ROCI)** - Expands the Rural Obstetrical Care Incentive Program by \$300,000 in each year of the biennium. Also extends program coverage to general surgeons who provide cesarean section backup to family physicians in counties where there are no obstetricians to provide cesarean sections.
- Section 233* **N.C. Child Fatality Prevention** - Establishes the N.C. Child Fatality Review Team and the N.C. Child Fatality Task Force and Study.
- Section 233.1* **DWI Test Changes** - Increases the drivers license revocation fee by 100% and provides that 50% of the funds shall be used for a statewide chemical alcohol testing program in the Department. Also requires that the appropriation be reduced accordingly if the revenues raised are less than those specified.
- Section 233.2* **Lake Rim Fish Hatchery Repairs** - Increases the allowable repair budget for the Lake Rim Fish Hatchery in Cumberland County.
- Section 233.3* **Coastal Boating Guide** - Directs the Wildlife Resources Commission to publish and distribute the N.C. Coastal Boating Guide using available funds.
- Section 238.1* **Park Repair and Maintenance/Report** - States that the Department may not use any of the \$2,000,000 appropriated in the 2/3 bond funds for park repair and maintenance projects without a report on the selected projects to the Joint Legislative Commission on Governmental Operations and the Office of State Budget and Management. Report must be made no later than September 20, 1991.
- Section 238.2* **Water Resources Development Projects** - Allocates funds for various water resources development projects and allows certain adjustments of these allocations. (See Section 50.4, House Bill 929). Requires quarterly reports to the Joint Legislative Commission on Governmental Operations.

DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES

HOUSE BILL 929

Section 37.1 Appropriates \$400,000 each year of the biennium from the non-reverting account for Water Pollution Control Operators Certification to the Department for the certification program. Also requires that the appropriation be reduced accordingly if revenues raised are less than those specified.

1992 LEGISLATIVE ACTIONS

	<i>1992-93 General Fund</i>
TOTAL OPERATING BUDGET - 1991	\$183,659,861
1. Low Level Radioactive Waste Site Permitting - Fund permitting and licensing personnel for required activities for the proposed site.	\$1,101,620 (12)
2. Communicable Disease Control - Funds for local health departments, pharmaceuticals, partner notification program and HIV testing.	1,118,754 (6)
3. Zoo - Provide operating support for new Desert Pavillon facility.	647,943 (14)
4. Zoo - Provide operating support for new North America habitat facilities.	800,000 (27)
5. Solid Waste - Fund additional technical assistance to local governments to meet waste reduction goals.	319,902 (6)
6. Solid Waste - Fund positions in Septage Program.	100,000 (2)
7. Waste Reduction - Fund additional technical assistance in pollution prevention and solid waste recycling.	214,612 (4)
8. Maternal and Child Health - Fund special therapies and appliances under P.L. 99-457.	900,000 (17)
9. Epidemiology - Funding to provide required vaccines to additional children.	950,000
10. Maternal and Child Health - Continue grant-in-aid for N.C. Adolescent Pregnancy Prevention Coalition.	75,000
12. Maternal and Child Health - Funding for development of parent education protocols.	25,000 (1)

DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES
(1992 Actions, Continued)

	1992 General Fund
13. Maternal and Child Health - Funding to establish four comprehensive adolescent health care demonstration projects. (Effective 4/1/93)	50,000
14. Maternal and Child Health - Funding to contract with UNC Center on Early Adolescence to provide technical assistance and to evaluate existing adolescent health care clinics.	25,000
15. Maternal and Child Health - Fund additional support for sickle cell program and centers.	460,000 (4)
16. Maternal and Child Health - Funds to provide a grant-in-aid to the Board of Governors of the University of North Carolina for a program at the School of Medicine at the University of North Carolina at Chapel Hill to implement the "Cocklear Implant" procedure and other services for deaf children.	270,000
17. Environmental Health - Fund positions in On-Site Sewage Program.	176,150 (3)
18. Forest Resources - Increase timber products receipts.	(65,000)
19. Environmental Management - Eliminate Hydrogeological Technician II position which was funded but never established.	(28,752) (-1)
20. Health Lab - Eliminate Chemistry Technician I position vacant since 9-01-90.	(23,153) (-1)
21. Health Lab - Eliminate Cytotechnologist I position vacant since 3-31-91.	(36,151) (-1)
22. Parks and Recreation - Fund pilot program using county jail inmates for park maintenance and repair.	100,000
23. Delete salary reserve.	(269,165)
24. Provide equivalent of a 2% across-the-board salary increase for state mandated locally-operated programs.	328,048
25. Governors' Waste Management Board - Technical assistance grant of \$100,000 each to Richmond, Chatham, and Wake counties for their site designation review committee.	300,000
26. On-Site Wastewater - Support for studying on-site wastewater systems and demonstration project.	50,000
27. Wildlife Resources Commission - Beaver Control Pilot Project for controlling beaver damage.	100,000

DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES
 (1992 Actions, Continued)

	<i>1992 General Fund</i>
28. Change the accounting treatment of certain fees (change from non-tax revenue or appropriation support to departmental receipts - HB 1568, Chapter 1039).	(1,484,535)
NET CHANGE	\$6,205,273 (93)
TOTAL OPERATING APPROPRIATIONS	\$189,865,134

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1992

HOUSE BILL 1340

- Section 160* **Demonstration Project for Voluntary Remedial Actions** - Authorizes EHNR during fiscal year 1992-93 to contribute, from the Inactive Hazardous Sites Cleanup Fund, 10% of the cost, not to exceed \$50,000 per site, to a voluntary remedial action program at up to three high priority sites. Also requires EHNR to report to the General Assembly on the sites selected and the amount of the contribution made from the Fund.
- Section 161* **Increase Use of Sedimentation Fees** - Increases the appropriation of funds from sedimentation fees that were authorized during the 1990 session from \$160,000 to \$220,000. (Repealed by House Bill 1568, Chapter 1039 of the 1991 Session Laws {Regular Session 1992})
- Section 162* **Clean Air Act Permit Fees** - Changes the 1992-93 appropriation of Clean Air Act fees from \$3,992,390 to \$4,692,390 because additional fees will be collected. (Repealed by House Bill 1568, Chapter 1039 of the 1991 Session Laws {Regular Session 1992})
- Section 163* **Use of Food and Lodging Fees** - Appropriates to EHNR an additional \$11,600 in food and lodging fees. (Repealed by House Bill 1568, Chapter 1039 of the 1991 Session Laws {Regular Session 1992})
- Section 164* **Authorize Use of Water Quality Fees** - Changes the 1992-93 appropriation of water quality fees from \$2,148,017 to \$2,600,000 because additional fees will be collected. (Repealed by House Bill 1568, Chapter 1039 of the 1991 Session Laws {Regular Session 1992})
- Section 165* **Office of Minority Health** - Establishes the duties and responsibilities of the new Office of Minority Health, which is funded through the Preventive Health Block Grant.
- Section 166* **Minority Health Advisory Council** - Establishes the duties, responsibilities and membership of the Minority Health Advisory Council, which is funded through the Preventive Health Block Grant.

DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES
(1992 Actions, Continued)

- Section 167* **Non-Medicaid Reimbursement** - Adds Women's Preventive Health Services to the income eligibility exemptions, changes the age eligibility for inpatient services in the Children's Special Health Services Program from age 5 to age 8, and changes the income eligibility for the Sickle Cell Program to 100% of the federal poverty guidelines.
- Section 168* **Infant Mortality Program Funds** - Provides the Implementing language for the infant mortality appropriations for EHNR.
- Section 169* **Child Fatality Task Force Changes** - Modifies the statutes for the Child Fatality Task Force by extending the life of the Task Force, and modifies the membership to include legislators.
- Section 170* **On-Site Sewage Positions** - Establishes an On-Site Sewage Program for Eastern North Carolina to provide technical assistance to local health departments and landowners about the uses of conventional and alternative septic systems.
- Section 171* **Parks Receipts** - Directs the Department to use overrealized receipts from the sale of forest products for maintenance projects at State parks and reservoirs.
- Section 172* **Wildlife Resources Commission Long-Range Budget Plan** - Requires the Commission to develop a long-range budget plan for presentation to the General Assembly. The plan will include analysis of recent expenditure and revenue patterns and projections of future expenditures and revenues.
- Section 173* **Dare Boat Access Funds** - Authorizes the Wildlife Resources Commission to use up to \$400,000 in available funds to build a boating access area in Dare County.
- Section 174* **Pilot Program/County Jail Inmates Work in State Parks** - Establishes a \$100,000 pilot program in the Division of Parks and Recreation to use county jail inmates, to be supervised by the appropriate county sheriff, for park maintenance and repair projects in five State parks.

SENATE BILL 1205

- Section 55* **Water Resources Development Funds** - Directs that \$2,000,000 be used to match federal funds for the following projects:

Wilmington Harbor Deepening Study	\$750,000
Aquatic Plant Control	35,000
Jordan Lake Water Supply Repayment/Operation	110,000
Lower Creek Flood Control - Lenoir	161,000
Morehead City Harbor Deepening	395,000
Hydrilla Eradication Lake Gaston	100,000
Wilmington Harbor Navigation	449,000

Also requires quarterly reports to the Joint Legislative Commission on Governmental Operations, the Director of the Fiscal Research Division, and the Office of State Budget and Management on the use of the funds. Also authorizes the Office of State Budget and Management to use up to

DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES

(1992 Actions, Continued)

- \$3,500,000 from the Reserve for Repairs and Renovations if federal matching funds become available prior to November 1, 1992 for the Morehead City Harbor Deepening Project.
- Section 56* **Funds for State Parks Land Acquisitions** - Allows the use of proceeds from the grant of the easement by the Division of Parks and Recreation for land acquisition in State Parks. Also requires reports to the Joint Legislative Commission on Governmental Operations and the Office of State Budget and Management on the proposed use of the funds.
- Section 57* **Agriculture Cost Share Program** - Allocates up to \$40,000 for 1992-93 from the Agriculture Cost Share Program for water control structures in counties bordering the Alligator River under the Rural Clean Water Demonstration Program.
- Section 58* **Governor's Waste Management Board/Technical Assistance Grants** - Notwithstanding the limitations of G.S. 104G-19(d), provides \$100,000 technical assistance grants-in-aid to each of Richmond, Chatham, and Wake Counties for their site designation review committees.
- Section 59* **On-Site Wastewater Systems** - Creates and directs funding for NC Wastewater Systems Institute and funds demonstration projects.
- Section 60* **Parks Capital Improvements** - Allocates \$500,000 for repairs and maintenance of State Parks and \$500,000 to acquire inholdings and corridor linkages in the State Park system. Also requires reports to the Joint Legislative Commission on Governmental Operations and the Office of State Budget and Management on the proposed use of the funds.
- Section 61* **Study Acquisition of Bird Island** - Authorizes the study of acquiring Run Hill at Nags Head Woods and Bird Island for conservation purposes. Requires a report to the 1993 General Assembly on the findings.
- Section 65* **Marine Fisheries Use of Land Proceeds** - Requires the use of net proceeds from the sale of State land on Bogue Sound in Carteret County by the Division of Marine Fisheries for specified projects.
- Section 66* **Certain Reimbursements from Wildlife Resources Commission Funds** - Under certain conditions allows for the annual reimbursement of lost tax revenue, over a twenty-year period, of counties and/or local taxing units whose land has been purchased by the Wildlife Resources Commission for fish and wildlife management areas.
- Section 67* **Positions to Monitor Contaminated soil Sites** - Appropriates \$75,000 from the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund and \$75,000 from the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund to establish four positions to inspect and monitor petroleum contaminated soil land farming sites.
- Section 68* **Environmental Impact Funds** - Allocates \$250,000 grant-in-aid to the Laurinburg-Maxton Airport Commission be used for preliminary engineering studies and an environmental impact statement to determine the impact of the expansion of the Airport industrial park on the environment and on the Lumber River State Park.

DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES

(1992 Actions, Continued)

Section 69 **Beaver Damage Control Pilot Program and Statewide Program -**
Authorizes a beaver control pilot project in four counties by establishing the Beaver Damage Control Advisory Board and appropriating \$50,000 to the Wildlife Resources Commission (WRC). Requires the Board to report to the WRC at the conclusion of the pilot program. Also appropriates \$50,000 to the WRC for a one-time Statewide Program to control beaver damage

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.

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$19,089,704	\$22,376,882
Add: Negative Reserves	1,103,556	1,156,158
Other Adjustments	-	-
	<hr/>	<hr/>
REVISED RECOMMENDED CONTINUATION BUDGET	\$20,193,260	\$23,533,040

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Senate:

- | | | |
|---|-----------|-----------|
| 1. Reduce out-of-state and in-state travel and subsistence, office supplies, temporary employees and reserve for President Pro Tempore staff. | (140,000) | (140,000) |
|---|-----------|-----------|

House:

- | | | |
|--|-----------|-----------|
| 2. Reduce in-state and out-of-state travel and subsistence, office supplies, temporary employees, and reserve for Speaker's staff. | (190,000) | (190,000) |
|--|-----------|-----------|

Administrative Division:

- | | | |
|--|-----------|-----------|
| 3. Eliminate 2 vacant positions, reduce salaries and benefits, travel and per diem, and other operating expenses including rent of equipment and communications. | (230,494) | (356,988) |
| | (-2) | (-2) |

Bill Drafting:

- | | | |
|---|----------|----------|
| 4. Eliminate attorney position, salaries and benefits effective September, 1991 and office equipment. | (44,637) | (53,166) |
| | (-1) | (-1) |

General Research Division:

- | | | |
|---|----------|----------|
| 5. Eliminate librarian position and benefits. | (31,744) | (47,780) |
| | (-1) | (-1) |

Fiscal Research Division:

- | | | |
|---|---------|---------|
| 6. Reduce consultant fees and office furniture. | (5,350) | (5,350) |
|---|---------|---------|

GENERAL ASSEMBLY (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
<i>Building Maintenance Division:</i>		
7. Eliminate one position plus benefits and office furniture and equipment.	(32,250)	(32,250)
	(-1)	(-1)
<i>Automated Systems Division:</i>		
8. Reduce consultant fees, rent of equipment and the reserve to establish the division.	(57,500)	(57,500)
<i>Legislative Research Program:</i>		
9. Reduce reserve for studies of statewide matters.	(150,000)	(50,000)
<i>Reserves and Transfer Program:</i>		
10. Reduce reserves for staff salary adjustments, contingencies, Legislative Services Commission studies, and other studies.	(857,351)	(860,270)
<i>Department-wide:</i>		
11. Reduce length of 1992 short session by one week.	(280,000)	-
12. Reduce length of 1993 long session by two weeks; however, G.S. 120-11.1 establishes the convening date of the 1993 session as Wednesday, January 27, 1993.	-	(560,000)
13. Reduce employer retirement contribution	(226,956)	(124,452)
14. Reduce budget to reflect reduction in publications costs	(8,330)	(8,330)
Total Continuation Budget Changes	(\$2,254,612)	(\$2,486,086)
Total Position Changes	(-5)	(-5)
REVISED CONTINUATION BUDGET	\$17,938,648	\$21,046,954

EXPANSION BUDGET

1. Funds to contract for performance audits of the executive branch of State government and of the staff of the legislative branch.	\$3,000,000	-
2. Funds for the Legislative Services Commission to support studies authorized by Senate Bill 917.	300,000	-
Total Expansion Budget	\$3,300,000	-
TOTAL OPERATING BUDGET	\$21,238,648	\$21,046,954

GENERAL ASSEMBLY (1991 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

- Section 30* **Computer Study Commission** - Establishes an independent study commission to examine computer costs and several issues related to the acquisition and use of data processing services.
- Section 30.1* Requires the Legislative Services Commission to review legislative staff performance incentives.
- Section 184.1* **Seafood and Aquaculture Commission Membership** - Amends G.S. 120-70.61 to increase membership from 11 to 15 members.
- Section 184.2* **Tuition and Enrollment at the UNC System** - Permits Legislative Services Commission to study various aspects of tuition and enrollment and report its findings and recommendations to the 1992 and 1993 Session of the General Assembly.
- Section 347* **State Government Performance Audit** - Requires Legislative Services Commission to contract for a performance audit of executive branch and legislative staff operations. Requires reporting to General Assembly.
- Section 348* **Joint Select Fiscal Trends and Reform Commission** - Creates Joint Select Fiscal Trends and Reform Commission to analyze long-term fiscal trends and impacts on state budget. Requires reporting to General Assembly.

SENATE BILL 917

- Section 2.1* **Legislative Research Commission** - Authorizes various study topics as listed below:
- Revenue Laws and the Administration of these Laws** - Study continued (H.J.R. 7 - Lilley)
- Medical Malpractice Claims Arbitration** - Study continued (H.B. 120 - Robinson, S.B. 65 - Sands)
- Surface Water Issues** - Study continued (H.J.R. 127 - Payne, S.J.R. 85 - Block)
- State Parks and Recreation Areas** - Study continued (H.B. 141 - N.J. Crawford)
- Homeless Persons** - Study continued (H.J.R. 164 - Lutz)
- Worker Training Trust Fund** - Study continued (H.B. 170 - James, S.B. 203 - Raynor)
- Impact of National Developments within the North Carolina Depository Institutions Industry** (H.B. 177 - Brubaker)
- Department of Transportation Condemnation Practices and Procedures** (H.B. 261 - Gamble)
- Education and Training of Nurses and Shortage of Nurses** (H.B. 312 - Nesbitt, S.B. 276 - Daniel)
- Horse Racing in North Carolina** (H.B. 341 - James, S.B. 917 - Martin of Guilford)

GENERAL ASSEMBLY (1991 Actions, Continued)

- Effectiveness and Efficiency of the Public Health System's Delivery of Health Services to the Citizens of the State - Study continued (H.B. 476 - Payne, S.B. 367 - Walker, S.B. 407 - Walker)**
- All Issues, Including Insurance Coverage, Relating to Individual, Personal Liability of State Personnel for Official Acts (H.B. 509 - Flaherty)**
- Alternative Approaches to Deal with Discrimination in Employment (H.B. 555 - Kennedy)**
- Information on the Financial Soundness of Financial Institutions (H.B. 580 - Gamble)**
- Turfgrass and Forage Assessment (H.B. 633 - James, S.B. 702 - Murphy)**
- Financial Institutions, Including Regulations and Taxes Applicable to Commercial Banks, Savings Institutions, and Credit Unions (H.J.R. 696 - Gamble)**
- Public Transportation (H.J.R. - Hurley)**
- Governor's Powers (H.J.R. - James)**
- Crop Depredation Caused by Wildlife such as Deer and Bear (H.J.R. 732 - James)**
- Boating and Water Safety (H.B. 834 - Brawley)**
- Transfer of the Soil and Water Conservation Division of the Department of Environment, Health, and Natural Resources to the Department of Agriculture (H.J.R. 856 - James)**
- Transfer of the Forest Resources Division of the Department of Environment, Health, and Natural Resources to the Department of Agriculture (H.J.R. 857 - James)**
- Use of Prison Inmates (H.J.R. 867 - Albertson)**
- Regulation of Temporary and Other Employment Agencies; Consumer Protection Issues; Licensing Boards (H.J.R. 917 - Wainwright (H.B. 284 - Hasty, H.B. 154 - Holmes)**
- Workers' Compensation for Farm Workers (H.B. 952 - Hackney)**
- Inequities in the Salaries of Equally Qualified Minorities, Females, and Nonminority Males within Occupational Categories in State Employment (H.B. 957 - Fitch, S.J.R. 839 - Martin of Guilford)**
- Glass and Plastic Beverage Container Deposits and Refunds (H.B. 1007 - Gottovi)**
- Amortization of Nonconforming Uses of Property (H.B. 1009 - S. Hunt)**
- Ways to Promote the Conservation of Energy and the Use of Renewable Energy Sources in Residential, Commercial, Industrial, and Public Facilities (H.J.R. 1021 - Luebke, S.J.R. 789 - Plexico)**
- Rights of Victims of Crime (H.B. 1033 - Grady)**
- Prehospital Emergency Cardiac Care (H.J.R. 1051 - Green)**

GENERAL ASSEMBLY (1991 Actions, Continued)

Promoting the Development of Environmental Science and Bridging Environmental Science and Technology with Public Policy Decision Making (H.B. 1070 - Woodard)

Economic Development and Revitalization of Downtowns (H.J.R. 1083 - Hasty)

Methods to Increase the Developmental Lending Capacity of Financial Institutions to Strengthen Low and Moderate Income Communities (H.B. 1084 - McAllister)

Hazardous Waste Treatment and Disposal -Study continued (H.J.R. 1095 - Hightower)

Feasibility of Toll Roads (H.B. 1098 - Bowman)

Basic Civil Rights of Law Enforcement Officers (H.J.R. 1130 - Miller)

Statewide Comprehensive Planning (H.J.R. 1157 - Hardaway)

Length of the School Year and Compulsory School Attendance Ages Issues (H.B. 1186 - Rogers)

Management of Hazardous Material Emergencies and Establishment of Regional Response Teams (H.B. 1210 - Flaherty, S.B. 922 - Martin of Pitt)

Firefighter Benefits, Including Retirement, Death, and Disability (H.J.R. 1211 - Fitch)

Railroads - Study continued (H.J.R. 1226 - Abernethy, S.J.R. 906 - Block)

Uniform Administration of All County Register of Deeds Offices (H.B. 1232 - Buchanan)

Transfer of the Health Divisions from the Department of Human Resources to the Department of Environment, Health, and Natural Resources (H.J.R. 1280 - Jeralds)

Regulation of Aerial Application of Pesticides (H.J.R. 1289 - James)

Minority Tourism Proposal (H.J.R. 1292 - Hardaway)

Annexation Laws (H.J.R. 1295 - Decker)

Pay Plan for State Employees

Development of a State Strategy for the Protection of All Groundwater Resources - Study continued (S.J.R. 13 - Tally)

Physical Fitness Among North Carolina Youth (S.B. 15 - Tally)

Solid Waste and Medical Waste Management - Study continued (S.J.R. 143 - Tally)

Advance Disposal Fees Use to Promote Nonhazardous Solid Waste Reduction and Recycling (S.B. 229 - Odom)

Public School Administrators (S.B. 441 - Perdue)

Motor Vehicle Towing and Storage (S.B. 687 - Sands)

Revision of the Arson Statutes (S.J.R. 736 - Sands)

GENERAL ASSEMBLY (1991 Actions, Continued)

Tourism's Growth and Effect - Study continued (S.B. 819 - Warren)

Emergency Medical Services Act of 1973 (S.J.R. 902 - Speed)

State Correctional Education (S.B. 945 - Carter)

State Emergency Management Program (S.J.R. 946 - Basnight)

Law Enforcement Issues (S.J.R. 955 - Perdue)

Teacher Leave (H.B. 334 - Bowman)

North Carolina Air Cargo Airport Authority (S.B. 649)

Licensure of Radiologic Technologists (Senate Bill 738)

Sales Tax Impact on Merchants

Methods to Improve Voter Participation

- Section 2.2* **Child Day Care Issues** - Authorizes the Legislative Research Commission to study the availability, affordability, and quality of day care in North Carolina.
- Section 2.3* **Beach and FAIR Plans Study** - Authorizes the Legislative Research Commission to study the availability of property insurance in the beach area of North Carolina and the operation of the FAIR plan.
- Section 2.4* **North Carolina Indian Cultural Center Study** - Authorizes the Legislative Research Commission to study the issue of developing the Indian Cultural Center in Robeson County.
- Section 2.5* **Lobbyist Regulation Study** - Authorizes the Legislative Research Commission to study lobbying and the regulation of lobbying activities.
- Section 2.6* **Governmental Ethics Study** - Authorizes the Legislative Research Commission to study the advisability of ethical codes for state and local officials.
- Section 3.1* **Railroad Advisory Commission** - Creates a Railroad Advisory Commission and provides for the appointment of members. Appropriate to the Department of Justice \$20,000 in each year of the biennium for staff support.
- Section 4.1* **State Personnel Study Commission** - Creates a Study Commission on the State Personnel System and provides for the appointment of members. Allots \$25,000 in first year of biennium and \$20,000 in second year.
- Section 5.1* **Social Services Study Commission** - Re-establishes and continues the Social Services Study Commission to study public social services and public assistance and to recommend system improvements. Provides for the appointment of members. Allots \$15,000 in the first year of the biennium and \$10,000 in the second year.
- Section 6.1* **Mental Health Study Commission** - Continues the Mental Health Study Commission.
- Section 7.1* **Motor Fuel Pricing Study Commission** - Creates a Motor Fuels Study Commission to analyze motor fuels marketing practices. Provides for the appointment of members. Allots \$15,000 for each year of the biennium.

GENERAL ASSEMBLY (1991 Actions, Continued)

- Section 8.1* **Joint Legislative Commission on Seafood and Aquaculture** - Empowers the Joint Legislative Commission on Seafood and Aquaculture to study the shellfish leasing program and whether the authority to grant leases should be transferred from the marine Fisheries Commission to the Department of Environment, Health, and Natural Resources.
- Section 9.1* **Commission on Access to Health Insurance** - Creates a Commission on Access to Health Insurance to study the issues involved in designing a program to ensure that all citizens have access to affordable health insurance. Provides for the appointment of members. Allots \$50,000 for each year of the biennium.
- Section 10.1* **Energy Assurance Study Commission** - Changes the final reporting date to a time prior to the adjournment of the 1992 Regular Session.
- Section 11.1* **Joint Select Fiscal Trends and Reform Commission** - Allots \$50,000 to the Joint Select Fiscal Trends and Reform Commission for each year of the biennium.
- Section 12.1* **Study of Privately Operated Landfills** - Requires the Environmental Review Commission to study the permitting of privately operated landfills and the requirement for an environmental impact statement.
- Section 13.1* **Study of License to Sell Fish** - Requires the Joint Legislative Commission on Seafood and Aquaculture to study whether a license should be required to sell fish taken from coastal waters.
- Section 14.1* **Agriculture, Forestry, and Seafood Awareness Study Commission** - Allots \$25,000 to the Commission for FY 1991-92.
- Section 15.1* **Study of Environmental Policy Act Issues** - Requires the Environmental Review Commission to study possible changes to the North Carolina Environmental Policy Act.
- Section 16.1* **Mountain Area Study Commission** - Creates a Mountain Area Study Commission to study the management of land resources in the mountain area. Provides for the appointment of members. Allots \$20,000 for each year of the biennium.
- Section 17.1* **Birth-Related Neurological Impairment Study Commission** - Continues the Birth-Related Neurological Impairment Study Commission. Provides for the appointment of members.
- Section 18.1* **Study of Public Landfills** - Requires the Environmental Review Commission to study issues relating to the regulation of public landfills and the need for environmental impact statements.
- Section 19.1* **Aging Studies** - Requires the Study Commission on Aging to study the concept of "assisted living" and the need to expand membership on the Nursing Home/Rest Home Penalty Review Commission.
- Section 20.1* **Appropriation for Studies** - Appropriates \$300,000 to the Legislative Services Commission for funding of studies during the 1991-92 fiscal year.

GENERAL ASSEMBLY

1992 LEGISLATIVE ACTIONS

1992-93
General
Fund

TOTAL OPERATING BUDGET - 1991 \$21,046,954

EXPANSION BUDGET

1. Reserve for State Government Performance Audit
Committee (Sec. 4.1, Senate Bill 1205) \$500,000

TOTAL OPERATING APPROPRIATIONS \$21,546,954

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1992

HOUSE BILL 1340

Section 15 **Legislative Research Commission's Committee on Law Enforcement Issues** is authorized to study the problem of marital rape and report its findings and recommendations to the 1992 Session if the study is undertaken.

Section 16 **Legislative Research Commission Members' Terms** are extended from December 15 of the next even-numbered year to January 15 of the next odd-numbered year.

Section 17 **Legislative Research Commission's Committee on the State Government Performance Audit** is continued until March 31, 1993. Authorizes continuance of present membership and the addition of two Finance Committee members by appointment of the President Pro Tempore of the Senate and the Speaker of the House.

Section 18 **Seafood and Aquaculture Funds** provided by allocation of \$10,000 from the Legislative Services Commission's reserve for studies.

Section 19 **State Real Property Transfers Study Commission** created to study all aspects of transferring, allocating, or disposing of by any means, real property owned by the State or any of its agencies. Allocates \$15,000 from the Legislative Services Commission's studies reserve to the Commission for its work.

SENATE BILL 1205

Section 7 **Territorial Jurisdiction of the Legislative Services Commission** is extended to allow the Commission to control parking on portions of Jones, Wilmington, Lane, and Salisbury Streets bordering State Legislative Building and Legislative Office Building when the General Assembly is in Session and at other specified times.

GENERAL ASSEMBLY (1992 Actions, Continued)

- Section 8* **Railroad Advisory Commission Membership** is reduced to ten by eliminating two officers or directors of the North Carolina Railroad Company.
- Section 9* **Feasibility Study of Funding Farmers Markets/Water Resources Projects** may be undertaken by the Joint Legislative Commission on Governmental Operations.
- Section 9.4* **Performance Audit Audio and Video Network Study** - Requires the Government Performance Audit Committee to study the operations of audio, video, or data communications networks of the Department of Administration Agency for Public Telecommunications; the Microelectronics Center of N.C.; the N.C. Center for Public Television; the Office of State Controller State Telecommunications Office, the UNC Educational Computing Services; the Department of Public Instruction; and the Community College System. Report and recommendations on legislation to be submitted to 1993 General Assembly, with copies to N.C. Information Resources Management Commission.

OFFICE OF THE GOVERNOR

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

This agency consists of the following two 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** - This office authors the biennial budget, monitors federal funds, makes revenue and expenditure projections, does annual population estimates and evaluates agency operations for cost effectiveness.

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$4,668,813	\$4,798,492
Add: Negative Reserves	159,357	44,686
Other Adjustments	-	-
	<hr/>	<hr/>
REVISED RECOMMENDED CONTINUATION BUDGET	\$4,828,170	\$4,843,178

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Administration:

1. Abolish an administrative assistant and a senior policy analyst position which are identified in the \$40.0 million vacancy report for 1990-91	(53,790) (-2)	(53,790) (-2)
2. Abolish an administrative aide position	(58,602) (-1)	(58,602) (-1)
3. Reduce operating expenses for travel	(16,397)	(17,097)
4. Eliminate salary reserve	(112,670)	(112,670)
5. Reduce travel to reflect savings by eliminating cost for commuters in State vehicles	(240)	(240)
6. Reduce data processing services to reflect savings of 5% reduction in SIPS charges	(9,234)	(9,234)
7. Reduce employer retirement contribution	(64,537)	(30,432)

OFFICE OF THE GOVERNOR (1991 Actions, Continued)

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
8. Reduce budget to reflect reduction in publications cost	(1,351)	(1,351)
9. Reduce budget to reflect elimination of 2 positions at an average cost of \$25,000 per position	(50,000) (-2)	(50,000) (-2)
Total Continuation Budget Changes	(\$366,821)	(\$333,416)
Total Position Changes	(-5)	(-5)
REVISED CONTINUATION BUDGET	\$4,461,349	\$4,509,762
Transfers:		
1. Transfer from the Department of Administration staff and program operations of the Policy and Planning Division	1,007,952 (9)	1,008,550 (9)
TOTAL CONTINUATION BUDGET	\$5,469,301	\$5,518,312
TOTAL POSITION CHANGES	(4)	(4)

NO EXPANSION

1992 LEGISLATIVE ACTIONS

	<i>1992-93 General Fund</i>
TOTAL OPERATING BUDGET- 1991	\$5,518,312
1. Delete salary reserve	(\$40,306)
TOTAL OPERATING APPROPRIATIONS	\$5,478,006

OFFICE OF STATE BUDGET AND MANAGEMENT - OPERATING BUDGET

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$3,504,527	\$3,628,685
Add: Negative Reserves	134,695	143,777
Other Adjustments	-	-
	<hr/>	<hr/>
REVISED RECOMMENDED CONTINUATION BUDGET	\$3,639,222	\$3,772,462

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Office of State Budget:

1. Abolish a vacant position as identified in the \$40.0 million vacancy report for 1990-91	(36,160) (-1)	(36,160) (-1)
2. Eliminate a management engineer position and related benefits	(66,860) (-1)	(66,860) (-1)
3. Eliminate salary reserve	(3,819)	(3,819)
4. Reduce operating expenses for contracted personal services, travel, data processing equipment, and Performance Pay Reserve	(75,122)	(81,784)
5. Reduce budget to reflect deferring purchases of data processing equipment and software with State funds	(19,200)	(19,200)
6. Reduce employer retirement contribution	(58,535)	(27,602)
7. Reduce budget to reflect reduction in publication costs	(1,320)	(225)
8. Reduce travel by 5%	(3,200)	(4,700)
	<hr/>	<hr/>
Total Continuation Budget Changes	(\$264,216)	(\$240,350)
Total Position Changes	(-2)	(-2)

Transfers:

1. Transfer from the Department of Administration the balance of the Administrative Analysis program excluding four computer support positions	417,367 (8)	417,367 (8)
REVISED CONTINUATION BUDGET	\$3,792,373	\$3,949,479
TOTAL POSITION CHANGES	(6)	(6)

OFFICE OF STATE BUDGET AND MANAGEMENT (1991 Actions, Continued)

NO EXPANSION

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

Section 26 **Computer Reserve Fund** - Creates a Computer Reserve Fund In the Office of State Budget and Management and establishes criteria under which disbursements from the Fund may be made. Requires reporting to the Joint Legislative Commission on Governmental Operations, Fiscal Research Division, and the Information Technology Commission.

Section 27 **Identification of Positions** - Establishes a 30-day position freeze and requires executive departments to identify positions to be eliminated from continuation budget within that time. Requires reporting to Joint Legislative Commission on Governmental Operations and House and Senate Appropriations Committees and House and Senate Appropriation Subcommittees by August 15, 1991.

OFFICE OF STATE BUDGET AND MANAGEMENT - STATE AID

1991 LEGISLATIVE ACTIONS

	<i>1991-92 General Fund</i>
1. Support of various non-state entities related to minority, community, and farm economic development and to job training.	\$750,000

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

Section 224 **Economic Development Funds** - Allocates funds for various non-state entities as follows:

Land Loss Prevention Project	\$300,000
N.C. Coalition of Farm and Rural Families	250,000
Institute for Minority Economic Development	200,000

1992 LEGISLATIVE ACTIONS

	<i>1992-93 General Fund</i>
TOTAL OPERATING APPROPRIATIONS - 1991 SESSION	\$ —

CHANGES:

1. Support to various non-state entities related to minority, community and farm economic development and to job training	\$ 750,000
2. Grant-in-Aid to the Rural Water Association	100,000
3. Center for Community Self-Help - Funds for statewide lending program for small businesses and economic development in rural, depressed, and disadvantaged communities	NR 2,000,000
4. N.C. Equity - Grant-in-aid for support of health and economic development activities	NR 65,000
5. Housing Trust Funds - Support to provide housing for persons of very low, low, and moderate income	NR 2,000,000

OFFICE OF STATE BUDGET AND MANAGEMENT - STATE AID (1992 Actions, Continued)

	<i>1992-93 General Fund</i>
6. Laurinburg-Maxton Airport Commission - Grant-in-aid for Impact and Engineering Studies for Industrial Park Expansion	NR 250,000
7. Motor Voter Registration Reserve to be transferred to Motor Vehicles	NR 55,400
8. Piedmont Triad Regional Water Authority - Grant-in-aid to purchase land for the Randleman Lake Dam Project	NR 500,000
NET CHANGES	
TOTAL OPERATING APPROPRIATIONS	\$5,720,400

OFFICE OF STATE BUDGET AND MANAGEMENT (1992 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1992

HOUSE BILL 1340

Section 10 **Onslow Museum Funds/New Purpose** - Allows Onslow County Commissioners to use 1987 appropriated grant-in-aid funds for construction of new museum facilities in Richlands. The funds were originally to be used to relocate the museum.

Section 13 **Limitation on the Sale or Exchange of Property** - Restricts the sale or trade of the 260.86 acre tract of State-owned land (Old Health Farm Property) in Wake County located adjacent to East Chatham Street in Cary, North Carolina until after July 1, 1993. No real property or any estate or interest in real property consisting of railroad right-of-way or used for railroad purposes located in Carteret County may be sold or disposed of before July 1, 1993 by the State, State agency, authority, board or commission. No real property or any estate or interest in real property consisting of railroad right-of-way or used for railroad purposes may be sold or disposed of before July 1, 1993 by any company or corporation in which the State of North Carolina or any State Board, agency or commission own one hundred percent (100%) of the voting stock. (See Section 19 of HB 1340)

Section 14 **State Information Management Technology** - Revises the management of State executive information technology, appropriates funds to the Office of State Controller for design and implementation of a new State accounting system pursuant to the actions of the revised management structure and prohibits the expenditure of funds for development of mainframe computer systems without approval of the revised management structure.

Section 157 **Economic Development Funds** - Identifies \$750,000 of the \$3,025,000 funds appropriated to various non-state entities related to minority, community and farm economic development and to job training which are to disbursed by the Office of State Budget and Management. These include the following:

Land Loss Prevention Project	\$300,000
N.C. Coalition of Farm and Rural Families	250,000
Institute for Minority Economic Development	200,000

Also identifies 3 industrialization opportunities centers - Wilson, Rocky Mount and Pitt-Greenville - which are to receive \$25,000 grant each for programs.

SENATE BILL 1205

Section 5 **Local Water/Sewer Funds** - Directs transfer of \$4.4 million to Clean Water Revolving Loan and Grant Fund for 1992-93 from amounts that would otherwise have been distributed to counties and cities from franchise and beer/wine tax proceeds; \$3.3 million to come from franchise tax distributions, \$1.1 million from beer/wine tax.

OFFICE OF STATE BUDGET AND MANAGEMENT (1992 Actions, Continued)

- Section 6* **Repairs and Renovations, Old Education and Revenue Buildings** - Directs Joint Legislative Commission on Governmental Operations to study and make recommendations to Office of State Budget and Management and Office of State Construction with respect to timing and amount to be spent on repair and renovation of old Education and Revenue buildings to expedite relocation of agencies currently occupying leased space.
- Section 6.1* **North Carolina Equity/Fund Requirements** - Provides that funds provided for grant-in-aid to NC Equity may not be used for advocacy or lobbying on legislation before the General Assembly, but does not prohibit NC Equity representatives from testifying before or providing information to the General Assembly. Requires quarterly reports to the Joint Legislative Commission on Governmental Operations on use of allocated funds.
- Section 6.3* **Reserve for Implementation of Federal OSHA Regulations for Bloodborne Pathogens** - Provides that funds appropriated in act to Office of State Budget and Management for cited purpose shall be used only for the cost of testing, inoculations, personal protective equipment, and required clean-up materials for employees who are subject to the regulations, and only if adequate funds are not otherwise available for those purposes. Prohibits use of funds for any purpose not specifically authorized, including planning or salaries for new positions. Requires Office of State Budget and Management to report on expenditures by March 1, 1993 to 1993 General Assembly.
- Section 53* **Housing Trust Fund Funds** - Appropriates \$2,000,000 of Stripper Well Funds to the Housing Trust Fund.
- Section 54* **Center for Community Self-Help Funds** - Directs that funds appropriated to the Center be used for a Statewide Lending Program to help small businesses and promote economic development in rural, depressed and disadvantaged communities, with the requirement that the funds are matched by the Center on a dollar-for-dollar basis. Also requires submission of yearly audit reports to the State Auditor and quarterly reports on the use of funds to various committees and commissions of the General Assembly for the next three years

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 the 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.

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$1,171,631,574	\$1,290,209,267
Add: Negative Reserves	54,240,803	27,308,766
Other Adjustments	-	-
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REVISED RECOMMENDED CONTINUATION BUDGET	\$1,225,872,377	\$1,317,518,033

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Division of Medical Assistance:

1. Reduce Inflationary Increases for Medical Care Providers.	(10,700,000)	(10,700,000)
2. Reductions in continuation budget inflationary increases.	(82,155)	(95,246)
3. Automated Eligibility Verification System - Savings in provider payments due to the implementation of an eligibility verification system that informs providers by phone of a patient's eligibility status.	(1,250,000)	(2,500,000)
4. Reductions in equipment, operating expense line items and indirect costs.	(35,060)	(35,058)
5. Additional reductions due to cost savings authorized by General Assembly.	(3,200,000)	(3,200,000)
6. Improve oversight of Skilled Nursing placement to reduce inappropriate use of high level care.	(900,000)	(900,000)

DEPARTMENT OF HUMAN RESOURCES (1991 Actions, Continued)

	<i>1991-92 General Fund</i>	<i>1992-93 General Fund</i>
7. With the exception of hospitals, reduce budgeted inflationary allowances for medical care providers to no more than 4%; reduce inflationary increases for hospitals by \$700,000.	(6,400,000)	(6,400,000)
8. Increase recipient co-payments to \$1.00 for pharmacy and to \$2 for physicians.	(923,000)	(923,000)
9. Reduction reflecting 5% cut in SIPS changes to the Division for Data Processing Services.	(3,750)	(3,750)
10. Reduce employer retirement contribution.	(61,338)	(28,924)
11. Reductions in funding for publications.	(1,962)	(2,081)
12. Reductions in funding for data processing.	(29,426)	(37,524)
13. Reductions in funding for travel, subscriptions and dues and equipment.	(28,848)	(28,848)
14. Reduce travel by an additional 5%.	(5,692)	(5,692)
<i>Division of Social Services:</i>		
15. Reductions in continuation budget inflationary increases.	(167,152)	(185,319)
16. Reduction in equipment, operating expense line items, and indirect costs.	(30,801)	(30,801)
17. Reductions in state aid to county departments of social services.	(391,991)	(391,991)
18. Reductions reflecting a 5% cut in SIPS charges to the Division.	(86,981)	(86,981)
19. Reduce employer retirement contribution.	(140,795)	(66,475)
20. Reductions in funding for publications.	(583)	(583)
21. Reductions in funding for data processing.	(816,769)	(183,518)
22. Reductions in funding for travel, subscriptions and equipment.	(114,579)	(114,579)
23. Reduce travel by an additional 5%.	(11,915)	(11,915)
<i>Division of Mental Health, Developmental Disabilities and Substance Abuse Services:</i>		
24. Increases in institutional receipts: Adjust patient receipts in state psychiatric hospitals and mental retardation centers to more accurately reflect anticipated revenues.	(10,143,584)	1,743,349

DEPARTMENT OF HUMAN RESOURCES (1991 Actions, Continued)

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
25. Reductions in equipment and operating expenses line items, indirect costs and state aid to local programs.	(8,989,388)	(8,989,388)
26. Reductions in continuation budget inflationary increases.	(13,526,176)	(14,121,781)
27. Reduce state funds to the three Alcohol and Drug Abuse Treatment Centers which were to be used to increase the number of staff at the centers.	(450,000)	(450,000)
28. Convert respite beds at Murdoch and Caswell Centers to ICF/MR beds.	(842,000)	(842,000)
29. Delete reserve for frozen positions at the Alcohol, Drug Abuse Treatment Center.	(380,452)	(380,452)
30. Reduce appropriations to reflect the elimination of the State Motor Fuel Tax on purchases by State agencies.	(112,322)	(112,322)
31. Reduction reflecting a 5% cut in SIPS charges to the Division.	(12,525)	(12,525)
32. Reduce employer retirement contribution.	(6,609,982)	(3,117,084)
33. Reductions in funding for publications.	(2,627)	(212)
34. Reductions in funding for data processing.	(19,156)	(14,581)
35. Reductions in funding for travel, dues and subscriptions and equipment.	(522,615)	(522,615)
36. Reduce travel by an additional 5%.	(39,406)	(39,399)
<i>Division of Vocational Rehabilitation:</i>		
37. Reduction in equipment and operating expense line items, indirect costs and state-aid to local programs.	(621,164)	(621,164)
38. Reduction in continuation budget inflationary increases.	(1,002,122)	(835,111)
39. Reduce state funds for case services in the Division of Vocational Rehabilitation.	(273,000)	(273,000)
40. Reductions reflecting a 5% cut in SIPS charges to the Division.	(2,837)	(2,837)
41. Reduce employer retirement contribution.	(177,924)	(83,899)
42. Reductions in funding for publications.	(158)	(158)

DEPARTMENT OF HUMAN RESOURCES (1991 Actions, Continued)

	<i>1991-92 General Fund</i>	<i>1992-93 General Fund</i>
43. Reductions in funding for travel, subscriptions and dues and equipment.	(32,501)	(32,501)
44. Reduce travel by an additional 5%.	(8,546)	(8,546)
<i>Division of Aging:</i>		
45. Reduction on continuation budget inflationary increases.	(18,318)	(21,623)
46. Reduction in equipment and operating expense line item, indirect costs and state-aid to local program.	(558,837)	(558,837)
47. Reduce capital improvement funds used for construction, expansion or renovations of senior centers.	(459,108)	(459,108)
48. Reduce funds by Area Agencies on Aging for program support.	(388,775)	(388,775)
49. Reduction reflecting a 5% cut in SIPS charges to the Division.	(438)	(438)
50. Reduce employer retirement contribution.	(6,556)	(3,091)
51. Reductions in funding for publications.	(157)	(157)
52. Reductions in funding for data processing.	(3,555)	(3,555)
53. Reductions in funding for travel, subscriptions and dues and equipment.	(4,116)	(4,116)
54. Reduce travel by an additional 5%.	-	-
<i>Division of Facility Services:</i>		
55. Reduction in continuation budget inflationary increases.	(222,993)	(235,195)
56. Reduction in equipment and operating expense line item, indirect costs and state-aid to local programs.	(661,901)	(661,901)
57. Reduce recommended increase in State appropriation for day care services under the Family Support Act.	(1,000,000)	(1,000,000)
58. Reduction reflecting a 5% cut in SIPS charges to the Division.	(2,549)	(2,549)
59. Reduce employer retirement contribution.	(178,247)	(84,051)
60. Reductions in funding for publications.	(5,166)	(5,413)
61. Reductions in funding for data processing.	(13,912)	(13,912)

DEPARTMENT OF HUMAN RESOURCES (1991 Actions, Continued)

	<i>1991-92 General Fund</i>	<i>1992-93 General Fund</i>
62. Reductions in funding for travel, dues and subscriptions and equipment.	(99,064)	(99,120)
63. Reduce travel by an additional 5%.	-	-
<i>Division of Youth Services:</i>		
64. Reduction in continuation budget inflationary increases.	(105,568)	(112,862)
65. Reduction in equipment and operating expense line item, indirect costs and state-aid to local programs.	(578,373)	(578,373)
66. Reduce appropriations to reflect the elimination of the State Motor Fuel Tax on purchases by State agencies.	(8,019)	(8,019)
67. Reduction reflecting a 5% cut in SIPS charges to the Division.	(1,743)	(1,743)
68. Reduce employer retirement contribution.	(531,168)	(250,469)
69. Reductions in funding for travel, dues and subscriptions and equipment.	(67,873)	(67,873)
70. Reduce travel by an additional 5%.	(4,350)	(4,350)
<i>Division of Services for the Blind:</i>		
71. Reduction in continuation budget inflationary increases.	(116,952)	(254,490)
72. Reduction in equipment and operating expense line item, indirect costs and state-aid to local programs.	(273,643)	(273,643)
73. Reduction reflecting a 5% cut in SIPS charges to the Division.	(915)	(915)
74. Reduce employer retirement contribution.	(136,981)	(64,593)
75. Reductions in funding for publications.	(139)	(139)
76. Reductions in funding for travel, dues and subscriptions and equipment.	(35,243)	(35,243)
77. Reduce travel by an additional 5%.	(8,661)	(8,660)
<i>Division of Services for Deaf:</i>		
78. Reduction in continuation budget inflationary increases.	(266,872)	(267,676)
79. Reduction in equipment and operating expense line item, indirect costs and state-aid to local programs.	(156,350)	(156,350)

DEPARTMENT OF HUMAN RESOURCES (1991 Actions, Continued)

	<i>1991-92 General Fund</i>	<i>1992-93 General Fund</i>
80. Reduce appropriations to reflect the elimination of the State Motor Fuel tax on purchases by State agencies.	(9,097)	(9,097)
81. Reduction reflecting a 5% cut in SIPS charges to the Division.	(454)	(454)
82. Reduce employer retirement contribution	(306,602)	(144,577)
83. Reductions in funding for publications.	(114)	(114)
84. Reductions in funding for data processing.	(15,000)	(15,000)
85. Reductions in funding for travel, dues and subscriptions and equipment.	(56,101)	(56,101)
86. Reduce travel by an additional 5%.	(17,761)	(17,759)
<i>Secretary's Office:</i>		
87. Reduction in continuation budget inflationary increases.	(61,388)	(77,608)
88. Reduction in equipment and operating expenses line item, indirect costs and state-aid to local programs.	(107,968)	(107,968)
89. Reduction reflecting a 5% cut in SIPS charges to the Division.	(15,073)	(15,073)
90. Reduce employer retirement contribution.	(139,668)	(65,860)
91. Reductions in funding for publications.	(900)	(900)
92. Reductions in funding for travel, dues and subscriptions and equipment.	(39,058)	(39,038)
93. Reduce travel by an additional 5%.	(9,508)	(9,502)
<i>Department-wide:</i>		
94. Reduce the non-salary inflationary increase for locally operated programs.	(1,473,824)	(3,045,903)
95. Eliminate 166 positions throughout the department.	(4,243,191) (-166)	(4,243,191) (-166)
96. Reduction in salary-reserve funds across all divisions.	(985,740)	(985,740)

DEPARTMENT OF HUMAN RESOURCES (1991 Actions, Continued)

	<i>1991-92 General Fund</i>	<i>1992-93 General Fund</i>
97. Eliminate positions needed to accomplish this reduction throughout the department.	(3,054,548) (-94)	(3,054,548) (-94)
Total Continuation Budget Changes	(\$85,603,819)	(\$72,164,183)
Total Position Changes	(-260)	(-260)

REVISED CONTINUATION BUDGET

Transfer:

1. Transfer 3 legal positions from the Department of Human Resources to the Attorney General's Office.	(127,336) (-3)	(139,863) (-3)
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REVISED CONTINUATION BUDGET	\$1,140,141,222	\$1,245,213,987
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EXPANSION

Division of Medical Assistance:

1. Supplemental Medicaid Funds - Funds to support additional continuation costs due to unanticipated growth in program utilization.	49,326,000	53,807,000
2. OBRA 90 Funds - Funds to implement expansion of the Medicaid program mandated by the Omnibus Reconciliation Act of 1990.	7,410,427	11,166,695
3. Infant Mortality/Improved Maternity Care Package - Funds to add nutritional counseling, pre-delivery and post-partum home visits, and psycho-social counseling services to as reimbursable services for pregnant women who qualify for Medicaid coverage effective October 1, 1991.	356,648	499,310
5. Pharmacy Dispensing Fee - Funds to support pharmacy dispensing fee increase from \$4.85 to \$5.60/script. Effective January 1, 1992.	600,000	1,200,000
6. Medicaid Transportation - Funds to support transportation services for Medicaid eligible pregnant women.	300,000	300,000

Division of Social Services:

1. Comprehensive Automated System for Child Support Enforcement: Funds to develop a comprehensive automated system for Child Support Enforcement which must be completed by 1995 in order to meet federal mandates. FFP is 90%.	238,831	3,509,283
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DEPARTMENT OF HUMAN RESOURCES (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
2. Child Support Enforcement (IVD)/Cassell etal v. Flaherty - Funds to implement the terms of a consent agreement in the case of Cassell v. Flaherty. Funds to be used to expedite the distribution of child support collections. Funds to be held in a non-reverting account which will sunset on July 1, 1995.	350,000	-0-
3. Supplemental AFDC Funds - Funds to support additional costs in Aid to Families with Dependent Children Program due to unanticipated caseload growth.	5,341,292	-0-
4. Child Protective Services Funds - Funds to strengthen training and oversight capacity of the Division of Social Services. Create 10 positions: 5 positions for oversight and program guidance, 3 positions for training improvements; 2 support positions. The Division is to report to the General Assembly on progress by March 15, 1992. Funding effective October 1991.	700,000 (10)	1,000,000 (10)
5. Child Protective Services Study - Funds for a comprehensive study of the CPS system. Division of Social Services to contract for outside independent study. Funding effective July 1991. Recommendations due May 1, 1992.	150,000	-0-
6. County Child Protective Services Funds - Funds to County DSS for child protective services staff. Funds to be allocated as follows: \$10,000 base to each county (in addition to current base of \$20,000); the balance allocated based on the relative share of CPS reports. Effective January 1992.	3,250,000	7,000,000
7. Child Protective Services/Family Preservation Funds - Funds to the Division of Social Services for contracted family preservation services from providers who specialize in the delivery of intensive services to families with children at high risk for removal.	242,000	335,000
8. Infant Mortality/Maternity Care Homes - Funds to support the purchase of maternity care services from Florence Crittenden Home, Baptist Maternity Home and Christian Life Maternity Home.	200,000	200,000
9. Infant Mortality/Adolescent Parenting Program Funds - Funds to expand this program to 8 additional counties and to fund one program specialist in the Division of Social Services.	366,291 (1)	366,291 (1)

DEPARTMENT OF HUMAN RESOURCES (1991 Actions, Continued)

	<i>1991-92 General Fund</i>	<i>1992-93 General Fund</i>
10. Rest Home Rate Increases - Funds to increase the maximum monthly rate effective July 1, 1991, from \$766 to \$832 for ambulatory residents and from \$803 to \$871 for semi-ambulatory residents.		
Social Services Requirements	13,380,588	14,626,516
Receipts (County)	6,690,294	7,313,258
Appropriation	6,690,294	7,313,258
<i>Division of Mental Health, Developmental Disabilities and Substance Abuse Services:</i>		
11. HUD Group Homes - Funds to continue the operation of 19 group homes which will close without additional funding.	506,590	506,590
12. Thomas S - Funds to continue implementation of a court-ordered system of community-based services for developmentally disabled clients who have been hospitalized in the State's psychiatric institutions.	7,742,308 (6)	12,129,050 (6)
13. Early Childhood Intervention Services - Funds to implement the second phase of PL 99-457. Services funded include in-home and centered-based services and specialized therapies.	-0-	2,040,820
14. Infant Mortality/Treatment for Pregnant Women With Substance Abuse Problems - Funds to establish two new regional outpatient and residential treatment centers for pregnant women, and to continue support for a treatment center in Robeson County.	620,000	1,020,000
15. ADAP Funds - Funds to increase the State subsidy payment for Adult Developmental Activities Program.	500,000	500,000
16. MH/DD/SAS Funds - Funding for implementation of the Mental Health Study Commission and Coalitioning Plans for the Mentally Ill, Developmentally Disabled and Substance Abusers.	6,000,000	6,000,000
<i>Division of Youth Services:</i>		
17. Detention Center Subsidy - Funds to provide county operated detention homes with a subsidy for the care of children from within a county.	500,000	500,000
18. Pitt County Detention Center - Reserve to administer and operate the addition to the Pitt County Detention		

DEPARTMENT OF HUMAN RESOURCES (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
Center being constructed with the bond proceeds being appropriated.	-	60,000
19. Wake County Detention Center - Reserve for the operation of the Wake County Detention Facility as a regional detention facility.	400,000 (15)	400,000 (15)
<i>Division of Services for the Blind:</i>		
20. Early Intervention Services - Funding for teaching positions in the program for preschool visually impaired for 0 and 4 year olds eligible to receive services under PL 99-457.	429,293 (13)	832,338 (27)
21. Funds to increase the monthly rest home rate.		
Blind Services Requirements	225,144	225,144
Receipts (County)	112,572	112,572
Appropriation	112,572	112,572
<i>Division of Services for the Deaf and Hard of Hearing:</i>		
21. Early Intervention Services - Funding for teaching positions in the Schools for the Deaf for preschool 0 and 4 year olds eligible to receive services under PL 99-457.	300,000 (10)	577,151 (24)
<i>Secretary's Office:</i>		
22. Infant Mortality/Recruitment Funds - Funds to expand physician/midwife recruitment activities in the Office of Rural Health.	18,892	18,892
23. Infant Mortality Funds - Funds to provide a training position in the Office of Rural Health to provide training and technical assistance to rural health centers for maternity care coordination activities.	25,000 (1)	25,000 (1)
24. Funds to establish the Advisory Committee on Family-Centered Services.	80,000	80,000
<i>State Aid to Non-State Agencies:</i>		
25. Autism Society of North Carolina - Funds are recommended for a state grant-in-aid to the Autism Society of North Carolina to support operations of the program and to support a children's/adults' summer camp.	345,960	-

DEPARTMENT OF HUMAN RESOURCES (1991 Actions, Continued)

1992-93
General
Fund

26. Autistic Foundation of North Carolina - Funds are recommended for a state grant-in-aid to the Autistic Foundation of North Carolina for the development of a camp and conference center.	300,000	-
TOTAL EXPANSION	\$93,402,398	\$111,499,250
	(56)	(84)
TOTAL OPERATING BUDGET	\$1,233,543,620	\$1,356,713,237

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1991

HOUSE BILL 83

- Section 93* **Medicaid** - Establishes eligibility requirements for recipients of Medicaid and Aid to Families with Dependent Children; establishes allowable services payment rates to provider under the State's Medicaid program.
- Section 95* **General Reductions and Savings Rules** - This provision authorizes the Department of Human Resources Division of Medical Assistance to adopt emergency rules that will accomplish the savings enacted by the General Assembly.
- Section 96* **N.C. Family Support Act** - Establishes a methodology for calculating AFDC benefits.
- Section 97* **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 98* **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 99* **Adoption Subsidy** - Establishes adoption subsidy at \$150 per month.
- Section 100* **Foster Care Board Rate** - Establishes foster care board rate at \$265 per month.
- Section 101* **Emergency Assistance** - Establishes limitations on expenditures for Emergency Assistance Program.
- Section 102* **Food Stamp Outreach** - This provision directs the Department of Human Resources to continue the Food Stamp Outreach program.
- Section 103* **Child Protective Services** - Allocates \$3,593,783 in FY 1991-93 for child protective services. A total of \$175,900 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.

DEPARTMENT OF HUMAN RESOURCES (1991 Actions, Continued)

- Section 104* **Child Caring Institution Reimbursement** - This provision establishes policy pertaining to reimbursements for child placing institutions.
- Section 105* **Child Placing Agencies Change** - This provision amends G.S. 143B-153(2) by making making distinctions between child placing agencies and child caring institutions.
- Section 106* **Limitation on the State Abortion Fund** - Limits expenditures, services, and eligibility for state funded abortions.
- Section 107* **Willie M** - Directs the Department as to the use of funds appropriated for the Willie M. Program and requires additional actions to be taken including to:
- o cap or reduce rates for services;
 - o review all high-cost Willie M clients and reduce costs for these clients where possible;
 - o report to the General Assembly, among many other items, the total cost in state dollars to operate the Willie M program - across all departments and programs - and what measures it has taken to control and reduce program expenditures;
 - o implement a new evaluation system to assess each client's progress and overall program effectiveness; and,
 - o develop a plan indicating how it will meet its obligation of providing appropriate services to class members and become fully self-regulatory and self-monitoring.
- Section 108* **Willie M Audit Continued** - Requires the State auditor to complete a follow-up audit of the Willie M program, assessing the extent to which the Department has been successful in controlling and reducing costs in the program.
- Section 109* **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, and allows the Department to contract for these services or provide them directly if the local area mental health programs are not providing adequate services to class members.
- Section 110* **Transfer of Certain Funds Authorized** - Authorizes the Director of the Budget to transfer funds for local services from one program into another program, within the same agency or division, where they may be more needed. The Office of State Budget reports to the Governmental Operations Commission on transfers authorized by this section.
- Section 111* **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 112* **ADAP Transportation Reimbursement** - Provides direction to the Department of Human Resources as to the allocation of funds appropriated to assist Adult Developmental Activity Programs (ADAPs) with their transportation costs.

DEPARTMENT OF HUMAN RESOURCES (1991 Actions, Continued)

It sets the minimum and maximum rates to be paid to programs for monthly transportation costs per client.

- Section 113* **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 average cost of providing the service.
- Section 114* **Liability Insurance for Physicians/Dentists** - Allows the Departments of Human Resources, Corrections, and Environment, Health, and Natural Resources 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 115* **Non-Medicaid Reimbursement** - Adds two exceptions to the requirement that providers of medical services under various state programs be reimbursed at the Medicaid rates and establishes income levels for participation in certain programs.
- Section 116* **John Umstead Hospital - Planning** - Allows the Department to use existing funds to plan for a new psychiatric facility at John Umstead Hospital.
- Section 117* **Institutional Budget Code Consolidation** - Allows budget code consolidation within the Division of Mental Health, Developmental Disabilities, Substance Abuse Services. Consolidation will make the number of budget codes within the Department of Human Resources more consistent with other departments of state government and will make the Department's budget presentation easier to understand.
- Section 118* **Developmental Day Grant-In-Aid** - Under PL 99-457, the Department of Public Instruction is responsible to provide early intervention services to 3 and 4 year olds.
- This provision transfers to DPI the funds that have been in DHR's budget and which have been used to serve this group. It also requires that the funds be used to continue to contract for services with the area mental health programs and the private non-profit developmental day programs which have been providing these services up to now.
- Section 119* **Caregiver Support Claims** - Outlines how \$1,008,000 in 1991-92 and 1992-93 are to be used for services that support family caregivers of older persons with functional disabilities who want to stay at home rather than be institutionalized. Services that can be provided include respite care, adult day care services for older adults, companion services, and other related services.
- Section 120* **In-Home Aging Services** - Addresses how \$720,000 in 1991-92 and 1992-93 for in-home services needed by older adults will be expended.
- Section 121* **Senior Center Outreach** - Outlines how \$403,800 in 1991-92 and 1992-93 is to be used for purpose of enhancing senior citizen center programs.
- Section 122* **Funds to Match Federal Funds for Aging** - Allows the Department of Human Resources to use funds appropriated to provide the State matching

DEPARTMENT OF HUMAN RESOURCES (1991 Actions, Continued)

- requirement necessary to draw down federal money available through Title III-D of the Older Americans Act for in-home services for the frail elderly, including those with Alzheimer's disease.
- Section 123* **Day Care Funds Match Requirement** - Provides that counties are not required to match day care funds allocated by the State, unless federal law requires such a match.
- Section 124* **Day Care** - Prohibits day care service funds from being used for administrative costs and encourages efficiency in the purchase of care.
- Section 125* **Day Care Rates** - Outlines how day care funds are to be allocated to comply with the provisions of the new initiatives for the utilization of new federal funds.
- Section 126* **Community Action Program Funds** - Provides the percentage of Community Service Block Grant funds that can be used for administration and requires annual report to the Joint Legislative Commission on Governmental Operations and House and Senate Appropriations Subcommittees on Human Resources on the use of Community Service Block Grant Funds for administration of agency programs.
- Section 127* **Domiciliary Rate Increase** - Increases the amount of maximum monthly rate for ambulatory and semi-ambulatory residents of rest homes, effective July 1, 1991. This section is rewritten in *Section 221* below.
- Section 128* **Domiciliary State/County Share of Costs** - Provides that State funds available to DHR shall pay 50% and the counties shall pay 50% of the authorized rates for domiciliary care in homes for the aged and for family care homes including area mental health agency-operated or contracted-group homes.
- Section 129* **DHR Employees as In-Kind Match** - Allows the Department of Human Resources, Office of Rural Health and Resource Development, to serve as the state's match requirement for establishing health care cost containment strategies.
- Section 130* **No Eye Clinic in Certain Counties** - Prohibits the Division of Services for the Blind from providing eye care services in counties where an optometrist or ophthalmologist is practicing and is willing to provide needed eye care services that would otherwise be provided by the clinic.
- Section 131* **Community Based Alternatives Participation** - Requires the Department to certify that Community Based alternatives funds will not be used to duplicate or supplant other programs within the county.
- Section 132* **DHR Program Funds** - Allows the Department to continue its development of an Accounts Receivable/Billing system for its mental health institutions.
- Section 133* **Short-Term Loan Fund for ICF/MR Facilities** - Allows the Department to find money in its current budget to develop short-term loan fund which would be used for start-up money for community-based ICF/MR facilities. Once these facilities are operating, they will draw down Medicaid funds for their operations and will be able to pay the start-up loan back to the department.

DEPARTMENT OF HUMAN RESOURCES (1991 Actions, Continued)

- Section 134* **Expansion of the Target Population for TASC Services** - Expands the target population of the Treatment Alternatives to Street Crime (TASC) program to include mentally ill offenders as well as substance abuse offenders.
- Section 134.1* **Conversion of Murdoch Center Beds to ICF/MR** - Permits the Department to use funds made available as a result of the conversion of beds at Murdoch Center to ICF/MR units for expansion of community-based services. Expires June 30, 1993.
- Section 135* **Recruitment of Health Care Professionals** - Allows the Secretary of DHR to authorize funds for the recruitment and arrangement of employment for hard-to-fill health care positions.
- Section 136* **Willie M Secure Treatment Facility** - Authorizes the Secretary of DHR to operate an adolescent treatment center for Willie M clients at Butner. Does not provide any additional funds for the operation of the center.
- Section 137* **Early Intervention Services** - Ensures that by October 1, 1991, DHR will make available to eligible infants and families all types of early intervention services for which they are eligible under PL 99-457.
- Section 138* **Child Protective Services Non-Supplant Requirement** - This provision prohibits county departments of social services from using state funds for child protective services to replace federal or local program funds; and directs the Department of Human Resources Division of Social Services to monitor local agencies and report deviations from this policy to the 1992 Session of the 1991 General Assembly.
- Section 213* **Mental Health, Developmental Disabilities and Substance Abuse Services Funds** - Allocates the \$6 million expansion funds for Coalition 91, giving services for the mentally ill \$1.7 million (29% of the funds); service for the developmentally disabled \$1.96 million (33%), and Substance Abuse Services, \$2.3 million (38%). It also provides that \$230,000 of the \$1.96 million for the DD population go to the United Cerebral Palsy therapeutic preschool program.
- Section 214* **Mental Health, Developmental Disabilities and Substance Abuse Services Funds/Substance Abuse Treatment Programs for Pregnant Women** - Provides for the establishment of two residential and outpatient treatment programs for pregnant women. The provision also continues support for an existing program in Robeson County.
- Section 215* **State Subsidy/County Detention Home** - This provision changes how county operated youth detention facilities are to be reimbursed for providing detention services, and appropriates \$500,000 in each year of the biennium in order to implement the reimbursement changes.
- Section 216* **Child Protective Services Allocation** - This provision allocates expansion funding for child protective service to counties according to formula; and requires the Department of Human Resources Division of Social Services to report on progress in implementing improvements to the Child Protective Services Program.
- Section 218* **Pharmacy Study** - This provision requires the Department of Human Resources Division of Medical Assistance to contract for a study of the state's policy regarding the pharmacists dispensing fee.

DEPARTMENT OF HUMAN RESOURCES (1991 Actions, Continued)

- Section 219* **Pharmacy Dispensing Increase** - This provision sets the dispensing fee at \$5.60 effective January 1, 1992.
- Section 220* **Transportation for Pregnant Women and Children** - This provision appropriates funds to the Division of Medical Assistance for transfer to the Department of Transportation and allocates funds according to a formula. The Department of Transportation is directed to report to the Legislative Commission on Governmental Operations on the services provided by these funds.
- Section 221* **Domiciliary (Rest Home) Rate Increase** - Provides the language identifying the maximum monthly rates for ambulatory rest home residents as \$832 and semi-ambulatory as \$871, effective July 1, 1992.
- Section 221.1* **Wake County Detention Facility Allocation** - This provision allocates expansion funds to the Division of Youth Services for the operation of the Wake detention facility as a regional detention facility.
- Section 221.2* **Reduce Infant Mortality** - This provision improves the maternity care package for pregnant women provided by the Medicaid program by including nutritional counseling, psycho-social counseling, predelivery and post partum home visits as reimbursable services.
- Section 221.3* **Child Support Funds** - This provision establishes a non-reverting fund with which the Department of Human Resources may settle the Cassell, et al. v. Flaherty, et al. lawsuit. Unexpended funds shall revert on July 1, 1995.
- Section 221.4* **Highway Vending Profits/Medical Eye Care** - This provision allows the Department to use up to \$500,000 of vending machine receipt reserves, in the Division of Services for the Blind, for the Medical Eye Care program and needed technological equipment

1992 LEGISLATIVE ACTIONS

	<i>1992-93 General Fund</i>
TOTAL OPERATING APPROPRIATIONS - 1991 SESSION	\$1,356,713,237
Continuation Budget Changes:	
<i>Division of Medical Assistance:</i>	
1. Disproportionate Share Revenue - Funds donated to the state by hospitals to offset the cost of unbudgeted utilization increases in the Medicaid Program.	(\$65,621,280)
2. Savings Due to Carolina Access Program and Other Services - Anticipated savings associated with the Carolina Access Program and cost containment activities planned for other services.	(2,800,000)
3. Increase Recipient Co-payment for Medicaid Services - Increase recipient co-payments across all allowable services to the maximum allowed by federal regulation.	(337,000)

DEPARTMENT OF HUMAN RESOURCES (1992 Actions, Continued)

	1992-93 General Fund
4. Adjustments to the Utilization and Inflationary Increases for Medical Care Providers to be Implemented by the Division of Medical Assistance	(5,300,000)
5. Durable Medical Equipment- Adjustment to reduction in reimbursement schedule from 100% to 85% of Medicare Allowable fees effective 10/1/92.	(389,000)
<i>Division of Mental Health, Developmental Disabilities and Substance Abuse Services</i>	
1. Increase Institutional Patient Receipts - Adjustments to patient receipts in state psychiatric hospitals and mental retardation centers to more accurately reflect anticipated revenues.	(7,661,000)
2. Elimination of Operating Reserves - Elimination of reserve to operate the second Alzheimers Unit at Black Mountain Center which is now scheduled to open in spring in 1993-94 and the elimination of reserves no longer needed for the state institutions' Central Food Production Unit.	(2,313,945)
<i>Division of Social Services</i>	
1. Domiciliary Care Budget- Adjustment to reflect reduction in the average monthly payment made on behalf of domiciliary care residents due to larger than anticipated cost of living increases in resident social security payments.	(\$753,833)
<i>Department-wide:</i>	
1. Reductions to Salary Reserves	
ARC Black Mountain	6,239
ARC Butner	458
ARC Greenville	931
N.C. Special Care Center	8,046
Black Mountain Center	10,545
Human Resources - Secretary's Office	27,079
Division of Aging	59
N.C. Schools for the Deaf and Blind	34,050
Social Services	43,139
Medical Assistance	10,797
Services for the Blind	39,014
Mental Health	70,385
Dorothea Dix	7,810
Broughton Hospital	32,966
Cherry Hospital	16,453
John Umstead Hospital	1,539
Western Carolina Center	16,673
O'Berry Center	15,354
Murdock Center	11,827
Caswell Center	32,805
Facility Services	57,521

DEPARTMENT OF HUMAN RESOURCES (1992 Actions, Continued)

1992-93
General
Fund

Division of Vocational Rehabilitation	12,826	
Youth Services	73,791	(530,307)
TOTAL CONTINUATION BUDGET CHANGES		(85,706,365)
EXPANSION		
<i>Division of Medical Assistance</i>		
1. Change in the Federal Participation Rate - Funds to support reduction in the FFP rate from 66.52% to 65.92% effective 10/1/92.		8,944,227
2. Medicaid Utilization Increase - Funds to support unbudgeted costs in the Medicaid Program due to unanticipated increases in utilization, rising eligibles, and increases in nursing home beds.		70,298,828
3. Update Poverty Level in April - Funds to provide for increasing eligibility thresholds to reflect annual federal poverty levels in April rather than in July.		166,118
4. Drug Utilization Review - Funds to support a federally mandated Drug Utilization Review Program.		125,000 (2)
5. Infant Mortality/Early Periodic Screening, Diagnosis and Treatment (EPSDT) Funds - Funds to develop a computerized management information system and to support administration of EPSDT Program effective July 1, 1992.		500,000
6. Preventive Mammogram Screenings - Funds to cover the cost of providing preventive mammogram screenings for Medicaid eligible women.		75,000
<i>Division of Facility Services</i>		
1. Child Day Care - Funds to provide match requirements for federal Family Support Act funds that will be used to serve the increased number of eligible children. This amount of state funds will earn approximately \$24M in federal funds.		\$12,431,072
2. Federal Financial Participation Rate Change - Funds needed due to change in the federal financial participation rate from 66.52% to 65.92%.		160,600
3. Home Care Licensure Funds - Funds to implement the requirements of the Home Care Licensure Act enacted in 1991.		80,121 (2)
4. Jordan-Adams - Salary increase.		207,452
<i>Division of Youth Services</i>		
1. Prison Bond Package Operating Fund - Funds to support the operating expenses of projects scheduled to be completed during the 1992-93 fiscal year.		1,091,170 (56)
2. Eckerd Camp - Funds to restore slots, upgrade counselor's salaries, and adjust program contract.		300,000

DEPARTMENT OF HUMAN RESOURCES (1992 Actions, Continued)

1992-93
General
Fund

3.	New Hanover Detention Center - Funds for the operation of the New Hanover Youth Detention Center as a state operated regional detention facility.	500,000
4.	Jordan-Adams - Salary increase.	166,408
<i>Division of Mental Health, Developmental Disabilities and Substance Abuse Services</i>		
1.	Willie M Program - Funds to continue the state-operated secure-bed treatment center at Butner and for specific services needed for individual Willie M class members.	3,584,000
2.	First Step Farm for Women - Funds to operate a 15 bed substance abuse residential program for women.	243,000
	NR	202,880
3.	Mental Health, Developmental Disabilities and Substance Abuse Services Funds - Funds to expand services in accordance with the Mental Health Study Commission Service Plans and Coalition 2001.	7,800,000
4.	Early Childhood Intervention Services - Funds to provide transportation services to infants and toddlers receiving early childhood intervention services in accordance with PL 99-457.	516,135
5.	Jordan-Adams - Salary increase.	2,845,240
6.	Area Mental Health Facilities - Grants up to a maximum of \$200,000 for local programs. Grants to be matched on a dollar for dollar basis.	2,000,000
<i>Division of Social Services</i>		
1.	AFDC Supplemental Funds - Funds to support unbudgeted growth in AFDC caseloads.	2,767,749
2.	AFDC-UP Supplemental Funds - Funds to support unbudgeted growth in AFDC-UP caseloads.	1,407,894
3.	Infant Mortality/Maternity Care Home Funds - Funds to support annual cost of services for eligible women who receive care from maternity homes.	300,000
4.	Child Fatality Task Force/Child Medical Evaluation Program - Funds to support the annual cost of continuing comprehensive medical and mental health evaluations for children who are suspected of being abused and/or neglected. Of this sum, \$180,000 is a one time appropriation for past obligations.	935,750
5.	Child Fatality Task Force/County Child Protective Services - Funds support the cost of child protective services staff and services. Funds to be allocated to counties on the basis of their relative share of statewide reports to the Child Abuse and Neglect Registry. Effective July, 1992.	1,000,000

DEPARTMENT OF HUMAN RESOURCES (1992 Actions, Continued)

	1992-93 General Fund
6. Child Fatality Task Force/Biennial Reviews of Child Protective Services Programs - Funding to Support 2 positions to conduct biennial reviews of local CPS programs, effective July 1, 1992.	\$ 80,680 (2)
7. Child Fatality Task Force/Child Protective Services Hotlines: Funds to support the establishment of 24 hour CPS dedicated telephone lines in counties statewide effective July 1, 1992.	62,000
8. C - Rest Home Rate Increases - Funds to increase the maximum monthly rate from \$832 to \$889 for ambulatory and from \$871 to \$928 for semi-ambulatory residents. Effective July 1, 1992.	
Social Services Requirements	9,838,124
Receipts (County)	4,919,062
Appropriation	<u>4,919,062</u>
9. Adoption Subsidy - Funds to increase the subsidy to families who adopt children with special needs from \$150 to \$200 per month effective July 1, 1992.	440,000
10. Social Services - Funding to support grants for Family Preservation Services; and funds for implementation of Social Services Plan pilots in 3 counties.	460,000
11. Jordan-Adams - Salary increase.	458,546
<i>Office of the Secretary</i>	
1. Rural Health Recruitment Funds - Funds to provide stipends for general medicine residents who elect to practice in underserved areas of the State.	100,000
NR	200,000
2. Grant-in-Aid for the N.C. Council on the Holocaust.	25,000
3. Jordan-Adams - Salary increase.	20,088
4. Head Start Program - Provide grants for new capital construction and for capital improvements to existing facilities.	1,760,000
<i>Division of Vocational Rehabilitation</i>	
1. Funds to Expand the Independent Living Rehabilitation Program - \$130,000 to fund the Wilmington and Hickory programs and \$250,000 to establish a new program in Greensboro.	380,000 (8)
2. Jordan-Adams - Salary increase.	34,680
3. Community Based Facilities - support for capital needs based upon 154 per slot for 6,495 slots.	1,000,000

DEPARTMENT OF HUMAN RESOURCES (1992 Actions, Continued)

1992-93
General
Fund

STATE AID TO NON STATE AGENCIES

- | | |
|--|---------|
| 1. Infant Mortality/Children's Home Society - Funds to support prenatal counseling and services to pregnant women and adoption placement services for infants with special medical needs. | 50,000 |
| 2. Autism Summer Camp Funds - Grant-in-Aid to the Autism Society of North Carolina to support operations of their programs and to support a children's/adult's summer camp. | 345,960 |
| 3. Autism Camp and Conference Center - Grant-in-Aid to the Autism Foundation of North Carolina for the development of a summer camp and conference center. | 300,000 |
| 4. Eastern Maternity Home - Funds to support startup costs of a maternity home for Eastern North Carolina. | 300,000 |
| 5. Matching Funds to Uplift, Inc. - Funds used to provide technical assistance to counties to better use existing resources to support children and families. | 100,000 |
| 6. Jordan-Adams - Salary increase. | 53,096 |

NET CHANGE

\$45,231,091

TOTAL OPERATING APPROPRIATIONS

\$1,401,944,328

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1992

HOUSE BILL 1340

- Section 128* **Drug Use Review Program/Rules** - Authorizes the Division of Medical Assistance to establish rules governing a drug utilization review program which has been mandated by the federal government.
- Section 129* **Medicaid** - Establishes eligibility requirements for beneficiaries of Medicaid and Aid to Families With Dependent Children; establishes services coverages and allowable payment rates for medical care providers.
- Section 130* **Physician Services** - Allows the Department, if funds are available and with State Budget approval, to pass along across-the-board salary increases to physicians from private universities who are on contract to provide services to state institutions. This is already the policy for contracts with the public universities.
- Section 131* **Liability Insurance** - Expands the current provision which allows the Department to provide medical liability coverage for its physician employees to provide similar coverage for medical residents who are in training at the Department's institutions.

DEPARTMENT OF HUMAN RESOURCES (1992 Actions, Continued)

- Section 132* **Non-Medicaid Reimbursement** - Increases the income eligibility standards for mental health clients who participate in the Clozaril Drug Program to the Federal Poverty guideline levels. Clozaril is an anti-psychotic drug that has proven to be very successful for a select group of schizophrenic patients but is also very expensive. The provision would raise the income eligibility for an individual from \$4,200 a year to \$6,810 a year and, for a family of four, from \$7,500 to \$13,950.
- Section 133* **Developmental Day Centers Grant-in-Aid** - Continues the transfer from last year of funds from DHR to the Department of Public Instruction for three and four year olds who receive early intervention services. Under PL 99-457, DPI has the responsibility of providing funding for services to these children. This transfer will not alter the services received by this group of children, but will place the funds in the correct Department to pay for the services.
- Section 134* **Department of Human Resources Program Funds** - Continues the same provision in last year's bill allowing the Department to continue to fund, from available resources, the Accounts Receivable/Billing system. This system is needed to continue to be able to draw down federal reimbursements for services throughout the Department.
- Section 135* **ICF/MR/DD Plan** - Requires the Department to develop a plan and implementation schedule to address the escalating use and cost of ICF/MR/DD group homes. The plan shall include provisions to screen clients for appropriate services, to develop less costly methods to reimburse providers and less costly services which could meet the needs of persons currently in ICF/MR/DD group homes. Appropriate elements of the plan are to be implemented as quickly as possible and the entire plan is to be presented to the General Assembly by march 1, 1993.
- Section 136* **Mental Health, Developmental Disabilities, and Substance Abuse Services Funds** - Allocates the \$9 million in expansion funding equally among the three disabilities and requires the Department to ensure that funds are used for the disability population for which they were intended. Also requires the Department to report to the General Assembly by march 1, 1993 on the use of the funds and directs the Department and members of the coalition 2001 to develop criteria for the content of service implementation plans for the Area Mental Health Authorities which are in accordance with the long range plans of the Mental Health Study Commission.
- Section 137* **Certificate of Need/Medicaid** - The Medicaid budget is heavily impacted by new facilities beginning to operate, especially nursing home care and intermediate care for the mentally retarded. The Department and the General Assembly need a process to control the timing of new Medicaid certifications so that expected new facilities can be built into the budget.
- Section 138* **ICF and ICF/MR Work Incentive Allowances** - Permits the Division of Medical Assistance to exempt a larger portion of the earned income of handicapped and developmentally delayed persons in residential care facilities when determining Medicaid eligibility.
- Section 139* **State/Local Child Fatality Prevention Initiatives** - Directs the Department of Human Resources to study accountability and state supervision of county services programs. The provision also directs the Division of Social

DEPARTMENT OF HUMAN RESOURCES (1992 Actions, Continued)

Services to develop standard protocols for child protective services community interdisciplinary teams.

- Section 140* **Social Services Protective Services Allocation** - Allocates \$1,000,000 to county departments of social services based on the county's relative share of statewide Child Protective Services Reports.
- Section 141* **Task Force on Child Protective Services Funding** - Directs the Secretary of the Department to appoint a Task Force on the Financing of Child Protective Services and establishes composition and duties of the Task Force.
- Section 142* **Adoption Subsidy** - Raises the adoption subsidy from \$150 to \$200 per month effective July 1, 1992.
- Section 143* **Infant Mortality Funds** - Directs the Department of Human Resources with the support of the Department of Environment, Health and Natural Resources to conduct a study of provider participation in the Medicaid Program.
- Section 144* **Domiciliary Care Reimbursement Rate Increase** - Effective July 1, 1992 the monthly domiciliary care rate shall be \$889 for ambulatory residents in rest homes and \$928 for semi-ambulatory residents in rest homes. This represents a \$57 per month increase.
- Section 145* **Adolescent Parenting Program** - Directs the Division of Social Services to conduct a study of Adolescent Parenting Programs.
- Section 146* **Child Day Care Revolving Loan Fund** - This provision allows the federal funds budgeted for the Revolving Loan Fund (\$400,000) to be transferred and invested by the operating financial institution in an effort to maximize the use of the federal funds for small loans to child day care providers to enhance their child care services. The federal funding agency has endorsed this attempt to maximize the federal funds.
- Section 147* **Social Services Plan/Family Preservation Services** - Authorizes the use of \$410,000 for Social Services Plan pilots, and the use of \$50,000 for Family Preservation Services.
- Section 148* **In-Home Aide Services Supervisory Visit** - This provision is needed by the Department in order to avoid a decrease of service for in-home aide services provided by the Division of Aging and the Division of Social Services. A rule adopted by the Medical Care Commission for home care licensure standards which regulate the supervision of in-home aides is to become effective July 1, 1992. A conflict exists between this rule and other existing rules applicable to the Division of Aging and Social Services. This provision expires June 30, 1993.
- Section 149* **Certificate of Need Temporary Rules** - This provision calls for establishing the State Medical Facilities Plan as a temporary rule under the Administrative Procedures Act, thereby allowing the plan to be implemented on January 1, 1993.
- Section 150* **Business and Consumer Advisory Council for the Division of Vocational Rehabilitation** - Establishes a 15 member council within the Division of Vocational Rehabilitation. The Council will advise the Division as to matters relating to services and their impact on clients and as to the development of the State's plan for services.

DEPARTMENT OF HUMAN RESOURCES (1992 Actions, Continued)

Section 151 **DHR Durable Medical Equipment Funds** - Authorizes the Department of Human Resources to adjust provider reimbursements in the event that Durable Medical Equipment Suppliers are unable to supply Medicaid eligibles with equipment at reimbursement levels.

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 policyholders 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.

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$14,263,611	\$14,655,656
Add: Negative Reserves	479,529	108,672
Other Adjustments	-	-
	<hr/>	<hr/>
REVISED RECOMMENDED CONTINUATION BUDGET	\$14,743,140	\$14,764,328

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Administration:

1. Abolish Agency Legal Specialist and Administrative Officer III positions	(76,107)	(76,107)
	(-2)	(-2)

Medical Database Commission:

2. Reduce data processing	(20,000)	(20,000)
3. Delete support for Division's operations in accordance with legislation which sunsets this program effective 7-1-91. (See expansion budget)	(973,572)	(974,051)
	(-4.0)	(-4.0)

Company Services:

4. Abolish Clerk-Typist III position and related fringes	(21,931)	(21,931)
	(-1)	(-1)
5. Reduce travel	(20,000)	(20,000)

DEPARTMENT OF INSURANCE (1991 Actions, Continued)

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
<i>Consumer Services:</i>		
6. Abolish Education Training specialist position and reduce related benefits	(35,658) (-1)	(35,658) (-1)
<i>Field Services:</i>		
7. Abolish Administrative Secretary V position and reduce related benefits	(34,017) (-1)	(34,017) (-1)
8. Reduce travel	(14,471)	(14,471)
9. Adjust premium finance company license receipts to realistic level	(30,000)	(30,000)
<i>Engineering:</i>		
10. Abolish a Building System Engineer position and reduce related benefits	(46,340) (-1)	(46,340) (-1)
11. Adjust validation stamp/inspection license receipts to realistic level	(74,000)	(74,000)
<i>Fire and Rescue Services:</i>		
12. Abolish a State Fire Administrator position and reduce related benefits	(51,748) (-1)	(51,748) (-1)
<i>Reserves and Transfers:</i>		
13. Reduce operating reserve for the Consumer Protection Fund	(416,885)	(417,944)
14. Reduce budget to reflect savings of 5% reduction in rate charges by SIPS	(5,348)	(5,348)
15. Reduce budget to reflect savings due to deferring purchase of data processing equipment and software with State funds	(58,301)	(58,301)
16. Reduce employer retirement contribution	(211,429)	(99,791)
17. Reduce budget to reflect reduction in publication costs	(1,050)	(1,050)
18. Reduce budget by eliminating six positions at an average salary cost of \$25,000 per position	(150,000) (-6)	(150,000) (-6)
Total Continuation Changes	(\$2,240,857)	(\$2,130,757)
Total Position Change	(-17)	(-17)
REVISED CONTINUATION BUDGET	\$12,502,283	\$12,633,571

DEPARTMENT OF INSURANCE (1991 Actions, Continued)

	1991-92 General Fund		1992-93 General Fund
Transfer:			
1. Transfer legal positions and their support positions and operating costs to the Attorney General's Office from the Department of Insurance (includes adjustment for Sec. 50 of Chapter 761)	(479,255)	GF	(524,510)
	(66,066)	R	(72,257)
	(-12)		(-12)
TOTAL CONTINUATION BUDGET	\$12,023,028		\$12,109,061
TOTAL POSITION CHANGE	(-29)		(-29)

EXPANSION BUDGET

1. Medical Database Commission sunset repealed - provide operating funds	\$924,893		\$925,349
	(4)		(4)
2. Provide funds to contract for necessary clerical/professional staff and support to conduct a study of health insurance coverage for women needing prenatal and delivery services and the gaps in private and self-funded health insurance coverage. (INFANT MORTALITY)	40,000		-
TOTAL EXPANSION BUDGET	\$964,893		\$925,349
TOTAL OPERATING BUDGET	\$12,987,921		\$13,034,410
TOTAL POSITION CHANGE	(-25)		(-25)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

Section 189 **Study of Insurance Coverage for Women** - Requires a study of the extent to which insurance coverage for prenatal care and delivery services may be lacking. Requires report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by March 1, 1992.

Section 189.1 **Medical Database** - Amends G.S. 131E-212 by expanding the Medical Database to include additional providers. Requires report to the General Assembly and Fiscal Research Division by June 1, 1992.

DEPARTMENT OF INSURANCE

1992 LEGISLATIVE ACTIONS

1992-93
General
Fund

TOTAL OPERATING APPROPRIATIONS - 1991 SESSION	\$13,034,410
CHANGES:	
1. Restore Consumer Protection Fund to \$1,000,000 as allowed by General Statutes 58-2-215.	717,944
2. Establish a Regulatory Unit to monitor more closely alternative health insurance providers such as Preferred Provider organizations, Multiple Employer Welfare Arrangements and 3rd Party Administrators.	97,000 (2)
3. Reserve - Medical Database Commission - Provides funds for collecting data on out-patient surgical facilities as required by General Statutes.	325,000 (1)
4. Delete salary reserve	(77,439)
NET CHANGE	\$1,062,505
TOTAL OPERATING APPROPRIATIONS	\$14,096,915

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL

HOUSE BILL 1340

Section 27 **Data from Health Care Providers** - The General Assembly appropriated \$325,000 to the Department of Insurance for 1992-93 to begin collecting health care data from free-standing ambulatory surgery centers.

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.

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$208,734,218	\$216,561,909
Add: Negative Reserves	7,077,826	1,605,801
Other Adjustments	-	-
REVISED RECOMMENDED CONTINUATION BUDGET	\$215,812,044	\$218,167,710

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Department-wide:

1. Continue economies implemented during 1990-91 due to revenue shortfall:		
a. Superior Court jury expense	(600,000)	(600,000)
b. Travel Expenses	(400,000)	(400,000)
c. Supplies and Materials	(450,000)	(450,000)
d. Equipment	(464,575)	(464,575)
e. Personal Services	(980,000)	(980,000)
2. Delete Continuing Education Conferences support	(80,000)	(80,000)
3. Reduce salary reserve	(500,000)	(500,000)
4. Abolish vacant positions:		
a. AOC General Administration	(44,712)	(44,712)
	(-2)	(-2)
b. AOC Information Services	(106,392)	(106,392)
	(-3)	(-3)
c. AOC Warehouse and Print Shop	(20,658)	(20,658)
	(-1)	(-1)
d. Superior Court	(176,559)	(176,559)
	(-6)	(-6)
e. District Court	(237,202)	(237,202)
	(-11)	(-11)
f. Juvenile Services	(369,667)	(369,667)
	(-13)	(-13)

JUDICIAL DEPARTMENT (1991 Actions, Continued)

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
g. Clerks of Superior Court	(244,601) (-11.85)	(244,601) (-11.85)
h. Public Defender Services	(189,821) (-5)	(189,821) (-5)
i. District Attorneys	(182,048) (-8)	(182,048) (-8)
j. Arbitration Program	(22,253) (-1)	(22,253) (-1)
Subtotal - Vacancies Positions	<hr/> (1,593,913) (-61.85)	<hr/> (1,593,913) (-61.85)
<i>Dispute Settlement Centers:</i>		
5. Eliminate Reserve for Anson County Dispute Settlement Center	(16,667)	(16,667)
<i>Sentencing & Policy Advisory Commission:</i>		
6. Reduce reserve from \$200,000 to \$80,000	(120,000)	(120,000)
<i>Legal Services:</i>		
7. Decrease transfer to Death Penalty Resource Center (Fund 2131) by \$50,000; increase transfer to Funds 2110	-	-
8. Delete additional vacant positions	(201,604) (-7.75)	(201,604) (-7.75)
9. Reduce travel line-item to reflect elimination of cost of commuters in State vehicles	(18,720)	(18,720)
10. Delete all data processing software and equipment. Critical needs are to be funded from \$5.0 million reserve established under Office of State Budget and Management if no alternative source of funds is available	(314,575)	(314,575)
11. Reduce data processing services to reflect a 5% reduction in charges made by the State Information Processing System	(2,383)	(2,383)
12. Reduce printing and binding by 15%	(1,050)	(1,095)
13. Reduce State matching to the		
a. Employer retirement contribution	(2,580,661)	(1,216,898)
b. Judicial Retirement System	(1,213,665)	(608,184)
14. Delete Reserve for Assistant and Deputy Clerks of Superior Court Pay Plan and related Reserves for Social Security and Retirement	(1,572,956)	-

JUDICIAL DEPARTMENT (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
15. Reduce Reserve for Assistant and Deputy Clerks for Superior Court Pay Plan and related Reserves for Social Security and Retirement due to one-year delay in FY 91-92 salary pay plan.	-	(846,156)
Total Continuation Budget Changes	(\$11,110,769)	(\$8,414,770)
Total Position Changes	(-69.60)	(-69.60)
REVISED CONTINUATION BUDGET	\$204,701,275	\$209,752,940
Transfer:		
1. Transfer the Community Penalties Program, staff and grant funding from the Department of Crime Control and Public Safety (SB 465, Ch. 566). The 1991-92 transfer includes \$20,000 for computer equipment purchases.	1,504,740	1,484,740
TOTAL CONTINUATION BUDGET	\$206,206,015	\$211,237,680

EXPANSION

1. Access to Civil Justice Act - To provide a grant to the North Carolina State Bar to be allocated pursuant to Article 37A of the General Statutes	1,000,000	-
2. Annualize funds to continue six Community Penalties programs established in FY 1990-91	197,262	197,262
3. Provide additional funds for the Indigent Persons' Attorney Fee Fund	2,374,043	2,369,249
4. Provide additional funds for the reserve to pay for resentencing hearings for capital cases	547,626	1,048,424
5. Provide funds for the following new court personnel:		
Magistrates	46,472 (2)	44,756 (2)
Deputy Clerks - Superior Court	767,516 (34)	749,564 (34)
Assistant District Attorneys (10) and District Attorneys' Secretaries (7)	746,789 (17)	736,400 (17)
General Administrative Positions	119,380 (2)	102,256 (2)
Positions for division of District Court District 3 into 3A and 3B	125,957 (3.5)	130,751 (3.5)

JUDICIAL DEPARTMENT (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
6. Utilize \$291,050 for FY 1991-92 and \$581,540 for FY 1992-93 of funds appropriated to the Indigent Persons' Attorney Fee fund for new assistant public defender positions	-	-
	(5)	(10)
7. Provide additional funds for contractual guardian <u>ad litem</u> fees and expenses for volunteer guardians <u>ad litem</u>	225,000	225,000
8. Provide funds to expand and enhance the court information data processing system	453,617	-
9. From funds available to the Judicial Department for the FY 1991-92, utilize up to \$75,000 to implement nonbinding arbitration procedures in additional counties and judicial districts and to establish additional local custody and visitation mediation programs	-	-
TOTAL EXPANSION	\$6,603,662	\$5,603,662
TOTAL OPERATING BUDGET	\$212,809,677	\$216,841,342
Availability Increase		
1. Increase non-tax revenues to the General Fund by prohibiting District Attorneys in Prosecutorial Districts 5, 25, 26, 27A, 27B, and any other districts, from dismissing cases after offenders attend a traffic safety school.	1,500,000	1,500,000

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1991

HOUSE BILL 83

- Section 77* **Commissioners on Uniform State Laws** - Authorizes the AOC to utilize up to \$19,000 each year of the 1991-93 biennium to support travel expenses for the North Carolina delegation to the National Conference of Commissioners on Uniform State Laws.
- Section 78* **Indigent Persons' Attorney Fee Fund** - Specifies \$3,249,236 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 79* **Increased Judicial Department Operating Expense Requirements** - Authorizes the Administrative Office of the Courts to use up to \$1,530,000 of funds appropriated to the Department for certain additional operating expenses.

JUDICIAL DEPARTMENT (1991 Actions, Continued)

- Section 80* **Rape Victim Witness Counselor Program** - Authorizes the Administrative Office of the Courts to use up to \$25,000 of funds appropriated to the Department to support the existing Rape Victim Witness Counselor Program.
- Section 81* **Assigned Counsel/Public Defender -Cost Comparison** - Requires the Administrative Office of the Courts to submit reports on expenditures on private assigned counsel for indigent persons in certain superior court districts as compared to cost of providing life services through a public defender office. Establishes intent of General Assembly to establish such offices if differences indicate cost savings. Requires AOC to report on cost effectiveness of existing public defender offices.
- Section 82* **Appellate Defender - Death Penalty Cases** - Defines duties and responsibilities of appellate defender to include those previously specified under those of the Death Penalty Resource Center.
- Section 84* **Termination of Automatic Dismissal Program** - Terminates programs of dismissing minor traffic citation court cases, upon completion of a defensive driving course or a traffic safety school, in certain Prosecutorial Districts and prohibits establishment or operation of other such programs.
- Section 85* **Community Penalties Programs** - Specifies allocation of appropriation for community penalties programs, authorizes establishment of new programs from unused funds, and specified reporting requirements.
- Section 212* **Salaries/Assistant and Deputy Clerks of Superior Court** - Prohibits assistant and deputy clerks from receiving automatic increment during FY 1991-92.

HOUSE BILL 1287

- Section 11* **Increases Maximum Number of Magistrates Authorized for Certain Counties** - Increases authorized number of magistrates in Dare, Beaufort, Onslow, Wayne, Lenoir, Wake, Orange, and Chatham Counties.
- Section 12* **Divide District Court District 3 into Districts 3A and 3B** - Divides present district into two districts that are consistent with the boundaries established for Superior Court and Prosecutorial Districts 3A and 3B.
- Section 13* **Additional Assistant District Attorneys** - Authorizes change in number of full-time assistant district attorneys to correspond with funding for new positions for the 1991-93 biennium.
- Section 14* **Longevity Credit for Magistrates** - Adds new language to include prior service as a campus police officer or a wildlife officer in determination of longevity credit for magistrates.
- Section 15* **Adjust Fees in General Court of Justice** - Increases fees by \$4.00 for the General Court of Justice in district court and superior court criminal cases and in district court and superior court civil cases.
- Section 16* **Change Method for Filling District Court Vacancies** - Authorizes district law nominee who received highest number of voters from the district bar to fill a vacancy if the Governor does not appoint a district bar nominee within 60 days.

JUDICIAL DEPARTMENT

1992 LEGISLATIVE ACTIONS

1992
 General
 Fund

TOTAL OPERATING BUDGET - 1992 **\$216,841,342**

Continuation Budget Changes:

1. Reduce employer retirement contribution for the Consolidated Judicial Retirement System by 3.43% for FY 1992-93. The rate for FY 1992-93 would then be:

Normal	14.82%	
Accrued Liability	8.66%	
Death Benefit	.55%	
Health Insurance	<u>2.00%</u>	
Total	26.03%	(\$1,000,000)

EXPANSION BUDGET

1. **Indigent Persons' Attorney Fee Fund Projected Shortfalls** - Funds to cover the projected shortfall of \$1,000,000 to \$1,200,000 for FY 1991-92 due to increased number of indigent persons being represented, increases in cost of representation, and the "Little Rascals" case. The projected deficit for FY 1992-93 is based upon anticipated growth in number of cases and cost of representation. 3,026,969
2. **New Judicial Department Personnel Requests** - Funds for new personnel to meet increased caseloads and filings. 3,280,531
(122)
3. **Guardian Ad Litem Program** - Funds to support additional Guardian Ad Litem Coordinators to recruit, train, and assign volunteers for the approximate 11,000 children in need of advocacy and appropriate representation in cases of abuse and neglect, dependency, and contested termination of Parental Rights cases. Currently 30 of 37 districts now have staffed programs. 577,000
(15)
4. **Increased Operating and Equipment Requirements** - Funds to replace equipment (copiers, courtroom recording equipment, printing and filing shelves). 250,000
5. **Expansion of Court Information System** - Expand court information processing for the financial systems of bookkeeping, accounting, cash receipting, and child support/enforcement, rewriting of the case processing system, and the civil indexing system. 250,000
6. **Access to Civil Justice for Indigents** - Continue funds previously appropriated for indigent persons to have legal aid in civil matters. 1,000,000

JUDICIAL DEPARTMENT (1992 Actions, Continued)

	1992-93 General Fund
7. Fund Transylvania Dispute Settlement Center - Sixteen counties now have dispute settlement centers which are partially funded by the State. Two counties (Pitt and Transylvania) now operate centers with no State support. The FY 1991-92 budgets are \$54,979 and \$43,477 respectively. This would provide 18 percent of the operating budget for the center in Transylvania.	8,000
8. Alamance has a center which now receives \$7,500 per year and is in need of additional state funding to meet its workload.	7,500
9. Funding for position of setoff debt collection officer from Indigent Judgment receipts.	Rec 40,701 (1)
10. Delete salary reserve.	(217,824)
NET CHANGE	<hr/> \$7,182,176 (138)
TOTAL OPERATING APPROPRIATIONS	\$224,023,518

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1992

HOUSE BILL 1340

- Section 113 Current Operating Expenses** - Allows the Judicial Department to transfer up to \$2,500,000 of its budget for FY 1992-93 to meet additional operating expenses for certain line items. Requires quarterly report.
- Section 114 Continued Phasing In of Non-Binding Arbitration and of Custody and Visitation Mediation** - Allows the Judicial Department to use up to \$75,000 of the FY 1992-93 budget to implement additional non-binding arbitration and custody mediation and visitation programs.
- Section 115 Continue Existing Juvenile Services Transportation Pilot Program** - Allows the Judicial Department to use funds from the FY 1992-93 budget to continue this pilot program in District Court Districts 6A, 10, 11, and 24.
- Section 116 Interim Fees for Assigned Counsel in Extraordinary Cases** - Allows Judicial Department to pay assigned counsel for services rendered prior to final determination of the case.
- Section 117 Community Penalties Programs** - Allows the Judicial Department to use the funds appropriated for FY 1992-93 specifically for the Community Penalties Programs to support existing programs or to establish new programs and allows any other funds appropriated to the Department to be used for this purpose.

JUDICIAL DEPARTMENT (1992 Actions, Continued)

Section 118 **Make Jurisdiction of Magistrate and Clerk Consistent with That of Judges to Promulgate Waiver Lists**

Section 120 **New Assistant District Attorneys** - Allocates new Assistant District Attorney positions effective August 1, 1992 to Prosecutorial Districts 3B, 4, 6B, 9, 15A, 16A, 17A, 18, 19A, 22, 27A, 28, and 29, and positions effective October 1, 1992 to Prosecutorial Districts 3A, 5, 6A, 7, 10, 11, and 21.

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.

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$49,007,852	\$50,534,515
Add: Negative Reserves	2,795,298	596,171
Other Adjustments	-	-
REVISED RECOMMENDED CONTINUATION BUDGET	\$51,803,150	\$51,130,686

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Department-wide:

1. a) Delete vacant positions frozen in the 1990 Session and related benefits	(525,167) (-14)	(525,167) (-14)
b) Abolish additional vacant positions and related benefits	(210,058) (-8)	(210,058) (-8)
2. Reduce employer retirement contribution	(701,828)	(330,943)
3. Reduce printing and reproduction costs by 15%	(2,953)	(2,953)
4. Eliminate cost for commuters assigned State vehicles	(12,096)	(12,096)

Administration:

5. Reduce funds for data processing services	(2,400)	(2,400)
6. Reduce funds for office furniture and equipment	(1,003)	(1,003)

Legal Services:

7. Savings related to consolidating services in the Attorney General's Office	(100,000)	(299,978)
8. Reduce funds for office furniture and equipment	(23,052)	(23,052)

DEPARTMENT OF JUSTICE (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
9. Eliminate funds for data processing equipment	(157,200)	(157,200)
10. Increase receipts from DOT to support legal staff assisting DMV	(240,250)	(240,250)
<i>State Bureau of Investigation:</i>		
11. a) Reduce overtime payments by 20% (1221)	(247,511)	(247,511)
b) Adjust Social Security	(18,935)	(18,935)
c) Adjust LEO Retirement	(41,433)	(41,433)
12. Reduce appropriation for motor vehicle operation due to gas tax exemption	(16,051)	(16,051)
13. Reduce funds for out-of-state travel and subsistence	(30,525)	(30,525)
14. Reduce funds for rent of computer equipment	(340,000)	(340,000)
15. Reduce funds for Service and Maintenance Contracts	(50,000)	(50,000)
16. Reduce other fixed charges and expenses	(200,000)	(200,000)
17. Reduce costs for office furniture and equipment	(28,468)	(25,758)
18. Eliminate funds for data processing equipment	(127,500)	(126,600)
19. a) Reduce funding for motor vehicle replacement	(1,000,000)	(1,000,000)
b) Reduce trade-in allowance receipts to agree with reduction in vehicle replacement in (a) above	(96,300)	(96,300)
	<u>Receipt</u>	<u>Receipt</u>
c) Increase receipts for other trade-in allowance	50,000	-
	<u>Receipt</u>	
NET APPROPRIATION REDUCTION	(953,700)	(903,700)
20. Reduce funds for Laboratory equipment	(211,527)	(214,687)
21. Increase receipts for Ordinance Applicant fees	(5,000)	(5,000)
22. Increase receipts for State Applicants fees	(8,000)	(8,000)
<i>Training and Standards:</i>		
23. Reduce funds for supplies at the Justice Academy	(15,000)	(15,000)
24. Reduce travel funds	(10,000)	(10,000)
25. Reduce funds for furniture and equipment	(1,848)	(1,848)
26. Reduce funds for equipment at the Justice Academy	(40,000)	(30,000)

DEPARTMENT OF JUSTICE (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
27. a) Reduce funds for motor vehicle replacement	(13,900)	(14,500)
b) Reduce trade-in allowance receipts	(700)	(1,000)
	<u>Receipt</u>	<u>Receipt</u>
NET APPROPRIATION REDUCTION	<u>(13,200)</u>	<u>(13,500)</u>
Continuation Budget Changes	(\$4,334,705)	(\$4,103,648)
Total Position Changes	(-22)	(-22)
REVISED CONTINUATION BUDGET	\$47,468,445	\$47,027,038
<i>Transfer of Legal Staff.</i>		
<i>(Reflects adjustment made by Sec. 50 of HB 929)</i>		
Total Requirements	\$1,873,595	\$2,052,738
Less Receipts	(148,567)	(162,727)
General Fund Transfer	<u>\$1,725,028</u>	<u>\$1,890,011</u>
TOTAL CONTINUATION BUDGET	\$49,193,473	\$48,917,049*

EXPANSION

1. Legal Services - Lake Gaston Pipeline - Continue funding for one attorney to represent the State of North Carolina in its attempt to prevent the construction of a pipeline from Lake Gaston to Virginia Beach, Virginia	112,421	112,421
	(1)	(1)
2. Legal Services - Mobil Plan Response Team - Continue funding for the Oceans Unit of the Attorney General's Environmental Protection Section that provides legal support for the Department of Administration's Outer Continental Shelf Office	117,206	117,206
	(3)	(3)
3. Railroad Advisory Commission - Support for Commission created in SB 917, Chapter 754	20,000	20,000
TOTAL OPERATING EXPANSION	<u>\$249,627</u>	<u>\$249,627</u>
TOTAL OPERATING BUDGET	\$49,443,100	\$49,166,676

* HB 83 Continuation budget amount for both 1991-92 and 1992-93 reflect the inclusion of \$229,627 of the Expansion total.

DEPARTMENT OF JUSTICE (1991 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991 SESSION

HOUSE BILL 83

- Section 85* **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 and Alcohol Law Enforcement as a result of assistance in enforcement of drug trafficking laws.
- Section 86* **Study Charges for Legal Services to Local Governments and State Agencies** - Directs a study related to the feasibility of charging local governments for services rendered. Findings and recommendations are to be made to the 1992 Session of the General Assembly. Also requires a feasibility study on unnecessary fees currently charged to state agencies to become effective for fiscal year 1993-94 and for imposing a fee for attorneys assigned to state departments by the Attorney General's Office. Findings to be reported to the 1992 Session of the General Assembly.
- Section 87* **Motor Vehicles Division Pay for Legal Services** - Requires reimbursement from Highway Fund for attorneys assigned to Motor Vehicles Division.
- Section 88* **Justice Academy Study Student Registration Fee** - Requires Academy to study possibility of requiring a student registration fee for attendance. Report to be made to the 1992 Session of the General Assembly.
- Section 89* **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 90* **Private Protective Services and Alarm Systems Licensing Board Pay for Use of State Facilities and Services** - Requires boards to pay for use of physical facilities and services provided by state agencies.
- Section 91* **Transfer Legal and Support Staff** - Identifies positions to be transferred from various state departments to the Department of Justice.
- Section 92* **Drug Information System** - Requires that proposed system be housed in the Department of Justice and be supervised and controlled by the Attorney General. Also, requires report on progress of system implementation by March 15, 1992 to the Joint Legislative Commission on Governmental Operations and Fiscal Research Division.
- Section 93* **SBI Overtime Funds Spending Priorities** - Directs that first priority be overtime payments to SBI agents in Field Investigation Division and to continue overtime payments to supervisory personnel receiving overtime payments as of June 30, 1991. Limits payments to a maximum of \$5,200 annually per individual. Requires Office of State Personnel to study and determine appropriate salary grade and classification of those positions. Report of recommendations to be made to Justice and Public Safety Appropriations Committees by March 1, 1992.

DEPARTMENT OF JUSTICE (1991 Actions, Continued)

HOUSE BILL 929

Section 50.0 **Legal Staff Transfer to Department of Insurance** - Transfers two positions identified for transfer in Section 91 of House Bill 83 back to the Department of Insurance - \$100,436 in 1991-92 and \$109,842 in 1992-93.

Section 50.2 **Legal Staff Transfer Correction** - Corrects position numbers identified for transfer to Department of Justice from the Department of Human Resources.

1992 LEGISLATIVE ACTIONS

*1992-93
 General
 Fund*

TOTAL OPERATING BUDGET - 1991 **\$49,166,676**

CHANGES:

- 1. **Delete Vacant Positions** - Delete non-critical vacant position(s) equal to the value of the reduction. (\$90,870)
- 2. **Eliminate Duplicate Funding** - Reduce budget by eliminating duplicate funding placed in reserve for the Lake Gaston and Mobil Oil projects (shown as non-add; not included in the 1991 Operating Budget total as shown) (229,627)*

EXPANSION:

- 1. **Provide Additional Legal Services** - Authorizes replacement funding for an attorney position in the Property Section; new attorneys in the Revenue and Tort Claims Sections, two paralegal positions in the Special Litigation Section, and a secretarial position for the Capital Litigations Project.

Requirements	255,672
Receipts	24,300
Appropriation	<u>231,372</u>
	(5)
- 2. **Provide Optical Retrieval System/Disk Storage System for DCI** - Appropriate funding to store files more efficiently and safely. Also provide expansion capability without using additional space. 180,000
- 3. **SBI Agents** - Funds to restore a portion of the 23 positions lost in the last two years, and assist with increasing drug and violent crime cases. 672,777
(9)
- 4. **Staff for Labor Section (Workplace Safety)** - Add personnel in Labor Section to meet increased OSHA caseloads in the Department of Labor. 75,000
(2)

DEPARTMENT OF JUSTICE (1992 Actions, Continued)

	1992-93 General Fund
5. Personnel and Expenses to Support Criminal Justice Standards Commission - Funding to support a Field Training Specialist position and to restore funds for Commission and staff travel reduced in previous session.	75,639 (1)
6. Delete salary reserve.	(82,650)
NET CHANGE	\$1,061,268
TOTAL OPERATING APPROPRIATIONS	\$50,227,944

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1992

HOUSE BILL 1340

- Section 124* **Department of Justice Study Charges for Legal Services to Local Governments and State Agencies** - Continues language from 1991 Session Laws that authorizes a study to determine the feasibility of charging local governments for services rendered. Findings and recommendations are to be made to the 1993 Session of the General Assembly. Also requires a feasibility study on unnecessary fees currently charged to state agencies to become effective for fiscal year 1993-94 and for imposing a fee for attorneys assigned to state departments by the Attorney General's Office. Findings to be reported to the 1993 Session of the General Assembly.
- Section 125* **Justice Academy Study Student Registration Fee** - Language is an extension of the 1991 Session Laws directing the Justice Academy to study the possibility of requiring a student registration fee for attendance and report findings and recommendations to the Joint Legislative Commission on Governmental Operations.
- Section 126* **Legal Position Transfer Funds Partially Restored** - Allows the department to use \$17,142 from the FY 1992-93 appropriation to partially restore funds reduced in the 1991 Session as a result of the transfer of legal positions.
- Section 127* **SBI Funds Spending Priorities** - Continues language from the 1991 Session Laws directing the first priority of overtime payments to SBI agents in the Field Investigation Division and to continue overtime payments to supervisory personnel receiving overtime payments as of June 30, 1992. Limits payments to a maximum of \$5,200 annually per individual

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

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$8,366,599	\$8,593,565
Add: Negative Reserves	286,074	67,745
Other Adjustments	-	-
	<hr/>	<hr/>
REVISED RECOMMENDED CONTINUATION BUDGET	\$8,652,673	\$8,661,310

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Department-wide:

1. Delete vacant positions as identified in the 1990-91 schedule of \$40 million vacancy identification report	(123,064)	(123,064)
	(-5)	(-5)
2. Reduce salary reserve by 50%	(23,174)	(23,174)
3. Eliminate positions	(200,000)	(200,000)
4. Reduce equipment line items by 15% (excludes data processing equipment)	(12,061)	(12,061)
5. Reduce travel	(128,591)	(128,591)
6. Reduce dues and subscriptions	(6,817)	(6,817)
7. Reduce budget to reflect savings due to elimination of commuters in state vehicles	(12,360)	(12,360)
8. Reduce budget to reflect savings in computer costs due to SIPS 5% reduction	(1,372)	(1,372)
9. Reduce publications by 15%	(3,274)	(4,961)
10. Reduce employer retirement contribution	(199,533)	(94,089)

DEPARTMENT OF LABOR (1991 Actions, Continued)

	<i>1991-92 General Fund</i>	<i>1992-93 General Fund</i>
<i>Migrant Housing:</i>		
11. Eliminate positions	(30,282)	(30,282)
Total Continuation Budget Changes	(\$740,528)	(\$636,771)
Total Position Changes	(-5)	(-5)
REVISED CONTINUATION BUDGET	\$7,912,145	\$8,024,539

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1991

HOUSE BILL 83

Section 14 **Departmental Reduction/Counties Harmless** - Requires that the Department not reduce funding for counties to make required budget reductions unless county funding is specifically reduced in the Appropriations Act.

Section 155 **Funding for OSHA Enforcement Positions** - Continues authority for the Department to fund OSHA Safety and Health Inspectors with 100% State funds if Labor certifies to the Office of State Budget and Management that no federal match is available.

1992 LEGISLATIVE ACTIONS

	<i>1992-93 General Fund</i>
TOTAL OPERATING BUDGET - 1991	\$8,024,539
<i>OSHA:</i>	
1. Annualize 27 safety officer positions funded in 1991.	1,469,825 (27)
2. Increase staffing to meet federal benchmarks. Fund 25% of positions each quarter.	1,711,869 (50)
<i>Wage & Hour:</i>	
3. Add positions to reduce backlog.	170,000 (5)
<i>Elevator Inspection:</i>	
4. Add positions due to increased demand.	Req 308,661 Rec 91,055 GF 217,606 (10)

DEPARTMENT OF LABOR (1992 Actions, Continued)

	1992-93 General Fund
<i>Boiler Inspection:</i>	
5. Add positions due to increased demand.	Req 91,019 Rec <u>91,019</u> GF 0 (2)
<i>Mine & Quarry:</i>	
6. Fund position that was federally funded.	51,484 (1)
<i>Bureau of Labor Statistics Survey:</i>	
7. Add positions to meet increased federal data requirements.	Req 59,636 Rec <u>29,818</u> GF <u>29,818</u> (2)
<i>Department-wide:</i>	
8. Partial restoration of 1991 Session travel reduction.	50,000
9. Delete salary reserve.	(64,083)
NET CHANGE	<hr/> \$3,636,519 (97)
TOTAL OPERATING APPROPRIATIONS	\$11,661,058

OFFICE OF LIEUTENANT GOVERNOR

*Statutory Authority: North Carolina Constitution, Articles II and III:
General Statutes Chapters 143A and 147*

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

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

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

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$575,252	\$597,602
Add: Negative Reserves	36,718	16,299
Other Adjustments	—	—
	<hr/>	<hr/>
REVISED RECOMMENDED CONTINUATION BUDGET	\$611,970	\$613,901

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

1. Eliminate General Fund support for the position of Executive Director of the N.C. Drug Cabinet and Legislative Liaison	(26,964)	(26,964)
2. Reduce inflationary projections, communication expense, service and maintenance contracts	(10,715)	(11,295)
	(3,887)	(4,626)
3. Reduce salary reserve	(19,631)	(18,505)
4. Reduce employer retirement contribution	(9,394)	(4,443)
5. Reduce travel by 5%	(1,184)	(1,184)
	<hr/>	<hr/>
Total Continuation Budget Changes	\$(71,775)	\$(67,017)
REVISED CONTINUATION BUDGET	\$540,195	\$546,884

NO EXPANSION

OFFICE OF LIEUTENANT GOVERNOR

1992 LEGISLATIVE ACTIONS

	<i>1992-93 General Fund</i>
TOTAL OPERATING APPROPRIATIONS - 1991 SESSION	\$546,884
CHANGES:	
1. Eliminate salary reserve and related benefits	(14,235)
TOTAL OPERATING APPROPRIATIONS	<hr/> \$532,649

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.

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$3,324,706,978	\$3,438,786,185
Add: Negative Reserves	102,171,070	30,668,266
Other Adjustments	-	-
	<hr/>	<hr/>
REVISED RECOMMENDED CONTINUATION BUDGET	\$3,426,878,048	\$3,469,454,451

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Public School Fund:

1. Average Daily Membership Adjustment: Adjust projected continuation budget increases in Average Daily Membership to reflect latest estimate by the Department of Public Instruction	(14,682,216)	(14,682,216)
2. Non-Mandated Items: Reduce non-mandated inflationary increases in the continuation budget.		
o Hospitalization Contribution	(35,732)	(35,732)
o Workmens' Compensation - Public School Fund	(1,067,046)	(1,067,046)
o Short Term Disability - Public School Fund	(3,328,790)	(3,328,790)
o Annual Leave - Public School Fund	(1,111,926)	(1,111,926)
o Substitute Teacher Pay	(1,091,038)	(1,091,038)
o Temporary Wages - Governor's School	(38,391)	(38,391)
o Teacher Liability Protection	(326,461)	(330,770)
<u>Current Obligations:</u>		
o Communications	(108,326)	(108,326)
<u>Fixed Charges:</u>		
o Rental, Maintenance and Other Service Contracts	(49,138)	(79,028)
<u>Increases:</u>		
o Dues Increase - Education Commission of States	(2,500)	(5,100)

DEPARTMENT OF PUBLIC EDUCATION (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
o Regional Centers' Utilities/Rent Increases	(71,824)	(71,824)
o Governor's School Utilities/Food Inflationary Increases	(26,885)	(44,456)
o School bus vehicle use tax	(1,002,733)	(1,062,312)
o Replace 1/13 of school bus fleet	(16,200,266)	(18,051,265)
Subtotal - Nonmandated Items	(24,461,056)	(26,426,004)
3. <i>School Buses:</i> Postpone the balance of school bus purchases for FY 1991-92	(14,666,944)	-
4. <i>Consolidated Allotment:</i> Reduce consolidated allotment for textbooks, supplies, materials, instructional equipment	(10,000,000)	-
5. <i>Energy Costs:</i> Phaseout funds for energy costs to local schools.	(17,992,241)	(35,984,481)
6. <i>Administrative Position Allotment Reductions:</i> Associate/Assistant Superintendents 276 total current state funded positions. Adjust allotment formulas to reflect a 30% reduction with 83 fewer positions. Average salary \$49,114 plus fringe benefits.	(4,974,373)	(4,974,373)
7. <i>Directors/Supervisors/Coordinators:</i> Reduce 25% (56) of state funded positions. Adjust allotment formulas to reflect new base. Total current positions 224, average salary \$43,388 plus fringe benefits.	(2,960,067)	(2,960,067)
8. <i>Drivers' Education:</i>		
a. Reduce General Fund support for Drivers' Education and implement recommendations of the Legislative Study Commission on the Basic Education Program	(5,711,728)	(5,711,728)
b. Transfer support for balance of the Drivers Education program to the Highway Fund	(22,930,662)	(22,868,826)
9. <i>Summer School:</i> Reduce term from six to four weeks	(12,500,644)	(12,500,644)
10. <i>Reduce Remediation Support:</i> Reduce remediation support by 10%	(1,296,877)	(1,296,877)
11. <i>Staff Development Funds:</i> Reduce Staff Development Funds	(2,393,656)	(2,393,656)
12. School Transportation Reductions	(6,955,345)	(6,955,345)

DEPARTMENT OF PUBLIC EDUCATION (1991 Actions, Continued)

	<i>1991-92 General Fund</i>	<i>1992-93 General Fund</i>
13. Reduce Community School Program	(1,503,512)	(1,503,512)
14. Reduce funds for Health Adventure by 5%	(2,598)	(2,598)
15. Reduce funds for Cued Speech Center by 5%	(1,250)	(1,250)
16. Reduce funding for Public School Forum by 5%	(18,186)	(18,186)
17. Eliminate funding for Edwin Gill Theatre Productions	(149,500)	(149,500)
18. Reduce dropout prevention funds by 6%	(1,855,227)	(1,855,227)
19. Reduce all other allotments to the public schools on the following basis:		
a. Non-Certified Personnel (Approximately 280 positions in FY 1991-92 and 378 in FY 1992-93)	(4,906,349)	(6,585,873)
b. Certified Non-Teaching Personnel (Assistant Principals and Instructional Support) (Approximately 184 positions in FY 1991-92 and 213 in FY 1992-93)	(7,046,992)	(8,135,225)
<i>Literary Fund:</i>		
20. Reduce General Fund needs in public education by appropriating funds from the Literary Fund	(2,500,000)	-
<i>Retirement Contribution:</i>		
21. Reduce employer retirement contribution	(47,986,275)	(22,627,674)
<i>Senate Bill 2:</i>		
22. Differentiated Pay: Reallocate \$10.0 million for staff development with balance of \$29.5 million to be used for a one-time bonus	-	-
23. Delete funds in 1992-93	-	(39,436,046)
<i>Teaching Positions</i>		
24. Restore approximately 250 local teaching positions that may have been deleted as a result of budget reductions	8,000,000	8,000,000
<u>DEPARTMENT OF PUBLIC INSTRUCTION</u>		
25. Reduce Department of Public Instruction	(4,710,140)	(4,710,140)
26. Reduce travel costs by 5%	(60,846)	(60,846)
27. Reduce data processing equipment	(150,000)	(150,000)
28. Reduce SIPS charges	(73,200)	(73,200)

DEPARTMENT OF PUBLIC EDUCATION (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
29. Reduce publications costs in the Department of Public Instruction	(11,999)	(11,999)
30. Commuter charge	(384)	(384)
TOTAL CONTINUATION CHANGES	(204,502,267)	(214,075,877)
TOTAL CONTINUATION BUDGET	\$3,222,375,781	\$3,255,378,574

EXPANSION BUDGET

1. School Systems Supplemental Funds - To provide supplemental funds to low wealth county school systems (\$6.0 million) and to small school systems (\$4.0 million)	\$10,000,000	\$10,000,000
2. Outcome Based Education - To support the planning and implementation of a pilot project in outcome based education	100,000	3,000,000
4. Basic Education Program - Complete funding of teachers necessary to fully implement the standard course of study for all students by end of 1992-93	-	28,907,374
5. PL 99-457 Implementation - Provide services to 3 and 4 year old handicapped children in the public schools of North Carolina	15,246,040	18,138,040
Total Expansion Changes	\$25,346,040	\$60,045,414
TOTAL OPERATING BUDGET	\$3,247,721,821	\$3,315,423,988

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

Section 31

Consolidated School Administrator Allotments - Requires the State Board of Education to consolidate the allotment for assistant and associate superintendents and supervisors into one dollar allotment. Previously these allotments were on a position basis.

Section 32

Driver Training Program - Reorganizes the driver training program in the North Carolina public schools in the following manner:

Only children enrolled in public or private schools older than 14 may take drivers education. Previously dropouts were entitled to take drivers education.

DEPARTMENT OF PUBLIC EDUCATION (1991 Actions, Continued)

Students may now take drivers education only once.

The teaching of drivers education is no longer confined to certified teachers. School systems may enter into contracts for the teaching of driver education.

The State Board of Education is required to establish a salary range for non-certified personnel teaching driver education.

Driver education funds are now given to the public schools as a dollar allotment, and the amount allotted cannot exceed the amount appropriated by the General Assembly.

- Section 32* **Community Schools** - Allots community school funds on a per county basis. Where a county has more than one school administrative unit, funds are prorated on the basis of average daily membership. School systems within a county may combine funds to utilize them more effectively.
- Section 33* **Dropout Prevention/In-School Suspension** - Authorizes the expenditure of up to \$200,000 in each year of the 1991-93 fiscal biennium for eight pilot public/private partnerships in dropout prevention.
- Section 34* **Dropout Prevention Coordinators** - Authorizes the expenditure of up to \$225,000 in each year of the 1991-93 fiscal biennium for three dropout prevention coordinators to work with local school systems.
- Section 35* **Project Teach Funds** - Authorizes the expenditure of up to \$73,000 in each year of the 1991-93 fiscal biennium for the Project Teach Initiative in various school systems.
- Section 36* **Advanced Training for Foreign Language Teachers** - Authorizes the expenditure of \$3000,000 in each year of the fiscal biennium for training of foreign language teachers.
- Section 37* **Continue Model Teacher Consortium** - Requires the expenditure of \$150,000 for FY 1991-92 for the model teacher consortium established in 1989. This program is designed to help increase the supply of teachers in various rural counties.
- Section 38* **Funding for City School Systems** - Adds two additional options to the existing statutes on school mergers. County Commissioners are now allowed to initiate a school merger without the approval of local school boards, as long as they continue to provide local funding per average daily membership at the highest level of any of the merged systems for the five years prior to merger. Final approval of any merger plan rests with the State Board of Education.
- The second option allows a city school system, without the approval of other school boards in the county or the county commissioners to dissolve itself. Under the charter dissolution procedure the State Board of Education prepares and adopts the plan of merger. School systems, under both options, continue to receive funds for certain administrative positions for two years followings merger.
- Section 38* **Pupil Transportation Program Improvements** - Authorizes the expenditure of \$400,000 in student transportation funds to replace computer equipment located in the 100 county school bus garages. The Department

DEPARTMENT OF PUBLIC EDUCATION (1991 Actions, Continued)

of Public Instruction must report on implementation of various transportation projects to the Joint Legislative Commission on Governmental Operations in March 1992.

- Section 39* **Appropriation for the State Literary Fund** - Appropriates \$2,500,000 from the State Literary Fund for the operation of the public schools in FY 1991-92.
- Section 39.1* **Allocation of Funds for Merged Career Ladder Pilot Projects** - Provides that where school systems that were part of the career ladder pilot project merge with non career ladder systems, the local board of education with the approval of the State Board of Education may modify the career ladder plan. School systems continue to receive career ladder pilot project funds, plus the amount of funds they are authorized under the Senate Bill 2 differentiated pay plan for the portion of the merged system that did not participate in the pilot project.
- Section 39.2* **Remove the Limitation on Uniform Education Reporting System Fines** - Removes the previous limit of \$25,000 that can be levied on a school system for failure to comply with the requirements of Uniform Education Reporting System.
- Section 39.3* **Payment of Teachers in Year-Round Schools** - Provides that 10 month teachers employed in year around schools be paid in 12 equal installments.
- Section 193* **Teacher Salary Schedule** - Establishes a salary schedule for teachers for FY 1991-92. Because teachers and other employees were not given a salary increase during FY 1991-92, this schedule is design to prevent teachers with different years of experience from being on the same step of the salary schedule. Section 186 of the Appropriations Act states that is the Legislature's intent to implement the final phase of the teacher salary schedule in FY 1992-93, and to place individuals on this schedule based on years of teaching experience.
- Section 194* **Senate Bill 2 Funds** - Provides for the following changes in Senate Bill 2 differentiated pay funds for FY 1991-92:
A total of \$39.4 million available for Senate Bill 2. \$10 million was earmarked for staff development activities that relate to developing and implementing school improvement plans.
\$29.4 million is available for differentiated pay.
Within 30 days of the first teacher workday all affected employees will vote on two differentiated pay options for the FY 1991-92 school year only. The first will be to continue the existing differentiated pay plan. The second option is to award differentiated pay funds to all affected employees as an across-the-board bonus, based on an equal percent of salary.
All unexpended staff development funds or across-the-board bonus funds will revert at the end of FY 1991-92. School systems that elect to continue their Senate Bill 2 differentiated pay plan, may carry forward unexpended funds into FY 1992-93 for the purposes set out in the existing statute.
This provision does not apply to school systems that were career development pilot systems. Where career development pilot systems have merged with non career development systems, this provision applies only to the portion of their funds received for Senate Bill 2 differentiated pay.

DEPARTMENT OF PUBLIC EDUCATION (1991 Actions, Continued)

- Section 195* **Salary Schedule for Administrators** - Requires the State Board of Education to develop a reasonable salary schedule for certified school administrators whose salaries are paid from the General Fund. The board is also required to develop a reasonable Implementation schedule for the salary plan. The board must report on the plan to the Joint Legislative Commission on Governmental Operations by February 1, 1991.
- Section 196* **Basic Education Program** - Requires the State Board of Education to review, revise, and simplify the standard course of study. The State Board of Education is required to report to the General Assembly on the progress that each school system has made in implementing the Basic Education Program. The first report must be made by December 31, 1991, and by February 1 of each subsequent year. The intent of this section was to achieve a higher level of accountability for the teaching positions previously appropriated under the Basic Education Program.
- Teaching positions allocated for expanded programs under the Basic Education Program cannot be waived under Senate Bill 2 waiver provisions.
- Funds appropriated for the 1991-93 fiscal blennium shall be used by local school boards to fully implement the standard course of study, and to restore local teaching positions that may have been deleted as a result of budget cuts in this act.
- Section 197* **Extended School Day** - General Assembly urges local school systems to extend the school day to a least six instructional hours.
- Section 198* **School-to Work Transition** - Defines components of instruction in vocational training under the Basic Education Program. These components include:
- Increased emphasis on the integration of academic and vocational training.
- Increased coordination between community colleges and the public schools.
- Instruction and experience in all aspects of the industry that the students are preparing to enter.
- Language in this provision is based on the State's previous experience with Tech Prep Program.
- Section 199* **Outcome Based Education** - Outcome based education defines student achievement in terms of knowledge, skills, and attitudes as opposed to simply the number of courses taken to graduate from high school. The State Board of Education and local school systems will develop over the coming year a series of outcome based education goals, and by June 1992 the State Board will select four pilot sites to experiment with various outcome based models over a five year period. Appropriation include \$100,000 for FY 1991-92 and \$3,000,000 for FY 1992-93 to plan and implement this pilot program.

DEPARTMENT OF PUBLIC EDUCATION (1991 Actions, Continued)

Section 200 **School Administrator Training** - Requires the State Board of Education to begin the process of revising the training and certification requirements for principals and assistant principals. The focus will be on training principals and assistant principals in management and site based decision making. The State Board of Education is required to coordinate these new certification requirements with the Board of Governors of the University of North Carolina and private educational institutions.

This provision also increases the in-service training opportunities for principals and assistant principals, by expanding the Principals Executive Program at Chapel Hill in FY 1991-92 and at additional sites in FY 1992-93. In FY 1992-93 the program will be offered to assistant principals for the first time. Funds for this program are shown in the expansion budget.

The provision also establishes training requirements for the State Board of Education and local school boards.

Section 201 **No Waivers for School Health Coordinators** - Prevents waivers under Senate Bill 2 of the funds for school health coordinators, and the use of those funds for other purposes.

Section 201.1 **Small School System Supplemental Funding** - Provides additional funds for small school systems below 3,000 average daily membership, and for systems between 3,000-4,000 average daily membership if the adjusted property tax base per student is below the state property tax base per student.

These funds are used to provide additional positions to small school systems through the regular allotment formula. Schools may not use these funds to supplement existing local and state funds. The Local Government Commission is required to analyze the budget of local school systems for the previous year, and determine if supplanting of state funds has occurred. The Local Government Commission must report its findings to the State Board of Education, the Joint Legislative Education Oversight Committee, and to the Appropriations Committee of the House and Senate prior to May 1 of each year of the 1991-93 fiscal biennium.

\$4,000,000 was appropriated for each year of the 1991-93 fiscal biennium for this purpose.

Section 201.2 **Supplemental Funding** - Provides additional funds for low wealth school systems. Low wealth is defined in terms of the property tax base of the county and its per capita income. These funds may only be used to provide additional instructional positions, instructional support positions, teacher assistant positions, clerical positions, and instructional supplies and equipment.

Schools may not use these funds to supplement existing local and state funds. The Local Government Commission is required to analyze the budget of local school systems for the previous year, and determine if supplanting of state funds has occurred. The Local Government Commission must report its findings to the State Board of Education, the Joint Legislative Education Oversight Committee, and to the Appropriations Committee of the House and Senate prior to May 1 of each year of the 1991-93 fiscal biennium.

DEPARTMENT OF PUBLIC EDUCATION (1991 Actions, Continued)

Each fiscal year school systems must report on the use of these funds to the State Board of Education, and the the board in turn must report to the Joint Legislative Oversight Commilttee of the General Assembly prior to May 1 of each fiscal year of the 1991-93 fiscal biennium.

\$6,000,000 was appropriated for each year of the 1991-93 fiscal biennium for this purpose.

1992 LEGISLATIVE ACTIONS

	1992-93 General Fund
TOTAL OPERATING APPROPRIATIONS - 1991 SESSION	\$3,315,423,988
CHANGES:	
1. Average Daily Membership Adjustment - Adjust budget to reflect current projections of average daily membership.	\$(13,943,800)
2. Average Salary Adjustment - Adjust budget to reflect current projections of average salaries for teachers and other public school employees.	(32,042,675)
3. Textbooks - Increase funding for textbooks from \$22 to \$25 per student in grades 1-12.	3,314,046
4. Basic Education Program - Revision of funds previously appropriated for FY 1992-93	
A. <u>Program Enhancement Teachers</u> - Completes funding of program enhancement teachers in the Basic Education Program.	20,707,032 (Non-Add)
B. <u>Instructional Support Personnel</u> - Restoration (estimated 82 positions) of a portion of previous reductions. (Does not include assistant principal positions deleted in reductions made in FY 1991-92 and FY 1992-93.)	3,000,000 (Non-Add)
C. Reductions reflect adjustments in appropriations to more accurately reflect changes in average daily membership and average salaries and the inclusion of B above.	(5,200,072)
5. School Improvement and Accountability Act of 1989 - Funding for differentiated pay.	29,500,000
6. Complete implementation of end-of-course/end-of-grade tests in North Carolina Public Schools.	4,000,000 NR 1,700,000
7. Reserve for low wealth/small schools.	6,000,000
8. Reduce General Fund needs in public education by appropriating funds from the Literary Fund.	(1,000,000)

DEPARTMENT OF PUBLIC EDUCATION (1992 Actions, Continued)

		1992-93 General Fund
9. Implementation of site-based management program.		300,000
10. Provide equipment and other non-recurring needs for Governor's School.	NR	50,000
11. Delete salary reserve.		(45,250)
NET CHANGE		(7,367,921)
TOTAL OPERATING APPROPRIATIONS		\$3,308,056,067

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1992

HOUSE BILL 1340

Section 56 **Continue Model Teacher Consortium** - Increases from \$150,000 to \$170,000 the funds available for the Model Teacher Consortium and adds two additional counties to the consortium, Gates and Hertford.

Section 57 **Reallocation of Certain Funds for Exceptional Children** - Allows the State Board of Education to reallocate repayments and penalties from audits of exceptional children's program for the remainder of that fiscal year and the subsequent fiscal year.

Section 58 **Outcome-Based Education Funds** - Allows the Department of Public Instruction to expend up to \$100,000 for technical assistance, program evaluation, and implement the program for the outcome-based pilot program. The balance of the funds, \$2.9 million, shall be allocated on the basis of \$500 per state funded certificated employee in the pilot sites and the balance on a prorata basis based on the number of state funded certificated employees participating at the pilot site. Increases the number of pilot sites from four to six, at least one of which shall be a consortium of school districts.

Section 59 **Early Childhood Education Coordinator Funds** - Allows the Department of Public Instruction to use up to \$75,000 to hire an early childhood education coordinator to provide technical assistance to school systems.

Section 60 **Low Performing Units** - Allows up \$1.2 million in funds from the Public School Fund to be used to provide technical assistance to low performing school systems as defined by G.S. 115C-64.1. Funds may not be used by the Department of Public Instruction to hire new employees.

School systems receiving low wealth or small school supplemental funding must use these funds to implement the plan that it submitted to the State Board of Education under G.S. 115C-64.2.

School systems that are on warning status and receive low wealth or small school supplemental funding shall use these funds to implement a locally developed plan for improving student performance and dropout rates.

DEPARTMENT OF PUBLIC EDUCATION (1992 Actions, Continued)

The Office of School Services of the University of North Carolina is required to provide to provide technical assistance worth at least \$600,000 to school systems identified as low performing or placed on warning status in accordance with G.S. 115C-64.1.

- Section 61* **Prospective Teacher Loan** - Allows up to \$200,000 in Prospective Teacher Loan Funds to be used in FY 1992-93 for loans to teacher assistants enrolled in accredited teacher education programs.
- Section 62* **Pupil Transportation Funds** - Allows up to \$500,000 in pupil transportation funds to be used for assisting local school systems in implementing the new pupil transportation funding formula and improving the efficiency of the pupil transportation operations.
- Section 63* **Staff Development Fund Availability** - Allows staff development funds to be allocated on a fiscal year basis beginning September 1 and ending August 31 of the next fiscal year. Provides for FY 1991-92 funds to remain available until August 31, 1992. FY 1992-93 funds will be allocated on July 1, 1992 and remain available until August 31, 1993.
- Section 64* **North Carolina Close Up Funds** - Allows the Department of Public Instruction to use up to \$15,000 for the North Close Up citizenship education program.
- Section 65* **Appropriation of Funds from the Literary Fund** - Appropriates \$1 million from the State Literary Fund for aid to local school administrative units.
- Section 66* **Supplemental Funding for Small and Low Wealth Counties/Study**
Appropriates \$3 million for FY1992-93 for supplemental funding for small county school systems. This brings the total for this purpose to \$7 million for FY 1992-93.
- Section 67* **Supplemental Funding for Small and Low Wealth Counties/Study**
Appropriates \$3 million for FY 1992-93 for supplemental funding for low wealth school systems. This brings the total for this purpose to \$9 million for FY 1992-93.
- Low Wealth Supplemental Funding may now also be used for equipment, staff development, and textbooks.
- All counties that received Low Wealth Supplemental Funding in FY 1991-92 will receive at least as much in FY 1992-93 as they received in FY 1991-92. All other school systems that are eligible for funding will receive money under the existing formula.
- Section 68* Expresses legislative intent to include low wealth and small county supplemental funding in the FY 1993-95 biennium. Further expresses intent to adopt a comprehensive formula to deal with both funds.
- Section 69* Establishes a Legislative Study Commission on Supplemental School Funding composed of six appointees of the Speaker of the House, and six appointees of the President Pro Tempore of the Senate. Eight members of the commission shall be legislators.

DEPARTMENT OF PUBLIC EDUCATION (1992 Actions, Continued)

Section 70 **Modifications to Appropriations to the Department of Public Education for the 1992-93 Fiscal Year** - Modifies budget of the Department of Public Education consistent with provisions of Chapter 812 of the 1991 Session Laws, Section 6.

Section 71 **Differentiated Pay** - Appropriates \$29.5 million for differentiated pay under the provisions of the School Improvement and Accountability Act of 1989 with the following changes:

- o School systems that voted to continue their differentiated pay plan in FY 1991-92 will be allowed to spend the funds in accordance with their plans. These systems will receive funds equivalent to 2% of the salaries of teacher and administrators.
- o School systems that voted for across-the-board bonuses in FY 1991-92 must within the first 30 days of the first teacher workday review and reassess the differentiated pay plan that was in effect during the 1990-91 school year and determine if the plan should be reinstated, modified or replaced. Within 60 days of the first teacher workday the local school board must submit the plan to vote by the affected employees of the school system. The proposed plan shall not include across-the-board bonuses for affected employees. These systems will receive funds equivalent to 1.5% of the salaries of teacher and administrators.
- o All school systems, including career ladder pilot projects, must adopt new differentiated pay plans for the 1993-94 school year.
- o Merged school systems that are a combination of career ladder pilots and noncareer ladder units receive both career ladder funds and differentiated pay funds. The differentiated pay funds are only in proportion to the part of the merged system that was a noncareer development system.

Section 72 **Teacher Salary Schedule** - Establishes the third phase of a new teacher salary schedule. The new schedule has 30 steps, each corresponding to a year of experience, with 2% between steps.

Annual Salary, 10 month term

A Certificate

Beginning Salary	\$19,982
Step 29+	\$35,170

G Certificate

Beginning Salary	\$21,060
Step 29+	\$37,380

Six Year Degree

Beginning Salary	\$21,159
Step 29+	\$38,390

Doctoral Degree

Beginning Salary	\$22,110
Step 29+	\$39,280

DEPARTMENT OF PUBLIC EDUCATION (1992 Actions, Continued)

Also establishes the salary schedule for school psychologists, with the beginning salary equivalent to Step 5 on the salary schedule for G certificate teachers.

Section 73 **Preliminary Scholastic Aptitude Test Opportunities** - Allows the state Board of Education to allocate up to \$525,000 from the Public School Fund to pay for the Preliminary Scholastic Aptitude Test.

Section 74 **Public School Tuition Study/Out-of-State Students** - Requires the Joint Legislative Education Oversight Committee to study the issue of tuition for out-of-state students in North Carolina public schools. Report the results to the 1993 General Assembly.

Section 75 **Management Flexibility for Local Boards of Education and Individual Schools** - Consolidates 32 existing fund categories in the Public School Fund into 14 categories. Requires the Office of State Budget and Management to reorganize the remaining Public School Fund in a more orderly and rational manner.

Rewrites portions of the School Improvement and Accountability Act of 1989 by requiring each local board of education that participates to establish a three year systemwide improvement plan. The local board must actively involve a system level advisory panel composed of teachers, other staff, and parents in the development of the improvement plan. At least 50% of the panel must be teachers.

Each school building in the system must develop a building-level improvement plan. The building level plan must be developed by the teachers and other building level staff, and voted upon by all staff. Local boards of education may select or reject the building-level plans, but in turning down a plan must state its reasons. If no plan is accepted by March 15 of the year preceding the year that the plan goes into effect, the local board may prepare a plan.

Each school that elects a school improvement plan may also develop a building level differentiated pay plan. The building-level differentiated pay plan must be developed by a committee of building level staff and parents, and voted upon by building staff eligible to receive differentiated pay. The local board of education may accept or reject the building level differentiated pay plan, but must set out its reasons if the plan is rejected. If no acceptable plan is developed by March 15 of the year preceding the year that the plan goes into effect, the local board may prepare a plan.

Waivers from state laws and regulations that were previously granted by the State Board of Education at the school system level must now be granted at the building level, and shall only be used under the specific circumstances for which they are requested.

All school systems must develop school improvement plans in accordance with this section beginning with the 1993-94 school year.

Section 76 **School Site Based Management** - Creates a Task Force on Site-based Management in the Department of Public Instruction. The Task Force is composed of 15 members appointed by the Speaker of the House of Representatives and the President Pro Tempore of the Senate, plus the Superintendent of Public Instruction, and one member of the State Board of Education.

DEPARTMENT OF PUBLIC EDUCATION (1992 Actions, Continued)

The Task Force shall monitor the implementation of the building-level plans referenced in Section 75 above. Advise the director of the Task Force on training and assistance to local schools in implementing site based management programs. Report to the General Assembly in 1993 on implementation of the site-base management program. \$300,000 is appropriated for the Task Force.

- Section 77* **School Transportation Penalties** - Changes the required implementation date of the Transportation Information Management System (TIMS) from July 1, 1992 to September 1, 1992. Requires the State Board of Education to withhold funds for certain salaries if the local school administrative unit has not acted in good faith and is not making its best efforts to implement the TIMS system.
- Section 78* **Soft Drink Sales** - Amends G.S. 115C-264 to allow local boards of education to approve the sale of soft drinks to student as long as they are not sold at lunch period, to elementary students, or contrary to the rules of the National School Lunch Program.
- Section 79* **School Liability for School Property Use Limited** - Allows local boards of education to enter into agreements permitting non-school groups to use school real or personal property , except school buses. Extends the liability limits to such agreements.
- Section 80* **Ensure Adequate Textbook Funds** - Requires the State Board of Education to annually evaluate the need for textbook funds and to request sufficient funds from the General Assembly. Provides that the Board's request for textbook funds accompany the Governor's budget. Requires that textbooks must be allotted separately for the fiscal years beginning with FY 1992-93. This changes the requirements of G.S. 115C-238.5.

SENATE BILL 1205

- Section 20* **Critical Needs Funds** - Appropriates \$2 million to Tyrrell County school system to correct a discrepancy created in the original distribution formula established by the Commission on School Facility Needs in 1988.
- Section 21* **Outcome-Based Education Pilot Project** - Allows the two outcome-based pilot sites recommended by the Superintendent of Public Instruction at the July 1992 State Board of Education meeting to be formally designated as the two additional sites authorized by the 1992 session of the General Assembly.
- Section 22* **Computer Loan Revolving Fund** - Establishes a Computer Loan Revolving FUnd in the Department of Public Instruction. This fund will be used to provide loans to local school systems to purchase equipment to implement the Uniform Education Reporting System (UERS). The rate of the loan and the terms will be established by the Superintendent in accordance with uniform policies adopted by the department. Up to \$1.5 million from the State Literary Fund may be expended by the revolving fund during FY 1992-93.

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.

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$54,319,304	\$55,801,919
Add: Negative Reserves	2,500,422	1,078,325
Other Adjustments	-	-
REVISED RECOMMENDED CONTINUATION BUDGET	\$56,819,726	\$56,880,244

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Administration:

- | | | |
|--|------------------|------------------|
| 1. Eliminate Personnel Tech. II position established in 1989 to assist in processing the work necessary to fill the 135 new positions. | (30,419)
(-1) | (30,419)
(-1) |
|--|------------------|------------------|

Management Information Services:

- | | | |
|--|-----------|-----------|
| 2. Reduce Data Processing equipment funds. | (100,000) | (100,000) |
|--|-----------|-----------|

General Services:

- | | | |
|---|----------|----------|
| 3. Reduce funds for communication | (50,000) | (50,000) |
| 4. Reduce rent for lease of Raleigh office space for six months. The new Revenue Building is scheduled for completion June 1, 1992 with an occupancy date of fall 1992. | - | (90,000) |

Individual Income Tax:

- | | | |
|--|----------|----------|
| 5. Reduce funding for vacant Revenue Tax Auditor I (Pos. 2562) from \$37,356 to \$29,203. (\$8,153 and related benefits. | (9,734) | (9,734) |
| 6. Reduce appropriation by increasing receipts for Debt-Set-Off services. | (50,000) | (50,000) |

DEPARTMENT OF REVENUE (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
<i>Field Services:</i>		
7. Reduce funding for vacant Field Auditor II (Pos. 7281) from \$47,451 to \$31,842. (\$15,609 and related benefits.)	(18,636)	(18,636)
8. Reduce funding for vacant Tax Administrator II (Pos. 3601) from \$72,109 to \$55,000. (\$17,109 and retirement contribution.)	(19,118)	(19,118)
9. Reduce travel funds.	(60,000)	(60,000)
<i>Property Tax:</i>		
10. Reduce travel for the eliminated position.	(2,000)	(2,000)
<i>Department-wide:</i>		
11. Eliminate Salary Reserve of \$323,633 and related benefits.	(386,384)	(386,384)

Department-wide:

12. Reduce appropriation by eliminating 45 non-critical vacant positions. (Includes 19 identified by the department as its \$701,307 share of the \$40 million 1990-91 negative reserve.)

The total reduction of \$1,505,555 includes \$1,212,229 in salaries and \$293,326 in related benefits as follows:

CODE	DIVISION		
1211	Accounting	(35,637)	(35,637)
		(-2)	(-2)
1212	Management Info. Serv.	(288,084)	(288,084)
		(-8)	(-8)
1221	Inheritance/Gift Tax	(84,251)	(84,251)
		(-3)	(-3)
1223	Corporate Income Tax	(59,473)	(59,473)
		(-2)	(-2)
1224	Individual Income Tax	(148,716)	(148,716)
		(-6)	(-6)
1225	Sales and Use Tax	(103,953)	(103,953)
		(-5)	(-5)
1233	Field Services	(624,283)	(624,283)
		(-14)	(-14)
1234	Office Services	(87,020)	(87,020)
		(-3)	(-3)
1310	Property Tax	(50,115)	(50,115)
		(-1)	(-1)

DEPARTMENT OF REVENUE (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
1400 Tax Research	(24,023) (-1)	(24,023) (-1)
Subtotal Positions	\$(1,505,555) (-45)	\$(1,505,555) (-45)
13. Reduce budget to reflect saving of 5% rate reduction in charges by SIPS	(17,550)	(17,550)
14. Reduce budget to reflect savings due to deferring purchases of data processing equipment and software with State funds	(937,671)	(937,671)
15. Reduce employer retirement contribution	(841,704)	(396,901)
16. Reduce budget by eliminating 17 positions at an average salary cost of \$25,000 per position	(425,000) (-17)	(425,000) (-17)
Total Continuation Budget Changes	(\$4,453,771)	(\$4,098,968)
Total Position Changes	(-63)	(-63)
REVISED CONTINUATION BUDGET	\$52,365,955	\$52,781,276

Transfer:		
1. Transfer one legal position to the Attorney General's Office from the Department of Revenue	(37,570) (-1)	(41,382) (-1)
TOTAL CONTINUATION BUDGET	\$52,328,385	\$52,739,894
TOTAL POSITION CHANGES	(-64)	(-64)

NO EXPANSION

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

Section 25 **Exempt State Gas Purchases from Tax** - Adds G.S. 105-449A exempting fuel purchased by state agencies from motor fuel tax and sets out refund procedure.

Section 190.1 **State Government Sales Tax Refunds** - Amends G.S. 105-164.14 to provide that Revenue Department make quarterly refunds to General Fund of all local sales and use taxes paid indirectly by state agencies on tangible personal property and building materials.

DEPARTMENT OF REVENUE (1991 Actions, Continued)

Section 190.2 **Automation Proposal** - Requires the Department of Revenue to present emergency computer needs to Information Technology Commission. Requires the Information Technology Commission to analyze the need for and potential benefits from additional tax system integration. Requires report containing analysis and recommendations be provided to the Fiscal Research and Automated Systems Divisions of the General Assembly not later than December 31, 1991 and to the Joint Legislative Commission on Governmental Operations by March 1, 1992.

Section 356 **Department of Revenue Funds** - To pay for the additional costs of implementing the provisions of new revenue law changes in a timely manner, the Department of Revenue shall retain the sum of seven hundred thousand dollars (\$700,000) from collections received by the Department during July 1991 under Article 5 of Chapter 105 of the General Statutes.

HOUSE BILL 929

Section 50.1 **Revenue Building Revisions** - Requires the Department of Revenue to provide the Information Technology Commission its recommendations for any revisions to the new building which are necessary for the collection of revenues at optimum levels. Upon receipt of a recommendation from the Commission that funds are necessary to support the revisions, the Office of State Budget and Management may transfer up to \$1.6 million from the repairs and renovations reserve after reporting to the Joint Legislative Commission on Governmental Operations on the proposed revisions and expenditures.

1992 LEGISLATIVE ACTIONS

	<i>1992-93 General Fund</i>
TOTAL OPERATING APPROPRIATIONS - 1991 SESSION	\$52,739,894
CHANGES:	
Department-Wide:	
1. Eliminate salary reserve and related benefits	(\$301,808)
2. Controlled Substance Tax Program	
a) Appropriate funds to continue support for 11 positions and operating expense which was previously provided by Federal Funds.	\$550,891 (11)
b) Establish three new positions to handle workload.	64,700 (3)

DEPARTMENT OF REVENUE (1992 Actions, Continued)

	1992-93 General Fund
3. Motor Fuels Tax Division - Provide funds for a Tax Auditor and one Field Investigator and support costs for better enforcement of the fuel tax laws.	
Receipts - Highway Fund	86,968 (86,968) (2)
NET CHANGE	<hr/>
TOTAL POSITIONS	\$313,783 (16)
TOTAL OPERATING APPROPRIATIONS	\$53,053,677

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1992

HOUSE BILL 1340

Section 20 **Controlled Substance Tax Proceeds** - Transfers to the General Fund on July 1, 1992 all unencumbered funds in the State Controlled Substances Tax Fund (established by Sec. 6, Ch. 772, 1989 S.L.) which are not required to be remitted to law enforcement agencies.

Adds new G.S. 105-113 to require Secretary of Revenue to credit proceeds of tax to a special nonreverting Controlled Substances Tax Account. Sets out formula for quarterly allocation of funds in the account when they are unencumbered; 75% to law enforcement agencies and the remainder to the General Fund.

Section 21 **Controlled Substance Tax Positions** - Authorizes three additional positions in the Controlled Substance Tax Section be supported from the \$64,700 appropriation.

SENATE BILL 1205

Section 9.5 **Correct Inventory Tax Reimbursement Amount** - Amends G.S. 105-275.1 to provide that as soon as practical after January 1, 1992, except as provided in G.S. 1-5.275.1(f) (correction of errors), the Secretary of Department of Revenue shall distribute to each county and city the amount it received under this section the preceding year. On or before April 30, 1993, Secretary shall distribute to each 99.81% of amount it received under this section the preceding year.

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.

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$4,587,853	\$4,268,945
Add: Negative Reserves	227,522	109,816
Other Adjustments	-	-
	<hr/>	<hr/>
REVISED RECOMMENDED CONTINUATION BUDGET	\$4,815,375	\$4,378,761

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Uniform Commercial Code:

1. Reduce data processing services for programming	\$(20,000)	\$(35,000)
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Securities Registration:

2. Reduce funding for clothing and uniforms, data processing equipment and printing	-	(36,400)
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Business License Information:

3. Reduce data processing funding for 1991-92; and, reduce data processing, supplies, travel, and equipment for 1992-93	(20,769)	(49,300)
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Reserves and Transfers:

4. Reduce reserve for Corporation Act implementation including computer equipment and programming in 1991-92; and, reduce data processing services, postage and printing for 1992-93	(314,018)	(98,238)
5. Reduce budget to reflect saving in publication cost reduction	(4,875)	(3,450)
6. Reduce employer retirement contribution	(57,643)	(27,181)
7. Reduce travel by 5%	(2,828)	(2,828)

DEPARTMENT OF SECRETARY OF STATE (1991 Actions, Continued)

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
8. Reduce budget to reflect savings of 5% rate reduction of charges made by SIPS	(6,768)	(6,768)
Total Continuation Budget Changes	(\$426,901)	(\$259,165)
REVISED CONTINUATION BUDGET	\$4,388,474	\$4,119,596
Transfer:		
1. Transfer attorney positions and clerical support to the Attorney General's Office from the Secretary of State Office	(61,824) (-2)	(67,970) (-2)
TOTAL CONTINUATION BUDGET	\$4,326,650	\$4,051,626
TOTAL POSITION CHANGE	(-2)	(-2)

NO EXPANSION

SPECIAL PROVISION INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

Section 181 **Land Records Management** - Transfers Land Records Management program from Department of Environment, Health, and Natural Resources to Department of Secretary of State.

1992 LEGISLATIVE ACTIONS

TOTAL OPERATING BUDGET - 1991	<i>1992 General Fund</i>
NO CHANGES	\$4,051,626

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1992

HOUSE BILL 1340

Section 28 **Secretary of State Computer System Renovation** - Allows the Office of State Budget and Management to transfer up to \$100,000 from the Reserve for Data Processing to the Corporations Division for program development and support during 1992-93 fiscal year.

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 also operates a "hotline" for citizens to report fraud, waste or abuse of State funds.

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$13,108,626	\$13,469,632
Add: Negative Reserves	381,787	35,944
Other Adjustments	-	-
	<hr/>	<hr/>
REVISED RECOMMENDED CONTINUATION BUDGET	\$13,490,413	\$13,505,576

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Administration:

1. Reduce data processing (2,000) (2,000)

General Services:

2. Reduce service and maintenance (5,000) (5,000)

Field Audit Division:

3. Abolish four positions and reduce benefits (308,020) (308,020)
 (-4) (-4)

Pension Fund Administration:

4. Reduce travel \$3,000 and data processing \$2,000 (5,000) (5,000)

Line of Duty Death Benefits:

5. Reduce death benefits for dependents of law enforcement officers to level required during 1989-90 (10,000) (10,000)

Firemens' Pension Fund:

6. Reduce GF appropriation based on actuarial report (69,509) (69,509)

Rescue Squad Workers' Pension Fund:

7. Reduce GF appropriation based on actuarial report (16,304) (16,304)

Department-wide:

8. Reduce data processing services line to reflect savings of 5% reduction in SIPS charges (3,624) (3,624)

DEPARTMENT OF STATE AUDITOR (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
9. Reduce travel by 5%	(9,664)	(9,664)
10. Reduce budget to reflect deferring purchases of data processing equipment and software with State funds	(78,135)	(78,135)
11. Reduce employer retirement contribution	(140,590)	(66,294)
Total Continuation Budget Changes	(\$647,846)	(\$573,550)
Total Position Changes	(-4)	(-4)
REVISED CONTINUATION BUDGET	\$12,842,567	\$12,932,026
TOTAL POSITION CHANGES	(-4)	(-4)

NO EXPANSION

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

Section 16 **Department of Revenue Performance Audit** - Requires the State Auditor to conduct a performance audit of the Department of Revenue and report the results to the General Assembly by May 1, 1992.

Section 190 **Information from Private Organizations and Agencies** - Amends G.S. 143-6 and 143-6.1 by requiring the submission of additional fiscal information.

1992 LEGISLATIVE ACTIONS

	1992-93 General Fund
TOTAL OPERATING APPROPRIATIONS - 1991 SESSION	\$12,932,026

CHANGES:

1. Reduce Contributions to Firemen's and Rescue Squad Pension Fund for 1992-93 without reduction in services or benefits.	Firemen's Pension Fund	\$113,269
	Rescue Squad Pension Fund	5,425
		(118,694)
2. Provides funds for phone system.		40,000

DEPARTMENT OF STATE AUDITOR (1992 Actions, Continued)

	<i>1992-93 General Fund</i>
3. Provides funds for office lighting and replace two copiers	37,500
4. Provides funds for travel	33,097
5. Provides funds for Employee Education	9,181
6. Delete salary reserve	(4,754)
NET CHANGE	<hr/> (\$3,670)
TOTAL OPERATING APPROPRIATIONS	\$12,928,356

SENATE BILL 1142, CHAPTER 833

Act transfers the North Carolina Firemen's and Rescue Squad Workers' Pension Fund from the Department of State Auditor to the Department of State Treasurer. General Fund appropriations to be transferred are \$5,600,305.

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.

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$1,782,744	\$431,570
Add: Negative Reserves	52,073	3,617
Other Adjustments	-	-
	<hr/>	<hr/>
REVISED RECOMMENDED CONTINUATION BUDGET	\$1,834,817	\$435,187

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Administration:

1. Reduce rent of other equipment line item to reflect recommendation of moving the Presidential Primary (Super Tuesday) from March to time of regular primary in May, 1992	(1,360,000)	-
2. Reduce employer retirement contribution	(4,812)	(2,269)
	<hr/>	<hr/>
Total Continuation Budget Changes	(\$1,364,812)	(\$2,269)
REVISED CONTINUATION BUDGET	\$470,005	\$432,918

EXPANSION BUDGET

1. Copy machine purchases	8,200	-
	<hr/>	<hr/>
TOTAL OPERATING BUDGET	\$478,205	\$432,918

STATE BOARD OF ELECTIONS (1991 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

Section 15 **Presidential Primary** - Amends G.S. 163-213.2 through 163-213.4 by shifting the presidential preference primary to the date of the regular statewide primary.

1992 LEGISLATIVE ACTIONS

	1992-93 General Fund
TOTAL OPERATING BUDGET - 1991	\$432,918
CHANGES:	
1. Provides for additional clerical position for the Campaign Reporting Office.	23,411 (1)
2. Provides Telecommunications Device for communicating with hearing-impaired persons.	1,064
3. Provide one-time appropriation for support of mail registration	NR 77,500
NET CHANGE	\$101,975
TOTAL OPERATING APPROPRIATIONS	\$534,893

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1992

SENATE BILL 1205

Section 18 **Registration by Mail** - Allows for voter registration by mail.

Section 19 **Motor Voter/Mandated Annual Registration Drive** - Provides for use of a portion of the drivers license applications and application for special identification cards as applications for voter registration. Provides for a statewide voter registration drive during every even-numbered year.

DEPARTMENT OF STATE CONTROLLER

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.

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$5,240,049	\$5,382,588
Add: Negative Reserves	153,560	19,475
Other Adjustments	-	-
	<hr/>	<hr/>
REVISED RECOMMENDED CONTINUATION BUDGET	\$5,393,609	\$5,402,063

1991 LEGISLATIVE ACTIONS		

Continuation Budget Changes:		
State Controller:		
1. Eliminate six permanent positions and their related benefits	(269,680)	(270,103)
	(-6)	(-6)
2. Reduce budget to reflect savings of 5% in SIPS charges	(46,350)	(46,350)
3. Reduce budget to reflect savings due to deferring purchases of data processing equipment and software with State funds	(41,916)	(41,916)
4. Reduce employer retirement contribution	(80,484)	(37,952)
5. Reduce travel by 5%	(1,890)	(1,890)
	<hr/>	<hr/>
Total Continuation Budget Changes	(\$440,320)	(\$398,211)
Total Position Changes	(-6)	(-6)
TOTAL CONTINUATION BUDGET	\$4,953,289	\$5,003,852
EXPANSION BUDGET		
1. Payroll Processing Costs	420,280	420,280
2. Maintenance of Accounting Systems Revisions	617,000	617,000
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TOTAL EXPANSION BUDGET	\$1,037,280	\$1,037,280
TOTAL OPERATING BUDGET	\$5,990,569	\$6,041,132

DEPARTMENT OF STATE CONTROLLER (1991 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

Section 29 **SIPS Rate Reduction** - Requires Office of the State Controller to adopt an amended rate schedule to reduce charges to agencies for data processing by 5% during FY 1991-93.

1992 LEGISLATIVE ACTIONS

	<i>1992-93 General Fund</i>
TOTAL OPERATING BUDGET - 1991	\$6,041,132
Continuation Budget Changes:	
1. Delete Salary Reserve	(\$31,866)
2. Continue Accounting System changeover.	2,200,000
NET CHANGE	\$2,168,134
TOTAL OPERATING APPROPRIATIONS	\$8,209,266

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1992

HOUSE BILL 1340

Section 14(a) **State Information Management Technology** - Amends G.S. 143B-146.21 by abolishing the Information Technology Commission and establishing in its stead the Information Resources Management Commission. Establishes membership, assigns powers and duties, and provides for review of specific projects during the 1992-93 Fiscal Year.

DEPARTMENT OF TRANSPORTATION - AIRPORTS

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
GOVERNOR'S RECOMMENDED BUDGET		
- TRANSPORTATION ADM	\$116,571	\$116,571
- STATE AID	\$8,498,261	\$8,483,429
Add: Negative Reserves	235,168	-
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REVISED RECOMMENDED CONTINUATION BUDGET	\$8,850,000	\$8,600,000

1991 LEGISLATIVE ACTIONS		

Continuation Budget Changes:		
<i>State Aid:</i>		
1. Reduce aid to minimum estimate by Department of Revenue (5955-3000)	(533,429)	(483,429)
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REVISED CONTINUATION BUDGET - TRANSPORTATION ADM	\$116,571	\$116,571
- STATE AID	\$8,200,000	\$8,000,00

1992 LEGISLATIVE ACTIONS		

<i>State Aid</i>		
1. Increase aid to reflect revised estimates for sales tax collections on aviation fuel, equipment and parts		\$2,666,666
TOTAL OPERATING APPROPRIATIONS		\$10,783,237

DEPARTMENT OF TRANSPORTATION - RAILROADS

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$97,343	\$100,000
Add: Negative Reserves	2,657	-
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REVISED RECOMMENDED CONTINUATION BUDGET	\$100,000	\$100,000

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

State Aid:

- 1. Increase aid to match dividends received during
1990-91 as required by law (5945-3000) 28,406

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REVISED RECOMMENDED CONTINUATION BUDGET	\$128,406	\$100,000

1992 LEGISLATIVE ACTIONS

NO CHANGE

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 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.

	1991-92 General Fund	1992-93 General Fund
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$4,805,567	\$4,936,507
Add: Negative Reserves	151,799	32,721
Other Adjustments	-	-
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REVISED RECOMMENDED CONTINUATION BUDGET	\$4,957,366	\$4,969,228

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

1. Reduce budget to reflect reduction in publication costs	(50)	(54)
2. Reduce employer retirement contribution	(55,805)	(26,315)
3. Reduce budget to reflect savings due to deferring purchases of data processing equipment and software with State funds	(750)	(750)
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TOTAL CONTINUATION BUDGET CHANGES	(\$56,605)	(\$27,119)
REVISED CONTINUATION BUDGET	\$4,900,761	\$4,942,109

Availability Increase:

1. Increase non-tax revenues by withholding from taxes collected by the State for distribution to local governments an amount required to support the Local Government Operations Division	\$1,046,078	\$1,047,290
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DEPARTMENT OF STATE TREASURER (1991 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1991

HOUSE BILL 83

Section 24 **Funding of Local Government Commission** - Amends G.S. 105-213 to fund activities of the Local Government Commission by withholding tax revenue distributions otherwise due local governments.

1992 LEGISLATIVE ACTIONS

	<i>1992 General Fund</i>
TOTAL OPERATING BUDGET - 1991	\$4,942,109
BUDGET REDUCTIONS:	
<i>Department-Wide</i>	
1. Eliminate salary reserve and related benefits	(1,507)
EXPANSION BUDGET:	
<i>Investment and Banking Division:</i>	
1. Provide increase in services of Investment advisors to increase investment earnings. (Non-tax revenue increase will offset requirements).	\$250,000
2. Provide funds to implement transfer of Fire and Rescue Squad Pension Fund operations to the State Treasurer's Office.	15,000
NET CHANGE	\$263,493
TOTAL OPERATING APPROPRIATIONS	\$5,205,602

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1992

HOUSE BILL 1340

None

Senate Bill 1142

Transfer the North Carolina Firemen's and Rescue Squad workers' Pension Fund from the Department of State Auditor to the Department of State Treasurer effective July 1, 1992. The State Treasurer is made Chairman of the Board of Trustees and the State Auditor is designated as a member of the Board. Authority for administration of the Law Enforcement Officers; Firemen's, Rescue Squad Workers', and Civil Air Patrol Death Benefits Act (Art. 12A, G.S. Ch. 143) is also transferred to the State Treasurer from the State Auditor.

UNIVERSITY OF NORTH CAROLINA

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.

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
GOVERNOR'S RECOMMENDED CONTINUATION BUDGET	\$1,132,798,252	\$1,174,991,045
Add: Negative Reserves	46,527,121	23,062,698
Other Adjustments	7,041,843	9,369,907
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REVISED RECOMMENDED CONTINUATION BUDGET	\$1,186,367,216	\$1,207,423,650

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

1. Make temporary academic fees for 90-91 permanent. It was part of 90-91 3% reduction		
(a) Apply to 90-91 actual FTE	\$5,848,000	\$5,848,000
(b) Apply to Summer School on pro-rata basis	<u>682,000</u>	<u>682,000</u>
Total: Continuation 1990-91 Fee	(6,530,000)	(6,530,000)
2. Public Radio - Phase out General Fund support over 2 years	(453,213)	(906,427)
3. Distinguished Professorships Endowment - State match reduced by 75%	(750,000)	-
4. Aid to Private Medical Schools - Hold to current expenditure level	(281,000)	(424,000)
5. Eliminate 336 vacancies identified by campuses as part of \$40 million target in 90-91 Negative Reserve	(8,930,279)	(8,930,279)
6. Eliminate SPA Salary Reserves as of 3-21-91	(444,584)	(444,584)
7. Reduce all remaining SPA non-critical vacancies to Step 1	(1,426,402)	(1,426,402)

UNIVERSITY OF NORTH CAROLINA (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
8. Reduce General Fund operating funds to Smith Center at UNC-Chapel Hill	(400,000)	(400,000)
9. Reduce Public Television by 7%	(566,484)	(579,556)
10. Reduce University of North Carolina Hospitals appropriation	(2,850,000)	(2,500,000)
11. Reserves for New Facilities		
(a) Cut UNC-Chapel Hill Alumni Center 2 mos.	(83,148)	-
(b) Cut WUNC-FM Building Reserve	(45,960)	(71,570)
(c) Cut Fayetteville State University Health & PE Building (funds frozen)	-	(150,194)
(d) Cut UNC-Chapel Hill Living Learning Center (funds frozen)	-	(63,830)
12. Reduce Community Services Economic Development activities and direct consolidation of efforts	(680,000)	(680,000)
13. Reduce certain other Community Services Programs	(1,200,000)	(1,200,000)
14. Reduce Agricultural Extension Service by 5%	(1,509,360)	(1,502,412)
15. Reduce Agricultural Research by 5%	(1,926,748)	(1,918,081)
16. Overhead Receipts:		
(a) Increase General Fund portion of Overhead Receipts to 50% for one year and revise estimates	12,201,982	56,113
(b) Use 5% from UNC-Chapel Hill and N.C. State going to General Administration to offset General Fund expenses for UNC-General Administration for one year	2,115,115	-
Subtotal Overhead Receipts	\$(14,317,097)	\$(56,113)
17. Reduce Board of Governors New Program Reserve	(100,000)	-
18. Eliminate budgeted increase in Board of Governors Medical and Dental Scholarships	(149,467)	(285,425)
19. Reduce funding for Preparation of Teachers Initiatives	(330,000)	(330,000)
20. Reserves for Graduate Centers - Reduce by 10%	(193,100)	(193,100)

UNIVERSITY OF NORTH CAROLINA (1991 Actions, Continued)

	<i>1991-92 General Fund</i>	<i>1992-93 General Fund</i>
21. Reduce UNC-General Administration - Computing Services	(290,415)	(308,565)
22. Reduce East Carolina University Medical School reimbursement to Pitt County Memorial Hospital to cover costs instead of charges; budgets increase for next two years	(1,500,300)	(1,403,226)
23. Area Health Education Centers - Reduce by 5%	(1,654,564)	(1,652,878)
24. NC School of Science and Mathematics - Reduce by 5%	(382,269)	(379,395)
25. Exempt from Personnel Act (EPA) Non-Teaching Faculty and staff: Reduce by 5% (Does not include library staff or Institute of Government)	(5,109,173)	(5,109,173)
26. Aid to Private Colleges - Reduce by 3%	(1,082,521)	(1,082,521)
27. Eliminate inflationary increases allowed in Continuation budget (temporary wages, overtime, workmen's compensation, premium pay)	(3,167,956)	(3,227,741)
28. Increase Student/Faculty Ratio - 180/185 positions	(10,396,336)	(10,693,022)
29. Reduce data processing purchases	(3,000,000)	(3,000,000)
30. Reduce contracted services	(247,064)	(247,064)
31. Reduce travel	(621,185)	(621,185)
32. Eliminate tuition remission for athletics at UNC-Chapel Hill and NC State; reduce athletic tuition remission by 25% at other campuses	(417,623)	(417,623)
33. Reduce Faculty Study Program	(200,000)	-
34. Reduce regional education programs	(35,000)	(37,000)
35. Reduce employer retirement contribution	(12,613,683)	(5,947,914)
36. Reduce printing and binding	(31,907)	(32,368)
37. Reduce motor fleet costs by eliminating payment of motor fuel taxes and employee commuting	(238,930)	(238,930)
38. Reduce General Fund support for extension instruction by 10%	(145,600)	(145,700)
TOTAL REDUCTIONS	(\$84,301,368)	(\$63,136,278)
REVISED CONTINUATION BUDGET	\$1,102,065,848	\$1,144,287,372

UNIVERSITY OF NORTH CAROLINA (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
Transfers:		
1. Transfer Trout Fishery Specialist from Community Colleges to Agricultural Extension Service	49,544	49,544
TOTAL CONTINUATION BUDGET	\$1,102,115,392	\$1,144,336,916

EXPANSION

1. Enrollment Increase	\$31,661,000	\$31,661,000
Need-Based Student Aid to be allocated by Board of Governors based on need.	<u>3,900,000</u>	<u>5,000,000</u>
Total Requirement	\$35,561,000	\$36,661,000

Tuition Increase - 1991-92

<u>In-State</u>	<u>%</u>	<u>Estimate</u>
Baccalaureate	15%	\$72
Master's	20%	112
Doctorate	20%	129
Special	20%	193

Out-of-State

Baccalaureate	12.5%	559
Master's	12.5%	637
Doctorate	25%	1,328
Special: College	25%	1,523

Total Tuition Increase	\$30,378,600	\$30,378,600
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The tuition increases will apply in the same proportion to summer school tuitions, allowing those General Fund appropriations for summer school in the base budget to be used for regular term enrollments.

Appropriations	\$5,182,400	\$6,282,400
2. School Administrator Training and Certification		
a. Expand existing program at UNC-Chapel Hill site.	150,000	150,000
b. Expand program to additional sites and to offer program to assistant principals.		420,000
3. Nursing Program:		
a. Nurse Scholars: Funding to implement years 2 and 3 of four-year merit scholars program; \$54,000 for administrative costs.	1,526,000	1,937,000

UNIVERSITY OF NORTH CAROLINA (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
b. Nurse Scholars: Master's Degree initiative to train nursing instructors.	-	150,000
c. AHEC: Additional funds for off-campus nursing degree programs.	100,000	100,000
d. N. C. Center for Nursing: Operating funds for N. C. Center.	341,000	460,000
e. Disadvantaged Students: Additional help for nursing students from disadvantaged backgrounds for community colleges (\$80,000) and UNC (\$20,000).	20,000	20,000
f. AHEC: Refresher Courses: Funds to continue successful AHEC effort to retrain nurses whose licenses had lapsed to get them back into nursing.	75,000	75,000
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TOTAL NURSING PROGRAM	\$2,062,000	\$2,742,000
4. Infant Mortality Funds for nurse midwifery training.	95,000	95,000
5. Residential Summer School Inflationary increases for Legislative Summer School for middle and senior high school students at ECU and WCU.	50,000	50,000
6. Educational Consortia - Establish education consortia at UNC-Greensboro, UNC-Wilmington, and Western Carolina University to provide a link among elementary-secondary education, higher education and business leadership with the goal of enhancing economic development through improved education practice.	450,000	450,000
7. Incentive Scholarship Program - Provide an incentive scholars program at Fayetteville State, N.C. A&T State, N.C. Central, Pembroke State and Winston-Salem State comparable to the program at Elizabeth City State University: 160 scholarships per campus at \$2,000 per student in state funds; phase in over four years.	400,000	800,000
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TOTAL EXPANSION	\$8,389,400	\$10,989,400
TOTAL OPERATING BUDGET	\$1,110,504,792	\$1,155,326,316

UNIVERSITY OF NORTH CAROLINA (1991 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991 SESSION

House Bill 83

- Section 49* Limits reimbursements to Pitt County Memorial Hospital from East Carolina Medical School to uncompensated costs (previously charges) for non-Pitt residents.
- Sections 50 and 51* Outlines procedures for state aid to North Carolina students in private colleges.
- Section 52* Sets limits on state aid to private medical schools.
- Section 54* Consolidates budget purposes in Agricultural Extension Services.
- Section 55* Directs the UNC Board of Governors and the State Board of Community Colleges to provide better coordination and cooperation between their small business assistance programs.
- Section 56* Directs the UNC Board of Governors to eliminate duplicated economic development efforts among UNC programs, including consolidation of services.
- Section 57* Transfers \$480,000 from Department of Environment, Health, and Natural Resources to UNC for Obstetrical Education at Mountain Area Health Education Center. These funds were previously provided on a contractual basis.
- Section 57.1* Prohibits pro-rata reduction taken in UNC Community Services Programs from being applied to Institute of Government at UNC-Chapel Hill.
- Section 57.2* Directs UNC Board of Governors to develop plan for future of Chiqua-Penn Plantation and report to General Assembly.
- Section 175* Transfers \$85,274 each fiscal year from Department of Environment, Health, and Natural Resources to UNC-Chapel Hill School of Medicine to operate infectious disease control program for health care facilities.
- Section 204* Sets guidelines for nurse midwifery program at East Carolina University; establishes advisory committee for recruitment and review of applicants to program.
- Section 205* Requires UNC-Chapel Hill Health Affairs programs to increase continuing education fees before additional funds for enrollment are allocated by UNC Board of Governors.
- Section 206* Prevents loss of teaching faculty positions on UNC campuses (with a hold-harmless limit of \$500,000) by allocation of funds for additional enrollment.
- Section 206.1* Allows UNC campuses to charge additional admissions fee (up to \$1.00) for extra-curricular events to benefit libraries.
- Section 206.2* Allows UNC Board of Governors to set guidelines for and to designate UNC campuses as "Special responsibility constituent institutions (SRCI)". These SRCI's will have such additional management responsibilities as
- o Ability to move funds across line items and among budget purposes;

UNIVERSITY OF NORTH CAROLINA (1991 Actions, Continued)

- o Retention of up to 2 1/2% of reversions above historic reversion rate;
- o Must revert historic percentage of General Fund appropriations;
- o May establish and abolish positions within certain guidelines;
- o Make purchases up to \$25,000 without formal competitive bids; and,
- o Assess general undergraduate student learning and development.

Allows UNC Hospitals at Chapel Hill to expend up to \$7,500 in State funds for direct patient benefits if cost-effective.

Section 206.3 Establishes and funds three **regional educational consortia** at Western Carolina, UNC-Greensboro, and UNC-Wilmington to link higher education, business and the public schools in an effort to improve education and stimulate economic development.

Section 237 Requires UNC Board of Governors to assess impact of self-liquidating projects on **student costs and to limit student fees** for debt service. Requires Board to review student fees annually and to keep them as low as possible.

Section 242 Allocates \$2,000,000 for **removal of barriers to the handicapped** on UNC campuses. Requires UNC Board of Governors to develop a plan for barrier removal based on priorities listed in bill.

1992 LEGISLATIVE ACTIONS

	<i>1992-93 General Fund</i>
TOTAL OPERATING APPROPRIATIONS - 1992 SESSION	\$1,155,326,316
CHANGES:	
1. Budget increased amount of overhead receipts; leave ratio at budgeted 20%	\$(964,000)
2. Reduce operating reserves to open Ambulatory Care Center at UNC-CH	(4,339,111)
3. Budget portion of prospective reimbursement for Medical Education Costs at ECU Medical School	(1,000,000)
4. Require UNC-General Administration to use portion of overhead receipts for General Fund operations	(1,000,000)
5. Reduce Faculty Study Program by 75%	(300,000)
6. Reduce utilities requirements at 6 campuses	(1,760,000)
7. Reduce appropriation to UNC Hospitals due to excess receipts	(2,000,000)

UNIVERSITY OF NORTH CAROLINA (1992 Actions, Continued)

	<i>1992-93 General Fund</i>
8. Reduce salary reserve	(55,936)
TOTAL REDUCTIONS	(11,419,047)
<u>Enrollment Increase</u>	
Increase of 3,130 FTE	\$17,690,440
<u>Tuition at current rates</u>	<u>(2,462,825)</u>
Net Enrollment Request	\$15,227,615
(a) Reduce summer school request to reflect current funding rates	(75,000)
(b) Eliminate proposed enrollment increase in Health Affairs; (all from prior year went to continuing education area: Cost is \$20,400 per FTE)	<u>(858,373)</u>
Net Enrollment Recommendation	\$14,294,242
<u>Tuition Increase</u>	
1. Resident Increase 6%, except for N.C. School of Arts	(4,880,000)
2. Non-resident increase 11.5%, except for N.C. School of the Arts	(11,180,000)
3. Apply tuition increase to summer school	(500,000)
4. Add need-based financial aid for residents	1,500,000
<u>Special Bills</u>	
1. Funding for SB 1027(Warren)/HB 1357 (Barnes) for Teacher Training Task Force	35,000
2. SB 1057 (Perdue/Conder/Shaw)/HB 1370 (Redwine) Shellfish Enhancement Funds	231,889
3. Senate Bill 1207 (Staton/Royall) <u>World Trade Center</u>	184,000
OTHER:	
1. UNC Board of Governors	
a. Funds to link Appalachian State University and UNC-Wilmington to CONCERT Communications Network operated by MCNC	1,645,000
b. North Carolina State University - Patent Research Funds	97,000
c. North Carolina State University - Study of cleanup requirements for former disposal site for hazardous waste near Carter-Finley stadium and reimbursement to EPA - Consent agreement	600,000

UNIVERSITY OF NORTH CAROLINA (1992 Actions, Continued)

	1992-93 General Fund
d. Area Health Education Centers - Funds to contract for additional training of certified, registered nurse anesthetists	150,000
NET CHANGE	(\$9,241,916)
TOTAL OPERATING APPROPRIATIONS	\$1,146,084,400

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS

HOUSE BILL 1340

- Section 83* **Community Colleges/UNC Disadvantaged Nursing Funds** - Directs that this \$100,000 appropriated for 92-93 must be used for additional academic support services for disadvantaged students.
- Section 90* **Use of ECU Special Receipt Funds** - Authorizes ECU School of Medicine to retain \$2.4 million of Medicare reimbursement funds received during 1991-92. Directs the Joint Legislative Commission on Governmental Operations to study the disposition of future receipts from Medicare Education, patient receipts at the Radiation Therapy Facility, and lease payments for the Magnetic Resonance Imaging building and equipment.
- Section 91* **Fayetteville State/UNC-CH Math-Science Network Funds** - Directs UNC Board of Governors to allocate \$280,000 for Math-Science Network sites at these two campuses, which had previously been funded from grants.
- Section 92* **UNC Graduation Rates** - Directs the UNC Board of Governors to adopt policies and submit a plan to the General Assembly which would encourage the graduation of students in a more timely manner.
- Section 93* **Nonwovens Cooperative Research Center Matching Funds** - Appropriates funds from overhead receipts at N. C. State to meet matching requirements for a grant.

SENATE BILL 1154, CHAPTER 1012, 1991 SESSION LAWS

- Section 4* **UNC-Charlotte Fees** - Limits total required fees at this campus to average required fees for all campuses until debt incurred for Student Activities Center authorized in Section 2 is repaired.
- Section 5* **UNC Student Fees** - Freezes student fees at UNC campuses until at least April 1, 1993. Board of Governors is to adopt rules limiting student fees for debt service and present these rules to the General Assembly. Exceptions may be made for fees used to retire debt on capital projects authorized by the General Assembly.

UNIVERSITY OF NORTH CAROLINA (1992 Actions, Continued)

SENATE BILL 1205, CHAPTER 1044, 1991 SESSION LAWS

- Section 26* **High Density Polyester Patent Research and Technology Transfer Completion** - Allows \$97,000 to be used at N.C. State for completion of research project. Funds are to be repaid from royalties paid on licensing agreements.
- Section 27* **N.C. State Engineering Graduates Research Center** - Allows N.C. State to use funds appropriated for initial phases of construction on this project.
- Section 28* **Nurse Anesthetist Training Funds** - Directs that \$150,000 appropriated shall be used to contract with the Raleigh School of Nurse Anesthesia.
- Section 29* **Fayetteville State Physical Education Facility** - Allows UNC Board of Governors to allocate funds from Reserve for Repairs to cover potential cost overruns due to changes in building code requirements on this facility.

**UNIVERSITY
SELF-LIQUIDATING PROJECTS
1991 and 1992 LEGISLATIVE SESSION**

	<i>Prior Authorization</i>	<i>1991 Session Current Authorization</i>	<i>1992 Session Current Authorization</i>
East Carolina University			
a) College Hill Dining Facility (HB 490, Chapter 590)	\$4,081,800	\$5,391,100	—
b) Old Cafeteria Renovation (HB 491, Chapter 657)	—	5,124,300	—
c) Renovation of Mingers Coliseum (SB 1154, Chapter 1012)	—	—	4,255,900
Elizabeth City State University			
a) Dormitory for 200 Students (SB 1155, Chapter 968)	3,179,800	—	4,145,200
Fayetteville State University			
a) Addition - New Residence Hall (SB 1154, Chapter 1012)	—	—	3,285,100
Winston-Salem State University			
a) 400 Student Men's Dormitory (HB 488, Chapter 589)	-	9,124,200	—
Appalachian State University			
a) Power Plant (HB 1163, Chapter 599)	-	To be Determined	—
b) Student Housing (SB 1154, Chapter 1012)	—	—	7,730,600
c) Dormitory Addition and Renovations (SB 1154, Chapter 1012)	—	—	9,202,500
North Carolina A&T State University			
a) Renovation of 5 Residence Halls (HB 491, Chapter 657)	—	6,915,900	—
North Carolina State University at Raleigh			
a) Campus Wide Telecommunications System (HB 491, Chapter 657)	—	4,893,200	—
b) Research III Building (SB 1200, Chapter 969)	—	—	4,060,400
c) Corporate Research Center I Building (SB 1200, Chapter 969)	—	—	7,350,000

UNIVERSITY SELF-LIQUIDATING PROJECTS (1991 and 1992 Actions, Continued)

	<i>Prior Authorization</i>	<i>1991 Session Current Authorization</i>	<i>1992 Session Current Authorization</i>
North Carolina State University at Raleigh (Continued)			
d) Corporate Research Center II Building (SB 1200, Chapter 969)	—	—	7,100,000
e) Centennial Center (SB 1113, Chapter 1027)	—	—	66,000,000
University of North Carolina at Asheville			
a) Highsmith Center Renovation and Addition (SB 1153, Chapter 967)	3,001,800	—	4,806,000
University of North Carolina at Chapel Hill			
a) Academic Affairs			
1. Renovations to Carolina Inn (HB 491, Chapter 657)	—	9,124,200	—
2. Additions and Renovations - Van Hecke - Wettach Building (HB 491, Chapter 657)	—	8,788,300	—
3. Parking Deck for New School of Business (HB 491, Chapter 657)	—	5,239,300	—
4. Environmental Protection Agency (SB 483, Chapter 306) (SB 1233, Chapter 1002)	30,000,000	37,000,000	40,000,000
5. Campus Fiber Optic Network (SB 1154, Chapter 1012)	—	—	6,871,200
b) Health Affairs			
1. Parking Deck, Number Two (HB 491, Chapter 657)	—	13,940,500	—
2. Book Store (SB 1154, Chapter 1012)	—	—	994,700
University of North Carolina at Charlotte			
a) Parking Deck (SB 1154, Chapter 1012)	—	—	6,878,300
b) Student Activities Center (SB 1154, Chapter 1012)	—	—	26,296,000
University of North Carolina - Greensboro			
a) Central Campus Parking Structure (HB 491, Chapter 657)	—	7,511,700	—
b) Renovate Moore-Strong Residence Hall (SB 1154, Chapter 1012)	—	—	4,267,600
c) Student Housing (SB 1154, Chapter 1012)	—	—	5,740,000

UNIVERSITY SELF-LIQUIDATING PROJECTS (1991 and 1992 Actions, Continued)

	<i>Prior Authorization</i>	<i>1991 Session Current Authorization</i>	<i>1992 Session Current Authorization</i>
University of North Carolina Hospitals at Chapel Hill			
a) Chiller Plant (HB 491, Chapter 657)	—	3,849,500	—
TOTAL	<hr/>	<hr/> \$116,902,200 *	<hr/> \$208,983,500
LESS PRIOR AUTHORIZATION		34,081,800	43,181,600
ADDITIONAL AUTHORIZATIONS	<hr/>	<hr/> \$82,820,400 *	<hr/> \$165,801,900

* Excludes Appalachian Power Plant requirements

	1991-92 General Fund	1992-93 General Fund
DEBT SERVICE		
GOVERNOR'S RECOMMENDATIONS	\$76,028,270	\$73,049,578
 EXPANSION:		
1. Provide funding for requirements related to a \$45.0 million legislative ("two-thirds") bond issue.	1,700,000	5,100,000
2. Provide funding for requirements related to issuance of \$112.5 million of the \$200 million Prison Bonds.	1,955,500	10,870,900
TOTAL EXPANSION	\$3,655,500	\$15,970,900
TOTAL DEBT SERVICE	\$79,683,770	\$89,020,478

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.

	1991-92 <i>General Fund</i>	1992-93 <i>General Fund</i>
GOVERNOR'S RECOMMENDATIONS:		
Contingency and Emergency Fund	\$1,062,253	\$1,091,250
Minimum Salary Adjustment	730,071	750,000
Salary Adjustment Fund	475,740	488,727
Local Shared Revenue/Reimbursements	474,424,219	485,993,897
Hospital-Medical Reserve	—	—
	<hr/>	<hr/>
TOTAL	\$476,692,283	\$488,323,874

ADD :

<i>Management Flexibility:</i>		
Contingency and Emergency Fund	28,997	—
Minimum Salary Adjustment	19,929	—
Salary Adjustment Fund	12,987	—
Local Shared Revenue/Reimbursements	12,669,678	—
<i>Non-Mandated:</i>		
Contingency and Emergency	33,750	33,750
Salary Adjustment Fund	11,273	11,273
Local Shared Revenue/Reimbursements	12,664,771	36,568,471
<i>Other:</i>		
Hospital-Medical Rate Increase	100,000,000	133,000,000
	<hr/>	<hr/>
TOTAL	\$125,441,385	\$169,613,494

REVISED RECOMMENDED CONTINUATION BUDGET:

Contingency and Emergency Fund	\$1,125,000	\$1,125,000
Minimum Salary Adjustment	750,000	750,000
Salary Adjustment Fund	500,000	500,000
Local Shared Revenue/Reimbursements	499,758,668	522,562,368
Hospital-Medical Rate Increase	100,000,000	133,000,000
	<hr/>	<hr/>
TOTAL	\$602,133,668	\$657,937,368

STATEWIDE RESERVES - OFFICE OF STATE BUDGET AND MANAGEMENT
 (1991 Actions, Continued)

	1991-92 General Fund	1992-93 General Fund
CONTINUATION BUDGET CHANGES:		
1. <i>Reserve for Data Processing:</i> Funds were eliminated in each department except for Public Education, Community Colleges and the University for data processing equipment. This reserve is established to handle any critical purchases needed during the biennium for those affected departments.	\$2,500,000	\$2,500,000
2. <i>Reserve for Reimbursements to Local Governments and for Shared Tax Revenue:</i> Continue at 1990-91 authorized level of \$474,606,174.	(25,152,494)	(47,956,194)
3. <i>Reserve for State Employees Health Benefit Plan:</i> Reserve to provide funds for increased costs of the Plan. House Bill 279 details the changes to the current plan that are proposed to contain the rising cost.	(24,800,000) HF (3,700,000)	(33,100,000) HF (5,500,000)
TOTAL BASE BUDGET REDUCTIONS	(47,452,494) HF (3,700,000)	(78,556,194) HF (5,500,000)

REVISED CONTINUATION:

Contingency and Emergency Fund	\$1,125,000	\$1,125,000
Minimum Salary Adjustments	750,000	750,000
Salary Adjustment Fund	500,000	500,000
Local Shared Revenue/Reimbursements	474,606,174	474,606,174
Hospital-Medical Rate Increase	75,200,000	99,900,000
Data Processing Reserve	2,500,000	2,500,000
TOTAL	\$554,681,174	\$579,381,174

EXPANSION BUDGET - ADDITIONAL RESERVES

Savings Reserve Account:

1. To implement the policy of maintaining a rainy day fund.	\$400,000	—
TOTAL - OPERATING RESERVES	\$555,081,174	\$579,381,174

STATEWIDE RESERVES - OFFICE OF STATE BUDGET AND MANAGEMENT
(1991 Actions, Continued)

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

Section 184.4 **Savings Reserve Account** - Declares that funds in this account shall not revert at end of fiscal year but shall be carried forward to next fiscal year unless needed by the Governor to balance the State budget.

STATEWIDE RESERVES - OFFICE OF STATE BUDGET AND MANAGEMENT

1992 LEGISLATIVE ACTIONS

1992-93
General
Fund

CHANGES:

- 1. **Reserve for Reimbursements to Local Governments and for Shared Tax Revenue** - Restore Local Government reimbursements to earmarking from tax collections at capped level. (\$237,782,020)
- 2. **Reserve for Salary Increases** - Provide salary increase of \$43.50 per month for state employees, funds the teacher salary schedule and provides teachers' longevity payments. Equivalent of 2% across-the-board increase or \$4,113,258 funded state mandated locally operated program (see EHNR and Human Resources). 111,026,870
HF 7,045,254
- 3. **Reserve for Salary Reduction - Positions Vacated by Retirement** - Reduces budgeted salaries by 30% for positions vacated due to retirement. (19,500,000)
- 4. **Savings Reserve Account** - Budget Reform, as amended by the 1992 Session, authorizes the State Controller to reserve one-fourth of the unreserved credit balance of June 30, 1992 to this account. The estimated credit balance for June 30, 1992 is \$160 million, of which \$40 million is to be reserved. —

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1992

SENATE BILL 1205

Section 6.3 **Reserve for Implementation of Federal OSHA Regulations for Bloodborne Pathogens** - Provides that funds appropriated in act to Office of State Budget and Management for cited purpose shall be used only for the cost of testing, inoculations, personal protective equipment, and required clean-up materials for employees who are subject to the regulations, and only if adequate funds are not otherwise available for those purposes. Prohibits use of funds for any purpose not specifically authorized, including planning or salaries for new positions. Requires Office of State Budget and Management to report on expenditures by March 1, 1993 to 1993 General Assembly.

**CAPITAL FACILITIES LEGISLATIVE BOND ACT OF 1991
SENATE BILL 930, CHAPTER 760**

1991-92

DEPARTMENT AND PROJECT:

Administration

- | | | |
|----|---|-------------|
| 1. | New Central Heat Plant (restores 1990-91 funds) | \$6,594,500 |
| 2. | Mall Improvements - Sidewalk Completion and Landscaping | 675,000 |

Human Resources

- | | | |
|----|--|-----------|
| 1. | Murdoch Center - Parkview Cottage Renovation
(restores 1990-91 funds) | 1,400,000 |
| 2. | John Umstead - Alum Sludge Treatment Facility | 1,100,000 |
| 3. | Black Mountain Center - Renovations (restores funds
previously appropriated) | 1,300,000 |
| 4. | Secretary's Office - Headstart Bonds Account
(Grant equivalent to one modular classroom
or renovations to existing facilities) | 1,600,000 |

Crime Control and Public Safety

- | | | |
|----|---|---------|
| 1. | Replace Underground Storage Tanks to comply
with EPA requirements (National Guard) | 92,000 |
| 2. | Goldsboro Armory - Total Requirements \$2,800,800
(restores 90-91 Federal Funds 2,057,300
funds) Local Funds 371,750
Appropriation | 371,750 |
| 3. | Clinton Armory - Total Requirements \$2,608,500
(restores 90-91 Federal Funds 1,884,200
funds) Local Funds 362,150
Appropriation | 362,150 |

Environment, Health, and Natural Resources

- | | | |
|----|--------------------------------------|-----------|
| 1. | Water Resources Development Projects | 2,055,000 |
| 2. | Park Repair and Maintenance Projects | 2,000,000 |

Office of State Budget and Management

- | | | |
|----|-------------------------------------|-----------|
| 1. | Reserve for Repairs and Renovations | 8,299,600 |
|----|-------------------------------------|-----------|

University of North Carolina

- | | | |
|----|---------------------------------|------------|
| 1. | Reserve for Repairs/Renovations | 14,300,000 |
|----|---------------------------------|------------|

General Assembly

- | | | |
|----|---|-----------|
| 1. | Buildings/Office Repairs, Renovations,
Equipment and Furnishings | 4,600,000 |
|----|---|-----------|

Cultural Resources

- | | | |
|----|--|---------|
| 1. | Fort Fisher/Highway 421 Erosion Control Matching Funds | 250,000 |
|----|--|---------|

TOTAL CAPITAL FACILITIES

\$45,000,000

CAPITAL FACILITIES (1991 Actions, Continued)

SENATE BILL 930

Appropriation Contingent Upon Federal Receipts - Armory appropriations are contingent upon federal matching funds being available. If not available by July 1, 1992, allocations are to be transferred to the Office of State Budget and Management - Reserve for Repairs and Renovations.

Headstart Grants - Grants are to be issued to local private non-profit corporations and public agencies administering Headstart programs for the payment of the cost of acquiring, constructing, reconstructing, renovating, equipping and improving classroom facilities for existing programs. Funds may also be used for land acquisition. Each grant is limited to no more than \$36,364 from bond proceeds.

HOUSE BILL 929

Section 51.1 **Clean Water Revolving Loan and Grant Fund** - (a) Directs the Office of State Budget and Management to transfer \$6,600,000 from funds appropriated to the Reserve for Reimbursements to Local Governments and Shared Tax Revenues for 1991-92 to the Clean Water Revolving Loan and Grant Fund created in G.S. 159G-5.

Section 50.1 **Revenue Building Revisions** - Allows the transfer of \$1,600,000 from the Office of State Budget and Management Reserve for Repairs and Renovations upon receipt of a recommendation from the Information Technology Commission that any mechanical, electrical, telecommunications, partition, and interior and furnishings for the new revenue building are necessary prior to its completion.

HOUSE BILL 83

Section 237 **UNC Capitol Projects/Fees** - Requires the Board of Governors of the University of North Carolina to include plans for financing self-liquidating projects, including estimates of the impact on student fees and other charges.

Section 238 **Reallocate DMV Funds** - Asheville: Reallocates funds appropriated in Section 8 of Chapter 1074 of the 1989 Session Laws, Regular Session 1990, for land purchase and building-design - Asheville to land and building purchase - Asheville.

Section 238.1 **Park Repair and Maintenance Report** - Requires the Department of Environment, Health and Natural Resources to report, by September 20, 1991, to the Joint Legislative Commission on Governmental Operations and to the Office of State Budget and Management on proposed use of funds.

Section 238.2 **Water Resources Development Projects** - Identifies projects to be funded by appropriation.

Section 241.1 **Water Lines/Columbus County High School** - Directs that \$250,000 from accumulated interest in the Clean Water Revolving Loan and Grant Program be used for increasing the size of water and sewer lines and related pumping facilities planned for extension to the new high school north of Tabor City.

CAPITAL FACILITIES (1991 Actions, Continued)

- Section 242* **UNC Removal of Handicapped Barriers** - Directs that \$2 million be used for purpose given in title. Requires Board of governors to adopt a comprehensive plan by January 1, 1992 which includes surveying facilities at each constituent institution, a cost analysis for needed modifications, and a time schedule for addressing determined needs. Allows use of \$200,000 for survey and plan completion.
- Section 243* **Reserve for Advance Planning** - Requires the Office of State Budget and Management to report to the Joint Legislative Commission on Governmental Operations and to Fiscal Research Division on planned expenditures at least 45 days before expended.
- Section 244* **Encumbered Appropriations and Project Reserve Fund** - Requires that all cost for a project including a reasonable contingency be encumbered when a project is placed under contract. Any unencumbered amount is to be placed in Project Reserve Fund, which may be used for emergency repair/renovation projects or to supplement funding shortage for other authorized projects provided they are designed within the scope intended by the applicable appropriation.
- Section 245* **Project Cost Increase** - Allows the Office of State Budget and Management upon the request of a State department or institution to increase project scope if in the best interest of the State. Action is to be reported to the Joint Legislative Commission on Governmental Operations.
- Section 246* **New Project Authorization** - Allows the office of State Budget and Management to authorize projects not specifically authorized by the General Assembly if funds are from sources other than appropriations. Report to the Joint Legislative Commission on Governmental Operations is required for these projects.
- Section 247* **Advance Planning of Capital Improvement Projects** - Allows, upon approval by the Director of the Budget, use of funds (other than appropriations) for advance planning through the working drawing phase of capital project. Board of Governors of the University of North Carolina and the State Board of Community Colleges are excluded from revolving fund use.
- Section 116* **John Umstead Hospital Planning** - Allows the Department of Human Resources to use gifts, federal or private grants, receipts from federal programs or any other source for advance planning through the working drawings phase for a psychiatric facility at Umstead Hospital.

CAPITAL FACILITIES - 1992-93
Senate Bill 1205

<i>DEPARTMENT AND PROJECT:</i>	<i>1992-93 General Fund</i>
<i>Administration</i>	
1. New Revenue Building Equipment and Furnishings	\$4,978,900
2. Museum of History - Exhibits, Furnishings and Equipment	2,963,700
3. Museum of History - N.C. Sports Hall of Fame	475,000
4. Shelters and Seats - Government Center Complex	50,000
5. Acquisition of Charlotte Johnson property in State Government Complex	138,000
<i>Agriculture</i>	
1. Museum of Natural Science - Planning	\$750,000
2. Western N.C. Agricultural Center	
a. Land Purchase	329,200
b. Temporary Stall Building	150,000
3. Western Farmers Market	
a. Winterize 2 Retail Buildings	126,400
4. Agronomics Lab Construction	7,500,000
5. Tidewater Research Station - Completion	1,000,000
6. Southeastern Farmers' Market - Shipping Point Facility	1,000,000
7. Piedmont Triad Farmers' Market - Development	1,000,000
8. Mountain Research Station Land Purchase	250,000
9. Eastern North Carolina Agricultural Center - Planning Funds	300,000
<i>Crime Control and Public Safety</i>	
1. Fayetteville Armory	
Requirements	\$2,295,000
Receipts - Federal & Local	1,980,000
State Appropriation	315,000
2. National Guard - Underground Storage Tanks - EPA Requirements	300,000
<i>Cultural Resources</i>	
1. Art Museum - Amphitheater	
Requirements	\$1,476,800
Receipts	1,476,800
Appropriation	-0-
2. State Museum of the Albemarle - Restore Funding to Continue Development	150,000

CAPITAL FACILITIES (1992 Actions, Continued)

	1992-93
<i>Cultural Resources (Continued)</i>	
3. Thomas Wolfe Memorial - Visitor's Center	645,000
<i>Environment, Health, and Natural Resources</i>	
1. Water Resources Development Projects Matching Funds	\$2,000,000
2. State Parks	
a. Land purchase	500,000
b. Repairs/Renovations	500,000
3. N. C. Zoo - Final Phase of North America	
Requirements	6,887,800
Receipts - Private	1,061,800
Appropriation	5,826,000
4. County Forestry Headquarters Equipment/Office Buildings	
a. Warren County	228,300
b. Cumberland County	215,100
<i>Human Resources</i>	
1. Murdoch Center - Meadowview Cottage Renovation	\$1,546,500
2. Dix Campus - Male Wing Renovation	3,004,600
3. Umstead Hospital - New Psychiatric Unit	7,499,700
4. Western Carolina Center	
a. Reroof Walkways	699,800
b. Boiler Replacement	201,200
5. Eastern Regional Vocational Rehabilitation Facility - Repairs and Renovations	300,000
<i>Justice</i>	
1. State Bureau of Investigations Critical Lab Repairs/ Renovations	\$845,300
2. Justice Academy - Repairs and Renovations	692,445
<i>University Board of Governors</i>	
1. North Carolina State University	
a. Hazardous Waste Facility	\$2,722,300
b. 4-H Camps Repairs and Renovations	200,000
c. Engineering Graduate Research Center - Phase I	2,200,000
2. N. C. State University - Restore Funds for Site Preparation - Centennial Center	2,000,000
3. N. C. State University - Castle Hayne Horticultural Research Station - Restore Funds for Greenhouse and Support Facilities	350,000
4. University of North Carolina at Chapel Hill	
a. School of Social Work	\$9,800,000
b. School of Business	2,000,000

CAPITAL FACILITIES (1992 Actions, Continued)

1992-93

University Board of Governors (Continued)

- 5. Fayetteville State University
 - a. Indoor Health and Physical Education Facility - Restore Funding 8,880,000
- 6. East Carolina University
 - a. Complete Advance Planning for Joyner Library Addition 300,000
- 7. Board of Governors
 - a. Repairs/Renovations Reserve 11,750,000

Community Colleges

- 1. Anson/Stanly - Restore funds for Union County Satellite \$930,000

Office of State Budget and Management

- 1. Reserve for Repairs and Renovations Statewide \$5,343,125
- 2. Reserve to Match Local Matching Funds for Prison Chapels 250,000
- 3. Critical School Facility Needs Fund - To correct a discrepancy in the manner in which grants were made from this fund 2,000,000

TOTAL CAPITAL FACILITIES - GENERAL FUND

\$95,205,570

SENATE BILL 1205

- Section 5* **Local Water/Sewer Funds** - Directs the Office of State Budget and Management to transfer \$4,400,000 from funds appropriated to the Reserve for Reimbursements to Local Government and Shared Tax Revenues for 1992-93 to the Clean Water Revolving Loan and Grant Fund created in G.S. 159G-5.
- Section 6* **Repairs and Renovations/Old Education and Revenue Buildings** - Allows study by the Joint Legislative Commission on Governmental Operations on the extent of repairs and renovations needed and to identify which agencies will be housed therein.
- Section 9* **Farmers' Market Study/Water Resources Project Study** - Authorizes the Joint Legislative Commission on Governmental Operations to study the feasibility of funding farmers' markets and water resources projects. Study may include (1) Piedmont Triad Farmers' Market, (2) Southeastern Farmers' Market, (3) Northeastern Farmers' Market, (4) Randleman Dam, and (5) Oregon Inlet Jetties.
- Section 12* **Grants for Local Arts/Historic Sites** - Allocates funds for Local Arts programs and directs that a sufficient sum be allocated for the addition of an auditorium for the Visitors Center at the Charles B. Aycock Historic Site.
- Section 13* **Brunswicktown State Historic Site/Use Receipts** - Allows the Department of Cultural Resources to retain proceeds (until June 30, 1995) from the sale of timber or other land products for the purpose of replacing the visitor center exhibits, to continue site archaeology and to make additional improvements at this site.
- Section 27* **North Carolina State University Engineering Graduate Research Center Funding** - Allows use of appropriations to begin Phase I site development and foundation construction.
- Section 29* **Fayetteville Physical Education Facility** - Allows the Board of Governors to allocate funds from the Reserve for Repairs and Renovations to cover, if necessary, any increased costs on this facility due to changes in code requirements since design completion.
- Section 41* **Prison Bond Reallocation/Administration Changes** -
- Section 44* **Prison Chapel Reserve** - Allows state grant of up to \$50,000 for prison chapels subject to a minimum local match of one dollar for every two State dollars. Requires the Office of State Budget and Management to report quarterly to the Joint Legislative Commission on Governmental Operations on any allocations from this reserve.
- Section 47* **Dobbs School Relocation Funds** - Directs that if the current Dobbs School site is selected as the site for the Air Cargo Complex, funds allocated from the Prison Bonds proceeds for Dobbs School shall be used to begin the process of constructing facilities on land adjacent to Caswell Center.
- Section 55* **Water Resources Development Funds** - Identifies projects to be funded with the \$2,000,000. Directs the Office of State Budget and Management to allocate up to \$3,500,000 from the Reserve for Repairs and Renovations as a state match for federal funds if they are made available prior to November 1, 1992, for the Morehead City Harbor Deepening Projects. Allows the use of 1992-93 reversions if federal funds become available for this project after November 1, 1992.

SENATE BILL 1205 (Continued)

- Section 56* **Funds for State parks Land Acquisitions** - Allows the use of proceeds from the grant of the easement by G.S. 143-260.10(a) to be used for land acquisition in State Parks.
- Section 60* **Parks Capital Improvements** - Directs that appropriation for land purchases be used to acquire critical parcels of inholdings and corridor linkages for inclusion in the State Parks system.
- Section 61* **Study Acquisition of Bird Island** - Directs the Department of Environment, Health, and Natural Resources to study the feasibility and appropriateness of the State acquiring Run Hill at Nags Head Woods and Bird Island in Brunswick County for the purpose of conservation. Findings and recommendations are to be made to the 1993 General Assembly.
- Section 65* **Marine Fisheries Use of Land Proceeds** - Allocates proceeds from property sale for the purposes of (1) acquiring real property for oyster shell stockpiling and dockage during hurricanes, (2) renovating or replacing the unsafe pier at the Morehead City Office, and (3) replacing the Carolina Coast Research Vessel.

**PRISON BOND APPROPRIATION
\$112.5 MILLION OF THE \$200.0 MILLION PROCEEDS
AUTHORIZED BY CHAPTER 935 OF THE 1989 SESSION LAWS**

DEPARTMENT OF CORRECTION

<i>Project Description</i>	<u>1991 SESSION</u>			<u>REALLOCATION BY THE 1992 SESSION^a</u>		
	<i>Custodial Level</i>	<i>Beds</i>	<i>Authorization</i>	<i>Custodial Level</i>	<i>Beds</i>	<i>Authorization</i>
Nash Correctional Institution	Med	128		Close	128	
Marion Correctional Center	Med	906		Close	752	
Cherry Correctional Center	Min	500		Min	500	
Central Prison	Close	144		Close	144	
Pasquotank Youth Institution	Med	440		Close	664	
NCCIW	Close/Med	256		Close/Med	256	
NCCIW - Repairs and Renovations						
Lumberton Correctional Center	Med	312		Med	312	
Fountain Correctional Center	Min	100		Min	100	
Greene Correctional Center	Min	200		Min	200	
Hyde Correctional Center	Med	312				
Brown Creek Sewing Plant						
Pender Furniture Refurbishing Facility						
Columbus Sewing Facility						
Caswell Sewing and Tailoring Equipment						
Harnett Dining Hall						
Subtotal		3,298	\$96,980,702		3,104	\$101,380,310
Contingencies			6,399,608			2,000,000
TOTAL			\$103,380,310			\$103,380,310

^aSection 41 of Senate Bill 1205

PRISON BOND APPROPRIATION (Continued)

<i>Project Description</i>	<u>1991 SESSION</u>			<u>REALLOCATION BY THE 1992 SESSION^a</u>		
	<i>Custodial Level</i>	<i>Beds</i>	<i>Authorization</i>	<i>Custodial Level</i>	<i>Beds</i>	<i>Authorization</i>
DEPARTMENT OF HUMAN RESOURCES - DIVISION OF YOUTH SERVICES						
7 Secure/nonsecure group homes						
9 beds added to Pitt Detention Center						
Renovate unused dorms & upgrade to meet American Correctional Association Standards						
Dillion secure unit, counseling space, & fencing at 5 facilities						
Conversion of dorms to individual rooms						
Increase number of transition beds - step down & independent living for Training Schools			9,119,690			9,119,690
TOTAL			\$112,500,000			\$112,500,000

**LEGISLATIVE ACTIONS:
HIGHWAY FUND APPROPRIATIONS**

DEPARTMENT OF TRANSPORTATION

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 12 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:

- o To properly maintain 12,091 miles of Primary roads, 59,231 miles of Secondary roads, and 5,225 miles of Urban roads.
- o To inspect and maintain 16,864 bridges in North Carolina.
- o To provide ferry service to the islands on the coast of North Carolina.
- o To provide a method for licensing, titling and license recording of motor vehicles.
- o To Issue drivers licenses to only qualified drivers.

	1991-92 Highway Fund	1992-93 Highway Fund
REVISED RECOMMENDED CONTINUATION BUDGET	\$915,573,642	\$921,190,671

1991 LEGISLATIVE ACTIONS

Continuation Budget Changes:

Transportation Administration

1. Board of Transportation (0110) Reduce Board expenses (2235)	(10,000)	(10,000)
2. Personnel (0130) Abolish vacant Personnel Analyst III position (various)	(53,582) (-1)	(53,582) (-1)

DEPARTMENT OF TRANSPORTATION (1991 Actions, Continued)

	1991-92 Highway Fund	1992-93 Highway Fund
3. Legal (0170) Abolish vacant Attorney I (various)	(41,970) (-1)	(41,970) (-1)
4. Secretary's Office (0190) Eliminate Salary Reserve from abolished Accounting Project Director position	(30,000)	(30,000)
Eliminate 3 Deputy Assistant Secretaries and 3 Clerical Support positions and per diem	(319,616) (-6)	(319,616) (-6)
5. Transportation Data Services Center (0220) Restore Telephone Cut (2322)	180,435	174,682
Reduce Data Processing Equipment (2510)	(350,000)	(350,000)
Reduce payments to SIPS by 5%	(311,550)	(311,550)
Increase Budgeted Receipts (0953)	(100,000)	(100,000)
6. General Services (0240) Eliminate Professional Fees (2310 & 2311)	(10,294)	(10,294)
Increase Map Sales Receipts (0943)	(50,000)	(50,000)
7. Management Assessment (0260) Reduce In-state Subsistence (2236)	(2,000)	(2,000)
Reduce In-state Transportation (2237)	(1,000)	(1,000)
8. Assistant Secretary for Administration (0290) Eliminate Grant to Keep N.C. Beautiful (2352)	(25,000)	(25,000)
<i>Transportation Operations</i>		
9. Chief Engineer of Operations (1030) Reduce Education Expense (2233)	(100,000)	(100,000)
Reduce Operations Reserve (2699)	(50,000)	(50,000)
10. Reduce travel	(46,209)	(46,209)
<i>Transportation Construction & Maintenance</i>		
11. Reduce small urban program (5131-3000):		
(a) Reduce from \$1 million to \$500,000 per highway division	(7,000,000)	(7,000,000)
(b) Reduce \$6 million discretionary fund	(2,194,336) (9,194,336)	(2,971,734) (9,971,734)
12. Special Appropriation for Highways (5161) Reduce fund to \$5,000	(737,465)	(737,465)
13. Reduce Federal Aid Match - Use Trust Fund money to match Federal Aid (5601)	(10,000,000)	(10,000,000)
14. OSHA - State Appropriation (5981) - Reduce reserve	(75,000)	(75,000)

DEPARTMENT OF TRANSPORTATION (1991 Actions, Continued)

	1991-92 <i>Highway Fund</i>	1992-93 <i>Highway Fund</i>
<i>Transportation Reserves:</i>		
15. Reserve for Contingencies (6900)		
Eliminate reserve	(100,000)	(100,000)
<i>Division of Motor Vehicles:</i>		
16. Commissioner's Office (0510)		
Abolish vacant Stock Clerk I position	(16,627)	(16,627)
	(-1)	(-1)
Reduce professional fees (2311)	(45,000)	(45,000)
Disallow printing increase (2411)	(60,000)	-
Remove one-time furniture purchases from base (2511)	(193,000)	(193,000)
17. Vehicle Registration (0520)		
Abolish 5 vacant positions (various)	(127,654)	(127,654)
	(-5)	(-5)
Increase receipts for DMV registration information (0985)	(25,000)	(25,000)
Reduce DMV license plate and sticker purchases (2443)		(200,000)
18. Driver Licensing (0530)		
Abolish 3 vacant positions (various)	(61,162)	(61,162)
	(-3)	(-3)
19. School Bus and Traffic Safety (0540)		
Abolish Driver Ed Asst. (various)	(50,797)	(50,797)
	(-1)	(-1)
20. Traffic Records (0550)		
Abolish 2 vacant positions (various)	(50,138)	(50,138)
	(-2)	(-2)
Increase receipts from sale of DMV collision reports (0984)	(200,000)	(200,000)
21. International Registration (0560)		
Abolish vacant Clerk Typist III position (various)	(21,290)	(21,290)
	(-1)	(-1)
Eliminate printing reserve (2411)	(5,600)	(5,600)
22. Enforcement and Vehicle Registration (0570)		
Abolish 3 M.V. Process Officers (various)	(79,978)	(79,978)
	(-3)	(-3)
Reduce in-state travel subsistence (2236)	(4,125)	(4,125)
Reduce in-state travel transportation (2237)	(36,000)	(36,000)
Reduce Uniforms, arms, etc. (2412)	(8,520)	(8,520)
Eliminate Operations Reserve (2699)	(54,882)	(54,882)
23. Reduce travel	(95,313)	(95,313)

DEPARTMENT OF TRANSPORTATION (1991 Actions, Continued)

	<i>1991-92 Highway Fund</i>	<i>1992-93 Highway Fund</i>
<i>Other Base Budget Changes:</i>		
24. Reduce employer retirement contribution*	(3,141,000)	(1,481,117)
25. Reserve for anticipated cost increase for the state employees health plan that is paid by the Highway Fund	6,200,000	8,200,000
26. Reduce payment to Crime Control & Public Safety (Justice and Public Safety Report)	(2,645,628)	(1,800,711)
27. Fund DMV attorneys in Department of Justice (shown as receipt in Justice budget)	240,250	240,250
28. Fund Driver Education	22,930,662	22,868,826
Highway Fund Adjustments	\$1,021,611 (-24)	\$4,541,424 (-24)
REVISED CONTINUATION BUDGET	\$916,595,253	\$925,732,095
* Transportation Admin.	(306,000)	(144,293)
Transportation Op.	(505,000)	(238,130)
GHSP	(4,000)	(1,881)
DMV	(999,000)	(471,073)
Crime Control & Public Safety	(1,281,000)	(604,050)
EHNR	(4,000)	(1,890)
Correction	(42,000)	(19,800)

DEPARTMENT OF TRANSPORTATION

1991-92
Highway
Fund

1992-93
Highway
Fund

1991 LEGISLATIVE ACTIONS

EXPANSION ITEMS:

Transportation Administration:

- | | | | |
|----|---|---------|--------|
| 1. | This funding will continue the process of replacing components of the Transportation Financial Management computer systems which are over 20 years of age and under considerable strain because of the Highway Trust Fund activity. This process was started in Fiscal Year 1990-91 with a strategic action plan in concert with the Office of the State Controller. This project will not only replace the old technology but will also bring DOT into the State-wide Accounting System. | 500,000 | \$ - |
| 2. | Increase contract security for the Highway Building to allow 24 hour coverage of the facility. | 52,800 | 55,440 |

State Highway Maintenance:

- | | | | |
|----|---|---------------------|---------------------|
| 3. | Additional funding for all the Highway Systems is required due to the increased cost of materials, supplies, and equipment. Funding is also needed to partially address the backlog of maintenance, particularly in the Bridge Maintenance Program: | | |
| | Primary System | 7,769,712 | 5,160,874 |
| | Secondary System | 13,655,855 | 9,070,626 |
| | Urban System | <u>2,119,012</u> | <u>1,407,512</u> |
| | | <u>\$23,544,579</u> | <u>\$15,639,012</u> |
| 4. | In keeping with the added emphasis on Highway Maintenance, additional positions are recommended in order to properly evaluate and monitor maintenance activities, expenditures, and accomplishments. The requested positions are Highway Engineers and a Clerk. | 85,660
(2) | 168,827
(4) |
| 5. | Add a Highway Engineer IV position to begin a State Highway Safety Unit. | 67,997
(1) | 60,147
(1) |

Division of Motor Vehicles:

- | | | | |
|----|---|--|--|
| 6. | This funding is to begin the replacement of the Drivers License and Vehicle Registration systems. This funding is only a small part of what is required for the entire project. This will fund the design | | |
|----|---|--|--|

DEPARTMENT OF TRANSPORTATION

	1991-92 <i>Highway Fund</i>	1992-93 <i>Highway Fund</i>
of the new Drivers License System (1991-92) and the Vehicle Registration System (1992-93). These designs will yield a more definitive scope and price to complete the projects.	600,000	458,000
7. Funds are needed to implement the motor vehicle inspection/maintenance program for emissions testing in Durham, Gaston, Davidson, Union, Cabarrus, Randolph, and Orange. These counties have been designated as air quality non-attainment areas because of violations of the federal ozone standard.	178,720 (6)	683,341 (16)
8. Install toll-free telephone line for branch agents to contact the DMV Vehicle Registration Section in Raleigh.	43,716	43,388
<i>Reserves:</i>		
9. This reserve is for the continued cleanup of 71 asphalt plants across the state contaminated with volatile organic compounds that endanger the groundwater. DOT has accepted responsibility as a major contributor to this contamination problem.	1,000,000	1,000,000
10. This reserve is for the operating expenses for the North Carolina Air Cargo Airport Authority. Estimated expenses for FY 1991-92 were reduced 20% due to delayed start-up of Authority. See pages 216 and 217 for list of expenses.	2,610,000 (8)	3,955,250 (10)
11. Transfer to General Fund for reimbursement of sales tax exemption	8,700,000	8,700,000
TOTAL EXPANSION	\$37,383,472 (17)	\$30,763,405 (31)
<i>Capital Improvements:</i>		
1. See pages 214 and 215 for list of capital projects.	4,619,275	8,802,500
<i>Revenue Adjustments:</i>		
1. Eliminate motor fuel tax on state agency purchases. The total loss in tax revenues is \$803,431. 75% is loss to the Highway Fund and 25% to the Highway Trust Fund.	(602,000)	(602,000)

DEPARTMENT OF TRANSPORTATION

	<i>1991-92 Highway Fund</i>	<i>1992-93 Highway Fund</i>
2. The Highway Fund revenue estimate for the FY 1991-93 biennium was lowered for FY 1991-92 due to an estimated decline in the wholesale price of gas.	(16,000,000)	
3. Increase in the following fees:	8,700,000	8,700,000
a) MVR fee from \$4 to \$5		
b) Learner's permits, I.D. cards, and duplicate driver licenses from \$5 to \$10		
c) Oversize/overweight permit fee from \$5 to \$10 and from \$25 to \$50		
d) Dealer and manufacturers license fees		
e) Late penalty for late title work from \$4 to \$10		

SPECIAL PROVISIONS INCLUDED IN APPROPRIATION BILLS - 1991

HOUSE BILL 83

- Section 32* **Driver Training Program** - G.S. 20-88.1(c) was amended to have the Highway Fund pay for all driver training expenses in the public schools.
- Section 58* **Mowing Road Shoulders** - Provides that the Board of Transportation review its policy of using private contractors to mow the state highway system. The Board's report to the 1992 General Assembly shall include 1) a cost comparison between state forces and private contractors, 2) the cost of returning mowing to state forces and 3) the savings from mowing less of the road shoulder. The Board will award only one-year contracts until the report is made.
- Section 59* **DOT Personnel Actions Reported** - Provides that the Department of Transportation submit a list of position reallocations, reclassifications, etc., and the use and status of salary reserves to the Joint Legislative Highway Oversight Committee and the Fiscal Research Division every six months.
- Section 60* **Plan to Reduce Labor Variance** - Provides that the Department of Transportation list all activities charged to labor variance, reasons why work has been charged to variance rather than specific job orders, and submit a plan to the 1992 Session of the General Assembly that reduces labor variance in highway planning and design.
- Section 61* **Performance Audit on Engineering Services** - Provides that the State Auditor conduct a performance audit to compare the costs of preliminary engineering services between the Department of Transportation and private engineering firms. The audit is to include an analysis of overhead

DEPARTMENT OF TRANSPORTATION (1991 Actions, Continued)

- costs, labor variance, the impact of new hires, and the cost of supervising consultants. The audit is due April 1, 1992.
- Section 62* **Reduction of Highway Trust Fund Revenue Used for Administrative Expenses** - Reduces from 5% to 4.5% the amount of Highway Trust Fund revenue that the Department of Transportation can use for administrative expenses.
- Section 63* **Branch Agent Transaction Rate** - Establishes the per transaction compensation rate for contract agents for the issuance of plates and certificates and collection of the highway use tax. Further delineates those activities defined as a transaction.
- Section 64* **Bids for Computer Services** - Requires that any bid for computer services for any state department or agency, where development of a strategic plan or needs assessment is provided, contain a provision that prohibits the successful vendor of the strategic plan or needs assessment from being considered for an award on subsequent related procurements. Also makes adequate provisions for deleting this requirement from request for bids.
- Section 65* **Railroad Dividends to Highway Fund** - Amends G.S. 136-16.6 to annually appropriate 100% of dividends from the State's Investment in North Carolina Railroad Company and the Atlantic and North Carolina Railroad Company to the Highway Fund for use by DOT for railroad purposes.
- Section 66* **Transfer from Equipment Fund** - Transfers \$5 million from the Equipment Fund each year of the Biennium for road maintenance.
- Section 66.1* **Highway Fund Allocations by Controller** - Requires the DOT Controller to allocate sufficient funds to eliminate all overdrafts on state maintenance and construction projects.
- Section 66.2 & 66.3* **Cash Flow Highway Fund and Highway Trust Appropriations** - Provides authorization and certification of anticipated revenues for the Highway Fund and the Highway Trust Fund for the 1993-95 biennium for the purpose of "cash flowing" construction projects.
- Section 66.4* **Highway Fund Limitations on Over-expenditures** - Provides 10% allowance over- or under-expenditures of funds without prior consultation with the Advisory Budget Commission. Requires report to the Joint Legislative Highway Oversight Committee for over- or under-expenditures greater than 10%. Over-expenditures for the purpose of adding positions shall also be reported.
- Section 66.5* **Resurfaced Roads May Be Widened** - Authorizes up to 15% of contract resurfacing funds to be used for widening existing narrow pavements scheduled for resurfacing. Requires report to the Joint Legislative Highway Oversight Committee and the Fiscal Research Division by May 15, 1992.
- Section 66.6* **Small Urban Construction Program Funds** - Establishes criteria for expenditure of small urban/discretionary funds and requires that members of the General Assembly be notified prior to action by the Board of

DEPARTMENT OF TRANSPORTATION (1991 Actions, Continued)

Transportation. These funds are not subject to the county allocation formula. Quarterly reports are to be made to the Joint Legislative Highway Oversight Committee and the Fiscal Research Division.

- Section 66.7* **Highway Fund Adjustments to Reflect Actual Revenues -** Provides for any unreserved credit balance in the Highway Fund on June 30 of each fiscal year be used to support appropriations in the succeeding fiscal year. Requires actual revenue in excess of estimated revenue shall be placed in a reserve for highway maintenance and requires monthly reports to the Joint Legislative Highway Oversight Committee on the use of the reserve.
- Section 66.8* **Signing of State-Maintained County Roads -** Provides that \$500,000 of the 1991-92 secondary road construction budget is exempt from the county formula allocation and shall be used for the county road name-signing program.
- Section 87* **DOT to pay compensation of attorneys assigned to DMV by the Attorney General -** Provides three Attorney General attorneys assigned to DMV will be compensated by the Highway Fund.
- Section 207* **Chairmen of House Appropriations Subcommittee on Transportation to attend Highway Oversight Committee -** Directs the Legislative Services Commission to pay the costs of attendance of the Chairmen of the House Appropriations Subcommittee on Transportation at all meetings of the Joint Legislative Highway Oversight Committee.
- Section 208* **Biennial Billboard Report by Department of Transportation -** Provides that DOT make a biennial report to the General Assembly on its Off-Premise Sign Regulatory Program (Billboards).
- Section 209* **Maintenance of State Highway Bridges -** Requires G.S. 136-97(b) concerning maintenance of state highway bridges, and makes it permissive that the Department haul all debris removed from on, under, or around a bridge to an appropriate disposal site for solid waste.
- Section 210* **DOT Financial and Operational Audit -** Provides that the State Auditor shall conduct a financial and operational audit of two Highway Divisions. Some of the topics in the audit are 1) percentage of time spent on maintenance and construction work, 2) analysis of equipment used, 3) construction and maintenance staffing levels, 4) appropriateness of charges to construction and maintenance accounts, and 5) determination of how maintenance workers are used in inclement weather.
- Section 210.1* **Secondary Road Projects -** Provides that the Special Appropriation for highway budget line may be used for secondary roads in the T.I.P. and is not subject to the allocation formula.
- Section 210.2* **Air Cargo Authority Funds -** Transfers \$400,000 of the reserve for Air Cargo Authority to the Department of Economic and Community Development for promotion and marketing of the facility.
- Section 220* **Purchase Transportation Services for Pregnant Women and Children on Medicaid -** Provides that \$300,000 in each year of the biennium shall be transferred from DHR to DOT, Public Transportation Division, to purchase transportation services for pregnant women and children on Medicaid.

DEPARTMENT OF TRANSPORTATION (1991 Actions, Continued)

- Section 222** **Visitor and Welcome Center Funds** - Provides that \$150,000 in each year of the biennium shall be transferred from the Special Registration Plate Fund to visitor centers in Camden, Brunswick, Macon, and Watauga Counties.
- Section 238** **Reallocate DMV Funds - Asheville** - Provides that funds appropriated in 1990 for land purchase and building design for DMV facility in Asheville are reallocated for land and building purchase in Asheville.

1992 LEGISLATIVE ACTIONS

	<i>1992-93 Highway Fund</i>
CHANGES:	
1. Reduce contract resurfacing. (5241)	(15,000,000)
2. Reduce small urban construction funds allocated by members of the Board of Transportation. (5131)	(1,000,000)
3. Reduce Spot Safety funds due to increase in federal-aid for safety projects. (5171)	(2,000,000)
4. Reduce state match for federal funds. Use Highway Trust Fund to match federal projects. (5601)	(18,000,000)
5. Reduce Ferry Division operations based on findings of the State Auditor's performance and financial audit. (3160 - various)	(1,000,000)
6. Reduce salary and benefit reserves	
— merit salary increments (6710)	(86,143)
— hospital/medical increase (6723)	(2,675,722)
— salary adjustment fund (6802)	(59,344)
7. Reduce Highway Patrol budget for elimination of motor fuel tax on state agency purchases. (6270) Included in JPS report.	(603,913)
8. Reduce Secondary road maintenance. (5221)	(559,204)
EXPANSION	
9. Increase secondary road construction based on 1 3/4 cents of the estimated Motor Fuels Tax. (5121)	446,402
10. Increase state-aid to municipalities (Powell Bill) based on 1 3/4 cents of the estimated Motor Fuels Tax. (5910)	446,402
11. Increase budget for telephone line charges paid to SIPS due to increased use of computer systems in DOT field units. (0220-2322)	750,000

DEPARTMENT OF TRANSPORTATION (1992 Actions, Continued)

	1992-93 Highway Fund
12. Continue development of a new financial accounting and reporting system. This phase of the project will include purchasing, accounts payable, budgetary control, and financial controller modules. (0220)	2,944,922
13. Fund the hardware and software for new Driver Licensing Computer System. (0510)	2,948,600
14. Supplement funding for the design of new vehicle registration system. \$458,000 is already appropriated. (0510)	550,000
15. Increase funds for vehicle registration plates and stickers. The increase restores half of a cut made by the 1991 General Assembly. (0520-2443)	100,000
16. Increase the Driver's License telecommunications budget for payment to SIPS due to increased computer time for the Commercial Drivers License program, and for shared charges previously paid for by the department's computer division. (0530-2322)	240,000
17. Increase line for rent of Drivers License photo equipment due to increase in contract with the Polaroid Corporation. (0530-2524)	77,000
18. Increase rental line for Driver License Offices to help fund 7 express offices and 4 regular offices. (0530-2330)	57,000
19. Increase in-state transportation due to a 5¢ per mile increase in Motor Fleet Management rates and for an increase in the number of vehicles used. (0570-2237)	280,000
20. Create reserve for salary increase for Highway Fund employees.	7,045,254
21. Increase transfer to General Fund for reimbursement of sales tax exemption.	700,000
22. Air Cargo Authority.	2,500,000
NET CHANGE	(\$21,898,746)
<u>Other Adjustments:</u>	
23. Transfer funds from the Equipment Fund for expansion items and to help with revenue shortfall.	8,899,254
24. Use estimated credit balance at the end of FY 91-92 for expansion items and to help with revenue shortfall.	5,400,000

SPECIAL PROVISIONS INCLUDED IN APPROPRIATIONS BILL - 1992

HOUSE BILL 1340

- Section 94* **DOT Exemption from General Statutes for Congestion Management Project** - Exempts from bidding and contracting laws a project in the Charlotte urban area designed to reduce congestion, improve safety, and increase response time and services when accidents occur. DOT will report quarterly to Joint Legislative Highway Oversight Committee.
- Section 95* **Highway Maintenance Reserve** - Requires that actual revenue in excess of estimated revenue be placed in the reserve for highway maintenance. Requires report to the Joint Legislative Highway Oversight Committee.
- Section 96* **DMV Driver License Computer** - Requires the Division of Motor Vehicles to procure by competitive bid all hardware and software for the new Drivers License Computer system.
- Section 97* **Contract Resurfacing Reporting Requirement** - Requires quarterly report to the Joint Legislative Highway Oversight Committee on any transfers from the contract resurfacing program during the preceding quarter and an annual report on any additional life-cycle costs for delayed projects as result of transfers.
- Section 98* **DOT Highway Construction Safety Program** - Allows DOT to establish up to 15 positions for a safety program by using existing funds.
- Section 99* **Secondary Roads, Annual Work Program Priority Lists** - Amends statute to require that where a secondary road in the top 10 of the priority list is paved, that the next secondary road on the list shall be moved up to the top 10 of that list and shall remain there until paved.
- Section 100* **DOT Permanent Hourly Workers/Office of State Personnel Study** - Requires the Office of State Personnel to study DOT's use of permanent hourly workers and to report its findings to the House Appropriations Committee and to the Joint Legislative Highway Oversight Committee.
- Section 101* **Reallocation of DMV Warehouse/Office Building Funds** - Allows DMV to either purchase or construct a warehouse/office building with funds appropriated in 1989.
- Section 102* **Transfer from the Equipment Fund** - Transfers \$8,899,254 from the Equipment Fund to be used in the expansion budget.
- Section 103* **Small Urban Construction Funds** - Adjusts the amounts expended from these funds and directs that no more than 50% of the funds can be expended, encumbered, or allocated prior to January 31, 1993.
- Section 104* **DOT to Report on Efforts to Educate on Transportation Planning Roles** - Requires DOT to report to the Senate and House Committees on Transportation their efforts in transportation planning with local governments.
- Section 105* **DOT to Develop Bridge Plan** - Requires DOT to develop a comprehensive plan to maintain and upgrade substandard bridges and report to legislature by February 1, 1993.

DEPARTMENT OF TRANSPORTATION (1992 Actions, Continued)

- Section 106* **Highway 264 Rest Area** - Mandates DOT to let contract for rest area on U.S. 264 in Beaufort County by December 1, 1992 or the project will be transferred to the Department of Administration (DOA). DOA must complete the project by September 1, 1993.
- Section 107* **Morehead City Rest Area/Visitor Information Funds** - Directs DOT to use \$1 million of its budget to construct a rest area/visitors information center on U.S. 70 near Morehead City. Also requires DOT to prepare standard plans for visitor information centers for use throughout the State.
- Section 108* **Air Cargo Amendments** - Adds 5 members to the Air Cargo Authority Board of Directors; removes requirement that Governor appoint Board members from each region of the state; sets term limits of Board members; and, increases zoning jurisdiction of the Authority from 4 to 6 miles of the boundaries of a cargo airport complex site.
- Section 109* **Greene County Water and Sewer** - Reappropriates \$400,000 for Greene County water and sewer line construction from DOT to the Office of State Budget and Management. Attached to the provision is language for Gates County Board of Education.
- Section 110* **Air Cargo Airport Authority Marketing Funds Transfer** - Transfers \$500,000 of the \$2.5 million appropriation for the Air Cargo Authority to the Department of Economic and Community Development for marketing, advertising, and operating support.

SENATE BILL 1205

- Section 31* **DOT Capital Construction Funds Reversions** - Reverts funds from the following projects:
1. Land acquisition in Siler City (1991) - \$54,000
 2. Office and warehouse in Graham (1989) - \$111,900
 3. Maintenance complex in Craggy (1985) - \$53,566
- Section 32* **Mobile Crane Study** - Requires DOT to study mobile crane industry and report to Joint Legislative Highway Oversight Committee by 1993 Session.
- Section 33* **Traffic Control Funds** - Changes funding source for traffic control at events with 30,000 vehicles or more per day by moving the allocation of \$100,000 from the Special Registration Plate Fund to the maintenance account.
- Section 36* **Air Cargo Appropriation Reimbursement Repealed** - Repeals requirement for Air Cargo Authority to reimburse the Highway Fund for funding received in the FY 1991-93 biennium.
- Section 37* **Current Operations** - Transfers \$169,806 from the LUST Fund to Agriculture for increased staff in the Standards Division.

DEPARTMENT OF TRANSPORTATION (1992 Actions, Continued)

- Section 38* **DOT Motor Vehicles** - Exempts DOT from minimum mileage utilization requirements for FY 1992-93 and requires quarterly reports to Joint Legislative Commission on Governmental Operations and Joint Legislative Highway Oversight Committee.
- Section 39* **Extend Liability Protection** - Authorizes the state to pay excess damages against a state employee or member of a state board for enforcing or administering minority goals programs.
- Section 40* **Carteret County Nautical Center** - Authorizes DOT to construct a Nautical Center in Beaufort from unspent funds from construction of Visitors Center in Morehead City.

DEPARTMENT OF TRANSPORTATION - HIGHWAY TRUST FUND

1991 LEGISLATIVE ACTIONS

	<i>1991-92 Highway Trust Fund</i>	<i>1992-93 Highway Trust Fund</i>
Continuation Budget Changes:		
1. Fiscal (0210) Abolish Economist II position	(47,456) (-1)	(47,456) (-1)
2. Civil Rights (0280) Eliminate Professional Fees	(8,800)	(8,800)
3. Deputy State Highway Administration (1050) Reduce Deputy Administrator Position to Staff Engineer	(38,085)	(38,085)
4. Highway Design (2210) Reduce dues and subscriptions	(40,000)	(40,000)
5. Vehicle Registration (0520) Abolish 2 vacant positions (various)	(52,187) (-2)	(52,187) (-2)
Highway Trust Fund Reductions	<u>(\$186,528)</u> (-3)	<u>(\$186,528)</u> (-3)

1992 LEGISLATIVE ACTIONS

*1992-93
Highway
Trust Fund*

A net increase in Highway Trust Fund revenue is apportioned according to formula established in G.S. 136-176(b) as follows:

Intrastate System (61.95%)	2,800,081
Secondary Road Construction (6.5% + fees) ¹	1,113,365
Urban Loops (25.05%)	1,207,661
State Aid - Municipalities (6.5%)	313,365
Program Administration (4.5%) ²	<u>(434,472)</u>
	\$5,000,000

¹ Secondary roads receive half of the revenue deposited into the Trust Fund from increased title fees.

² Program administration receives its percentage "off the top" before a distribution is made to the other categories

GLOBAL AIR CARGO AUTHORITY BUDGET

FY 1991-92

I. <i>OPERATING EXPENSES</i>		
A.	Personnel (Start October 1, 1991)	330,000
	Executive Director	
	Project Coordinator	
	Industrial Recruiter (2)	
	Community/Public Relations	
	Administrative Assistant	
	Clerical Support Staff (2)	
B.	Employee Fringe Benefits	70,000
C.	Office Space/Furniture	50,000
D.	Equipment & Maintenance	50,000
E.	Supplies	19,000
F.	Postage	15,000
G.	Travel	150,000
H.	Insurance	15,000
I.	Printing	56,000
J.	Telephones	30,000
	Sub-Total	785,000
II. <i>PROJECT EXPENDITURES</i>		
A.	Master Plan - Study	500,000
B.	Finance Planning consultants	300,000
C.	Legal	200,000
D.	Engineering	100,000
E.	"Computer Services and Consulting Services"	325,000
	Sub-Total	1,425,000
III. <i>RESERVE FOR THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT</i>		
A.	Project Related Expenses	400,000
TOTAL FY 1991-92		\$2,610,000

GLOBAL AIR CARGO AUTHORITY PROPOSED BUDGET (Continued)

FY 1992-93

III. OPERATING EXPENSES		
A. Personnel		525,000
Executive Director		
Project Coordinator		
Industrial Recruiter (3)		
Community/Public Relations		
Administrative Assistant		
Clerical Support Staff (3)		
B. Employee Fringe Benefits		110,250
C. Office Space/Furniture		50,000
D. Equipment & Maintenance		50,000
E. Supplies		25,000
F. Postage		25,000
G. Travel		400,000
H. Insurance		20,000
I. Printing		100,000
J. Telephones		50,000
Sub-Total		1,355,250
IV. PROJECT EXPENDITURES		
A. Master Plan		2,000,000
B. Finance Planning Consultants		100,000
C. Legal		300,000
D. Engineering		200,000
Sub-Total		2,600,000
TOTAL FY 1992-93		\$3,955,250

1992 LEGISLATIVE ACTIONS

		1992-93
I. Authority - Airport design, Phase I (\$1 million) and preliminary design of the Central Cargo Holding System (\$1 million)		\$2,000,000
II. Department of Economic and Community Development - Marketing the Global Transpark including 2 positions, operating support and advertising funds.		500,000
		<hr/> \$2,500,000

CAPITAL IMPROVEMENTS
1991 SESSION AUTHORIZATIONS
AND
REVISED AUTHORIZATIONS FOR 1992-93

	1991-92 <i>Highway Fund</i>	1992-93 <i>Highway Fund</i>	1992-93 <i>Revised Authorizations</i>
DIVISION OF HIGHWAYS			
1. Bridge Maintenance Office Complex Supplemental - Brunswick	224,000	—	—
2. Equipment Shop - Carthage	—	2,247,000	2,247,000
3. Bridge Maintenance Complex - Wadesboro	26,000	439,000	439,000
4. Gas Pump Canopies - Statewide	398,000	311,000	—
5. Fencing - Statewide	171,000	—	—
6. Land Acquisition - Siler City	54,000	—	—
7. Land Acquisition/Maintenance Yard - Halifax	13,000	—	—
8. Land Acquisition/Maintenance Yard - Trenton	27,000	—	—
9. Water and Sewer Connections - Statewide	308,000	—	—
- Greene County Facility	400,000	—	—
10. Division Office Complex Phase II - Fayetteville	—	1,688,000	1,688,000
11. Division Office Addition - Greensboro Requirements	\$589,000		
Less Receipts (Sale of Land)	<u>-589,000</u>		
Appropriation	—	—	—
12. Landscape Office, Warehouse and Truck Shed - Asheville			
Requirements	\$472,000		
Less Receipts (Sale of Land)	<u>-472,000</u>		
Appropriation	—	—	—
13. Salt Storage Buildings - Statewide	405,000	67,000	—
14. Equipment Shop - Mocksville	511,000	—	—
15. District Office Building - Albemarle	49,000	247,000	333,000
16. Division of Highways/Division of Motor Vehicles Office Complex - Graham	67,000	—	—

¹Project deleted and funds reverted

CAPITAL IMPROVEMENTS (Continued)

	1991-92 <i>Highway Fund</i>	1992-93 <i>Highway Fund</i>	1992-93 <i>Revised Authorizations</i>
17. Sign Shop - Union	—	725,000	—
18. Design Equipment Shop - Meadows	—	41,000	52,000
19. Design Equipment Shop - Spindale	—	24,000	40,000
20. Design Equipment Shop - Washington	—	40,000	49,000
21. Design Equipment Shop - Wentworth	—	44,000	54,000
22. Bridge Maintenance Warehouse/Shed - Union	—	81,000	—
23. Design Sign Shop - Carthage	—	33,000	42,000
24. Design District/Resident Engineer Office - Marion	—	18,000	49,000 ²
25. Design Equipment Shop - Kinston	—	43,000	49,000
26. Land Purchase - Robbinsville	—	—	17,000
27. Land Purchase - Roxboro	—	—	17,000
28. District/Resident Engineers Office - Wilmington	—	—	434,000
29. Roadside Environmental Warehouse/Office - Marion	—	—	188,000
30. Maintenance Office/Assembly - Hudson	—	—	309,466
31. Division Office (Supplement) - Durham	—	—	85,000
32. Materials and Test Lab Design - Asheville	—	—	34,000
33. Highway Building - Fire Alarm System - Raleigh	—	—	141,000
TOTAL DIVISION OF HIGHWAYS	\$2,653,000	\$6,048,000	\$6,267,466

DIVISION OF MOTOR VEHICLES

1. Upgrade Electrical Power, Communication and Computer Circuits - Raleigh Division of Motor Vehicles Building	216,200	—	—
2. Building Addition - Wilmington	221,900	—	—
3. Building Addition - Statesville	170,075	—	—
4. New Office Building - Asheville	635,100	—	—

²Revised project description to add the word "District"

CAPITAL IMPROVEMENTS (Continued)

	1991-92 Highway Fund	1992-93 Highway Fund	1992-93 Revised Authorizations
5. Roof Replacement (7 Locations)	100,500	—	—
6. Resurface Parking Lots (6 Locations)	107,500	—	—
7. Roof Replacement (7 Locations)	—	103,100	103,100
8. Resurface Parking Lots (6 Locations)	—	111,900	111,900
9. Building Addition - Goldsboro	—	167,630	167,630
10. Building Addition - Whiteville	—	164,770	164,770
11. Building Addition - Hillsborough	—	179,200	179,200
12. Building Addition - Kinston	—	179,200	179,200
13. Building Addition - Jacksonville	—	174,800	174,800
14. Reserve to make restrooms handicapped accessible in DMV facilities.	25,000	25,000	25,000
TOTAL DIVISION OF MOTOR VEHICLES	\$1,476,275	\$1,105,600	\$1,105,600
CRIME CONTROL AND PUBLIC SAFETY			
1. State Highway Patrol - Troop H Headquarters - New Building	190,000	1,348,900	1,348,900
2. State Highway Patrol - Replace and upgrade fuel facilities	300,000	300,000	300,000
TOTAL CRIME CONTROL AND PUBLIC SAFETY	\$490,000	\$1,648,900	\$1,648,900
GRAND TOTAL CAPITAL	\$4,619,275	\$8,802,500	\$9,021,966

SALARIES AND BENEFITS

SALARY CHANGES FOR EMPLOYEES SUPPORTED BY THE STATE

1991 ACTIONS

- A. Salary Increases: Due to the extreme budgetary woes faced by the 1991 Session of the General Assembly just to maintain basic services to the public, general salary increases for employees supported by State funds were simply not possible for at least the first fiscal year of the 1991-93 biennium. However, the 1991 Session did express its intentions to address such salary increases for the second year of the biennium during the 1992 Session of the General Assembly, subject to the availability of funds to do so. Consequently, all salary rates adopted by the State for employees supported by State funds were continued for 1991-92 at their 1990-91 authorized rates.
- B. Employees Whose Salaries are Set in Accordance with the State Personnel Act: The 1991 Session of the General Assembly amended actions by the 1989 General Assembly to require at least 25% of all salary increase funds for employees whose salaries are set in accordance with the State Personnel Act to be awarded on the basis of job performance. The 1991 Session specified that general, cost-of-living salary increases for such employees should precede any consideration for performance pay increases, and that the first 2% of any salary increases be granted as general, across-the-board salary increases.
- C. Public School Employees Paid under the School Improvement and Accountability Act of 1989: For differentiated pay provisions of the Act, see the section on the Department of Public Education.
- D. Restoration of Additional Christmas Paid Holiday: Effective July 16, 1991, the 1991 General Assembly restored, upon approval of the State Personnel Commission and the Governor, State policy prior to 1988 of providing a three-day paid holiday (Christmas Day, the day before and the day after) rather than a two-day holiday for employees of State agencies, departments, institutions, boards, and commissions whenever Christmas Day falls on Tuesday, Wednesday, or Thursday. Employees of local public school units and community college institutions are also covered by the actions of the Personnel Commission upon concurrence of local governing authorities. The estimated cost of the additional paid Christmas holiday for 1991-92 of \$1,000,000 is to be absorbed within agency budgets as enacted by the General Assembly. No additional costs would be incurred for 1992-93 since Christmas Day in 1992 falls on Friday.
- E. Salary and Salary-Related Studies for Employees Supported by the State:
- (1) The 1991 Session of the General Assembly directed the State Board of Education to develop a State salary schedule for Public School superintendents, assistant superintendents, associate superintendents, supervisors, directors, coordinators, evaluators, programs administrators, principals, and assistant principals and to report its findings, including an implementation agenda, to the Joint Legislative Commission on Governmental Operations by February 1, 1992.
 - (2) The 1991 Session of the General Assembly also authorized the Legislative Research Commission to conduct studies during the 1991-93 biennium on the following subjects: (a) the State's pay plans for employees of State agencies, departments, institutions, boards and commissions; (b) any salary inequities

SALARY CHANGES (1991 Actions, Continued)

within job classifications for equally qualified minorities, females, and nonminority males paid by State agencies, departments, institutions, boards and commissions; (c) paid leave policies of the State for public school teachers; and (d) personal liability protection for the official acts of employees of State agencies, departments, institutions, boards and commissions.

- (3) The 1991 Session of the General Assembly directed the Legislative Services Commission to review its methods for rewarding employees of the General Assembly for their longevity of service and superior job performance for the legislative branch of State government.
- (4) The 1991 General Assembly continued the activities of an on-going Study Commission of the State Personnel System, consisting of three members of the House of Representatives appointed by the House Speaker, three Senators appointed by the Senate President Pro Tempore, and three public appointees named by the Governor. The Commission is again charged with studying all aspects of the State Personnel System, including state and local government employee retirement benefits, taxation of state and local government employee retirement benefits, day care, medical, and dental benefits for public employees.

SALARY CHANGES FOR EMPLOYEES SUPPORTED BY THE STATE

1992 ACTIONS

A. SALARY INCREASES

The 1992 Session of the General Assembly enacted the following General Fund and Highway Fund appropriations to provide a salary increase effective July 1, 1992, for employees paid from State funds:

	1992-93
General Fund	\$115,140,124
Highway Fund	7,045,254
	<hr/>
Total	\$122,185,378

B. GENERAL SALARY INCREASES

- (1) Employees Whose Salaries are Set in Accordance with the State Personnel Act - The 1992 Session of the General Assembly authorized a monthly salary increase of \$43.50 for all State employees whose salaries are set in accordance with the State Personnel Act, effective July 1, 1992.
- (2) Employees Whose Salaries are Not Set in Accordance with the State Personnel Act - The 1992 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 \$43.50 per month.
- (3) Employees of the University System Exempt from the State Personnel Act - The 1992 Session authorized funds equivalent to a monthly salary increase of \$43.50, effective July 1, 1992, for employees of the University System whose salaries are exempt from the State Personnel Act, to be awarded to individuals based on the rules of the University Board of Governors.
- (4) Community College Institutional Employees - The 1992 Session authorized a monthly salary increase of \$43.50 effective July 1, 1992, for institutional employees of the Community College System.
- (5) Employees of the Public Schools
 - (a) **Superintendents, Assistant Superintendents, Associate Superintendents, Supervisors, Directors, Coordinators, Evaluators, Program Administrators, Principals, and Assistant Principals** - The 1992 Session authorized a monthly salary increase of \$43.50 effective July 1, 1992, for superintendents, assistant superintendents, associate superintendents, supervisors, directors, coordinators, evaluators, program administrators, principals, and assistant principals.
 - (b) **Teachers** - The 1992 General Assembly appropriated funds equivalent to an average annual salary increase of 2% for teachers effective July 1, 1992, in order to complete the third year of the implementation of a new salary schedule based on years of experience which will incorporate (1) a

SALARY CHANGES (1992 Actions, Continued)

30 annual step salary schedule based on years of experience with a 2% increase between steps, (2) a 6.3% difference for teachers with a master's degree, (3) a 9.1% difference for teachers with a six-year degree, (4) a 11.6% difference for teachers with a doctoral degree, and (5) annual longevity pay at 1% of base salary for 10 to 14 years of service, 1.5% of base salary for 15 to 19 years of service, 2% of base salary for 20 to 24 years of service, and 2.5% of base salary for 25 or more years of service. The change in annual longevity pay, effective for 1992-93, will replace the previously authorized annual longevity pay of 2.5% of base salary after 25 years of State service which was enacted in the 1989 Session. The third year of the teacher salary schedule is as follows:

**TEACHER SALARY SCHEDULE
(Effective July 1, 1992)**

<i>"A" TEACHERS</i>		<i>"G" TEACHERS</i>	
<i>Years of Experience</i>	<i>1992-93 Salary</i>	<i>Years of Experience</i>	<i>1992-93 Salary</i>
00	\$1,982	00	\$2,106
01	2,022	01	2,148
02	2,062	02	2,191
03	2,103	03	2,235
04	2,145	04	2,280
05	2,188	05	2,326
06	2,232	06	2,373
07	2,277	07	2,420
08	2,323	08	2,468
09	2,369	09	2,517
10	2,416	10	2,567
11	2,464	11	2,618
12	2,513	12	2,670
13	2,563	13	2,723
14	2,614	14	2,777
15	2,666	15	2,833
16	2,719	16	2,890
17	2,773	17	2,948
18	2,828	18	3,007
19	2,885	19	3,067
20	2,943	20	3,128
21	3,002	21	3,191
22	3,062	22	3,255
23	3,123	23	3,320
24	3,185	24	3,386
25	3,249	25	3,454
26	3,314	26	3,523
27	3,380	27	3,593
28	3,448	28	3,665
29+	3,517	29+	3,738

SALARY CHANGES (1992 Actions, Continued)

<i>TEACHERS AT SIX- YEAR DEGREE LEVEL</i>		<i>TEACHERS AT DOCTORAL DEGREE LEVEL</i>	
<i>Years of Experience</i>	<i>1992-93 Salary</i>	<i>Years of Experience</i>	<i>1992-93 Salary</i>
00	\$2,159	00	\$2,211
01	2,202	01	2,255
02	2,246	02	2,300
03	2,291	03	2,346
04	2,337	04	2,393
05	2,384	05	2,441
06	2,432	06	2,490
07	2,481	07	2,540
08	2,531	08	2,591
09	2,582	09	2,643
10	2,634	10	2,696
11	2,687	11	2,750
12	2,741	12	2,805
13	2,796	13	2,861
14	2,852	14	2,918
15	2,909	15	2,976
16	2,967	16	3,036
17	3,026	17	3,097
18	3,087	18	3,159
19	3,149	19	3,222
20	3,212	20	3,286
21	3,276	21	3,352
22	3,342	22	3,419
23	3,409	23	3,487
24	3,477	24	3,557
25	3,547	25	3,628
26	3,618	26	3,701
27	3,690	27	3,775
28	3,764	28	3,851
29+	3,839	29+	3,928

SALARY CHANGES (1992 Actions, Continued)

- (c) **Noncertified Employees Except School Bus Drivers** - The 1992 Session authorized funds for a monthly salary increase of \$43.50 effective July 1, 1992, for non-certified employees of the public schools except school bus drivers.
- (d) **School Bus Drivers** - The 1992 Session appropriated funds so that the pay rates adopted by local boards of education for school bus drivers for the 1992-93 year could be increased by 2% on or after July 1, 1992.

C. SPECIFIED SALARY INCREASES

- (1) **Legislators** - Beginning with the 1993 General Assembly, legislators will receive the following annual salaries by action of the 1992 Session of the General Assembly, which reflect the same annual salary increase of \$522 authorized for state employees by the 1992 Session.

<i>Legislator</i>	<i>New Salary 1992-93</i>
House Speaker	\$35,622
Senate President Pro Tempore	35,622
House Speaker Pro Tempore	20,298
Senate Deputy President Pro Tempore	20,298
House & Senate Majority Leaders	15,918
House & Senate Minority Leaders	15,918
Other Legislators	13,026

Even with the increases in legislative salaries authorized by the 1992 Session for members in 1993, North Carolina still has the distinction of having among the lowest paid legislators in the nation.

- (2) **Governor** - The 1992 Session of the General Assembly authorized a \$522 annual salary increase for the Governor from \$123,300 to \$123,822 effective July 1, 1992. However, beginning January 1, 1993, the General Assembly reduced the Governor's salary to \$91,938.
- (3) **Judicial Personnel** - The 1992 Session provided a \$522 annual salary increase for the following officials of the Judicial Department, effective July 1, 1992. These new annual salaries are:

<i>Official</i>	
Chief Justice, Supreme Court	\$91,938
Associate Justice, Supreme Court	90,054
Chief Judge, Court of Appeals	87,186
Judge, Court of Appeals	85,290
Judge, Senior Regular Resident Superior Court	78,258
Judge, Superior Court	75,774
Chief Judge, District Court	66,918
Judge, District Court	64,386
District Attorney	70,554
Assistant District Attorney - an average of	45,822
Administrative Officer of the Courts	78,258
Assistant Administrative Officer of the Courts	63,882
Public Defender	70,554
Assistant Public Defender - an average of	45,822

SALARY CHANGES (1992 Actions, Continued)

	<i>New Salary</i> 1992-93
<i>Superior Court Clerks</i>	
Less than 100,000 population	\$47,442
100,000 to 199,999 population	53,550
200,000 and above population	61,026
<i>Assistant Superior Court Clerks</i>	
Minimum	\$20,712
Maximum	35,262

The salary of any assistant clerk who is licensed to practice law in North Carolina was changed to be not less than three-fourths of the maximum annual salary for assistant clerks. Also, the salary of any assistant clerk holding a law degree was changed to be not less than two-thirds nor more than three-fourths of the maximum annual salary for assistant clerks.

Deputy Superior Court Clerks

Minimum	\$16,236
Maximum	27,162

The 1992 General Assembly increased the maximum annual salary for Assistant and Deputy Clerks by \$522, and provided that only those at the maximum of the salary schedule would receive the increase. All other Assistant and Deputy Clerk will receive an annual step increase in the salary schedule.

Magistrates

Less than 1 year's service	\$17,058
1 or more but less than 3 years' service	17,934
3 or more but less than 5 years' service	19,698
5 or more but less than 7 years' service	21,642
7 or more but less than 9 years' service	23,814
9 or more but less than 11 years' service	26,178
11 or more years' service	28,758

In addition to providing an annual salary increase of \$522, the 1992 General Assembly provided experience credit so that magistrates with 20 years of experience as a sheriff or deputy sheriff, city or county police officer, campus police officer, wildlife officer, or highway patrol will receive additional years of credit to be applied to the foregoing table in determining an annual salary rate.

- (4) Council of State - The 1992 Session of the General Assembly provided a \$522 annual salary increase for members of the Council of State effective July 1, 1992. These new annual salaries are:

Council of State

Lieutenant Governor	\$75,774
Attorney General	75,744
Secretary of State	75,744

SALARY CHANGES (1992 Actions, Continued)

	<i>New Salary 1992-93</i>
<i>Council of State (Continued)</i>	
State Treasurer	75,774
State Auditor	75,774
Superintendent of Public Instruction	75,774
Agriculture Commissioner	75,774
Insurance Commissioner	75,774
Labor Commissioner	75,774
(5) <u>Governor's Cabinet</u> - The 1992 Session of the General Assembly authorized a \$522 annual salary increase for members of the Governor's Cabinet, effective July 1, 1992, as follows:	
<i>Cabinet</i>	
Administration Secretary	\$75,774
Economic and Community Development Secretary	75,774
Correction Secretary	75,774
Crime Control Secretary	75,774
Cultural Resources Secretary	75,774
Human Resources Secretary	75,774
Environment, Health and Natural Resources Secretary	75,774
Revenue Secretary	75,774
Transportation Secretary	75,774
(6) <u>Certain Executive Officers</u> - Based upon the Separation of Powers Act of 1983, as amended, the new annual salaries, effective July 1, 1992, for certain executive officials are as follows, which include the \$522 annual salary increase authorized by the 1992 Session of the General Assembly:	
<i>Officials</i>	
State Controller	\$117,942
Chairman, Alcoholic Beverage Control Commission	72,930
Commissioner of Motor Vehicles	72,930
Commissioner of Banks	72,930
Chairman, Employment Security Commission	72,930
State Personnel Director	75,774
Chairman, Parole Commission	66,594
Members of the Parole Commission	61,482
Chairman, Industrial Commission	65,526
Members of the Industrial Commission	63,930
Executive Director, Agency for Public Telecommunications	61,482
General Manager, Ports Railway Commission	55,518
Executive Director, Art Museum	74,730
Executive Director, Wildlife Resources Commission	62,946
Executive Director, Housing Finance Agency	90,258
Executive Director, Agricultural Finance Authority	70,986
Director, Office of Administrative Hearings	64,386
(7) <u>Salary Increases for Legislative Principal Clerks, Sergeants-at-Arms, and Reading Clerks</u> - The annual salaries of the Principal Clerks in the House of Representatives and Senate were increased by \$522 to \$46,686 effective July 1, 1992. Likewise, the salaries of the Sergeants-at-Arms and Reading Clerks in the House of Representatives and Senate were increased to \$219 per week effective July 1, 1992.	

SALARY CHANGES (1992 Actions, Continued)

- D. *SALARY INCREASE FUNDS TO LOCAL GOVERNMENTS* - At a General Fund cost of an additional \$4,113,258 for 1992-93, the 1992 Session of the General Assembly tried to partially offset increases to local governments receiving state funds. The additional form of state aid to local governments is to be used only for salary increases to local government employees and for contracted personal services provided by nongovernmental and nonprofit entities serving state and local governments to the extent that State funds support local employee salaries and locally-contracted personal services scheduled to be renewed during 1992-93.
- E. *RESERVE FOR SALARY REDUCTION-POSITIONS VACATED BY RETIREMENT* - The 1992 General Assembly enacted legislation requiring departments and universities to transfer salary and fringe benefits equal to thirty percent of the General Fund salary and fringe benefit cost for each position vacated by retirement during 1992-93 to the Reserve for Salary Reduction - Position Vacated by Retirement. The budgeted savings created by this reserve is \$19.5 million.

**RETIREMENT AND PENSION CHANGES
FOR
STATE AND LOCAL PERSONNEL**

1991 ACTIONS

A. CURRENTLY-EMPLOYED EMPLOYEES

- (1) Retirement Contributions Reduced: Effective July 1, 1991 the employer contribution rates for the 1991-92 fiscal year to the Teachers' and State Employees' Retirement System was reduced by 2.3% for retirement, .10% for the Disability Income Plan of North Carolina and .06% for the Death Benefit Trust for a total of 2.46% of covered salary. The contribution rate for the Consolidated Judicial Retirement System was also reduced by 4.49% of covered salary. These rate reductions reduce the General Fund Appropriation by \$93,083,760 and the Highway Fund Appropriation by \$3,141,000.

The reduction in the employer contribution rates for the 1992-93 fiscal year to the Teachers' and State Employees' Retirement System was 1.00% for retirement, .10% for the Disability Income Plan of North Carolina and .06% for the Death Benefit Trust for a total of 1.16% of covered salary. The contribution rate for the Consolidated Judicial Retirement System was also reduced by 2.25% of covered salary. These rate reductions will reduce the General Fund Appropriation by \$44,048,010 and the Highway Fund Appropriation by \$1,481,117.

- (2) Extension of Educational Leaves of Absence: The 1991 General Assembly increased the career limitation for employer approved leaves of absence from a maximum of four years to a maximum of six years. Employees use educational leave to acquire knowledge, talents and abilities and to increase the efficiency of service to the employer. While on an employer approved leave of absence, the employer and employee continue to make contributions to the retirement system based on the salary of the employee prior to the educational leave.
- (3) Deferred Compensation: The 1991 General Assembly extended the eligibility to participate in the North Carolina Public Employee Deferred Compensation Plan, Section 457 of the Internal Revenue Code, to employees of the public schools so that they can participate in this plan as well as the Supplemental Retirement Income Plan - Section 401(k) of the Internal Revenue Code and tax-shelter annuities - Section 403(b) of the Internal Revenue Code.
- (4) Additional Retirement Service Credit for Unused Sick Leave at Retirement for Local Employees: Effective July 1, 1991, members of the Local Governmental Employees' Retirement System are allowed additional retirement service credit at retirement for unused sick leave at the rate of one month's credit for each 20 days or portion thereof of accumulated sick leave up to a maximum of 12 days credit for each year of retirement service. Previous to this 1991 legislative change, the maximum accumulated sick leave that could be credited for retirement service at retirement was one month of credit for each two years of retirement service, or 10 days per year.

RETIREMENT AND PENSION CHANGES (1991 Actions, Continued)

The change was made by the 1991 General Assembly in order to make the retirement benefits for local government employees more compatible with those of State employees.

- (5) Penalties for Late Payments of Contributions by Employers: The 1991 General Assembly allowed the Board of Trustees of the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System to assess the employer with a penalty of 1% per month with a minimum of \$25 in the event the employer and employee retirement contributions have not been received by a date set by the Boards of Trustees.
- (6) Definition of Compensation: The 1991 General Assembly redefined the term "Compensation" in the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System as all salary before any reductions pursuant Sections 125, 401(k), 403(b), 414(h)(2) and 457 of the Internal Revenue Code, and to exclude any reimbursements of expenses or payments for housing or other allowances.
- (7) Local Deferred Compensation Plans: The 1991 Session permitted the investment of local government employees' deferred compensation funds in life insurance, annuities and retirement income contracts, regulated investment trust and other forms of investments approved by the Board of Trustees of the North Carolina Public Employee Deferred Compensation Plan.
- (8) Benefits Increased and Eligibility Requirements Decreased in the Register of Deeds Supplemental Pension Fund: The 1991 General Assembly reduced the eligibility requirements to receive a benefit from the Register of Deeds Supplemental Pension Fund from 12 years of service as a Register of Deeds to 10 years of service as a Register of Deeds. Also, the benefits were increased from 65% of the Register of Deeds' salary less the amount of his retirement allowance from the Local Governmental Employees' Retirement System, a locally sponsored plan, and a non contributory benefit from the Supplemental Retirement Income Plan with a maximum of \$1,000 per month to 75% of the Register of Deeds' salary less the amount of his retirement allowance from the Local Governmental Employees' Retirement System, a locally sponsored plan, and a non contributory benefit from the Supplemental Retirement Income Plan with a maximum of \$1,200 per month. The annual cost of \$110,000 was funded from the existing accumulated funds in the Register of Deeds Supplemental Pension Fund. Also, the day the benefit from the pension fund is paid to retired Register of Deeds was changed from the last day of the month to the same business day that benefits are paid from the Local Governmental Employees' Retirement System.

B. RETIRED EMPLOYEES

- (1) Cost-of-Living Adjustments: The 1991 General Assembly provided that no cost-of-living adjustments were to be made to any State or local retirees but expressed the intent to give every consideration to post-retirement increases or cost-of-living adjustments for retirees of the Teachers' and State Employees' Retirement System, the Local Governmental Employees' Retirement System, the Consolidated Judicial Retirement System and the Legislative Retirement System during the 1992 Session of the General Assembly.

RETIREMENT AND PENSION CHANGES

1992 ACTIONS

A. *Currently-Employed Employees*

- (1) Benefit Accrual Rate Increased: Effective July 1, 1992, the benefit accrual rate, or retirement formula, was increased in the Teachers' and State Employees' and Local Governmental Employees' Retirement Systems from 1.64% to 1.70% of average final compensation per year of creditable service. The net effect of these increases will be to increase the annual retirement allowance of all employees who retire on and after July 1, 1992 by 3.6%. The General Assembly funded the increases out of unencumbered actuarial gains within the Systems, as of December 31, 1990, without requiring any additional employer contributions. The increase cost the Teachers' and State Employees' Retirement System some \$450 million and the Local Governmental Employees' Retirement System some \$137 million for active employees in available actuarial gains.
- (2) Additional Employer Contributions to the University Employee Optional Retirement Program: The 1992 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 6.24% to 6.46% of an employee's compensation, effective July 1, 1992. Such a change was made at a cost of some \$515,000 for 1992-93 to be financed out of existing appropriations to the University System.
- (3) Redefines Employee and Employer: Effective June 8, 1992, the 1992 General Assembly redefined the term "Employer" and "Employee" in the Local Governmental Employees' Retirement System. This action will prohibit non-governmental employers from participation in the Local System and makes clear that employers must be separate, juristic political subdivisions of the State in order to participate in the Local Governmental Employees' Retirement System.
- (4) Reduce Service Requirement for Disability Benefits: Effective retroactive to April 1, 1991, the General Assembly reduced the service eligibility for members of the Local Governmental Employees' Retirement System from five years to one year for firemen and rescue squad workers who are disabled as a result of an accident while in the line-of-duty. This additional benefit cost the Local Governmental Employees' Retirement System some \$4 million and was funded out of unencumbered actuarial gains in the System as of December 31, 1990.
- (5) Retirement Allowance Provided to Surviving Beneficiaries of Deceased Disabled Employees: Effective retroactive to April 1, 1991, the designated sole surviving beneficiary of a disabled employee who filed for disability retirement but did not live to the effective date of retirement is allowed to receive in lieu of a return of the employee's contributions plus interest, a reduced retirement allowance for life from the Local Governmental Employees' Retirement System in the form of 100% joint and survivor benefit. The joint and survivor benefit payable to the designated sole surviving beneficiary was funded out of unencumbered actuarial gains available to the Local Governmental Employees' Retirement System as of December 31, 1990.

RETIREMENT AND PENSION CHANGES (1992 Actions, Continued)

- (6) Disability Retiree Restored to Membership Regardless of Age: The 1992 General Assembly clarified the law relating to any retiree who retired on disability retirement from the Teachers' and State Employees' or Local Governmental Employees' Retirement System and returns to full-time service. The retiree's disability benefit will be suspended and the retiree will become a contributing member of the retirement system regardless of age.
- (7) Teachers and State Employees Allowed to Purchase Retirement Service Credit for Maternity, Parental Leave or Involuntary Administrative Furlough: Effective October 1, 1992, the 1992 General Assembly permitted members of the Teachers' and State Employees' Retirement System with 5 years of service to purchase additional retirement service credits for periods of service which were interrupted due to parental leave, pregnancy or childbirth, or involuntary administrative furlough due to lack of funds. Members are required to pay the full actuarial cost in a lump sum for these additional service credits based upon the earliest date that the members could retire on an unreduced service plus an administrative fee.
- (8) Increase Mandatory Retirement Age for Judges: Effective July 7, 1992, the 1992 General Assembly increased the mandatory retirement age from 70 to age 72 for judges of the Superior Court and District Court Division of the General Court of Justice.
- (9) Clarification of Purchase Deadline: The 1992 General Assembly effective July 1, 1979 makes clear that the three-year window for members to purchase withdrawn service, military service, and out-of-state service is and has been in effect since enactment.
- (10) Retirement Contributions Reduced: Effective July 1, 1991 the employer contribution rates for the 1992-93 fiscal year to the Consolidated Judicial Retirement System was reduced by 3.43% of covered salary. The rate decrease reduced the General Fund Appropriation by \$1,000,000.
- (11) Benefits Increased and Eligibility Requirements Changed in the Sheriff's Pension Fund: The 1992 General Assembly, effective January 1, 1993, changed the eligibility to receive a benefit from the Sheriff's Supplemental Pension Fund to include (i) any sheriff who has attained 30 years of service regardless of age and (ii) any sheriff who has been approved for disability retirement benefits from the Local Governmental Employees' Retirement System. These changes are in addition to the present one of attaining age 55. In all cases in order to qualify the retiree must have 10 years of eligible service as sheriff. Also, a retiring sheriff will be eligible to start receiving benefits immediately following retirement instead of having to wait until January 1 of the following year. Benefits were also expanded to include continuing the monthly payments for the remainder of the calendar year to the spouse or the estate of the deceased retiree.

The amount of the benefit from the Fund is determined by dividing the total years of all retired sheriffs into the balance each year to determine a value for each share. An eligible sheriff is entitled to receive an annual pension benefit equal to one share multiplied by his total years as sheriff. The maximum amount will be the difference between 75% of the sheriff's salary at retirement and the amount of his benefit from the Local Governmental Employees' Retirement System, not to exceed \$1,200 per month (increased from \$1,000). These increased benefits will be funded by the court cost presently collected by accruing

RETIREMENT AND PENSION CHANGES (1992 Actions, Continued)

the balance at the beginning of each calendar year after determining the amount needed for that calendar year. In years past the balance at the beginning of each year, which amounted from about \$250,000 to \$300,000 per year, not needed to pay the benefits for that year were being transferred to the Supplemental Retirement Income Plan [401(k)] to be divided equally among all local law enforcement officers.

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, 1992, the General Assembly provided a 1.6% increase in the retirement allowances paid to beneficiaries in three of the State-administered Systems whose retirement began on or before July 1, 1991. In addition, beneficiaries who retired after July 1, 1991, and before June 30, 1992, were granted an increase in their retirement allowances on July 1, 1992, equal to a pro-rated amount of the 1.6% increase provided to those who retired on or before July 1, 1991. 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 1991-92. The 1.6% increase was granted to retired beneficiaries so as to give them a comparable increase to the funds equivalent to a 2.0% salary increase provided for currently-employed employees. Comparability was determined by the relative impact of the increase upon the average net disposable income of each group of active and retired employees, considering payroll deductions for retirement contributions, Social Security taxes, state income withholding taxes, and federal income withholding taxes required by law of each group. This increase in retirement allowances was funded out of unencumbered actuarial gains in the following Retirement Systems as of December 31, 1990: Teachers' and State Employees' - \$89 million; Consolidated Judicial - \$0.9 million; and Local Governmental Employees' - \$18 million.
- (2) Cost-of-Living Adjustment in Retirement Allowances for Retired Legislators: Effective July 1, 1992, the General Assembly provided a 1.6% increase in the retirement allowances paid to beneficiaries of the Legislative Retirement System retired on or before January 1, 1992, comparable to the same increases granted to retired beneficiaries of the Teachers' and State Employees' Retirement System. In addition, beneficiaries who retired after January 1, 1992, and before June 30, 1992, were granted an increase in their retirement allowances on July 1, 1992, equal to a pro-rated amount of the 1.6% increase provided to those who retired on or before January 1, 1992. The increase was granted at a cost of \$14,600.
- (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, 1992, beneficiaries will have their retirement allowances increased by 3.6% to reflect the increase in the benefit accrual rate for currently-employed employees from 1.64% to 1.70% which was authorized by the 1992 General Assembly, effective July 1, 1992. This additional retirement allowance increase was funded out of unencumbered actuarial gains available to the Retirement Systems as of

RETIREMENT AND PENSION CHANGES (1992 Actions, Continued)

December 31, 1990, without requiring any additional employer contributions - at a cost of \$194 million from the Teachers' and State Employees' System and \$42 million from the Local Governmental Employees' System.

STATE EMPLOYEE HEALTH BENEFIT CHANGES

1991 ACTIONS

A. Changes in Plan Financing and Basic Benefits: Upon the convening of the 1991 Session, the General Assembly was faced with having to provide additional financial support for the Teachers' and State Employees' Comprehensive Major Medical Plan. The Plan, including its prepaid alternatives through health maintenance organizations (HMOs), would have required an additional \$170 million for the 1991-92 fiscal year and \$246 million in 1992-93 to continue its existing benefit levels for the 1991-93 biennium. These amounts of financial support would be in addition to the 1990-91 amount of \$477 million for the Plan. However, the General Assembly, upon adopting various cost-containment and other benefit changes was able to reduce the required additional support to \$122 million in 1991-92 and \$162 million in 1992-93 - \$59 million and \$99 million in reduced cost for 1991-92 and 1992-93 respectively, and \$11 million and \$15 million in increased benefits for 1991-92, and 1992-93 respectively. Such changes required an additional General Fund appropriation of \$75.2 million and \$99.9 million for 1991-92 and 1992-93 respectively and an additional Highway Fund appropriation of \$6.2 million and \$8.2 million for 1991-92 and 1992-93 respectively. The remaining amounts of additional financial support required for the biennium came from unappropriated employer funds (\$12.3 million for 1992-92 and \$16.4 million for 1992-93), additional premiums paid by employees and retirees for their covered dependents, and from additional premiums paid by former employees and their dependents for continuation coverage. The various cost-containment and benefit changes enacted by the 1991 General Assembly include:

- (1) An increase in the annual deductible paid by each person enrolled in the Plan per fiscal year from \$150 to \$250, effective July 1, 1991. The family deductible was also raised from \$450 to \$750 per year, effective July 1, 1991. Not since July 1, 1986, had the Plan's deductibles been increased, when they were raised from \$100 per person and \$300 per family per year.
- (2) An increase in the annual co-payment rate paid by each person enrolled in the Plan after application of the deductible from 90% Plan - 10% participant (\$300 maximum) to 80% Plan - 20% participant (\$1,000 maximum), effective July 1, 1991. Not since July 1, 1985, had the Plan's co-payments been increased when they were raised from 5% per person up to \$100 per year.
- (3) Requiring each person enrolled in the Plan to pay the first \$10 for each physician's office, home, and nursing home visit, effective July 1, 1991.
- (4) Requiring each person enrolled in the Plan to pay the first \$50 of emergency room hospital charges when the person is not immediately admitted to the hospital and, when less costly emergency medical care alternatives are reasonably available, effective July 1, 1991.
- (5) Replacing 100% coverage for outpatient surgery, effective July 1, 1991, with coverage subject to the Plan's deductibles and co-payments.
- (6) Reinstatement of a length-of-stay certification for unscheduled inpatient hospitalizations, effective October 1, 1991.
- (7) Limiting the Plan's coverage for outpatient prescription drugs to 90% of the drug's average wholesale price plus a co-payment to be paid by each member

HEALTH BENEFIT CHANGES (1991 Actions, Continued)

for each prescription equal to a provider dispensing fee set by the Executive Administrator and Board of Trustees, effective January 1, 1992.

- (8) Replacing the Plan's existing limits on mental health care of 30 days of inpatient treatment per fiscal year and 80% coverage up to 50 visits and \$2,200 per fiscal year for outpatient treatment with a managed, individualized plan of case-by-case treatment for mental illness, including utilization review and available preferred provider networks, effective January 1, 1992. Where qualified preferred providers of inpatient and outpatient care are reasonably available, use of providers outside of the preferred network will be subject to a 20% penalty up to \$5,000 per fiscal year to be assessed against each covered individual in addition to the general co-payments of 20% of eligible expenses to a maximum of \$1,000 per fiscal year.
 - (9) Providing a penalty of 20% of eligible expenses up to \$5,000 per fiscal year to be paid by each person enrolled in the Plan, in addition to the normal 20% co-payment rate up to \$1,000 per fiscal year, who uses non-network providers of inpatient and outpatient hospital care when qualified preferred network providers of such care are reasonably available to be used, effective January 1, 1992.
 - (10) Increasing the maximum lifetime amount of benefits payable under the Plan from \$500,000 to \$1,000,000 per person covered by the Plan, effective July 1, 1991.
 - (11) Coverage for lung, heart-lung, and pancreas transplants under the Plan, effective January 1, 1992.
 - (12) Effective July 1, 1991, providing coverage for routine diagnostic examinations up to \$150 per person per fiscal year for eligible expenses, including those for Pap smears, mammograms, colon, rectal and prostate exams, x-rays, blood and blood pressure checks, TB tests, urine tests, and general health checkups once a year for members age 55 and older, once every 2 years for members age 40 to 55, and once every 3 years for members under age 40, in addition to providing coverage for immunizations to prevent contagious diseases.
- B. Changes in Enrollee Eligibility: Effective October 1, 1991, the General Assembly provided coverage for handicapped dependent children regardless of whether or not such dependents were covered by the Plan at birth. Previous Plan policies excluded coverage for handicapped dependent children if they were not covered by the Plan at birth. All such handicapped dependent children previously excluded from the Plan's coverage will be provided an opportunity to enroll in the Plan as a newly-eligible dependent beginning October 1, 1991.
- C. Changes in Plan Premiums: In translating the additional appropriations enacted by the 1991 General Assembly for the Plan during the 1991-93 biennium, the premiums paid by employing agencies for their employees and retired employees are expected to increase by 34%, effective October 1, 1991, over the amounts paid for each year of the 1989-91 biennium. Employers will continue to pay all of the employee and retiree individual premium cost. For premiums paid by employees and retired employees for their dependents enrolled in the basic self-insured plan, parent and child coverage premiums are expected to increase by about 38%, effective October 1, 1991, and family coverage premiums are expected to increase by about 42%, effective October 1, 1991. Because of the cost-containment and other benefit changes enacted by the 1991 Session of the General Assembly, the premium rate increases originally reported by the Plan's Executive Administrator were cut by some one-third, even after increasing the Plan's benefits by over \$26 million during the 1991-93 biennium.

HEALTH BENEFIT CHANGES (1991 Actions, Continued)

- D. Changes in Plan Administration: In order to clarify and substantiate many of the Plan's administrative policies, the 1991 Session of the General Assembly amended the Plan's statutes to:
- (1) Require the Plan's Executive Administrator to consult with the Legislative Committee on Employee Hospital and Medical Benefits before contracting with alternative prepaid health maintenance organizations (HMOs) or with contracted preferred providers of medical care (PPOs).
 - (2) Require the Plan's Executive Administrator to get advice from the Plan's claims processor and consulting actuary before setting administrative and medical policies.
 - (3) Establish a medical bill audit program for providers of care other than hospitals.
 - (4) Specify that the Plan's Executive Administrator is responsible for all disbursements and recoveries under the Plan.
 - (5) Prohibit the self-insured base plan from paying benefits after a Plan member has enrolled in an alternative prepaid HMO, except for cases of continuous hospital confinement.
 - (6) Clarify the Plan's policies that separate premium rates are to be established for Medicare-eligible members.
 - (7) Require the Plan's Executive Administrator to provide written summaries of administrative reviews of appealed cases to all parties affected by the decision.
 - (8) Require the Plan's Executive Administrator to provide written descriptions of all rules and regulations issued to all parties affected by the rules and regulations.
 - (9) Require the Plan's Executive Administrator to consult with the Plan's full Board of Trustees before setting administrative and medical policies.
 - (10) Define experimental and investigational medical procedures.
 - (11) Clarify the Plan's policies that all retirees have new waiting periods for pre-existing conditions when they first retire.
 - (12) Specify that employees and dependents re-enrolled in the Plan within 12 months after a termination of enrollment are not considered newly-eligible enrollees upon re-enrollment for the purposes of waiting periods and pre-existing conditions, except when transferring from optional prepaid HMOs, when an employee returns from leave without pay, when an employee returns from a reduction in force, when an employee changes employment status from part-time or temporary to full-time, when enrollment categories change between employee and dependent, or when the Plan determines a waiver to be in the best interest of the Plan.
 - (13) Provide that coverage under the Plan is dependent upon the payment of premiums.
 - (14) Clarify the Plan's policies that required second and third surgical opinions apply only when the Plan is the primary payer of benefits.
 - (15) Clarify the Plan's policies that hospital pre-admission certification is not required out of the country and that such certification is the responsibility of the Plan member.

HEALTH BENEFIT CHANGES (1991 Actions, Continued)

- (16) Clarify that the Plan does not cover charges in excess of negotiated rates with contracted preferred providers.
- (17) Clarify that each Plan member is responsible for 50% of eligible expenses up to \$500 per fiscal year when surgery is elected that conflicts with a majority second or third opinion.
- (18) Conform the Plan's statutes to federal law requiring Medicare coverage to be secondary to the Plan's coverage for Medicare-eligible active employees and Medicare-eligible spouses of active employees.

1992 ACTIONS

STATE EMPLOYEE HEALTH BENEFITS - NO CHANGES

BENEFIT CHANGES FOR STATE AND LOCAL PERSONNEL

1992 ACTIONS

TECHNICAL CORRECTIONS TO DISABILITY INCOME BENEFITS FOR TEACHERS AND STATE EMPLOYEES

Effective June 25, 1992, the 1992 General Assembly made technical corrections to the Disability Income Plan for Teachers and State Employees which was originally enacted by the 1987 Session of the General Assembly to replace disability retirements. These changes and clarifications include:

- o Allows employees to receive short-term benefits for the entire month when the benefit is scheduled to end on or after the first day of a month and the member is eligible and applies for early or service retirement;
- o Provides clarification that the 60-day salary continuation does not include any period the employee is receiving workers' compensation benefits.
- o Allows the Plan to reimburse the employer for the second six month period at the end of the short-term disability period or upon termination of short-term benefits if earlier rather than on a quarterly basis.
- o Provides that a participant may make application for long-term benefits within 180 days after payments from workers' compensation ceases and further provides that a teacher or state employee must terminate employment in order to receive long-term disability benefits.
- o Allows the Board of Trustees to extend the 180-day filing requirement for an additional 180 days if the Board receives evidence that the application for long-term disability benefits was delayed through no fault of the disabled employee.
- o Provides that long-term disability benefits will be reduced dollar-for-dollar if the total of the participant's earnings and long-term disability benefits total more than participant's monthly salary prior to becoming disabled. This increases the amount a participant may earn after the first 36 months of long-term disability benefits.

Also provides clarification that the net long-term disability benefit is the amount payable after the reduction for Social Security benefits.

- o Allows a disabled employee to make an irrevocable election to forfeit all rights to a long-term disability benefit and elects to: (i) retire on an early service retirement allowance or (ii) receive a total refund of contributions from the Teachers' and State Employees' Retirement System.
- o Allows an additional 180-days from the ratification date for any employee who was eligible for long-term disability benefits but who did not apply for benefits in a timely manner.
- o Provides that the annual compensation, on which short-term and long-term disability benefits are calculated, be increased by the same salary increase of \$522 granted to other employees.

BENEFIT CHANGES (1992) Actions, Continued)

FICA SAVING TO BE USED FOR ADMINISTRATIVE CHARGES

The 1992 Session allowed the Director of the Budget to use savings, through December 31, 1993, resulting from a reduction in the employer's share of contributions of FICA taxes as a result of the reduction in salary for all employees participating in the Dependent Care Assistant Program and Flexible Compensation Plan.

SUBSISTENCE ALLOWANCES INCREASED FOR LEGISLATORS

Effective upon the convening of the 1993 Session of the General Assembly the rates of daily subsistence for legislators will be increased to the maximum per diem rate (\$92/day) allowed for federal employees in the Raleigh area.

TRANSFER FIREMEN'S AND RESCUE SQUAD WORKERS' PENSION FUND

Effective July 1, 1992, the General assembly transferred the administration of the Firemen's and Rescue Squad Workers' Pension Fund from the Department of State Auditor to the Department of State Treasurer.

**REVENUE/FEE
BILLS**

**REVENUE BILLS -
BUDGET AND TAX BILL - HB 83**

1991 ACTIONS

	<i>Item</i>	<i>Effective Date</i>	<i>91-92</i>	<i>Fiscal Impact (\$ Millions)</i>		
				<i>92-93</i>	<i>93-94</i>	<i>94-95</i>
(1)	Increases state sales tax rate from 3% to 4%.	7/16/91	\$430.0	\$516.0	\$554.7	\$596.3
(2)	Increases corporate income tax from 7% to 7 3/4% and levies a surtax as follows:	1991 tax year	85.0	85.6	84.8	83.3
	1991 4%					
	1992 3%					
	1993 2%					
	1994 1%					
(3)	Adds a 7 3/4% personal income tax rate for taxable income above \$100,000 (married, filing jointly).	1991 tax year	51.0	56.4	62.4	69.0
(4)	Increases cigarette tax from 2¢ per pack to 5¢.	8/1/91	20.0	21.0	20.6	20.1
	Levies a 2% of wholesale price tax on other tobacco products.	1/1/92	.5	.7	.7	.7
(5)	Transfer from Highway Fund to General an amount equivalent to the sales tax exemption for DOT purchases. Highway Use Tax changes, DMV fee increases.	8/1/92	\$8.7	\$9.4	\$10.1	\$10.9
			(No General Fund impact)			
(6)	Increases tax on liquor sold for mixed drinks license holders from \$15 per gallon to \$20.	9/1/91	2.9	3.4	3.5	3.6
	Increases alcoholic beverage permit fees and license taxes.	5/1/92	-	2.9	3.0	3.1

REVENUE BILLS (1991 Actions, Continued)

	<i>Item</i>	<i>Effective Date</i>	<i>Fiscal Impact (\$ Millions)</i>			
			91-92	92-93	93-94	94-95
(7)	Eliminates payment of soft drink tax based on stamps and crowns in lieu of uniform 4% discount.	10/1/91	.2	.3	.3	.3
	Changes soft drink tax exemption for juice drinks to require juice to be 100% natural to be exempt (now 35%).	10/1/91	.3	.5	.5	.5
(8)	Increases state tax on boats, aircraft from 2%, \$1,500 limit to 3%, \$1,500 limit.	7/16/91	\$2.0	\$2.1	\$2.2	\$2.3
(9)	Updates state income tax conformity to 1990 federal tax changes.	1991 tax year	10.0	11.1	12.2	13.5
(10)	Increases deed stamp tax on real estate transfers from \$1 per \$1,000 of consideration to \$2 per \$1,000 of value of property transferred. Earmarks 15% of increase for Recreation and Natural Heritage Trust Fund.	8/1/91	11.9	13.9	14.9	16.1
(11)	Raises insurance tax from 1.75% of gross premiums to 1.875% for the 1991 tax year and to 1.90 beginning with 1992.	7/1/91	\$3.1	\$3.8	\$4.1	\$4.4
	Establishes a 6.5% charge against gross premiums tax liability (excluding HMOs and Blue Cross) to go into a special trust fund to finance elimination of General Fund support for Department of Insurance.	1991 tax year	11.9	12.1	12.6	13.1
	For 1991-92, the Department will continue to receive appropriation but will reimburse General Fund for amount of appropriations.					
	Allows a 20% credit against premium tax for guaranty fund assessments.	1992 tax year	-	-.4	-.5	-.6

REVENUE BILLS (1991 Actions, Continued)

<i>Item</i>	<i>Effective Date</i>	<i>Fiscal Impact (\$ Millions)</i>			
		91-92	92-93	93-94	94-95
TOTAL PACKAGE:					
Tax Increases		\$616.9	\$717.3	\$763.4	\$812.1
Budget Transfers		20.6	21.5	23.0	24.5
Total Effect		<u>\$637.5</u>	<u>\$738.8</u>	<u>\$786.4</u>	<u>\$836.6</u>

1992 ACTIONS

<i>Item</i>	<i>Effective Date</i>	<i>Fiscal Impact</i>				
		1992-93	1993-94	1994-95	1995-96	1996-97
SB 1245, Ch. 917 Public TV Sales Tax Refund Refunds the 6% sales tax on purchases made by public broadcasting stations organized by interlocal agreement. (G.S.160A-464)	7-1-92	(\$49,000)	(\$50,400)	(\$51,900)	(\$53,500)	(\$55,000)
HB 1366, Ch. 931 - School Lunch Tax Exemption Exempts all persons other than teachers and students as well as day care facilities from paying the sales tax on school lunches.	7-1-92	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
HB 1455, Ch. 974 Real Estate Appraisers Privilege License - Requires real estate appraisers to obtain from the Secretary of Revenue a \$50.00 privilege business license.	7-1-92	135,00	140,000	145,000	150,000	155,000

REVENUE BILLS (1992 Actions, Continued)

<i>Item</i>	<i>Effective Date</i>	<i>1992-93</i>	<i>1993-94</i>	<i>Fiscal Impact 1994-95</i>	<i>1995-96</i>	<i>1996-97</i>
HB 1320, Ch. 867 Scrap Tire Disposal Tax Change Clarifies that new tires purchased for placement in this State on newly manufactured vehicles are exempt from paying the tax.	7-15-92	None	None	None	None	None
SB 1015, Ch. 914 Sales Tax Certificate of Resale Clarifies that the burden of proof is on the wholesaler to prove that a sale accompanied by a certificate of resale is accurately represented as a sale for resale.	Upon Ratification	None	None	None	None	None
SB 969, Ch. 935 No Sales Tax on Donated Foods Creates a sales and use tax exemption for retail and wholesale merchants who purchase food at wholesale that is donated to a nonprofit organization.	7-1-92	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
SB 1195, Ch. 940 No Sales Tax on Donated Drugs - Retail and wholesale merchants are exempt from the sales and use tax on donations of prescription drugs bought at wholesale.	7-1-92	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
HB 1324, Ch. 930 Tax Returns/Extension Changes Removes several income tax requirements currently prohibiting the Secretary of Revenue from implementing an electronic filing and tax extension system. This is a joint project with the Internal Revenue Service.	Upon Ratification	(29,995)	(17,900)	(17,900)	(17,900)	(17,900)

REVENUE BILLS (1992 Actions, Continued)

<i>Item</i>	<i>Effective Date</i>	<i>1992-93</i>	<i>1993-94</i>	<i>Fiscal Impact 1994-95</i>	<i>1995-96</i>	<i>1996-97</i>
HB 1325, Ch.924 Unrelated Business Income Tax Requires the State to conform to the Internal Revenue Code in the treatment of unrelated business income earned by tax exempt corporations.	Upon Ratification	None	None	None	None	None
HB 1326, Ch. 922 Update I.R.C. Reference The reference date in all statutes, used for the Internal Revenue Code, is changed from January 1, 1991 to January 1, 1992.	1-1-92	None	None	None	None	None
SB 1012, Ch. 949 Sales Tax Changes - Reinstates the pre-1989 sales tax exemption on property that is traded-in. Authorizes the department of Revenue to assess sales taxes against the new owner of a business if the new owner failed to withhold from the seller the amount of sales tax owed.	7-1-92	*	*	*	*	*
SB 1016, Ch. 965 Stock Brokers Privilege Business License - Repeals the two-tiered privilege license on securities dealers and replaces it with a \$50.00 annual privilege license on individual stock brokers and securities dealers.	7-1-92	30,000	90,000	90,000	90,000	90,000
HB 1321, Ch. 1007 Revenue Laws Technical Changes - Makes numerous technical changes to the revenue laws and related statutes.	Upon Ratification	None	None	None	None	None

REVENUE BILLS (1992 Actions, Continued)

<i>Item</i>	<i>Effective Date</i>	<i>1992-93</i>	<i>1993-94</i>	<i>Fiscal Impact 1994-95</i>	<i>1995-96</i>	<i>1996-97</i>
<p>SB 1262, Ch. 1016 Modify Property Tax Appeals The act makes two changes in the law concerning the Property Tax Commission. First, it deletes the prior requirement that the Commission provide, at its own expense, a transcript of any appeal heard by a hearing officer on behalf of the Commission and instead allows a party to an appeal heard by a hearing officer to request that a transcript of the appeal be prepared for submission to the Commission. The party requesting the transcript must pay for it unless the Commission, for good cause, finds that the Commission should pay for it. Second, it transfers from the President of the Senate to the President Pro Tempore of the Senate the power to appoint one of the members of the Property Tax Commission.</p>	8-1-92	None	None	None	None	None
<p>SB 1009, Ch. 955 License and Excise Tax Changes Makes numerous technical changes to privilege license, soft drink, and tobacco excise tax statutes.</p>	Upon Ratification	None	None	None	None	None
<p>HB 185, Ch. 857 FSC Tax Changes - Reinstates State tax exemption for foreign sales corporations.</p>	1-1-92	None	None	None	None	None
<p>SB 972, Ch. 814 Public Transit Sales Tax Refund Authorizes sales tax refunds for regional public transit authorities.</p>	Upon Ratification	(50,000)	(52,500)	(55,000)	(58,000)	(61,000)

REVENUE BILLS (1992 Actions, Continued)

<i>Item</i>	<i>Effective Date</i>	<i>Fiscal Impact</i>				
		1992-93	1993-94	1994-95	1995-96	1996-97
SB 67, Ch. 977 State Ports Tax Credit - Creates new income tax credit for users of North Carolina State Ports.	Taxable Years Beginning 1-3-92	(13,000)	(477,000)	(520,000)	(567,000)	(618,000)
SB 1007, Ch. 981 No Second Trade Show License Exempts specialty market vendors from the privilege license tax.	Upon Ratification	(50,000)	(52,500)	(55,000)	(58,000)	(61,000)

* Estimate unavailable

FEE INCREASES FOR GENERAL FUND AGENCIES

1991 ACTIONS

	1991-92	1992-93
<i>ADMINISTRATIVE OFFICE OF THE COURTS</i>		
HOUSE BILL 1287, CHAPTER 742		
Omnibus Courts Bill - The court fees for criminal and civil actions heard in either superior or district court and cases heard before a magistrate are increased by \$4.00.	*\$5,400,000	*\$5,400,000
 <i>DEPARTMENT OF ADMINISTRATION</i>		
SENATE BILL 935, CHAPTER 693		
Increase Marriage License Fees - The marriage license fee is increased to \$40.00 from \$20.00. The increase in revenue generated is to be deposited into the Domestic Violence Center Fund established within the State Treasury. The proceeds are to be used to fund centers for victims of domestic violence.	1,200,000	1,200,000
 <i>DEPARTMENT OF AGRICULTURE</i>		
HOUSE BILL 390, CHAPTER 442		
Plant Pest Certification Fees - The Board of Agriculture is authorized to charge a fee for the inspection and certification of plants exported to foreign markets. The fee is to be set by the Board.	20,000	20,000

RATIFIED FEE LEGISLATION (1991 Actions, Continued)

	1991-92	1992-93
HOUSE BILL 464, CHAPTER 588		
Seed Fees Revised - The seed fee of 2 cents per 10 pound container remains the same. Growers and dealers may report and pay the inspection fee without purchasing stamps. The revenue realized in the first year is due to a savings from not printing stamps. An effective date of July 1, 1992 was chosen to eliminate the current supply of stamps.	5,000	—
HOUSE BILL 468, CHAPTER 349		
Bee and Honey Act Enforcement - Persons engaged in the business of selling or distributing bees in this State are required to obtain a \$25.00 permit from the Commissioner of Agriculture.	1,250	1,250
HOUSE BILL 556, CHAPTER 592		
Tobacco Check Off - The Tobacco Research Commission is created within the Department of Agriculture. Authorizes a referendum of the tobacco growers for an assessment of 10 cents per 100 pounds of tobacco marketed. The revenue collected will be used for tobacco research.	950,000	1,000,000
SENATE BILL 150, CHAPTER 317		
Raising Fallow Deer - The legislation authorizes the Department of Agriculture to regulate the production, sale and inspection of fallow deer for human consumption within the State. The revenue estimate is based on an hourly inspection fee of \$28.00. This is a new industry; no one is currently producing fallow deer in the State.	—	34,000
SENATE BILL 508, CHAPTER 649		
Feed Testing Fee Established - A fee of \$75.00 is to accompany each feed sample to be tested by the Department of Agriculture for the presence of fumonisin.	200,000	200,000
SENATE BILL 669, CHAPTER 605		
Pork Promotion Assessment - An assessment of 5 cents per head of swine produced in the State is to be used to promote the State's pork industry. The money collected pass through the Department to the N.C. Pork Producers Association and does not have an effect on the General Fund.	—	—

RATIFIED FEE LEGISLATION (1991 Actions, Continued)

1991-92 1992-93

DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

HOUSE BILL 83, CHAPTER 689

Appropriations Act - Regulatory Fees for Electric/Telephone Membership

500,000 500,000

HOUSE BILL 301, CHAPTER 653

Cemetery Act Amendments - The following inspection fees were increased:

- a. Deeded grave sights from \$1.50 to \$2.00
- b. Grave sights covered under pre-need contracts from \$4.00 to \$5.00

The application and filing fee for a cemetery company increased from \$400.00 to \$800.00. The application to purchase an existing cemetery increased from \$100.00 to \$200.00.

22,000 29,000

HOUSE BILL 908, CHAPTER 473

Rural Electric Regulatory Fees - The bill creates a fund known as the Rural Electrification Authority Fund. The fund is to be supported by connection fees set annually by the General Assembly. The revenue collected and deposited with Treasurer's Office is to be used to defray the cost of the Authority. The fees for FY 1991-92 are 15 cents per year for each meter connected to an electric membership's service and for each access line connected to a telephone membership's service.

74,000 99,000

ADMINISTRATOR OF CREDIT UNIONS

HOUSE BILL 54, CHAPTER 651

Credit Union Technical Amendments - Authorizes a credit union incorporated in North Carolina to conduct business outside the State in other states or territories where such business is permitted. The late fee for filing semiannual reports increased from \$5.00 to \$75.00.

13,000 13,000

RATIFIED FEE LEGISLATION (1991 Actions, Continued)

1991-92

1992-93

ADMINISTRATOR OF THE SAVINGS INSTITUTION DIVISION

SENATE BILL 91, CHAPTER 680

Savings Bank Act - The act creates a locally owned and managed housing lender whose principal federal regulator is the Federal Deposit Insurance Corporation. The fees set forth in the act are the same fees charged savings and loan institutions in Chapter 54B. The neteffect depends on the number of savings and loans converting to savings banks and new institutions chartering as a savings bank.

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COMMISSIONER OF BANKS

HOUSE BILL 22, CHAPTER 546

Reverse Mortgages - Financial institutions, approved by the Commissioner of Banks, are allowed to issue reverse mortgages. A reverse mortgage is a loan secured by a first mortgage or first deed of trust on the principal residence of the mortgagor. Application fee: \$500.00 (nonrefundable) Authorization fee: \$250.00 (annual)

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SENATE BILL 69, CHAPTER 715

Money Transmitters Act - The "Sale of Checks Act" is changed to "Money Transmitters Act". The license application fee is increased from \$500.00 to \$1000.00 for businesses and financial institutions engaged in the business of selling checks. Agent location fees are to be set by rule; one is required at each location at which checks are sold.

51,500

51,500

SENATE BILL 70, CHAPTER 679

Foreign Bank Regulation - International banking institutions established under the federal International Banking Act may be licensed to operate general banking business in North Carolina. The investigation, supervision, and renewal fees are to be set by rule. The expected fees are: \$10,000 per corporation, \$1,000 per branch, \$1,000 per agency, and \$1,000 per office. The renewal fees would be approximately 1/5 of the initial amount.

62,000

62,000

RATIFIED FEE LEGISLATION (1991 Actions, Continued)

1991-92 1992-93

INDUSTRIAL COMMISSION

SENATE BILL 434, CHAPTER 703

Worker's Compensation Technical Amendments - Certain technical amendments are made to the Workers' Compensation Act and the maximum assessments that can be levied by the Industrial Commission for the Second Injury Fund are increased. The maximum assessment against an employer for the loss of a minor member is raised from \$50.00 to \$100.00. The maximum assessment for the loss of a major member is increased from \$200.00 to \$500.00.

84,000 84,000

DEPARTMENT OF INSURANCE

SENATE BILL 341, CHAPTER 343

Insurance Department Fees - Authorizes the Department to increase license fees for title insurance companies, motor clubs, bail bondsmen, and bail runners. The examination fees for bail bondsmen and bail runners are increased. In addition, the initial license registration fee for insurance agents applying for additional licenses and for Medicare supplement and long-term care insurance supplement licenses is increased.

103,220 —

DEPARTMENT OF ENVIRONMENT HEALTH AND NATURAL RESOURCES

HOUSE BILL 220, CHAPTER 463

Medical Examiner Fee - The fee charged for Medical Examiner autopsies increased from \$50.00 to \$75.00 per autopsy.

2,200 2,200

HOUSE BILL 424, CHAPTER 227

Small Animal Health Certificate - Establishes a fee for companion animal certificate of examination forms. The fee is to be set according to cost.

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RATIFIED FEE LEGISLATION (1991 Actions, Continued)

1991-92 1992-93

HOUSE BILL 551, CHAPTER 552

Clean Air Act Implemented - The Environmental Management Commission is authorized to implement a graduated fee schedule that will cover the State's costs of developing and administering an air pollution permit program under Title V of the 1990 Federal Clean Air Act. A nonreverting account is created within the Department of Environment, Health, and Natural Resources to be used for the implementation of Title V. Only major source emitters will be affected. A major source emitter emits 100 tons a year or more of an individual regulated compound.

996,000 3,912,500

HOUSE BILL 890, CHAPTER 661

Newborn Screening Program - The Newborn Screening program is established within the Department of EHNR. The legislation authorizes the Department to establish and collect a fee for the screening of newborns for metabolic, congenital and other hereditary disorders. State Public Health Laboratory is to perform the test and the fees are to be set based on actual cost of testing; amounts not set.

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HOUSE BILL 1222, CHAPTER 538

Underground Storage Tank Amendments - The legislation establishes the Groundwater Protection Loan Fund. The fund is a nonreverting revolving fund consisting of any monies appropriated to it by the General Assembly, grants, and monies recovered on behalf of the fund. The fund is to provide loans to owners of commercial tanks who are unable to secure conventional loans to upgrade storage tanks. A one-half cent increase in the excise tax on motor fuels is to be divided equally between the Commercial Leaking Petroleum Underground Storage Tank Fund and the Groundwater Protection Loan Fund. The annual operating fees paid to the Secretary by the operator or owner of a commercial petroleum underground storage tank are also increased.

12,100,000 27,700,000

SENATE BILL 341, CHAPTER 343

Vital Records Fee - A new fee schedule for vital records searches and copies is implemented and a nonreverting vital records automation fund for the purpose of fully automating the vital records system is established. The fee for issuing a copy of a vital record is increased from \$5.00 to \$10.00 and an additional fee not to exceed \$10.00 is to be charged for expedited services.

RATIFIED FEE LEGISLATION (1991 Actions, Continued)

	1991-92	1992-93
SENATE BILL 341, CHAPTER 343 (Continued)		
Five dollars of each fee is to be deposited into the Vital Records Automation Fund. All fee receipts are to be deposited with the State Treasurer for use by the Department, subject to appropriation by the General Assembly.	1,500,000	—
SENATE BILL 359, CHAPTER 481		
Asbestos Exam/Fees - The Secretary of Environment, Health, and Natural Resources is authorized to set the fee for screening tests for asbestos and silicosis. The amount paid members of the advisory medical committee per film examined is increased from \$3.00 to \$10.00.	—	—
SENATE BILL 412, CHAPTER 321		
Water Treatment Operators Act - The legislation requires water treatment operators to annually renew their certification, independent of grade. Prior to the ratification of this act an operator's certification was permanent. The annual certification fee cannot exceed \$50.00.	100,000	100,000
SENATE BILL 449, CHAPTER 576		
Community Water Systems Permit - A community water system must obtain a permit from the Department of EHNR and must pay a fee for the permit. The annual fee is based on the number of people serviced by the system; fees range from \$175.00 to \$500.00. The revenue collected is to be deposited into the General Fund and is subject to appropriation.	*300,000	*600,000
SENATE BILL 450, CHAPTER 623		
Water Pollution Control Operators - The legislation renames the Wastewater Treatment Plant Operators Certification Commission as the Water Pollution Control Systems Operators Certification Commission. The number of Commission members is increased from 7 to 9. A water pollution control system is defined and required to obtain a permit. Miscellaneous fees set forth in G.S. 90A-42 are increased.	150,000	150,000
SENATE BILL 809, CHAPTER 545		
Marine Fisheries License Amendments - The legislation requires marine fisheries licensees to be issued on a fiscal year basis instead of a calendar year.	15,000	15,000

RATIFIED FEE LEGISLATION (1991 Actions, Continued)

1991-92

1992-93

DEPARTMENT OF HUMAN RESOURCES

HOUSE BILL 485, CHAPTER 465

Interpreter Fee Authorization - Applicants in the North Carolina Interpreter Classification System Program are charged an application fee of \$10.00 and an assessment fee of \$40.00 to cover the cost of administering the program.

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SENATE BILL 166, CHAPTER 52

In-Home Community Based Fees - The Department is authorized to charge fees for community based services. The fees are to vary according to the recipient's ability to pay and on the type of services provided; the fees are not set. The local agency is to retain the receipts.

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DEPARTMENT OF JUSTICE

SENATE BILL 766, CHAPTER 705

School Employee Criminal Record - The Department is authorized to charge a fee not to exceed the actual cost of retrieving criminal information pertaining to a school employee or potential school employee. The employee or applicant must consent to the record check.

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DEPARTMENT OF LABOR

HOUSE BILL 1121, CHAPTER 475

Amusement Device Fees - The Department is authorized to assess and collect a fee of 23 cents per mile and an hourly rate of \$15.00 for the inspection of amusement devices.

*12,000

*12,000

RATIFIED FEE LEGISLATION (1991 Actions, Continued)

	1991-92	1992-93
<i>N.C. ALCOHOLIC BEVERAGE CONTROL COMMISSION</i>		
HOUSE BILL 770, CHAPTER 669		
ABC Catering Service Permit - A catering service permit (\$100.00) is to be issued by the Commission and entitles a restaurant or hotel authorized to serve mixed beverages serve the beverages at a location where an event is being catered.	*200,000	*200,000
HOUSE BILL 989, CHAPTER 565		
Hotel Guest Room Cabinets - Hotels located in Moore County that have a mixed beverage permit may apply for a guest room cabinet permit. The Alcohol Beverage Control Commission issues the permits. The fee is \$750.00 and the annual renewal fee is \$500.00.	*37,000	*25,000
 <i>OFFICE OF THE SECRETARY OF STATE</i>		
HOUSE BILL 371, CHAPTER 429		
Secretary of State Fee Increases - The fee for certifying any document on file or for issuing any certificate of authentication increased from \$2.00 to \$6.25.	*19,000	*19,000
HOUSE BILL 450, CHAPTER 626		
Clarify Trademark Registration - The following fees are increased: Application for Registration from \$25.00 to \$50.00; Renewals from \$10.00 to \$35.00; and Assignments from \$10.00 to \$25.00.	*40,875	*40,875
SENATE BILL 397, CHAPTER 574		
Raise Corporate Copying Fee - The fee for copying and comparing an original document, affixing the official seal to a document, and copying a page of a corporate document is increased.	*35,000	—

RATIFIED FEE LEGISLATION (1991 Actions, Continued)

1991-92 1992-93

SENATE BILL 426, CHAPTER 683

Recodify Notary Public Act - Chapter 10 of the General Statutes is replaced with a new Chapter 10A, cited as the Notary Public Act. The application and renewal fees are increased from \$15.00 to \$25.00 and the fee for changing the notary's name on the commission is increased from \$15.00 to \$25.00. Commissions are issued for 5 years.

*400,000 *400,000

* General Fund Revenue

For fee increases pertaining to transportation please see the section on the Department of Transportation.

1992 LEGISLATIVE ACTIONS

1992-93 1993-94

ADMINISTRATIVE OFFICE OF THE COURTS

HOUSE BILL 945, CHAPTER 811

Court Cost/Fee Changes - (Sections one through five). The fees for all civil and criminal actions that go to the State for the support of the General Court of Justice increased by \$4.00. The fees for all civil and criminal actions that go to support the local judicial facilities increased by \$1.00. Miscellaneous estate administration fees increased \$5.00. Effective date July 1, 1992.

Administrative Office of the Courts	\$6,400,000	\$6,700,000
Facilities Fee	1,500,000	1,520,000

RATIFIED FEE LEGISLATION (1992 Actions, Continued)

1992-93

1993-94

ENVIRONMENT, HEALTH AND NATURAL RESOURCES

Court Cost/Fee Changes - (Section 6), The Commission of Health Services of the Department of Environment, Health, and Natural Resources is authorized to pro rate fees and change the time fees are due so that all fees will be due on January 1, of each year. Effective date July 1, 1992.

None

None

ECONOMIC AND COMMUNITY DEVELOPMENT

Court Cost/Fee Changes - (Section seven and eight) The General Assembly sets the percentage rate to be used in calculating the public utility regulatory fee and the percentage rate to be used in calculating the insurance regulatory charge every year. The percentage rate set for the public utility regulatory fee for tax year 92-93 is .085%. The percentage rate set for the insurance regulatory charge for tax year 1992 is .0725%. Effective date Section 7, January 1, 1992 and Section 8, July 1, 1992.

None

None

AGRICULTURE

SENATE BILL 863, CHAPTER 1018

Standards Lab Fees Established - Chapter 81A, the Weights and Measures Act of 1975, is amended to add a fee schedule for calibration services. The Standards Laboratory provides and maintains uniform measurement standards of mass, length, volume, and temperature which are traceable to the National Institute of Standards and Technology. Effective date October 1, 1992.

\$30,600

\$40,800

RATIFIED FEE LEGISLATION (1992 Actions, Continued)

1992-93

1993-94

DEPARTMENT OF CORRECTION

SENATE BILL 885, CHAPTER 1000

DOC Drug Testing Fee - The Department of Correction is authorized to charge a fee for drug testing as a condition of probation or parole. Effective date upon ratification.

\$125,000

\$125,000

OTHER

HOUSE BILL 1568, CHAPTER 1039

Clarify Fee Accounting/Correct Budget Cite - Resolves problems experienced by the Controller's Office, the Budget Office, and the Fiscal Research Division in trying to track certain fee revenue and in determining the total amount appropriated to an agency. The legislation rewrites various fee provisions to ensure that the fees are treated as departmental receipts rather than as nontax revenue. Most of the fees affected are imposed by the Department of Environment, Health and Natural Resources. The act also deletes unnecessary reporting requirements concerning fees and corrects erroneous references to the Current Operations Appropriations Act. Effective date upon ratification.

None

None

LOCAL GOVERNMENT REVENUE BILLS

1991 ACTIONS

HOUSE BILL 50, CHAPTER 11

Property Tax Technical Changes - Since 1974, local governments have been required to assess property for taxation at the property's market value. Prior to 1974, property could be assessed at a percentage of its market value. In calculating the debt of a county for the purpose of bonds and contracts, the Local Government Bond Act still refers to the appraised value of property subject to taxation before the application of any assessment ratio. The legislation deletes references to the pre-1974 assessment ratios in the Act.

EFFECTIVE DATE: UPON RATIFICATION

HOUSE BILL 11, CHAPTER 221

Scrap Tire Tax Amendments - The 1% tire tax is expanded to include all new tires sold at retail. Replacement tires for vehicles whose primary use is off-road, aircraft, and tires for used vehicles to be sold or rented are to be taxed. The tires that remain exempt from the tax are tires for vehicles propelled by humans and recapped tires. The method of collecting the tax, distribution of the receipts, and use of the receipts by a county for scrap tire disposal, outlined in the 1989 legislation are not changed by this act.

EFFECTIVE DATE: JULY 1, 1991
FISCAL EFFECT: \$150,000 ANNUALLY

HOUSE BILL 308, CHAPTER 584

Lockbox/Credit Card Tax Collection - Local governments can contract with local financial institutions for the collection of delinquent property taxes and interest. In addition to accepting checks the tax collector may accept credit cards or both in payment of taxes. If a tax collector accepts credit cards a fee may be added to each transaction to offset any service charges.

EFFECTIVE DATE: UPON RATIFICATION

LOCAL GOVERNMENT REVENUE BILLS (1991 Actions, Continued)

HOUSE BILL 20, CHAPTER 624

Motor Vehicle Property Tax - Every month, the Division of Motor Vehicles will give every county a list of all the motor vehicle in the county for which registration is renewed or obtained two months earlier. The county will then list and appraise the vehicles and bill the owners for the county, municipal, and special district property taxes due. The tax will be levied at the rates in effect during the month that the registration expired or was first obtained and the vehicle will be appraised by the county assessor as of January 1 preceding the registration date. The taxes are due four months after the registration was obtained or renewed.

EFFECTIVE DATE: *JANUARY 1, 1993*
FISCAL EFFECT: *\$11 MILLION FY 1993-94*

HOUSE BILL 86, CHAPTER 652

Solid Waste Fees - Cities and counties, statewide, are authorized to impose an availability fee for solid waste disposal facilities. The fee is to be set by the board of county commissioners and may not exceed the cost of collection. Solid waste fees are to be billed and collected in the same manner as the local property tax. Repeals the 1989 legislation allowing seven counties to collect solid waste fees in the same manner as the property tax.

EFFECTIVE DATE: *UPON RATIFICATION*

HOUSE BILL 80, CHAPTER 666

Transit Authority Tax - A regional transportation authority may levy an annual license tax on motor vehicle having a tax situs within the authority's jurisdiction. The revenue collected is to be used for capital and operating expenses of an authority in providing a public transportation system. The annual levy must be a full dollar amount and not exceed \$5.00.

EFFECTIVE DATE: *UPON RATIFICATION*

HOUSE BILL 128, CHAPTER 34

Review of Exempt Property - The legislation provides a procedure for the property tax assessor to follow when he decides that property benefiting from an exemption or exclusion does not qualify for the exemption or exclusion. Property that was excluded in error is to be treated as discovered property.

EFFECTIVE DATE: *UPON RATIFICATION*

LOCAL GOVERNMENT REVENUE BILLS (1991 Actions, Continued)

SENATE BILL 107, CHAPTER 479

Dry cleaning and laundry establishments located and operating within a municipality or unincorporated area are required to obtain a State license of \$50.00 for each processing location. A firm soliciting and obtaining business from patrons located outside a county where the firm's processing plant is located is required to purchase a \$100.00 license for each processing location.

EFFECTIVE DATE: JULY 1, 1991
FISCAL EFFECT: NEUTRAL REVENUE

SENATE BILL 234, CHAPTER 356

Solid Waste Sales Tax Refund - Regional solid waste authorities created under G.S. 153A-421 are added to the local government entities entitled to sales tax refunds.

EFFECTIVE DATE: UPON RATIFICATION
FISCAL EFFECT: A MAXIMUM \$500,000 OVER THE NEXT THREE YEARS

SENATE BILL 104, CHAPTER 453

Tax Credit Adjustment - An individual donating real property to the State for land conservation or the harvest of a crop to a nonprofit organization are allowed to continue to take a federal deduction and a State credit. In order to receive the tax credit, a taxpayer donating real property must add 100% of the fair market value of the donated property, not to exceed \$100,000, to the taxpayers federal taxable income when calculating State taxable income.

EFFECTIVE DATE: JANUARY 1, 1991
FISCAL EFFECT: \$100,000 FY 1991-92 AND FY 1992-9

LOCAL GOVERNMENT REVENUE BILLS (1992 Actions, Continued)

SENATE BILL 1264, CHAPTER 1004

Software Is Inventory For Tax Purposes - The following computer software is considered inventory and is exempt from property tax: (1) software developed or modified by the owner or licensee for their own use; (2) custom developed software for the owner or licensee; and, (3) software used to develop or enhanced computer software for sale to the ultimate consumer. Software treated as a capital asset is not exempt from property tax.

EFFECTIVE DATE: JULY 1, 1992
FISCAL ESTIMATE: INDETERMINATE

SENATE BILL 1003, CHAPTER 975

Contractors' Inventories Tax Exempt - The property tax on inventories that was repealed in FY 1985-1986, failed to cover property held in inventory by contractors. Senate Bill 1003 extends the exemption to include goods held by a contractor to be used in the course of building, installing, repairing, or improving real property.

EFFECTIVE DATE: JULY 1, 1992

FISCAL ESTIMATE
(Loss Million)

FY	FY	FY	FY	FY
1992-93	1993-94	1994-95	1995-96	1996-97
(\$2.0)	(\$2.06)	(\$2.12)	(\$2.2)	(\$2.25)

HOUSE BILL 1350, CHAPTER 961

Motor Vehicle Property Tax Changes - In 1991, the General Assembly passed legislation instituting a new method of collecting the local property taxes on motor vehicles. House Bill 1350 clarified some of the language in the act and made several technical changes to improve administration.

EFFECTIVE DATE: JANUARY 1, 1993
FISCAL ESTIMATE: NO IMPACT

LOCAL GOVERNMENT REVENUE BILLS (1992 Actions, Continued)

SENATE BILL 969, CHAPTER 935

No Sales Tax on Donated Foods - Creates a new sales and use tax exemption from the State and local sales and use tax. Retailers and wholesalers who purchase food at wholesale that is then donated to a nonprofit organization are exempt from paying the sales tax.

EFFECTIVE DATE: JULY 1, 1992

FISCAL EFFECT: IN ADDITION TO THE STATE LOSS OF \$200,000 A YEAR OVER THE NEXT FIVE YEARS LOCAL UNITS OF GOVERNMENT ARE EXPECTED TO LOSE \$100,000 IN THE SAME PERIOD.

SENATE BILL 1195, CHAPTER 940

No Sales Tax on Donated Drugs - Retail and wholesale merchants are exempt from the sales and use tax on donations of prescription drugs bought at wholesale.

EFFECTIVE DATE: JULY 1, 1992

FISCAL EFFECT: THE EXPECTED LOSS TO THE STATE GENERAL FUND FOR FY 1992-93 IS \$100,000 AND \$50,000 FOR LOCAL UNITS OF GOVERNMENT.

SENATE BILL 1245, CHAPTER 917

Public TV Sales Tax Refund - Refunds the 6% sales tax on purchases made by public broadcasting stations organized by interlocal agreement (G.S. 160A-464).

EFFECTIVE DATE: JULY 1, 1992

FISCAL EFFECT: THE LOCAL REVENUE LOSS IS NOT EXPECTED TO EXCEED \$4,500.00 A YEAR OVER THE NEXT FIVE YEARS.

MAJOR HIGHWAY FUND LEGISLATION

1991 SESSION

	<i>REVENUE EFFECT</i>	
	<i>1991-92</i>	<i>1992-93</i>
<p>HOUSE BILL 8, CHAPTER 193 Makes technical changes to administrative authority to collect and enforce the highway use tax.</p>	None	None
<p>HOUSE BILL 23, CHAPTER 487 Modifies the fuel tax statutes to enable North Carolina to enter the International Fuel Tax Agreement (IFTA) and repeals the credit allowed against the road tax for the amount of a temporary road tax permit.</p>	\$137,500	\$275,000
<p>HOUSE BILL 46, CHAPTER 441 Modifies reporting requirements for purchases of special fuel and modifies bonding requirements for distributors of gasoline and suppliers of special fuel.</p>	None	None
<p>HOUSE BILL 64, CHAPTER 672 Establishes uniform fee schedule for special license plates, \$20 for personalized plates and \$10 for all others. Revenues from the fees are consolidated into a single Special Plate Registration Fund. This bill does not affect revenues transferred to the Natural Heritage Trust Fund.</p>	\$58,400	\$58,400
<p>HOUSE BILL 83, CHAPTER 689 Highway Fund provisions in the omnibus appropriations and finance bill raise motor vehicle record (MVR) fees from \$4 to \$5, raise fees for driver</p>		

HIGHWAY FUND REVENUE BILLS (1991 Actions, Continued)

	<i>REVENUE EFFECT</i>	
	1991-92	1992-93
HOUSE BILL 82, CHAPTER 689 (Continued) license learner's permits, duplicate driver's licenses, and I.D. cards from \$5 to \$10, increase oversize/overweight vehicle permit fees from \$5 to \$10 for a single trip permit and from \$25 to \$50 for an annual permit, increase motor vehicle dealer and manufacturer license fees by varying amounts, and increase the penalty for late submission of title work from \$4 to \$10. Highway Trust Fund provisions eliminate the \$40 minimum highway use tax on vehicle title transfers that involve name changes, inheritance, distribution of marital property, or gifts between husband and wife or parent and child. The \$100 maximum use tax on vehicles registering in North Carolina from out-of-state is increased from \$100 to \$150.	\$9,800,000	\$10,600,000
HOUSE BILL 544, CHAPTER 613 Creates a civil penalty for any person who buys or sells non-tax-paid motor fuel. The penalty varies with the amount sold and is \$75 if less than 25 gallons are dispensed and increases up to \$300 if at least 50 gallons are dispensed.	Unknown	Unknown
HOUSE BILL 734, CHAPTER 758 Permits DMV to issue collegiate license plates for additional \$25. \$10 will be credited to the Special Plate Registration Fund and \$15 will be credited to the Board of Governors or respective Board of Trustees.	Unknown	Unknown
HOUSE BILL 904, CHAPTER 662 Prohibits sales of vehicles at locations other than established salesrooms, modifies definition of established salesroom, and eliminates \$8 annual license fee for supplemental place of business.	\$3,000	\$3,000
HOUSE BILL 1222, CHAPTER 538 Increases motor fuel tax by 1/2 cent effective 1-1-92. Allocates 1/4 cent to Commercial Leaking Petroleum Underground Storage Tank Fund and remaining 1/4 cent to new Groundwater Protection Loan Fund. Increases annual fee for commercial tanks from \$45 for 3,500 gallon or less capacity and \$75 for more than 3,500 gallon capacity to \$100 and \$150 respectively effective 1-1-92. Fees rise again 1-1-93 from \$100 and \$150 to \$150 and \$225.	\$12,100,000	\$27,700,000

HIGHWAY FUND REVENUE BILLS (1991 Actions, Continued)

	<i>REVENUE EFFECT</i>	
	1991-92	1992-93
SENATE BILL 110, CHAPTER 40 Modifies fuel tax administration statutes and temporarily restores \$40,000 cap on bonds required of fuel distributors and suppliers.	None	None
SENATE BILL 218, CHAPTER 183 Permits DMV to cancel registration and title of a vehicle when evidence that the new owner has failed to transfer title.	None	None
SENATE BILL 472, CHAPTER 726 Revises the commercial drivers license law to conform it to federal law and to clarify the effect of committing certain motor vehicle violations while driving a commercial motor vehicle. Imposes a \$5 fee for a motorcycle endorsement and for a commercial learner's permit and requires a person whose commercial drivers license has been restored after a disqualification to pay the \$25 or \$50 restoration fee, as appropriate.	\$60,000	\$60,000
SENATE BILL 685, CHAPTER 731 Requires DMV to notify all secured parties when lienholder seeks to enforce a lien on a motor vehicle.	None	None

1992 ACTIONS

	1992-93	1993-94
SENATE BILL 1229, CHAPTER 812 Historical Attraction Plates - Authorizes DMV to issue out-of-state collegiate plates, military retiree plates, and historical attraction plates.	Unknown	Unknown
SENATE BILL 1011, CHAPTER 913 Fuel Tax Changes - Makes several technical changes to the fuel tax laws and raises the temporary motor carrier permit fee and the lack of registration penalty by \$25 each.	\$540,000	\$650,000

APPENDIX

TABLE OF CONTENTS

Glossary	331
Total State Budget by Source of Funds	333
Condition of General Fund	334
Summary of General Fund Revenue	335
Summary of General Fund Appropriations	336
State General Fund Operating Appropriations for Public Schools, Community Colleges, and Higher Education	338
General Fund Operating Expenditures by Department/Functions of Government	340
Reversions and Percent of Adjusted Appropriations	341
General Fund Appropriations Expenditures and Reversions - FY 1991-92	343
General Fund Appropriations Expenditures and Reversions - FY 1990-91	345
Local Government Tax Aid	347
Local Government Tax Aid Changes	348
Total State Employment Growth vs. State Population Growth Rates	349
Permanent State Positions	351
Summary of Permanent Positions by Departments, July 1, 1991	352
Average Salary of Employees Subject to the Personnel Act	353
Legislative Increases	354
Across-the-Board Salary Increase Cost for Each 1% Increase	356
Critical School Facility Needs Fund	357
School Facilities Finance Act of 1987	358
Capital Improvements Legislative Bond Issues	359
Analysis of State Portion of Federal Revenue Sharing Funds	360
Governor's Continuation Recommendations as Adjusted for Legislative Actions - FY 1991-92	361
Governor's Continuation Recommendations as Adjusted for Legislative Actions - FY 1992-93	363
Condition of the General Fund - 1990-91	365

GLOSSARY

Adjusted Appropriation: Contains the total of the certified appropriation, reserve allocations, and other transfers (i.e. as authorized by legislative authority) including Contingency and Emergency.

Anti-Recession Funds: Program instituted by the Federal Government.

Availability: (See "Total Availability", Page 332)

Beginning/Ending Balance Or Credit Balance: The funds available at the beginning or end of the fiscal year based upon revenue collections and expenditures.

Capital Improvements: One-time appropriations for specific capital projects (new construction, renovations, repairs and land purchases).

Carry Forward: Funds appropriated, but unspent in the first fiscal year of a biennium — which by authorized budget revision — are brought forward for expenditure in the second fiscal year of the same biennium. Starting with the 1985-86 fiscal year, the practice of journalizing these entries between fiscal years of a biennium were discontinued. Funds have since been carried forward between years and biennia by check.

Certified Appropriation: Total state monies appropriated by the General Assembly.

Contingency and Emergency (C&E) Funds: The Appropriation to provide for any purpose authorized by law for which no specific appropriation is made or for which inadvertently an insufficient appropriation has been made. Allocations from this Fund must be approved by the Council of State upon recommendation by the Director of the Budget (Governor).

Current Operations: Cost associated with the daily activity of programs supported by the State, such as salaries, utilities, and travel.

Entitlements: Payment or benefit granted by law to individuals or political subdivisions (i.e. cities, counties, local districts).

Federal Funds: Funds appropriated by the U. S. Congress and administered by Federal agencies for support of programs at the state or local level. Federal funds are received through block grants, entitlement programs and specific ("categorical") grants.

Federal Revenue Sharing: Program instituted by the Federal Government in 1972-73 and discontinued in 1982-83 to assist state/local governments.

General Fund: The tax and nontax revenue collected by the State of North Carolina and deposited with the State treasurer for appropriation by the General Assembly to support the operations and capital construction needs of state departments and institutions. General Fund tax revenue includes sales and use tax, individual income tax, corporate income tax and franchise tax. General Fund nontax revenue includes court fees and income from the State Treasurer's investment of excess General Fund dollars belonging to the state.

Highway Fund: The tax and nontax revenue collected by the State of North Carolina and deposited with the State Treasurer for appropriation by the General Assembly to support the operations and capital construction needs of the Department of Transportation, including the Division of Motor Vehicles and the Highway Patrol Division of the Department of Crime Control and Public Safety.

GLOSSARY (Continued)

Highway Fund (Continued)

Highway Fund tax revenue includes licenses and fees relating to the operation of motor vehicles and the motor fuel tax. Highway Fund nontax revenue includes income from the State Treasurer's investments of Highway Fund dollars.

Local Government Transfers: Reimbursements for "holding harmless" local governments due to the Tax Reduction Act of 1985; and, Shared-Revenues resulting from changes in accounting methodology for state-local shared revenues from intangibles, franchise, and beverage taxes.

Negative Reserve: An authorized reduction to the total program needs for a specific purpose, i.e., management flexibility or inflationary cost adjustments, without identifying the specific line-items affected. The agency/department must identify savings or excess in budgeted line-items needs and transfer this excess to offset the negative reserve appropriation.

Other Receipts: The funds received by state departments and institutions for services performed, such as patient receipts in hospitals; tuition fees in the universities and community colleges, or as fines for violations of state regulations.

Rainy Day Fund: One-time appropriation of \$141 million for the 1990-91 fiscal year. Appropriation equaled the funds deposited to the credit of the General Fund due to an accounting methodology change approved by the 1990 Session to improve the financial reports of the State.

Reversions: Unspent appropriations returned to the General Fund or Highway Fund (as applicable) at the end of each fiscal year.

Reversions (net): Unspent appropriations returned to the General Fund adjusted for carry forward from the first to the second fiscal year of a biennium. Practice of carry forwards by journalizing has been discontinued.

Special Funds: Accounts which have no state monies directly appropriated to them and whose cash balances do not revert at the end of each fiscal period. (Wildlife Resources)

Tax Reimbursements: State revenues disbursed to local governments as reimbursements due to state mandated tax relief measures which has a financial impact on locals. These measures include (1) property tax on business inventories; (2) property tax homestead exemption; (3) sales tax on food stamp purchases; and, (4) intangibles tax on money on deposit and certain accounts receivables.

Tax Sharing: Revenues collected by the State and shared with local governments — Intangibles, beverages, and franchise taxes.

Total Availability: Sum of beginning credit balance and revenue collections for a fiscal period.

Total State Budget: Total dollar requirements for North Carolina State government departments and institutions, excluding inter/intra-agency departmental transfers and expenditures.

Transfers Among Codes: Allocations from reserve accounts (university institutional programs, salary increase, hospitalization - medical insurance, etc.) or program transfers from one department to another based upon enabling legislation.

**TOTAL STATE BUDGET BY SOURCE OF FUNDS
1963-64 TO 1988-89
(In Millions)**

	<u>General Fund</u>	<u>Federal Revenue Sharing</u>	<u>Highway Fund</u>	<u>Federal</u>	<u>Other</u>	<u>Total</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
1989-90	7,360.0	-	1,236.6	2,366.8	1,033.0	11,996.4
1990-91	8,149.0	-	1,223.8	2,617.0	949.4	12,939.2
1991-92	7,983.0	—	1,323.3	3,127.8	1,176.3	13,610.4
1992-93	8,209.5	—	1,318.4	3,617.5	1,363.2	14,508.6

Source: State Budget Office

CONDITION OF GENERAL FUND

<i>Fiscal Year</i>	<i>Credit Balance July 1</i>	<i>General Fund Revenue Net Collections</i>	<i>Total Availability</i>	<i>Appropriation Expenditures Current Op.</i>	<i>Appropriation Expenditures Cap. Improv.</i>	<i>Total Appropriation Expenditures</i>	<i>Credit Balance June 30</i>
1971-72	147,217,428	1,093,909,181	1,241,126,609	1,031,353,080	64,891,192	1,096,244,272	144,882,337
1972-73	144,882,337	1,259,415,819	1,404,298,156	1,139,500,643	—	1,139,500,643	264,797,513
1973-74	264,797,513	1,429,764,463	1,694,561,976	1,433,241,642	86,622,446	1,519,864,088	174,697,888
1974-75	174,697,888	1,544,097,052	1,718,794,940	1,627,703,631	36,165,337	1,663,868,968	54,925,972
1975-76	54,925,972	1,696,857,730	1,751,783,702	1,670,011,262	23,948,648	1,693,959,910	57,823,792
1976-77	57,823,792	2,003,528,637	2,061,352,429	1,890,839,697	28,969,937	1,919,809,634	141,542,795
1977-78	141,542,795	2,173,337,915	2,314,880,710	2,131,150,750	4,749,000	2,135,899,750	178,980,960
1978-79	178,980,960	2,460,579,454	2,639,560,414	2,358,332,842	93,778,818	2,452,111,660	187,448,754
1979-80	187,448,754	2,842,170,811	3,029,619,565	2,660,272,289	84,378,719	2,744,651,008	284,968,557
1980-81	284,968,557	3,023,812,433	3,308,780,990	3,030,012,908	104,141,290	3,154,154,198	154,626,792
1981-82	154,626,793	3,229,540,852	3,384,167,644	3,244,758,733	30,861,142	3,275,619,875	108,547,769
1982-83	108,547,769	3,403,842,753	3,512,390,522	3,374,921,984	65,772,358	3,440,694,342	71,696,180
1983-84	71,696,180	3,957,317,512	4,029,013,692	3,715,794,836	59,782,244	3,775,487,080	253,526,612
1984-85	253,526,612	4,527,094,671	4,780,621,283	4,187,988,291	212,535,238	4,400,523,529	380,097,754
1985-86	380,097,754	4,910,870,016	5,290,967,770	4,718,355,241	253,503,234	4,971,858,475	319,109,295
1986-87	319,109,295	5,392,076,697	5,711,185,992	5,051,335,794	297,667,245	5,349,003,039	362,182,953
1987-88	362,182,953	5,804,527,342	6,166,710,295	5,600,754,989	173,020,035	5,773,774,884	392,935,408
1988-89	392,935,408	6,154,529,607	6,547,465,015	6,131,757,409	258,659,030	6,390,416,439	157,048,576
1989-90	157,048,576	6,988,406,674	7,145,455,250	6,773,120,129	150,092,738	6,923,212,867	222,242,383 a
1990-91	222,242,383	7,207,815,194	7,430,057,577	7,323,218,884	106,400,195	7,429,617,079	440,498
1991-92	440,498	7,817,050,946	7,817,491,444	7,652,718,443	—	7,652,718,443	164,773,001 b

a The 1990 credit balance was inflated by deferring the 12th month pay day (\$163.9 million) until the 1991 fiscal year

b Does not include \$400,000 appropriation expenditure to Savings Reserve

SUMMARY OF GENERAL FUND REVENUE

FISCAL YEAR	SALES & USE			TOTAL TAX REVENUE	INCOME FROM		FEDERAL REVENUE		TOTAL NON-TAX REVENUES	TOTAL GENERAL FUND REVENUE
	INCOME TAX	TAX	OTHER TAXES		TREASURER'S INVESTMENTS	CAPITAL IMPROVEMENT REVERSIONS	SHARING, ANTI- RECESSION	OTHER SOURCES		
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
1989-90	3,948,153,347	1,762,717,987	850,551,828	6,561,423,162	118,572,985	43,306,944	0	100,410,308	262,290,237 ^b	6,823,713,399
1990-91	4,027,687,413	1,682,340,881	982,476,883	6,692,505,177	78,623,399	35,176,053	0	153,429,866	267,229,318 ^c	6,959,734,495
1991-92	4,189,213,093	2,161,362,545	1,087,869,971	7,438,445,609	57,242,867	67,890	0	151,294,580	208,605,337 ^d	7,647,050,146

^a Includes transfer of \$12,007,219 from Reserve for Income Tax Refunds in order to close out reserve account

^b Does not include Transfer from Highway Trust Fund

^c Does not include Transfers from Highway Trust Fund nor Highway Fund

^d Does not include Transfer from Highway Trust Fund but includes \$8.7 million sales tax refund. Highway and Reimbursement from Insurance Department's Special Fund for Operation of Department

SUMMARY OF GENERAL FUND APPROPRIATIONS

APPROPRIATION

FISCAL YEAR	CURRENT OPERATIONS		PLUS CARRY FORWARD		TOTAL	EXPENDITURES	UNEXPENDED APPROPRIATION	LESS CARRY FORWARD	NET REVERSIONS
		CAPITAL							
1965-66	548,887,603	41,639,578	0	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	0	591,139,328	565,195,417	25,943,911	0	25,943,911
1967-68	679,797,594	112,356,788	0	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	0	744,733,486	718,259,774	26,473,712	0	26,473,712
1969-70	894,518,284	75,588,603	0	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	0	981,127,808	939,311,030	41,816,778	0	41,816,778
1971-72	1,087,143,307	64,891,192	0	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	0	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	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	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	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	0	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	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	0	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	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	0	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	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	0	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	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	0	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	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	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	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	0	6,561,392,895	6,390,416,439	170,976,456	0	170,976,456

SUMMARY OF GENERAL FUND APPROPRIATIONS (Continued)

APPROPRIATION

FISCAL YEAR	CURRENT OPERATIONS		PLUS CARRY FORWARD		EXPENDITURES	UNEXPENDED APPROPRIATION	LESS CARRY FORWARD	NET REVERSIONS
	OPERATIONS	CAPITAL	FORWARD	TOTAL				
1989-90	7,116,587,717	150,092,738	0	7,266,680,455	6,923,212,860	a 343,467,595	a 0	a 343,467,595
1990-91	7,867,424,607	106,400,195	0	7,973,824,802	7,429,617,079	544,207,723	b 0	b 544,207,723
1991-92	7,825,732,308	—	—	7,825,732,308	7,652,718,443	173,013,865	—	173,013,865

a Reflects the deferment of the June 30, 1990 payroll into the next fiscal year - \$163.9 million.

b Reflects \$57.4 million retirement matching withheld from Retirement System and delay of 12th pay period (\$106.0 million) until 1991-92 and \$141.0 million Rainy Day Fund appropriation.

**NORTH CAROLINA STATE GENERAL FUND OPERATING APPROPRIATIONS
FOR PUBLIC SCHOOLS, COMMUNITY COLLEGES, AND HIGHER EDUCATION
1965-66 TO 1992-93**

Year	General Fund Total Current Operations	Public Schools		Community Colleges		Higher Education		Percent of Total General Fund Current Oper. for Education
		Amount	Percent	Amount	Percent	Amount	Percent	
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
1989-90	6,883,018,393 a	3,134,428,215	45.54	365,537,274	5.31	1,109,917,895	16.13	66.98
1990-91	7,249,630,710 b	3,329,171,720	45.92	387,611,956 a	5.35	1,143,216,957	15.77	67.04
1991-92	7,357,101,134 b	3,293,699,663	44.77	344,131,858	4.68	1,121,976,740	15.25	64.70
1992-93	7,877,508,182 c	3,433,607,486	43.59	398,280,059	5.06	1,174,814,699	14.91	63.56

- a Excludes Local Government Tax Reimbursement/Shared Revenues
- b Excludes Local Government Tax Reimbursement/Shared Revenues and Budget Stabilization Reserve
- c Excludes Local Government Tax Reimbursement

**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	77,815,320	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	
1989-90	6,539,691,898 ^a	69,854,147	3,111,034,727	989,230,466	346,856,268	943,279,717	184,387,501	342,489,567	552,559,505	
1990-91	6,877,865,221 ^b	64,571,799	3,176,190,223	1,089,669,672	374,186,097	1,071,202,135	202,593,817	410,669,675	488,781,803	
1991-92	7,184,089,741 ^c	75,807,729	3,235,476,119	1,092,166,393	338,050,542	1,223,468,038	214,638,027	446,455,697	558,027,196	

^a Excludes Local Government Tax Reimbursement; expenditures reflect the deferment of the June 30, 1990 payroll into the next fiscal year (1990-91).

^b Excludes Local Government Tax Reimbursements/Shared Revenues; and, reflects delay of 12th pay period (Public Schools - \$106.0 million) until 1991-92; and the withholding of \$57.4 million from the Retirement System.

^c Excludes Local Government Tax Reimbursements/Shared Revenues and the \$400,000 Transfer to Savings Reserve.

REVERSIONS AND PERCENT OF ADJUSTED APPROPRIATIONS

	<u>Public Schools</u>		<u>University</u>		<u>Human Resources</u>		<u>TOTAL</u>	
	<i>Reversions</i>	<i>% of Adjusted Approp.</i>	<i>Reversions</i>	<i>% of Adjusted Approp.</i>	<i>Reversions</i>	<i>% of Adjusted Approp.</i>	<i>Reversions</i>	<i>% of Adjusted Approp.</i>
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	a	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
1989-90 ^b	23,393,488	0.7	120,687,429	10.9	67,357,953	6.6	343,467,595	4.8
1990-91	152,981,497	c	53,547,285	4.7	27,025,993	2.5	544,207,723	d
1991-92	58,223,544	1.8	29,810,346	2.7	13,854,390	1.1	173,013,865	2.2

- a General Assembly directed that \$29.8M of funds needed for 11th and 12th pay periods be part of the credit balance.
- b Reversions include June 30, 1990 payroll requirements that were deferred into the 1990-91 fiscal year.
- c Includes \$106.0M for 12th month pay period deferred into 1991-92 fiscal year.
- d Includes c above, \$141.0 million Budget Stabilization Reserve, \$31.4 million Local Shared Revenues/Reimbursements and \$57.4 million employer retirement contribution withheld from Retirement System.

**GENERAL FUND APPROPRIATIONS
EXPENDITURES AND REVERSIONS
FISCAL YEAR 1991-92**

<i>Departments</i>	<i>Certified Appropriation</i>	<i>Transfer Among Codes</i>	<i>Contingency and Emergency</i>	<i>Adjusted Appropriation</i>	<i>Appropriation Expenditure</i>	<i>Net Reversion</i>	<i>% Rev. to Appropriation</i>
Administration	\$48,058,924	\$332,941	\$349,000	\$48,740,865	\$45,650,085	\$3,090,780	6.34%
Administrative Rules	249,502	1,846	—	251,348	203,885	47,463	18.88
Agriculture	39,012,702	454,913	—	39,467,615	37,901,370	1,566,245	3.97
Auditor	12,842,567	65,297	—	12,907,864	12,333,640	574,224	4.45
Board of Elections	478,205	12,617	4,510	495,332	466,999	28,333	5.72
Economic and Community Development	52,713,436	152,331	—	52,865,767	51,149,744	1,716,023	3.25
Community Colleges	339,783,462	4,348,396	—	344,131,858	338,050,542	6,081,316	1.77
Correction	470,590,160	5,154,323	190,000	475,934,483	446,455,697	29,478,786	6.19
Crime Control and Public Safety	25,649,486	494,474	275,453	26,419,413	26,410,927	8,486	0.03
Cultural Resources	38,789,780	321,866	—	39,111,646	38,177,554	934,092	2.39
General Assembly	21,238,648	73,644	—	21,312,292	21,312,225	67	—
Governor's Office	10,011,674	93,745	28,590	10,134,009	9,684,476	449,533	4.44
Human Resources	1,233,543,620	3,517,701	261,107	1,237,322,428	1,223,468,038	13,854,390	1.12
Insurance	12,987,921	106,064	—	13,093,985	11,852,752	1,241,233	9.48
Judicial	212,809,677	1,896,377	—	214,706,054	214,638,027	68,027	0.03
Justice	49,672,727	715,397	—	50,388,124	47,846,476	2,541,648	5.04
Labor	7,912,145	80,396	—	7,992,541	6,517,385	1,475,156	18.46
Lieutenant Governor	540,195	—	—	540,195	502,513	37,682	6.98
Environment, Health, and Natural Resources	177,748,758	7,112,665	—	184,861,423	170,913,860	13,947,563	7.54
Office of Administrative Hearings	1,891,420	19,312	—	1,910,732	1,869,162	41,570	2.18
Public Schools	3,247,721,221	45,978,442	—	3,293,699,663	3,235,476,119	58,223,544	1.77
Revenue	52,328,385	1,944,546	—	54,272,931	51,980,317	2,292,614	4.22
Secretary of State	4,326,650	617,556	9,777	4,953,983	4,745,051	208,932	4.22
Transportation	8,444,977	—	50,000	8,494,977	8,494,977	—	—

<i>Departments</i>	<i>Certified Appropriation</i>	<i>Transfer Among Codes</i>	<i>Contingency and Emergency</i>	<i>Adjusted Appropriation</i>	<i>Appropriation Expenditure</i>	<i>Net Reversion</i>	<i>% Rev. to Appropriation</i>
Treasurer	4,900,761	32,522	—	4,933,283	4,196,724	736,559	14.93
University of N.C.	1,110,504,792	11,390,882	81,066	1,121,976,740	1,092,166,393	29,810,347	2.66
State Controller	5,990,569	—	—	5,990,569	5,817,074	173,495	2.90
Subtotal - State Depts.	7,190,742,364	84,918,253	1,249,503	7,276,910,120	7,108,282,012	168,628,128	2.32
Reserves and Transfers							
- Cont. & Emer.	1,125,000	—	(1,125,000)	—	—	—	—
- Salary Increase	—	—	—	—	—	—	—
- Salary Adjustment	500,000	(460,929)	—	39,071	—	39,071	—
- Hospitalization	75,200,000	(74,932,651)	—	267,349	—	267,349	—
- Data Processing	2,500,000	(2,360,548)	—	139,452	—	139,452	—
- Min. Salary Adj.	750,000	(688,628)	—	61,372	—	61,372	—
Debt Service	79,683,770	—	—	79,683,770	75,807,729	3,876,041	4.86
Subtotal - Operations	7,350,501,173	6,475,497	124,503	7,357,101,134	7,184,089,741	173,011,393	2.35
Savings Reserve	400,000	—	—	400,000	400,000	—	—
Local Gov. Tax Reimb. Shared Revenue	474,831,174	(6,600,000)	—	468,231,174	468,228,702	2,472	—
TOTAL CURRENT OPERATIONS	7,825,732,308	(124,503)	124,503	7,825,732,308	7,652,718,443	173,013,865	2.21%

**GENERAL FUND APPROPRIATIONS
EXPENDITURES AND REVERSIONS
FISCAL YEAR 1990-91**

<i>Departments</i>	<i>Certified Appropriation</i>	<i>Transfer Among Codes</i>	<i>Contingency and Emergency</i>	<i>Adjusted Appropriation</i>	<i>Appropriation Expenditure</i>	<i>Net Reversion</i>	<i>% Rev. to Appropriation</i>
Administration	\$45,472,631	\$3,646,764	-	\$49,119,395	\$46,387,293	\$2,732,102	5.56%
Administrative Rules	237,906	19,434	-	257,340	205,541	51,799	20.13
Agriculture	36,364,903	3,771,587	-	40,136,490	36,774,093	3,362,397	8.38
Auditor	12,518,825	790,402	-	13,309,227	12,401,935	907,292	6.82
Board of Elections	397,436	26,559	\$47,959	471,954	420,378	51,576	10.93
Economic and Community Development	56,472,017	1,768,066	-	58,240,083	53,582,608	4,657,475	8.00
Community Colleges	347,511,438	40,100,518	-	387,611,956	374,186,096	13,425,860	3.46
Correction	384,762,849	35,005,324	-	419,768,173	410,669,675	9,098,498	2.17
Crime Control and Public Safety	26,267,165	1,843,902	180,836	28,291,903	26,795,798	1,496,105	5.29
Cultural Resources	36,972,327	1,910,686	-	38,883,013	38,154,541	728,472	1.87
General Assembly	19,969,338	749,760	-	20,719,098	18,714,601	2,004,497	9.67
Governor's Office	11,130,139	1,063,731	5,000	12,198,870	10,122,429	2,076,441	17.02
Human Resources	1,058,669,611	39,558,517	-	1,098,228,128	1,071,202,135	27,025,993	2.46
Insurance	13,607,938	1,111,316	-	14,719,254	12,988,177	1,731,077	11.76
Judicial	185,660,385	18,833,433	-	204,493,818	202,593,818	1,900,000	0.93
Justice	45,217,157	3,889,247	125,000	49,231,404	47,499,660	1,731,744	3.52
Labor	7,519,932	751,644	-	8,271,576	7,306,947	964,629	11.66
Lieutenant Governor	534,744	49,370	-	584,114	528,469	55,645	10.53
Environment, Health, and Natural Resources	163,128,209	12,450,344	-	175,578,553	161,357,417	14,221,136	8.81
Office of Administrative Hearings	1,793,832	177,506	-	1,971,338	1,847,387	123,951	6.29
Public Schools	2,974,668,555	354,503,165	-	3,329,171,720	3,176,190,223	152,981,497	0.46
Revenue	50,812,390	4,325,495	-	55,137,885	52,502,070	2,635,815	4.78
Secretary of State	3,679,887	315,554	-	3,995,441	3,705,858	289,583	7.81
Transportation	6,421,074	-	-	6,421,074	6,421,074	-	-

<i>Departments</i>	<i>Certified Appropriation</i>	<i>Transfer Among Codes</i>	<i>Contingency and Emergency</i>	<i>Adjusted Appropriation</i>	<i>Appropriation Expenditure</i>	<i>Net Reversion</i>	<i>% Rev. to Appropriation</i>
Treasurer	4,525,798	287,910	-	4,813,708	3,990,578	823,130	17.10%
University of N.C.	1,029,468,962	113,747,995	-	1,143,216,957	1,089,669,673	53,547,284	4.68
State Controller	4,805,902	2,451,116	-	7,257,018	4,431,140	2,825,878	38.94
Subtotal - State Depts.	6,528,591,350	643,149,345	358,795	7,172,099,490	6,870,649,614	301,449,876	4.20
Reserves and Transfers							
- Cont. & Emer.	1,091,250	-	(358,795)	732,455	-	732,455	
- Salary Increase	602,700,000	(597,735,836)	-	4,964,164	-	4,964,164	
- Salary Adjustment	3,988,727	(3,810,867)	-	177,860	-	177,860	
- Hospitalization	40,000,000	(40,000,000)	-	-	-	-	
- Accounting System	2,000,000	(2,000,000)	-	-	-	-	
- Min. Salary Adj.	-	397,358	-	397,358	-	397,358	
Debt Service	71,259,383	-	-	71,259,383	64,571,798	6,687,585	9.39
Subtotal - Operations	7,249,630,710	-	-	7,249,630,710	6,935,221,412	314,409,298	4.34%
Employer Retirement Contributions withheld from Retirement System					(57,356,194)	57,356,194	
Reserve Budget							
Stabilization	141,000,000	-	-	141,000,000	-	141,000,000	
Local Gov. Tax Reimb. Shared Revenue	476,793,897	-	-	476,793,897	445,351,663	31,442,234	6.59
TOTAL CURRENT OPERATIONS	\$7,867,424,607	-	-	\$7,867,424,607	\$7,323,216,884	b \$544,207,726	6.92%

a Includes \$106.0 million for the 12th month payroll carried forward to 1991-92 for expenditure

**LOCAL GOVERNMENT TAX AID - HISTORICAL DATA
(\$ MILLION)**

<i>FISCAL YEAR</i>	<i>LOCAL SALES TAX</i>	<i>TAX SHARING *</i>	<i>TAX REIMBURSEMENTS ***</i>	<i>TOTAL TAX AID</i>	<i>Property Tax ****</i>
1966-67	—	\$33.4	—	\$33.4	\$280.1
1971-72	\$43.5	56.9	—	100.4	460.4
1976-77	138.1	104.7	—	242.8	736.0
1981-82	155.9	157.7	—	313.6	1,150.7
1986-87	583.4	241.0	\$41.7	866.1	1,753.4
1991-92	910.0	318.2 **	238.0	1,466.2	2,592.8
% Increase Since 1971-72	1,991%	459%	—	1,360%	463%
Average Annual % Increase Since 1971-72	16.4%	9.0%	—	14.3%	8.9%

* Includes intangibles tax (stocks and bonds), beer and wine excise tax, utility gross receipts tax (cities only), and motor fuel tax (Powell Bill distribution to cities only).

** If the Powell Bill distribution to cities was not included, the 1991-92 amount would be \$236.9 million.

*** Includes State reimbursement for elimination of property tax on business inventories, intangibles tax on money on deposit and certain accounts receivables, sales tax exemption on food stamp purchases, and homestead exemption relief expansion since 1981.

**** Shown for comparison purposes

**LOCAL GOVERNMENT TAX AID - RECENT CUTS IN TAX REIMBURSEMENTS
AND TAX SHARING FUNDS**

(\$ Million)

1990-91 ACTION: GOVERNOR'S CUTBACK

Amount Due Counties and Cities	\$473.2
Less: Governor's 6.2% Cut	<u>32.1</u>
Actual Distribution	\$441.1

1991-92 ACTION: LEGISLATIVE APPROPRIATIONS

Actual Appropriations (Including Freeze on Growth)	\$474.7
Increase Over 1990-91 Actual Distribution	\$33.6
% Increase Over 1990-91 Actual Distribution	7.0%
Legislative Appropriations if Growth Had Not Been Frozen	\$482.6
Impact of Freeze	\$7.9
% Impact	1.6%

1992-93 ACTION: HOUSE BILL 916

Converted \$237.8 million that represents tax reimbursement portion of \$474.7 million total tax aid from annual appropriation to earmarking of state revenue. This removes tax reimbursement monies from appropriations process. The \$236.9 million of tax sharing funds continue to be appropriated and growth is not restored to tax reimbursement or tax sharing funds. Fiscal Trends Commission has been directed to review options for 1993 Session.

TOTAL STATE EMPLOYMENT GROWTH VS. STATE POPULATION GROWTH RATES(*)

<i>FY</i>	<i>Total Positions¹</i>	<i>Net Positions²</i>	<i>% of State Employees to Total Positions</i>	<i>Employee Annual Growth</i>	<i>State Employee Position Growth 10-Yr. Avg.³</i>	<i>Pop. Growth 10-Yr. Avg.</i>	<i>Compliance (Over/Under)</i>
66-67	109,072	46,855	(43%)				
67-68	115,869	53,562		14.31437			
68-69	120,991	56,703		5.86423			
69-70	126,087	61,226		7.97665			
70-71	128,802	63,241		3.29109			
71-72	133,158	66,983		5.91705			
72-73	136,705	68,418		2.14233			
73-74	146,486	74,448		8.81347			
74-75	151,700	78,033		4.81544			
75-76	158,637	83,757		7.33536			
76-77	159,787	84,107	(53%)	0.41788	6.08879	1.34777	-4.74
77-78	168,076	86,108	(51%)	2.37911	4.89526	1.36731	-3.53
78-79	175,186	89,294	(51%)	3.70000	4.67884	1.38818	-3.29
79-80	176,498	89,772	(51%)	0.53531	3.93470	1.44303	-2.49
80-81	180,941	91,055	(50%)	1.42918	3.74851	1.49098	-2.26
81-82	179,633	90,655	(51%)	-0.43929	3.11288	1.36230	-1.75
82-83	179,140	90,899	(51%)	0.26915	2.92556	1.28421	-1.64
83-84	180,020	91,654	(51%)	0.83059	2.12727	1.21585	-0.91
84-85	183,590	93,467	(51%)	1.97809	1.84354	1.21154	-0.63
85-86	188,338	94,879		1.51069	1.26107	1.22288	-0.04
86-87	191,683	96,710		1.92983	1.41227	1.22362	-0.19
87-88	197,117	98,784	(50%)	2.11456	1.38881	1.21797	-0.17
88-89	202,717	85,253		1.53397	1.17221	1.21260	0.04
89-90	207,681	87,949		3.16235	1.43491	1.23361	-0.20
90-91	210,063	87,942		-0.00796	1.29120	1.21044	-0.08
91-92	210,644	88,776	(42%)	0.94835	1.42996	1.24139	-0.19

(*) N.C. General Statute 143-10.2

Prepared by: Office of State Budget and Management

- 1 "Total Positions" - Number positions funded by state dollars
- 2 "Net" - "Total Pos." Less non-state employees, i.e. teachers and other public school personnel, community college employees, etc.
- 3 Employee Annual Growth - Year over year, percent change in "Employee Annual Growth"

PERMANENT STATE POSITIONS

	GENERAL FUND			TOTAL HIGHWAY FUND	RECEIPTS SUPPORTED	GRAND TOTAL
	PUBLIC SCHOOLS	OTHER	TOTAL			
1972-73	66,655	46,478	113,133	14,142	—	
1973-74	69,114	50,136	119,250	14,880	—	
1974-75	72,433	52,659	125,092	15,475	—	
1975-76	75,939	54,566	130,505	15,375	—	
1976-77	75,680	55,541	131,221	15,484	13,082	159,787
1977-78	81,968	56,368	138,336	15,406	14,344	168,086
1978-79	85,892	58,741	144,633	15,542	15,011	175,186
1979-80	86,726	59,826	146,552	15,562	14,384	176,498
1980-81	89,886	61,616	151,502	15,258	14,181	180,941
1981-82	88,978	61,795	150,773	14,818	14,042	179,633
1982-83	88,241	63,210	151,451	14,246	13,443	179,140
1983-84	88,366	63,795	152,161	14,201	13,658	180,020
1984-85	90,123	65,001	155,124	14,627	13,839	183,590
1985-86	93,459	65,915	159,374	14,984	13,980	188,338
1986-87	94,973	68,079	163,052	14,744	13,887	191,683
1987-88	98,333	70,246	168,579	14,819	13,703	197,101
1988-89	101,559	70,843	172,402	14,234	14,420	201,056
1989-90	105,244	74,011	179,255	14,488	13,938	207,681
1990-91	107,077	75,152	182,229	15,044	12,890	210,163
1991-92	106,847	75,580	182,427	15,020	13,197	210,644

**SUMMARY OF PERMANENT POSITIONS BY DEPARTMENT
JULY 1, 1991**

DEPARTMENT/OFFICE	GENERAL FUND	HIGHWAY FUND	RECEIPTS- SUPPORTED	TOTAL POSITIONS
1 Administration	746.9	—	230.9	977.8
2 Agriculture	1,063.1	69.0	262.5	1,394.6
21 Board of Governors	23,596.0	—	5,106.0	28,702.0
3 Economic and Community Development	360.0	—	2,161.5	2,521.5
4 Community Colleges	181.9	—	119.5	301.4
5 Correction	12,874.7	—	301.0	13,175.7
6 Crime Control and Public Safety	521.0	1,602.0	93.0	2,216.0
7 Cultural Resources	590.3	—	49.8	640.1
General Assembly	150.0	—	—	150.0
8 Governor's Office	78.2	—	52.0	130.2
9 Human Resources	14,533.7	—	2,473.8	17,007.5
10 Insurance	241.7	—	95.4	337.1
11 Judicial	4,395.2	—	76.0	4,471.2
12 Justice	908.8	—	93.0	1,001.8
13 Labor	244.3	—	66.5	310.8
13 Lieutenant Governor's Office	10.0	—	—	10.0
Miscellaneous Boards and Commissions	4.0	—	61.0	65.0
14 Environment, Health, and Natural Resources	2,773.7	13.0	1,235.2	4,021.9
Office of Administrative Hearings	36.0	—	—	36.0
22 Administrative Rules Review	4.0	—	—	4.0
Office of State Budget and Management	63.7	—	6.3	70.0
15 Revenue	1,110.5	40.0	38.0	1,188.5
16 Secretary of State	110.0	—	2.0	112.0
17 State Auditor	137.0	—	13.0	150.0
State Board of Education	606.9	—	228.6	835.5
State Board of Elections	6.0	—	—	6.0
18 State Controller	81.0	—	209.5	290.5
19 State Treasurer	75.0	—	161.5	236.5
20 Transportation	—	13,296.0	61.0	13,357
Subtotal	65,503.6	15,020.0	13,197.0	93,720.6
Community Colleges	10,076.2	—	—	10,076.2
Public School System	106,847.0	—	—	106,847.0
GRAND TOTAL	182,426.8	15,020.0	13,197.0	210,643.8

**AVERAGE SALARY OF EMPLOYEES
SUBJECT TO THE PERSONNEL ACT**

YEAR	AVERAGE SALARY
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
1990-91	23,397
1991-92	24,665
1992-93	25,152

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 SPA 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 187 187 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)
1982-83a	-0-	-0-
1983-84a	5%	5%
1984-85a	10%	10% + 4.8% salary classification adjustment
1985-86b	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%

<i>YEAR</i>	<i>STATE EMPLOYEES</i>	<i>TEACHERS</i>
1989-90	4% + 2% merit funds	6.65% average
1990-91 ^c	4% + 2% merit funds	6.15% average
1991-92		

- a Salary increment program frozen
- b Conditional upon continuous employment for one year
- c Authorized by 1989 Session

**ACROSS-THE-BOARD SALARY COST
FOR EACH 1% INCREASE
(MILLIONS)**

<i>YEAR</i>	<i>GENERAL FUND</i>	<i>HIGHWAY FUND</i>
1971-72	\$8.40	\$1.17
1972-73	8.43	1.17
1973-74	10.13	1.35
1974-75	12.27	1.51
1975-76	No Increase Granted	
1976-77	13.91	1.73
1977-78	15.79	1.84
1978-79	17.44	2.01
1979-80	18.86	2.13
1980-81	21.29	2.26
1981-82	25.14 a	2.51 a
1982-83	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 b	2.72
1988-89	45.40	2.93
1989-90	47.75	2.93
1990-91	55.90	3.35
1991-92		

a Figure reflects annual cost, even though the increase was not effective until January 1, 1982.

b Figure does not reflect adjustment to offset anticipated savings from the tax sheltering of employee Health Benefits from Social Security tax.

**CRITICAL SCHOOL FACILITY NEEDS FUND:
COUNTIES AS RANKED BY THE COMMISSION
ON SCHOOL FACILITY NEEDS IN 1988**

<i>County</i>	<i>Amount</i>	<i>Awarded</i>	<i>County</i>	<i>Amount</i>	<i>Awarded</i>
Hoke	\$9,977,477	5-13-88	Washington	\$ 4,663,472	10-20-1990
Robeson	10,000,000	5-13-88	Perquimans	2,000,000	10-20-1990
Northampton	3,000,000	5-13-88	Gates	2,000,000	10-20-1990
Caswell	2,000,000	5-13-88	Pender	5,438,176	10-20-1990
Harnett	10,000,000	5-13-88	Lenoir	2,000,000	8-13-1991
Bertie	2,000,000	5-13-88	McDowell	3,781,402	8-13-1991
Madison	5,591,300	5-13-88	Montgomery	2,000,000	To Be
					Awarded 1992
Columbus	10,000,000	5-13-88	Camden	2,000,000	To Be
					Awarded 1992
Halifax	9,015,252	5-13-88	Onslow	10,000,000	To Be
					Awarded
					1992 \$6M
Hertord	2,175,174	5-13-88	Ashe	2,000,000	
Scotland	2,000,000	5-13-88	Caldwell	10,000,000	
Richmond	8,660,673	5-13-88	Alexander	2,000,000	
Anson	2,216,236	5-13-88	Craven	4,641,498	
Bladen	2,000,000	5-13-88	Chowan	2,013,466	
Sampson	2,000,000	5-13-88	Currituck	5,273,900	
Duplin	2,000,000	5-13-88	Pamlico	2,000,000	
Granville	2,000,000	5-13-88	Yadkin	2,000,000	
Franklin	2,000,000	5-13-88	Rutherford	10,000,000	
Jones	2,000,000	5-13-88	Jackson	2,000,000	
Warren	2,000,000	5-13-88	Pasquotank	2,000,000	
Swain	4,824,445	5-13-88	Beaufort	8,723,310	
Greene	2,000,000	5-13-88	Surry	10,000,000	
Graham	3,300,000	5-13-88	Mitchell	2,000,000	
Cherokee	2,000,000	5-13-88	Lincoln	4,184,361	
Wayne	2,002,563	5-13-88	Burke	5,125,351	
Rocky Mount			Carteret	2,000,000	
City	450,000	5-13-88	Tyrrell	2,000,000	
Edgecombe	1,550,000	5-13-88	Rocky Mount		
Clay City	2,437,450	5-13-88	City	1,260,000	Awarded
					1992*
Vance	5,671,827	5-13-88	Nash County	8,740,000	
Yancey	4,980,929	5-13-88	Wake	7,337,296	
Johnston	10,000,000	10-12-89			

* Section 20, Chapter 1044, 1991 Session Laws

SCHOOL FACILITIES FINANCE ACT OF 1987
PUBLIC SCHOOL CAPITAL BUILDING FUND
(ADM Fund)
FUNDING HISTORY

<i>Date</i>	<i>Tax Deposits</i>	<i>Less DPI Transfer</i>	<i>Tax Funds Available</i>	<i>Interest Earnings</i>	<i>Annual Total</i>	<i>Cumulative Availability</i>
6-30-88	\$79,926,466.77	\$122,019.00	\$79,804,447.77	\$2,025,970.24	\$81,830,418.01	\$81,830,418.01
6-30-89	60,290,342.35	—	60,290,342.35	9,824,863.36	70,115,195.71	151,945,613.72
6-30-90	37,593,993.49	462,004.00	37,131,989.49	10,955,300.85	48,087,290.34	200,032,804.06
6-30-91	27,375,000.00	305,880.00	27,069,120.00	8,592,719.26	85,661,839.26	235,694,743.82
6-30-92	27,669,428.24	\$289,240.00	27,380,188.24	5,241,428.90	32,621,617.14	268,316,360.46
TOTAL	\$232,855,230.85	\$1,179,143.00	\$231,676,087.85	\$36,640,272.61	\$268,316,360.46	\$268,316,360.46

**CAPITAL IMPROVEMENTS
LEGISLATIVE BOND ISSUES**

	<u>Total</u>	<u>University</u>	<u>Community Colleges</u>	<u>Correction</u>	<u>State Ports</u>	<u>Other</u>
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	20,498,903 *	—	—	—	—	20,498,903
1990-91	75,000,000	—	—	75,000,000	—	75,000,000
1991-92	45,000,000	14,300,000	—	—	—	30,700,000

* Authorization of \$25.0 million adjusted to amount issued prior to end of fiscal year (1988-89), the only year authorized for issuance by statute (Chapter 1048, 1987 Session).

VOTE OF THE PEOPLE BOND ISSUES

	<u>Clean Water Program</u>	<u>Public School Facilities</u>	<u>University</u>	<u>Prison Facilities</u>
1972	\$150,000,000	\$ —	\$ —	\$ —
1973	—	300,000,000	—	—
1975	—	—	43,250,000	—
1977	230,000,000	—	—	—
1990	—	—	—	200,000,000 *

* Subject to vote-of-the-people in November, 1990; the 1991 Session appropriated \$112.5 million of the bond proceeds for construction.

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

**GOVERNOR'S CONTINUATION RECOMMENDATIONS
AS ADJUSTED FOR LEGISLATIVE ACTION**

1991-92

	<i>Governor's Continuation Recommendations</i>	<i>Addback Negative Reserves</i>	<i>Other Adjustments</i>	<i>Revised Continuation Budget</i>
Education				
Community Colleges	\$371,705,315	\$11,559,803	-	\$383,265,118
Public Education	3,324,706,978	102,171,070	-	3,426,878,048
University	<u>1,132,798,252</u>	<u>46,527,121</u>	\$7,041,843	<u>1,186,367,216</u>
Total - Education		\$160,257,994	\$7,041,843	\$4,996,510,382
	\$4,829,210,545			
Environment, Health, and Natural Resources				
Agriculture	40,586,298	2,118,736	-	42,705,034
Biotechnology Center	7,600,080	207,467	-	7,807,547
Economic & Community Development	29,400,949	782,701	-	30,183,650
Environment, Health, and Natural Resources	172,682,403	10,364,869	-	183,047,272
Labor	8,366,599	286,074	-	8,652,673
Microelectronics Center	<u>19,237,284</u>	<u>525,140</u>	-	<u>19,762,424</u>
Total - EHNR	\$277,873,613	\$14,284,987	-	\$292,158,600
General Government				
Administration	50,632,543	2,616,769	-	53,249,312
Administrative Hearings	1,291,507	-	-	1,291,507
Administrative Rules	256,437	8,367	-	264,804
Board of Elections	1,782,744	52,073	-	1,834,817
Cultural Resources	39,556,043	1,592,916	-	41,148,959
General Assembly	19,089,704	1,103,556	-	20,193,260
Governor's Office	4,668,813	159,357	-	4,828,170
Insurance	14,263,611	479,529	-	14,743,140
Lieutenant Governor	575,252	36,718	-	611,970
Revenue	54,319,304	2,500,422	-	56,819,726
Secretary of State	4,587,853	227,522	-	4,815,375
State Budget Office	3,504,527	134,695	-	3,639,222
State Auditor	13,108,626	381,787	-	13,490,413
State Controller	5,240,049	153,560	-	5,393,609
State Treasurer	<u>4,805,567</u>	<u>151,799</u>	-	<u>4,957,366</u>
Total - General Government	\$217,682,580	\$9,599,070	-	\$227,281,650
Human Resources	\$1,171,631,574	\$54,240,803	-	\$1,225,872,377

1991-92

	<i>Governor's Continuation Recommendations</i>	<i>Addback Negative Reserves</i>	<i>Other Adjustments</i>	<i>Revised Continuation Budget</i>
Justice and Public Safety				
Correction	481,191,167	27,581,561	-	508,772,728
Crime Control and Public Safety	27,713,804	1,232,797	-	28,946,601
Judicial	208,734,218	7,077,826	-	215,812,044
Justice	<u>49,007,852</u>	<u>2,795,298</u>	-	<u>51,803,150</u>
Total - Justice & Public Safety	\$766,647,041	\$38,687,482	-	\$805,334,523
Transportation				
Airports	8,614,832	235,168	-	8,850,000
Railroads	<u>97,343</u>	<u>2,657</u>	-	<u>100,000</u>
Total - Transportaiton	\$8,712,175	\$237,825	-	\$8,950,000
Reserves				
Contingency and Emergency	1,062,253	62,747	-	1,125,000
Minimum Salary Adjustments	730,071	19,929	-	750,000
Salary Adjustment Fund	475,740	24,260	-	500,000
Retirement/Disability Rate Reduction	(53,000,000)	-	53,000,000	-
Salary Reserve Reduction	(2,270,000)	-	2,270,000	-
Data Processing Reserve	-	-	-	-
Hospital-Medical-Rate Increase	-	-	<u>100,000,000</u>	<u>100,000,000</u>
Total - Reserves	\$(53,001,936)	\$106,936	\$155,270,000	\$102,375,000
Debt Service	76,028,270	-	-	76,028,270
Local Shared Revenues/ Reimbursements	<u>474,424,219</u>	<u>25,334,449</u>	-	<u>499,758,668</u>
TOTAL	\$7,769,208,081	\$302,749,546	\$162,311,843	\$8,234,269,470

**GOVERNOR'S CONTINUATION RECOMMENDATIONS
AS ADJUSTED FOR LEGISLATIVE ACTION**

1992-93

	<i>Governor's Continuation Recommendations</i>	<i>Addback Negative Reserves</i>	<i>Other Adjustments</i>	<i>Revised Continuation Budget</i>
Education				
Community Colleges	\$381,862,865	\$1,930,620	-	\$383,793,485
Public Education	3,438,786,185	30,668,266	-	3,469,454,451
University	<u>1,174,991,045</u>	<u>23,062,698</u>	<u>9,369,907</u>	<u>1,207,423,650</u>
Total - Education	\$4,995,640,095	\$55,661,584	\$9,369,907	\$5,060,671,586
Environment, Health, and Natural Resources				
Agriculture	41,515,201	1,063,984	-	42,579,185
Biotechnology Center	7,807,547	-	-	7,807,547
Economic & Community Development	30,207,308	1,829	-	30,209,137
Environment, Health, and Natural Resources	177,226,836	6,710,375	-	183,937,211
Labor	8,593,565	67,745	-	8,661,310
Microelectronics Center	<u>19,762,424</u>	-	-	<u>19,762,424</u>
Total - EHNR	\$285,112,881	\$7,843,933	-	\$292,956,814
General Government				
Administration	54,449,848	1,842,492	-	56,292,340
Administrative Hearings	-	-	-	-
Administrative Rules	263,136	1,845	-	264,981
Board of Elections	431,570	3,617	-	435,187
Cultural Resources	41,087,504	459,261	-	41,546,765
General Assembly	22,376,882	1,156,158	-	23,533,040
Governor's Office	4,798,492	44,686	-	4,843,178
Insurance	14,655,656	108,672	-	14,764,328
Lieutenant Governor	597,602	16,299	-	613,901
Revenue	55,801,919	1,078,325	-	56,880,244
Secretary of State	4,268,945	109,816	-	4,378,761
State Budget Office	3,628,685	143,777	-	3,772,462
State Auditor	13,469,632	35,944	-	13,505,576
State Controller	5,382,588	19,475	-	5,402,063
State Treasurer	<u>4,936,507</u>	<u>32,721</u>	-	<u>4,969,228</u>
Total - General Government	\$226,148,966	\$5,053,088	-	\$231,202,054
Human Resources	\$1,290,209,267	\$27,308,766	-	\$1,317,518,033

